

AUDITORS' REPORT

To the Shareholders of
Commercial International Bank (Egypt)

Report on the unconsolidated financial statements

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

Management's Responsibility for the unconsolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

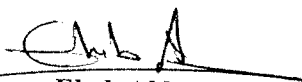
Report on Other Legal and Regulatory Requirements

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

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

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

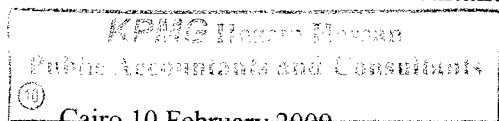
Auditors



Ehab Aki

**Capital Market Authority registration
number "9 "**

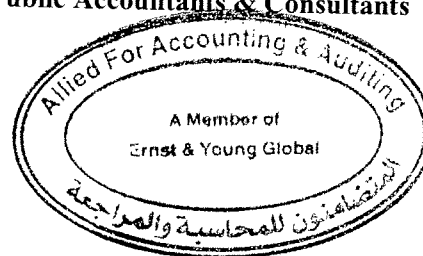
**KPMG Hazem Hassan
Public Accountants & Consultants**



Nabil Istanbouli

**Capital Market Authority registration
number "71 "**

**Allied for Accounting & Auditing E&Y
Public Accountants & Consultants**



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


	<u>Note No.</u>	<u>Dec. 31, 2008</u>	<u>Dec. 31, 2007</u>
		<u>EGP</u>	<u>EGP</u>
<u>Assets</u>			<u>(Restated)</u>
- Cash & Due From Central Bank	(4)	6,493,358,437	4,953,205,430
- Due From Banks	(5)	4,391,051,249	13,782,062,043
- Treasury Bills and other Governmental Notes	(6)	12,449,007,406	2,948,674,319
- Trading Financial Assets	(7)	497,554,487	588,473,270
- Loans & Overdrafts	(10&11)	26,330,327,878	20,478,590,841
- Financial Derivatives	(12)	704,890,792	75,307,833
- <u>Financial Investments:-</u>			
Available for Sale	(8)	2,762,232,983	2,347,587,666
Held to Maturity	(8)	681,263,274	443,894,166
- Financial Investments in Subsidiary and Associated Co	(13)	1,138,332,672	365,723,936
- Debit Balances & Other Assets	(15)	942,621,482	1,020,565,573
- Deferred Tax		21,840,568	52,819,475
- Fixed Assets (Net)	(16)	715,251,587	607,104,820
- Total Assets		57,127,732,815	47,664,009,372
Liabilities & Shareholder's Equity			
Liabilities			
- Due to Banks	(17)	213,470,012	2,377,082,435
- Customers Deposits	(18)	48,938,109,663	39,514,539,992
- Financial Derivatives	(12)	636,914,744	63,166,763
- Dividends & Profit Sharing		-	336,727,470
- Credit Balances & Other Liabilities	(19)	1,194,593,545	735,103,795
- Long Term Loans	(20)	109,273,933	161,356,219
- Other Provisions	(21)	363,218,186	395,332,813
- Total Liabilities		51,455,580,083	43,583,309,487
Shareholders' Equity			
- Issued & Paid - in Capital	(22)	2,925,000,000	1,950,000,000
- Reserves	(22)	1,033,696,029	2,089,911,959
- Reserve for employee stock ownership plan (ESOP)	(30)	86,727,903	29,159,584
- Retained Earning		11,628,342	11,628,342
Total Shareholders' Equity		4,057,052,274	4,080,699,885
- Net Profit of the year		1,615,100,458	0
- Total Shareholders' Equity & Net Profit		5,672,152,732	4,080,699,885
Total Liabilities & Shareholders' Equity		57,127,732,815	47,664,009,372
Contingent Liabilities & Commitments	(23)	13,290,994,705	11,559,866,680

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


Hisham Ezz El-Arab
 Chairman
 & Managing Director

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

	<u>Note No.</u>	<u>Dec. 31, 2008</u> <u>EGP</u>	<u>Dec. 31, 2007</u> <u>EGP</u> <u>(Restated)</u>
- Interest and similar income	(24)	3,772,875,880	2,993,373,614
- Interest and similar Expenses	(24)	(1,963,661,240)	(1,796,702,031)
Net Interest Income		1,809,214,640	1,196,671,583
- Fess & Commissions Income		686,456,733	547,669,248
- Fess & Commissions Expense		(73,587,145)	(25,286,540)
Net Income From Fess & Commissions		612,869,588	522,382,708
- Dividends Income		141,572,634	66,158,925
- Net Trading Income	(25)	337,579,386	276,191,855
- Provisions	(11&21)	(394,545,539)	(250,416,667)
- Profit (Losses) from Financial Investments	(8)	115,831,055	226,135,001
- Administrative Expenses		(949,681,007)	(636,363,618)
- Other Operating Income	(9)	183,048,413	181,676
Net Profit Before Tax		1,855,889,170	1,400,941,463
- Income Tax	(28)	(209,809,805)	(180,303,959)
- Deferred Tax	(27)	(30,978,907)	12,186,756
Net Profit After Tax		1,615,100,458	1,232,824,269
Earning Per Share			
- Basic	(29)	4.89	3.73
- Dilated	(29)	4.84	3.71


Hisham Ezz El-Arab
 Chairman
 & Managing Director

Commercial International Bank (Egypt) S.A.E.
Cash flow Unconsolidated For Year Ended
Dec. 31, 2008

