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News Headlines

Economic News

- First new natural gas field discovery in 42 years
- QCB issues QR4bn bonds, sukuk
- Consumer confidence highest in Middle East
- Cabinet approves draft budget for fiscal year 2013/14
- 4Q2012 trade surplus surges 12% to QR96.7bn
- US\$17bn road projects up for grabs
- Qatar Tourism Authority to invest US\$20bn on tourism infrastructure

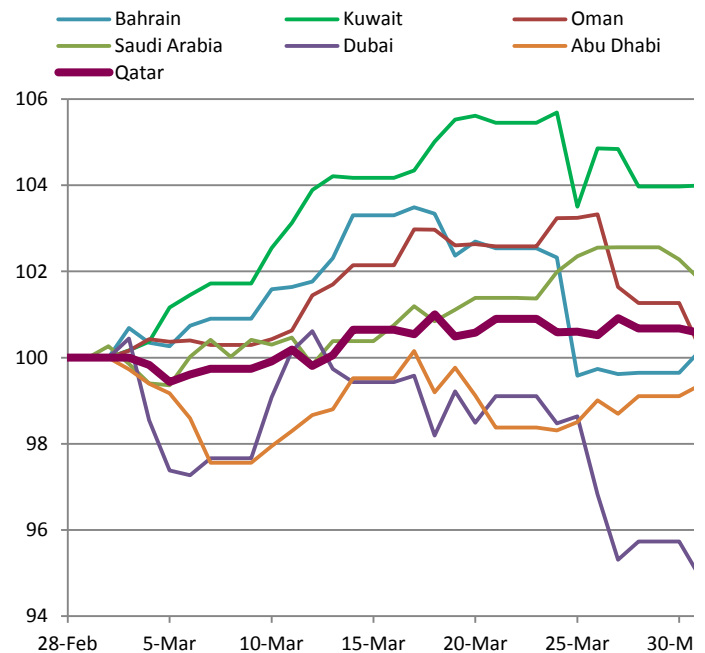
Private Sector (finance)

- QNB's credit ratings affirmed at AA- by Capital Intelligence
- QNB Group launches QNB First service in Oman
- EFG-Hermes takeover by QInvest hit by delays as deadline nears
- Commercialbank looks to complete Alternatifbank acquisition by July
- Qatar First Bank plans to list its shares on the QE
- Barwa Bank net income up 41% in 2012
- Qatar to set up global Islamic bank

Private Sector (other)

- Ooredoo in loan talks for Maroc Telecom bid
- Ooredoo 4Q2012 profit rises 14.6%
- Qatar Steel's new billet factory to start by July
- Qatar National Cement Company plans to boost production capacity to meet growing demand
- Qatar National Cement Company's net profit rises 8.1%
- Mannai Corporation net profit up 58% QoQ
- Salam International Investment Limited net profit declines 8.2%
- Aamal Company reports net profit of QR624.5mn in 2012
- Milaha reports sequentially flattish net income for 4Q2012
- Barwa Real Estate Company reports net profit of QR392mn in 4Q2012
- Widam Food Company reports net profit of QR75mn in 2012

Stockmarket Indices (rebased with 28 Feb 2013 = 100)



GCC markets performance for March 2013 was mixed with regional indices' posting returns ranging from negative 5.1% to positive 4.0%. Kuwait (4.0%) was the regional leader followed by Saudi Arabia (1.8%), Qatar (0.6%), Oman and Bahrain (0.2%). On the other hand, Dubai's benchmark Index shed 5.1% (having been the best performing index in the first two months of the year), while Abu Dhabi fell by a modest 0.6%. Dubai's index lost ground as result of profit taking by investors, a 200% rights issue by Arabtec and a greater than expected loss by Gulf Navigation.

Qatar's heavyweight Industries Qatar exhibited strong performance during the month. Banking sector data for February showed an improvement in liquidity. All listed stocks have reported results for 2012 with a combined net income of QR37.5 billion, a 1.3% year-on-year (YoY) decline.

Oman Economic Insight 2013 Published



QNB has published Oman Economic Insight 2013, providing an overview of the Omani economy, with historical data, analysis and forecasts.

The report is [online here](#). The printed version is available on request.

National Accounts

Nominal GDP (QR bn)	2009	2010	2011	2012	Q4-12	YoY%	QoQ%
Total	356.0	455.4	624.2	700.3	180.9	10.1%	3.9%
Oil & Gas	159.5	239.7	370.2	404.7	101.6	5.1%	3.6%
Non-Oil	196.5	215.7	254.0	295.6	79.3	17.1%	4.3%
Agriculture and Fishing	0.4	0.5	0.6	0.6	0.2	10.3%	3.1%
Industry	60.9	70.4	87.4	102.5	28.2	23.5%	7.6%
Manufacturing	33.6	40.8	56.7	68.9	19.5	31.7%	10.5%
Electricity, Gas and Water	1.8	2.1	2.4	2.6	0.6	20.6%	-17.1%
Construction	25.5	27.5	28.3	31.0	7.9	7.6%	3.4%
Services	132.1	140.9	162.1	188.1	50.0	14.2%	2.6%
Trade, Restaurants and Hotels	29.8	31.5	35.6	39.5	10.8	11.8%	-0.6%
Transport and Communications	16.2	18.1	21.0	23.4	6.0	11.4%	-4.7%
Financial and Business Services	58.1	60.3	65.6	71.2	18.6	10.5%	7.6%
Social Services	4.1	4.5	5.0	5.7	1.5	13.2%	3.1%
Government Services	32.1	37.4	46.2	60.9	16.4	20.0%	3.6%
Household Services	1.8	1.9	2.0	2.3	0.6	11.3%	2.9%
Imputed Bank Service Charges	-10.2	-12.7	-13.4	-14.8	-3.9	7.5%	9.2%
Import Duties	3.1	3.8	3.9	4.3	1.1	-1.3%	2.1%

