

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

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



Hazem Hassan

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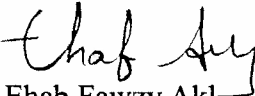
Review Report

To the Board of Directors of Commercial International Bank

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

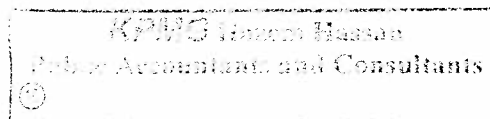
We conducted our review in accordance with the Egyptian Auditing Standard applicable to review engagements. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to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

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


Ehab Fawzy Akl

Capital Market Authority registration number "156"

KPMG Hazem Hassan
Public Accountants & Consultants



Cairo, 12 August 2008.

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

	<u>Note No.</u>	<u>Jun. 30, 2008</u> <u>EGP</u>	<u>Dec. 31, 2007</u> <u>EGP</u>
<u>Assets</u>			
- Cash & Due From Central Bank	(4)	7,220,447,781	4,953,205,430
- Due From Banks	(5)	14,669,061,278	13,883,232,504
- Treasury Bills and other Notes Discountable at the CBE	(6)	2,776,871,582	2,951,621,063
- Trading Financial Investments	(7)	858,158,404	683,832,861
- Available for Sale Financial Investments	(8)	3,531,380,111	2,286,201,567
- Brokers - Debit Balances		213,963,746	122,917,170
- Reconciliation accounts- Debit Balances		5,439,931	21,108,871
- Loans & Overdrafts (Net Of Provision for Doubtful Debts)	(9&10)	24,196,338,592	20,478,590,841
- Held to Maturity Financial Investments	(11)	286,853,806	443,894,166
- Financial Investments in Associated Co.	(12)	70,150,447	90,714,548
- Debit Balances & Other Assets	(14)	1,734,234,579	1,035,176,214
- Goodwill	(15)	130,215,080	140,613,801
- Deferred Tax	(28)	24,383,390	51,900,192
- Assets Held For Sale	(39)	6,794,643	-
- Fixed Assets (Net)	(16)	618,428,098	620,238,882
<u>Total Assets</u>		<u>56,342,721,468</u>	<u>47,763,248,110</u>
<u>Liabilities & Shareholder's Equity</u>			
<u>Liabilities</u>			
- Due to Banks	(17)	4,152,888,682	2,378,613,378
- Customers Deposits	(18)	45,617,756,269	39,476,052,841
- Brokers- Credit Balances		221,004,433	162,358,363
- Reconciliation accounts - Credit Balances		-	1,292,008
- Credit Balances & Other Liabilities	(19)	820,631,093	798,437,293
- Long Term Loans	(20)	125,900,638	161,356,219
- Other Provisions	(21)	418,853,316	397,924,540
- Liabilities Related To Assets Held For Sale	(39)	333,033	-
<u>Total Liabilities</u>		<u>51,357,367,465</u>	<u>43,376,034,642</u>
<u>Shareholders' Equity</u>			
- Issued & Paid - in Capital		1,950,000,000	1,950,000,000
- Reserves		1,036,312,209	1,117,015,371
- Reserve for employee stock ownership plan (ESOP)	(31)	58,009,830	29,159,584
- Reserve For Capital Increase		975,000,000	-
- Minority Interest		4,288,260	5,263,160
Total Shareholders' Equity	(22)	<u>4,023,610,299</u>	<u>3,101,438,115</u>
- Net Profit of the Period		961,743,705	1,285,775,353
- Total Shareholders' Equity & Net Profit		4,985,354,004	4,387,213,468
<u>Total Liabilities & Shareholders' Equity</u>		<u>56,342,721,468</u>	<u>47,763,248,110</u>
<u>Contingent & Commitments Liabilities</u>	(23)	<u>12,633,463,233</u>	<u>11,528,985,664</u>

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


Hisham Ezz El-Arab
Chairman
& Managing Director

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

	<u>Note No.</u>	<u>Last 3 months</u> <u>Jun. 30, 2008</u>	<u>Last 6 months</u> <u>Jun. 30, 2008</u>	<u>Last 3 months</u> <u>Jun. 30, 2007</u>	<u>Last 6 months</u> <u>Jun. 30, 2007</u>
		<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
- Interest Received from Clients & Banks		767,194,336	1,549,542,848	640,531,082	1,184,890,084
- Interest Received from Treasury Bills & Bonds		104,658,262	188,595,819	84,986,474	229,540,016
<u>Deduct</u>					
- Interest Paid to Clients & Banks		(464,871,146)	(915,816,964)	(444,347,125)	(877,974,906)
Net Interest Income		406,981,452	822,321,703	281,170,431	536,455,194
- Banking Fees & Commissions		205,238,016	437,192,391	174,145,091	334,483,707
- Shares Dividends		68,931,552	126,648,739	23,493,653	43,501,727
- Foreign Exchange Profits	(24)	93,860,090	163,963,536	43,900,091	65,428,343
- Profits From Selling Financial Investments		140,891,449	148,912,379	21,465,522	52,832,259
- Profits From Dispose part of Subsidiaries	(25)	-	50,258,991	148,393,558	148,393,558
- Trading Financial Investments Revaluation Differences		(20,311,885)	(13,738,256)	4,397,843	2,541,958
- Provisions No Longer Used	(26)	311,533	95,081,179	-	-
- Other Income		24,305,421	31,952,130	8,481,498	18,380,529
Total Fee Income		513,226,176	1,040,271,089	424,277,256	665,562,081
Net Operating Income		920,207,628	1,862,592,792	705,447,687	1,202,017,275
<u>Deduct</u>					
- Provisions		(1,400,636)	(164,755,386)	(65,875,225)	(147,750,450)
- Other Financial Investments Revaluation Differences	(27)	(48,009,116)	(87,605,853)	(13,203,203)	18,736,033
- Assets Impairment		(6,596,846)	(6,596,846)	-	(71,212)
- General & Administrative Expenses & Depreciation		(238,197,304)	(442,661,867)	(169,555,162)	(305,036,523)
- Other Expenses		(28,149,048)	(56,910,674)	(20,065,419)	(38,360,616)
		(322,352,950)	(758,530,626)	(268,699,009)	(472,482,768)
Net Operating Profits		597,854,678	1,104,062,166	436,748,678	729,534,507
- Non_Operating Income		5,004,955	5,034,478	-	-
Net Profit Before Tax		602,859,633	1,109,096,644	436,748,678	729,534,507
- Income Tax	(29)	(87,820,215)	(117,669,900)	(47,862,955)	(74,455,973)
- Deferred Tax	(29 & 28)	7,000,867	(27,829,120)	8,893,165	9,685,140
Net Profit After Tax		522,040,285	963,597,624	397,778,888	664,763,674
<u>Distribute by</u>					
- Minority Interest		1,090,759	1,853,919	672,667	1,374,595
- CIB Shareholders' Equity		520,949,526	961,743,705	397,106,221	663,389,079
- Earning Per Share	(30)	2.36	4.36	1.80	3.01