	<u>Dec. 31, 2008</u>	<u>Dec. 31, 2007</u>
	<u>EGP</u>	<u>EGP</u>
<u>Cash Flow From Operating Activities</u>		<u>(Restated)</u>
- Net Income before tax	1,855,889,170	1,400,941,463
<u>Adjustments To Reconcile Net Income</u>		
<u>To Net Cash Provided by operating activities</u>		
- Depreciation	153,818,325	120,918,839
- Provisions (Formed during the year)	394,545,539	250,416,667
- Trading financial investments evaluation differences	87,784,923	(7,680,871)
- Impairment of assests	54,837,345	(4,185,378)
- Utilization of Provisions (Except Provision for Doubtful Debts)	(10,943,385)	-
- Provisions No Longer required	(165,365,215)	(7,036,600)
- FCY Revaluation Differences of Provisions Balances (Except Doubtful Debts)	516,745	(1,904,981)
- Gains From Selling Fixed Assets	(5,052,568)	(1,269,870)
- Profit From Selling Financial Investments	(219,181,953)	(174,061,817)
- Profits From Selling an investment in Subsidiary	(50,258,991)	(148,393,558)
- FCY Revaluation Diff.of Long Term Loans	(922,993)	1,733,674
- Share based payments	57,568,319	29,159,584
Operating Profits Before Changes in	2,153,235,261	1,458,637,152
Operating Assets & Liabilities		
<u>Net Decrease (Increase) in Assets</u>		
- Due From Banks	9,567,610,757	(7,960,703,701)
- Treasury Bills and Other governmental Notes	(7,353,852,038)	2,266,818,190
- Trading Financial Assests	3,133,860	306,349,739
- Financial Derivatives (Net)	(55,834,978)	(12,141,070)
- Loans & Overdrafts	(6,220,116,065)	(3,054,288,046)
- Debit Balances & Other Assets	(13,465,835)	(199,356,212)
<u>Net Increase (Decrease) In Liabilities</u>		
- Due to Banks	(2,163,612,423)	1,164,558,315
- Customers Deposits	9,423,569,671	7,914,312,794
- Credit Balances & Other Liabilities	418,646,064	(150,080,573)
- Income tax paid	(155,475,345)	(80,317,367)
Net Cash Provided from Operating Activities	5,603,838,929	1,653,789,221

Commercial International Bank (Egypt) S.A.E.
Cash flow Unconsolidated For Year Ended
Dec. 31, 2008

	<u>Dec. 31, 2008</u>	<u>Dec. 31, 2007</u>
	<u>EGP</u>	<u>EGP</u>
		<u>(Restated)</u>
<u>Cash Flow From Investing Activities</u>		
- Sale (Purchase) Of Subsidiaries & Associated Companies	(772,608,736)	107,524,396
- Purchase of Fixed Assets , Premises and Fitting- out of Branches	(142,698,585)	(278,980,037)
- Redemption Of Held to Maturity Financial Investments	276,189,303	-
- Held to Maturity Financial Investment purchases	(513,558,411)	378,390,172
- Available For Sale Financial Investment	(200,041,718)	1,121,812,258
Net Cash (used in) Provided from Investing Activities	<u>(1,352,718,147)</u>	<u>1,328,746,789</u>
<u>Cash Flow From Financing Activities</u>		
- Increase (Decrease) in Long - Term Loans	(51,159,293)	60,455,684
- Dividends Paid	(336,727,470)	(287,235,147)
Net Cash (Used in) Financing Activities	<u>(387,886,763)</u>	<u>(226,779,463)</u>
 Net Cash & Cash Equivalent Changes	 3,863,234,019	 2,755,756,547
- Beginning Balance of Cash & Cash Equivalent	6,779,152,548	4,023,396,001
 - Cash & Cash Equivalent Balance At the End of the year	<u>10,642,386,567</u>	<u>6,779,152,548</u>
 <u>Cash & Cash Equivalent are</u>		
<u>Represented as Follows :</u>		
- Cash and Due from Central Bank	6,493,358,437	4,953,205,430
- Due from Banks	4,391,051,249	13,782,062,043
- Treasury Bills and Other Governmental Notes	12,449,007,406	2,948,674,319
- Due from Banks (Time Deposits)	(3,696,607,777)	(13,264,218,534)
- Treasury Bills with maturity more than three months	(8,994,422,748)	(1,640,570,710)
 Total Cash & Cash Equivalent	<u>10,642,386,567</u>	<u>6,779,152,548</u>

Commercial International Bank (Egypt) S.A.E
Statement of Changes in
Shareholders' Equity Unconsolidated as of
Dec. 31, 2008

