

منكبر فيكم Mnkbar Fikom



Annual Report 2015

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بنك بيمو السعودي الفرنسي
Banque Bemo Saudi Fransi





His Excellency
Dr. Bashar Al-Assad
 President of the Syrian Arab Republic

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A woman is seen working on a traditional wooden loom in a textile workshop. The loom is made of dark wood and has many white threads stretched across it. The woman is wearing a dark top and is focused on her work. The background shows other looms and stacks of white fabric, suggesting a busy textile production environment.

About Banque Bemo Saudi Fransi (BBSF)

Our attention to details is the reason for our success

Loom Knitting:

Loom Knitting began in the Phoenician period, 3,000 years BC and developed throughout history. Yarn was the first material to be used in weaving and knitting.

Loom Knitting first started in Homs, Syria and moved across countries in the beginning of the 19th century.



Established in 2004 as Syria's first private bank, BBSF has maintained its status as a leading financial institution in the private banking sector over the past 11 years.

Despite 2015 being lined with obstacles and challenges, BBSF realized big achievements in both profits and logistics, through increasing revenues and maintaining a comfortable liquidity ratio, further highlighting its unique position among private banks.

To that end, BBSF achieved its strategic objectives successfully with great professionalism and accuracy. In addition to the above, BBSF worked on increasing the share value and expanding its clients and shareholders base through launching banking products that provide many credit facilities and advantages to clients of all categories.

The attention this year focused on improving customer service through establishing a specialized call center for complaints and maintaining the highest quality standards in all BBSF branches.

Our Strategy:

BBSF perseveres to maintain its leadership in the Syrian banking sector, through providing all kinds of services and banking solutions for both retail and corporate as well as integrated services for multinational and financial institutions.

Our competitive advantage lies in the wide coverage of our strategically distributed branches across all Syrian governorates, our worldwide correspondent banking network and our high standards of quality.

Our Principles and Values:

In order to maintain its status and image, BBSF commits to core business principles governing its relationship with the community, clients, shareholders and employees.

Integrity:

We do not compromise on upholding integrity and the highest codes of ethics in all our actions.

Conservatism:

We rely on a conservative policy that guarantees sustainable work flow and cycles and mitigates against possible risks.

Confidentiality:

We strictly uphold the confidentiality of our information at all times.

Excellence and Professionalism:

Our actions and endeavors are governed by the highest standards of professionalism and excellence. We continuously seek to improve all aspects of our bank management

Social Responsibility:

Because we consider ourselves to be a member of the Syrian society, we continuously seek to make a meaningful difference through identifying opportunities to improve the lives, well-being and economic situation of our society.



A word from the chairman of the board of directors

Authenticity is our character

Copper carve:

Copper carve goes back to the flourishing beginnings of the Islamic Arabic culture. Copper Ornamentation was one of the main industries in Syria and had a specialized market called the “coppersmiths’ market” on King Faisal’s road in Damascus.



Riad Obegi
Chairman of Board of Directors

In spite of the on-going challenges and obstacles facing the banking sector and the whole economy, BBSF was able to achieve satisfactory results during 2015, therefore maintaining a series of successful endeavors on the financial front, where operational income increased by %62.60, bank assets by %23.85 and clients' deposits by %16.99. When it comes to customer service on another front, BBSF launched new services and products, opened a new branch in Al- Cham Hotel, improved, and expanded its headquarters.

The bank remains committed to serving its clients and their needs in all circumstances and across most Syrian governorates. On the social front, being a part of the Syrian society, BBSF launched several social and humanitarian events, most of which aimed to put a smile on the faces of the children of Syria and lessen the impact of the immense pressure they have faced during the crisis. We pledge to continue to exercise our role in society, as expected from BBSF.

Our view towards 2016 and coming years is one of optimism, exceeding everything we have established so far across all aspects. Our immense trust comes from our belief in our country Syria, the continuous support of the bank's shareholders, clients and employees, the firm foundations established by the Board of Directors and the Executive Management, and our trust in the management team of the bank.

We have certainly taken all necessary actions to face future challenges and obstacles and are confident that our caution towards possible risks will support the achievement of our future goals.

Our shareholders and clients expect the best from us and we should put all our efforts to maintain our leading status and achieve our goal of being the first private bank for all Syrians. We are positive that we will overcome all obstacles and will have a main role in rebuilding our country, Syria.

Riad Obegi
Chairman of Board of Directors



Organizational Chart

Leadership is our path

Basket Making:

Considered one of the most authentic handmade industries; man has created baskets since the beginning of time to use as pots. Syria is considered a cradle for this industry, which became intertwined with tourism in the country.





The Board of Directors in 2015 consisted of the following members, noting that a new Board of Directors was elected on 2016/03/15:

Dr. Riad Obegi – *Chairman*

A Syrian national, holder of a PhD in Economics from Lumière Lyon University–France. He has more than 32 years of experience in bank management.

Chairman of Banque Bemo Sal – Lebanon and Banque Bemo Europe – Luxembourg.

Non- independent member, elected by the general assembly held on 2012/10/22

Mr. Mehran Yervant Hazar – *Vice Chairman*

A Syrian national, holder of a BA in Business Administration from Jones College, Jacksonville, USA.

Managing Director of Amico medical supplies in KSA, Egypt, UAE, Qatar, Bahrain, Kuwait, Syria, Lebanon, Jordan, Iraq and Iran.

An Independent member, elected by the general assembly held on 2012/10/22

Mr. Yordan Obegi

A Syrian national, holder of an MBA from Dauphine University- France.He has more than 34 years of experience in managing banks and industrial companies.

Chairman of Obegi Better Home and CEO of Obegi Chemicals.

Non-independent member, elected by the general assembly held on 2012/10/22

Dr. Nour Husayni

A Syrian national, holder of a PhD in electrical engineering from Claude Bernar University - France. He has 41 years of experience in contracting.

General Director of CEPCO contracting, Jeddah and PTE energy and communication in KSA.

An independent member, elected by the general assembly held on 2012/10/22

Resigned on 1 July 2015.

Mr. Bassam Maamari

A Syrian national, holder of an BA from California Technical University- USA. Director of Maamari sailing company. Independent member, elected by the general assembly held on 2012/10/22

Mr. Farid Al- Khoury

A Syrian national, holder of a BA in Business Administration from Baldwin University in Dallas- USA. General Director of Al-Tanmia agricultural company. Non- independent member, elected by the general assembly held on 2012/10/22

Mrs. Rana Al- Zaim

A Syrian national, holder of an MA in civil engineering and project management from the American University of Beirut- Lebanon. A civil engineer and general director of the Syria-Gulf company for real-estate investment and development. An independent member, elected by the general assembly held on 2014/06/9. Resigned on 8 September 2015.

Mr. Riyad Abou Al Naser Basatna

A Syrian national, holder of a BA of arts from the American University of Beirut- Lebanon. Chairman of BB Naft Trading a Prime Oil and a Board Member of Global Oil Industries. An independent member, elected by the general assembly held on 2014/6/9

BEMO Bank- Lebanon S.A.L, represented by Mr. Samih Saade

A Lebanese national, holder of an MBA from the American University of Beirut. He has 34 years of experience in bank management. Executive Director of BEMO Lebanon. A Non-independent member, elected by the general assembly held on 2012/10/22.

Legal Consultants

Jawad & Maksour Company

External Auditors

Mr. Ferzat Omar Al-Emadi



Mr. Hassan Izzat Traboulsi
Former CEO

A Syrian national, holder of an MBA from the United States, has more than 37 years of experience in managing financial and banking companies in Europe and the Middle East.

Joined BBSF in 2012
Resigned on 9th of December, 2015

Mr. Omar –Al Ghraoui
First Deputy Chief Executive Officer

A Syrian national, holder of an MBA from University of Chicago, USA. Has 12 years of experience in the financial services and investment banking operations.

Joined BBSF in 2015, after being General Manager of "Bemo Finance" for a period of 8 years.

Ms. Nada Saliba
Assistant General Manager – Remedial, Trade Finance, Legal and Syndication

A Syrian national, Holder of an MBA from ESA Lebanon. Has more than 14 years of experience in credit lending and financial management.

Joined BBSF in 2004.

Mr. Imad Chehimi
Assistant General Manager – Treasury & Correspondent Banking.

A Lebanese national, holder of a BA in Banking and Financial Business Administration has 28 years of experience in the banking sector, particularly in the treasury and foreign exchange businesses.

Joined BBSF in 2010.

Mr. André Lahoud
Second Deputy Chief Executive Officer

A Lebanese national, Holder of a Diploma in Bank Management with a Diploma in Accounting and Commercial Sciences. Has more than 25 years of banking experience in Syria and Lebanon.

Joined BBSF in 2004.

Mr. Khaled Abu Alburghol
Assistant General Manager - Operations and Support

A Syrian national, holder of an MBA from the United States, has more than 37 years of experience in managing financial and banking companies in Europe and the Middle East.

Joined BBSF in 2012
Resigned on 9th of December, 2015

Mr. Sami Mounayer
Assistant General Manager – Retail Management

A Syrian national, holder of BA in Business Administration from the University of Louisiana has more than 13 years of banking experience.

He joined BBSF in 2004.

Mrs. Yara Suleiman
Assistant General Manager – Corporate Lending

A Syrian national, holder of an MBA and a BA in business administration and public administration from the American University of Beirut, Lebanon has more than 11 years of banking experience.

Joined BBSF in 2004.

Regional Managers

Mazen Isper	Regional Manager - Coastal Area / Eastern Area
Akram Jabbour	Regional Manager - Central Area / Northern Area
Mohannad Knaifed	Regional Manager - Damascus Area - Suburb & South Area

Branches Managers

Randa Kabbany	Branch Manager Main - Cham
Ghassan Badin	Branch Manager - 29 Ayyar
Waleed Al Kayal	Branch Manager - Abaseyeen
Dany Faddoul	Branch Manager - Bab Touma
Iyad Al-Salloum	Branch Manager
Nadim Al -Batal	Branch Manager
Bashar Hussein	Branch Manager - Harika
Ahmad Jamil Jabal	Branch Manager Main - Aziziah
Shaza Rahhal	Branch Manager - Fourkan
Myriam Nahhas	Branch Manager - Sleimaniah
Ahmad Khaled	Branch Manager - Hama
Sameer Al kurdi	Branch Manager - Hadara
Kinan Assi	Branch Manager - Safita
Bassam Wasouf	Branch Manager - Hwash
Waleed Saied	Branch Manager - Hasakeh
Noura Shammas	Branch Manager - Kameshli
Soubhi Zaitoun	Branch Manager - Jableh
Ahmad Ismail	Acting Branch Manager - Baniyas
Feras Ajeeb	Branch Manager Main - Latakia
Ayham Younes	Branch Manager - Latakia 2
Bahgat Zaiter	Branch Manager Main - Tartous
Wehad Sliman	Branch Manager - Tartous 2
Omar Mardini	Branch Manager - Jaramana
Ghassan Hail Jbour	Branch Manager - Suweida



Departments Managers

Ayman Tahhan	Dept Manager - Compliance & Governance
Ammar Hefteh	Dept Deputy IA Head - Acting IA Head
Amer Faddoul	Dept Manager - Bank Remedial
Nesrine Sobeh	Dept Manager - Trade Finance
Muataz Kassar	Dept Manager Treasury
Wissam Kamleh	Head of Risk Management Department
Karim Fehde	Head of Project Management and Business Development
Yazan Al Hawat	Department Manager - Bank Control
Roufan Fahed Rustom	Acting CFO
Salma Samman	Dept Head - HR & Staff Dev.
Fadlo Abouassaleh	Dept Head - Premises & Services
Rita Saadeh	Dept Manager - CAD
Saad Al-Zabibi	Dept.Head IT & Communication
Maria Khaled	Dept Manager - Ops
Shaza Maamar	Dept Manager - E-Banking Services
Joumanah Diab	Dept Manager - Retail Credit

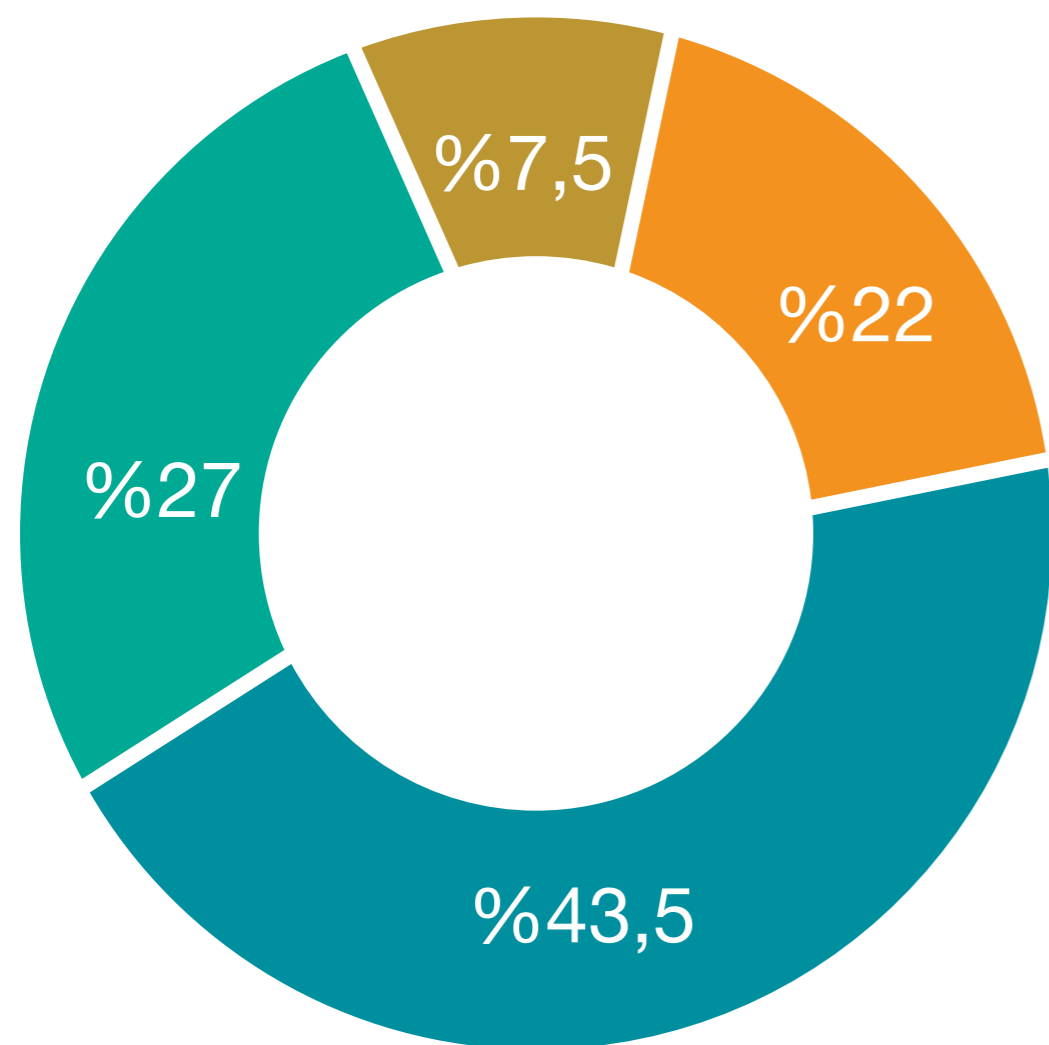


Board of Directors committees, their functions and number of meetings:
The Board has formed the following committees:

Departments	Departments	Departments
Nomination Remuneration and HR Development Committee	Mr. Mehran Yervant Hazar	Committee Chairman
	Mr. Riad Obegi	Member
	Mr. Bassam Maamari	Member
	Mr. Farid Al- Khouri	Member
	Ms. Rana Al-Zaeem	Member
	Mr. Bertrand Verriot	Advisor
	Dr. Nabil Sukkar	Advisor
	Mr. Bassam Maamari	Committee Chairman
	Mr. Riyad Abou–Al Naser Albesatna	Member
Risk Management Committee	Mr. Farid Al Khouri	Member
	Mr. Samih Saade	Member
	Mr. Bertrand Verriot	Advisor
	Dr. Nabil Sukkar	Advisor
	Mr. Farid Al-Khouri	Committee Chairman
	Mr. Mehran Yervant Hazar	Member
Auditing Committee	Dr. Nour al-Husayni	Member
	Mr. Bassam Maamari	Member
	Ms. Rana Al-Zaeem	Member
	Ms. Myrna Sofan	Advisor

Real-estate committee	Mr. Bassam Maamari	Committee Chairman
	Mr. Riad Obegi	Member
	Mr. Mehran Yervant Hazar	Member
	Ms. Rana AL-Zaeem	Member
	Mr. Samih Saade	Member
	Mr. Farid Al-Khouri	Member
	Mr. Yordan Obegi	Member
	Mr. Hassan Traboulsi	Member
	Mr. Bertrand Verriot	Advisor
	Governance and compliance Committee	Mr. Yordan Obegi
Mr. Riyad Abou Al Naser Basatna		Member
Mr. Mehran Yervant Hazar		Member
Dr. Nabil Sukkar		Advisor

Founding shareholders



- Banque Saudi Fransi, KSA %27
- Banque Bemo, Lebanon %22
- Obegi family %7.50
- Shareholders %43.5

Founding shareholders

About senior shareholders (ownership of more than %1)

Name of the shareholder		Nationality	Shares	
First Name	Family		2015	
			Nr of shares Owned	Ownership percentage to total capital
Banque Bemo, Lebanon	-	Lebanese	11,000,000	%22.0000
Banque Saudi Fransi, KSA	-	Saudi	13,500,000	%27.0000
Riad	Obegi	Syrian	2,367,106	%4.7342
Claude	Abrahamshah	Syrian	1,459,120	%2.9182
Hazem	Aswad	Syrian	1,375,665	%2.7513
Mehran Yervant	Hazar	Syrian	1,142,695	%2.2854
Bassam	Maamari	Syrian	1,046,494	%2.0930
Adeeb	Al-Fadel	Syrian	887,780	%1.7756
Yordan	Obegi	Syrian	887,460	%1.7749
Farid	Al-Koury	Syrian	755,735	%1.5115
Zaid	Al-Koury	Syrian	755,735	%1.5115
Ahmad	Khouanda	Syrian	532,430	%1.0649
George	Obegi	Syrian	500,000	%1.0000

Main duties of the Board of Directors:

- Setting the ordinary and extraordinary general assembly meetings and organizing their agenda implementing their decisions.
- Appointing Executive Managers and their deputies.
- Establishing new bank branches.
- Determining the bank's investment policy.
- Developing internal systems for the Bank to regulate financial, accounting and administrative matters.
- Preparing the bank's Balance sheet, Income statement, Cash Flow statement, explanatory notes about them compared with the previous fiscal year.
- Preparing the Board of the Directors annual report about the bank's business during the past year.
- Review transactions with related parties that do not fall within the bank's daily activities for consideration.
- Periodically approve the goals, strategies, plans and policies important for the bank's work in a clear and specific way, in addition to directing and controlling the executive management which have the responsibility and accountability of the daily operations.
- Ratifying the internal control systems, especially the Audit Charter which includes documentation of the functions, authorities and responsibilities of the Audit Department to ensure the effectiveness of these systems
- Ensuring the bank's compliance with strategies, plans, policies and procedures adopted or required by laws and regulations, also making sure the executive management has reviewed performance and achievements according to work plans and that corrective action has been taken, in addition to making sure that bank's risks has been properly managed.
- Adopting the proposed organizational structure of the executive management, which shows the reporting line (Including board committees and executive management).
- Adopting internal rules and regulations related to the bank's work and development, identify the functions, authorities, duties and responsibilities, relationships and dependencies between the different organizational levels.
- Ratifying the authorization and implementation Mandate which is entrusted to the business executive management policy.
- Develop a governance structure that achieves effective and sufficient oversight process.
- Conduct an assessment of the board as a whole and the performance of the CEO and the Board committees.
- Assessing the adequacy of the control and financial disclosure systems (Financial Reporting) and internal control mechanism related to the preparation of financial report.
- Reviewing and evaluating the bank's management performance to identify deviations and abuses and to analyze the causes and identify those accounted for it, then issuing the necessary instructions for solving the issue and avoid recurrence.
- Adopting compliance management policy, and overseeing its preparation and development, to ensure its implementation in the bank by the body responsible for monitoring compliance.
- Reviewing reports and recommendations prepared by the executive management about the developments and improvements to enhance the bank's practices related to disclosure and other areas.

The Nomination and Remuneration Committee and the development of human resources functions

- Monitor and ensure the transparency of the appointment, the renewal and replacement of members of the Board of Directors and Chief Executive Officer, it also evaluates the effectiveness of the board as a whole and the effectiveness of each member independently.
- Evaluate the performance of executives.
- Ensure the transparency of policies, salaries and bonuses and compensation of board members and executives.
- Support the development of human resources in the bank at all levels.
- Review with the executive management and internal regulatory procedures manual and submit them to the Board for approval.
- Review and approve the rules and procedures of the bank.
- Review the code of ethics of the bank and its behavior results.

The functions of the governance and compliance committee:

- Supervising the preparation and application of corporate governance guide, revising it and updating it when necessary.
- Coordination with the Audit Committee to ensure compliance.
- setting clear policies for the bank's compliance, according to the foundations of global rules that ensure the safety of the bank and monitor its compliance.
- Provide the Board of Directors with the reports and recommendations based on the results that have been reached through the work of the Committee.
- Provide the Board of Directors when necessary with reports on the bank's compliance with the sound rules.

Functions of the Risk Management Committee:

Setting risk policy in line with the bank's ability to take and manage risks, and review the performance of senior management in risk management c,redit, market liquidity, operating, non-compliance and reputation.

Functions of the Auditing Committee:

Audit the financial reports and internal control systems, also the scope, the results and the adequacy of internal and external audit, and review the accounting issues which have a significant impact on the financial statements.

Functions of The Real Estate Committee:

Monitor and review the status of all real estate used by the bank, whether rented or owned, and ensure using them properly, also guarantee acceptable condition to complete the work of the bank appropriately.

Make recommendations and get the of the Board of Directors approval, based on the administration's proposals for purchases, sale, rental, lease of any new real-estates for the the bank to use within the best possible conditions.

Member Name	Board Meeting	Nomination and Remuneration and human resource development committee meeting	Risk management committee	Governance and compliance committee	Real-estate committee	Audit committee
Mr. Riad Obegi	5/5	6/6		2/2	2/2	
Mr. Mehran Yervant Hazar	5/3	6/4		2/1	2/1	3/4
Mr. Yordan Obegi	5/5				2/2	
Mr. Nour Hussein	1/0		1/0			1/0
Mr. Bassam Maamari	5/5	6/6	3/3		2/2	4 / 4
Mr. Farid Al-Khoury	5/5	6/6	3/3		2/2	4 / 4
Mr. Samih Saade	5/5		3/3		2/2	
Mr. Riad Bassatne	5/1		3/1	2/0		
Mrs. Rana Al- Zaim	2/1	2/1			1/1	1/2

Independence Standards:

- The board member should have no immediate family relation to any executive or any member of the board of directors of the bank.
- He or any of his fourth degree-relatives shouldn't be a partner with the external auditor of the bank during the three years prior to the date of his Board candidacy.
- He shouldn't receive any compensation from the bank except what he receives for being a board member or in one of its committees and dividend charged as a contributor.
- He shouldn't have previously worked as an executive in the bank or in any institution within the bank group, during the three years prior to the date of his Board candidacy.
- The board member shouldn't be a partner or a major shareholder or a board member in a company that the bank deals with, except for transactions that arise from any services or usual business provided by the bank to its customers,
- His contribution to an influential stake in the bank's capital or in any institution or group linked to

a major contributor shouldn't exceed (%5 or more), he shouldn't also be an immediate family to any major stake-holder.

- Shouldn't be elected for more than two consecutive terms.
- He should have been elected as member of the board of directors for one cycle at least.

The bank 's commitment to implement the governance guide:

The Bank is committed to apply the governance guide, which is a set of rules Adhered to by the bank and the Board of Directors in line with the regulations and laws inforced in Syria in a way that impacts the shareholders interest and their rights.

Below is a summary of the bank application to the terms of the governance guide:

- When the Board of Directors was established it's been taken into account all the conditions mentioned in the bank 's corporate governance guide, where all the board members are Syrian nationals except the representative of Bank Bemo Lebanon, all of them are non-executive members, the number of independent members is 6 out of 9 members, there is no immediate family relationship between the Chairman of the Board and Chief Executive Officer, The Chairman of the Board as a representative of the legal person shouldn't be a board chairman of more than two corporations in Syria, also the Board member shouldn't be aboard member of more than five Syrian corporations.
- The Board has formed its committees taking into account the conditions required for the formation of each committee, it has also established a working charter for each of them that illustrates the committee's duration an and its responsibilities.
- The Board had 5 meeting during this year and the board members where provided with the Board's agenda, including the necessary documents and information long enough before the meetings, to enable them to review the topics, the board's secretary has prepared and documented the minutes of these meetings and wrote down the decisions that were taken.
- The responsibilities of the Board of Directors' Manager and the responsibilities of the CEO have been separated Under the written instructions that were set by the Board, and, it has also set all banking operations that fall under of the Board control and require its approval. It has also set the minimum standards of experience, qualifications and skills required for the Board of Directors membership and serving as Chief Executive Officer.
- The board of directors has set the goals, strategies, plans and the bank's policies during the year, and has adopted the organizational structure set by the executive management which shows the reporting lines between the board committees and executive management.
- Based on the periodic reports submitted by the Executive Management the internal auditor and the external auditor, the Board of Directors has reviewed the Bank's performance and evaluated its managements work, identified deviations and abuses and analyzed its causes in order to identify those accounted for the problem and issue the necessary instructions to address them and avoid the recurrence.
- The Board of Directors has approved The replacement policy for the bank's executives, and the job description of the Board of Directors secretary.
- The Board members, the Audit Committee as well as Chief Executive Officer and Board Secretary have underwent a training session on internal auditing, asset management and the latest developments in this area.

- By the end of the year the Board of Directors has evaluated the effectiveness of each member of the Board as well as the performance of the Chief Executive Officer and the performance of its committees.
- In terms of disclosure and transparency principles application, the bank has developed a written disclosure policy that includes all the procedures and instructions and appropriate mechanisms to comply with all the disclosure requirements according to the system adopted by the Board.
- The essential events that took place in the bank were disclosed and published on the bank's website.
- Insiders that work within the company have committed to disclose to the Syrian Commission on Financial Markets and Securities when they sell or purchase any shares of the company, within a week after operation occurs.
- It has been disclosed on the website of the bank the regular meetings between the executive management of the bank, investors and shareholders, in addition to the statements and periodic summaries provided by the CEO to shareholders, financial journalists and analysts.
- The bank has committed to announce the date, place and agenda of the General Assembly at least fourteen days before the date fixed for the meeting, and the announcement has been published twice, each time in two daily newspapers and on the company's website.
- The Board's annual report to the General assembly has included all the mentioned items.

Dependence on suppliers

The Bank has diversified its dependence on suppliers of services and assets and all banking requirements as much as possible, while dealing with certain parties locally and abroad to get special services to ensure getting the best service.

The suppliers' list includes:

- CSC company, which provides ATM service
- SAB company which has supplied the bank with an informational system that is constantly developed along with the bank's growth.

Auditors Fees

The bank's auditor's fees reached 25,800,000 SYP during 2015 and the affiliate company auditor's fees amounted to 900,000 SYP.

Human Resources:

In light of the big difficulties that permeated the year 2015 the bank insisted on providing full support to its employees to overcome these conditions, however there had to be some resignations, which were mostly due to travel reasons.

BBSF was very keen on choosing the best candidates and to train them through periodic seminars and lecture programs that addresses all banking affairs.

