

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

**Consolidated
Financial Statements
As of December 31,2007**



Hazem Hassan

Public Accountants & Consultants

Pyramids Heights Office Park
Km 22 Cairo/Alex Road
P.O. Box 48 Al Ahram
Giza - Cairo - Egypt

Telephone : (202) 536 22 00 - 536 22 11
Telefax : (202) 536 23 01 - 536 23 05
E-mail : egypt@kpmg.com.eg
Postal Code : 12556 Al Ahram

INDEPENDENT AUDITORS' REPORT

To The Board Of Directors of Commercial International Bank (Egypt)

We have audited the accompanying consolidated balance sheet of the Commercial International Bank (Egypt) S.A.E as of December 31, 2007, and the related consolidated statements of income, changes in equity and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Egyptian Standards on auditing and in the light of provisions of applicable Egyptian Laws and regulations. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We have obtained the information and explanations which we deemed necessary for our audit. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Commercial International Bank (Egypt) S.A.E as of December 31, 2007, and of the results of its operations and its cash flows for the year then ended 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 amendments and in compliance with applicable Egyptian laws and regulations.


Ehab Fawzy Akl

KPMG Hazem Hassan

Public Accountants & Consultants

KPMG Hazem Hassan
Public Accountants and Consultants

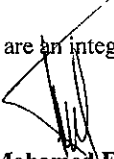
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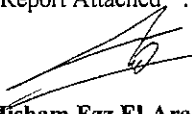
Cairo, 21 February 2008

Commercial International Bank (Egypt) S.A.E.
Consolidated Balance Sheet as of
Dec. 31, 2007

	<u>Note No.</u>	<u>Dec. 31, 2007</u> EGP	<u>Dec. 31, 2006</u> EGP
<u>Assets</u>			
- Cash & Due From Central Bank	(4)	4,953,205,430	3,742,876,516
- Due From Banks	(5)	13,883,232,504	5,732,124,959
- Treasury Bills and other Notes Discountable at the CBE	(6)	2,951,621,063	4,063,410,070
- Trading Financial Investments	(7)	683,832,861	901,082,369
- Available for Sale Financial Investments	(8)	2,389,267,275	3,185,837,471
- Brokers - Debit Balances		122,917,170	29,844,377
- Reconciliation accounts- Debit Balances		21,108,870	7,582,500
- Loans & Overdrafts (Net Of Provision for Doubtful Debts)	(9&10)	20,375,525,133	17,464,380,824
- Held to Maturity Financial Investments	(11)	443,894,166	822,284,338
- Financial Investments in Associated Co.	(12)	90,714,548	108,060,063
- Debit Balances & Other Assets	(14)	1,035,176,214	925,039,945
- Goodwill	(15)	140,613,801	23,118,175
- Deferred Tax	(27)	51,900,192	40,497,075
- Fixed Assets (Net)	(16)	620,238,883	506,815,866
- Total Assets		47,763,248,110	37,552,954,548
<u>Liabilities & Shareholder's Equity</u>			
<u>Liabilities</u>			
- Due to Banks	(17)	2,378,613,378	1,212,600,638
- Customers Deposits	(18)	39,476,052,841	31,567,391,935
- Brokers- Credit Balances		162,358,363	147,780,532
- Reconciliation accounts - Credit Balances		1,292,008	-
- Credit Balances & Other Liabilities	(19)	798,512,196	801,194,034
- Long Term Loans	(20)	161,356,219	99,166,861
- Other Provisions	(21)	397,849,636	342,342,201
Total Liabilities		43,376,034,641	34,170,476,201
<u>Shareholders' Equity</u>			
- Issued & Paid - in Capital		1,950,000,000	1,950,000,000
- Reserves		1,117,015,372	575,072,726
- Reserve for employee stock ownership plan (ESOP)	(30)	29,159,584	-
- Minority Interest		5,263,160	5,825,182
Total Shareholders' Equity	(22)	3,101,438,116	2,530,897,908
- Net Profit of the Year		1,285,775,353	851,580,439
- Total Shareholders' Equity & Net Profit		4,387,213,469	3,382,478,347
Total Liabilities & Shareholders' Equity		47,763,248,110	37,552,954,548
Contingent & Commitments Liabilities	(23)	11,528,985,664	6,864,843,585


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



Sahar Mohamed El-Sallab
Vice Chairman
& Managing Director


Hisham Ezz El-Arab
Chairman
& Managing Director

Commercial International Bank (Egypt) S.A.E.
Consolidated Income Statement as of Dec. 31, 2007

<u>Note No.</u>	<u>Dec. 31, 2007</u>	<u>Dec. 31, 2006</u>
	<u>EGP</u>	<u>EGP</u>
- Interest Received from Clients & Banks	2,593,957,148	1,749,323,991
- Interest Received from Treasury Bills & Bonds	404,398,106	568,023,867
<u>Deduct</u>		
- Interest Paid to Clients & Banks	(1,797,842,883)	(1,375,481,400)
Net Interest Income	<u>1,200,512,371</u>	<u>941,866,458</u>
- Banking Fees & Commissions	665,185,633	441,311,795
- Shares Dividends	71,536,293	49,790,772
- Foreign Exchange Profits (24)	167,845,005	108,916,719
- Profits From Selling Financial Investments	174,663,447	145,618,186
- Profits From Dispose part of Subsidiaries (25)	148,393,558	-
- Trading Financial Investments Revaluation Differences	8,210,793	16,534,014
- Other Income	43,362,321	98,205,425
- Profit of acquiring	-	25,573,096
Total Fee Income	<u>1,279,197,050</u>	<u>885,950,007</u>
Net Operating Income	<u>2,479,709,421</u>	<u>1,827,816,465</u>
<u>Deduct</u>		
- Provisions	(250,988,033)	(194,312,750)
- Other Financial Investments Revaluation Differences (26)	4,185,378	(15,812,507)
- General & Administrative Expenses & Depreciation	(697,705,207)	(619,316,387)
- Other Expenses	(77,832,699)	(63,653,792)
	<u>(1,022,340,561)</u>	<u>(893,095,436)</u>
Net Operating Profits	<u>1,457,368,860</u>	<u>934,721,029</u>
- Non_Operating Income	1,269,870	418,000.00
Net Profit Before Tax	<u>1,458,638,730</u>	<u>935,139,029</u>
- Income Tax (28)	(181,576,439)	(89,552,254)
- Deferred Tax (28 & 27)	11,459,368	7,048,958
Net Profit After Tax	<u>1,288,521,659</u>	<u>852,635,733</u>
<u>Distripute by</u>		
- Minority Interest	2,746,306	1,055,294
- CIB Shareholders' Equity	1,285,775,353	851,580,439
- Earning Per Share (29)	<u>5.84</u>	<u>3.86</u>