2007	Capital	Legal Reserve	General Reserve	Retained Earnings*	Special Reserve	Reserve for A.F.S. investments*	Profits of the Year	Reserve for employees	Total
	EGP	EGP	EGP	EGP	EGP	Revaluation Diff. EGP	EGP	stock ownership plan (ESOP) EGP	EGP
Balance at Beginning of The Year	1,950,000,000	371,230,872	548,482,934	-	162,709,903	7,458,634	-	-	3,039,882,343
Effect of Adjusting Accounting Standards	-	-	-	61,784,216	332,016	80,445,723	-	-	142,561,985
Beginning Balance After Adjustments	1,950,000,000	371,230,872	548,482,934	61,784,216	163,041,919	87,904,357	-	-	3,182,444,328
Effect of Adjusting Accounting Standard	-	-	-	(50,155,910)	50,567,396	-	(411,492)	-	-
Transfer to Reserves	-	61,620,639	834,064,668	-	-	-	(895,685,307)	-	-
Dividends Paid	-	-	-	-	-	-	(336,727,470)	-	(336,727,470)
Usage Part of Reserve	-	-	-	-	-	(27,000,826)	-	-	(27,000,826)
Adjusted Net Profits of The Year	-	-	-	-	-	-	1,232,824,269	-	1,232,824,269
Reserve For Employees Stock Ownership plan (ESOP)**	-	-	-	-	-	-	-	29,159,584	29,159,584
Balance at The End Of The Year	1,950,000,000	432,851,511	1,382,547,602	11,628,347	213,609,315	60,903,531	0	29,159,584	4,080,699,885
						Reserve for		Reserve for employees	
						A.F.S. investments*		stock ownership	
						Revaluation Diff.		plan (ESOP)	
						EGP		EGP	
									Total
									EGP
2008	Capital	Legal Reserve	General Reserve	Retained Earnings**	Special Reserve	Reserve for A.F.S. investments*	Profits of the year	Reserve for employees	Total
	EGP	EGP	EGP	EGP	EGP	Revaluation Diff. EGP	EGP	stock ownership plan (ESOP) EGP	EGP
Balance at Beginning of The year	1,950,000,000	432,851,511	1,382,547,602	11,628,347	213,609,315	60,903,531	0	29,159,584	4,080,699,885
Retained Earning	-	-	-	-	-	-	-	-	-
Net Profits of The year	-	-	-	-	-	-	1,615,100,458	-	1,615,100,458
Capital Increase *	975,000,000	-	(975,000,000)	-	-	-	-	-	-
Usage Part of Reserve	-	-	-	-	-	(81,215,930)	-	-	(81,215,930)
Reserve For Employees Stock Ownership plan (ESOP)**	-	-	-	-	-	-	-	57,568,319	57,568,319
Balance At The End Of The year	2,925,000,000	432,851,511	407,547,602	11,628,347	213,609,315	(20,312,399)	1,615,100,458	86,727,903	5,672,152,732

* Refer to note number (22)

** Refer to note number (30)

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

(1) Organization and Activities

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

(2) Significant Accounting Policies

A) Basis of Preparing Financial Statements

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

B) Transactions in Foreign Currencies

- The Accounting records of the bank are maintained in Egyptian pounds. Transactions in foreign currencies conducted during the period 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 classified as change in fair value through profit and loss for financial assets / liabilities held for trading or originally recorded at fair value through profit and loss.
 - Other operating income (loss) for other items.
- The changes in fair value arising from monetary financial instruments classified as monetary items foreign currencies as 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 (equity securities) 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.

C) 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.

D) 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 and accounted for at amortized cost using the effective interest rate.

E) Financial Assets Designated at fair value through income:

- 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 income.
- 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 income statement 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 derivative or financial instrument that designated to be measured at fair value with changes through profit and loss is not reclassified during the holding period from the group of financial instruments if it is initially classified as change in fair value through profit and loss.
- At all circumstances the bank should not reclassify any financial instrument into financial instrument measured at fair value with changes through profit and loss or to financial assets held for trading.

F) 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 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.

G) 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.

H) 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".
- A financial asset is derecognized when the rights to receive cash flows have expired or the Bank has transferred substantially all the risks and rewards of ownership.
- Available for sale investments and financial assets designated at fair value through P/L are subsequently held at fair value whereas held to maturity investments are measured at amortized cost using the effective interest rate method.
- Gains and losses arising from changes in the fair value of available-for-sale assets should be recognized directly in equity, through the statement of changes in equity, until the financial asset is sold, collected, or otherwise disposed of, at which time the cumulative gain or loss previously recognized in equity should be recognized in profit or loss.

- Monetary assets' interest income is recognized based on the amortized cost method in the income statement. The foreign currency revaluations differences related to available for sale investments are recognized in the income statement. Available for sale equity instruments related dividends are recognized in the income statement when they declared.

- Fair values are obtained from quoted market prices in liquid markets. Where no active market exists, or quoted prices are unobtainable, the fair value is estimated using a variety of valuation techniques – including discounted cash flow and other pricing models. Inputs to pricing models are generally market-based when available and taken from reliable external data sources. If the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed, an entity may measure the equity instrument at cost minus any impairment losses.

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

I) Investments in Subsidiaries and Associated Companies

- These investments are evaluated at cost and in case of impairment of its fair value; the book value of each investment is adjusted by such impairment and charged to 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.

J) 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 & reverse Repos agreements are netted on the balance sheet in "Treasury Bills and other discountable notes at CBE".

K) 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.

L) Repos & (Reverse Repos) Transactions

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

M) Impairment of financial assets

M/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.

M/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.

N) 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.

O) Provision for Doubtful Debts and Contingent Accounts:

- Provision for Doubtful Debts is established on the basis of an appraisal of the identified risk for specific loans and contingent accounts in addition to general percentages from one to five according to the basis of appraising the customer's credit worthiness issued by the central bank of Egypt on 6th of June 2005.

- Provision for Doubtful Debts decreases by loans written off and increases by recoveries of loans previously written off. In addition to taking all the necessary legal action required, a continuous follow up is performed for the recovery of all or part of the written-off amounts.

P) 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.

Q) 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.

