

CHAM BANK S.A.

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2014

These financial statements have been translated from the original statutory financial statements that have been prepared in the Arabic language. In the event that differences exist between this translation and the original Arabic language financial statements, the Arabic language financial statements will prevail over this document.



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INDEPENDENT AUDIT REPORT TO THE SHAREHOLDERS OF CHAM BANK

We have audited the accompanying financial statement of Cham Islamic Bank (the Bank) which comprises the balance sheet as at 31 December 2014 and the income statement the statement of changes in equity and cash flow statement and changes in equity of restricted accounts holders for the year ended at 31 December 2014 and a summary of significant accounting policies and other explanatory notes.

Board of Director Responsibility for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with the Financial Accounting Standards issued by the accounting and Auditing Organization for Islamic Financial Institution and in accordance with the Islamic Shares Rules and Principles the preparation and fair presentation of financial statement that are free from material relevant whether due to fraud or error: selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in circumstances.

Auditors Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted for Islamic financial institution those standards require that we comply with the relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks material misstatement of the financial statements, whether due to fraud or error in making those risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for 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 the board of directors as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion the financial statements present fairly, in all material respects, the financial position of the Bank as 31 December 2014 and its financial performance and its cash flows and changes in equity of restricted accounts holders for the year ended at 31 December 2014 in accordance with financial accounting standards issued by the accounting and auditing organization for Islamic financial institutions the Islamic sharia Rules and principles as determined by the shari'a supervisory Board of the Bank

Report of other legal and regulatory matters

The bank maintains books and records in accordance with the applicable legal and regulatory requirements in Syria we further confirm that the accompanying financial statements are in agreement s with the books and records of the bank.


Hussain AL KADI

10 May 2015

Damascus Syria Arab Republic

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Cham Bank S.A.**Consolidated Statement of Financial Position**

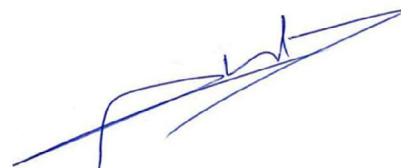
As at 31 December 2014

	Notes	2014 SYP	2013 SYP
Assets			
Cash and balances with the Central Bank of Syria	3	10,909,445,993	4,140,660,847
Deposits, investment accounts and certificates of banks and financial institutions for a period of three months or less	4	45,492,825,322	44,676,417,839
Investment accounts and certificates with banks and financial institutions for more than three months	5	3,754,926,528	994,435,203
Sales receivable and balances of financing activities, net	6	6,565,896,033	5,504,388,409
Net assets under investment or liquidation	7	1,388,743	184,350
Investment in real estate	8	424,735,000	246,260,107
Net fixed assets	9	321,010,044	331,399,889
Intangible assets	10	4,609,260	10,156,377
Deferred tax assets	18	49,246,416	22,964,567
Other assets	11	139,692,845	107,211,771
Blocked deposit with Central Bank of Syria	12	1,136,085,254	901,081,425
Total assets		68,799,861,439	56,935,160,783
Liabilities, unrestricted investment accounts, non- controlling interests and equity			
Liabilities			
Deposits and investment account due to banks and financial institution	13	38,171,425,809	34,679,630,612
Customers' current accounts	14	8,346,349,829	5,748,218,880
Cash margins	15	7,521,296,220	5,217,813,559
Accounts Payable	16	88,936,189	21,817,891
Miscellaneous Provisions	17	141,658,085	78,294,941
Income tax provision	18	4,229,701	4,229,701
Other liabilities	19	285,813,592	74,887,943
Total liabilities		54,559,709,426	45,824,893,527
Equity of unrestricted investment accounts holders			
unrestricted investment accounts	20	4,274,276,640	3,436,387,554
Investment risk provision	22	123,333,034	113,326,373
Total Equity of unrestricted investment accounts holders		4,397,609,674	3,549,713,927
Total liabilities and equity of unrestricted investment accounts holders		58,957,319,100	49,374,607,454
Equity			
Bank shareholders equity			
Paid in capital	24	5,000,000,000	5,000,000,000
General provision for credit risk	25	33,051,351	33,051,351
Investment fair value provision	21	219,296,384	40,821,491
Current year profit		-	-
Accumulated unrealized profit (losses)		5,628,417,269	3,551,311,590
Accumulated losses		(1,040,877,691)	(1,067,250,474)
Attributable to equity owners of the parent		9,839,887,313	7,557,933,958
Non-controlling interests	23	2,655,026	2,619,372
Total liabilities, unrestricted investment accounts, non- controlling interests and equity		68,799,861,439	56,935,160,783



Ali Youssef AlAwadi

Chairman



Ahmad Youssef AlLahham

General Manager representative

The attached notes 1 to 45 form an integral part of these consolidated financial statements.

Cham Bank S.A.

Consolidated Income Statement

For the year ended 31 December 2014

	Notes	2014 SYP	2013 SYP
Revenue:			
Income from sales receivable and financing balances	26	465,760,404	391,634,725
Impairment provision for sales receivable and financing balances	27	(185,726,131)	(215,694,328)
Income from banks and financial institutions	28	193,448,854	60,402,842
Expenses charged to the joint venture container	29	(15,853,273)	(12,416,563)
Total income from the investment of the bank and the unrestricted investment accounts		457,629,853	223,926,676
Gains rate provision		-	-
Total investment income after deducting gains rate reserve		457,629,853	223,926,676
Investment risk reserve		(12,952,335)	(15,675,871)
The share of the unrestricted investment account from the distributable joint income	30	(116,571,017)	(141,082,838)
Bank's share in the joint income as a Mudarib, investment deputy and Fund Owner	31	328,106,501	67,167,967
Income from banking services	32	504,473,203	654,881,191
Earnings (loss) of the foreign currencies differences (operational position)		273,093,488	385,730,444
Earnings (loss) of the structural position evaluation		2,077,105,678	2,521,900,026
Other income	33	9,052,117	4,575,247
Total bank's income		3,191,830,987	3,634,254,875
Staff expenses	34	(236,786,074)	(159,148,712)
Depreciation and amortization	10+9	(40,095,190)	(40,340,085)
Other expenses	35	(277,706,136)	(168,720,486)
Impairment provision for sales receivable and financing balances	27	-	(245,875,337)
Miscellaneous Provisions		(560,011,320)	(666,057,030)
Total Expenses		(1,114,598,720)	(1,280,141,649)
Profit/(loss) before tax		2,077,232,266	2,354,113,226
Income/ (expense) income tax		26,281,849	6,015,270
Zakat		-	-
Net Profit		2,103,514,116	2,360,128,496
Attributable to:			
Bank shareholders		2,103,478,461	2,360,093,363
Non-controlling interests		35,655	35,133
Basic earnings per share	36	42.07	47.20

The attached notes 1 to 45 form an integral part of these consolidated financial statements.

Cham Bank S.A.

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	Notes	2014 SYP	2013 SYP
<u>Cash Flows from Operating activities</u>		2,077,232,266	2,354,113,226
Net result before zakat and tax			
Adjustments for non-cash items:			
Depreciation and amortization		40,095,190	40,340,085
Return on unrestricted investment accounts		129,523,352	156,758,709
Impairment provision for financing receivables		185,726,131	461,569,665
Miscellaneous Provisions		560,011,320	666,057,030
Net income before changes in operating assets and liabilities		2,992,588,260	3,678,838,715
The changes in operating assets and liabilities			
The decrease (increase) of the deposits in the banks (maturity date for more than three months)		(2,492,413,235)	1,566,880,507
The decrease (increase) in the restricted withdrawal balances		(120,428,032)	(65,649,584)
The decrease (increase) in Sales receivable and balances of financing activities		(1,236,762,223)	658,735,234
The decrease (increase) in the other assets		(32,451,998)	(42,916,098)
The decrease (increase) of the deposits in the banks (maturity date for more than three months)		(20,000,000)	-
Margins		1,244,479,960	1,316,147,554
Account payable		64,848,044	5,510,134
Other liabilities		236,451,443	(8,132,415)
Net cash flows from operating activities		636,312,218	7,109,414,047
<u>cash flows from investing activities:</u>			
Purchase (sale) of real estate investment		-	(2,154,327)
Purchase (sale) of assets under investment or liquidation		(1,160,000)	74,559,168
Purchase (sale) of intangible assets		-	(555,500)
Purchase (sale) fixed assets		(24,158,227)	(24,407,563)
Fixed financial assets		-	26,238,819
Net cash flows from investing activities		(25,318,227)	73,680,597
<u>Cash flows (used in) from the financing activities:</u>			
Equity of unrestricted investment accounts		696,331,323	(638,455,601)
Net increase in current accounts		1,868,114,684	2,764,373,129
Profit paid to the holders of unrestricted investment accounts		(140,415,168)	(187,565,193)
Net cash flows (used in) from financing activities		2,424,030,839	1,938,352,335
Foreign exchange differences on the cash and cash equivalents		874,989,284	241,924,067
Net increase (decrease) in cash and cash equivalents Added		3,910,014,113	9,363,371,046
Cash and cash equivalents at the beginning of the period		13,739,274,626	4,375,903,580
Cash and cash equivalents at the end of the period	37	17,649,288,739	13,739,274,626

The attached notes 1 to 45 form an integral part of these consolidated financial statements.

Cham Bank S.A.

Consolidated Statement of Changes in Equity For the year ended 31 December 2014

The changes in equity for the period 12-31-2014

Notes	Paid Capital	Gains rate provision	Financing risk provision	Fair value provision for the investment in real estate	Accumulated unrealized profit (losses)	Profit for the Period	Accumulated realized profit (losses)	Total bank shareholders equity	Share of non-controlling interests	Total Equity
Balance at 31 December 2013	5,000,000,000	-	33,051,351	40,821,491	3,551,311,590	-	(1,067,250,474)	7,557,933,959	2,619,372	7,560,553,330
Fair value provision	-	-	-	178,474,893	-	-	-	178,474,893	-	178,474,893
Profit for the Period	-	-	-	-	-	2,103,478,461	-	2,103,478,461	35,655	2,103,514,116
Allocation of the profit of the period	-	-	-	-	2,077,105,678	(2,103,478,461)	26,372,782	-	-	-
Balance at 31 Dec 2014	5,000,000,000	-	33,051,351	219,296,384	5,628,417,269	-	(1,040,877,691)	9,839,887,313	2,655,026	9,842,542,339

The changes in equity for the period 12-31-2013

Notes	Paid Capital	Gains rate provision	Financing risk provision	Fair value provision for the investment in real estate	Accumulated unrealized profit (losses)	Profit for the Period	Accumulated realized profit (losses)	Total bank shareholders equity	Share of non-controlling interests	Total Equity
Balance at 31 December 2012	5,000,000,000	-	33,051,351	40,821,491	1,029,411,565	-	(905,443,811)	5,197,840,596	2,584,238	5,200,424,834
Fair value provision	-	-	-	-	-	-	-	-	-	-
Profit for the Period	-	-	-	-	-	2,360,093,363	-	2,360,093,363	35,133	2,360,128,496
Allocation of the profit of the period	-	-	-	-	2,521,900,026	(2,360,093,363)	(161,806,663)	-	-	-
Balance at 31 Dec 2013	5,000,000,000	-	33,051,351	40,821,491	3,551,311,590	-	(1,067,250,474)	7,557,933,959	2,619,372	7,560,553,330

The attached notes 1 to 45 form an integral part of these consolidated financial statements.

Cham Bank S.A.

Notes to the Consolidated Financial Statements

As at 31 December 2014

1 Corporate information

Cham Bank S.A. ("the Bank") is licensed as public shareholding Company in accordance with the Ministerial Decree No.(66/M.W) issued on 7 September 2006, the registration number (14809); and the resolution No.(104/L.A) issued by the Committee of the Central Bank of Syria on 10 February 2007.

The Bank is subject to the legislative decree No. (35) for the year 2005, which is related to organizing the work of Islamic Banks; the legislative decree No. (28) for the year 2001 and its executive instructions; the regulation No.(23) for the year 2002; the corporate law No.(29) for the year 2011; the commerce law No.(33) for the year 2007, and the regulations stated by the Monetary and Credit Council according to Shari'a rules and principles.

The Bank's headquarter is located at Al Nagmah square, Damascus – Syrian Arab Republic.

The Bank is registered with a total authorized capital of SP 5,000,000,000 representing 50,000,000 shares; with a par value of SP 100 per share (Note 21). The Bank started its operations on 27 August 2007.

The Bank carries out banking, financing and investing activities in accordance with the Bank's by laws and the teachings of Islam (Shari'a) through its headquarter, nine branches and its brokerage company.

Company's Name	Company's Nationality	Owner ship Percentage	The nature of the activity
Amwal AlCham for Islamic Brokerage Company LLC	Syrian	99%	Include brokerage activities on behalf of the company and on behalf of others and managing financial investments

Bank shares were listed in the Damascus Securities Exchange on 5-25.2014

The bank, in particular, directly following activities:

1. The opening of current accounts.
2. Open the unrestricted investment accounts and mixed it with bank fund and unrestricted fund that the bank is free to dispose and invest them in what permitted by the Shari'a Supervisory Board of the Bank.
3. Open restricted investment accounts outside the budget and invest it in what permitted by the Shari'a Supervisory Board of the Bank.
4. Managing investment accounts as mudarib and agent.
5. Financing, leasing and investing directly through the creation of productive projects and start-up companies, and financial investment through the purchase of securities.
6. Providing banking services permitted by the Shari'a Supervisory Board of the Bank.
7. Provide interest-free loans from the bank's own fund or the unrestricted fund that the bank is free to dispose, individually or through establishing fund. "
8. Any other banking services permitted by the laws and regulations and approved by the Shari'a Supervisory Board of the Bank.

Shari'a Supervisory Board

The bank should have a Shari'a Supervisory Board appointed by the General Assembly a term (three years, subject to renewal) based on the prior approval of the Monetary and Credit Board Resolution No. (999 / MN / b4) the date of 07/08/2013.

Shari'a Supervisory Board consists of:

- | | |
|--------------------------|-------------------|
| 1) Dr.Wahba Al Zohali | Chairman. |
| 2) Dr. Ahmad Hasan | Executive member. |
| 3) Dr.Abd elBari Moshaal | Member. |

The role of the Shari'a Supervisory Board is to monitor the Bank operations and activities and its compliance with Islamic Shari'a rules and its opinion is obligatory for the Bank.

The Board members may not be dismissed except with the consent of the General Assembly and informing the Central Bank of Syria.

Cham Bank S.A.

Notes to the Consolidated Financial Statements

As at 31 December 2014

Definitions

Murabaha

An agreement whereby the Bank sells to a customer a commodity which the Bank has purchased and acquired based on a promise received from the customer to buy the item purchased according to specific terms and conditions. The selling price comprises of the cost of the commodity and an agreed profit margin.

Mudaraba

It is an agreement between the Bank and a customer to contribute a certain amount of funds, which the customer would then invest in a specific enterprise or activity against a specific share in the profit. The customer would bear the loss except for the case of default, negligence or violation of any of the terms and conditions of the Mudaraba.

Wakala

An agreement whereby the Bank provides a certain sum of money to an agent (wakeel), who invests the money according to specific conditions for a fixed fee (a lump sum of money or a percentage of the amount invested). The agent is obliged to return the invested amount in case of default, negligence or violation of any of the terms and conditions of the Wakala. The Bank could be the agent (wakeel) as well.

2 Accounting policies

Basis of preparation

The consolidated financial statements are prepared on a historical cost basis, except for the investments in real estate which are presented at fair value, and in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions AAOIFI, International Financial Reporting Standards and its interpretation when AAOIFI standards do not exist and in accordance with the related regulations and instructions issued by the Monetary and Credit Council, according to Shari'a rules and principles.

The consolidated financial statements are presented in Syrian Pounds which is the functional currency for the group.

Taken into consideration in the presentation and disclosure the separation of property owners and unrestricted investment account holders.

Basis of consolidation

The consolidated financial statements include the financial statements of the Bank and its subsidiary, Amwal AlCham Islamic Brokerage Company LLC (the Group") for the year ended 31 December 2012. The financial statements of the subsidiary are prepared for the same period using consistent accounting policies. The Bank's share in the subsidiary's capital is illustrated below:

Subsidiary	Percentage of contribution	The Bank's share of the subsidiary's capital	
		2014 SYP	2013 SYP
Amwal AlCham Islamic Brokerage Company LLC	99%	247,500,000	247,500,000
		247,500,000	247,500,000

All intergroup balances, transactions, income and expenses are eliminated in full on consolidation.

Subsidiary is fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continues to be consolidated until the date that control ceases. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of the subsidiary acquired or disposed of during the year are included in the consolidation income statement from the date of acquisition or up to date of disposal (According to Monetary and Credit Council decree No 501 issued on 10 May 2009).

Non-controlling interests represent the portion of profit or loss and net assets not owned, directly or indirectly, by the Bank and are presented separately in the consolidated income statement and within equity in the consolidated statement of financial position.

Cham Bank S.A.

Notes to the Consolidated Financial Statements

As at 31 December 2014

The recognition of the positive difference between the cost of the purchase of the subsidiary company and the fair value of the Bank's share of the net assets acquired is recognized as goodwill, and the negative difference recognized as (discount purchase) directly in the income statement for the year of the purchase.

In the case of preparing separate financial statements of the bank as an independent company the investments are shown in subsidiaries at the cost.

Changes in accounting policies

The new international financial reporting and modified standards that are applied and with no material impact on the consolidated financial information:

The international financial reporting standards are applied when preparing these consolidated statement where there is no material effect on the reported amounts for the current and the comparative period although it might have effect on the future transactions and arrangements.

- Amendments to Standard No. 10 of the International Financial Reporting Standards: Consolidated Financial Statements - Amendments related to facilities investment.
- Amendments to Standard No. 12 of the International Financial Reporting Standards: Disclosure of Interests in Other facilities - Amendments related facilities investment.
- Amendments to IAS 27: Separated Financial Statements (revised in 2011) - Amendments related to facilities investment.
- Amendments to IAS 32: Financial Instruments: Presentation - Amendments related to the set-off of assets and liabilities.
- Amendments to the International Accounting Standard No. 36: Impairment of Assets - Amendments resulting from disclosures about the recoverable amount of non-financial assets.
- Amendments to IAS 39: Financial Instruments: Recognition and Measurement - Amendments related to the replacement of derivative instruments.
- Interpretation No. 21 issued by the Commission interpretations of the International Financial Reporting Standards: tax collection.

The new and modified international financial standards.

Effective for annual periods

- | | |
|--|-----------------|
| - Amendments on Standard No. 2 of the Financial Reporting Standards: payments of stocks. The definition of "maturity condition." | 1 July 2014 |
| - Amendments to Standard No. 3 of the International Financial Reporting Standards: Business Combinations - calculating the conditional price and except coalitions from the scope of the standard. | July 1, 2014 |
| - Amendments to Standard No. 8 of the International Financial Reporting Standards: Operating Sectors – Compilation Sectors, and settlement of assets sector. | July 1, 2014 |
| - Amendments to Standard No. 11 of the International Financial Reporting Standards: joint arrangements - Adjustments related to acquisition of the share in the joint operation | January 1, 2016 |
| - Amendments to Standard No. 13 of the International Financial Reporting Standards: Fair Value Measurement - The scope of the exception. | July 1, 2014 |
| - Amendments to IAS 15: Revenue from contracts with customers – This criteria determine when and how to recognize revenues facilities also impose the entity to provide users of financial statements with more illustrations related disclosures. | January 1, 2017 |
| - Amendments to the International Standard No. 16: property, plant and equipment – re-statement the accumulated depreciation with regard to the evaluation. | July 1, 2014 |
| - Amendments to the International Standard No. 16: property, plant and equipment – amendments related to clarify the acceptable methods of depreciation and amortization. | January 1, 2016 |
| - Amendments to IAS 19: staff privileges - has been edited to clarify the requirements on how to relate the contributions of employees or other parties related to the service with the period of the services. | January 1, 2016 |
| - Amendments to IAS 24: Disclosures about related parties - administrative facilities. | July 1, 2014 |
| - Amendments to IAS 38: Intangible assets - amendments to clarify acceptable ways of depreciation and amortization. | January 1, 2016 |
| - Amendments to IAS 40: investment properties - the interrelationship between Standard No. 3 of the International Financial Reporting Standards and IAS 40. | July 1, 2014 |

2 Accounting policies (continued):

Financial reporting standards issued by the International Accounting Council and is applicable and not applied:

- IAS 29 - Accounting in the economics of high inflation - Bank did not apply the standard 29.

Changes in accounting estimates

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of financial assets and liabilities in the consolidated statement of financial position, In addition to the disclosure of contingent liabilities. Moreover, those judgments, estimates and assumptions could affect the revenues, expenses, provisions and the changes in fair value that represented in the consolidated income statement.

However, uncertainty about the assumption and estimates could result in outcomes that could require a material adjustment to the carrying amount of the assets or liabilities' balances in the consolidated financial statement during the year. The most significant uses of judgment and estimates are listed below:

Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values.

Impairment of financing and investing receivables contracts

The Group reviews significant financing and investing contracts receivables quarterly to assess whether an impairment provision loss should be recorded in the consolidated income statement. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. In estimating these cash flows, the Group makes judgments about the borrower's financial situation and the net realizable value of collateral. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

In addition to specific provision against individual accounts, the Group makes overall impairment provision for every group of financing and investing accounts which have similar features of credit risks and revalue them collectively for impairment.

Deferred tax assets

Deferred tax assets are recognized for tax losses or untaxable expenses that are considered probable that there will be sufficient future taxable profit against which the loss can be utilized. Recognizing deferred tax assets requires management to make estimates based on the period and amounts of future taxable profit and tax plans.