Source: QSA

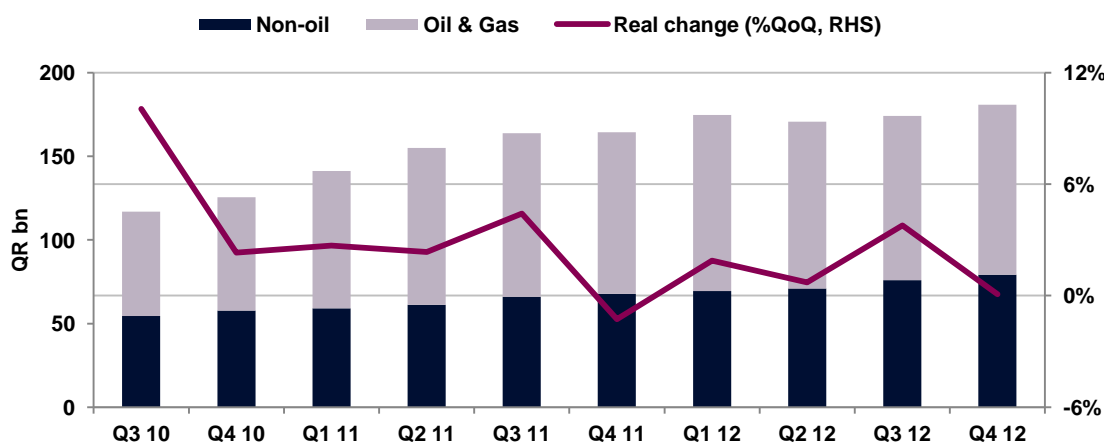
The non-oil sector is currently driving growth, particularly manufacturing and government services.

As a result of its 15.3% growth in 2012, the share of the non-oil and gas sector in the overall economy increased to 42.2% from 40.7% in 2011.

Real GDP (% change, YoY)	2008	2009	2010	2011	2012	Q4-12	QoQ%
Total	17.7	12.0	16.7	13.0	6.2	6.6	0.1
Oil & Gas	13.2	4.5	28.9	15.7	1.7	0.1	-2.1
Non-Oil	21.3	17.6	8.6	10.8	10.0	11.8	1.7
Agriculture and Fishing	36.7	-17.0	19.7	5.4	4.5	7.2	3.4
Industry	45.8	9.3	13.0	10.3	11.1	14.3	1.3
Manufacturing	18.9	13.7	17.6	10.4	11.8	18.0	1.0
Electricity, Gas and Water	12.3	-0.4	13.5	7.9	10.5	12.5	-24.2
Construction	79.2	6.9	9.5	10.5	10.6	11.5	3.9
Services	13.2	21.9	6.9	10.3	9.2	10.6	1.9
Trade, Restaurants and Hotels	6.4	15.7	2.5	12.9	7.7	8.9	-0.9
Transport and Communications	51.0	22.7	10.2	12.4	12.1	14.2	0.5
Financial and Business Services	8.9	25.8	7.4	6.3	6.7	7.2	3.9
Social Services	4.5	21.5	1.9	3.0	7.9	9.0	2.2
Government Services	8.9	23.6	8.7	13.1	11.5	11.9	3.2
Household Services	3.8	4.3	2.2	0.8	6.0	5.6	2.9
Imputed Bank Service Charges	35.6	1.0	3.3	16.4	8.0	4.5	2.3
Import Duties	-21.4	-11.3	17.8	-1.1	13.7	4.1	1.7

Source: QSA and QNB Group Forecasts for 2012

The manufacturing sector performed strongly in the second half of 2012 as a result of higher production coming especially from the ramp up in GTL production from Pearl's 2nd train.

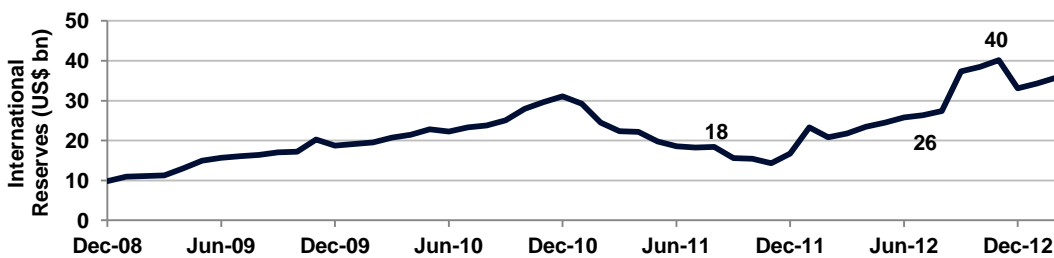


N.B. Data which is new or revised this month is shown in red.

Balance of Payments

Balance of Payments (US\$ bn)	2008	2009	2010	2011	Q3-12	QoQ%	YoY%
Current Account Balance	26.6	6.4	23.8	58.8	18.0	24.8%	30.8%
Trade Balance (Goods)	42.2	25.6	53.9	94.2	26.6	11.0%	14.7%
Exports	67.3	48.0	74.8	114.3	33.2	1.2%	9.3%
Imports	-25.1	-22.5	-20.9	-20.1	-6.5	-25.7%	-8.6%
Invisibles	-15.6	-19.2	-30.1	-35.4	-8.6	-9.7%	-8.6%
Services	-3.8	-3.9	-5.8	-9.5	-3.2	-19.2%	33.3%
Income	-6.8	-9.4	-12.9	-13.3	-2.7	17.1%	-31.0%
Transfers	-5.0	-5.8	-11.4	-12.7	-2.7	-17.1%	-13.0%
Capital & Financial Account Balance	-24.0	0.6	-10.7	-62.6	-7.2	-26%	-49%
Capital Account	-1.4	-1.8	-2.1	-3.6	-1.0	-38%	0%
Financial Account	-22.6	2.4	-8.6	-59.0	-6.3	-23%	-53%
Direct Investment (outwards)	-3.7	-3.2	-1.9	-6.0	0.7	-135%	-253%
Direct Investment (into Qatar)	3.8	8.1	4.7	-0.1	1.0	-674%	-1636%
Portfolio investment (net)	-	-	-	-18.9	3.9	-235%	-153%

Q4 trade data is available showing exports and imports were both essentially flat QoQ (US\$33.1bn and US\$6.5bn respectively). This means that 2012 exports were up about 15% YoY to US\$131.6bn and imports grew BY 30% to US\$26.0bn. Full year balance of payments data should be available shortly.



International reserves have risen from US\$33bn at end 2012 to US\$36bn in February 2013.

