بنك لشا
LESHA BANK

STEPS TOWARD SUSTAINABLE GROWTH
ANNUAL REPORT 2022

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

KEY INFORMATION

Trading Symbol
Qatar Stock Exchange (QSE: QFBQ)

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 Al Kaabi

Senior Management

Mr. Abdulrahman Totonji
Chief Executive Officer (CEO)

Mr. Rajesh Bansal
Chief Financial Officer (CFO)

Mrs. Fulya Plas
Chief Risk Officer (CRO)

Mr. Mohammed Mohammed
Deputy Chief Operating Officer (DCOO)

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

QFC License
No.:00091

External Auditors
Ernst & Young
Elected by the AGM for the financial year 2022

Registered Head Office
4th Floor
Tornado Tower
West Bay, Doha
Phone: + 974 4448 3333
Fax: + 974 4448 3560
Website: www.leshabank.com

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The Shift from QFB to Lesha Bank

A YEAR OF TRANSFORMATION AND EVOLUTION

We shifted gears and used a combination of simplicity and pragmatism, leveraging our extensive network of international partnerships and our ability to source key information about reigning market trends and fluctuations, to make a momentous resurgence, and ranked as a Qatari Market leader in investment banking according Euromoney Market Leaders 2022. With our eyes set on new markets and new asset classes, our desire to accommodate ourselves to the ever-growing risk appetite of our investors and clients, and our ability to find unique ways to make and source Shari'a-compliant investments, it became obvious for us that we needed to increase the number of talent and expert staff involved in our operations and pave the way for more interaction and innovation. For this reason, we saw that the opportunity was right for us to rebrand our business in 2022, sending out a clear message to our current clients and shareholders: "things are changing and we're taking a new direction guided by bigger goals and ambitions." Accordingly, once known as Qatar First Bank, we are now Lesha Bank, and we chose this name first and foremost, because we're proud of the Shari'a-compliant banking legacy we've built, as it is inspired by the name of a city in Northern Qatar known for its contributions to Qatari traditions, thus reflecting our deep connection with our Qatari roots. Many things have changed as part of our rebranding process, including some of our core strategies and principles, as well as our registered headquarters, the former to target higher returns to our investors, and the latter to fit our significant increase in operational staff, yet one thing remained unaltered: our unwavering commitment to our shareholders and clients, and our unshakeable adherence with the tenets of the Shari'a. In LESHA, we also found an acronym that encompasses all of our new core values, **L**ongevity, **E**xcellence, **S**ustainability, **H**onesty and **A**daptability, and we're excited to take our shareholders and clients along with us on a new journey that aims to take us to new markets and allow us to explore new economic segments and industries.

Things are changing quickly, technology is progressing at unprecedented rates, reigning policies are experiencing constant modifications, and the entire structure of the global socioeconomic system is likely to change within the next decade. Under such circumstances, there are only two choices: keep up with the times or stay ahead of change, and, as Lesha Bank, our aim is to continue to adapt and innovate.

FINANCIAL SNAPSHOT

Total Assets

QAR 5.2 billion (2022)
QAR 3.2 billion (2021)
64% growth

Net Profit *

QAR 75.5 million (2022)
9 consecutive quarters of Profit
2nd consecutive year of Profit

Total Deposits

QAR 3.1 billion (2022)
QAR 1.9 billion (2021)
63% growth

Fee and Dividend Income

QAR 80.1 million (2022)
QAR 44.1 million (2021)
81% growth

Total Assets Under Management (AUM)

QAR 5.2 billion (2022)
QAR 3.8 billion (2021)
36% growth

Income from Sukuk Portfolio

QAR 30.3 million (2022)
QAR 12.4 million (2021)
145% growth

Capital Adequacy Ratio (Basel III)

improved from 18.1% in 2021 to
20.5% in 2022

Bank's Investment Portfolio

QAR 2.4 billion (2022)
QAR 1.1 billion (2021)
117% growth

* Attributable to the equity holders of the Bank

WHO WE ARE

As the first independent Shari`a-compliant bank to obtain the authorization of the Qatar Financial Center Regulatory Authority (QFCRA) and be listed entity on the Qatar Stock Exchange (QSE), Lesha Bank offers its clientele a range of investment opportunities and innovative financial solutions within local, regional and international markets. The Bank's Shari`a-compliant products and services encompass alternative investments focused on private equity and real estate, private banking & wealth management, corporate and institutional banking, as well as treasury and investments. With a clear strategy, a highly experienced team, and a solid shareholder base, Lesha Bank (the "Bank") is a trusted service provider for its clientele composed of high-net-worth individuals (HNWI), ultra-high-net-worth- individuals (UHNWI), as well as corporations and institutions of various sizes.

OUR VISION

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

OUR VALUES

Longevity
Through long-term partnerships, catering to elite class clients and providing personalized banking and wealth management products and services.

Excellence
Delivering tailor-made investment opportunities, products and services by leveraging highly-experienced in-house staff.

Sustainability
By targeting financial freedom and personal aspirations for life-long solutions and experiences, and ensuring that we provide premium products and valuable investment opportunities.

Honesty
Remaining transparent and maintaining integrity with shareholders and clients, and applying the most rigorous Shari`a compliance and governance standards.

Adaptability
Leveraging available resources to target the latest practices and technologies into our operations, adopting a solid digital transformation strategy.

MESSAGE FROM THE CHAIRMAN

In the name of Allah, the most compassionate and the most merciful. 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 share with you Lesha Bank's financial results and business update for the year ended 31 December 2022.

With the future looking ripe with opportunities, I welcome you all onboard of a new journey we'll be taking to grow and expand our global market outreach and overall profitability, having changed our brand name from Qatar First Bank to Lesha Bank in a tangible demonstration of how truly committed we are to succeeding in our newly taken direction.

Last year we performed exceptionally well, and our main goal from 2022 onward is to make last year's performance more of a stepping stone towards greater improvements than a benchmark against which all other years are assessed.
The structure of the global socioeconomic system is rapidly changing, and markets all across the world are assumed to go through periods of significant fluctuations, so we believe it's important to find the right balance between a bullish and a bearish approach to investment. The current status quo makes having deep market knowledge and foresight essential for institutions looking for avenues for sustainable long-term growth, and Lesha Bank is leveraging the resources at its disposal to stay up-to-date with the latest market developments.

As such, we spent the year carefully studying the market, and seized certain asset investments and property acquisition opportunities, targeting a steady flow of returns. Some of 2022's highlights included an exit from Jefferson Square, and the acquisition of new top-class real estate assets in the US, Gateway Plaza and we agreed to acquire phase II of the Healthcare technology company. We also financed a consortium of Qatari Investors that sought to acquire a 10.8% stake in one of the world's largest growing lifestyle and hospitality company - Ennismore.

I'm proud to announce that during this year which was particularly unique and important for Qatar as a country with the hosting of the 2022 FIFA World Cup, we achieved a net profit of QAR 75.5 million attributed to our equity holders, recording its second consecutive full year and its ninth consecutive quarters of profit.

As always, I would first like to address a word of earnest gratitude to His Highness, the Amir, Sheikh Tamim bin Hamad Al Thani, whose forward-looking and highly ambitious Qatar National Vision 2030 kept our country on track for significant growth and development.

I'm honored to be part of this newly formed Board while the bank's Senior Management and its staff are owed a great debt of gratitude for their dedication, strategic thinking, wisdom, creativity and commendable work ethic. Hopefully, with our combined efforts, the Bank will see unmatched growth and expansion in the upcoming years.

Furthermore, I would like to thank our regulators for their guidance and their continued support, in particular the Qatar Financial Centre (QFC), Qatar Financial Center Regulatory Authority (QFCRA), Qatar Stock Exchange (QSE) and Qatar Financial Market Authority (QFMA), as well as to the Shari'a Supervisory Board for the indispensable role it plays in allowing the Bank to consistently improve its operations and provide better products and services, while remaining in line with the tenets and principles of the Shari'a. I would also like to extend my thanks to our clients, investors and business partners for their loyalty and trust, as they represent some of Lesha Bank's most valuable assets.

Lastly, I want to thank you, our dear shareholders, for holding the AGM and approving all the AOA amendments necessary to assist us along this new, exciting and promising journey.

We will do our best to show you how truly valuable your support and loyalty are to us in the future.

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

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

The year 2022 was a momentous year for what was formerly known as QFB, as the new business strategies we adopted back in 2020 were proven effective enough to turn in nine consecutive quarters of profit, giving us confidence not only to focus on growth and expansion, but also to claim a new identity as Lesha Bank.

There are many reasons we chose the name Lesha Bank to represent our brand during the upcoming phase of our development and maturation as a business, but the most important of them will always remain the fact that we want our clients and stakeholders to be constantly reminded of how truly and deeply committed we are to upholding our Qatari roots as we explore foreign markets in the global marketplace.

The wisdom of HH the Amir, Sheikh Tamim bin Hamad Al Thani has been an inspiration for us all in our pursuit of excellence, and HH's roadmap has contribute to achieving unparalleled economic growth and development in line with Qatar National Vision 2030. As such, be it as QFB or as Lesha Bank, we will always be proud of our Qatari heritage, no matter where our new business journey takes us.

Announcing the launch of Lesha Bank is an exciting moment for all us and it was accompanied by the acquisition of more key real estate assets in foreign markets. Along with our new brand name came a larger team of experts and professionals, which will now be working at our new head office located on the fourth floor of the Tornado Tower in Corniche, Doha. The new office was equipped with advanced tools, resources and technologies leading to an optimized flow of operations and an enhanced work experience. Furthermore, we managed to successfully hand over all operations to a new Board which is already working on finding new ways to maximize the Bank's profits and broaden its future prospects. We are proud to say that the name "Lesha Bank" can stand out as rival to foreign and local counterparts, as we aim to further strengthen our liquidity profiles across the Board, and we have already raised over one billion Qatari Riyals from our investors, completed a successful capital raise, and ballooned our total assets under management to QAR 5.2 billion by the end of 2022. We have been able to grow our sukuk book to over a billion Qatari Riyals, and increased our deposit base by 63% and these are just some of the highlights of this past year.

On an operational level, we focused on remaining pragmatic in our approach to investment while simultaneously mobilizing all the resources necessary for us to make market forecasts to help our clients and stakeholders get access to lucrative investment opportunities within our geographic scope of business activity.

Current macroeconomic conditions seem challenging while there are signs of potential long-term growth in specific market sectors. These uncertainties and variables make due diligence and prudence essential to our business. Therefore, in 2022, we focused on carefully studying accessible opportunities. This exercise led to several key investments and business activities, including the financing of a Qatari consortium of investors that aimed to participate in the acquisition of a 10.8% stake in one of the world's largest and fastest growing lifestyle hospitality companies, Ennismore.

We waited for macro-economic metrics to slightly stabilize and for the picture to get clearer in the US Real Estate market before making a successful exit from Jefferson Square for a projected 8% IRR to investors, acquiring an LEED Gold certified multi-tenant office property in Richmond referred to as the Gateway Plaza Building, and closed the deal on phase II of the Health care technology company HQ, a SMART 200,000 square foot trophy office in Columbus Ohio.

Our overall business activities led to a net profit of QAR 75.5 million attributable to equity holders, for the year ended in December 2022, marking the second year of continuous profit.

We also increased our fee and dividend income from QAR 44.1 million to QAR 80.1 million registering a growth of 81%, and successfully completed a rights issue of QAR 500 million, with most of our progress being driven by our focus on private equity, real estate investments and treasury.

Lesha Bank's performance during the year did not go unrecognized on a global scale, since our Bank was endorsed as leader in investment banking in Qatar by Euromoney Market Leaders who gave us a "Market Leader" accreditation, as well as a "Highly Regarded" accreditation for out CSR initiatives, and a "Notable" accreditation for both our Digital Solutions and our Islamic Finance Offerings.

Overall, this year was a productive year full of newly established foundations and ambitions, and recent developments made it clearer that the next decade may mark both the most intimidating as well as the most exciting phase in recent economic history, and for the insightful and intuitive investor, the future looks full of opportunities. Lesha Bank will continue to leverage its existing resources, irrespective of the difficulties and challenges present in the global investment landscape, and it will continue to target expanding its pool of deployable resources to help meet projected market changes and fluctuations. Our main goal was, is, and will remain: to secure stable income streams for our stakeholders and investors.

I would like to thank our Chairman and Board Members for their trust, guidance and shared wisdom, and wish them a period of monumental success during this three year cycle, as well as our employees who showed incredible dedication, work ethic and adaptability during this period of major changes. We also owe a great debt of gratitude to our regulatory authorities for safeguarding our country and making sure that we remain compliant with the latest international policies and best practices, as well as to our shareholders for their unwavering support. Lastly, I have to address a special word of thanks to our clients and stakeholders for their loyalty and belief in our mission, capabilities and the quality of our services and products, your satisfaction will remain our greatest investment.

I pray that Allah may bless us all in our future endeavors, and safeguard our beloved country under the astute and insightful leadership of His Highness, the Amir, Sheikh Tamim bin Hamad Al Thani.

Sincerely

Abdulrahman Totonji
Chief Executive Officer

OUR LEADERSHIP

Lesha Bank's Board of Directors upholds the highest standards and best international practices for Shari'a-compliant Investment Banking, and its members work incessantly to reaffirm their unwavering commitment to delivering quality services to the Bank's shareholders and clients. The Board adamantly believes in promoting a culture of dedication and innovation across the establishment, and it relentlessly seeks to instill the values of honesty, integrity, transparency, responsibility, justice, equality and fairness among Lesha Bank staff.

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

Abdulrahman Totonji
Chief Executive Officer (CEO)
Appointed on 12 April 2021

Rajesh Bansal
Chief Financial Officer (CFO)
Appointed in 2021

Fulya Plas
Chief Risk Officer (CRO)
Appointed in 2021

Mohammed Mohammed
Deputy Chief Operating Officer (DCOO)
Appointed in 2020

Mohamad Abu Khalaf
Head - Treasury
Appointed in 2020

Alexandre Bernassau
Head - Real Estate Investments
Appointed in 2020

Suhaib Al Mabrouk
Head - Private Equity and Corporate Banking
Appointed in 2014

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

Rita El Helou
Head - Legal and Compliance, Board Secretary
Appointed in 2021

Prem Anandh Kasilingam
Head - Operations
Appointed in 2015

Ahmed Abou Elela
Head - Corporate Services
Appointed in 2020

Anoof Asker
Head - Information Technology
Appointed in 2021

Mohamed Thahir
Head - Middle office
Appointed in 2022

Mirna Naccache
Director - Marketing and Communications
Appointed in 2021

PEOPLE AT LESHA BANK

WORKFORCE PLANNING

Since its inception, Lesha Bank has attached great importance to providing a dynamic, professional and creative environment in the workplace. Human resources are the catalyst for Lesha Bank's continuity and the cornerstone of the operational and business progress and its organizational structure. During 2022, Lesha Bank focused on improving HR policies and standard operating procedures (SOP), in addition to solutions that promote employees' motivation and boost their productivity.

Lesha Bank encourages a positive work environment that nurtures creativity, engagement, and innovation, with events ranging from Lesha Bank's interest communities to interactive digital employee newsletters, while also missing no chance to show recognition for the accomplishments of its employees.

In 2022, HR played a key role in sourcing new talent and expertise to support the bank's new strategic direction and its increased operational demands. The department also played a key role in helping the Bank make its recent paradigm shift when it proactively selected individuals to occupy senior positions. Additionally, when QFB was rebranded to Lesha Bank and new headquarters needed to be chosen, HR was at the forefront of departments facilitating the overall transition process.