Going Concern

The Group's management has made an assessment of the Group's ability to continue as a going concern Despite the current unrest that the Syrian Arab Republic is experiencing and the inherently uncertain future outcomes of these events, the Group's management is satisfied that the Group has the resources to continue in business for the foreseeable future. Therefore, the consolidated financial statements continue to be prepared on a going concern basis.

Zakat and tax Treatment

Payment of Zakat is the responsibility of the shareholders and the holders of unrestricted investment accounts (deposits and savings). Total Zakat computed for the shares of Cham Islamic Bank was amounted to SYP 219,228,369, Zakat is calculated using a percentage of 2.5% yearly after determining the container and there are two methods to calculate it first the Net Assets method and the second is Net Investment fund, the two methods where tested and both of them reached the same result.

Blocked deposits in the Central Bank of Syria were excluded from Zakat, where Zakat is calculated once when possessing it, depending on the Zakat standard No. 35 paragraph 5/3/4/8 issued by the Accounting and Auditing for IFIs.

The bank's shares evaluated according to the purpose that had acquired, equities acquired for the purpose of development (in order to benefit from the proceeds as income source) Zakat is calculated at 4.38 SP per share, while the acquired shares for the purpose of trading are treated as trade offers so the owner should pay 2.5% of the market value at the time of Zakat.

2 Accounting policies (continued):**Gains and exchange that violate Islamic Shari'a:**

The Bank recognizes revenue and gains violation of Islamic Shari'a in a special account (called legitimate irregularities Fund appears in the consolidated statement of financial position within payables and then disbursed as charity works after obtaining the approval of the legitimate authority. During 2014 the amount (3,060,958 SP) was posted to the legality irregularities fund based on the decisions of the Shari'a Board, against (1,687,336.05 SP) during 2013.

And this amounts resulted from:

	2014	2013
	SYP	SYP
Benefits from banks	2,986,416.33	1,459,804.05
Avoid illegal transactions profits	70,941.34	204,826.00
Increase Fund	3,600.00	22,706.00
Total legitimate irregularities Fund revenues	3,060,957.67	1,687,336.05
Balance the legitimate irregularities Fund	540,958.02	1,983,962.35

Under the approval of the Shari'a Supervisory Board distract the fund balance at the end of each year to a number of charities.

And the Shari'a Supervisory Board approved that non-essential staff in the bank (the guards and cleaners) who have their difficult circumstances that the internal committee in the bank's membership Shari'a Supervisory Department to donate to them, after studying the condition and status and the extent of their entitlement, to help them achieve their needs.

Profit distribution between holders of unrestricted Investment accounts and the shareholders

The Bank's revenues are mainly from financing and investing activities and Bank commissions. Revenues from Bank commissions or resulting from foreign exchange deals fully belong to the Bank and are not shared with the unrestricted investment accounts holders as they result from services provided by the Bank and are not related to the unrestricted investment accounts investments(Modaraba).

The revenues generated from investments are separated by currency to revenues from assets financed by capital, or jointly financed from both capital and unrestricted investments accounts.

Revenues from joint sources are distributed proportionately between average shareholders' equity and average customer deposits in order to figure out the share of the unrestricted investment using the sum of digits method or according to the contract with the unrestricted accounts holders in order with the Requirements of the Monetary and Credit Council resolution No. (/ 834 / MN / b4) dated April 9, 2012.

Average shareholders' equity includes the capital less funds used to finance fixed assets, acquisition of other companies' shares, projects under construction and investments in real estate.

The weighted average for unrestricted investment accounts is calculated based on the following sharing percentages:

	<u>2014</u>	<u>2013</u>
Saving account	30%	30%
AlA'ata Deposit	85%	85%
AlAman Deposit	90%	90%
Time deposit account 1 month	55%	55%
Time deposit account 3 months	75%	75%
Time deposit account 6 months	80%	80%
Time deposit account 12 months	85%	85%
Time deposit account 24 months	90%	90%

Profits related to current accounts are included in the shareholders share.

Cham Bank S.A.

Notes to the Consolidated Financial Statements

As at 31 December 2014

Distributable profit to unrestricted investment accounts holders equals the net revenue from jointly funded sources (total revenues less expenses approved by the Shari'a Supervisory board to be charged to the Modaraba pool since such expenses, are not the Mudarib responsibility) less the share of the Bank's capital, Mudarib's fees, and the Investment risk reserve.

In case the jointly financed investments incurred a loss, the shareholders and the holders of unrestricted investment accounts will bear the loss according to their respective contribution to the joint investment and the percentages above. Loss due to misconduct or negligence on the part of the Bank is totally borne by the bank.

The profit is calculated and accrued on monthly basis, and is distributed at the maturity date including the profit earned until the end of the previous month, and the residual profit earned during the month of maturity is distributed at the end of same month.

The average rate of return available for distribution to the holders of unrestricted investment accounts during the year was as follows:

	2014			2013		
	SYP	USD	EURO	SYP	USD	EURO
Unrestricted investment accounts' average rate of return	4.463%	0.455%	0.442%	%3.819	%0.687	%0.991
Maximum Modaraba Percentage	-	-	-	25%	33%	33%

The Modaraba rate (Bank's share of profit) is calculated at a maximum of 50%.

The bank gave up on his portion as a mudarib to the unrestricted accounts holders to raise the average rate of return that is available for distribution to the holders of the unrestricted investment account.

The Investment Risk Reserve is calculated as 10% of Unrestricted Investment Accounts' profit.

Profits are distributed in accordance with the policy adopted in the bank and in line with the decision of the Monetary and Credit Council No. (834 / M N / B4) dated 9 April 2012.

The bank policy give the primary in investing depositor's fund in the investment container.

Investment in real estate and equity investments in other companies were totally financed by the Bank's equity. All other investments were financed jointly (equity and funds of unrestricted investment account holders).

Broken Deposits

If the investment account holder want to exit from the investment before the end of the specified period, the management decided not to give the depositor all or part of the related revenue and this exit principle applied between the investment account holder and the fund of the mudarib pool and then the shareholders' money if the money owners accounts fully invested, and under this principle, the account holder reconciles mudarib pool or shareholders' funds for its stake in the mudaribeh assets,

The fate of the profits distributed as follows:

- If the funds were exiting with the Mudarabeh pool: the profit of the deposit returned to the the Mudarabeh pool before deduction the rate of Mudarabeh to re-distributed to the holders of unrestricted investment and bank accounts, or transferred to investment risk account (for the benefit of the investment account holders)
- But if the exit with shareholders' funds: the profit of this account is related to the shareholder.

Receivables and balances from financing activities are stated at their gross principal amounts less amounts received on account of these transactions, provision for impairment and deferred income relating to future years. The provision for impairment of receivables , financing activities and the general provision for credit risk estimated based on detailed review by the management based on the Bank's management estimates and in accordance with the Monetary and Credit Council resolution number 597/M.N/B4 dated 9 December 2009 , resolution number 650/M.N/B4 dated 14 April 2010 , resolution number 902 dated 13 November 2012 and their amendments, that extended with the Monetary and Credit Council resolution number 1079/M.N/B4 dated 29 January 2014.

The losses arising from impairment of such financial assets are recognized in separate item in the consolidate income statement as "impairment provision for financing balances". Also, general provision for credit risk for the assets financed by the shareholders and the funds guaranteed by the Bank is created in a separate account in the shareholders equity. The unrestricted investment accounts 'share of the general reserve for credit risk is included in the investment risk provision which should be the higher of the minimum required by the legislation decree No.35 issued in 2005 (related to Islamic Banks) or the amount of the unrestricted investments 'share of the general provision for credit risk, whichever is higher.

2 Accounting policies (continued)

Significant Accounting Policies

The consolidated financial statements are prepared in accordance with the following significant accounting policies:

A. Foreign Currency Transactions

Balances and Transactions:

Transactions in foreign currencies are initially recorded at the functional currency rate of exchange published by the Central Bank of Syria ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to Syrian Pounds at rate of exchange that is published by the Central Bank of Syria at the statement of financial position date. All differences arising on trading and non-trading activities are taken to 'Net gains arising from dealing in foreign currencies' in the consolidated income statement that includes the gains and losses resulted from dealing transaction in foreign currency.

Subsequent companies:

When consolidated the financial statements they need to translate assets and liabilities of branches and subsidiaries abroad from the main currency to currency that are depended in the report in the consolidated statement of financial position, while revenues and expenses are based on the translated average price during the year and the resulting differences are shown in separate item in equity. In the case of sale of one of these companies or branches the differences amount of foreign currency shown in the revenue/ expenses in the income statement

Sector Information

- Business sector represents a group of assets and operations that share in providing products and services that are subject to risk and return different from other business sectors.
- Geographic sector is related to providing products and services in economic environments that have risks and returns different from sectors working in other economic environments.

B. Financial instruments – initial recognition and subsequent measurement

• Date of recognition

All purchase transactions of financial assets are recognized on the trade date, which is the date that the Group is committed to buy the asset. Sale of financial assets is recognized on the settlement date.

Initial recognition of financial instruments:

The process of classifying financial instruments within certain groups at initial recognition depends on the purpose of the acquisition, and characteristics, all financial instruments are recognized and provable in the history of the acquisition cost includes the value of access to these tools or the fair value of the consideration in kind, and any expenses directly attributable to the acquisition.

Assets or financial liabilities held for trading:

Investments are acquired or created originally for the purpose of obtaining profits through short-term price changes or the profit margin for dealers and classified for the purpose of trading of any investment is part of a portfolio of her pattern of real profits (actual).

- Are classified as financial assets and financial liabilities that are purchased for the purpose of selling or repurchasing in the near future or be a part of the portfolio is managed with each other and there is objective evidence to present it will be profitable in the near term.

- Is at the end of the financial period of financial assets held for trading at fair value assessment, is recorded subsequent changes in fair value in the income statement in the same period of change, taking into account the separation between the terms of the equity holders and for unrestricted investment account holders, including the change in value fair value resulting from the conversion of non-monetary assets denominated in foreign currencies items differences.

- Recorded dividends or returns in the income statement under the item assets for trading revenues.

- May not reclassify any financial assets or to the item, and may not be rated any ownership of the tools do not have prices in active markets within this group.

2 Accounting policies (continued)

Significant Accounting Policies (continued)

Financial assets held to maturity:

- Are the investments of the bank have the intent and ability to hold it till maturity date.
- Are recognized at cost plus any expenses directly attributable to the acquisition, and in the event of a decline leads to inability to recover the asset or any part of it at the end of the financial period are recorded in the income statement as a provision for impairment of financial investments held-to-maturity as impairment loss and present these investments at fair value after taking into account the amount of impairment.

Financial assets available for sale:

- Are other investments that are held not for trading or until the maturity date.
- The registration of financial assets available for sale at fair value plus acquisition costs when buying and re-evaluate it later at fair value to present the change in fair value under the fair value of investments provision, taking into account the separation between the owners of absolute investment accounts and owners of equity.
- Unrealized losses resulting from the evaluation of financial assets available-for-sale are recorded at fair value provision account, taking into consideration the separation between the property rights of the owners of shares and unrestricted investment account holders provided that the lack of a permanent decline in value. As if a permanent reduction in the financial assets available-for-sale have already been recognized in equity be recognized in the income statement, and the losses resulting from the temporary decline is recognized in the income statement for investment in instruments or shares classified as "available for sale" may not be reversed the income statement.
- Is measured as realized earnings (losses) from the sale of any of the available for sale on the basis of the difference between the carrying value and the sum of the sale of financial assets and the output are recognized in addition to the previous share of this investment in the fair value provision - if any - in the income statement for the period the current fiscal year.
- The gain derived from the available for sale at the date of advertising for distribution in the income statement of financial assets.
- Gains and losses resulting from foreign exchange rate changes ownership conversion tools in the fair value provision account.
- The registration of any impairment in the income statement of financial assets that cannot determine the fair value reliably shown at cost.

Impairment of financial assets

The bank assesses at each date of statement of financial position whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

Financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred loss event) and that loss event (or events) has an impact on the estimated future flows of the financial assets that can be reliably estimated.

Evidence of impairment may include indications that the borrower or group of borrowers is experiencing significant financial difficulty, the probability that they will enter bankruptcy, reorganization default or delinquency in interest or principle payments and where observable data that there is a measurable decrease in the estimated future cash flows, such as change in arrears or condition that correlated with defaults.

2 Accounting policies (continued)

Significant Accounting Policies (continued)

Al Murabah contracts:

- For the purpose of avoiding and minimizing the risks of the bank as a result of purchase of goods then reneging the process by a customers who requested the purchase from the bank, Cham Bank is committed to applying the option clause with the first seller in the procurement process, and in the absence of application of the option clause, the Bank before the purchase process carry out to sign a purchase obligate promise with the costumers and in the two cases the bank should take Hamish AlJedieh.

- AlJedieh margin considered as a liabilities on behalf the bank.

- In the case that the optional clause is applied AlJedieh margin should be returned.

- In the case that the client reneging on his promise, the bank should not reserve AlJedieh margin and restricted to his right by the actual damage, by charging the client with the difference between the price of the item sold for others and the cost incurred by the bank.

- incase the costumers continue the process AlJedieh margin turned to be a prepayment and it deducted from the purchase price.

- AlJedieh margin considered a trusteeship that the bank should not be disposed of, the client allow the bank to invest on the basis of legitimate Mudarabeh.

- The profits recognized when contracting in the Murabeh contract by cash or to the date that does not exceed the current financial period.

- The revenue of the deferred sale are recognized (that paid at all in one payment after the current financial year or reimburse the price to pay premiums on subsequent multiple financial periods) by distributing it to future financial periods for a term to be allocated for each fiscal period its share of the profits.

- The receivable of the deferred sales are recognized with the nominal value and it measured at the end of the current financial period with the net realizable cash value (Any amount required from the customer debt at the end of the financial period minus any provision for the debt of non-productive.

Al Sulom and Parallel Sulom:

- Financing by Al Sulom is recognized when paying the capital to the receiver or put at his disposal and is recognized as the parallel Sulom when the bank collected the capital. And measured the amount of capital that has been paid or griped and if it is a kind or a benefit then should be measured at fair value.

- At the end of the fiscal year impairment provision should be formed if there is a strong possibility that the receiver (seller) won't fulfil the goods or there is a strong possibility that there is a decreasing in the value of the goods.

- When the bank receive the goods the bank record the received asset on the traditional cost bases and this stock should be reevaluated at the end of the financial year on the traditional cost or market value which is lower and the differences recognized as loss in the income statement.

- The result of delivering the goods in the parallel Sulom process recognized at the amount received from the receiver (final buyer) and the cost of the delivered goods as profits or losses in the income statement.

Istisna'a and parallel Istisna'a:

- The Istisna'a contract shown at the value of amounts paid by the bank since contracting and the parallel Istisna'a shown at the net contracting value and any impairment in the value beyond the value of cash that expected to be collected should recognized at the income statement

- The deferred profit in the Istisna'a entry shown when the date of starting to execute the contract and then deducting the allocated part for every accrued installment from the deferred profit and recognize it in the income statement. Istisna'a revenue and gross profit recognized in the Istisna'a and parallel Istisna'a with the method of completion ratio.

- Any additional cost paid by the bank in the parallel Istisna'a contracts as a result of breach the terms of the contractual obligation should be recognized as losses in the income statement and it should not enter the Istisna'a cost account.

- In case that the bank keep the Istisna'a asset for any purpose this assets should be measured at the end of the financial year on the traditional cost or market value which is lower and the differences recognized as loss in the income statement.

2 Accounting policies (continued)

Significant Accounting Policies (continued)

Assets available for sale:

- Assets available for sale recognized and measured with the cost (purchasing price and any direct expenses related to acquisition).
- Assets available for sale evaluated at the end of the financial year with the fair value and the unrealized profits (loss) in the fair value provision account.
- Profit in the credit sale process recognized with the accrual basis distributed on the financial periods of the contract where every financial period allocated with its share from the profit and in the coming years the profits recorded in the deferred profit account.
- Sale receivable recorded when contracting with the nominal value (contracting value) and measured at the end of the financial period with the basis of net realizable cash value.

Al mudarabeh Financing:

- Mudarabeh financing transactions recorded when delivering the capital by (cash or kind) to Al Mudarib or putting it under his disposal, the capital measured with the paid amount or the fair value if it was an asset in kind and if the evaluation at contracting resulted a differences between the fair value and the book value then the profit (loss) recognized at the income statement, at the end of the financial year what is returned by the bank deducted from Al Mudarabeh capital.
- Recognizing the profit share of the bank from the (losses) that are resulted from the Mudarabeh process that are started and ended through the fiscal year after liquidation, in case the Mudarabeh financing continued through more than one financial period the bank share will be recognized when earned full settlement on them or any part thereof in the financial period in which they occurred within the limits of the profits are distributed, and the loss of any financial period are recognized in the bank's books for that period in the limit of losses that reduce Al Mudarabeh capital.
- If the Mudarib does not delivered the Mudarabeh capital or his share from the profit after the liquidation or full settling the accruals recognized as credit on behalf the Mudarib.
- In case of losses accrued due to encroachment , negligence or breach of the Mudarib to the terms of the contract the accruals recognized as credit on the account of the Mudarib but if there is a losses when liquidating then it will recognized by deducting it from the Al Mudarabeh capital.

Financing by participation:

- Bank's share of participation capital is recorded when delivered to the manager partner or placed in an participation account, if the share is a cash then it measured with paid amount in cash but if it was in kind then it measured with fair value, and if the evaluation of the in kind resulted a differences when contracting between the fair value and the book value then the profit (losses) recognized in the income statement.
- The share of the bank is measured in the fixed participation capital at the end of the financial period with the historical cost in the case of diminishing of participation capital it measured at the end of the financial period with the historical cost minus the historical cost of the sold share, and the difference between the historical cost and the realizable value of the share sold recognized as profit or loss in the income statement.
- The share of the bank from the profit or losses of the financing by participation that are started and ended through the financial year after the liquidation should be recorded in case of the continuing of participation for more than one financial period, bank's share should be recorded when earned full settlement on them or any part thereof in the financial period in which they occurred within the limits of the profits are distributed, and the loss of any financial period are recognized in the bank's books for that period in the limit of losses that reduce the participating capital.
- Bank's share are recognized in the participation capital or the amount of profit after the liquidation or fully settlement as a credit on the account of the partner if the partner who did not deliver the bank his share of them, and in case of losses are resulted from encroachment or shortening by partner or violating the terms of the contract, losses are recognized as credit on the account of the partner.

2 Accounting policies (continued)

Significant Accounting Policies (continued)

Restricted investments:

- Are the assets of all kinds, whether it takes a shape of an portfolio investment , fund investment or did not take any, if the bank has made investing for the benefit of the owners of restricted investment accounts in accordance with the terms of the agreement between the bank and the account holder, and the limited role of the bank is to manage them, either on the basis of speculative contract or on the basis of agency contract and therefore are not considered a restricted assets of the bank investments and do not appear in the financial statements, where the bank is not entitled to have discretion without taking into account the restrictions stipulated by the agreement between the bank and the owners of restricted investment accounts, usually the bank finance the restricted investments by the funds of owners restricted investment accounts and without uses its own resources to finance these investments.
- Restricted investment treated in the same method that the financial instruments treated.

Impairment of the direct financing, balances and deposits with banks

- With respect to granted finances and balances with banks, which are carried at amortized cost, the Bank reviews , measures and individually whether there is objective evidence of impairment of assets, if there is objective evidence of impairment loss, the loss should be measured as the difference between the value reflected in the books of the asset and monetary value expected to be gained.
- The impairment of the financial assets reduced through a related account in the income statement where the loss in shown in the impairment provision for Sales receivable and balances of financing activities.
- The debts are written off through the provision account prepared when there is no reasonable expectation of future recovery of losses, and full guarantees have been liquidated or have been transferred to the bank.
- If later there is an increase or decrease in the losses of the impairment and were recognized because of the events that occurred after recognizing the impairment so the losses that are previously recognized should be modified by increasing or decreasing it through the provision balance.
- If the debts restored and it was previously considered as bad debts so the receipts recognized as revenue in the income statement or it is deducted from the provision for receivable sales and balances of financing activities.
- The calculation reflects of net realizable financial assets that are guaranteed with certain guarantees of cash flows expected to be collected from the guarantees liquefaction process minus acquisition costs and the costs of the sale of collateral cash value of the process.
- For the purposes of a collective evaluation of a range of funds, funds are assigned into groups based on internal bank system in which to classify the funds by taking into considerations the qualities and characteristics of credit risk, such as financial assets, industry, geographical location type, collateral type, put accruals and other appropriate factors.
- Future cash flows of a group of funds, which are evaluated on a collective basis for the purposes of impairment, are estimated on the basis of historical experience of the losses that have occurred to the funds of the same qualities of credit risk.

Derecognition (exclusion of assets and liabilities out of the balance sheet):

Financial Assets:

The exclusion of financial assets from the balance sheet is done when:

- The bank right to receive cash flows from the financial assets ends.
- When the bank transfer the right to receive cash flows from the financial assets or enter into agreement when obliged to pay to a third party cash flows from the financial assets without material delay.
- The continued participation are measured in the form of a guarantee of the transferred assets with asset's book value or more for what may be required to repay the bank to a third party, whichever is less.

2 Accounting policies (continued)

Significant Accounting Policies (continued)

Financial liabilities:

- Financial liabilities are excluded from the balance sheet when it is canceled or at the end of the commitment or when the substitution of financial liabilities Financial liabilities from the same list (source) on a completely different basis and conditions.