Source: QCB, plus UNCTAD for Direct Investment prior to 2011; Note: this is a simplified table and does not show all Balance of Payment lines

Top 5 Export Destinations (US\$ bn)	2008	2009	2010	2011	Q3-12	QoQ%	YoY%
Japan	18.8	14.5	19.7	27.4	8.8	10.7%	22.6%
South Korea	12.0	7.6	10.8	18.9	6.0	1.6%	24.2%
European Economic Community (EEC)	3.1	4.0	9.1	16.9	2.6	-17.4%	-38.9%
India	2.9	3.7	5.6	10.3	3.3	-18.6%	1.4%
China	0.6	1.2	2.2	4.3	2.0	17.1%	85.2%

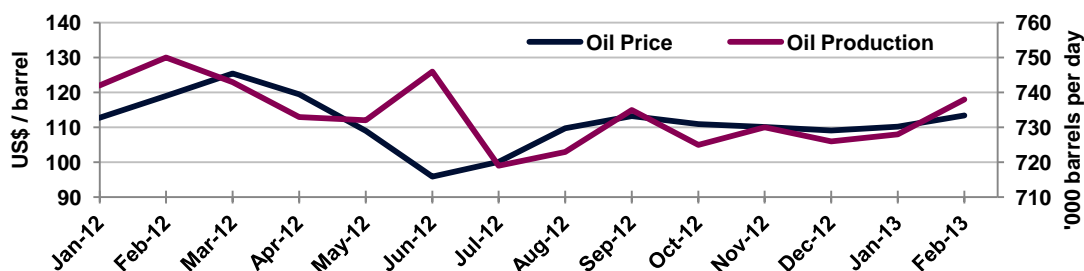
Exports to China have increased rapidly due to new LNG deliveries.

Top 5 Import Sources (US\$ bn)	2008	2009	2010	2011	Q3-12	QoQ%	YoY%
European Economic Community (EEC)	9.3	8.1	7.1	6.6	1.7	12.5%	6.5%
United States	2.5	3.1	3.5	3.1	0.7	44.5%	-9.8%
China	2.0	2.0	0.9	1.3	0.3	-3.9%	-10.0%
Japan	2.7	1.8	1.3	1.1	0.4	12.5%	40.4%
United Arab Emirates	1.8	1.8	2.3	3.0	0.8	0.0%	3.0%

Source: IMF Direction of Trade Statistics; Note: the IMF's trade figures can differ from QSA figures and are sometimes based on estimates

Crude oil (US\$ / barrel)	2009	2010	2011	2012	Feb-13	MoM%	YoY%
Oil production ('000 bpd)	781.0	733.0	734.0	733.7	738.0	1.4%	-1.6%
Qatar average price	62.0	77.7	108.4	111.2	112.8	1.1%	-2.2%
Dukhan	62.6	78.4	109.7	111.8	114.1	1.0%	-2.3%
Marine	61.6	77.2	107.5	110.6	112.8	1.1%	-2.2%

Crude production has ticked up in February having been relatively flat in previous months, according to OPEC data.



Source: OPEC (Direct communications), Reuters

Budget and Population

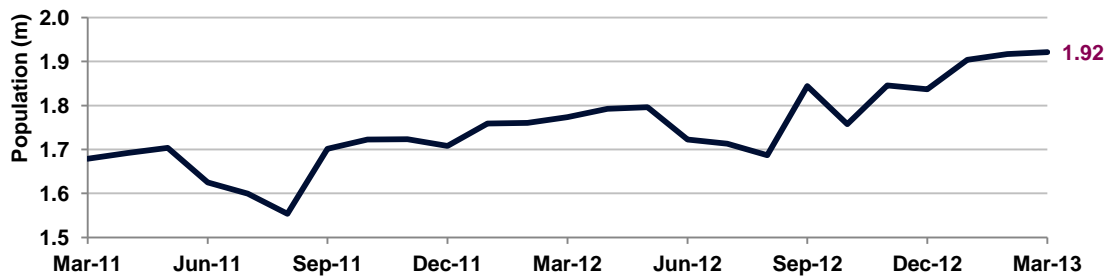
Government Budget (QR bn)	2008/09	2009/10	2010/11	2011/12	Q3-12	YoY%
Balance	40.6	53.7	12.8	44.5	94.6	
% of GDP	9.7%	15.1%	2.8%	7.1%	54.3%	
Revenue	140.6	168.8	155.5	203.4	135.3	73.5%
Expenditure	100.0	115.1	142.7	158.9	40.8	13.7%

Revenue recognized on a quarterly basis can fluctuate substantially. Revenue for Q2+Q3, the first half of the 2012/13 fiscal year, was up 32.7% YoY

Population (m)	2009	2010	2011	2012	Mar-13	MoM%	YoY%
Total	1.64	1.72	1.73	1.83	1.92	0.2%	8.3%
Male	1.27	1.30	1.30	1.37	1.42	0.5%	8.3%
Female	0.37	0.42	0.43	0.46	0.50	-0.6%	9.6%

Population growth is accelerating, as expatriates come to work on new projects.

Source: QSA; Monthly data is based on those physically in Qatar, based on entries and exits over the borders, while the annual series relates to residency

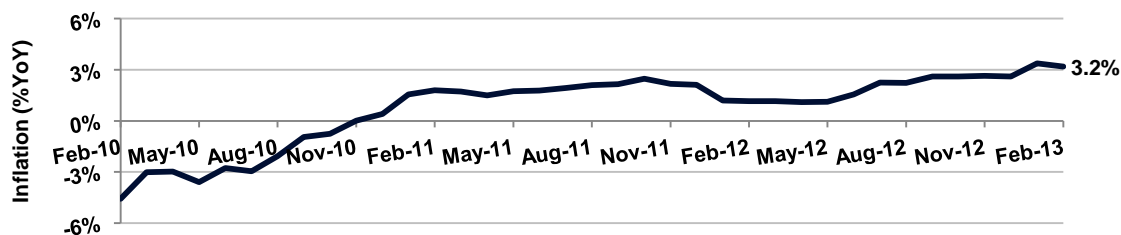


The average YoY population increase in the 12 months to March 2013 was 7.0% versus with 6.0% in 2012.