Sahar Mohamed El-Sallab
Vice Chairman
& Managing Director


Hisham Ezz El-Arab
Chairman
& Managing Director

Commercial International Bank (Egypt) S.A.E.
Consolidated Cash flow as of
Dec. 31, 2007

	<u>Dec. 31, 2007</u>	<u>Dec. 31, 2006</u>
	<u>EGP</u>	<u>EGP</u>
<u>Cash Flow From Operating Activities</u>		
- Net Income before tax	1,458,638,730	935,139,031
<u>Adjustments To Reconcile Net Income</u>		
<u>To Net Cash Provided by operating activities</u>		
- Depreciation	122,518,015	93,764,839
- Provisions (Addition during the Year)	250,917,567	194,312,750
- Trading financial investments evaluation differences	(8,210,793)	(16,534,014)
- Other financial investments evaluation differences	(4,185,378)	93,007,586
- Utilization Of Provisions	-	(330,276,044)
(except provision for doubtful debts)		
- Provisions No Longer Used	(7,036,600)	-
- FCY revaluation Differences of Provisions Balances except doubtful debts	(1,904,981)	(333,197)
- Gains From Selling Fixed Assets	(1,269,870)	(418,000)
- Profit From Selling financial Investments	(174,663,447)	(145,618,187)
- Profits From Dispose part of Subsidiaries	(148,393,558)	-
- Income tax paid	(80,317,367)	(34,049,494)
- FCY revaluation diff.of Long Term Loans	1,733,674	1,928,090
- Reserve for employee stock ownership plan (ESOP)	29,159,584	-
- Profit of acquiring	-	(25,573,096)
Operating Profits Before Changes in		
Operating Assets & Liabilities	1,436,985,576	765,350,264
<u>Net Decrease (Increase) in Assets</u>		
- Due From Banks	(7,961,652,630)	(1,983,839,488)
- Treasury Bills and other Notes Discountable at the CBE	2,268,535,711	(656,003,063)
- Trading financial Investments	225,460,301	954,581,137
- Available for sale financial investments	1,123,421,877	(950,151,108)
- Loans & Overdrafts	(3,054,288,046)	(3,591,382,916)
- Debit Balances & Other Assets	(213,637,494)	(453,977,899)
<u>Net Increase (Decrease) In Liabilities</u>		
- Due to Banks	1,166,089,258	492,920,535
- Customers Deposits	7,875,825,643	6,697,133,902
- Credit Balances & Other Liabilities	(84,436,632)	(280,217,017)
Net Cash Provided from Operating Activities	2,782,303,563	994,414,347

Commercial International Bank (Egypt) S.A.E.
Consolidated Cash flow as of
Dec. 31, 2007

	<u>Dec. 31, 2007</u>	<u>Dec. 31, 2006</u>
	<u>EGP</u>	<u>EGP</u>
<u>Cash Flow From Investment Activities</u>		
- Sells (Purchases) Of subsidiaries & associated companies	15,148,088	4,345,553
- Prepaid for Fixed Assets , Premises and Fitting- out of Branches	(284,632,707)	(272,125,579)
- Redemption Of Held to maturity financial Investments	378,390,172	276,026,346
- Cash results from acquisition	-	77,473,483
- Financial Investments in Subsidiary (Goodwill)	(117,495,626)	-
Net Cash (Used in)	(8,590,073)	85,719,803
<u>Investment Activities</u>		
<u>Cash Flow From Financing Activities</u>		
- Increase in Long - Term Loans	60,455,684	(1,032,231)
- Dividends Paid	(310,359,381)	(200,165,754)
- Reserve for financial investments revaluation Diff.	0	-
- Current Shareholders - Debit	0	-
- Capital Paid	-	181,610,000
Net Cash (Used in)	(249,903,697)	(19,587,985)
<u>Financing Activities</u>		
Net cash & cash equivalent changes	2,523,809,794	1,060,546,165
- Beginning Balance of cash & cash equivalent	4,355,564,286	3,295,018,121
- Cash & Cash Equivalent Balance At the End of the year	6,879,374,080	4,355,564,286
<u>Cash & Cash Equivalent are Represented as Follows :</u>		
- Cash and Due from Central Bank	4,953,205,430	3,742,876,516
- Due from Banks	13,883,232,504	5,732,124,959
- Treasury Bills and other Notes Discountable at the CBE	2,951,621,063	4,063,410,070
- Due from Banks (Time Deposits)	(13,265,167,463)	(5,410,447,905)
- Treasury Bills with maturity more than three months	(1,643,517,454)	(3,772,399,354)
Total Cash & Cash Equivalent	6,879,374,080	4,355,564,286

