



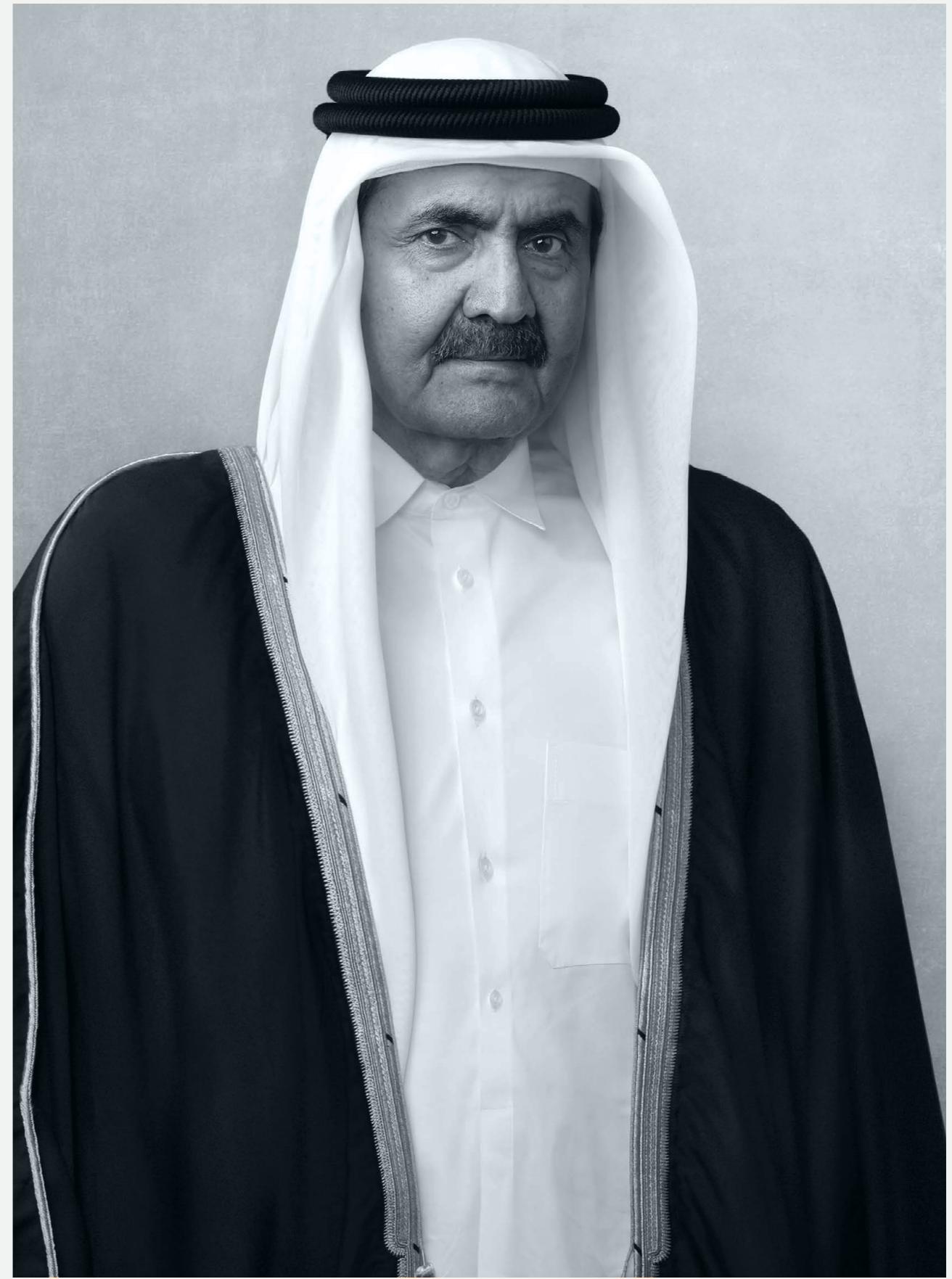
TOWARDS ADAPTABILITY,
SUSTAINABILITY,
RESILIENCE AND AGILITY

Annual Report 2023





His Highness Sheikh Tamim bin Hamad Al Thani, Amir of the State of Qatar



His Highness The Father Amir, Sheikh Hamad bin Khalifa Al Thani



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TOWARDS ADAPTABILITY, SUSTAINABILITY, RESILIENCE AND AGILITY

Pursuing Excellence

As the global banking and financial industries continued to rapidly evolve and transform throughout 2023, Lesha Bank's approach to investment revolved around the theme statement "Towards Adaptability, Sustainability, Resilience, and Agility", which, in many ways, may represent a modern bank's pursuit of excellence.

A foundation for an ever-changing market

With our focus set on the best interest of our clients, shareholders, and stakeholders, we adopted an approach focused on adaptability, sustainability, resilience and agility because:

Commitment to **Adaptability** underscores the Bank's eagerness to respond to dynamic market forces, technological advancements, and regulatory changes.

Sustainability initiatives are becoming an integral part of our operations, as they showcase our dedication to supporting ESG principles, and they help us align financial success with broader societal well-being.

Resilience is paramount in today's ever-shifting economic landscape, since it may serve as a safeguard against unforeseen challenges, be they economic downturns or global crises.

Lastly, allocating resources to our **Agility** enhances our capacity to swiftly seize opportunities and navigate uncertainties.

2023 made it clearer than ever that, by embodying these principles, Lesha Bank may not only enhance its own longevity and competitiveness but aims to provide tangible value to its stakeholders.

On one hand, these four elements provide investors with a sense of reassurance through a proactive stance in risk management and sustainability, and on the other hand, they offer stakeholders the benefit of knowing that they are dealing with a bank that is socially and environmentally conscious.

At this stage of our journey of growth and development, we see embracing Adaptability, Sustainability, Resilience, and Agility as more than a strategic choice - for us, it represents a prerequisite for contributing to the successful realization of the aspirations of our stakeholders, and a definite path towards a better society.

KEY INFORMATION

AT A GLANCE

Name of the Entity
Lesha Bank LLC (Public)

Legal Structure
A limited Liability Company (Public)
incorporated in the QFC

QFC License No.
00091

Date of Registration
4 September 2008

Authorized Capital
QAR 2,500,000,000

Paid up Capital
QAR 1,120,000,000

Market Capitalization
QAR 1,481,760,000
(As of 31 December 2023)

Trading Symbol
Qatar Stock Exchange (QSE: QFBQ)

Senior Management

Mr. Mohammed Ismail Al Emadi
Chief Executive Officer (CEO)

Mr. Glenn Johnstone
Chief Investment Officer (CIO)

Mr. Muhammad Tauseef Malik
Chief Financial Officer (CFO)

Mrs. Fulya Plas
Chief Risk Officer (CRO)

Mr. Mohammed Mohammed
Deputy Chief Operating Officer (DCOO)

Mr. Mohamad Abu Khalaf
Head of Treasury

Mrs. Rita El Helou
Head of Legal, Compliance and
Board Secretary

Board of Directors

HE Sheikh Faisal bin Thani Al Thani
Chairman

Mr. Mohammed Yousef Al Mana
Vice Chairman

Mr. Ibrahim Mohamed Ibrahim Al Jaidah

Mr. Mohammad Nasser Al Faheed Al Hajri

Mr. Eisa Mohamad Al Mohannadi

Mr. Jassim Mohamad Al Kaabi

Mr. Saad Nasser El Kaabi

External Auditors

Ernst & Young

Elected by the Annual General Meeting for the
financial year 2023

Registered Head Office

4th Floor
Tornado Tower
West Bay, Doha
Phone: + 974 4448 3333
Fax: + 974 4448 3560
Website: www.leshabank.com
E-mail: information@leshabank.com

This Annual Report was prepared and submitted for approval by the Bank's
Annual General Meeting held on 21 February 2024. It contains the sections
highlighted in the table of contents as well as the Corporate Governance Report,
which forms an integral part of the Annual Report 2023. The Annual Report,
inclusive of the Corporate Governance Report can be found on the Bank's website
www.leshabank.com/investor-relations/financial-statements/



Vision

Become a global leader in
Shari'a-compliant investment
banking by offering innovative
investment opportunities to
achieve sustainable growth.



Founded in 2008

First independent Shari'a-
compliant Investment Bank
in Qatar to be authorized
by Qatar Financial Center
Regulatory Authority (QFCRA)
and a listed entity on Qatar
Stock Exchange (QSE: QFBQ).



Shari'a-Complaint

Shari'a Supervisory board
reviews and approves each
deal and investment.



Assets Under Management (AUM)

QAR 6.2 billion AUM
invested in Real Estate
and Private Equity.



Product Offerings

Provide top-tier Private Equity,
Real Estate, Private Banking
& Wealth Management,
Corporate Banking and
Treasury services to High-Net-
Worth & Ultra High-Net-Worth
Individuals and well-renowned
corporations and institutions.



Experienced Team & Partners

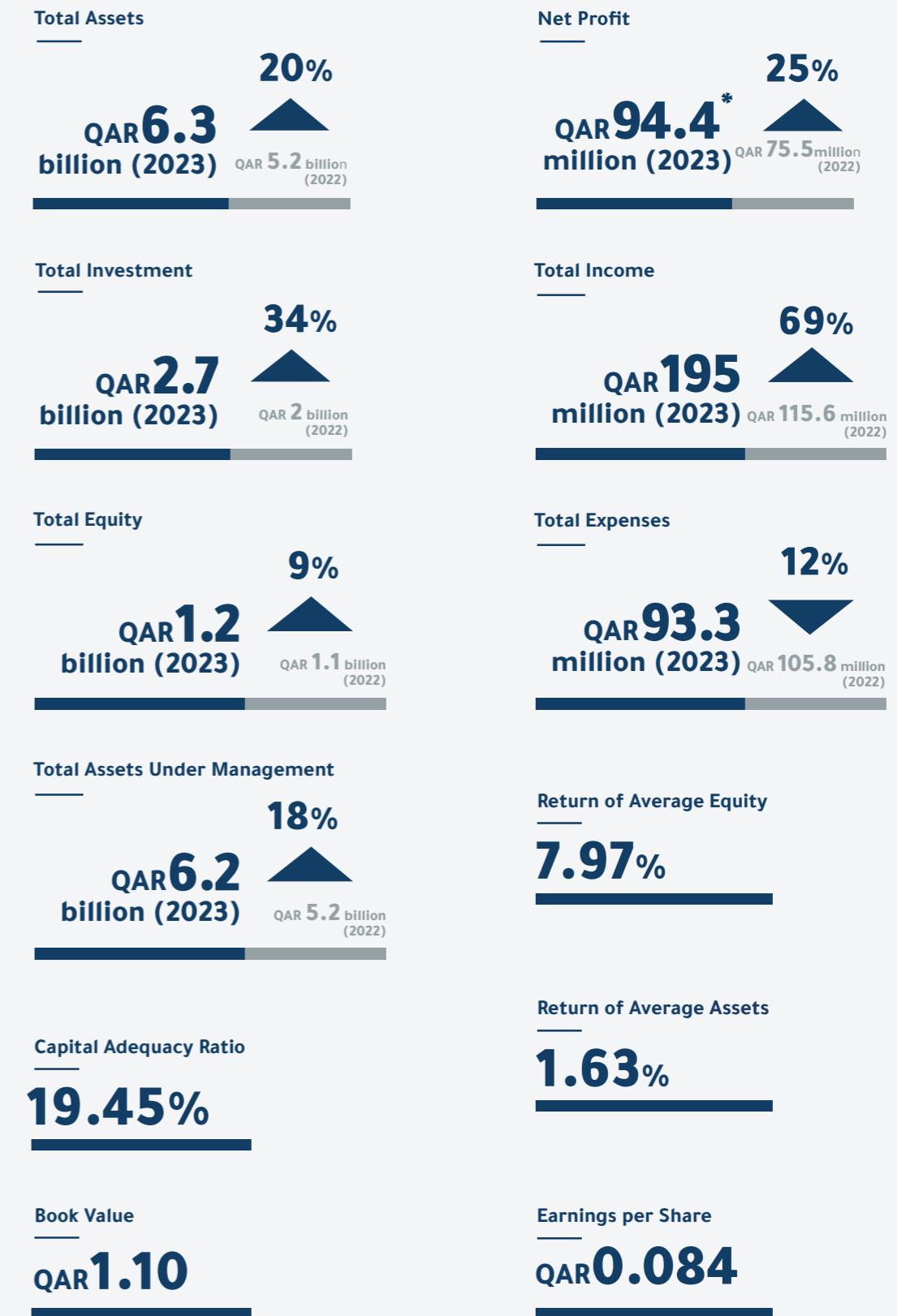
Lesha Bank's global, multi-
disciplined approach and
broad network allows the
Bank to source unique
investment opportunities
globally.

FINANCIAL SNAPSHOT

STRATEGY



STRATEGY



* Attributable to the equity holders of the Bank



CHAIRMAN'S STATEMENT

**In the name of Allah,
the most merciful and
compassionate. May God
bestow his prayers and
peace upon our Prophet
Muhammad (PBUH), his
relatives and companions.**

**Dear Shareholders,
On behalf of the Board of
Directors, I am pleased
to present Lesha Bank's
annual report for the year
ended 31 December 2023.**

A first step towards several milestones to come

The transition from QFB to Lesha Bank, effective from October 2022, marked a significant milestone in our journey. Carrying on the momentum built during the previous two years through our redefined vision and reframed outlook, we are pleased to inform you that 2023 was another year of continued profitability. During this period, we achieved a net profit of QAR 94.4 million attributable to our equity holders.

Furthermore, underscoring our robust financial position, diversified investment portfolio, and strong market presence our Total Assets Under Management (AUM) stood at a steady value of QAR 6.2 billion as of year-end 2023.

In terms of key financial indicators, the Bank's total income has increased by 69% to QAR 195 million, while both total customer deposits and total assets stood at QAR 3 billion and QAR 6.3 billion respectively. Moreover, the Bank's investments reached QAR 2.7 billion, indicating a growth of 34% compared to the QAR 2 billion in the previous year. Maintaining regulatory compliance, the Bank's capital adequacy ratio is 19.45%.

While the global investment landscape has been challenging, by leveraging our network of strategic partners, market knowledge, and the experience of our people, we viewed these challenges as opportunities to further strengthen our position and create sustainable income streams.

This year, our annual report theme, 'Towards Adaptability, Sustainability, Resilience, and Agility' has been more than just a guiding principle; it outlined four key components that underpinned every aspect of our growth. As we diligently carve our path towards leadership in global Shari'a-compliant investment and wealth management clusters, we will continue to incorporate them into every facet of our business to ensure that our products and investments are well positioned to withstand potential economic headwinds.

Resilient and Reliable Strategy

In 2023, Lesha Bank continued to focus on pursuing its strategic vision embodied by the tried and tested threefold approach of 'Evolve, Scale, Move'. Our strategic focus is to secure profitable and well received AUM-centric investment opportunities by embracing standardization and automation to enhance productivity, efficiency and effectiveness in order to offer a higher quality and improved client experience. Additionally, we continued with the forward-looking approach to develop our Wealth Management offerings, diversifying our products across all business lines, and reinforcing our position as a dynamic and client-centric financial institution with the purpose of further expanding our footprint in local, regional and global markets.

On a closing note, I would like to extend my deepest gratitude to His Highness, the Amir, Sheikh Tamim bin Hamad Al Thani for his wise leadership of our country, as well as to our regulators, Qatar Financial Centre (QFC), Qatar Financial Center Regulatory Authority (QFCRA), Qatar Stock Exchange (OSE), Qatar Financial Market Authority (QFMA) and the Shari'a Supervisory Board to their continued guidance and support.

I would also like to thank our clients, business partners, shareholders and stakeholders for their trust, confidence and loyalty. Lesha Bank remains steadfast in its pursuit of excellence, adaptability, and sustainable growth, and we look forward to the promising opportunities that lie ahead.

Sincerely,

Sheikh Faisal bin Thani Al Thani
Chairman of the Board of Directors



CHIEF EXECUTIVE OFFICER'S STATEMENT

I am delighted to share with you the highlights and results of Lesha Bank in the year 2023, these results are a testament to the dedication, resilience, and unwavering commitment of our entire team in the face of a dynamic and challenging market environment.

By working on developing channels for dynamic cooperation with key stakeholders and fine-tuning the Bank's strategic visions, we are paving the way for many new opportunities and possibilities in the years ahead.

Financial highlights

The Bank continued its growth momentum, achieving a net profit of QAR 94.4 million attributable to the equity holders of the Bank. By achieving both key financial and non-financial indicators with a forward-looking approach, the Bank maintained sustainable fee income streams, strengthened its balance sheet, and improved its liquidity position.

Corporate and Business Highlights

In 2023, Lesha Bank embraced transformative initiatives that underscored our commitment to innovation and growth through portfolio diversification, market footprint expansion, and a deepening of operational impact.

Private Banking and Wealth Management

Within the realm of private banking, our adaptability takes center stage as we establish Lesha Bank as a wealth manager with our investment solutions that are meticulously tailored to the ever-changing needs of our clients, exemplifying our dedication to agility and client-centricity. It's essential to highlight that all our products undergo rigorous Shari'a due diligence under the supervision of the Shari'a Supervisory Board (SSB).

Private Equity and Corporate Banking

Lesha Bank continues to show agility in adapting to market dynamics, expanding its footprint in private equity with strategic investments in defensive industries. Our resilient approach and strong relationships with top-tier fund managers will aid us for sustainable growth. In 2023, we acquired a 27.5% minority stake in Starlink, an IT outsource-managed services provider based in Qatar.

Real Estate Investment

As stewards of our existing real estate portfolio, Lesha Bank showcased resilience and our sustainability-focused measures and adaptability have enabled us to effectively manage our current real estate assets prudently while continuing to develop more sophisticated real estate offerings.

Treasury

Our treasury operations, a cornerstone of our financial sustainability, strategically managed our Sukuk portfolio for liquidity and income. Diversification of our funding mix and long-term placements demonstrate our commitment to building a resilient financial foundation.

Digital Transformation and Adaptability

Our commitment to digital transformation is not just a strategic imperative but a testament to our adaptability in a rapidly evolving landscape. Lesha Bank has invested significantly in enhancing our digital infrastructure, ensuring our adaptability to emerging technologies and the evolving expectations of our clients. Embracing the digital era, we successfully implemented a Cloud-based CRM system that brings exceptional levels of scalability, security, and reliability in terms of operational optimization, especially when it comes to Private Banking, as well as a quantum leap in client relationship management. Moreover, we set a benchmark as the first bank in the Middle East and Africa region to upgrade to Temenos Transact R23, a cutting-edge operational streamlining and automation solution that will further fortify our core banking capabilities.

Operational Efficiency and Sustainability

In our pursuit of operational excellence, Lesha Bank has undertaken comprehensive process reengineering initiatives. These endeavors, focused on sustainability, not only increase efficiency but also ensure that our operational practices align with the principles of responsible and sustainable banking.

As a testament to our unwavering commitment to world-class operational excellence and compliance, Lesha Bank went the extra mile and took the measures necessary to secure ISO 9001:2015 and 14001:2015 Certifications for Integrated Management and Environment System, offering further reassurance of client satisfaction. We've also showed a keen focus on Environmental, Social, and Governance

(ESG) practices within our operations, highlighting our alignment with global sustainability goals and showcasing our bank as a conscientious and forward-thinking institution, set to navigating the future with integrity and purpose.

Awards and Accolades

In 2023, Lesha Bank proudly secured a series of prestigious accolades, affirming our unwavering commitment to investment excellence and inclusivity within our workplace. Lesha Bank emerged as one of the key financial institution in Qatar to be recognized across six categories in the Euromoney Market Leaders ranking for 2023. Furthermore, our diversity and inclusive work practices have been recognized by Euromoney, naming us the Best Diversity and Inclusive Bank in Qatar. Additionally, we were the first and only bank in Qatar to have received the Great Place to Work accreditation, along with being recognized as the Best Workplace in Asia and Best Workplace for Women.

In Closing

As we conclude this transformative year, Lesha Bank stands as a beacon of adaptability, sustainability, resilience, and agility in the financial landscape. Our commitment to operational excellence, digital transformation, and responsible banking positions us for continued success. I extend my sincere gratitude to our shareholders, chairman and board of directors, clients, and dedicated and highly committed team, for their unwavering support on this remarkable journey.

Mohammed Ismail Al Emadi
Chief Executive Officer

BOARD OF DIRECTORS



HE Sheikh Faisal bin Thani Al Thani
Chairman
Non-Executive Member

Representing Al Zubara Real Estate Investment Company LLC.
Re-appointed in 2022 for a term of three years



Mr. Mohammed Yousef Al Mana
Vice Chairman
Non-Executive Member

Re-elected in 2022 for a term of three years



Mr. Ibrahim Mohamed Ibrahim Al Jaidah
Non-Executive Member since incorporation

Re-elected in 2022 for a term of three years



Mr. Mohammad Nasser Al Faheed Al Hajri
Non-Executive Member since incorporation

Re-elected in 2022 for a term of three years



Mr. Eisa Mohamad Al Mohannadi
Non-Executive Member

Representing Shift Company W.L.L.
Elected in 2022 for a term of three years



Mr. Jassim Al Kaabi
Non-Executive Member

Representing Broog Trading Company W.L.L.
Appointed in 2022 for a term of three years



Mr. Saad Nasser Al Kaabi
Non-Executive Member

Representing Al Wajba Business Development
Elected in 2022 for a term of three years

MANAGEMENT TEAM



Mohammed Ismail Al Emadi
Chief Executive Officer (CEO)



Glenn Johnstone
Chief Investment Officer (CIO)



Muhammad Tauseef Malik
Chief Financial Officer (CFO)



Fulya Plas
Chief Risk Officer (CRO)



Mohammed Mohammed
Deputy Chief Operating Officer (DCOO)



Mohamad Abu Khalaf
Head - Treasury



Rita El Helou
Head - Legal and Compliance,
Board Secretary



Alexandre Bernassau
Head - Real Estate Investments



Suhaib Al Mabrouk
Head - Private Equity and
Corporate Banking



Thanwa Al Naimi
Head - Private Banking and
Wealth Management



Prem Anand Kasilingam
Head - Operations



Mohamed Thahir
Head - Middle office



Ahmed Abou Elela
Head - Corporate Services



Mirna Naccache
Director - Marketing and
Communications



BUSINESS REVIEW



REAL ESTATE
INVESTMENT



PRIVATE
EQUITY AND
CORPORATE
BANKING



PRIVATE
BANKING
& WEALTH
MANAGEMENT



TREASURY

REAL ESTATE INVESTMENT

In 2023, Lesha Bank's Real Estate (RE) division demonstrated resilience and strategic acumen in navigating a dynamic market environment marked by heightened volatility and rising interest rates, particularly in the United States. This economic context marked a distinct departure from preceding years. Despite the challenges, the RE team implemented a robust strategy centered on proactive asset management, prioritizing the optimization and preservation of our existing real estate portfolio. The RE team is closely collaborating with a broad network of asset managers to better align its investment needs and continuously searching for investment opportunities to prudently deploy capital across attractive asset classes.

RE figures (as of 31 December 2023)

15
Acquisitions
since
inception

3
Countries

13
Current
Investments

11
Cities

2
Exits

Proactive Asset Management Strategies

The RE team's response to the shifting economic landscape was characterized by rigorous efforts directed towards ensuring the stability and optimal performance of our real estate assets. This involved meticulous attention to detail in the collection of rental incomes, showcasing a commitment to financial stability.

AUM Stability

As of December 31, 2023, Lesha Bank's Real Estate Assets Under Management (AUM) stood at QAR 4.4 billion, a testament to the RE team's adept handling of challenges and their commitment to delivering value to our stakeholders.

Sustainable RE Portfolio

Two of our real estate properties in the US, namely the Gateway Plaza and Varsity Brands HQ building, hold LEED Gold and Silver environmental certifications, respectively. This serves as a reminder of our commitment to acquiring and investing in real estate properties that go beyond financial considerations and adhere to sustainability principles.

**QAR
5**
billion
AUM since
inception

**QAR
2.4**
billion
Equity raised
since inception

**QAR
4.4**
billion
Current AUM

**QAR
2.1**
billion
Current
investor equity



**90 North
Corporate Campus**
SEATTLE
Acquired: February 2020



**Retail Hypermarket
Building**
AI MESSILA, DOHA
Acquired: January 2021



Gateway Plaza
RICHMOND
Acquired: June 2022



Sports HQ Building
DALLAS
Acquired: August 2020



**Healthcare
Technology
Company (Phase I)**
COLUMBUS
Acquired: April 2021



**Healthcare
Technology
Company (Phase II)**
COLUMBUS
Acquired: November 2022



**The Grand II at
Papago Park Center**
PHOENIX
Acquired: December 2020



Fourteen55
DALLAS
Acquired: September 2021



Kennedy Flats
CONNECTICUT
Acquired: April 2018
Exited: October 2021



Waterway Plaza I
THE WOODLANDS
Acquired: January 2021



**Ten West Corporate
Center One**
HOUSTON
Acquired: November 2021



Jefferson Square
BALTIMORE
Acquired: June 2017
Exited: May 2022

PRIVATE EQUITY AND CORPORATE BANKING

Lesha Bank's Private Equity (PE) represents one of the Bank's most active investment lines. The group actively sources, underwrites, and transacts on investment opportunities globally, with a diversified and dynamic approach focused on partnering with leading businesses and top-tier fund managers. Having built a track record of notable returns on selected investments, Lesha Bank's PE earned its reputation as a proactive partner capable of identifying opportunities which may match the appetite of the Bank's clients and stakeholders.

**Track record over the years
(As of 31 December 2023)**

28

Total Acquisitions

12

Current Investments

16

Exits

2023 at a glance

Lesha bank continued to build on its PE capabilities through expanding its relationships with industry leaders, onboarding new top-tier fund managers, expanding its team and continuing to pursue potential avenues for innovation.

The Bank also signed a local PE transaction to purchase a 27.5% minority stake in Starlink an IT outsource-managed services provider based in Qatar.

Creating and introducing new products to the market in industries such as healthcare, education and hospitality.

Expanding its footprint by focusing on regional investors not only from Qatar but also from GCC, Europe and the US.

QAR

1.7

billion Current AUM

PRIVATE BANKING AND WEALTH MANAGEMENT

Lesha Bank recognizes that at the heart of Private Banking & Wealth Management (PB & WM) lies the foundation of solid and constructive relationships with clients. Whether for High or Ultra-High Net-Worth Individuals seeking wealth and asset management services, portfolio and investment management, or treasury services. Our PB & WM services go beyond convention, offering a diverse, private, and customizable experience that considers the unique and evolving needs of our clientele.

Lesha Bank's Private Banking unit integrates a range of offerings, including Real Estate structured products and Private Equity granting clients access to Sharia-compliant investment options in these sectors.

Furthermore, our commitment to include bespoke and best-in-class client services is underscored by our mobile application, providing clients with streamlined access to their portfolio statements, standing instructions, and more. In our ongoing efforts to refine and enhance our services, the PB & WM team conducted a client satisfaction survey in 2023, with results reflecting healthy satisfaction levels.

What sets apart the business client experience is not only the privilege of being served by a team of professionals rigorously trained by some of the most widely-acclaimed local and international banks but also the added advantage of tapping into a network of international partners, such as asset and fund managers situated in major financial centers worldwide. This network brings an extra layer of convenience and flexibility to a luxurious banking experience.

TREASURY

In 2023, Lesha Bank implemented dynamic asset and liability management strategies to support its goal to optimize its balance sheet. This involved adjusting the duration of available asset classes based on market conditions, actively reducing positions in underperforming asset classes, and employing various techniques to potentially maximize profits. These techniques included targeting lower-priced funding resources to counter cost increases, repricing or rebalancing assets to support earnings, increasing the sukuk book size which as liquidity buffer and supporting the overall bank profit income and mitigating investment risks. The Bank also expanded its operations by adding new counterparts locally, regionally, and internationally, educated and trained staff to enhance capabilities, and adopted innovative approaches to manage market asset volatility.

Lesha Bank prioritized handling of client deposits and diversification of its funding mix through a dedicated corporate desk. The Bank successfully controlled funding costs in a highly volatile market.

The Treasury team continued to focus on developing premium treasury products and expand the scope of active Sukuk mandates managed on behalf of clients.

Lesha Bank also made sure to allocate sufficient time and resources to expanding its network of banking partners, encompassing both local and international entities, to maintain a solid foundation that would allow it to swiftly seize new investment opportunities. Over the years, the Bank has built a Sukuk portfolio, with a goal to be a recurring income generator and a valuable resource which may support the stability of the Bank's liquidity profile and its business growth.



PEOPLE AT LESHA BANK

Workforce Planning

Lesha Bank continues to attach great importance to providing a dynamic, professional and creative environment in the workplace, since we consider our people to be the main catalyst for our enduring growth and the cornerstone of our resilient and agile operational planning.

In 2023, we improved our HR policies and standard operating procedures (SOP), and searched for new ways to keep our employees satisfied, engaged and motivated, to foster an overall cohesive and improvement-centric work environment.

As the scope of our operations continues to expand, and as we continue to grow and diversify our portfolio, our HR department keeps sourcing new talent and expertise so that our human capital matches and supports our strategic goals.

We instituted a Leadership Training Program aimed at cultivating and refining the leadership skills of our executives and managers, promoting effective decision-making and strategic thinking in alignment with our mission and values. Bank-wide employee training program in collaboration with Euromoney, a renowned global financial training provider, with the aim of enhancing the knowledge and expertise of our staff across various departments, keeping them abreast of industry trends, regulatory changes, and emerging technologies.

Together, these initiatives formed a robust workforce planning framework, positioning our bank for sustained success in a dynamic financial landscape.

Diversity and Inclusion

For Lesha Bank, embracing diversity and inclusion is not just a commitment; it is a cornerstone of our organizational ethos. We recognize that diversity is not only a source of strength but a catalyst for transformative change. By fostering an inclusive atmosphere, we empower each individual to bring their unique perspectives, experiences, and talents to the table. In doing so, we hope to create a workplace where everyone feels a sense of belonging and is inspired to contribute their best.