R) Depreciation and Amortization:

- Depreciation of Fixed Assets (except for 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.

S) Share-based payments to employees

- The Bank engages in equity settled share-based payment transactions in respect of services received from eligible 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 bank estimate of each balance sheet date the number of options expected to be exercised and account for the change in original estimates, if any, in income statement with the opposite equity account on the remaining period.
- The net amount received by employees after calculating any related cost will be accounted in capital with par amount and premium account at the date of exercising the option.

T) Taxes

- Income Tax on the profit or loss for the financial period 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.

(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:

Interest rate risk (continues):

- 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. (31&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. (34) 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. (35) Of the financial statements discloses significant foreign currency positions at the financial statement 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 financial investments, a significant or Continuous decline in the fair value of the security below its cost is considered as impairment. Where such evidence exists, significant or Continuous decline needs a personal judgment. To make this judgment the bank assesses –besides other factors- the common share price volatility. In addition, impairment exists when there is objective evidence that a certain company has a financial difficulty in its cash flow from operating and financing activities, industry tool or sector or technological advances.

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

B) Derivatives' Fair Value:

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

C) Held to maturity Investments:

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

4- Cash And Due From Central Bank

	<u>Dec. 31, 2008</u>	<u>Dec. 31, 2007</u>
	<u>EGP</u>	<u>EGP</u>
- Cash & Cash Items	1,085,952,584	1,081,319,202
- Reserve Balance with CBE		
(A) Current Accounts	3,387,059,358	1,996,073,908
(B) Time Deposits	2,020,346,495	1,875,812,320
Total Cash & Due From Central Bank	<u>6,493,358,437</u>	<u>4,953,205,430</u>

5- Due from Banks

	<u>Dec. 31, 2008</u>	<u>Dec. 31, 2007</u>
	<u>EGP</u>	<u>EGP</u>
(A) Central Bank		
- Time Deposits	400,757,450	7,391,521,850
Total Due from central bank	<u>400,757,450</u>	<u>7,391,521,850</u>
(B) Local Banks		
- Current Accounts	65,708,935	8,788,772
- Time Deposits	309,143,900	155,000,000
Total Due from Local Banks	<u>374,852,835</u>	<u>163,788,772</u>
(C) Foreign Banks		
- Current Accounts	628,734,537	509,054,737
- Time Deposits	2,986,706,427	5,717,696,684
Total Due From Foreign Banks	<u>3,615,440,964</u>	<u>6,226,751,421</u>
Total Due From Banks	<u>4,391,051,249</u>	<u>13,782,062,043</u>

6- Treasury Bills and Other Governmental Notes

	<u>Dec. 31, 2008</u>	<u>Dec. 31, 2007</u>
	<u>EGP</u>	<u>EGP</u>
- 91 Days Maturity	3,515,475,000	1,313,750,000
- 182 Days Maturity	1,951,800,000	748,800,000
- 364 Days Maturity	5,627,175,000	970,750,000
	<u>11,094,450,000</u>	<u>3,033,300,000</u>
- Unearned Income	(612,265,165)	(84,625,681)
Total	<u>10,482,184,835</u>	<u>2,948,674,319</u>
- Reverse Repos	1,966,822,571	-
	<u>12,449,007,406</u>	<u>2,948,674,319</u>

7- Financial Assets For Trading

	<u>Dec. 31, 2008</u>	<u>Dec. 31, 2007</u>
	<u>EGP</u>	<u>EGP</u>
<u>Debt Instruments</u>		
- Government Bonds	101,369,914	51,603,627
- Other Debt Instruments	44,776,795	64,370,759
Total Debt Instruments	<u>146,146,709</u>	<u>115,974,386</u>
<u>Equity Instruments</u>		
- Foreign Company Shares	59,440,478	100,666,274
- Mutual Fund	291,967,300	371,832,610
Total Equity Instruments	<u>351,407,778</u>	<u>472,498,884</u>
Total Financial Assets For Trading	<u>497,554,487</u>	<u>588,473,270</u>

8- Financial InvestmentFinancial Investment Available for Sale

Debt Instruments Listed - Fair Value	1,921,272,094	1,462,208,120
Equity Instruments Listed - Fair Value	244,823,746	291,333,688
Unlisted Instruments	596,137,143	594,045,858
Total Financial Investment Available for Sale (1)	<u>2,762,232,983</u>	<u>2,347,587,666</u>

Financial Investment Held to MaturityDebt Instruments

- Listed	306,374,803	311,494,817
- Unlisted	374,888,471	132,399,349
Total Financial Investment Held to Maturity (2)	<u>681,263,274</u>	<u>443,894,166</u>
Total Financial Investment (1+2)	<u>3,443,496,257</u>	<u>2,791,481,832</u>
Listed Balances	2,472,470,643	2,065,036,625
Unlisted Balances	971,025,614	726,445,207
Total	<u>3,443,496,257</u>	<u>2,791,481,832</u>
Fixed Interest Debt Instruments	1,832,967,710	1,339,637,012
Variable Interest Debt Instruments	769,567,658	566,465,274
Total	<u>2,602,535,368</u>	<u>1,906,102,286</u>