Hisham Ezz El-Arab
Chairman
& Managing Director

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

	<u>Jun. 30, 2008</u>	<u>Jun. 30, 2007</u>
	<u>EGP</u>	<u>EGP</u>
<u>Cash Flow From Operating Activities</u>		
- Net Income before tax	1,109,096,644	729,534,507
<u>Adjustments To Reconcile Net Income</u>		
<u>To Net Cash Provided by operating activities</u>		
- Depreciation	66,306,354	58,906,249
- Provisions (Addition during the Period)	164,755,386	147,750,450
- Trading financial investments evaluation differences	13,738,256	(2,433,163)
- Other financial investments evaluation differences	87,605,853	(18,736,033)
- Utilization of Provisions	(10,853,463)	-
(Except Provision for Doubtful Debts)		
- Provisions No Longer Used	(95,081,179)	-
- FCY Revaluation Differences of Provisions Balances (Except Doubtful Debts)	(1,783,606)	(111,248)
- Gains From Selling Fixed Assets	(5,034,478)	-
- Profit From Selling Financial Investments	(148,912,379)	(50,507,094)
- Profits From Dispose Part of a Subsidiary	(50,258,991)	(148,393,558)
- FCY Revaluation Diff.of Long Term Loans	729,177	419,660
- Reserve For Employee Stock Ownership Plan (ESOP)	28,850,246	14,579,792
- Assets Impairment	6,596,846	-
Operating Profits Before Changes in Operating Assets & Liabilities	1,165,754,666	731,009,562
<u>Net Decrease (Increase) in Assets</u>		
- Due From Banks	(1,026,514,914)	(4,968,766,697)
- Treasury Bills and other Notes Discountable at the CBE	58,728,206	3,273,829,608
- Trading financial Investments	(188,063,799)	268,992,080
- Available for sale financial investments	(1,133,613,027)	1,119,533,314
- Loans & Overdrafts	(3,902,357,346)	(2,297,011,795)
- Debit Balances & Other Assets	(701,928,013)	(498,185,366)
<u>Net Increase (Decrease) In Liabilities</u>		
- Due to Banks	1,774,275,304	512,143,781
- Customers Deposits	6,141,703,428	2,497,588,962
- Credit Balances & Other Liabilities	57,292,175	(299,713,278)
Net Cash Provided from Operating Activities	2,245,276,680	339,420,171

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

	<u>Jun. 30, 2008</u>	<u>Jun. 30, 2007</u>
	<u>EGP</u>	<u>EGP</u>
<u>Cash Flow From Investment Activities</u>		
- Sells Of Subsidiaries & Associated Companies	18,126,009	(62,569,400)
- Prepaid for Fixed Assets , Premises and Fitting- out of Branches	(92,465,985)	(156,041,664)
- Redemption Of Held to Maturity Financial Investments	157,040,360	271,009,186
- Financial Investments in Subsidiary (Goodwill)	10,398,721	-
Net Cash (Used in)		
Investment Activities	93,099,105	52,398,122
<u>Cash Flow From Financing Activities</u>		
- Increase (Decrease) in Long - Term Loans	(36,184,758)	26,750,908
- Dividends Paid	(391,656,089)	(287,235,147)
-		
- Reserve for financial investments revaluation Diff.	-	(328,756)
- Current Shareholders - Debit	-	75,305,921
Net Cash (Used in)		
Financing Activities	(427,840,847)	(185,507,074)
Net cash & cash equivalent changes	1,910,534,937	206,311,219
- Beginning Balance of cash & cash equivalent	6,879,374,080	4,346,645,261
- Cash & Cash Equivalent Balance		
At the End of the Period	8,789,909,017	4,552,956,480
 <u>Cash & Cash Equivalent are</u>		
<u>Represented as Follows :</u>		
- Cash and Due from Central Bank	7,220,447,781	3,539,807,905
- Due from Banks	14,669,061,278	10,361,597,846
- Treasury Bills and other Notes Discountable at the CBE	2,776,871,582	1,558,997,404
- Due from Banks (Time Deposits)	(14,291,682,376)	(10,272,832,268)
- Treasury Bills with maturity more than three months	(1,584,789,248)	(634,614,407)
Total Cash & Cash Equivalent	8,789,909,017	4,552,956,480

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

2007

	Capital		Legal Reserve		General Reserve		Capital Increase		Special Reserve		Revaluation Diff.		Undivided Profit		Profits of the Year		Reserve for employee stock ownership plan (ESOP)		Total		
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
- Balance at beginning of The Year	1,950,000,000	371,230,872	548,482,934	162,709,903	7,458,634	29,721,156	-	-	-	-	-	-	-	-	-	-	-	29,159,584	2,516,854	3,072,120,353	
- Reserve for employee stock ownership plan (ESOP)**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	29,159,584
- Net Profits of the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,285,775,353	-	-	-	-	1,285,775,353
- Usage part of reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,588,128)
- Minority Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,746,306
- Balance at the end of The Year	1,950,000,000	371,230,872	548,482,934	162,709,903	4,870,506	29,721,156	4,870,506	162,709,903	1,285,775,353	29,159,584	5,263,160	4,387,213,468	29,159,584	2,746,306	2,516,854	3,072,120,353					