Lesha Bank's unwavering commitment to diversity and inclusion has garnered recognition and accolades, with the Bank proudly earning several prestigious accolades in 2023. We view these achievements not only as milestones but as ongoing inspiration to continuously elevate our standards and push the boundaries of what is possible when diversity is truly embraced.

- Best Bank for Diversity and Inclusion in Qatar by Euromoney Awards for Excellence 2023

- First and only bank in Qatar to receive 'Great Place to Work' Certification by Great Place to Work® Middle East, Best workplaces for Women™ 2023 and Great Place to Work in Asia™ 2023

22

Nationalities
of employees

34%

Female
representation

Team Cohesion

At Lesha Bank, we view team cohesion as the main driving force for long-lasting success, as we believe a harmonious and collaborative team is essential for navigating the complex landscape of the financial industry. We believe that a united team, working together seamlessly, not only enhances productivity but also fosters innovation and adaptability. In 2023, we ran multiple engagement programs involving art club, wellness club and volleyball club in which employees can share constructive and cohesion-reinforcing interactions.

FINANCIAL CONTROL REVIEW

The Financial Control team is responsible for accounting processes, management information, forecasting, formulation of business strategy, monitoring of financial controls and for the preparation of the Bank's financial statements, effective internal controls, and adherence to regulatory requirements, giving a clear line of sight over Bank's business activities. The main goal of financial reporting is to help business partners and stakeholders make strategic decisions about the bank's operations, growth, and future profitability based on its overall financial health and stability. Financial controls at Lesha Bank encompass the procedures, policies, and means by which the Bank monitors and controls the direction, allocation, and usage of its financial resources. Provide insights into measures taken to mitigate potential risks and ensure compliance with the banking industry. The specific responsibilities of the Financial Control (FC) department include:

- ▶ Determining the capital adequacy, capital requirements and defining the capital structure including determining the asset classes of interest.
- ▶ Formulation of short-term and long-term financial strategy including formulation of budget and monitoring of actual performance.
- ▶ Formulation and implementation of internal control.
- ▶ Formulation and monitoring of business key performance indicators.
- ▶ Periodic reconciliation and financial analysis.
- ▶ Provide relevant MIS to businesses.
- ▶ Tax reporting to the tax authorities.
- ▶ Compliance with Financial Accounting Standards ("FAS") issued by the Accounting and Auditing Organization for Islamic Financial Institutions ("AAOIFI") as modified by the Qatar Financial Centre Regulatory Authority ("QFCRA").
- ▶ Periodic review and update of the accounting policy and procedures.
- ▶ Regulatory reporting to the various regulators.

The financial control department works closely with all stakeholders to ensure that business operations continue to run smoothly, and that any discrepancies and deviations are identified and addressed within an actionable timeframe.

The financial control function also impacts the decision-making process and acts as the focal point for the achievement of the Bank's goals and strategic vision. The department takes steps to control and optimize the Bank's expenditure while potentially improving overall monetary efficiency.

The finance department played a key role in the transformation of the Bank's business model from an asset-based model to a fee income-based model in active coordination with all stakeholders.

OPERATIONAL REVIEW

Operations

The Operations department at Lesha Bank plays a crucial role in managing diverse operational needs across banking sectors, including Private Banking, Treasury, Real Estate Investments, and Private Equity. In 2023, the Operations Department supported the Bank's business strategy and expansion by delivering top-notch services. As the Bank continued to implement its ambitious strategy, Operations Department focused on improving the operational capabilities and further developing its human capital, which resulted in highly optimized operational efficiency, led by experienced professionals with global banking exposure.

The Operations department also revamped existing processes and streamlined them by introducing a standardized operational model, and it continued to update policies and procedures to align Bank's activities with international best practices. Process documentation controls were implemented to serve as a comprehensive guide for the department's roles and responsibilities.

Furthermore, several automation and digitization initiatives, coupled with a core-banking upgrade in 2023, enabled the operations team to excel in processes, ensuring exceptional service quality and future readiness. The department established a foundation for accessing automated data providers to gather and process dynamic market prices, currency rates, and transaction data. This streamlined information collection, enhanced control processes, reduced time to market, minimized manual efforts, and improved controls.

Lesha Bank's Operations department is fully equipped with the right set of skills and tools needed for its members to respond swiftly and proactively to operational requests. Substantial investments in employee skills through intensive training programs align with the Bank's strategy, and senior management has been initiating pipeline projects to enhance client onboarding via CRM systems, leading to the improvement of the real-time interfacing capabilities of operational systems for online reporting to client and easing access to market systems.

As the Bank expands its range of products and services, the Operations department remains committed to executing a comprehensive spectrum of complex and time-sensitive support functions with a high degree of flexibility and agility.

Information Technology

In 2023, Lesha Bank continued its commitment to advancing digital transformation with tailored initiatives for both internal and external clients. Notably, it achieved a milestone by becoming the first bank in the Middle East and Africa for the successful Temenos Transact R23 upgrade. The successful SAP upgrade streamlined end-of-day activities and enhanced reporting capabilities.

In parallel with major projects, the Bank implemented numerous business process automations across all departments, resulting in increased productivity, enhanced client experiences, and reduced turnaround time. The IT Department executed various infrastructure and security projects to maintain technological prowess and ensure minimal disruption to operations.

Users now benefit from an IT Service Desk management solution, allowing them to log and monitor their requests within the ITIL framework, encompassing changes management, problem management, and various other IT processes.

Email security received a significant boost with the introduction of an AI-based defense system, greatly reducing phishing and scam attempts. The Bank's Backup and storage solutions were also upgraded to help accommodate the Bank's growing demands. Enhancements to infrastructure boosted Wi-Fi security, while advanced controls were integrated into the Firewall & VPN solution for heightened security.

Lesha Bank is on the verge of launching a state-of-the-art ERP solution to leverage an ERP hosted on the Azure cloud platform. This innovative solution aims to streamline daily operations for employees and elevate the experiences of vendors and customers alike.



First bank in the Middle East and Africa to successfully upgrade the Temenos Transact R23

CONTROL REVIEW

Risk Management

Lesha Bank predominantly operates in investment banking, and its continued success and reputation are highly dependent on our ability to identify, assess, manage, and mitigate risks while pursuing business opportunities.

At Lesha Bank, we endeavor to prioritize risk management by adopting a clear, formalized, strategically designed, and actionable risk management plan. Lesha Bank has implemented an enterprise-wide risk management framework to identify, assess, measure, and manage risks across all business units and all material risk factors.

This approach allows us to flexibly deal with many of the critical risks to which the Bank is exposed. We strive to strike a balance between risk and reward to optimize value creation and sustainability. Risk management policies and procedures are established to identify, assess, measure, monitor, and report risks at the organizational level with clearly defined roles and responsibilities.

1

Risk Identification

As part of the risk management process, Lesha Bank identifies and recognizes potential risks that could impact the Bank at various levels. The risks are primarily identified by the respective business units as the first line of defense and independently by the risk management department.

2

Risk Assessment

Once risks are identified, their likelihood and potential impact are analyzed to determine the severity of each risk and its significance. The Bank adopts various techniques and methodologies to measure various types of risks depending on the nature of the risk.

3

Monitoring

Lesha Bank regularly reviews and updates the identified risk exposures, assesses new potential threats, and stays informed about internal and external factors that may affect the Bank.

4

Mitigation

Depending on the risk appetite and strategy, Lesha Bank seeks to implement measures to reduce the impact or likelihood of identified risks by executing

5

Reporting

The risk management department regularly reports and shares information about identified risks, their assessment, and the strategies in place to manage them. This ensures that stakeholders, including the business units, various committees, and the Board of Directors, are informed and can contribute to decision-making processes.

All Lesha Bank employees are required to be familiar with risk management policies that are relevant to their activities, know how to escalate actual or potential risk issues, and have a role-appropriate level of awareness of the risk management process.

Risk management is an integral part of Lesha Bank's business and decision-making process, with active involvement in various management committees and constant interaction with other departments and business units on an ongoing basis.

The Board of Directors is primarily responsible for the risk profile of the Bank and establishes the risk management framework. The Board sets the risk Appetite, the amount of risk that Lesha Bank is prepared to accept, tolerate, or be exposed to at any point in time within the context of its business strategy. Risk appetite is a critical component of managing risks across the Bank.

Lesha Banks constantly strives to make sure that its risk management plan is meaningful and effective, allowing it to efficiently deal with various types of risks, including investment risk, market risks, liquidity risks, operational risks and reputational risks, in a way that thrives to safeguard and protect the interests and benefits of its customers and stakeholders.

(More details about Lesha Bank's risk management program are available under the Corporate Governance section of this report)

Internal Audit

Lesha Bank maintains an independent Internal Audit function, with the Internal Auditor appointed by and reporting to the Audit, Risk & Compliance Committee (ARCC). This structure ensures independence from executive management while the Bank collaborates with Deloitte, one of the prominent big four Audit firms, on a co-sourcing basis to support the in-house internal auditor in fulfilling roles and responsibilities.

The responsibility of developing and maintaining robust systems of governance, risk management, and control processes, as well as identifying, preventing, and detecting irregularities and fraud, lies with the management. Internal Audit plays a crucial role in this by independently evaluating the Bank's governance, risk management, and internal control processes, aiming to enhance operational efficiency. The activities of Internal Audit adhere to a policy established by the Board and follow a risk-based internal audit approach in line with international standards set by the Institute of Internal Auditors (IIA) and best practices.

Internal Audit annually prepares a risk-based internal audit plan, subject to approval by the ARCC, with the flexibility to be revised and updated as needed. The findings of Internal Audit are submitted to management, and comprehensive reports, including conclusions and proposed measures along with their status, are regularly presented to the ARCC and the Board for review and action. Internal Audit also provides reports on the purpose, authority, responsibility, and performance of the internal audit activity, addressing matters requested by the Board for their review and action.

In 2023, the ARCC was briefed by Internal Audit on key findings, observations, related risks, recommendations for ratification, improvement and other matters needed or requested by the ARCC. The update included the total number of observations raised for functions/activities reviewed during the period, aligning with the approved risk-based audit plan.



ISO 9001:2015 and 14001:2015
Certifications for Integrated Management
and Environment Systems

Compliance and Anti-Money Laundering (AML)

Lesha Bank places a strong emphasis on legal compliance to uphold ethical standards and safeguard our clients and stakeholders from potential legal compliance risks. Adhering to applicable laws and regulations not only enhances our credibility but also reinforces the legitimacy of our business. To ensure this commitment, Lesha Bank has instituted a dedicated Compliance Department with a specific Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT) function.

The Compliance department diligently ensures that all bank policies and activities align with relevant laws and regulations, with oversight from various regulators, including the QFC, QFCA, QFCRA, and QFMA. The department operates under a formal compliance manual approved by the Audit, Risk, and Compliance Committee (ARCC), which outlines the mechanisms and policies to be applied by different stakeholders within the Bank to ensure compliance with relevant laws, rules, and regulations.

Supervised by the ARCC, the AML/CFT and Compliance functions are regularly assessed for their effectiveness and adherence to applicable legal standards. The head of the Compliance and AML/CFT Department submits regular reports to the ARCC, updating Board members on critical areas such as compliance issues, fraud, conflicts of interest, ethical matters, internal reviews, and developments. This structured approach ensures proactive monitoring and reporting on high-risk aspects, promoting a culture of transparency and legal integrity within Lesha Bank.

Legal

Lesha Bank houses a specialized Legal unit with the primary responsibility of mitigating the Bank's exposure to legal risks. This dedicated team engages in a comprehensive range of activities, including the thorough review of documents, provision of legal counsel, and oversight of litigation matters—all within a robust legal framework.

SHARI'A SUPERVISORY BOARD



Sheikh Dr. Walid Bin Hadi
Chairman



**Sheikh Dr. Abdoulaziz
KH H A Al Qassar**
Member



**Sheikh Dr. Mohammed
Ohmain**
Member

As Lesha Bank is mandated to conduct its banking activities in adherence to Shari'a principles, the Bank has established an independent Shari'a Supervisory Board (SSB) to provide advice and guidance, ensuring that all business decisions and dealings are in done accordance with the core principles and tenets of the Shari'a.

In January 2023, three distinguished Shari'a scholars joined as new members of the SSB. To enhance efficiency in Shari'a review and approval processes, the SSB is supported by an independent Shari'a compliance unit. This unit offers guidance on the implementation of Fatwa and resolutions issued by the SSB, specifically addressing day-to-day matters and operations.

The Shari'a compliance unit conducts continuous reviews and audits on all contracts, agreements, products, and services to guarantee compliance with the Fatwa and resolutions issued by the SSB. Regular reports from these reviews and audits are shared with the SSB.

Additional details regarding the SSB and the Shari'a compliance unit can be found in the Corporate Governance section of this report.

SHARI'A SUPERVISORY BOARD REPORT

For the financial year ended 31 December 2023

In the name of Allah, the Most Beneficent and the Most Merciful.

Shari'a Supervisory Board Report
For the financial year ended 31 December 2023

Praise is to Allah and prayers & peace be upon His Prophet Muhammad, and upon his kinsfolk, companions and those who followed his teachings...

The Shari'a Supervisory Board of the Bank ("The SSB") has reviewed the contracts, operations, and products of the Bank, which were presented to it. The SSB has also reviewed the financial statements, account profits and the losses of the financial year 2023.

The SSB is satisfied that the contract, services, and products of the Bank do not contradict the Islamic Shari'a law.

May Allah grant everyone to do what he loves, and what pleases him.

Sheikh Dr. Walid Bin Hadi
President and Chairman of the Shari'a Supervisory Board

AWARDS

Awards play a pivotal role in shaping the narrative of a bank's success, an affirmation of the Bank's prudent management, strategic foresight, and overall financial health. These recognitions may instill confidence and foster a positive perception of the Bank's performance in the market. The trust garnered from these accolades helps enhance the Bank's credibility, potentially attracting new clients and solidifying relationships with existing ones.

Lesha Bank worked diligently to secure the following awards and accolades in 2023:

Euromoney Market Leaders 2023 ranked in six categories

- ▶ Investment Banking - Notable
- ▶ Islamic Finance - Notable
- ▶ Private Banking - Highly Regarded
- ▶ Digital Solutions - Notable
- ▶ ESG - Notable
- ▶ CSR - Highly Regarded

MENA Asset Manager of the Year and Most Effective Investment Service Offering at MEED MENA Banking Excellence Awards 2023

Best Asset Manager in Qatar at the EMEA Finance Middle East Banking Awards 2022

Best Investment Bank Qatar 2023 Global Banking & Finance Awards®

Best Bank for Diversity and Inclusion in Qatar Euromoney Awards for Excellence 2023

First and Only Bank in Qatar to Receive Great Place to Work Certification™

Great Place to Work - Best Workplaces in Asia™ 2023

Best Workplaces for Women™ in GCC 2023



CORPORATE SOCIAL RESPONSIBILITY

We recognize the profound impact of Corporate Social Responsibility (CSR) on both our organization and the communities we serve. Our commitment to CSR is not just a responsibility but a strategic consideration, and by integrating social and environmental considerations into our business practices, we aim to create positive change and contribute to the well-being of society at large.

In 2023, we undertook several impactful initiatives namely Donation to Qatar Charity Tayf program, Blood donation drive, employee awareness sessions on breast cancer, mental health, environment conservation and diabetes prevention.

Through a shared sense of purpose and collective engagement in CSR endeavors, we not only contribute to the greater good but also look to build a more cohesive and resilient team poised for future success.

ESG

Lesha Bank is preparing for an update on Environmental, Social and Governance (ESG) disclosures by compiling a separate ESG report encompassing qualitative and quantitative information related to the Bank's ESG initiatives. In addition to the report, the Bank is set to implement the following ESG initiatives:

► Aims to establish a robust ESG governance framework to the management for enhanced supervision and oversight of the Bank's ESG strategy, activities, and disclosures on a periodic basis. This initiative will enable Lesha Bank to prioritize and focus on its sustainability objectives.

► Identify ESG topics and parameters of material importance to the Bank, through an extensive survey. These material topics will be instrumental in driving the ESG initiatives at an organizational level and will also form the basis of Lesha Bank's ESG reports, disclosures and ESG risk management.

Policy updates

Lesha Bank is developing a comprehensive environmental policy at an entity level, outlining the key strategic areas for tackling environmental concerns, programs, and initiatives. This policy will serve as a critical point of reference for the team tasked with managing the Bank's environmental awareness activities and initiatives.



Breast Cancer Awareness Session



Blood Donation

CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR
ENDED 31 DECEMBER 2023

KEY GOVERNANCE EVENTS IN 2023

January

- Appointment of new Shari'a Supervisory Board
- Sheikh Dr. Walid Bin Hadi
 - Sheikh Dr. Abdoulaziz KH H A Al Qassar
 - Sheikh Dr. Mohammed Ohmain

March

- The Bank held its Annual General Meeting (AGM).

April

- Appointment of Muhammad Tauseef Malik as the Bank's Chief Financial Officer (CFO).

July

- Appointment of Mohammed Ismail Al Emadi as the Bank's Chief Executive Officer (CEO).

September

- Appointment of Glenn Johnstone as the Bank's Chief Investment Officer (CIO).

CHAIRMAN'S GOVERNANCE STATEMENT

Dear Shareholders,
I am pleased to present the Board's Annual Report on Corporate Governance for fiscal year 2023.

In the face of dynamic shifts in the global investment market, Lesha Bank LLC (Public) underscores the significance of Governance in securing our long-term stability, growth, and success. We emphasize that effective governance transcends mere compliance, becoming a cornerstone of our corporate culture. This requires the awareness and active engagement of our entire staff.

As we navigate the trajectory of further business expansion and portfolio diversification, striving for adaptability, sustainability, resilience, and agility, the Board of Directors affirms that for the fiscal year concluding on December 31, 2023, Lesha Bank adhered to the Corporate Governance requirements outlined in the Governance Code for Companies and Legal Entities Listed in the Main Market No. (5) of 2016 issued by the Qatar Financial Markets Authority, and the Governance and Controlled Functions Regulation of 2020 issued by the Qatar Financial Centre Regulatory Authority.

The Board further attests to Lesha Bank's continued compliance with the rules and regulations pertinent to its status as a Qatar Stock Exchange-listed entity. This adherence

extends to the Offering and Listing of Securities Rulebook issued by the Qatar Financial Markets Authority and its subsequent amendments.

This report was compiled with meticulous attention to detail in line with our firm commitment to disclosure and transparency. We recognize the paramount importance of building trust and confidence among our customers and investors and we will remain dedicated to updating our governance practices continually to meet the evolving demands of our business and the markets in which we operate.



Sheikh Faisal bin Thani Al Thani
Chairman of the Board

1. INTRODUCTION

This Corporate Governance Report presents the corporate governance model and system adopted by Lesha Bank LLC (Public) ("Bank" or "Lesha Bank"). Lesha Bank's corporate governance system is consistent with the principles contained in the Governance Code for Companies and Legal Entities Listed in the Main Market No. (5) of 2016 ("QFMA Corporate Governance Code") issued by Qatar Financial Markets Authority, the Governance and Controlled Functions Regulation of 2020 issued by Qatar Financial Centre Regulatory Authority ("QFMA"), and the applicable rules and regulations relevant to its business and to being a listed entity on Qatar Stock Exchange including the Offering and Listing of Securities Rulebook issued by Qatar Financial Markets Authority as amended from time to which the Bank has adhered to. Lesha Bank is aware that an efficient corporate governance system is one of the essential elements for achieving its strategic objectives and the interests of its shareholders and other stakeholders. It is key to highlight that throughout the year ended 31 December 2023, Lesha Bank has achieved compliance with the provisions of the QFMA Corporate Governance Code as set out in Article 3 of the mentioned code. Lesha Bank has also complied with the disclosure requirements of Qatar Exchange ("QE"), including the disclosure of quarterly, semi-annual and annual accounts, immediate announcement to the market of price-sensitive information, and disclosure of the notice of the Annual General Assembly and Extraordinary General Assembly, according to the deadlines specified by QE regulations. Lesha Bank will continue next year to apply further enhancements on its corporate governance framework as it embarks on a journey with a new name and head office.

2. CORPORATE GOVERNANCE FRAMEWORK

Lesha Bank's Board of Directors is committed to have a corporate governance framework that ensures that processes are in place to maintain an environment with efficient oversight and clear accountability in order to retain the trust of the Bank's shareholders, customers, employees, regulators and other stakeholders. This has been achieved by a corporate governance model that was approved by the Board with clearly defined responsibilities and efficient internal controls. In addition, the Board has approved a transparent decision-making process with clear reporting lines and responsibilities, along with efficient policies to manage stakeholder accountability, related party transactions, conflicts of interest, disclosure and transparency, business practices and ethics. The corporate governance culture at Lesha Bank is characterized by accountability, integrity, transparency, compliance and risk awareness.

Compliance with the Corporate Governance Regulations

During the year 2023, Lesha Bank continued to enhance its corporate governance practices to adapt to the evolving business and strategic directions of the Bank and the changing regulatory environment. With the influx of new workforce following the transition from QFB to Lesha, we saw it most

appropriate and optimal to update our Corporate Governance Manual in December 2023. The detailed Corporate Governance Report 2023 is an attachment to the Bank's Annual Report and forms an integral part of it. This report is presented to shareholders for approval at the Bank's AGM to be held in February 2024 and it can be viewed on the bank's website www.leshabank.com

3. OWNERSHIP STRUCTURE AND SHAREHOLDERS

On this date, the issued and paid-up share capital of Lesha Bank amounts to QAR 1,120,000,000 (Qatari Riyals one billion one hundred and twenty million), and is represented by 1,120,000,000 ordinary shares with a nominal value of QAR 1 (One Qatari Riyal) per share.

The Shareholders of Lesha Bank can exercise their statutory rights through participation in the general assembly. As per the articles of association of Lesha Bank, the Annual General Assembly ("AGA" or "AGM") shall be held before the end of April. Resolutions by the AGA are made by voting, with right to approve or object to the items listed on the agenda of AGA if they think that such item is not in the interest of the shareholders or the Bank. All shareholders, including minor shareholders, may have the right to appoint a proxy to represent them at the AGA. The AGA's resolutions include:

- Adoption of the yearly income statement and balance sheet
- Approval of board remuneration (if any) and discharge from liability for Board members
- Election of the board of directors, when the board or a board member term comes to an end
- Approval of Dividends (if any)
- Appointment of the external auditors and approval of their annual fees
- Approval of the annual report and the corporate governance report.

3.1 Major Shareholders

As of 31 December 2023, the following shareholders owned more than 5% of the Bank's shares:

Shareholder	Number of Shares	Ownership Percentage
Al Zubarah Real Estate Investment Company W.L.L.	168,000,000	15%
Brooq Trading Company W.L.L.	112,000,000	10%
Shift W.L.L	112,000,000	10%
Azum Real Estate Investment Company	102,615,292	9.16%

3.2 Shareholders Rights

The shareholders' rights are protected by the QFC's Companies Regulation of 2005, as amended from time to time, the Articles of Association of the Bank, Lesha Bank's Board charter, the QFMA Governance Code, and other applicable rules and regulations. In accordance with the procedures described in the Articles of Association, the Bank makes available the following documents to the shareholders:

- Shareholders' register (upon request)
- Board member information (available on the website).
- Articles of Association (available on the website).
- Instruments creating a charge or right on the Bank's assets.
- Annual Report which is submitted to the General Assembly on a yearly basis (available on the website).
- Any other document submitted to the General Assembly (available on the website).

3.3 Annual General Assembly 2023

The 2023 AGA was held virtually by videoconference. The AGA was held on (15 March 2023) in Doha - Qatar. A total of 17 shareholders attended the meeting (in person or by proxy), owning 678,748,353 shares in the Bank and representing about 60.60 per cent of the Bank's total issued share capital.

3.4 Access to Information, Dividend Distribution, and Right to Extraordinary Decisions

Lesha Bank ensures that the Bank's shareholders have timely access to the information through the Bank's website or by contacting Lesha Bank's Investor Relations.

Additionally, the Bank's AOA and Dividend Policy sets out the terms and conditions for the distribution of profits, which are in accordance with the applicable laws. The audited financial statements presented to the AGA for endorsement determines if profits would be distributed.

Furthermore, Lesha Bank's Articles of Association guarantees the rights of the shareholders, in particular, the minorities in the event where the Bank enters into major transactions, change in capital structure, and other matters as stipulated in the AOA of the Bank.

4. BOARD OF DIRECTORS

The Board of Directors of Lesha Bank is entrusted with the overall strategy and direction of the bank and with the supervision of its management.

4.1 Board Composition

According to the Bank's AOA, the Board consists of seven directors, with three (3) members being Independent Board Members and four (4) being Non-Independent Board Members. The strategic shareholders of the Bank may, according to the Articles of Association ("AOA") of the Bank appoint two members of the Board, including the Chairman who is at all times appointed by Al Zubarah Real Estate Investment Company LLC. The remaining board members are elected by secret ballot at the Annual General Assembly ("AGA") of the shareholders. Elected and appointed directors shall serve for a term of three years and shall be eligible for re-election.

4.2 Directors' Qualifications

In accordance with Lesha Bank's Board Charter, board members are required to be skilled professionals with diverse commercial expertise, leadership capabilities for shaping strategy, and a comprehensive understanding of banking and corporate governance. The members should possess relevant professional qualifications and a proven track record of success, enabling them to contribute meaningfully to strategic decisions and policies, ensuring effective oversight of Management.

Lesha Bank's board members uphold high integrity, align closely with shareholders, and actively focus on value creation, demonstrating a steadfast commitment to the institution's long-term success. They possess knowledge of corporate governance requirements and practices, extending their commitment to corporate responsibility beyond direct stakeholders.

Detailed information on the Board of Directors, including their professional backgrounds and education, is provided below.

HE Sheikh Faisal bin Thani Al Thani

Chairman

Re-appointed in 2022 for a term of three years
Representing Al Zubara Real Estate Investment Company LLC ("Al Zubara")

Number of shares owned: 0 (0 %)
Number of shares owned indirectly: 174,353,017 (15.567%)
Number of shares owned by Al Zubara: 168,000,000 (15 %)

HE Sheikh Faisal bin Thani Al Thani has occupied the position of Chairman of Lesha Bank's Board of Directors since April 2019. In addition to his directorship at Lesha Bank, His Excellency holds many positions across various industries. He currently serves as the Chairman of the Board of Directors of Ooredoo Group, a position that he has held since March 2020, and he is also a board member of Qatar Insurance Company and the Chief of Asia-Pacific & Africa Investments at Qatar Investment Authority. Additionally, His Excellency has extensive experience in investment, banking, telecommunication, real estate development and construction. Sheikh Faisal bin Thani Al Thani holds bachelor's degree in Business Administration from Marymount University in Arlington Virginia, US, and a Master's in Business Administration from HEC Paris in Doha, Qatar.

Mr. Mohamed Yousef Al Mana

Vice Chairman

Non-Executive Member - Re-elected in 2022 for a term of three years
Representing all shareholders
Number of shares owned: 7,000 (0.001 %)

Mr. Al Mana has been a Lesha Bank Board member since April 2019 and a Member of the Board Audit, Risk and Compliance Committee. Mr. Al Mana has extensive experience in security and defense in the public sector occupying various security and enforcement roles with the Qatari Police and the Ministry of Internal Affairs. Mr. Al Mana is an avid champion of the weight-lifting sport in Qatar, a member of the Arab Olympic Committee and the first vice president of the Qatar Olympic Committee. He is also a member of the Shura Council and the Chairman of the Economic and Financial Affairs Committee within the Shura Council. Mr. Al Mana holds Bachelor's Degree in Homeland Security from the Academy of Homeland Security in Doha, Qatar.

Mr. Ibrahim Al Jaidah

Non-Executive Member since incorporation
Re-elected in 2022 for a term of three years
Representing all shareholders
Number of shares owned: 3,000,000 (0.268 %)

Mr. Al Jaidah has served as Board member of Lesha Bank since incorporation. He is also a member of the Board Nomination, Remuneration, and Corporate Governance Committee ("NRCGC"). Mr. Al Jaidah has extensive experience in urban planning, construction, real estate development and design. He currently serves as the Group Chief Executive Officer and Chief Architect of the Arab Engineering Bureau which has branches spanning across Doha, Muscat, Manila, and Kuala Lumpur. Mr. Al Jaidah holds a Bachelor's Degree in Environmental Design and Architecture from the University of Oklahoma in Norman, Oklahoma, in the US.

Mr. Mohammed Al Hajiri

Non-Executive Member since incorporation
Re-elected in 2022 for a term of three years
Representing all shareholders
Number of shares owned: 63,700 (0.006 %)

Mr. Al Hajiri has served as a member of the Board of Directors of Lesha Bank since incorporation, and he is also a member of the Board Audit, Risk and Compliance Committee. Mr. Al Hajiri has a robust career in economic research working for the Qatari Government and he served as the Head of Political and Economic Research at the Amiri Diwan. Mr. Al Hajiri holds Bachelor's Degree in Economics and Management from Qatar University, and he has earned an Economics Certificate from the London School of Economics and Political Science, and an Economics and Strategic Studies Certificate from Harvard University.

Mr. Saad Nasser Rashed Sraiya Al Kaabi

Non-Executive Member
Elected in 2022 for a term of three years
Representing Al Wajba Business Development
Number of shares owned: 0 (0 %)
Number of shares owned Al Wajba Business Development: 44,675,204 (3.99%)

Mr. Al-Kaabi was elected as Board Member in March 2022. He also serves as member of the Board Nomination, Remuneration, and Corporate Governance Committee. He has extensive experience in leadership and management roles and has been a board member of several companies including Widam Food and Al-Khaleej Takaful Insurance. He is also a member of the Amiri Diwan. Mr. Al-Kaabi holds a BA in Business Administration from Applied Science Private University in Jordan and an MA in International Affairs Coventry University from the UK.