Money and Prices

Inflation (% ch, 12mth average YoY)	2009	2010	2011	2012	Feb-13	MoM%	YoY%
Overall (weights shown below)	15.2	-4.9	-2.4	1.9	2.2	0.1	3.2
Food, beverages & tobacco (13.2%)	1.3	2.1	4.3	3.7	3.7	0.4	2.6
Clothing & footwear (5.8%)	-4.5	-1.3	7.5	2.8	2.0	0.4	0.0
Rents, water & maintenance (32.2%)	-12.0	-12.8	-4.8	-3.3	-1.4	0.0	4.8
Furniture, textiles & appliances (8.2%)	-2.0	4.1	2.9	4.9	4.9	0.5	4.7
Health care (2.0%)	1.7	3.5	2.6	1.5	1.5	0.0	2.2
Transport & communication (20.5%)	-4.4	2.6	6.4	2.2	2.0	0.0	0.9
Entertainment, leisure & culture (10.9%)	-1.2	2.9	2.0	6.0	6.4	0.0	7.6
Miscellaneous goods & services (7.2%)	7.3	4.7	5.6	4.8	3.7	-0.6	-0.6

After seven months of increases, rent inflation stabilised in February.



Source: QSA

Money Supply (QR bn)	2009	2010	2011	2012	Feb-13	MoM%	YoY%
Broad money (M2)	215.1	264.7	310.0	344.3	408.5	2.9%	36.7%
M1	53.1	68.3	81.8	93.7	101.8	8.2%	24.8%
Quasi-money	162.0	196.4	228.1	250.6	306.8	1.3%	41.1%

Interest rates (% end period)	2009	2010	2011	2012	Feb-13	MoM bp	YoY bp
QCB deposit	2.0	1.5	0.8	0.8	0.8	0	0
QCB lending	5.5	5.5	4.5	4.5	4.5	0	0
Interbank overnight	2.0	1.4	0.7	0.8	0.8	-1	1
Demand deposit	2.0	1.3	0.6	0.7	0.7	-1	8
Overdraft	8.8	8.2	7.4	6.6	6.4	29	-149
Credit card	20.0	19.9	10.7	9.1	8.5	0	-88

Overdraft and credit card rates continue to fall due to QCB policies and market competition.

Feature analysis: Qatar Economic Performance 2012

Qatar’s preliminary full year 2012 GDP data was released at the end of March. It showed that real GDP grew 6.2%, which was 0.4% points stronger than QNB Group had projected. The non-oil and gas sector was the main driver of growth in 2012, as QNB Group had expected, expanding by 10.0%. The share of the non-oil and gas sector in the overall economy increased to 42.2% in 2012 from 40.7% in 2011. Growth in the oil and gas sector was just 1.7% as an increase in gas production to supply the new Pearl Gas-to-Liquids (GTL) facility more than offset declining crude oil production. The same project helped drive strong growth of 11.8% in the manufacturing sector. Manufacturing was also supported by a ramp up in production of petrochemicals and fertilisers at new facilities.

Strong growth in government services of 11.5% in 2012 was another important factor driving growth, supported by expenditure in public administration, healthcare and education. This trend is likely to continue with the recent 2013/14 budget announcement including 21% higher capital spending and 16% higher current spending than in the 2012/13 budget. A pick up in project activity in the second half of 2012 boosted both construction and transport and communication. These sectors grew at 10.6% and 12.1% respectively in 2012. With the strong government capital spending increases, they are likely to see continued growth in 2013-14.

Financial services achieved a strong growth rate of 6.7%, although this is slower than in the rest of the non-oil and gas economy. With some major new road, rail and other project phases likely to be initiated in 2013-14, financial services should receive a positive boost going forward. The trade, restaurants and hotels sector grew by 7.7% in 2012, driven by population growth. The average annual increase in the number of people in Qatar was 6.0% in 2012. The year-on-year increase has accelerated to an average of 8.5% so far in 2013, which should provide further impetus to this sector. Government efforts to promote Qatar as a destination for conferences have also helped boost this sector. Of particular note was the 18th UN Climate Change Conference in Doha in December 2012. Strong real growth in the non-oil sector is a positive indication for government plans to diversify the economy, according to QNB Group.

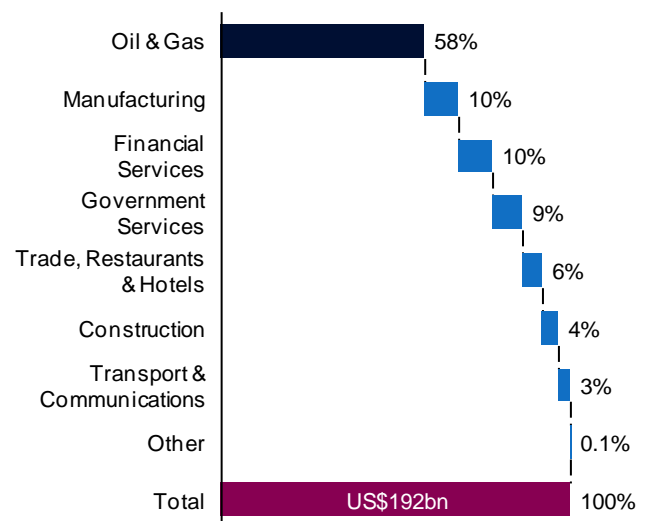
Trade data for 2012 was also released at the end of March. Overall, exports increased 16% to US\$133bn in 2012. The bulk of the increase came from exports of liquefied natural gas (LNG), which accounts for around 40% of oil and gas exports. Production of LNG was close to full capacity in 2011 and remained level in 2012. Therefore, the increase in export earnings from LNG was mainly due to higher prices. Benchmark Japanese LNG prices were 14% higher in 2012 than in 2011 and EU prices were 9.1% higher. Exports of crude oil fell by 1.1% in 2012 as production dropped while prices remained largely unchanged.

Non-oil exports grew strongly in 2012. Recently completed manufacturing facilities in the petrochemicals, metals and fertiliser sectors have helped to boost production and exports. This is a further indication that efforts to diversify the economy are gaining some traction.

Having fallen since 2008, Qatar’s imports picked up by 17% in 2012. Typically, around half of imports over the last five years have been machinery and transport equipment related to major projects in Qatar. The completion of all new LNG production facilities by early 2011 played a large role in the slowdown of imports during 2008-11. The reversal of this trend in 2012 is an indication that project activity is again beginning to pick up with the roll out of major infrastructure projects, such as the metro, roads and real estate developments.

