

Executive Summary

- Qatar continues to experience a large influx of expatriates with double digit population growth in February 2014; we expect population growth to average 10.5% for 2014 as a whole
- Overall headline inflation fell to its lowest level since August 2012 owing to lower international food prices
- Rent inflation has slowed in recent months in line with QNB Group projections, tracking movements in the underlying price of land with a six-month lag; a recovery in land prices between December and February could reverse the slowdown in rent inflation by mid-2014
- International reserves continued to remain at near record levels in January 2014; we forecast international reserves to continue to rise gradually on large current-account surpluses for the remainder of 2014

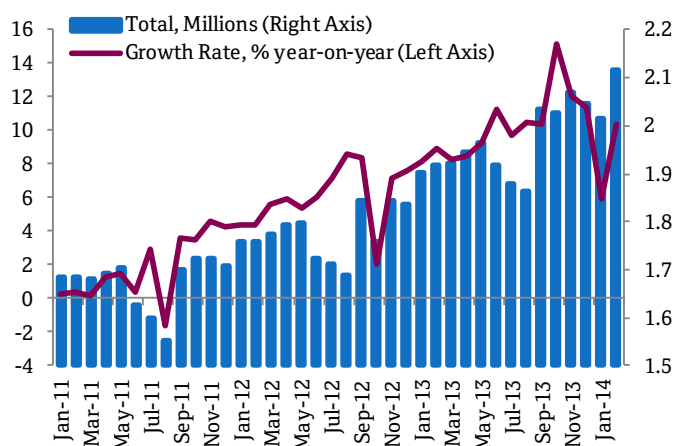
Qatar continues to experience a large influx of expatriates with double digit population growth

Qatar's population grew by 10.4% year-on-year in February 2014 to reach 2.12m. Population growth in recent months has been driven up by the large ramp up in infrastructure spending in preparation for the 2022 FIFA World Cup.

The latest population figures for February are in line with QNB Group's forecast of 10.5% average population growth for 2014 – one of the world's highest population growth rates. In turn the larger population will feed into higher economic growth by boosting aggregate demand and investment in housing and services.

Population growth surged in February 2014

Population within the country at the end of the month

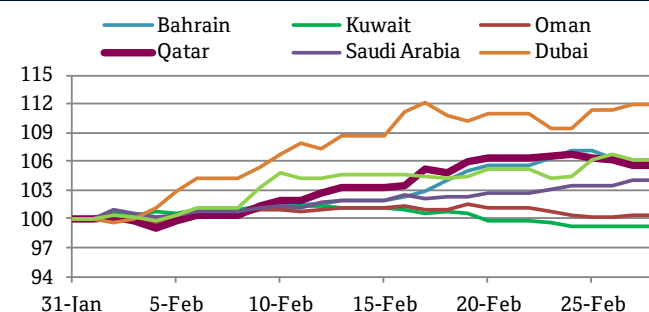


Sources: Ministry of Development Planning and Statistics (MDPS) and QNB Group analysis

QNB Economics Weekly Commentary

- [Age Matters for Economic Performance](#)
- [Qatari Banks Lead Asset and Loan Growth in the GCC](#)
- [Kingdom of Saudi Arabia's Non-Oil Sector to Drive Growth](#)
- [Higher Growth and Lower Unemployment Will Be Essential for the Future of the Eurozone](#)
- [Rising Land Prices Could Stop the Slowdown in Rent Inflation](#)

Stockmarket Indices (rebased with 31 Jan 2014 = 100)

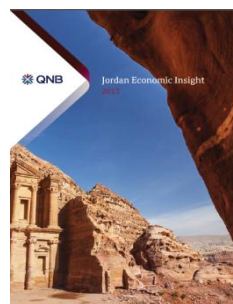


Sources: Bloomberg and QNB Group analysis

The GCC markets posted positive returns during February 2014, Kuwait being the exception. Dubai's benchmark index (DFMGI) was the top performer, surging by 11.9% month-on-month. DFMGI and Abu Dhabi's benchmark (ADSMI) have been the best performing regional indices so far in 2014 with a gain of 25.2% year-to-date and 15.6% year-to-date, respectively.