2008

	Capital		Legal Reserve		General Reserve		Capital Increase		Special Reserve		Revaluation Diff.		Undivided Profit		Profits of the Period		Reserve for employee stock ownership plan (ESOP)		Total		
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
- Balance at Beginning of The Period	1,950,000,000	371,230,872	548,482,934	162,709,903	4,870,506	29,721,156	4,870,506	162,709,903	1,285,775,353	29,159,584	5,263,160	4,387,213,468	29,159,584	2,746,306	2,516,854	3,072,120,353					
- Transfer to Reserves	-	63,965,356	834,064,668	-	-	(2,344,717)	-	-	(895,685,307)	-	-	-	-	-	-	-	-	-	-	-	2,746,306
- Net Profits of The Period	-	-	-	-	-	961,761,629	-	-	961,761,629	-	-	963,615,548	-	-	-	-	-	-	-	-	963,615,548
- Capital Increase Reserve *	-	-	(975,000,000)	975,000,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Distributed profits	-	-	-	-	-	(52,099,800)	-	-	(336,727,470)	-	-	(391,656,089)	-	-	-	-	-	-	-	-	(391,656,089)
- Reverse Part of Reserve	-	-	-	-	(2,438,092)	-	-	-	-	-	-	(2,438,092)	-	-	-	-	-	-	-	-	(2,438,092)
- Undivided Profit	-	-	-	-	-	53,380,500	-	-	(53,380,500)	-	-	-	-	-	-	-	-	-	-	-	-
- Reserve for employee stock ownership plan (ESOP)**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	28,850,246
- Adjustment On Income Tax	-	-	-	-	-	(231,077)	-	-	(231,077)	-	-	-	-	-	-	-	-	-	-	-	(231,077)
- Balance At The End Of The Period	1,950,000,000	435,196,228	407,547,602	162,709,903	2,432,414	28,426,062	2,432,414	162,709,903	961,743,705	58,009,830	4,288,260	4,985,354,004	58,009,830	4,288,260	4,288,260	4,985,354,004					

* Refer to note number (2)
** Refer to note number (31)

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

(1) Organization and Activities

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

It was formed as a joint stock company on August 7, 1975 under the Investment Law No. 43 for 1974. The Bank is licensed to carry out all commercial banking activities in Egypt through its Head Office and one hundred & one branches, in addition to forty five units.

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

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

As of June 30, 2008 the bank directly owns 27,551,154 shares represents 50,09% of CI Capital Holding company's capital and on July 9,2008 the bank purchased shares (from group of shareholders). Accordingly, its portion became 54,988,000 shares represents 99,98%.

On June 30, 2008 CI Capital Holding Co. directly owns the following shares in its subsidiaries:

<u>Company Name</u>	<u>No. of Shares</u>	<u>Ownership%</u>	<u>Indirectly Share%</u>
▪ CIBC Co.	539,880	89.98	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

* Blue Nile Co. for Consultant was sold on 14 July 2008

2) Significant Accounting Policies

A) Basis of Preparing Financial Statements

The Financial Statement is prepared in accordance with the Central Bank of Egypt's Financial Statement Regulations. And takes into consideration prevailing local laws and regulations.

B) Basis of consolidation

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 .

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 is as follows:

- 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 financial period are recorded at the foreign exchange rates prevailing at the time such transactions take place .
Assets & Liabilities are revalued at the foreign exchange rates prevailing at the end of financial period , generated gain and losses are recorded in “Foreign Exchange Income“ in the income statement.
- Forward contracts are evaluated at the end of the financial period at its fair value on this date using the forward rates for the remaining periods until maturity dates of these contracts. The revaluation differences are recorded in “Foreign Exchange Income “in the income statement.
- Currency SWAP contracts are recorded on the date of commitment under contingent liabilities accounts. The difference between the two parts of the contract is recorded in other liabilities or other assets as unrealized gain /loss on the date of commitment. The said difference is amortized by crediting/ debiting the “Foreign Exchange Income “in the income statement.
- Premium paid for foreign currencies option contracts is recorded in the Balance Sheet under “Debit Balances & Other Assets “such premium is settled in the income statement according to the evaluation of these contracts at fair value. The difference between premium received and paid concern the customers hedging option contracts recorded in the Balance Sheet under “credit balances & other liabilities “category and settled in “foreign exchange income” on accrual basis.

E) Operating revenues in the holding company:

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

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

1- Mutual funds & investment portfolios management fees:

- The Management fee is calculated as a percentage of the net value of assets under management according to the agreement's terms and conditions. These amounts are credited to the assets management company's revenue pool on a monthly accrual basis.
- Commission is calculated, based on certain ratios of mutual fund's net asset value, for the valuation of mutual fund's assets. This valuation commission is calculated and accrued on a daily basis.

2- Performance fees:

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

F) Treasury Bills & Other Discountable Notes at CBE

Treasury Bills are recorded at face value. The issuance discount is recorded in Other Liabilities and deducted from the Gross Treasury Bills balance on the financial position.

G) Repos & (Reverse Repos)Transactions

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

H) Evaluation of Trading Investments

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

(4)

- Mutual fund certificates which have issued by the bank are evaluated at the end of the financial period at their fair market value and the evaluation difference is recorded in income statement.

I) Evaluation of Available for Sale Investments

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

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

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

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

J) Financial Investment Held for Sale

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

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

K) Evaluation of Held to Maturity Investments

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

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

(5)

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

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

Mutual fund certificates which must be held till maturity date as the bank is the issuer are evaluated at cost and in case of downfall of its fair value the book value is adjusted by such downfall and charged to “Other Investments Revaluation Difference” in the income statement. In case of an increase in the fair value. Such increase will be added to the same category in the income statement within the limit of the amounts previously charged.

L) Investments in Subsidiaries and Associated Companies

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

M) Assets Acquired for settlement of Debts

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

N) Provision for Doubtful Debts and Contra Accounts

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

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

(6)

O) Contingent Liability Accounts

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

P) Cash & Cash Equivalent

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

Q) Depreciation and Amortization

Depreciation of Fixed Assets (Except the land) is calculated on the basis of the estimated useful life of each asset using the straight-line method.

Improvement and renovation expenses for the bank's leased premises are amortized over the period of the lease contract or the estimated useful life whichever is lower.

R) Income Tax

Income Tax on the profit or loss for the year comprises current and deferred tax is recognized in the Income statement.

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantially enacted at the financial position date.

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

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

S) Intangible Assets (goodwill)

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

(3) **Financial Instruments and their risk management**

(3/1) **Financial Instruments**

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

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

B) **Financial Instruments Fair Value**

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

C) **Forward Contract**

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

(3/2) **Risk Management**

A) **Interest rate risk**

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

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

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

B) Credit risk

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

The bank adopted the following procedures to minimize the credit risk.