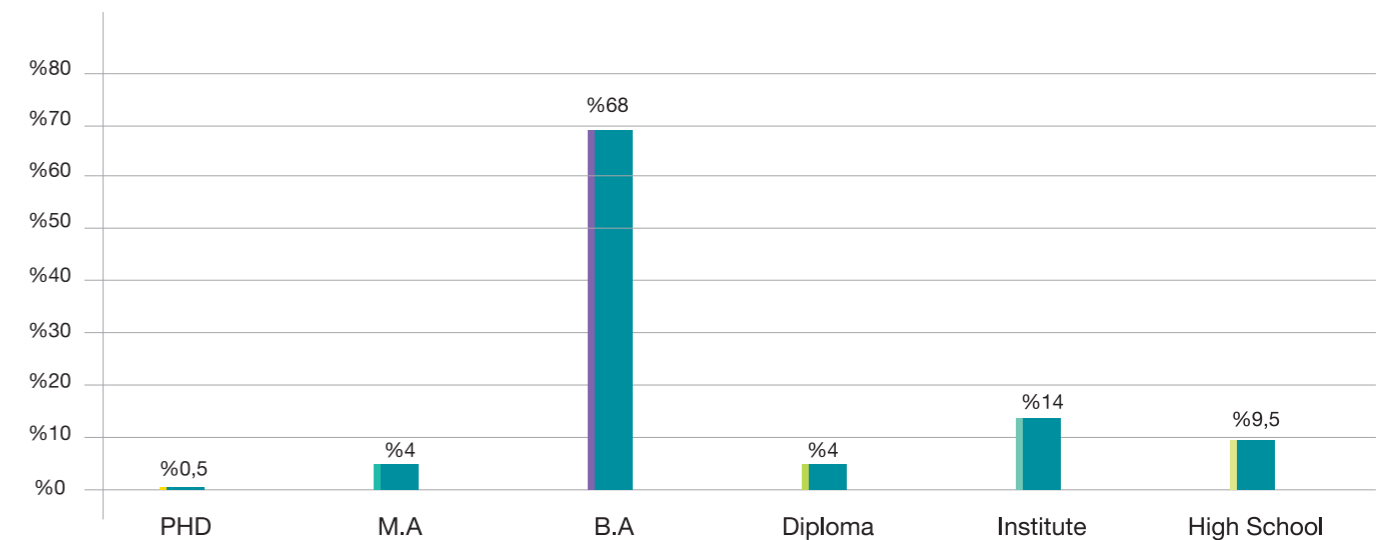
The following table shows the number of employees in the bank during the last two years and up to 2015/12/31 :

Human resources	Change percentage	2015-12-31	2014-12-31
Nr of Bank Employees	21 %	565	716

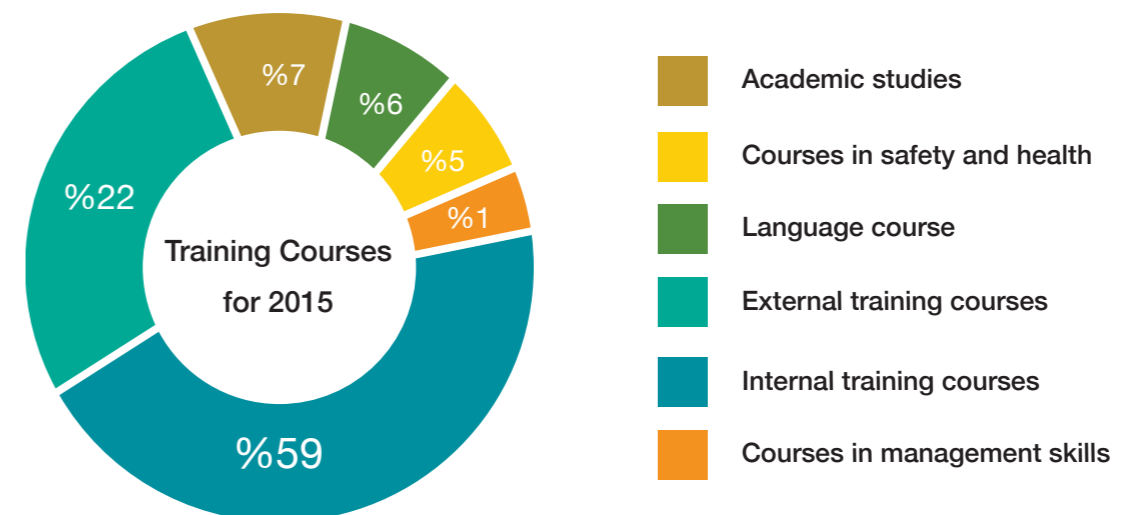
The Bank employees are distributed at the end of the year 2015 as follows:

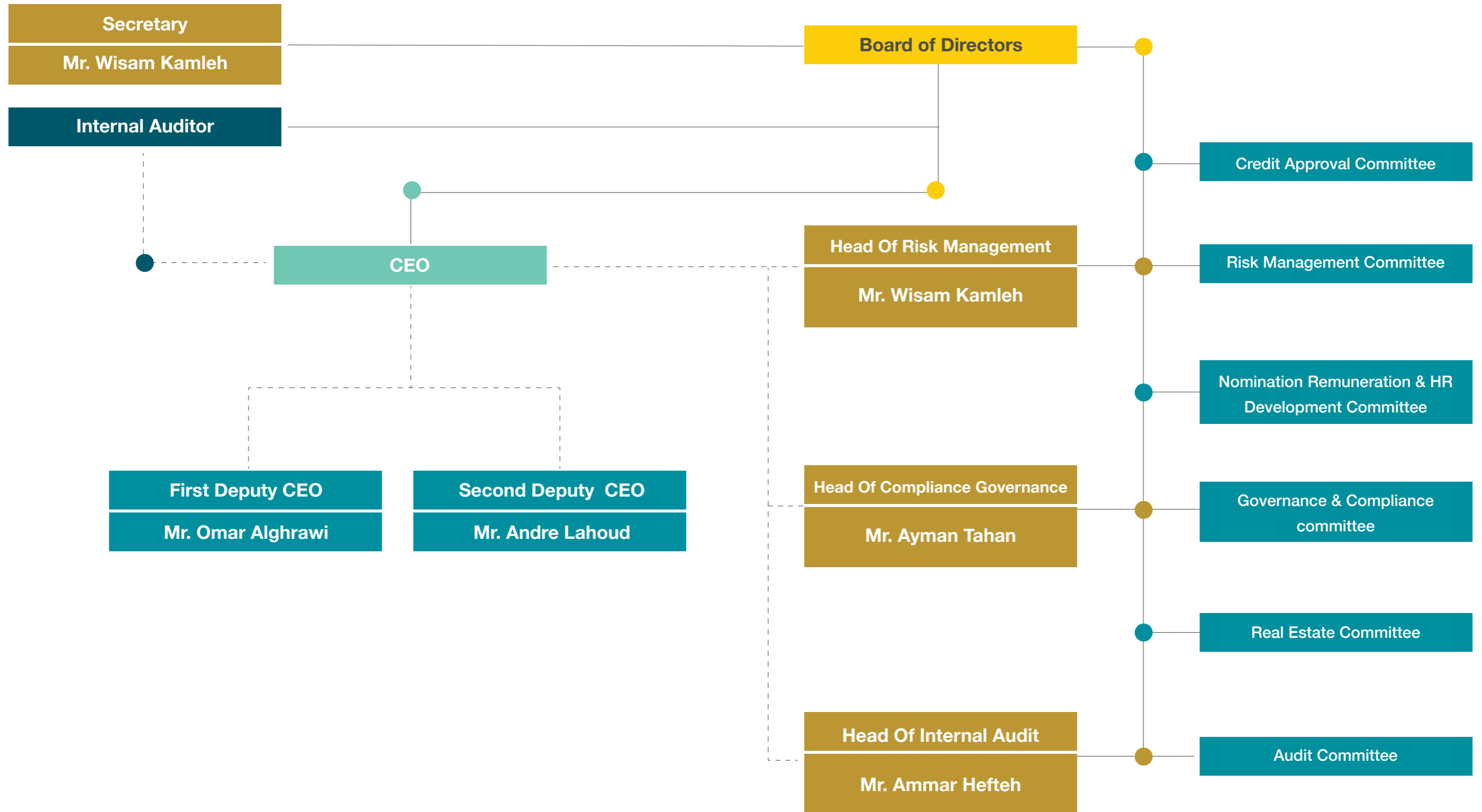
Place	Number
Head quarter	280
Branches	285
Sum	565

The following is a chart showing the educational level of the bank's staff at the end of the year 2015:



The bank staff is subject to intensive training courses in all areas to develop their skills and maintain necessary knowledge and experience to keep pace with the evolution of the work. The following chart illustrates the types of training courses held during the year 2015 to the bank's staff, pointing the employee's ratio who have received the following courses:







The fiscal year

Social responsibility is our priority

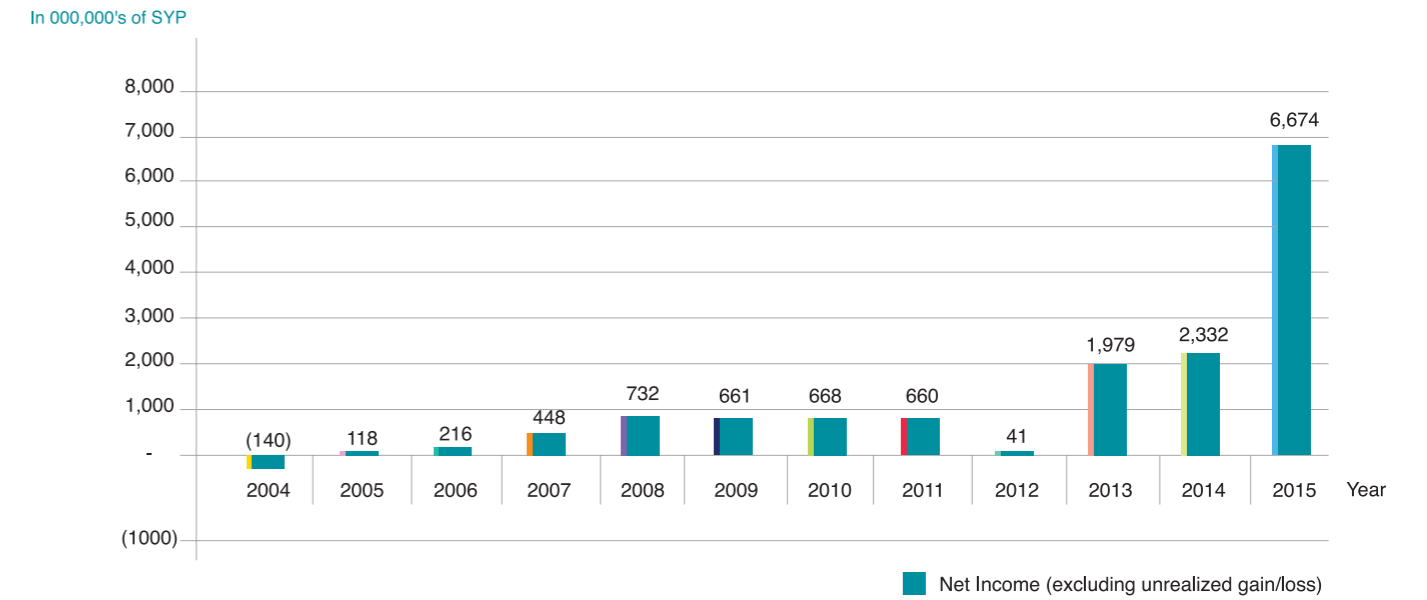
Rug Knitting:

Creating the authentic Arab rug was one of the oldest industries known in history. It requires intense effort and accuracy by its craftsmen to be produced in its beautiful final form of different sizes, colors and designs.

Rug weaving has been widespread in Damascus and other Syrian cities for hundreds of years; dozens of craftsmen inherited this industry from their fathers and grandfathers.

In millions of SYP	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	change from 2014 to 2015
Net Income (including unrealized gain/loss)	(140)	118	216	448	732	661	668	660	41	1,979	2,332	6,674	%186.12
Net Income (excluding unrealized gain/loss)	(156)	53	316	505	762	681	634	275	(905)	(906)	(35)	216	%720.53-
Total Assets	16,792	42,674	63,598	80,023	89,301	101,968	114,761	75,642	83,892	117,225	138,823	171,915	%23.84
Customer Deposits	14,632	36,986	56,096	71,728	78,211	91,534	103,560	61,728	70,068	98,883	118,170	138,253	%16.99
Loans and Advances	2,979	7,689	11,649	16,797	26,722	28,172	36,854	32,935	26,421	23,898	27,439	36,596	%33.37
Equity	1,360	1,728	1,946	2,305	3,787	4,328	4,993	6,944	6,985	8,954	11,258	17,911	%59.10
ROE	%4.89-	%7.66	%11.77	%21.08	%24.03	%16.29	%14.33	%11.06	%0.59	%24.83	%23.08	%45.76	%98.26

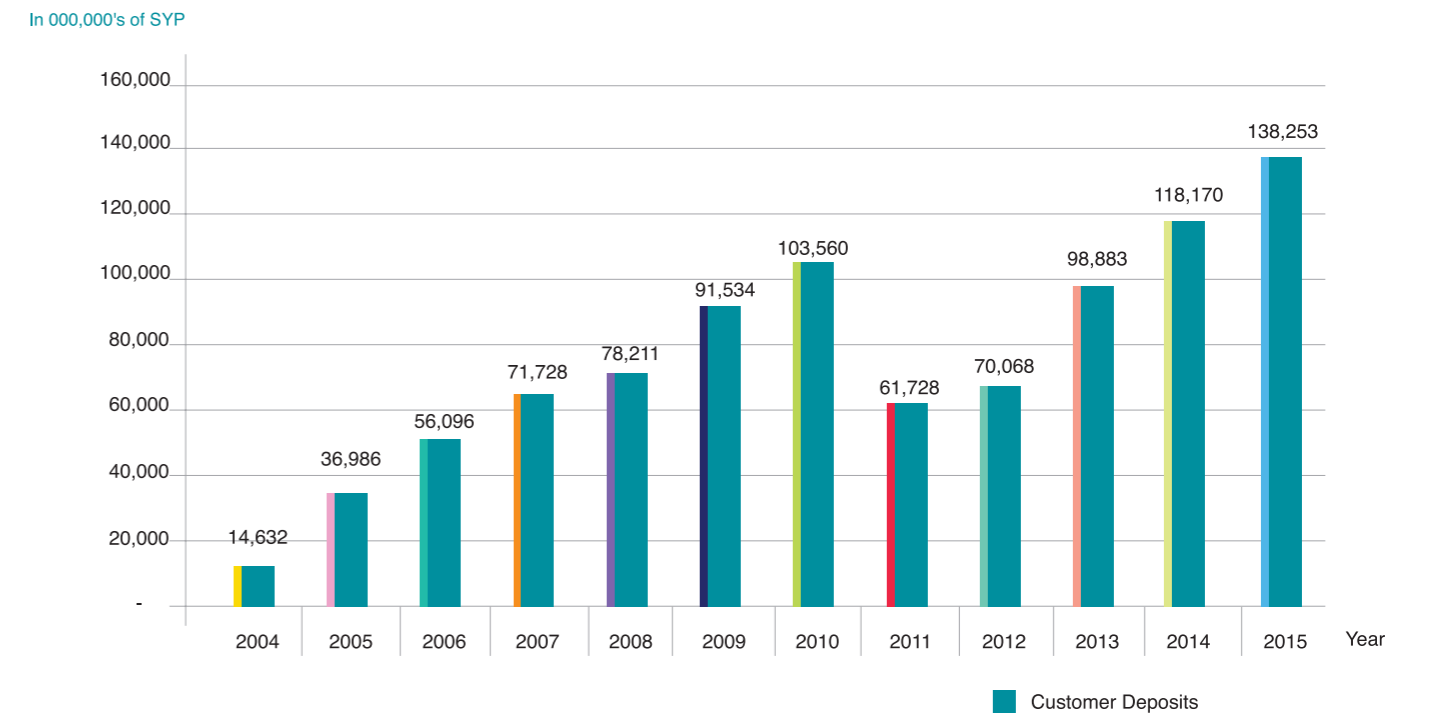
Net Income (including unrealized gain/loss)



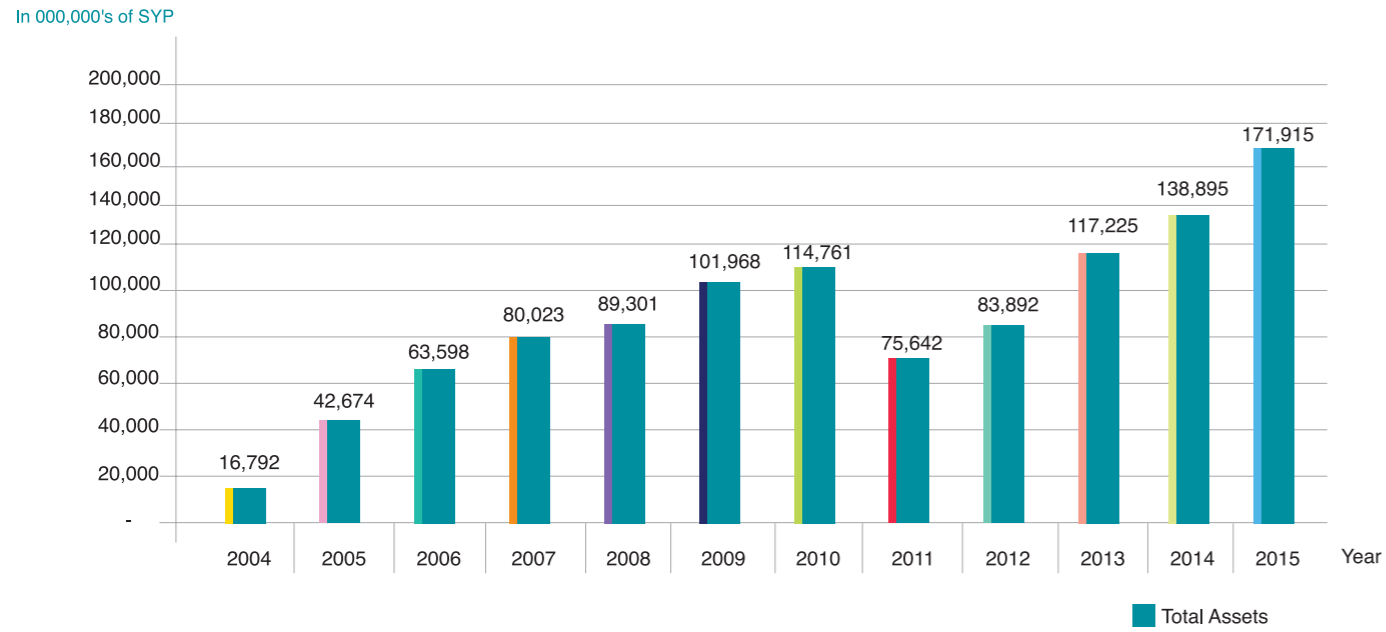
Net Income (excluding unrealized gain/loss)



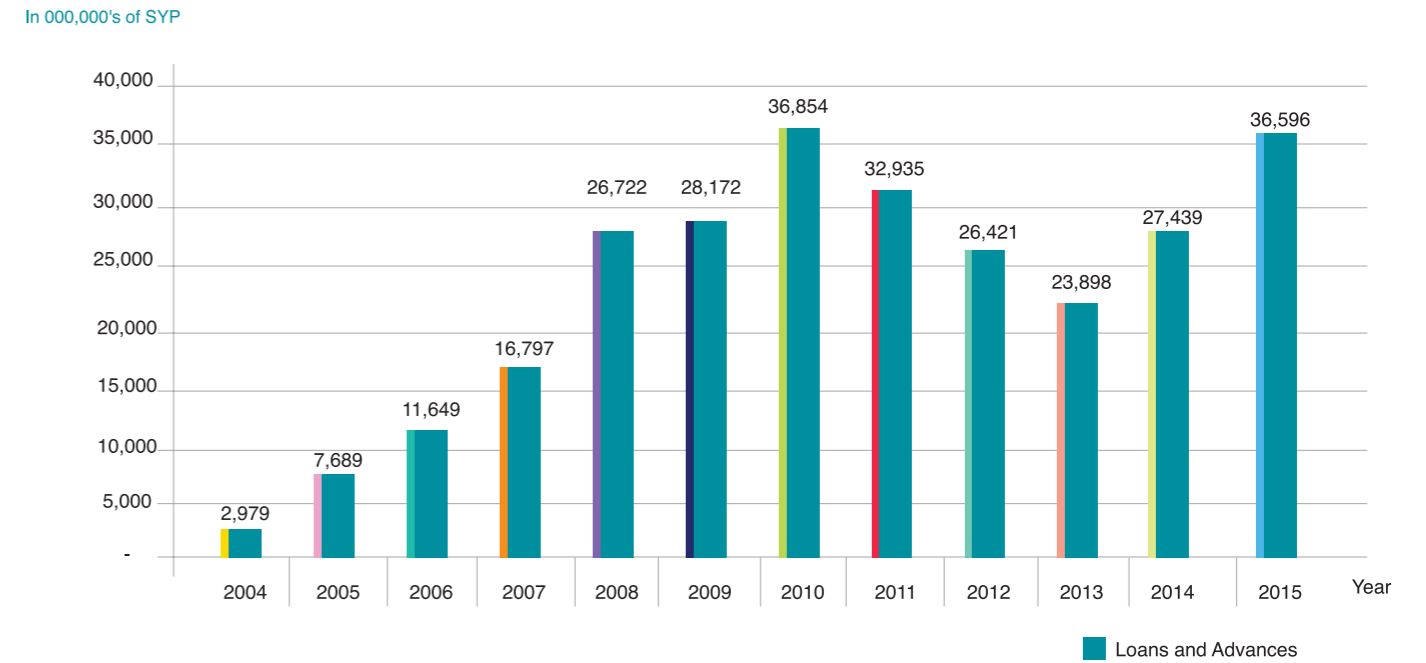
Customer Deposits



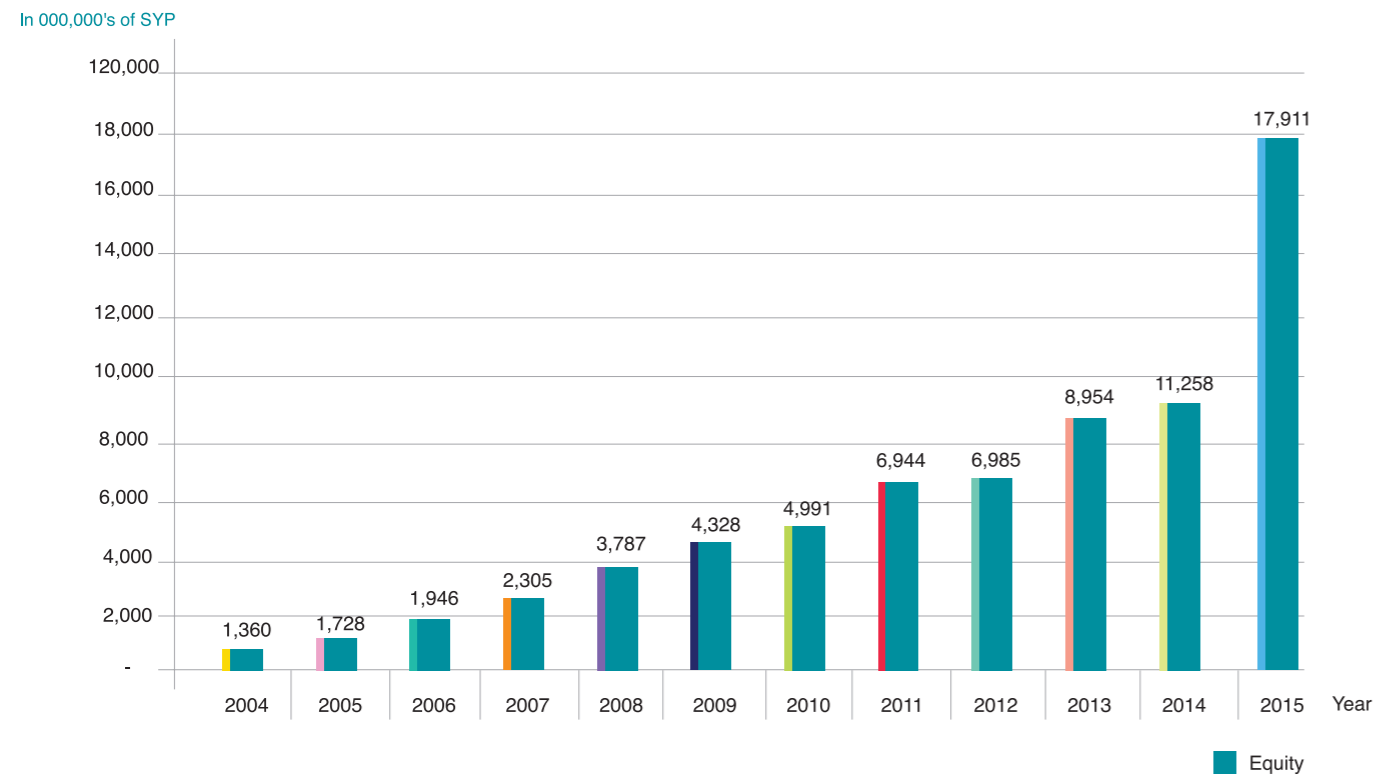
Total Assets



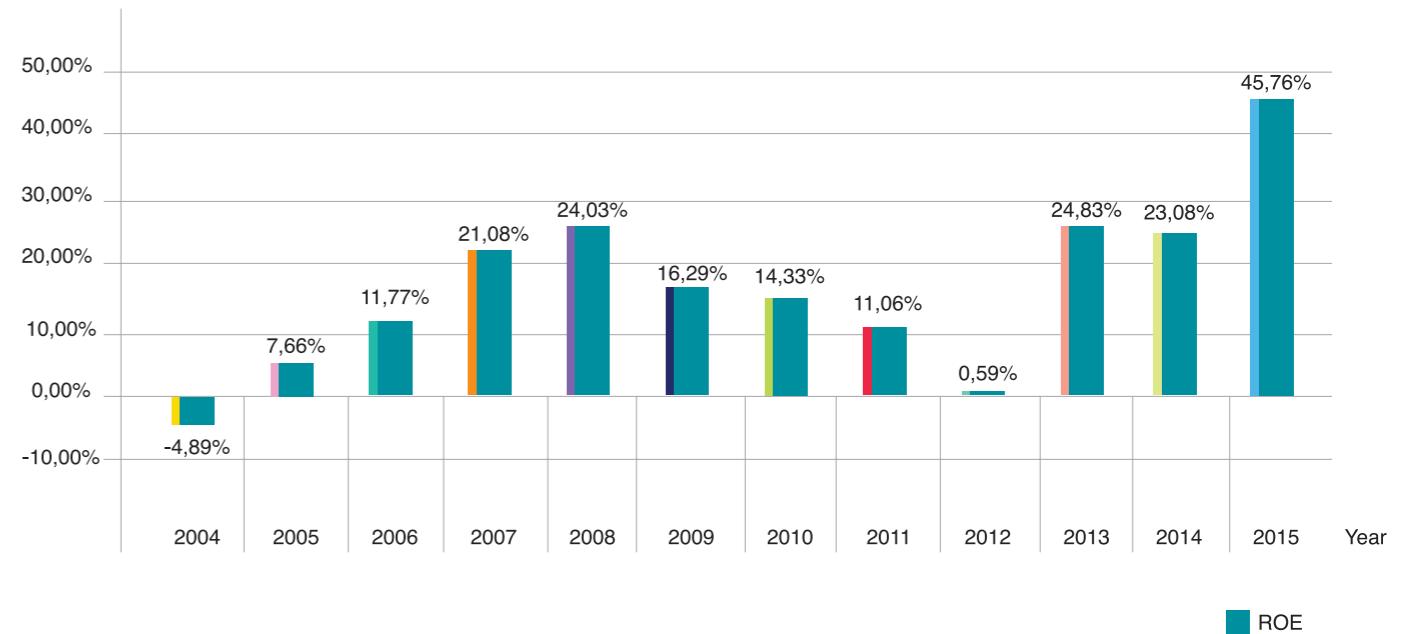
Loans and Advances



Equity



ROE



Founding shareholders

بنك
السعودي
الفرنسي
المالية
Bemo
Saudi
Fransi
Finance



Bemo Saudi Fransi Finance Company (BSFF):

Bemo Saudi Fransi Finance is a financial services and investment company licensed by the Syrian Commission on Financial Markets & Securities (SCFMS) to provide the following chief lines of services: Advisory, Brokerage, Research, Capital Raising (IPO Management) and Asset Management services including Portfolio Management.

As a subsidiary of Banque Bemo Saudi Fransi (BBSF), Syria's first and leading privately owned Bank, Bemo Saudi Fransi Finance (BSFF) was established following regulations that paved the way for the development of a securities market in Syria.

As member number one in the Damascus Securities Exchange and the Central Securities Depository Centre, BSFF has been at the forefront of investment related services in Syria.

The company executed the first trade in DSE history on March 10th 2009, the day the exchange was launched, and has since maintained its market leading position with a market share of %47 of trading value in 2015.

BSFF's brokerage, advisory, and capital raising activities have been recognized by various international publications and awards.

Services provided by Bemo Saudi Fransi Finance:

Brokerage Services

- Securities trading on the stock exchange.
- Execution of daily and open trading orders.

- Execution of block trades.
- Arranging Over-the-Counter (OTC) trades.
- Latest updates on the market, based on broad research.

Advisory:

- Mergers & Acquisitions: Advising both buy and sell-side clients on the most complex transactions.
- Private Equity: Sourcing and advising on private equity investments across various sectors and geographies.
- Valuations & Fairness Opinions: Conducting independent valuations for both private & public companies; issuing fairness opinions for buy and sell side M&A "merger and acquisition" clients.
- Joint-Ventures: Assisting local & international companies establish joint-ventures and strategic partnerships to capitalize on the resources and abilities of all partners.
- Financial restructuring advice for family businesses: Developing and formulating strategic and business continuity plans specific to private companies considering going public.

Capital Raising:

- Initial Public Offerings: Managing the entire IPO process for companies under establishment and for private companies looking to go public.
- Follow-on Equity Issues: Managing capital increases through rights issues and "bonus" share issues.
- Preferred Shares/ Convertible Issues: Structuring & managing preferred share issues in

D. Trades	% Change	Last Price	Best Ask Vol	Best Ask	Best Bid	Best Bid Vol	Reference Price	Market Type	Name	Symbol
عدد الصفقات	نسبة التغير	آخر سعر	حجم أفضل بيع	أفضل بيع	أفضل شراء	حجم أفضل شراء	السعر المرجعي	نوع السوق	الاسم	الرمز
0	0.00	1,191.00	0	0.00	1,214.00	13,966	1,191.00	نظامي	بنك بيمو	BBSF
0	0.00	1,050.00	0	0.00	1,031.00	0	1,050.00	نظامي	سورية والمهجر	BSO
2	1.99-	406.25	1,544	1,050.00	1,031.00	500	1,191.00	نظامي	المجموعة المتحدة	UG
1	1.99	1,534.00	380	406.25	0.00	0	1,050.00	نظامي	بنك عودة	BASY
0	0.00	1,439.00	0	0.00	1,534.00	11,035	414.50	نظامي		
0	0.00	820.00	0	1,439.00	0.00	0	1,504.00	نظامي		
0	0.00	1,200.00	0	0.00	820.00	4,325	1,468.00	نظامي		

addition to a wide range of complex convertible issues (preferred to common, bond to common, etc.).

- Corporate Bond Offerings: Managing the complete bond offering process for joint-stock companies, including providing advice on appropriate structure, pricing, and offering strategy.
- Private Debt & Equity Placements: Advising on appropriate structure & pricing, as well as managing the placement.

Research:

- Macro-Economic Research: Covering recent economic trends, including ongoing fiscal, monetary, and legal reform.
- Sector Studies: Covering the country's main contributors to GDP, including current and prospective performance.
- Capital Market/Equity Research Reports and Advice on listed companies: Such reports comprise background information on listed company's historical performance and its growth potential. The reports also provide fundamental and technical analysis on the company's strengths, weaknesses, future prospects, and offer recommendations to investors.

Asset Management:

First form (Discretionary Mandate):

The investment decision making will be Fully delegated to the Investment Manager, allowing the investor to benefit from the Investment Manager's expertise and flexibility in reacting quickly to the fast moving markets.

Second form (Non-discretionary Mandate):

It is an advisory mandate where the Investment Manager will provide direct recommendations to investors who prefer to remain in control over the buy and sell decisions.

Board of Directors and CEO of BBSF Finance:

- Dr. Riad Obegi (Chairman).
- Mr. Imad Al Fadel (vice chairman and Board Member, representing Al Fadel Group).
- Mr. Hassan Traboulsi (Board Member representing Banque Bemo Saudi Fransi).
- Executive General Manager (unspecified).

Bemo Saudi Fransi Finance, Amin Lutfi Al-Hafez Street,

P.O. Box: 33357 Rawda

Damascus, Syria

Tel: 3354111 11 963+

Fax: 3354112 11 963+

Email: info@bsff.com

Analysis of the financial position of the company and its operations results during the year 2015:

In 2015 the bank's net profit amounted to 6,674 million S.P compared to 2,332 million S.P in 2014.

Excluding the impact from capital assessment which constitutes of non-operating profits and unrealized profits, we see that the bank has achieved earnings of \$ 215.83 million Syrian pounds in 2015 compared with a loss of 34.78 million Syrian pounds in 2014.