Financial guarantees:

- In the ordinary course of business, the Group gives financial guarantees, consisting of letters of credit, guarantees and acceptances.
- Financial guarantees are recorded in the beginning in the financial statements at fair value under other liabilities, which are equal to the amount received from the client (premium, commission)
- After the initial recognition, the Bank's commitment is measured for each individual guarantee by comparing the collected payments minus recognized amortization in the income statement, and the best estimate of the payments to settle the financial liability resulting from this guarantee and adoption of the greater value.
- Any further liability related to financial guarantees is recognized in the income statement under other expenses.
- Premiums (commissions) received are recognized under fees and commissions payable on a straight-line basis during the full life of the guarantee

Investments in associates companies:

- Associated companies are those companies that the bank exercised an important influence on the decisions regarding the financial and operating policies (not controlled by the bank), and according to the Monetary and Credit Council resolution (501 / M.n / b4), as amended. Show investments in associated companies under the equity method.
- Under the equity method, the investment in the associate recorded beginning at the cost and adjusted later with increasing it with the bank's share of the profits of the associates company and with decreasing the distributed profit to the bank from the associate company.
- Consolidated income statement reflects the net profit for the associate company and the profit or loss recognized directly in the equity of the associate company, the bank recognized his share of those profit or loss and disclose that in the financial statement
- The profit and loss that are resulted from the transactions between the bank the associate company are omitted with the amount of participating percentage of the bank in the company
- In case preparing separated financial statement for the bank as an independent facility then the investment shown in the cost at the associate company.

Lease and lease ended with ownership:

- The assets that are acquired for the purpose of leasing and leasing ended with ownership are measured when acquiring it at the traditional cost plus any direct expenses for making it ready to be used and those assets depreciated with the policy of the renter (bank) in case there is no policy used from the related authorities
- Leased assets measured at the end of the period with the cost minus the depreciation and minus the impairment provision in case expecting a permanent decrease with a relative importance in its value.
- The revenue of the lease is distributed on the financial period that are mentioned in the lease contract.
- If the maintenance are material and with a varying amounts from year to year and with the contract period so maintenance provision should be formed and allocated equally over the financial periods.
- In the cases that the tenant does a maintenance where the renter agrees on carrying it, so the renter recognize it as an expense allocated on the related financial period.

2 Accounting policies (continued)

Significant Accounting Policies (continued)

Investment in real estate

Investments in real estate are measured at fair value in the consolidated statement of financial position.

Subsequent changes in fair value of investments in real estate are recognized in the statement of financial position under "fair value reserve", taking into consideration the split between the portion related to owners' equity and the portion related to the holders of unrestricted investment accounts.

Investment risk reserve

Investment risk reserves represents the amounts appropriated by the Bank out of the income of unrestricted investment account holders, after deducting the Mudarib share, to protect the unrestricted Investment account holders from future losses.

- Bank cut at least (10%) of the "Total joint investment income," according to what is contained in the statement of income as a provision for investment risk in accordance with the resolution of Legislative Decree No. 35 of 2005.

- At the end of the financial period addresses the required amount configured as a distribution of income after the deduction of mudarabeh share, and if the balance of the provision exceeds the required amount, the excess amount is to be settled from the provision and added to the income of the holders of unrestricted investment accounts in the financial period after the mudarabeh share deducted.

- When settling the remaining balance from the risk investment provision it construed to the holders of the investment account

Profit equalization reserve

Profit equalization reserve is the amount appropriated by the Bank out of Modaraba income before allocating the mudarib share, in order to maintain a certain level of return on investment for unrestricted investment accounts holders and to equity owners.

- At the end of the financial period addresses the amount required to reach the target reserve balance as the distribution of income before deducting mudarib share. If the balance of the reserve exceeds the required amount, the excess amount is to be settled from the reserve and added to the income of the relevant financial period before deducting mudarib share

- The remaining balance of the reserve that is related to the holders of unrestricted investment account when settling to shareholders and holders of unrestricted investment is returned to the joint investment container with the percentage of share of the unrestricted account holders.

Fair value for the financial assets:

- When a financial instrument included in an active liquidity market, the quoted market price provides the best evidence of fair value, and when there is no price for offer or request, the authorized price for the latest transaction can be an evidence for the fair value in a condition of not occurring a substantial changes in the economic circumstances between the date of the transaction and the date of preparation of financial statements.

- In the absence of undeclared or absence of active trading of certain financial instruments or non-market activity or lack of a well-organized market fair value is estimated using valuation pattern price and generally accepted methods in financial markets to be guided by the market value of the current other financial instrument similar to a large extent.

- In the case of financial assets fair value cannot be reliably measured so it will be shown at cost less any impairment in value.

- In case that one single value represent an estimate fair value cannot be reached so the best is to disclosed an average value that are reasonably considered to be a fair value by the bank and when not to be disclosed the fair value the bank should disclosed on everything related to determine the fair value to help the user of the financial statement in making their own estimation on the potential differences between the included value and the fair value of the assets.

2 Accounting policies (continued)

Significant Accounting Policies (continued)

The fair value of non-financial assets carried at fair value:

- Market prices represent in the date of the financial statements (in case there is no active market for these assets) the fair value of non-financial assets. In the absence of such markets so the non-financial assets assessed at the date financial statement through taking the average of ratings of (3) evaluating committees that are licensed and certified experience.

The depreciation of assets under investment or liquidation

- The assets under investment or liquidation are recorded firstly at cost then measured at cost minus the depreciation provision and the loss of the impairment in the value if there is any.

Property and equipment

- Property and equipment (except the land) is stated at cost, less accumulated depreciation and accumulated impairment in value.

Changes in the expected useful life are accounted for by changing the depreciation period or method, as appropriate, and treated as changes in accounting estimates.

- Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives. Land is not depreciated. The depreciation of the property and equipment percentages are as follows:

Building	2.5%
Leasehold improvements	10% or rental periods whichever is less
Computer hardware and office equipment	20%
Motor vehicles	20%

When the amount that can be recovered from any fixed assets is less than the net book value then the fixed asset is decreases to the value that can be recovered and the impairment value is recorded in the income statement at other expenses.

Changes in the expected useful life are accounted for by changing the depreciation period or method, as appropriate, and treated as changes in accounting estimates.

Fixed assets are excluded from the records when the disposal or when no expected future benefits from the use or dispose them.

Provisions:

Provision recognized when the bank has obligations at the date of the financial position which derived from previous events while there is a possibility to pay and to be measured reliably.

Provision for compensating the end of service

No provision forming for the compensating the end of the service because the policy of the bank not allow.

Bonuses linked to equity:

- No bonuses linked to equity.

Income tax:

- The tax expense represent the amount of accrual and deferred tax.

- The accrual tax expense calculated on the base of taxable profit and taxable profit varies from the declared profit in the financial statement because it concludes the untaxable revenue or expenses for the fiscal year but to later years or cumulated taxable losses or untaxable items or taxable for the purpose of tax.

- The tax calculated with the tax percentage that are within the laws and resolutions in the countries that the bank work.

- Deferred taxes are expected to be paid or recovered as a result of the temporary tax timing differences between the value of assets or liabilities in the financial statements and the value that is calculated on the basis of profit tax.

Deferred tax is calculated according to the tax rates expected to apply when the tax liability settlement or realizing the deferred tax assets.

- The recognition of deferred tax liabilities for the time differences that will result in amounts will enter in the calculation of taxable income in the future. While the recognition of deferred tax assets for the time differences that will result in payments will be deducted in the future when calculating taxable income.
- The review of deferred tax assets balance at the date of the financial statements and is reduced in the case cannot be expected to take advantage of those tax assets partially or completely.

Capital:**Cost of issuing or buying bank's shares:**

Any cost resulted from issuing or buying shares are recorded in the retained earnings (in the net value after deducting tax for this cost if there is any) if the operation of issuing and buying cannot be completed then these costs are recorded as expenses in the income statement.

Accounts managed for clients:**Restricted investments:**

- Are the assets of all kinds, both took a shape of an investment portfolio or investment fund or did not take, if the bank has made investing for the benefit of the owners of restricted investment accounts in accordance with the terms of the agreement between the bank and the account holder, and the limited role of the bank to manage them, either on the basis of speculative contract or on the basis of agency contract and therefore are not considered restricted assets of the bank investments do not appear in the financial statements, where not entitled to the bank discretion where, without taking into account the restrictions stipulated by the agreement between the bank and the owners of restricted investment accounts, usually the bank financed restricted investments of the owners of restricted investment accounts funds and without uses its own resources to finance these investments.

In case the relation between the bank and the restricted investment holders is adjusted on the base of mudarabeh contract the bank acquire his share from the net of the profit because of his effort, in case of the loses the bank does not acquire any compensation on his effort and does not acquire any loss only if there is encroachment or default or breach of contract conditions.

In case the relation between the bank and the restricted investment holders is adjusted on the base of wakaleh contract the bank acquire a lump sum paid because of his effort in managing the restricted investment and deserve it if there is a profit or not.

These profit/ loss and commissions of managing theses accounts recognized in the income statement.

Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Recognition of revenue and expenses:

- Revenue and expenses are recognized on the accrual base expect the revenue that are related to deferred sales and unproductive financing balances where it does not recognized as revenue and it is recorded at deferred revenue and commissions account

Bank's income from commissions and fees (fees) through the delivering various services to its customers, and can be divided into income from fees (fees) within two categories:

1. Income from services provided on a specific period of time: income is recognized on an accrual basis so each financial period, carrying its own income, which includes commissions and fees from asset and custody management and advisory fees, and various others.

Commissions related to credit limits are suspended and recognized on accrual basis.

2. **Income from transactions (operations):** such as fees that arise from negotiations or participate in negotiations for a deal (process) with a third party such as the purchase of shares arrangements or group of securities or sale and purchase of properties, are recognized upon completion of transaction (process)

Commissions and fees, or part of them, which are linked with specific performance that must be achieved, are recognized after the agreed-upon standards of performance achieved.

2 Accounting policies (continued)

Significant Accounting Policies (continued)

Cash distributed for shares

Earnings of shares of the companies are recognized when realized (when it became from the right of the bank, approved by the general assembly of shareholders)

Financial assets pledged:

Funds (movable and immovable) that are placed upon signal mortgage on its voucher in its related records of real estate and movables that have scored in the interest of the mortgagee creditor and the possession still stand in the hand the mortgagor with a property rights, but the right to dispose of the consent of the mortgagee.

Assets acquired by the Bank in settlement of debts:

Assets acquired by the bank in the general budget under the item assets under investment and liquidation in the value of acquiring it or in the fair value, whichever is less, and revalued at the date of the financial statements at fair value on an individual basis, and any impairment will be recorded as a loss in the income statement and the increases will not be recorded. Subsequent increase will be recorded in the income statement to the extent that does not exceed the amount of impairment that has been previously recorded.

Intangible assets

Goodwill:

- Goodwill is stated at cost, which represents the increase in the cost of owning or buying investment in an associate or affiliate for the bank's share in the fair value of the net assets of the company when acquisition.
- Goodwill resulting from investment in subsidiaries in separate item as an intangible asset, the goodwill arising from investment in associates are shown as part of the expense of investment account in the associate and are subsequently reduced with the cost of any goodwill impairment in the value of the investment.
- Goodwill that are generated internally cannot be capitalized, but to recognize any costs contributed in interior goodwill in the income statement when they occur.

Other Intangible assets:

- Intangible assets that are acquired through the merger recorded at their fair value at the date of acquisition. The intangible assets that are obtained by the method other than the merger are recorded at cost.
- Intangible assets are classified on the basis of estimating there ages for a specified and unspecified period and the intangible assets with a specified age are amortized though it's age and the amortization is recorded in the income statement but the intangible assets that does not have any specified age, an impairment review in its value be done at the financial statement date and any impairment in its value is recorded in the income statement.
- Any indications of an impairment in value of intangible assets on the date of the financial statements and also the age of these assets are reviewed and if there is any amendments to the subsequent period's procedure must be done.
- Research expenses are recognized as expenses immediately when they occur in the income statement.
- Paid expenses are recognized through the development of the intangible assets as capitalized expenses in condition of the follows:
 - Feasibility and technical ability to complete the intangible asset to be ready for sale or use.
 - Intention to complete the asset and sell or use it.
 - The ability of the entity to sale or use of the asset.
 - How the asset will result a future economic benefits, and that includes the entity's ability to demonstrate the existence of a market for the new asset or if the assets will be used internally.
 - The existence of technical and financial ability to complete the asset and make it ready for sale or use.
- Facility's ability to measure reliably the cost paid on an intangible asset in the development stage.

Amortization is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives according to the following percentage:

Computer software	20%
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Cash and cash equivalents

Cash and cash equivalents represent cash and bank balances maturing originally within three months and comprise of cash balances and investments with banks and financial institutions and balances with Central Banks of Syria excluding cash balances due to banks with original maturity of three month or less.

3 Cash and balances with the Central Bank of Syria

	2014	2013
	SYP	SYP
Cash on hand	611,418,220	98,809,609
Accounts with Central Bank of Syria:		
Current accounts/ Deposits under Demands	9,686,471,005	3,593,677,790
Requirements of Cash Reserve	611,556,768	448,173,447
	10,909,445,993	4,140,660,847

(*) According to banking laws and regulations, banks are required to maintain cash mandatory reserve with the Central Bank of Syria inform of non-interest bearing deposit. Mandatory reserve as of 31 December 2013 was SP **611,556,768** which represents 5% of total customers' average deposits as per Prime Ministry resolution No. (5938) dated 2 May 2011, while as of 31 December 2013 it was SP **448,173,447** this reserve is mandatory and not available for use in the Bank's day-to-day operations.

4 Deposits, investment accounts and certificates of banks and financial institutions for a period of three months or less

	Inside Syria		Outside Syria		Total	
	2014	2013	2014	2013	2014	2013
	SYP	SYP	SYP	SYP	SYP	SYP
Current accounts/ Deposits under Demands	5,656,883,501	4,028,494,265	12,464,613,011	22,325,295,008	18,121,496,512	26,353,789,273
Unrestricted investment accounts for period of 3 months or less	3,845,758,299	1,306,872,084	23,281,943,002	14,155,953,412	27,127,701,301	15,462,825,496
Cash margins at banks and financial institutions for period of 3 months or less	-	-	243,627,509	2,859,803,070	243,627,509	2,859,803,070
	9,502,641,801	5,335,366,349	35,990,183,522	39,341,051,490	45,492,825,322	44,676,417,839

In accordance with the Bank's laws and contract of establishment, the Bank does not receive any interest on current accounts with local and foreign banks and banking institutions.

5 Investment accounts and certificates with banks and financial institutions for more than three months

	Inside Syria		Outside Syria		Total	
	2014 SYP	2013 SYP	2014 SYP	2013 SYP	2014 SYP	2013 SYP
Unrestricted investment accounts	-	-	4,111,050,725	1,880,038,880	4,111,050,725	1,880,038,880
Cash margins with Banks	-	-	1,587,882,533	146,680,974	1,587,882,533	146,680,974
Impairment Provision for Unrestricted Investment accounts	-	-	(1,944,006,730)	(1,032,284,651)	(1,944,006,730)	(1,032,284,651)
	-	-	3,754,926,528	994,435,203	3,754,926,528	994,435,203

*The details of Impairment Provision for Unrestricted Investment accounts are as follows:

	2014 SYP	2013 SYP
At 1 January	(1,032,284,651)	(556,747,491)
Additions: Impairment provision of unrestricted investment accounts	(487,011,320)	(641,057,030)
Foreign exchange differences	(424,710,759)	165,519,870
At 31 December	(1,944,006,730)	(1,032,284,651)

The Bank's management has raised a lawsuit against investment Dar Company at the high court of Ministry of Justice in Kuwait. Case No (5770/2009/commercial/5).

According to the court held on 15 February 2010, the court has requested experts from the Ministry of Justice to review the lawsuit documents and evidence of both parties. A court session was set on 15 March 2010 for the meeting between experts and litigants, and the expert's report to be presented to the court on 28 June 2010. This verdict considered as a communiqué to litigants.

On 5 May 2010, Kuwaiti commercial court suspended all the lawsuits raised against Investment Dar Company, until a final decision is reached in the request of Investment Dar Company for the restructuring under the Kuwaiti financial stability law.

On 2 June 2011, The Kuwaiti commercial court specialized in corporate restructuring has rectified the developed restructure plan for Investment Dar. Based on this approval, all litigations and implementation procedures will be suspended during the plan period, which continues up to six years starting 30 June 2011. In case the company breaches the implementation of the restructure plan, the court will be entitled to cancel the ratification and will also cancel legal protection.

According to the restructuring plan, Investment Dar Company will make the first payment to individual investors during the first six months, whereas the second payment will be made to the small non-banking financial institutions within one year from the start date. However, during the second, third, fourth, and fifth year(2013 -2017), there will be periodic payments to the remaining groups of banks and investors. The final payment will be made before 30 June 2017, which represents the total outstanding balances due to these groups, in addition to an amount equals to the annual profits assessed by the court during a period of eight and a half years.

The indebtedness of Cham Bank with Investment Dar Company is fixed, and the Bank expects to prevail and collect all its rights through the restructuring plan or through the previously mentioned lawsuit, in the event of the restructuring plan being stalled. The Bank management believes that the provided Impairment provision for losses on Wakala investment is adequate.

A letter was directly sent to Dar investment company on the first due installment due 30 June 2013; another one was directly sent to the Central Bank of Kuwait to put it in front of his responsibility and to inform it of the company's non-commitment to the restructuring plan approved by CBK.

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In October 2013 a law office in Kuwait was assigned to study procedures of starting a judicial impementaion to obligate it to pay the obligatons incur by it, the Bank is following up with Hamdan Office in order to collect the debt in the best way.

The latest developments of the case:

A decision has been made by the Kuwaiti court to exclude bank's investment from the restructuring low, the board of the directors decided to increase the provision up to 100%

We have re-opened the case file against investment Dar Company through our low firm in Kuwait.

Recently investment Dar Company appealed the decision to re-cover again with the restructuring, and we are awaiting the court's decision.

6 Sales receivable and balances of financing activities, net

	Corporate		Retail		Total	
	2014	2013	2014	2013	2014	2013
	SYP	SYP	SYP	SYP	SYP	SYP
Murabaha receivables	8,438,089,346	7,246,848,224	-	-	8,438,089,346	7,246,848,224
Add: Other receivables (**)	50,065,247	604,711	-	-	50,065,247	604,711
Less: deferred revenue(*)	(404,490,737)	(466,313,850)	-	-	(404,490,737)	(466,313,850)
Less: suspended profit (***)	(176,352,886)	(130,126,001)	-	-	(176,352,886)	(130,126,001)
Less: Impairment provisions for financing receivables (****)	(1,341,414,937)	(1,146,624,675)	-	-	(1,341,414,937)	(1,146,624,675)
	6,565,896,033	5,504,388,409	-	-	6,565,896,033	5,504,388,409

(*) The amount of Sales receivable and non-productive balances of financing activities is SYP 3,134,782,384 where the amount of the previous year was SYP 2,725,043,894 representing a percentage of %36.93 from the Sales receivable and balances of financing activities where it was %37.60 for the previous year.

The amount of Sales receivable and non-productive balances of financing activities after deducting the suspended profit is SYP 2,958,429,497 representing a percentage of %35.59 from the Sales receivable and balances of financing activities after deducting the suspended profit where in the previous year the amount was SYP 2,487,543,951 represent a percentage of 37.4%

(**) Represent probable obligations that are off balance sheet where they transferred to actual obligations like accrued letters of credit that were paid by the Bank on behalf of its customers and were not reimbursed by the customers.

(***) The profit related to the non productive financing receivables is excluded from financing revenues for the year.

(****) Bank did not allocated Mudaraba container with any expenses related to impairment provision of balances and receivables financing activities.

The following is a detailed of impairment provision for financing receivables:

	2014 SYP	2013 SYP
At 1 January 2014	1,146,624,675	688,900,000
Change for the year	185,726,132	461,569,665
The usage of the provision for the year (Bad debts)	-	-
Foreign exchange differences	9,064,130	(3,844,990)
At 31 December 2014	1,341,414,937	1,146,624,675

All the provisions above are calculated as per one client

All of the provisions are from corporate source

No longer required provisions as a result of settlement or repay the debts and turned over to other debts are amounted to SYP 168,838,936 where the amount was in the previous year SYP 135,987,451.

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Notes to the Consolidated Financial Statements

As at 31 December 2014

6 Sales receivable and balances of financing activities, net (continued)**Suspended profits**

	Corporate		Retail		Total	
	2014 SYP	2013	2014 SYP	2013 SYP	2014	2013 SYP
At 1 January	130,126,001	33,802,560	-	-	130,126,001	33,802,560
suspended profit for the year	103,177,077	118,448,856	-	-	103,177,077	118,448,856
suspended profit for the year transferred to revenue	(56,950,192)	(22,125,415)	-	-	(56,950,192)	(22,125,415)
Suspended profit (written off)	-	-	-	-	-	-
At 31 December	176,352,886	130,126,001	-	-	176,352,886	130,126,001

7 Net assets under investment or liquidation

	Corporate		Retail		Total	
	2014 SYP	2013 SYP	2014 SYP	2013 SYP	2014 SYP	2013 SYP
Assets acquired for the purpose of Murabaha	228,743	184,350	-	-	228,743	184,350
Assets acquired for the purpose of operating lease	71,154,400	71,154,400	-	-	71,154,400	71,154,400
Assets acquired for Debts settlement	1,160,000	-	-	-	1,160,000	-
Total (1)	72,543,142	71,338,750	-	-	72,543,142	71,338,750
Provision for impairment of assets acquired for the purpose of an operating lease	71,154,400	71,154,400	-	-	71,154,400	71,154,400
Provisions (2)	71,154,400	71,154,400	-	-	71,154,400	71,154,400
Net (2-1)	1,388,743	184,350	-	-	1,388,743	184,350

It represent a value of a property which the Bank during the year 2010 transferred it by cost from projects under implementation to assets under investment because of the intention to use this property for the purposes of operating lease and get a return. As a result of bad situation in the state and because of getting the property theft, broken and burned the management of the bank has decided to make a provision with whole value that was amounted to SYP 71,154,400 in the year 2012

The following is a summary of the movement of assets acquired by the Bank in settlement of debts:

	Other owned real estate 2014 SYP	Owened real estate 2014 SYP	Total 2014 SYP	Total 2013 SYP
Beginning balance	-	-	-	-
Additions	-	1,160,000	1,160,000	-
Disposal	-	-	-	-
Impairment loss	-	-	-	-
End Balance	-	1,160,000	1,160,000	-

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8 Investment in real estate

	Corporate		Retail		Total	
	2014	2013	2014	2013	2014	2013
	SYP	SYP	SYP	SYP	SYP	SYP
Investment in real estate held for value increasing(*)	424,735,000	246,260,107	-	-	424,735,000	246,260,107
	424,735,000	246,260,107	-	-	424,735,000	246,260,107

(*) During the year 2010, the Bank has transferred the value of this property from property and equipment to investment in real estate as the management intention is to hold this property for capital appreciation.