Mr. Eisa Mohamad Al Mohannadi

Elected in 2022 for a term of three years
Representing Shift Company W.L.L
Number of shares owned: 100,000 (0.009%)
Number of Shares owned by Shift W.L.L. 112,000,000 (10%)

Mr. Almohannadi was elected as Board Member in March 2022 and is a member of the Board Executive Committee and the Board Audit, Risk and Compliance Committee. He held various administrative and senior positions at Ooredoo Qatar going from being Director of Revenue Assurance and Compliance at the company to becoming its Senior Director of Finance between 2013 and 2021, after which he was promoted to the position of CFO which he still holds today. Mr. Almohannadi also occupies the position of Board Member at Ooredoo Oman, and at QLM Life and Medical Insurance Company. He holds a BA in Business Administration and Finance from Marymount University and an MBA in Business Administration and Digital Transformation from HEC Paris.

Mr. Jassim Mohammed Al Kaabi

Elected in 2022 for a term of three years

Representing Broog Trading Company W.L.L

Number of shares owned: 0 (0%)

Number of Shares owned by Broog Trading Company

112,000,000 (10%)

Mr. Jassim Al-Kaabi is a former QFB Board Member during the 2016-2019 board cycle, and has been recently re-elected as board member at Lesha Bank and currently operating within its Executive and NRCGC Committees. He has a broad network of connections with extensive business administration experience as Director of Hunting Affairs at the Office of the Father Amir and Board Member of QLM Life and Medical Insurance Company. He holds a BA in Business Administration from the UK.

4.3 Independent Members

A director will be considered to be independent for the purposes of service on the Board and any Board Committee, if that Director satisfies the standards adopted by the Board to determine the independence status of a director including but not limited to:

- To be independent from the Management;
- Not to be an employee or member of a Board of Directors or owner or partner or a large shareholder of a consultant employed by the Bank, including the external auditor of the Bank;
- Not to be a first-degree relative or a representative of any Board member or senior executive manager of the Bank

Lesha Bank's independent members satisfy the independent directorship criteria as stipulated under the AOA of the Bank and the applicable corporate governance laws and regulations.

4.4 Chairman

According to Lesha Bank's AOA, the Chairman is at all times appointed by Al Zubara Real Estate Investment Company LLC. During 2023, the Chairman continued to provide leadership for all aspects of the Board's activities and ensure that the Board meets its commitments in compliance with the applicable laws and regulations and that all the resolutions adopted by the Board are effectively implemented.

The AOA of the Bank stipulates that the Vice Chairman shall replace the Chairman if the latter is prevented in any other way from fulfilling his duties and responsibilities. The role of the Chairman includes, among others:

- To be primarily responsible for the activities of the Board and its committees.
- To act as the spokesman for the Board and a principal contact for the CEO, ensuring that regular meetings are held with the CEO to discuss updates on the Bank's business.
- To chair and coordinate the Board meetings, ensure that appropriate issues are addressed in a timely manner and attend to the affairs of the Board externally.
- To maintain regular contact with the Board, and consult with them on strategy, business development and risk management of the Bank.

- To ensure the proper and effective functioning of the Board.
- To coordinate the agenda, information packages and related events for Board meetings in conjunction with the Board Secretary.
- To approve the agenda of the Board meeting, taking into consideration matters proposed by any Board member.
- To encourage all Board members to collectively and effectively participate in dealing with the Board affairs to ensure that the Board is working with its responsibilities to achieve the best interest of the Bank.
- To make all data, information, documents and records of the Bank, and of the Board and its committees, available for Board members and ensure Board receives proper information including:
 - Information on Lesha Bank's business, strategy and affairs.
 - Information and resources required to fulfill the Board's responsibilities, including regular updates from the CEO, as well as executive management on all issues important to the welfare and future of the Bank.
 - Management strategies, plans, policies and key performance indicators.
- To create effective communication channels with the shareholders and make their opinions heard to the Board.
- To allow effective participation of the non-executive Board members in particular, and promote constructive relations between executive, non-executive and independent board members.
- To build consensus and develop teamwork within the Board to foster a constructive and harmonious relationship between the Board and Management.
- To keep the members constantly informed about the implementation of the provisions of the QFMA Corporate Governance Code. To this end, the Chairman may authorize another Board committee to follow up on this matter.
- To ensure that the Board has a process for assessing its own performance, and the performance of its committees and the individual directors. The task to conduct the performance assessment is delegated to the Nomination and Remuneration Committee and the results are reported to the Board.
- To chair the Annual General Assembly meetings and ensure these meetings are efficiently and effectively organized with the assistance of the Board Secretary, and that the shareholders are adequately informed of the performance of the Bank.
- To ensure that all directors are offered regular training in addition to initial induction, and that the annual budget includes an allocation for board trainings.
- To maintain high levels of corporate governance standards within Lesha Bank in line with local regulations and better practices.
- To ensure the implementation of the Disclosure and Communication Policy of the Bank.
- To sign the Annual Report and Corporate Governance Report of the Bank.

4.5 Board Meetings

4.5.1 Company Secretary

The Board shall appoint a Board/Company Secretary to organize the meetings of the Board and Board committees in addition to other tasks as approved by the Board. All board members shall have direct access to the Company Secretary.

On 23 March 2022 the Board re-appointed Mrs. Rita El Helou to the role of Company Secretary. She serves also as the Head of Legal & Compliance for the Bank and has over 16 years of experience in legal, compliance and corporate governance. Prior to joining Lesha Bank, she served as Head of Legal at Vodafone Qatar. Her main functions as Company Secretary can be summarized as follows:

1. Drafting minutes of Board and Board committees' meetings, and keeping records of all minutes and resolutions passed by the Board and its committees in a special log to facilitate follow up on the matters requiring action.
2. Keep paper and electronic records of all resolutions passed by circulation and all communications and correspondence related to Board affairs.
3. Coordinate and work closely with the Chairman of the Board and the respective chairman of each Board committee to prepare and organize meetings, agendas and paperwork related to the meetings, as well as to facilitate communication with the other Directors and members of the executive management.
4. Sending invitations on behalf of the Chairman to all Board members and participants to attend the Board or Board committees' meetings, and receiving Directors' requests to add any items on the agenda;
5. Facilitate timely access to all information, documents, and data pertaining to the Company to all Directors;
6. Arrange to receive Directors' acknowledgments related to the segregation of duties pursuant to the Commercial Companies Law and the provisions of the QFMA Corporate Governance Code.

4.5.2 Frequency of meetings

The Board may be called to a meeting and a Board meeting shall be held at least six times in each year at the headquarters of the Bank or any such place as the directors may determine. Additional ad hoc meetings may be called as required.

4.5.3 Attendance and Quorum:

1. Board members are expected to prepare adequately, attend and participate at Board and Board Committee meetings.
2. Members who fail to attend more than three consecutive meetings without an excuse accepted by the Board shall be considered as having resigned.

3. The Board and each Board Committee shall be in quorum if the majority of the Members are in attendance. A Board or a Board Committee member may also attend by written proxy issued to an attending Board Member. No Member shall deputize for more than one Director and the Director acting as a proxy for another Director shall have two votes. Proxies shall be duly recorded in the Minutes of the meeting and stored among the records kept by the Company Secretary.

4. The Board and its Committees pass their resolutions by a simple majority. In case of equal division of votes, the Chairman of the Board or, in his absence, the Vice Chairman shall cast the deciding vote. The Chairmen of Board Committees shall not have a casting vote.

5. The Chief Executive Officer and the Company Secretary shall attend each Board meeting with no voting rights. Other persons may be invited to attend when addressing specific matters at Board meetings, subject to the Chairman's approval.

In 2023, the Board held the following meetings:

Date of Board Meeting	Director's Attendance
15/02/2023	All Members
12/04/2023	All members
14/06/2023	All members
09/08/2023	All members
18/10/2023	6 members including the Vice Chairman
04/12/2023	6 members including the Chairman

The attendance of the Directors at Board meetings and Board committees' meetings in 2023 was as follows:

Director's Name	BOD ¹ Meetings	EXCOM ² Meetings	ARCC ³ Meetings	NRCGC ⁴ Meetings
	6 meetings	3 meetings	6 meetings	3 meetings
HE Sheikh Faisal bin Thani Al Thani, Chairman	5/6	3/3	NA	NA
Mr. Mohamed Yousef Al Mana, Vice Chairman	6/6	NA	6/6	NA
Mr. Ibrahim Al Jaidah	6/6	NA	NA	3/3
Mr. Mohammed Al Hajiri	6/6	NA	6/6	NA
Mr. Jassim Mohamad Al Kaabi	6/6	3/3	NA	3/3
Mr. Saad Nasser Al Kaabi	5/6	NA	NA	3/3
Mr. Eisa Mohamad Al Mohannadi	6/6	2/3	6/6	NA

1 BOD: Board of Directors
2 EXCOM: Executive Committee
3 ARCC: Audit, Risk and Compliance Committee
4 NRCGC: Nomination, Remuneration and Corporate Governance Committee

The main decisions taken by the Board in 2023 are as follows:

- Approval and review of various policies including: the Corporate Governance Manual, AML policy, Treasury policies, risk policies, and other policies
- Approval of appointment of Muhammad Tauseef Malik as the Bank's Chief Financial Officer (CFO)
- Approval of appointment of Mohammed Ismail Al Emadi as the Bank's Chief Executive Officer (CEO)
- Approval of appointment of Glenn Johnstone as the Bank's Chief Investment Officer (CIO)
- Approval of the Financial Statements for the year ended 2023

4.6 External Advice

Lesha Bank's Board and each Board Committee may seek, at the Bank's expense, appropriate independent professional advice as and when it considers necessary.

4.7 Board Performance Review

Lesha Bank's Board of Directors comply with its Board and Board Committees Performance Policy which outline the parameters of assessing the Board's role in exercising accountability towards its stakeholders and examining the role and responsibilities of the Board and Board Committees and how effectively they are fulfilled.

The Board has implemented a process for evaluating its performance on a continuing basis. This evaluation requires the assessment of the Board, its committees, and each individual director. The Board members have completed an annual self-assessment form for the year 2023 indicating their contribution and interaction within the Board and the committees, the quality of their output as well as their understanding of their role within the Board and Board committees. Furthermore, the assessment indicated their opinion and satisfaction on the Board/Committee structure, operations, interactions as well as roles and responsibilities. The results of these evaluations have been reported to the full Board, and there will be a follow-up on any issues and concerns that emerged from the assessment.

Furthermore, the Board has also completed an annual assessment of the senior management. The results reflected continued satisfaction with the Executive Management's performance.

The NRCGC reviewed the results of all performance reviews and submitted its report to the Board to discuss and evaluate the overall performance of the Board and its sub-committees during 2023 in accordance with the requirements of the QFMA Corporate Governance Code. The Board concluded that the Board and its subcommittees embody the desired culture and values of the Bank.

4.8 Development & Learning

The Board Induction and Training Policy is included in the Corporate Governance Manual to ensure that Directors and Board Committees Members undergo a comprehensive induction process and that they are continuously trained and equipped with the necessary skillsets to excel at their respective roles through carefully designed and selected development and learning programs.

A recent training program was organized in December 2023, to ensure that all Board and Committee members transition seamlessly into the new operational paradigms introduced by Lesha Bank's strategic shift.

4.9 Segregation of Duties

Lesha Bank ensures that the roles of the Chairman and Chief Executive Officer are separated to promote overall board independence while allowing the CEO to focus on the everyday demands of managing the Bank. This helps the Board to provide a better and more balanced governance structure by enabling more effective supervision of the management. The roles of the Chairman and the CEO are held by different persons and are clearly defined and approved by the Board at Lesha Bank.

During the year ended 31 December 2023, Lesha Bank was fully compliant with Article 7 of the QFMA Corporate Governance Code whereas none of the members of the Board is a director on more than 3 local public companies' boards and none of them is a chairman or vice chairman on more than two public companies' boards. All Lesha Bank Board members sign an annual Independence and Conflict of Interest Declaration that is maintained by the Company Secretary as part of the Board records.

The Board members of Lesha Bank assume the following positions at Lesha Bank and other public companies:

Name	Board-level Membership at Lesha Bank	Board-level Membership and Senior Positions in other companies
HE Sheikh Faisal bin Thani Al Thani	<ul style="list-style-type: none"> Chairman of the Board Chairman of EXCOM¹ 	<ul style="list-style-type: none"> Chairman of the Board of Directors of Ooredoo Group Board member of Qatar Insurance Company Chief of Asia-Pacific & Africa Investments at Qatar Investment Authority
Mr. Mohamed Yousef Al Mana	<ul style="list-style-type: none"> Vice Chairman of the Board Chairman of ARCC² 	<ul style="list-style-type: none"> Vice President of Qatar Olympic Committee Member of the Arab Olympic Committee Member of the Shura Council Chairman of the Economic and Financial Affairs Committee of the Shura Council
Mr. Jassim Mohammed Al Kaabi	<ul style="list-style-type: none"> Member of the Board Member of NRCGC³ Member of EXCOM 	<ul style="list-style-type: none"> QLM Life and Medical Insurance Company Board Member
Mr. Saad Nasser Al Kaabi	<ul style="list-style-type: none"> Member of the Board Member of NRCGC 	<ul style="list-style-type: none"> Head of Political and Economic Research at the Amiri Diwan Al-Khaliej Board Member Takaful Insurance Board Member
Mr. Ibrahim Al Jaidah	<ul style="list-style-type: none"> Member of the Board Chairman of NRCGC 	<ul style="list-style-type: none"> Group Chief Executive Officer and Chief Architect of the Arab Engineering Bureau
Mr. Mohammed Al Hajiri	<ul style="list-style-type: none"> Member of the Board Member of ARCC 	<ul style="list-style-type: none"> Member of the Amiri Diwan
Mr. Eisa Mohamad Al Mohannadi	<ul style="list-style-type: none"> Member of the Board Member of ARCC Member of EXCOM 	<ul style="list-style-type: none"> Chief Finance Officer at Ooredoo QLM Life and Medical Insurance Company Board Member Starlink Board Member Ooredoo Oman Board Member

1 EXCOM: Executive Committee of the Board
2 ARCC: Audit, Risk and Compliance Committee of the Board
3 NRCGC: Nomination, Remuneration and Corporate Governance Committee of the Board

4.10 Remuneration of Directors

Only Executive Directors are entitled to, and eligible for, remunerations for their services. All other individuals who occupy the role of Director under another function within Lesha Bank will not receive any compensation for services rendered.

Lesha Bank has in place a policy outlining the basis and method of determining the Board remunerations which is approved by the AGA.

For the year 2023, the Board did not propose the payment of remuneration for the board's performance during the year 2023.

4.11 Conflict of Interest and Insider Trading

Members of the Board and employees may not, in connection with their work, demand nor accept from third-party payments or other advantages for themselves or for any other person or grant third parties' unlawful advantages.

Members of the Board are bound by Lesha Bank's best interests. No member of the Board may pursue personal interests in his/her decisions or use business opportunities intended for the Bank for himself/herself. Board must disclose insider information directly relating to the Bank without delay unless it is exempted from the disclosure requirement in an individual case.

All Board members and executive management and people who have access to the Bank's financial results and obtain remuneration from the Bank are prohibited from trading in Lesha Bank stock during the Blackout periods as per Qatar Stock

Exchange's and Article 111 of the QFMA Listing Rules. The Board members sign annually an Independence and Conflict of Interest Declaration to confirm that they are not aware of any conflicts of interest that exists or is likely to exist with Lesha Bank and disclose their trading in the Bank's securities during the reported year as well as the trading of their spouses and minor children. The Conflict-of-Interest Statement was signed by all members of the Board of Directors upon the election of the new Board in 2022, and annually thereafter.

4.12 Related-Party Transactions

In 2023, the Board of Directors continued to comply with the policy and procedure for related-parties' transactions, which establishes the rules for the approval and execution of the related-parties transactions conducted by Lesha Bank.

Lesha Bank's Directors have fully complied with this requirement during 2023. A special section of the financial statements shows the principal transactions with related parties undertaken by the Bank whenever approved and concluded. Below is a table summarizing said information:

	Associates	Others*	QAR '000
Consolidated statements of financial position			
Financing Assets	7,138		
Other Assets		9,100	
Customer's Balances		22,006	
Liabilities held-for-sale	13,723		
Consolidated income statement for the year ended			
Income from financing assets	1,127		
Dividend and other income	2,330		
Reversal of impairment of financing assets	(10,012)		
Other operating expenses		(1,340)	
Off balance sheet instruments			
Assets under management		93,173	

* Other related parties include affiliated parties of the board members and senior management.

4.13 Role and Responsibilities of the Board of Directors

The Board of Directors approved the Board's Charter which describes the role and responsibilities of Lesha Bank's Board of Directors in accordance with the Bank's AOA and the applicable laws and regulations.

Lesha Bank's Board enjoys the widest powers necessary to carry out the activities and functions required to fulfil the objectives of the Bank. The Board is responsible for the development of a strategy for the Bank and ensuring that the Bank manages risk effectively through approving and monitoring the Bank's risk appetite. The Board equally monitors and oversees the Bank's operations and ensures their compliance with applicable statutory and regulatory requirements and obligations.

The main responsibilities of the Board are as follows:

- Adopt a corporate governance manual for the Bank that ensures implementation of solid internal controls and disclosure controls and the establishment of adequate policies and procedures to ensure that the Bank operates at all times within the applicable regulatory and statutory framework;
- Adopt and review the strategic directions of the Bank, including, as appropriate, the strategies for each of the main business units of the Bank;
- Determine, review and approve the financial objectives and results, accounting policies and principles, and annual budget of the Bank;
- Approve and monitor the Bank's risk management strategy, risk appetite and risk policies;
- Ensure that the Management adopts an appropriate framework to ensure the effective management of risk, including appropriate systems, policies and controls;
- Monitor the Bank's capital structure;
- Supervising the main capital expenses of the company and acquisition/disposal of assets;
- Consider any emerging issues and matters which may have a material impact on the Bank's business and affairs;
- Receive regular financial performance reports from the Management and monitor actual performance in light of the Bank's strategic objectives and budgets;
- Approve the appointment and compensation of senior executive officers of the Bank and the compensation and incentive pool for the staff;
- Approve arrangements for the AGA and other general meetings of the shareholders;
- Recommend to the AGA approval of the Bank's annual report and accounts, the Board's annual remuneration, the appointment of external auditors and other items as stipulated under the AOA of the Bank and the applicable laws and regulations;
- Determine the Bank's dividend policy;
- Determine and approve the Bank's policies as required under the corporate governance regulations and other applicable laws and regulations
- Receive and review reports prepared by the Management

on main material matters, including but not limited to:

- Relationship with regulatory authorities;
- Human Resources matters
- Litigation, claims and insurance matters;
- Fraud, security and compliance with anti-money laundering (AML) and sanctions requirements;
- Business continuity management and disaster recovery;
- Investor relations and corporate and public communication;
- Corporate Social Responsibility (CSR);
- Information systems and technology; and
- Insider trading and whistle-blowing;
- Receive and review the Minutes of the Board and Board Committees;
- Establish and review the terms of reference of the Board Committees;
- Review the performance of the Board and Board Committees on an annual basis;
- Approve a delegation of authority matrix for expenditure, lending and other risk exposures;
- Extent of compliance with applicable statutory, regulatory and banking requirements; and
- Any other responsibilities as stipulated under the applicable laws and regulations

4.14 Director Obligations and Duties

- To have the necessary skills, qualifications and knowledge of the Bank's affairs and business
- To observe their fiduciary duty and act honestly and in good faith with a view to protecting the best commercial interests of the Bank
- To observe confidentiality, conflict of interest and transparency requirements when assuming their responsibilities as Directors
- To act in accordance with the obligations stipulated under the AOA and all applicable laws and regulations.
- Not to be convicted of any crime or felony or a crime involving moral turpitude
- To disclose any direct or indirect interests that they may have in connection with the Bank and which could conflict with the proper performance of their duties
- To regularly attend and participate effectively in Board meetings and general meetings of the shareholders

5. BOARD COMMITTEES

Lesha Bank's Board has established three subcommittees to assist the Board in discharging its duties and obligations and provide more detailed review of important areas of responsibility. The Board has approved the formation of the following Board Committees and approved their terms of reference. The full responsibilities of the Board committees are detailed in their respective terms of reference:

Following the election of the new Board in 2022, the Board of Directors issued a resolution to amend of the composition of each Board committee, taking into consideration the membership criteria set out in the terms of reference of each committee.

5.1 The Audit, Risk and Compliance Committee ("ARCC")

ARCC responsibilities are divided as follows:

Supervision responsibilities:

- To supervise compliance with documented procedures for the preparation and publication of the different financial reports and any other financial information.
- To supervise the internal control and audit mechanisms for external financial reporting.
- To ensure that the consolidated financial statements and the condensed consolidated financial statements in the half-year and the quarterly financial reports are prepared in accordance with the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) and in accordance with the Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).
- To review the financial and accounting policies and procedures of the Bank and express an opinion and make recommendations to the board in this regard, as well as review the company's dealings with the related parties, and ensure that such dealings comply with the relevant controls.
- To conduct investigations into financial control matters when requested by the Board.
- To oversee the accuracy and validity of the financial reports and any disclosed numbers, data and financial statements submitted to the General Assembly.
- To consider reviewing and following up the external auditor's reports on the Bank financial statements and ensuring their compliance with the implementation of the International Standards on Auditing (ISA) in accordance with the Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).

Duties regarding external auditors

- Meet with the external auditors at least once a year to raise issues, ask questions and seek feedback from external auditors.
- Coordinate between the Internal Audit unit in the Bank and the external auditor.
- Ensure external auditor obtains significant clarifications he/she requests from senior management regarding the accounting records, the financial accounts or control systems.
- Ensure the timely reply by the board of directors to the queries and matters contained in the external auditor's letters or reports.
- Conduct a discussion with the external auditor and senior executive management about risk audits especially the appropriateness of the accounting decisions and estimates, and submit them to the board to be included in the annual report.
- Set the procedures of selecting and contracting with and nominating external auditors, and ensuring their independence while performing their work.

Duties regarding internal controls

- Prepare and present to the Board, a proposed internal control system for the Bank and conducting periodic audits whenever necessary.
- Coordinate the communications among the board and management regarding the internal controls of the Bank.
- Implement the assignments of the board regarding the company's internal controls.

Duties regarding internal audit

- Approve decisions regarding the appointment and removal of the internal audit director.
- Approve the Internal Audit Charter, Internal Audit Manual and Annual Audit Plan.
- Review with the internal audit director the budget, resources plan, activities and organizational structure of the Internal Audit function.
- Review the performance of the internal audit director in collaboration with the Nomination, Remuneration and Corporate Governance Committee.
- Receive quarterly reports from the internal audit director on the audit activities and findings.
- Review the effectiveness of the Internal Audit function, including compliance with the standard for the Professional Practice of Internal Auditing of the Institute of Internal Auditors (IIA) and applicable internal audit related regulatory requirements.

Duties regarding risk management

- Review the systems of risk management.
- Develop and regularly reviewing the company's policies on risk management.
- Supervise the risk management training programs prepared by the Bank and its nominees.
- Prepare and submit periodic reports about risks and their management within the Bank to the board.

Duties regarding compliance

- Obtain quarterly and regular updates from the Compliance function regarding legal, corporate governance, regulatory requirements, and compliance matters.
- Review the process of communicating the Code of Conduct to the employees and monitor compliance with this.
- Review the results of management's investigation and follow-up of any instances of non-compliance.
- Review the findings of any examinations by regulatory agencies and any auditor observations.

Duties regarding whistleblowing:

- The ARCC shall monitor the implementation of the Whistleblowing Policy.
- The ARCC shall establish performance measurement schemes e.g. the number of complaints received, number of investigations, and time to resolve a complaint and corrective action taken.
- The ARCC receive all complains from whistle-blowers to ensure that serious concerns are properly raised and addressed by the company.

5.2 The Nomination, Remuneration and Corporate Governance Committee ("NRCGC")

NRCGC identifies, selects and recommends nominees for appointments and re-nomination to the Board for election by the General Assembly and nominating those whom it deems fit to fill any job of the senior executive management.

The main responsibilities of the Committee are as follows:

- Develop and see AGA approval of a Nomination Policy that sets out a formal, rigorous and transparent procedures to select candidates for Board memberships and elect the fittest among them for board membership.
- Ensure that Board nomination and election process is undertaken in accordance with the Bank's AOA and the applicable laws and corporate governance regulations, taking in consideration the 'Fit and proper guidelines' for nomination of board members
- Assess the independence of independent non-executive directors, on an annual basis at least, by taking into account the interests disclosed by each director and other relevant information.
- Recommend to the Board the approval of the appointment of key executive positions, in addition to the appointment of the Head of Internal Audit and Head of Compliance.
- Actively liaise with the relevant departments of the Bank to study the requirement for executive management personnel.
- Develop succession plans and make recommendations to the Board regarding plans for succession of directors and executive management.

- Recommend to the Board, the Bank's Annual Remuneration Policy identifying the remuneration to be paid to the chairman and other executive, non-executive and independent board members.
- Set the foundations of granting allowances and incentives in the Bank and recommend to the board the remuneration payable to the executive management.
- Ensure that remuneration packages are set at levels that attract and retain talent, taking into account the responsibilities and scope of the functions of the board members and the executive management, as well as the long-term performance of the Bank.
- Review the Board and the Board committees' performance on an annual basis with the support of the Board Secretary, who will report the results to the Board. To this end, the Committee is responsible for:
- Submit an annual report to the Board, including a comprehensive analysis of the board performance.

5.3 The Executive Committee of the Board ("EXCOM")

The key task of EXCOM is to handle the Bank's strategy, investments and financing by reviewing, evaluating and recommending on the strategic plans and decisions made by the board, including:

- Annual budgets and business plan
- Oversight on the management's implementation of the Bank's strategy and monitoring of actual financial, operational and administrative performance of the Bank against plans.
- Review any urgent matter which, in the opinion of the chairman of the board, does not permit the calling of a regular or special meeting of the board, as well as approve the transactions if specifically delegated by the Board on a case-to-case basis, and submit for board re-approval and/or ratification at the next board meeting.
- Partial or full asset write-offs within its delegated financial authorities, if any.
- Capital and project, or other significant overhead expenditure.
- Material issues relating to the organizational structure of the Bank.
- Treasury activities and performance.
- Acquisitions and disposals, where delegated by the Board.
- Investment diversification in terms of products and markets.
- Disaster Recovery, Business Continuity and Crisis Management plans.
- Assist the Board in coordinating, supervising and monitoring the performance of the executive management and general managers through periodic reports to the Board.
- Analyze and examine the Bank's potential investment opportunities and monitor the implementation of such investment opportunities by the executive management.

Main Decisions taken by the Board Committees in 2023

Committee	Recommendations & Decisions issued in 2023
ARCC	<ul style="list-style-type: none"> - Recommended the approval of the Bank's financial statements, the External Auditor's reports on the financial statements, including provisions, write-offs, valuations, and related parties' transactions; - Recommended the approval of the key control functions' reports including Internal Audit, Risk Management, and Compliance and AML. - Recommended the approval of key control policies including compliance (AML) and Risk
EXCOM	<ul style="list-style-type: none"> - Annual budget and business plan and strategy along with the explanations and justifications for the adoption and subsequent changes relating to these; - Recommended the approval of the Bank's deals, investments, and other transactions undertake by during the year 2023 in accordance with the authority limit given to EXCOM as per the DOA.
NRCGC	<ul style="list-style-type: none"> - Recommended the approval annual report, corporate governance report and management report on ICOFR; - Reviewed the Board, Board committees and executive management performance for the year 2023 - Recommended the amendment of the Bank's organizational chart

5.4 Shari'a Supervisory Board (SSB)

The Shari'a Supervisory Board is an independent body from the Board of Directors and advises the Board and the Management of the Bank on Shari'a compliance matters and guides the business and investment activities of the Bank to ensure compliance with Shari'a principles.

The Articles of Association state that the SSB consists of no less than Three (3) members and no more than Five (5) members. As of 31 December, 2023, the Shari'a Supervisory Board consisted of three members of which one was chosen as a Presiding Member by virtue of an election. The Shari'a Supervisory Board members are appointed by the Board of Directors for a three-year term which may be renewed for additional terms. The SSB members do not hold any executive roles within the Bank.