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

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

C) Foreign Currency Risk

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

(4) Cash And Due From Central Bank

	<u>Jun. 30, 2008</u>	<u>Dec. 31, 2007</u>
	<u>EGP</u>	<u>EGP</u>
- Cash & Cash Items	1,099,486,962	1,081,319,202
- Reserve Balance with CBE		
(A) Current Accounts	3,700,949,366	1,996,073,908
(B) Time Deposits	2,420,011,453	1,875,812,320
Total Cash & Due From Central Bank	<u><u>7,220,447,781</u></u>	<u><u>4,953,205,430</u></u>

(5) Due from Banks

	<u>Jun. 30, 2008</u>	<u>Dec. 31, 2007</u>
	<u>EGP</u>	<u>EGP</u>
(A) <u>Central Bank</u>		
- Time Deposits	8,708,757,450	7,391,521,850
Total Due from central bank	<u><u>8,708,757,450</u></u>	<u><u>7,391,521,850</u></u>
(B) <u>Local Banks</u>		
- Current Accounts	157,133,175	109,010,305
- Time Deposits	62,331,227	155,948,928
Total Due from Local Banks	<u><u>219,464,402</u></u>	<u><u>264,959,233</u></u>
(C) <u>Foreign Banks</u>		
- Current Accounts	220,245,727	509,054,737
- Time Deposits	5,520,593,699	5,717,696,684
Total Due From Foreign Banks	<u><u>5,740,839,426</u></u>	<u><u>6,226,751,421</u></u>
Total Due From Banks	<u><u>14,669,061,278</u></u>	<u><u>13,883,232,504</u></u>

(6) Treasury Bills and other Governmental Notes Discountable At the CBE

	<u>Jun. 30, 2008</u>	<u>Dec. 31, 2007</u>
	<u>EGP</u>	<u>EGP</u>
- 91 Days Maturity	1,199,100,000	1,313,750,000
- 182 Days Maturity	1,255,025,000	751,830,445
- 364 Days Maturity	376,625,000	970,750,000
	<u>2,830,750,000</u>	<u>3,036,330,445</u>
- Issuance Discount	(53,878,418)	(84,709,382)
	<u><u>2,776,871,582</u></u>	<u><u>2,951,621,063</u></u>

(7) Trading Financial Investments

	<u>Jun. 30, 2008</u>	<u>Dec. 31, 2007</u>
	<u>EGP</u>	<u>EGP</u>
- Portfolio Managed By Other Parties	37,666,085	64,370,759
- Mutual Funds	466,165,376	465,016,024
- Bonds	252,584,434	51,603,627
- Shares	101,742,509	102,842,451
	<hr/>	<hr/>
Total Trading Financial Investments	<u>858,158,404</u>	<u>683,832,861</u>

The Financial Trading Investments are represented as follows :-

- Financial Investments Listed in Stock Exchange	391,993,028	218,816,837
- Financial Investments Unlisted in Stock Exchange	466,165,376	465,016,024
	<hr/>	<hr/>
	<u>858,158,404</u>	<u>683,832,861</u>

(8) Available for Sale Financial Investments

	<u>Jun. 30, 2008</u>	<u>Dec. 31, 2007</u>
	<u>EGP</u>	<u>EGP</u>
A) <u>Shares</u>		
- Bank's Shares	5,031	5,031
- Corporate Shares	820,280,343	844,022,989
B) <u>Bonds</u>		
- Governmental Bonds	2,104,725,679	855,848,389
- Bank's Bonds	54,602,864	-
- Corporate Bonds	551,766,194	586,325,158
	<hr/>	<hr/>
	<u>3,531,380,111</u>	<u>2,286,201,567</u>

Available for sale financial investments are represented as follows :-

- Financial Investments Listed In Stock Exchange	2,589,104,740	1,301,157,343
- Financial Investments Unlisted In Stock Exchange	942,275,371	985,044,224
	<hr/>	<hr/>
	<u>3,531,380,111</u>	<u>2,286,201,567</u>

- The Market Value Of Available For Sale Investments Listed In The Capital Market Reached EGP 2,940,484,908 On June. 30, 2008, Compared To EGP 1,617,946,351 On December 31,2007

(11)

(9) Loans and Overdrafts

	<u>Jun. 30, 2008</u>	<u>Dec. 31, 2007</u>
	<u>EGP</u>	<u>EGP</u>
- Discounted Bills	602,586,749	369,367,153
- Loans & Overdrafts to Customer	24,685,648,547	20,979,609,432
- Loans & Overdrafts to Banks	331,799,622	501,437,453
	<u>25,620,034,918</u>	<u>21,850,414,038</u>
- Unearned Bills Discount	(63,006,762)	(33,299,487)
- Provision For Doubtful Debts	(1,196,196,272)	(1,089,969,238)
- Unearned Interest & Commission	(164,493,292)	(248,554,472)
Net Loans & Overdrafts	<u>24,196,338,592</u>	<u>20,478,590,841</u>

(10) Provision For Doubtful Debts

	<u>Jun. 30, 2008</u>		
	<u>Specific</u>	<u>General</u>	<u>Total</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
- Balance at Beginning of The Period	491,530,222	598,439,016	1,089,969,238
- Addition During The Period	102,967,000	28,295,750	131,262,750
- Written Off Debts Recoveries	14,488,927	-	14,488,927
- Foreign Currency Revaluation Diff.	(7,372,950)	-	(7,372,950)
	<u>601,613,199</u>	<u>626,734,766</u>	<u>1,228,347,965</u>
- Usage During The Period	(32,151,693)	-	(32,151,693)
Balance at The End of The Period	<u>569,461,506</u>	<u>626,734,766</u>	<u>1,196,196,272</u>

Dec. 31, 2007

	<u>Specific</u>	<u>General</u>	<u>Total</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
- Balance at Beginning of The Year	551,958,000	486,950,021	1,038,908,021
- Addition During The Year	91,524,201	101,480,050	193,004,251
- Written Off Debts Recoveries	44,472,711	-	44,472,711
- Foreign Currency Revaluation Diff.	(8,580,249)	-	(8,580,249)
	<u>679,374,663</u>	<u>588,430,071</u>	<u>1,267,804,734</u>
- Usage During The Year	(177,835,496)	-	(177,835,496)
- Transferred from Provision of Contingent Liability	(10,008,945)	10,008,945	-
Balance at the end of the Year	<u>491,530,222</u>	<u>598,439,016</u>	<u>1,089,969,238</u>