The change in fair value of this property affects only the Bank shareholders' equity as the property was totally funded by shareholders' equity, the following are the movement in the investment in real estate:

	2014	2013
	SYP	SYP
Investment cost	246,260,107	203,284,289
Additions	-	2,154,327
Change in fair value during the year	178,474,893	40,821,491
	424,735,000	246,260,107

On March 31, 2014 the bank got two independent experts jury to evaluate the value of the property and the result of the evaluation indicated that the value of real estate had been raised so the Bank's management select the lower evaluation because of the current circumstances where the change in fair value of investment properties as at 31 December 2014 where determined as (178,474,893 SYP).

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As at 31 December 2014

9 Property and equipment

	Lands and buildings	Improvement on leased property	Furniture and fixtures	Computers	Motor vehicles	Projects under construction	Total
<u>Cost</u>							
At 31 December 2013	66,674,068	81,455,661	83,869,986	79,799,708	12,049,215	202,254,753	526,103,391
Closing branches*		19,723,049	12,438,153	6,978,664			39,139,866
Additions		5,158,870	6,843,795	1,954,608	2,199,100	8,001,854	24,158,227
Desposals					(1,811,515)		(1,811,515)
At 31 Decmber 2014	66,674,068	106,337,580	103,151,934	88,732,980	12,436,800	210,256,607	587,589,969
<u>Accumulated depreciation</u>							
At 31 December 2013	(3,220,349)	(34,922,010)	(58,263,695)	(63,396,818)	(9,817,292)	-	(169,620,164)
Closing branches		(6,068,229)	(5,570,095)	(4,279,627)		-	(15,917,951)
Additions		(12,953,552)	(11,506,208)	(8,524,286)	(1,564,027)	-	(34,548,073)
Value impairment					1,811,515	-	1,811,515
Disposals	(48,305,252)						(48,305,252)
At 31 December 2014	(51,525,601)	(53,943,791)	(75,339,998)	(76,200,731)	(9,569,804)	-	(266,579,925)
Net book values:							
At 31 December 2014	15,148,467	52,393,789	27,811,936	12,532,249	2,866,996	<u>210,256,607</u>	321,010,044

(*)those tow branch(Homs,Shnaya) are closed :Homs ,Sehnaya ,For reasons of security

Cham Bank S.A.

Notes to the Consolidated Financial Statements

As at 31 December 2014

9 Property and equipment

	<u>Lands and buildings</u>	<u>Improvement on leased property</u>	<u>Furniture and fixtures</u>	<u>Computers</u>	<u>Motor vehicles</u>	<u>Projects under construction</u>	<u>Total</u>
<u>Cost</u>							
At 31 December 2012	66,674,068	72,512,856	83,555,761	73,589,794	12,049,215	193,314,134	501,695,828
Closing branches	-	19,723,049	12,438,153	6,978,664	-	-	39,139,866
Additions	-	8,942,805	314,225	6,209,914	-	8,940,619	24,407,563
Disposals	-	-	-	-	-	-	-
At 31 December 2013	66,674,068	101,178,710	96,308,139	86,778,372	12,049,215	202,254,753	565,243,257
<u>Accumulated depreciation</u>							
At 31 December 2012	(51,525,601)	(30,320,593)	(51,253,535)	(58,289,052)	(8,622,292)	-	(200,011,073)
Closing branches	-	(6,068,228)	(5,570,094)	(4,279,626)	-	-	(15,917,948)
Additions	-	(4,601,418)	(7,010,161)	(5,107,768)	(1,195,000)	-	(17,914,347)
Value impairment	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
At 31 December 2013	(51,525,601)	(40,990,239)	(63,833,790)	(67,676,446)	(9,817,292)	-	(233,843,368)
Net book values:							
At 31 December 2013	15,148,468	60,188,471	32,474,349	19,101,926	2,231,923	202,254,753	331,399,889

Cham Bank S.A.**Notes to the Consolidated Financial Statements**

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10 Intangible assets

Amortization for intangible assets is calculated on straight line basis over useful life of five years.

	2014	2013
	SYP	SYP
Cost		
At 1 st January	96,515,998	95,960,498
Closed branch	247,000	247,000
Additions	-	555,500
At 31 December	96,762,998	96,762,998
<u>Accumulated Amortization</u>		
At 1 st January	(86,464,061)	(80,098,830)
Closed branches	(142,559)	(142,559)
Additions	(5,547,117)	(6,365,231)
Value Impairment	-	-
At 31 December	(92,153,737)	(86,606,620)
Net book value		
At 31 December	4,609,260	10,156,377

11 Other Assets

	2014	2013
	SYP	SYP
Accrued Revenue (*)	59,663,620	43,056,973
Prepaid Expenses	53,205,494	42,982,249
Advances for property purchase	21,968,141	16,841,350
Paid Margins	2,700,000	2,700,000
Due from insurance company (**)	100,000	100,000
Other receivables	198,599	-
Stamps and Stationery stock	1,856,992	1,531,198
Total	139,692,845	107,211,771

(*) This amount represent realized Investment income but unearned from deposits and accounts with banks and financial institutions.

(**) This amount represents receivables from the insurance company in relation to the robbery of Homs branch

12 Blocked deposit with Central Bank of Syria

As per private Bank's law number 28 for the year 2001, private banks should keep 10% of their capital as a legal blocked interest free fund at the Central Bank of Syria, its released when the time of liquidation the bank.

	2014	2013
	SYP	SYP
Balance of the blocked deposit in Syrian pounds	281,698,513	281,698,513
Balance of the blocked deposits US dollars (translated into Syrian Pounds)	854,386,741	619,382,912
	1,136,085,254	901,081,425

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Notes to the Consolidated Financial Statements

As at 31 December 2014

13 - 1 Deposits and investment account due to banks and financial institution

	Inside Syria		Outside Syria		Total	
	2014	2013	2014	2013	2014	2013
	SYP	SYP	SYP	SYP	SYP	SYP
Current Accounts/ Accounts under demands	37,470,191,406	34,062,310,418	671,234,403	65,035,194	38,141,425,809	34,127,345,612
Investment Accounts	30,000,000	552,285,000	-	-	30,000,000	552,285,000
	37,500,191,406	34,614,595,418	671,234,403	65,035,194	38,171,425,809	34,679,630,612

14 Customers' current accounts

	2014	2013
	SYP	SYP
Current Accounts/ Accounts under demands:		
Syrian Pounds	3,033,421,651	3,566,648,426
Foreign Currency	5,312,928,178	2,181,570,454
	8,346,349,829	5,748,218,880

Deposits of the Syrian government and the Syrian public sector amounted to SYP 3,176,615,731 representing a rate of (%38.06) from the total deposits where in the previous year the amount was SYP 2,521,694,139 at rate of (%43.87).

15 Cash Margins

	2014		2013	
	Corporate	Retail	Corporate	Retail
	SYP	SYP	SYP	SYP
Margins against Sales receivable and balances of financing activities	1,240,906,837	-	-	-
Margins against indirect credits	6,222,308,505	-	4,667,309,971	-
Murabaha margins - "Hamish AlJedieh"	-	-	1,919,963	-
Other Margins	58,080,879	-	548,583,625	-
	7,521,296,220	-	5,217,813,559	-

* The margins which don't have return amounted to (7,518,084,760) at the end of 2014 where it was amounted in the previous year to (5,208,626,001).

16 Accounts Payable

	2014		2013	
	Corporate	Retail	Corporate	Retail
	SYP	SYP	SYP	SYP
Retained payable	1,364,385	-	1,334,385	-
Payables related to financing activities	72,205,207	-	3,183,966	-
Suppliers	14,825,639	-	15,315,577	-
Non Shari'a compliant revenue (*)	540,958	-	1,983,962	-
	88,936,189	-	21,817,891	-

(*)Represent amounts that with non Shari'a compliant according to Shari'a Supervisory Board's decision.; as the Shari'a Supervisory Board instructed, it will be used for various social charity activities.

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Notes to the Consolidated Financial Statements

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17 Miscellaneous provisions

2014	At 31 January 2013	Additions during the year	Disposal during the year	Returns to revenue	At 31 December 2014
	SYP	SYP	SYP	SYP	SYP
foreign currencies differences of operational position provision	17,707,521	-	-	-	17,707,521
Contingencies provision	50,000,000	37,480,644	-	-	87,480,644
Off balance sheet impairment provision	9,727,417	-	-	-	9,727,417
ATM compensation dedicated detention	860,003	80,000	-	-	940,003
Transfer fund risk provision	-	25,802,500	-	-	25,802,500
Total	78,294,941	63,363,144	-	-	141,658,085

2013	At 31 January 2012	Additions during the year	Disposal during the year	Returns to revenue	At 31 December 2013
	SYP	SYP	SYP	SYP	SYP
foreign currencies differences of operational position provision	17,707,521	-	-	-	17,707,521
Contingencies provision	25,000,000	25,000,000	-	-	50,000,000
Off balance sheet impairment provision	9,727,417	-	-	-	9,727,417
ATM compensation dedicated detention	907,503	-	-	-	860,003
Transfer fund risk provision	-	-	-	-	-
Total	53,342,441	25,000,000	-	-	78,294,941

(*) The management of the bank decided to make additional provisions to meet the potential risk of losing the fixed assets basing on the current circumstances and the high risk related to these assets in some branches

(**) All of them from the corporate source

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18 Income tax**18 – 1 Income tax provision**

Income tax provision	2014 SYP	2013 SYP
At 1 January	4,229,701	4,229,701
Tax paid during the year	-	-
Accrued income tax	-	-
At 31 December	4,229,701	4,229,701

In 2007 the bank subjected to a tax examination from specialized tax committee in the financial directorate of Syria and the result was the decision Num 60/H/10/2013 which released at 6-3-2013 where it was concluded that there is no accrued income tax because of declaring a loss.

In 2008 the bank subjected to a tax examination from specialized tax committee in the financial directorate of Syria and the result was the decision Num 206/H/5/2014 which released at 3-7-2014 where it was concluded that there is no accrued income tax because of declaring a loss.

In 2009 the bank still under the tax examination and no decision has been made until 31-12-2014.

18-2 Deferred tax asset

	At 1 January SYP	Additional SYP	At 31 December SYP	Deferred tax SYP	Deferred tax SYP
Deferred tax assets	22,964,567	26,281,849	49,246,416	49,246,416	22,964,567

The details of assets / liabilities deferred tax expense are as the following:

	2014		2013	
	Assets SYP	Liabilities SYP	Assets SYP	Liabilities SYP
At January	22,964,567	-	16,949,297	-
Additions	26,281,849	-	6,015,270	-
Exclusions	-	-	-	-
At 31 December	49,246,416	-	22,964,567	-

18- 3 Summary of reconciliation for profit between accounting and tax proposes

Summary of reconciliation for profit between accounting and tax proposes:

	2014	2013
	SYP	SYP
Profit before tax	2,077,232,266	2,354,113,226
Adjustment		
Recovery/Impairment of financing receivables (productive debts)	(13,735,607)	(140,572,730)
Impairment of financing receivables (productive debts)	5,127,126	12,414,000
Other operational provision	-	641,057,030
Contingency loss provision	50,000,000	25,000,000
Subsidiary's (revenue) loss	(3,088,594)	(3,140,863)
Unrealized gain on structural provision	(2,077,105,678)	(2,521,900,026)
Operating profit arising from dealing in foreign currencies	(141,649,350)	(389,541,878)
	(103,219,837)	(22,571,240)
Tax rate	%25	%25
Income tax expense	(25,804,959)	(5,642,810)
Subsidiary's deferred tax income	(476,890)	(372,460)
	(26,281,849)	(6,015,270)

19 Other liabilities

	2014	2013
	SYP	SYP
Realized profits for deposits and investment accounts of banks and financial institutions	-	482,811
Remittances and payment orders	175,490,768	28,562,569
Accrued Expenses	65,179,050	25,628,012
Due to government parties	23,745,311	18,637,978
Payables to ATM	1,930,729	(1,491,055)
Other payables	19,467,734	3,067,628
	285,813,592	74,887,943

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Notes to the Consolidated Financial Statements

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20 Unrestricted investment accounts

	2014			2013		
	clients	Banks and financial institution	Total	clients	Banks and financial institution	Total
	SYP	SYP	SYP	SYP	SYP	SYP
Saving Deposits	992,557,958	-	992,557,958	739,123,014	-	739,123,014
Investment deposits (term deposits)	2,687,514,517	72,728,693	2,760,243,210	1,578,956,977	498,657,942	2,077,614,920
Wakaleh investment	-	488,900,000	488,900,000	-	576,189,413	576,189,413
Total	3,680,072,475	561,628,693	4,241,701,168	2,318,079,991	1,074,847,355	3,392,927,347
Inaccrued realized expenses	28,261,610	4,313,862	32,575,472	29,692,181	13,768,026	43,460,207
Total unrestricted investment accounts	3,708,334,085	565,942,555	4,274,276,640	2,347,772,172	1,088,615,382	3,436,387,554

21 Investment fair value provision

	2014	2013
	SYP	SYP
At 1 January	40,821,491	40,821,491
Investment fair value	178,474,893	
Investment fair value provision	219,296,384	40,821,491

22 Investment risk provision

	2014	2013
	SYP	SYP
At 1 January	113,326,373	101,454,971
Additions during the year	12,952,335	15,675,871
Exclusions during the year	-	-
Exchange rate differences	(2,945,674)	(3,804,469)
At 31 December	123,333,034	113,326,373

23 Non-controlling interests

This item represents the share of other shareholders in the results of operations and net assets of the subsidiary.

24 Paid in capital

The Bank's capital is SYP 5,000,000,000 divided into 50,000,000 shares with a par value of SYP100 per share. The founders covered 37,500,000 shares which is equivalent to SYP 3,750,000,000 (75% of the capital). 12,500,000 shares which is equivalent to SYP 1,250,000,000 have been offered to the public. 50% of the shares value was paid through the IPO and the founders.

The General Assembly held at 8 December 2009, discussed and approved that the second payment of share capital to be completed during the period from 8 December 2009 through 29 June 2010.

As of 31 December 2012 the second capital payments were SYP 2,500,000,000, and by that the capital was paid in full.

Hereby are the details of the paid in capital:

	2014	2013
	SYP	SYP
The authorized and subscribed capital	5,000,000,000	5,000,000,000
Paid-in capital	<u>5,000,000,000</u>	<u>5,000,000,000</u>

According to the legislation decree No (3) dated 4 January 2010 that included amendments to certain articles of the legislative No(28/2001) and the legislative resolution No. (35/2005), the minimum capital required for Islamic banks operating in the Syrian Arab Republic should be SYP15 billion. Three years has been granted by the law for the bank held s to increase its capital to the required minimum limit.

Based on the new legislation resolution No. (17) for the year 2011, The granted period that was given to the banks according to the fifth article of the legislation resolution No. (3) dated 4 January 2010, was extended from 3 years to four years to increase its capital according required minimum limits according to its instructions.

During the extra ordinary General assembly held on 20 June 2011, it was approved to split the shares according to the content of the article /91/item /3/ from the legislation resolution No.(29) for the year 2011, that defines that nominal value of one share should be adjusted to be 100 SP within two years of the resolution implementation date. Accordingly the General Assembly delegates to the Board of directors to follow up the required procedure to execute the split of shares with the authorities and supervisory bodies, on 22 November 2011 the Syrian commission on financial markets and securities issued the decree No.119 that approved the adjust the nominal value of the shares to be 100 SYP so the total of shares become 50 million shares. The effective date for implementation the mentioned adjustment was at the end of the day 6 December 2011.

25 General provision for credit risk

Basing on the Monetary and Credit Council resolution No. (902 / M.n /b4) for the year 2012 and the Monetary and Credit Council resolution No. (650 / M.n / b 4) dated at 14/4/2010 that is amending to the certain things in the Resolution No. (597 / M. n / b4) which is dated at 9/12/2009,

The shareholders of the unrestricted investment are integrated from the financing general risk provision to the risk investment provision accounts which means that there is no need to establish a provision of financing risk in case the investment risk provision equals the financing risk provision or greater, the investment risk provision mustn't decrease to the limit that are imposed by Legislative Decree No. / 35 / of the private Islamic banks in 2005 or to the amount of the shareholders of unrestricted investment accounts from the general reserve risk financing, which is greater.

The work continues according to the resolution /14/ of the Legislative Decree No. / 35 / for 2005 related to Islamic banks to form a provision to meet the investment risk to cover the resulting losses and the amount of the provision become twice as the paid up capital of Islamic banks or any other amount determined by the Monetary Council and credit.

The effort testing on the credit portfolio has been made by the bank to evaluate the adequacy of the provisions and the management of the bank decided to book extra provision amounted to SYP 99,638,481

The bank has made a provision for the productive debts of the direct facilities dated to 31/12/2014 and amounted to SYP 27,919,356

The bank has made a provision for non-productive debts of the direct facilities dated to 31/12/2014 and amounted to SYP 1,172,465,182

The bank did not allocate the shareholders' investment account any expenses related to Impairment provision for sales receivable and financing balances

Forming a provision of risk financing for the assets that are financed by shareholders and fund that are guaranteed by the bank at the end of 2014 is suspended, where the total of investment risk provision until 31/12/2014 was SYP 33,051,351 and it is the same amount that was formed at 31/12/2011. And the bank is obliged to continue to reserve the investment risk provision through the resolution No 597 / M.n / b4 and modified by the decision 650 / M.n / b4 at the end of the work by resolution 902 / M.n / b4.

The share amount of the unrestricted investment holders from the investment risk provision and retained until 31/12/2014 is SYP 8,214,105 and it is calculated until 30/9/2012 as a result of suspending the formation of the investment risk provision for the assets that are financed by the unrestricted investment holders after the mentioned date.

Keeping the previous provisions that are in excess of the requirements of the Monetary and Credit Council resolution (902 / M.n.b 4) of SYP 51,119,337, where SYP 9,727,417 were formed for the indirect facility, and the share of unrestricted investment account holders is SYP 14,978,102.

Cham Bank S.A.

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As at 31 December 2014

26 Income from sales receivable and financing balances

	Corporate	
	2014	2013
	SYP	SYP
Murabaha	465,760,404	391,634,725
Total	465,760,404	391,634,725

27 Impairment provision for sales receivable and financing balances

Impairment provision for sales receivable and financing balances has been formed according to the Monetary and Credit Council resolution No. (597 / M.n / b4) for the year 2009 and it's amended especially Resolution No. (902 / M.n / b4).

Provision for receivable that are resulted from Mudarabeh and participation should be made.

28 Income from banks and financial institutions

	Corporate	
	2014	2013
	SYP	SYP
Investment accounts	193,448,854	60,402,842
Wakala accounts	-	-
Total	193,448,854	60,402,842

29 Expenses charged to the joint venture container

The bank allocate the Expenses charged to the mudarabeh container with a percentage of %50 according to the policies that are approved by the Shari'a committee

	2014	2013
	SYP	SYP
Mail and phones expenses	3,776,182	3,676,477
Printing and stationery expenses	1,411,476	1,330,318
Advertisement and exhibition expenses	5,735,034	2,301,576
Compensation of Shari'a committee	3,631,582	2,441,250
Accommodation expenses	84,654	129,052
Other expenses	1,214,345	2,537,890
	15,853,273	12,416,562

30 The share of the unrestricted investment account from the distributable joint income

	2014	2013
	SYP	SYP
Banks and financial institution		
Clients(Investment account on al mudarabeh base):		
Saving deposits	19,102,169	5,353,584
Investment deposits (term deposits)	48,555,191	47,621,414
Clients (Investment account on al wakaleh base)	48,913,657	88,107,840
Total	116,571,017	141,082,838

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As at 31 December 2014

31 Bank's share in the joint income as a Mudarib, investment deputy and Fund Owner

Bank's share in the joint income as a Mudarib, investment deputy and Fund Owner is amounted:

	2014	2013
	SYP	SYP
As a Mudarib	45,165,465	26,764,453
As fund owner	282,941,036	40,403,514
As investment deputy	-	-
Total	328,106,501	67,167,967

32 Income from banking services

	2014	2013
	SYP	SYP
fees and commissions income	520,522,354	914,207,460
The burden of fees and commissions	(16,049,152)	(259,326,268)
Total	504,473,203	654,881,191

33 Other income

	2014	2013
	SYP	SYP
Shares commission	1,760	158,820
Managerial fees - Murabaha	947,700	973,050
Other income	-	3,326,377
Refundable expenses	56,650	117,000
Other	8,046,007	-
Total	9,052,117	4,575,247

34 Staff expenses

	2014	2013
	SYP	SYP
Salaries and related benefits	214,972,848	145,867,237
Social Security	11,882,649	8,296,928
Medical expenses	5,570,364	3,697,876
Training expenses	2,785,723	1,286,671
Traveling expenses	1,574,490	-
Total	236,786,074	159,148,712

Cham Bank S.A.**Notes to the Consolidated Financial Statements**

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35 Other expenses

	2014	2013
	SYP	SYP
Rent expenses	82,534,548	65,282,478
IT expenses	72,242,032	22,765,597
Telephone, fax and carrier	4,795,773	10,072,440
Consulting fees	22,066,183	4,413,723
Advertising expenses	5,735,034	6,424,857
Utilities expenses	4,567,945	3,627,560
ATM machines expenses	13,321,674	6,529,880
Transportation, traveling and hospitality expenses	9,121,242	10,219,268
Cleaning expenses	3,386,505	2,544,919
Governmental expenses	14,105,685	3,723,150
Insurance expenses	3,675,932	2,401,980
Shari'a supervisory board expenses	3,631,581	2,441,250
Security expenses	2,470,592	2,301,576
Stationery and printing	2,205,976	1,670,319
Board of directors and General Assembly expenses	6,183,905	7,646,639
Legal fees	55,725	5,604,627
Donations	600,000	-
Other	27,005,804	11,050,223
	277,706,137	168,720,486

36 Basic earnings per share

	2014	2013
	SYP	SYP
Net profit for the year	2,103,478,461	2,360,093,363
Weighted average for number of shares(*)	50,000,000	50,000,000
	42.07	47.20
Basic earnings per share for the year	42.07	47.20

37 Cash and cash equivalents at the end of the period

	2014	2013
	SYP	SYP
Cash and balances with central bank with maturity of three months	10,297,889,225	3,692,487,400
Add: Deposits, investment accounts and certificates with banks and financial institutions for three months or less	45,492,825,322	44,676,417,838
Less: Deposits for banks and financial institutions with maturity of three months	(26,584,982,708)	(20,078,105,855)
Less: Investment accounts and certificates with banks and financial institutions for less than three months	(11,556,443,100)	(14,551,524,757)
	17,649,288,739	13,739,274,626

(*) The reserve with Central Bank of Syria is not available for the Bank's day-to-day operations; therefore it is not part of cash and cash equivalents.