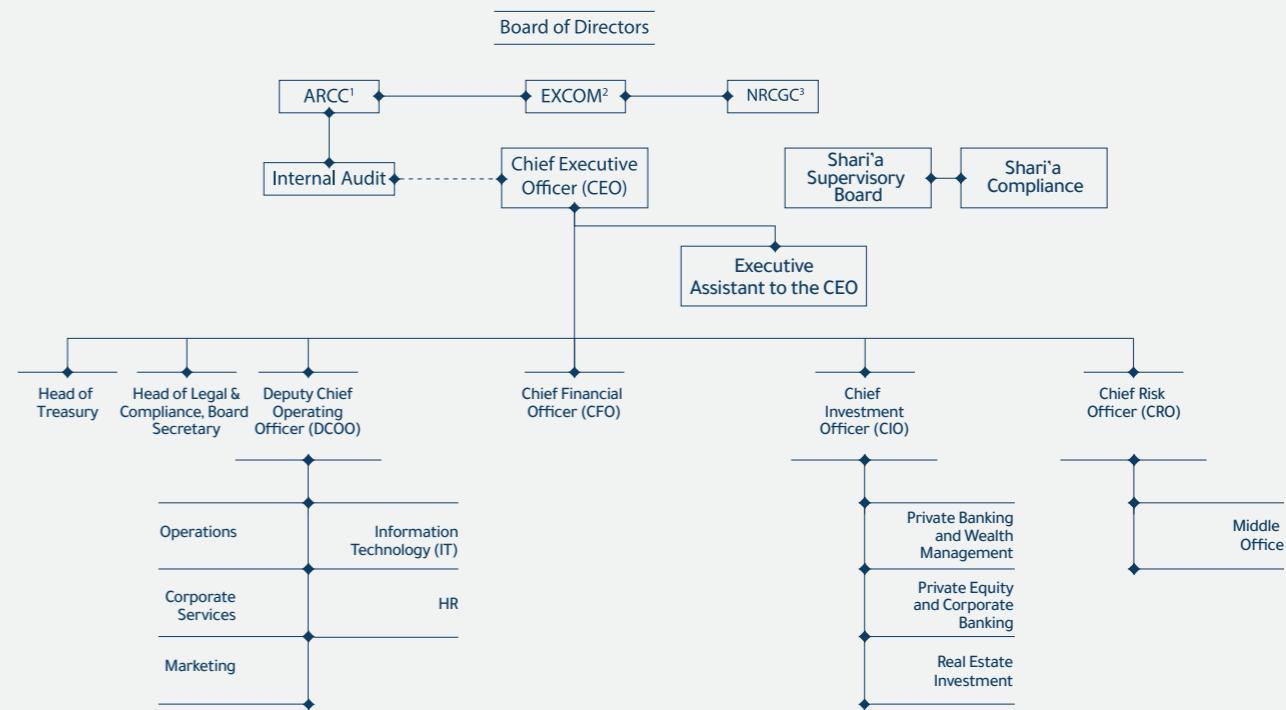
Name	Position	Member Status
Sheikh Dr. Walid Bin Hadi	Presiding and Executive Member	Independent Non-executive
Sheikh Dr. Abdoulaziz KH H A Al Qassar	Member	Independent Non-executive
Sheikh Dr. Mohammed Ohmain	Member	Independent Non-executive

During the year 2023, the Shari'a Supervisory Board held 4 meetings and 37 meetings through delegation of authority to the Presiding and Executive Member of the Shari'a Supervisory Board. The meetings covered, among other things, the following matters:

- Provide advice and guidance to the Board and Management on Shari'a-related matters and how to best comply with Shari'a rules and principles at all time,
- Provide Shari'a pronouncements and recommendations on relevant legal documents, products, services, and transactions undertaken by the Bank.

The SSB oversees the activities of the Shari'a Compliance function within the Bank and issues an annual report which includes the details of the SSB's activities during the reported year and the Zakat calculation due on each share. The annual report is presented during the Annual General Assembly. It also reviews the Bank Financial Statements.

6. EXECUTIVE MANAGEMENT AND MANAGEMENT COMMITTEES



1- Audit, Risk and Compliance Committee of the Board

2- Executive Committee of the Board of Directors

3- Nomination, Remuneration and Corporate Governance Committee of the Board

6.1 Management Committees

Lesha Bank Board of Directors have approved the formation of the following committees which shall report to the CEO on their activities, who in his turn report back to the Board with regard to the conduct of the business of the Bank. The mandate of each committee is outlined in its relevant Terms of Reference which are part of the Bank's Corporate Governance Manual:

6.1.1 Investment Committee (IC)

- Reviews, recommends and/or approves investment opportunities.
- Reviews the status of the existing investments.
- Monitor and reviews the performance of the Bank's investment portfolio activities.

6.1.2 Credit Committee (CC)

- Approves credit requests within the limits of its delegated authority, and reviews, recommends and implements, approved credit policies and procedures relating to the Bank.
- Reviews all delegated credit authorities and recommends amendments to the Board where appropriate.
- Monitors and reviews the performance of the credit portfolio activities and recommends and/or escalates credit proposals to the Board for decisions as necessary on all credit related risk issues facing the Bank.

6.1.3 Assets & Liabilities Committee (ALCO)

- ALCO is the highest decision-making body in regards to managing the Bank's capital allocation and determining the best asset and liability management strategy for the Bank and supervising its implementation with the aim to maximize net profit income over both the short and long term, within acceptable Board approved risk tolerances for credit risk, liquidity risk, profit rate risk and capital.
- Ensures that the pricing of Lesha Bank funding sources are properly monitored, allocated and managed in a way to maximize profit and manage the liquidity and profit rate risk. The day-to-day asset and liability management is delegated to the Bank's Treasury Department.

6.1.4 IT Governance (ITGC)

- Monitors the strategic direction of the IT Department to ensure it supports Lesha Bank long-term goals within the ambit of its strategic framework;
- Understand risks and controls associated with IT strategy to ensure appropriate mitigation is built into the implementation process;
- Discusses incidents occurred during the reporting period and making sure preventative actions are well implemented
- Monitors implementation of the IT strategy and ensure that changing business needs are being met in the context of the Company's strategic goals and competitive position
- Provides financial oversight over the IT program as the Committee deems necessary, including ensuring an appropriate framework within which budgetary decisions are made and review possible staffing requirements

6.2 Executive Management Team

In 2023, the Board has approved a number of management changes to onboard new executive management members that bring proven expertise and experience across industries to lead the growing business and ambitious strategy of the Bank.

Mohammed Ismail Al Emadi

Chief Executive Officer
Joined on 11 July 2023

Mohammed Ismail Al Emadi, the current CEO of Lesha Bank, boasts over sixteen years of diverse banking expertise, excelling across corporate, retail, private, international, and investment sectors. Renowned in his field, he also leads as Chairman at Oryx Corniche Developments QPJSC, showcasing expansive leadership capabilities.

Formerly serving as the Group Chief Business Officer at Masraf Al Rayan, Mohammed played a pivotal role with exceptional leadership, contributing significantly to the national economy by orchestrating customer-centric products and driving business growth.

Throughout his distinguished career, Mohammed consistently displayed unwavering commitment, exceptional leadership acumen, and an insightful understanding of the banking industry. His achievements garnered a prestigious reputation as a highly respected and influential figure in the financial sector.

In addition to professional accomplishments, Mohammed holds a bachelor's degree in Business Management and Finance from George Washington University, solidifying his financial acumen and strategic business leadership. His dual role as Lesha Bank CEO and Chairman of Oryx Corniche exemplifies comprehensive expertise, showcasing enduring commitment to advancing the banking and financial sectors.

Glenn Johnstone

Chief Investment Officer (CIO)
Joined in 2023

Glenn Johnstone is Lesha Bank's Chief Investment Officer, with over 20 years of expertise in investment banking and investment management. Glenn currently oversees the private equity, real estate investment, and wealth management businesses, which together comprise the overall investment function of the Bank.

He commenced his career at Goldman Sachs in the Investment Banking Division in Sydney, after which he transferred to London with the ultimate role of Executive Director in UK Investment Banking. Additionally, he occupied senior investment roles at both Qatar Foundation Endowment and Qatar Investment Authority (QIA).

Glenn's education includes a Bachelor of Commerce with Honours from the University of Melbourne.

Muhammad Tauseef Malik

Chief Financial Officer (CFO)
Joined in 2023

Muhammad is the Chief Financial Officer (CFO) of Lesha Bank, overseeing the Bank's financial operations and strategies. His career in finance, spanning over 26 years, is backed by a rich professional journey across various prestigious financial institutions.

His career kick-started at Grays Leasing Limited in Pakistan, where he showed promising growth. This led to a fast-paced progression through the ranks at Bank AlFalah Limited, building a strong foundation for his financial expertise. His noteworthy 15-year tenure at Masraf Al Rayan in Qatar saw him thriving in several roles, ultimately leading to his position as the Chief Financial Officer. Before joining Lesha Bank, Muhammad made significant contributions as the Director of Investment at the Family Office.

As a Harvard Alumni, Muhammad completed the General Management Program at Harvard Business School, USA. Muhammad also holds an MBA in Banking & Finance from Pakistan, along with certifications such as the DipIFR from ACCA and Islamic Finance Qualification (IFQ).

Fulya Plas

Chief Risk Officer (CRO)
Joined in 2021

Fulya joined Lesha Bank in 2021 as a Chief Risk Officer. She has over 22 years of experience in financial risk management in the investment banking sector across Qatar, Bahrain, Kuwait and Turkey. Prior to joining Lesha Bank, she held the position of a Managing Director responsible for risk management at First Energy Bank in Bahrain. She led the risk management functions at Seera Investment Bank in Bahrain, Ryada Capital in Kuwait, and Industrial Development Bank of Turkey.

Fulya holds an MSc in Risk Management and Insurance from Cass Business School, London. She also followed her postgraduate management studies at Middlesex University, London.

She holds a BSc in Mathematics Engineering from Istanbul Technical University. She is a certified FRM.

Mohammed Mohammed

Deputy Chief Operating Officer (DCOO)
Joined in 2020

Mohammed serves as the Deputy Chief Operating Officer at Lesha Bank, having joined the organization in 2020. With a distinguished career spanning over 15 years, he brings extensive expertise in Human Resources and Operations Technology functions. Mohammed oversees a diverse portfolio, including Operations, Human Resources, Information Technology, Marketing, and Corporate Services. In his capacity as DCOO, he leads transformative projects that contribute to Lesha Bank's strategic objectives.

Drawing upon his extensive background in various sectors, including Banking, Real Estate, Investments, Retail, Education, Telecom, Hospitality, Construction, Manufacturing, and F&B, Mohammed is well-versed in navigating the complexities of the business landscape. His leadership is instrumental in driving operational efficiency and spearheading innovative projects at Lesha Bank.

Mohammed holds an MBA with a concentration in Human Resources from Louisiana State University and a BA in Business Administration from AIU. Additionally, he is recognized as a Senior Certified Professional by the Society of Human Resource Management.

Mohamad Abu-Khalaf

Head - Treasury
Joined in 2020

Mohamed is the Head of the Treasury at Lesha Bank. He is an executive banker and senior corporate with over 35 years of professional experience across International Banking and corporate Fields. He is responsible for overall treasury functions and investments under treasury profile and has extensive experience in managing liquidity, raising funds, trading, and financial engineering.

Prior joining to Lesha Bank, he was the Director of Credit Risk Management and Treasurer at Qatar Chemical and Petrochemical Marketing and Distribution Company (Muntajat) where he managed Bank operations, Cash management, trade finance and Credit Risk. He also worked as Deputy Head of Treasury and Financial Markets at Commercial Bank of Qatar looking after Treasury Asset & Liability Management, Funding and managing the investment portfolio. He worked as Financial Analyst at Treasury in Central Bank of Jordan also covering foreign and International protocol and foreign debt unit (World Bank and IMF).

He holds two Masters MSc. International Securities, Investment and Banking. ISMA/ Reading University (UK) and MSc. International Capital Markets from Brighton University, UK. He graduated with B.Sc. Business Administration and Economics from University of Jordan.

Rita El Helou
Head - Legal and compliance, Board Secretary
Joined in 2021

Rita is the Head of Legal and Compliance and Board Secretary at Lesha Bank. She has over 16 years of experience in both private and public listed companies in legal and compliance, providing guidance in the commercial and operational context.

Prior to joining Lesha Bank, Rita, worked with Vodafone Qatar P.Q.S.C. and Infinity Solutions LLC. Rita worked also at Jaidah Group and SGBL.

Rita holds a master's degree in Law from the Lebanese University - Filiere Francophone de Droit - Faculty of Law and Political Science, Mini-MBA in Telecommunications from Telecom and Tech Academy United Kingdom Academy (Qatar) and a certificate from INSEAD in Leading Organizations in Disruptive Times.

Rita holds a certificate on Qatar Financial Centre Rules and Regulations from the Chartered Institute for Securities and Investments (CISI).

Alexandre Bernassau
Head - Real Estate Investments
Joined in 2020

Alexandre is the Head of Investment at Lesha Bank with over 15 years of experience in the field of investment management. Alex is responsible for covering international markets with a cross-asset mandate focusing on real estate, leasing funds, and structured products. He also oversees the syndication process for the private clientele of the bank. Prior to joining Lesha Bank, Alex was Director of Investments at Aspire Zone Foundation in Doha. Alex started his career in a structuring role working on derivatives and investment strategies at ABN Amro, London, and prior to that, he worked for Conduit Capital Markets, and AlgoAM, Zurich.

Alex holds a French Engineering diploma, a doctoral degree from Dauphine University in applied mathematics and economics and an MSc from Cass Business School in Mathematical Trading and Finance. Alex also holds an Islamic Finance Qualification, is a certified FRM, a certified ERP, and a CAIA Charterholder.

Suhail AlMabrouk
Head - Private Equity and Corporate Banking
Joined in 2014

Suhail is the Head of Private Equity and Corporate Banking. He brings over 18 years of experience in the banking and financial field. He manages a diverse investment portfolio in healthcare, food and beverage, luxury retail, tech, and consumer services spread across the globe.

Suhail holds a successful track record in sourcing and exiting private equity investments in different markets and a diverse range of sectors. He also worked at numerous multinational financial institutions such as Standard Chartered and Mashreq Bank with an expertise in finance, corporate banking, credit, and investment management.

Suhail holds a BSc in business and economics from the University of Applied Science, Jordan, and an MBA from Heriot-Watt University, UK.

Thanwa Al Naimi
Head - Private Banking and Wealth Management
Joined in 2014

Thanwa is an experienced Banker who brings over 20 years of banking experience. Having joined Lesha Bank in 2014, she is currently leading the Private Banking team in managing and overseeing the private banking business, client base, Investment and Wealth Management.

Thanwa has an in-depth knowledge and experience in UHNWI & HNWI client segment, Investments and Wealth Management while she took the forefront role in establishing the Private Banking business in Lesha Bank. Prior to joining Lesha Bank, she was the Senior Manager at Qatar Islamic Bank (QIB) for a period of 16 Years.

She holds a bachelor's degree in Economics from Qatar University and attended many courses in Private Banking, Anti Money laundering, Portfolio Management, Investment and Wealth Management Business.

Prem Anandh Kasilingam
Head - Operations
Joined in 2015

Prem is Lesha Bank's Head of Operations. With over 21 years of banking experience, he brings a wealth of knowledge to the bank. Prem joined Lesha Bank as a Senior Manager of Operations in 2015. He has experience in securities, investments, treasury, and cash management. Prior to Lesha Bank, Prem was managing Global Securities Operations, System Implementation Projects, and Standard Operating Model implementations across 36 countries around the Globe with Standard Chartered Bank's Global Operations and Change Management unit based in Singapore. Prem also managed Global Custody Settlement Operations and Client servicing for Standard Chartered Bank, Singapore as a Senior Manager.

Prem holds a master's degree in Bank Management (MBM) and a master's degree in Business Administration (MBA). He is a certified Project Management Professional (PMP) and Certified Agile Practitioner (PMI-ACP) by Project Management Institute (PMI), USA. He is also a certified Block Chain and finances professional by Blockchain Council, USA.

Mohamed Thahir
Head - Middle office
Joined in 2022

Mohamed Thahir has more than 19 years of banking experience. Prior to joining Lesha Bank Thahir was Head of Treasury Operation at Masraf Al Rayan in Doha. Before moving Qatar, he held senior treasury operation and senior IT support roles in Commercial Bank of Dubai and Dubai Islamic Bank. Prior to that he worked as a software developer in India.

Thahir is experienced in accounting and operation for Treasury products and other derivative products. He has excellent IT skills, hands on experience in banking application system.

Thahir holds Bachelor of Science in Mathematics from Pondicherry University and master's degree in Computer Application (MCA) and Business Administration (MBA) from Madras University.

Ahmed Abou Elela
Head - Corporate Services
Joined in 2020

Ahmed is the Head of Corporate Services at Lesha Bank. He has over 18 years of experience in corporate services. Ahmed is responsible for the Corporate Services, Investor Relations, Admin and Government relations department. Prior to joining Lesha Bank, Ahmed worked for a multitude of companies with various activities in trading, construction, manufacturing, retail, real estate, and hospitality.

Ahmed holds a BA in Education Department of Press & Media from Suez Canal University, Arab Republic of Egypt. In addition, he holds level 3 certificate from the Chartered Institute of Personnel and Development, England.

Mirna Naccache
Director - Marketing and Communications
Joined in 2021

Mirna is the Marketing and Communications Director at Lesha Bank. She has over 11 years of experience in strategic communications, campaign and brand management, and social and digital marketing. She executed award-winning projects with creative networks, such as Ogilvy & Mather handling a global, regional, and local range of clients across various fields, including education, health, sports, arts and culture, banking, and real estate.

Prior to joining Lesha Bank, Mirna worked with TripleTwo, Qatar Museums, and The Creative Union.

Mirna holds a BA in Communications and Design from the American University of Science and Technology, Beirut - Lebanon, in addition to an Entrepreneurship and Innovation in Emerging Economies Certificate from Harvard Business School.

6.3 Compensation & Incentives

The Board of Directors of Lesha Bank approved the Remuneration Policy that sets out the principles, content and method of determining the compensation principles and guidelines for the CEO, other senior executives and the staff. The Board delegated the Nomination, Remuneration and Corporate Governance Committee ("NRCGC") to oversee the implementation of the Policy. According to the policy, the NRCGC verifies that the Bank's remuneration systems generally conform to efficient risk management practices and regulatory requirements. It also reviews proposals for remuneration systems and recommends variable remuneration for employees to the Board for approval. In 2023, Lesha Bank remuneration systems were exercised in compliance with its approved policies and the applicable rules.

The compensation structure must be oriented towards the sustainable growth of the Bank and its continued adaptability, resilience and agility. The monetary compensation elements shall comprise of fixed and variable elements. The Board shall ensure that the variable compensation elements are, in general, based on a multi-year assessment and the long-term performance of the Bank. Both positive and negative developments shall be taken into account when determining variable compensation components. All compensation components must be appropriate, both individually and in total, and, in particular, must not encourage taking unreasonable risks.

The annual Remuneration Policy planned for the next financial year shall be submitted to the General Assembly for its approval. Every change to the Remuneration Policy shall also be submitted to the General Assembly for its approval.

As required by the Disclosure Policy, the remuneration for directors and senior executive management shall be disclosed in the Annual Report.

Key management compensation as disclosed under Note 24 of the Audited Financial Statement for the year ended 31 December 2023 was as follows:

Description	Remuneration (expressed in QAR'000)
Senior management personnel	12,217
Shari'a Supervisory Board remuneration	460
Total Compensation	12,677

6.4 Senior Management Performance Review

As part of the Remuneration Policy, the Board has completed an annual assessment of the senior management. The results reflected continued satisfaction with the Executive Management's performance on Key Performance Indicators (KPIs) set by the Board. The financial and non-financial achievements highlighted in the Annual Report reflect the Executive Management's delivery on those KPIs.

6.5 Succession Planning

The Board of Lesha Bank has adopted a policy on succession planning in order to ensure continuity in the Bank's corporate culture. The policy sets out the criteria identified for the succession plans covering top and senior management in general, in order to guarantee the continuity of business strategies. The Policy covers that Lesha Bank shall focus on developing internal talents in order to retain the top skilled staff through ongoing staff training and development.

7. RISK GOVERNANCE & INTERNAL CONTROLS

7.1 Risk Governance

Lesha Bank's internal control and risk management system is designed to contribute to the operation of a healthy and proper business, consistent with the objectives established by the Board of Directors, by identifying, managing and monitoring the principal risks faced by the Bank. The responsibility for the adoption of an adequate internal control and risk management system lies with the Board of Directors which, with the support of the ARCC, carries out the tasks assigned to it in the Corporate Governance rules and regulations.

The Bank applies the principles of sound corporate governance to the identification, measurement, monitoring, and controlling of risks, ensuring that risk-taking activities are in line with the Bank's strategy. Lesha Bank ensures that its Board, Committees, Executive Management, officers, and staff focus fully on their defined roles and responsibilities in relation to risk management.

The Board of Directors takes the lead in establishing the tone at the top by promoting risk awareness within a sound risk culture by conveying its expectations to all employees that the Board does not support excessive risk taking, and that all employees are responsible for ensuring the Bank operates within the established risk limits. The Executive Management implements and reinforces a sound risk culture and provides incentives that reward risk-adjusted approach towards transactions and dealings. The Bank's risk strategy revolves around the continuous assessment of the aggregate level and types of risk that the Board and Executive Management are willing to assume to achieve the Bank's goals, objectives, and operating plan, consistent with applicable capital, liquidity, and other requirements. The Risk Management Framework within Lesha Bank includes the policies, processes, personnel, and control systems used to identify, measure, monitor, control, and report risk exposures consistent with the Board-established business strategy.

The Risk Management Framework within Lesha Bank includes the policies, processes, personnel, and control systems used to identify, measure, monitor, control, and report risk exposures consistent with the Board-established risk appetite. The Chief Risk Officer has primary responsibility for overseeing the development and implementation of the Bank's independent risk management function. This includes, among others, the ongoing strengthening of staff skills and enhancements to risk management systems, policies, processes, quantitative models, and reports as necessary to ensure the Bank's risk management capabilities are sufficiently robust and effective to fully support its strategic objectives and all of its risk-taking activities. The Chief Risk Officer reports on quarterly basis to the ARCC on all major risks that the Bank faces. The Chief Risk Officer is also a permanent member of the management committees: (i) Investment Committee (ii) Credit Committee (iii) Assets and Liabilities Committee (iv) IT Governance Committee (v) Tender Committee (vi) Valuation Committee.

At Lesha Bank, the basis for efficient risk management is a strong, shared risk culture. The Bank's functions for internal control and risk management are based on three lines of defence:

First line of defence - risk management by business units

The first line of defence refers to all risk management activities carried out by the business operations. Each business function owns the risks within their respective area of responsibility and are also responsible for ensuring that structures for internal control and reliable processes are in place so that risks are identified, assessed, managed, monitored, reported and kept within the Bank's business strategy and in accordance with the Risk Management Framework. First line responsibilities also include establishing a relevant governance structure to ensure compliance with regulatory and policy requirements.

Second line of defence - independent control functions

The second line of defence refers to the independent control functions, including the Risk Department and the Compliance Department. These functions define the risk management framework, which covers all material risks within the Bank. The framework determines how risks are identified, assessed, measured, managed, monitored and reported. The second line of defence also monitors and assesses the efficiency of the risk management processes and controls implemented by relevant risk owners. The second line of defence challenges and validates the first line's risk management activities, controls and analyses the Bank's material risks, and provides the CEO, the Board and ARCC with independent risk reporting.

The second line of defence is organizationally independent from first line and does not carry out operational activities in the business or the unit they monitor and control.

Third line of defence - Internal Audit (IA)

Lesha Bank maintains an independent Internal Audit function, with the Internal Auditor appointed by and reporting to the Audit, Risk & Compliance Committee (ARCC). This structure ensures independence from executive management while the Bank collaborates with Deloitte, one of the prominent big four Audit firms, on a co-sourcing basis to support the in-house auditor in fulfilling roles and responsibilities.

The responsibility of developing and maintaining robust systems of governance, risk management, and control processes, as well as identifying, preventing, and detecting irregularities and fraud, lies with the Management. Internal Audit plays a crucial role in this by independently evaluating the Bank's governance, risk management, and internal control processes, aiming to enhance operational efficiency. The activities of Internal Audit adhere to a policy established by the Board and follow a risk-based internal audit approach in line with international standards set by the Institute of Internal Auditors (IIA) and best practices.

Internal Audit annually prepares a risk-based internal audit plan, subject to approval by the ARCC, with the flexibility to be revised and updated as needed. The findings of Internal Audit are submitted to management, and comprehensive reports, including conclusions and proposed measures along with their status, are regularly presented to the ARCC and the Board for review and action. Internal Audit also provides reports on the purpose, authority, responsibility, and performance of the internal audit activity, addressing matters requested by the Board for their review and action.

In 2023, the ARCC was briefed by Internal Audit on key findings, observations, related risks, recommendations for ratification, improvement and other matters needed or requested by the ARCC. The update included the total number of observations raised for functions/activities reviewed during the period, aligning with the approved risk-based audit plan.

7.2 Internal Controls

The Bank's internal control framework is embedded within the Bank's Corporate Governance Framework and the entire body of policies and procedures implemented across the Bank's departments and functions. Each document within that universe outlines the set of controls relevant to the activity or the department.

The Articles of Association set out the limits on the Board's authority and refers all matters outside that scope of authority to the General Assembly. The authorities delegated from the Board to the Executive Management and other functions within the Bank are set out in the Delegation of Authority Matrix and the relevant policies, as approved and amended from time to time.

The Board of Directors has the ultimate responsibility to ensure that the internal control framework of the Bank is effective and sufficiently addresses the risks associated with the Bank's internal and external activities. The Board delegates part of that responsibility to the ARCC which is tasked with monitoring the effectiveness and efficiency of the Bank's internal control framework. The ARCC oversees the control functions (risk, compliance, internal audit) which report on a regular basis on the relevant risks. Internal Audit function performs independent audit of the Bank covering all businesses, functions as per risk-based Audit methodology to assess the effectiveness of the controls within each department and function, identifies gaps, and provides remedies and corrective measures. Such reviews include all material controls, including financial, operational and compliance controls, risk management systems, and regulatory issues. The internal audit reports to the ARCC on the adequacy of the existing internal controls among other matters. In evaluating the impact of such assessments on the Bank, the Board and ARCC take into consideration the results of the Bank's External Auditor's evaluation. This internal control framework aims to safeguard shareholders' investment and the Bank's assets and to ensure the reliability of the Bank's financial record keeping and reporting.

Also, the Bank successfully conducted an assessment of its internal controls on financial reporting and issued its management report on the effectiveness of its internal controls on financial reporting (ICOFR) for the year 2023 in accordance with the requirements of the QFCRA and QFMA.

7.3 Shari'a Compliance

The Shari'a Compliance function coordinates closely with the Shari'a Supervisory Board to ensure the adherence of the Bank to Shari'a principles. The Shari'a Compliance function operates as an extension of the Compliance function and aligns its tasks with the mandate of the Compliance function. At Lesha Bank, the role is performed by the Shari'a Compliance Senior Manager. The Shari'a Compliance acts as the secretary of the Shari'a Supervisory Board (SSB) and prepares all the minutes, pronouncements, and resolutions of the Shari'a Supervisory Board. The SSB also prepares the Annual Shari'a Report in conjunction with the Bank's Annual Report which is presented to the shareholders during the annual General Assembly and is published on the Bank's website. The SSB provides a sounding board to the Executive Management on Sharia-related matters, and provides feedback on the compliance, or possible non-compliance of the Bank's activities with Shari'a principles including feedback on the following:

- The structures of investment and financing products and services and how the structures could be aligned with Shari'a principles.
- Align legal documentation to Shari'a principles, including the terms and conditions contained in the forms, contracts, agreements, or other documents used in executing the investment and financing transactions.

7.4 Internal Audit

The objective of Internal Audit is to provide independent and objective assessment and consulting services to add value and improve an organization's governance, risk management, and internal control processes. The purpose is to determine whether Bank's Control, Risk Management and Governance processes have been designed and implemented by the Management adequately and effectively.

The activities of Internal Audit adhere to a policy established by the Board and follow a risk-based internal audit approach in line with international standards set by the Institute of Internal Auditors (IIA) and best practices. Internal Audit annually prepares a risk-based internal audit plan, subject to approval by the ARCC, with the flexibility to be revised and updated as needed.

The findings of Internal Audit are submitted to management which includes observations, related risk, recommendations for ratification, along with their status. Further, audit observations are regularly tracked for remediation and corrective action by the management and independently validated prior to their closure.

Per standard procedure, the Appointed Internal Audit Executive meets up on a quarterly basis with the ARCC and periodically attends ARCC meetings and reports on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan, significant risk exposures and control issues and other matters needed or requested by the Board for their review and action.

In addition to its assurance role, the IA function provides adequate support and advice to the different business and control functions of the Bank, without exercising any decision-making/authorization responsibilities or in contradiction of independence requirements of Internal Auditors. The IA contributes to sound management of the Bank by providing feedback and advice on the reliability of the systems and operations, the adequacy of policies and procedures and the framework of risk management.

7.5 External Auditors

Appointment, Replacement and Duration in Office

As of the date of this report, Ernst & Young (EY) serve as the External Auditors of the Bank. The consolidated financial statements and the statutory accounts of Lesha Bank are audited by EY. The external auditors are elected for one-year periods at the Annual General Assembly of shareholders and were re-elected at the AGM 2022. EY was first elected on 7 April 2020. The external auditors' performance is reviewed by the ARCC on a yearly basis, following which a recommendation is submitted to the Board for replacement or re-appointment.

Fees and Autonomy

According to the AOA of the Bank, the Annual General Assembly appoints the External Auditors and determines their remuneration, based on a recommendation submitted by the Board to this end. In the spirit of upholding good corporate governance, ARCC periodically conducts appraisals of the audit mandate, in which budget issues, in particular, are reviewed to ensure audit fees are kept at a competitive level in the best interests of shareholders. The external auditors act with autonomy and independence, also with regard to the shareholders that elected them.

In its meeting of 15 March 2023, the Annual General Meeting ("AGM") approved the Board/Audit Committee's recommendation to appoint Ernst & Young (EY) for the fourth year in a row, as external auditors of the Bank for the fiscal year ended 31 December 2023. The fees paid/payable to EY for the year 2023 is QR 0.4 million for the audit services and QR 0.83 million for non-audit related services.

Access to Information

The Board of Directors of Lesha Bank adopted a procedure for information flows to the External Auditors, to guarantee the transparent management of the Bank's business. The Board established conditions for the effective & efficient management and control of the activities of the Bank and the operations of the business by the Board of Directors. It provided the External Auditors with the sources of information needed for the efficient performance of their supervisory role.

Supervision and control vis-à-vis the External Auditors

The Board of Directors is responsible for the acceptance and processing of the reports from the external auditors. In this, the Board of Directors is supported by the Audit, Risk and Compliance Committee ("ARCC"), which periodically interacts with and monitors the qualification, independence and performance of the external auditors.

EY meets regularly with the ARCC and the Board of Directors to evaluate all audit findings. ARCC is charged with conducting its assessment of the findings and reporting accordingly to the Board. During fiscal year 2023, the external auditors participated in three (3) meetings of the ARCC in order to discuss audit processes as well as regulatory guidelines and monitoring. Among others, the external auditors were also involved in evaluating findings on risk factors and processes.