In developing its plans, Lesha Bank continuously strives to establish the needed human capital framework to build a strong, creative and future-thinking workforce that could deliver the level of innovation and quality required of its ambitious and robust business strategies.

International Wellness Week

World Environment Day

DIVERSITY AND INCLUSION

Under the guidance of Lesha Bank's Management, the Bank's workforce constituted the backbone of Lesha Bank's success and most recent resurgence in 2021, and it played an integral role in its rebranding to Lesha Bank from QFB in 2022.

Diversity is how we unleash the power of transformation. We strive to foster belonging and empowerment at work in an inclusive atmosphere. We create relevant opportunities for our diverse clients. We carefully listen to and engage our diverse communities, and we value teamwork with our diverse stakeholders.

Breast Cancer Awareness

Autism Awareness Workshop

STRATEGY AND BUSINESS MODEL

While Lesha Bank remains flexible and highly adaptive to changes in reigning market conditions, especially during this age of rapid technological development and information exchange, strategic planning based on probabilistically reliable data sets remains an essential part of business management. As such, we devised a new strategy to direct our business operations between 2023 and 2025, which we referred to as Strategy 2025, inspired by the name of our nation's proud QNV2030. This strategy which was approved by Board of Directors to serve as a road map for our business goals and activities in the next 3 years focuses on three key processes: **Evolve, Scale and Move.**

EVOLVE

Revolves around the development of Lesha Bank's existing business paradigms and products, especially those that were well-received by certain clients focused on the AUM model for Real Estate & Private Equity.

SCALE

Primarily deals with operational optimization through standardization and automation for increased productivity, efficiency and effectiveness, and an overall better client experience.

MOVE

A process concerned with the development of new Shari'a-compliant revenue streams to expand Lesha Bank's Wealth Management platform in a way that broadens the range of products available to clients.

LESHA BANK'S STRATEGY

5 ESSENTIAL STEPS

1. Raise long term funding for Lesha Bank's growth and expansion plan
2. Capitalize on internal expertise to provide the best-in-class investment products to investors
3. Increase and diversify further the suite of Wealth Management products
4. Expand the Bank's active client base with key focus on client service
5. Focus continuously on controls and governance framework

BUSINESS REVIEW

As a comprehensive review of all the fields in which Lesha Bank is active, the business review will encompass the following:

- Private Banking & Wealth Management
- Private Equity and Corporate Banking
- Treasury
- Real Estate Investment

PRIVATE BANKING & WEALTH MANAGEMENT

Lesha Bank understands that Private Banking is first and foremost about building solid and constructive relationships with clients. When HNWI seek our wealth & asset management services, our portfolio & investment management services, as well as our treasury services, they do so mainly because of our trustworthiness and transparency. Our Private Banking services are very diverse, extremely private, highly convenient and astonishingly customizable. Lesha Bank's Private Banking unit serves as a One-Stop Shop for a host of premium and luxurious services and products for HNWI and UHNWI, leveraging deep market knowledge, global outreach and access to unique investment opportunities, to ultimately deliver a Sharia-compliant private banking experience. Our main goal is to create a long-lasting cross-generational partnership with our clients.

Dealing & Treasury

Lesha Bank provides its clients with a comprehensive treasury service to help handle their administrative banking and investment needs, including cash management and deal execution.

Investment Management

Drawing on our extensive resources and breadth of accessible expertise, we make investments on either a discretionary or advisory basis across a full range of asset classes to meet the functional needs and wants of our clients.

Our elite clients do not only get to enjoy being served by a team of professionals rigorously trained by some of the biggest and most renowned local and international banks, they also get to benefit from a network of international partners located in major international financial centers, adding an element of convenience and flexibility to an already luxurious banking experience.

Alternative Investments

Using its network of contacts and partners as well as its in-house alternative investments expertise that focuses on Private Equity and Real Estate, Lesha Bank remains on the lookout for attractive investment opportunities within the global market.

PRIVATE EQUITY AND CORPORATE BANKING

While Lesha Bank actively probes the market for new investment opportunities, Private Equity continues to be a key business line that the Bank relies on. In fact, based on publicly available market data (2022 Preqin Global Alternative Reports), Private Equity deals have been shown to outperform Public Equities, yield high absolute returns to investors, retain companies for a longer time and outperform all asset classes in terms of IRR. Private Equity investments have also demonstrated a high level of resilience in the past decade, especially during the most recent period of unprecedented turmoil, uncertainty and change, after which it emerged stronger and sturdier than ever. Expansion and growth do not come without their fair share of risks, so building a solid foundation in the form of a diversified and strategically-built Private Equity portfolio is essential for this exciting new phase of Lesha Bank's operations.

2022 in a Glimpse

In 2022, Lesha Bank chose to finance a Qatari consortium of investors that aims to participate in the acquisition of a 10.8% stake in Ennismore, one of the world's largest and fastest growing lifestyle hospitality companies majorly owned by international hospitality conglomerate group, Accor. Lesha Bank supported the purchasing consortium's investment vehicle by providing it with Shari'a-compliant financing. The Bank continued its effort to reduce its Corporate Banking exposure through major recoveries.

Our Private Equity & Corporate Banking Department is continually evolving to develop new banking products and services for our client, and to improve the monitoring of our existing portfolio of assets in a way that maximizes their value. This key acquisition proves that Lesha Bank has deep market knowledge, a broad network of partners, and is keen to seize opportunities.

TREASURY

In 2022, Lesha Bank focused on implementing dynamic asset and liability management strategies that could aid in the optimization of its balance sheet by adjusting available asset classes to suit certain market conditions and circumstances, and actively reducing positions in lower performance asset classes. Additionally, the Bank implemented several techniques to maximize its profits such as circumventing the effect of cost increases by targeting lower priced resources, ensuring assets are repriced or rebalanced in a way that potentially supports earnings, averting potential investment risks, expanding the average size of bank operations by adding several new counterparties locally, regionally and internationally, educating and training staff members to expand their capabilities and skillsets, and adopting new and innovative ways to deal with the volatility of targeted market assets.

Lesha Bank has a dedicated corporate desk tasked with ensuring that client deposits are being handled better, and its Treasury team is constantly working on developing new premium treasury products that meet the high-level needs and demands of its clientele, while simultaneously focusing on expanding the scope of the active Sukuk mandates that the Bank is managing on the behalf of its clients. Lesha Bank has been actively expanding its already wide network of banking partners and connections, which encompasses both local and international Banks, conglomerates, companies and corporations, to help swiftly seize any new investment opportunity that may be of interest to its client. The Bank has a Sukuk portfolio that acts as an income generator as well as a potential source of liquidity.

REAL ESTATE INVESTMENT

Leveraging the expertise of its brilliant investment department staff, the Bank re-emerged with a new robust investment strategy. During the implementation of its strategy, Lesha Bank focused on optimizing the management of its legacy assets while simultaneously adopting a new fee income-based model primarily centered around the real estate sector, with particular interest in new markets that appealed to the appetite of its investors, mainly the United States.This new model has grown the Bank's Real Estate AUM to QAR 3.9 billion as of December 2022.

New Real Estate Assets Acquisition

In 2022, many segments of the US real estate market were facing various kinds of headwinds, so continuing to implement this newly adopted strategy required tremendous knowledge, expanded networks and mobilization of more human resources.

Lesha Bank's careful approach to US real estate market fluctuations led to a reduced level of activity up until the approach of H2 of 2022, kicking the year off with a successful exit from Jefferson Square towards the end of May. Lesha Bank first acquired Jefferson Square in June 2017 as one of the few class A multifamily residential buildings in Baltimore with more than 300 apartments located close to John Hopkins University. The exit marked the Bank's second successful US real estate exit after Kennedy Flats with a projected 8% IRR to investors.

On June 30, 2022, having gotten a better reading of the market and noticed that Richmond - Virginia's economic growth was potentially outpacing the greater US economy across various metrics, Lesha Bank moved on to make its thirteenth direct investment under its new Shari'a-compliant real estate investment strategy, and its eleventh US real estate property acquisition with an aim to expand its presence in the US real estate market. The acquisition target was Gateway Plaza Building, a LEED Gold certified multi-tenant office property featuring high-quality construction with top-of-market buildouts and sweeping views of downtown Richmond and the James River. The property and tenants enjoy proximity to an abundance of amenities, modern residences, and a lively entertainment and arts scene. The property is also home to the headquarters of prominent firms, with long lease terms and rental escalations. Bolstered by high barriers to entry and no future office developments on the horizon, the property presents investors with a best-in-class trophy asset in a potentially desirable growth market.

Lesha Bank ended the year strong with agreeing to acquire its twelfth US real-estate acquisition phase II of healthcare technology company headquarters, located in Columbus Ohio, in follow-up to the successful acquisition of phase I of the Campus in April 2021. For more context, the Campus is the second phase of a two-building property which was completed recently in October 2022, and it's a SMART 220,000 square foot BTS trophy office with striking architectural features and designs set to be one of a handful of US properties to get both LEED and WELL platinum certifications. The building is currently 100% leased on a long-term basis to an American company operating in the health information technology sector with a Fortune 10 parent company.

Gateway Plaza
Acquired June 2022

Diversification And Future Plans

Considering that Lesha Bank's new investment model has successfully managed to break its streak of losses and turn in a profit for certain investors, increasing their trust in its new business philosophy and direction, the Bank now plans to further diversify its sources of income and investment portfolio by exploring new markets that meet the high expectations of its clientele.

While Lesha Bank is eager about the returns that will result from the upscaling of its real estate investment model, it is also excited about the various investment prospects that can be found in high level technologies, as well as those that can stem from innovations linked to digital transformation.

REAL ESTATE INVESTMENT

(As of December 2022)

14 Real estate deals since inception

12 Current deals

2 Exits

3 Countries

10 Cities

QAR 4.5 billion Asset Under Management (AUM) since inception

QAR 3.9 billion Current AUM

QAR 1.8 billion Equity raised since inception

QAR 1.6 billion Current investors' equity

REAL ESTATE INVESTMENT IN THE USA

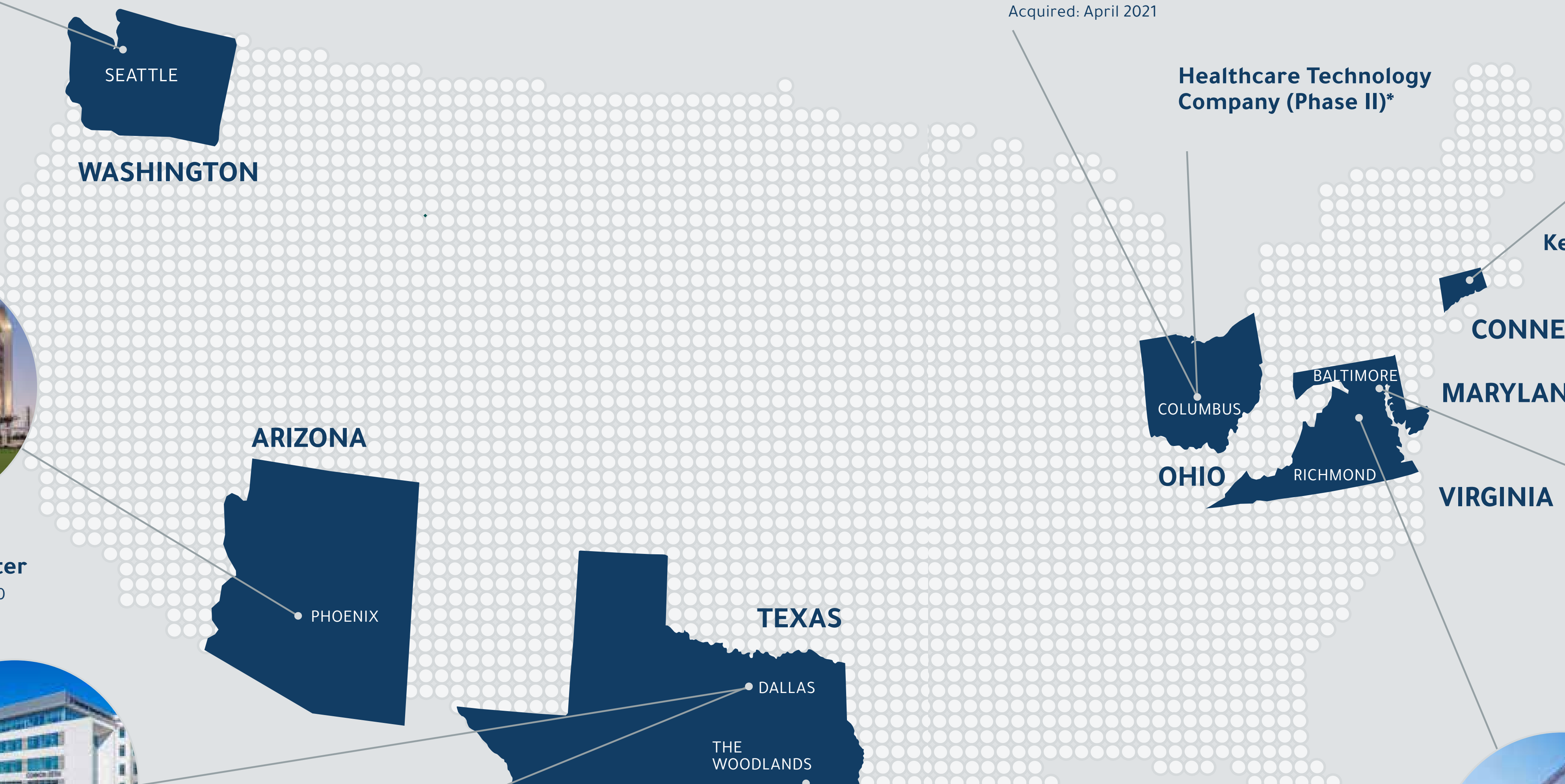
90 North Corporate Campus
Acquired: February 2020

The Grand 2 at Papago Park Center
Acquired: December 2020

Fourteen555
Acquired: September 2021

Sports HQ Building
Acquired: August 2020

Ten West Corporate Centre One
Acquired: November 2021



Healthcare Technology Company (Phase I)
Acquired: April 2021

Healthcare Technology Company (Phase II)*

Waterway Plaza I
Acquired: January 2021

Kennedy Flats - Multifamily Residential Building
Acquired: April 2018
Exited: October 2021

Jefferson Square
Acquired: June 2017
Exited: May 2022

Gateway Plaza
Acquired: June 2022

* Agreed in 2022 to acquire

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, 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. The specific responsibilities of the Financial Control (FC) department include:

- Determining the 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 generally accepted accounting principles and international financial reporting standards on accounting
- 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 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 all the necessary steps to control and optimize the Bank's expenditure while improving overall monetary efficiency. The finance department played a key role in the transformation of Bank's business model from an asset-based model to a fee income-based model in active coordination with all stakeholders. During 2022, the department supported the capital raise exercise through independent review of subscription and refund process.

OPERATIONAL REVIEW

OPERATIONS DEPARTMENT

The Operations Department oversees the 360° operational aspects of all Lesha Bank products and services across Private Banking, Commercial Banking, Treasury, Structured Investments and Private Equity.

In 2022, Lesha Bank's Operations Department seamlessly supported Bank's business strategy and growth by providing the best-in-class services available in the market. As it continues to push forward with a comprehensive and ambitious business strategy, Lesha Bank has been focusing on two essential processes: human capital development and talent acquisition. This meant that the Bank's overall operational efficiency was highly optimized through the on-boarding of many skilled professionals with global exposure. The Operations Department re-imagined all active operational processes and established a well-defined standard operational model that was applied across the board to all aspects of our business.