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As at 31 December 2014

38 Related party transactions

	Parent company	Subsidiary company	Sister company	Associated company	Subsidiary company	Joint ventures	Other (Mentioned in details)
Items within the budget: Assets							
Current accounts and accounts under demand	8,586,747,349	-	-	-	-	-	-
Unrestricted investment accounts with maturity of 3 months or less	19,738,620,000	-	-	-	-	-	-
Cash margins with banks and financial institutions for more than 3 months	1,587,882,533	-	-	-	-	-	-
Other Assets	10,784,934	-	-	-	4,871,720	-	-
Total Assets	29,924,034,816	-	-	-	4,871,720	-	-
Items with in the budget: Liabilities							
Current accounts and accounts under demand	96,000	-	-	-	-	-	-
Customers' current accounts		-	-	-	110,680,920	-	-
Unrestricted investment accounts/(term accounts)		-	-	-	150,000,000	-	-
Other liabilities		-	-	-	50,000	-	-
Non-controlling parties					2,655,026		
Total liabilities	96,000	-	-	-	263,385,946	-	-

Off side balance sheet items

38 Related party transactions (continued)**Income statement elements**

Investment activity income	135,535,501	-	-	-	-	-	-
The share of unrestricted investment holder from the net profit before deducting bank's share as mudarib		-	-	-	-	3,863,669	-
General and Administrative expenses		-	-	-	-	775,075	-
Tax income revenue		-	-	-	-	476,890	-

Additional information

Sales receivable and financing balances		-	-	-	-	-	-
Sales receivable and financing balances under monitoring		-	-	-	-	-	-
Impairment provision		-	-	-	-	-	-
Suspended revenue		-	-	-	-	-	-
Bad debts		-	-	-	-	-	-

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Below is a summary of the benefits (salaries, bonuses and other benefits) and senior executive management of the Bank and Shari'a Supervisory Board and Board of Directors:

	2014 SYP	2013 SYP
Senior executive management		
Salaries	28,498,864	24,351,140
Compensation	28,719,028	-
The board of directors		
Accommodation and conference expenses	6,183,905	7,646,639
Shari'a committee		
Fees	7,263,163	4,882,500
	70,664,960	36,880,279

39 Fair value of the financial assets and liabilities which not shown in fair value in the financial statements**First: fair value of the financial assets and liabilities which not shown in fair value in the consolidation financial statements**

The following table shows the book and the fair value of financial assets and liabilities in the financial position that does not appear at fair value in the financial statements

	2014		2013	
	Book value	Fair value	Book value	Fair value
Deposits, Investment accounts and certificates with banks and financial institutions for three months or less	45,492,825,322	45,492,825,322	44,676,417,839	44,676,417,839
Investment accounts and certificates with banks and financial institutions for more than three months	3,754,926,528	3,754,926,528	994,435,203	994,435,203
Sales receivable and financing balances	6,565,896,033	6,565,896,033	5,504,388,409	5,504,388,409
Financial assets held-to-maturity	—	—	—	—
Financial liabilities				
Deposits and Investment accounts of banks and financial institutions	38,171,425,809	38,171,425,809	34,679,630,612	34,679,630,612
Equity of unrestricted investment account holders	4,397,609,674	4,397,609,674	3,549,713,927	3,549,713,927
Payable accounts	88,936,189	88,936,189	21,817,891	21,817,891
Other liabilities	285,813,592	285,813,592	74,887,943	74,887,943

40 Risk management

Risk management is defined as an integrated and comprehensive system designed to create the appropriate environment and necessary tools for the purpose of anticipating, studying, identifying, measuring and following up the potential risks. As well as defining the possible effects of such risks on the bank's activities and its assets and revenues, and developing appropriate plans of what is necessary and what can be done to avoid these risks, or restrain and control them to mitigate their effects if they occur.

Risk management is one of the Board of Directors responsibilities, administered through the Risk Committee, on which the responsibility of defining the acceptable limits of exposure to risk falls. These limits are identified, measured and followed up by the Risk Management Department, which answers directly to the Risk Committee, using a system of integrated reporting, which reflects all the risks faced by the Bank such as: credit, market, liquidity and operational risks. Thus the Risk Management Department is committed to applying the decisions of: Monetary and Credit Council, Central Bank of Syria and the banking norms in this regard, and securing the adequate capital to guard against these risks. As well as applying the Governance Guide according to the Monetary and Credit Council resolution No. 489 of 2009 and Charter of Basel II, and following up in these two areas which determine exposure levels and reduce the likelihood of the occurrence of risk. Risk Management objectives

The main purpose of the risk management is to build a comprehensive and complete system enables the convenient environment and the required tools to analyze, determine and measure the possible risks, and determine the probable effects to the bank's operations, assets and liabilities, and to provide the appropriate plans and procedures to mitigate, control or reduce those identified risks.

Risk management structure

The Board of Directors is ultimately responsible for identifying and controlling risks. However, there are separate independent bodies responsible for managing and monitoring risks.

Board of Directors:

The board of directors considered the responsible for the risk management of the bank where an independent unit for risk management was been formed by the bored within three sections as credit, market, liquidity and operating risk. The bored formed risk management committee derivied from him where it concluded the non-exucitive members and the manager of the risk was the responsible of the committee.

the bored determines the level of the risk that are acceptable to the bank and can be afforded, the bored is responisible for confirming the work methods of the risk management, the duties, the level of exposure and the genral policy of the risk management of the bank.

The bored of directors confirm the duties of the senior management for establishing and creating the an independent infrastructure that are appropriate and adequate for managing risks and provide the necessary technological system that ensure the continuing of the work of the risk management in determining, measuring, following- up and setting the risk within the approved limit, the bored periodically monitor the effectiveness of the senior and risk management depending on a comptroller independent party where the bored receive periodic reports prepared by the risk management on the current exposures.

Risk Management Committee: is the committee responsible of ensuring that higher management immediately treats any noted override, evaluates risk plans, manage contingencies, review the strategies and policies of the risk management unit in addition to following up and reviewing the reports issued by risk management and the compliance with risk management mitigation rules set by BASEL.

Executive Management

The executive management:

- Is responsible for the development of policies and procedures and to find ways to mitigate risks related to operational risks arising from the activities that the bank intends to carry out and the new tools it intends to use.
- Develops and executes the action plan for the implementation of the necessary recommendations to address the weaknesses that are identified.
- Maintains the updated status of the risk where the head of departments should report to Risk Management immediately of any changes in the organizational structure of the unit, or the development of any new products / services, or the occurrence of any changes to regulations and legislation.
- Ensures that the risks that have been identified have been effectively managed through the application of appropriate control procedures.

Risk Management Unit: Responsible for implementation and monitoring of risk and ensure the compliance of existing risks with adopted policies.

Internal Audit: The Bank's policy is that risk management processes throughout the Bank are audited annually by the internal audit function, which examines both the adequacy of the procedures and the Bank's compliance with the procedures. Internal Audit discusses the results of all assessments with management, and reports its findings and recommendations to the Audit Committee or the Board of Directors; hereby is the organizational structure of the risk management unit:

First: Qualitative Disclosures:**1. Exposure to risks and how they arise:**

The Bank is exposed during the performance of its activities to many risks that can be classified under: credit, market, liquidity and operational risks.

Credit risk arises primarily from the possibility of the nonpayment of the debts by the Bank customers, their bankruptcy or the existence of credit obstacles to their commitment to the time schedule of payment agreed upon. And in this regard, the Bank carries out the administration and monitoring of the credit ceilings at the level of the credit portfolio as a whole and at the level of the customers, and measures the size of the credit exposure for each sector and geographic region and coherent group.

Market risk arises from the risk of the budgetary financial positions and extra-budgetary contingent liabilities as a result of price changes, which could be recognized as the risk resulting from the general increase in prices and the decrease of the purchasing power of the local currency, and the risk resulting from the positions of the foreign currencies, and the losses which the Bank suffers from because of the adverse changes in the return rates in the market.

Liquidity risk arises as a result of the mismatch between assets and liabilities maturity dates, and the difference between the maturities of deposits and facilities, in addition to the risk associated with the concentrations existing in the cash deposits at the Bank, which may lead to a decline in liquidity ratios from the allowable limits, as well as the sudden cases of money withdrawal which the Bank may be exposed to, which lead to limiting its ability to meet its obligations in due dates, and the difficulty in financing its assets. And in this regard, the Bank commits to: managing and controlling liquidity levels on a daily basis, estimating the future cash flows, keeping sufficient liquidity ratios and applying Monetary and Credit Council resolutions related to liquidity.

Operational risk arises from errors caused by: inadequate procedures, staff misconduct, failures in applied technology systems or noncompliance with the determinants of Islamic Law followed by the Bank in its banking activities. And in this regard the Bank adopts the basic indicator to measure operational risk, and evaluates the impact of the potential operational risk on the operations and activities conducted by the bank, and classifies the operations to identify the types of risks associated with them,

and prioritize the steps to be carried out to address them. In addition, limits are established for the key indicators of risk of the various operations that can be endured.

Risk Management in Cham Bank represent perspectives and attitudes that govern the performance of the Bank regarding its response to the different risk factors in all areas of work, starting from developing the bank's strategy for action and the mechanisms of applying this strategy, ending with the activities and daily practices by all the employees in the bank, at the level of all the departments included in the organizational structure of the Bank.

First: Qualitative Disclosures: (continued)**2. Risk Management strategies**

The Bank adopts multiple strategies for risk management through the risk management systems and the related management, where the Bank performs the following:

- Design system that analyze the financial effects – and any other effects – for the variance risks and develop the control systems and procedures that would (in case of performance) to keep the probable losses (effects) for those risks within the acceptable range.
- Ensure that the risk mitigation decisions are consistent with the Group's strategies.
- Limit the risks (within the bank's proficiency and strategies) with different aspects financial, financing, market, reputation, liquidity, and operational.
- Define the acceptable risk limit for all the provided products.
- Performance incentives applied in the Group are consistent with the risk levels.
- Risk management covers all the bank's activities and operations, thus it analyze and assesses the risks in (risk profiles) documented and approved, and monitor the levels of current exposure for those risks.
- The risk management strategy purpose is to control, mitigate, and convert all the types of risks, the major risk types are: liquidity risk, market risk, credit risk, operational risk, and Shari'a risk.
- The risk management initiate its risk analysis and assessment by identifying the risk from an executive level(policies and procedures) then on the level of (divisions/departments/branches), and assesses the monitoring procedures that related and designed to control those risk, to identify the deficiency in a particular domain and its effects to other domains.
- Set emergency plans and going concern plans, and ensure their efficiency in addition to develop it continuously.

The bank has put a hedging policies that mitigate risks with determining the responsibilities that should be followed to avoid any defect may happened through considering tasks and special operating procedures for the management of credit risk and market risk and liquidity and operational risks, the procedure of controlling and supervision were adopted through the following:

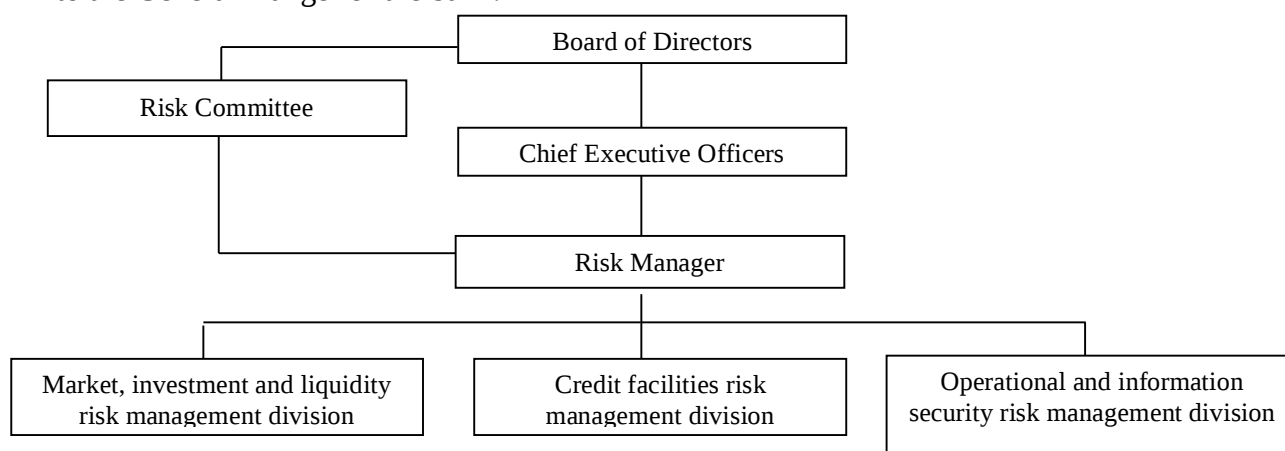
- Organizing the work of risk management in terms of its ability to manage each type of risk that the bank faced with the adoption of a complete independence of this department.
- Develop a scale of measurement and reporting systems for each type of risk types of systems.
- To emphasize that the Bank's policies are prudent in way that mitigate risks in terms of the procedures for obtaining guarantees and accepting it and policies of periodic evaluation of their effectiveness.
- Develop continuous effective control procedures for hedging and risk mitigation.

40. Risk Management: (continued)**3. Risk management organizational structure:**

Cham Bank worked on activating the performance of the Risk Management Department through activating the sections in the department and the work has been distributed through distributing the responsibilities and determining the tasks and procedures for each section:

- Credit Risk Department.
- Market risk and liquidity department.
- Department of operational risk.

Risk management is traced to the risk Committee that emerged from the board of directors and to the General manger of the bank.

**4 policies and procedures to avoid risk concentration:**

The Bank applies policies and procedures that limit the concentration of risks faced by the Bank, through the application of the decisions of the Monetary and Credit Council and the Central Bank of Syria, In addition to the recommendations issued by the Risk Committee of the Board and the Risk Management Department in connection with the distribution of credit portfolio risk, risk concentrations in the states, risk concentrations in the correspondent banking, risk concentrations in deposit and current accounts and other concentrations in banking products.

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	2014	2013
Balances with central banks	10,909,445,993	4,041,851,237
Deposits, investment accounts and certificates of banks and financial institutions for a period of three months or less	45,492,825,322	44,676,417,839
Investment accounts and certificates with banks and financial institutions for more than three months	3,754,926,528	994,435,203
Individuals	113,936,187	434,955,936
Real estate financing	214,236,142	279,704,264
Big companies	5,223,167,003	3,791,540,799
Small and medium- sized enterprises (SMEs)	1,014,556,701	998,187,411
For government and public sectors		
Investments in real estate	424,735,000	246,260,107
Assets under investment (aquired for the purpose of Al Murabaha)	228,743	184,350
Assets acquired for Debts settlement	1,160,000	-
Intangible Assets	4,609,260	10,156,377
Fixed Assets	321,010,044	331,399,889
Blocked deposit with Central Bank of Syria	1,136,085,254	901,081,425
Deferred tax assets	49,246,417	22,964,567
Other assets	139,692,845	107,211,771
Off Balance sheet items		
Letters of guarantees	382,285,215	286,408,580
Letters of credits	5,922,179,618	5,006,963,073
Acceptances	180,556,673	-
Unutilized Credit Limits	2,316,595,864	3,423,851,536
Others	-	-
Total	77,601,478,809	65,553,574,364

40. Risk Management (continued):**First: Qualitative Disclosures (continued):****5 policies and procedures to avoid risk concentration (continued):**

Several methods and assumptions and variables are developed and used by the Bank to prepare sensitivity analyses for different periods, as a sensitivity analysis of the credit portfolio of the Bank is performed in specific scenarios related to the expected ratios of change in the rating of the portfolio's debts in accordance with the applicable classification decisions, in addition to scenarios concerning acceptable collateral so that the credit portfolio and existing debt situation is well monitored, and can be said that the scenarios followed are extrapolated from reality and match the current situation with expected circumstances, through which the banking activities are performed. As well as performing separate sensitivity analyses for the major bank customers in the financing portfolio, according to expected circumstances depending on the economic activities and work conditions and guarantees of the customer.

The Bank has prepared arrangements and systems and control procedures to ensure compliance with the Islamic law, including a review of the Bank's departments policies and operating procedures, as well as to ensure the application of these procedures by tasks regulators, and to consider the extent of compliance with the decisions and recommendations and procedures for the implementation of these actions.

The bank has activated the process of auditing the work evidence in its departments, by reviewing all policies and work procedures of the departments, and their authorized forms. And this makes all the policies and procedures compliant with the latest legislations and decisions issued, and leads to reduction in the risk associated with each department activity, by paying attention to the areas of risk associated with the work nature of each department.

6 Reporting channels and systems according to each type of risk:

Reports are prepared to present the risks faced by the bank, classified according to the types of these risks, because a reporting system has not been developed, which reflects the credit risk faced by the bank's credit portfolio, for the Commercial finance portfolio and the Portfolio of individual funds. And also the reporting system presents the direct and indirect facilities, which are distributed to the products provided by the bank, and also distributed to geographical regions. In addition, the reporting system monitors concentrations of credit at the level of each customer and at the level of the inter-related groups, and shows the debt classification into productive and nonproductive debts, and sheds lights on the acceptable collateral that mitigate credit exposures, and monitors the legal implementation of the debts that have been converted to the legal department, and monitors the transgressions of the credit ceilings of the customers if existed. In addition to other information that shows the other risk potentials associated with the credit activity of the bank.

And in connection with market risk and liquidity risk faced by the bank, there are many periodic reports that monitors: the operational foreign exchange positions, the correspondent banking risk, the transgressions of the credit ceilings granted to these banks, the concentrations and the risk of exchange rates, and the risk of the interest rates fluctuations as an indicator. In addition, reports are prepared clarifying the position of the bank liquidity, and monitoring it closely by shedding light on the total size of the assets and liabilities, and the size of assets and liabilities in Syrian pounds, and the size of the assets and liabilities in foreign currencies, and the occurring gaps and other issues.

Operational risks are controlled by reports that monitor the potential operational risk associated with the bank activities, and clarify the extent to which the established and applied procedures are able to reduce the occurrence of these risks, and their ability to mitigate their effects if they occur.

Reports are prepared on the extent to which the bank applies the Charter of Basel II, which shows all of the minimum capital requirements, and clarifies the regulatory review processes that enhance the Bank's risk management techniques, and determines the management responsibilities in assessing the capital adequacy, in order to cover all the types of risk. And sheds light on the subject of the market discipline, in order to achieve transparency ,through the knowledge of the disclosure requirements .And illustrates

the extent of exposure to risk in all its forms. In addition, reports are prepared and submitted to the Central Bank of Syria, based on the approved models under issued decisions, that show the reality of the risks faced by the Bank.

Reports are prepared periodically including: daily reports, semi-monthly reports, quarterly reports, semi-annual reports and annual reports. As well as follow-up reports and emergency reports in case of any emergency or any transgression of the limits. And these reports are prepared by the Risk Management Department and submitted with a recommendation to the Risk Management Committee which in turn submit them to the Bank's Board of Directors. As well as reports illustrating the detailed risks are submitted to the various concerned bank departments.

7 Reviewing the effectiveness of the risk management tools and procedures:

Maximum permissible limits are reviewed from time to time, based on the emergency developments, being taken into account that these limits do not exceed the limitations included in the Monetary and Credit Council and the Central Bank of Syria resolutions. In addition, an emphasis is placed on the need for the availability of the necessary information, for the preparation of the required reports, in accordance with the internal control system, and the level of performance of the verification systems. As well as reviewing the policy and work procedures of the Risk Management Department, in addition to the decisions issued by the Monetary and Credit Council and the Central Bank of Syria, and the recommendations issued by entities that exercise supervisory role on the global private banks, in connection with risk management and surveillance .

Second: Quantitative Disclosures:

1. Credit Risk

The daily practice of the banking activities involves the bank's exposure to a number of risks, including credit risk arising from the failure or inability of the other party to fulfill its obligations to the Bank.

The Bank ensures that these risks do not exceed the predetermined framework in the bank's credit policy and credit risk management, and maintains the risk levels within a balanced relationship between risk and return, through the application of the obligatory decisions issued by the Monetary and Credit Council and the Central Bank of Syria and the recommended limits.

A periodic monitoring is conducted to ascertain the extent of commitment to the accepted limits of risk, using many of the detailed reports that reflect all of the risks faced by the bank credit portfolio.