Commercial International Bank (Egypt) S.A.E
Consolidated Statement of changes in
Shareholders' Equity as of
Dec. 31, 2007

	Capital EGP	Legal Reserve EGP	General Reserve EGP	Special Reserve EGP	Reserve for investment Revaluation Diff. EGP	Undivided Profit EGP	Profits of the Year EGP	Reserve for employee stock ownership plan (ESOP) EGP	Minority Interest EGP	Total EGP
2006										
- Balance at beginning of The Year	1,300,000,000	331,128,634	723,775,555	162,709,903	9,646,006	-	-	-	-	2,527,260,098
- Capital Increase	650,000,000	-	(650,000,000)	-	-	-	-	-	-	-
- Net Profits of the year	-	-	-	-	-	-	851,580,441	-	-	851,580,441
- Usage part of reserve	-	-	-	-	(2,187,372)	-	-	-	-	(2,187,372)
- Minority Interest	-	-	-	-	-	-	-	-	5,825,182	5,825,182
Balance at the end of The Year	1,950,000,000	331,128,634	73,775,555	162,709,903	7,458,634	-	851,580,441	-	5,825,182	3,382,478,350

	Capital EGP	Legal Reserve EGP	General Reserve EGP	Special Reserve EGP	Reserve for investment Revaluation Diff. EGP	Undivided Profit EGP	Profits of the Year EGP	Reserve for employee stock ownership plan (ESOP) EGP	Minority Interest EGP	Total EGP
2007										
- Balance at beginning of The Year	1,950,000,000	331,128,634	73,775,555	162,709,903	7,458,634	-	851,580,441	-	5,825,182	3,382,478,350
- Transfer to reserves	-	40,102,238	474,707,379	-	-	-	(514,809,617)	-	-	-
- Net Profits of the Year	-	-	-	-	-	-	1,385,775,353	-	2,746,306	1,288,521,659
- Distributed profits	-	-	-	-	-	-	(307,051,052)	-	(3,308,329)	(310,359,381)
- Usage part of reserve	-	-	-	-	(2,588,128)	-	-	-	-	(2,588,128)
- Undivided Profit	-	-	-	-	-	29,721,156	(29,719,772)	-	-	1,384
- Reserve for employee stock ownership plan (ESOP)	-	-	-	-	-	-	-	29,159,584	-	29,159,584
- Minority Interest	-	-	-	-	-	-	-	-	-	-
- Balance At The End Of The Year	1,950,000,000	371,230,872	548,482,934	162,709,903	4,870,506	29,721,156	1,285,775,353	29,159,584	5,263,160	4,387,213,468

* Refer to note number (30)

The Commercial International Bank (Egypt) S.A.E. & Subsidiaries
Notes For the Consolidated Financial Statements
From January 1, 2007 To December 31st, 2007

(1) Organization and Activities

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

It was formed as a joint stock company on August 7th, 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 eighty eight branches , in addition to forty three 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 4th, 2005 and the company has been licensed by the capital market authority to carry out its activities under license no. 333 on May 24th, 2006.

As of Dec. 31st, 2007 the bank directly owns 27,551,154 shares represents 50.09% of CI Capital Holding company's capital . According to the shareholders' agreement dated October 10, 2006 effective April 2007.

As of December 31st, 2007 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	45.07
▪ CI Assets Management	445,499	89.09	44.63
▪ Concept Co.	448,500	89.70	44.93
▪ In Search Co.	448,500	89.70	44.93
▪ Dynamic Brokerage Co.	3,392,000	99.91	50.04
▪ Blue Nile Co. for Consultant	50,000	100.00	50.09
▪ United Brokerage Co. – Dubai	5,000,000	49.00	24.54

(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 on 27 June 2002 , and it's adjustment.

B) Basis of consolidation

As CIB owns 50.09% of CI Capital holding which is a jointly control company between CIB and other investors , CIB management decided to follow the proportion method in preparing the consolidated Financial Statement with retroactive effect in 2006 .

The consolidated financial statements include assets and liabilities and results of operation of the Commercial International Bank- Egypt and its subsidiaries which are controlled by the bank . The basis of the consolidation are as follows:

(2)

- Dropping 50.09% from the balances of mutual deals between CIB and C.I. Capital Holding Co. .
- All intra- group balances and transactions have been eliminated
- Minority interest in the equity and results of operation of the subsidiaries controlled by the bank is shown as a separate item in the consolidated financial statements and is calculated based on their share in the assets and liabilities of the subsidiaries.

C) Transactions in Foreign Currencies

- The Accounting records of the bank are maintained in Egyptian pounds. Transactions in foreign currencies conducted during the year are recorded at the foreign exchange rates prevailing at the time such transactions take place .
Assets & Liabilities are revalued at the foreign exchange rates prevailing at the end of year , generated gain and losses are recorded in “Foreign Exchange Income“ in the income statement.
- Forward contracts are evaluated at the end of the financial year 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.
- 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.

D) Realization of Income

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

E) Operating revenues in the holding company:

The activities income of the subsidiaries companies comes as soon as the related service is done, the services are :

- Consultancy services to the group before the acquisition date.
- Securities trading fees & commission for the customers.
- Management fees as follows:

(3)

1- Mutual funds & investment portfolios management fees:

- The management fees are calculated as a percentage “ according to the agreement terms & conditions” of the net mutual fund assets on a monthly basis and classified in the revenue on an accrual basis.
- Commission calculated as a percentage of net mutual fund assets fair value on a daily basis.