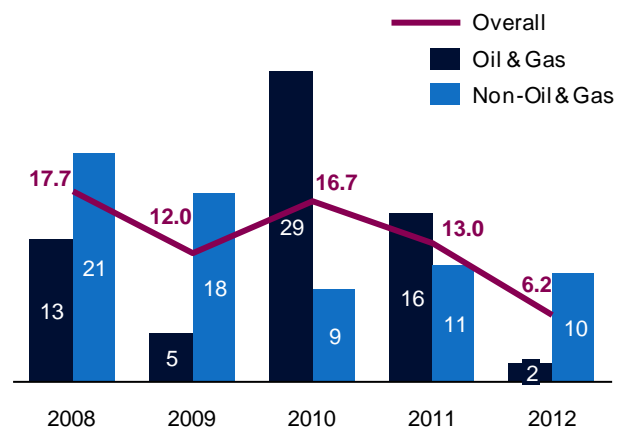
According to QNB Group, the strong revenue stream from the oil and gas sector will support an expansive government expenditure outlay for infrastructure development going forward, as demonstrated by the large increase in expenditures in the 2013/14 budget. An ongoing focus on the roll out of projects in the run up to the 2022 World Cup and growing momentum in the manufacturing sector will continue to drive diversification and growth of the non-oil sector. Overall, we expect a pick up in real GDP growth to 6.5% in 2013 and 6.8% in 2014.

Fig 1: Nominal GDP Breakdown (2012)



Source: QSA and QNB Group analysis

Fig 2: Real GDP Growth (2008-12)



Source: QSA and QNB Group analysis

Economic News

- **First new natural gas field discovery in 42 years** – Qatar Petroleum (QP) and Wintershall of Germany announced on March 11th the discovery of a new gas field in the offshore Block 4 North, with 2.5tn cubic feet of reserves. It is the first discovery since the North Field in 1971. According to Qatar's Energy Minister, Mohammed Saleh Al Sada, production at the new discovery site will begin in the next few years. Wintershall entered into an Exploration and Production Sharing Agreement (EPSA) with QP in 2008; Mitsui of Japan has a 20% share in the EPSA alongside Wintershall's 80%.
- **QCB issues QR4bn bonds, sukuk** – QCB has issued QR1bn worth of local currency sukuk and QR3bn worth of local currency conventional bonds, as part of an adjustment of its monetary policy and to help commercial banks meet Basel III liquidity requirements. Local currency debt will be issued every quarter, half with three-year maturity and the other half with five-year maturity. The issuance is allocated directly to local banks. QCB is to issue a further QR4bn in June. (Gulf-Times.com)
- **Consumer confidence highest in Middle East** – According to the latest MasterCard Index of Consumer Confidence, consumers in Qatar are the most satisfied of all the Middle Eastern markets surveyed. Scoring 96.5, they are positive about all the five indicators measured. Compared to the previous index released six months ago, consumers are more optimistic about their regular income (99.3 vs. 98.4), employment (98.1 vs. 97.8) and the stock market (92.0 vs. 91.1). Further, consumers also remain optimistic about the country's economy (97.0 vs. 98.7) and quality of life (96.2 vs. 96.9). (Qatar Tribune)
- **Cabinet approves draft budget estimates for fiscal year 2013-2014** – Qatar's weekly Cabinet meeting has approved the estimates of the draft budget for fiscal year 2013-2014. (Gulf-Times.com)
- **4Q2012 trade surplus surges 12% to QR96.7bn** – Qatar's trade surplus surged 12% YoY to QR96.69bn in 4Q2012 with exports growing faster than imports. However, trade surplus shrank 2.5% in 4Q2012 compared to 3Q2012 with declining exports in upstream petroleum products, even as many of the downstream products witnessed double-digit growth in exports. Japan, South Korea and India continued to be the largest markets in 2012. Q4 trade data from QSA puts exports at US\$33.1bn, with a fall in oil and gas exports largely offset by rising non oil exports. Imports were also flat at US\$6.5bn. Full year exports were up 15% to 131.6bn. (Gulf-Times.com)
- **US\$17bn road projects up for grabs** – According to the organizers of Qatar Transport Conference, Qatar is pushing ahead with its massive transport infrastructure programs in 2013, with \$17bn worth of projects still up for grabs. Public Works Authority (Ashghal) has lined up 30 highway projects in 2013. As of February, a total of \$1.9bn has already been awarded. (Peninsula Qatar)
- **Qatar Tourism Authority to invest US\$20bn on tourism infrastructure** – The Arabian Hotel Investment Conference (AHIC 2013), due to take place in Dubai from May 5-6, held its third regional briefing at the Hilton Doha and highlighted the Qatar Tourism Authority's plans to invest US\$20bn on tourism infrastructure as the country prepares to host the 2022 FIFA World Cup. (Bloomberg)

Private Sector News

Finance

- **QNB's ratings affirmed at AA- by Capital Intelligence** – Ratings agency Capital Intelligence has reaffirmed QNB Group's Financial Strength Rating (FSR) at AA-, which reflects the bank's strong credit metrics, its dominant franchise in Qatar, its growing presence in MENA and Asia, as well as the supportive operating environment in Qatar. The Long and Short-Term Foreign Currency (FC) ratings are also affirmed at AA- and A1+, respectively, which are at the same level as the sovereign ratings for the state of Qatar. The Bank's Support Rating of 1 (affirmed) reflects part ownership by the state of Qatar and the bank's increasing role as the financial arm of the Qatari Government. The outlook on all ratings is Stable. (GulfBase.com)
- **QNB Group launches QNB First in Oman** – QNB Group has launched its elite banking service "QNB First" across its five branches in Oman. QNB First members will have a dedicated Relationship Executive, who will help them manage their financial affairs and provide them the exclusive QNB First service. (AME Info)
- **EFG-Hermes takeover by QInvest hit by delays as deadline nears** – According to EFG-Hermes Investor-Relations Manager Hanzada Nessim, the takeover of EFG-Hermes Holding by QInvest is set to expire on May 4, 2013 unless it receives approval from the Egyptian Financial Services Authority on the transfer of its assets to Qatar. The regulator has not given a date for a decision, with the May deadline being a year since the transaction was announced. (Bloomberg)
- **Commercialbank looks to complete Alternatifbank acquisition by July** – The Commercial Bank of Qatar has agreed to acquire a 70.84% shareholding in Turkey-based Alternatifbank from Anadolu Endustri Holding for double the book value as on June 30, 2013. The book value of Alternatifbank stood at \$328mn on December 31, 2012. In response to the agreement, Moody's lowered Commercialbank's baseline credit rating by one notch to baa2. CBQK's CEO said that the bank is eyeing 30-40% of its net income to come from developing its businesses abroad by 2015. (Gulf-Times.com)
- **Qatar First Bank plans to list its shares on the QE** – Qatar First Investment Bank has been re-branded as 'Qatar First Bank' (QFB) to offer the entire spectrum of banking services rather than investment alone. QFB's shares will soon be listed on the Qatar Exchange and will seek a credit rating in another two to three years. (Gulf-Times.com)
- **Barwa Bank net income up 41% in 2012** – Barwa Bank Group recorded a net income of QR345mn in 2012, indicating a YoY increase of 41%. The group's total assets increased by 32% to reach QR25.3bn, a result of 66% growth in the financing portfolio from QR9.2bn to QR15.3bn. Customer deposits rose from QR10.1bn to QR14.8bn in 2012. (Peninsula Qatar)
- **Qatar to set up global Islamic bank** – Qatar Finance Minister Youssef Kamal said the country expects to go ahead soon with its plan to establish a large international Islamic bank. In April 2012, the Qatari government signed a MoU with Jeddah-based Islamic Development Bank, a multilateral lender, and Saudi Arabia's Dallah Albaraka Group to establish a bank with initial capital of \$1bn. (GulfBase.com)