Credit facilities are classified according to the classification decision issued by the Monetary and Credit Council No. 597 of 2009 and the subsequent amendments, being taken into account the rating of customers debts in the other banks and financial institutions, according to the information received periodically from the Department of Banking Risks at the Central Bank of Syria, which requires the categorization of the customers' positions in the other banks and financial institutions. As well as regularly reporting on the bank's rating of its customers to the Central Bank of Syria, and paying full attention to the scheduled and restructured debts, and the following-up of the outstanding debts.

The Bank manages its credit risk by assessing the credit position of the customers in terms of credit risk elements faced by the customer during the period of receiving facilities and the possibility of the non-payment. In addition, the Bank receives suitable guarantees from customers for the situations requiring them according to the risk levels for each customer.

The Bank has determined the acceptable credit risk levels by setting limits on the acceptable levels of risk in the relationship with one borrower or a group of borrowers. In addition, committees of credit have been formed to make credit decisions according to its own terms of reference, defined by the degree of risk and the type and term of facility. In addition to separating the decision making authority from the studying function, as well as the existence of a separate control authority.

Credit risk management policy:

- Achieving safety by ascertaining the customer sources of repayment, and his creditworthiness, and the provided guarantees.
- Achieving proliferation and diversity through distribution according to economic and geographical sectors, and avoiding concentrations at the level of customers and correlated credit groups.
- Achieving profitability and adequate returns.
- Harmonization between the maturities of revenue and funding.
- Achieving continuity through risk assessment and precaution.

Credit risks related to commitments:

The Bank provides pledges to meet customer needs, these facilities requires payments from the Bank on behalf of its customers, according to the regulations set out by the Shari'a Supervisory Board of the Bank. And the collection of these payments is in conformity with the terms of the credit or the guarantee. These facilities have the same credit risk as the financing activities receivables, and these risks are prevented by following the same bank regulatory policies and procedures in terms of limiting these undertakings to selected parties, and the continuous assessment of the appropriateness of these facilities, and additional arrangements for extra assurance with the parties in circumstances so require.

concentration in the maximum credit risk:

The concentrations of credit risk have been managed at the customer level (Individual or institution or a correspondent bank) and the size of the credit exposure for each economic sector or geographic area, according to the Monetary and Credit Council Resolution No. 395 / of /B4 29 May 2008, where the maximum credit exposure should not exceed 25% of the net private capital at the customer level (individual or organization).

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40 Risk Management: (continued)**1. Credit Risk: (continued)****The distribution of credit exposures by degree of risk:**

Credit exposures are distributed according to the degree of risk in accordance with the table below:

2014	Individual	Real estate financing	Companies		Government and public sector	Other banks and financial institutions	Total
			SMEs	Big companies			
	SYP	SYP	SYP	SYP	SYP	SYP	SYP
Low risk	-	-	-	-	-	-	-
High Grade(normal risk)	57,019,835	117,192,861	174,607,316	1,744,974,926	-	-	2,093,794,937
Watch list	36,275,608	29,883,533	327,543,615	2,521,344,150	-	-	2,915,046,906
Non-Performing, including:	475,094,197	83,460,961	541,266,478	1,975,000,376	-	-	3,074,822,013
Substandard	6,208,814	7,280,885	2,731,578	109,758,857	-	-	125,980,133
Doubtful	25,986,477	22,974,571	8,130,094	164,998,862	-	-	222,090,004
Bad Debt	442,898,906	53,205,506	530,404,807	1,700,242,657	-	-	2,726,751,876
Total	568,389,640	230,537,355	1,043,417,409	6,241,319,452	-	-	8,083,663,856
Other receivables	(48,228,474)	(6,245,596)	(28,860,708)	(93,018,109)	-	-	(176,352,886)
Less: Deferred Profit	(406,224,979)	(10,055,617)		(925,134,340)	-	-	(1,341,414,937)
Less: Impairment Provision for financing receivables	113,936,187	214,236,142	1,014,556,701	5,223,167,003	-	-	6,565,896,033

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40 Risk Management: (continued)**1. Credit Risk: (continued)****The distribution of credit exposures by degree of risk:**

Credit exposures are distributed according to the degree of risk in accordance with the table below:

2013	Individual	Real estate financing	Companies		Government and public sector	Other banks and financial institutions	Total
			SMEs	Big companies			
	SYP	SYP	SYP	SYP	SYP	SYP	SYP
Low risk	-	-	-	-	-	-	-
High Grade(normal risk)	199,150,512	147,199,297	106,255,034	333,359,940	-	-	785,964,783
Watch list	103,298,174	73,187,729	466,759,156	2,725,988,410	-	-	3,369,233,469
Non-Performing, including:	551,189,425	68,758,653	539,649,043	1,466,343,710	-	-	2,625,940,832
Substandard	28,821,547	17,470,646	84,681,097	68,839,470	-	-	199,812,761
Doubtful	100,458,615	8,237,078	160,397,573	213,337,339	-	-	482,430,605
Bad Debt	421,909,264	43,050,929	294,570,373	1,184,166,901	-	-	1,943,697,467
Total	853,638,112	289,145,679	1,112,663,233	4,525,692,061	-	-	6,781,139,085
Other receivables	(47,364,545)	(7,928,904)	(19,613,034)	(55,219,517)	-	-	(130,126,001)
Less: Deferred Profit	(371,317,631)	(1,512,512)	(94,862,788)	(678,931,744)	-	-	(1,146,624,675)
Less: Impairment Provision for financing receivables	434,955,936	279,704,264	998,187,411	3,791,540,799	-	-	5,504,388,409

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40 Risk Management: (continued)**1. Credit Risk: (continued)****The distribution of the fair value of the guarantees against credits:**

The distribution of the fair value of the guarantees against sales receivables and financing:

Guarantees against:	2014					Total
	Individual	Real estate financing	Companies		Government and public sector	
	SYP	SYP	SMEs	Big companies	SYP	SYP
High Grade(normal risk)	30,078,842	144,939,218	195,132,848	916,444,906	-	1,286,595,814
Watch list	26,116,545	35,584,485	362,758,749	338,502,046	-	762,961,825
Non-productive, including:	463,421,570	93,769,554	473,656,520	1,329,444,462	-	2,360,292,106
Substandard	5,546,585	9,068,360	2,731,578	74,056,754	-	91,403,276
Doubtful	24,385,283	25,065,535	9,451,634	171,224,502	-	230,126,955
Bad Debt	433,489,702	59,635,660	461,473,308	1,084,163,205	-	2,038,761,875
Total	519,616,957	274,293,257	1,031,548,117	2,584,391,413	-	4,409,849,744
Including:					-	
Cash margins	404,813	28,014,876	-	-	-	28,419,688
Accepted guarantees	-	-	0	342,000,000	-	342,000,000
Real estate	33,721,190	246,278,382	1,020,971,415	2,239,570,631	-	3,540,541,618
Trading shares	-	-	-	-	-	-
Cars & vehicle	485,490,954	-	10,576,703	2,820,781	-	498,888,438

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40 Risk Management: (continued)**1. Credit Risk: (continued)****The distribution of the fair value of the guarantees against credits:**

The distribution of the fair value of the guarantees against sales receivables and financing:

2013	Companies					Total
	Individual	Real estate financing	SMEs	Big companies	Government and public sector	
Guarantees in against:						
	SYP	SYP	SYP	SYP	SYP	SYP
High Grade(normal risk)	149,512,595	184,185,240	112,790,505	243,227,919	-	689,716,259
Watch list	104,752,516	88,476,426	499,238,477	1,065,647,997	-	1,758,115,416
Non-Productive, including:	553,251,556	79,368,937	487,304,146	1,012,763,895	-	2,132,688,533
Substandard	30,002,731	19,801,038	71,911,003	76,301,151	-	198,015,924
Doubtful	100,840,578	9,892,575	115,539,764	232,199,960	-	458,472,878
Bad Debt	422,408,246	49,675,324	299,853,378	704,262,784	-	1,476,199,732
Total	807,516,666	352,030,603	1,099,333,129	2,321,639,811	-	4,580,520,208
Including:					-	
Cash margins	236,708	39,675,000	-	-	-	39,911,708
Accepted guarantees	-	-	-	-	-	-
Real estate	67,998,676	312,355,603	1,074,450,640	2,261,511,549	-	3,716,316,468
Trading shares	-	-	-	-	-	-
Cars & vehicle	739,281,283	-	24,882,488	60,128,262	-	824,292,033

40 Risk management (continued):**1. Credit risk (continued):****Scheduled debts:**

They are those debts that have already been ranked as deferred sales receivables and balances of unproductive funds and taken out of the context of the deferred sales receivables and balances of unproductive funds in accordance with a systematic scheduling, and were classified as debts requiring special attention, totaling at the end of the current year 68,700,709 SP versus 588,105,289 SP at the end of the previous year.

Restructured debts:

Restructuring refers to the realignment of the deferred sales receivables and financing balances in terms of adjusting premiums or extending the duration of the funding or postponing some of the premiums or extending the grace period ... etc, and these debts were classified as debts requiring special attention, totaling at the end of the current year 366,721,365 SP versus 1,632,386,800 SP as at the end of the previous year.

Held guarantees and credit enhancements:

The bank relies on several methods and practices to mitigate credit risk, Including obtaining guarantees accepted in accordance with accredited standards and principles, and classified by credit operations with commercial institutions and by credit operations with individuals, where mortgages are accepted on residential buildings, real estates, securities, cars and cash collaterals.

The Bank's policy are based on ascertaining and validating the provided guarantees, as well as harmonizing and matching these guarantees and following-up their renewing as needed, and these guarantees are evaluated in accordance with the decisions of the Central Bank of Syria and the instructions pertaining to this matter.

It is possible that these real estate collaterals could be exposed to a direct risk which could affect its market value or hinders the legal implementation when selling at auction, as a result of the circumstances which the geographic area, in which these properties exist, may be exposed to. And to remedy this risk, the market value of the collateral is monitored and reviewed when renewing facilities and whenever the need arises, and the real estate is evaluated if possible, and the percentage of the market value is qualified, which commensurate with the status of the area in which the property exists, is reserved. And a study of the adequacy of the allowances, which are allocated to face the net indebtedness of customers, is conducted in accordance with the instructions of the Central Bank of Syria and the Monetary and Credit Council resolutions No. 597 of 2009 and No. 902 for the year 2012.

Stress testing for the credit portfolio:

The Bank has conducted several stress tests in accordance with the following assumptions:

- Decline in the value of the collateral real estate first-class mortgaged to the bank in exchange for facilities granted by 10% of its market value.
- The customers cessation of payment to the bank starting from the date of their payment for the last installment until the end of the first quarter of 2015 whether they are committed to the payment or not.
- Decline in the value of the collateral real estate mortgaged to the bank by 10% of its market value with the customers cessation of payment until the end of the first quarter of 2015.

And based on the previous points a 99,638,481 SP worth allowance has been allocated based on the most rigorous of the tests mentioned.

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40 Risk Management:**1. Credit Risk:****Geographical concentration:**

The following table illustrates the concentration of credit exposures by geographic distribution and are as follows:

(Distributed by country of residence of the counterparty)

Geographic region	Inside Syria	Other Middle East countries	Europe	Asia*	Africa	USA	Other contries	Total
Balances with Central Bank	9,686,471,005	-	-	-	-	-	-	9,686,471,005
Deposits, investment accounts and certificates of banks and financial institutions for a period of three months or less	9,502,641,801	33,604,740,364	2,385,443,158	-	-	-	-	45,492,825,322
Investment accounts and certificates with banks and financial institutions for more than three months	-	3,754,926,528	-	-	-	-	-	3,754,926,528
Sales receivable and balances of financing activities, net								
For individuals:	113,936,187	-	-	-	-	-	-	113,936,187
Real estate financing	214,236,142	-	-	-	-	-	-	214,236,142
For Companies:								
Big Companies	5,223,167,003	-	-	-	-	-	-	5,223,167,003
SMEs	1,014,556,701	-	-	-	-	-	-	1,014,556,701
Government and public sector	-	-	-	-	-	-	-	-
Investment in real estate	424,735,000	-	-	-	-	-	-	424,735,000
Assets under investment (for murabha purposes)	228,743	-	-	-	-	-	-	228,743
Assets acquired for Debts settlement	1,160,000	-	-	-	-	-	-	1,160,000
Intangible assets	4,609,260	-	-	-	-	-	-	4,609,260
Fixed assets	321,010,044	-	-	-	-	-	-	321,010,044
Blocked deposit with Central Bank of Syria	1,136,085,254	-	-	-	-	-	-	1,136,085,254
Other Assets	139,692,845	-	-	-	-	-	-	139,692,845
Total 31/12/2014	27,782,529,985	37,359,666,892	2,385,443,158	-	-	-	-	67,527,640,035
Total 31/12/2013	16,010,318,466	37,765,200,968	2,612,658,293	-	-	-	-	56,388,177,727

* With the exception of the Middle East countries

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40 Risk Management:**1. Credit Risk:****Economical concentration:**

The following table illustrates the concentration of credit exposures by economical distribution and are as follows:

Economical Sector	Financial	Industrial	Commercial	Real estate	agriculture	individual	Government and public sector	Others	Total
Balances with Central Bank	9,686,471,005	-	-	-	-	-	-	-	9,686,471,005
Deposits, investment accounts and certificates of banks and financial institutions for a period of three months or less	45,492,825,322	-	-	-	-	-	-	-	45,492,825,322
Investment accounts and certificates with banks and financial institutions for more than three months	3,754,926,528	-	-	-	-	-	-	-	3,754,926,528
Sales receivable and balances of financing activities, net	-	1,746,644,941	2,760,359,580	485,452,669	14,406,745	646,343,012		912,689,085	6,565,896,033
Other assets	-	-	-	-	-	-	2,700,000	136,992,845	139,692,845
Assets under investment (for murabha purposes)	-	-	-	228,743	-	-	-	-	228,743
Assets acquired for Debts settlement	-	-	-	-	-	-	-	1,160,000	1,160,000
Blocked deposit with Central Bank of Syria	1,136,085,254	-	-	-	-	-	-	-	1,136,085,254
Total 31/12/2014	60,070,308,110	1,746,644,941	2,760,359,580	485,681,412	14,406,745	646,343,012	2,700,000	1,050,841,930	66,777,285,731
Total 31/12/2013	50,208,669,230	1,427,507,489	1,641,894,201	616,177,214	17,222,569	794,047,160	2,700,000	1,069,178,923	55,777,396,786

Risk management (continued):**Market risk :**

The risk to which the Bank is exposed as a result of adverse changes in the value of its financial instruments due to changes in rates or market prices and includes:

- Changes in interest rates and the rates of profit.
- Changes in foreign exchange rates.
- Changes in stock prices.
- Changes in commodity prices.

Market risk management policy:

Understanding of the market risks faced by the Bank in its banking activities and estimating the possible losses incurred as a result of these risks and determining the mitigating factors.

conducting analytical studies of market risk, investment returns trends and expected exchange rates and investing in the light of these studies.

Setting limits for investment at the level of country, currency, market, performance and counterparty.

Developing mechanisms to reduce the risk of goods and inventory through the adoption of purchase with recourse and binding promise of purchase.

The formation of appropriate allocations to reduce the risk of the changes in returns.

The achievement of diversification in the bank's portfolio so as to achieve geographic diversity and currency diversity and management of operational currency positions and management of these risks, commensurate with the decisions of the Monetary and Credit Council and the Central Bank of Syria in terms of allowable limits.

The achievement of intermingling between the moderate and conservative policies.

Qualitative disclosures:

The Bank uses sensitivity analysis to measure each type of market risk (margins or rates) for the mutual benefit and currency exchange rates, conducting a study of the finance earnings ratios and the size of the financing operations expected for the coming period, to reach expected financing profits. After determining the cost of cash and the target ratio by which returns are distributed to time deposits in the bank, sensitivity analysis is performed in terms of the size of the funds expected to be granted and the possible earnings ratio of these funds and the bank's share as a speculator and the deposits which attract attention to the potential impact of this analysis on the rate of return on deposits that can be distributed and the accompanying final impact on the income statement.

As for the sensitivity analysis of currency exchange rates a monitoring of the open foreign exchange positions is performed on a daily basis, so that the net operational foreign exchange position does not exceed +/- 5% of the net private capital of the bank and the gross foreign exchange position does not exceed 60% of the net private capital, and according to the daily changes, other changes are extrapolated through which a sensitivity analysis is performed to judge the outcomes of the percentages mentioned in terms of the allowable limits and provided for under the Monetary and Credit Council Resolution No. 362 and subsequent amendments, the most recent of which was resolution No. 1101, as well as being taken into consideration the performance of a sensitivity analysis of the local currency exchange rate to consider the potential impact on the value of open positions and investments values which form the limits of the existing concentrations in correspondent banks resulting from its association with the size of net private capital.

The Bank conducts sensitivity analyses on a daily basis of the daily liquidity ratios, including an analysis of the daily liquidity ratio in all currencies, and an analysis of daily liquidity ratio in Syrian pounds, and an analysis of the daily foreign currency liquidity ratio according to the following scenarios:

- The exception of some special accounts of senior customers in order to monitor the impact of this exception on the liquidity ratios in all currencies and in Syrian pounds and foreign currencies.
- The exception of accounts with the highest concentration in the current accounts in order to monitor its impact on what has been mentioned.
- The exception of 50% of the value of current accounts.
- The exception of 2% of all current accounts and savings accounts and time deposits.
- The exception of current accounts entirely.

Based on the sensitivity analysis performed, attention is directed towards the enhancement of the ratios approaching the allowable risk zone, which are the ratios specified by the Monetary and Credit Council resolutions amounting to 30% of all currencies, so that the liquidity ratios in Syrian pounds do not drop behind 20% .

It is noteworthy that the Risk Management Department is a member of the Assets and Liabilities Management Committee concerned with the study of the liquidity ratios and the profitability of funding and the impact of the change in facilities profit ratios on the return rates allocated to the existing bank deposits and controlling the cost of cash, as well as the study of maturity dates and the methods to address the negative gaps.

The Board of Directors sets limits on the values of acceptable risks which are periodically monitored by the Assets and Liabilities Management Committee, which holds regular meetings to discuss and debate what has been mentioned in this regard. However, the daily monitoring and calculation of the limits of each of the open foreign exchange positions and the daily liquidity ratios in all currencies and Syrian pounds and foreign currencies are carried out by the Risk Management Department and FAD , as monitoring and controlling these limits are performed on a daily basis as well as giving guidance to ensure that the business is conducted within the limits specified by the Board of Directors.

The Risk Management Department monitors the risks associated with correspondent banks in terms of rating these banks according to the classification of the global rating companies and according to the classification of countries in which these banks operate, and monitors the limits approved by the Board of Directors in terms of employment and depositing and investment in these banks within the limits stipulated in the Monetary and Credit Council resolution No. 501 of 2009 and subsequent amendments, which deals with the maximum limits on concentrations in the correspondent banks as a percentage of the bank's own net funds taking into account the approved weighting ratios based on these banks' ratings to calculate the maximum allowable limit.

In addition, Risk Management Department controls the periodic classification issued by the credit rating companies to consider the maximum limit value in order to prevent possible transgression in the event of the rating decline of one of the correspondent banks with monitoring other risk elements in order to take precaution, as well as renewing the credit ceilings of these banks as soon as they fall due, and monitoring the renewal process of these ceilings.

Rate of return risk:

Rate of return risk differs from interest rate risk in the sense that the institutions that operate in accordance with the provisions of Islamic Shari'a law are concerned with the results of the investment and financing activities at the end of the period of investment and acquisition of goods, and, therefore, the risk associated with the profit margin is considered low because the bank accepts profit-claiming deposits on the basis of speculation without pledging to distribute any profits to the owners of unrestricted investment accounts, as it is stipulated in the speculation contract that the depositor endures the loss of his money while the bank endures the loss of his effort as a speculator. However, in the case of loss due to infringement and negligence, the bank is responsible for the entire loss.

The Bank measures market risk applying the standard measurement method based on measuring the risk of return prices for securities held for the purpose of trading by weighting them and then measuring the risk of security returns and deeds with known rates, in order to determine the general market risks associated with the price of return, and then allocating a portion of the share capital in order to cover the

risk of change in the price of returns. In addition, the bank has not bought any financial instruments held for trading and has not composed any securities holding.

The Bank is exposed to exchange rate risk and foreign countries and banks risk, and in order to mitigate risk the bank resorts to establishing maximum limits for transactions in foreign currencies and foreign exchange positions and credit ceilings for the various countries and banks so that a good diversity is achieved which contributes to preventing the concentration of risks, as well as the bank is exposed to the risk of the decline in deposits and the risk of changes in the distributed return, therefore the bank takes a margin of safety when pricing the mutual benefit so that it surpasses the rate of return prevailing in the market to cover these risks.

The Bank is exposed to the risk of the rate of return due to a gap in the amounts of assets and liabilities according to the multiple maturity dates, and the Bank manages these risks by determining future earnings ratios according to the expectations of market conditions and the development of new tools that are compatible with Islamic law through the risk management strategy of the bank, as well as applying the decisions of the Monetary and Credit Council and the Central Bank of Syria concerned with the management of gaps during the time periods specified in these decisions, and in this regard and to mitigate risks a balance between maturities of assets and liabilities is struck and a study of the gaps is conducted, as well as the study of investment returns and future trends in exchange rates, and the investment in the light of these studies, which perform a sensitive analysis of the bank's profits and the returns and profits rates.