2- Performance fees:

performance fees calculated by specific ratios from customers portfolios annual return in case of it exceeds a specific return based on the contact terms and its calculated based on the return on the net assets such fees are excludes 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 Balance Sheet .

G) Repos & (Reverse Repos)Transactions

Repos (Reveres 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 year at its fair market value and the evaluation difference is recorded in income statement .
- 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, it's share in the special reserve should be transferred to income statement .

J) 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 .

K) 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 .

L) 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 Balance Sheet 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 .

M) 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.

N) 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 Balance Sheet date.

O) 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.

P) 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.

Q) 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 balance sheet date .

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes . The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities , using tax rates enacted or substantively enacted at the balance sheet date .

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized . Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

L) 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) 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.

(7)

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 Balance Sheet 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 fluctuate 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. (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 year .

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.

(8)

- 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 exposes 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. (35) of the financial statements discloses significant foreign currency positions at the Balance Sheet date.

4- Cash And Due From Central Bank

	<u>Dec. 31, 2007</u>	<u>Dec. 31, 2006</u>
	<u>EGP</u>	<u>EGP</u>
- Cash & Cash Items	1,081,319,202	684,845,076
- Reserve Balance with CBE		
(A) Current Accounts	1,996,073,908	1,489,221,888
(B) Time Deposits	1,875,812,320	1,568,809,552
Total Cash & Due From Central Bank	<u><u>4,953,205,430</u></u>	<u><u>3,742,876,516</u></u>

5- Due from Banks

	<u>Dec. 31, 2007</u>	<u>Dec. 31, 2006</u>
	<u>EGP</u>	<u>EGP</u>
(A) <u>Central Bank</u>		
- Time Deposits	7,391,521,850	120,102,850
Total Due from central bank	<u><u>7,391,521,850</u></u>	<u><u>120,102,850</u></u>
(B) <u>Local Banks</u>		
- Current Accounts	109,010,305	313,812,455
- Time Deposits	155,948,929	85,620,000
Total Due from Local Banks	<u><u>264,959,233</u></u>	<u><u>399,432,455</u></u>
(C) <u>Foreign Banks</u>		
- Current Accounts	509,054,737	114,797,671
- Time Deposits	5,717,696,684	5,097,791,983
Total Due From Foreign Banks	<u><u>6,226,751,421</u></u>	<u><u>5,212,589,654</u></u>
Total Due From Banks	<u><u>13,883,232,504</u></u>	<u><u>5,732,124,959</u></u>

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

	<u>Dec. 31, 2007</u>	<u>Dec. 31, 2006</u>
	<u>EGP</u>	<u>EGP</u>
- CBE CDS	-	3,317,003,600
- 91 Days Maturity	1,313,750,000	152,950,000
- 182 Days Maturity	751,830,445	138,903,150
- 364 Days Maturity	970,750,000	544,825,000
	<u>3,036,330,445</u>	<u>4,153,681,750</u>
- Issuance Discount	(84,709,382)	(91,260,207)
	<u>2,951,621,063</u>	<u>4,062,421,543</u>
- Reverse Repos		988,527
- Repos	-	-
	<u><u>2,951,621,063</u></u>	<u><u>4,063,410,070</u></u>

7- Trading Financial Investments

	<u>Dec. 31, 2007</u>	<u>Dec. 31, 2006</u>
	<u>EGP</u>	<u>EGP</u>
- Portfolio Managed By Other Parties	64,370,759	478,500,215
- Mutual Funds	465,016,024	252,017,934
- Bonds	51,603,627	95,195,095
- Shares	102,842,451	75,369,125
Total Trading Financial Investments	<u>683,832,861</u>	<u>901,082,369</u>

The Financial Trading Investments are represented as follows :-

- Financial Investments listed in Stock Exchange	218,816,837	649,064,435
- Financial Investments Unlisted in Stock Exchange	465,016,024	252,017,934
	<u>683,832,861</u>	<u>901,082,369</u>

8- Available for Sale Financial Investments

	<u>Dec. 31, 2007</u>	<u>Dec. 31, 2006</u>
	<u>EGP</u>	<u>EGP</u>
(A) <u>Shares</u>		
- Bank's Shares	5,031	11,046,621
- Corporate Shares	844,022,989	1,116,409,933
(B) <u>Bonds</u>		
- Governmental Bonds	855,848,389	1,477,526,784
- Bank's Bonds	103,065,708	85,321,689
- Corporate Bonds	586,325,158	495,532,444
	<u>2,389,267,275</u>	<u>3,185,837,471</u>

Available for sale financial investments are represented as follows :-

- Financial Investments listed in Stock Exchange	1,301,157,343	1,941,629,448
- Financial Investments unlisted in Stock Exchange	1,088,109,932	1,244,208,023
	<u>2,389,267,275</u>	<u>3,185,837,471</u>

- The market Value of Available for sale Investments listed in the Capital market reached EGP 1,617,946,351 On Dec. 31, 2007, compared to EGP 2,288,247,619 on December 31,2006

(11)

9- Loans and Overdrafts

	<u>Dec. 31, 2007</u>	<u>Dec. 31, 2006</u>
	<u>EGP</u>	<u>EGP</u>
- Discounted Bills	369,367,153	345,178,132
- Loans & Overdrafts to Customer	20,979,609,432	17,719,313,771
- Loans & Overdraft to Banks	398,371,745	652,533,908
	<u>21,747,348,330</u>	<u>18,717,025,811</u>
- Unearned Bills discount	(33,299,487)	(6,134,160)
- Provision For Doubtful Debts	(1,089,969,238)	(1,038,908,021)
- Unearned Interest & commission	(248,554,472)	(207,602,806)
Net Loans & Overdrafts	<u><u>20,375,525,133</u></u>	<u><u>17,464,380,824</u></u>