Other sectors

- **Ooredoo in loan talks for Maroc Telecom bid** – According to sources, Ooredoo (QTEL) is in talks with banks to secure a syndicated loan to back its bid for Vivendi's stake in Maroc Telecom, as bidders face the prospect of having to finance the bid for the entire company. (GulfBase.com)

- **Ooredoo 4Q2012 profit rises 14.6%** – Ooredoo has reported a net profit of QR523mn in 4Q2012, indicating a YoY increase of 14.6%. The net profit was powered by higher revenue garnered in its home market, Indonesia and Iraq, which offset declining earnings from Kuwaiti unit Wataniya and Oman's Nawras. (Reuters)
- **Qatar Steel's new billet factory to start by July** – According to Qatar's Energy Minister Mohammed Saleh Al Sada, Qatar Steel's new billet factory will be launched in July 2013. The plant worth \$330mn will have the capacity to produce 1.1mn tons of steel billets per annum. (Bloomberg)
- **QNCD plans to boost production capacity to meet growing demand** – Qatar National Cement Company (QNCD) will scale up its production capacity to meet the country's hugely projected demand. QNCC Chairman and Managing Director Salem bin Butti Al Naimi said the domestic cement market is capable of meeting Qatar's huge demand in the run up to the 2022 World Cup. (Peninsula Qatar)
- **QNCD's net profit rises 8.1%** – Qatar National Cement Company (QNCD) has reported a net profit of QR103.9mn in 4Q2012, indicating a QoQ increase of 8.1%. (QE)
- **MCCS net profit up 58% QoQ** – Mannai Corporation (MCCS) has reported a net profit of QR141.9mn in 4Q2012, reflecting a QoQ increase of 58%. (QE)
- **SIIS net profit declines 8.2%** – Salam International Investment Limited (SIIS) has reported a net profit of QR22mn, indicating a QoQ decrease of 8.2%. (QE)
- **AHCS reports net profit of QR624.5mn in 2012** – Aamal Company (AHCS) has reported a net profit of QR395.3mn in 4Q2012, reflecting a QoQ increase of 308.7%. Revenue increased by 19.7% QoQ to QR615.4mn in 4Q2012. (QE, Bloomberg)
- **Milaha reports sequentially flattish net income for 4Q2012** – Qatar Navigation or Milaha (QNNS) reported 4Q2012 net profit of QR197.6mn, flat QoQ. (QNBFS, Gulf-Times.com)
- **BRES reports net profit of QR392mn in 4Q2012** – Barwa Real Estate Company (BRES) has reported a net profit of QR392mn in 4Q2012, indicating a QoQ increase of 111.5%. (QE)
- **QMLS reports net profit of QR75mn in 2012** – Widam Food Company (QMLS) (previously known as Mawashi) has reported a net profit of QR75mn in 2012 versus QR58mn in 2011, reflecting a YoY increase of 29.3%. (QE)

Banking Sector Snapshot : March 2013

Review and Outlook

Deposits grew by 0.9% MoM (+5.2% YTD) whereas loans receded by -1.1% MoM (-0.9% YTD) in the month of February 2013. Hence, the sector LDR decreased to 105% in February 2013 vs. 107% at the end of January 2013 (111% in December 2012). Furthermore, the domiciled loan-to-deposit ratio (LDR) for the sector followed suit and stood at 98% vs. 100% in January. Liquidity has materially improved from 2Q2012 (current LDR of 105% vs. the 2012 high of 124% in April). We forecast loan growth of about 15-20% for 2013. However, we expect NIMs to remain under some pressure throughout 1H2013.

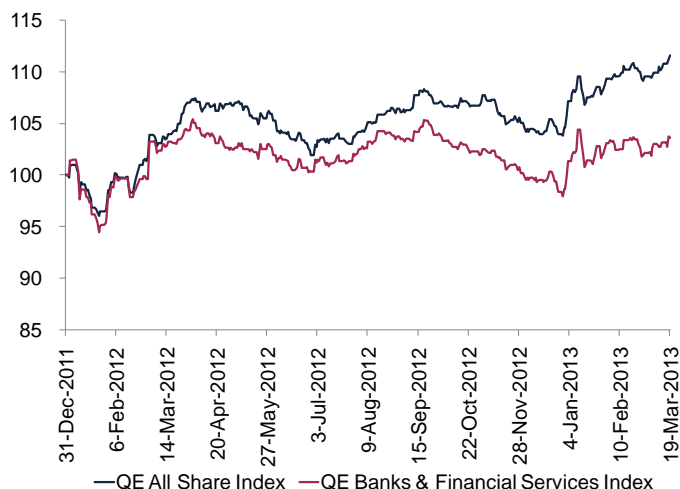
The public sector witnessed muted growth in deposits in the month of February. Scrutinizing the segment details, public sector deposits were flat MoM (+5.5% YTD). The government segment contracted by 19.8% MoM (-15.8% YTD). However, this drop was mitigated by both the government institutions and semi-government institutions segments. The former segment (represents 63.2% of public sector deposits) expanded by 7.5% MoM (+15.3% YTD), while the latter segment witnessed a healthy growth of 3.0% MoM (+2.9% YTD). On the other hand, private sector deposits grew by 1.0% MoM (+4.4% YTD). The consumer segment was up by 1.0% MoM (+1.5% YTD), while the companies & institutions segment inched up by 0.9% MoM (+7.2% YTD). Net-net, total deposits (including deposits outside of Qatar) grew by 0.9% MoM (5.2% YTD). It should be noted that most of the growth in deposits during 2012 was realized in May and July.

