

## Contents

- 2 National accounts
- 3 Balance of payments and trade
- 4 Budget and population
- 4 Money and prices
- 5 Feature analysis: Qatar Banking Sector Results 2012
- 6 Economic news
- 6 Public companies news
- 6 Private sector news
- 8 Banking sector data and snapshot
- 10 Qatar Exchange market data

## News Headlines

### Economic News

- QCB Governor expects real growth to reach 5.5%
- T-Bill yields widen in February 5 issuance

### Public companies

- Qatar Holding to set up \$12bn investment fund
- Qatar plans \$22bn investment in water & power sectors
- Major road projects to be ready by 2017
- Qatar Railways expects Doha Metro to start in 2019

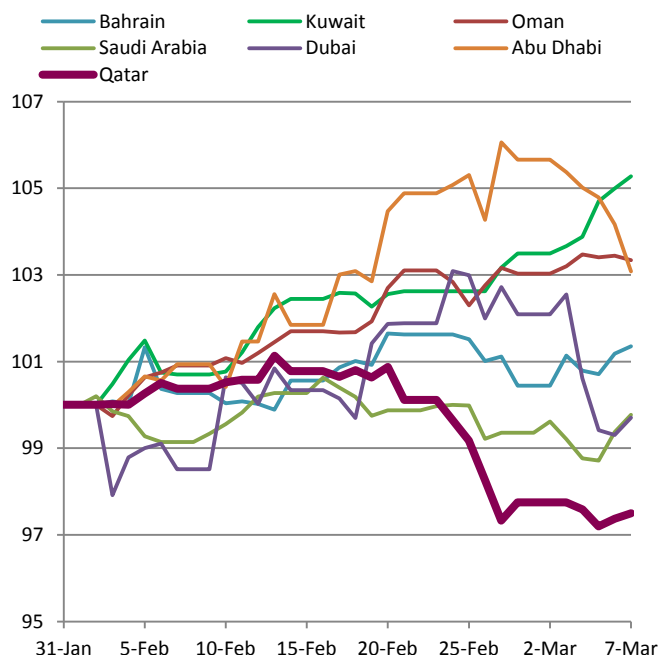
### Private Sector (finance)

- QNB Group obtains approval to acquire NSGB-Egypt
- QNB Group ranks 120 among top 500 global bank brands
- Masraf Al Rayan may spend QR1bn on a Libyan bank
- Doha Bank aims to raise QR1.5bn from rights issue
- Al Khaliji plans debut bond sale
- Al Khaliji 2012 net profit rises to QR512.2m
- QIC shareholders approve Qatar Holding investment
- The Investors Group profits up 48% in 4Q2012
- Qatar Islamic Insurance Co.'s net profit up 24% QoQ
- Doha Insurance reports net profit of QR17.3m for 4Q2012
- Dlala's CEO resigns
- Dlala reports QR4.5m net loss in 4Q2012

### Private Sector (other)

- Industries Qatar weak 4Q2012 results
- Qatar Fuel posts QR1.15bn profit and plans new stations
- Maersk Qatar, GDI sign Al Shaheen drilling deal
- QEWS and QP to invest in electricity companies abroad
- QEWS 4Q2012 results boosted by liquidated damages
- Qatar Industrial Manufacturing Company profit up 139%
- QTEL re-launches itself under new brand Ooredoo
- Ooredoo bidding for Vivendi's stake in Maroc Telecom
- Al Meera to buy Safer's Oman units
- Al Meera net profit jumps 36.8% to QR105.7m in 2012
- Qatar Meat & Livestock Company to set up poultry farm
- Medicare Group's 2012 net profit jumps 15% YoY
- Qatari German Co. for Medical Devices net loss widens
- UDC looks to sell Turkey's Enterprise Development Co
- UDC's 4Q2012 net profit rises 163% QoQ
- Gulf Warehousing Company CEO resigns
- Ezdan Holding reports net profit of QR147.8m for 4Q2012
- Mazaya reports net profit of QR58.4m in 4Q2012

## Stockmarket Indices (rebased with 31 Jan 2013 = 100)



Abu Dhabi led GCC markets in February with 5.7% increase while Qatar fell the most, by 2.2%. The fall in the Qatar Exchange (QE) Index was largely due to companies going ex-dividend. QNB FS calculates that this knocked ~151 points off the Index in the last week of February, as companies like Commercial Bank of Qatar, Qatar Islamic Bank, Doha Bank and Qatar Electricity & Water Company shares went ex-dividend.

So far, 36 out of 42 companies on the QE have released 2012 earnings, reporting a combined net income of QR34.6 billion, a 1.0% YoY decline. QNB Group, followed by Industries Qatar, were the primary drivers of 2012 earnings growth, while United Development Company was the main laggard. If UDC was removed from the group, aggregate earnings would have increased by 8.3% YoY. Earnings growth from the banking and industrial sectors outweighed net income declines in real estate (bar UDC), consumer and non-banking financial sectors. The other laggards were Qatar Islamic Bank and Salam International.

## Oman Economic Insight 2013 to be Published



QNB is about to publish Oman Economic Insight 2013, providing an overview of the Omani economy, with historical data, analysis and forecasts.

The report will be [online here](#) in mid-March. The printed version will be available soon afterwards on request.