10- Provision For Doubtful Debts

	<u>Dec. 31, 2007</u>		
	<u>Specific</u>	<u>General</u>	<u>Total</u>
	EGP	EGP	EGP
- 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 specific to general	(10,008,945)	10,008,945	-
Balance at the end of the Year	<u><u>491,530,222</u></u>	<u><u>598,439,016</u></u>	<u><u>1,089,969,238</u></u>

	<u>Dec. 31, 2006</u>		
	<u>Specific</u>	<u>General</u>	<u>Total</u>
	EGP	EGP	EGP
- Balance at beginning of the year	583,672,503	365,228,009	948,900,512
- Addition during the year	53,833,428	121,722,012	175,555,440
- written off debts recoveries	100,062,106	-	100,062,106
- Foreign currency revaluation diff.	(1,264,639)	-	(1,264,639)
	<u>736,303,398</u>	<u>486,950,021</u>	<u>1,223,253,419</u>
- Usage during the Year	(228,447,476)	-	(228,447,476)
- Transferred from provision of contingent liability	44,102,078	-	44,102,078
Balance at the end of the Year	<u><u>551,958,000</u></u>	<u><u>486,950,021</u></u>	<u><u>1,038,908,021</u></u>

11- Held to maturity Financial Investments

	<u>Dec. 31, 2007</u>	<u>Dec. 31, 2006</u>
	EGP	EGP
A- <u>Bonds</u>		
- Housing Bonds (maturity Dec.2019)	215,000	215,000
- Corporate Bonds	411,179,166	789,569,338
- Treasury Bonds	-	-
B- <u>Mutual Funds</u>		
- 250,000 Osoul Fund Certificates with market value LE 126.17 per certificate	25,000,000	25,000,000
- 50,000 Istethmar Fund Certificates with market value LE 139.87 per certificate	5,000,000	5,000,000
- 25,000 Aman Fund Certificates with market value LE 126.42 per certificate	2,500,000	2,500,000
	<u>443,894,166</u>	<u>822,284,338</u>

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

- Financial Investments listed in Stock Exchange	311,279,817	667,740,018
- Financial Investments Unlisted in Stock Exchange	132,614,349	154,544,320
	<u>443,894,166</u>	<u>822,284,338</u>

- The market value of Held to Maturity Financial Investments reached EGP 337,511,601 on 31 December ,2007
While reached EGP 672,356,231 on 31 December 2006

12- Financial Investments in Associated Companies

	<u>Dec. 31, 2007</u>		<u>Dec. 31, 2006</u>	
	EGP	%	EGP	%
A- <u>Associated Companies:</u>				
- Contact for Cars Trading	31,000,000	%38.4	31,000,000	%38.4
- Commercial International life insurance co.	32,000,000	%40	32,000,000	%40
- Corplease co.	18,400,000	%40	12,240,000	%40
- Giro-Nil	-	-	12,390,000	%30
- Cotecna Trade Support	48,750	%40	48,750	%40
- Haykala For Investment	601,252	47.5%	712,703	%50.05
- Royal & Sun Alliance	-	-	10,872,000	%20
- Egypt Factors	3,763,646	%39	3,895,710	%39
- International. Co. for Appraisal & Collection.	400,000	%40	400,000	%40
- International Co. for Security & Services	4,500,900	45%	4,500,900	%46.7
	<u>90,714,548</u>		<u>108,060,063</u>	

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

- Financial Investments listed in Stock Exchange	-	-
- Financial Investments Unlisted in Stock Exchange	90,714,548	108,060,063
	<u>90,714,548</u>	<u>108,060,063</u>

13- Capital Commitments (Financial Investments):

The capital commitments for the financial investments reached on the date of Financial position

EGP 251,673,787 as follows :-

	<u>Investments value</u> EGP	<u>Paid</u> EGP	<u>Remaining</u> EGP
- Available for sale Financial investments	424,746,619	184,608,711	240,137,908
- Financial Investments in subsidiaries co.	34,748,275	23,212,396	11,535,879

14- Debit Balances and Other Assets

	<u>Dec. 31, 2007</u> EGP	<u>Dec. 31, 2006</u> EGP
- Accrued Interest receivable	460,502,319	287,098,900
- Prepaid Expenses	54,175,158	28,979,566
- Advances for Purchase of Fixed Assets	204,935,394	155,099,982
- Assets Acquired for Settlement of Debts	29,361,646	78,927,129
- Due From Associated Companies	-	28,019
- Accounts receivable & Other Assets	288,214,383	373,907,084
- Accrued Balances of Customers Loans *	241,625,336	252,458,000
	<u>1,278,814,235</u>	<u>1,176,498,680</u>
<u>Deduct</u>		
- Provision for General Risk & Risk Insurance **	(243,638,021)	(251,458,735)
Total Debit Balances and Other Assets	<u>1,035,176,214</u>	<u>925,039,945</u>

* These balances represent certain advances to customers that were made at one of the branches in violation of the bank's standard operating procedures, resulting in reclassifying these balances under "other debit balances".

Conservative provisions were adequately reallocated from other provisions to meet the relevant operation risk

** Refer to Note No. 21.

15- Intangible Asstes (Goodwill)

Represent 50.09% (CIB share) of the intangible assets results from CI capital holding Acquired 49% of united broker Co.

Dubai on 17/12/2006 ,100% of Blue Nile Consultant Co. on 27/12/2006 and 99.91% of Dainamic Broker Co on 19/02/2007 .

According to the inability of determining the fair value for acquire intangible assets for Dainamic Broker Co only . The difference between the book value and the fair value of the assets, liabilities and Contingent Liabilities represent EGP 234,569,028 recorded as primarily and temporarily Goodwill at the end of the period till maintaning the final calculation.