After a strong performance in January 2014 (+7.5% month-on-month), the Qatar Exchange (QE) Index sustained its strong performance in February 2014 (+5.5% month-on-month). The Qatari market also witnessed the IPO of Mesaieed Petrochemical Holding Co. (MPHC) at the end of February. Furthermore, foreign investors remained bullish for the month. In the first month of 2014, the Qatar Exchange witnessed net foreign portfolio investment inflow of approximately USD532.4m, followed by USD188.1m in February.

Jordan Economic Insight Report 2014



QNB Group will be publishing the Jordan Economic Insight 2014 shortly, providing an overview of Jordan's economy, with historical data, in-depth analysis and forecasts. The report will be available on the [QNB website](#) along with the recently published [Qatar Economic Insight 2013](#).

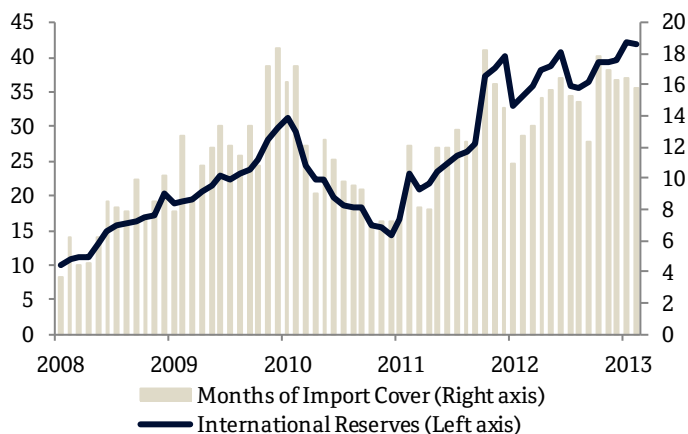
International reserves continued to remain at near record levels in January 2014

Qatar's international reserves rose by USD7.7bn to stand at USD41.9bn in January 2014 from 34.3bn in the same period last year, reflecting a strong current account surplus and lower capital outflows. Whilst the balance of payments data for full year 2013 have yet to be released, the current account surplus is expected to have registered a strong surplus due to large hydrocarbon exports offsetting growing imports. As a result, the latest available information suggests that the import cover stands at 15.8 months, well above the IMF-recommended level of 3 months for pegged exchange rates.

Qatar's international reserves have been steadily rising over the years on large current-account surpluses. Going forward, QNB Group expects international reserves to continue rising in 2014.

International reserves remained robust in January 2014

(USD billions, left axis; Months of import cover, right axis)



Sources: Qatar Central Bank (QCB) and QNB Group analysis

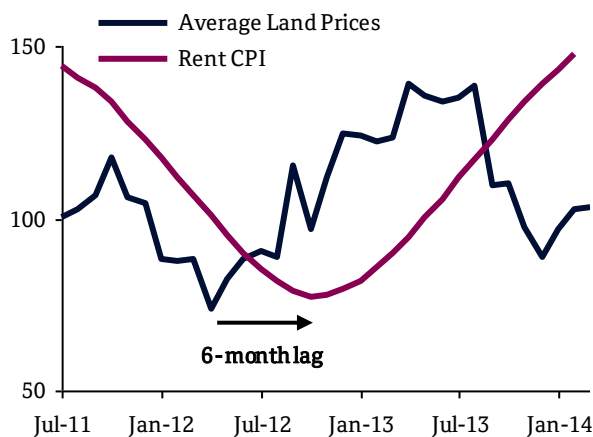
Rising land prices could reverse the slowdown in rent inflation by mid-2014

Rent inflation has slowed in recent months in line with QNB Group projections, tracking movements in the underlying price of land. However, a recovery in land prices between December and February could reverse the slowdown in rent inflation by mid-2014.