- Total operating income has increased by 62.60 % compared to the year 2014 after Excluding the impact of capital assessment which constitutes of non-operating profits and unrealized profits.
- Earnings per share for 2015 amounted to 133.01 S.P per share Compared with 46.31 S.P per share in 2014 (Including capital evaluation profits).
- Net direct credit facilities have increased by 33.37 % compared with the end of 2014.
- Total assets have increased by 23.85 % from 138.82 billion S.P in 31 December 2014 to 171.91 billion S.P in 31 December 2015.
- Customer's deposits have increased by 16.99 % from 118.17 billion S.P in December 2014 ,31 to 138.25 billion S.P in December 2015 ,31.
- The bank's Shareholders' equity has increased by 59.10 % compared to the end of 2014.





Activities and accomplishments

Trust is the reason for our progress

Colored ceramic:

During the Mamluk era, the Syrian “Kishani” ceramics were very popular in Damascus. The industry developed until it was internationally called “Damascene Ceramics.”

Today, one can see models of the Damascene ceramics in many historical sites such as the Tekkiye Sulaimani and the mosques of Sinan Bacha and Darwish Basha.

Significant events that took place during the year:

- In 2001 the bank has issued a Bank guarantee for the benefit of the National Center for energy research, based on a bank guarantee issued from the Spanish Bank La Caixa at a value of SP 76,428,878 and 4,689,905 euros.
- Since 2011 the beneficiary has requested the issued guarantees values by referencing to the Court , and BBSF has filed a lawsuit against the Spanish bank in Spain, however it is still declining to pay until this moment.
- To implement the court, rule the bank has paid the initial guarantee value of 300,000 euros to the beneficiary, even though the contractor withdrew his tender and didn't sign the contract, the bank insisted on paying the guarantee of good execution.
- By the end of 2014 the bank has held reserves to cover all payments which are still available till now, and it should be noted that the attorney's that took our law cases in Syria and Spain are still working on them.
- The Board member Mr. Nour al-Husseini has resigned on July 2015 ,1.
- The general assembly has held a special meeting on August 2015, 19 to obtain shareholder approval of the main system amendments.
- The Board member Ms Rana Al-Zaiem has resigned on September 2015 ,8.
- CEO Mr. Hassan Trabelsi has resigned on December 2015 ,10.



Retail Banking

Loans are considered one of the services provided by Banque Bemo Saudi Fransi to its customers.

- Housing Loan: recognizing the diverse needs of customers in the housing sector the bank has provided flexible housing loans.



منكبر فيكم
وبيكبر بيتكم

القرض السكني

011/3020
www.bbsfbank.com

بنك بيمو السعودي الفرنسي
Banque Bemo Saudi Fransi

- Home Loan for expatriates: allows Syrian expatriates to own a home in Syria on easy terms.



منكبر فيكم
وبيكبر شغلكم

القرض المهني

011/3020
www.bbsfbank.com

بنك بيمو السعودي الفرنسي
Banque Bemo Saudi Fransi

- Professional loan: to help the owners of small and medium-sized companies to expand their economic activity.
- Credit Facilities for Companies and institutions.
- BBSF "Mobile" service allows customers to manage bank accounts and processes across cellular devices.

In addition, BBSF offers the conventional banking services to its customers, such as accepting

deposits among others.

Risk Management

The bank's risk management is based on key principles that are consistent with the size and complexity of its activities, the instructions of the supervisory authorities and the best international practices in this regard.

Risk Management department exercises its work independently to achieve its mandated tasks and ensure full compliance with the instructions of the supervisory authorities.

The bank's Risk Management mechanisms involve identifying the forms and types of banking risks on an ongoing basis, measuring these risks and developing strategies and mechanisms to manage, monitor and control them.

When it comes to the bank's credit risk management strategy, BBSF has set the strategic directions that guide lending activities. In addition, under the regulations and laws in force, BBSF's Board of directors has clearly identified the cases where lending is prohibited, taking into account the role of Banque Bemo Saudi Fransi leadership's position in the banking sector and its commitment to provide the best banking products and services to all categories of the Syrian nation across Syria.

The Board of Directors has developed guidelines aimed at achieving an acceptable degree of profitability to ensure the bank shareholders' satisfaction. Accordingly, the bank gives its customers credit facilities in order to achieve acceptable profit while maintaining low levels of credit risk.

As for operational risks, the bank's strategy approved by the board of directors is based on identifying and implementing operational risk management in various bank departments related to operating and support operations. The strategy is also based on the operational risk management compatibility with the general objectives of the bank including, all activities that reveal the significant risks associated with operating losses.

In addition, the bank considers that increasing awareness and knowledge of operational risk and the methods used in identifying and minimizing the bank's risk level is a key factor in the success of this function.

As for the Market risk, BBSF has developed strategic directions that guide its internal and external financial investments in adherence with the Central Bank of Syria directives decisions. Therefore, during last year, the bank has been working continuously to minimize the negative effects of exchange rates and interest rates fluctuations on the bank's businesses outcome by implementing several precautionary measures to minimize the mentioned risks.

Regarding the Liquidity risk, BBSF has developed a liquidity risk management strategy to ensure that liquidity ratios are maintained at acceptable levels and under constant surveillance by the executive management and board of directors.

Human resources

BBSF continuously strives to achieve sustainable development, based on its leading position as the first private bank in Syria, and to achieve the strategy of its objectives, including the development of human resources to contain the best bankers, and believing that the biggest investment of the bank lies in its human resources, BBSF HR Management launched a training Program which aims to offer its employees the required knowledge and support, in order to help them operate efficiently through conducting training courses and sessions. In honor of the memory of George Obegi and from BBSF permanent commitment in achieving continuous growth for its employees, Banque Bemo Saudi Fransi launched George Obegi scholarship for employees who wish to pursue their academic achievement and earn a master's degree in a Syrian university or in one of the specialized certificates that would increase efficiencies and expertise of the bank's staff.

In 2015, the George Obegi Center was opened for training in BBSF head quarter in Al-Sham Hotel to encourage its employees to benefit from the

advanced training programs.

In addition, staff can benefit from external training, foreign expertise and training on the job to expand their knowledge.

Corporate loan management:

Banking services remain as an essential element in our strategic plan, and it has played a main role in supporting the country's economy and increasing our profits.

Our effective role in the world of corporations and commercial companies has strengthened our status in the Syrian banking sector by building and maintaining good and long-lasting relationships with key players in the various Syrian economic sectors.

Corporate Banking Division provides products and services that suit different business needs such as commercial, project, and industrial financing under different forms:

Overdraft, term loans, financial bills, guarantees and letters of credit.

BBSF has made sure to provide Syrian companies from different sectors with the following financial services:

Current account, Term loans, bank bonds, guarantees and credits of all kinds.

IT Department:

2015 was an interesting year whereby the IT Department has created innovative ways to move



BBSF MOBILE

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Banque Bemo Saudi Fransi

forward using the information technology and managed to lower costs and expenses in spite of the Syrian crisis, while maintaining security and reliability required conditions.

The IT Department has sought to provide a package of effective and efficient services in addition to providing solutions and strategies in a useful way that helped the bank to achieve its strategic objectives, competitiveness, and improved efficiency.

One of the IT Department's biggest achievements was launching BBSF Mobile app, which is the first application of its kind in Syria.

It has also installed external storage unit to the main banking system server which has saved up to %60 storage space after it was only %15 in previous years. It has also archived the interest rate calculation files from 2004 to 2014, and many other achievements.

Media Events:

BBSF opens a new branch in Cham hotel in Damascus



Under the auspices of Dr. Adib Mayala, the Central Bank's governor in Syria, BBSF opened its 37th branch in "the Cham Complex" in Salhiya Street in Damascus. This step comes in line with the BBSF strategy to expand, spread in the market and enhance its branch network to gain access to the largest segment of customers in different locations.

Participating in several reconstruction exhibitions in Syria:

Within the bank's plan to have an active role in the reconstruction of Syria by offering banking products and services and providing facilities that support the Syrian economy and improve the economic development, BBSF participated in "The second exhibition for the reconstruction of Syria", as well as the "First Syrian Conference for Banks and Funding Small Projects".

BBSF was the sponsor of the "eisha Gher" campaign through providing a bundle of loans that aim to significantly improve the economic conditions by providing financial services to help develop projects and create new jobs in the market.



Ramadan activities:

Within the bank's framework and its interest in social and humanitarian activities, and to express the spirit of sharing and communicating with all the segments of society, BBSF has sponsored



"Iftar" for the children of SOS "Children's Villages Association of Syria" in the village centers in Qudsaya and Saboura.

BBSF has also provided 50 wheelchairs to the "Disabled and their friends Association", implementing its social program which focuses on providing social services to enhance the values of cohesion and social solidarity.

The launch of BBSF Tree of Hope:



In a proactive and unique step, Bemo Bank launched the "Tree of Hope and Giving" project, aiming to bring joy into the hearts of orphans in charities across most of the Syrian governorates, through engaging them together with the bank's Management and employees in celebrations. BBSF held several entertainment events for children and distributed gifts to more than 10 associations that support orphan children.

Business Lunch:

In Cooperation with SBC, BBSF hosted a dialogue



session with Dr. Homam Al Jazaeri Minister of economy and foreign trade in the Umayyad Hall in Sham hotel entitled: (2016 and beyond: Society programs and the role of the private sector) The meeting revolved around the following points:

- stability in the economic legislation
- brainstorming to agree on an action plan represents a platform for private sector development sessions
- monthly dialogue table attended by guest



Financial Statements

Transparency is the essence of our work

Pottery making:

Pottery making in Syria dates back to the beginnings of the 8th century BC. It evolved throughout history to reach international fame during the Fatimid era when the most beautiful pieces of art were created and are now on display in museums around the world.

BANQUE BEMO SAUDI FRANSI S.A.

**CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2015**

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders
 Banque Bemo Saudi Fransi S.A.
 Damascus, Syria

We have audited the accompanying consolidated financial statements of Banque Bemo Saudi Fransi, S.A. (the bank) and its subsidiary, which comprise of the consolidated statement of financial position as at December 31, 2015, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, the prevailing Syrian banking regulations and instructions and decisions of Monetary and Credit Council and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Banque Bemo Saudi Fransi S.A. and its subsidiary as at December 31, 2015, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, the prevailing Syrian banking regulations and instructions and decisions of Monetary and Credit Council.

Other matters

These financial statements have been prepared as required by the Board of Directors and do not represent the statutory financial statements of the Bank. This report is intended solely for the information and use of the Board of Directors and Management of Banque Bemo Saudi Fransi S.A.

Damascus, Syria
March 31, 2016

Deloitte & Touche (M.E.)
& Tamimi and Al Samman



BANQUE BEMO SAUDI FRANSI S.A. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As of December 31,	
		2015 SYP	2014 SYP
ASSETS			
Cash and balances with			
Central Bank of Syria	5	40,417,663,354	45,530,757,627
Balances with banks	6	34,521,906,140	24,965,655,853
Deposits with banks	7	11,548,877,500	4,793,230,000
Held-for-trading financial assets	8	6,196,085	9,323,022
Net direct credit facilities	9	36,596,288,925	27,439,001,182
Available for sale financial assets	10	462,221,777	281,901,663
Held to maturity financial assets	11	36,759,575,894	25,967,971,808
Property and equipment	12	3,804,241,518	3,047,930,452
Intangible assets	13	531,793,101	535,498,732
Deferred tax assets	20-B	274,702,203	287,456,749
Other assets	14	5,011,619,541	4,699,134,181
Blocked deposit with Central Bank of Syria	15	1,979,544,072	1,265,404,802
Total assets		171,914,630,110	138,823,266,071
LIABILITIES			
Banks' deposits	16	2,713,485,097	1,890,961,130
Customers' deposits	17	138,253,190,037	118,170,199,491
Cash margins	18	3,831,701,029	3,063,725,931
Miscellaneous provisions	19	3,528,798,049	1,288,476,756
Provision for income tax	20-A	403,371,072	70,244,995
Deferred tax liabilities	20-C	-	5,854,375
Other liabilities	21	5,149,902,411	2,976,719,933
Total liabilities		153,880,447,695	127,466,182,611
EQUITY			
Capital	22	5,000,000,000	5,000,000,000
Legal reserve	23	480,528,397	426,752,631
Special reserve	23	480,528,397	426,752,631
General reserve for credit facilities impairment	26	184,660,192	184,660,192
Accumulative changes in fair value of available for sale financial assets	24	11,187,326	7,879,825
Accumulated losses - realized	25	(1,194,539,243)	(1,279,480,035)
Unrealized retained earnings		12,949,001,668	6,491,036,858
Total equity attributable to equity holders of the bank		17,911,366,737	11,257,602,102
Non-controlling interests		122,815,678	99,481,358
Total equity		18,034,182,415	11,357,083,460
Total liabilities and equity		171,914,630,110	138,823,266,071

Chief Executive Officer

Executive Director

Financial Manager

BANQUE BEMO SAUDI FRANSI S.A.
CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	Year ended December 31,	
		2015 SYP	2014 SYP
Interest income	27	4,788,667,712	3,234,957,091
Interest expense	28	(1,550,895,801)	(1,609,870,448)
Net interest income		<u>3,237,771,911</u>	<u>1,625,086,643</u>
Fees and commissions income	29	1,745,900,944	1,191,764,747
Fees and commissions expense	30	(117,329,912)	(68,850,397)
Net fees and commissions income		<u>1,628,571,032</u>	<u>1,122,914,350</u>
Net interest, fees and commissions income		4,866,342,943	2,748,000,993
Net realized exchange gain		728,667,865	497,257,384
Net unrealized exchange gain on structural position		6,457,964,810	2,367,277,566
Loss from held-for-trading financial assets	31	(1,448,206)	(729,912)
Gain from available for sale financial assets	32	3,055,750	3,400,000
Other operating income	33	8,877,522	18,311,621
Other income	34	<u>18,836,648</u>	<u>192,752,072</u>
Total operating income		<u>12,082,297,332</u>	<u>5,826,269,724</u>
Salaries and related charges	35	(2,320,746,767)	(1,389,701,436)
Depreciation of property and equipment	12	(255,092,597)	(187,950,694)
Amortization of intangible assets	13	(37,160,354)	(19,839,610)
Provision for impairment of credit facilities	36	(1,267,593,651)	(37,100,439)
Miscellaneous provisions	6-19	(64,592,447)	(887,518,479)
Other operating expenses	37	(1,120,245,411)	(899,408,935)
Total operating expenses		<u>(5,065,431,227)</u>	<u>(3,421,519,593)</u>
Profit before tax		7,016,866,105	2,404,750,131
Income tax expense	20-D	(343,074,651)	(72,253,848)
Net profit for the year		<u>6,673,791,454</u>	<u>2,332,496,283</u>
Attributable to:			
Equity holders of the bank		6,650,457,134	2,315,418,356
Non-controlling interests		<u>23,334,320</u>	<u>17,077,927</u>
		<u>6,673,791,454</u>	<u>2,332,496,283</u>
Basic and diluted earnings per share	38	<u>133.01</u>	<u>46.31</u>

THE ACCOMPANYING NOTES FROM 1 TO 48 FORM AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

BANQUE BEMO SAUDI FRANSI S.A.
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended December 31,	
		2015 SYP	2014 SYP
Net profit for the year		6,673,791,454	2,332,496,283
Other comprehensive income components:			
Items that may be reclassified subsequently to profit or loss:			
Changes in fair value of available for sale financial assets		<u>3,307,501</u>	(12,217,528)
Total comprehensive income for the year		<u>6,677,098,955</u>	<u>2,320,278,755</u>
Attributable to:			
Equity holders of the parent		6,653,764,635	2,303,437,283
Non-controlling interests		<u>23,334,320</u>	<u>16,841,472</u>
		<u>6,677,098,955</u>	<u>2,320,278,755</u>

THE ACCOMPANYING NOTES FROM 1 TO 48 FORM AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

**BANQUE BEMO SAUDI FRANSI S.A.
CONSOLIDATED STATEMENT OF CASH FLOWS**

	Notes	Year ended December 31,	
		2015 SYP	2014 SYP
Cash flows from operating activities:			
Profit before income tax		7,016,866,105	2,404,750,131
Adjustments to reconcile income to net cash from operating activities:			
Depreciation of property and equipment	12	255,092,597	187,950,694
Amortization of intangible assets	13	37,160,354	19,839,610
Provision for impairment of credit facilities	36	1,267,593,651	37,100,439
Amortization of premium and discount on held to maturity financial assets		-	9,086,675
Unrealized loss on held-for-trading financial assets	31	804,547	743,621
Loss on disposal of held-for-trading financial assets	31	643,659	6,991
Gain on disposal of property and equipment		(738,350)	-
Expense of miscellaneous provisions	19	64,592,447	887,518,479
Write-back of miscellaneous provision	34	(6,767,250)	(159,668,761)
Profit before changes in operating assets and liabilities		8,635,247,760	3,387,327,879
Changes in operating assets and liabilities:			
Increase in compulsory cash reserve		(893,584,827)	(987,830,771)
(Increase) / decrease in cash with closed branches		(6,550,634)	16,129,500
(Increase) / decrease in deposits with banks (with maturity over 3 months)		(6,755,647,500)	4,182,970,000
Increase in direct credit facilities		(9,198,599,396)	(3,863,324,113)
Increase in other assets		(312,485,360)	(3,703,324,093)
Decrease in cash margins		767,975,098	383,280,727
Increase / (decrease) in banks' deposits (with maturity more than 3 months)		52,415,729	(1,682,271,653)
Increase in customers' deposits		20,082,990,546	19,287,635,187
Increase in other liabilities		2,174,483,253	77,866,185
Foreign guarantees paid		-	(72,204,000)
Settlement of tax penalties	19	(1,513,944)	(14,386,018)
Net cash provided by operating activities before income tax		14,544,730,725	17,011,868,830
Income tax paid	20-A	(105,412)	-
Net cash provided by operating activities		14,544,625,313	17,011,868,830

THE ACCOMPANYING NOTES FROM 1 TO 48 FORM AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

**BANQUE BEMO SAUDI FRANSI S.A.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Attributable to equity holders of the bank										
	Capital SYP	Legal reserve SYP	Special reserve SYP	General reserve for credit facilities impairment SYP	Accumulative changes in fair value of financial assets SYP	Net profit for the year SYP	Accumulated losses-realized SYP	Unrealized retained earnings SYP	Total equity attributable to equity holders of the bank SYP	Non controlling interests SYP	Total equity SYP
Balance as of January 1, 2015	5,000,000,000	426,752,631	426,752,631	184,660,192	7,879,825	-	(1,279,480,035)	6,491,036,858	11,257,602,102	99,481,358	11,357,083,460
Comprehensive income for the year	-	-	-	-	3,307,501	6,650,457,134	-	-	6,653,764,635	23,334,320	6,677,098,955
Allocation of net profit for the year	-	53,775,766	53,775,766	-	-	(6,650,457,134)	84,940,792	6,457,964,810	-	-	
Balance as of December 31, 2015	5,000,000,000	480,528,397	480,528,397	184,660,192	11,187,326	-	(1,194,539,243)	12,949,001,668	17,911,366,737	122,815,678	18,034,182,415
Balance as of January 1, 2014	5,000,000,000	424,797,372	424,797,372	184,660,192	19,860,898	-	(1,223,710,307)	4,123,759,292	8,954,164,819	82,639,886	9,036,804,705
Comprehensive income for the year	-	-	-	-	(11,981,073)	2,315,418,356	-	-	2,303,437,283	16,841,472	2,320,278,755
Allocation of net profit for the year	-	1,955,259	1,955,259	-	-	(2,315,418,356)	55,769,728	2,367,277,566	-	-	
Balance as of December 31, 2014	5,000,000,000	426,752,631	426,752,631	184,660,192	7,879,825	-	(1,279,480,035)	6,491,036,858	11,257,602,102	99,481,358	11,357,083,460

THE ACCOMPANYING NOTES FROM 1 TO 48 FORM AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

BANQUE BEMO SAUDI FRANSI S.A.
CONSOLIDATED STATEMENT OF CASH FLOWS / CONTINUED

	Notes	Year ended December 31,	
		2015 SYP	2014 SYP
Cash flows from investing activities			
Purchase of held to maturity financial assets		(43,481,857,209)	(58,243,456,752)
Proceed from held to maturity financial assets		46,250,080,000	68,809,600,000
Purchase of property and equipment	12	(1,011,505,313)	(714,526,155)
Purchase of intangible assets	13	(34,007,256)	(450,193,549)
Purchase of held-for-trading financial assets		-	(2,880,226)
Proceed from disposal of property and equipment		840,000	-
Proceed from disposal of held -for-trading financial assets		1,678,731	633,984
Proceed from disposal of intangible assets		552,533	-
Investment in available for sale financial assets		(179,955,604)	(224,837,536)
Net cash from investing activities		1,545,825,882	9,174,339,766
Cash flows from financing activities			
Dividends paid		(1,300,775)	-
Net cash used in financing activities		(1,300,775)	-
Difference in exchange rate of financial assets		(13,328,872,467)	(8,547,610,536)
Net increase in cash and cash equivalent		2,760,277,953	17,638,598,060
Cash and cash equivalent at the beginning of year	39	62,490,472,421	44,851,874,361
Cash and cash equivalent at the end of year	39	65,250,750,374	62,490,472,421
Operational cash flow from interests and dividends			
Interest received		4,690,161,057	3,268,533,412
Interest paid		1,528,636,049	1,614,041,102
Dividend income received		3,055,750	3,400,000

BANQUE BEMO SAUDI FRANSI S.A.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

1. GENERAL INFORMATION

Banque Bemo Saudi Fransi S.A., "the Bank", is a Syrian Joint stock company, registered under commercial registration number 13901 on December 29, 2003 and under number 8 in the banks' register. The Bank's headquarters is located in 29 Ayyar Street, Damascus, Syria.

The Bank was established with an initial capital of SYP 1,500,000,000 divided into 3,000,000 shares with SYP 500 par value each. The capital was gradually increased to SYP 5,000,000,000 divided into 10,000,000 shares listed in the Damascus Stock Exchange on February 2, 2009.

In December 11, 2012 the bank stocks have been split to 50,000,000 shares with SYP 100 per value each.

The Bank started its operations on January 4, 2004. The Bank offers several banking services through its network of 39 branches and offices spread around Syria, six branches and offices have been permanently closed (Al Baramkeh, Telyani, Malki, Bab Touma office, City Center office, Mogambo mall).

As a result of the circumstances that happened in some areas in the Syrian Arab Republic, 14 branches and offices have been permanently closed.

On November 5, 2007, Monetary and Credit Council circular number 324/MN/B4 was issued, which allowed the Bank to contribute in establishing a financial brokerage company called Bemo Saudi Fransi Finance S.A. On February 5, 2008, the Bank settled its contribution that represents 74.67% of the subsidiary's capital.

The bank based to prior request from BBSF and according to the agreement concluded helping with BBSF provided the following services:

- Assist in the development of the internal audit department and track its performance training and qualification BBSF users.
- Providing the necessary advisory competencies of its Strategic and operational , including analytical reports, studies and feasibility
- Crisis management , including the provision of support and advice for things such as managing liquidity and liquidity of assets and liabilities and in the emergency immunization plan
- Provide technical and information support, administrative support and technical public and the exchange of expertise in all administrative matters, as well as banking support continuously ongoing in all matters of banking and consulting.
- Provide technical support in terms of strengthening the internal control systems for the various activities of the bank and, in particular cash management and treasury affairs.
- Bemo Bank earns a meeting presenting the services mentioned above for 2015 an annual increase of a hundred and fifty thousand US dollars fee .
- The Convention is approved by the Central Bank of Syria for 2015 , According the Management Committee circular No. (1772\MA) Dated to November 5, 2015.

The bank's shares were listed in the Damascus Stock Exchange on February 2, 2009.

On March 18, 2015 in assembly number 1/2015, the board of directors and the audit committee have approved and authorized the chief executive officer or the first deputy for the Chief Executive Officer. and it has to approve and sign the consolidated financial statements for the year ended December 31, 2015 and it was approved by the General Assembly of shareholders.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

2.1 New and revised IFRSs applied with no material effect on the combined financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2015, have been adopted in these financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Annual Improvements to IFRSs 2010 - 2012 Cycle that includes amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38.
- Annual Improvements to IFRSs 2011 - 2013 Cycle that includes amendments to IFRS 1, IFRS 3, IFRS 13 and IAS 40.
- Amendments to IAS 19 *Employee Benefits* to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service.

2.2 New and revised IFRS in issue but not yet effective

The Company has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
IFRS 14 Regulatory Deferral Accounts	1 January 2016
Amendments to IAS 1 <i>Presentation of Financial Statements</i> relating to Disclosure initiative	1 January 2016
Amendments to IFRS 11 <i>Joint arrangements</i> relating to accounting for acquisitions of interests in joint operations	1 January 2016
Amendments to IAS 16 <i>Property, Plant and Equipment</i> and IAS 38 <i>Intangible Assets</i> relating to clarification of acceptable methods of depreciation and amortisation	1 January 2016
Amendments to IAS 16 <i>Property, Plant and Equipment</i> and IAS 41 <i>Agriculture</i> relating to bearer plants	1 January 2016
Amendments to IAS 27 <i>Separate Financial Statements</i> relating to accounting investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements	1 January 2016
Amendments to IFRS 10 <i>Consolidated Financial Statements</i> , IFRS 12 <i>Disclosure of Interests in Other Entities</i> and IAS 28 <i>Investment in Associates and Joint Ventures</i> relating to applying the consolidation exception for investment entities	1 January 2016

Annual Improvements to IFRSs 2012 - 2014 Cycle covering amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34

1 January 2016

IFRS 9 Financial Instruments (revised versions in 2009, 2010, 2013 and 2014)

1 January 2018

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:

- **Classification and measurement:** Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.
- **Impairment:** The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised
- **Hedge accounting:** Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.
- **Derecognition:** The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

Amendments to IFRS 7 *Financial Instruments: Disclosures* relating to disclosures about the initial application of IFRS 9

When IFRS 9 is first applied

IFRS 7 *Financial Instruments: Disclosures* relating to the additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9

IFRS 15 *Revenue from Contracts with Customers*

In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture

IFRS 16 *Leases*

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16’s approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

When IFRS 9 is first applied

1 January 2018

Effective date deferred indefinitely

1 January 2019

IFRS 9 financial instruments:

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets.

IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include:

- a) Impairment requirements for financial assets and
- b) Limited amendments to the classification and measurement requirements by introducing a “fair value through other comprehensive income” (FVTOCI) measurement certain simple debt instruments.

Key requirements of IFRS 9;

- All recognized financial assets that are within the scope of IAS 39 *financial instruments*; recognition and measurement are required to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principle and interest on the principle outstanding are generally measured at amortized cost at the end of subsequent accounting periods. Debt instruments that are held within business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principle and interest on the principle amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability’s credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an “economic relationship”. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity’s risk management activities have also been introduced.

- The directors of the Bank anticipate that the application of IFRS 9 in the future may have material impact on amounts reported in respect of Bank's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until the bank undertakes a detailed review.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRSs), the prevailing Syrian regulations and the instructions and decisions of Monetary and Credit Council.

Basis of preparation

The consolidated financial statements have been prepared on historical cost basis except for the following items measured at fair value:

- Assets and liabilities held for trading.
- Financial instruments designated at fair value through profit or loss.
- Investments in equities.
- Available-for-sale financial assets.
- Derivative financial instruments measured at fair value.

The consolidated financial statements are presented in Syrian Pounds (SYP), which is the Bank's functional currency and reporting currency.

The fundamental accounting policies are listed below:

A- Basis of consolidation

The consolidated financial statements of Banque Bemo Saudi Fransi S.A. incorporate the financial statements of the Bank and the entity controlled by the Bank (Bemo Saudi Fransi Finance).

Control is achieved when the Bank:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Bank reassesses whether or not it controls the investee if the facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Bank has less than the majority of the voting rights of the investee, it has power over the investee if the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Bank considers all relevant facts and circumstances in assessing whether or not the Bank's voting rights in the investee are sufficient to give it power, including:

- The size of the Bank's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Bank, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Bank has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Bank obtains control over the subsidiary and ceases when the Bank loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Bank gains control until the date when the Bank ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Bank and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Bank and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies:

When the Group loses control of a subsidiary, the following adjustments should be made to the financial statements of subsidiaries:

- Cancel the recognition of assets (including goodwill) and the liabilities of the subsidiary.
- Cancel the recognition of the amount of any non-controlling interest.
- Cancel the recognition of differences in exchange reserves in equity.
- Cancel the fair value recognition of received cash compensation.
- Recognize any held investments at fair value.
- Recognize any difference resulted whether it be a loss or gain.
- Reclassify amounts recognized in other comprehensive income with respect to the subsidiary's profit or loss or transfer them directly to retained earnings if required by other standards.

The consolidated subsidiaries are:

<u>Company Name</u>	<u>Legal location</u>	<u>Equity percentage</u>	<u>Company Activity</u>
Bemo Saudi Fransi Finance	Syria	74.67 %	Providing consulting, analysis and publishing information related to securities exchange in addition to purchasing and selling securities for the company and on behalf of others.

B. Foreign currencies

In preparing the financial statements of the Bank, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for exchange differences on transactions entered into in order to hedge certain foreign currency risks, and except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future, which are recognized in other comprehensive income, and presented in the translation reserve in equity. These are recognized in profit or loss on disposal of the net investment.

C. Recognition and Derecognition of financial assets and liabilities

The Bank initially recognizes loans and advances, deposits; debt securities issued and subordinated liabilities on the date that they are originated. All other financial assets and liabilities are initially recognized on the trade date at which the Bank becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The Bank derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Bank neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Bank recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Bank retains substantially all the risks and rewards of ownership of a transferred financial asset, the Bank continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Bank derecognises financial liabilities when, and only when, the Bank's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

D. Classification of financial assets

Subsequent to initial recognition, investment securities are accounted for depending on their classification as either: held-to-maturity, loans and receivables, available-for-sale, or fair value through profit or loss.

Held to maturity investment

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Bank has the positive intent and ability to hold to maturity, and which are not designated at fair value through profit or loss or available-for-sale.

Held to maturity investments are measured at amortized cost using the effective interest method less any impairment.

Loans and receivables investment

Loans and receivables investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Bank has the positive intent and ability to hold to maturity. Subsequent to initial recognition, loans and receivables investments are measured at amortized cost using the effective interest method less any impairment.

Investment in securities as loans or advances

Investment in securities as loans or advances are non-derivative assets with fixed or determinable payments and fixed maturity date and the bank has the ability to hold them to maturity.

Available for sale financial assets

Available-for-sale investments are non-derivative investments that are not designated as another category of financial assets. Unquoted equity securities whose fair value cannot be readily measured are carried at cost. All other available-for-sale investments are carried at fair value and unrealized gains or losses are included in other comprehensive income.