Fixed Assets (Net of Accumulated Depreciation)

(14)

As Of Dec. 31, 2007

	Land	Premises	IT	Vehicles	Fitting -Out	Machines & Equipment	Furniture & Furnishing	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Opening Balance (3)	10,727,777	258,115,877	360,280,607	21,774,492	101,525,090	139,713,045	59,330,660	951,467,548
Additional during the Year	53,065,483	40,084,315	50,891,952	754,023	38,118,749	31,088,280	21,630,832	235,633,634
Closing Balance (1)	63,793,260	298,200,192	411,172,560	22,528,515	139,643,839	170,801,325	80,961,492	1,187,101,182
Accu.Depreciation at beginning of the Year (4)	-	78,567,600	192,569,154	16,048,461	65,270,769	67,178,539	25,017,159	444,651,682
Current Year Depreciation	-	12,822,074	57,241,037	2,261,093	23,601,714	16,876,296	9,408,404	122,210,618
Accu.Depreciation at end of the Year (2)	-	91,389,674	249,810,190	18,309,555	88,872,483	84,054,835	34,425,563	566,862,300
End of Year net asstes (1-2)	63,793,260	206,810,518	161,362,369	4,218,960	50,771,356	86,746,490	46,535,929	620,238,883
Beginning of Year net assets (3-4)	10,727,777	179,548,277	167,711,453	5,726,030	36,254,321	72,534,507	34,313,501	506,815,866

Depreciation rates

%5

%20

%20

%33.3

%12.5

%10

Net fixed assets value on the financial position date includes EGP

78,022,439

non registered assets while their registrations procedures are in process.

17- Due to Banks

	<u>Dec. 31, 2007</u>	<u>Dec. 31, 2006</u>
	EGP	EGP
(a) <u>Central Bank</u>		
- Current Accounts	80,028,494	20,044,409
- Time Deposits	2,012,792,500	867,616,000
Total Due to Central Bank	<u>2,092,820,994</u>	<u>887,660,409</u>
(b) <u>Local Banks</u>		
- Current Accounts	26,463,751	15,936,955
- Time Deposits	28,480,310	107,541,554
Total Due to Local Banks	<u>54,944,061</u>	<u>123,478,509</u>
(c) <u>Foreign Banks</u>		
- Current Accounts	199,834,891	201,260,025
- Time Deposits	31,013,432	201,695
Total Due to foreign Banks	<u>230,848,323</u>	<u>201,461,720</u>
Total Due to Banks	<u><u>2,378,613,378</u></u>	<u><u>1,212,600,638</u></u>

18- Customers' Deposits

	<u>Dec. 31, 2007</u>	<u>Dec. 31, 2006</u>
	EGP	EGP
- Demand Deposits	11,566,831,688	8,822,372,913
- Time & Notice Deposits	13,612,928,991	11,023,762,189
- Saving & Deposit Certificates	5,948,726,982	5,181,379,187
- Saving Deposits	6,517,256,544	5,349,962,762
- Other Deposits	1,830,308,636	1,189,914,884
Total Customer Deposits	<u><u>39,476,052,841</u></u>	<u><u>31,567,391,935</u></u>

19- Credit Balances and Other Liabilities

	<u>Dec. 31, 2007</u> EGP	<u>Dec. 31, 2006</u> EGP
- Accrued Interest Payable	140,677,147	109,691,056
- Accrued Expenses	34,419,304	35,125,589
- Accounts Payable	576,182,550	604,311,441
- Due to Associated & Subsidiaries Companies	598,907	514,815
- Dividends & Profit Sharing	-	2,300,783
- Other Liabilities	46,634,289	49,250,350
Total Credit Balances And Other Liabilities	<u><u>798,512,196</u></u>	<u><u>801,194,034</u></u>

20- Long Term Loans

	<u>Rate</u> %	<u>Maturity date</u>	<u>Maturing through</u> <u>next year</u>	<u>Balance as of</u> <u>Dec-07</u>	<u>Balance as of</u> <u>Dec-06</u>
- F.I.S.C.	7	3-5 years	40,125,600	40,565,200	-
- K.F.W	9-10.5	10 YEARS	4,733,269	15,195,955	9,461,379
- UNIDO	1	2011	2,866,393	8,038,908	10,483,577
- Ministry of Agriculture (F.S.D.P)	3.5 - 5.5 depends on maturity date	3-5 years	54,935,674	92,594,906	70,617,084
- Ministry of Agriculture (V.S.P)	3.5 - 5.5 depends on maturity date	3-5 years	10,000	10,000	30,000
- Social Fund	3 months T/D or 9% which more	2010	1,900,000	4,951,250	8,574,821
Total			<u><u>104,570,936</u></u>	<u><u>161,356,219</u></u>	<u><u>99,166,861</u></u>

21- Other Provisions

(17)
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>Transfer During the Year</u>	<u>Transferred To Debit Balances & Other Assets</u>	<u>Closing Balance</u>
- Provision for Income Tax claims	229,198,246	-	-	-	-	-	229,198,246
- Provision for Legal Claims	1,126,794	-	(3,676)	-	-	-	1,123,118
- Provision for contingent	111,524,889	57,412,416	(1,901,305)	-	-	-	167,036,000
- Provision for Operating	492,272	-	-	-	-	-	492,272
Total Other Provisions	342,342,201	57,412,416	(1,904,981)	-	-	-	397,849,636