(11) Held to maturity Financial Investments

	<u>Jun. 30, 2008</u>	<u>Dec. 31, 2007</u>
	EGP	EGP
A- Bonds		
- Housing Bonds (maturity Dec.2019)	215,000	215,000
- Corporate Bonds	254,138,806	411,179,166
B- Mutual Funds		
- 250,000 Osoul Fund Certificates With Market Value LE 131.08 Per Certificate	25,000,000	25,000,000
- 50,000 Istethmar Fund Certificates With Market Valu LE 136.35 Per Certificate	5,000,000	5,000,000
- 25,000 Aman Fund Certificates With Market Value LE 120.87 Per Certificate	2,500,000	2,500,000
	<u>286,853,806</u>	<u>443,894,166</u>

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

- Financial Investments Listed in Stock Exchange	89,100,002	311,279,817
- Financial Investments Unlisted in Stock Exchange	197,753,804	132,614,349
	<u>286,853,806</u>	<u>443,894,166</u>

- The market value of Held to Maturity Financial Investments reached EGP 89,100,002 on June 30 ,2008
While reached EGP 337,511,601 on December 31,2007

(12) Financial Investments in Associated Companies

	<u>Jun. 30, 2008</u>		<u>Dec. 31, 2007</u>	
	EGP	%	EGP	%
- Contact for Cars Trading	-		31,000,000	38.4
- Commercial International life insurance co.	32,000,000	40	32,000,000	40
- Corplease co.	21,600,000	40	18,400,000	40
- Cotecna Trade Support	48,750	39	48,750	39
- Haykala For Investment	601,252	47.5	601,252	47.5
- Egypt Factors	10,399,545	39	3,763,646	39
- International. Co. for Appraisal & Collection.	1,000,000	40	400,000	40
- International Co. for Security & Services	4,500,900	45	4,500,900	45
	<u>70,150,447</u>		<u>90,714,548</u>	

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

- Financial Investments listed in Stock Exchange	-	-
- Financial Investments Unlisted in Stock Exchange	70,150,447	90,714,548
	<u>70,150,447</u>	<u>90,714,548</u>

(13) Capital Commitments (Financial Investments):**A) Commercial International Bank**

The Capital Commitments For The Financial Investments Reached On The Date Of Financial Position

EGP 194,352,262 as follows :-

	<u>Investments value</u> EGP	<u>Paid</u> EGP	<u>Remaining</u> EGP
- Available for sale Financial investments	600,660,577	407,054,565	193,606,012
- Financial Investments in subsidiaries co.	1,395,000	648,750	746,250

B) CI Capital Holding Co.

CI Capital Holding Co. assigned One of The Biggest Contractors Companies to Held a Premises in Smart Village with Total Budget EGP 37,184,572 And It Will Be Finished After 16 Months Started in 23 April 2008 And The Co. Paid 20% From The Total Budget As a Down Payment Against Unconditioned Irrevocable Bank Letter Of Guarantee.

(14) Debit Balances and Other Assets

	<u>Jun. 30, 2008</u> EGP	<u>Dec. 31, 2007</u> EGP
- Accrued Interest receivable	647,954,164	460,502,319
- Prepaid Expenses	66,309,768	54,175,157
- Advances for Purchase of Fixed Assets	230,891,181	204,935,394
- Assets Acquired for Settlement of Debts *	82,708,491	29,361,646
- Accounts receivable & Other Assets ***	706,370,975	288,214,383
- Accrued Balances of Customers Loans **	-	241,625,336
	<u>1,734,234,579</u>	<u>1,278,814,235</u>
<u>Deduct</u>		
- Provision for General & Insurance Risk **	-	(243,638,021)
Total Debit Balances and Other Assets	<u>1,734,234,579</u>	<u>1,035,176,214</u>

* This Include The Value Of Premises That Was Not Recorded Under The Bank's Name By EGP 53,472,995 Which Were Acquired Against Settlement Of The Debts Mentioned Above, In The Same Time The Legal Procedures Are Under Process To Register Or Sell These Assets Within The Legal Period.

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

*** Includes EGP 240 Million Under CIB Acquisition of CI Capital Holding Co. Shareholders Shares To Be 99.98%

(15) Intangible Asstes (Goodwill)

- Represent 50.09% (CIB Share) Of The Intangible Assets as a Result When CI Capital Holding Acquired 49% Of United Brokerage Co. Dubai In 17/12/2006 And 99.91% Of Dainamic Brokerage Co In 19/02/2007 The Difference Between Book And Fair Value Of The Acquisition
- Assets, Liabilities And Contingent Liabilities Represent as EGP 25,393,199 And EGP 234,569,028 Consequently Recorded as Goodwill.
- Blue Nile Co. Was Sold In 14 Jul 2008 According To The Signed Contract in 17 Jun 2008 In Amount Of EGP 12,900,000 and The Bank Share in The Assets Impairment Value was EGP 6,596,846 Which Affected On Income Statement.

(16)

(16) Net Fixed Assets (After Deduct Accumulated Depreciation)

As Of Jun. 30, 2008

	Land		Premises		IT		Vehicles		Fitting -Out		Machines & Equipment		Furniture & Furnishing		Total	
	EGP		EGP		EGP		EGP		EGP		EGP		EGP		EGP	
Opening Balance (3)	63,793,260		298,200,192		411,682,566		22,539,347		139,643,839		171,048,907		81,302,725		1,188,210,836	
Additional (Deductions) During The Period Transfer To Assets Held For Sale	(2,250,504)		17,737,569		10,242,915		674,267		15,486,891		17,682,341		5,222,349		64,795,828	
Closing Balance (1)	61,542,756		315,937,761		421,849,044		22,981,560		155,130,730		188,685,131		86,192,097		1,252,319,079	
Accu. Depreciation at Beginning of The Period (4)	-		91,389,674		250,320,234		18,320,122		88,854,558		84,320,370		34,766,996		567,971,954	
Current Period Depreciation Transfer To Assets Held For Sale	-		7,403,844		27,866,648		916,390		14,677,143		10,023,312		5,375,108		66,262,445	
Accu. Depreciation at End of The Period (2)	-		98,793,518		278,139,097		19,132,610		103,531,701		94,320,221		39,973,834		633,890,981	
End of Period Net Assets (1-2)	61,542,756		217,144,243		143,709,947		3,848,950		51,599,029		94,364,910		46,218,263		618,428,098	
Beginning of Period Net Assets (3-4)	63,793,260		206,810,518		161,362,332		4,219,225		50,789,281		86,728,537		46,535,729		620,238,882	

Depreciation rates

5%

20%

20%

33.3%

12.5%

10%

Net fixed assets value on the financial position date includes EGP

71,749,757 non registered assets while their registrations procedures are in process.