## National Accounts

Nominal GDP (QR bn)	2008	2009	2010	2011	Q3-12	YoY%	QoQ%
<b>Total</b>	<b>419.6</b>	<b>356.0</b>	<b>463.5</b>	<b>630.9</b>	<b>175.3</b>	<b>5.9%</b>	<b>1.3%</b>
Oil & Gas	230.3	159.5	239.7	364.5	96.8	-0.9%	0.0%
Non-Oil	189.3	196.5	223.7	266.4	78.5	15.7%	2.9%
Agriculture and Fishing	0.5	0.4	0.5	0.6	0.1	2.3%	1.4%
Industry	74.1	60.9	75.4	89.1	27.2	18.2%	-0.8%
Manufacturing	44.9	33.6	49.2	62.7	19.5	19.9%	0.3%
Electricity, Gas and Water	2.1	1.8	2.1	2.6	0.8	6.3%	11.2%
Construction	27.2	25.5	24.1	23.8	6.8	15.4%	-5.3%
Services	111.1	132.1	143.8	173.2	50.3	14.4%	5.1%
Trade, Restaurants and Hotels	23.4	29.8	32.3	35.7	10.2	13.4%	1.3%
Transport and Communications	14.8	16.2	18.3	21.9	6.5	9.0%	2.8%
Financial and Business Services	51.6	58.1	62.1	73.7	19.5	6.2%	9.1%
Social Services	3.5	4.1	4.3	4.9	1.4	13.4%	0.3%
Government Services	26.3	32.1	35.8	46.7	15.3	28.0%	3.0%
Household Services	1.7	1.8	1.9	2.0	0.6	22.3%	9.7%
Imputed Bank Service Charges	-10.1	-10.2	-11.0	-11.7	-3.1	5.5%	0.5%
Import Duties	3.5	3.1	4.0	3.5	1.0	13.8%	1.4%

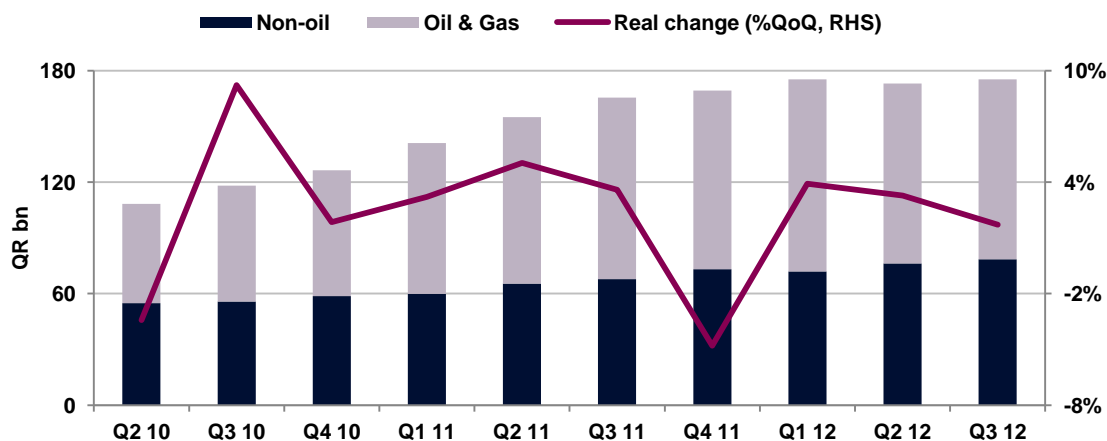
Source: QSA

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

Real GDP (% change, YoY)	2008	2009	2010	2011	2012f	Q3-12	QoQ%
<b>Total</b>	<b>17.7</b>	<b>12.0</b>	<b>16.7</b>	<b>13.0</b>	<b>5.8</b>	<b>3.9</b>	<b>1.7</b>
Oil & Gas	13.2	4.5	28.8	15.7	1.5	-0.8	0.6
Non-Oil	21.3	17.6	8.6	10.9	9.4	7.7	2.6
Agriculture and Fishing	36.7	-17.0	19.0	4.5	3.2	1.6	0.4
Industry	45.8	9.3	9.6	7.0	10.1	11.2	5.1
Manufacturing	18.9	13.7	22.4	7.9	11.4	13.6	4.7
Electricity, Gas and Water	12.3	-0.4	1.9	23.9	9.7	6.3	11.2
Construction	79.2	6.9	0.4	4.9	8.9	9.4	5.0
Services	13.2	21.9	7.0	13.2	9.1	5.8	1.2
Trade, Restaurants and Hotels	6.4	15.7	9.0	9.0	8.0	8.1	0.5
Transport and Communications	51.0	22.7	10.2	18.0	13.6	9.4	1.0
Financial and Business Services	8.9	25.8	7.2	8.0	8.4	4.7	1.2
Social Services	4.5	21.5	1.2	12.3	4.5	4.6	0.2
Government Services	8.9	23.6	4.1	20.1	8.5	2.7	1.8
Household Services	3.8	4.3	2.2	3.4	8.0	8.0	1.3
Imputed Bank Service Charges	35.6	1.0	3.3	4.3	4.9	4.3	0.1
Import Duties	-21.4	-11.3	33.6	-11.0	-7.4	9.2	0.1

Source: QSA and QNB Group Forecasts for 2012

The manufacturing sector has performed strongly in the third quarter as a result of higher production coming especially from the ramp up in GTL production from Pearl's 2nd train



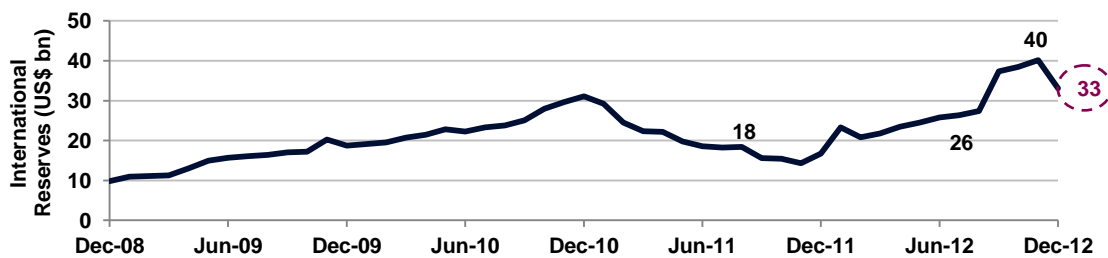
N.B. Data which is new or revised this month is shown in red.