	<u>Financial</u> <u>Investment</u> <u>Available for Sale</u>	<u>Financial</u> <u>Investment</u> <u>Held to Maturity</u>	<u>Total</u>
<u>Opening Balance 1/1/2007</u>	3,178,163,512	822,284,338	4,000,447,850
Addition	1,814,992,095	-	1,814,992,095
Deduction (Selling -- Recovery)	(2,673,473,661)	(364,198,645)	(3,037,672,306)
Differences in revaluation of the Cash Assets in Foreign Currencies	(24,742,206)	(14,191,527)	(38,933,733)
Profit from Fair value Deference	56,833,304	-	56,833,304
Deduct – Impairment Losses	(4,185,378)	-	(4,185,378)
Ending Balance 31/12/2007	2,347,587,666	443,894,166	2,791,481,832
<u>Opening Balance 1/1/2008</u>	2,347,587,666	443,894,166	2,791,481,832
Addition	11,153,380,395	512,915,742	11,666,296,137
Deduction (Selling -- Recovery)	(10,611,700,507)	(273,556,529)	(10,885,257,036)
Differences in revaluation of the Cash Assets in Foreign Currencies	(7,219,107)	642,669	(6,576,438)
Profit from Fair value Deference	(81,995,801)	-	(81,995,801)
Deduct – impairment provision	(37,819,662)	(2,632,774)	(40,452,436)
Ending Balance 31/12/2008	2,762,232,984	691,263,274	3,443,496,258

Profit (Losses) from Financial Investment

	<u>Dec. 31, 2008</u> <u>EGP</u>	<u>Dec. 31, 2007</u> <u>EGP</u>
Profit (Losses) from selling Available for Sale Financial Instruments	120,409,400	122,815,034
Losses from Impairment of Equity Instruments Available for Sale	(47,618,230)	(29,016,847)
(Losses) From Available for Sale Debt Instruments Reverse of Impairment	(7,219,106)	(16,056,744)
Profit (Losses) from Selling Investments in Subsidiaries and associates.	50,258,991	148,393,558
Total	115,831,055	226,135,001

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

-9 Other Operating Income

	<u>Dec. 31, 2008</u> <u>EGP</u>	<u>Dec. 31, 2007</u> <u>EGP</u>
Profits (Losses) From Assets & Liabilities Revaluation Except Trading	8,676,929	13,024,355
Profits (Losses) From Selling Equipments And Fixed Assets	5,052,568	1,269,870
Recovery From Other Provisions	165,365,215	-
Others	3,953,701	(14,112,549)
	183,048,413	181,676

-10 Loans and Overdrafts

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

-11 Provision For Doubtful Debts

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

	<u>Dec. 31, 2007</u>		
	<u>Specific</u>	<u>General</u>	<u>Total</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
- Balance at Beginning of The Year	551,958,000	486,950,021	1,038,908,021
- Formed During The year	91,524,201	101,480,050	193,004,251
- Recoveries from Written Off Debts	44,472,711	-	44,472,711
- Foreign Currency Revaluation Diff	(8,580,249)	-	(8,580,249)
	<u>679,374,663</u>	<u>588,430,071</u>	<u>1,267,804,734</u>
- Usage During The Year	(177,835,496)	-	(177,835,496)
- Transferred from Specific to General Provision	(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>

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

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

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

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

financial derivatives.

For Trading Derivatives

Foreign Derivatives	Amount	2008		Amount	2007	
		Assets	Liability		Assets	Liability
Forward Foreign exchange contracts	2,572,060,181	31,916,357	31,680,875	3,603,088,830	9,729,116	8,983,093
Currency swap	3,457,152,333	65,087,047	57,539,919	4,095,848,478	25,528,958	51,068,349
Options	112,099,475	1,080,796	1,080,796	8,018,830	13,753	13,753
Total Derivatives (1)		98,084,200	90,301,590	-	35,271,827	60,065,195
Interest rate derivatives						
Interest rate Swaps	1,730,052	63,646,403	3,452,965	1,728,760,514	40,038,007	3,101,568
Total Derivatives (2)		63,646,403	3,452,965		40,038,007	3,101,568
Commodity	1,235,414,832	543,160,189	543,160,189			
Total Derivatives (3)		543,160,189	543,160,189			
Total Assets (Liability) For Trading Derivatives (1+2+3)		704,890,792	636,914,744		75,307,834	63,166,763

(18)

-13 Financial Investments in Subsidiary and Associated Companies

	<u>Dec. 31, 2008</u>		<u>Dec. 31, 2007</u>	
	<u>EGP</u>	<u>%</u>	<u>EGP</u>	<u>%</u>
A- <u>Subsidiary Companies:</u>				
- Commercial International Capital Holding Co. *	1,045,411,957	99.98	275,511,540	50.09
B- <u>Associated Companies:</u>				
- Contact for Cars Trading	-	-	31,000,000	38.4
- Commercial International life insurance co.	44,520,250	45	32,000,000	40
- Corplease co.	32,000,000	40	18,400,000	40
- Cotecna Trade Support	48,750	39	48,750	39
- Haykala For Investment	600,000	40	600,000	40
- Egypt Factors	10,751,715	39	3,763,646	39
- International. Co. for Appraisal & Collection.	1,000,000	40	400,000	40
- International Co. for Security & Services (Falcon)	4,000,000	40	4,000,000	40
	<u>1,138,332,672</u>		<u>365,723,936</u>	

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

- Financial Investments listed in Stock Exchange	1,045,411,957	275,511,540
- Financial Investments Unlisted in Stock Exchange	92,920,715	90,212,396
	<u>1,138,332,672</u>	<u>365,723,936</u>

* CIB Share Reached 99.98% (54988000 Shares) After Finalizing Acquisition Process for Remaining CI Capital Holding Co .
in 09/07/2008 According to The Shareholders agreement Signed in 17/06/2008

- 14 **Capital Commitments :-**

Financial Investments

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

EGP 198,681,919 as Follows :-

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

Fixed Assets & Branches Constructions

The value of Commitments for the purchase of fixed assets contracts and branches constructions that have not been implemented till the date of financial statement amounted to EGP 4.904.068 .