(17) Due to Banks

	<u>Jun. 30, 2008</u>	<u>Dec. 31, 2007</u>
	<u>EGP</u>	<u>EGP</u>
(a) <u>Central Bank</u>		
- Current Accounts	154,023,206	80,028,494
- Time Deposits	3,039,867,000	2,012,792,500
Total Due to Central Bank	<u>3,193,890,206</u>	<u>2,092,820,994</u>
(b) <u>Local Banks</u>		
- Current Accounts	69,764,740	26,463,751
- Time Deposits	686,663,750	28,480,310
Total Due to Local Banks	<u>756,428,490</u>	<u>54,944,061</u>
(c) <u>Foreign Banks</u>		
- Current Accounts	146,493,688	199,834,891
- Time Deposits	56,076,298	31,013,432
Total Due to Foreign Banks	<u>202,569,986</u>	<u>230,848,323</u>
Total Due to Banks	<u>4,152,888,682</u>	<u>2,378,613,378</u>

(18) Customers' Deposits

	<u>Jun. 30, 2008</u>	<u>Dec. 31, 2007</u>
	<u>EGP</u>	<u>EGP</u>
- Demand Deposits	12,471,574,587	11,566,831,688
- Time & Notice Deposits	17,110,272,415	13,612,928,991
- Saving & Deposit Certificates	6,761,010,512	5,948,726,982
- Saving Deposits	7,260,650,731	6,517,256,544
- Other Deposits	2,014,248,024	1,830,308,636
Total Customer Deposits	<u>45,617,756,269</u>	<u>39,476,052,841</u>

(19) Credit Balances and Other Liabilities

	<u>Jun. 30, 2008</u> <u>EGP</u>	<u>Dec. 31, 2007</u> <u>EGP</u>
- Accrued Interest Payable	149,732,229	140,677,147
- Accrued Expenses	30,469,841	34,419,303
- Accounts Payable	607,726,038	576,182,550
- Due to Associated & Subsidiaries Companies	-	598,907
- Other Liabilities	32,702,985	46,559,386
Total Credit Balances And Other Liabilities	<u>820,631,093</u>	<u>798,437,293</u>

(20) Long Term Loans

	<u>Rate</u> <u>%</u>	<u>Maturity date</u>	<u>Due through</u> <u>next year</u>	<u>Balance as of</u> <u>Jun-08</u>	<u>Balance as of</u> <u>Dec-07</u>
- F.I.S.C.	7	3-5 years	1,000,000	10,502,400	40,565,200
- K.F.W	9-10.5	10 YEARS	11,395,551	15,494,018	15,195,955
- UNIDO	1	2011	4,713,306	5,811,572	8,038,908
- Ministry of Agriculture (F.S.D.P)	3.5 - 5.5 depends on maturity date	3-5 years	70,462,015	90,166,398	92,594,906
- Ministry of Agriculture (V.S.P)	3.5 - 5.5 depends on maturity date	3-5 years	-	100,000	10,000
- Social Fund	3 months T/D or 9% which more	2010	1,560,000	3,826,250	4,951,250
Total			<u>89,130,872</u>	<u>125,900,638</u>	<u>161,356,219</u>

(21) Other Provisions

Jun. 30, 2008
EGP

	<u>Opening Balance</u>	<u>Addition During the Period</u>	<u>FCY Balance Reval. Difference</u>	<u>Usage During the Period</u>	<u>Closing Balance</u>
- Provision for Income Tax Claims	229,690,519	-	-	(10,756,282)	218,934,237
- Provision for Legal Claims	1,123,118	1,400,636	(1,194)	(97,181)	2,425,379
- Provision for Contingent	167,036,000	32,092,000	(1,782,412)	-	197,345,588
- Provision of end of service bonus	74,903	73,209	-	-	148,112
Total Other Provisions	397,924,540	33,565,845	(1,783,606)	(10,853,463)	418,853,316

Dec. 31, 2007
EGP

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

(22) Shareholders Equity**(a) Capital**

- The Authorized Capital Reached EGP 5000 Million According To The Extraordinary General Assembly Decision On 19,Mar,2006
- Issued And Paid - In Capital Reached EGP 1950 Million Divided In To 195 Million Shares With Par Value EGP 10 Per Each .
- Issued And Paid - In Capital Will Increase From EGP 1950 Million To EGP 2925 Million To Be Divided On 292.5 Million Shares With EGP 10 Par Value For Each Share On 31/07/2008 According To Board Of Directors Decision On 21/02/2008 By Using 975 Million From General Reserve .
- The Extraordinary General Assembly Approved In The Meeting Of June,26,2006 To Activate A Motivating And Rewarding Program For The Bank's Employees & Managers Through Employee Share Ownership Plans (Esops) By Issuing A Maximum Of 5% Of Issued And Paid-In Capital At Par Value ,Through 5 Years Starting 31,Dec 2006 And Delegated The Board Of Directors To Establish The Rewarding Terms & Conditions And Increase The Paid In Capital According To The Program.

(b) Reserves

- According To The Bank Standards 5% Of Net Profit Is To Increase Legal Reserve Until Reaches 50% Of The Bank's Issued And Paid -In Capital
- Concurrence Of Central Bank Of Egypt For Usage Of Special Reserve Is Required .
- According To CBE Regulations, A Reserve Has Been Formed For Difference Revaluation For Financial Investment (Available For Sale) In Foreign Currency For Preceding Years (Up To 2002) , And This Reserve Is Used In Case Of Sale Or Decrease In The Value Of That Investment , And The Income Statement Will Be Carried With The Difference According To The Issued Instruction For Such Matter .