7.6 Compliance and Anti-Money Laundering (AML)

Lesha Bank dedicated a Compliance, Legal and Company Secretary Department that works closely at every level of the organization to ensure that the Bank's internal regulations, processes and activities are constantly aligned with the applicable regulatory framework and the strategic objectives of the Bank, participating actively in the identification of any non-compliance risks that might give rise to judicial or administrative penalties, with consequent reputational damage. Compliance main role is to ensure that the Bank is conducting its activities in accordance with the Board approved policies and the QFC, QFCRA, QFCA and QFMA rules. The Head of Compliance meets regularly with ARCC to review the status of the business compliance with the procedures set by the Board, to assess the compliance risks and opportunities faced at all levels of the organization and develop specific plans to address them.

The Compliance function identifies documents and assesses the compliance risks associated with the Bank's business activities, including but not limited to the development of new products and business practices, and the proposed establishment of new types of business or customer relationships, or material changes in the nature of such relationships. Compliance risks include risk of legal or regulatory sanctions, material financial loss, or loss to reputation resulting from failure to comply with applicable laws, regulations, and standards.

Other major responsibilities of the Compliance & AML function include:

- Ensuring the adherence of departments, subsidiaries and investee companies to the Rules and Regulations concerning AML and CFT issues, regulatory circulars and instructions, and any other relevant rules impacting any aspect of the Bank's activities.
- Providing proper guidance and instructions to employees on the proper application of AML and CFT related laws, regulations, and standards.
- Putting forth relevant recommendations to enhance/improve the internal control procedures that help mitigate non-compliance and AML/CFT sanctions and fraud risks.

- Keeping abreast with new laws and regulations and informing the Executive Management and the concerned departments for their timely implementation.
- Monitoring the financial transactions of clients, conducting investigations, and raising reports of suspicious transactions to the Financial Information Unit (FIU) and the regulatory authorities.
- Ensuring the proper implementation of Client Due Diligence and enhanced due diligence (EDD) for high-risk clients.
- Ensuring the proper implementation of FATCA and CRS regulations; and
- Providing training and awareness to the Bank's staff on governance, QFCRA regulations, AML/CFT, sanctions, fraud, and FATCA/CRS regulations on frequent basis.

The Compliance function monitors and tests compliance by performing independent compliance reviews to identify regulatory breaches and noncompliance issues. The results of the compliance reviews are reported to the Board and ARCC, the CEO and the concerned Executive Management on a regular basis.

The Compliance function provides regular quarterly reports to the ARCC on the activities undertaken by the function and raises any flags concerning possible breaches or gaps in the Bank's policies or practices. The reports provide and recommend corrective measures and a list of remedies applied to existing identified incidents.

At Lesha Bank, the Compliance function is performed by the Compliance Department, headed by the Head of Compliance who is supported by the Senior Compliance Manager which assumes the responsibility of the Anti-Money Laundering Reporting Officer for the Bank, and the Deputy Anti-Money Laundering Reporting Officer.

The Head of Compliance has primary responsibility for overseeing the development and implementation of the Bank's compliance and AML function. This includes, among others, the ongoing strengthening of staff skills and enhancements to compliance and AML, policies, processes, and reports as necessary to ensure the Bank's compliance and regulatory risk management capabilities are sufficiently robust and effective to fully support its strategic objectives.

The Head of Compliance reports on quarterly basis to the ARCC on all compliance and regulatory issues that the Bank faces to ensure that the governance framework, policies and procedures and practices relating to compliance matters in Lesha Bank align well with global leading AML/CFT practice, QFCRA's regulations, and applicable regulations within the State of Qatar.

During 2023, the Compliance function updated the AML/CFT Policy. The Compliance Department also provided regular monthly, quarterly, and annual reporting to the following regulatory authorities: QFCRA, QFCA, QFC, and supported the Corporate Affairs department in its disclosures and reports to QSE and QFMA.

In addition, the Compliance function had undertaken the following tasks during the year 2023:

- Provided compliance advice and guidance on all daily inquiries raised by the Bank's Executive Management and staff on any compliance related matters concerning the Bank's activities and operations.
- Addressed all the Bank's business units' inquiries with the regulators including QFCRA and QFMA.
- Completed all regulatory reporting requirements for the year 2023.
- Oversaw the implementation progress of QFCRA notifications and advices.
- Coordinated the implementation and improvement of the KYC/AML/CTF risk-based approach controls.

7.7 Litigation and Legal Cases

Lesha Bank have several ongoing legal cases and disputes mostly minor in nature and both on an individual and collective basis.

7.8 Business Continuity Management

Lesha Bank has a Business Continuity Management policy that sets the framework for the Bank to respond to internal and external threats and ensures its preparedness, resilience and ability to continue delivering its strategic goals when such threats occur. An updated version of the CG manual was approved by the BoD in December 2023 to ensure that Lesha Bank maintains its alignment with the latest development in governance policies, protocols and practices.

7.9 Policies approved by the Board

- Board Charter
- Board Code of Conduct
- Board Induction and training Policy
- Executive Committee Charter
- ARCC Charter
- NRCGC Charter
- Nomination Policy for Board Members
- Nomination Policy for Senior Management
- Remuneration Policy
- Board/Board Committees Performance Policy
- Chairman Terms of Reference
- CEO Terms of Reference
- Board Secretary Terms of Reference
- Related Parties Transaction Policy
- Conflict of Interest Policy
- Insider Trading Policy
- Whistleblowing Policy
- External Audit Appointment Policy
- Dividend Policy
- Disclosure & Communications & IR Policy
- Internal Audit Charter
- Stakeholders Policy

8. EMPLOYEE AND OTHER STAKEHOLDERS RIGHTS

The corporate governance manual of Lesha Bank ensures that the rights and responsibilities for the different parties in the Bank, such as the board of directors, senior managers, employees, shareholders and other stakeholders are protected and fulfilled. Lesha Bank's Corporate Governance manual ensures the Bank is run in the interests of shareholders and other stakeholders, in such a way that the Bank's resources are used efficiently. Lesha Bank has identified internal stakeholders such as the board, management and employees; and external stakeholders such as the regulators, customers, suppliers, and local community.

In protection of the employee and other stakeholders' rights, Lesha Bank ensures compliance with the corporate governance principle that stakeholders should have access to information that they need in order to make rational, informed decisions and to protect themselves from negative consequences of corporate actions. This is achieved through timely, accurate and objective disclosure.

All Lesha Bank's employees are provided with information necessary to satisfy concerns regarding workplace conditions, regulatory impact, commitment to the Bank's strategic objectives and other areas of corporate social responsibility. Employees have also access to information needed to make fully informed decisions, and to protect themselves in the workplace and in other relations with the bank. Employees have also the right to express any concern without the fear of being judged, reprimanded or subject to any disciplinary action.

For all other stakeholders, Lesha Bank makes regular and timely public announcements and disclosures in line with the regulatory requirements to keep all stakeholders informed of the Bank's activities, services and products. This includes financial data, information on new products and services, and other key strategic decisions.

9. ENVIRONMENT, SOCIAL & GOVERNANCE (ESG)

As part of its commitment to ESG principles, Lesha Bank ensures that sustainability is associated with the conduct of the activities of the Bank and with its dynamics of interaction with all the stakeholders are maintained at all times. It also ensures that the guidelines defined by the Board of Directors are implemented.

Lesha Bank has in place a Corporate Social Responsibility & Environmental, Social, and Governance Policy which was approved by the Board to foster constructive relationships with the communities that Lesha Bank operates within and provides the guidelines for its commitment to preserving the principles of ESG within its practical reach and under the supervision of the Board.

9.1 Corporate Social Responsibility (CSR)

Pursuant to the Qatar Law No. 13 of 2008 and the related clarifications issued in 2012, as applicable to all Qatari listed shareholding companies with publicly traded shares, Lesha Bank allocates 2.5% of its annual net profit to the state Social and Sports Fund.

We recognize the profound impact of Corporate Social Responsibility (CSR) on both our organization and the communities we serve. Our commitment to CSR is not just a responsibility but a strategic imperative, and by integrating social and environmental considerations into our business practices, we aim to create positive change and contribute to the well-being of society at large.

In 2023, we undertook several impactful initiatives namely Donation to Qatar Charity Tayf program, Blood donation drive, employee awareness sessions on breast cancer, mental health, environment conservation and diabetic prevention.

Through a shared sense of purpose and collective engagement in CSR endeavors, we not only contribute to the greater good but also build a more cohesive and resilient team poised for future success.

9.2 Financial Inclusion

Financial inclusion is incorporated as we enhance product accessibility by introducing diversified investment products and customizing private banking services. Adopting digital inclusion, we invest in user-friendly platforms. This strategy reflects our steady commitment to corporate governance, ensuring transparency, and accountability in our pursuit of a more inclusive and sustainable financial future.

10. CORPORATE GOVERNANCE DISCLOSURES

Lesha Bank has throughout 2023 complied with the disclosure requirements set out in the rules and regulations of the QFMA and the QSE, and particularly those stipulated under Article 25 of the QFMA Corporate Governance Code.

10.1 Financial and Sensitive Information Disclosure to Qatar Exchange

Lesha Bank ensured timely disclosure of its quarterly, semi-annual and annual financial as well as all key and sensitive decision taken by the Board and its subcommittees. This included the appointment of new executive roles, launching of new investment products, Board meeting dates, AGA and EGA invitations, agenda and resolutions, and other information with material impact on the performance of the Bank or with potential impact on the share price.

10.2 Website Disclosure

Lesha Bank continues to update its website to include information about the composition of the Board of Directors, Board Committees, Senior Executive Management, major shareholders holding 5% and above of the Bank's share capital and corporate governance manual. The Bank's annual reports and corporate governance reports can also be found on the website of the Bank. As a general principle, Lesha Bank abstains to comment, affirmatively or negatively, on rumors, unless so requested by QSE or QFMA as a response to undisclosed material information, noting that no such incident happened during 2023.

10.3 Speaking on behalf of the Bank

Lesha Bank's Board has delegated the authority to speak publicly on behalf of the Bank to designated spokespersons. The procedures are well defined under the Disclosure, Communication Investor Relations Policy of the Bank, which sets out the disclosure and transparency principles that the Bank has to comply with and the process to ensure that the Bank is protected against reputational risk and against any rumors or misstatements.

10.4 Whistleblowing Policy and Complaints Handling

Lesha Bank's Board approved a Whistleblowing Policy and delegated ARCC with the authority to monitor the implementation of the policy. The ARCC has established a performance measurement schemes for the process adopted to receive complaints, monitor the number of complaints received, number of investigations, and time to resolve a complaint and the corrective action taken. The details of the whistleblowing process can be found in the Whistleblowing Policy of the Bank.

In 2023, the ARCC has reviewed the whistle-blowing process to ensure that no minor or serious concern were left without being properly handled and addressed by the Bank; noting that no material complaints or grieves were raised in 2023.

11. EXTERNAL AUDITORS REPORT ON CORPORATE GOVERNANCE

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LESHA BANK L.L.C. (PUBLIC)

Reporting on the Compliance with the Qatar Financial Markets Authority's Law and relevant legislations including the Governance Code for Companies & Legal Entities Listed on the Main Market

Introduction

In accordance with Article 24 of the Governance Code for Companies & Legal Entities Listed on the Main Market issued by the Qatar Financial Markets Authority (QFMA) Board pursuant to Decision No. (5) of 2016, we have carried out a limited assurance engagement over the Board of Directors' assessment of compliance of Lesha Bank L.L.C. (Public) (the "Bank") with the QFMA's law and relevant legislations including the Governance Code for Companies & Legal Entities Listed on the Main Market as at 31 December 2023.

Responsibilities of the Board of Directors and Those Charged with Governance

The Board of Directors of the Bank is responsible for preparing the 'Corporate Governance Report' that covers at the minimum the requirements of Article 4 of the Governance Code for Companies & Legal Entities Listed on the Main Market issued by the QFMA's Board pursuant to Decision No. (5) of 2016 (the "Code") as included in the Annual Report 2023.

In the Corporate Governance Report, the Board of Directors present their statement on compliance with the QFMA's law and relevant legislations including the Code.

In addition, the Board of Directors of the Bank is responsible for the design, implementation and maintenance of adequate internal controls that would ensure the orderly and efficient conduct of its business, including:

- adherence to Bank's policies;
- the safeguarding of its assets;
- the prevention and detection of frauds and errors;
- the accuracy and completeness of the accounting records;
- the timely preparation of reliable financial information; and compliance with applicable laws and regulations, including the QFMA's law and relevant legislations and the Governance Code for Companies & Legal Entities Listed on the Main Market issued by the QFMA's Board pursuant to Decision No. (5) of 2016.

Our Responsibilities

Our responsibility is to issue a limited assurance conclusion on whether anything has come to our attention that causes us to believe that the Corporate Governance Report on compliance with the QFMA's law and relevant legislations including the provisions of the Code do not present fairly, in all material respects, the Bank's compliance with the QFMA's law and relevant legislations including the provisions of the Code, based on our limited assurance procedures.

We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board ('IAASB'). This standard requires that we plan and perform our procedures to obtain limited assurance about whether anything has come to our attention that causes us to believe that the Corporate Governance Report with the QFMA law and relevant legislations including the Code, taken as a whole, is not prepared in all material respects in accordance with the Code.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. We did not perform any additional procedures that would have been required if this were to be a reasonable assurance engagement.

Our limited assurance procedures comprise mainly of inquiries of management to obtain an understanding of the processes followed to identify the requirements of the QFMA law and relevant legislations including the Code (the "Requirements"); the procedures adopted by management to comply with these Requirements; and the methodology adopted by management to assess compliance with these Requirements. When deemed necessary, we observed evidences gathered by management to assess compliance with the Requirements.

Our limited assurance procedures do not involve assessing the qualitative aspects or effectiveness of the procedures adopted by management to comply with the Requirements. Therefore, we do not provide any assurance as to whether the procedures adopted by management were functioning effectively to achieve the objectives of the QFMA's law and relevant legislations, including the Code.

Inherent Limitations

Non-financial information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information.

Many of the procedures followed by entities to adopt governance and legal requirements depend on the personnel applying the procedure, their interpretation of the objective of such procedure, their assessment of whether the compliance procedure was implemented effectively, and in certain cases would not maintain audit trail. It is also noticeable that the design of compliance procedures would follow best practices that vary from one entity to another and from one country to another, which do not form a clear set of criteria to compare with.

Our Independence and Quality Control

In carrying out our work, we have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code") issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour and the ethical requirements that are relevant in the State of Qatar. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

EY also applies International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services* engagements, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Bank's Annual Report 2023, but does not include the Corporate Governance Report on compliance with QFMA's law and relevant legislations including the Code, and our report thereon.

Our conclusion on the Corporate Governance Report does not cover the other information and we do not and will not express any form of assurance conclusion thereon. We have been engaged by the Bank to provide a separate reasonable assurance report on the Management's Report on Internal Control over Financial Reporting, included within the other information..

In connection with our engagement of the Corporate Governance Report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the Corporate Governance Report or our knowledge obtained in the engagement, or otherwise appears to be materially misstated.

If, based on the work we have performed, on the other information that we obtained prior to the date of this report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the complete Annual Report 2023, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Conclusion

Based on our limited assurance procedures, nothing has come to our attention that causes us to believe that the Corporate Governance Report on compliance with QFMA's law and relevant legislations including the Code do not present fairly, in all material respects, the Bank's compliance with the QFMA's law and relevant legislations including the Code.



Ahmed Sayed
of Ernst & Young
Auditor's Registration No. 326

Doha, State of Qatar
Date: 14 February 2024

12. EXTERNAL AUDITORS REPORT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING

INDEPENDENT ASSURANCE REPORT TO THE SHAREHOLDERS OF LESHA BANK L.L.C. (PUBLIC)

Report on the Description of the Processes and Internal Controls and Suitability of the Design, Implementation and Operating Effectiveness of Internal Controls over Financial Reporting

Introduction

In accordance with Article 24 of the Governance Code for Companies & Legal Entities Listed on the Main Market Issued by the Qatar Financial Markets Authority ("QFMA") Board pursuant to Decision No. (5) of 2016, we have carried out a reasonable assurance engagement over the Board of Directors' description of the processes and internal controls and assessment of suitability of the design, implementation and operating effectiveness of Lesha Bank L.L.C. (Public) (the "Bank's") and its subsidiaries (together referred to as the "Group's") internal controls over financial reporting as at 31 December 2023.

Responsibilities of the Board of Directors and Those Charged with Governance

The Board of Directors of the Bank is responsible for preparing the accompanying Management's Assessment of Internal Control over Financial Reporting that covers at the minimum the requirements of Article 4 of the Governance Code for Companies & Legal Entities Listed on the Main Market issued by the QFMA's Board pursuant to Decision No. (5) of 2016 (the 'Code').

The Board of Directors present in their Corporate Governance Report 2023, the Management's Assessment of Internal Control over Financial Reporting, which includes:

- the Board of Directors' assessment of the suitability of design, implementation and operating effectiveness of internal control framework over financial reporting;
- the description of the process and internal controls over financial reporting for the processes of treasury, private equity investments, private banking, human resources and payroll, general ledger and financial reporting and entity-level controls;
- the control objectives; identifying the risks that threaten the achievement of the control objectives;
- designing and implementing controls that are operating effectively to achieve the stated control objectives; and
- identification of control gaps and failures; how they are remediated; and procedures set to prevent such failures or to close control gaps.

The Board of Directors is responsible for establishing and maintaining internal financial controls based on the criteria of framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO framework").

These responsibilities include the design, implementation, operation and maintenance of adequate internal financial controls that if operating effectively would ensure the orderly and efficient conduct of its business, including:

- adherence to Bank's policies;
- the safeguarding of its assets;
- the prevention and detection of frauds and errors;
- the accuracy and completeness of the accounting records;
- the timely preparation of reliable financial information; and
- compliance with applicable laws and regulations, including the QFMA's law and relevant legislations and the Governance Code for Companies & Legal Entities Listed on the Main Market issued by the QFMA's Board pursuant to Decision No. (5) of 2016.

Our Responsibilities

Our responsibilities are to express a reasonable assurance opinion on the fairness of the presentation of the "Board of Directors' description and on the suitability of the design, implementation and operating effectiveness of the Bank's internal controls over financial reporting of Significant Processes" presented in Management's Assessment of Internal Controls over Financial Reporting in the Corporate Governance Report 2023 to achieve the related control objectives stated in that description based on our assurance procedures.

We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board ('IAASB'). This standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the Board of Directors' description of the processes and internal controls over financial reporting is fairly presented and the internal controls were suitably designed, implemented and operating effectively, in all material respects, to achieve the related control objectives stated in the description.

An assurance engagement to issue a reasonable assurance opinion on the description of the processes and internal controls and the design, implementation and operating effectiveness of internal controls over financial reporting at an organization involves performing procedures to obtain evidence about the fairness of the presentation of the description of the processes and internal controls and the suitability of design, implementation and operating effectiveness of the controls. Our procedures on internal controls over financial reporting included, for all significant processes:

- obtaining an understanding of internal controls over financial reporting for all significant processes;

- assessing the risk that a material weakness exists; and testing and evaluating the design, implementation and operating effectiveness of internal control based on the assessed risk.

A process is considered significant if a misstatement due to fraud or error in the stream of transactions or financial statement amount would reasonably be expected to affect the decisions of the users of financial statements. For the purpose of this engagement, the processes that were determined as significant are: treasury, private equity investments, private banking, human resources and payroll, general ledger and financial reporting and entity-level controls..

In carrying out our engagement, we obtained understanding of the following components of the control system:

1. Control environment
2. Risk assessment
3. Control activities
4. Information and communication
5. Monitoring

The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the suitability of design, implementation and operating effectiveness, whether due to fraud or error. Our procedures also included assessing the risks that the Board of Directors' description of the processes and internal controls is not fairly presented and that the controls were not suitably designed, implemented and operating effectively to achieve the related control objectives stated in the Management's Assessment of Internal Controls over Financial Reporting presented in the Corporate Governance Report 2023.

An assurance engagement of this type also includes evaluating Board of Directors' assessment of the suitability of the control objectives stated therein. It further includes performing such other procedures as considered necessary in the circumstances.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion on the Bank's internal control system over financial reporting.

Meaning of Internal Controls over Financial Reporting

An entity's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards. An entity's internal control over financial reporting includes those policies and procedures that:

- 1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity;
- 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with the generally accepted accounting principles, and that receipts and expenditures of the entity are being made only in accordance with authorizations of the management of the entity; and

3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements, which would reasonably be expected to impact the decisions of the users of financial statements.

Inherent limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information.

Because of the inherent limitations of internal controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Therefore, internal controls over financial reporting may not prevent or detect all errors or omissions in processing or reporting transactions and consequently cannot provide absolute assurance that the control objectives will be met..

In addition, projections of any evaluation of the internal controls over financial reporting to future periods are subject to the risk that the internal control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Furthermore, the controls activities designed, implemented and operated during the period covered by our assurance report will not have retrospectively remedied any weaknesses or deficiencies that existed in relation to the internal controls over financial reporting prior to the date those controls were placed in operation.

Many of the procedures followed by entities to adopt governance and legal requirements depend on the personnel applying the procedure, their interpretation of the objective of such procedure, their assessment of whether the compliance procedure was implemented effectively, and in certain cases would not maintain audit trail. It is also noticeable that the design of compliance procedures would follow best practices that vary from one entity to another and from one country to another, which do not form a clear set of criteria to compare with.

Our Independence and Quality Control

In carrying out our work, we have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code") issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour and the ethical requirements that are relevant in State of Qatar. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

EY also applies International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Corporate Governance Report, but does not include the Management's Assessment of Internal Control Framework over Financial Reporting, and our report thereon.

Our conclusion on the Management's Assessment of Internal Control Framework over Financial Reporting does not cover the other information and we do not and will not express any form of assurance conclusion thereon. We have been engaged by the Bank to provide a separate limited assurance report on the compliance with the Qatar Financial Markets Authority's Law and relevant legislations including the Governance Code, for Companies & Legal Entities Listed on the Main Market Issued by the Qatar Financial Markets Authority (QFMA) Board pursuant to Decision No. (5) of 2016, to be included within the other information.

In connection with our engagement on the Management's Assessment of Internal Control Framework over Financial Reporting, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the Management's Assessment of Internal Control Framework over Financial Reporting or our knowledge obtained in the engagement, or otherwise appears to be materially misstated.

If, based on the work we have performed, on the other information that we obtained prior to the date of this report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the complete Corporate Governance Report 2023, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Conclusion

In our opinion, based on the results of our reasonable assurance procedures:

- a) the Management's Assessment of Internal Control over Financial Reporting presents fairly the Bank's system that had been designed as at 31 December 2023; and
- b) the controls related to the control objectives were suitably designed, implemented and operating effectively as at 31 December 2023,

in all material respects, based on the COSO framework.



Ahmed Sayed
Of Ernst & Young
Auditor's Registration No.: 326

Date: 18 February 2024
Doha

13. BOARD OF DIRECTORS ASSESSMENT OF CORPORATE GOVERNANCE REVIEW AND INTERNAL CONTROL

Based on the disclosures made in the report and the corporate governance review made by the NRCGC, the Board of Directors of Lesha Bank concludes that the Bank is compliant, in all material respects, with the applicable Governance Regulations as at 31 December 2023.

Signed on behalf of the Board of Directors by:



Sheikh Faisal bin Thani Al Thani
Chairman of the Board

BOARD OF DIRECTORS REPORT

In reflection of the transition from QFB to Lesha Bank on October 2nd, 2022, a pivotal milestone in our journey, we are pleased to report a successful continuation of momentum into 2023. Despite the challenges posed by global socio-economic developments, Lesha Bank achieved a net profit of QAR 94.4 million. This success speaks volumes about our robust financial position, effective wealth management strategies, and a solid market presence, with Total Assets Under Management (AUM) maintaining a steady value of QAR 6.2 billion, a crucial indicator of our resilience.

In 2023, Lesha Bank maintained focus on its strategic vision, embodied in the threefold approach of 'Evolve, Scale, Move.' Our strategic evolution involved screening for profitable AUM-centric investment opportunities, while scaling operations embraced standardization and automation for enhanced productivity. Moving forward, we studied the viability of new Shari'a-compliant revenue streams, aiming to expand our Wealth Management platform, diversify product offerings, and reinforce our position as a dynamic, client-centric financial institution.

With the recent appointment of Mr. Mohammed Ismail Al Emadi as our new CEO, boasting over 16 years of top-level banking experience, Lesha Bank eagerly anticipates embarking on its third year with renewed vigor, ambition, and positive expectations. Mr. Al Emadi's proven track record of sustained growth and robust profitability aligns seamlessly with Lesha Bank's commitment to excellence, ensuring a promising future as we continue navigating challenges and advancing towards our milestones.

Sincerely,



Sheikh Faisal bin Thani Al Thani
Chairman of the Board

On Behalf of its Members

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
LESHA BANK LLC (PUBLIC)**
Report on the audit of the consolidated financial statements

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OPINION

We have audited the consolidated financial statements of Lesha Bank L.L.C. (Public) (the "Bank" or "Parent") and its subsidiaries (collectively the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of income, consolidated statement of changes in owners' equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information .

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023 and its consolidated financial performance, and its consolidated cash flows for the year then ended in accordance with Financial Accounting Standards (FAS) issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) as modified by the Qatar Financial Centre Regulatory Authority (QFCRA).

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the State of Qatar, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key Audit Matter	How our audit addressed the key audit matter	Auditor's responsibilities for the audit of the consolidated financial statements
Impairment of financing assets (continued) <p>At 31 December 2023, the Group's gross financing assets amounted to QAR 427 million (2022: QAR 541 million) and the total provision for impairment on the financing assets amounted to QAR 339 million (2022: QAR 336 million).</p> <p>The process for estimating impairment provision on credit risk associated with financing assets in accordance with FAS 30 Impairment, Credit Losses and Onerous Commitments involves significant judgement.</p> <p>FAS 30 requires use of the Expected Credit Loss ("ECL") model for the purposes of calculating impairment provision. ECL model requires the Group to exercise significant judgement using subjective assumptions when determining both the timing and the amounts of ECL for financing assets. The assumptions regarding the economic outlook are more uncertain which increases the level of judgment required by the Group in calculating the ECL. Due to the complexity of requirements under FAS 30, and the current situation, significance of judgements applied and the Group's exposure to financing assets forming a major portion of the Group's performance, the audit of ECL for financing assets is a key audit matter.</p> <p>Refer to the notes to financial statements for:</p> <ul style="list-style-type: none"> • Note 4 - Significant accounting policy • Note 5 - Use of estimates and judgements • Note 26.6.5 - Inputs, assumptions and techniques used for estimating impairment 	<p>Our audit approach included testing the controls associated with the relevant processes for estimating the ECL and performing substantive procedures on such estimates. We involved our internal specialist where their specific expertise was required. Our key audit procedures were as follows:</p> <ul style="list-style-type: none"> • We obtained understanding of the Group's ECL policy and the design of the controls and tested the operating effectiveness of relevant controls and governance around it. • We have checked the completeness of the data used as input for the ECL model and the mathematical accuracy through the model processes. • We assessed: <ul style="list-style-type: none"> • the Group's ECL policy including the criteria of staging and significant increase in credit risk with the requirements of FAS 30; • the Group's forward-looking economic variables by comparing them on a sample basis against supporting evidences, where applicable; and • the basis of determination of the management overlays against the requirements of the Group's ECL policy. • For a sample of exposures, we performed procedures to evaluate: <ul style="list-style-type: none"> • appropriateness of exposure at default, probability of default and loss given default in the calculation of ECL; • timely identification of exposures with a significant increase in credit risk and appropriateness of the Group's staging; and the ECL calculation. • Assessed the impairment allowance for individually impaired financing assets (stage 3) in accordance with FAS 30. • Assessed the adequacy of the Group's disclosures in relation to FAS 30 by reference to the requirements of the relevant financial reporting standards. 	<p>Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.</p> <p>As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:</p> <ul style="list-style-type: none"> • Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. • Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. • Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management. • Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern. • Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation. • Obtain sufficient appropriate audit evidence regarding

Other information included in the Group's 2023 Annual Report

Other information consists of the information included in the Group's Annual Report, other than the Group's consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's 2023 Annual Report is expected to be made available to us after the date of this auditor's report. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Responsibilities of the management and the Board of Directors for the consolidated financial statements

The management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with FAS issued by AAOIFI as modified by the QFCRA, and for such internal control as the management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied .

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Furthermore, in our opinion, the consolidated financial statements provide the information required by the Qatar Financial Centre Authority Regulations and the Bank's Articles of Association. We are also of the opinion that proper books of account were maintained by the Bank. We have obtained all the information and explanations we required for the purpose of our audit, and are not aware of any violations of the above mentioned regulations or the Articles of Association having occurred during the year, which might have had a material adverse effect on the Bank's financial position or performance.

Ahmed Sayed
of Ernst & Young
Auditor's Registration No. 326

Doha, State of Qatar
Date: 24 January 2024

LESHA BANK LLC (PUBLIC)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023 (EXPRESSED IN QAR'000)

	Notes	31 December 2023	31 December 2022
ASSETS			
Cash and bank balances	6	2,962,937	2,368,489
Investments carried at amortised cost	7	100,666	174,230
Investment in funds carried at fair value		273,410	239,735
Financing assets	8	88,387	204,725
Investments carried at fair value	9	2,066,309	1,384,339
Investments in real estate	10	264,262	225,368
Fixed assets	11	17,396	21,562
Intangible assets	12	2,554	1,951
Assets held-for-sale	13	387,303	403,480
Other assets	14	144,849	225,917
TOTAL ASSETS		6,308,073	5,249,796
LIABILITIES, EQUITY OF UNRESTRICTED INVESTMENT ACCOUNT HOLDERS AND EQUITY			
Liabilities			
Financing liabilities	15	1,862,616	742,049
Customers' balances		129,904	310,317
Liabilities held-for-sale	13	112,220	149,987
Other liabilities	16	149,229	181,843
Total Liabilities		2,253,969	1,384,196
Equity of Unrestricted Investment Account Holders			
Equity			
Share capital	18	1,120,000	1,120,000
Share premium		80,003	80,003
Other reserve	18	9,439	-
Investments fair value reserve		(3,237)	(14,733)
Retained earnings / (accumulated losses)		30,206	(52,383)
Total Equity Attributable to Shareholders of the Bank		1,236,411	1,132,887
Non-controlling interest		(9,402)	(12,216)
Total Equity		1,227,009	1,120,671
TOTAL LIABILITIES, EQUITY OF UNRESTRICTED INVESTMENT ACCOUNT HOLDERS AND EQUITY		6,308,073	5,249,796

These consolidated financial statements were authorised for issuance by the Board of Directors on 24 January 2024 and signed on its behalf by:

Faisal bin Thani Al Thani
Chairman

Mohammed Ismail Al Emadi
Chief Executive Officer

The attached notes are an integral part of these consolidated financial statements.