Moreover, various operational automation/digitization initiatives and projects have been professionally managed and rolled out in 2022, paving the way for the delivery of excellent service quality. Accordingly, the Operations Department laid the foundation necessary to gain access to ICSD for the automatic gathering and processing of dynamic market prices & transaction data, thus ensuring the collection of high-quality information, enhancing control processes, reducing marketing time and minimizing manual efforts. The members of Lesha Bank's Operations Department are well equipped with the most up-to-date skills and tools, allowing them to work and respond to any pending issues swiftly and proactively.

In line with Bank's strategy, the Bank has invested heavily in upskilling its employees through intensive and focused training programs, as well as the launching of pipeline initiatives by senior management for enhanced client-onboarding through CRM systems, and the introduction of upgraded core banking systems in 2023. Market changes of SWIFT messaging standards to ISO 2022 will equip the Operations Department with the ecosystem it needs to deliver services to both internal and external stakeholders. As the Bank continues to expand the range of products and services it offers to clients, the team will continue to perform a comprehensive range of complex and time-bound support functions and activities while remaining extremely flexible and agile.

INFORMATION TECHNOLOGY (IT)

Lesha Bank remained committed to carrying on its digital transformation journey during 2022, by tailoring state-of-the-art programs and projects to its internal and external client. After the launch of Mobile App in 2021, IT delivered Microsoft Dynamics CRM solution - Lesha Bank prides itself on currently being the first bank in Qatar to host in Azure cloud technology within the framework of its digital transformation strategy and its aim to deliver cutting-edge projects while offering new innovative services to its clients. The IT Department was instrumental in the enterprise rebranding program through three key projects (Infrastructure/Mobile App/SAP-Reporting).

The IT Department also played a key role in bringing advanced technology and digital solutions to the new Lesha Bank office (Laptop/Screens/Printer/Advanced Microsoft Teams Meeting Room Solutions etc).

IT also helped migrate data centers from the old office to the new office that Lesha Bank moved into, and it upgraded the VPN solution which was previously used, to support staff across a wide range of remote tasks.

2022 was a critical year because Qatar was hosting the World Cup, but thanks to the IT Department's intricate information security protocols, no attacks got through to the Bank's network and applications. Ultimately, IT delivered several automation projects which resulted in reduced turnaround time and improved overall operational efficiency.

CONTROL REVIEW

RISK MANAGEMENT

With regulations continuing to broaden and deepen, client expectations rising in line with changing technologies, advanced analytics constantly evolving, new risks always emerging, and the pressure for cost savings steadily mounting, Lesha Bank, as a predominantly investment-focused business, endeavors to prioritize risk management by adopting a clear, formalized, strategically designed and actionable risk management plan which allows it to flexibly deal with many of the critical risks it is exposed to.

The Bank's Risk Management Program performs four essential functions:

Mitigate
The function concerned with reducing risk exposure and minimizing the likelihood of incidents.

Monitor
The function concerned with the ongoing and proactive process of updating internal controls to address emerging risks and verifying the effectiveness of implemented risk mitigation plans through testing, metric collection and incident remediation.

Connect
The function that allows the Bank to identify systemic risks, design centralized controls and recognize upstream and downstream dependencies by drawing connections between risks, business units and mitigation activities, and by limiting silos to ensure overall operational cohesion.

Report
The function through which the Bank provides information about the efficacy of implemented risk management plans in a clear and engaging way to rally the support of stakeholders and increase investor and client confidence in the Bank's products and services, by compiling reports which provide an all-encompassing and dynamic view of the Bank's risk profile.

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 risk, operational risks, and reputational risk, in a way that safeguards and protects the interests and benefits of its clients and stakeholders before its own. (More details about Lesha Bank's risk management program are available under the Corporate Governance section of this report)

INTERNAL AUDIT

Lesha Bank has an independent Internal Audit function. The Internal Auditor is appointed by, and reports to the ARCC and thus is independent of the executive management. Further, one of the big four Audit firms Deloitte, is also engaged on co-sourcing basis to assist an in-house internal auditor for handling of the internal audit function roles and responsibilities.

It is Management's responsibility to develop and maintain sound systems of Governance, Risk Management and Control Processes and for identification, prevention and detection of irregularities and fraud. The purpose of Internal Audit's reviews is to create improvements in the Bank's operations by independently evaluating the Bank's governance, risk management and internal control processes. The Internal Audit activities are based on a policy established by the Board and performed using a risk-based internal audit approach in accordance with internationally accepted standards issued by the Institute of Internal Auditors (IIA) and best practices. Internal Audit prepares an annual risk-based internal audit plan that are approved by the ARCC, and which can be revised and updated on need basis.

Internal Audit reports are submitted to Management and the conclusions, together with the measures that will be taken and their status, are compiled in reports from time to time that are submitted to ARCC and the Board for review and action. IA also reports on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan and other matters needed or requested by the Board for their review and action. In 2022, the Audit, Risk & Compliance Committee (ARCC) was updated by Internal Audit on key audit findings and observations, related risk thereof along with recommendations for ratification and improvement, total number of observations raised for functions/activities reviewed during the period in line with approved audit plan.

COMPLIANCE AND ANTI-MONEY LAUNDERING (AML)

Lesha Bank firmly believes in the importance of upholding the law and ensuring that everything is done in accordance with all applicable laws and regulations, as not only does this help relieve our clients and stakeholders of any potential legal liabilities, it also strengthens our credibility, and helps us maintain the legitimacy of our business. For this reason, Lesha Bank has established a Compliance Department with an AML/CFT Function responsible for ensuring that all Bank policies and activities are strictly compliant with all relevant laws and regulations, and there are several regulators which our Compliance Department adheres to, and they include the QFC, QFCA, QFCRA and QFMA.

Our Compliance Department is governed through a formal compliance manual approved by the Audit, Risk and Compliance Committee (ARCC) which sets out the mechanisms and policies that need to be applied by different stakeholders at the Bank to be in compliance with the relevant laws, rules and regulations.

The AML/CFT and Compliance functions are undertaken under the supervision and oversight of the ARCC which individually manages and determines the level of their effectiveness and adherence to applicable laws, rules, and regulations.

The Head of the Compliance and AML/CFT Department ensures that regular reports are submitted to the ARCC to provide Board members with updates on high-risk areas, such as compliance issues, fraud, conflict of interest, ethical issues, as well as internal reviews and developments.

LEGAL

Lesha Bank has a dedicated Legal Unit with a main role of alleviating the Bank's exposure to legal risks by reviewing documents, providing legal advice and overseeing litigatory matters, within a solid legal framework that meets the highest local and international standards.

AUDITORS

Lesha Bank ensures independent and objective assessment and review of its financial performance and internal controls with a view of adding value and improving the Bank's governance, risk management, and control processes. The internal audit function and the external auditors of Lesha Bank play a critical role in creating and maintaining investor confidence and providing further insight into the Bank's overall operations. More details about Lesha Bank's internal audit and external auditors are provided in the Corporate Governance section of this report.

SHARI'A SUPERVISORY BOARD

Sheikh Dr. Walid Bin Hadi
Chairman

Sheikh Dr. Abdoulaziz KH H A Al Qassar
Member

Sheikh Dr. Mohammed Ohmain
Member

Since Lesha Bank always carries out its banking activities in compliance with Shari'a principles, the Bank's operations, products, investments, and services are tailored to suit the tenets and principles of the Shari'a as interpreted by the Shari'a Supervisory Board (SSB). As such, the Bank has established a SSB, whose advice and guidance allow us to ensure due compliance with the Shari'a principles that underpins all of our business decisions and dealings. In 2023, three new prominent Shari'a scholars were appointed as new members of the SSB. In order to optimize and streamline the Shari'a supervision process, the SSB is assisted by a Shari'a compliance unit which, performs an ongoing independent review of the compliance with the fatwas and rulings of the SSB on products, services and processes, and also share the reports with SSB on a regular basis about the Bank's compliance with such fatwas and rulings of the SSB, and other updates and developments.

Further details about the SSB and the Shari'a compliance unit are detailed in the Corporate Governance section of this report.

SHARI'A SUPERVISORY BOARD REPORT

For the financial year ended 31 December 2022

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

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 2022.

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.

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

CORPORATE GOVERNANCE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

KEY GOVERNANCE EVENTS IN 2022

23 March

Annual General Meeting ("AGM") and Extraordinary General Meeting ("EGM") were held

Election of a new Board of Directors, comprised of the following members:

- HE Sheikh Faisal bin Thani Al Thani
- Mr. Mohamed Yousef Al Mana
- Mr. Eisa Mohamad Al Mohannadi
- Mr. Ibrahim Al Jaidah
- Mr. Mohammed Al Hajiri
- Mr. Saad Nasser Al Kaabi
- Mr. Jassim Mohamad Al Kaabi

Amendment of the Bank's Articles of Association ("AoA") by the EGM, as follows:

- Addition of Article 13 (B)
- Amendment of articles 18.1; 19.2 (C); 19.3; 20 (B) I; 20 (D); 21.2; 22(I); 26 (A); 34.1; 50.1. Details of those amendments can be viewed on the website of the Bank. With those amendments, Lesha Bank has addressed all compliance gaps in accordance with QFMA requirements and the Commercial Companies Law of Qatar.

1 August

The Board approved changing the Bank's name from Qatar First Bank to Lesha Bank.

The Chairman of the Board authorized to take all necessary measures to ensure that all required changes are made to adequately reflect the new name (logo, trademark, domain, website, e-mail, etc.)

Amendment of the Bank's AoA by the EGM held on 01 August 2022 to incorporate the amendments adopted by a Special Resolution reflecting the new name and the authorization of powers granted to the Board of Directors to explore and enter into new investment opportunities in the health sector or any other sectors resulting in potential acquisition(s) of shares in other companies by the Bank or through the Bank's subsidiaries and approve the entry into any transaction in such sector or any other sectors.

August

The Bank's Capital Raise exercise was finalized.

15 September

Resignation of Mr. Ayman Zaidan, Deputy CEO and Chief Investment Officer

CHAIRMAN'S GOVERNANCE STATEMENT

Dear shareholders,

I am pleased to present the Board's Annual Report on Corporate Governance for 2022.

Although this year we rebranded ourselves to Lesha Bank from Qatar First Bank to reflect our new vision, goals and ambitions, we continue to recognize that Governance is integral for our long-term stability, growth and success. Proper governance is a matter of corporate culture more than anything else, and it is something that requires the awareness and involvement of our entire staff.

As we embark on a new journey of business expansion and portfolio diversification, our Board of Directors would like to confirm that for the financial year ended on 31 December 2022, Lesha Bank was compliant with 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 Qatar Financial Markets Authority, and the Governance and Controlled Functions Regulation of 2020 issued by Qatar Financial Centre Regulatory Authority.

The Board also confirms that Lesha Bank has remained compliant with the rules and regulations applicable to its business as a Qatar Stock Exchange-listed entity, as well as with the Offering and Listing of Securities Rulebook issued by the Qatar Financial Markets Authority and its ensuing amendments.

Great care and diligence went into every detail included in this report, as we are aware that disclosure and transparency are extremely important to build-up the trust and confidence of our clients and investors, and we will make sure that our governance practices are constantly updated to meet the ever-growing demands of our business and the markets its involved in.

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 2022, 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 the name change, capital increase, 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 to its corporate governance framework as it embarks on a broader 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 which ensures 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, clients, 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 2022, 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. The Bank changed its name from Qatar First Bank to Lesha Bank following the approval of the shareholders, Board of Directors and relevant regulators. Additionally, the Bank's Articles of Association ("AOA"), was reviewed and updated to ensure alignment with the new name, recommendations from the regulators and in particular the QFMA and the applicable regulations, including the QFMA Corporate Governance Code and the Governance and Controlled Functions Regulation of 2020 issued by Qatar Financial Centre Regulatory Authority. The detailed Corporate Governance Report 2022 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 2023 and it can be viewed on the Bank website www.leshabank.com

3. OWNERSHIP STRUCTURE AND SHAREHOLDERS

Presently, 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.

On 22 September 2021, the Extraordinary General Assembly ("EGM") of Lesha Bank's shareholders resolved to increase the Bank's nominal issued share capital from QAR 700,000,000 (Qatari Riyals Seven Hundred million Qatari Riyals) up to QAR 1,120,000,000 (Qatari Riyals one billion one hundred and twenty million), representing an increase of 60% from the current nominal issued share capital of the Bank within a period of one year from the date of the EGM, by way of offering 420,000,000 (four hundred and twenty million) new ordinary shares. The minutes of the EGM meeting of 12 April can be found on the Bank's website.

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, and shareholders with voting powers will have the 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
- Election of the Board of Directors and remuneration for Board members, including for committee work (if any)
- Discharge from liability for Board members
- Election of the Auditor and approval of their remuneration
- Approval of Dividends (if any)
- Approval of the annual report and the corporate governance report.

3.1 Major Shareholders

As of 31 December 2022, 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	101,541,410	9.07%
Azum Real Estate Investment Company	101,487,519	9.06%

3.2 Shareholders Rights

Shareholder rights are protected by QFC's Companies Regulation of 2005, as amended from time to time, the AOA 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 AOA, the Bank makes available the following documents to the shareholders:

- Shareholders' register (upon request)
- Board member information (available on the website).
- AOA (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 2022

The 2022 AGA was held virtually by videoconference due to the Covid-19 pandemic. The AGA was held on (23 March 2022) in Doha - Qatar. A total of 23 shareholders attended the meeting (in person or by proxy), owning 389,964,113 shares in the Bank and representing about 55.71 per cent of the share capital of the Bank.

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 consolidated financial statements presented to the AGA for endorsement determines if profits would be distributed.

Furthermore, Lesha Bank's AOA 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 AOA of the Bank appoint two members of the Board, including the Chairman who is at all times appointed by Al Zubara 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.

In 2022, a new Board of Directors was elected by the shareholders at the AGA held on 23/03/2022 for a three-year term with effect from and including three (3) years. The next election of the Board is due at the AGA to be held in 2025 in respect of the financial year beginning 1 January 2025. The Nomination, Remuneration and Corporate Governance Committee of the Board has set policies and procedures for the Board election, which were reviewed and approved by Lesha Bank's Board of Directors. The Board Nomination Policy was applied during the election of the Board in 2022.

4.2 Directors' Qualifications

According to Lesha Bank's Board Charter, the Board should consist of professional and competent members with a broad range of commercial skills, leadership skills in shaping and directing strategy, as well as general understanding of banking activities and corporate governance issues. They shall also have appropriate professional qualifications and a proven record of success that enable them to bring useful expertise to the Board's discussions and decisions and to make meaningful contributions to Lesha Bank's strategy and policies with effective oversight of the proper functioning of the Management.

Lesha Bank's Board members exhibit high integrity, strong alignment with shareholders and are actively focused on value creation with a commitment to the long-term success of Lesha Bank. They also have knowledge of corporate governance requirements and practices and are committed to corporate responsibility extending beyond our direct stakeholders.

The following provides information on the members of the Board of Directors and on the professional history and education of each member:

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 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 a 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 (0.01 %)

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 Interior 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 a 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 (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, Manilla, 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 is currently serving as the Head of Political and Economic Research at the Amiri Diwan. Mr. Al Hajiri holds a 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 Relation from Coventry University in 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: 0 (0%)
Number of Shares owned by Shift W.L.L. 101,541,410 (9.07%)

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 Palestine and 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 was a former QFB Board Member during the 2016-2019 Board cycle. He has been recently re-elected as Board member at Lesha Bank and he currently operates 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 2022, 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 12 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 for as required.