Dec. 31, 2006
EGP

	<u>Opening Balance</u>	<u>Addition During the Year</u>	<u>FCY Balance Reval. Difference</u>	<u>Usage During the Year</u>	<u>Transfer During the Year</u>	<u>Transferred To Debit Balances & Other Assets</u>	<u>Closing Balance</u>
- Provision for Income Tax claims	623,702,110	-	-	(329,503,864)	(65,000,000)	-	229,198,246
- Provision for Legal Claims	1,728,828	178,750	(8,604)	(772,180)	-	-	1,126,794
- Provision for contingent	138,878,000	17,073,560	(324,593)	-	(44,102,078)	-	111,524,889
- Provision for General risk *	161,835,372	1,505,000	-	-	65,000,000	(228,340,372)	-
- Provision for Bank Risk insurance *	23,880,238	-	(121,505)	(640,370)	-	(23,118,363)	-
- Provision for Operating	492,272	-	-	-	-	-	492,272
Total Other Provisions	950,516,820	18,757,310	(454,702)	(330,916,414)	(44,102,078)	(251,458,735)	342,342,201

* These balances were reclassified under "other debit balances" to meet the possible loss of value in certain assets resulting from violation of the bank's standard operating procedures that were reclassified from "Loans to Customers". Please refer to clarification # 14 for further details.

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 1950 Million divided to 195 Million shares with par value EGP 10 per each .
- 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 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>Dec. 31, 2007</u>	<u>Dec. 31, 2006</u>
	EGP	EGP
- Letters of Guarantee	8,710,786,948	5,636,795,144
- Letters of Credit (import & export)	2,233,007,892	865,777,545
- Customers Acceptances	616,046,795	418,344,500
- Forward Foreign Exchange contracts (bought)	2,315,808,497	1,353,283,099
- Forward Foreign Exchange contracts (sold)	(2,314,413,012)	(1,352,168,802)
- Swap Deals (bought)	2,031,770,686	1,048,742,044
- Swap Deals (sold)	(2,064,022,142)	(1,105,929,945)
- Option (bought)	4,040,915	60,744,244
- Option (sold)	(4,040,915)	(60,744,244)
Total	<u><u>11,528,985,664</u></u>	<u><u>6,864,843,585</u></u>

24- Foreign Exchange Profits (losses)

	<u>Dec. 31, 2007</u>	<u>Dec. 31, 2006</u>
	<u>EGP</u>	<u>EGP</u>
- Profit from dealing with foreign currencies	155,304,325	103,752,327
- Profit (loss) of revaluation of Monetary assets and Liabilities *	13,181,723	3,122,692
- Profit (loss) of Forward deals revaluation	(841,440)	1,254,271
- Profit revaluation of options	200,397	787,429
Total	<u><u>167,845,005</u></u>	<u><u>108,916,719</u></u>

* Include an increase of EGP 29,843,292 due to the foreign currencies revaluation differences of the financial trading & available for sale investments by EGP 5,101,086 & EGP 24,742,206 respectively against decrease in financial investments revaluation differences' items in income statement .

25- Profits From Selling Financial Investments in Subsidiaries

- Include EGP 148,393,558 from selling 9,287,846 shares of CIB'S stake in CI.Holding Co.

26- Other Financial investments revaluation differences

	<u>Dec. 31, 2007</u>	<u>Dec. 31, 2006</u>
	<u>EGP</u>	<u>EGP</u>
- Available for sale financial investments	4,185,378	(15,812,507)
Total	<u><u>4,185,378</u></u>	<u><u>(15,812,507)</u></u>

27- Deferred tax assets and liabilities

	<u>Assets (liabilities)</u>	<u>Assets (liabilities)</u>
	<u>Dec. 31, 2007</u>	<u>Dec. 31, 2006</u>
	<u>EGP</u>	<u>EGP</u>
Recognized deferred tax assets (liabilities)		
Deferred tax assets and liabilities are attributable to the following:		
<u>Deferred tax</u>		
- Fixed assets depreciation	(23,074,328)	(19,897,851)
- Other provisions(excluded loan loss & contingent liabilities and income tax provisions)	48,952,228	50,517,106
- Other items(other investments revaluation difference)	20,190,375	9,877,820
- Reserve for employee stock ownership plan (ESOP)	5,831,917	
Total deferred tax assets(liabilities)	<u><u>51,900,192</u></u>	<u><u>40,497,075</u></u>

28- Reconciliation of effective tax rate

	<u>Dec. 31, 2007</u>	<u>Dec. 31, 2006</u>
- Profit Before Tax	1,458,638,730	935,139,029
- Tax Rate	20%	20%
Income tax	<u>291,727,746</u>	<u>187,027,806</u>
Add / (Deduct)		
- Non-deductible expenses	(2,453,094)	9,939,347
- Tax exemptions	(146,125,178)	(129,112,668)
- Effect of provisions	26,967,598	18,919,914
- Settlement of tax for profit before acquiring	-	(4,271,103)
Income tax	<u>170,117,071</u>	<u>82,503,296</u>
Effective tax rate	11.66%	8.82%

29- Earning per share

	<u>Dec. 31, 2007</u>	<u>Dec. 31, 2006</u>
	<u>EGP</u>	<u>EGP</u>
- Net profit for the year	1,285,775,353	851,580,439
- Board member's bonus	(19,286,630)	(12,773,707)
- Staff profit sharing	<u>(128,577,535)</u>	<u>(85,158,044)</u>
- Shareholders' share in profits	1,137,911,187	753,648,689
- Number of shares	<u>195,000,000</u>	<u>195,000,000</u>
- Earning per share	5.84	3.86

30- 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	-
Granted During the period	1,909,350
Forfeited during the period	-
Exercised during the period	-
Expired during the period	-
Outstanding at the end of the period	1,909,350
- The estimated fair value of the Equity instrument (Right to share) granted is EGP 45.82 .	
Totalling LE 29,159,584 at the end of Dec. 2007	

