No.: 4/M.C.C

Dated: 14/02/2019

Monetary and Credit Council, by virtue of the provisions of Law /23/ of 2002 by the Central Bank of Syrian and the main monetary system and amendments thereof, as well as the provisions of Legislative Decree No. 35 of 2005 concerning the establishment of Islamic banks, and in accordance with International Financial Reporting Standard No. 9 regarding financial instruments, and Islamic Accounting Standard No. 30 concerning the calculation of impairment losses, and the guidance instructions issued by the Basel Committee on Banking Supervision regarding credit risks and the calculation of expected credit losses, and based on Decision No. 1 dated 12/2/2018 by the Council of Accounting and Auditing, and Circular No. 681/16/E dated 5/2/2019 of the Directorate of Government Commissioner's Office at the Banks, and its deliberations in its session dated 6/2/2019, **the Money and Credit Council decided the following:**

Article (1)- Active conventional banks shall adhere to the application of International Financial Reporting Standard No. 9 (IFRS 9) concerning financial instruments as of 01/January/2019, at the level of the bank, its branches, and subsidiary companies within and outside the country.

Article (2)- Active Islamic banks shall comply with the application of International Financial Reporting Standard No. 9 (IFRS 9) specified in Article (1) of this Decision and the instructions issued pursuant thereto, without prejudice to the provisions of Islamic Sharia, in cases not covered by Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), particularly Islamic Accounting Standard No. 30 concerning the calculation of impairment losses.

Article (3)- In the event that the banks subject to this decision are unable to comply with its provisions and instructions at the level of branches or subsidiary companies outside the country, they shall be obliged to identify the differences between international standards and the standards applied in the host country, document them, disclose them in the published financial statements, ensure necessary reconciliation, resulting in the accuracy of the combined financial statements, and inform the Directorate of Government Commissioner's Office at the Banks of the same.

Article (4)- Taking into consideration the disclosure requirements pursuant to International Financial Reporting Standard No. 9 and Islamic Accounting Standard No. 30, active banks shall comply with the disclosure requirements in accordance with International Financial Reporting Standard No. 7 (IFRS7) concerning Financial Instruments Disclosures until the unified forms for annual and interim financial statements issued pursuant to Money and Credit Council Decision No. (439/M.N/B4) of 2008 and Decision No. (1075/M.N/B4) of 2014 are amended.

Article (5)- Active conventional banks shall comply with the requirements of International Financial Reporting Standard No. 13 (IFRS 13) concerning Fair Value Measurement in the application of the provisions of this decision. Active Islamic banks shall also comply with to the aforementioned Standard No. 13 for areas not covered by accounting and auditing standards for Islamic financial institutions issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), and without prejudice to the provisions of Islamic Sharia.

Article (6)- The instructions attached to this Decision shall be adopted as a minimum requirement when applying the provisions of International Financial Reporting Standard No. 9 (IFRS 9) and Islamic Accounting Standard No. 30, without prejudice to the possibility of applying stricter methods within its framework.

Article (7)- The Central Bank of Syria shall issue the necessary explanatory instructions for the implementation of the provisions issued pursuant to the laws and regulations concerning the classification of credit risks and the composition of assets, in accordance with the instructions issued pursuant to this Decision and the requirements of International Financial Reporting Standard No. 9 and Islamic Accounting Standard No. 30.

Article (8)- The Directorate of Government Commissioner's Office at the Banks shall establish the specific forms for this decision and the instructions attached thereto, and amendments to the forms related to the general rules of banking risks to be consistent with these instructions.

Article (9)- The compliance of banks with the provisions of this Decision shall be monitored by the Directorate of Government Commissioner's Office at the Banks. Banks found to be in violation shall be subject to regulatory actions that may be taken by the Money and Credit Council or its authorized representatives, in accordance with the provisions of the Administrative Penalties and Remedial Measures Regulation issued pursuant to the Decision of the Presidency of the Council of Ministers No. (5727/C.M) of 2012.

Article (10)- Decision No. (597/M.C.C) of 2009 by the Money and Credit Council and amendments thereto, as well as all interpretative and explanatory circulars and instructions issued based on it, shall be repealed.

Article (11)- This Decision shall be duly informed to personnel and entities concerned for implementation, and shall be published in the Official Gazette.

Chairman of the Monetary and Credit Council

Dr. Hazem Qarfol

Accredited by the Prime Minister

Eng. Imad Khamis