4.5.3 Attendance and Quorum:

1. Board members are expected to adequately prepare, attend and participate in 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 2022, the Board held the following meetings:

Date of Board Meeting	Director's Attendance
03/02/2022	All Members
23/02/2022	All members
23/03/2022	All members
27/04/2022	All members
12/06/2022	All members
10/08/2022	6 members including the Vice Chairman
26/10/2022	All members
07/12/2022	All members

The attendance of the Directors at Board meetings and Board committees' meetings in 2022 was as follows:

Director's Name	BOD[1] Meetings	EXCOM[2] Meetings	ARCC[3] Meetings	NRCGC[4] Meetings
	8 meetings	2 meeting	6 meetings	2 meetings
HE Sheikh Faisal bin Thani Al Thani, Chairman	7/8	2/2	NA	NA
Mr. Mohamed Yousef Al Mana, Vice Chairman	8/8	1/1	6/6	1/1
Mr. Salem Al Marri	2/2	NA	1/1	NA
Mr. Abdel Latif Al Sada	2/2	NA	NA	1/1
Mr. Ibrahim Al Jaidah	8/8	1/1	NA	1/1
Mr. Mohammed Al Hajiri	8/8	NA	5/5	1/1
Dr Mohammed Al Qahtani	2/2	NA	1/1	NA
Mr. Jassim Mohamad Al Kaabi	6/6	1/1	NA	1/1
Mr. Saad Nasser Al Kaabi	6/6	NA	NA	1/1
Mr. Eisa Mohamad Al Mohannadi	6/6	1/1	5/5	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 2022 are as follows:

- Approval and review of various policies including: risk policies, Internal Audit Charter, Compliance policies and other policies.
- Approved changing the Bank's name from Qatar First Bank to Lesha Bank
- Approved recommendations of the NRCGC on the list of nominees and appointees for the Board of Directors
- Approved new headquarters
- Approved to amend the AOA

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 is deemed 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 2022 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 2022 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 part of the Corporate Governance Manual which was approved by the Annual General Assembly to ensure that Directors and Board Committees Members are provided with an induction program and continued development and learning programs.

With a new Board of Directors elected in 2022, an induction training was provided to all new members to inform them about the functioning of the Board and its sub-committees, the Bank's policies, strategy, overall activities and business and to provide them with an overview of their duties and obligations under the applicable laws and regulations and the Bank's AOA. Additionally, the Directors perform their duties autonomously and with competence, and they are aware of the responsibilities pertaining to their role. They are also kept periodically informed by the competent business functions about the principal regulatory and self-regulatory changes affecting the Bank and the performance of their duties.

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 2022, 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. As the Bank is going through a transformational process (capital raise, name change, new strategy, etc.), the Board has deemed that the Chairman should maintain the position of Chairman of EXCOM, until the Bank reaches a stable phase of growth. 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	• Chairman of the Board • Chairman of EXCOM[1]	• 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	• Vice Chairman of the Board • Chairman of ARCC[2]	• 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	• Member of the Board • Member of NRCGC[3] • Member of EXCOM	• QLM Life and Medical Insurance Company Board Member
Mr. Saad Nasser Al Kaabi	• Member of the Board • Member of NRCGC	• Widam Food and Al-Khaleej Board Member • Takaful Insurance Board Member
Mr. Ibrahim Al Jaidah	• Member of the Board • Chairman of NRCGC	• Group Chief Executive Officer and Chief Architect of the Arab Engineering Bureau.
Mr. Mohammed Al Hajiri	• Member of the Board • Member of ARCC	• Head of Political and Economic Research at the Amiri Diwan
Mr. Eisa Mohamad Al Mohannadi	• Member of the Board • Member of ARCC • Member of EXCOM	• Chief Finance Officer at Ooredoo • QLM Life and Medical Insurance Company Board Member • Starlink Board Member • Ooredoo Oman Board Member • Ooredoo Palestine 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

With the exception of Executive Directors, if any from time to time are in office, no Director of Lesha Bank shall receive from the Bank any compensation other than the fees (including sitting fees) which a Director is entitled to receive under the AOA and the remuneration policy approved by the shareholders of the Bank on an annual basis at the AGA.

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 2022, the Board did not propose the payment of remuneration for the Board's performance.

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. The 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.

4.12 Related-Party Transactions

In 2022, 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 2022. 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:

Nature of relationship	Purchase of goods and services (QAR '000)	Financings assets & other receivables (QAR '000)	Other payables (QAR '000)	Assets under management (QAR '000)	Income from financing assets, dividend & other (QAR '000)	Reversal for impairment of financing assets (QAR '000)
Associates	13,723	13,790	17,779	-	2,909	18,724
Other	1,299	9,100	9,809	141,118	-	-
Senior Management Personnel	-	-	410	364	-	-

Boards of Directors sitting fee for the year 2022 is QAR 0.70 million (2021: QAR 0.70 million).

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 ensure their compliance with the 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 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 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 and Remuneration Committee.
- 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 review 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 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 2022

Committee	Recommendations & Decisions issued in 2021
ARCC	- 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, Risk and Internal Audit.
EXCOM	- Annual budget and business plan 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 2022 in accordance with the authority limit given to EXCOM as per the DOA.
NRCGC	- 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 2022. - Recommended the opening of the Nomination period. - Recommendation and report of to the Board on the list of nominees and appointees for the Board of Directors.

5.4 Shari'a Supervisory Board (SSB)

The Shari'a Supervisory Board is an independent body from the Board of Directors and it 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 AOA state that the SSB consists of no less than Three (3) members and no more than Five (5) members. As of 31 December, 2022, the Shari'a Supervisory Board consisted of three members presided by the Presiding Member elected by the members. 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.

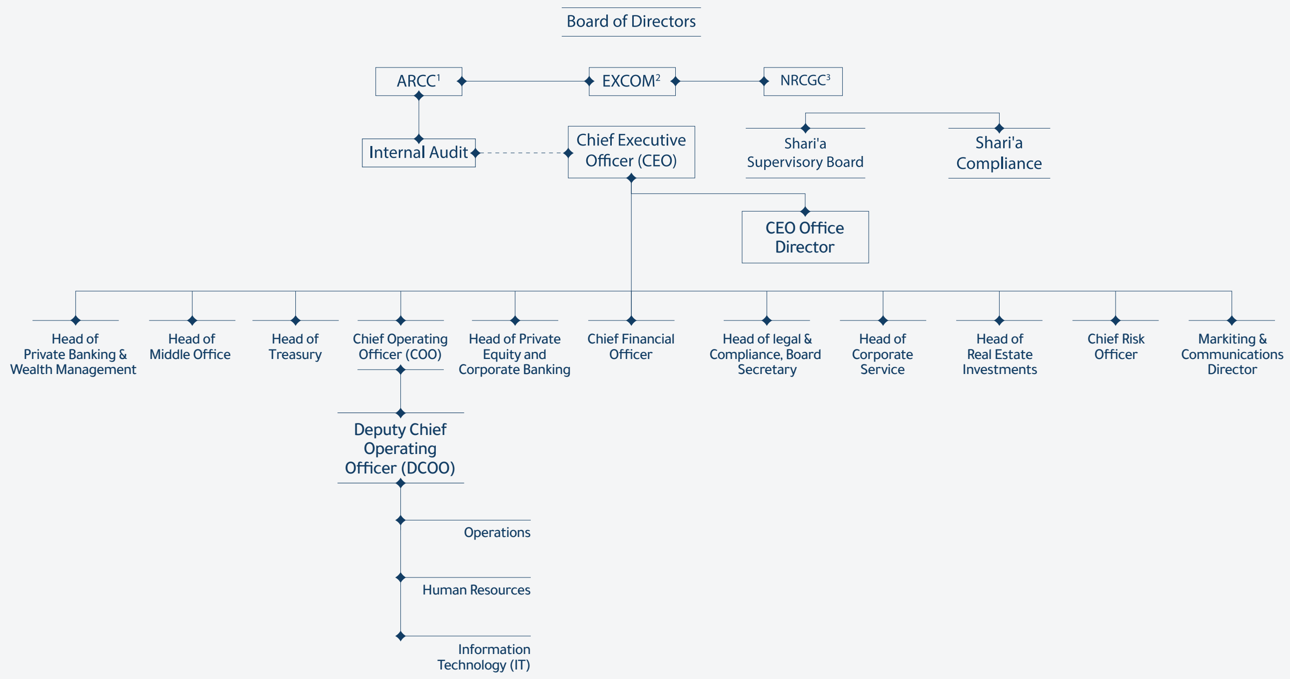
Name	Position	Member Status
Dr Ali Al Quradaghi	Presiding and Executive Member	Independent Non-executive
Shaikh Dr Yahia Al Nuaimi	Member	Independent Non-executive
Shaikh Dr Sultan Al Hashemi	Member	Independent Non-executive

During the year 2022, the Shari'a Supervisory Board held 3 meetings and 13 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. The CEO shall then in turn report back to the Board on the status of the Bank's business activities. 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.
- Monitors 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 maximizes profit, and properly adjusts for liquidity and profit rate risks. 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.
- Develops an understanding of 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 the implementation of the IT strategy and ensures 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 2022, 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.

Abdulrahman Totonji
Chief Executive Officer
Appointed in 12 April 2021

Abdulrahman Totonji, CEO of Lesha Bank, has been leading Lesha Bank for the last three years. He comes from a Real Estate and Investment background where he has managed a multi-billion-dollar investment portfolio before joining Lesha Bank. With 15 years of experience in diversified industries, he was well equipped to lead the Bank through its most challenging years and transform it to one of the most successful Shari'a-compliant banks in the region. Under his management, the Bank has reached over QAR 5 billion of assets under management and continues to grow. Abdulrahman excels in building specialized teams, designing a well devised corporate culture with clear strategies to achieve growth and success. Abdulrahman holds a Bachelor's Degree in Business Administration from George Washington University, and a Master's Degree in Real Estate from Georgetown University.

Mohamad Abu-Khalaf
Head - Treasury
Appointed in 2020
Number of shares owned: 350,000 (0.031%)

Abu Khalaf an executive banker and senior corporate with over 30 years of experience across banking and corporate world, joined Lesha Bank in 2020 as Head of Treasury to spearhead the overall Treasury functions and Investment under Treasury book. He is well versatile in Liquidity Management, Trading and Financial Engineering.

Prior to joining 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 all functions such as 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
Appointed in 2021

Rita Helou joined Lesha Bank in June 2021 as Head of Legal and Compliance, Board Secretary, bringing over 12 years of experience in both private and public listed company in legal and compliance and providing advises in commercial and operational context. Previously, Rita worked for 8 years with Vodafone Qatar P.Q.S.C. and during her employment with Vodafone Qatar she was appointed as Head of Legal. Rita also served as Company Secretary of Infinity Solutions LLC, a wholly owned subsidiary of Vodafone Qatar established in the Qatar Financial Centre and was responsible for the management and co-ordination of all activities and meetings related to Infinity Solutions LLC.

Rita holds Master in Law from Lebanese University - Filiere Francophone de Droit - Faculty of Law and Political Science, Mini-MBA in Telecommunications - Telecom and Tech Academy United Kingdom Academy (Qatar) and Leading Organizations in Disruptive Times Course offered by INSEAD.

Rajesh Bansal
Chief Financial Officer (CFO)
Appointed in 2021

Rajesh joined Lesha Bank in June 2021 as the CFO and brings with him a diversified experience of 23 years from working in Banks and MNCs across Qatar, UAE, Bahrain, and India.

Prior to joining Lesha Bank, Rajesh was the Vice President in Mashreq Bank Qatar for a span of 7 years. As the CFO for Mashreq Qatar, he was a core member of the firm's Management Committee, Asset Liability Committee, Steering Committee, Business Leadership Team, and various other Governance Committees. Rajesh has steered the finance function in other MNC Banks including Credit Agricole Corporate & Investment Bank and ICICI Bank in the GCC Region. He was instrumental in modification of the Credit to Deposit ratio with Qatar Central Bank for all foreign banks in Qatar to promote the Banking assets in Qatar. He also has a diversified industry experience of seven years with top MNCs in India like Akzo Nobel and Indian Oil Corporation in early part of his career.

He is a qualified Chartered Accountant with an all-India 31st Rank, attained his CFA charter from the CFA Institute USA in the year 2013 and became a Financial Risk Manager in 2015 from GARP USA. He is also a Company Secretary from the Institute of Company Secretaries of India.

Fulya Plas
Chief Risk Officer (CRO)
Appointed in 2021

Fulya Joined Lesha Bank as CRO in March 2021 with over 23 years of financial risk management experience in investment banking. Prior to joining, Lesha Bank she was employed at First Energy bank, Bahrain in the capacity of Managing Director - Head of Risk Management. Further she brings wealth of experience as Senior Vice President - Head of Risk Management at Seera Investment Bank, Director of Risk Managemental at Ryada Capital Investment Company (RCIC) Kuwait and Industrial Development Bank of Turkey. She has extensive exposure in market risk with the Basel II implementation.

Ms Plas holds a MSc in Risk Management and Insurance from Cass Business School, London. She was granted the Financial Risk Manager designation from the Global Association of Risk Professionals (GARP) in 2003. Further she followed her post graduate management studies at Middlesex University, London and BSc Mathematic Engineering from Istanbul Technical University.

Mohammed Mohammed
Deputy Chief Operating Officer (DCOO)
Appointed in 2020

Mohammed is the Deputy Chief Operating Officer at Lesha Bank and joined in 2020. He is a seasoned expert with over 15 years of experience in Human Resources, Operations Technology functions. Mohammed is responsible for the Operations, Human Resources, and Information Technology functions leading the transformation projects at Lesha Bank in the capacity of DCOO. Mohammed's experience covers several sectors such as Banking, Real Estate, Investments, Retail, Education, Telecom, Hospitality, Construction, Manufacturing, and F&B.

Mohammed holds an MBA in HR Concentration from Louisiana State University and a BA in Business Administration from AIU. He is also a Senior Certified Professional from the Society of Human Resource Management.

Alexandre Bernassau
Head - Real Estate Investments
Appointed in 2020

Alex joined Lesha Bank in 2020 as Head of Investments with over 16 years of experience in the field of investment management. At Lesha Bank, Alex is responsible for covering International markets with a focus on Real Estate. As Head of Real Estate Investments, Alex is overseeing the syndication process to the private clientele of the Bank.

Prior to joining Lesha Bank, Alex was Director of Investments at Aspire Zone Foundation in Doha where he was responsible for the private companies' portfolio in Qatar and in Europe. Alex started his career at ABN Amro in London in a structuring role working on derivatives and investment strategies, and went on to work as a trader and portfolio manager for Conduit Capital Markets. He later worked for AlgoAM in Zurich, an asset management boutique firm servicing private and institutional clients.

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

Suhaib Al Mabrouk
Head - Private Equity and Corporate Banking
Appointed in 2014

Suhaib 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.

Suhaib 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.

Suhaib 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
Appointed in 2014

Thanwa is an experienced Banker who brings over 25 years of banking experience. Having joined Qatar First 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
Appointed in 2015

Prem is a banking veteran who holds two decades of banking experience joined Lesha Bank in August 2015 as senior Manager Operations. He has an international experience in securities, investments and cash management operations. His extensive academic and banking experience enriched Lehsa's operational capabilities in domestic and international markets to delight Lesha Bank's clients in its growing phase where currently he is heading Lesha's operations department.