QNB Group has analyzed data purely on land transactions in Qatar, based on weekly statistics published by the Ministry of Justice. Land prices are a fundamental driver of rents in Qatar with a six-month lag. Falling land prices in the second-half of 2013 are likely to slow rent inflation over the next few months. However, this is expected to come to an end by mid-2014, when rental inflation is likely to accelerate again. Overall, we expect inflation to pick up to 3.8% in 2014.

Qatar land prices and rental inflation

(Indices, 12-month rolling averages, Jul 2011 – Feb 2014)



Sources: Ministry of Justice (MoJ) and QNB Group analysis

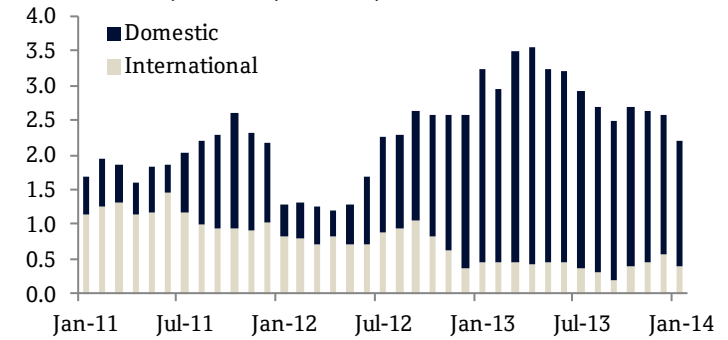
Overall headline inflation fell to its lowest level since August 2012 owing to lower international food prices

Qatar's Consumer Price Index (CPI) for January 2014 rose up by only 2.3% year-on-year, the lowest level since August 2012. On a month-on-month bases, it rose 0.3% as compared to December 2013. Lower international food prices were the key factor behind the slowdown, falling 0.7% month-on-month (1.6% year-on-year, which is the slowest rate of increase since August 2010). Housing and rents (the largest weight of overall inflation with a 32.2% share) rose 1.0% month-on-month but was steady at 2.8% year-on-year in January 2014.

We expect the further expected acceleration in population growth to drive consumer demand, leading to a modest rise in inflation. Indeed, planned heavy investments in major projects in 2014 are likely to accelerate economic growth, which could lead to certain supply bottlenecks, pushing up prices somewhat.

Headline inflation fell to 2.3% in January 2014

Contribution to Inflation, % (Jan 2011 – Jan 2014)



Domestic inflation includes: Houses rent, Water Charges and House Maintenance + Medical Care and Health Services + Entertainment, Recreation and Culture + Miscellaneous Goods and Services

International inflation includes: Food, Beverages and Tobacco + Clothing and Footwear + Furniture, Textiles and Home Appliances