(23) Contingent & Commitments Liabilities

	<u>Jun. 30, 2008</u>	<u>Dec. 31, 2007</u>
	EGP	EGP
- Letters of Guarantee	10,021,144,452	8,710,786,948
- Letters of Credit (import & Export)	1,944,296,952	2,233,007,892
- Customers Acceptances	677,464,732	616,046,795
- Forward Foreign Exchange contracts (Bought)	4,077,809,552	2,315,808,497
- Forward Foreign Exchange Contracts (Sold)	(4,074,373,564)	(2,314,413,012)
- Swap Deals (Bought)	2,840,317,941	2,031,770,686
- Swap Deals (Sold)	(2,853,196,832)	(2,064,022,142)
- Option (Bought)	184,611,960	4,040,915
- Option (Sold)	(184,611,960)	(4,040,915)
Total	12,633,463,233	11,528,985,664

24) Foreign Exchange Profits (losses)

	<u>Last 3 months</u> <u>Jun. 30, 2008</u> <u>EGP</u>	<u>Last 6 months</u> <u>Jun. 30, 2008</u> <u>EGP</u>	<u>Last 3 months</u> <u>Jun. 30, 2007</u> <u>EGP</u>	<u>Last 6 months</u> <u>Jun. 30, 2007</u> <u>EGP</u>
- Profit From Dealing With Foreign Currencies	70,789,951	129,562,710	35,241,124	67,031,707
- Profit (Loss) Of Revaluation Of Monetary Assets And Liabilities *	22,864,870	31,325,026	(1,103,948)	444,260
- Profit (Loss) Of Forward Deals Revaluation	41,450	2,567,288	9,746,475	(2,191,401)
- Profit Revaluation Of Options	163,819	508,512	16,440	143,777
Total	93,860,090	163,963,536	43,900,091	65,428,343

* Include An Increase Of EGP 31,620,514 Due To The Foreign Currencies Revaluation Differences Of The Financial Trading & Available For Sale Investments By EGP 5,396,597 & EGP 26,223,917 Respectively Against Decrease In Financial Investments Revaluation Differences' Items In Income Statement .

25) Profits From Selling Financial Investments in Subsidiaries

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

26) Provisions No Longer Used

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

27) Other Financial investments revaluation differences

	<u>Last 3 months</u> <u>Jun. 30, 2008</u> <u>EGP</u>	<u>Last 6 months</u> <u>Jun. 30, 2008</u> <u>EGP</u>	<u>Last 3 months</u> <u>Jun. 30, 2007</u> <u>EGP</u>	<u>Last 6 months</u> <u>Jun. 30, 2007</u> <u>EGP</u>
- Available for Sale Financial Investments	(48,009,116)	(87,605,853)	(13,203,203)	18,736,033
Total	(48,009,116)	(87,605,853)	(13,203,203)	18,736,033

28) Deferred tax assets and liabilities

	<u>Assets (liabilities)</u> <u>Jun. 30, 2008</u> <u>EGP</u>	<u>Assets (liabilities)</u> <u>Dec. 31, 2007</u> <u>EGP</u>
Recognized Deferred Tax Assets (Liabilities)		
Deferred Tax Assets And Liabilities Are Attributable To The Following:		
Deferred Tax		
- Fixed Assets Depreciation	(20,013,823)	(23,074,328)
- Other Provisions(Excluded Loan Loss & Contingent Liabilities And Income Tax Provisions)	485,076	48,952,228
- Other Items(Other Investments Revaluation Difference)	32,310,171	20,190,375
- Reserve For Employee Stock Ownership Plan (ESOP)	11,601,966	5,831,917
Total Deferred Tax Assets(Liabilities)	24,383,390	51,900,192

(29) Reconciliation of effective tax rate

	<u>Last 3 months</u> <u>Jun. 30, 2008</u>	<u>Last 6 months</u> <u>Jun. 30, 2008</u>	<u>Last 3 months</u> <u>Jun. 30, 2007</u>	<u>Last 6 months</u> <u>Jun. 30, 2007</u>
- Profit Before Tax	602,859,633	1,109,096,644	436,748,678	729,534,507
- Tax Rate	%20	20%	%20	20%
Income Tax	120,571,927	221,819,329	87,349,736	145,906,901
Add / (Deduct)				
- Non-Deductible Expenses	6,572,248	7,538,965	(2,732,765)	(8,211,739)
- Tax Exemptions	(39,785,690)	(76,422,045)	(56,502,451)	(87,239,324)
- Effect Of Provisions	(6,539,139)	(7,437,230)	10,859,774	14,319,499
- Depreciation	-	-	(4,504)	(4,504)
Income Tax	80,819,346	145,499,018	38,969,790	64,770,833
Effective Tax Rate	13.41%	13.12%	8.92%	8.88%

(30) Earning Per Share

	<u>Last 3 months</u> <u>Jun. 30, 2008</u>	<u>Last 6 months</u> <u>Jun. 30, 2008</u>	<u>Last 3 months</u> <u>Jun. 30, 2007</u>	<u>Last 6 months</u> <u>Jun. 30, 2007</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
- Net Profit For The Period	520,949,527	961,743,705	397,106,221	663,389,079
- Board Member's Bonus	(7,814,243)	(14,426,156)	(5,956,593)	(9,950,836)
- Staff Profit Sharing	(52,094,953)	(96,174,370)	(39,710,622)	(66,338,908)
- Shareholders' Share In Profits	461,040,331	851,143,178	351,439,006	587,099,335
- Number Of Shares	195,000,000	195,000,000	195,000,000	195,000,000
- Earning Per Share	2.36	4.36	1.80	3.01
* By Issuance Of ESOP Shares Earning Per Share Will Be:				
- Number Of Shares Including ESOP Shares And Capital Increase	198,021,432	198,021,432	196,909,350	196,909,350
Diluted Earning Per Share	2.33	4.30	1.78	2.98

(31) Share-Based Payments:

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

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

	Number of Shares
Outstanding At The Beginning Of The Period	1,909,350
Granted During The Period	1,194,932
Forfeited During The Period	(82,850)
Exercised During The Period	-
Expired During The Period	-
Outstanding At The End Of The Period	3,021,432
- The Estimated Fair Value Of The Equity Instrument Granted To The First Trench Is EGP 45.82 .	
- The Estimated Fair Value Of The Equity Instrument Granted To The Second Trench Is EGP 81.18 .	

(32) Assets & Liabilities Maturities

<u>Assets</u>	<u>Maturity Within one year</u>	<u>Maturity Over One Year</u>
- Cash And Due From Central Bank	7,220,447,781	-
- Due From Banks	14,669,061,278	-
- Treasury Bills And Other Notes Discountable At The CBE	2,830,750,000	-
- Trading Investments	858,158,404	-
- Available For Sale Investments	3,531,380,111	-
- Customers' Loans & Overdrafts	12,790,866,167	12,332,875,837
- Banks' Loans & Overdrafts	132,009	331,667,613
- Held To Maturity Investments	23,980,574	262,873,232
- Investments In Subsidiary Companies	-	70,150,447
- Debit Balances And Other Assets	1,734,234,579	-
	<u>43,659,010,903</u>	<u>12,997,567,129</u>
<u>Liabilities</u>		
- Due to Banks	4,152,888,682	-
- Customer Deposits	38,840,847,455	6,776,908,814
- Long Term Loans	89,130,872	36,769,766
- Credit Balances and Other Liabilities	820,631,093	-
	<u>43,903,498,103</u>	<u>6,813,678,580</u>

(33) Interest Rate

- The Average Interest Rates Applied for Assets and Liabilities During The Year Are 6.61 % & 3.24 % Respectively .