Prior to Lesha Bank, Prem was with Standard Chartered Bank 's Global Operations & Change Management unit based in Singapore and he was managing Global Operations, Implementation of Standard Operating Models and Systems across 36 countries around the Globe. Prior to this, Prem was managing Global Custody Settlement Operations and Client servicing for Standard Chartered Bank, Singapore as a Senior Manager.

Prem holds a Master degree in Bank Management (MBM) and Master of Business Administration (MBA). He is a certified Project Management Professional (PMP) and Certified Agile Practitioner by Project Management Institute (PMI), USA. He is also certified by Blockchain council, USA as a certified Block Chain and finance professional.

Ahmed Abou Elela
Head - Corporate Services
Appointed in 2020

Ahmed 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.

Anoof Asker
Head - Information Technology
Appointed in 2021

Anoof holds a Master's degree in information systems & Project Management from Kingston University-London-UK.
He has over 16 years of experience in IT, Banking and Project Management.

Prior to Lesha Bank, Anoof worked at Dukhan Bank, where he was leading the EPMO & Digital Transformation programs of the bank. Anoof successfully managed the first merger in Qatar between Barwa Bank and IBQ.

Before joining Dukhan Bank, Anoof worked at Emirates NBD where he was leading technology projects related to Payments.

Mirna Naccache
Director - Marketing and Communications
Appointed in 2021

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

Mirna has over 12 years of experience in strategic communications, campaign & brand management, social and digital marketing. She has award winning work while working in big creative networks like Ogilvy & Mather handling global, regional and local range of clients such as Vodafone, and others in banking, education, health, arts & culture, real estate, health and sports. Previous experience includes working with SkipCash, Ogilvy, TripleTwo, Qatar Museums, and The Creative Union where she drove 360 strategies & campaign management and developed a solid advertisement framework.

Mohamed Thahir
Head - Middle office
Appointed in 2022

Mohamed Thahir has more than 20 years of banking experience. Prior to joining Lesha Bank, Thahir was Head of Treasury Operations at Masraf Al Rayan in Doha. Before moving to Qatar, he held senior treasury operations and senior IT support roles in Commercial Bank of Dubai and Dubai Islamic Bank. He also previously worked as a software developer in India.

Thahir is experienced in the accounting and operation of Treasury products and their derivatives. He has excellent IT skills with hands-on experience in banking application systems.

Thahir holds a Bachelor of Science in Mathematics from Pondicherry University and a Master's Degree in both Computer Application (MCA) and Business Administration (MBA) from Madras University.

6.3 Compensation & Incentives

The Board of Directors of Lesha Bank approved 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 2022, 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. 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 25 of the Audited Financial Statement for the year ended 31 December 2022 was as follows:

Description	Remuneration (expressed in QAR'000)
Senior management personnel	13,045
Shari`a Supervisory Board remuneration	480
Total Compensation	13,525

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 the primary responsibility of 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.

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. Additionally, the Chief Risk Officer has reported on quarterly basis to the ARCC on all major risks that the Bank faces.

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 has an independent Internal Audit function. The Internal Auditor is appointed by and reports to the ARCC and thus is independent of the executive management. Further, one of the big four Audit firms, Deloitte, is also engaged on co-sourcing basis to assist an in-house internal auditor for handling of the internal audit function roles and responsibilities.

It is Management's responsibility to develop and maintain sound systems of Governance, Risk Management and Control Processes and for identification, prevention and detection of irregularities and fraud. The purpose of Internal Audit's reviews is to create improvements in the Bank's operations by independently evaluating the Bank's governance, risk management and internal control processes. The Internal Audit activities are based on a policy established by the Board and performed using a risk-based internal audit approach in accordance with internationally accepted standards issued by the Institute of Internal Auditors (IIA) and best practices. Internal Audit prepares an annual risk-based internal audit plan that are approved by the ARCC, on a need basis.

Internal Audit reports are submitted to management and the conclusions, together with the measures that will be taken and their status, are compiled in reports from time to time that are submitted to ARCC and the Board for review and action. IA also reports on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan and other matters needed or requested by the Board for their review and action. In 2022, the Audit, Risk & Compliance Committee (ARCC) was updated by Internal Audit on key audit findings and observations, related risk thereof along with recommendations for ratification and improvement, total number of observations raised for functions/activities reviewed during the period in line with approved 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 AOA 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 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 2021 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 Shari'a-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 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.

IA performs independent Audit for the Bank covering all business operations and functions. IA uses risk-based Audit methodology in line with the IIA guidelines, applicable internal audit related regulatory requirements and corporate governance principles and best practices. IA performs annual risk-based assessment using broad level guidelines to establish a Risk based Audit plan (RBIA) for approval by the ARCC. Any subsequent material changes are proposed to ARCC for their approval.

Audit reports are submitted to management which include observations/exceptions, risk implications, recommendations, conclusions, and their status etc. Exceptions are regular tracked for remediation and corrective action by the management and independently validated prior to their closure.

The Internal Audit Executive 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

At this Report date, 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.

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 the 2022 financial year, 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 established 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. The main role of Compliance is to ensure that the Bank is conducting its activities in accordance with the Board-approved policies and the rules of 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 elaborate 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 client relationships, or material changes in the nature of such relationships. Compliance risks include risk of legal or regulatory sanctions, material financial loss, or damage to reputation resulting from failure to comply with applicable laws, regulations, and standards.

Other major responsibilities of the Compliance & AML function include:

- Ensure adherence of departments, subsidiaries and investee companies to the Rules and Regulations concerning AML and CTF issues, regulatory circulars and instructions, and any other relevant rules impacting any aspect of the Bank's activities.
- Provide proper guidance and instructions to employees on the proper application of AML and CFT related laws, regulations, and standards.
- Propose relevant recommendations to enhance/ improve the internal control procedures that help mitigate non-compliance and AML/CTF sanctions and fraud risks.
- Keep abreast with new laws and regulations and informing the Executive Management and the concerned departments for their timely implementation.
- Monitor clients` financial transactions, investigate, and raise suspicious transaction reports to the Financial Information Unit (FIU) and the regulatory authorities.
- Ensure proper implementation of Client Due Diligence and enhanced due diligence (EDD) for high-risk clients.
- Ensure the proper implementation of FATCA and CRS regulations; and
- Provide training and awareness to the Bank's staff on governance, QFCRA regulations, AML/CTF, 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 a 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 2022, the Compliance function updated the Compliance Policy and its supporting policies which includes Client Dealing, Code of Conduct, Complaints, Insider Trading, Conflict of Interest, Chinese Walls, CRS, Data Protection, FATCA, Gifts and Inducements, Fraud and Anti-Corruption, Outsourcing, Report Schedules, and Whistleblowing. 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 2022:

- 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 2022.
- 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 is currently involved in multiple disputes and have undergone the proper procedures to request an appeal.

7.8 Business Continuity Management

Lesha Bank has a Business Continuity Management policy that sets the framework defining how the Bank responds to internal and external threats and ensures its preparedness, resilience and ability to continue delivering its strategic goals when such threats occur. In 2022, Lesha Bank continued to comply with all the directives and instructions of the Ministry of Public Health and other regulatory authorities in Qatar and developed its capacities for mitigating the continuing effects of the pandemic.

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
- Asset &Liabilities Committee (ALCO) Terms of Reference
- Credit Committee Terms of Reference
- Stakeholders Policy
- Succession Planning Policy CSR & ESG Policy
- IT Governance Committee (ITGC) Terms of Reference

8. EMPLOYEE AND OTHER STAKEHOLDERS RIGHTS

The corporate governance manual of Lesha Bank ensures that the rights and responsibilities of the different parties of 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, client, suppliers, and local communities.

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

All Lesha Bank's employees are provided with the 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 shall also have access to the information needed to make fully informed decisions, and to protect themselves in the workplace and in other engagements with the bank. Employees also have the right to express any concern without the fear of being judged, reprimanded or subjected 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 about 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 always factored into its business activities, and that its adopted dynamics of interaction with stakeholders are adhered to 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, the Company is required to contribute 2.5% of its annual net profits to the state social and sports fund. Accordingly, the Bank will be contributing an amount of QAR 1.89 million to the Social & Sports Fund of the Government of Qatar for the year ended 2022. The Bank has contributed 1,013,550 QAR to the Dreema Centre.

In October2022, as part of the Bank's CSR policy, Lesha Bank partnered with several healthcare providers to promote Breast Cancer Awareness, which is a very crucial initiative, as early detection can result in the saving of many lives.

10. CORPORATE GOVERNANCE DISCLOSURES

Lesha Bank has throughout 2022 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 announcement of the name change, headquarters change, capital structure change, 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 2022.

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 scheme 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 2021, 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 griefs were raised in 2022.

11. EXTERNAL AUDITORS REPORT ON CORPORATE GOVERNANCE

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 LLC (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 2022.

Responsibilities of the Board of Directors and Those Charged with Governance

The Board of Directors of the Bank is responsible for preparing the accompanying 'Annual Corporate Governance Report 2022' 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").

In the Annual Corporate Governance Report 2022, the Board of Directors presents their statement on compliance with the QFMA's law and relevant legislations including the Code (the "Directors' Report").

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 "Board of Directors' Report on compliance with the 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, 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 Board of Directors' statement of compliance 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 International 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.

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Other information

The Board of Directors are responsible for the other information. The other information comprises the information included in the Bank's Annual Corporate Governance Report 2022, but does not include the Directors' Report on compliance with QFMA's law and relevant legislations including the Code, and our report thereon.

Our conclusion on the Directors' 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 Framework over Financial Reporting, included within the other information.

In connection with our engagement of the Directors' 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 Directors' 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 Corporate Governance Report 2022, 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 Board of Directors' 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: 9 March 2023

12. EXTERNAL AUDITORS REPORT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING

Reporting 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 2022.
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 Report on 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 Annual Corporate Governance Report 2022, the Management's Report on 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 Report on Internal Controls over Financial Reporting in the Annual Corporate Governance Report 2022 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 Report on Internal Controls over Financial Reporting presented in the Annual Corporate Governance Report 2022.

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.

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Other information

The Board of Directors are responsible for the other information. The other information comprises the information included in the Bank's Annual Corporate Governance Report 2022, but does not include the Management's Report on Internal Control Framework over Financial Reporting, and our report thereon.

Our conclusion on the Management's Report on 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 Directors' Report on compliance with QFMA's law and relevant legislations including the Code, included within the other information.

In connection with our engagement on the Management's Report on 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 Report on 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 Annual Corporate Governance Report 2022, 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 Report on Internal Control over Financial Reporting presents fairly the Bank's system that had been designed as at 31 December 2022; and

b) the controls related to the control objectives were suitably designed, implemented and operating effectively as at 31 December 2022,

in all material respects, based on the COSO framework.

Ahmed Sayed

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

Date: 9 March 2023
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 2022.

Signed on behalf of the Board of Directors by:

Sheikh Faisal bin Thani Al Thani
Chairman of the Board

CONSOLIDATED FINANCIAL STATEMENTS

BOARD OF DIRECTORS REPORT

Lesha Bank recognizes how essential the role of its members and various committees was during these past few years in reviving the Bank's financial standing and strengthening its business strategy and operational framework. Having achieved profit in 2021 in spite of various challenges within the marketplace, the Bank continues to prosper and completed another successful year under the guidance of the Board. These facts demonstrate the Board's high level of competence, and showcase the sheer dedication that its members had during their term in serving the Bank's clients and shareholders in the best possible manner.

Under the visionary leadership of Abdulrahman Totonji as Lesha Bank's new CEO, the Board in the year 2020 sought to optimally utilize his prolonged experience in the US Real Estate market to deploy a fee-income based strategy, in order to turn in a notable profit and simultaneously cater to the appetite of its investors. The results were immediate as the Bank turned in a net profit for nine consecutive quarters. Continuing the trend from 2021, the Bank achieved a net profit of QR 75.5 million attributable to equity holders of the Bank for the year ended 2022 recording its second consecutive full year of profit.

By the end of 2022, the Bank's total Assets Under Management reached QAR 5.2 billion, an increase of 36% over the last year. Total assets for the period 31 December 2022 stood at QAR 5.2 billion, registering growth of 64%, compared to QAR 3.2 billion for the year ending 31 December 2021. Meanwhile, total deposits reached QAR 3.1 billion for the same period, representing 63% growth, compared to QAR 1.9 billion for the previous year.

The Board's strategy primarily focuses on two key aspects:

1- **Finding high-value investment opportunities.**
2- **Improving the Bank's overall portfolio to attract more clientele.**

The Board's efforts were proven to be successful in this regard as well, considering that in 2022, the Bank has increased its client base significantly. Additionally, the Bank successfully completed the "Rights Issue" process adding QAR 499.8 million to its equity.

Sincerely,

Sheikh Faisal bin Thani Al Thani
Chairman of the Board

On Behalf of its Members

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LESHA BANK LLC (PUBLIC) (FORMERLY KNOWN AS QATAR FIRST BANK LLC)

Report on the audit of the consolidated financial statements

OPINION

We have audited the consolidated financial statements of Lesha Bank LLC (Formerly known as Qatar First Bank LLC) (the "Bank" or "Parent") and its subsidiaries (collectively the "Group"), which comprise the consolidated statement of financial position as at 31 December 2022, 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 a summary of significant accounting policies.

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 2022 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 the 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 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
Impairment of financing assets (continued)	

At 31 December 2022, the Group's gross financing assets amounted to QAR 541 million (2021: QAR 793 million) and the total provision for impairment on the financing assets amounted to QAR 336 million (2021: QAR 404 million).
 	
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.
 	
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.
 	
Refer to the notes to financial statements for:
• Note 4 - Significant accounting policy
• Note 27.6.5 - Inputs, assumptions and techniques used for estimating impairment
• Note 4 - Use of estimates and judgements
	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:
	• 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:
	  • 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:
	  • 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.

Other information included in the Group's 2022 Annual Report

Other information consists of the information included in the Group's annual report (the "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 2022 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.

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.

Auditor's responsibilities for the audit of the consolidated financial statements

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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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 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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

We have obtained all the information and explanations, which we considered necessary for the purpose of our audit. We are of the opinion that proper books of account were maintained by the Bank. We are not aware of any contraventions by the Bank of its Articles of Association or the applicable provisions of Qatar Financial Center Regulatory Authority regulations during the financial year that would have had a material adverse effect on its financial position or performance.