Transferable commercial risk:

the risk arising from the assets managed by the Bank on behalf of the owners of the investment, which is actually loaded on the bank's capital because it follows the conduct of waiving part or all of their shares in the speculative profits from these funds for the investments accounts holders when there is a need for it due to commercial pressure in order to increase the revenue that would have been paid in return for the holders of these accounts and this applies in particular to the unrestricted investment accounts which share in profits, which means that the rate of return paid to the investment accounts holders is adjusted at the expense of bank's shareholders and their shares of the profits, and that arises either as a result of the rate of return risk when the funds of the investment accounts are invested in assets such as mutual benefit with a relatively long maturity period and with a rate of return which does not meet the current expectations in the market, or as a result of other market risks, and in this regard, the Bank controls the share percentage of the speculator and manages the liquidity risk with the retention of capital adequacy rate sufficient to meet the transferable commercial risk.

Risks associated with contracts:

The risks that are transferred to the shareholders in order to protect the investment accounts holders from enduring some or all of the risks to which they are contractually exposed in speculative financing contracts.

According to the speculation contract under which sharing in the profits and enduring the losses occur, the holders of the absolute investment accounts endure, in principle, the risks arising from assets in which they invested their money. however, they benefit from transferable commercial risks endured by the Islamic Financial Services Corporation, and this risk-sharing is realized through the creation and use of various reserves such as the rate of profits reserve, and supporting the speculator share of profits to amend returns payable to holders of investment accounts and protect them from exposure to fluctuations of returns risk resulting from banking risks, and thus enabling the payment of the competitive returns in the market.

The Bank is responsible for the disclosure of the quotas policy for the various financing contracts, and for the allocation of capital for different types of Islamic financing contracts, through the standard of disclosure to enhance transparency and market discipline specific to Islamic financial institutions.

40 Risk Management(continued):**2. Market Risk (continued):****Foreign exchange risk:**

The risk resulting from the change in the value of the financial instruments, as a result of changes in foreign currency exchange rates, where the Syrian pound is the base currency of the bank. Foreign currencies are monitored daily by controlling the ratio of the net foreign exchange operational position, which must not exceed +/- 5% of the net value of the bank's own funds. In addition, the total foreign exchange position is monitored, which should not exceed 60% of the value of the net private capital. In addition, the general policy of the Bank in the foreign exchange management depends on the basis of the gradual liquidation of positions and the coverage of required positions in accordance with the customers' needs of documentary credits and remittances and bills receivable.

The Bank does not deal with financial derivatives such as forward exchange contracts or foreign currency swap contracts, and does not cover any operations inconsistent with the provisions of Islamic Shari'a.

The Bank retains a positive gap for all foreign currencies, so that the Bank's assets in all foreign currencies are larger than the Bank's liabilities in these currencies.

Shares prices risk:

Equity prices risk results from the change in the fair value of investments in equities. However, the Bank has not invested in financial instruments market by buying shares for the purpose of speculation or the collection of revenues, since the Bank does not have but its own equity listed in the Damascus Securities Exchange.

Commodity Risk:

Commodity risk arises from fluctuations in the value of negotiable, leasable, under investment or under liquidation assets, and is linked to the current and prospective fluctuations, where the Bank is exposed to the risk of fluctuations in the purchased commodity fully paid prices, after the conclusion of the Salam contracts, and during the period of acquisition, and the risk of fluctuation in the residual value of the leased assets as at the end of the lease period, if it used to practice these two types of credit facilities. However, the Bank has selected products with which the Bank practices its financing activities, based on the application of the principles of Islamic law, by currently limiting the credit products to the product of the mutual benefit, which saves the Bank from retaining the commodity for a long time. For the period between buying the goods and selling them does not include the risks involved in the Salam products and leasing, which ends with conveyance and other Islamic banking products. As the Bank takes responsibility for the risk of the existence of hidden defects in the funded item, as a result of the purchase of the items from their suppliers by the Bank for the purpose of selling them to the Bank customer. And with respect to the Bank customer retraction from buying the item after the Bank has purchased it, the Bank takes precaution in order to face this kind of risk, by including in the purchase contract of the goods the right of recourse against the supplier during a specific period of time. The Bank exercises this right when the customer retracts from buying the item from the bank.

The Bank uses appropriate expectations methods to assess the potential value of these assets, taking into account the factors affecting the prices of goods (inflation rates, economic conditions ,cost of production, availability of the alternative, political stability).

40 Risk Management(continued):**2. Market Risk (continued):****Foreign exchange risk:**

Foreign exchange risk is the risk resulting from the changes in the value of the financial instruments, as a result of the changes in the exchange rates of the foreign currencies, with the consideration that the Syrian Pound is the base currency of the bank. In addition, the foreign exchange risk for one currency in relation to the other currencies is managed on the basis of determining a maximum daily loss in the Forex operations.

The following is the impact of a scenario in which the foreign exchange rate increases by 10%.

2014

	Foreign position	The impact on income before tax	The impact on equity
Currency			
US Dollar	7,271,216,840	727,121,684	734,130,905
Euro	2,635,906	263,591	197,693
Sterling pounds	2,854,876	285,488	214,116
Japanese yen	55,202	(5,520)	(4,140)
Other foreign currency	310,809,802	31,080,980	23,310,735

2013

	Foreign position	The impact on income before tax	The impact on equity
Currency			
US Dollar	5,225,842,524	522,584,252	528,800,189
Euro	25,335,227	(2,533,523)	(1,900,142)
Sterling pounds	4,649,836	464,984	348,738
Japanese yen	12,600,226	1,260,023	945,017
Other foreign currency	306,300,401	30,630,040	22,972,530

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40 Risk Management(continued):**2. Market Risk (continued):****Return Gap**

	7 days and less	More than 7 days less than month	More than month less than 3 months	More than 3 months less than 6 months	More than 6 months less than 9 months	More than 9 months less than a year	More than year
2014	SYP	SYP	SYP	SYP	SYP	SYP	SYP
Assets							
Balances with banks and financial institutions	10,945,275,192	11,600,836,038	4,581,590,071	-	1,517,694,884	-	649,349,111
Receivables from financing activities	2,732,429,047	236,199,750	642,553,880	974,218,710	364,414,843	235,843,402	1,380,236,401
Finance lease	-	-	-	-	-	-	-
Investments and contribution	-	-	-	-	-	-	-
Total Assets	13,677,704,238	11,837,035,788	5,224,143,952	974,218,710	1,882,109,727	235,843,402	2,029,585,512
Liabilities							
Cash margins with the bank (credit and guarantees)	2,013,234,399	201,640,202	330,330,502	3,926,230,729	1,046,172,997	3,687,392	-
Unrestricted wakala investment balances	-	-	-	-	-	-	30,000,000
Total liabilities	2,013,234,399	201,640,202	330,330,502	3,926,230,729	1,046,172,997	3,687,392	30,000,000
Equity of unrestricted investment accounts holders	337,376,024	409,856,112	864,234,658	975,223,626	963,086,911	606,424,061	118,075,248
Total liabilities, equity and equity of unrestricted investment accounts holders	2,350,610,423	611,496,314	1,194,565,160	4,901,454,354	2,009,259,908	610,111,452	148,075,248
Return GAP in every period	11,327,093,815	11,225,539,474	4,029,578,791	(3,927,235,645)	(127,150,181)	(374,268,050)	1,881,510,264
Accumulated Return GAP	11,327,093,815	22,552,633,289	26,582,212,081	22,654,976,436	22,527,826,255	22,153,558,205	24,035,068,469

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40 Risk Management (continued):**2. Market Risk (continued):****Return Gap**

	7 days and less	More than 7 days less than month	More than month less than 3 months	More than 3 months less than 6 months	More than 6 months less than 9 months	More than 9 months less than a year	More than year
2013	SYP	SYP	SYP	SYP	SYP	SYP	SYP
Assets	1,435,211,628	287,415,410	13,783,255,431	-	-	-	847,754,229
Balances with banks and financial institutions	1,998,917,708	143,907,200	158,619,904	367,255,340	317,529,816	206,412,713	2,311,745,727
Receivables from financing activities							
Lease	-	-	-	-	-	-	-
Investments and contribution	-	-	-	-	-	-	-
Total Assets	3,434,129,336	431,322,610	13,941,875,335	367,255,340	317,529,816	206,412,713	3,159,499,956
Liabilities							
Cash margins with the bank (credit and guarantees)	-	-	-	-	-	-	-
Unrestricted wakala investment balances	-	502,326,856	-	-	-	50,440,955	-
Total liabilities	-	502,326,856	-	-	-	50,440,955	-
Equity of unrestricted investment accounts holders	288,136,951	339,353,716	556,284,716	961,071,202	813,266,685	395,798,213	82,476,071
Total liabilities, equity and equity of unrestricted investment accounts holders	288,136,951	841,680,572	556,284,716	961,071,202	813,266,685	446,239,168	82,476,071
Return GAP in every period	3,145,992,385	(410,357,962)	13,385,590,620	(593,815,862)	(495,736,868)	(239,826,455)	3,077,023,885
Accumulated Return GAP	3,145,992,385	2,735,634,423	16,121,225,043	15,527,409,181	15,031,672,312	14,791,845,857	17,868,869,742

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40 Risk Management(continued):**2. Market Risk (continued):****Sensitivity analysis for return risks:****2014**

	Gape	The impact on income before tax %2*	The impact on equity
Currency			
Syrian Pounds	(731,628,008)	(14,632,560)	(10,974,420)
US Dollar	8,675,960,603	173,519,212	130,139,409
Euro	13,103,985,610	262,079,712	196,559,784
Sterling pounds	-	-	-
Other foreign currency	1,105,240,000	22,104,800	16,578,600

2013

	Gape	The impact on income before tax %2*	The impact on equity
Currency			
Syrian Pounds	14,238,470	284,769	213,577
US Dollar	14,222,284,197	284,445,684	213,334,263
Euro	86,433,156	1,728,663	1,296,497
Sterling pounds	-	-	-
Other foreign currency	468,890,035	9,377,801	7,033,351

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40 Risk Management (continued):**2. Market Risk (continued):****Concentration in foreign currency risk:**

	US Dollar	Euro	Sterling pounds	Japanese yen	Other foreign currency	Total
2014						
Assets	3,810,654,175	3,030,773,300	2,637,336	-	4,136,566	6,848,201,377
Cash and balances with the Central Bank of Syria	14,281,880,844	29,589,269,628	5,895,389	4,990,507	1,376,193,134	45,258,229,502
Current accounts and short term deposits with banks and financial institutions	2,370,043,995	1,566,623,226	-	-	-	3,936,667,220
Deposits with banks and financial institution	101,981,212	995,186,216	-	-	-	1,097,167,428
Sales receivable and balances of financing activities	108,464	82,004	-	-	-	190,468
Assets under investment	-	-	-	-	-	-
Investment in real estate	-	-	-	-	-	-
Property and equipment	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-
Other assets	38,540,503	21,259,317	-	-	700,557	60,500,377
Blocked deposit with Central Bank of Syria	854,386,741					854,386,741
Total assets	21,457,595,935	35,203,193,691	8,532,725	4,990,507	1,381,030,257	58,055,343,114
Liabilities, unrestricted investment accounts and equity						
Deposits and investment account due to banks and financial institution	10,415,922,570	26,564,031,179	4,621,500	-	1,035,373,769	38,019,949,017
Customers' current accounts	2,951,960,987	2,320,018,447	1,056,349	5,045,709	34,846,686	5,312,928,178
Cash margins	-	6,113,586,201	-	-	-	6,113,586,201
Other liabilities	138,133,503	124,516,880	-	-	-	262,650,383
Total liabilities	13,506,017,060	35,122,152,706	5,677,849	5,045,709	1,070,220,455	49,709,113,778
Equity of unrestricted investment accounts holders	680,362,035	78,405,079	-	-	-	758,767,114
shareholders equity	-	-	-	-	-	-
Non-controlling interests	-	-	-	-	-	-
Total liabilities, unrestricted investment accounts and share holders equity	14,186,379,095	35,200,557,785	5,677,849	5,045,709	1,070,220,455	50,467,880,892
Net concertations inside the balance sheet	(7,271,216,840)	(2,635,906)	(2,854,876)	55,202	(310,809,802)	(7,587,462,222)
Contingent liabilities off the balance sheet	-	-	-	-	-	-

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As at 31 December 2014

40 Risk Management (continued):**2. Market Risk (continued):****Concentration in foreign currency risk (continued):**

	US Dollar	Euro	Sterling pounds	Japanese yen	Other foreign currency	Total
2013						
Assets						
Total Assets	24,486,859,582	21,753,366,767	9,198,817	16,770,028	1,238,514,357	47,504,709,551
liabilities, unrestricted investment accounts and shareholders' equity						
Total liabilities, unrestricted investment accounts and shareholders' equity	19,261,017,058	21,778,702,044	4,548,980	4,169,802	932,213,957	41,980,651,841
Net concertations inside the balance sheet	5,225,842,524	(25,335,277)	4,649,837	12,600,226	306,300,399	5,524,057,710
Contingent liabilities off the balance sheet	-	-	-	-	-	-

40 Risk Management (continued):**3. Liquidity Risk:**

Liquidity risk is the inability of the Bank to provide the funding necessary to meet its obligations in due dates and funding the increase in assets. And in order to guard against this risk, management has diversified funding sources in addition to the deposits, and assets are managed with liquidity in mind, and liquidity is monitored on a daily basis. In addition, the Bank estimates the prospective cash flows, and the availability of guarantees which can be used when necessary. As well as maintaining sufficient liquidity ratio, in accordance with the Monetary and Credit Council resolution on liquidity No. 588 / M.N / B4 dated November 22, 2009. The Bank must maintain liquidity ratio in all currencies of not less than 30% every working day, provided that the liquidity ratio in Syrian pounds does not drop below 20%. Liquidity ratio in Syrian pounds amounted to 60.58% as at December 31, 2014, while it amounted to 44.58% as at 31 December 2013.

It is noteworthy that the highest percentage of liquidity in all currencies during 2014 reached 113.83%, while the lowest percentage of liquidity during the year reached 102.71%.

The Bank's management, and through the daily follow-up and the conduction of several stress tests, and in coordination with the Central Bank of Syria, has taken a wide range of steps to reduce liquidity risk:

- In terms of the management of assets: reducing the credit portfolio in addition to limiting the period of investment of capital with banks to three months.
- In terms of the management of liabilities: issuing the product of representation and the product of deposits for a month, and launching an advertising campaign to attract deposits.
- In terms of the management of returns rate: reducing the share of the speculator in order to increase deposits.
- In terms of the management of both sides of the balance sheet: encouraging reciprocal deposits with banks and giving funds with a complete monetary cover.
- In terms of the management of extra-budgetary commitments: issuing credits with a complete monetary cover.

The Bank also, and in accordance with the applicable laws in Syria, and the Council of Ministers resolution No. 5938 dated May 2, 2011, retains at the Central Bank of Syria mandatory cash reserves on deposits of customers at a rate of 5%.

Management routinely monitors the maturities of assets and liabilities to ensure the availability of adequate liquidity. The following table reflects the maturity of key items of assets and liabilities in the Bank.

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40 Risk Management (continued):**3. Liquidity Risk (continued):**

First: The table below summarizes the distribution of assets and liabilities (non-discounted) based on the remaining period of the contractual date of the financial statements:

31 December 2014

The amount in thousands of Syrian pounds	7 days or less	More than 7 days less than month	More than month less than 3 months	More than 3 months less than 6 months	More than 6 months less than 9 months	More than 9 months less than a year	More than a year less than 5 years	5 years and more	Total
Assets									
Cash and balances with the Central Bank of Syria	10,909,446	-	-	-	-	-	-	-	10,909,446
Current accounts and short terms deposits with banks and financial institution	29,198,714	11,582,396	4,711,715	-	-	-	-	-	45,492,825
Deposits with banks and financial institution	-	-	-	803,854	2,301,724		649,349	-	3,754,927
Sales receivable and balances of financing activities	2,732,429	236,200	642,554	974,219	364,415	235,843	1,380,236	-	6,565,896
Assets under investments	-	-	-	-	-	-	229	-	229
Assets acquired for Debts settlement	-	-	-	-	-	-	1,160	-	1,160
Investment in real estate	-	-	-	-	-	-	-	424,735	424,735
Property equipment and project under construction	-	-	-	-	-	-	-	321,010	321,010
Intangible assets	-	-	-	-	-	-	-	4,609	4,609
Deferred tax assets							49,246	-	49,246
Other assets	30,188	20,545	31,286	19,672	4,469	33,533	-	-	139,693
Blocked deposit with Central Bank of Syria	-	-	-	-	-	-	-	1,136,085	1,136,085
Total Assets	42,870,777	11,839,141	5,385,555	1,797,745	2,670,607	269,377	2,080,221	1,886,440	68,799,861
Current accounts and deposits due to banks and financial institutions	38,141,426	-	-	-	-	-	30,000	-	38,171,426
Customers' current accounts	1,669,270	1,251,952	1,251,952	1,251,952	1,251,952	834,635	834,635	-	8,346,350
Cash margins	2,013,234	201,640	330,331	3,926,231	1,046,173	3,687	-	-	7,521,296
Other liabilities	307,984	-	67,316	38,931	68	78	88,554	-	502,930
Provision of operational position	-	-	-	-	-	17,708	-	-	17,708
Total liabilities	42,131,914	1,453,593	1,649,599	5,217,114	2,298,193	856,107	953,189	-	54,559,709
Equity of unrestricted investment accounts holders	337,376	409,856	864,235	975,224	963,087	606,424	241,408	-	4,397,610
Total liabilities & Equity of unrestricted investment accounts	42,469,290	1,863,449	2,513,833	6,192,338	3,261,280	1,462,531	1,194,597	-	58,957,319
Liquidity Gap	401,487	9,975,692	2,871,721	(4,394,593)	(590,673)	(1,193,155)	885,623	1,886,440	9,842,542

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40 Risk Management (continued):**3. Liquidity Risk (continued):**

First: The table below summarizes the distribution of assets and liabilities (non-discounted) based on the remaining period of the contractual date of the financial statements:

31 December 2013									
The amount in thousands of Syrian pounds	7 days or less	More than 7 days less than month	More than month less than 3 months	More than 3 months less than 6 months	More than 6 months less than 9 months	More than 9 months less than a year	More than a year less than 5 years	5 years and more	Total
Assets									
Cash and balances with the Central Bank of Syria	4,140,661	-	-	-	-	-	-	-	4,140,661
Current accounts and short terms deposits with banks and financial institution	28,382,941	2,088,471	14,248,062	-	-	-	-	-	44,719,475
Deposits with banks and financial institution	-	-	-	146,681	-	-	-	847,754	994,435
Sales receivable and balances of financing activities	1,998,918	143,907	158,620	367,255	317,530	206,413	2,105,972	205,774	5,504,388
Assets under investments	184	-	-	-	-	-	-	-	184
Investment in real estate	-	-	-	-	-	-	-	246,260	246,260
Property equipment and project under construction	-	-	-	-	-	-	-	331,400	331,400
Intangible assets	-	-	-	-	-	-	-	10,156	10,156
Deferred tax assets	-	-	-	-	-	-	22,965	-	22,965
Other assets	19,650	1,523	-	42,982	-	-	-	-	64,155
Blocked deposit with Central Bank of Syria	-	-	-	-	-	-	-	901,081	901,081
Total Assets	34,542,354	2,233,901	14,406,682	556,919	317,530	206,413	2,128,937	2,542,426	56,935,161
Current accounts and deposits due to banks and financial institutions	34,127,346	502,285	-	-	-	50,000	-	-	34,679,631
Customers' current accounts	1,149,644	862,233	862,233	862,233	862,233	574,822	574,822	-	5,748,219
Cash margins	1,183,382	2,566,094	721,532	595,538	150,839	428	-	-	5,217,814
Other liabilities	652	96,100	65	65	-	-	-	64,641	161,523
Provision of operational position	-	-	-	-	-	17,708	-	-	17,708
Total liabilities	36,461,023	4,026,712	1,583,830	1,457,836	1,013,072	642,957	574,822	64,641	45,824,894
Equity of unrestricted investment accounts holders	879,435	240,485	545,016	798,603	642,398	321,886	8,564	113,326	3,549,714
Total liabilities & Equity of unrestricted investment accounts	37,340,459	4,267,197	2,128,846	2,256,439	1,655,470	964,843	583,386	177,967	49,374,607
Liquidity Gap	(2,798,105)	(2,033,296)	12,277,836	(1,699,520)	(1,337,940)	(758,430)	1,545,552	2,364,458	7,560,554

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40 Risk Management (continued):**3. Liquidity Risk (continued):****Off Balance sheet items**

31 December 2014	For a year	More than year less than 5 years	More than 5 years	Total
	SYP	SYP	SYP	SYP
Acceptances and letter of credits	6,102,736,291	-	-	6,102,736,291
Unutilized Credit Limits	2,316,595,864	-	-	2,316,595,864
Guarantees	382,285,215	-	-	382,285,215
Total	8,801,617,370	-	-	8,801,617,370

31 December 2013	For a year	More than year less than 5 years	More than 5 years	Total
	SYP	SYP	SYP	SYP
Acceptances and letter of credits	5,006,963,073	-	-	5,006,963,073
Unutilized Credit Limits	3,423,851,536	-	-	3,423,851,536
Guarantees	286,408,580	-	-	286,408,580
Total	8,717,223,189	-	-	8,717,223,189

Operational risk:

The risk that could cause losses to the bank, resulting from defects in the internal control systems, which in turn are resulting from inadequate policies and procedures, or because of errors in the applied technical regulations, or because of errors committed by staff.

The adoption of the basic indicator to measure operational risk, as well as the identification of operational risks faced by the Bank, and the precaution against operational risk, are conducted by reviewing the policies and work procedures, and updating them in line with the decisions and laws issued and the requirements of the period. As well as controlling the technical regulations and testing all applications before they are adopted. As well as subjecting the staff to training programs, in order to qualify them and refine their expertise in a manner which enables them to understand the nature of the banking business to them it was assigned.

