



**Date: 19-2-2018**

**Circular no.: 8/2018**

**To: All National Banks operating in Qatar**

**Subject: Fixed Assets Revaluation**

Banks desiring to revalue their fixed assets and include the results of the revaluation proceeds in the bank's financial statements should comply with the following:

**1-Revaluation loss:**

Banks shall directly admit any loss resulting from revaluation of any fixed assets as per the International Accounting Standards, and report this to QCB.

**2-Revaluation Gains:**

To admit any gains resulting from asset revaluation, the following instructions must be complied with:

1/2 Revaluation shall include only properties owned by the bank and including under its fixed assets.

2/2 Set a fixed policy approved by the bank's board determining the conditions and rules for revaluation.

2/3 The revaluing property must be owned or was revalued at least 10 years earlier.

2/4 Revaluation must be done by certified real estate valuer registered by the Court of Law in Qatar or by State entities abroad in case of property owned abroad. The least forced sale value of the property must be taken into consideration.

2/5 Audit of revaluation' procedures by the external auditor in accordance with the best practice, international standards and QCB regulations.



Supervision and Control of Financial Institutions Division

2/6 Obtain no objection from QCB before including any revaluation gains in the bank's financial statements unless justifications and supporting documents are provided as per requirements in items 2/1 and 2/6.

2/7 Include revaluation gains in the bank's records and the financial statements after QCB's no objection is obtained in accordance with the accounting process required by the International Accounting Standards.

### **3- Supervision Requirements for Revaluation:**

In case of including of any gains realized from revaluation of property which is included in the fixed asset revaluation reserve, into shareholders equity the following shall be complied with

#### **3/1 Capital Adequacy Requirements:**

For capital adequacy calculation as per Basel Committee, the revaluation reserve shall be included under Tier 2 capital at a discount of 55% (only 45% shall be included into Tier 2 capital).

#### **3/2 Concentrations Measurement and Supervisory Ratios:**

The whole revaluation reserve shall be deducted from the capital base for calculating the credit concentrations and all supervisory ratios as per QCB instructions.

#### **3/3 Dividends Distribution :**

Fixed Assets Revaluation reserve gains may not be distributed as it is considered unrealized gains and cannot be included as retained earnings or loss.

**These instructions are effective as from the issuance date.**

**Abdullah Bin Saud Al-Thani**

**The Governor**