Ahmed Sayed

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

Doha, State of Qatar
Date: 15 February 2023

LESHA BANK LLC (PUBLIC) (FORMERLY KNOWN AS QATAR FIRST BANK LLC)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022 (EXPRESSED IN QAR'000)

	Notes	31 December 2022	31 December 2021
ASSETS			
Cash and bank balances	6	**2,368,489**	1,651,742
Investments carried at amortised cost	7	**174,230**	82,256
Investment in funds carried at fair value		**239,735**	85,731
Financing assets	8	**204,725**	388,736
Investments carried at fair value	9	**1,384,339**	407,554
Investments in real estate	10	**225,368**	226,368
Fixed assets	11	**21,562**	11,211
Intangible assets	12	**1,951**	3,173
Assets held-for-sale	13	**403,480**	315,319
Other assets	14	**225,917**	32,586
TOTAL ASSETS		**5,249,796**	3,204,676
LIABILITIES, EQUITY OF UNRESTRICTED INVESTMENT ACCOUNT HOLDERS AND EQUITY			
Liabilities			
Financing liabilities	15	**742,049**	527,524
Customers` balances		**310,317**	136,525
Liabilities held-for-sale	13	**149,987**	167,011
Other liabilities	16	**181,843**	84,506
Total Liabilities		**1,384,196**	915,566
Equity of Unrestricted Investment Account Holders	17	**2,744,929**	1,739,352
Equity			
Share capital	18	**1,120,000**	700,000
Share premium		**80,003**	203
Investments fair value reserve		**(14,733)**	(1,588)
Accumulated losses		**(52,383)**	(125,966)
Total Equity Attributable to Shareholders of the Bank		**1,132,887**	572,649
Non-controlling interest		**(12,216)**	(22,891)
Total Equity		**1,120,671**	549,758
TOTAL LIABILITIES, EQUITY OF UNRESTRICTED INVESTMENT ACCOUNT HOLDERS AND EQUITY		**5,249,796**	3,204,676

These consolidated financial statements were authorised for issuance by the Board of Directors on 15 February 2023 and signed on its behalf by:

HE Sheikh Faisal bin Thani Al Thani
Chairman

Mohammed Yousef Al Mana
Vice Chairman

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

LESHA BANK LLC (PUBLIC) (FORMERLY KNOWN AS QATAR FIRST BANK LLC)
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022 (EXPRESSED IN QAR'000)

	Notes	For the year ended 31 December 2022	31 December 2021
CONTINUING OPERATIONS			
INCOME			
Income from financing assets		9,862	14,433
Income from placements with financial institutions		29,060	2,770
Profit on the financing liabilities		(6,316)	(3,002)
Net income from financing assets		32,606	14,201
Fee income	19	64,682	31,500
Dividend income		15,382	12,624
Profit on Sukuk investments		30,298	12,374
Loss on re-measurement of investments at fair value through income statement		(26,898)	(3,236)
Fair value loss on re-measurement of investments in real estate		(1,000)	(2,800)
(Loss) / gain on disposal of sukuk investments		(1,523)	788
Gain on disposal of equity investments	9.2	25,657	175,123
Loss on settlement of financing assets	8	(1,508)	-
Net foreign exchange gain / (loss)		9,467	(2,514)
Other income, net	20	20,621	11,406
Total Income Before Return To Unrestricted Investment Account Holders		167,784	249,466
Return to unrestricted investment account holders		(52,144)	(22,754)
TOTAL INCOME		115,640	226,712
EXPENSES			
Staff costs		(58,817)	(55,826)
Depreciation and amortisation	11 & 12	(5,172)	(3,263)
Other operating expenses	21	(41,764)	(25,372)
TOTAL EXPENSES		(105,753)	(84,461)
Reversal / (provision) for impairment on financing assets, net of recoveries	27	61,375	(7,374)
Reversal / (provision) for impairment on other financial assets	27	9,425	(12,071)
NET PROFIT BEFORE INCOME TAX		80,687	122,806
Income tax expense		-	-
NET PROFIT FROM CONTINUING OPERATIONS		80,687	122,806
DISCONTINUED OPERATIONS			
Profit / (loss) from discontinued operations, net of tax	13	3,797	(57,999)
NET PROFIT FOR THE PERIOD		84,484	64,807
Attributable to:			
Equity holders of the Bank		75,470	100,370
Non-controlling interest		9,014	(35,563)
		84,484	64,807
Basic/diluted profit per share from continuing operations - QAR (2021 : restated)	22	0.083	0.160
Basic/diluted loss per share from discontinued operations - QAR (2021 : restated)	22	(0.005)	(0.029)
Basic/diluted profit per share - QAR (2021 : restated)	22	0.078	0.131

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

LESHA BANK LLC (PUBLIC) (FORMERLY KNOWN AS QATAR FIRST BANK LLC)
CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022 (EXPRESSED IN QAR'000)

	Share capital	Share premium	Investments fair value reserve	Accumulated losses	Total equity attributable to equity holders of the Bank	Non-controlling interests	Total equity
Balance at 1 January 2021	700,000	203	-	(223,827)	476,376	225,988	702,364
Net profit for the year	-	-	-	100,370	100,370	(35,563)	64,807
Fair value adjustments	-	-	(1,588)	-	(1,588)	-	(1,588)
Social and Sport funds contribution	-	-	-	(2,509)	(2,509)	-	(2,509)
Net change in non-controlling interests due to:							
- Real Estate Structures	-	-	-	-	-	(213,316)	(213,316)
Balance at 31 December 2021	700,000	203	(1,588)	(125,966)	572,649	(22,891)	549,758
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) (FORMERLY KNOWN AS QATAR FIRST BANK LLC)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022 (EXPRESSED IN QAR'000)

	Notes	For the year ended 31 December 2022	31 December 2021
OPERATING ACTIVITIES			
Net profit from continuing operations		**80,687**	122,806
Net profit / (loss) from discontinued operations before tax		**3,797**	(57,999)
Net profit for the period		**84,484**	64,807
Adjustments for non-cash items			
Depreciation and amortisation	11 & 12	**5,172**	3,263
Loss on disposal of Fixed assets		**220**	-
Unrealised loss on equity investments		**26,898**	3,236
Unrealised loss / (gain) on Sharia-compliant risk management instruments,net		**6,770**	(3,517)
Unrealised fair value loss on investment in real estate		**1,000**	2,800
(Reversal) / provision for impairment on financing assets, net	27	**(61,375)**	7,374
(Reversal) / provision for impairment on other financial assets	27	**(9,425)**	12,071
		53,744	90,034
Changes in:			
Investments carried at amortised cost		**(91,725)**	159,349
Investment in funds carried at fair value		**(154,004)**	(85,731)
Financing assets		**245,386**	76,453
Investment carried at fair value		**(1,016,626)**	(243,873)
Assets held-for-sale		**(88,161)**	866,330
Investments in real estate		**-**	(54,356)
Other assets		**(193,331)**	24,217
Customers' balances		**173,792**	54,286
Liabilities held-for-sale		**(17,024)**	(435,250)
Other liabilities		**91,195**	(1,493)
Net cash (used in) / from operating activities		**(996,754)**	449,966
INVESTING ACTIVITIES			
Purchase of fixed assets & intangible	11 & 12	**(14,602)**	(11,313)
Proceeds from disposal of fixed assets		**81**	-
Net change in cash and bank balances with maturity of more than 90 days		**(342,339)**	(40,704)
Net cash used in investing activities		**(356,860)**	(52,017)
FINANCING ACTIVITIES			
Net change in financing liabilities		**214,525**	142,490
Net change in equity of unrestricted investment account holders		**1,005,577**	591,899
Net proceeds from right issue		**499,800**	-
Net change in non-controlling interest		**1,661**	(213,316)
Net cash from financing activities		**1,721,563**	521,073
Net increase in cash and cash equivalents		**367,949**	919,022
Cash and cash equivalents at the beginning of the year	6	**1,621,218**	702,196
Cash and cash equivalents at the end of the year	6	**1,989,167**	1,621,218

LESHA BANK LLC (PUBLIC) (FORMERLY KNOWN AS QATAR FIRST BANK LLC) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2022 (EXPRESSED IN QAR'000)

1. REPORTING ENTITY

Lesha Bank LLC (Public) (formerly known as Qatar First Bank LLC) ("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").

At the Extraordinary General Meeting (EGM) of the Bank held on 1 August 2022, the shareholders approved to change the name of the Bank to "Lesha Bank".

The consolidated financial statements of the Bank for the year ended 31 December 2022 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 LLC (Public) (formerly known as Qatar First Bank LLC). The Bank had the following subsidiaries as at 31 December 2022 and 31 December 2021:

		Effective ownership as at			
Subsidiaries	**Activity**	**31 December 2022**	**31 December 2021**	**Year of incorporation**	**Country**
Isnad for Catering & Services QSCC	**Catering**	**75.0%**	75.0%	2012	Qatar
QFB Money Market Fund 1	**Money market fund**	**100.0%**	100.0%	2015	Cayman Islandsv
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**	**97.0%**	97.0%	2019	USA
Fairview Investor Corp.*	**Leasing real estate**	**97.0%**	97.0%	2019	USA
QFB Investments I Ltd.	**Investments**	**100.0%**	-	2022	Cayman Islands
QFB Private Equity Ltd.	**Investments**	**100.0%**	-	2022	Cayman Islands
QFB Sharia-Compliant Global PE FoF2	**Investments**	**100.0%**	-	2022	Cayman Islands
QFB Hospitality Ltd.	**Investments**	**100.0%**	-	2022	Cayman Islands
QFB Sharia-Compliant Global Real Estate Fund of Funds	**Investments**	**100.0%**	-	2022	Cayman Islands

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

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 and the Shari'a rules and principles as determined by the Shari'a Supervisory Board of the Bank. 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 valuation of equity investments, investments in real estate, and Shari'a-compliant-risk-management instruments which 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.

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 2021, except for the adoption of the following standards and amendments to standards effective from 1 January 2022.

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 when 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. The new regulation did not have any impact on these consolidated financial statements.

3.1 New standards, amendments and interpretations issued and effective

3.1.1 FAS 37 - Financial Reporting by Waqf Institutions

The objective of this standard is to establish principles of financial reporting for Waqf institutions, which are established and operate in line with Shari›a principles and rules. This standard shall be applicable on all types of Waqf institutions and other institutions constituted on the concept of Waqf, and operating in line with Shari›a principles and rules, irrespective of their legal status, including virtual Waqf institutions. Since the Group does not have any current waqf activities, there is no impact of this standard to the financials statements of the Group.

3.1.2 FAS 38 - Wa'ad, Khiyar and Tahawwut

The objective of this standard is to prescribe the appropriate accounting and reporting principles for recognition, measurement and disclosures in relation to Shari›a compliant Wa'ad (promise), Khiyar (option) and Tahawwut (hedging) arrangements for Islamic financial institutions (IFIs). This standard applies to accounting and financial reporting for all transactions involving Wa'ad, Khiyar or Tahawwut arrangements carried out under Shari'a principles and rules, as provided in this standard. There is no impact of this standard to the financials statements of the Group.

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 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. This standard shall be effective for the financial periods beginning on or after 1 January 2023 with early adoption permitted. The Group is currently evaluating the impact of the above standards.

3.2.2 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. This standard shall be effective for the financial periods beginning on or after 1 January 2023 with early adoption permitted.

3.2.3 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 shall be effective for the financial periods beginning on or after 1 January 2024 with early adoption permitted.

The Group is currently evaluating the impact of the above standards.

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 method as at the acquisition date i.e. when control is transferred 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.

Transactions and balances

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.

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 bank balances

Cash and bank balances 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 investment. 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 bank placements are invested under Wakala and Murabaha and Mudaraba terms. They are stated at cost plus related accrued profit and net of provision for impairment, if any.

4.6 Investment 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 Equity investments

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.

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.

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, investments are carried at fair value. 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.

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 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:

LESHA BANK LLC (PUBLIC) (FORMERLY KNOWN AS QATAR FIRST BANK LLC)
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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 into 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.

4.16 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 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.

4.17 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.

4.18 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.

4.19 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)).

4.20 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 30.

4.21 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.

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(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.

4.22 Operating leases

Where the Group is a lessee in a lease which does not transfer substantially all the risks and rewards incidental to ownership from the lessor to the Group, the total lease payments are charged to profit or loss for the year (rental expense) on a straight-line basis over the period of the lease.

4.23 Zakah

The Bank is not obliged to pay Zakah on its profits on behalf of shareholders. The Bank is required to calculate and notify individual shareholders of Zakah payable per share. These calculations are approved by the Bank's Shari'a Supervisory Board.

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 equity investments that were valued using assumptions that are not based on observable market data.

The Group uses significant judgements and estimates to determine 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 29.

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 27.6.5 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 2022	31 Decembe 2021
Cash in hand		**35**	25
Balances with banks (current accounts)		**387,292**	822,952
Placement with financial institutions		**1,984,883**	838,945
Provision for impairment	27.6.5	**(3,721)**	(10,180)
		2,368,489	1,651,742
Less: cash and bank balances with maturity of more than 90 days		**(383,043)**	(40,704)
Add: provision for impairment (non-cash)		**3,721**	10,180
Cash and cash equivalents		**1,989,167**	1,621,218

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

7. INVESTMENTS CARRIED AT AMORTISED COST

	Note	31 December 2022	31 December 2021
Investments in sukuk		**172,536**	82,209
Accrued income		**1,361**	414
Unamortised premiums, net		**1,202**	751
Provision for impairment	27.6.5	**(869)**	(1,118)
		174,230	82,256

8. FINANCING ASSETS

	Note	31 December 2022	31 December 2021
Murabaha financing		**423,416**	613,551
Deferred investment sales		**90,087**	162,889
Others		**36,308**	36,535
Total financing assets		**549,811**	812,975
Deferred profit		**(8,723)**	(20,370)
Provision for impairment on financing assets	27.6.5	**(336,363)**	(403,869)
Net financing assets		**204,725**	388,736

During the year, the Bank incurred a loss of QAR 1.5 million (2021: QAR Nil) due to early repayment of a financing asset of QAR 9.1 million (2021: QAR Nil).

9. INVESTMENTS CARRIED AT FAIR VALUE

	Note	31 December 2022	31 December 2021
Investments at fair value through equity	9.1	**958,312**	285,756
Investments at fair value through income statement		**426,027**	121,798
		1,384,339	407,554

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9.1 Investments at fair value through equity

	31 December 2022	31 December 2021
Equity-type investments	**99,458**	96,903
Debt-type sukuk investments*	**858,854**	188,853
	958,312	285,756

* As of 31 December 2022, the Bank recognized negative fair value adjustment of QAR 14.7 million (for the year ended 31 December 2021: a negative fair value of QAR 1.6 million) related to these sukuk investments. Sukuk investments of nominal value of QAR 147.8 million (fair value of QAR 150.3 million) of the Group have been pledged as security for bank financing liabilities of QAR 109 million of the Group.

Movements in the equity investments are as follows:

	31 December 2022			31 December 2021		
	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	**285,756**	**121,798**	**407,554**	50,526	125,868	176,394
Additions:						
Sukuks, net	**669,799**	**-**	**669,799**	196,742	-	196,742
Equity investment	**8,372**	**327,777**	**336,149**	34,947	-	34,947
Disposal	**(5,817)**	**-**	**(5,817)**	(5,314)	(2,978)	(8,292)
Allowance for impairment	**202**	**-**	**202**	(7,889)	-	(7,889)
Transfer from / (to) assets held-for-sale	**-**	**-**	**-**	16,744	-	16,744
Fair value adjustments	**-**	**(23,548)**	**(23,548)**	-	(1,092)	(1,092)
At the end of the year	**958,312**	**426,027**	**1,384,339**	285,756	121,798	407,554

9.2 Gain on disposal of equity investments

During the year, the Bank has disposed its equity investments with total carrying value of QAR 164.9 million and recognized a gain on disposal of equity investments of QAR 25.7 million.

The above gain on equity investment are resulting from investment in real estate 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 2022	31 December 2021
At the beginning of the year	**226,368**	14,812
Addition during the year	**-**	214,356
Fair value loss on re-measurement of investments in real estate	**(1,000)**	(2,800)
At the end of the year	**225,368**	226,368

In 2021, the Bank entered an Ijarah Agreement ending with transfer of ownership with a local bank to acquire the Lulu Messila hypermarket building. The property, thereafter, is subleased to a third party. In line with this transaction, the Group recognised QAR 214.4 million right-of-use asset and related Ijara payable of QAR 160 million in its balance sheet. Further, a rental income of QAR 17.1 million (2021: QAR 13.1 million) and Ijara expense of QAR 5.5 million (2021: QAR 5.5 million) was recognised in the income statement for the year ended 31 December 2022.