(34) Tax Status**(A) Commercial International Bank**

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

(B) CI Capital Holding Co.

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

Distribution of Assets, Liabilities and Contingent Accounts

<u>Assets</u>	<u>Local Currency</u>	<u>Foreign Currency</u>
1- Due From Banks	<u>8,928,356,481</u>	<u>5,740,839,427</u>
2- Loans & Overdrafts		%
Agriculture Sector	49,178,889	.2
Industrial Sector	9,954,051,621	38.9
Trading Sector	1,513,589,577	6
Services Sector	10,130,336,889	39.4
Household Sector	2,280,547,299	8.9
Other Sectors	1,692,330,643	6.6
Total Loans & Overdrafts (Including unearned interest)	<u>25,620,034,918</u>	<u>100</u>
Unearned Discounted Bills	(63,006,762)	
Provision for Doubtful Debts	(1,196,196,272)	4.7
Unearned Interest & Commission	(164,493,292)	
Net Loans & Overdrafts	<u>24,196,338,592</u>	
 <u>Liabilities</u>	<u>Local Currency</u>	<u>Foreign Currency</u>
1- Due to Banks	<u>693,279,130</u>	<u>3,459,609,552</u>
2- Customers' Deposits		%
Agriculture Sector	142,739,900	.3
Industrial Sector	4,719,658,570	10.4
Trading Sector	2,418,145,382	5.3
Services Sector	10,898,210,046	23.9
Household Sector	23,006,904,563	50.5
Other Sector	4,394,767,935	9.6
Total Customers' Deposits	<u>45,580,426,396</u>	<u>100</u>
 <u>Contingent Accounts</u>	<u>Local Currency</u>	<u>Foreign Currency</u>
- Letters Of Guarantee	3,342,597,928	6,678,546,524
- Letter Of Credit (Import & Export)	32,443,664	1,911,853,288
- Customers Acceptances	101,346,065	576,118,667
- Forward Foreign Exchange Contracts (Bought)	397,636,464	3,680,173,088
- Forward Foreign Exchange Contracts (Sold)	(261,964,877)	(3,812,408,687)
- Swap Deals (Bought)	-	2,840,317,941
- Swap Deals (Sold)	(481,972,196)	(2,371,224,636)
- Option (Bought)	-	184,611,960
- Option (Sold)	-	(184,611,960)
	<u>3,130,087,048</u>	<u>9,503,376,185</u>

(36) Main Currencies Positions

	<u>Jun. 30, 2008</u>	<u>Dec. 31, 2007</u>
	<u>in thousand EGP</u>	<u>in thousand EGP</u>
- Egyptian Pound	(41,822)	(13,959)
- US Dollar	(5,361)	(56,955)
- Sterling Pound	1,030	(389)
- Japanese Yen	(365)	(377)
- Swiss Franc	217	821
- Euro	23,121	14,449

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

- The Bank Established An Accumulated Return Mutual Fund Under License No.331 Issued From Capital Market Authority On 22/02/2005. CI Assets Management Co.- Joint Stock Co - Manages The Fund.
- The Number Of Certificates Reached 43,309,696 With Redeemed Value LE 5,675,735,661.
- The Market Value Per Certificate Reached EGP 131.05 On 28/06/2008.
- The Bank Portion Got 3,038,362 Certificates With Redeemed Value EGP 398,177,340 .

(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 3,781,004 With Redeemed Value LE 515,539,895.
- The Market Value Per Certificate Reached EGP 136.35 On 26/06/2008.
- The Bank Portion Got 217,872 Certificates With Redeemed Value EGP 29,706,847.

(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 1,140,481 With Redeemed Value LE 137,849,938.
- The Market Value Per Certificate Reached EGP 120.87 On 26/06/2008.
- The Bank Portion Got 29,121 Certificates With Redeemed Value EGP 3,519,855.

(38) Transactions With Related Parties

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

	<u>EGP</u>	
Loans & Overdrafts	309,069,735	
Investment in Subsidiary Companies	93,630,121	
Customer Deposits	77,218,340	
Contingent Accounts	48,130,885	
<u>Income And Expenses With Related Parties Are Represented As Follows:</u>	<u>Income</u>	<u>Expences</u>
- International Co. for Security & Services	456,293	8,687,578
- Corplease Co.	25,068,166	300,308
- Commercial International Life Insurance Co.	2,414,298	904,292

39) Held For Sale Investments

Blue Nile Co. Was Booked In Financial Statement as Current Assets under Held For Sale Investment as the Management of CI Capital Holding Co. Signed a Selling Contract on 17 Jun 2008, and it is Expected To Be Finalized During Jul 2008 as The Procedures is Already in Progress. CIB Share is 50.09% From The Co. Assets in Amount of EGP 2,415,233 Which Will Be Sold And Liabilities in Amount of EGP 333,033. The Co. Has Been Revaluated With Lower Of Book Value Or Net Fare Value After Deducting The Cost Of Sell.

<u>Assets Held For Sale</u>	<u>Jun. 30, 2008</u>
	<u>EGP</u>
- Good will	4,379,410
- Fixed Assets	344,168
- Investments in Fare Value	1,249,610
- Other Debit Balances	72,845
- Cash And Cash Equivalent	739,077
- Deferred Tax	9,533
	<hr/>
	<u>6,794,643</u>
	<hr/>
<u>Liabilities Related To Assets Held For Sale</u>	<u>Jun. 30, 2008</u>
	<u>EGP</u>
- Creditors And Other Liabilities	333,033
	<hr/>
	<u>333,033</u>
	<hr/>

(40) Subsequent Actions

CIB Acquired CI Capital Holding Co. Shareholders Shares on 09 Jul 2008 To Reach 99.98% With 54 988 000 Shares Which Will Lead to Cahnge The Basis of Preparing The Consolidated Financial Statements From Portion Method to Full Method Starting 3rd Quarter In Year 2008.

(41) Comparative Figures

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