## Balance of Payments

Balance of Payments (US\$ bn)	2008	2009	2010	2011	Q3-12	QoQ%	YoY%
<b>Current Account Balance</b>	<b>26.6</b>	<b>6.4</b>	<b>23.8</b>	<b>52.0</b>	<b>18.0</b>	<b>24.8%</b>	<b>30.8%</b>
Trade Balance (Goods)	42.2	25.6	53.9	87.4	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	-26.9	-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%
<b>Capital &amp; Financial Account Balance</b>	<b>-24.0</b>	<b>0.6</b>	<b>-10.7</b>	<b>-62.6</b>	<b>-7.2</b>	<b>-26%</b>	<b>-49%</b>
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%

QCB data for trade in goods show a widening of the trade balance in Q3 due to falling imports

In December, reserves eased back due to outward capital flows, likely including a US\$2bn deposit in Egypt's central bank (to provide assistance as Egypt's own reserves have fallen to US\$4bn)



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	1.4%	24.0%
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	3.4	-17.3%	-3.7%
China	0.6	1.2	2.2	4.3	2.0	17.1%	85.2%

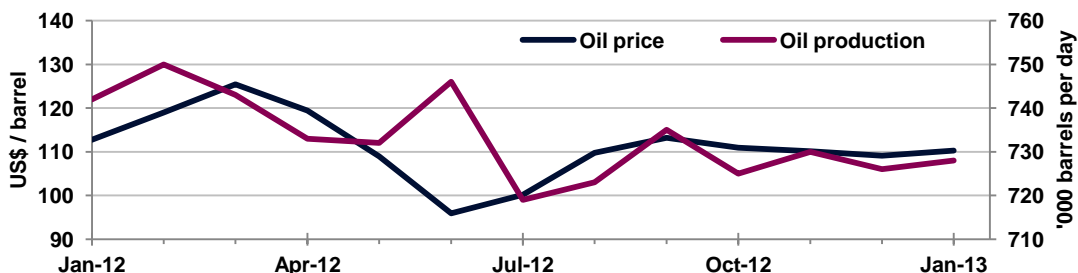
Exports to China have increased rapidly due to new LNG deliveries

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 exports and imports by country can differ from QSA figures

Crude oil (US\$ / barrel)	2008	2009	2010	2011	Jan-13	MoM%	YoY%
Oil production ('000 bpd)	842.8	781.0	733.0	734.0	728.0	0.3%	-1.9%
Qatar weighed average price	94.8	62.0	77.7	108.4	110.0	1.1%	-2.2%
Dukhan	96.9	62.6	78.4	109.7	110.8	1.0%	-2.3%
Marine	93.5	61.6	77.2	107.5	109.8	1.1%	-2.2%

Crude production has been relatively flat in recent months according to OPEC data. However, another source, MEES, gives lower figures, averaging 703k bpd in Nov-Jan



Source: OPEC (Direct communications), Reuters; Note: Monthly figures for 2011 have estimated based on downward revisions in OPEC annual figures

## Budget and Population

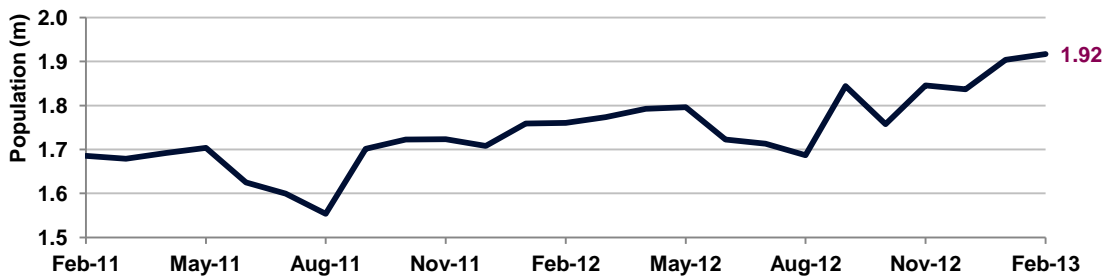
Government Budget (QR bn)	2008/09	2009/10	2010/11	2011/12	Q3-12	QoQ%	YoY%
Balance	40.6	53.7	12.8	44.5	-18.5		
% of GDP	9.7%	15.1%	2.8%	7.1%	-10.7%		
Revenue	140.6	168.8	155.5	203.4	11.0	-79.6%	-65.9%
Expenditure	100.0	115.1	142.7	158.9	29.5	-34.0%	-14.4%

The drop in revenue and expenditure is largely seasonal

Population (m)	2008	2009	2010	2011	Feb-13	MoM%	YoY%
Total	1.45	1.64	1.72	1.73	1.92	0.7%	8.9%
Male	1.11	1.27	1.30	1.30	1.42	0.8%	8.7%
Female	0.34	0.37	0.42	0.43	0.50	0.4%	9.6%

Population growth is accelerating, as expatriates come to work on new infrastructure projects; the YoY growth in Feb was the highest since monthly records began in 2009

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



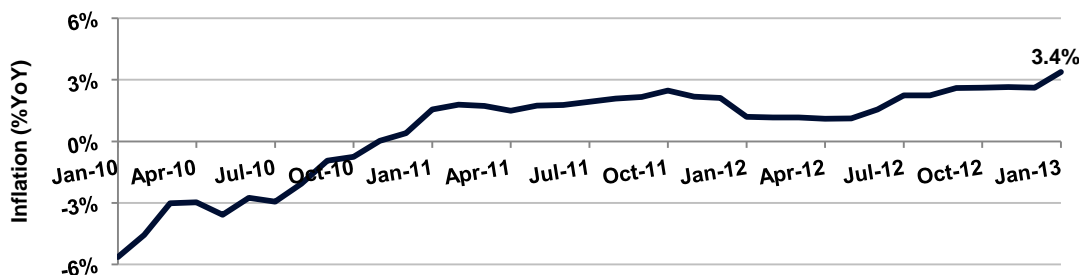
The average YoY increase in the population over the last 12 months was 6.7% compared with 1.8% in 2011

## Money and Prices

Inflation (% ch, 12mth average YoY)	2008	2009	2010	2011	Jan-13	MoM%	YoY%
Overall (weights shown below)	15.2	-4.9	-2.4	1.9	2.0	0.7	3.4
Food, beverages & tobacco (13.2%)	19.9	1.3	2.1	4.3	3.7	0.8	2.9
Clothing & footwear (5.8%)	11.8	-4.5	-1.3	7.5	2.3	-0.4	-0.8
Rents, water & maintenance (32.2%)	19.7	-12.0	-12.8	-4.8	-2.3	1.0	4.4
Furniture, textiles & appliances (8.2%)	7.7	-2.0	4.1	2.9	4.9	1.8	4.1
Health care (2.0%)	4.2	1.7	3.5	2.6	1.5	0.8	2.3
Transport & communication (20.5%)	9.3	-4.4	2.6	6.4	2.2	-0.1	2.0
Entertainment, leisure & culture (10.9%)	9.9	-1.2	2.9	2.0	6.2	2.0	7.5
Miscellaneous goods & services (7.2%)	12.4	7.3	4.7	5.6	4.8	-0.5	1.4