11. FIXED ASSETS

	Equipment	Furniture and fixture	Motor vehicles	Right of use assets	Capital working in progress	Total
Cost						
As at 1 January 2021	19,231	27,428	966	-	-	47,625
Additions	104	-	367	10,492	-	10,963
Disposals	-	-	(430)	-	-	(430)
As at 31 December 2021	19,335	27,428	903	10,492	-	58,158
Accumulated depreciation						
As at 1 January 2021	(18,815)	(27,397)	(99)	-	-	(46,311)
Depreciation charge	(160)	(12)	(179)	(350)	-	(701)
Disposals	-	-	65	-	-	65
As at 31 December 2021	(18,975)	(27,409)	(213)	(350)	-	(46,947)
Net book value as at 31 December 2021	360	19	690	10,142	-	11,211
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 2022	31 December 2021
Cost:		
At the beginning of the year	**36,387**	36,037
Additions during the year	**475**	350
At the end of the year	**36,862**	36,387
Amortisation		
At the beginning of the year	**(33,214)**	(30,652)
Amortisation charge for the year	**(1,697)**	(2,562)
At the end of the year	**(34,911)**	(33,214)
Net book value		
At the beginning of the year	**3,173**	5,385
At the end of the year	**1,951**	3,173

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 2022	31 December 2021
Assets of disposal groups classified as held-for-sale	**295,052**	315,319
Equity investments held-for-sale	**108,428**	-
Total	**403,480**	315,319
Liabilities of disposal group classified as held-for-sale	**149,987**	167,011

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 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 on account of application of the accounting consolidation rules under Financial Accounting Standard 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 United States of America and indirectly acquired 97% in real estate property (the "Fairview").

(b) UK Real Estate Structures

In 2017, the Bank entered a structure to invest indirectly to acquire 100% in 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 2022, the Bank 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 of the Bank (refer to Note 13.1.2).

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

(a) Asset 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 2022	31 December 2021
Assets of disposal groups classified as held-for-sale			
Financial assets			
Cash and cash equivalents		**2,796**	7,582
Accounts receivable		**24,085**	24,517
Total financial assets		**26,881**	32,099
Non-financial assets			
Inventories		**175**	175
Investments in real estate		**141,999**	160,149
Fixed assets		**10,291**	10,291
Other assets		**224,134**	112,605
Total non-financial assets		**376,599**	283,220
Total assets of disposal groups classified as held for sale		**403,480**	315,319
Liabilities of disposal groups classified as held-for-sale			
Financial liabilities		**83,263**	105,124
Due to related parties	25	**17,779**	17,779
Other financial liabilities		**48,945**	44,108
Total liabilities of disposal groups classified as held for sale		**149,987**	167,011
Net carrying value		**253,493**	148,308

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

	31 December 2022	31 December 2021
Revenue	**32,754**	24,855
Expenses	**(28,957)**	(82,854)
Net profit / (loss) from discontinued operations	**3,797**	(57,999)
Attributable to		
- Equity holders of the Bank	**(5,217)**	(22,436)
- Non-controlling interest	**9,014**	(35,563)

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

	31 December 2022	31 December 2021
Operating cash flows	**16,342**	127
Investing cash flows	**(6,331)**	(10,228)
Financing cash flows	**(14,666)**	7,171
	(4,655)	(2,930)

14. OTHER ASSETS

Other assets comprise the following:

	Note	31 December 2022	31 December 2021
Other non-financial assets			
Prepayments		**4,086**	1,958
Total other non-financial assets		**4,086**	1,958
Other financial assets			
Other receivables		**219,966**	28,068
Due from related parties	25	**9,100**	9,100
Fair value of Sharia-compliant-risk-management instruments	28.2	**3,924**	5,748
Accrued income		**1,500**	371
Provision for impairment		**(12,659)**	(12,659)
Total other financial assets		**221,831**	30,628
Total other assets		**225,917**	32,586

15. FINANCING LIABILITIES

	31 December 2022	31 December 2021
Accepted wakala deposits	**457,435**	351,424
Murabaha financing	**284,614**	176,100
	742,049	527,524

As of 31 December 2022, Sukuk investments of nominal value of QAR 147.8 million (31 December 2021: Nil) 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 2022	31 December 2021
Other non-financial liabilities			
Unearned revenue		**1,677**	2,642
Advances and other payables		**38,763**	19,842
Total other non-financial liabilities		**40,440**	22,484
Other financial liabilities			
Accounts payable		**12,012**	12,120
Fair value of Sharia-compliant-risk-management instruments	28.2	**10,694**	2,350
Staff-related payables		**24,479**	7,123
Dividends payable		**16,734**	16,829
Other payables and accrued expenses		**71,781**	15,382
Provision for off-balance sheet exposures	27.6.5	**5,703**	8,218
Total other financial liabilities		**141,403**	62,022
Total other liabilities		**181,843**	84,506

17. EQUITY OF UNRESTRICTED INVESTMENT ACCOUNT HOLDERS

a) **By type**

	31 December 2022	31 December 2021
Term accounts	**2,734,524**	1,734,041
Profit payable to equity of investment account holders	**10,405**	5,311
	2,744,929	1,739,352

b) **By sector**

	31 December 2022	31 December 2021
Individual	**153,158**	215,737
Government	**199,281**	240,865
Corporate	**2,392,490**	1,282,750
	2,744,929	1,739,352

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

	31 December 2022	31 December 2021
Cash and cash equivalents	**1,363,225**	1,097,053
Investments in Sukuk	**597,224**	181,699
Investment in funds	**138,591**	57,457
Financing assets	**154,241**	284,003
Equity investments & Other Investments	**491,648**	119,140
	2,744,929	1,739,352

Bank's net mudaraba income calculation is presented below:

	31 December 2022	31 December 2021
Return on equity of unrestricted investment account holders in the profit before Bank's Mudaraba income	**91,578**	89,608
Return distribution to unrestricted investment account holders		
- Return on unrestricted investment accountholders	**85,211**	85,128
- Amount waived by the Bank in favour of unrestricted investment account holders	**475**	-
- Mudarib's incentives	**(33,542)**	(62,374)
Total return to unrestricted investment account holders	**52,144**	22,754
Bank's net mudaraba income	**39,434**	66,854

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 of Shari'a Supervisory Board of the Bank. Due to the terms of profit-sharing ratios (predominantly at 5% to mudarib and 95% to investment account holders till 1 October 2022 and afterwards changed to 30% to mudarib and 70% to 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 0.48 million (2021: QAR Nil), as presented in above table.

18. SHARE CAPITAL

	31 December 2022	31 December 2021
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 (31 December 2021: 700,00,000)	**1,120,000**	700,000
Beginning of the reporting year	**700,000**	700,000
Rights share issued	**420,000**	-
In issued at 31st December 2022	**1,120,000**	700,000

At the Extraordinary General Meeting (EGM) of the Bank held on 22 September 2021, the shareholders approved to increase the Bank's share capital through a right issue representing 60% of the Bank's paid up nominal share capital (i.e. from QAR 700,000,000 up to QAR 1,120,000,000) within a period of one year from the EGM date.

The Bank offered 420,000,000 new ordinary shares for subscription at a price of QAR 1.2 (One Qatari Riyals and twenty Dirhams) each (including premium per share of QAR 0.2), including issuance expenses that are capped to 1% of the share par value (the "Right Issue").

Accordingly, the subscription process for the rights issue commenced on 6 April 2022 and closed on 19 April 2022 through which 268,711,498 new ordinary shares were subscribed. Further, 151,288,502 balance ordinary shares 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.

19. FEE INCOME

	For the year ended	
	31 December 2022	31 December 2021
Bank transaction fees	**546**	482
Management and placement fees (including exit fees)	**64,136**	24,980
Other fees	**-**	6,038
	64,682	31,500

20. OTHER INCOME

	For the year ended	
	31 December 2022	31 December 2021
Rental income from investment in Ijarah asset	**17,092**	13,135
Financing cost relating to Ijarah asset	**(5,911)**	(5,608)
Net rental income from investment in Ijarah asset	**11,181**	7,527
Miscellaneous income	**9,440**	3,879
	20,621	11,406

21. OTHER OPERATING EXPENSE

	For the year ended	
	31 December 2022	31 December 2021
Rent expense	**882**	1,165
Professional services	**12,422**	14,427
Other	**28,460**	9,780
	41,764	25,372

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 2022	31 December 2021 (Restated)
Basic and diluted profit per share		
Net profit attributable to the equity holders of the Bank from continuing operations	**80,687**	122,806
Net loss attributable to the equity holders of the Bank from discontinued operations	**(5,217)**	(22,436)
Net Proft attributable to the equity holders of the Bank	**75,470**	100,370
Total weighted average number of shares (thousand)	**970,174**	765,694
Basic and diluted profit per share from continuing operations - QAR	**0.083**	0.160
Basic and diluted loss per share from discontinued operations - QAR	**(0.005)**	(0.029)
Basic and diluted profit per share - QAR	**0.078**	0.131

The weighted average number of ordinary shares in thousands have been calculated as follows:		
Qualifying ordinary shares at the beginning of the year	**700,000**	700,000
Effect of right issue	**270,174**	65,694
Weighted average number of ordinary shares for the year	**970,174**	765,694

23. CONTINGENT LIABILITIES

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

	31 December 2022	31 December 2021
Letters of guarantee	-	1,388
Unutilised credit facilities	**5,552**	100,000
	5,552	101,388

Contingent liabilities related to Shari'a-compliant-risk-management instruments as disclosed in Note 28.2.

24. COMMITMENTS

	31 December 2022	31 December 2021
Commitment for operating lease		
No later than one year	-	1,229
Later than one year	-	205
	-	1,434

25. RELATED PARTIES TRANSACTIONS AND BALANCES

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 financial statements are as follows:

	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 & 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			
Assets under management	-	**141,482**	**141,482**

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	31 December 2021		
	Associates	Other*	Total
a) Consolidated statement of financial position as at			
Financing assets	15,254	-	15,254
Other assets	-	9,100	9,100
Customers' balances	-	21,922	21,922
Liabilities held-for-sale	17,779	-	17,779
b) Consolidated income statement for the year ended			
Fee Income	6,083	-	6,083
Provision for impairment of financing assets	633	-	633
Other operating expenses	-	(3,387)	(3,387)
c) Off balance sheet instruments as at			
Unutilised credit facilities	-	100,000	100,000
Asset under management	-	97,456	97,456

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

Key management compensation is presented below:

	31 December 2022	31 December 2021
Compensation of key management personnel		
Senior management personnel	**13,045**	15,040
Shari'a Supervisory Board remuneration	**480**	480
	13,525	15,520

Boards of Directors sitting fee for the year 2022 is QAR 0.70 million (2021: QAR 0.70 million).

26. ZAKAH

Zakah is directly borne by the owners. The Group does not collect or pay Zakah on behalf of its owners. Zakah payable by the owners is computed by the Group on the basis of the method prescribed by the Shari'a Supervisory Board of the Bank and notified to the Owners. Zakah payable by the owners, for the year ended 31 December 2022 was QAR 0.0321 for every share held (2021: QAR 0.0226). However, if shares of the Bank are owned for trading purpose then share price, at the time of Zakah calculation, should be as a basis for Zakah.

27. FINANCIAL INSTRUMENTS AND RELATED RISK MANAGEMENT

27.1 Financial instruments definition and classification

Financial instruments comprise all financial assets and liabilities of the Group. Financial assets include cash and bank balances, investment carried at amortised cost, financing assets, accounts receivable, equity investments and other financial assets. Financial liabilities include customer 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.

27.2 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.

27.3 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.

27.4 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.

27.5 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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27.6 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 2022	31 December 2021
Balances with banks	6	**383,592**	814,455
Placements with financial institutions	6	**1,984,904**	837,262
Investments in Sukuk	7 & 9.1	**1,033,084**	271,109
Investment in funds		**239,735**	85,731
Financing assets	8	**204,725**	388,736
Financial assets of disposal group classified as held-for-sale	13.1.2	**26,881**	32,099
Other financial assets	14	**221,831**	30,628
		4,094,752	2,460,020

The weightings assigned to each macro-economic scenario at the Bank level are based on the CCI, and as of 31 December 2022, were 30% to the Base Case, 65% 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.

27.6.1 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 2022, the Group had balances with seven counterparty banks (31 December 2021: 7 banks) with aggregated amounts above QAR 100 million. The total aggregate amount of these deposits was QAR 2,147 million (31 December 2021: QAR 1,358 million).

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

	31 December 2022	31 December 2021
Qatar	**2,708,096**	1,953,159
Asia and Middle East	**867,705**	129,547
North America	**61,749**	141,099
Europe and others	**457,202**	236,215
	4,094,752	2,460,020

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

	31 December 2022	31 December 2021
Real Estate	**113,079**	221,022
Banking and financial services	**3,081,446**	1,814,303
Business Service	**-**	8,085
Construction	**10,838**	13,162
Consumer Services	**392,022**	120,668
Healthcare	**-**	41,133
Sovereign	**323,733**	153,181
Others	**173,634**	88,466
	4,094,752	2,460,020

27.6.2 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 endeavors 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.

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The following table provides the details for the credit quality:

	31 December 2022				31 December 2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Cash and bank balances								
Performing (AAA to B-)	**2,368,516**	**-**	**3,694**	**2,372,210**	1,658,258	-	3,664	1,661,922
Allowance for impairment	**(27)**	**-**	**(3,694)**	**(3,721)**	(6,516)	-	(3,664)	(10,180)
Net carrying amount	**2,368,489**	**-**	**-**	**2,368,489**	1,651,742	-	-	1,651,742
Investments carried at amortised cost								
Performing (AAA to B)	**175,099**	**-**	**-**	**175,099**	83,374	-	-	83,374
Allowance for impairment	**(869)**	**-**	**-**	**(869)**	(1,118)	-	-	(1,118)
Net carrying amount	**174,230**	**-**	**-**	**174,230**	82,256	-	-	82,256
Investments carried at fair value								
Performing (AAA to CCC)	**866,541**	**-**	**-**	**866,541**	196,742	-	-	196,742
Allowance for impairment	**(7,687)**	**-**	**-**	**(7,687)**	(7,889)	-	-	(7,889)
Net carrying amount	**858,854**	**-**	**-**	**858,854**	188,853	-	-	188,853
Financing assets								
Performing (Grades 1-6)	**127,667**	**-**	**-**	**127,667**	86,639	-	-	86,639
Under-performing (Grade 7)	**-**	**113,459**	**-**	**113,459**	-	397,186	-	397,186
Non-performing (Grade 8-10)	**-**	**-**	**299,962**	**299,962**	-	-	308,780	308,780
	127,667	**113,459**	**299,962**	**541,088**	86,639	397,186	308,780	792,605
Allowance for impairment	**(1,400)**	**(35,001)**	**(299,962)**	**(336,363)**	(1,983)	(96,932)	(304,954)	(403,869)
Net carrying amount	**126,267**	**78,458**	**-**	**204,725**	84,656	300,254	3,826	388,736
Financing commitments and financial guarantee								
Performing (Grades 1-6)	**5,552**	**-**	**-**	**5,552**	100,000	-	-	100,000
Under-performing (Grade 7)	**-**	**-**	**-**	**-**	-	1,388	-	1,388
	5,552	**-**	**-**	**5,552**	100,000	1,388	-	101,388
Allowance for impairment	**(5,703)**	**-**	**-**	**(5,703)**	(8,128)	(90)	-	(8,218)

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 2022 is QAR 27.2 million (2021: QAR 34 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 2022 amounted to QAR 49.2 million (2021: QAR 89.4 million).