And in this regard these points have been taken into consideration:

- Adoption of a matrix of powers specified according to the administrative levels and exposure levels to operational risk.
- Separation of duties between staff and non-assignment of tasks to the staff which give rise to conflicts with their personal interests.
- Providing adequate protection for the Bank's assets and records.
- Conduction of matches between operations and accounts and periodic verification of them.
- Providing procedures and internal control systems for any new activities and any new financial instruments.
- Insurance on Bank assets.
- Designing plans for Internal Audit according to a risk-based approach.
- Development of a strict internal control system.
- Development of control procedures to ensure the legitimacy of banking activities carried out by the Bank.
- Development of contingency and business continuity plans and testing them, to ensure the continuation of work in case of the occurrence of severe failures (communication failures and servers platforms failures).

Operational Risk Management Policy:

- Identification of operational risks inherent in the activities, processes and systems and the development of regulatory procedures.
- Self-assessment of risk and regulatory measures by evaluating the impact of potential operational risks, which the Bank can be exposed to, on the operations and activities conducted by the Bank.
- Classification of risks according to its types in a manner that helps to set priorities for steps, and measures to be adopted to address these risks in accordance with the risk management system by type.
- Setting limits to the risk of various operational processes according to a specific matrix.
- Developing contingency plans and business continuity plans and testing them to ensure the bank's ability to continue to work and mitigate losses in cases of the occurrence of extreme events.

Business risk:

Business risk arises from several factors, which may affect the Group or the banking sector in general, such as surrounding political and economic risks which carries many negative indicators on the results of the Group's business. And in this regard the risk assessment is conducted continually, and appropriate actions are taken, in order to minimize the impact of potential risks on the results of the Bank's operations.

Shari'a risk:

Sharia risk arises from non-compliance with the Shari'a Supervisory Board resolutions, and the Monetary and Credit Council decisions in connection with the aspects of legitimacy, as well as ignoring the Shari'a guidelines which exist within the special procedures of the Bank's departments.

To avoid this risk, the Bank conducts the following:

- Connecting business processes with the bank's automated system, in a manner which ensures the adherence of workers to the legitimate steps, necessary to provide a product or a banking service.
- Continuous two-fold training for workers in the Bank, includes all aspects of banking and legitimacy.
- reviewing work policies and procedures of the Bank's departments, and presenting them to the Shari'a Supervisory Board before applying them.
- The Bank does not provide any product before ensuring that the Bank employees fully understand the legitimate aspects of Shari'a upon which it is based.
- Establishing procedures to ensure adherence to the legitimate standards of Shari'a and the recommendations of the Shari'a Supervisory Board.

The risk of non-compliance:

It is the risk that the Bank might be exposed to, as a result of non-compliance with: laws, regulations, directives, orders, codes of conduct, standards and sound banking practices. The most important risks of non-compliance with the aforementioned: the risk of legal penalties, reputational risk, the risk of financial losses, the risk of financial crimes, money laundering and fraud and corruption. And in order to protect the Bank from these risks, the Compliance Department insures the bank's complete commitment to, and its internal policies' compliance with : all laws, regulations, directives, orders, codes of conduct, standards and sound banking practices issued by local and international regulatory bodies, through the preparation and development of the compliance policy and compliance procedures guidelines, as well as the general policy of combating money laundering and terrorism financing, in addition to the preparation of procedures and work questionnaires to ascertain the extent of the application of laws, regulations, internal and external instructions, including instructions issued by the Central Bank of Syria and all governing bodies of the work of the banking system.

Reputational risk:

Reputational risk arises from influencing negative public opinions which results in large losses to customers or funds. These opinions include acts practiced by the Bank's management or its employees, which reflects a negative image of the Bank and its performance and its relationships with its customers and other stakeholders. It is also caused by the promotion of negative rumors about the Bank and its activities.

Reputational risk results from the lack of success in the management of one or more types of other banking risks faced by the Bank, as well as the lack of efficiency in the Bank systems or products, causing wide negative reactions, where a breach of security precautions, whether caused by internal or external attacks on the Bank system, reduces the customers' confidence in the soundness of the Bank's operations. In addition, reputational risk arises in the event of failure to provide services to customers according to expectations, or to give them sufficient data on how to use the product or troubleshooting steps.

In order to reduce reputational risk, the Bank applies policies and work procedures in a manner which guarantees to provide the requested services as required, as well as following the principle of transparency and disclosure, and caring about its customers satisfaction with the services provided by it, as well as advising customers and raising their banking awareness of services offered by the Bank, whether they were depositors or holders of credit facilities.

The Bank pays attention to contracts with third parties which provide the Bank with the required services, since any default in the performance of these third parties directly affects the reputation of the Bank and not the reputation of the service provider, and therefore, the Bank pays attention to the terms of the contract in a manner which defines powers and responsibilities.

Contingency and business continuity plans:

The Bank has updated emergency and business continuity plans that ensure the availability of internal and external services of the Bank in regular and exceptional situations, and ensure easy and quick access to the Bank information services in those situations, and contribute to responding to the specific risks, and manage them in a manner which does not affect the availability of the Bank services.

The contingency and business continuity plans provide alternatives for all the resources necessary to operate and provide the services of the Bank, and provide maintenance processes in case of breakdowns without damaging the continuity of providing services, and secure operating the necessary resources during an acceptable period of time with minimum acceptable and predictable losses through:

- Determining the procedures and criteria for working in exceptional circumstances (emergency and disasters).
- Determining the distribution of roles and responsibilities and providing a guide for action for operating during emergency.
- Adopting acceptable operating parameters during emergency.
- Providing mechanisms for the restoration of normal operations and the restoration of data and applications.

The plan includes a set of plans that are integrated with each other to achieve the desired objective and includes the following plans:

- The plan of continuity of the operations of the Department of Information Technology, which estimates and analyzes the size of risk, and ensures the availability of the required human resources with passwords and regular and electronic keys, and provides alternative data center with communications and alternative network and associated suppliers and the banking system and alternative applications and manages the alternative operation and ensures the continuity of the services of service providers, and secures the necessary informatics and technical requirements for the continuity of the Bank's departments.
- The contingency plan, which estimates the emergency and discusses the subject of circulating and activation of emergency and emergency level (partial / total).
- IT contingency plan in terms of the transition from normal operation to emergency operation, and then returning to normal operation, as well as operating the alternative Center and stopping the main center, and determining the emergency covered and uncovered services.
- Backup and Recovery Plan, which manages applications and databases and electronic files for the departments and sections of the bank, and highlights the settings of switches and dispensers, and the settings of running servers, mail archives, documents and paper documents systems.
- The plan of communications during disasters in terms of the means and mechanisms of communication between the members of the contingency plan team, and the limits of notifying and circulating.
- The plan of responding to incidents, which observes and reports incidents, classifies them as normal or emergent, records them, and determines the responsibility for follow-up and treatment.
- Coordination and public events plan in terms of coordination with the Damage Assessment Commission, and coordination with the official responsible for the emergency announcement and activation, and coordination with Emergency Control Room and with the Human Resources Department and the Bank's departments concerned, and discusses the subject of evacuation and first aid.

The Bank also developed contingency plans to manage liquidity and cash, in terms of the adoption of protective procedures that will maintain the liquidity ratio which suits the current period and the maturities of existing and anticipated funds, in addition to giving great importance to the subject of control, in terms of confirmation of adherence to the retained monetary ceilings, and distributing them to the branches of the Bank, so that the monetary size could be reduced to the extent which commensurate with the size of risks which could be endured in each branch of the Bank.

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Risk Management (continued):**Sectoral analysis:**

Business sector constitutes the major sector, while the geographical distribution sector constitutes the minor sector.

Business sector:

The Bank is organized for administrative purposes through four major business sectors:

- Retail: Includes following-up the deposits of individual customers and small businesses and providing them with Islamic finance and other services.
- Businesses: includes following-up the deposits and credit facilities and Islamic banking services specific to customer institutions.
- Public Sector: includes credit facilities for the public sector institutions.
- Others: This sector includes trading and treasury services and management of the Bank funds.

	Individual	Companies	Treasury	Foreign Trade	Others	Numbers of the year	Comparative Numbers
	SYP	SYP	SYP	SYP	SYP	SYP	SYP
Total revenue	52,621,138	413,139,266	2,543,648,020	208,597,591	304,927,728	3,522,933,743	4,019,124,475
Impairment provision for financing receivable	(45,000,000)	(140,726,131)	-	-	-	(185,726,131)	(461,569,665)
Impairment of financial assets	-	-	(510,011,320)	-	-	(510,011,320)	(641,057,030)
Result of sector business	7,621,138	272,413,135	2,033,636,700	208,597,591	304,927,728	2,827,196,292	2,916,497,780
Undistributable expenses on the sectors	-	-	-	-	(749,964,026)	(749,964,026)	(562,384,556)
The bank's share of profits (losses) of associates	-	-	-	-	-	-	-
Income before tax	-	-	-	-	-	2,077,232,266	2,354,113,224
Tax income expense	-	-	-	-	-	26,281,849	6,015,270
Net profit (loss) for the year	-	-	-	-	-	2,103,514,116	2,360,128,494
Other information	-	-	-	-	-	-	-
Sectors assets	328,172,329	6,237,723,704	59,544,436,675	1,831,510,043	-	67,941,842,751	52,961,634,661
The exclusion of the assets and the liabilities between sectors	-	-	-	-	-	-	-
Investments in associates companies	-	-	-	-	-	-	-
Undistributable assets on the sectors	-	-	-	-	875,268,689	875,268,689	3,973,526,122
Total assets	328,172,329	6,237,723,704	59,544,436,675	1,831,510,043	875,268,689	68,817,111,440	56,935,160,783
Sectors liabilities	-	-	38,171,425,809	6,280,389,383	-	44,451,815,192	49,152,399,581
Undistributable liabilities on the sectors	-	-	-	-	24,365,296,248	24,365,296,248	7,782,761,202
Total liabilities	-	-	-	-	-	68,817,111,440	56,935,160,783
Capitalized expenses	-	-	-	-	-	-	-
Depreciations	-	-	-	-	-	-	-

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Risk Management:(continued):**Sectoral analysis:(continued):****Geographical distribution sector:**

This sector represents the geographical distribution of the work of the Bank. The Bank performs its activities mainly in the Syrian Arab Republic, which represent the local business. In addition, the Bank performs its activities in the Middle East, Asia, Africa and Europe.

	2014		
	<u>Inside Syria</u>	<u>Outside Syria</u>	<u>Total</u>
<u>Revenue</u>			
Total income from the investment of the bank and the unrestricted investment accounts	322,094,353	135,535,501	457,629,853
Share of unrestricted investment accounts holders	(129,523,352)		(129,523,352)
Net fees and commission income and other income	504,473,203		504,473,203
Earnings (loss) of the foreign currencies differences (operational position)	273,093,488		273,093,488
Earnings (loss) of the structural position evaluation	2,077,105,678		2,077,105,678
Other Revenue	9,052,117		9,052,117
Gross operating income	3,056,295,486	135,535,501	3,191,830,987
Operating expenses	(514,492,210)		(514,492,210)
Other operating expenses	(90,095,190)	(510,011,320)	(600,106,510)
Net income before tax	2,451,708,086	(374,475,819)	2,077,232,267
Tax income expense			26,281,849
Net income for the year			2,103,514,116
<u>Assets</u>	29,012,165,389	39,787,696,051	68,799,861,439
	2013		
	<u>Inside Syria</u>	<u>Outside Syria</u>	<u>Total</u>
<u>Revenue</u>			
Total income from the investment of the bank and the unrestricted investment accounts	167,705,555	56,221,121	223,926,676
Share of unrestricted investment accounts holders	(156,758,709)		(156,758,709)
Impairment provision for sales receivable and financing balances	(245,875,337)		(245,875,337)
Net fees and commission income and other income	654,881,191		654,881,191
Earnings (loss) of the foreign currencies differences (operational position)	385,730,444		385,730,444
Earnings (loss) of the structural position evaluation	2,521,900,026		2,521,900,026
Other Revenue	4,575,247		4,575,247
Gross operating income	3,332,158,417	56,221,121	3,388,379,538
Operating expenses	(327,869,198)		(327,869,198)
Other operating expenses	(65,340,085)	(641,057,030)	(706,397,114)
Net income before tax	2,938,949,135	(584,835,909)	2,354,113,226
Tax income expense			6,015,270
Net income for the year			2,360,128,496
<u>Assets</u>	16,557,301,522	40,377,859,261	56,935,160,783

41 Capital Management:**Regulatory requirements regarding capital and how to meet these requirements:**

In order to cover all of the credit, market and operational risks, the capital adequacy ratio is controlled so that it does not drop below 8% according to Basel Reconciliation II, produced by dividing the net private capital into each of: credit risk, risk of asset accounts, extra-budgetary accounts weighted with the risk significance after the reduction of the value of acceptable collateral, market risk weighted according to the degree of risk and operational risk.

The Bank's net private capital consists of all the basic private funds and the supporting private funds. The basic private funds consists of: subscribed capital, statutory reserve, special reserve, and other reserves, capital feed accounts, reserves promote agricultural projects, issue and merger premiums, other provisioning not allocated to cover any risks or potential expenses, retained earnings from previous years, the net profit of the financial year whose profits have not been recycled to the retained earnings after the exclusion of the shares of profits available for distribution to shareholders and after the deduction of all unpaid premiums of the subscribed capital, net equity, contributions to the banks and financial institutions, net non-physical fixed assets, reacquired shares of the bank, net book losses up to the end of the period, unrealized losses on financial investments, lack of provisioning on debts unproductive of the estimated revenues and not constituted by the bank, lack of the impairment provisions estimated for the rest of the assets which have not been made, amounts awarded to major shareholders and board members or used by them, whichever is greater. While supporting private funds consist of margins of reevaluating, 50% of unrealized gains on securities portfolio available for sale, restricted debts resulting from borrowing from third parties.

The Bank monitors capital requirements to cope with all of: credit risk, market risk and operational risk. In the event of the declination of basic private funds, after excluding the encumbrance of credit risk, below the rate of 28.5% of the encumbrance of market risk, the Bank must Reduce market risk faced by the Bank or increase the size of the basic private funds. in addition, the Bank must Retain private funds to meet the operational risk , the size of which equals 15% of the average total revenue during the previous three years, provided that the total income is positive for this year.

How to achieve capital management objectives:

Capital in banks is considered a means of protecting depositors and a factor of security and trust for them, considering that most of the sources of the Bank funds come from depositors' money, and unrestricted investment accounts, which is a basic cover to absorb the expected losses and risks, as well as the ability to acquire new fixed assets, which enhances public confidence and creditors trust in the Bank. It can be said that the functions of capital in banks have a certain feature different from other business management functions, which can be identified as the function of protecting depositors' funds from any anticipated loss to which the Bank may be exposed. In addition, the capital offers and provides the necessary funds to carry out the functions and actions required of it before being able to obtain other sources of funds, as well as enabling it to finance the buildings and capital equipment used by the bank.

Capital management is based on the recommendations and decisions of those who exercise oversight role on banks, as performance criteria highlight the requirements needed to address the risks that require the presence of the corresponding value of the capital sufficient to cope with the risks that accompany the banking activities of the Bank.

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The capital adequacy ratio calculated as following:

	2014	2013
	SYP	SYP
Basic private fund	9,582,930,318	7,473,904,739
Capital	5,000,000,000	5,000,000,000
Accumulated unrealized profit (losses)	5,628,417,269	3,551,311,590
Realized retained loss	(1,040,877,691)	(1,067,250,474)
Intangible assets	(4,609,260)	(10,156,377)
Supporting private fund	33,051,351	33,051,351
Accumulated unrealized profit (losses)	-	-
provision for credit risk	33,051,351	33,051,351
Net equity according to the instruction of central bank of Syria	9,615,981,669	7,506,956,090
Burdened assets	16,285,395,120	13,652,304,069
Burdened accounts off balance sheet	118,738,340	47,229,013
Operational risks	861,110,000	570,545,096
Operational position	316,301,000	374,118,621
	17,581,544,460	14,644,196,799
The capital adequacy ratio (%)	54.69%	51.26%
The basic capital adequacy ratio (%)	54.51%	51.04%
The capital adequacy to shareholders equity ratio (%)	99.66%	99.57%

According to the Monetary and Credit Council resolution No. 253 issued on January 24, 2007, capital adequacy ratio of the banks operating in the Syrian Arab Republic should not decline below 8%. It has been issued- the Monetary and Credit Council resolution No. 1088 / M.N / B4 date 02/26/2014- which included the amendment of Article VIII of the Monetary and Credit Council Resolution No. 362 / M.N / B 1 date 04.02.2008, so that the unrealized evaluation differences of the structural foreign exchange will be included within the basic private funds for the purpose of calculating the capital adequacy in accordance with the requirements of the Monetary and Credit Council Resolution No. 253 / M.N / B 4, 2007.

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Notes to the Consolidated Financial Statements

As at 31 December 2014

42 Maturity of assets and liabilities analysis

31 December 2014 Amounts in thousands of Syrian pounds	For a year	More than a year	Total
Assets			
Cash and balances with the Central Bank of Syria	10,909,446	-	10,909,446
Current accounts and investments with banks and financial institutions	45,492,825	-	45,492,825
Deposits with banks and financial institutions	3,105,577	649,349	3,754,927
Sales receivable and balances of financing activities	5,185,660	1,380,236	6,565,896
Assets under investments	-	229	229
Assets acquired for Debts settlement	-	1,160	1,160
Investments in real estate	-	424,735	424,735
Property equipment and project under constructions	-	321,010	321,010
Intangible assets	-	4,609	4,609
Deferred tax asset	-	49,246	49,246
Other assets	139,693	-	139,693
Blocked deposit with Central Bank of Syria	-	1,136,085	1,136,085
Total assets	64,833,201	3,966,660	68,799,861
Liabilities and equity of unrestricted investment accounts holders			
Liabilities			
Current accounts and deposits due to banks and financial institutions	38,141,426	30,000	38,171,426
Customers' current accounts	7,511,715	834,635	8,346,350
Cash margins	7,521,296	-	7,521,296
Other liabilities	414,376	88,554	502,930
Provision of operational position	17,708	-	17,708
Total liabilities	53,606,520	953,189	54,559,709
Equity of unrestricted investment accounts holders	4,156,201	241,408	4,397,610
Total liabilities and equity of unrestricted investment accounts holders	57,762,722	1,194,597	58,957,319
Net	7,070,480	2,772,063	9,842,542

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Notes to the Consolidated Financial Statements

As at 31 December 2014

42 Maturity of assets and liabilities analysis (continued):

31 December 2013 Amounts in thousands of Syrian pounds	For a year	More than a year	Total
Assets			
Cash and balances with the Central Bank of Syria	4,140,661	-	4,140,661
Current accounts and investments with banks and financial institutions	44,719,475	-	44,719,475
Deposits with banks and financial institutions	146,681	847,754	994,435
Sales receivable and balances of financing activities	3,192,643	2,311,745	5,504,387
Assets under investments	184	-	184
Assets acquired for Debts settlement	-	-	-
Investments in real estate	-	246,260	246,260
Property equipment and project under constructions	-	331,400	331,400
Intangible assets	-	10,156	10,156
Deferred tax asset	-	22,965	22,965
Other assets	64,155	-	64,155
Blocked deposit with Central Bank of Syria	-	901,081	901,081
Total assets	52,263,799	4,671,361	56,935,160
Liabilities and equity of unrestricted investment accounts holders			
Liabilities			
Current accounts and deposits due to banks and financial institutions	34,679,631	-	34,679,631
Customers' current accounts	5,173,397	574,822	5,748,219
Cash margins	5,217,814	-	5,217,814
Other liabilities	96,882	64,641	161,523
Provision of operational position	17,708	-	17,708
Total liabilities	45,185,431	639,463	45,824,894
Equity of unrestricted investment accounts holders	3,427,824	121,890	3,549,714
Total liabilities and equity of unrestricted investment accounts holders	48,613,255	761,353	49,374,607
Net	3,650,544	3,910,010	7,560,554

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Notes to the Consolidated Financial Statements

As at 31 December 2014

43 Commitments and obligations (off-balance sheet items):**A. Credit commitments and obligations (off-balance sheet items):**

	2014 SYP	2013 SYP
letter of credits	5,922,179,618	5,006,963,073
Acceptances	180,556,673	-
Guarantees	382,285,215	286,408,580
For payments	7,000,000	-
For good performance	314,748,115	90,168,680
For bidding to contracts	60,537,100	196,239,900
Funds management on behalf of others	-	-
Unutilized Direct Credit Limits	2,316,595,864	3,423,851,536
	8,801,617,370	8,717,223,189

B. Off- balance sheet contractual obligations and leases:

	2014 SYP	2013 SYP
Obligation from construction Contracts		
Due within 1 year	-	-
Total obligations from construction contracts as at 31 December	-	-
<u>Obligation from operational Leases</u>		
Due within 1 year	12,005,833	30,268,333
Due in more than 1 year	122,722,222	140,388,333
Total obligations from leases as at 31 December	134,728,056	170,656,666

44. Lawsuits filed by the Bank:

Lawsuits are filed before the Kuwaiti Court of Appeal/ Department of Corporate Restructuring, base No. 5770 of the year 2009, then the proceedings have been seized in order to reschedule the debt, based on a decision by the Court of Appeal, as the customer company has not adhered to repaying the debt after its being rescheduled, therefore, the Bank has coordinated with the appointed attorney in Kuwait to take legal action against the customer company.

A lawsuit, in which the Bank demands compensation in regard to the incident of rubbery of the Bank' branch in the city of Homs, has been filed before the Nineteenth Civil Court of First Instance in Damascus, base No. 12419 of the year 2014, and the next hearing has been set on 16/2/2015, and the case is deferred until the final answer of the opponent.

45. Comparative figures:

Some figures of the consolidated statement of financial position have been re-classified for 2013, so that they would correspond to the classification of the figures of the statement of financial position for the year ended on 31 December 2014, the re-classification did not result in any impact on profit and equity for 2013.