- 15 **Debit Balances and Other Assets**

	<u>Dec. 31, 2008</u> <u>EGP</u>	<u>Dec. 31, 2007</u> <u>EGP</u>
- Accrued Revenues	406,019,416	160,512,142
- Prepaid Expenses	53,438,701	52,588,918
- Advances for Purchase of Fixed Assets	90,340,427	204,554,366
- Assets Acquired as Settlement of Debts *	52,165,659	29,361,646
- Accounts receivable & Other Assets ***	340,657,279	275,561,186
- Accrued Balances of Customers Loans * *	-	241,625,336
	<u>942,621,482</u>	<u>1,264,203,594</u>
Deduct		
- Provision for General & Insurance Risk * *	-	(243,638,021)
Total Debit Balances and Other Assets	<u>942,621,482</u>	<u>1,020,565,573</u>

* This Include The Value Of Premises That Was Not Recorded Under The Bank's Name By EGP 32.682.053 Which Were Acquired Against Settlement Of The Debts Mentioned Above, In The Same Time The Legal Procedures Are Under Process To Register Or Sell These Assets Within The period required by law.

** These Balances Carried Forward From Previous Year Represent Certain Advances To Customers That Were Made At One Of The Branches In Violation Of The Bank's Standard Operating Procedures For Facilities Policies, Resulting In Reclassifying These Balances Under Other Debit Balances Conservative Provisions Were Adequately Reallocated From Other Provisions To Meet The Relevant Operation Risk And The case Setteled During Year 2008

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

(21)

- 17 Due to Banks

	<u>Dec. 31, 2008</u>	<u>Dec. 31, 2007</u>
	<u>EGP</u>	<u>EGP</u>
(a) <u>Central Bank</u>		
- Current Accounts	75,056,264	80,028,494
- Time Deposits	-	2,012,792,500
Total Due to Central Bank	<u>75,056,264</u>	<u>2,092,820,994</u>
(b) <u>Local Banks</u>		
- Current Accounts	19,309,126	24,932,808
- Time Deposits	-	28,480,310
Total Due to Local Banks	<u>19,309,126</u>	<u>53,413,118</u>
(c) <u>Foreign Banks</u>		
- Current Accounts	116,257,050	199,834,891
- Time Deposits	2,847,572	31,013,432
Total Due to Foreign Banks	<u>119,104,622</u>	<u>230,848,323</u>
Total Due to Banks	<u>213,470,012</u>	<u>2,377,082,435</u>

- 18 Customers' Deposits

	<u>Dec. 31, 2008</u>	<u>Dec. 31, 2007</u>
	<u>EGP</u>	<u>EGP</u>
- Demand Deposits	13,126,519,017	11,586,418,467
- Time & Notice Deposits	19,946,603,875	13,622,910,338
- Saving & Deposit Certificates	7,395,350,361	5,957,646,007
- Saving Deposits	7,316,052,948	6,517,256,544
- Other Deposits	1,153,583,462	1,830,308,636
Total Customer Deposits	<u>48,938,109,663</u>	<u>39,514,539,992</u>

- 19 Credit Balances and Other Liabilities

	<u>Dec. 31, 2008</u> <u>EGP</u>	<u>Dec. 31, 2007</u> <u>EGP</u>
- Accrued Interest Payable	208,568,878	176,020,513
- Accrued Expenses	68,214,404	31,856,339
- Accounts Payable	674,949,796	300,867,471
- Income Tax	209,809,805	180,386,954
- Other Credit balances	33,050,662	45,972,518
Total Credit Balances And Other Liabilities	<u>1,194,593,545</u>	<u>735,103,795</u>

- 20 Long Term Loans

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

- 21 Other Provisions

(23)

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	227,173,695	-	-	(10,264,010)	(70,000,000)	146,909,685
- 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	-	9,723,449	-	(341,489)	(658,511)	8,723,449
Total Other Provisions	395,332,813	48,970,524	516,745	(10,943,385)	(70,658,511)	363,218,186

Dec. 31, 2007

EGP

	<u>Opening Balance</u>	<u>Formed During The Year</u>	<u>FCY Balance Reval. Difference</u>	<u>Usage During the Year</u>	<u>Balance No Longer Required</u>	<u>Closing Balance</u>
- Provision for Income Tax Claims	227,173,695	-	-	-	-	227,173,695
- Provision for Legal Claims	1,126,794	-	(3,676)	-	-	1,123,118
- Provision for Contingent	111,524,889	57,412,416	(1,401,305)	-	-	167,036,000
Total Other Provisions	339,825,378	57,412,416	(1,404,981)	-	-	395,332,813

- 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 EGP 2925 Million To Be Divided On 292.5 Million Shares With EGP 10 Par Value For Each Share On 31/07/2008 According To Board Of Directors Decision On 21/02/2008 By Using 975 Million From General Reserve .
- The Extraordinary General Assembly Approved In The Meeting Of June,26,2006 To Activate A Motivating And Rewarding Program For The Bank's Employees & Managers Through Employee Share Ownership Plans (Esops) By Issuing A Maximum Of 5% Of Issued And Paid-In Capital At Par Value ,Through 5 Years Starting 31,Dec 2006 And Delegated The Board Of Directors To Establish The Rewarding Terms & Conditions And Increase The Paid In Capital According To The Program.