Rents have posted their seventh monthly increase in a row, due to population growth

The competition resulting from the introduction of phone number portability may have led to a fall in communications prices



Source: QSA

Money Supply (QR bn)	2008	2009	2010	2011	Dec-12	MoM%	YoY%
Broad money (M2)	184.0	215.1	264.7	310.0	381.1	-0.5%	27.2%
M1	50.9	53.1	68.3	81.8	90.9	3.9%	20.0%
Quasi-money	133.1	162.0	196.4	228.1	290.1	-1.8%	29.7%

Interest rates (% end period)	2008	2009	2010	2011	Dec-12	MoM bp	YoY bp
QCB deposit	2.0	2.0	1.5	0.8	0.8	0	0
QCB lending	5.5	5.5	5.5	4.5	4.5	0	0
Interbank overnight	2.0	2.0	1.4	0.7	0.8	2	3
Demand deposit	1.8	2.0	1.3	0.6	0.7	1	4
Overdraft	8.8	8.8	8.2	7.4	6.6	-22	-79
Credit card	20.7	20.0	19.9	10.7	9.1	-13	-159

Overdraft and credit card rates are close to record lows, due to QCB policies and market competition

## Feature analysis: Qatar Banking Sector Results 2012

### Assets

- The total assets of Qatar's banking sector increased by 17.5% in 2012 to reach QR821bn (Fig 1).
- The main driver was domestic assets which increased by 18.2% in 2012. Domestic credit and domestic investments, which account for 73% and 21% of domestic assets, grew by 26.6% and 10.6% respectively.
- Conventional banks accounted for 72% of overall banking sector assets in 2012, followed by Islamic banks with 24% and foreign banks with 4%. The assets of conventional banks increased by 17.8%, and those of Islamic banks by 21.0%, while foreign bank assets declined by 2.3%. Foreign banks have witnessed weak domestic credit growth in 2012 and declines in previous years.
- QNB Group's assets accounted for 44.7% of Qatar's total banking sector assets and grew by 21.5% in 2012.

### Credit

- The overall credit facilities distributed by the sector went up by 26.0% in 2012 to QR509bn (Fig 2).
- Credit to the public sector increased by 46.5% to QR219bn, driving overall loan growth. The credit facilities to the public sector increased by an average of 43% over the past three years due to the increasing use of short-medium term funding to finance infrastructure projects.
- The growth in credit facilities to the real estate and construction sector slowed down to 10.5% in 2012, after increasing by 33.1% in 2011. Growth in credit facilities for consumption (retail) also slowed from 19.8% to 4.5%. New QCB regulations impacted growth in these sectors.
- QNB Group's loans and advances went up by 28.9% in 2012, representing 49.0% in the sector's total credit.

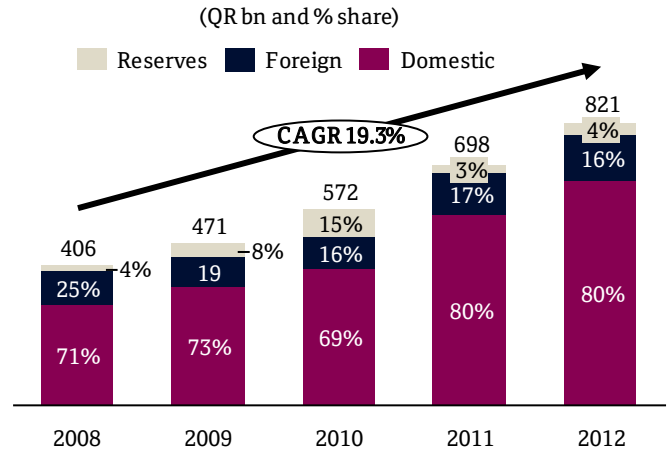
### Deposits

- The total domestic Deposits of the Qatar's banking sector grew by 26.0% in 2012 to reach QR458bn (Fig 3).
- The public sector again was the key growth driver for overall gains in the banking sector deposits. Deposits received from the public sector shot up by 43.6% (QR54.8bn) in 2012 and came mainly in the form of long-term foreign currency deposits. Non-resident deposits went up by 105.3% (QR20.9bn) in 2012, while private sector deposits moved up by 8.6% (QR18.7bn).
- The deposits of conventional banks increased by 23.3% in 2012 and accounted for 69% of overall deposits, while that of Islamic banks went up by 39.8% and its share increased to 27% of overall banking sector deposits. Foreign banks deposits were marginally up by 0.3%.
- QNB Group's deposits rose by 34.9% and held a market share of 53.5% in total domestic banking sector deposits.

### GCC Region

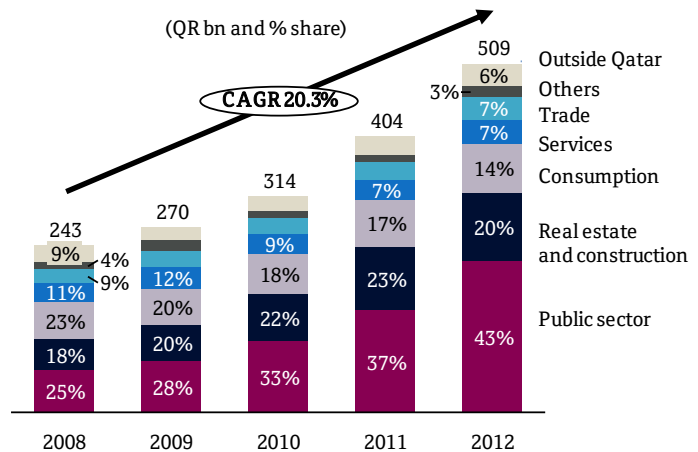
- GCC banking sector assets increased by 11% in 2012 to US\$1.47trn; Qatar represents 15% of the total.
- QNB is the largest bank in the GCC with assets at US\$101bn at year-end 2012, 6.9% of the regional total.
- Qatar saw the strongest loan growth in the GCC, by 26%, compared to a regional average of 14%.
- The total deposits of the GCC banking sector went up by 13% in 2012 to US\$974bn.