The change in fair value on available-for-sale debt securities reclassified to held-to-maturity is segregated from the change in fair value of available-for-sale debt securities under equity and is amortized over the remaining term to maturity of the debt security as a yield adjustment.

Designation at fair value through profit or loss

The Bank designates financial assets and liabilities at fair value through profit or loss when either:

- The financial assets or liabilities are managed, evaluated and reported internally on a fair value basis; or
- The designation eliminates or significantly reduces an accounting mismatch which would otherwise arise; or
- The financial assets or liabilities contain an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract.

E. Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Bank are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Bank are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Bank's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Bank's own equity instruments.

The component parts of compound instruments (convertible notes) issued by the Bank are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Bank's own equity instruments is an equity instrument.

Financial liabilities

A financial liabilities that are not held-for-trading and are not designated as at FVTPL are subsequently measured at amortized cost using the effective interest method.

Financial liabilities are classified as at FVTPL when the financial liability is either held-for-trading or it is designated as at FVTPL.

A financial liability other than a financial liability held-for-trading may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Bank's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and the entire combined contract (asset or liability) to be designated as at FVTPL according to IFRS 9.

F. Offsetting between Financial Assets and Liabilities

Financial assets and liabilities are set-off and the net amount is presented in the consolidated statement of financial position when, and only when, the Bank has a legal right to set-off the amounts or intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

G. Fair Value Measurement of Financial Assets

Fair value is the price received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of an asset or a liability is measured by taking into account the characteristics of the asset or liability that if market participants would consider those characteristics when pricing the asset or liability at the measurement date.

For financial reporting purposes, fair value measurement are categorized into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 - Inputs, other than quoted prices included within Level 1 that are observable for the asset and liability either directly or indirectly; and
- Level 3 - Inputs are unobservable inputs for the asset or liability.

H. Impairment of Financial Assets

The Bank assesses the financial assets at each reporting date, except for those classified at fair value through profit or loss, whether there is any objective evidence that the financial assets are impaired. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the asset, a loss event has occurred which has an impact on the estimated future cash flows of the financial asset.

Objective evidence that an impairment loss related to financial assets has been incurred can include information about the debtors' or issuers' liquidity, solvency and business and financial risk exposures and levels of and trends in delinquencies for similar financial assets, taking into account the fair value of collaterals and guarantees.

The Bank considers evidence of impairment for assets measured at amortized cost at both specific asset and collective level.

Impairment losses on assets carried at amortized cost are measured as the difference between the carrying amount of the financial assets and the corresponding estimated recoverable amounts. Losses are recognized in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortized cost would have been, had the impairment not been recognized.

For investments in equity securities, a significant or prolonged decline in fair value below cost is objective evidence of impairment.

For available-for-sale investment securities, the cumulative losses previously recorded in other comprehensive income and accumulated in equity were recognized in profit or loss in case the impairment losses are substantiated by a prolonged decline in fair value of the investment securities. Any increase in the fair value of available-for-sale equity securities, subsequent to an impairment loss, was not recognized in profit or loss. Any increase in the fair value of available-for-sale debt securities, subsequent to an impairment loss, was recognized in profit or loss.

I. Derivatives financial instruments

Derivatives are initially recognized at fair value at the date the derivative contract are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

Hedge accounting

The Bank enters into a variety of derivative financial instruments to manage the exposure to interest. The Bank designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Bank documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in the line of the consolidated [statement of comprehensive income/income statement] relating to the hedged item.

Hedge accounting is discontinued when the Bank revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, and is included in the 'other gains and losses' line item.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognized in profit or loss, in the same line of the consolidated [statement of comprehensive income/income statement] as the recognized hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Bank revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

J. Loans and advances

Loans and receivables investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Bank has the positive intent and ability to hold to maturity. Loans and receivables investments are measured at amortized cost using the effective interest method net of unearned interest and provision for credit losses where applicable.

Bad and doubtful debts are carried on a cash basis because of doubts and the probability of non-collection of principal and/or interest.

K. Financial guarantees

Financial guarantees contracts are contracts that require the Bank to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the contractual terms. These contracts can have various judicial forms (guarantees, letters of credit, credit-insurance contracts).

Financial guarantee liabilities are initially measured at their fair value, and subsequently carried at the higher of this amortized amount and the present value of any expected payment (when a payment under the guarantee has become probable). Financial guarantees are included within regularization accounts under the assets and the liabilities.

L. Property and equipment

Property and equipment are stated at historical cost, less accumulated depreciation and impairment losses, if any.

Depreciation is recognized so as to write off the cost of property and equipment, other than advance payments on capital expenditures, over their estimated useful lives using the straight-line method as follows:

	<u>%</u>
Buildings	5
Office equipment and furniture	10-20
Vehicles	25
Computer equipment	20
Leasehold improvement	20

The estimated useful lives, residual values and depreciation method are reviewed at the each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset at that date and is recognized in the consolidated income statement.

M. Intangible assets

Intangible assets, other than goodwill, are amortized over their estimated useful lives, using the straight-line method at the following rates:

	<u>%</u>
Key money	5
Software	20

Intangible assets are subject to impairment testing.

N. Impairment of Tangible and Intangible Assets (Other than Goodwill):

At the end of each reporting period, the Bank reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

O. Assets reverted to the bank as a settlement for outstanding debts:

Assets reverted to the bank at cost or fair value, whichever is less show. At the end of each reporting period, the Bank reviews the carrying value of the assets reverted to the bank and the settlement of debts owed to determine whether there is any indication that those assets have been hit by the loss of any impairment in their value. So if any indicator, the fair value of the asset is estimated to determine the extent of the impairment loss (if any).

If the fair value of the assets individually are less than its carrying value, the carrying value of the loss equal to fair value.

Impairment loss immediately recorded in the profit or loss, unless the competent originally revalued amount, in which case the impairment loss are treated as a reduction of the revaluation provided (formerly unrestricted).

In the event that an impairment loss reflected later, the carrying value of the asset to be up to the average estimate of its fair value, but so that the carrying value after the increase does not exceed the carrying amount that can be determined if it is not under the loss of the low value of the asset in prior years. Reversal of impairment loss immediately in profit or loss, unless the competent originally revalued amount, in which case the reversal is treated as an increase impairment loss Louvre re-evaluation (formerly unrestricted).

P. Contributions to social security and end of service indemnity

The Bank is registered in the Syrian Social Security Establishment and makes contributions on account of its employees. These contributions include the Bank's engagement towards its employees concerning end-of-service indemnities that will be allocated to them by the Social Security Establishment. The Bank has no other liability towards its employees' end of service indemnity.

Q. Provisions

Provision is recognized if, as a result of a past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

R. Revenue and expense recognition

Interest income and interest expense are recognized in the consolidated income statement using the effective interest method, taking account of the principal outstanding and the rate applicable, except for non-performing loans and advances for which interest income is only recognized upon realization. Interest income and expense include the amortization of discount or premium.

Fees and commission income and expense that are integral to the effective interest rate on a financial asset or liability (i.e. commissions and fees earned on loans) are included under interest income and expense.

Other fees and commission income are recognized when the related services are performed.

Interest income and expense presented in the income statement include:

- Interest on financial assets or liabilities measured at amortized cost;
- Interest on investment in available for sale financial assets; and
- Changes in fair value for acceptable derivatives including effective and non-effective items when interest rate risks have been hedged.

Interest income on financial assets designated at fair value through profit or loss and interest income on trading portfolio are presented separately in the consolidated income statement.

Net other income on financial assets designated at fair value through profit or loss other than held-for-trading includes the following:

- Dividends;
- Realized and unrealized profit of loss; and
- Difference in exchange.

Dividend income is recognized when the right to receive the payment is established and are presented under available for sale financial assets in net other income.

S. Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The Bank is computing its income tax in accordance with law number 28 dated April 16, 2001, which sets the income tax rate at 25% of the net taxable as well as 5% re-construction tax.

Taxable profit differs from net profit as reported in the statement of income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Current tax is the expected tax payable on the taxable income for the year, using rates enacted at the statement of financial position date. Income tax payable is reflected in the consolidated statement of financial position net of taxes previously settled in the form of withholding tax.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit, and are accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

T. Cash and cash equivalents

Cash and cash equivalents comprise balances with original maturity of a period of three months or less, and include: cash and balances with Central Bank, balances with banks and financial institutions after deducting deposits of banks and financial institutions (with original maturity of 3 months or less).

U. Earning per share

The Bank presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees, where applicable.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Bank's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(i) Impairment losses on loans and advances

The Bank reviews its loan portfolios to assess impairment on a regular basis. In determining whether an impairment loss should be recorded, the Bank makes judgments as to whether there is any observable indications that there is a measurable decrease in the estimated future cash flows from a portfolio of loans. This evidence may include observable data indicating that there has been an adverse change in the payment status of the debtors of the Bank, or national or local economic conditions that correlate with defaults on assets in the Bank.

Management uses judgment and estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when estimating its cash flows. The methodology and assumptions used for estimating both the amount and the timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

(ii) Fair value of unquoted financial instruments

The fair values of financial instruments that are not quoted in active markets are determined by using valuation techniques. To the extent practical, models use only observable data, however factors such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(iii) Impairment of assets and required provisions

Under the current unrest situation witnessed in Syria, Management has assessed the recoverability of the Bank's assets, and is satisfied that no additional provisions for impairment are needed, other than those included in the accompanying financial statements.

(iv) *Going Concern principal:*

Management has assessed the extent of the bank's ability to continue as a going concern, in accordance with IAS 1. Management based its evaluation on a several financial and operational indicators. Management believes that in spite of instability experienced within the Syrian Arab Republic and the uncertainty of future, the Company has adequate resources to continue to operate in the foreseeable future. Accordingly, the financial statements were prepared on the going concern principal.

5. CASH AND BALANCES WITH CENTRAL BANK OF SYRIA

This caption comprises the following:

	December 31,	
	2015 SYP	2014 SYP
Cash on hand	5,558,133,578	3,698,419,528
Cash in closed branches*	46,941,165	27,756,169
Balances with Central Bank of Syria		
Current accounts and demand deposits	27,785,738,964	35,671,317,110
Cash compulsory reserve**	7,008,399,679	6,114,814,852
Blocked account with Central Bank of Syria	18,449,968	18,449,968
	<u>40,417,663,354</u>	<u>45,530,757,627</u>

* Cash in closed branches amounted to SYP 10,860,154 and 36,081,011 in foreign currencies revaluated in SYP as of December 31, 2015 (compared to SYP 9,724,321 and 18,031,848 in foreign currencies revaluated in SYP as of December 31, 2014) knowing that insurance contract only covers cash and other assets from fire and theft and doesn't cover damages caused by exceptional events such as riot and vandalism, so provisions were taken in varied proportions, according to expected damages, which were not fully recognized till the date of preparing the financial statements, those provisions were classified under miscellaneous provision (note 19).

** According to banking laws and regulations in Syria, Circular No. 5938 dated May 2, 2011 issued by the Prime Minister, Banks were required to decrease cash compulsory reserve with Central Bank of Syria 5% of average accounts on demand, saving and term deposits excluding housing deposits.

This reserve is compulsory and cannot be used in the Bank's operating activities.

6. BALANCES WITH BANKS

This caption comprises the following:

	December 31, 2015		
	Resident banks SYP	Non-resident banks SYP	Total SYP
Current accounts and demand deposits**	4,543,913,790	20,021,080,350	24,564,994,140
Term deposits (with original maturity of three months or less)	8,719,100,000	1,237,812,000	9,956,912,000
	<u>13,263,013,790</u>	<u>21,258,892,350</u>	<u>34,521,906,140</u>
	December 31, 2014		
	Resident banks SYP	Non-resident banks SYP	Total SYP
Current accounts and demand deposits**	5,681,396,330	9,223,589,523	14,904,985,853
Term deposits (with original maturity of three months or less)	2,000,000,000	8,060,670,000	10,060,670,000
	<u>7,681,396,330</u>	<u>17,284,259,523</u>	<u>24,965,655,853</u>

Non-interest bearing balances with banks amounted to SYP 24,487,314,909 as of December 31, 2015 (compared to SYP 11,943,520,560 as of December 31, 2014).

** Blocked accounts with banks associated with commercial transactions amounted to SYP 95,161,926 as of December 31, 2015 (compared to SYP 46,050,845 as of December 31, 2014).

During 2014, the bank paid a foreign guarantee amounted to EURO 300,000 revaluated in SYP 110,382,000 as of December 31, 2015 (compared to SYP 72,204,000 as of December 31, 2014). A provision has been taken to cover the full amount paid in foreign currency until the completion of legal procedures

Portfolio of non-refunded foreign guarantees:

	As of December 31,	
	2015 SYP	2014 SYP
Guarantees amount revaluated in SYP	110,382,000	72,204,000
Provision of non-refunded foreign guarantees' portfolio	(110,382,000)	(72,204,000)
	<u>-</u>	<u>-</u>

The movement for the provision of non-refunded foreign guarantees' portfolio:

	As of December 31,	
	2015 SYP	2014 SYP
Balance at the beginning of the year	72,204,000	-
Addition during the year	-	72,204,000
Exchange rates differences	38,178,000	-
Balance at the end of the year	<u>110,382,000</u>	<u>72,204,000</u>

7. DEPOSITS WITH BANKS

This caption comprises the following:

	December 31, 2015		
	Resident banks SYP	Non-resident banks SYP	Total SYP
Term deposits (with original maturity more than three months)	720,000,000	10,828,877,500	11,548,877,500
	<u>720,000,000</u>	<u>10,828,877,500</u>	<u>11,548,877,500</u>
	December 31, 2014		
	Resident banks SYP	Non-resident banks SYP	Total SYP
Term deposits (with original maturity more than three months)	200,000,000	4,593,230,000	4,793,230,000
	<u>200,000,000</u>	<u>4,593,230,000</u>	<u>4,793,230,000</u>

8. HELD-FOR-TRADING FINANCIAL ASSETS

This caption comprises the following:

	As of December 31,	
	2015 SYP	2014 SYP
Shares	6,196,085	9,323,022
	<u>6,196,085</u>	<u>9,323,022</u>

Held-for-trading financial assets represent investments in the form of shares for the subsidiary in local companies listed in Damascus Securities Exchange.

9. NET DIRECT CREDIT FACILITIES

This caption comprises the following:

	December 31,	
	2015 SYP	2014 SYP
Corporate		
Overdrafts	6,368,307,770	5,800,834,584
Loans and advances	23,474,531,620	17,054,555,260
Unearned interest on loans	(434,859,904)	(357,006,644)
Discounted bills	157,735,420	247,791,385
Unearned interest on discounted bills	(13,746,152)	(12,860,075)
	<u>29,551,968,754</u>	<u>22,733,314,510</u>
Individuals and estate loans		
Loans and advances	8,557,302,240	5,980,838,651
Unearned interest on loans	(5,230,360)	(2,512,663)
Credit cards	121,431,849	87,539,466
	<u>8,673,503,729</u>	<u>6,065,865,454</u>
Small & medium size enterprises		
Overdrafts	1,609,740,448	1,559,762,097
Loans and advances	6,375,331,678	5,279,294,471
Unearned interest on loans	(53,701,998)	(41,106,117)
Discounted bills	3,821,755	15,909,675
Unearned interest on discounted bills	(125,771)	(727,787)
	<u>7,935,066,112</u>	<u>6,813,132,339</u>
Total	<u>46,160,538,595</u>	<u>35,612,312,303</u>
Provision for impairment of direct credit facilities	(5,248,994,167)	(5,207,682,514)
Suspended interest	(4,315,255,503)	(2,965,628,607)
Net direct credit facilities	<u>36,596,288,925</u>	<u>27,439,001,182</u>

Movement of the provision for impairment of direct credit facilities is as follows:

	2015		
	Corporate SYP	Individual SYP	Total SYP
Balance at the beginning of the year	3,747,973,228	1,459,709,286	5,207,682,514
Additions during the year	(283,323,761)	(75,811,745)	(359,135,506)
Difference in exchange rates	<u>296,058,929</u>	<u>104,388,230</u>	<u>400,447,159</u>
Balance at the end of the year	<u>3,760,708,396</u>	<u>1,488,285,771</u>	<u>5,248,994,167</u>
Balance – beginning of the year			
Provision for nonperforming loan	3,340,538,487	1,433,463,682	4,774,002,169
Provision for performing loans	<u>407,434,741</u>	<u>26,245,604</u>	<u>433,680,345</u>
	<u>3,747,973,228</u>	<u>1,459,709,286</u>	<u>5,207,682,514</u>
Change during the year			
Additions:			
Provision for nonperforming loan	418,405,406	313,304,701	731,710,107
Provision for performing loans	82,280,865	780,011	83,060,876
Difference in exchange rates	296,058,929	104,388,230	400,447,159
Write backs:			
Provision for nonperforming loan	(784,010,032)	(389,107,788)	(1,173,117,820)
Provision for performing loans	<u>-</u>	<u>(788,669)</u>	<u>(788,669)</u>
	<u>12,735,168</u>	<u>28,576,485</u>	<u>41,311,653</u>
Balance – end of the year			
Provision for nonperforming loan	3,270,992,790	1,462,048,825	4,733,041,615
Provision for performing loans	<u>489,715,606</u>	<u>26,236,946</u>	<u>515,952,552</u>
	<u>3,760,708,396</u>	<u>1,488,285,771</u>	<u>5,248,994,167</u>

	2014		
	Corporate SYP	Individual SYP	Total SYP
Balance at the beginning of the year	3,627,688,689	1,258,163,247	4,885,851,936
Additions during the year	(22,548,664)	156,712,700	134,164,036
Difference in exchange rates	<u>142,833,203</u>	<u>44,833,339</u>	<u>187,666,542</u>
Balance at the end of the year	<u>3,747,973,228</u>	<u>1,459,709,286</u>	<u>5,207,682,514</u>
<u>Balance – beginning of the year</u>			
Provision for nonperforming loan	3,230,619,604	1,231,551,987	4,462,171,591
Provision for performing loans	<u>397,069,085</u>	<u>26,611,260</u>	<u>423,680,345</u>
	<u>3,627,688,689</u>	<u>1,258,163,247</u>	<u>4,885,851,936</u>
<u>Change during the year</u>			
Additions:			
Provision for nonperforming loan	679,851,587	296,451,452	976,303,039
Provision for performing loans	10,365,656	-	10,365,656
Difference in exchange rates	142,833,203	44,833,339	187,666,542
Write backs:			
Provision for nonperforming loan	(712,765,907)	(139,373,096)	(852,139,003)
Provision for performing loans	<u>-</u>	<u>(365,656)</u>	<u>(365,656)</u>
	<u>120,284,539</u>	<u>201,546,039</u>	<u>321,830,578</u>
<u>Balance – end of the year</u>			
Provision for nonperforming loan	3,340,538,487	1,433,463,682	4,774,002,169
Provision for performing loans	<u>407,434,741</u>	<u>26,245,604</u>	<u>433,680,345</u>
	<u>3,747,973,228</u>	<u>1,459,709,286</u>	<u>5,207,682,514</u>

Movement of suspend interest is as follows:

	2015	2014
	SYP	SYP
Balance at the beginning of the year	2,965,628,607	1,890,217,378
Addition during the year	1,752,015,442	1,369,243,457
Write-backs during the year	(402,388,546)	(293,832,228)
Balance at the end of the year	<u>4,315,255,503</u>	<u>2,965,628,607</u>

Non-performing direct credit facilities amounted to SYP 13,482,457,632 as of December 31, 2015 representing 29.21% of total direct credit facilities balance (compared to SYP 13,058,340,631 as of December 31, 2014 representing 36.67% of total direct credit facilities balance).

Non-performing direct credit facilities after deducting suspended interest amounted to SYP 9,167,202,129 as of December 31, 2015 representing 21.91% of total direct credit facilities balance after deducting suspended interest (compared to SYP 10,092,712,024 as of December 31, 2014 representing 30.91% of total direct credit facilities balance after deducting suspended interest).

Non-performing indirect credit facilities amounted to SYP 1,117,879,873 as of December 31, 2015 (compared to SYP 296,132,458 as of December 31, 2014). The provision for these facilities amounted to SYP 1,656,214,029 as of December 31, 2015 (compared to SYP 20,957,487 as of December 31, 2014) which is recorded under miscellaneous provisions (Note 19).

Write back of provision due to settlement or redemption has been transferred to other debts amounted to SYP 1,173,906,489 as of December 31, 2015 (compared to SYP 852,504,659 as of December 31, 2014).

According to Monetary and Credit Council circular No. (902/MN/B4) dated November 13, 2012 amended by circular No. (1079/MN/B4) dated January 29, 2014, some of Monetary and Credit Council circulars No. (597/MN/B4) and No. (650/MN/B4) instructions were amended, resulting the following:

1. Keep the excess of the minimum provisions required previously according to Monetary and Credit Council circular No (902/MN/B4) and its amendments in the circular No. (1079/MN/B4) amounted to SYP 463,711.
2. According to circular No. (902/MN/B4) and its amendments in the circular No. (1079/MN/B4) the Bank prepared stress tests for the credit portfolio to identify the adequacy of the reserved provisions, and found that the estimated provision amounted to SYP 246,396,566 as of December 31, 2015 are properly adequate.

10. AVAILABLE FOR SALE FINANCIAL ASSETS

This caption comprises the following:

	December 31,	
	2015 SYP	2014 SYP
<u>Unquoted financial assets</u>		
Shares	2,792,160	2,792,160
<u>Quoted financial assets</u>		
Equity securities (shares)	<u>459,429,617</u>	<u>279,109,503</u>
	<u>462,221,777</u>	<u>281,901,663</u>

Equity securities balance represents the Bank's investment in United Insurance Company and constitutes that increased from 5% to 18,15% of the company's capital and the investment in the bank Fransabank amounting to 4.23% of Fransabank capital. These securities were revaluated at fair value according to the stocks quote list published by Damascus Securities Exchange.

The caption named "shares" represents the bank's investment in shares of local unlisted companies.

11. HELD TO MATURITY FINANCIAL ASSETS

This caption comprises the following:

	December 31,	
	2015 SYP	2014 SYP
<u>Quoted financial assets</u>		
Certificates of deposit – non-resident banks	<u>36,759,575,894</u>	<u>25,967,971,808</u>
	<u>36,759,575,894</u>	<u>25,967,971,808</u>
<u>Treasury bills analysis</u>		
Fixed return rate	<u>36,759,575,894</u>	<u>25,967,971,808</u>
	<u>36,759,575,894</u>	<u>25,967,971,808</u>

Financial assets that are held to maturity as of December 31, 2015 are as follows:

	Certificates of deposit issued by non-resident bank with fixed rate EUR
Nominal value	100,000,000
Premium	(231,416)
Book value	99,768,584
Write back of premium	137,857
	<u>99,906,441</u>
Counter value in SYP at year end	<u>36,759,575,894</u>

Certificates of deposit balance represents quoted financial assets with floating rate issued by a non-resident bank and is held to maturity, which comprises the following as of December 31, 2015:

Maturity date	Nominal value (EUR)
First quarter 2016	44,976,336
Second quarter 2016	14,993,991
Third quarter 2016	24,973,777
Fourth quarter 2016	14,962,337
	<u>99,906,441</u>
Counter value in SYP at year end	<u>36,759,575,894</u>

Financial assets that are held to maturity as of December 31, 2014 are as follows:

	Certificates of deposit issued by non-resident bank with fixed rate EUR
Nominal value	108,000,000
Premium	(371,726)
Book value	107,628,274
Write back of premium	265,908
	<u>107,894,182</u>
Counter value in SYP at year end	<u>25,967,971,808</u>

Certificates of deposit balance represents quoted financial assets with floating rate issued by a non-resident bank and is held to maturity, which comprises the following as of December 31, 2014:

Maturity date	Nominal value (EUR)
First quarter 2015	79,934,625
Second quarter 2015	16,976,635
Third quarter 2015	10,982,922
	<u>107,894,182</u>
Counter value in SYP at year end	<u>25,967,971,808</u>

12. PROPERTY AND EQUIPMENT

This caption comprises the following:

	2015				
	Buildings SYP	Office equipment and furniture SYP	Computers' vehicles SYP	Leasehold equipment SYP	Total SYP
Historical Cost					
Balance as of January 1, 2015	2,969,916,934	535,873,182	55,106,902	357,016,401	4,472,662,641
Additions	334,656,582	148,883,040	350,300	105,073,720	643,134,129
Disposal	-	(90,000)	(1,176,724)	-	(22,820,998)
Transfer	160,093,788	93,640,682	-	(66,000)	448,686,341
Balance as of December 31, 2015	<u>3,464,667,304</u>	<u>778,306,904</u>	<u>54,280,478</u>	<u>462,024,121</u>	<u>5,541,662,113</u>
Accumulated Depreciation					
Balance as of January 1, 2015	(412,494,027)	(301,714,698)	(53,413,175)	(257,719,872)	(1,506,504,983)
Additions, year's charges	92,910,228	(64,284,501)	(1,281,249)	(32,942,203)	(255,092,597)
Disposal	-	9,750	1,155,324	-	22,719,348
Balance as of December 31, 2015	<u>(505,404,255)</u>	<u>(365,989,449)</u>	<u>(53,539,100)</u>	<u>(290,662,075)</u>	<u>(1,738,878,232)</u>
Net Book Value					
Balance as of December 31, 2015	<u>2,959,263,049</u>	<u>412,317,455</u>	<u>741,378</u>	<u>171,362,046</u>	<u>3,802,783,881</u>
Advance payments on purchase of property and equipment					
Balance as of January 1, 2015	105,662,309	(3,163,973)	-	(362,300)	81,772,794
Additions	79,778,631	93,574,682	-	-	368,371,184
Transfer	(160,093,788)	(93,574,682)	-	-	(448,686,341)
Balance as of December 31, 2015	<u>25,347,152</u>	<u>(3,163,973)</u>	<u>-</u>	<u>(362,300)</u>	<u>1,457,637</u>
Net property and equipment					
Balance as of December 31, 2015	<u>2,984,610,201</u>	<u>409,153,482</u>	<u>741,378</u>	<u>170,999,746</u>	<u>3,804,241,518</u>

12 branches and offices have been permanently closed and 14 branches and offices have been temporarily closed, after obtaining the approval from the central Bank of Syria, and will be back to work after the demise of these exceptional circumstances.

Net book value of these branches' assets amounted to SYP 390,720,046, all of them were amortized, except for the net book value of Al Raqqa branch, which amounted to SYP 4,939,434. A similar amount was provided for and classified under miscellaneous provisions as provisions for potential losses. The amount of the fixed assets that are fully depreciated and still in use in SYP 841,721,285 as of December 31, 2015 (compared to SYP 734,645,107 as of December 31, 2014).

	Buildings SYP	Office equipment and furniture SYP	Computers' vehicles SYP	Leasehold equipment SYP	Improvement SYP	Total SYP
Historical Cost						
Balance as of January 1, 2014	2,485,563,122	427,507,261	54,595,952	307,279,745	509,127,115	3,784,073,195
Additions	423,920,440	110,165,921	510,950	49,736,656	24,325,657	608,659,624
Transfer	60,433,372	(1,800,000)	-	-	21,296,450	79,929,822
Balance as of December 31, 2014	2,969,916,934	535,873,182	55,106,902	357,016,401	554,749,222	4,472,662,641
Accumulated Depreciation						
Balance as of January 1, 2014	(339,205,792)	(257,331,882)	(48,417,511)	(230,747,173)	(442,851,931)	(1,318,554,289)
Additions, year's charges	(73,288,235)	(44,382,816)	(4,995,664)	(26,972,699)	(38,311,280)	(187,950,694)
Balance as of December 31, 2014	(412,494,027)	(301,714,698)	(53,413,175)	(257,719,872)	(481,163,211)	(1,506,504,983)
Net Book Value						
Balance as of December 31, 2014	2,557,422,907	234,158,484	1,693,727	99,296,529	73,586,011	2,966,157,658
Advance payments on purchase of property and equipment						
Balance as of January 1, 2014	79,725,600	(3,163,973)	-	(362,300)	(20,363,242)	55,836,085
Additions	86,370,081	-	-	-	19,496,450	105,866,531
Transfer	(60,433,372)	-	-	-	(19,496,450)	(79,929,822)
Balance as of December 31, 2014	105,662,309	(3,163,973)	-	(362,300)	(20,363,242)	81,772,794
Net property and equipment						
Balance as of December 31, 2014	2,663,085,216	230,994,511	1,693,727	98,934,229	53,222,769	3,047,930,452

2014

13. INTANGIBLE ASSETS

This caption comprises the following:

	Software SYP	Key money SYP	Total SYP
Historical cost			
Balance as of January 1, 2014	69,086,008	146,053,241	215,139,249
Additions	25,003,741	425,189,808	450,193,549
Disposal	(385,200)	-	(385,200)
Balance as of December 31, 2014	93,704,549	571,243,049	664,947,598
Additions	23,919,091	10,088,165	34,007,256
Disposal	(552,533)	-	(552,533)
Balance as of December 31, 2015	117,071,107	581,331,214	698,402,321
Accumulated amortization			
Balance as of January 1, 2014	(52,500,081)	(57,494,375)	(109,994,456)
Additions, year's charges	(7,222,075)	(12,617,535)	(19,839,610)
Disposal	385,200	-	385,200
Balance as of December 31, 2014	(59,336,956)	(70,111,910)	(129,448,866)
Additions, year's charges	(8,177,862)	(28,982,492)	(37,160,354)
Balance as of December 31, 2015	(67,514,818)	(99,094,402)	(166,609,220)
Net book value			
Balance as of December 31, 2015	49,556,289	482,236,812	531,793,101
Balance as of December 31, 2014	34,367,593	501,131,139	535,498,732

Key money represents the consideration paid to landlord for some or all rented branches.

Key money might be re-sold according to the marked value at the end of lease contract.

14. OTHER ASSETS

This caption comprises the following:

	December 31,	
	2015	2014
Accrued interest receivables	SYP	SYP
Banks	31,410,741	13,399,972
Direct credit facilities – corporate	183,281,624	122,056,190
Direct credit facilities – individual	<u>44,736,368</u>	<u>25,465,916</u>
	259,428,733	160,922,078
Prepaid rent	807,502,519	877,295,645
Prepaid expenses	296,531,361	247,876,364
Recoverable cash margins	89,557,801	54,601,003
Stamps and prints inventory	18,121,940	17,626,694
Amounts under collection	647,624	7,103,454
Advances to employees	10,425,940	12,112,926
VISA cards license	3,549,000	3,549,000
Advances to service suppliers	10,691,740	70,107,957
Other receivable*	635,425,442	396,625,346
Provision for other receivable*	(635,425,442)	(396,625,345)
Other debit balances	301,520,538	205,639,999
Assets acquired in satisfaction of debts**	156,208,000	66,810,000
Settlement account of currency's swap contracts ***	<u>3,057,434,345</u>	<u>2,975,489,060</u>
	<u>5,011,619,541</u>	<u>4,699,134,181</u>

* The caption "other receivable" represent balances resulting from various thefts, the bank was subject to during the years 2011, 2012 and 2013, after taking into account the results of investigations and the estimated cash inflows from insurance companies allowance have been taken to cover these losses.