LESHA BANK LLC (PUBLIC)
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023 (EXPRESSED IN QAR'000)

	Notes	31 December 2023	31 December 2022	For the year ended
CONTINUING OPERATIONS				
INCOME				
Income from financing assets			11,422	9,862
Income from placements with financial institutions			133,012	29,060
Profit on the financing liabilities			(55,694)	(6,316)
Net income from financing assets			88,740	32,606
Fee income	19	60,935	64,682	
Dividend income		20,823	15,382	
Profit on Sukuk investments		72,597	30,298	
Gain/ (loss) on re-measurement of investments at fair value through income statement			5,869	(26,898)
Fair value loss on re-measurement of investments in real estate			-	(1,000)
Loss on disposal of sukuk investments			-	(1,523)
Gain on disposal of equity investments	9.2	7,387	25,657	
Loss on settlement of financing assets	8	-	-	(1,508)
Net foreign exchange gain			7,668	9,467
Other income, net	20	24,011	20,621	
Total Income Before Return To Unrestricted Investment Account Holders		288,030	167,784	
Return to unrestricted investment account holders		(92,970)	(52,144)	
TOTAL INCOME		195,060	115,640	
EXPENSES				
Staff costs			(66,076)	(58,817)
Depreciation and amortisation	11 & 12		(6,129)	(5,172)
Other operating expenses	21		(21,057)	(41,764)
TOTAL EXPENSES			(93,262)	(105,753)
(Provision for) / reversal of impairment on financing assets, net of recoveries	26		(1,840)	61,375
Reversal of impairment on other financial assets	26		2,706	9,425
PROFIT BEFORE INCOME TAX			102,664	80,687
Income tax expense			-	-
NET PROFIT FROM CONTINUING OPERATIONS			102,664	80,687
DISCONTINUED OPERATIONS				
(Loss) / profit from discontinued operations, net of tax	13		(6,173)	3,797
NET PROFIT FOR THE YEAR			96,491	84,484
Attributable to:				
Equity holders of the Bank			94,388	75,470
Non-controlling interest			2,103	9,014
Attributable to:			96,491	84,484
Basic/diluted profit per share from continuing operations - QAR	22		0.091	0.083
Basic/diluted loss per share from discontinued operations - QAR	22		(0.007)	(0.005)
Basic/diluted profit per share - QAR	22		0.084	0.078

The attached notes are an integral part of these consolidated financial statements.

LESHA BANK LLC (PUBLIC)
CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023 (EXPRESSED IN QAR'000)

	Share capital	Share premium	Other reserve	Investments fair value reserve	Retained earnings / (accumulated losses)	Total equity attributable to equity holders of the Bank	Non-controlling interests	Total equity			
Balance at 1 January 2023	1,120,000	80,003	-	(14,733)	(52,383)	1,132,887	(12,216)	1,120,671			
Net profit for the year	-	-	-	-	94,388	94,388	2,103	96,491			
Transfer to other reserve	-	-	9,439	-	(9,439)	-	-	-			
Fair value adjustments	-	-	-	11,496	-	11,496	-	11,496			
Social and Sport funds contribution	-	-	-	-	(2,360)	(2,360)	-	(2,360)			
Net change in non-controlling interests	-	-	-	-	-	-	711	711			
Balance at 31 December 2023	1,120,000	80,003	9,439	(3,237)	30,206	1,236,411	(9,402)	1,227,009			
Balance at 1 January 2022	700,000	203	-	(1,588)	(125,966)	572,649	(22,891)	549,758			
Increase in share capital	420,000	-	-	-	-	420,000	-	420,000			
Increase in share premium	-	84,000	-	-	-	84,000	-	84,000			
Expenses on issuances of right issue	-	(4,200)	-	-	-	(4,200)	-	(4,200)			
Net profit for the year	-	-	-	-	75,470	75,470	9,014	84,484			
Fair value adjustments	-	-	-	(13,145)	-	(13,145)	-	(13,145)			
Social and Sport funds contribution	-	-	-	-	(1,887)	(1,887)	-	(1,887)			
Net change in non-controlling interests due to:											
- Real Estate Structures	-	-	-	-	-	-	1,661	1,661			
Balance at 31 December 2022	1,120,000	80,003	-	(14,733)	(52,383)	1,132,887	(12,216)	1,120,671			

The attached notes are an integral part of these consolidated financial statements.

LESHA BANK LLC (PUBLIC)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023 (EXPRESSED IN QAR'000)

			For the year ended
			31 December 2023 31 December 2022
OPERATING ACTIVITIES			
Net profit from continuing operations			102,664 80,687
Net (loss)/ profit from discontinued operations before tax			(6,173) 3,797
Net profit for the year			96,491 84,484
Adjustments for non-cash items			
Depreciation and amortisation			6,129 5,172
Loss on disposal of Fixed assets			24 220
Unrealised (gain) / loss on equity investments			(5,869) 26,898
Unrealised loss on Shari'a-compliant risk management instruments, net			19,985 6,770
Unrealised fair value loss on investment in real estate			- 1,000
Provision for / (reversal of) impairment on financing assets, net			1,840 (61,375)
Reversal of impairment on other financial assets			(2,706) (9,425)
			115,894 53,744
Changes in:			
Financing assets			114,498 245,386
Assets held-for-sale			16,177 (88,161)
Other assets			81,014 (193,331)
Customers' balances			(180,413) 173,792
Liabilities held-for-sale			(37,767) (17,024)
Other liabilities			(49,101) 91,195
Net cash from operating activities			60,302 265,601
INVESTING ACTIVITIES			
Purchase of fixed assets & intangible			11 & 12 (2,819) (14,602)
Proceeds from disposal of fixed assets			74 81
Investments carried at amortised cost			73,145 (91,725)
Investment in funds carried at fair value			(33,675) (154,004)
Investment carried at fair value			(680,373) (1,016,626)
Investments in real estate			(25,000) -
Net change in cash and bank balances with maturity of more than 90 days			(691,423) (342,339)
Net cash used in investing activities			(1,360,071) (1,619,215)
FINANCING ACTIVITIES			
Net change in financing liabilities			1,120,567 214,525
Net change in equity of unrestricted investment account holders			82,166 1,005,577
Net proceeds from right issue			- 499,800
Net change in non-controlling interest			711 1,661
Net cash from financing activities			1,203,444 1,721,563
Net (decrease) / increase in cash and cash equivalents			(96,325) 367,949
Cash and cash equivalents at the beginning of the year			6 1,989,167 1,621,218
Cash and cash equivalents at the end of the year			6 1,892,842 1,989,167

LESHA BANK LLC (PUBLIC)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023 (EXPRESSED IN QAR'000)

1. REPORTING ENTITY

Lesha Bank L.L.C (Public) ("the Bank" or "the Parent" or "Lesha Bank") is an Islamic bank, which was established in the State of Qatar as a limited liability company under license No.00091, dated 4 September 2008, from the Qatar Financial Centre Authority. The Bank is authorised to conduct the following regulated activities by the Qatar Financial Centre Regulatory Authority (the "QFCRA"):

- Deposit taking;
- Providing credit facilities;
- Dealing in investments;
- Arranging deals in investments;
- Arranging credit facilities;
- Providing custody services;
- Arranging the provision of custody services;
- Managing investments;
- Advising on investments; and
- Operating a collective investment fund.

All the Bank's activities are regulated by the QFCRA and are conducted in accordance with Islamic Shari'a principles, as determined by the Shari'a Supervisory Board of the Bank and in accordance with the provisions of its Articles of Association. The Bank operates through its head office located on 4th Floor, Tornado Tower, West Bay, Doha, State of Qatar. The Bank's issued shares are listed for trading on the Qatar Exchange effective from 27 April 2016 (ticker: "QFBQ").

The consolidated financial statements of the Bank for the year ended 31 December 2023 comprise the Bank and its subsidiaries (together referred to as "the Group" and individually as "Group entities"). The Parent Company / Ultimate Controlling Party of the Group is Lesha Bank L.L.C (Public). The Bank had the following subsidiaries as at 31 December 2023 and 31 December 2022:

Subsidiaries	Activity	Effective ownership as at			
		31 December 2023	31 December 2022	Year of incorporation	Country
Isnad for Catering & Services QSCC ¹	Catering	-	75.0%	2012	Qatar
QFB Money Market Fund 1	Money market fund	100.0%	100.0%	2015	Cayman Islands
QFB Tech Fund Ltd.	Investments	100.0%	100.0%	2021	Cayman Islands
Astor Properties Finance Limited.*	Financing	29.0%	29.0%	2017	Jersey
Astor Properties Holdings Limited.*	Holding company	29.0%	29.0%	2017	Jersey
Umm Slal four Accommodation LLC	Construction	70.0%	70.0%	2017	Qatar
3130 Fairview GEG, LLC*	Owning and leasing real estate	97.6%	97.0%	2019	USA
Fairview Investor Corp.*	Leasing real estate	97.6%	97.0%	2019	USA
QFB Investments I Ltd.	Investments	100.0%	100.0%	2022	Cayman Islands
QFB Private Equity Ltd.	Investments	100.0%	100.0%	2022	Cayman Islands
LB RE Equity Fund 1	Investments	100.0%	-	2023	Cayman Islands
QFB Information Technologies LLC	Investments	100.0%	100.0%	2022	Qatar
QFB Shari'a-Compliant Global PE FoF2	Investments	100.0%	100.0%	2022	Cayman Islands
QFB Hospitality Ltd.	Investments	100.0%	100.0%	2022	Cayman Islands
LB Credit Fund 1 ²	Investments	100.0%	100.0%	2022	Cayman Islands

* These subsidiaries are related to investment products offered to customers. Refer to Note 13.1.

¹The company has been liquidated.

²Formerly known as QFB Sharia-Compliant Global Real Estate Fund of Funds.

2. BASIS OF PREPARATION

Statement of Compliance

The consolidated financial statements of the Group have been prepared in accordance with Financial Accounting Standards ("FAS") issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI") as amended by applicable QFCRA rules. In line with the requirements of AAOIFI, for matters that are not covered by FAS, the Group uses the guidance from the relevant International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB").

Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention except for investment securities classified as Investments at fair value through equity, Investments at fair value through income statement, Shari'a-compliant-risk-management instruments and certain Investment in real estate are carried at fair value.

Functional and presentational currency

The consolidated financial statements are presented in Qatari Riyals ("QAR"), which is the Bank's functional and presentational currency, and all values are rounded to the nearest QAR thousand except when otherwise indicated. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with FAS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are described in Note 5.

LESHA BANK LLC (PUBLIC)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023 (EXPRESSED IN QAR'000)

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The significant accounting policies adopted in the preparation of the consolidated financial statements are consistent with those used in the preparation of the consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following standards and amendments to standards effective from 1 January 2023.

3.1 New standards and interpretations adopted

3.1.1 FAS 39 - Financial Reporting for Zakah

AAOIFI has issued FAS 39 in 2021. This standard improves upon and supersedes FAS 9 on "Zakah" and aims at setting out the accounting treatment of Zakah in the books of the institutions, including the presentation and disclosure by an Islamic financial institution. The accounting and financial reporting requirements such as recognition, presentation and disclosure requirements of this standard shall apply to institutions that are obliged to pay Zakah on behalf of certain or all stakeholders. Institutions that are not obliged to pay Zakah shall apply the disclosure requirements of this standard for certain or all stakeholders, as relevant.

The adoption of this standard does not have any impact on the Group's consolidated financial statements.

3.1.2 FAS 41 Interim Financial report

This standard prescribes the principles for the preparation of condensed interim financial information and the relevant presentation and disclosure requirements, emphasizing the minimum disclosures specific to Islamic financial institutions in line with various financial accounting standards issued by AAOIFI. This standard is also applicable to the institutions which prepare a complete set of financial statements at interim reporting dates in line with the respective FASs.

The Group adopted this standard for the basis of preparation of its consolidated condensed interim financial information. The adoption of this standard did not have any significant impact on the Group's interim financial information.

3.2 New standards, amendments and interpretations issued but not yet effective and not early adopted

3.2.1 FAS 1 (Revised 2021) - General Presentation and Disclosures in the Financial Statements

AAOIFI has issued a revised FAS 1 in 2021. The revised FAS 1 supersedes the earlier FAS 1 General Presentation and Disclosures in the Financial Statements of Islamic Banks and Financial Institutions and introduces the concepts of quasi-equity, off-balance-sheet assets under management and other comprehensive income to enhance the information provided to the users of the financial statements.

The Accounting Board (AAB) of Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) decide to defer the effective date of the recently issued AAOIFI FAS 1 "General Presentation and Disclosures in the Financial Statements" from 1 January 2023 to 1 January 2024. It also concluded that early adoption of the standard shall be encouraged.

3.2.2 FAS 40 - Financial Reporting for Islamic Finance Windows

AAOIFI has issued FAS 40 in 2021. The objective of this revised standard is to establish financial reporting requirements for Islamic finance windows and applicable to all conventional financial institutions providing Islamic financial services through an Islamic finance window. This standard improves upon and supersedes FAS 18 "Islamic Financial Services Offered by Conventional Financial Institutions". This standard is effective from financial periods beginning on or after 1 January 2024 with early adoption permitted.

The standard does not have any impact on these consolidated financial statements as it is applicable to Islamic finance windows.

QFCRA regulations with respect to accounting treatment of equity investments at fair value through equity.

QFCRA issued an instruction dated 4 October 2020 on accounting treatment for investments in equity instruments to ensure that harmonisation is achieved between QFCRA-regulated conventional banks and Islamic banks.

Key changes in accounting of equity-type investments classified as fair value through equity:

Subsequent measurement

FAS 33's exemption to carry equity investments at cost less impairment, when a reliable measure of fair value on a continuous basis cannot be determined, was removed.

Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value and are reported as part of fair value reserve within equity statement.

Cumulative gains and losses recognised as part of fair value reserve within equity are transferred to retained earnings on disposal of equity investments at fair value through equity.

The regulation is effective from the financial reporting beginning on or after 1 January 2020.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the consolidated financial statements are set out below:

4.1 Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Basis of consolidation

The consolidated financial statements comprise of the financial statements of the Bank and its subsidiaries. All intra-group balances, transactions, income and expenses and unrealised profits and losses resulting from intra-group transactions are eliminated in full on the consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Business combinations are accounted for using the acquisition Ztransferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in the consolidated income statement immediately. Transaction costs are expensed as incurred, except if they are related to the issue of debt or equity securities.

Non-controlling interests

Interests in the equity of subsidiaries not attributable to the parent are reported in consolidated statement of financial position in owners' equity as non-controlling interests. Profits or losses attributable to non-controlling interests are reported in the consolidated income statement as profits or losses attributable to non-controlling interests. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in owners' equity. Gains or losses on disposals to non-controlling interests are also recorded in owners' equity.

4.2 Foreign currencies

Transactions and balances

Transactions in foreign currencies are translated into Qatari Riyals at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Qatari Riyals at the rates ruling at the date of consolidated financial position.

All differences from gains and losses resulting from settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement. Non-monetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency, including equity investments, are translated using the exchange rates at the date when the fair value was determined. Effects of exchange rate changes on non-monetary items measured at fair value in a foreign currency are recorded as part of the fair value gain or loss.

Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a local currency different from the presentational currency are translated as follows:

- Assets and liabilities for each financial position presented are translated at the closing rate at the date of that financial position,
- Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- All resulting exchange differences are recognised as a separate component of the consolidated statement of changes in owners' equity.

LESHA BANK LLC (PUBLIC)
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AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023 (EXPRESSED IN QAR'000)

4.3 Financial assets and liabilities

Recognition

Financial assets and liabilities are recognised on the trade date at which the Group becomes a party of the contractual provisions of the instruments..

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the right to receive cash flows from the asset has expired; or
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its right to receive cash flows from the asset and either: (a) has transferred substantially all the risks and rewards of the assets, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

Financial assets and financial liabilities are only offset, and the net amounts reported in the consolidated statement of financial position when there is a legally enforceable right to set off the recognised amounts and the Group intends to either settle these on a net basis or intends to realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Bank or the counterparty.

4.4 Cash and cash equivalents

Cash and cash equivalents as referred to in the consolidated statement of cash flows comprise of cash and balances with banks and amounts of placements with financial institutions with an original maturity of three months or less. Placements with financial institutions comprise placements with banks in the form of Wakala and Murabaha investments. They are stated at cost plus related accrued profit and net of provision for impairment, if any.

4.5 Due from banks

Due from banks represent amounts of placements with financial institutions with an original maturity more than three months. Due from banks placements are invested under Wakala, Murabaha and Mudaraba terms. They are stated at cost plus related accrued profit and net of provision for impairment, if any.

4.6 Investments carried at amortised cost

Investments in Sukuk are carried at amortised cost when the investment is managed on a contractual yield basis and its performance is evaluated on the basis of contractual cash flows. These investments are measured initially at fair value plus transaction costs. Premiums or discounts are then amortised over the investment's life using effective profit method less reduction for impairment, if any.

Gain on disposal of investment carried at amortised cost is recognised when substantially all risks and rewards of ownership of these assets are transferred and equals to the difference between fair value of proceeds and the carrying amount at time of de-recognition.

4.7 Financing assets

Financing activities comprise Murabaha and Ijarah contracts:

Due from Murabaha contracts

Murabaha receivables are stated at their gross principal amounts less any amount received, provision for impairment, profit in suspense and unearned profit. These receivables are written off and charged against specific provisions only in circumstances where all reasonable restructuring and collection activities have been exhausted, any recoveries from previously written off financing activities are written back to the specific provision. The Group considers the promise made in Murabaha to the purchase orderer as obligatory.

Due from Ijarah contracts

Ijarah receivables arise from financing structures when the purchase and immediate lease of an asset are at cost plus an agreed profit (in total forming fair value). The amount is settled on a deferred payment basis. Ijarah receivable are carried at the aggregate of the minimum lease payments, less deferred income (in total forming amortised cost) and impairment allowance (if any). Ijarah income is recognised on time-apportioned basis over the lease period. Income related to non-performing accounts is excluded from the consolidated income statement.

4.8 Investments at fair value

Equity investments comprise the following:

4.8.1 Investments carried at fair value

Equity type instruments are investments that do not exhibit the feature of debt type instruments and include instruments that evidence a residual interest in the assets of an entity after deducting all its liabilities.

i. Classification

Investments in equity type instruments are classified into the following categories: 1) at fair value through income statement or 2) at fair value through equity.

Equity-type investments classified and measured at fair value through income statement include investments held for trading or designated at fair value through income statement.

An investment is classified as held for trading if acquired or originated principally for the purpose of generating a profit from short-term fluctuations in price or dealer's margin. Any investments that form part of a portfolio where there is an actual pattern of short-term profit taking are also classified as 'held for trading'. Equity-type investments designated at fair value through income statement include investments, which are managed and evaluated internally for performance on a fair value basis. On initial recognition, the Group makes an irrevocable election to designate certain equity instruments that are not designated at fair value through income statement to be classified as investments at fair value through equity.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. On initial recognition of an associate, the Group makes an accounting policy choice as to whether the associate shall be equity accounted or designated as at fair value through income statement. The Group makes use of the exemption in FAS 24 - Investment in Associates for venture capital organisation and designates certain of its investment in associates, as 'investments carried at fair value through income statement'. These investments are managed, evaluated and reported internally on a fair value basis.

4.8.1 Investments carried at fair value (continued)

ii. Recognition and de-recognition

Investment securities are recognised at the trade date i.e. the date that the Group contracts to purchase or sell the asset, at which date the Group becomes party to the contractual provisions of the instrument.

Investment securities are derecognised when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risk and rewards of ownership.

iii. Measurement

Initial recognition

Investment securities are initially recognised at fair value plus transaction costs, except for transaction costs incurred to acquire investments at fair value through income statement which are charged to consolidated income statement.

Subsequent measurement

Investments at fair value through income statement are remeasured at fair value at the end of each reporting period and the resultant remeasurement gains or losses is recognised in the consolidated income statement in the period in which they arise.

Investments at fair value through equity are remeasured at their fair values at the end of each reporting period and the resultant gain or loss, arising from a change in the fair value of investments are recognised in the consolidated statement of changes in owners' equity and presented in a separate investment fair value reserve within equity. When the investments classified as fair value through equity are sold, impaired, collected or otherwise disposed of, the cumulative gain or loss previously recognised in the consolidated statement of changes in owners' equity is transferred to the consolidated income statement.

LESHA BANK LLC (PUBLIC)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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4.8.2 Other investments

Other investments include venture capital investments held as part of investments portfolio that are managed with the objective of earning a return on these investments. The Group aims to generate a growth in the value of investments in the medium term and usually identifies an exit strategy or strategies when an investment is made.

The investments are typically in businesses unrelated to the Bank's business. Investments are managed on a fair value basis and are accounted for as investments designated at fair value through the consolidated income statement.

4.9 Impairment

Impairment of financial assets (other than equity type of investments classified as fair value through equity) The Group assesses impairment at each financial reporting date whenever there is objective evidence that a specific financial asset or a group of financial assets may be impaired.

The Group applies a three-stage approach to measuring credit losses on financial assets carried at amortised cost. Assets migrate through the following three stages based on the change in financing assets quality since initial recognition.

Stage 1: 12 months ECL - not credit impaired

Stage 1 includes financial assets on initial recognition and that do not have a significant increase in credit risk since the initial recognition or that have low credit risk. For these assets, ECL are recognised on the gross carrying amount of the asset based on the expected credit losses that result from default events that are possible within 12 months after the reporting date. Profit is computed on the gross carrying amount of the asset.

Stage 2: Lifetime ECL - not credit impaired

Stage 2 includes financial assets that have had a significant increase in credit risk (SICR) since initial recognition but that do not have objective evidence of impairment. For these assets, lifetime ECL are recognised, but profit is still calculated on the gross carrying amount of the asset. Lifetime ECL are the expected credit losses that result from all possible default events over the expected life of the financial instrument.

Stage 3: Lifetime ECL - credit impaired

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECL are recognised.

Financing assets carried at amortised cost are impaired when their carrying amounts exceed their expected present value of estimated future cash flows discounted at the asset's original effective profit rate. Subsequent recovery of impairment losses are recognised through the consolidated income statement, the reversal of impairment losses shall not result in a carrying amount of the asset that exceeds what the amortised cost would have been had the impairment not been recognised.

Impairment of equity type of investments classified as fair value through equity

In case of equity investments classified as fair value through equity, objective evidence would include a significant or prolonged decline in the fair value of the investment below its carrying amount. The determination of what is significant or prolonged requires judgement and is assessed for each investment separately.

Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the consolidated income statement - is removed from equity and recognised in the consolidated income statement. Impairment losses on equity investments are not reversed through the consolidated income statement; increases in their fair value after impairment are recognised directly in the fair value reserve in the consolidated statement of changes in owners' equity.

Impairment of non-financial assets

The Group assesses at each reporting date if events or changes in circumstances indicate that the carrying value of a non-financial asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. Where the carrying amount of an asset (or cash-generating unit) exceeds its recoverable amount, the asset (or cash-generating unit) is considered impaired and is written down to its recoverable amount.

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the financed counterparty, then an assessment is made of whether the financial asset should be derecognized and ECL are measured as follows:

- If the expected restructuring will not result in derecognition of existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from existing asset;
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective profit rate of the existing financial asset.

For assets excluding goodwill, an assessment is made at each financial position date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. Impairment losses relating to goodwill cannot be reversed for subsequent increases in the recoverable amount in future periods.

4.10 Investment in real estate

Investment in real estate comprises of building and other related assets which are held by the Group to earn rentals and/ or are expected to benefit from capital appreciation. Initially investments are recognised at cost including directly attributable expenditures. Subsequently to initial recognition, investments are carried at fair value. The fair value of investments is re-measured at each reporting date and the difference between the carrying value and fair value is recognised in the consolidated statement of changes in owners' equity under property fair value reserve.

In case of losses, they are then recognised in equity under property fair value reserve to the extent of availability of the reserve through earlier recognised gains assumed, in case such losses exceeded the amount available in the equity fair value reserve for a particular investment in real estate, excess losses are then recognised in the consolidated income statement under unrealised re-measurement losses on investments.

Upon occurrence of future gains, unrealised gains related to the current period are recognised in the consolidated income statement to the extent of crediting back previously recognised losses in the consolidated income statement and excess gains then are recognised in the equity under property fair value reserve.

Investment in real estate is derecognised when they have been disposed off or transferred to investment in real estate-held for sale when the investment in real estate is permanently withdrawn from use and no future economic

benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment in real estate along with any available fair value reserves attributable to that investment are recognised in the consolidated income statement in the year of retirement or disposal.

Investment property acquired through Ijarah

Real estate investment property held by the Bank as a lessee is initially recognised at cost. The Bank has elected to subsequently measure these assets at fair value with any subsequent unrealized gain or loss to be recognized directly in equity under 'property fair value reserve'.

4.11 Assets held-for-sale and discontinued operations

Classification

The Group classifies non-current assets or disposal groups as held-for-sale if the carrying amount is expected to be recovered principally through a sale transaction rather than through continuing use within twelve months, which can be extended in certain circumstances beyond due to events outside of Group's control and there is evidence that the Group is still committed to the plan to sell the non-current assets or disposal groups.

A disposal group is a group of assets to be disposed of, by sale or otherwise, together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

If the criteria for classification as held for sale are no longer met, the entity shall cease to classify the asset (or disposal group) as held for sale and shall measure the asset at the lower of its carrying amount before the asset (or disposal group) was classified as held-for-sale, adjusted for any depreciation, recognised or revaluations that would have been recognised had the asset (or disposal group) not been classified as held-for-sale and its recoverable amount at the date of the subsequent decision not to sell.

Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to financial assets and investment property carried at fair value, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognised in the consolidated income statement. Gains are not recognised in excess of any cumulative impairment loss.

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Measurement

Non-current assets or disposal groups classified as held-for-sale, other than financial instruments, are measured at the lower of its carrying amount and fair value less costs to sell. Financial instruments that are non-current assets and 'held-for-sale' continue to be measured in accordance with their stated accounting policies. On classification of equity-accounted investee as held-for-sale, equity accounting is ceased at the time of such classification as held-for-sale. Non-financial assets (i.e. intangible assets, equipment) are no longer amortised or depreciated.

Discontinued operations

A discontinued operation is a component of the Group's business, the operations, and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held-for-sale, if earlier. When an operation is classified as a discontinued operation, the comparative consolidated income statement is re-presented as if the operation had been discontinued from the start of the comparative year.

4.12 Fixed assets

Fixed assets are stated at historical cost less accumulated depreciation and impairment charges (if any). Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

All other repairs and maintenance are charged to the consolidated income statement during the financial year in which they are incurred. The Group depreciates fixed assets except for land, on a straight-line basis over their estimated useful lives as follows:

Category description	Years
Equipment	3 - 5
Furniture and fixtures	3 - 10
Building renovations	5 - 10
Motor vehicles	5

4.13 Intangible assets

Intangible assets include the value of computer software and intangible assets that were identified in the process of a business combination. The cost of intangible assets is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses, if any.

Amortisation is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives as follows:

Category description	Years
Software and core banking system	3 - 10

4.14 Equity of unrestricted investment account holders

The Bank accepts funds from customers for investment in the Bank's capacity as mudarib and at the Bank's discretion in whatever manner the Bank deems appropriate without laying down any restriction as to where, how and for what purpose the fund should be invested. Such funds are classified in the statement of financial position as equity of unrestricted investment account holders.

Equity of unrestricted investments account holders is recognised when received and initially measured at cost. Subsequent to initial recognition, equity of unrestricted investments account holders is measured at amortised cost.

The allocation of profit of investments jointly financed by the Bank and investments account holders is determined by the management of the Bank within allowed profit-sharing limits as per terms and conditions of the investment accounts. Such profit is measured after setting aside impairment provisions, if any. Impairment provision is made when the management considers that there is impairment in the carrying amount of assets financed by the investment account.

Administrative expenses in connection with management of the fund are charged to the common pool results.

4.15 Share Capital and reserve

The Group has issued ordinary shares that are classified as equity instruments. Incremental external costs that are directly attributable to the issue of these are recognised in equity.

Other reserve

In accordance with the Bank's Articles of Association, up to 10% of the net profit for the year may be transferred to other reserve each year until this reserve is equal to 50% of the paid-up share capital. The reserve is not available to distribution except in the circumstances stipulated in the Bank's Articles of Association.

4.16 Recognition of income

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Income earned by the Group is recognised on the following basis:

Income from financing activities

Murabaha

Profit from Murabaha transactions is recognised when the income is both contractually determinable and quantifiable at the commencement of the transaction. Such income is recognised on a time-apportioned basis over the period of the transaction. Where the income from a contract is not contractually determinable or quantifiable, it is recognised when the realisation is reasonably certain or when actually realised. Income related to non-performing accounts is excluded from the consolidated income statement.

Ijarah

Ijarah income is recognised on a time-apportioned basis over the lease period. Income related to non-performing accounts is excluded from the consolidated income statement.

Income from placements with financial institutions

Income from short term placements is recognised on a time apportioned basis over the period of the contract based on the principal amounts outstanding and the expected profits.