(b) **Reserves**

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

- 23 **Contingent Liabilities & Commitments**

	<u>Dec. 31, 2008</u>	<u>Dec. 31, 2007</u>
	<u>EGP</u>	<u>EGP</u>
- Letters of Guarantee	10,852,904,384	8,710,811,993
- Letters of Credit (Import & Export)	1,933,869,400	2,233,007,892
- Customers Acceptances	504,220,921	616,046,795
Total	<u>13,290,994,705</u>	<u>11,559,866,680</u>

-24 Net Interest Income	Dec. 31, 2008	Dec. 31, 2007
<u>Interest Received from Loans and similar items.</u>	<u>EGP</u>	<u>EGP</u>
<u>Loans & Facilities</u>		
Banks	5,549,512	3,925,710
Clients	2,003,772,928	1,712,418,676
Total	2,009,322,440	1,716,344,386
Treasury Bills & Bonds	623,471,960	323,476,235
Deposits & Current Account	1,032,068,228	739,391,447
Financial Investment In Debt Instruments Held to Maturity & Available for Sale	49,785,679	77,368,908
Other	58,227,573	136,792,638
Total	3,772,875,880	2,993,373,614
<u>Interest Paid on deposits and similar items</u>		
<u>Deposits & Current Account:-</u>		
Banks	97,515,593	69,203,483
Clients	1,786,456,286	1,506,576,968
Total	1,883,971,879	1,575,780,451
Other Loans	6,245,478	3,579,534
Other	73,443,883	217,342,046
Total	1,963,661,240	1,796,702,031
Net	1,809,214,640	1,196,671,583
-25 Trading Net Profit	Dec. 31, 2008	Dec. 31, 2007
	EGP	EGP
<u>Foreign exchange operations:-</u>		
Profit (Losses) From Foreign exchange	277,942,194	153,821,842
Profits (Losses) from Revaluing Trading Assets & Liabilities in Foreign Currencies	(1,319,226)	(5,101,086)
Profit (Losses) From Forward Foreign exchange Deals Revaluation	(1,555,899)	(689,232)
Profit (Losses) From Interest rate Swap Revaluation	23,259,000	23,386,836
Profit (Losses) From Currency Swap Deals Revaluation	26,932,691	41,353,081
Debt Instruments For Trading	53,231,649	46,663,091
Equity Instruments For Trading	(40,911,023)	16,757,323
Total	337,579,386	276,191,855

- 26 Comparative Figures:-

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

	<u>Balance Before Restatement</u>	<u>Balance After Restatement</u>
	<u>EGP</u>	<u>EGP</u>
Financial Investment Available For Sale	2,279,926,299	2,347,587,666
<u>Financial Derivatives</u>		
Debit Balances	-	75,307,833
Credit Balances	-	63,166,763
Special Reserves	162,709,903	213,609,315
Fair Value Reserve (Available For Sale Financial Investment)	4,870,506	60,903,531
Retained Earnings	0	11,628,342
Net Trading Income	212,982,610	276,191,855
Profits (losses) Financial Investments	276,290,900	226,135,001
Income Tax	(167,662,101)	(180,303,950)

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

- 27 Deferred Tax Assets and Liabilities

	<u>Assets (liabilities)</u>	<u>Assets (liabilities)</u>
	<u>Dec. 31, 2008</u>	<u>Dec. 31, 2007</u>
	<u>EGP</u>	<u>EGP</u>
<u>Recognized Deferred Tax Assets (Liabilities)</u>		
Deferred Tax Assets And Liabilities Are Attributable To The Following:		
<u>Deferred Tax</u>		
Fixed Assets (Depreciation)	(26,037,670)	(22,155,045)
Other Provisions(Excluded Loan Loss		
& Contingent Liabilities And Income Tax Provisions)	1,998,913	48,952,228
Other Items(Other Investments Revaluation Difference)	28,533,744	20,190,375
Reserve For Employee Stock Ownership Plan (ESOP)	17,345,581	5,831,917
Total Deferred Tax Assets(Liabilities)	21,840,568	52,819,475

- 28 Reconciliation of effective tax rate

	<u>Dec. 31, 2008</u>	<u>Dec. 31, 2007</u>
	<u>EGP</u>	<u>EGP</u>
- Profit Before Tax	1,855,889,170	1,400,941,463
- Tax Rate	20%	20%
Income Tax based on accounting profit	371,177,834	280,188,293
Add / (Deduct)		
- Non-Deductible Expenses	4,675,448	424,416
- Tax Exemptions	(130,962,123)	(139,463,112)
- Effect Of Provisions	(4,102,447)	26,967,598
Income Tax	240,788,712	168,117,194
Effective Tax Rate	12.97%	12.00%

- 29 Earning Per Share

	<u>Dec. 31, 2008</u>	<u>Dec. 31, 2007</u>
	<u>EGP</u>	<u>EGP</u>
- Net Profit For The year	1,615,100,458	1,232,824,269
- Board Member's Bonus	(24,226,507)	(18,492,364)
Staff Profit Sharing	(161,510,046)	(123,282,427)
- Shareholders' Share In Profits	1,429,363,905	1,091,049,478
- Number Of Shares	292,500,000	292,500,000
Earning Per Share	4.89	3.73
* By Issuance Of ESOP Shares Earning Per Share Will Be:		
- Number Of Shares Including ESOP Shares	295,478,665	294,409,350
Diluted Earning Per Share	4.84	3.71