** This amount represents the value of acquired estates by auctions against the credit facilities granted for sixteen clients in 2013, 2014 and 2015, these estates will be settled in two years from the date of acquisition according to article 100/2/B of law No. 23 for the year 2002.

The bank has received approval from the central bank of Syria to extend the time limit permitted for the liquidation of real estate more than two years from the date of acquisition until the end of 2015, that amount is reduced from the bank's net funds when calculating prudential ratios specified according to their reputation by monetary and credit council No312/ MY/B4.

The movement of the assets reverted to the bank in settlement of debts was as follows:

	2015	2014
	SYP	SYP
Balance at the beginning of the year	66,810,000	1,950,000
Addition during the year	<u>89,398,000</u>	<u>64,860,000</u>
Balance at the ending of the year	<u>156,208,000</u>	<u>66,810,000</u>

*** The Bank agreed on several contracts for currency swap with a related party, this caption comprises the fair value of the derivatives for the swap contracts resulting from the bank's commitment to purchase foreign currencies against Syrian Pounds at the exchange rate agreed upon in the swap contracts at the end of the maturity date which are shown in the following schedule as of December 31, 2015:

Maturity Date	Equivalent to future value SYP	Negative fair value SYP	Positive fair value SYP
January 18, 2016	2,975,716,680	(149,025,200)	181,221,880
January 21, 2016	9,130,789,625	(618,953,750)	551,243,375
February 1, 2016	5,564,319,525	(293,214,750)	338,434,275
February 29, 2016	13,560,766,975	(495,340,090)	1,178,207,065
March 11, 2016	3,763,747,000	(146,130,000)	230,477,000
March 16, 2016	5,645,620,500	(219,195,000)	345,715,500
April 1, 2016	<u>3,782,262,750</u>	<u>(129,272,500)</u>	<u>232,135,250</u>
	<u>44,423,223,055</u>	<u>(2,051,131,290)</u>	<u>3,057,434,345</u>

The positive fair value is shown in the "Other Assets" caption as a settlement of account of the currency's swap contracts, while the negative fair value is shown as commitments for currency's swap contracts in the "Other Liabilities" caption (Note 21).

Profits from currencies swap contracts amounted to SYP 82,412,076 for the year ended December 31, 2015 were record in the net realized exchange gain in the consolidated statement of profit or loss.

The purpose of the bank's currency swap contracts are to facilitate its operations and core activities.

15. BLOCKED DEPOSIT WITH CENTRAL BANK OF SYRIA

According to section B of Article 12 of Law No. 28 for the year 2001, private sector banks are required to maintain 10% of their capital as blocked deposit at Central Bank of Syria with no interest, and which is refundable upon liquidation of the Bank.

The blocked deposit at Central Bank of Syria caption comprises the following:

	December 31,	
	2015	2014
Balances in SYP	246,073,850	246,073,850
Balances in USD	<u>1,733,470,222</u>	<u>1,019,330,952</u>
	<u>1,979,544,072</u>	<u>1,265,404,802</u>

16. BANKS' DEPOSITS

This caption comprises the following:

	December 31, 2015		
	Resident banks	Non-resident banks	Total
	SYP	SYP	SYP
Current accounts and demand deposits	2,485,132,480	25,733,328	2,510,865,808
Term deposits (with original maturity less than 3 months)*	104,162,500	-	104,162,500
Term deposits (with original maturity more than 3 months)*	<u>40,600,000</u>	<u>57,856,789</u>	<u>98,456,789</u>
	<u>2,629,894,980</u>	<u>83,590,117</u>	<u>2,713,485,097</u>

	December 31, 2014		
	Resident banks	Non-resident banks	Total
	SYP	SYP	SYP
Current accounts and demand deposits	1,718,695,791	16,114,533	1,734,810,324
Term deposits (with original maturity less than 3 months)*	60,490,000	49,619,746	110,109,746
Term deposits (with original maturity more than 3 months)*	40,600,000	5,441,060	46,041,060
	<u>1,819,785,791</u>	<u>71,175,339</u>	<u>1,890,961,130</u>

* Term deposits (with original maturity more than 3 months) from non-resident banks represents blocked deposits as cash margins against issued guarantees.

17. CUSTOMERS' DEPOSITS

This caption comprises the following:

	December 31,	
	2015	2014
	SYP	SYP
Current accounts and demand deposits	103,774,178,029	88,146,463,990
Term deposits*	29,334,026,529	24,272,273,691
Saving accounts	5,144,985,479	5,751,461,810
Total	<u>138,253,190,037</u>	<u>118,170,199,491</u>

* Term deposits includes blocked deposits from exchange companies amounted to SYP 149,659,730 as of December 31, 2015 representing 0.11% of total deposits. Under the provision of decision No. 24 dated April 24, 2006 exchange companies have to keep cash reserve amounting to 25% of their capital at the banks operating in Syria Arab Republic.

Public sector's deposits amounted to SYP 565,543,497 representing 0.41% of total deposits as of December 31, 2015 (compared to SYP 1,237,459,855 representing 1.05% of total deposits as of December 31, 2014).

Non- interest bearing deposits amounted to SYP 103,774,178,029 representing 75.06% of total deposits as of December 31, 2015 (compared to SYP 88,147,025,281 representing 74.59% of total deposits as of December 31, 2014).

Blocked deposits amounted to SYP 21,590,236,399 of total deposits as of December 31, 2015 (compared to SYP 14,337,512,885 as of December 31, 2014).

18. CASH MARGINS

This caption comprises the following:

	December 31,	
	2015	2014
	SYP	SYP
Cash margins against direct credit facilities	1,802,072,129	1,466,007,128
Cash margins against indirect credit facilities	2,029,628,900	1,597,718,803
	<u>3,831,701,029</u>	<u>3,063,725,931</u>

19. MISCELLANEOUS PROVISIONS

The movement of miscellaneous provisions was as follows:

	Balance at beginning of year SYP	Provided during the year SYP	Difference in exchange SYP	Utilized during the year SYP	Write-backs SYP	Balance at year end SYP
December 31, 2015						
Indirect credit facilities:						
Provision for liabilities arising from financial guarantees- customers (non-performing)	20,957,487	1,638,167,020	8,527,385	-	(11,437,863)	1,656,214,029
Provision for liabilities arising from financial guarantees- banks	1,215,195,420	799,960,920	530,489,475	-	(743,612,984)	1,802,032,831
Provision for operational foreign exchange position	3,924,991	3,438,891	-	-	-	7,363,882
Tax penalties provisions	6,778,155	-	-	(1,513,944)	-	5,264,211
Provision for potential losses*	36,131,975	4,805,620	14,379,376	-	-	55,316,971
Other provisions	5,488,728	-	3,884,647	-	(6,767,250)	2,606,125
	<u>1,288,476,756</u>	<u>2,446,372,451</u>	<u>557,280,883</u>	<u>(1,513,944)</u>	<u>(761,818,097)</u>	<u>3,528,798,049</u>
December 31, 2014						
Indirect credit facilities:						
Provision for liabilities arising from financial guarantees- customers (non-performing)	111,095,296	909,000	6,925,788	-	(97,972,597)	20,957,487
Provision for liabilities arising from financial guarantees- banks	354,941,174	800,133,860	60,120,386	-	-	1,215,195,420
Provision for operational foreign exchange position	3,844,988	80,003	-	-	-	3,924,991
Tax penalties provisions	41,534,512	4,099,299	-	(14,386,018)	(24,469,638)	6,778,155
Provision for potential losses*	24,653,273	7,045,067	4,958,758	-	(525,123)	36,131,975
Other provisions	100,392,461	3,956,250	35,814,017	-	(134,674,000)	5,488,728
	<u>636,461,704</u>	<u>816,223,479</u>	<u>107,818,949</u>	<u>(14,386,018)</u>	<u>(257,641,358)</u>	<u>1,288,476,756</u>

* Provision for potential losses represents the amount provided for against the cash in the closed branches.

Provision for operational foreign exchange position was calculated based on article No. 7 of circular No. 362/MN/B1 issued by Monetary and Credit Council on February 4, 2008. According to this circular, banks operating in Syria are required to establish a provision for exchange rate fluctuations equal to 5% of average operational exchange rates position during the month.

Provision for liabilities arising from financial guarantees- banks represents a provision against letters of guarantees with total amount of SYP 1,802,032,831 as of December 31, 2015. These guarantees are granted to local customer and are guaranteed by foreign bank.

20. INCOME TAX

This caption comprises the following:

A- Provision for income tax

	As of December 31,	
	2015	2014
	SYP	SYP
Balance at beginning of the year	70,244,995	1,315,011
Income tax paid during the year	(105,412)	-
	(18,490,613)	-
Income tax due year 2014	167,110,069	18,490,613
Net adjustments of prior year income tax	184,612,033	50,439,371
Balance at end of the year	<u>403,371,072</u>	<u>70,244,995</u>

Net adjustments of prior year income tax comprises the following:

	As of December 31,	
	2015	2014
	SYP	SYP
Accrued tax for the year for the years 2007, 2008, 2010	184,615,293	-
Write- back of provisions for income tax for the year 2009	(3,260)	-
Accrued tax for the year 2009 (settlement)	-	50,439,371
	<u>184,612,033</u>	<u>50,439,371</u>

During 2015 the bank was levied with a preliminary amount of 21,073,664 SYP as a tax for 2007, and an amount of 62,066,730 SYP and 102,789,909 SYP as an additional tax for the years 2008 and 2010 respectively, the bank has already took a provision in the amount of 1,315,011 SYP for those years, as a result the bank provided for an additional amount of 184,615,293 SYP for the years 2007, 2008 and 2010, and filed an objection to the tax authorities, the objection is still under consideration till the date of approval on these consolidated financial statements.

During 2014, the bank was levied with two preliminary amounts for 2009, the first was 108,676 SYP and the second was 50,330,695 SYP as an additional tax, as a result the bank allocated a provision for the entire amount and filed an objection to the financial authorities for both tax amounts.

During the first half of 2015, a final decision was issued regarding the objection on the first levied amount and the bank was levied for an amount of 105,412 as a final tax which has been paid by the bank while the remaining amount of the provision was written back as a write-back for 2009 income tax, the objection for the second tax amount remains under consideration till the date of approval of the consolidated financial statements

B- Deferred tax assets

	December 31,	
	2015	2014
	SYP	SYP
Balance at beginning of the year	287,456,749	287,605,968
Movement resulting from related bank's operations during the year	(2,911,384)	2,911,384
Reverse against deferred income tax	(18,490,613)	-
Movement resulting from subsidiary's operations during the year	8,647,451	(3,060,603)
Balance at end of the year	<u>274,702,203</u>	<u>287,456,749</u>

C- Deferred tax liabilities

	December 31,	
	2015	2014
	SYP	SYP
Balance at beginning of the year	5,854,375	6,704,375
Changes resulting from the change in fair value of available for sale financial assets during the year	(5,854,375)	(850,000)
Balance at end of the year	<u>-</u>	<u>5,854,375</u>

The movement for the deferred tax assets and liabilities was as follows:

	2015		2014	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
	SYP	SYP	SYP	SYP
Balance at the beginning of the year	287,456,749	5,854,375	287,605,968	6,704,375
Additions	8,647,451	-	2,911,384	-
Disposals	(21,401,997)	(5,854,375)	(3,060,603)	(850,000)
Balance at the beginning of the year	<u>274,702,203</u>	<u>-</u>	<u>287,456,749</u>	<u>5,854,375</u>

D- Reconciliation between accounting and taxable profits

The income tax shown in comprehensive statement of profit or loss was calculated as follows:

	Year ended December 31,	
	2015	2014
	SYP	SYP
Profit before tax	7,016,866,105	2,404,750,131
Additions:		
Depreciation of buildings (Note 12)	92,910,228	73,288,235
Amortization of key money (Note 13)	28,982,492	12,617,535
Provision for non-performing loans exceeding the percentages set in circular No. 597/MN/B4 and its amendments	-	41,489,158
Provision for performing loans	82,272,207	10,000,000
Addition to provision for foreign exchange	3,438,891	80,003
Tax penalties	994,178	4,099,299
Deductions:		
Gain on available for sale financial assets	(3,055,750)	(3,400,000)
Unrealized gain on structural position	(6,457,964,810)	(2,367,277,566)
Write- back of debts that exceeding the percentages set in circular No. 597 and its amendments that have been rejected in previous years	(27,604,786)	(10,000,000)
Write- back of provision on lawsuit that have been rejected in previous years	(16,767,250)	-
Write-back of tax penalties	-	(24,469,638)
Gain from investment in subsidiaries	(83,461,708)	(70,736,734)
Taxable profit	636,609,797	70,440,423
Income tax on profit of the year (25%)	159,152,449	17,610,107
Reconstruction tax (5%)	7,957,620	880,506
Addition to prior year's provision	184,615,293	50,439,371
Write-back to prior year's provision	(3,260)	-
Income tax (revenue) / expense related to subsidiary	<u>(8,647,451)</u>	<u>3,323,864</u>
	<u>343,074,651</u>	<u>72,253,848</u>

21. OTHER LIABILITIES

This caption comprises the following:

	December 31,	
	2015	2014
Accrued interest payable:	SYP	SYP
Customers' deposits	305,989,011	275,726,951
Banks' deposits	315,553	2,750
Cash margin accounts	<u>16,184,973</u>	<u>24,500,084</u>
	322,489,537	300,229,785
Certified and payable checks	1,496,212,113	1,662,596,966
Transfers and amounts payable	22,616,968	53,981,953
Accrued expenses	294,851,853	194,170,094
Contributions payable to tax and social security	248,459,302	229,839,701
Due to related parties (note 40-A)	6,155,537	4,026,511
Advances from customers	41,442,914	42,564,158
Unearned commission income	35,254,522	38,965,339
Top management and board of directors accrued expenses (Note 40-A)	435,443,668	127,884,219
Dividends payable (Note 40-A)	312,020	1,612,795
Commitments for currency's swap contracts (Note 14)	2,051,131,290	129,730,780
Other credit balances	<u>195,532,687</u>	<u>191,117,632</u>
	<u>5,149,902,411</u>	<u>2,976,719,933</u>

22. CAPITAL

The Bank's authorized, issued and fully paid capital is SYP 5,000,000,000.

The shares were split on December 11, 2012 such that the par value of each share was SYP 100 and the total number of shares was 50,000,000 shares.

The Bank's capital shares are split into two categories:

Category A: This type of shares should only be owned by Syrian Citizens or Syrian companies and their value should only be paid in Syrian Pounds except for Syrian non-residents who should pay in foreign currency based on prevailing exchange rates in neighboring markets and the bulletin of the Commercial Syrian Bank of Syria.

Category B: This type of shares can be owned by foreign individuals or companies according to Prime Minister's decision and their value should be paid in foreign currency based on prevailing exchange rates in neighboring markets and the bulletin of the Commercial Syrian Bank of Syria.

Banque Bemo SAL (Lebanon) shares represent 22% of the Bank's capital and are from category B.

Banque Saudi Fransi (Saudi) shares represent 27% of the Bank's capital and are from category B.

Banque Saudi Fransi board of directors decided on November 26, 2011 to sell their stake at Banque Bemo Saudi Fransi s.a. and to quit from its board of directors. This decision was made according to their estimate for the risks in Syria as it was mentioned in their website. No shares have been sold up to the date of approval on these consolidated financial statements.

On January 4, 2010, law number 3 was issued which amended some of the provisions included in law No. 28 for the year 2001 and Circular No. 35 for the year 2005 and required increasing the minimum capital for all banks operating in Syria to SYP 10 Billion. All licensed banks were granted a grace period of three years to adhere to the new law, this period has been extended to four years according to Law No. 17 for the year 2011. On 2013, legislative decree No. 63 was issued which increased the deadline given to conventional banks to increase the minimum capital till the end of 2014 and it has been extended till the end of 2015 according to Prime Minister's decision No. 13/M dated on April 22, 2015.

Capital is divided between Syrian pounds and US Dollars as:

	Number of shares	Original currency	Historical cost
SYP	28,602,690	2,460,738,500	2,460,738,500
USD	<u>21,397,310</u>	51,491,764	<u>2,539,261,500</u>
	<u>50,000,000</u>		<u>5,000,000,000</u>

23. LEGAL AND SPECIAL RESERVES

According to article 197 of corporate law No.29 dated February 24, 2011, legal reserve is set up at 10% of annual net income and up to 25% of capital.

Special reserve is set up at 10% of annual net income and up to 100% of capital in accordance with Monetary and Credit Council Law No. 23, article No. 97 for the year 2002.

Annual net income was defined in accordance with article 200 of corporate law No.29 dated February 24, 2011, to be equal to the difference between realized revenues and the total of expenses and depreciation before income tax.

Reference to above and to the circulars issued by Central Bank of Syria No.(369/100/3) dated January 20, 2009 and No. (952/100/1) dated February 12, 2009, legal and special reserves were calculated as follows:

	December 31,	
	2015 SYP	2014 SYP
Profit before income tax	7,016,866,105	2,404,750,131
Deduct:		
Net unrealized exchange gain on structural position	(6,457,964,810)	(2,367,277,566)
Non-controlling interests of subsidiary's profit before income tax	<u>(21,143,633)</u>	<u>(17,919,973)</u>
	<u>537,757,662</u>	<u>19,552,592</u>
Legal / Special reserve 10%	<u>53,775,766</u>	<u>1,955,259</u>

24. ACCUMULATIVE CHANGES IN FAIR VALUE OF AVAILABLE FOR SALE FINANCIAL ASSETS

This caption comprises the following:

	<u>2015</u> SYP	<u>2014</u> SYP
Balance at beginning of the year	7,879,825	19,860,898
Unrealized loss during the year	364,510	(15,939,025)
Unrealized losses of available for sale financial assets during the year equity holders of the bank portion		
Changes in deferred tax assets- equity holders of the bank portion	(2,911,384)	3,107,952
Changes in deferred tax liabilities (Note 20-C)	<u>5,854,375</u>	<u>850,000</u>
	<u>11,187,326</u>	<u>7,879,825</u>

Available for sale financial assets represent the bank's investments in local companies.

25. ACCUMULATED LOSSES AND RETAINED EARNINGS AVAILABLE FOR DISTRIBUTION

According to the regulations of Central Bank of Syria and Monetary and Credit Council No. 362 for year 2008 and No.(952/100/1) dated February 12, 2009, unrealized retained earnings / (accumulated losses) on structural position are segregated from retained earnings.

Total accumulated losses as of December 31, 2015 amounted to SYP 1,194,539,243 (compared to SYP 1,279,480,035 as of December 31, 2014).

There is no proposal to distribute dividends on the profit in the year 2015.

26. GENERAL RESERVE FOR CREDIT FACILITIES IMPAIRMENT

In accordance with circular No (650/MN/B4) issued by Monetary and Credit Council dated April 14, 2010 which amended circular No (597/MN/B4) dated December 9, 2009, banks are required, if profits are reported, to establish a General reserve for credit facilities impairment as follows:

- 1- 1% of normal direct credit facilities
- 2- 0.5% of normal indirect credit facilities
- 3- An additional 0.5% on the part of performing direct credit facilities (special mention) granted against personal guarantees or no guarantees.

According to Monetary and Credit Council circular No.(902/MN/B4) dated November 13, 2012 and circular No. (1079/MN/B4) dated January 29, 2014 which amended by circular No. (1145/14/1) dated April 6, 2015 and circular No. (2271/14/1) dated June 30, 2015 the suspension of formation of the General reserve for credit facilities impairment was still in work till the end of 2015 and that the balance of the General reserve for credit facilities impairment up to December 31, 2015 amounted to SYP 184,660,192. Knowing that the bank is committed to continue holding the General reserve for credit facilities impairment agreed upon at the end of operating of law number 902/MN/B4.

27. INTEREST INCOME

This caption comprises the following:

	<u>Year ended December 31,</u>	
	<u>2015</u> SYP	<u>2014</u> SYP
Direct credit facilities- corporate		
Overdraft	1,298,622,259	972,430,345
Loans and advances	2,551,060,846	1,619,178,133
Discounted bills	12,804,867	32,151,314
Direct credit facilities - individual	557,607,774	273,592,064
Balances and deposits with banks	275,488,894	102,928,696
Held to maturity financial assets	<u>93,083,072</u>	<u>234,676,539</u>
	<u>4,788,667,712</u>	<u>3,234,957,091</u>

28. INTEREST EXPENSE

This caption comprises the following:

	<u>Year ended December 31,</u>	
	<u>2015</u> SYP	<u>2014</u> SYP
Banks' deposits	5,140,973	60,375
Customers' deposits		
Current accounts	521	3,693
Saving accounts	410,776,897	356,131,564
Term deposits	1,066,757,018	1,174,626,710
Cash margins	<u>68,220,392</u>	<u>79,048,106</u>
	<u>1,550,895,801</u>	<u>1,609,870,448</u>

29. FEES AND COMMISSIONS INCOME

This caption comprises the following:

	<u>Year ended December 31,</u>	
	<u>2015</u> SYP	<u>2014</u> SYP
Commissions on direct credit facilities	19,606,700	21,742,059
Commissions on indirect credit facilities	708,302,075	569,055,089
Commissions banking services	1,002,254,914	487,752,080
Miscellaneous commissions income	<u>15,737,255</u>	<u>113,215,519</u>
	<u>1,745,900,944</u>	<u>1,191,764,747</u>

30. FEES AND COMMISSIONS EXPENSES

This caption comprises the following:

	<u>Year ended December 31,</u>	
	<u>2015</u> SYP	<u>2014</u> SYP
Commission paid to banks	44,898,414	36,689,436
Commission paid on banking services	72,012,954	22,257,583
Miscellaneous commissions expenses	<u>418,544</u>	<u>9,903,378</u>
	<u>117,329,912</u>	<u>68,850,397</u>

31. LOSS FROM HELD-FOR-TRADING FINANCIAL ASSETS

This caption comprises the following:

	Year ended December 31,	
	2015	2014
	SYP	SYP
Interest from bonds	-	20,700
Unrealized revaluation loss- Shares	(804,547)	(743,621)
Loss on disposal of shares	(643,659)	(6,991)
	<u>(1,448,206)</u>	<u>(729,912)</u>

32. GAIN ON AVAILABLE FOR SALE FINANCIAL ASSETS

This caption comprises the following:

	Year ended December 31,	
	2015	2014
	SYP	SYP
Dividend income from United Insurance Company (Note 40-B)	3,055,750	3,400,000
	<u>3,055,750</u>	<u>3,400,000</u>

33. OTHER OPERATING INCOME

This caption comprises the following:

	Year ended December 31,	
	2015	2014
	SYP	SYP
Write-back of accrued expenses	5,045,703	17,266,939
Closing stagnant account	2,878,186	-
Other income	953,633	1,044,682
	<u>8,877,522</u>	<u>18,311,621</u>

34. OTHER INCOME

This caption comprises the following:

	Year ended December 31,	
	2015	2014
	SYP	SYP
Write-back of provision against potential losses	-	525,123
Write-back of provision against tax penalties	-	24,469,638
Write-back of provision against potential other losses	6,767,250	134,674,000
Other income	12,069,398	33,083,311
	<u>18,836,648</u>	<u>192,752,072</u>

35. SALARIES AND RELATED CHARGES

This caption comprises the following:

	Year ended December 31,	
	2015	2014
	SYP	SYP
Salaries and related charges	1,275,454,780	918,260,107
Medical expenses	26,000,095	23,483,233
Top management compensation and bonuses (Note 41-C)	870,996,249	295,659,442
Bank's portion of Social Security	133,316,459	130,768,791
Training expenses	14,979,184	21,529,863
	<u>2,320,746,767</u>	<u>1,389,701,436</u>

36. PROVISION FOR IMPAIRMENT OF CREDIT FACILITIES

This caption comprises the following:

	Year ended December 31,	
	2015	2014
	SYP	SYP
Provision for impairment of performing direct credit facilities (Note 9)	82,272,207	10,000,000
Write back / provision for impairment of non-performing Direct credit facilities (Note 9)	(441,407,713)	124,164,036
Write back / provision for impairment of non-performing Indirect credit facilities (Note 19)	1,626,729,157	775,274,263
	<u>1,267,593,651</u>	<u>909,438,299</u>

37. OTHER OPERATING EXPENSES

This caption comprises the following:

	Year ended December 31,	
	2015	2014
	SYP	SYP
Rent	200,536,761	181,542,219
Legal Fees	94,240,457	85,410,694
Advertising	29,143,284	27,349,316
Telephone and communication expenses	56,896,553	49,119,958
Travel, transportation and meetings	81,770,168	113,084,224
Maintenance	50,509,710	52,791,509
Electricity, water and fuel expenses	159,948,178	85,748,792
Professional fees	67,863,970	41,517,993
Board of Directors' compensation and bonuses (Note 40-C)	51,518,457	30,124,176
Credit cards expenses	43,939,684	30,605,562
Stationery and office expenses	38,603,464	29,185,813
Insurance	28,280,312	37,535,991
Administrative fees (Note 41-B)	37,045,287	25,759,640
Cleaning and security expenses	41,859,002	26,631,976
Network and computer installation	38,030,205	32,204,488
Donations	10,391,838	10,750,000
Other expenses	89,668,081	40,046,584
	<u>1,120,245,411</u>	<u>899,408,935</u>

38. BASIC AND DILUTED EARNINGS PER SHARE

The basic and diluted earnings per share on profits available for equity holders of the parent were calculated as follows:

	<u>Year ended December 31,</u>	
	<u>2015</u>	<u>2014</u>
Net profit for the year attributable to equity holders of the bank-(SYP)	6,650,457,134	2,315,418,356
Weighted average number of ordinary shares outstanding during the year (shares)	<u>50,000,000</u>	<u>50,000,000</u>
Basic and diluted earnings per share (SYP)	<u>133.01</u>	<u>46.31</u>

Basic and diluted earnings per share are identical due to the absence of instruments issued by the bank that would impact earnings per share when converted.

39. CASH AND CASH EQUIVALENT

This caption comprises the following:

	<u>December 31,</u>	
	<u>2015</u>	<u>2014</u>
	<u>SYP</u>	<u>SYP</u>
Cash and balances with Central Bank of Syria (except for cash compulsory reserve and blocked deposit)	33,343,872,542	39,397,492,807
Add: Balances with banks (with original maturity of 3 months or less)	34,521,906,140	24,965,655,853
Less: Banks' deposits (with original maturity of 3 months or less)	<u>(2,615,028,308)</u>	<u>(1,844,920,070)</u>
	<u>65,250,750,374</u>	<u>62,518,228,590</u>

The cash compulsory reserve with Central Bank of Syria is not used in bank's daily operating activities, so it is not considered part of cash and cash equivalent.

40. TRANSACTIONS WITH RELATED PARTIES

In the ordinary course of business, the Bank enters into transactions with top management, major shareholders and other related parties within the allowed commercial engagement limits. Credit facilities granted to related parties are performing loans except for the direct credit facilities of SYP 373,012,794 that were granted to two member of Board of Directors and was classified as bad debt as of December 31, 2015 (compared to SYP 327,125,648 as of December 31, 2014). A provision has been taken against these facilities amounted to SYP 1,591,615 as of December 31, 2015 and these facilities are fully covered with accepted bank guarantees, and suspended interest is taken on these facilities amounting to SYP 140,466,118 as of December 31, 2015.