The overall loan book receded by 1.1% MoM (-0.9% YTD). Total domestic public sector loans shed 2.9% MoM (-3.9% YTD). The driver behind this decline was mainly the government segment, which contracted by 13.0% MoM (-7.2% YTD). We continue to expect growth in public sector loans to pick up in the coming months and then grow thereafter as project mobilizations pick up. It should be noted that public sector loans expanded by 26% QoQ in 2Q2012. Private sector loans experienced flattish performance MoM (+0.7% YTD). **Real estate** (contributes 33.1% to private sector loans) and **services** loans dropped by 1.0% MoM (+1.4% YTD) and 6.4% (-3.9% YTD), respectively. The growth across sub-segments under private sector loans was generally positive; **general trade** was flattish MoM (+2.1% YTD), while **industry** (+8.4% YTD) and **contractors** (+6.0% YTD) expanded by 8.5% and 3.9% MoM, respectively. Moreover, credit to the **consumption segment** (-0.4% YTD, contributes 29.9% to private sector loans) increased by 1.9% MoM.

Specific loan-loss provisioning rested at 1.4% of average trailing 12-months loans (1.4% in January), indicating minimal growth in provisions.

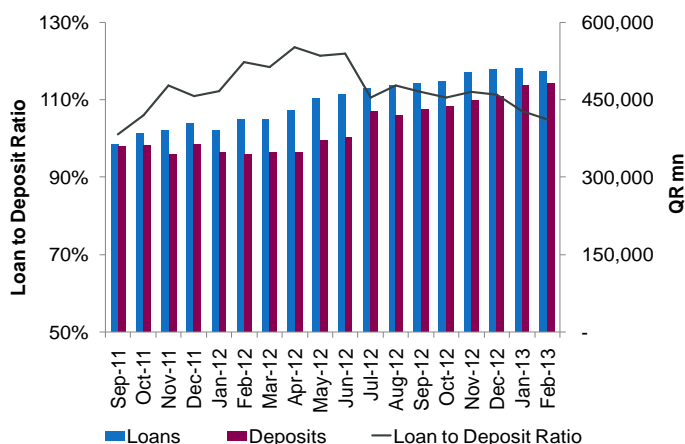
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Banking Sector Index vs. QE All Share Index



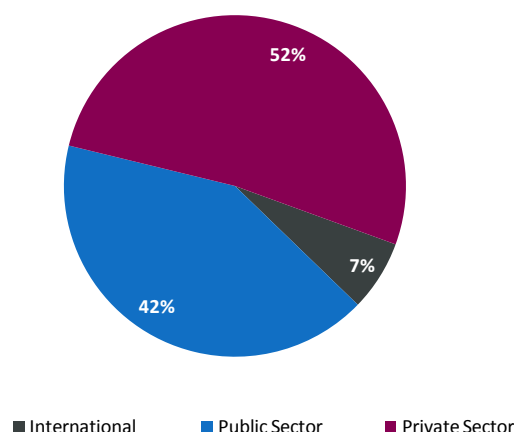
Source: Bloomberg

Banking Sector - Loan to Deposit (LTD)



Source: Qatar Central Bank (QCB)

Loan Pie (end-January 2013)



Source: QCB

Banking Sector Indicators

(In QR mn)	2010	2011	1Q-12	2Q-12	3Q-12	Dec-12	Jan-13	Feb-13	Change MoM	Change YTD
Total Assets	567,482	694,301	700,546	742,817	789,456	820,512	828,418	826,556	-0.2%	0.7%
Total Credit (Loans)	314,481	403,563	412,247	460,946	482,719	510,048	511,162	505,599	-1.1%	-0.9%
Total Deposits	306,788	363,612	348,356	378,254	430,938	458,066	477,512	481,987	0.9%	5.2%
Loan to Deposit Ratio	103%	111%	118%	122%	112%	111%	107%	105%	N/A	N/A
Credit Facilities (Geographic)										
Total Domestic Credit	293,920	376,695	384,622	432,472	452,086	478,305	478,652	471,794	-1.4%	-1.4%
Total International Credit	20,561	26,867	27,625	28,475	30,634	31,743	32,510	33,805	4.0%	6.5%
Domestic Credit Facilities - Public Sector										
Government	36,303	40,801	32,235	31,967	42,258	51,746	55,203	48,021	-13.0%	-7.2%
Government Institutions	50,452	90,619	105,268	136,992	140,125	139,585	134,555	135,628	0.8%	-2.8%
Semi-Government Institutions	16,303	17,750	15,100	23,199	23,558	27,222	26,762	26,490	-1.0%	-2.7%
Total Domestic Public Sector Credit	103,058	149,170	152,603	192,158	205,941	218,553	216,520	210,139	-2.9%	-3.9%
Domestic Credit Facilities - Private Sector										
General Trade	24,875	26,855	27,590	29,610	33,149	33,280	34,052	33,971	-0.2%	2.1%
Industry	6,648	6,534	5,755	6,883	8,070	9,339	9,332	10,128	8.5%	8.4%
Contractors	18,411	16,220	16,532	15,195	16,249	16,546	16,877	17,531	3.9%	6.0%
Real Estate	51,042	76,220	80,113	81,976	81,624	85,562	87,615	86,732	-1.0%	1.4%
Consumption & Others	60,345	71,986	76,386	79,210	75,881	78,587	76,850	78,278	1.9%	-0.4%
Services	29,541	29,709	25,643	27,439	31,171	36,438	37,407	35,014	-6.4%	-3.9%
Total Domestic Private Sector Credit	190,862	227,525	232,019	240,314	246,144	259,752	262,132	261,655	-0.2%	0.7%
Deposit Details (Geographic)										
Resident Deposits	277,107	343,777	327,183	351,575	400,441	417,337	435,269	437,644	0.5%	4.9%
Non-resident Deposits	29,681	19,835	21,174	26,679	30,497	40,729	42,243	44,343	5.0%	8.9%
Deposits - Public Sector (Domestic)										
Government	18,486	40,825	31,352	26,354	33,842	44,557	46,773	37,503	-19.8%	-15.8%
Government Institutions	32,277	57,351	46,679	54,822	96,268	104,378	112,029	120,391	7.5%	15.3%
Semi Government Institutions	21,309	27,700	23,039	26,679	29,277	31,794	31,763	32,710	3.0%	2.9%
Total Public Sector Deposit	72,071	125,876	101,070	107,855	159,387	180,729	190,565	190,604	0.0%	5.5%
Deposits - Private Sector (Domestic)										
Personal	90,828	103,093	111,843	117,147	117,470	116,257	116,831	118,006	1.0%	1.5%
Companies & Institutions	114,207	114,809	114,270	126,574	123,584	120,350	127,873	129,035	0.9%	7.2%
Total Private Sector Deposit	205,036	217,902	226,113	243,721	241,054	236,607	244,704	247,040	1.0%	4.4%