Rental income

The Group recognises rental income from properties according to the rent agreements entered between the Group and the tenants on an accrual basis over the period of the contract.

Dividend income

Dividend income is recognised when the Group's right to receive the dividend is established.

Income from equity investments

Income from equity investments is described in Note 4.8.

Fee income

Fees are generally recognised on an accrual basis when the service has been provided.

4.17 Employee benefits

Defined contribution plans

The Group provides for its contribution to the State administered retirement fund for Qatari employees in accordance with the retirement law, and the resulting charge is included within the staff costs in the consolidated income statement. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised when they are due.

Employee's end of service benefits

The Group establishes a provision for all end of service benefits payable to employees in accordance with the Group's policies which comply with laws and regulations applicable to the Group. Liability is calculated on the basis of an individual employee's salary and period of service at the financial position date. The provision for employees' end of service benefits is included within other liabilities.

4.18 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

4.19 Contingent liabilities

Contingent liabilities include guarantees, letters of credit, Group's obligations with respect to unilateral promise to buy/sell currencies, profit rate swaps and others. These do not constitute actual assets or liabilities at the consolidated statement of financial position date except for assets and obligations relating to fair value gains or losses on these derivative financial instruments.

4.20 Shari'a-compliant-risk-management instruments

Shari'a-compliant-risk-management instruments, including unilateral/bilateral promises to buy/sell currencies, profit rate swaps, currency options are carried at their fair value. All Shari'a-compliant-risk-management instruments are carried as assets when fair value is positive, and as liabilities when fair value is negative. Changes in the fair value of these instruments are included in the consolidated income statement for the year (Net foreign exchange gain / (loss)).

4.21 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the senior management to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available. Segment reporting are disclosed in Note 29.

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4.22 Income tax

(a) Current income tax

The Bank is subject to income tax in Qatar in accordance with Decree no 13 for the year 2010 of the Ministry of Economy and Commerce addressing QFC Tax regulations applicable as of 1 January 2010. Income tax expense is charged to the consolidated income statement.

As per applicable Tax Laws and regulations, listed companies are exempt from income tax.

(b) Deferred income tax

Deferred income tax is provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that future taxable profit will be available against which the deductions can be utilised.

4.23 Zakah

Zakah is directly borne by the equity holders. The Group does not collect or pay Zakah on behalf of its equity holders in accordance with the Articles of Association.

5. USE OF ESTIMATES AND JUDGEMENTS

In the preparation of the consolidated financial statements, the management has used its judgements and estimates in determining the amounts recognised therein. The most significant use of judgements and estimates are as follows:

Fair value of investments that were valued using assumptions that are not based on observable market data.

The Group uses significant judgements and estimates to determine the fair value of investments valued using assumptions that are not based on observable market data. Information about fair values of instruments that were valued using assumptions that are not based on observable market data is disclosed in Note 28.

Allowances for credit losses

Assessment of whether credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL refer to Note 26.6.5 for more information.

Going concern

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has resources to continue in the business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

6. CASH AND BANK BALANCES

	Note	31 December 2023	31 Decembe 2022
Cash in hand		35	35
Balances with banks (current accounts)		257,716	387,292
Placements with financial institutions		2,709,557	1,984,883
Provision for impairment	26.6.5	(4,371)	(3,721)
		2,962,937	2,368,489
Less: cash and bank balances with maturity of more than 90 days		(1,074,466)	(383,043)
Add: provision for impairment (non-cash)		4,371	3,721
Cash and cash equivalents		1,892,842	1,989,167

Placements with financial institutions represent inter-bank placements in the form of Wakala and Murabaha.

7. INVESTMENTS CARRIED AT AMORTISED COST

	Note	31 December 2023	31 December 2022
Investments in sukuk		100,409	172,536
Accrued income		1,090	1,361
Unamortised premiums, net		455	1,202
Provision for impairment	26.6.5	(1,288)	(869)
		100,666	174,230

8. FINANCING ASSETS

	Note	31 December 2023	31 December 2022
Murabaha financing		310,625	423,416
Deferred investment sales		90,087	90,087
Others		49,973	36,308
Total financing assets		450,685	549,811
Deferred profit		(23,487)	(8,723)
Provision for impairment on financing assets	26.6.5	(338,811)	(336,363)
Net financing assets		88,387	204,725

During the year, the Bank incurred a loss of QAR Nil (2022: QAR 1.5 million) due to early repayment of a financing asset of QAR Nil (2022: QAR 9.1 million).

9. INVESTMENTS CARRIED AT FAIR VALUE

	Note	31 December 2023	31 December 2022
Investments at fair value through equity	9.1	1,641,331	958,312
Investments at fair value through income statement		424,978	426,027
		2,066,309	1,384,339

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9.1 Investments at fair value through equity

	31 December 2023	31 December 2022
Equity-type investments	79,385	99,458
Debt-type sukuk investments*	1,561,946	858,854
	<u>1,641,331</u>	<u>958,312</u>

* During the year ended 31 December 2023, the Bank recognized a positive fair value reserve of QAR 26.6 million (for the year ended 31 December 2022: a negative fair value of QAR 14.7 million) related to these sukuk investments. Sukuk investments of nominal value of QAR 147.8 million (2022: QAR 147.8 million) and fair value of QAR 153.6 million (2022: QAR 150.3 million) of the Group have been pledged as security for a financing liability of QAR 109 million (2022: QAR 109 million) of the Group.

Movements in the investments at fair value are as follows:

	31 December 2023			31 December 2022		
	Investments at fair value through equity	Investments at fair value through income statement	Total	Investments at fair value through equity	Investments at fair value through income statement	Total
At the beginning of the year	958,312	426,027	1,384,339	285,756	121,798	407,554
Additions:						
Sukuks, net	704,966	-	704,966	669,799	-	669,799
Equity investment	8,918	115,152	124,070	8,372	327,777	336,149
Disposal	-	(128,916)	(128,916)	(5,817)	-	(5,817)
Allowance for impairment	(1,874)	-	(1,874)	202	-	202
Fair value adjustments	(28,991)	12,715	(16,276)	-	(23,548)	(23,548)
At the end of the year	1,641,331	424,978	2,066,309	958,312	426,027	1,384,339

9.2 Gain on disposal of equity investments

During the year, the Bank disposed its equity investments with total carrying value of QAR 128.9 million and recognized a gain on disposal of equity investments of QAR 7.4 million.

The above gain on equity investment are resulting from investment in private equity business as part of business model of the Bank.

10. INVESTMENT IN REAL ESTATE

The table below summarizes the movement in investments in real estate during the year:

	31 December 2023	31 December 2022
At the beginning of the year	225,368	226,368
Addition during the year	25,000	-
Fair value gain / (loss) on re-measurement of investments in real estate	13,894	(1,000)
At the end of the year	264,262	225,368

In 2021, the Bank entered into an Ijarah agreement with a local bank related to a property located in Al Messila, State of Qatar, whereby the ownership of the property was transferred to the Bank at the end of the agreement period. This property is leased to a third party operating a branch of a large hypermarket chain in the country. In line with this transaction, the Group recognised investment in real estate of QAR 239.4 million (2022: QAR 214.4 million). Further, a rental income of QAR 17.9 million (2022: QAR 17.1 million) and Ijara expense of QAR 0.2 million (2022: QAR 5.5 million) was recognised in the income statement for the year ended 31 December 2023.

11. FIXED ASSETS

	Equipment	Furniture and fixture	Motor vehicles	Right of use assets	Capital working in progress	Total
Cost						
As at 1 January 2023	18,158	11,930	913	10,492	120	41,613
Additions	510	250	160	-	376	1,296
Transferred from Capital working in progress	-	51	-	-	(120)	(69)
Adjustments	19	-	(33)	(78)	-	(92)
Disposals	(16,573)	(8)	(170)	-	-	(16,751)
As at 31 December 2023	2,114	12,223	870	10,414	376	25,997
Accumulated depreciation						
As at 1 January 2023	(16,667)	(601)	(335)	(2,448)	-	(20,051)
Depreciation charge	(596)	(2,435)	(249)	(1,929)	-	(5,209)
Adjustments	(28)	-	33	-	-	5
Disposals	16,571	7	76	-	-	16,654
As at 31 December 2023	(720)	(3,029)	(475)	(4,377)	-	(8,601)
Net book value as at 31 December 2023	1,394	9,194	395	6,037	376	17,396
Cost						
As at 1 January 2022	19,335	27,428	903	10,492	-	58,158
Additions	1,695	11,922	390	-	120	14,127
Disposals	(2,872)	(27,420)	(380)	-	-	(30,672)
As at 31 December 2022	18,158	11,930	913	10,492	120	41,613
Accumulated depreciation						
As at 1 January 2022	(18,975)	(27,409)	(213)	(350)	-	(46,947)
Depreciation charge	(534)	(603)	(240)	(2,098)	-	(3,475)
Disposals	2,842	27,411	118	-	-	30,371
As at 31 December 2022	(16,667)	(601)	(335)	(2,448)	-	(20,051)
Net book value as at 31 December 2022	1,491	11,329	578	8,044	120	21,562

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12. INTANGIBLE ASSETS

	31 December 2023	31 December 2022
Cost:		
At the beginning of the year	36,862	36,387
Additions during the year	1,523	475
At the end of the year	<u>38,385</u>	<u>36,862</u>
Amortisation		
At the beginning of the year	(34,911)	(33,214)
Amortisation charge for the year	(920)	(1,697)
At the end of the year	<u>(35,831)</u>	<u>(34,911)</u>
Net book value		
At the beginning of the year	1,951	3,173
At the end of the year	<u>2,554</u>	<u>1,951</u>

13. ASSETS AND LIABILITIES OF DISPOSAL GROUPS CLASSIFIED AS HELD-FOR-SALE

Assets and liabilities of disposal groups classified as held-for-sale comprise of:

	31 December 2023	31 December 2022
Assets of disposal groups classified as held-for-sale	296,788	295,052
Equity investments held-for-sale	90,515	108,428
Total	<u>387,303</u>	<u>403,480</u>
Liabilities of disposal group classified as held-for-sale	112,220	149,987

13.1 Assets and liabilities of disposal groups classified as held-for-sale

13.1.1 Assets and liabilities of Real Estate Structures

As a part of its business, the Bank from time to time enters into various structures to invest indirectly in real estate properties using special purpose vehicles ("SPV") with an intention to sell substantial part of it to investors. Until the Bank ceases its control over those SPVs, they are consolidated by the Bank in accordance with FAS 23 whereby an entity needs to consolidate an SPV based on economic substance despite the fact that the SPV is not legally owned by and not legally related to the Bank. The financings of these SPVs related to the real estate property have no recourse to the Bank.

(a) US Real Estate Structures

In 2019, the Bank entered into a structure to invest in real estate within the United States of America and indirectly acquired 97.6% in real estate property (the "Fairview").

(b) UK Real Estate Structures

In 2017, the Bank entered into a structure to invest indirectly to acquire 100% in a real estate property in the United Kingdom (the "UK Real Estate Structure"). The real estate was financed partly by the Bank through a Murabaha contract with an option to acquire the underlying real estate. As of 31st December 2023, the Bank had sold a 71% stake out of 100% in the UK Real Estate Structure to its investors.

The financial results of the above Real Estate Structures are consolidated in these consolidated financial statements (refer to Note 13.1.2).

13.1.2 Analysis of disposal group assets/liabilities, results and cashflows

(a) Assets and liabilities of disposal groups classified as held-for-sale

Analysis of assets and liabilities of disposal groups, which include Real Estate structures are as follows:

Note	31 December 2023	31 December 2022
Assets of disposal groups classified as held-for-sale		
Financial assets		
Cash and cash equivalents	21,047	2,796
Accounts receivable	605	24,085
Total financial assets	<u>21,652</u>	<u>26,881</u>
Non-financial assets		
Inventories		
Investments in real estate	149,272	141,999
Fixed assets		
Other assets		
Total non-financial assets	216,379	224,134
Total assets of disposal groups classified as held for sale	<u>365,651</u>	<u>376,599</u>
Liabilities of disposal groups classified as held-for-sale		
Financial liabilities		
Due to related parties	24	84,904
Other financial liabilities		
Total liabilities of disposal groups classified as held for sale	<u>13,723</u>	<u>83,263</u>
Net carrying value	<u>112,220</u>	<u>17,779</u>
	<u>13,593</u>	<u>48,945</u>
	<u>112,220</u>	<u>149,987</u>
	<u>275,083</u>	<u>253,493</u>

(b) Analysis of results of discontinued operations is as follows:

For the year ended	31 December 2023	31 December 2022
Revenue	29,826	32,754
Expenses	(35,999)	(28,957)
Net profit / (loss) from discontinued operations	<u>(6,173)</u>	<u>3,797</u>
Attributable to		
- Equity holders of the Bank	(8,276)	(5,217)
- Non-controlling interest	2,103	9,014

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(c) Analysis of cashflows of discontinued operations is as follows:

	For the year ended	
	31 December 2023	31 December 2022
Operating cash flows	9,060	16,342
Investing cash flows	(16,121)	(6,331)
Financing cash flows	12,388	(14,666)
	5,327	(4,655)

14. OTHER ASSETS

Other assets comprise the following:

	Note	31 December 2023	31 December 2022
Other non-financial assets			
Prepayments		2,988	4,086
Total other non-financial assets		2,988	4,086
Other financial assets			
Other receivables		28,241	26,568
Advances for Investments		102,401	193,398
Due from related parties	24	9,100	9,100
Fair value of Shari'a-compliant-risk-management instruments	27.2	257	3,924
Accrued income		1,862	1,500
Provision for impairment		-	(12,659)
Total other financial assets		141,861	221,831
Total other assets		144,849	225,917

15. FINANCING LIABILITIES

	31 December 2023	31 December 2022
Accepted wakala deposits	1,747,529	457,435
Murabaha financing	115,087	284,614
	1,862,616	742,049

As of 31 December 2023, Sukuk investments of nominal value of QAR 147.8 million (2022: 147.8 million) of the Group have been pledged as security for bank financing liabilities of QAR 109 million of the Group.

16. OTHER LIABILITIES

	Note	31 December 2023	31 December 2022
Other non-financial liabilities			
Advances and other payables		44,693	38,763
Unearned revenue		-	1,677
Total other non-financial liabilities		44,693	40,440
Other financial liabilities			
Accounts payable		4,561	12,012
Fair value of Shari'a-compliant-risk-management instruments	27.2	20,242	10,694
Staff-related payables		31,097	24,479
Dividends and Unsubscribed right issue shareholders claim payables		10,669	16,734
Other payables and accrued expenses		37,967	71,781
Provision for off-balance sheet exposures	26.6.5	-	5,703
Total other financial liabilities		104,536	141,403
Total other liabilities		149,229	181,843

17. EQUITY OF UNRESTRICTED INVESTMENT ACCOUNT HOLDERS

	31 December 2023	31 December 2022
Term accounts	2,809,694	2,734,524
Short-term Investment accounts	4,488	-
Profit payable to equity of investment account holders	12,913	10,405
	2,827,095	2,744,929

b) By sector

	31 December 2023	31 December 2022
Individual	94,439	153,158
Government	205,986	199,281
Corporate	2,526,670	2,392,490
	2,827,095	2,744,929

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c) Equity of unrestricted investment account holders are invested in:

	31 December 2023	31 December 2022
Cash and cash equivalents	1,415,167	1,363,225
Investments in Sukuk	788,594	597,224
Investment in funds	129,682	138,591
Financing assets	84,274	154,241
Equity investments & Other Investments	409,378	491,648
	2,827,095	2,744,929

Bank's net Mudaraba income calculation is presented below:

	31 December 2023	31 December 2022
Return on equity of unrestricted investment account holders in the profit before Bank's Mudaraba income	150,577	91,578
Return distribution to unrestricted investment account holders		
- Return on unrestricted investment accountholders	122,307	85,211
- Amount waived by the Bank in favour of unrestricted investment account holders"	11,455	475
- Mdarib's incentives	(40,792)	(33,542)
Total return to unrestricted investment account holders	92,970	52,144
Bank's net Mudaraba income	57,607	39,434

Calculation of return on Mudarabah assets includes only stage 3 provisions and the loss on early settlement of financing assets was excluded in determination of Mudarabah asset income, in accordance with resolution by the Shari'a Supervisory Board of the Bank. Due to the terms of profit-sharing ratios (predominantly at 5% to Mdarib and 95% to investment account holders till 1 October 2022 and there afterwards changed to 30% to Mdarib and 70% to unrestricted investment account holders) on Mudaraba agreements and in order to align to general market profit rates, the Bank at times increases the income of the unrestricted investment account holders by waiving part of its incentive. The amount waived was QAR 11.5 million (2022: QAR 0.48 million), as presented in the above table.

18. SHARE CAPITAL

	31 December 2023	31 December 2022
Authorized		
2,500,000,000 ordinary shares of QAR 1 each	2,500,000	2,500,000
Issued and paid		
1,120,000,000 ordinary shares of QAR 1 each	1,120,000	1,120,000
Beginning of the reporting year	1,120,000	700,000
Rights share issued	-	420,000
In issued at	1,120,000	1,120,000

In 2022, the subscription process for the rights was completed and 420,000,000 new ordinary shares were subscribed to or were sold through the market as per the regulatory process. This resulted in an increase in the share capital by QAR 420.0 million and share premium by QAR 79.8 million (net of expenses) aggregating to QAR 499.8 million.

Other reserve

In accordance with the Bank's Articles of Association, up to 10% of the net profit for the year may be transferred to other reserve each year until this reserve is equal to 50% of the paid-up share capital. The reserve is not available to distribution except in the circumstances stipulated in the Bank's Articles of Association. During the year, the Bank has transferred an amount of QAR 9.4 million to the other reserve (2022: Nil).

19. FEE INCOME

	For the year ended	
	31 December 2023	31 December 2022
Management fees	39,461	22,426
Placement fees (including exit fees)	21,474	41,710
Bank transaction fees	-	546
	60,935	64,682

20. OTHER INCOME

	For the year ended	
	31 December 2023	31 December 2022
Rental income from investment in real estate	17,891	17,092
Financing cost	(196)	(5,911)
Net rental income from investment in real estate	17,695	11,181
Miscellaneous income	6,316	9,440
	24,011	20,621

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21. OTHER OPERATING EXPENSES

	For the year ended	
	31 December 2023	31 December 2022
Professional services	11,896	12,422
Rent expense	-	882
Other	9,161	28,460
	21,057	41,764

22. BASIC / DILUTED PROFIT PER SHARE

The calculation of basic earnings per share is based on the net loss attributable to the Banks' shareholders and the weighted average number of shares outstanding during the year.

	For the year ended	
	31 December 2023	31 December 2022
Basic and diluted profit per share		
Net profit attributable to the equity holders of the Bank from continuing operations	102,664	80,687
Net loss attributable to the equity holders of the Bank from discontinued operations	(8,276)	(5,217)
Net Profit attributable to the equity holders of the Bank	94,388	75,470
Total weighted average number of shares (thousand)	1,120,000	970,174
Basic and diluted profit per share from continuing operations - QAR	0.091	0.083
Basic and diluted loss per share from discontinued operations - QAR	(0.007)	(0.005)
Basic and diluted profit per share - QAR	0.084	0.078
The weighted average number of ordinary shares in thousands have been calculated as follows:		
Qualifying ordinary shares at the beginning of the year	1,120,000	700,000
Effect of right issue	-	270,174
Weighted average number of ordinary shares for the year	1,120,000	970,174

23. CONTINGENT LIABILITIES

The Group had the following contingent liabilities at the year-end:

	31 December 2023	31 December 2022
Unutilised credit facilities	1	5,552
	1	5,552

Contingent liabilities related to Shari'a-compliant-risk-management instruments as disclosed in Note 27.2.

24. RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Related parties include the significant owners and entities over which the Group and the owners exercise significant influence, directors and senior management personnel of the Group, close family members, entities owned or controlled by them, associates and affiliated companies.

Balances and transactions in respect of related parties included in the consolidated financial statements are as follows:

	31 December 2023	Associates	Other*	Total
a) Consolidated statement of financial position as at Financing assets		7,138	-	7,138
Other assets		-	9,100	9,100
Customers' balances		-	22,006	22,006
Liabilities held-for-sale		13,723	-	13,723
b) Consolidated income statement for the year ended Income from financing assets		1,127	-	1,127
Dividend & Other income		2,330	-	2,330
Reversal for impairment of financing assets		(10,012)	-	(10,012)
Other operating expenses		-	(1,340)	(1,340)
c) Off balance sheet instruments as at Assets under management		-	93,173	93,173
	31 December 2022	Associates	Other*	Total
a) Consolidated statement of financial position as at Financing assets		13,790	-	13,790
Other assets		-	9,100	9,100
Customers' balances		-	10,218	10,218
Liabilities held-for-sale		17,779	-	17,779
b) Consolidated income statement for the year ended Income from financing assets		295	-	295
Dividend and other income		2,614	-	2,614
Reversal for impairment of financing assets		(18,724)	-	(18,724)
Other operating expenses		(13,723)	(1,299)	(15,022)
c) Off balance sheet instruments as at Asset under management		-	141,482	141,482

* Other related parties include affiliated parties of the board members and senior management.

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Key management compensation is presented below:

	For the year ended	
	31 December 2023	31 December 2022
Key management personnel compensation :		
Senior management personnel	12,217	13,045
Shari'a Supervisory Board remuneration	460	480
	12,677	13,525

Boards of Directors sitting fee for the year ended 2023 is QAR Nil (2022: QAR 0.70 million).

25. ZAKAH

Zakah is directly borne by the equity holders. The Group does not collect or pay Zakah on behalf of its equity holders in accordance with the Articles of Association.

26. FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT

26.1 Financial instruments definition and classification

Financial instruments comprise all financial assets and liabilities of the Group. Financial assets include cash and bank balances, investments carried at amortised cost, financing assets, accounts receivable, investments at fair value and other financial assets. Financial liabilities include customers' balances, due to banks and other financial liabilities. Financial instruments also include contingent liabilities and commitments included in off financial position items.

Note 4 explains the accounting policies used to recognise and measure the significant financial instruments and their respective income and expenses items.

26.2 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is determined for each investment individually in accordance with the valuation policies adopted by the Group as set out in 4.8.

26.3 Risk management

Lesha bank perceives strong risk management capabilities to be the foundation in delivering results to customers, investors and shareholders. Risk is an inherent part of the Group's business activities.

Our Board of Directors has overall responsibility for establishing our risk culture and ensuring that an effective risk management framework is in place.

The risk management framework of the Bank encapsulates the spirit of the following key principles for Risk Management as articulated by Basel III:

- Management oversight and control
- Risk culture and ownership
- Risk recognition and assessment
- Control activities and segregation of duties
- Information and communication
- Monitoring Risk Management activities and correcting deficiencies.

26.4 Risk framework and governance

The Group's risk management process is an integral part of the organization's culture and is embedded into all its practices and processes. The Board of Directors (the Board), and a number of Board's subcommittees including Executive Committee; and Audit, Risk and Compliance Committee; management committees; and executive management all contribute to the effective Group wide management of risk.

The Audit, Risk and Compliance Committee is tasked with implementing risk management policies, guidelines and limits as well as ensuring that monitoring processes are in place. The Risk Management Department provides independent monitoring to both the Board and the Audit, Risk and Compliance Committee whilst also working closely with the business units which ultimately own and manage the risks.

26.5 Investment risk

Investment risks are identified and assessed via extensive due diligence activities conducted by the respective investment departments. The Group's investments in venture capital are by definition in illiquid markets, frequently in emerging markets. Such investments cannot generally be hedged or liquidated easily. Consequently, the Group seeks to mitigate its risks via more direct means. Post-acquisition risk management for private equity investments is rigorously exercised, mainly via Board representation within the investee company, during the life of the private equity transaction. Periodic reviews of all investments are undertaken and presented to the Investment Committee for review. Concerns over risks and performance are addressed via the investment area responsible for managing the investment under the oversight of the Investment Committee.

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26.6 Credit risk

Credit risk is the risk that the Group will incur a loss of principal or profit earned because its customers, clients or counterparties fail to discharge their contractual obligations. The Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties, related parties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

The table below shows the maximum exposure to credit risk for the relevant components of the financial position.

	Note	31 December 2023	31 December 2022
Balances with banks	6	254,074	383,571
Placements with financial institutions	6	2,708,828	1,984,883
Investments in Sukuk	7 & 9.1	1,662,612	1,033,084
Investment in funds		273,410	239,735
Financing assets	8	88,387	204,725
Financial assets of disposal group classified as held-for-sale	13.1.2	21,652	26,881
Other financial assets	14	141,861	221,831
		5,150,824	4,094,710

The weightings assigned to each macro-economic scenario at the Bank level are based on the Credit cycle indices (CCI), and as of 31 December 2023 were 65% to the Base Case, 30% to Downside and 5% to the Upside Case (as of 31 December 2022: 65% to the Base Case, 30% to Downside and 5% to the Upside Case). The situation is evolving and accordingly any upside or downside scenarios will be reassessed should the conditions significantly change.

26.6.1 Concentration of risks

As an active participant in the banking markets, the Group has a significant concentration of credit risk with other financial institutions. As at 31 December 2023, the Group had balances with nine counterparty banks (31 December 2022: 7 banks) with aggregated amounts above QAR 100 million. The total aggregate amount of these deposits was QAR 2,583 million (31 December 2022: QAR 2,147 million).

The analysis by geographical region of the Group's financial assets having credit risk is as follows:

	31 December 2023	31 December 2022
Qatar	2,764,781	2,708,054
Asia and Middle East	1,555,172	867,705
North America	85,063	61,749
Europe and others	745,808	457,202
	5,150,824	4,094,710

The distribution of financial assets having credit risk by industry sector is as follows:

	31 December 2023	31 December 2022
Banking and financial services	3,935,086	3,081,404
Sovereign	457,907	323,733
Real Estate	240,521	113,079
Consumer Services	233,663	392,022
Construction	7,378	10,838
Others	276,269	173,634
	5,150,824	4,094,710

26.6.2 Credit Quality

The credit quality of financial assets is managed by Group using internal and external credit risk ratings. The Group follows an internal rating mechanism for grading relationship across its credit portfolio.

The Group utilises a scale ranging from 1 to 10 for credit relationship with 1 to 7 denoting performing grades, 8, 9 and 10 denoting non-performing. All credits are assigned a rating in accordance with defined criteria.

The Group endeavours continuously to improve upon internal credit risk rating methodologies and credit risk management policies and practices to reflect the true underlying credit risk of the portfolio and the credit culture in the Group. All financing relationships are reviewed at least once in a year and more frequently in case of non-performing assets.

The following table provides the details for the credit quality.

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	31 December 2023				31 December 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Cash and bank balances								
Performing (AAA to B-)	2,963,668	-	3,640	2,967,308	2,368,516	-	3,694	2,372,210
Allowance for impairment	(731)	-	(3,640)	(4,371)	(27)	-	(3,694)	(3,721)
Net carrying amount	2,962,937	-	-	2,962,937	2,368,489	-	-	2,368,489
Investments carried at amortised cost								
Performing (AAA to CCC)	101,954	-	-	101,954	175,099	-	-	175,099
Allowance for impairment	(1,288)	-	-	(1,288)	(869)	-	-	(869)
Net carrying amount	100,666	-	-	100,666	174,230	-	-	174,230
Investments carried at fair value								
Performing (AAA to BBB)	1,571,507	-	-	1,571,507	866,541	-	-	866,541
Allowance for impairment	(9,561)	-	-	(9,561)	(7,687)	-	-	(7,687)
Net carrying amount	1,561,946	-	-	1,561,946	858,854	-	-	858,854
Financing assets								
Performing (Grades 1-6)	38,001	-	-	38,001	127,667	-	-	127,667
Under-performing (Grade 7)	-	87,685	-	87,685	-	113,459	-	113,459
Non-performing (Grade 8-10)	-	-	301,512	301,512	-	-	299,962	299,962
	38,001	87,685	301,512	427,198	127,667	113,459	299,962	541,088
Allowance for impairment	(6,414)	(30,885)	(301,512)	(338,811)	(1,400)	(35,001)	(299,962)	(336,363)
Net carrying amount	31,587	56,800	-	88,387	126,267	78,458	-	204,725
Financing commitments and financial guarantee								
Performing (Grades 1-6)	1	-	-	1	5,552	-	-	5,552
Allowance for impairment	-	-	-	1	5,552	-	-	5,552
	-	-	-	(5,703)	-	-	-	(5,703)
Collateral								

The Group obtains collateral and other credit enhancements in ordinary course of business from counterparties. On an overall basis, during the year there was no discernable deterioration in the quality of collateral held by the Group. In addition, there were no changes in collateral policies of the Group.

The fair value of the collateral held against credit-impaired financing assets as at 31 December 2023 is QAR 27.2 million (2022: QAR 27.2 million).

Renegotiated financing assets

Restructuring activities include extended payment arrangements, approved external management plans, and modification and deferral of payments. Restructuring policies and practices are based on indicators or criteria that, in the judgment of management, indicate that payment will most likely continue. These policies are kept under continuous review. Renegotiated financing assets as at 31 December 2023 amounted to QAR 75.8 million (2022: QAR 49.2 million).

26.6.3 Repossessed collateral

Repossessed properties are sold as soon as practicable, with the proceeds used to reduce the outstanding indebtedness. There were no repossessed properties as at 31 December 2023 and 31 December 2022.

26.6.4 Write-off policy

The Group writes off a financing asset or an investment in debt-type security balance, and any related allowances for impairment losses, when Group determines that the financing asset or security is uncollectible.

This determination is made after considering information such as the occurrence of significant changes in the financed counterparty's / issuer's financial position such that the financed counterparty/ issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance standardised financing assets, write-off decisions generally are based on a product-specific past due status.