The consolidated financial statements include the financial statements of Bemo Saudi Fransi Finance S.A. The Bank's share in the subsidiary's capital is shown below:

	<u>Contribution Percentage</u>	<u>December 31,</u>	
		<u>2015</u>	<u>2014</u>
	<u>%</u>	<u>SYP</u>	<u>SYP</u>
Bemo Saudi Fransi Finance S.A.	74.67	<u>224,000,000</u>	<u>224,000,000</u>
		<u>224,000,000</u>	<u>224,000,000</u>

A. Consolidated statement of financial position items

	<u>December 31, 2015</u>						
	<u>Bank Saudi Fransi SYP</u>	<u>Bank Bemo SYP</u>	<u>Top management SYP</u>	<u>Board of directors SYP</u>	<u>Related parties SYP</u>	<u>Shareholders SYP</u>	<u>Total SYP</u>
Financial position items							
Debit balances							
Current accounts	158,376,841	3,741,142,850	-	-	-	-	3,899,519,691
Term deposits	538,680,000	6,008,909,500	-	-	-	-	6,547,589,500
Credit facilities balances	-	-	-	75,354	408,117,029	51,280,471	459,472,854
	<u>697,056,841</u>	<u>9,750,052,350</u>	<u>-</u>	<u>75,354</u>	<u>408,117,029</u>	<u>51,280,471</u>	<u>10,906,582,045</u>
Credit balances							
Current accounts	-	-	-	31,674,409	3,918,944	14,360,906	49,954,259
Term deposits	-	-	-	-	19,962,168	-	19,962,168
Due to related parties (Note 21)	6,155,537	-	-	-	-	-	6,155,537
Accrued expenses	-	-	435,443,668	-	-	-	435,443,668
Accrued interest	-	-	-	-	195,608	-	195,608
Cash margins	4,755,625	-	-	-	-	29,895,125	34,650,750
	<u>10,911,162</u>	<u>-</u>	<u>435,443,668</u>	<u>31,674,409</u>	<u>24,076,720</u>	<u>44,256,031</u>	<u>546,361,990</u>
Off-Balance sheet items							
Inward guarantees	-	-	-	-	(304,800,000)	-	(304,800,000)
Issued letters of guarantees	-	-	-	17,850,000	842,781	-	18,692,781
Reale state letters of guarantees	-	-	-	-	(6,570,000)	(335,000,000)	(341,570,000)
Issued LCs	76,232,132	8,366,500	-	-	-	64,283,570	148,882,202
Check under collection	-	15,619,053	-	-	-	-	15,619,053
Import bills	-	419,999,250	-	-	-	-	419,999,250
Export bills	-	115,908,595	-	-	-	-	115,908,595
Foreign currencies to be paid against foreign currencies to be received	-	-	-	-	-	-	-
Foreign currencies to be received against foreign currencies to be paid	-	(43,416,920,000)	-	-	-	-	(43,416,920,000)
	<u>-</u>	<u>44,423,223,055</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,423,223,055</u>

	December 31, 2014							Total SYP
	Bank Saudi Fransi SYP	Bank Bemo SYP	Top management SYP	Board of directors SYP	Related parties SYP	Shareholders SYP		
Financial position items								
<u>Debit balances</u>								
Current accounts	103,474,838	2,968,292,210	-	-	-	-	-	3,071,767,048
Term deposits	316,500,000	5,117,000,000	-	-	-	-	-	5,433,500,000
Credit facilities balances	-	-	-	100,758,867	373,809,944	-	-	474,568,811
	419,974,838	8,085,292,210	-	100,758,867	373,809,944	-	-	8,979,835,859
<u>Credit balances</u>								
Current accounts	-	-	-	27,555,774	13,215,956	-	-	40,771,730
Term deposits	-	-	-	1,065,919	12,614,992	-	-	13,680,911
Due to related parties (Note 21)	4,026,511	-	-	-	-	-	-	4,026,511
Accrued interest	-	-	127,884,219	-	-	-	-	127,884,219
Cash margins	3,110,789	-	-	4,497	177,896	-	-	3,110,789
	7,137,300	-	127,884,219	28,626,190	26,008,844	-	-	189,656,553
Off-Balance sheet items								
Inward guarantees	-	-	-	-	(346,800,000)	-	-	(346,800,000)
Issued letters of guarantees	-	-	-	17,850,000	43,130,388	-	-	60,980,388
Real estate letters of guarantees	-	-	-	(6,570,000)	-	-	-	(6,570,000)
Issued LCs	45,477,288	20,922,517	-	-	-	-	-	66,399,805
Import bills	(33,473,808)	(111,075,742)	-	-	-	-	-	(144,549,550)
Export bills	-	69,461,878	-	-	-	-	-	69,461,878
Foreign currencies to be paid against foreign currencies to be received	-	(36,824,040,000)	-	-	-	-	-	(36,824,040,000)
Foreign currencies to be received against foreign currencies to be paid	-	39,669,798,280	-	-	-	-	-	39,669,798,280

B. Consolidated statement of comprehensive income items

	Year ended December 31, 2014							Total SYP
	Bank Saudi Fransi SYP	Board of directors SYP	Top management SYP	Bank Bemo SYP	Related parties SYP	Shareholders SYP		
Interest income	853,883,558	938,596,674	-	338,596,674	-	-	-	2,131,076,906
Interest expense	-	-	-	-	-	-	-	-
Administrative fees (Note 37)	-	(37,700,000)	-	(882,500,000)	-	-	-	(1,240,200,000)
Salaries and bonuses	-	-	870,996,249	-	-	-	-	870,996,249
Income from financial instruments derivatives	-	82,174,076	-	970,202,176	-	-	-	1,872,376,252
	916,619,616	8,063,826	-	9,162,902	8,063,826	6,555,377	-	22,869,547
Income from financial instruments derivatives	(907,415,515)	(51,518,457)	(872,966,070)	(51,518,457)	-	-	-	(2,343,418,509)
Salaries and bonuses	(37,045,287)	-	-	-	-	-	-	(37,045,287)
Administrative fees (Note 37)	(303,208)	-	-	-	-	-	-	(303,208)
Interest expense	32,519,616	122,303	-	-	(802,303)	6,555,377	-	28,395,993
	82,174,076	-	-	-	-	-	-	82,174,076

C. Executive management's benefits

	Year ended December 31,	
	2015 SYP	2014 SYP
Management compensations and bonuses (Note 35)	870,996,249	295,659,442
Board of Directors compensations and bonuses (Note 37)	51,518,457	30,124,176
	<u>922,514,706</u>	<u>325,783,618</u>

In compliance with circular No (50/MN/MB4) dated May 10, 2009, the Bank is working on closing out all credit facilities granted to related parties within a maximum period specified as the date of maturity.

Interest rate charged on credit facilities granted to related parties is in the range of 11% to 20%.

Interest expense rate on current accounts and deposits for related parties is 0.45% for USD and to 10% for SYP.

(b) Fair value measurements for financial assets recognized at fair value in the consolidated statement of financial position (according to IFRS 7)

	December 31, 2015			
	Level 1 SYP	Level 2 SYP	Level 3 SYP	Total SYP
Held-for-trading financial assets	6,196,085	-	-	6,196,085
Available for sale financial assets	459,429,617	2,792,160	-	462,221,777
	<u>465,625,702</u>	<u>2,792,160</u>	<u>-</u>	<u>468,417,862</u>
	December 31, 2014			
	Level 1 SYP	Level 2 SYP	Level 3 SYP	Total SYP
Held-for-trading financial assets	9,323,022	-	-	9,323,022
Available for sale financial assets	279,109,503	2,792,160	-	281,901,663
	<u>288,432,525</u>	<u>2,792,160</u>	<u>-</u>	<u>291,224,685</u>

Evaluation and assumption techniques used for determining fair value:

Fair values of financial assets and liabilities are determined using the following hierarchy:

Level one: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level two: fair value measurements are those derived from inputs other than quoted prices included in level one, that are observable, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level three: fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data (unobservable inputs).

Financial assets whose fair value approximates its book value:

They represent monetary financial assets and liabilities with maturity less than one year and with a book value that approximates fair value.

Financial assets with fixed interest rate:

Fair value of financial assets and liabilities carried at amortized cost with fixed interest rate is calculated by conducting a comparison between cash flows generated by the financial instrument at issuance (discounted using market interest rates) and the current market prices for comparable financial instruments.

41. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

This caption comprises the following:

(a) Fair value of financial assets and liabilities which are not shown in the consolidated financial statements at fair value

	December 31, 2015			December 31, 2014		
	Carrying value SYP	Fair value SYP	Difference SYP	Carrying value SYP	Fair value SYP	Difference SYP
Financial assets:						
Cash and balances with Central Bank of Syria	40,417,663,354	40,417,663,354	-	45,530,757,627	45,530,757,627	-
Balances with banks	34,521,906,140	34,521,906,140	-	24,965,655,853	24,965,655,853	-
Deposits with banks	11,548,877,500	11,548,877,500	-	4,793,230,000	4,793,230,000	-
Net direct credit facilities	36,596,288,925	36,166,930,411	(429,358,514)	27,439,001,182	27,045,707,132	(393,294,050)
Held to maturity financial assets	36,759,575,894	36,759,575,894	-	25,967,971,808	25,967,971,808	-
Blocked deposit with Central Bank of Syria	1,979,544,072	1,979,544,072	-	1,265,404,802	1,265,404,802	-
Financial liabilities:						
Banks' deposits	2,713,485,097	2,713,485,097	-	1,890,961,130	1,890,961,130	-
Customers' deposits	138,253,190,037	138,274,662,863	(21,472,826)	118,170,199,491	118,205,594,455	(35,394,964)
Cash margins	3,831,701,029	3,831,701,029	-	3,063,725,931	3,068,840,610	(5,114,679)

42. RISK MANAGEMENT

Overview of risk management

The activities of Banque Bemo Saudi Fransi S.A contains a number of risks, that is why risk management plays crucial role in maintaining the strength of the bank and its continuing profitability. The process of risk management consists of recognizing, measuring, monitoring financial and non-financial risks that may adversely affect the Bank's performance and reputation and ensuring an efficient distribution of capital to achieve optimal rates of return.

The Bank's risks mainly fall under the following types:

- A. Credit risk
- B. Market risk
- C. Liquidity risk
- D. Operational Risk
- E. Compliance Risk

General strategy for risk management

The Bank's risk management policies are set according to the size and complexity of its activities and instructions of Syria monetary authorities, Syrian laws and applicable international banking standards.

The board of directors is responsible for guiding and approving risk management strategies which are then monitored by independent risk management department,

Risk management policies in the Bank are subject to continuous improvement to keep pace with all developments and growth in the Bank's activities, and for the expansion of its services; the philosophy of risk management in the Bank is based on the knowledge, experience and management's ability to supervise and judge, and the existence of clear manual of authorities defined by the Board of Directors.

Organizational structure and the role of parties responsible of risk management

Board of directors

Board of directors is responsible for risk management and approval of strategies and policies in the Bank. In addition to board of directors, there are committees responsible for managing and monitoring risks.

Risk management

Risk management is responsible for proper execution and control of risks and it ensures the compatibility of existing risks with adopted policies. Risk management contains the following departments:

- Credit and market risks department

This department is responsible of reviewing the credit facilities files which are in the process of obtaining credit facilities from the Bank as well as other financial institutions in which the Bank is willing to maintain financial interest whether in the form of current account or investment account. The department submits its recommendation to the appropriate management level. Moreover, the department conducts a periodic review on existing files at least once per year.

- Credit management department

This department is responsible of managing credit files to ensure its conformity with the approval terms granted from the appropriate managerial level by confirming the existence and legitimacy of the required documents and guarantees and compliance with the corresponding credit procedures and policies of the Bank. The department activates the credit facilities granted to customer and record the inward guarantees on the banking system and save the documents in secure location.

- Retail credit risk department

This department is responsible for the credit facilities files of individual and retail facilities aiming to obtain credit facilities from the Bank. The department will submit its recommendation to the appropriate management level.

- Retail risk department

The department assesses the eligibility of individuals and small entities that have requested to obtain credit facilities from the bank and provides their recommendations to the appropriate decision making managerial levels.

- Credit monitoring department

This department monitors credit facilities, follow-up on payments after approval, assures timely settlement of customers' obligations according to their amounts and maturities. It prepares and sends reports to relevant department that include information on due and unpaid amounts, excesses over defined limits. In addition, the department assigns credit ratings to existing customers and calculates provisions for impaired credit facilities. The department also prepares reports regarding risk management especially credit risk management and submits them to senior management and Central bank of Syria.

- Operational risk department

This department monitors overall activities and departments of the Bank where operational risk may arise due to human or automation errors from within or outside the Bank. It monitors these risks by measuring them to ensure they are either non-existed or still in the minimum possible level acceptable. In additions, it takes all possible decisions to mitigate these risks in which it include according to each case, transfer the risk to third parties or insurance companies.

Treasury

Responsible for the assets and liabilities management and financial structure of the Bank, basically it is responsible of liquidity and financing risks.

Internal audit department

This department audits the risk management process on regular basis. It reviews the compatibility of the procedures and policies set by the Bank. The audit results are discussed with the management, reports and suggestions are submitted to the Audit Committee.

Risk management and reporting system

The Bank's risks are measured in a way that reflects the expected losses, which may arise in normal conditions, and the unexpected losses based on estimates of total actual losses using statistical methods. These methods are based on the probabilities of previous experiences, and are adjusted to reflect the economic conditions. It also examines the worst-case scenario that may arise from exceptional circumstances.

Managing and controlling risks are based on approved limits that reflect the Bank strategy, limits and levels of acceptable risks. The Bank measures total risk-taking capability and compares it to overall risks of all types.

Information is collected from all business lines for the purposes of analyzing, monitoring and determining risks at early stage as it submits reports to the board of directors, risk management department and heads of departments that contain total credit and liquidity risks.

Detailed analysis is prepared on a monthly basis according to business lines and geographical sectors; Management reviews provision for impairment of credit losses quarterly. Board of directors receives a comprehensive report on risks on a quarterly basis to use it in assessing the overall risks of the Bank.

Detailed risk reports are prepared and distributed to all departments to ensure that all necessary information is up to date and available to all levels of the Bank.

Risk management procedures and mitigation methods

A- Credit Risk:

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. There are three main types of credit risk: the risk of counter-party default, settlement risk, and country risk.

Key factors for effectively managing credit risk are as follows:

- locating a suitable environment for credit risk management,
- Having a clear and proper framework of approvals and permissions,
- Maintaining an appropriate credit administration, and providing appropriate mechanisms for measurement and control and
- Ensuring adequate controls are in place over the procedures of credit risk management.

In order to achieve the above, The Bank attempts to develop a clear credit policy which includes maximum credit exposure granted (for individuals or entities) and for each sector and geographical area. The Bank attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counter-parties, and continually assessing the creditworthiness of counter-parties.

Basic hypotheses of stress testing for credit risks

Bank uses several hypotheses for stress testing of credit portfolio that generally covers the expected credit risks and the increase in provision for impairment of credit losses required to cover these risks.

These hypotheses also cover the changes in non-performing loans in various scenarios according to their expected credit risks. In addition, it examines the deterioration in credit quality of credit exposures per economic sector and the decrease in market value of real estate mortgage of non-performing loans.

Risk Management procedure comprises the following:

1- Defining credit risk limits and concentrations:

The Bank's credit risk policy set up maximum exposure that can be assigned to individual customer or group of customers, in accordance with the limits specified in the decree No. 395/MN/B4 issued by Monetary and Credit Council. In addition, it includes limits by economic segments as well as specifying credit limits that can be approved by each level of management.

Credit rating of customers

The Bank reviews the portfolio of granted loans on regular basis and classifies it in accordance with Monetary and Credit Council circular No. 597/MN/ B4 dated December 9, 2009 amended by circular No. 650/MN/B4 dated April 14, 2010, and circular No. 902/MN/B4 dated November 13, 2012 and circular No.1079/MN/B4 dated January 29, 2014, which sets up the criteria for classification of facilities and calculation of required provisions.

The following are the loan classification categories in accordance with Monetary and Credit Council instructions:

Performing loans

- Low risk loans
- Normal risk loans
- Watch list (special mention) loans

Non-performing loans

- Substandard loans
- Doubtful loans
- Bad loans

Basis of credit facilities classification

1. Commitment of debtors with credit facilities terms;
2. Movements of overdraft account;
3. Customer commitment for timely payment;
4. Updated financial position of the customer;
5. Cash inflows of the financed projects;
6. Classification of customer by recognized rating companies, if available; and
7. Customer status in terms of payment with other financial institutions.

2- Credit risk mitigation methods

The Bank employs a range of policies and practices to mitigate credit risk. The most traditional of these are:

- Guarantees requested against granted facilities. The Bank implements guidelines on the acceptability of specific classes of collateral based on their liquidity and percentage of coverage of the underlying facility. Guarantees monitored and evaluated on an ongoing basis.
- Credit Committees assigned to extend or approve credit facilities based on the size of the client's portfolio, maturity of facilities and client's rating.

Portfolio diversification is fundamental factor to mitigate credit risks. The Bank's annual plan includes a targeted distribution of credit and investment among different sectors and markets with a special focus on promising sectors.

The Bank uses several policies to mitigate credit risk such as monitoring credit concentrations according to economic and geographical sectors and according to guarantees in order to take proper preventive and corrective actions when needed.

In addition, the Bank attempts, through credit departments and credit committees, to obtain proper guarantees sufficient to cover credit risk, these guarantees are determined for each customer according to the activities and the type and amount of granted facilities.

Real estate are revaluated by an expert if the granted facilities were less than 25 million Syrian Pounds, and by two experts if the facilities were equal to or exceeds 25 million Syrian Pounds. For the purpose of calculating provision for impairment of credit losses, 25% of real estate and stocks and 50% of vehicles, machines and equipments that is pledged as securities in favor of the bank are discounted.

Collaterals and credit enhancements

The Bank uses several practices to mitigate credit risk such as obtaining collaterals in accordance with applicable standards.

The major types of collaterals are as follows:

- For commercial loans: real estate, inventory and cash collaterals.
- For individuals: real estates, apartments, vehicles, salaries and cash collaterals.

Management monitors the market value of the collateral, additional guarantees may be granted according to contract's terms. The market value of these guarantees is reviewed during the study of adequacy of the provision for impairment of credit losses.

Assessment of loans impairment granted to individual

The main indicators for loan impairment are:

- When the principal or interest is due for a period more than 180 days;
- When the customer faces financial or cash flow difficulties; and
- Disruption of contract's terms.

The bank evaluates the impairment in facilities either individually or collectively.

Individual provision on non-performing loans

The Bank sets the appropriate provision for all loans and facilities individually in accordance with circulars No (597/MN/B4) dated December 9, 2009 and No. (650/MN/B4) dated April 14, 2010 and No. (902/M.N/B4) dated November 13, 2012 and circular No. (1079/MN/B4) dated January 29, 2014, which was amended by circular No (1145/M/1) dated April 6, 2015 and circular No (2271/M/1) dated June 30, 2015 issued by Monetary and Credit Council, taking into consideration the following indicators:

- Delays in the completion of the project;
- Customer's ability to improve his position when facing financial difficulties;
- Expected return in case of bankruptcy;
- Availability of other financial sources and the expected realizable value of the guarantees; and
- Period of expected cash inflows.

Credit losses are reviewed at each consolidated financial position's date or whenever the need arises.

Collective provision on performing loans

The Bank evaluates the collective provision for impairment of credit losses for loans that are not significant individually, or in case there is no objective evidence of the impairment individually. The Bank reviews this provision at each consolidated financial position's date.

The Bank takes into account upon overall assessment, the possible impairment in portfolio even where there is no objective evidence.

Impairment of credit losses is assessed using the following factors:

Date of losses, current economic situation, current levels of doubtful debts, the delay between the date when losses occurred and the date the Management decided to record a provision, and the expected payments. Management is responsible to determine this period which may extend to one year.

Credit management department reviews the impairment of credit losses to ensure its compliance with the Bank's general policies.

Provision for financial commitments and letters of credit are evaluated in a similar method of evaluating loans.

Credit analysis, control and follow-up

The Bank improves the methods used in credit analysis and ensures objectivity and integrity in decision-making, risk assessment and review of credit facilities. The credit risk framework includes establishing an authorization structure, imposing limits for the approval and renewal of credit facilities and setting policies to determine the degree of risk. The process of managing credit is handled as a separate function to ensure proper implementation of credit operations, effective control over maturities and the accurate assessment of securities.

Quantitative Disclosures

Credit Risk

1. Exposure to credit risk (after provision for impairment and before guarantees and other risk mitigation factors)

	December 31,	
	2015 SYP	2014 SYP
<u>Statement of financial position items:</u>		
Balances with Central Bank of Syria	34,812,588,611	41,804,581,930
Balances with banks	34,521,906,140	24,965,655,853
Deposits with Banks	11,548,877,500	4,793,230,000
<u>Net direct credit facilities</u>		
Individual	4,491,600,109	2,614,204,204
Real estate	2,048,498,552	1,465,187,114
Large companies	24,116,375,139	17,613,420,887
Small and medium enterprises	5,939,815,125	5,746,188,977
<u>Financial assets and other assets</u>		
Held to maturity financial assets	36,759,575,894	25,967,971,808
Other assets	3,719,014,981	3,415,868,520
Blocked deposit with Central bank of Syria	<u>1,979,544,072</u>	<u>1,265,404,802</u>
Total	<u>159,937,796,123</u>	<u>129,651,714,095</u>
<u>Off-balance sheet items</u>		
Letter of credit- import	275,202,707	730,472,922
Issued letters of guarantee:		
Customers	5,659,300,432	4,298,754,822
Export pledges	2,899,176,417	2,409,817,229
Banks	14,282,150,032	11,005,136,892
Acceptances	87,134,116	36,752,129
Unutilized direct credit facilities limits	5,408,321,183	6,387,645,614
Utilized direct credit facilities limits	<u>3,881,005,905</u>	<u>4,292,378,219</u>
Total	<u>192,430,086,915</u>	<u>158,812,671,922</u>

	27,439,001,182	5,476,188,977	(5,207,682,514)	(290,463,365)	(2,662,829,596)	(2,662,829,596)
Net direct credit facilities	<u>27,439,001,182</u>	<u>5,476,188,977</u>	<u>(5,207,682,514)</u>	<u>(290,463,365)</u>	<u>(2,662,829,596)</u>	<u>(2,662,829,596)</u>

	1,182,508,340,631	1,885,031,297	1,916,617,780	550,114,985	667,557,992	2,557,992,780
Total non-performing	<u>1,182,508,340,631</u>	<u>1,885,031,297</u>	<u>1,916,617,780</u>	<u>550,114,985</u>	<u>667,557,992</u>	<u>2,557,992,780</u>
Total	<u>303,213,219,553</u>	<u>6,813,231,318.9</u>	<u>615,413,332,722</u>	<u>149,262,989.1</u>	<u>318,225,643.4</u>	<u>1,018,009,182.7</u>

The table below illustrates the exposure to direct credit risk by degree of risk as of December 31, 2015 as follows:

2. Credit risk exposure based on risk rating:

According to circular No (597/MN/B4) issued by Monetary and Credit Council dated December 9, 2009 which was amended by circular No (650/MN/B4) dated April 14, 2010 and No. (902/MN/B4) dated November 13, 2012 and Circular No. (1079/MN/B4) dated January 29, 2014, which was amended by circular No. (1145/M/1) dated April 6, 2015 and No. (2271/M/1) dated June 30, 2015, credit facilities portfolio should be classified into six grades based on the indicators and specifications featuring each type of debt. Circular No.(1079/MN/B4) was implemented on the consolidated financial statement as of December 31, 2015.

The table below illustrates the exposure to direct credit risk by degree of risk as of December 31, 2015 as follows:

	Corporate						Total SYP
	Individual SYP	Real estate SYP	Large companies SYP	Small and medium enterprises SYP	Individual SYP	Real estate SYP	
Direct credit facilities							
Normal (low risk)	15,279,990	74,898,750	27,783,203	736	117,962,679	-	117,962,679
Normal (acceptable risk)	3,708,961,591	1,430,330,173	12,900,928,448	2,253,868,217	20,294,088,429	-	20,294,088,429
Watch (special mention)	139,488,129	144,456,009	9,527,518,837	2,454,566,880	12,266,029,855	-	12,266,029,855
Not due	94,650,813	86,985,339	9,220,515,523	2,428,120,272	11,830,271,947	-	11,830,271,947
Overdue:							
Less than 30 days	-	-	251,990,164	8,317,254	260,307,418	-	260,307,418
31 days to 60 days	-	-	-	124,975	124,975	-	124,975
61 days to 90 days	-	-	-	240,090	240,090	-	240,090
91 days to 179 days	44,837,316	57,470,670	55,013,150	17,764,289	175,085,425	-	175,085,425
Non-performing:							
Substandard	55,017,290	52,256,962	467,936,092	515,201,192	1,090,411,536	-	1,090,411,536
Doubtful	57,466,190	78,872,710	334,037,998	98,420,072	568,796,970	-	568,796,970
Bad	2,484,992,436	431,483,499	6,293,764,176	2,613,009,015	11,823,249,126	-	11,823,249,126
Total non-performing	<u>2,597,475,916</u>	<u>562,613,171</u>	<u>7,095,738,266</u>	<u>3,226,630,279</u>	<u>13,482,457,632</u>	<u>-</u>	<u>13,482,457,632</u>
Total	<u>6,461,205,626</u>	<u>2,212,298,103</u>	<u>29,551,968,754</u>	<u>7,935,066,112</u>	<u>46,160,538,595</u>	<u>-</u>	<u>46,160,538,595</u>
Less:							
Suspended interest	(552,159,853)	(91,367,831)	(2,586,150,568)	(1,085,577,251)	(4,315,255,503)	-	(4,315,255,503)
Provision for impairment of direct credit facilities	(1,417,445,664)	(72,431,720)	(2,849,443,047)	(909,673,736)	(5,248,994,167)	-	(5,248,994,167)
Net direct credit facilities	<u>4,491,600,109</u>	<u>2,048,498,552</u>	<u>24,116,375,139</u>	<u>5,939,815,125</u>	<u>36,596,288,925</u>	<u>-</u>	<u>36,596,288,925</u>

In the event of the maturity of one of the premium installments or interests, the entire balance will be considered mature. The overdraft account is considered mature if it exceeds the approved limits or when no account movements take place.

Net indirect credit facilities	459,285,537	-	-	(1,275,708,000)	(380,506,029)	(1,656,214,029)
Less: Provision for impairment of indirect credit facilities	-	-	-	2,025,881,902	1,880,255,787	4,365,423,226

	Corporate					Total SYP
	Individual SYP	Real estate SYP	Large companies SYP	Small and medium enterprises SYP	Total SYP	
Indirect credit facilities						
Normal (low risk)	256,024,229	-	241,462,630	302,788,974	800,275,833	
Normal (acceptable risk)	23,265,622	-	1,114,459,564	378,114,611	1,515,839,797	
Watch (special mention)	-	-	1,796,973,095	790,668,657	2,587,641,752	
Not due	-	-	1,796,973,095	790,668,657	2,587,641,752	
Overdue:						
Less than 30 days	-	-	-	-	-	
31 days to 60 days	-	-	-	-	-	
61 days to 90 days	-	-	-	-	-	
91 days to 179 days	-	-	-	-	-	
Non-performing						
Substandard	-	-	52,181,600	1,305,756	53,487,356	
Doubtful	-	-	-	14,698,750	14,698,750	
Bad	179,995,686	-	96,513,013	773,185,068	1,049,693,767	
Total non-performing	179,995,686	-	148,694,613	789,189,574	1,117,879,873	
Total	459,285,537	-	3,301,589,902	2,260,761,816	6,021,637,255	

The table below illustrates the exposure to indirect credit risk by degree of risk as of December 31, 2015 as follows:

The table below illustrates the exposure to indirect credit risk by degree of risk as of December 31, 2015 as follows:

	Corporate				Total SYP
	Small and medium enterprises SYP	Large companies SYP	Real estate SYP	Individual SYP	
Indirect credit facilities					
Normal (low risk)	867,721,223	366,364,523	-	314	1,234,085,746
Normal (acceptable risk)	1,700,284,005	1,114,795,815	-	18,333,111	2,933,412,931
Watch (special mention)	2,201,842,187	1,854,046,615	-	18,333,111	4,054,211,913
Not due	2,201,842,187	1,854,046,615	-	18,333,111	4,054,211,913
Overdue:					
Less than 30 days	-	-	-	-	-
31 days to 60 days	-	-	-	-	-
61 days to 90 days	-	-	-	-	-
91 days to 179 days	-	-	-	-	-
Non-performing					
Substandard	66,489,740	44,432,888	-	-	110,922,628
Doubtful	13,180,030	-	-	-	13,180,030
Bad	219,462,688	82,373,965	-	716,789,201	1,018,625,834
Total non-performing	296,132,458	126,806,653	-	716,789,201	1,139,728,312
Total	5,065,979,873	3,462,007,608	-	583,281,236	9,111,268,717
Less: Provision for impairment of indirect credit facilities	(20,957,487)	(17,547,430)	-	-	(38,504,917)
Net indirect credit facilities	5,045,022,386	3,444,460,178	-	583,281,236	9,072,763,800

In the event of the maturity of one of the premium installments or interests, the entire balance will be considered mature. The overdraft account is considered mature if it exceeds the approved limits or when no account movements take place.

3. Fair value of guarantees against credit facilities

The table below illustrates the fair value of guarantees against direct credit facilities as of December 31, 2015 as follows:

	Corporate					Total SYP
	Individual SYP	Real estate SYP	Large companies SYP	Small and medium enterprises SYP	Total SYP	
Normal (low risk)	15,279,990	74,898,750	27,783,203	736	117,962,679	
Normal (acceptable risk)	3,633,708,285	1,342,749,787	9,468,202,674	1,996,996,284	16,441,657,030	
Watch (special mention)	126,882,796	144,456,009	4,625,693,365	1,966,041,101	6,863,073,271	
Non-performing						
Substandard	55,017,290	42,462,675	438,187,778	298,010,172	833,677,915	
Doubtful	55,960,704	78,872,386	324,158,792	44,063,138	503,055,020	
Bad	1,876,244,184	428,030,143	3,306,956,193	1,806,278,165	7,417,508,685	
Total	5,763,093,249	2,111,469,750	18,190,982,005	6,111,389,596	32,176,934,600	
Cash margins	20,346,028	76,193,657	924,398,820	91,845,421	1,112,783,926	
Acceptable banks' guarantees	-	-	-	-	-	
Real estate's guarantees	4,454,500,520	1,972,959,585	11,570,576,927	5,172,586,730	23,170,623,762	
Shares	-	-	308,840,840	-	308,840,840	
Vehicles	612,179,642	50,932,816	655,431,586	364,881,068	1,683,425,112	
Other guarantees	676,067,059	11,383,692	4,731,733,832	482,076,377	5,901,260,960	
Total	5,763,093,249	2,111,469,750	18,190,982,005	6,111,389,596	32,176,934,600	

The table below illustrates the fair value of guarantees against direct credit facilities as of December 31, 2015 as follows:

	Corporate				Total SYP
	Large companies SYP	Small and medium enterprises SYP	Real estate SYP	Individual SYP	
Normal (low risk)	527,079,350	635,547,534	-	256,020,112	1,418,647,006
Normal (acceptable risk)	303,693,707	982,226,882	-	502,201,112	1,798,128,581
Watch (special mention)	439,997,147	476,882,720	-	622,420,952	1,549,183,819
Non-performing					
Substandard	52,181,000	-	-	-	52,181,000
Doubtful	-	6,332,739	-	-	6,332,739
Bad	471,193,5	8,262,583	-	777,159,671	1,241,415,759
Total	2,061,039,395	1,034,188,121	-	1,125,800,835	4,221,028,351
Cash margins	371,151,171	492,000,664	-	451,787,654	1,314,939,489
Acceptable banks' guarantees	-	-	-	-	-
Real estate's guarantees	595,791,465	429,675,624	-	2,188,112	1,027,565,201
Shares	-	-	-	-	-
Vehicles	5,973,000	1,760,000	-	832,7	8,765,707
Other guarantees	1,089,748,822	110,448,163	-	-	1,200,196,985
Total	2,061,039,395	1,034,188,121	-	453,983,211	3,549,210,727

	Corporate				Total SYP
	Individual SYP	Real estate SYP	Large companies SYP	Small and medium enterprises SYP	
Normal (low risk)	23,056,715	-	-	19,841	23,076,556
Normal (acceptable risk)	1,372,534,336	973,108,463	3,145,007,612	528,974,709	6,019,625,120
Watch (special mention)	182,552,951	137,960,017	3,482,946,230	1,575,080,817	5,378,540,015
Non-performing					
Substandard	45,698,768	82,774,738	389,642,248	117,277,417	635,393,171
Doubtful	70,908,614	62,467,083	1,250,000,448	59,908,363	1,443,284,508
Bad	2,007,740,925	443,224,323	3,003,306,702	1,441,359,341	6,895,631,291
Total	3,702,492,309	1,699,534,624	11,270,903,240	3,722,620,488	20,395,550,661
Cash margins	25,615,143	304,370	735,830,910	83,696,922	845,447,345
Acceptable banks' guarantees	-	-	79,126	-	79,126
Real estate's guarantees	2,133,296,326	1,697,024,360	7,904,688,333	2,881,692,406	14,616,701,425
Shares	-	-	9,036,539	335,166,831	344,203,370
Vehicles	790,747,600	-	903,998,725	347,890,897	2,042,637,222
Other guarantees	752,833,240	2,205,894	1,717,269,607	74,173,432	2,546,482,173
Total	3,702,492,309	1,699,534,624	11,270,903,240	3,722,620,488	20,395,550,661

The table below illustrates the fair value of guarantees against indirect credit facilities as of December 31, 2014 as follows:

	Corporate				Total SYP
	Large companies SYP	Real estate SYP	Small and medium enterprises SYP	Individual SYP	
Normal (low risk)	366,793,999	-	-	129,377,713	496,171,712
Normal (acceptable risk)	269,669,699	-	-	629,080,741	908,750,440
Watch (special mention)	811,147,901	-	-	926,247,111	1,737,395,012
Overdue:					
sayp 06 of sayp 19	-	-	-	-	-
sayp 6/1 of sayp 16	-	-	-	-	-
Non-performing	395,537,111	-	-	-	395,537,111
Substandard	888,327,444	-	-	-	888,327,444
Doubtful	9,275,012	-	-	808,275,566	917,550,578
Bad	435,447,111	-	-	435,447,111	870,894,222
Total	2,657,273,164	-	-	1,670,995,538	4,328,268,702
Cash margins	591,038,676	-	-	566,699,995	1,157,738,671
Acceptable banks' guarantees	-	-	-	-	-
Real estate's guarantees	518,161,376	-	-	2,188,000	520,349,752
Shares	-	-	-	-	-
Vehicles	15,766,302	-	-	6,199	16,965,499
Other guarantees	469,999,999	-	-	-	476,195,998
Total	1,165,004,973	-	-	568,840,030	1,733,845,003

The table below illustrates the fair value of guarantees against indirect credit facilities as of December 31, 2013 as follows:

Rescheduled facilities:

These balances represent facilities that had previously been classified as non-performing facilities and were reclassified later as watch list. These facilities amounted to SYP 650,789,491 as of December 31, 2015 (compared to SYP 546,165,415 as of December 31, 2014).