Qatar Exchange Market Performance

Company Name	Price (February 28)	% Change 5-Day	% Change Monthly	Market Cap. QR Million	TTM* P/E	P/B	Div. Yield
Qatar National Bank	129.50	(0.38)	(0.69)	90,615	10.9	1.9	4.6
Qatar Islamic Bank	71.50	(5.92)	(3.25)	16,895	13.7	1.5	5.2
Commercial Bank of Qatar	68.50	(10.22)	(12.29)	16,950	8.4	1.1	8.8
Doha Bank	44.80	(12.33)	(12.31)	9,260	7.8	1.4	9.1
Al Ahli Bank	58.30	4.11	7.76	7,408	14.2	2.2	5.1
Qatar International Islamic Bank	56.30	(0.35)	1.62	8,522	12.6	1.7	6.2
Masraf Al Rayan	24.12	(0.33)	(6.51)	18,090	12.0	1.9	6.2
Al Khaliji Bank	17.31	0.06	1.23	6,232	12.2	1.1	5.8
National Leasing	35.50	(6.58)	(11.69)	1,757	7.7	1.3	5.6
Dlala Holding	32.00	(2.44)	(6.71)	640	24.5	2.9	3.1
Qatar & Oman Investment	12.65	(6.99)	0.40	398	21.2	1.3	4.0
Islamic Holding Group	34.00	(3.13)	(0.58)	136	22.5	3.1	3.3
Banking and Financial Services				176,903			
Zad Holding	59.60	(1.16)	(2.13)	780	7.5	0.6	N/A
Qatar German Co. for Medical Devices	12.70	(0.78)	(11.19)	147	N/M	0.8	N/A
Salam International Investment	13.00	0.00	(0.23)	1,486	13.2	0.9	7.0
Medicare Group	34.90	(1.69)	(1.41)	982	21.9	1.3	3.2
Qatar Cinema & Film Distribution	63.90	(0.16)	1.43	365	30.9	2.7	2.1
Qatar Fuel	299.00	2.36	5.50	15,541	13.5	2.8	2.7
Qatar Meat and Livestock	63.30	4.11	8.21	1,139	13.4	4.4	4.7
Al Meera Consumer Goods	142.90	(4.67)	6.64	1,429	17.4	6.1	3.8
Consumer Goods and Services				21,868			
Qatar Industrial Manufacturing	53.00	(0.93)	(0.75)	2,099	10.1	1.6	5.7
Qatar National Cement	104.00	0.10	0.39	5,106	12.0	2.1	5.8
Industries Qatar	170.20	0.71	0.53	93,610	11.1	3.1	4.4
Qatari Investors Group	21.00	(5.15)	(6.04)	2,611	17.1	1.3	3.6
Qatar Electricity and Water	132.80	(6.48)	(6.74)	13,280	9.2	3.5	5.5
Mannai Corp.	86.00	2.26	7.10	3,923	8.3	2.3	5.7
Aamal	14.95	(1.19)	(1.25)	8,140	15.6	1.2	N/A
Gulf International Services	33.20	(6.87)	3.43	4,936	10.6	1.9	3.6
Industrials				133,706			
Qatar Insurance	52.50	(6.25)	(3.37)	5,619	9.8	1.7	4.5
Doha Insurance	28.60	0.35	(0.69)	669	11.1	1.4	3.5
Qatar General Insurance & Reinsurance	45.50	0.22	3.41	2,281	13.0	0.9	2.6
Al Khaleej Takaful Insurance	46.50	0.54	1.75	662	8.5	1.2	6.5
Qatar Islamic Insurance	58.20	(0.68)	(1.19)	873	15.0	3.1	5.2
Insurance				10,104			
United Development	17.30	(6.49)	0.00	5,834	8.0	0.6	5.8
Barwa Real Estate	26.70	0.00	(3.96)	10,390	8.7	0.8	3.7
Ezdan Real Estate	16.42	(3.18)	(7.75)	43,554	N/M	1.6	0.9
Mazaya Qatar Real Estate Development	11.90	(0.34)	9.17	1,190	18.9	1.0	5.0
Real Estate				60,968			
Qatar Telecom	115.50	0.09	3.13	36,997	12.9	1.4	1.4
Vodafone Qatar	8.40	(2.55)	(1.98)	7,101	N/M	1.1	N/A
Telecoms				44,098			
Qatar Navigation (Milaha)	64.90	0.62	(0.46)	7,433	9.7	0.7	5.4
Gulf Warehousing	44.40	0.91	3.26	1,760	20.7	2.5	3.4
Qatar Gas Transport (Nakilat)	16.60	(0.60)	4.47	9,296	11.9	8.0	5.1
Transportation				18,488			
Qatar Exchange				466,135			

Source: Bloomberg, * Trailing Twelve Months

This report is produced by QNB Group's Economics Team in collaboration with QNB Financial Services. Past issues are available online at <http://tinyurl.com/QatarMonitor>. For questions, or to receive it by email each month, please contact:

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