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	4,953,205,430	-
- Due from Banks	13,883,232,504	-
- Treasury Bills and other Notes Discountable at the CBE	3,036,330,445	-
- Trading Investments	683,832,861	-
- Available for sale investments	2,389,267,275	-
- Customers' Loans & Overdrafts	9,858,027,721	11,242,394,392
- Banks' Loans & Overdrafts	220,529	398,151,216
- Held to maturity Investments	-	443,894,166
- Investments in subsidiary companies	-	90,714,548
- Debit Balances and Other Assets	1,035,176,214	-
	<u>35,839,292,979</u>	<u>12,175,154,322</u>
 <u>Liabilities</u>		
- Due to Banks	2,378,613,378	-
- Customer Deposits	32,781,338,604	6,694,714,236
- Long Term Loans	104,570,936	56,785,283
- Credit Balances and Other Liabilities	798,512,196	-
	<u>36,063,035,114</u>	<u>6,751,499,520</u>

32- Interest Rate

- The average interest rates applied for Assets and Liabilities during the Year are 6.78 % & 3.91 % Respectively .

33- 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 2002 .
- Corporate income tax for the years from 2003 up to 2004 were paid according to the internal Committee decision and the final settlement is under discussion with the tax appeal committee.
- 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 .

34- Distribution of Assets, Liabilities and Contingent Accounts

<u>Assets</u>	<u>Local Currency</u>	<u>Foreign Currency</u>
1- Due From Banks	7,656,481,083	6,226,751,421
2- Loans & Overdrafts		%
Agriculture Sector	61,593,282	.3
Industrial Sector	8,709,754,272	40.
Trading Sector	954,041,289	4
Services Sector	8,112,056,815	37.2
Household Sector	2,063,672,092	9.5
Other Sectors	1,846,230,580	8.5
Total Loans & Overdrafts (Including unearned interest)	21,747,348,330	100
Unearned Discounted Bills	(33,299,487)	
Provision for Doubtful Debts	(1,089,969,238)	5.0
Unearned Interest & Commission	(248,554,472)	
Net Loans & Overdrafts	20,375,525,133	
 <u>Liabilities</u>	 <u>Local Currency</u>	 <u>Foreign Currency</u>
1- Due to Banks	50,870,429	2,327,742,949
2- Customers' Deposits		%
Agriculture Sector	65,997,581	.2
Industrial Sector	5,142,043,546	13.
Trading Sector	2,414,487,913	6.1
Services Sector	7,623,383,420	19.3
Household Sector	20,526,954,379	52.
Other Sector	3,703,186,002	9.4
Total Customers' Deposits	39,476,052,840	100
 <u>Contingent Accounts</u>	 <u>Local Currency</u>	 <u>Foreign Currency</u>
- Letters of Guarantee	2,684,223,857	6,026,563,091
- Letter of Credit (import & export)	21,925,488	2,211,082,404
- Customers Acceptances	103,283,915	512,762,880
- Forward Foreign Exchange contracts (bought)	298,533,897	2,017,274,600
- Forward Foreign Exchange contracts (sold)	(4,427,418)	(2,309,985,594)
- Swap Deals (bought)	-	2,031,770,686
- Swap Deals (sold)	(817,334,150)	(1,246,687,992)
- Option (bought)	-	4,040,915
- Option (sold)	-	(4,040,915)
	2,286,205,589	9,242,780,075

35- Main Currencies Positions

	<u>Dec. 31, 2007</u>	<u>Dec. 31, 2006</u>
	<u>in thousand EGP</u>	<u>in thousand EGP</u>
- Egyptian Pound	(13,959)	5,550
- US Dollar	(56,955)	(54,691)
- Sterling pound	(389)	2,408
- Japanese Yen	(377)	27,721
- Swiss Franc	821	369
- Euro	14,449	14,894

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 57,068,881 with redeemed value LE 7,200,380,716.
- The market value per certificate reached EGP 126.17 on 29/12/2007.
- The Bank portion got 3,083,666 certificates with redeemed value EGP 389,066,139 .

(2) Istethmar Fund

- The 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 2,257,365 with redeemed value LE 315,737,643.
- The market value per certificate reached EGP 139.87 on 29/12/2007.
- The Bank portion got 115,132 certificates with redeemed value EGP 16,103,513.

(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 1,021,976 with redeemed value LE 129,198,206.
- The market value per certificate reached EGP 126.42 on 29/12/2007.
- The Bank portion got 26,571 certificates with redeemed value EGP 3,359,106.

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>	
Due from Banks	-	
Loans & Overdrafts	499,579,973	
Investment in subsidiary companies	90,714,548	
Due to banks	-	
Customer Deposits	149,823,536	
Contingent Accounts	25,000,000	
	<u>Income</u>	<u>Expences</u>
- Contact Co.	16,823,303	983,079
- International Co. for Security & Services	983,079	3,033,819
- International. Co. for Appraisal & Collection.	-	566,162
- Corplease co.	54,969,524	10,051,223
- Commercial International life insurance co.	860,674	3,170,677

38) **Comparative Figures**

- Consolidated balance sheet comparative figures has been adjusted as follows :-
 - 1) According to the shareholders agreement dated October 10,2006 . CIB share in CI Capital Holding has been adjusted to be 50.09 % instead of 67.6% which was previously used in preparing 2006 consolidated Financial statement .
 - 2) CIB management decided to follow the proportion method in preparing the consolidated financial statement with retroactive effect in 2006 comparative figures .
- The Comparative figures were amended to cope with the reclassification of the current year .