- 30 Share-Based Payments:

According To The Extraordinary General Assembly Meeting On June 26, 2006 , The Bank launched A New Employees Share Ownership Plan (Esop) Scheme And Issued Equity-Settled Share-Based Payments .Such Employees Should Complete A Term Of 3 Years Of Service In The Bank To Have The Right In Ordinary Shares At Face Value(Right To Share) That Will Be Issued On The Vesting Date, Otherwise Such Grants Will Be Forfeited. Equity-Settled Share-Based Payments Are Measured At Fair Value At The Grant Date, And Expensed On A Straight-Line Basis Over The Vesting year (3 Years) With Corresponding Increase In Equity Based On Estimated Number Of Shares That Will Eventually Vest.The Fair Value For Such Equity Instruments Is Measured By Use Of Black-Scholes Pricing Model.

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

	Number of Shares
Outstanding At The Beginning Of The year	1,909,350
Granted During The year	1,276,665
Forfeited During The year	(207,350)
Exercised During The year	-
Expired During The year	-
Outstanding At The End Of The year	2,978,665

- The Estimated Fair Value Of The Equity Instrument Granted To The First Tranch Is EGP 45.82 .

- The Estimated Fair Value Of The Equity Instrument Granted To The Second Tranch Is EGP 81.18 .

- 31 **Assets & Liabilities Maturities**

<u>Assets</u>	<u>Maturity Within One Year</u>	<u>Maturity Over One Year</u>
- Cash And Due From Central Bank	6,493,358,437	-
- Due From Banks	4,391,051,249	-
- Treasury Bills And Other Governmental Notes	13,061,272,571	-
- Trading Investments	497,554,487	-
- Available For Sale Investments	2,762,232,983	-
- Customers' Loans & Overdrafts	14,721,451,328	12,791,985,417
- Banks' Loans & Overdrafts	79,687	344,419,123
- Held To Maturity Investments	20,051,249	661,212,025
- Investments In Subsidiary Companies	-	1,138,332,672
- Debit Balances And Other Assets	942,621,482	-
	<hr/> 42,889,673,473 <hr/>	<hr/> 14,935,949,237 <hr/>
<u>Liabilities</u>		
- Due to Banks	213,470,012	-
- Customer Deposits	41,524,201,001	7,413,908,662
- Long Term Loans	62,962,344	46,311,589
- Credit Balances and Other Liabilities	1,194,593,545	-
	<hr/> 42,995,226,902 <hr/>	<hr/> 7,460,220,251 <hr/>

- 32 **Interest Rate**

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

- 33 **Tax Status**

- 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 .

- 34 Distribution of Assets, Liabilities and Contingent Accounts

<u>Assets</u>		
	<u>Local Currency</u>	<u>Foreign Currency</u>
1- Due From Banks	481,576,209	3,909,475,039
2- Loans & Overdrafts		%
Agriculture Sector	62,198,759	.2
Industrial Sector	10,499,496,255	37.5
Trading Sector	1,375,973,774	4.9
Services Sector	11,392,863,009	40.7
Household Sector	2,277,076,866	8.1
Other Sectors	2,400,336,389	8.6
Total Loans & Overdrafts (Including unearned interest)	28,007,945,052	100
Unearned Discounted Bills	(119,310,349)	
Provision for Doubtful Debts	(1,408,297,328)	5.0
Unearned Interest & Commission	(150,009,498)	
Net Loans & Overdrafts	26,330,327,877	
<u>Liabilities</u>		
	<u>Local Currency</u>	<u>Foreign Currency</u>
1- Due to Banks	20,593,961	192,876,051
2- Customers' Deposits		%
Agriculture Sector	95,133,156	.2
Industrial Sector	5,762,542,659	11.8
Trading Sector	1,955,118,330	4.
Services Sector	11,269,398,263	23.
Household Sector	24,711,197,433	50.5
Other Sector	5,144,719,822	10.5
Total Customers' Deposits	48,938,109,663	100
<u>Contingent Accounts</u>		
	<u>Local Currency</u>	<u>Foreign Currency</u>
- Letters Of Guarantee	3,933,512,215	6,919,392,169
- Letter Of Credit (Import & Export)	12,639,451	1,921,229,949
- Customers Acceptances	64,388,766	439,832,155
	4,010,540,432	9,280,454,273

- 35 Main Currencies Positions

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

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

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

(2) Istethmar Fund

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

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

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

- 37 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>		<u>Expences (EGP)</u>
Loans & Overdrafts	319,307,234		
Investment in Subsidiary Companies	1,237,667,822		
Customer Deposits	287,923,092		
Contingent Accounts	47,864,230		
	<u>Income (EGP)</u>		<u>Expences (EGP)</u>
- International Co. for Security & Services	1,001,416		36,639,026
- Corplease Co.	48,104,095		575,188
- Commercial International Life Insurance Co.	7,265,684		1,812,838
- Commercial International Brokerage Co.	18,594,523		979,313
- Dynamic Company	31,316		-
- Egypt Factors	82,463		140,860
- CI Assets Management	3,008,089		74,795
- Commercial International Capital Holding Co.	111,342		-