Fig 1: Structure of Assets (2008-12)



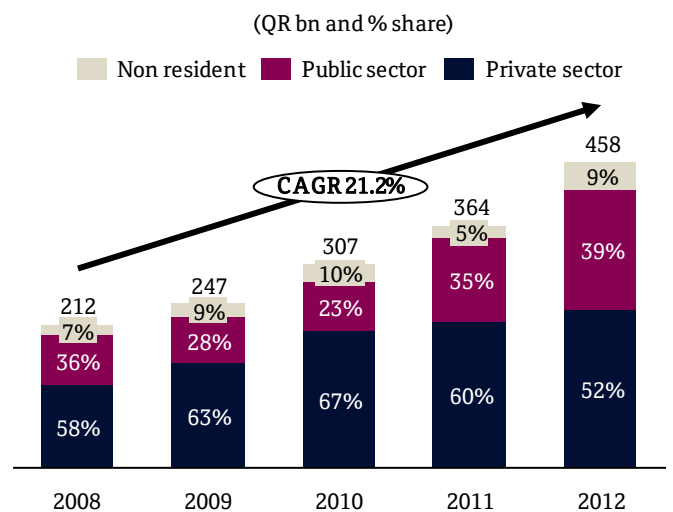
Source: QCB and QNB Group analysis

Fig 2: Distribution of Credit (2008-12)



Source: QCB and QNB Group analysis

Fig 3: Source of Deposits (2008-12)



Source: QCB and QNB Group analysis

## Economic News

- **QCB Governor expects real growth to reach 5.5%** – Qatar Central Bank (QCB) Governor HE Sheikh Abdullah bin Saud Al Thani expects Qatar's real growth to be 5.5% in 2013.
- **T-Bill yields widen in February 5 issuance** – Qatar's three-month T-bill yields widened to 0.91% from 0.87% seen in

previous issuance on December 31. The six-month T-bill yields widened to 1.09% from 1.06%, while nine-month T-bill yields widened to 1.18% from 1.14%. Qatar Central Bank issued T-bills valued QR4bn on February 5. (Bloomberg)

## Public Companies News

- **Qatar Holding to set up \$12bn investment fund** – Qatar Holding said it will contribute \$3bn from its assets to the new company, called "Doha Global Investment". Qatar Holding's CEO Ahmad Mohamed Al-Sayed said that the main purpose of this company is to offer opportunities for the Qatari private sector to enjoy the access that Qatar Holding has. He said the fund aims to offer a US\$3bn an initial public offering by May or June and will invest in a range of assets including real estate, bonds & equities, and pay a dividend of at least 5% in its first year. (Bloomberg)
- **Qatar plans \$22bn investment in water & power sectors** – According to Qatar General Electricity & Water, Qatar's water and power sectors are expected to gain significantly from infrastructure investments worth about \$22bn being planned for the next eight years. These investments include the setting up of 140 new electricity substations and new water lines of around 810 kilometers across the country. Among the new projects are five new water reservoirs in different locations,

capable of storing 2,700 MIGD (million gallons a day). With the installation of these new capacities, the daily availability of water is expected to cross 500 MIGD by 2018. Further, a new power station is expected in the northern side of the country. (Gulf-Times.com)

- **Major road projects to be ready by 2017** – According to the Ashghal Expressway Program Director, all the 30 major road construction projects in Qatar, including four to seven-lane highways, will be completed by the end of 2017. He said these roads will link industrial areas to ports and to the Hamad International Airport, which will ease the traffic congestion on many busy highways in Doha. (Gulf-Times.com)
- **Qatar Railways expects Doha Metro to start in 2019** – According to Qatar Railways Company's CEO Sa'ad Al Mohannadi, the Doha Metro is expected to start in 2019. The length of the metro network to be commissioned is 130 kilometers, of which 60 kilometers will be underground. He said the entire project is valued at \$35bn. (Bloomberg)

## Private Sector News

### Finance

- **QNB Group obtains approval to acquire NSGB-Egypt** – QNB Group has obtained approvals from regulatory authorities in Qatar and Egypt to acquire up to 100% of National Societe Generale Bank-Egypt (NSGB) through a Public Tender Offer (PTO) at E£38.65/share, which closes on March 25. QNB presented its offer of almost \$2bn to acquire NSGB to the Egyptian Central Bank on December 19, 2012. (QE)
- **QNB Group ranks 120 among top 500 global bank brands** – QNB Group has achieved an increase in the value of its brand to \$1.31 billion and was ranked 120 on the list of world's top 500 banking brands in 2013, according to annual survey carried out by Brand Finance and published by The Banker magazine. Out of five MENA banking brands in the list, only QNB Group had achieved gains in its value during 2012. (QNB Press Release)
- **Masraf Al Rayan may spend QR1bn on a Libyan bank** – Masraf Al Rayan has said it may spend QR1bn for a stake in a Libyan commercial bank, with a view to converting it to an Islamic bank. The bank's general assembly has approved a capital increase for this purchase. (Bloomberg)
- **Doha Bank aims to raise QR1.5bn from rights issue** – The bank is issuing 51.67m shares at QR30 (including a premium of QR20/share) in the first phase, while in the second phase it will issue global depository receipts (GDRs) to international investors, which will be listed on the London Stock Exchange. The GDR will be offered at not be less than 90% of the market price of the ordinary shares. The domestic rights issue, which constitutes 25% of the current paid-up capital, will close on March 13. The total amount of the capital increase in the two phases (rights issue and GDR) shall not exceed 50% of the current paid-up share capital. (Gulf-Times.com, QNBFS)
- **Al Khaliji plans debut bond sale** – Al Khaliji bank is planning to sell bonds in 2013 for the first time in order to support long-term infrastructure lending. Al Khaliji CEO Robin McCall said the bank will raise around \$750m. (Bloomberg)