27.6.3 Repossessed collateral

Repossessed properties are sold as soon as practicable, with the proceeds used to reduce the outstanding indebtedness. There was no repossessed property as at 31 December 2022 and 31 December 2021.

27.6.4 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.

27.6.5 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.

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 2022 was GDP (2022: 2.4%, 2023: 1.7%).

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.

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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 2022				31 December 2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
Cash and bank balances								
Balance at 1 January	**6,516**	**-**	**3,664**	**10,180**	2,550	-	-	2,550
Impairment allowance, net	**(6,489)**	**-**	**30**	**(6,459)**	3,966	-	3,664	7,630
Balance at end of the year	**27**	**-**	**3,694**	**3,721**	6,516	-	3,664	10,180
Investments carried at amortised cost								
Balance at 1 January	**1,118**	**-**	**-**	**1,118**	1,578	10,194	-	11,772
Impairment allowance, net	**(249)**	**-**	**-**	**(249)**	(460)	(10,194)	-	(10,654)
Balance at end of the year	**869**	**-**	**-**	**869**	1,118	-	-	1,118
Investments carried at fair value								
Balance at 1 January	**7,889**	**-**	**-**	**7,889**	-	-	-	-
Impairment allowance, net	**(202)**	**-**	**-**	**(202)**	7,889	-	-	7,889
Balance at end of the year	**7,687**	**-**	**-**	**7,687**	7,889	-	-	7,889
Financing assets								
Balance at 1 January	**1,983**	**96,932**	**304,954**	**403,869**	3,393	94,246	306,288	403,927
Write-off of provision	**-**	**-**	**(4,611)**	**(4,611)**	-	-	(7,432)	(7,432)
Foreign currency fluctuation,(net)	**-**	**(1,520)**	**-**	**(1,520)**	-	-	-	-
Impairment allowance, net	**(583)**	**(60,411)**	**(381)**	**(61,375)**	(1,410)	2,686	6,098	7,374
Balance at end of the year	**1,400**	**35,001**	**299,962**	**336,363**	1,983	96,932	304,954	403,869
Other assets								
Balance at 1 January	**-**	**-**	**12,659**	**12,659**	-	-	13,075	13,075
Write-off of provision	**-**	**-**	**-**	**-**	-	-	(416)	(416)
Balance at end of the year	**-**	**-**	**12,659**	**12,659**	-	-	12,659	12,659
Off balance sheet instruments, subject to credit risk								
Balance at 1 January	**8,128**	**90**	**-**	**8,218**	1,012	-	-	1,012
Impairment allowance, net	**(2,425)**	**(90)**	**-**	**(2,515)**	7,116	90	-	7,206
Balance at end of the year	**5,703**	**-**	**-**	**5,703**	8,128	90	-	8,218

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27.7 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 2022	31 December 2021
On demand	**310,317**	136,525
Less than 3 months	**1,722,792**	1,535,540
3 to 6 months	**-**	23,494
6 to 12 months	**44,623**	788,379
1 to 5 years	**2,101,088**	191,209
Total	**4,178,820**	2,675,147

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 2022	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	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	132,513	-	-	-	135,309
Other financial assets	221,831	-	-	-	-	221,831
Total financial assets	614,968	2,193,504	359,354	352,443	1,208,389	4,728,658
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 liabiliites 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	512,029	359,354	308,786	(844,847)	639,973
Net cumulative gap	304,651	816,680	1,176,034	1,484,820	639,973	
Contingent liabilities*	-	-	5,552	-	-	5,552
Commitments	-	-	-	-	-	-

*Contingent liabilities related to Shari`a-compliant-risk-management instruments as disclosed in Note 28.

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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 2021						
Financial assets						
Cash and cash equivalents	878,025	732,864	123	-	40,730	1,651,742
Investments in Sukuk	-	28,391	-	3,709	239,009	271,109
Financing assets	258,011	10,658	47,977	-	72,090	388,736
Investment in fund	-	85,731	-	-	-	85,731
Equity investments	-	-	-	-	218,701	218,701
Financial assets held-for-sale	7,582	24,517	-	-	-	32,099
Other financial assets	30,628	-	-	-	-	30,628
Total financial assets	1,174,246	882,161	48,100	3,709	570,530	2,678,746
Financial liabilities and equity of unrestricted investment account holders						
Financing liabilities	-	527,524	-	-	-	527,524
Customers' balances	136,525	-	-	-	-	136,525
Other financial liabilities	-	-	-	-	62,022	62,022
Equity of unrestricted investment account holders	-	922,453	23,060	773,831	20,008	1,739,352
Financial liabiliites of disposal groups classified as held-for-sale	-	61,887	-	-	105,124	167,011
Total financial liabilities and equity of unrestricted investment account holders	136,525	1,511,864	23,060	773,831	187,154	2,632,434
Net liquidity gap	1,037,721	(629,703)	25,040	(770,122)	383,376	46,312
Net cumulative gap	1,037,721	408,018	433,058	(337,064)	46,312	
Contingent liabilities*	-	100,000	1,388	-	-	101,388
Commitments	-	-	1,229	-	205	1,434

*Contingent liabilities related to Shari'a-compliant-risk-management instruments as disclosed in Note 28.

27.8 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.

27.8.1 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");
- 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 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)**

	31 December 2021	Change in basis points (+/-)	Effect on net profit/ loss (+/-)
Assets			
Placements with financial institutions	828,765	100	8,288
Investments in sukuk	271,109	100	2,711
Investment in funds carried at fair value	85,731	100	857
Financing assets	388,736	100	3,887
Liabilities and Equity of unrestricted investment account holders			
Financing liabilities	527,524	100	(5,275)
Financial liabilities of disposal group classified as held-for-sale	105,124	100	(1,051)
Equity of unrestricted investment account holders	1,739,352	100	(17,394)

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27.8.2 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 Riyals and, hence the foreign exchange risk for the Group in respect of these currencies is minimal.

	Exposure (QAR equivalent)	
	31 December	31 December
Currency	**2022**	2021
USD	**1,278,371**	1,299,310
USD pegged currencies	**3,252**	2,184

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 2022	31 December 2021	31 December 2022	31 December 2021
Currency				
GBP	**8,127**	(4,982)	**406**	(249)
EUR	**93,732**	3,760	**4,687**	188
KWD	**32**	32	**2**	2

27.8.3 Commodities price risk

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

27.9 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.

27.10 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.

27.11 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 2022	31 December 2021
Total risk weighted assets	**5,604,889**	3,204,622
Share capital	**1,120,000**	700,000
Share premium	**80,003**	203
Accumulated losses	**(52,383)**	(125,966)
Non-controlling interest	**(12,216)**	(22,891)
Intangible assets	**(1,951)**	(3,173)
Other adjustments	**18,281**	31,969
Total qualifying capital and reserve funds	**1,151,734**	580,142
Total capital resources expressed as a percentage of total risk weighted assets	**20.55%**	18.10%

The Bank is subject to 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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28. SHARI'A-COMPLIANT-RISK-MANAGEMENT INSTRUMENTS

28.1 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.

28.2 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.

31 December 2022	**Positive fair value**	**Negative fair value**	**Notional amount**	**Less than 3 months**	**3 to 12 months**
Unilateral promise to buy/ sell currencies	**3,924**	**(10,694)**	**443,468**	**327,296**	**116,172**
	3,924	**(10,694)**	**443,468**	**327,296**	**116,172**

31 December 2021	Positive fair value	Negative fair value	Notional amount	Less than 3 months	3 to 12 months
Unilateral promise to buy/ sell currencies	5,748	(2,350)	459,547	229,837	229,710
	5,748	(2,350)	459,547	229,837	229,710

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.

29. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group's financial instruments are accounted for under the historical cost method with the exception of equity investments. 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 2022				
Investments carried at fair value				
- 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	**(13,145)**	**-**	**-**	**(13,145)**
Net gains and losses included in the consolidated income statement	**(22,103)**	**-**	**(24,735)**	**(46,838)**
31 December 2021				
Equity investments				
- at fair value through equity	188,853	-	96,903	285,756
- at fair value through income statement	-	-	121,798	121,798
Investments in real estate carried at fair value	-	-	226,368	226,368
Investments in funds carried at fair value	85,731	-	-	85,731
31 December 2021				
Net gains and losses included in the consolidated statement of changes in equity	(1,588)	-	-	(1,588)
Net gains and losses included in the consolidated income statement	(1,471)	-	(4,565)	(6,036)

Shari'a-compliant-risk-management instruments related assets and liabilities, as disclosed in Note 28, 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 170.7 million (31 December 2021: QAR 84.6 million) is derived using Level 1 fair value hierarchy.

Valuation technique used in the fair value measurement at 31 December 2022 and 2021 for level three investments included Discounted Cash flow and Market approach. The below table summarises the inputs used discounted cash flow technique:

	Valuation technique	Inputs used	Range of inputs 2022	Range of inputs 2021
Investments at fair value through	Discounted	Growth rate	**1.5% to 3.5%**	1% to 3%
income statement	Cash flow	Growth rate	**12.9% to 14.9%**	11% to 13%

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 2022	**Total losses recorded in consolidated income statement**	**Additions**	**(Sales) / transfers**	**At 31 December 2022**
Equity investments					
- at fair value through equity	**96,903**	**-**	**8,372**	**(5,817)**	**99,458**
- at fair value through income statement	**121,798**	**(11,239)**	**474,695**	**-**	**585,254**
	218,701	**(11,239)**	**483,067**	**(5,817)**	**684,712**

	At 1 January 2021	Total losses recorded in consolidated income statement	Additions	(Sales)/ transfers	At 31 December 2021
Equity investments					
- at fair value through equity	50,526	-	34,947	11,430	96,903
- at fair value through income statement	122,890	(1,092)	-	-	121,798
	173,416	(1,092)	34,947	11,430	218,701

Transfers between level 1, level 2 and level 3

There were no transfers between the levels during the year ended 31 December 2022 (2021: there were none).

30. 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 to acquire 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 includes 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 cost 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 do 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 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, net	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)
Provision forimpairment on financing assets, net	21,224	40,151	-	61,375
Provision for impairment on other financial assets, net	-	9,425	-	9,425
NET INCOME BEFORE INCOME TAX	23,582	48,529	8,576	80,687
Income tax expense	-	-	-	-
NET INCOME 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	23,582	52,326	8,576	84,484

For the year ended 31 December 2021	Alternative Investments	Private Bank	Other	Total
INCOME				
Income from financing assets	6,190	8,243	-	14,433
Income from placements with financial institutions	-	2,770	-	2,770
Profit on the financing liabilities	-	(3,002)	-	(3,002)
Net income from financing assets	6,190	8,011	-	14,201
Fee income	-	31,500	-	31,500
Dividend income	-	12,624	-	12,624
Profit on Sukuk investments	-	12,374	-	12,374
Loss on re-measurement of investments at fair value through income statement	(1,765)	(1,471)	-	(3,236)
Fair value loss on re-measurement of investments in real estate *	(2,800)	-	-	(2,800)
Gain on disposal of sukuk investments	-	788	-	788
Gain on disposal of equity investments	53,982	121,141	-	175,123
Net foreign exchange gain / (loss)	72	(2,586)	-	(2,514)
Other income	-	3,879	7,527	11,406
Total Income Before Return To Unrestricted Investment Account Holders	55,679	186,260	7,527	249,466
Return to unrestricted investment account holders	-	(22,754)	-	(22,754)
TOTAL INCOME	55,679	163,506	7,527	226,712
EXPENSES				
Staff costs	(1,364)	(54,462)	-	(55,826)
Depreciation and amortization	(653)	(2,284)	(326)	(3,263)
Other operating expenses	(5,074)	(19,029)	(1,269)	(25,372)
TOTAL EXPENSES	(7,091)	(75,775)	(1,595)	(84,461)
Provision for impairment on financing assets, net	1,539	(8,913)	-	(7,374)
Provision for impairment on other financial assets, net	(2,418)	(9,653)	-	(12,071)
NET PROFIT BEFORE INCOME TAX	47,709	69,165	5,932	122,806
Income tax expense	-	-	-	-
NET PROFIT FROM CONTINUING OPERATIONS	47,709	69,165	5,932	122,806
DISCONTINUED OPERATIONS				
Loss from discontinued operations, net of tax	-	(57,999)	-	(57,999)
NET PROFIT	47,709	11,166	5,932	64,807

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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 2022	Qatar	Others	Total
INCOME			
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 gain	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 amortisation	(5,172)	-	(5,172)
Other operating expenses	(41,764)	-	(41,764)
TOTAL EXPENSES	(105,753)	-	(105,753)
Provision for impairment on financing assets, net	41,131	20,244	61,375
Provision for impairment on other financial assets, net	9,425	-	9,425
NET PROFIT FROM CONTINUING OPERATIONS	15,245	65,442	80,687
DISCONTINUED OPERATIONS			
Profit from discontinued operations, net of tax	-	3,797	3,797
NET PROFIT	15,245	69,239	84,484

For the year ended 31 December 2021	Qatar	Others	Total
INCOME			
Income from financing assets	8,243	6,190	14,433
Income from placements with financial institutions	2,770	-	2,770
Profit on the financing liabilities	(3,002)	-	(3,002)
Net income from financing assets	8,011	6,190	14,201
Fee income	13,086	18,414	31,500
Dividend income	3,044	9,580	12,624
Profit on Sukuk investments	3,017	9,357	12,374
Loss on re-measurement of investments at fair value through income statement	(1,471)	(1,765)	(3,236)
Fair value loss on re-measurement of investments in real estate	(2,800)	-	(2,800)
Gain on disposal of sukuk investments	788	-	788
Gain on disposal of equity investments	120,145	54,978	175,123
Net foreign exchange loss	(2,514)	-	(2,514)
Other income, net	11,406	-	11,406
Total Income Before Return To Unrestricted Investment Account Holders	152,712	96,754	249,466
Return to unrestricted investment account holders	(22,754)	-	(22,754)
TOTAL INCOME	129,958	96,754	226,712
EXPENSES			
Staff costs	(55,826)	-	(55,826)
Depreciation and amortization	(3,263)	-	(3,263)
Other operating expenses	(25,372)	-	(25,372)
TOTAL EXPENSES	(84,461)	-	(84,461)
Provision for impairment on financing assets, net	(8,007)	633	(7,374)
Provision for impairment on other financial assets, net	(12,071)	-	(12,071)
NET PROFIT FROM CONTINUING OPERATIONS	25,419	97,387	122,806
DISCONTINUED OPERATIONS			
Loss from discontinued operations, net of tax	-	(57,999)	(57,999)
NET PROFIT FOR THE YEAR	25,419	39,388	64,807

AWARDS

EUROMONEY MARKET LEADERS

Lesha Bank received ratings in four categories of Euromoney Market Leaders in Qatar 2022, endorsing the Bank as a leader in investment banking in Qatar. In addition to the "Market Leader" accreditation in Investment Banking in Qatar, Euromoney accorded Lesha Bank with the "Highly Regarded" accreditation for its CSR initiatives, and the "Notable" accreditation for its Digital Solutions and Islamic Finance offerings.

INTERNATIONAL BUSINESS MAGAZINE AWARDS

Lesha Bank has been named Best Corporate and Investment Bank - Qatar 2022, Leading Shari`a-compliant Solutions - Qatar 2022 in recognition of its effort in the financial sector. Moreover, Bank CEO, Mr. Abdulrahman Totonji received the title of Investment Bank CEO of the Year - Qatar 2022, which was handed out by the International Business Magazine.