Restructured facilities:

These balances represent facilities for which credit terms have been changed such as changes in installments, maturity, rescheduled payments or grace period extension. These facilities were classified as watch list and amounted to SYP 267,927,522 as of December 31, 2015 (compared to SYP 911,200,270 as of December 31, 2014).

4. Quality of financial assets in terms of credit risk:

The quality of financial assets in terms of credit risk exposure is measured based on an internal rating mechanism for credit risk as shown below (impairment provisions are not included below)

	December 31, 2015			
	Good SYP	Normal SYP	Impaired SYP	Total SYP
Balances with Central Bank of Syria	34,812,588,611	-	-	34,812,588,611
Balances with banks	2,190,970,827	32,330,935,313	-	34,521,906,140
Deposits with banks	-	11,548,877,500	-	11,548,877,500
Held to maturity financial assets	22,050,189,934	14,709,385,960	-	36,759,575,894
Blocked deposit with Central Bank of Syria	1,979,544,072	-	-	1,979,544,072
	<u>61,033,293,444</u>	<u>58,589,198,773</u>	<u>-</u>	<u>119,622,492,217</u>

	December 31, 2014			
	Good SYP	Normal SYP	Impaired SYP	Total SYP
Balances with Central Bank of Syria	41,804,581,930	-	-	41,804,581,930
Balances with banks	4,471,362,036	20,494,293,817	-	24,965,655,853
Deposits with banks	-	4,793,230,000	-	4,793,230,000
Held to maturity financial assets	25,967,971,808	-	-	25,967,971,808
Blocked deposit with Central Bank of Syria	1,265,404,802	-	-	1,265,404,802
	<u>73,509,320,576</u>	<u>25,287,523,817</u>	<u>-</u>	<u>98,796,844,393</u>

5. Credit risk exposure based on internal risk rating:

	S&P Rating	December 31,	
		2015 SYP	2014 SYP
Good			
Class 1*	AAA	36,792,132,682	43,069,986,731
Class 2	AA- To AA+	497,864,162	2,747,256,942
Class 3	A- To A+	<u>23,743,296,600</u>	<u>27,692,076,903</u>
		<u>61,033,293,444</u>	<u>73,509,320,576</u>
Normal			
Class 4**	BBB- To BBB+	51,156,810,663	25,239,387,742
Class 5	BB- To BB+	-	-
Class 6	less than B-	<u>7,432,388,110</u>	<u>48,136,075</u>
		<u>58,589,198,773</u>	<u>25,287,523,817</u>
		<u>119,622,492,217</u>	<u>98,796,844,393</u>

* Balances with Central Bank of Syria were classified under class 1.

** Balances with local banks were classified under class 4.

Bills, bonds and treasury bills

Credit rating	Rating agency	Held to maturity financial assets SYP	Total as of December 31, 2014 SYP
A	S&P	22,050,189,934	22,050,189,934
A-	S&P	11,033,284,759	11,033,284,759
AA-	S&P	<u>3,676,101,201</u>	<u>3,676,101,201</u>
		<u>36,759,575,894</u>	<u>36,759,575,894</u>

Credit rating	Rating agency	Held to maturity financial assets SYP	Total as of December 31, 2014 SYP
A	S&P	22,360,077,583	22,360,077,583
A-	S&P	1,203,232,691	1,203,232,691
AA-	S&P	<u>2,404,661,534</u>	<u>2,404,661,534</u>
		<u>25,967,971,808</u>	<u>25,967,971,808</u>

6. **Concentration of assets and liabilities by geographical region**

The table below illustrates credit exposure concentration by geographical region as follows:

	Syria SYP	Middle East SYP	Europe SYP	Asia * SYP	America SYP	Australia SYP	Total SYP
Balances with Central Bank of Syria	34,812,588,611	-	-	-	-	-	34,812,588,611
Balances with banks	13,263,013,790	16,368,581,094	4,102,541,252	787,770,004	-	-	34,521,906,140
Deposits with banks	720,000,000	10,828,877,500	-	-	-	-	11,548,877,500
Net direct credit facilities:							
Individual	4,491,600,109	-	-	-	-	-	4,491,600,109
Real estate	2,048,498,552	-	-	-	-	-	2,048,498,552
Corporate:							
Large companies	24,116,375,139	-	-	-	-	-	24,116,375,139
Small and medium enterprises	5,939,815,125	-	-	-	-	-	5,939,815,125
Held to maturity financial assets	-	-	25,741,583,291	11,017,992,603	-	-	36,759,575,894
Other assets	290,942,532	3,338,852,998	89,219,451	-	-	-	3,719,014,981
Blocked deposit with Central Bank of Syria	1,979,544,072	-	-	-	-	-	1,979,544,072
Total 2015	87,662,377,930	30,536,311,592	29,933,343,994	11,805,762,607	-	-	159,937,796,123
Total 2014	78,610,639,206	21,305,940,733	19,553,168,089	2,971,489,782	-	-	129,651,714,095

* Except for Middle East countries

7. **Concentration on Industry Sector**

The table below illustrates credit exposure concentration by industry sector as follows:

	Government and public sector (non-resident) SYP	Agricultural SYP	Real estate SYP	Commerce SYP	Industrial SYP	Financial SYP	
Balances with Central Bank of Syria	-	-	-	-	40,111,449	425,050,661	410,161,894
Balances with banks	-	639,272,074	-	-	-	466,575,894	1,105,847,968
Deposits with banks	-	-	-	-	6,050,950,950	-	6,050,950,950
Net direct credit facilities	-	-	-	059,286,752,222	010,060,010	-	169,346,764,432
Held to maturity financial assets	-	-	-	-	-	36,759,575,894	36,759,575,894
Other assets	-	127,077,111	-	526,705,131	279,911,449	3,117,125,449	4,140,819,675
Blocked deposit with Central Bank of Syria	-	-	-	-	-	270,775,661	270,775,661
Balance as of December 31, 2015	-	345,843,410	-	22,386,492,625	6,096,676,682	177,542,101	12,932,937,218
Balance as of December 31, 2014	-	165,803,714	-	8,444,620,517	5,170,194,240	101,846,790,260	179,465,354,725

B- Market Risk

Market risk arises mainly due to fluctuations in interest and foreign exchange rates.

Board of directors has set limits on the acceptable levels of exposure to market risk. Changes in rates are monitored and compared against these limits on a daily basis.

Mitigating market risk

The Bank considers that continuous monitoring of internal and external reports, in addition to daily follow up of news (mainly issued by international rating agencies) regarding correspondent banks, is sufficient to provide alert for any potential risk. The Bank avoids concentration in specific currency, country or bank in accordance with predetermined limits.

Market risk management

Market risk policies and procedures determine the treatment with various types of market risks that may arise from the Bank's operations, whether in assets or liabilities, in case of changes in exchange rates or interest rates. Regular assurance of the availability of acceptable levels of liquidity and compliance with the required capital adequacy ratio determined by Central Bank of Syria also help in market risk management.

Interest rate risk

The Bank is exposed to interest rate risk which arises from interest bearing financial instruments and reflects the possibility that changes in interest rates will adversely affect the value of financial instruments and related income.

The Bank manages this risk principally through monitoring interest rate gaps and by matching the re-pricing profile of assets and liabilities. Interest rate risk positions are managed by a specialized committee that periodically monitors interest rate sensitivity. Interest rate and maturity gaps between assets and liabilities are regularly assessed and checked against established limits. In addition, hedging solutions are implemented against interest rate risk whenever deemed necessary.

The Bank manages these risks through follow up of re-pricing of the assets and liabilities that earns interest through the policy of risk management, which is revised periodically by the risk management committee in the Bank.

Interest rate risk (sensitivity analysis) 2% change in interest rate

2% increase in interest rate

December 31, 2015			
Currency	Gap SYP	Interest income sensitivity (profit and loss) SYP	Equity sensitivity SYP
USD	(37,806,834,837)	(756,136,697)	(567,102,523)
EUR	45,236,545,344	904,730,907	678,548,180
GBP	304,384,949	6,087,699	4,565,774
CHF	44,264,641	885,293	663,970
JPY	972,109,612	19,442,192	14,581,644
SYP	(19,290,261,226)	(385,805,225)	(289,353,919)

2% decrease in interest rate

December 31, 2015			
Currency	Gap SYP	Interest income sensitivity (profit and loss) SYP	Equity sensitivity SYP
USD	(37,806,834,837)	756,136,697	567,102,523
EUR	45,236,545,344	(904,730,907)	(678,548,180)
GBP	304,384,949	(6,087,699)	(4,565,774)
CHF	44,264,641	(885,293)	(663,970)
JPY	972,109,612	(19,442,192)	(14,581,644)
SYP	(19,290,261,226)	385,805,225	289,353,919

2% increase in interest rate

December 31, 2014			
Currency	Gap SYP	Interest income sensitivity (profit and loss) SYP	Equity sensitivity SYP
USD	(35,274,384,744)	(705,487,695)	(529,115,771)
EUR	37,276,476,302	745,529,526	559,147,145
GBP	209,670,675	4,193,414	3,145,061
CHF	6,631,189	132,624	99,468
JPY	569,279,158	11,385,583	8,539,187
SYP	(15,575,256,240)	(311,505,125)	(233,628,844)

2% decrease in interest rate

December 31, 2014			
Currency	Gap SYP	Interest income sensitivity (profit and loss) SYP	Equity sensitivity SYP
USD	(35,274,384,744)	705,487,695	529,115,771
EUR	37,276,476,302	(745,529,526)	(559,147,145)
GBP	209,670,675	(4,193,414)	(3,145,061)
CHF	6,631,189	(132,624)	(99,468)
JPY	569,279,158	(11,385,583)	(8,539,187)
SYP	(15,575,256,240)	311,505,125	233,628,844

Currency risk

Currency risk arises from the fluctuations in exchange rates. The Bank functional currency is Syrian Pounds and the Management sets limits for foreign currency positions and monitors these positions regularly.

The Bank performs sensitivity analysis to control the effects of changes on profit or loss. A negative number below indicates net burden that would affect consolidated statement of profit or loss and consolidated statement of changes in equity, where the positive number reflects the opposite.

Currency exchange rate risk (sensitivity analysis) 10% change in currency exchange rate

10% increase

December 31, 2015			
Currency	Currency position SYP	Effect on profit and loss SYP	Equity sensitivity SYP
USD	14,253,643,391	1,425,364,339	1,436,351,060
EUR	172,095,016	17,209,502	14,815,134
GBP	305,925,047	30,592,505	24,192,828
CHF	972,537,477	97,253,748	96,990,211
JPY	44,651,419	4,465,142	3,348,857
Others	72,300,684	7,230,068	5,422,551

10% decrease

December 31, 2015			
Currency	Currency position SYP	Effect on profit and loss SYP	Equity sensitivity SYP
USD	14,253,643,391	(1,425,364,339)	(1,436,351,060)
EUR	172,095,016	(17,209,502)	(14,815,134)
GBP	305,925,047	(30,592,505)	(24,192,828)
CHF	972,537,477	(97,253,748)	(96,990,211)
JPY	44,651,419	(4,465,142)	(3,348,857)
Others	72,300,684	(7,230,068)	(5,422,551)

10% increase

December 31, 2014			
Currency	Currency position SYP	Effect on profit and loss SYP	Equity sensitivity SYP
USD	9,854,523,200	985,452,320	955,088,683
EUR	(100,251,359)	(10,025,136)	(7,518,852)
GBP	211,271,578	21,127,158	15,845,369
CHF	568,178,697	56,817,897	42,613,423
JPY	6,859,356	685,936	514,452
Others	(1,244,876,183)	(124,487,618)	(93,365,714)

10% decrease

December 31, 2014			
Currency	Currency position SYP	Effect on profit and loss SYP	Equity sensitivity SYP
USD	9,854,523,200	(985,452,320)	(955,088,683)
EUR	(100,251,359)	10,025,136	7,518,852
GBP	211,271,578	(21,127,158)	(15,845,369)
CHF	568,178,697	(56,817,897)	(42,613,423)
JPY	6,859,356	(685,936)	(514,452)
Others	(1,244,876,183)	124,487,618	93,365,714

Stock prices risks

The bank is exposed to stocks' price risks arising from investment in stocks.

Stock prices risks represent a decrease in the fair value of portfolio investment as a result of possible changes in stock indexes and stock prices.

The following table analyzes the impact of changes in stock prices acquired as equity instruments with the changes in stocks prices, with other variables remains constant:

Index	Changes in stock index %	Effect on share price SYP	Effect on equity SYP
Damascus Stocks Exchange	Increase 5%	23,420,893	17,565,670
Damascus Stocks Exchange	Decrease 5%	(23,420,893)	(17,565,670)

	December 31, 2015				
	Between 4 years and 5 years SYP	More than 5 years SYP	Non interest sensitive SYP	Total SYP	
Assets					
Cash and balances with Central Bank of Syria	-	-	12,631,923,356	12,631,923,356	40,177,663,356
Balances with banks	-	-	-	-	34,521,906,140
Deposits with banks	-	-	-	-	11,548,877,500
Held-for-trading financial assets	-	-	6,196,085	6,196,085	6,196,085
Net direct credit facilities	-	-	692,769,114	692,769,114	36,596,288,625
Available for sale financial assets	1,362,405,832	691,183,767	462,221,494	2,115,810,103	777,777,494
Held to maturity financial assets	-	-	-	-	36,759,575,894
Property and equipment	-	-	3,804,221,518	3,804,221,518	5,142,511,518
Intangible assets	-	-	531,793,101	531,793,101	101,793,101
Deferred tax assets	-	-	274,702,203	274,702,203	274,702,203
Other assets	-	-	5,011,619,541	5,011,619,541	145,619,111
Blocked deposit with Central Bank of Syria	-	-	1,979,532,072	1,979,532,072	1,979,532,072
Total assets	1,362,405,832	1,914,378,169	28,111,225,456	30,991,961,457	119,191,630,110
Liabilities and equity					
Banks' deposits	-	-	-	-	2,713,485,097
Customers' deposits	-	-	-	-	138,253,190,331
Cash margins	-	-	-	-	3,831,701,029
Miscellaneous provisions	-	-	3,528,798,049	3,528,798,049	3,528,798,049
Provision for income tax	-	-	403,371,072	403,371,072	403,371,072
Deferred tax liabilities	-	-	-	-	-
Other liabilities	-	-	5,149,902,411	5,149,902,411	5,149,902,411
Total liabilities	-	-	9,082,170,532	9,082,170,532	153,880,447,695
Interest rate re-pricing gap	1,362,405,832	1,914,378,169	19,029,054,924	21,305,816,924	18,034,182,415

(Continued) Interest rate re-pricing /dbs gap

Interest rate re-pricing gap

Classification is determined according to interest rate re-pricing frequency or maturity whichever is earlier:

	December 31, 2015							
	Within 1 month SYP	Between 1 and 3 months SYP	Between 3 and 6 months SYP	Between 6 and 9 months SYP	Between 9 months and 1 year SYP	Between 1 year and 2 years SYP	Between 2 years and 3 years SYP	Between 3 years and 4 years SYP
Assets								
Cash and balances with Central Bank of Syria	27,785,738,964	-	-	-	-	-	-	-
Balances with banks	30,747,344,214	3,679,400,000	95,161,926	-	-	-	-	-
Deposits with banks	30,000,000	5,309,777,500	90,000,000	5,519,100,000	500,000,000	100,000,000	-	-
Held-for-trading financial assets	-	-	-	-	-	-	-	-
Net direct credit facilities	7,838,908,838	5,658,438,608	5,247,598,203	957,326,733	1,819,409,198	3,336,874,799	2,919,615,127	2,309,350,649
Available for sale financial assets	-	-	-	-	-	-	-	-
Held to maturity financial assets	5,518,295,903	11,030,296,957	5,516,889,229	9,188,851,569	5,505,242,236	-	-	-
Property and equipment	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-
Deferred tax assets	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
Blocked deposit with Central Bank of Syria	-	-	-	-	-	-	-	-
Total assets	71,920,287,919	25,677,913,065	10,949,649,358	15,665,278,302	7,824,651,434	3,436,874,799	2,919,615,127	2,309,350,649
Liabilities and equity								
Banks' deposits	2,530,865,809	84,162,500	65,956,788	32,500,000	-	-	-	-
Customers' deposits	124,052,813,584	5,953,447,643	4,608,827,819	1,829,563,005	1,649,546,053	158,991,933	-	-
Cash margins	45,562,555	683,473,778	2,455,227,562	124,947,932	522,489,202	-	-	-
Miscellaneous provisions	-	-	-	-	-	-	-	-
Provision for income tax	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-
Total liabilities	126,629,241,948	6,721,083,921	7,130,012,169	1,987,010,937	2,172,035,255	158,991,933	-	-
Interest rate re-pricing gap	(54,708,954,029)	18,956,829,144	3,819,637,189	13,678,267,365	5,652,616,179	3,277,882,866	2,919,615,127	2,309,350,649

	December 31, 2014					Between 5 years and 4	Between 5 years and 4	Between 5 years and 4	Between 5 years and 4	Between 5 years and 4
	Within 1 month SYP	Between 1 and 3 months SYP	Between 3 and 6 months SYP	Between 6 and 9 months SYP	Between 9 months and 1 year SYP					
Assets										
Cash and balances with Central Bank of Syria	35,671,317,110	-	-	-	-	-	-	-	-	-
Balances with banks	19,309,405,008	5,656,250,845	-	-	-	-	-	-	-	-
Deposits with banks	-	4,593,230,000	-	-	200,000,000	-	-	-	-	-
Held-for-trading financial assets	-	-	-	-	-	-	-	-	-	-
Net direct credit facilities	7,037,097,005	3,741,921,685	2,828,139,768	1,019,912,254	1,163,371,098	1,791,248,940	1,824,186,856	1,336,544,34	-	-
Available for sale financial assets	-	-	-	-	-	-	-	-	-	-
Held to maturity financial assets	13,709,520,929	5,529,144,527	4,085,936,561	2,643,369,791	-	-	-	-	-	-
Property and equipment	-	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-	-
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Blocked deposit with Central Bank of Syria	-	-	-	-	-	-	-	-	-	-
Total assets	<u>75,727,340,052</u>	<u>19,520,547,057</u>	<u>6,914,076,329</u>	<u>3,663,282,045</u>	<u>1,363,371,098</u>	<u>1,791,248,940</u>	<u>1,824,186,856</u>	<u>1,336,544,34</u>		
Liabilities and equity										
Banks' deposits	1,745,810,324	49,490,000	84,860,806	10,800,000	-	-	-	-	-	-
Customers' deposits	109,254,914,353	2,952,121,452	3,061,955,994	1,565,722,966	1,121,920,540	213,564,186	-	-	-	-
Cash margins	214,065,524	389,752,546	1,913,969,024	62,199,964	453,212,833	30,526,040	-	-	-	-
Miscellaneous provisions	-	-	-	-	-	-	-	-	-	-
Provision for income tax	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-	-	-
Total liabilities	<u>111,214,790,201</u>	<u>3,391,363,998</u>	<u>5,060,785,824</u>	<u>1,638,722,930</u>	<u>1,575,133,373</u>	<u>244,090,226</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Interest rate re-pricing gap	<u>(35,487,450,149)</u>	<u>16,129,183,059</u>	<u>1,853,290,505</u>	<u>2,024,559,115</u>	<u>(211,762,275)</u>	<u>1,547,158,714</u>	<u>1,824,186,856</u>	<u>1,336,544,34</u>		

Interest rate re-pricing gap

Classification is determined according to interest rate re-pricing frequency or maturity whichever is earlier:

	December 31, 2014					Between 5 years and 4	Between 5 years and 4	Between 5 years and 4	Between 5 years and 4	Between 5 years and 4
	Within 1 month SYP	Between 1 and 3 months SYP	Between 3 and 6 months SYP	Between 6 and 9 months SYP	Between 9 months and 1 year SYP					
Assets										
Cash and balances with Central Bank of Syria	35,671,317,110	-	-	-	-	-	-	-	-	-
Balances with banks	19,309,405,008	5,656,250,845	-	-	-	-	-	-	-	-
Deposits with banks	-	4,593,230,000	-	-	200,000,000	-	-	-	-	-
Held-for-trading financial assets	-	-	-	-	-	-	-	-	-	-
Net direct credit facilities	7,037,097,005	3,741,921,685	2,828,139,768	1,019,912,254	1,163,371,098	1,791,248,940	1,824,186,856	1,336,544,34	-	-
Available for sale financial assets	-	-	-	-	-	-	-	-	-	-
Held to maturity financial assets	13,709,520,929	5,529,144,527	4,085,936,561	2,643,369,791	-	-	-	-	-	-
Property and equipment	-	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-	-
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Blocked deposit with Central Bank of Syria	-	-	-	-	-	-	-	-	-	-
Total assets	<u>75,727,340,052</u>	<u>19,520,547,057</u>	<u>6,914,076,329</u>	<u>3,663,282,045</u>	<u>1,363,371,098</u>	<u>1,791,248,940</u>	<u>1,824,186,856</u>	<u>1,336,544,34</u>		
Liabilities and equity										
Banks' deposits	1,745,810,324	49,490,000	84,860,806	10,800,000	-	-	-	-	-	-
Customers' deposits	109,254,914,353	2,952,121,452	3,061,955,994	1,565,722,966	1,121,920,540	213,564,186	-	-	-	-
Cash margins	214,065,524	389,752,546	1,913,969,024	62,199,964	453,212,833	30,526,040	-	-	-	-
Miscellaneous provisions	-	-	-	-	-	-	-	-	-	-
Provision for income tax	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-	-	-
Total liabilities	<u>111,214,790,201</u>	<u>3,391,363,998</u>	<u>5,060,785,824</u>	<u>1,638,722,930</u>	<u>1,575,133,373</u>	<u>244,090,226</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Interest rate re-pricing gap	<u>(35,487,450,149)</u>	<u>16,129,183,059</u>	<u>1,853,290,505</u>	<u>2,024,559,115</u>	<u>(211,762,275)</u>	<u>1,547,158,714</u>	<u>1,824,186,856</u>	<u>1,336,544,34</u>		

	December 31, 2015													
	USD SYP	EUR SYP	GBP SYP	JPY SYP	CHF SYP	Others SYP	Total SYP	USD SYP	EUR SYP	GBP SYP	JPY SYP	CHF SYP	Others SYP	Total SYP
Assets														
Cash and balances with Central Bank of Syria	23,411,168,618	5,310,885,017	1,692,898	427,865	386,779	169,434,505	28,893,995,682							
Balances with banks	6,288,769,510	19,148,127,651	872,392,695	972,381,639	95,660,559	3,497,237,862	30,874,569,916							
Deposits with banks	1,262,437,500	9,566,440,000	-	-	-	-	10,828,877,500							
Net direct credit facilities	191,610,737	120,090,973	11,755	-	-	1,992,754	313,706,219							
Held to maturity financial assets	-	36,759,575,894	-	-	-	-	36,759,575,894							
Other assets	95,766,920	10,845,583	122,588	-	-	329,194	107,064,285							
Blocked deposit with Central Bank of Syria	1,733,470,222	-	-	-	-	-	1,733,470,222							
Total assets	32,983,223,507	70,915,965,118	874,219,936	972,809,504	96,047,338	3,668,994,315	109,511,259,718							
Liabilities														
Banks' deposits	870,542,228	880,378,530	30,017,996	-	-	813,686	1,781,752,440							
Customers' deposits	60,623,925,810	22,929,972,516	537,989,749	272,027	51,395,919	3,582,476,632	87,726,032,653							
Cash margins	1,080,491,614	1,317,804,860	-	-	-	4,577,072	2,402,873,546							
Miscellaneous provisions	428,134,550	1,854,819,611	-	-	-	3,111,241	2,286,065,402							
Other liabilities	149,708,969	343,974,585	287,144	-	-	5,715,000	499,685,698							
Total liabilities	63,152,803,171	27,326,950,102	568,294,889	272,027	51,395,919	3,596,693,631	94,696,409,739							
Net statement of financial position concentration	(30,169,579,664)	43,589,015,016	305,925,047	972,537,477	44,651,419	72,300,684	14,814,849,979							
Foreign currencies to be paid	-	(43,416,920,000)	-	-	-	-	(43,416,920,000)							
Foreign currencies to be received	44,423,223,055	-	-	-	-	-	44,423,223,055							
Net statement of financial position concentration including off-balance sheet items	14,253,643,391	172,095,016	305,925,047	972,537,477	44,651,419	72,300,684	15,821,153,034							

	December 31, 2014													
	USD SYP	EUR JPY	GBP SYP	JPY SYP	CHF SYP	Others SYP	Total SYP	USD SYP	EUR JPY	GBP SYP	JPY SYP	CHF SYP	Others SYP	Total SYP
Assets														
Cash and balances with Central Bank of Syria	707,070,330,970	658,178,967	211,271,578	149,966,641	285,817,230,51	256,030,610,1	1,733,470,222							
Balances with banks	955,955,565,808	808,166,796,55	411,010,62	849,255,7	411,010,62	808,166,796,55	1,733,470,222							
Deposits with banks	536,141,301,000	485,62	-	(22,488,7	485,62	(22,488,7	536,141,301,000							
Net direct credit facilities	395,481,962,22	324,300,000,000	429,600,000,000	324,300,000,000	324,300,000,000	324,300,000,000	395,481,962,22							
Held to maturity financial assets	926,906,547,1	150,352	1,852,651	947,610,354	1,852,651	947,610,354	926,906,547,1							
Other assets	1,010,101,010	-	-	-	-	-	1,010,101,010							
Total assets	2,607,070,330,970	1,608,178,967	634,543,156	1,498,812,695	1,042,627,811	1,498,812,695	5,282,523,223							
Liabilities														
Banks' deposits	330,684	-	18,520,000	91,666,641	650,912,734	-	880,779,375							
Customers' deposits	60,032,370,159	205,670	669,843,666	1,372,222,515	612,583,717	612,583,717	60,032,370,159							
Cash margins	1,842,981,012	10,642,166	-	1,111,111	482,288	482,288	1,842,981,012							
Miscellaneous provisions	171,470,328,206	5,258,305	-	465,204,54	27,851,171	27,851,171	171,470,328,206							
Other liabilities	199,470,402,306	3,350,882	70,000,000	111,111,111	299,669,554	299,669,554	199,470,402,306							
Total liabilities	1,999,974,023,399	2,382,730,329	188,363,666	1,949,111,111	1,470,308,226	1,470,308,226	1,999,974,023,399							
Net statement of financial position concentration	644,949,647,279	568,178,967	211,271,578	149,966,641	285,817,230,51	256,030,610,1	1,733,470,222							
Foreign currencies to be paid	(36,824,040,000)	-	-	(36,824,040,000)	-	-	(36,824,040,000)							
Foreign currencies to be received	39,669,679,280	-	-	-	-	-	39,669,679,280							
Net statement of financial position concentration including off-balance sheet items	9,845,639,280	568,178,967	211,271,578	149,966,641	285,817,230,51	256,030,610,1	1,733,470,222							

Concentration in foreign currency risk

Business Risk

Business risk arises from several factors that generally affect the banking sector such as political and economic conditions, which have negative indicators on business results. Management reevaluates risks regularly to take appropriate actions to minimize their effects on business results and financial position of the Bank.

Early settlement risk

Financial losses may arise from an early settlement by customers before maturity, such as mortgages with fixed interest rates when the interest rates deteriorate. An early settlement that may result from other market factors is not material in the markets in which the Bank operates. Thus, the Bank considers the impact of an early settlement on net interest income immaterial after taking into consideration any received penalties that may result from an early settlement.

C- Liquidity Risk

Liquidity risk is the risk that the Bank will be unable to meet its obligations associated with its financial liabilities when they fall due. To limit liquidity risk, the management diversifies sources of funding, efficiently manages assets and monitors liquidity position on a daily basis and forecast future cash inflows/outflows. The availability of collateral is assessed as well to secure additional funding if needed.

The Bank maintains highly marketable assets that can be easily liquidated into cash in the event of any shortage of liquidity. The Bank also maintains compulsory cash reserves with Central Bank of Syria in the form of deposits equal to 5% of average customers' deposits and 10% of capital. In addition, regular liquidity stress testing is conducted by management under a variety of scenarios covering both normal and stressed market conditions. The liquidity ratio is calculated based on Monetary and Credit Council's circular No 588 dated November 22, 2009 while limits are set by management on the ratio of net current assets to clients' liabilities and weighted off- balance sheet commitments.

	2015	2014
	%	%
December 31	81	79
Average during the year	80	82
Highest percentage	81	85
Lowest percentage	79	79

The Risk Management Committee's responsibility

The bank formed a committee to manage risk that includes non-executive members of the board of directors who have experience in banking risk management unit. The committee continuously worry's with the risk management unit in the bank to establish and implement risk management policies relating to the bank's main operations and any new activities undertaken by the bank. The committee members ensure that any reported issues are immediately dealt with by management.