- **Al Khaliji 2012 net profit rises to QR512.2m** – Full year 2012 profit was up 5.2% YoY. Total assets reached QR33.7bn, a YoY increase of 24%. Loans & advances rose by 13% to QR13bn, while customer deposits grew by 43% to QR17.3bn. The NPL ratio was at 0.45% by end of 2012. (Bloomberg)
- **QIC shareholders approve Qatar Holding investment** – Shareholders of Qatar Insurance Company (QIC) approved plans for a rights issue that will allow Qatar Holding to have a 20% stake in the firm (up from 12% currently). The company is seeking regulatory approvals for this deal. (Gulf-Times.com)
- **The Investors Group profits up 48% in 4Q2012** – The Investors Group (KHCD) reported a net profit of QR52.6m in 4Q2012, an increase of 48.3% QoQ. (QE)
- **Qatar Islamic Insurance Co.'s net profit up 24% QoQ** – Qatar Islamic Insurance Company (QISI) reported a net profit of QR13.0m for 4Q2012, up 24% QoQ. (QE)
- **Doha Insurance reports net profit of QR17.3m for 4Q2012** – Doha Insurance Company reported a net profit of QR17.3m in 4Q2012, up sharply from QR1.58m in 3Q2012. However, net premiums only increased by 7.2% QoQ to QR22.1m. Total assets at the end of December 2012 stood at QR1.4bn, reflecting a YoY increase of 5.1%. (QE)
- **Dlala's CEO resigns** – Dlala Brokerage & Investment Holding Company CEO Abdul Hamid Al Jaber has resigned from his post, with the board has approval, leaving on March 31. (QE)
- **Dlala reports QR4.5m net loss in 4Q2012** – Dlala posted a net loss of QR4.5m in 4Q2012 vs. a net profit of QR253k in 3Q2012. Total assets contracted by 16.6% YoY to reach QR600.9m at the end of December 31, 2012. (QE)

### Other sectors

- **Industries Qatar weak 4Q2012 results** – The weak 4Q2012 was impacted by with minor fertilizer shutdowns (ammonia: 26 days, urea: 18 days) weighing on the top-line. Losses and impairments at its Bahraini steel associate also crimped the bottom-line. The company stated that its 2013 net income guidance is pegged on moderate incremental volume and

minimal price inflation being offset by rising production costs. The company is due to release a detailed 5-year business plan in late-March 2013. Realized prices remain the major risk to our forecasts. (IQCD Press Release, QNBFS)

- **Qatar Fuel posts QR1.15bn profit and plans new stations** – Its net profit of QR274.3m in 4Q2012 was a 12.9% decline QoQ, while the full year figure of QR1.15bn is 2% decline YoY. QFLS has commissioned four new petrol stations - Al Sylieh, Muaither, Bu Fassil and Lakhdeera in 2012. Another four petrol stations - Roda Al Hamam, The Pearl, Abu Samra and Mesaieed - are expected to be opened during the first quarter of 2013. A project in Saudi Arabia is in the tendering stage and the necessary approvals from the authorities are being obtained. (Gulf-Times.com)
- **Maersk Qatar, GDI sign Al Shaheen drilling deal** – Maersk Oil Qatar has signed a four-year QR770m agreement to contract Al Jassra, GDI's new jack-up rig, for drilling and well work-over activity in the Al Shaheen field. (Gulf-Times.com)
- **Gulf International Services profit jumps 64% YoY** – Profits were up 19.9% QoQ in 4Q2012, bring full year profits to QR464.3m, up 64% YoY. (Gulf-Times.com)
- **QEWS and QP to invest in electricity companies abroad** – According to Qatar Electricity & Water Company's (QEWS) Chairman, Abdullah Bin Hamad al Attiyah, QEWS will partner with Qatar Petroleum International to invest in electricity companies abroad. (QE, Bloomberg)
- **QEWS 4Q2012 results boosted by liquidated damages** – 4Q2012 net-income was up 34% QoQ to QR457m, but this included QR127m of liquidated damages receipts, and without this one-off there was a 3% decline in underlying income. 4Q2012 revenue fell 13% QoQ to QR1,079m, below market expectations. (QE, QNBFS)
- **Qatar Industrial Manufacturing Company profit up 139%** – Profit surging by 139.3% QoQ to QR63.0m in 4Q2012. (QE)
- **QTEL re-launches itself under new brand Ooredoo** – Qatar Telecom has re-launched itself under a new brand "Ooredoo" (meaning "I want" in Arabic). Each of its operating companies will adopt the new brand during the course of 2013-14. These companies, in which Ooredoo has a controlling interest, include brands such as Indosat in Indonesia, Wataniya in Kuwait, Nawras in Oman, Asiacell in Iraq, Tunisiana in Tunisia, and Nedjma in Algeria. (Qatar Tribune)
- **Ooredoo bidding for Vivendi's stake in Maroc Telecom** – Ooredoo is competing against the UAE's Etisalat, and South Korea's KT Corp in bidding for Vivendi's controlling stake in Maroc Telecom. Ooredoo has hired JP Morgan Chase as its adviser. (Gulf-Times.com)
- **Al Meera to buy Safeer's Oman units** – Al Meera Holding Company has signed an agreement to purchase Oman-based Safeer's business in Oman, which will include hypermarkets, supermarkets and other assets. Al Meera has incorporated two subsidiary companies in Oman to manage Athaiba (Safeer United), Al Khuwair (Safeer Middle East), Barka and Sohar (Safeer Center International) and Al Falaj (Safeer Arabian International). (Qatar Tribune)
- **Al Meera net profit jumps 36.8% to QR105.7m in 2012** – Al Meera Consumer Goods Company reported a net profit of QR31.8m in 4Q2012, an increase of 17.2% on a QoQ basis, bringing the full year profit to QR105.7m. (Gulf-Times.com)
- **Qatar Meat & Livestock Company to set up poultry farm** – The huge poultry farm is expected to help meet a significant portion of Qatar's needs. The company has finalized a comprehensive study and submitted it to the relevant authority to get a suitable piece of land. This comes after a period in which chicken supplies in Qatar were reduced due to a temporary export ban in Saudi Arabia, which had been the main source of chicken. (Gulf-Times.com)
- **Medicare Group's 2012 net profit jumps 15% YoY** – 4Q2012 net profit dropped by 19% QoQ, but full year profit rose 15% to QR44.8m. (QE)
- **Qatari German Co. for Medical Devices net loss widens** – Qatari German Company for Medical Devices has reported a net loss of QR1.9m in 4Q2012 vs. a net loss of QR1.7m in Q32012. However, revenue rose by 3.6% QoQ to QR4.1m. (QE)
- **UDC looks to sell Turkey's Enterprise Development Co** – The United Development Company's (UDC) Board of Directors has decided to offer for sale all its shares in the Enterprise Development Company (EDC) by May 5, 2013. UDCD owns 99% shares of EDC, a limited liability company that caters to real estate development in Turkey. The board also decided to liquidate EDC in case it receives no offer to buy before May 5, 2013. (QE)
- **UDC's 4Q2012 net profit rises 163% QoQ** – UDC reported a net profit of QR312.9m for 4Q2012, a 163% increase despite revenue declining by 12.0% QoQ to QR654.9m. (QE)
- **Gulf Warehousing Company CEO resigns** – The CEO of the Gulf Warehousing Company, Ranjeev Menon has resigned from his post. Abdul Aziz Zeid Al Taleb, Managing Director and board member will take over the CEO's tasks in addition to his current position. (GulfBase.com)
- **Ezdan Holding reports net profit of QR147.8m for 4Q2012** – Ezdan reported a QoQ increase of 135.1%. Rental revenue rose by 24.4% QoQ to QR161.5m, while operating profit was up by 51.7% QoQ to QR157.8m. Total assets at the end of December 2012 stood at QR38.9bn, a YoY increase of 18.3%. (QE)
- **Mazaya reports net profit of QR58.4m in 4Q2012** – Mazaya Qatar Real Estate Development has reported a net profit of QR58.4m in 4Q2012 as compared with a net loss of QR2.3m in 3Q2012. Total assets at the end of December 2012 stood at QR1.2bn, indicating a YoY increase of 12.3%. (QE)