26.6.5 Inputs, assumptions and techniques used for estimating impairment

Significant increase in credit risk (SICR)

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis including internal credit risk grading system, external risk ratings, where available, delinquency status of accounts, credit judgement and, where possible, relevant historical experience. The Group may also determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

In determining whether credit risk has increased significantly since initial recognition following criteria are considered:

- Two notches downgrade for rating from 1 to 4 or one notch downgrade for ratings from 5 and 6
- Facilities rescheduled during previous twelve months
- Facilities overdue by more than 30 days as at the reporting date, unless rebutted based on other qualitative supportable information
- Any other reason as per management discretion that evidence a significant increase in credit risk

Credit risk grades

Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of financed counterparty. Exposures are subject to on-going monitoring, which may result in an exposure being moved to a different credit risk grade.

Generating the term structure of Probability of Default (PD)

The Group employs statistical models to analyse the data collected and generate estimates of PD of exposures and how these are expected to change as a result of the passage of time. This analysis includes the identification and calibration of relationships between changes in default rates and changes in key macro-economic factors, across various geographies in which the Group has exposures.

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Renegotiated financial assets

The contractual terms of a financing may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing financing whose terms have been modified may be derecognised and the renegotiated financing recognised as a new financing at fair value. Where possible, the Group seeks to restructure financing rather than to take possession of collateral, if available. This may involve extending the payment arrangements and documenting the agreement of new financing conditions. Management continuously reviews renegotiated financing to ensure that all criteria are met and that future payments are likely to occur.

The accounts which are restructured due to credit reasons in past 12 months will be classified under Stage 2.

Definition of default

The Group considers a financial asset to be in default when:

- the financed counterparty is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financed counterparty is past due more than 90 days on any material credit obligation to the Group, unless rebutted based on other qualitative supportable information.
- rated internally as 8, 9 or 10 corresponding to the Qatar Financial Centre Regulatory Authority (QFCRA) categories of substandard, doubtful and loss, respectively.

In assessing whether a financed counterparty is in default, the Group considers indicators that are:

- quantitative - e.g. overdue status and non-payment on another obligation of the same issuer to the Group; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances. The definition of default largely aligns with that applied by the Group for regulatory capital purposes.

Incorporation of forward-looking information

Incorporating forward-looking information increases the level of judgement as to how changes in these macroeconomic factors will affect the Expected Credit Loss (ECL) applicable to the stage 1 and stage 2 exposures which are considered as performing. The methodologies and assumptions involved, including any forecasts of future economic conditions, are reviewed periodically.

Forward-looking information incorporated in the ECL models

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Group has performed historical analysis and identified the key economic variables affecting credit risk and expected credit losses for each portfolio.

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Expert judgment has also been applied in this process. Forecasts of these economic variables (the "base economic scenario") are updated from the World economic outlook: IMF country data and other reliable sources which provide the best estimate view of the economy over the next five years.

Economic variable assumptions

The most significant period-end assumption used for the ECL estimate as at 31 December 2023 was GDP (2023: 2.2%, 2024: 3.7%).

Measurement of ECL

The key inputs into the measurement of ECL are the term structure of the following variables:

- probability of default (PD);
- loss given default (LGD);
- exposure at default (EAD).

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information as described above.

PD estimates are estimates at a certain date, which are calculated based on statistical rating models. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors and are supplemented by external PD data where available.

LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the forecasted collateral value and the Group assumes that haircut percentage applied to Collateral value as per QFCRA.

LGD estimation includes:

- Recovery Rate: Defined as the ratio of liquidation value to market value of the underlying collateral at the time of default. It would also account for expected recovery rate from a general claim on the individual's assets for the unsecured portion of the exposure.
- Discounting Rate: Defined as the opportunity cost of the recovery value not being realized on the day of default adjusted for time value.

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount.

For lending commitments and financial guarantees, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts.

Loss allowance

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instruments. Comparative amounts represent allowance account for credit losses and reflect measurement basis under relevant FAS.

	31 December 2023				31 December 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Cash and bank balances								
Balance at 1 January	27	-	3,694	3,721	6,516	-	3,664	10,180
Impairment allowance, net	704	-	-	704	(6,489)	-	30	(6,459)
Write-off of provision	-	-	(54)	(54)	-	-	-	-
Balance at end of the year	731	-	3,640	4,371	27	-	3,694	3,721
Investments carried at amortised cost								
Balance at 1 January	869	-	-	869	1,118	-	-	1,118
Impairment allowance, net	419	-	-	419	(249)	-	-	(249)
Balance at end of the year	1,288	-	-	1,288	869	-	-	869
Investments carried at fair value								
Balance at 1 January	7,687	-	-	7,687	7,889	-	-	7,889
Impairment allowance, net	1,874	-	-	1,874	(202)	-	-	(202)
Balance at end of the year	9,561	-	-	9,561	7,687	-	-	7,687
Financing assets								
Balance at 1 January	1,400	35,001	299,962	336,363	1,983	96,932	304,954	403,869
Write-off of provision	-	-	-	-	-	-	(4,611)	(4,611)
Foreign currency fluctuation,(net)	-	608	-	608	-	(1,520)	-	(1,520)
Impairment allowance, net	5,014	(4,724)	1,550	1,840	(583)	(60,411)	(381)	(61,375)
Balance at end of the year	6,414	30,885	301,512	338,811	1,400	35,001	299,962	336,363
Other assets								
Balance at 1 January	-	-	12,659	12,659	-	-	12,659	12,659
Write-off of provision	-	-	(12,659)	(12,659)	-	-	-	-
Balance at end of the year	-	-	-	-	-	-	12,659	12,659
Off balance sheet instruments, subject to credit risk								
Balance at 1 January	5,703	-	-	5,703	8,128	90	-	8,218
Impairment allowance, net	(5,703)	-	-	(5,703)	(2,425)	(90)	-	(2,515)
Balance at end of the year	-	-	-	-	5,703	-	-	5,703

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26.7 Liquidity risk and funding management

Liquidity risk is defined as the risk that the Group will not have sufficient funds available to meet its financial liabilities as they fall due. The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Treasury department collects information regarding the liquidity profile of the Bank's financial assets and liabilities and details of other projected cash flows arising from projected future business. The Treasury Department then maintains a portfolio of short-term liquid assets to ensure that sufficient liquidity is maintained within the Bank as a whole.

All liquidity policies and procedures are subject to review and approval by Assets-Liabilities Management Committee (ALCO) which also regularly receives reports relating to the Bank's liquidity position.

Below table summarises undiscounted cash outflows of financial liabilities:

	31 December 2023	31 December 2022
On demand	129,904	310,317
Less than 3 months	<u>1,760,806</u>	1,722,792
3 to 6 months	58,260	-
6 to 12 months	5,176	44,623
1 to 5 years	<u>3,269,183</u>	2,101,088
Total	<u>5,223,329</u>	4,178,820

The table below shows an analysis of financial assets and liabilities according to when they are expected to be recovered or settled.

At 31 December 2023	On demand	Less than 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Total
Financial assets						
Cash and cash equivalents	254,110	1,634,717	486,068	513,650	74,392	2,962,937
Investments in Sukuk	-	153,836	201,206	199,368	1,108,202	1,662,612
Financing assets	5,977	5,984	39,092	23,437	13,897	88,387
Investment in fund	-	273,410	-	-	-	273,410
Equity investments	-	-	-	-	-	504,363
Financial assets held-for-sale	21,047	605	-	-	-	21,652
Other financial assets	<u>141,861</u>	-	-	-	-	<u>141,861</u>
Total financial assets	<u>422,995</u>	<u>2,068,552</u>	<u>726,366</u>	<u>736,455</u>	<u>1,700,854</u>	<u>5,655,222</u>
Financial liabilities and equity of unrestricted investment account holders						
Financing liabilities	-	732,309	-	-	1,130,307	1,862,616
Customers' balances	<u>129,904</u>	-	-	-	-	<u>129,904</u>
Other financial liabilities	-	-	-	-	104,536	104,536
Equity of unrestricted investment account holders	-	936,787	56,728	13,580	1,820,000	2,827,095
Financial liabilities held-for-sale	-	27,316	-	-	84,904	112,220
Total financial liabilities and equity of unrestricted investment account holders	<u>129,904</u>	<u>1,696,412</u>	<u>56,728</u>	<u>13,580</u>	<u>3,139,747</u>	<u>5,036,371</u>
Net liquidity gap	<u>293,091</u>	<u>372,140</u>	<u>669,638</u>	<u>722,875</u>	<u>(1,438,893)</u>	<u>618,851</u>
Net cumulative gap	<u>293,091</u>	<u>665,231</u>	<u>1,334,869</u>	<u>2,057,744</u>	<u>618,851</u>	
Contingent liabilities*	-	-	1	-	-	1

*Contingent liabilities related to Shari'a-compliant-risk-management instruments as disclosed in Note 27.

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	On demand	Less than 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Total
At 31 December 2022						
Financial assets						
Cash and cash equivalents	387,445	1,613,480	73,447	254,800	39,317	2,368,489
Investments in Sukuk	-	92,562	284,436	29,920	626,166	1,033,084
Financing assets	2,896	115,214	1,471	67,723	17,421	204,725
Investment in fund	-	239,735	-	-	-	239,735
Equity investments	-	-	-	-	525,485	525,485
Financial assets held-for-sale	2,796	24,085	-	-	-	26,881
Other financial assets	221,831	-	-	-	-	221,831
Total financial assets	614,968	2,085,076	359,354	352,443	1,208,389	4,620,230
Financial liabilities and equity of unrestricted investment account holders						
Financing liabilities	-	742,049	-	-	-	742,049
Customers' balances	310,317	-	-	-	-	310,317
Other financial liabilities	-	-	-	-	141,403	141,403
Equity of unrestricted investment account holders	-	872,702	-	43,657	1,828,570	2,744,929
Financial liabilities of disposal groups classified as held-for-sale	-	66,724	-	-	83,263	149,987
Total financial liabilities and equity of unrestricted investment account holders	310,317	1,681,475	-	43,657	2,053,236	4,088,685
Net liquidity gap	304,651	403,601	359,354	308,786	(844,847)	531,545
Net cumulative gap	304,651	708,252	1,067,606	1,376,392	531,545	
Contingent liabilities*	-	-	5,552	-	-	5,552

*Contingent liabilities related to Shari'a-compliant-risk-management instruments as disclosed in Note 27.

26.8 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to adverse changes in market variables such as profit rates, foreign exchange rates, equity prices and commodities. The Group classifies exposures to market risk into either listed or non-listed corporate investments.

26.8.1 Profit rate risk

Profit rate risk arises from the possibility that changes in profit rates will affect future cash flows or the fair values of the financial instruments. The Group's current exposure to profit rate risk is limited to the following:

- The Group's placement with the financial institutions (classified as 'Placements with financial institutions');
- The Group's investment portfolio of Sukuk (classified as "Investments at amortised cost" and "Investments at fair value through equity");
- The Group's investments in Murabaha (classified as "Financing assets"); and
- Financing received by the Group from financial institutions (classified as "Financing liabilities").

The following table demonstrates the sensitivity to a 100 basis point (bp) change in profit rates, with all other variables held constant. The effect of decreases in profit rate is expected to be equal and opposite to the effect of the increases shown.

	31 December 2023	Change in basis points (+/-)	Effect on net profit/loss (+/-)
Assets			
Placements with financial institutions			
	2,705,186	100	27,052
Investments in sukuk	1,662,612	100	16,626
Investment in funds carried at fair value	273,410	100	2,734
Financing assets	88,387	100	884
Liabilities and Equity of unrestricted investment account holders			
Financing liabilities	1,862,616	100	(18,626)
Financial liabilities of disposal group classified as held-for-sale	84,904	100	(849)
Equity of unrestricted investment account holders	2,827,095	100	(28,271)

	31 December 2022	Change in basis points (+/-)	Effect on net profit/loss (+/-)
Assets			
Placements with financial institutions			
	1,981,162	100	19,812
Investments in sukuk	1,033,084	100	10,331
Investment in funds carried at fair value	239,735	100	2,397
Financing assets	204,725	100	2,047
Liabilities and Equity of unrestricted investment account holders			
Financing liabilities	742,049	100	(7,420)
Financial liabilities of disposal group classified as held-for-sale	83,263	100	(833)
Equity of unrestricted investment account holders	2,744,929	100	(27,449)

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26.8.2 Foreign exchange risk

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to adverse changes in foreign exchange rates. The Board has set limits on positions by currency. Positions are monitored regularly to ensure that positions are maintained within established limits.

The table below indicates the currencies that are pegged to the Qatari Riyal and, hence the foreign exchange risk for the Group in respect of these currencies is minimal.

Exposure (QAR equivalent)			
	31 December 2023	31 December 2022	
Currency			
USD	1,583,903	1,278,371	
USD pegged currencies	1,651	3,252	

The table below shows the impact of a 5% movement in the currency rate, for other than those pegged to the Qatari Riyals, against the Qatari Riyals, with all other variables held constant on the consolidated income statement and the consolidated statement of changes in Owners' equity. The effect of decreases in the currency rates is expected to be equal and opposite to the effect of the increases shown.

	Exposure (QAR equivalent)		Effect on net profit (+/-)	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Currency				
GBP	3,968	8,127	198	406
EUR	(1,743)	93,732	(87)	4,687
KWD	32	32	2	2

26.8.3 Commodities price risk

The Group does not currently have commodities portfolios; hence it has no exposure to commodity price risks.

26.9 Operational risk

Operational risk is the risk of loss arising from systems and control failures, fraud and human errors, which can result in financial and reputation loss, and legal and regulatory consequences. The Group manages operational risk through appropriate controls, instituting segregation of duties and internal checks and balances, including internal audit and compliance. The Risk Management Department facilitates the management of operational risk by way of assisting in the identification of, monitoring and managing of operational risk in the Bank.

26.10 Concentration risk

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location or individual obligor.

26.11 Capital management

The primary objectives of the Group's capital management are to ensure that the Group complies with regulatory capital requirements and that the Group maintains healthy capital ratios in order to support its business and to maximise Owners' value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to Owners, return capital to Owners or issue new capital. The QFCRA sets and monitors capital requirements for the Group as a whole. In implementing current capital requirements, the QFCRA requires the Group to maintain a minimum capital adequacy ratio as prescribed by the Islamic Banking Business Prudential Rules of 2015.

The Group's capital resources are divided into two tiers:

- Tier 1 capital, which includes ordinary share capital, share premium, retained earnings and non-controlling interest after deductions for goodwill and intangible assets, and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.
- Tier 2 capital, which includes the fair value reserve relating to unrealised gains on equity instruments classified as investments at fair value through equity and currency translation reserve.

Other deductions from capital include the carrying amounts of investments in subsidiaries that are not included in the regulatory consolidation, investments in the capital of banks and certain other regulatory items. Risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and off-financial position exposures.

The Group's policy is at all times to meet or exceed the capital requirements determined by the QFCRA. There have been no material changes in the Group's management of capital during the year.

The Group's capital adequacy ratio (the "CAR"), calculated in accordance with the capital adequacy guidelines issued by the QFCRA, is as follows:

	31 December 2023	31 December 2022
Total risk weighted assets	6,376,132	5,604,889
Share capital	1,120,000	1,120,000
Share premium	80,003	80,003
Other reserve	9,439	-
Retained earnings / (accumulated losses)	30,206	(52,383)
Non-controlling interest	(9,402)	(12,216)
Intangible assets	(2,554)	(1,951)
Other adjustments	12,580	18,281
Total qualifying capital and reserve funds	1,240,272	1,151,734
Total capital resources expressed as a percentage of total risk weighted assets	19.45%	20.55%

The Bank is subject to a minimum regulatory CAR of 12.5% comprising of Tier 1 and Tier 2 Capital Ratio of 8%, capital conservation buffer of 2.5% and an ICAAP buffer of 2.0%.

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27. SHARI'A-COMPLIANT-RISK-MANAGEMENT INSTRUMENTS

27.1 Profit rate swap

Swaps are commitments to exchange one set of cash flows for another. In the case of profit rate swaps, counterparties generally exchange fixed and floating profit payments in a single currency without exchanging principal.

27.2 Unilateral promise to buy/sell currencies

Unilateral promises to buy/sell currencies are promises to either buy or sell a specified currency at a specific price and date in the future. The actual transactions are executed on the promise execution dates, by exchanging the purchase/sale offers and acceptances between the relevant parties. The table below shows the positive and negative fair values of Shari'a-compliant-risk-management financial instruments together with the notional amounts analysed by the term to maturity. The notional amounts, which provide an indication of the volumes of the transactions outstanding at the year-end, do not necessarily reflect the amounts of future cash flows involved and the credit and market risk, which can be identified from the derivatives fair value.

	Positive fair value	Negative fair value	Notional amount	Less than 3 months	3 to 12 months
31 December 2023					
Unilateral promise to buy/ sell currencies	257	(20,242)	995,117	995,117	-
	<u>257</u>	<u>(20,242)</u>	<u>995,117</u>	<u>995,117</u>	<u>-</u>
31 December 2022					
Unilateral promise to buy/ sell currencies	Positive fair value 3,924	Negative fair value (10,694)	Notional amount 443,468	Less than 3 months 327,296	3 to 12 months 116,172
	<u>3,924</u>	<u>(10,694)</u>	<u>443,468</u>	<u>327,296</u>	<u>116,172</u>

Unrealised fair value gain/loss arising from Shari'a-compliant-risk management instruments were recognized in these consolidation financial statements as required by IFRS; however, as per requirement of Shari'a principles gains/losses are realised when actual transactions / settlements happen.

28. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group's financial instruments are accounted for under the historical cost method with the exception of investments at fair value. By contrast, the fair value represents the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. Differences therefore can arise between book values under the historical cost method and fair value estimates. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to curtail materially the scale of its operation or to undertake a transaction on adverse terms. Generally accepted methods of determining fair value include reference to quoted prices and the use of valuation techniques such as discounted cash flow analysis.

Fair value hierarchy

Fair value measurements are analysed by level in the fair value hierarchy as follows:

(i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities,

(ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and

(iii) level three measurements are valuations not based on observable market data (that is, unobservable inputs). Management applies judgment in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement.

	Level 1	Level 2	Level 3	Total
31 December 2023				
Investments carried at fair value				
- at fair value through equity	1,561,946	-	79,385	1,641,331
- at fair value through income statement	3,214	-	421,764	424,978
Investments in real estate carried at fair value	-	-	264,262	264,262
Investments in funds carried at fair value	78,850	-	194,560	273,410
Net gains and losses included in the consolidated statement of changes in equity	26,593	-	(15,097)	11,496
Net gains and losses included in the consolidated income statement	1,556	-	20,918	22,474
31 December 2022				
Equity investments				
- at fair value through equity	858,854	-	99,458	958,312
- at fair value through income statement	2,687	-	423,340	426,027
Investments in real estate carried at fair value	-	-	225,368	225,368
Investments in funds carried at fair value	77,821	-	161,914	239,735
Net gains and losses included in the consolidated statement of changes in equity	(19,382)	-	-	(19,382)
Net gains and losses included in the consolidated income statement	(20,001)	-	(24,376)	(44,377)

Shari'a-compliant-risk-management instruments related assets and liabilities, as disclosed in Note 27, belong to level 2 fair value hierarchy.

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The fair values of financial assets and financial liabilities carried at amortised cost are equal to the carrying value, hence, not included in the fair value hierarchy table, except for investments carried at amortised cost for which the fair value amounts to QAR 101.0 million (31 December 2022: QAR 170.7 million) and is derived using Level 1 fair value hierarchy.

Valuation technique used in the fair value measurement at 31 December 2023 and 2022 for level 3 investments included Discounted Cash flow and Market approach. The below table summarises the inputs used discounted cash flow technique:

	Valuation technique	Range of inputs		2022
		Inputs used	2023	
Investments at fair value through income statement	Discounted	Growth rate	1.5% to 3.5%	1.5% to 3.5%
	Cash flow	Growth rate	13.4% to 15.4%	12.9% to 14.9%

Movements in level 3 financial instruments

The following table shows the reconciliation of the opening and closing amount of Level 3 investments which are recorded at fair value:

	At 1 January 2023	Total gain (losses) recorded in consolidated income statement / equity	At 31 December 2023	
			Additions	Disposals
Equity investments				
- at fair value through equity	99,458	(28,991)	8,918	-
- at fair value through income statement	585,254	20,920	139,066	(128,916)
	684,712	(8,071)	147,984	(128,916)

	At 1 January 2022	Total losses recorded in consolidated income statement / equity	At 31 December 2022	
			Additions	Disposals
Equity investments				
- at fair value through equity	96,903	-	8,372	(5,817)
- at fair value through income statement	121,798	(11,239)	474,695	-
	218,701	(11,239)	483,067	(5,817)

Transfers between level 1, level 2 and level 3

There were no transfers between the levels during the year ended 31 December 2023 (2022: none).

29. SEGMENT INFORMATION

For management purposes, the Group has three broad reportable segments, as described below. The reportable segments offer different products and services and are managed separately based on the Group's management and internal reporting structure. For each of the reportable segments, the management reviews internal reports periodically. The following summary describes the operations in each of the Group's reportable segments:

Alternative Investments

The Group's alternative investments business segment includes direct investment in the venture capital business direct private equity. Alternative investments business is primarily responsible for acquiring large or significant stakes, with board representation, in well managed companies and assets that have strong, established market positions and the potential to develop and expand. The team works as partners with the management of investee companies to unlock value through enhancing operational and financial performance in order to maximize returns. This segment seeks investments opportunities in growth sectors within the GCC and MENA region, as well as United States, Europe and Southeast Asia but remains opportunistic to attractive investment propositions outside of the geographies identified.

Private Bank

The Group's private bank business segment includes private banking, corporate & institutional banking and treasury & investment management services. The Private banking department targets qualified High Net Worth clients with Shari'a compliant up-market products and services that address personal, business and wealth requirements. The services offered under the private banking department include advisory, deposit accounts, brokerage, funds and investments, treasury Forex products, plain vanilla & specialized financing and Elite services. The corporate & institutional banking department offers deposits accounts and plain vanilla & specialized financing solutions for corporates in Qatar, the GCC and the broader region for sectors and applications currently underserved by regional banks. The treasury department is offering short term liquid investments and FX products to banking clients, deploying the bank's liquidity as well as leading the product development and idea conceptualization function.

Other

This segment includes investment property from where the bank derives Ijarah rentals. Associated costs including financing cost for the investment property are also build up in this segment.

Information regarding the results, assets and liabilities of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the management.

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Segment assets and liabilities

The Group does not monitor segments based on segment assets and liabilities and does not possess detailed information thereof. Consequently, disclosure of segment assets and liabilities are not presented in these consolidated financial statements. Below is the information about operating segments:

For the year ended 31 December 2023	Alternative Investments	Private Bank	Other	Total
INCOME				
Income from financing assets				
	1,125	10,297	-	11,422
Income from placements with financial institutions	-	133,012	-	133,012
Profit on the financing liabilities	-	(55,694)	-	(55,694)
Net income from financing assets	1,125	87,615	-	88,740
Fee income	25,088	35,847	-	60,935
Dividend income	4,110	16,713	-	20,823
Profit on Sukuk investments	-	72,597	-	72,597
Gain/ (loss) on re-measurement of investments at fair value through income statement	(3,047)	8,916	-	5,869
Gain on disposal of equity investments	7,387	-	-	7,387
Net foreign exchange gain	4,213	3,455	-	7,668
Other income, net	1,004	5,312	17,695	24,011
Total Income Before Return To Unrestricted	39,880	230,455	17,695	288,030
Return to unrestricted investment account holders	-	(92,970)	-	(92,970)
TOTAL INCOME	39,880	137,485	17,695	195,060
EXPENSES				
Staff costs	(2,320)	(63,756)	-	(66,076)
Depreciation and amortization	(1,226)	(4,290)	(613)	(6,129)
Other operating expenses	(4,211)	(15,793)	(1,053)	(21,057)
TOTAL EXPENSES	(7,757)	(83,839)	(1,666)	(93,262)
(Provision for) / reversal of impairment on financing assets, net of recoveries	9,711	(11,551)	-	(1,840)
Reversal of impairment on other financial assets	-	2,706	-	2,706
NET INCOME BEFORE INCOME TAX	41,834	44,801	16,029	102,664
Income tax expense	-	-	-	-
NET INCOME FROM CONTINUING OPERATIONS	41,834	44,801	16,029	102,664
DISCONTINUED OPERATIONS				
Profit / (loss) from discontinued operations, net of tax	4,112	(10,285)	-	(6,173)
NET PROFIT FOR THE YEAR	45,946	34,516	16,029	96,491

	For the year ended 31 December 2022	Alternative Investments	Private Bank	Other	Total
INCOME					
Income from financing assets					
		3,516	6,346	-	9,862
Income from placements with financial institutions		-	29,060	-	29,060
Profit on the financing liabilities		-	(6,316)	-	(6,316)
Net income from financing assets		3,516	29,090	-	32,606
Fee income		21,735	42,947	-	64,682
Dividend income		2,104	13,278	-	15,382
Profit on Sukuk investments		-	30,298	-	30,298
Loss on re-measurement of investments at fair value through income statement		(18,989)	(7,909)	-	(26,898)
Fair value loss on re-measurement of investments in real estate "		(1,000)	-	-	(1,000)
Loss on disposal of sukuk investments		-	(1,523)	-	(1,523)
Gain on disposal of equity investments		-	25,657	-	25,657
Loss on early settlement of financing assets		(1,508)	-	-	(1,508)
Net foreign exchange gain / (loss)		(1,367)	10,834	-	9,467
Other income		9,428	12	11,181	20,621
Total Income Before Return To Unrestricted Investment Account Holders		13,919	142,684	11,181	167,784
Return to unrestricted investment account holders		-	(52,144)	-	(52,144)
TOTAL INCOME		13,919	90,540	11,181	115,640
EXPENSES					
Staff costs		(2,174)	(56,643)	-	(58,817)
Depreciation and amortization		(1,034)	(3,621)	(517)	(5,172)
Other operating expenses		(8,353)	(31,323)	(2,088)	(41,764)
TOTAL EXPENSES		(11,561)	(91,587)	(2,605)	(105,753)
Reversal of impairment on financing assets, net of recoveries		21,224	40,151	-	61,375
Reversal of impairment on other financial assets		-	9,425	-	9,425
NET PROFIT BEFORE INCOME TAX		23,582	48,529	8,576	80,687
Income tax expense		-	-	-	-
NET PROFIT FROM CONTINUING OPERATIONS		23,582	48,529	8,576	80,687
DISCONTINUED OPERATIONS					
Profit from discontinued operations, net of tax		-	3,797	-	3,797
NET PROFIT FOR THE YEAR		23,582	52,326	8,576	84,484

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Geographical segment information

The Group currently monitors its operations in two geographic markets namely Qatar and other countries. The following tables show the distribution of the Group's net income by geographical segments, based on the location in which the transactions are recorded during the year.

For the year ended 31 December 2023

INCOME

	Qatar	Others	Total
Income from financing assets	10,297	1,125	11,422
Income from placements with financial institutions	133,012	-	133,012
Profit on the financing liabilities	(55,694)	-	(55,694)
Net income from financing assets	87,615	1,125	88,740
Fee income	47,407	13,528	60,935
Dividend income	4,367	16,456	20,823
Profit on Sukuk investments	2,799	69,798	72,597
Gain on re-measurement of investments at fair value through income statement	1,029	4,840	5,869
Gain on disposal of equity investments	7,387	-	7,387
Net foreign exchange gain	7,668	-	7,668
Other income, net	24,011	-	24,011
Total Income Before Return To Unrestricted Investment Account Holders	182,283	105,747	288,030
Return to unrestricted investment account holders	(92,970)	-	(92,970)
TOTAL INCOME	89,313	105,747	195,060

EXPENSES

Expenses from non-banking activities			
Staff costs	(66,076)	-	(66,076)
Depreciation and amortisation	(6,129)	-	(6,129)
Other operating expenses	(21,057)	-	(21,057)
TOTAL EXPENSES	(93,262)		(93,262)
(Provision for) / reversal of impairment on financing assets, net of recoveries "	(11,551)	9,711	(1,840)
Reversal of impairment on other financial assets	2,706	-	2,706
NET PROFIT FROM CONTINUING OPERATIONS	(12,794)	115,458	102,664
DISCONTINUED OPERATIONS			
Profit / (loss) from discontinued operations, net of tax	4,112	(10,285)	(6,173)
NET PROFIT FOR THE YEAR	(8,682)	105,173	96,491

For the year ended 31 December 2022

INCOME

	Qatar	Others	Total
Income from financing assets	6,346	3,516	9,862
Income from placements with financial institutions	29,060	-	29,060
Profit on the financing liabilities	(6,316)	-	(6,316)
Net income from financing assets	29,090	3,516	32,606
Fee income	43,934	20,748	64,682
Dividend income	4,035	11,347	15,382
Profit on Sukuk investments	1,722	28,576	30,298
Loss on re-measurement of investments at fair value through income statement	(7,909)	(18,989)	(26,898)
Fair value loss on re-measurement of investments in real estate	(1,000)	-	(1,000)
Loss on disposal of sukuk investments	(1,523)	-	(1,523)
Gain on disposal of equity investments	25,657	-	25,657
Loss on early settlement of financing assets	(1,508)	-	(1,508)
Net foreign exchange loss	9,467	-	9,467
Other income, net	20,621	-	20,621
Total Income Before Return To Unrestricted Investment Account Holders	122,586	45,198	167,784
Return to unrestricted investment account holders	(52,144)	-	(52,144)
TOTAL INCOME	70,442	45,198	115,640
EXPENSES			
Staff costs	(58,817)	-	(58,817)
Depreciation and amortization	(5,172)	-	(5,172)
Other operating expenses	(41,764)	-	(41,764)
TOTAL EXPENSES	(105,753)		(105,753)
Reversal of impairment on financing assets, net of recoveries "	41,131	20,244	61,375
Reversal of impairment on other financial assets	9,425	-	9,425
NET PROFIT FROM CONTINUING OPERATIONS	15,245	65,442	80,687
DISCONTINUED OPERATIONS			
Loss from discontinued operations, net of tax	-	3,797	3,797
NET PROFIT FOR THE YEAR	15,245	69,239	84,484