First: This table summarizes the distribution of assets and liabilities according to contractual maturity period at the date of consolidated financial statements as follows:

	December 31, 2015							Total SYP
	On demand Less than 8 days SYP	8 days to 1 month SYP	1 month to 3 months SYP	3 months to 6 months SYP	6 months to 9 months SYP	9 months to 1 year SYP	more than 1 year SYP	
Assets								
Cash and balances with Central Bank of Syria	33,390,813,707	-	-	-	-	-	-	7,026,849,647
Balances with Banks	26,207,644,214	4,539,700,000	3,679,400,000	95,161,926	-	-	-	34,521,906,140
Deposits with Banks	-	30,000,000	5,309,777,500	90,000,000	5,519,100,000	500,000,000	100,000,000	11,548,877,500
Held-for-trading financial assets	-	-	-	-	-	-	-	6,196,085
Net direct credit facilities	5,414,533,740	2,407,948,577	5,546,432,312	5,063,344,574	937,074,490	1,690,069,226	11,617,239,059	36,596,288,925
Available for sale financial assets	-	-	-	-	-	-	-	462,221,777
Held to maturity financial assets	-	5,518,295,913	11,030,296,952	5,516,889,222	9,188,851,571	5,505,242,236	-	36,759,575,894
Property and equipment	-	-	-	-	-	-	-	3,804,241,518
Intangible assets	-	-	-	-	-	-	-	531,793,101
Deferred tax assets	-	-	-	-	-	-	-	274,702,203
Other assets	3,133,302	742,749,570	2,095,551,126	2,064,856,542	4,827,679	10,822,973	89,678,349	5,011,619,541
Blocked deposit with Central Bank of Syria	-	-	-	-	-	-	-	1,979,544,072
Total assets	65,016,124,963	13,238,694,060	27,661,457,890	12,830,252,264	15,649,853,740	7,706,134,435	11,806,917,408	18,005,195,350
Liabilities								
Banks' deposits	2,530,865,809	-	84,162,500	65,956,788	32,500,000	-	-	-
Customers' deposits	111,413,323,484	12,639,490,102	5,953,447,643	4,608,827,819	1,829,563,005	1,649,546,053	158,991,931	138,253,190,037
Cash margins	9,168,990	36,393,564	683,473,778	2,455,227,562	124,947,932	522,489,203	-	3,831,701,029
Miscellaneous provisions	-	-	-	-	-	-	-	3,528,798,049
Provision for income tax	-	-	-	-	-	-	-	403,371,072
Deferred tax liabilities	-	-	-	-	-	-	-	-
Other liabilities	37,342,146	816,661,770	1,827,670,544	2,391,124,330	50,932,234	19,474,178	6,697,209	5,149,902,411
Total liabilities	113,990,700,429	13,492,545,436	8,548,754,465	9,521,136,499	2,037,943,171	2,191,509,434	165,689,140	3,932,169,121
Net	(48,974,575,466)	(233,851,376)	19,112,703,425	3,309,115,765	13,611,910,569	5,514,625,001	11,641,228,268	14,073,026,229
								18,034,182,415

	December 31, 2014									
	On demand Less than 8 days SYP	8 days to 1 month SYP	1 month to 3 months SYP	3 months to 6 months SYP	6 months to 9 months SYP	9 months to 1 year SYP	more than 1 year SYP	Without maturity SYP	Total SYP	
Assets										
Cash and balances with Central Bank of Syria	39,397,492,807	-	-	-	-	-	-	6,133,264,820	45,530,757,627	
Balances with Banks	14,858,935,008	4,450,470,000	5,656,250,845	-	-	-	-	24,965,655,853	24,965,655,853	
Deposits with Banks	-	-	4,593,230,000	-	-	200,000,000	-	-	4,793,230,000	
Held-for-trading financial assets	-	-	-	-	-	-	-	9,323,022	9,323,022	
Net direct credit facilities	4,978,803,450	2,045,428,799	3,664,987,877	2,737,285,393	976,822,559	1,084,510,187	7,066,133,415	4,885,029,502	27,439,001,182	
Available for sale financial assets	-	13,709,520,929	5,529,144,527	4,085,936,561	-	-	-	281,901,663	27,967,971,808	
Held to maturity financial assets	-	-	-	-	-	-	-	3,047,930,452	3,047,930,452	
Property and equipment	-	-	-	-	-	-	-	535,498,732	535,498,732	
Intangible assets	-	-	-	-	-	-	-	287,456,749	287,456,749	
Deferred tax assets	-	-	-	-	-	-	-	121,411,002	121,411,002	
Other assets	154,625,571	1,648,344,598	1,143,221,644	1,627,467,873	-	-	-	4,699,134,181	4,699,134,181	
Blocked deposit with Central Bank of Syria	-	-	-	-	-	-	-	1,265,404,802	1,265,404,802	
Total assets	59,389,856,836	21,853,764,326	20,586,834,893	8,450,689,827	3,620,192,350	1,288,573,680	7,066,133,415	16,567,220,744	138,823,266,071	
Liabilities										
Banks' deposits	1,734,810,324	11,000,000	49,490,000	84,860,806	10,800,000	-	-	-	1,890,961,130	
Customers' deposits	96,979,563,723	12,275,350,630	2,952,121,452	3,061,955,994	1,565,722,966	1,121,920,540	213,564,186	-	118,170,199,491	
Cash margins	37,495,099	176,570,425	389,752,546	1,913,969,024	62,199,964	453,212,833	30,526,040	-	3,063,725,931	
Miscellaneous provisions	-	-	-	-	-	-	-	1,288,476,756	1,288,476,756	
Provision for income tax	-	-	-	-	-	-	-	70,244,995	70,244,995	
Deferred tax liabilities	-	-	-	-	-	-	-	5,854,375	5,854,375	
Other liabilities	60,943,213	117,722,712	98,936,605	2,593,980,723	44,193,466	30,471,607	30,471,607	-	2,976,719,933	
Total liabilities	98,812,812,359	12,580,643,767	3,490,300,603	7,654,766,547	1,682,916,396	1,605,604,980	274,561,833	1,364,576,126	127,466,182,611	
Net	(39,422,955,523)	9,273,120,559	17,096,534,290	795,923,280	1,937,275,954	(317,031,300)	6,791,571,582	15,202,644,618	11,357,083,460	

Second: Off-balance sheet items

	December 31, 2015			
	Up to one year SYP	From 1 to 5 years SYP	More than 5 years SYP	Total SYP
Letters of credit and acceptances	362,336,823	-	-	362,336,823
Unutilized direct credit facilities	5,408,321,183	-	-	5,408,321,183
Unutilized undirect credit facilities	3,881,005,905	-	-	3,881,005,905
Issued guarantees	19,914,523,167	26,927,297	-	19,941,450,464
Export pledges	2,899,176,417	-	-	2,899,176,417
Contractual obligations	20,539,200	94,195,124	65,486,847	180,221,171
	<u>32,485,902,695</u>	<u>121,122,421</u>	<u>65,486,847</u>	<u>32,672,511,963</u>

	December 31, 2014			
	Up to one year SYP	From 1 to 5 years SYP	More than 5 years SYP	Total SYP
Letters of credit and acceptances	767,225,051	-	-	767,225,051
Unutilized direct credit facilities	6,387,645,614	-	-	6,387,645,614
Unutilized undirect credit facilities	4,292,378,219	-	-	4,292,378,219
Issued guarantees	15,181,270,969	122,620,745	-	15,303,891,714
Export pledges	2,409,817,229	-	-	2,409,817,229
Contractual obligations	70,376,371	158,292,459	96,124,371	324,793,201
	<u>29,108,713,453</u>	<u>280,913,204</u>	<u>96,124,371</u>	<u>29,485,751,028</u>

Operational risk

Operational risk represents any losses that can be incurred as a result of deficiencies in procedures, human errors, financial system, technical infrastructure and external factors. Operational risks are measured using statistical methods that are consistent with the nature of the Bank's operations. The Bank cannot eliminate all types of operation risks but it can be controlled by a comprehensive control system.

The Bank uses Basic Indicator Approach according to Basel II, which states that private money of the Bank should cover a minimum fixed percentage of 15% of the average total income for the three preceding years.

Mitigating operational risk

The Bank gives high attention to operational risk which characterized with low probability of occurrence and financial losses. The Bank selects these types of operational risks and sorts them into the following two types:

- Controllable operational risk in which losses can be determined, or to determine the amounts of activities that would be better if the Bank transfers their operational risks to a third party or to determine the amounts that the Bank can obtain from insurance companies.
- Non-controllable operational risk in which the Bank would either reduce the level of its risk-associated activities or eliminates them, or transfers these activities to third party or determine the amounts that the Bank can obtain from insurance companies, whatever applicable.

B. Information on geographical distribution

This note illustrates the geographical distribution of the Bank's activities. The Bank mainly operates through its main branch and its network of branches spread around Syria.

The following table shows the distribution of the Bank's profits, total assets and capital expenditures by geographical segment:

	Year ended December 31, 2015		
	Domestic	Outside	Total
	SYP	Syria SYP	SYP
Total income	11,598,636,457	483,660,875	12,082,297,332
Total assets	99,639,211,917	72,275,418,193	171,914,630,110
Capital expenditure	1,045,512,569	-	1,045,512,569

	Year ended December 31, 2014		
	Domestic	Outside	Total
	SYP	Syria SYP	SYP
Total income	5,331,737,171	494,532,553	5,826,269,724
Total assets	87,926,879,421	50,968,590,650	138,895,470,071
Capital expenditure	1,164,719,704	-	1,164,719,704

44. CAPITAL ADEQUACY

The Bank maintains adequate capital to face risks inherent in its nature of activities. Capital adequacy ratios are monitored on a regular basis by the Bank's management and are checked against Basel II International Banking Standards (adopted by Central Bank of Syria).

All banks operating in Syria are required to maintain a capital adequacy ratio at a minimum of 8% according to circular No (253/MN/B4) issued by Monetary and Credit Council on January 24, 2007 in accordance with Basel guidelines. The Bank's capital adequacy has exceeded the minimum requirement of 8%. In addition, the Bank tracks credit concentration ratios that use regulatory capital as an indicator.

The Bank manages its capital structure and amends it according to the changes in the economic conditions and risk characteristics in its activities.

The following table illustrates the calculation of capital adequacy:

	December 31,	
	2015 SYP '000	2014 SYP '000
Basic capital:*		
Registered and paid in capital	5,076,000	5,076,000
Legal reserve	480,528	426,753
Special reserve	480,528	426,753
Unrealized retained earnings	12,949,002	6,491,037
Accumulated losses	(1,147,402)	(1,255,677)
Intangible assets (net)	(531,793)	(535,499)
Assets reverted to the bank as a settlement for outstanding debts	(7,210)	-
The greater of facilities granted to or used by major shareholders and Board of Directors	(426,072)	(492,578)
Net basic private money	16,873,581	10,136,789
Supplementary capital items:		
Net unrealized profit of available for sale financial assets after deducting 50% discount	5,433	3,779
General reserve for credit facilities impairment	184,660	184,660
Supplementary private money	190,093	188,439
Net private money (organizational capital)	17,063,674	10,325,228
Credit risk and other assets risk	61,920,233	42,644,457
Risk weighted off-balance sheet assets and liabilities	7,992,110	2,630,057
Market risk	2,888,404	1,842,052
Operational risk	3,415,488	2,529,252
Total	76,216,235	49,645,818
Capital adequacy ratio (%)	22,39%	20,80%
Basic capital ratio (%)	22,14%	20,42%
Basic capital to total shareholders' equity ratio	93,56%	89,26%

* Non-controlling Equity items has been added to the bank's basic capital when calculating the capital adequacy ratio.

** Assets reverted to the bank as a settlement for outstanding debts and that exceeded the time limit for the bank to keep has been written down from the bank's net private financial resources under the acting rules and regulations when calculating the precautionary ratios defined under the monetary and credit council regulations based on Syrian central bank's resolution No 1312\MN\B4.

Monetary and credit council Resolution No (1088\MN\B4) issued on February 26, 2014 included adjusting the 8th amendment of monetary and credit council's resolution No(362\MN\B1) dated February 4, 2008 , where Unrealized structural differences in exchange rate were listed under the bank's basic private financial resources for the purpose of calculating the capital adequacy under the requirements of monetary and credit council resolution No(253\MN\B4) issued in 2007.

45. MATURITY OF ASSETS AND LIABILITIES

The following tables illustrate the allocation of financial assets and liabilities according to their maturities as of December 31, 2015:

A. Consolidated statement of financial position items:

	Up to one year SYP	More than 1 year SYP	Total SYP
Assets			
Cash and balances with Central Bank of Syria	33,390,813,707	7,026,849,647	40,417,663,354
Balances with banks	34,521,906,140	-	34,521,906,140
Deposits with banks	11,448,877,500	100,000,000	11,548,877,500
Held-for-trading financial assets	-	6,196,085	6,196,085
Net direct credit facilities	21,059,402,915	15,536,886,010	36,596,288,925
Held to maturity financial assets	36,759,575,894	-	36,759,575,894
Available for sale financial assets	-	462,221,777	462,221,777
Property and equipment	-	3,804,241,518	3,804,241,518
Intangible assets	-	531,793,101	531,793,101
Deferred tax assets	-	274,702,203	274,702,203
Other assets	4,921,941,181	89,678,360	5,011,619,541
Blocked deposit with Central Bank of Syria	-	1,979,544,072	1,979,544,072
Total assets	142,102,517,337	29,812,112,773	171,914,630,110
Liabilities			
Banks' deposits	2,713,485,097	-	2,713,485,097
Customers' deposits	138,094,198,102	158,991,935	138,253,190,037
Cash margins	3,831,701,029	-	3,831,701,029
Miscellaneous provisions	-	3,528,798,049	3,528,798,049
Provision for income tax	-	403,371,072	403,371,072
Deferred tax liabilities	-	-	-
Other liabilities	5,143,205,200	6,697,211	5,149,902,411
Total liabilities	149,782,589,428	4,097,858,267	153,880,447,695
Net	(7,680,072,091)	25,714,254,506	18,034,182,415

The following tables illustrate the allocation of financial assets and liabilities according to their maturities as of December 31, 2014:

A. Consolidated statement of financial position items:

	Up to one year SYP	More than 1 year SYP	Total SYP
Assets			
Cash and balances with Central Bank of Syria	39,397,492,807	6,133,264,820	45,530,757,627
Balances with banks	24,965,655,853	-	24,965,655,853
Deposits with banks	4,793,230,000	-	4,793,230,000
Held-for-trading financial assets	-	9,323,022	9,323,022
Net direct credit facilities	15,487,838,265	11,951,162,917	27,439,001,182
Held to maturity financial assets	25,967,971,808	-	25,967,971,808
Available for sale financial assets	-	281,901,663	281,901,663
Property and equipment	-	3,047,930,452	3,047,930,452
Intangible assets	-	535,498,732	535,498,732
Deferred tax assets	-	287,456,749	287,456,749
Other assets	4,577,723,179	121,411,002	4,699,134,181
Blocked deposit with Central Bank of Syria	-	1,265,404,802	1,265,404,802
Total assets	115,189,911,912	23,633,354,159	138,823,266,071
Liabilities			
Banks' deposits	1,890,961,130	-	1,890,961,130
Customers' deposits	117,956,635,304	213,564,187	118,170,199,491
Cash margins	3,033,199,890	30,526,041	3,063,725,931
Miscellaneous provisions	-	1,288,476,756	1,288,476,756
Provision for income tax	-	70,244,995	70,244,995
Deferred tax liabilities	-	5,854,375	5,854,375
Other liabilities	2,946,248,323	30,471,610	2,976,719,933
Total liabilities	125,827,044,647	1,639,137,964	127,466,182,611
Net	(10,637,132,735)	21,994,216,195	11,357,083,460

46. OFF-BALANCE SHEET COMMITMENTS

A. Off-balance sheet commitments (Face value):

	December 31,	
	2015 SYP	2014 SYP
Contingent liabilities on behalf of customers:		
Letters of credit	275,202,707	730,472,922
Acceptances	87,134,116	36,752,129
Letters of guarantee:		
Primary guarantees	506,588,940	551,558,747
Payment guarantees	837,106,926	494,800,113
Performance guarantees	4,315,604,566	3,252,395,962
Contingent liabilities on behalf of banks		
Letters of guarantee:		
Primary guarantees	67,389,116	44,081,134
Payment guarantees	1,058,173,445	813,581,902
Performance guarantees	13,156,587,471	10,147,473,856
Export guarantees	2,899,176,417	2,409,817,229
Unutilized limits of direct credit facilities:		
Overdrafts	1,097,007,023	2,590,718,344
Discounted bills	32,545,000	29,836,797
Loans	4,278,769,160	3,767,090,473
Unutilized facilities limits of indirect credit	3,881,005,905	4,292,378,219
Currency swap contracts	<u>43,416,920,000</u>	<u>36,824,040,000</u>
	<u>75,909,210,792</u>	<u>26,751,140,598</u>

B. Commitments and contractual obligations:

	December 31,	
	2015 SYP	2014 SYP
Operational lease contracts due within one year	20,539,200	70,376,371
Operational lease contracts due between one to five years	94,195,124	158,292,459
Operational lease contracts due in more than five years	<u>65,486,847</u>	<u>96,124,371</u>
	<u>180,221,171</u>	<u>324,793,201</u>

These operational lease contracts represent rent of the Bank's branches.

47. LEGAL MATTERS

Several lawsuits have been raised against the bank and are being handled by the bank's lawyer.

Appropriate provisions have been recorded according to the management and the bank's lawyer's opinions (note 19).

48. COMPARATIVE FIGURES

The comparative figures as of December 31, 2014 have been represented to reflect the classification as of December 31, 2015.

Which related to letter of guarantee that paid to one of the correspondents abroad with amount of EUR 300,000 and the correspondent bank refused to pay it.

	Balance as of December 31, 2014 before classification SYP	Balance as of December 31, 2014 after classification SYP	Difference SYP
Other assets	4,771,338,181	4,699,134,181	(72,204,000)
Non- refunded foreign guarantees' portfolio	-	72,204,000	72,204,000
Miscellaneous provisions	1,360,680,756	1,288,476,756	(72,204,000)
Provision for non- refunded foreign guarantees' portfolio	-	72,204,000	72,204,000
	Balance as of December 31, 2014 before classification SYP	Balance as of December 31, 2014 after classification SYP	Difference SYP
Provision for impairment of credit facilities	909,438,299	37,100,439	(872,337,860)
Miscellaneous provisions	15,180,619	887,518,479	872,337,860

BBSF Branches

Accuracy is the base for our excellence

Glassmaking:

First appeared in the first century AD in Syria. Glassmaking in Syria is distinguished by beautiful arabesque designs, all colored by hand.



Damascus:

- **Main Branch**
Cham Palace – Al Salhieh
Phone: +963112317030
- **29 Ayyar**
29 Ayyar Street
Phone: +963112317778
- **Bab Touma**
Adeeb Esshaq Street
Phone: +963115430910
- **Mazzeh**
Mazzeh Highway, next to Al Razi Hospital
Phone: +963116129002
- **Harika**
Ibn Khaldoun Street
Phone: +963112264713
- **Dummar**
Area 10, shop 26
Phone: +963113141801
- **Abbasiyin**
Hamzeh W Al Abbas Street
Phone: +963114436961
- **Jaramana**
Al Baladieh El Adimeh Street
Phone: +963115636263

Sweida:

- **Sweida Branch**
Tishreen Square - Al Qanawat Street
Phone: +96316323082

Hassakeh:

- **Hassakeh Branch**
Al Quatly Street – Next to the Central Bank
Phone: +96352227300

Aleppo:

- **Main Branch**
Azzizieh Street – Al Dahhan Building
Phone: +963219244

- **Sulaymanieh**
Soulaymanieh Street
Phone: +963219277

- **Al Fourkan**
Al Tajmil, Al Furkan, Police Residence Street
Phone: +963219233

Hama

- **Hama Branch**
Al Quwatly Street, Government House Square
Phone: +963332241692

Homs:

- **AL Hadara**
Al Hadara Street
Phone: +963312782010

- **Hawash**
Wadi Al Nassara – Al Mazineh Street
Phone: +963317448640

Lattakia:

- **Lattakia Branch 1**
8th of March Street
Phone: +96341456912

Lattakia Branch 2

Al Thawra Highway
Phone: +96341551314

Jable

Main Street
Phone: +96341838557

Tartous

Tartous Branch 1

Rafoul Building, Hanano Street
Phone: +96343312043

Tartous Branch 2

AL Massaref Street
Phone: +96343329301

Safita:

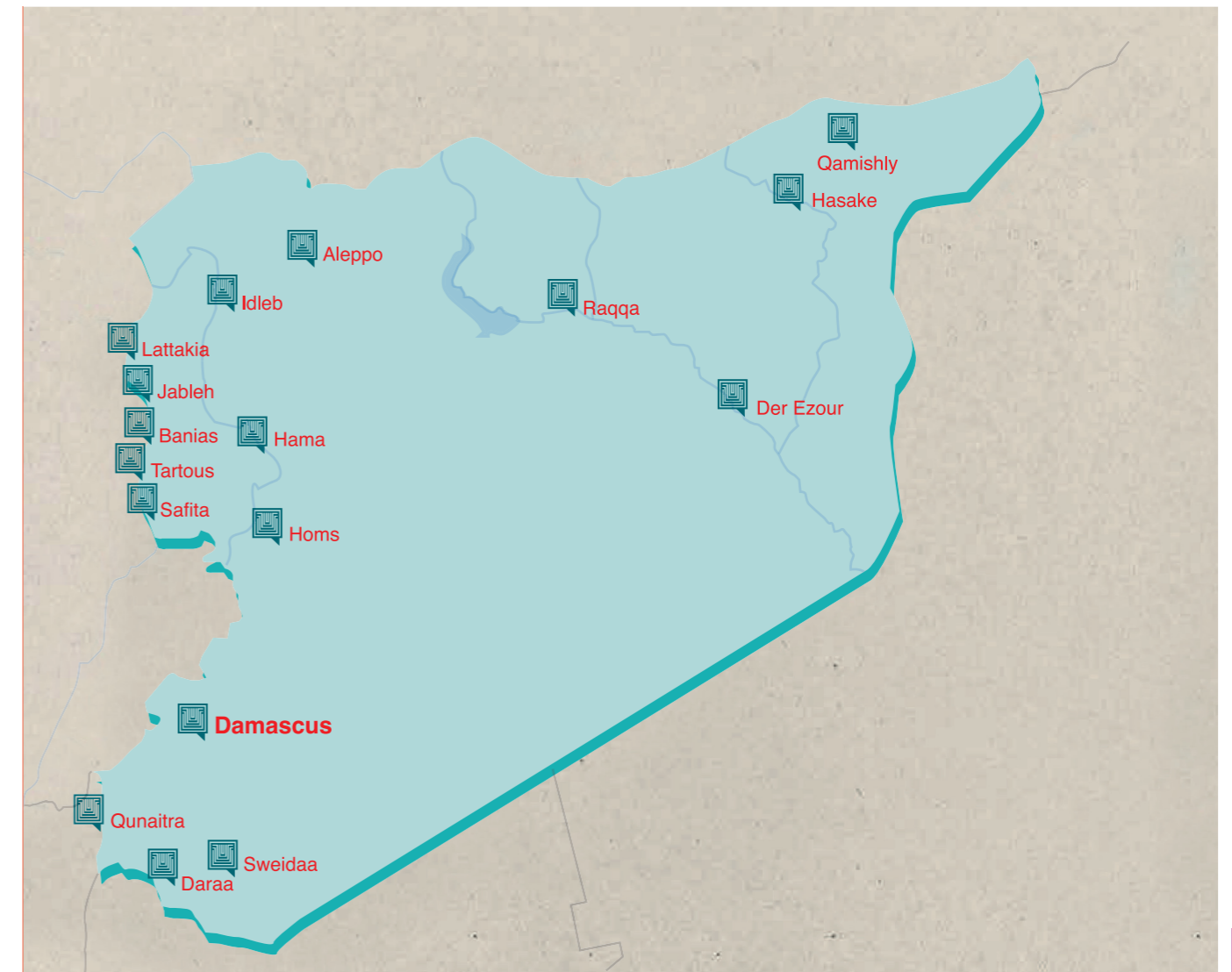
Safita Branch

The President's Street
Phone: +96343533822

Banyas:

Banyas Branch

Wahoud Building, Al Baladieh Square
Phone: +96343723553



Owning Bank: **Banque Bemo Saudi Fransi SA**

Location of SSIs: Syria, Damascus, Head Office

Last updated on: July 2016 ,13

For settlement through: **BBSF SY DA (CP, FX, MM)**

Please inform us if your settlement SWIFT has changed

CP = Commercial Payments FX = Foreign Exchange MM = Money Markets

* = Preferred correspondent for this currency

Curr	Correspondent Bank	SWIFT/BIC	Account No	CP	FX	MM
AED	Banque Bemo sal, Beirut	EUMO LB BE	IBAN: LB03009300000001012232001AED	CP		
AUD	Banque Bemo sal, Beirut	EUMO LB BE	IBAN: LB73009300000001012232001AUD	CP		
CAD	Banque Bemo sal, Beirut	EUMO LB BE	IBAN: LB35009300000001012232001CAD	CP		
CHF	Banque Bemo sal, Beirut	EUMO LB BE	IBAN: LB93009300000001012232001CHF	CP		
DKK	Banque Bemo sal, Beirut	EUMO LB BE	IBAN: LB54009300000001012232001DKK	CP		
EUR	Bank Al Etihad, Amman	UBSI JO AX	Account Number: 2402302773365101	CP		
EUR	Banque Bemo sal, Beirut	EUMO LB BE	IBAN: LB73009300000001012232001EUR	CP		
EUR	Banque Saudi Fransi, Riyadh	BSFR SA RI	Account Number: 00707601032	CP		
EUR	BEMO EUROPE-BANQUE PRIVEE, Paris	BEMO FR PP	Account Number: 01061700131	CP		
EUR	Crédit Agricole SA, Montrouge	AGRI FR PP	Account Number: 0534973000 2	CP		
EUR	Natixis, Paris	NATX FR PP	Account Number: 300079999906240029000	CP		
EUR	UniCredit SPA, Milan	UNCR IT MM	Account Number: 09954528	CP		
GBP	Banque Bemo sal, Beirut	EUMO LB BE	IBAN: LB73009300000001012232001GBP	CP		
JPY	Banque Bemo sal, Beirut	EUMO LB BE	Account Number: LB44009300000001012232001JPY	CP		
JPY	The Bank of Tokyo-Mitsubishi UFJ Ltd, Tokyo	BOTK JP JT	Account Number: 0462098-653	CP		
KWD	Banque Saudi Fransi, Riyadh	BSFR SA RI	Account Number: 00707601323	CP		
NOK	Banque Bemo sal, Beirut	EUMO LB BE	Account Number: LB16009300000001012232001NOK	CP		
NOK	DNB Bank ASA, Oslo	DNBA NO KK	Account Number: 7001.02.01002	CP		
QAR	Qatar National Bank saq, Doha	QNBA QA QA	IBAN: QA97 QNBA 1 9000 8003 0001 0000 0000	CP		
SAR	Banque Bemo sal, Beirut	EUMO LB BE	IBAN: LB37009300000001012232001SAR	CP		
SAR	Banque Saudi Fransi, Riyadh	BSFR SA RI	Account Number: 20070762150011	CP		
SEK	Banque Bemo sal, Beirut	EUMO LB BE	IBAN: LB96009300000001012232001SEK	CP	FX	MM

Curr	Correspondent Bank	SWIFT/BIC	Account No	CP	FX	MM
SEK	Nordea Bank AB (publ), Stockholm	NDEA SE SS	Account Number: 39527703255	CP		
USD	Al Rajhi Banking and Investment Corp, Riyadh	RJHI SA RI	IBAN: SA2380000100752010068508	CP		
USD	Bank Al Etihad, Amman	UBSI JO AX	Account Number: 2400202773365101	CP		
USD	Banque Bemo sal, Beirut	EUMO LB BE	Account Number: 0101223; IBAN: LB23009300000001012232001USD	CP		
USD	Banque Saudi Fransi, Riyadh	BSFR SA RI	Account Number: 00707600256	CP		
USD	BEMO EUROPE-BANQUE PRIVEE, Paris	BEMO FR PP	Account Number: 01061700400	CP	FX	MM
USD	Crédit Agricole SA, Montrouge	AGRI FR PP	Account Number: 20534981000	CP		
USD	Natixis, Paris	NATX FR PP	IBAN: FR7630007999990624002988892USD	CP		
SAR	Banque Bemo sal, Beirut	EUMO LB BE	IBAN: LB37009300000001012232001SAR	CP		
SAR	Banque Saudi Fransi, Riyadh	BSFR SA RI	Account Number: 20070762150011	CP		
SAR	Commerzbank AG, Frankfurt am Main	COBA DE FF	Account Number: 400885501700	CP		
SEK	Banque Bemo sal, Beirut	EUMO LB BE	IBAN: LB96009300000001012232001SEK	CP		
SEK	Nordea Bank AB (publ), Stockholm	NDEA SE SS	Account Number: 39527703255	CP		
USD	Al Rajhi Banking and Investment Corp, Riyadh	RJHI SA RI	IBAN: SA2380000100752010068508	CP		
USD	Bank Al Etihad, Amman	UBSI JO AX	Account Number: 2400202773365101	CP		
USD	Banque Bemo sal, Beirut	EUMO LB BE	Account Number: 0101223; IBAN: LB23009300000001012232001USD	CP		
USD	Banque Saudi Fransi, Riyadh	BSFR SA RI	Account Number: 00707600256	CP		
USD	BEMO EUROPE-BANQUE PRIVEE, Paris	BEMO FR PP	Account Number: 01061700400	CP		
USD	Commerzbank AG, Frankfurt am Main	COBA DE FF	Account Number: 400885501700	CP		
USD	Crédit Agricole SA, Montrouge	AGRI FR PP	Account Number: 20534981000	CP		
USD	MashreqBank PSC, Dubai City	BOML AE AD	Account Number: AE290330000010148881877	CP		
USD	Natixis, Paris	NATX FR PP	IBAN: FR7630007999990624002988892USD	CP		
USD	Qatar National Bank SAQ, Doha	QNBA QA QA	IBAN: QA70QNBA002-800390-00000000001	CP		

Future Plan and operational issues facing the bank:

The Board of Directors of the Bank believes that it should continue to hedge the changes that the Bank may face however, it should look to the future optimistically in order to maintain the bank's leading role and that is done by:

- Opening new branches in safe areas in order to cover the requirements of the bank customers, especially after we had to close branches in hot areas.
- Continue to giving professional and residential loans and granting facilities to all economic sectors using the province policy.
- Reviewing the ongoing credit and lending policies, fortifying debt collection and pursuing bad debts, in order to maintain the high quality of the assets and minimizing unexpected losses.
- Maintaining high levels of liquidity and capital adequacy of the bank to be able to cope with the negative scenarios.
- Fortifying the security and safety of the staff of the bank branches.
- Expenses management through rationalization.
- Diversification of income resources.