## Banking Sector Snapshot : January 2013

### Review and Outlook

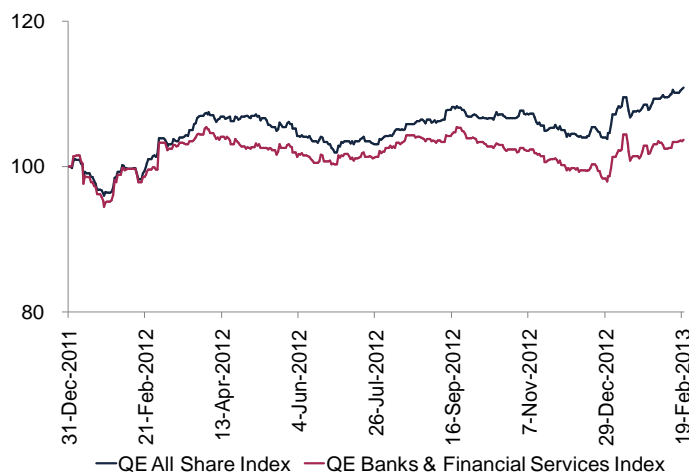
**Growth in deposits of 4.2% MoM from end-December (+36.6% YoY) outpaced loan growth of 0.2% MoM (+30.4% YoY) in January 2013.** Hence, the sector LDR decreased to 107% in January 2013 vs. 111% at the end of December 2012. Furthermore, the domiciled loan-to-deposit ratio (LDR) for the sector followed suit and stood at 100% vs. 104% in December. Liquidity has materially improved from 2Q2012 (Current LDR of 107% vs. the 2012 high of 124% in April). We forecast loan growth of about 10-15% for 2013. However, we expect NIMs to remain under some pressure throughout 2013.

**The public sector led deposit growth in the month of January.** Scrutinizing the segment details, public sector deposits grew by 5.4% and 68.3%, MoM and YoY, respectively. The government and government institutions segments contributed to the bulk of this growth. The former segment increased by 5.0% MoM (+46.6% YoY), while the latter segment (represents 57.8% of public sector deposits) expanded by 7.3% MoM (+116.7% YoY). However, the semi-government institutions segment witnessed muted growth MoM (+7.3% YoY). Following the public sector, private sector deposits grew by 3.4% MoM (+13.8% YoY). The consumer segment experienced flattish performance MoM (+11.5% YoY), while the companies & institutions segment increased by 6.3% MoM (+16.0% YoY). Net-net, total deposits (including deposits outside of Qatar) grew by 4.2% MoM (+36.6% YoY). It should be noted that most of the growth in deposits during 2012 was realized in May and July.

**The overall loan book witnessed flat performance MoM (+30.4% YoY).** Total domestic public sector loans slipped by 0.9% MoM (+57.0% YoY). The driver behind this decline was mainly the government institutions segment, which shed 3.6% MoM (+55.4% YoY). 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 outpaced that of the public sector, inching up by 0.9% MoM (+15.3% YoY). **Consumption loans slipped** by 2.2% MoM (+3.5% YoY). The growth across sub-segments under private sector loans was generally positive; **industry** was flattish MoM (+44.3% YoY), while **services** (+51.6% YoY) and **general trade** (+28.3% YoY) increased by 2.7% and 2.3% MoM, respectively. Moreover, credit to **real estate** (+10.5% YoY, contributes 33.4% to private sector loans) and **contractors** (+4.3% YoY) increased by 2.4% and 2.0% MoM, respectively.

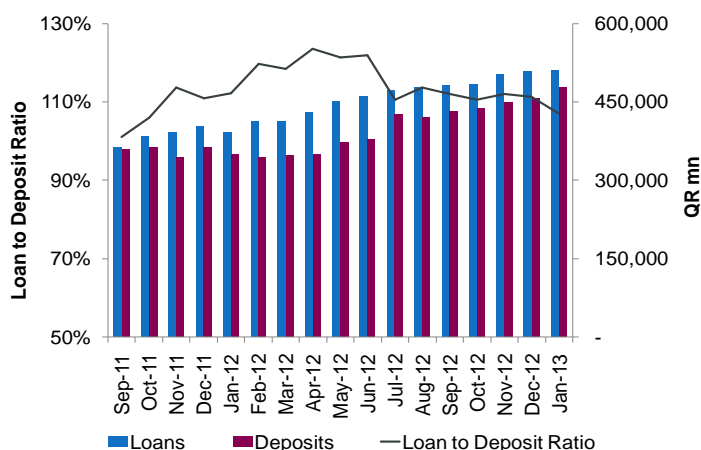
**Specific loan-loss provisioning rested at 1.4%** of average trailing 12-months loans (1.3% in December), indicating minimal growth in provisions.

### Banking Sector Index vs. QE All Share Index



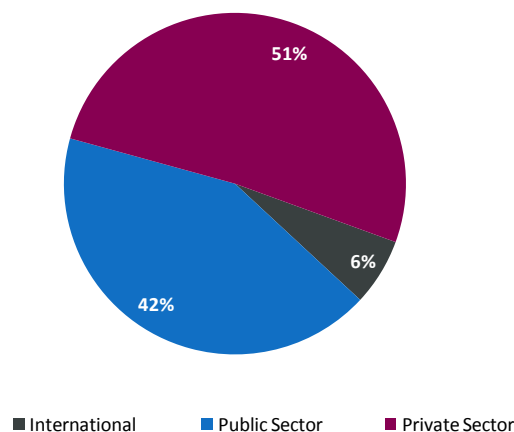
Source: Bloomberg

### 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	Change MoM	Change YoY
Total Assets	567,482	694,301	700,546	742,817	789,456	820,512	828,418	1.0%	24.0%
Total Credit (Loans)	314,481	403,563	412,247	460,946	482,719	510,048	511,162	0.2%	30.4%
Total Deposits	306,788	363,612	348,356	378,254	430,938	458,066	477,512	4.2%	36.6%
<b>Loan to Deposit Ratio</b>	<b>103%</b>	<b>111%</b>	<b>118%</b>	<b>122%</b>	<b>112%</b>	<b>111%</b>	<b>107%</b>	<b>N/A</b>	<b>N/A</b>
<b>Credit Facilities (Geographic)</b>									
Total Domestic Credit	293,920	376,695	384,622	432,472	452,086	478,305	478,652	0.1%	31.0%
Total International Credit	20,561	26,867	27,625	28,475	30,634	31,743	32,510	2.4%	21.4%
<b>Domestic Credit Facilities - Public Sector</b>									
Government	36,303	40,801	32,235	31,967	42,258	51,746	55,203	6.7%	64.2%
Government Institutions	50,452	90,619	105,268	136,992	140,125	139,585	134,555	-3.6%	55.4%
Semi-Government Institutions	16,303	17,750	15,100	23,199	23,558	27,222	26,762	-1.7%	50.9%
<b>Total Domestic Public Sector Credit</b>	<b>103,058</b>	<b>149,170</b>	<b>152,603</b>	<b>192,158</b>	<b>205,941</b>	<b>218,553</b>	<b>216,520</b>	<b>-0.9%</b>	<b>57.0%</b>
<b>Domestic Credit Facilities - Private Sector</b>									
General Trade	24,875	26,855	27,590	29,610	33,149	33,280	34,052	2.3%	28.3%
Industry	6,648	6,534	5,755	6,883	8,070	9,339	9,332	-0.1%	44.3%
Contractors	18,411	16,220	16,532	15,195	16,249	16,546	16,877	2.0%	4.3%
Real Estate	51,042	76,220	80,113	81,976	81,624	85,562	87,615	2.4%	10.5%
Consumption & Others	60,345	71,986	76,386	79,210	75,881	78,587	76,850	-2.2%	3.5%
Services	29,541	29,709	25,643	27,439	31,171	36,438	37,407	2.7%	51.6%
<b>Total Domestic Private Sector Credit</b>	<b>190,862</b>	<b>227,525</b>	<b>232,019</b>	<b>240,314</b>	<b>246,144</b>	<b>259,752</b>	<b>262,132</b>	<b>0.9%</b>	<b>15.3%</b>
<b>Deposit Details (Geographic)</b>									
Resident Deposits	277,107	343,777	327,183	351,575	400,441	417,337	435,269	4.3%	32.6%
Non-resident Deposits	29,681	19,835	21,174	26,679	30,497	40,729	42,243	3.7%	97.1%
<b>Deposits - Public Sector (Domestic)</b>									
Government	18,486	40,825	31,352	26,354	33,842	44,557	46,773	5.0%	46.6%
Government Institutions	32,277	57,351	46,679	54,822	96,268	104,378	112,029	7.3%	116.7%
Semi Government Institutions	21,309	27,700	23,039	26,679	29,277	31,794	31,763	-0.1%	7.3%
<b>Total Public Sector Deposit</b>	<b>72,071</b>	<b>125,876</b>	<b>101,070</b>	<b>107,855</b>	<b>159,387</b>	<b>180,729</b>	<b>190,565</b>	<b>5.4%</b>	<b>68.3%</b>
<b>Deposits - Private Sector (Domestic)</b>									
Personal	90,828	103,093	111,843	117,147	117,470	116,257	116,831	0.5%	11.5%
Companies & Institutions	114,207	114,809	114,270	126,574	123,584	120,350	127,873	6.3%	16.0%
<b>Total Private Sector Deposit</b>	<b>205,036</b>	<b>217,902</b>	<b>226,113</b>	<b>243,721</b>	<b>241,054</b>	<b>236,607</b>	<b>244,704</b>	<b>3.4%</b>	<b>13.8%</b>

## 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
<b>Banking and Financial Services</b>				<b>176,903</b>			
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
<b>Consumer Goods and Services</b>				<b>21,868</b>			
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
<b>Industrials</b>				<b>133,706</b>			
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
<b>Insurance</b>				<b>10,104</b>			
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
<b>Real Estate</b>				<b>60,968</b>			
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
<b>Telecoms</b>				<b>44,098</b>			
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
<b>Transportation</b>				<b>18,488</b>			
<b>Qatar Exchange</b>				<b>466,135</b>			

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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