Sources: QCB, MDPS and QNB Group analysis

Economic News

- **Qatar to spend up to USD205bn on infrastructure over five years** – QNB Group's Acting Head of Global Structured Finance Yusuf Saeed said Qatar plans to spend as much as \$205bn on infrastructure between 2013 and 2018, as the country invests its vast hydrocarbon wealth in a development boom. The country is spending billions of dollars in areas such as transport, electricity and water generation and housing, in an effort to improve its economy and build towards its hosting of the 2022 soccer World Cup. The government has been ramping up its own spending as part of this push. The budget for fiscal 2013-14 is up 17.9% to QR210.6bn, due to wealth accrued as the world's largest exporter of liquefied natural gas. He added the much of the planned infrastructure spending will be financed by the government level. But significant funding still needs to come from both local and international lenders. (Gulf-Times.com)
- **QCB issues T-bills on February 4** – The Qatar Central Bank (QCB) has issued treasury bills for periods of three, six and nine months on February 4, 2014. The total bid amount is QAR15.575bn, while the allotted amount is QAR4bn. (QCB)
- **QCB: Expats outnumber Qataris in personal loans from banks** – According to the Qatar Central Bank's (QCB) data, non-Qataris have outpaced Qataris in applying for personal loans from banks. Personal loans taken by expatriates grew by 36% to QAR14.4m in December 2013 from QAR10.6m in January 2013, whereas loans taken by Qataris rose by 9% to QAR26.8m from QAR24.5m. Although the growth is much higher in case of non-Qataris, the total amount of loans and the ticket size of each loan are bigger for Qataris. (Peninsula Qatar)
- **Doha Metro tunnel work to start in 3Q2014** – The tunnel boring work for Doha Metro will start in 3Q2014, while the construction work is progressing on 21 stations. Business Development Manager Sara al-Muhannadi said 15 tunnel-boring machines (TBMs) for the metro rail project are now being manufactured. The delivery of the first train will be in 3Q2017, followed by the power-on for the first test section in 4Q2017. Qatar Rail's Senior Program Director Markus Demmler said that the completion of all stations and tunnels will be in 4Q2018 and the operations are scheduled to start in 4Q2019. (Gulf-Times.com)
- **QCB to issue T-bills worth QR4bn** – The Qatar Central Bank (QCB) will issue treasury bills for periods of three, six and nine months on March 4, 2014. The total amount of issuance is worth QAR4bn. (QCB)

Private Sector News**Finance**

- **Qatar bourse to see QAR5bn inflows after MSCI upgrade** – The Qatar Exchange (QE) expects as much as QAR5bn worth of foreign funds to flow in after its upgrade by MSCI to emerging market status in June 2014. QE's Acting Chairman Dr Hussain Ali al-Abdullah said the bourse, which is slated to see more listings in future, could soon witness the advent of exchange traded funds. Dr Hussain added that around QAR3bn to QAR5bn is expected to come from foreign investors to Qatar, after the market upgrade. Last year, global index compiler MSCI had upgraded Qatar and the UAE to emerging market from frontier status. (Gulf-Times.com)
- **QNB, QDB and Al-Naqeeb join hands for new plant in SME aid** – As part of its commitment to provide banking products and services to Small and Medium sized Enterprises (SMEs), QNB Group, was the first bank to join Qatar Development Bank's (QDB) QDB Al Dhameen program back in 2010. As the bank which has financed the most clients through Al Dhameen we continue our commitment to the SME sector. As part of this, a signing ceremony took place during which QNB, Al-Naqeeb Plastic Factory and QDB signed the relevant documents for a new financing that is supported through the Al-Dhameen program. Al Dhameen is a Private Sector Enterprise program pioneered by QDB that enables lending to businesses that require collateral. QNB is a keen supporter of the program and is committed to working in close partnership with QDB to help grow the private sector and support the free market economy in Qatar. (QNB Group Press Release)
- **GWCS' Logistics Village to be ready by June** – The Gulf Warehousing Company's (GWCS) Chairman Fahad bin Hamad bin Jassim Al Thani announced that the fourth phase expansion of GWC's Logistics Village Qatar will be completed by June 2014. Addressing GWC's ordinary annual general assembly, Fahad said that the logistics

village matters a lot for both the company's future success as well as the future of logistics services in Qatar. The original master plan for the logistics village was completed in April 2013, with all the warehouses and services fully reserved. The company began the additional fourth phase expansion, which acts as a complement to the master. (Peninsula Qatar)

- **QIC gets shareholders' nod for capital hike to QAR1.6bn** – An extraordinary general meeting of Qatar Insurance Company (QIC) has approved an increase in its capital to QAR1.6bn from QAR1.28bn by distributing bonus shares at the rate of one share for every four shares held by shareholders. The EGM authorized QIC's board of directors to amend article six of the company's article of association to reflect the capital increase. Meanwhile, the board's recommendation for distributing a cash dividend of QAR2.5 a share and a special 50th anniversary bonus share of 25% has also been approved. (Gulf-Times.com)
- **DBIS reports QAR17.2m net profit in 4Q2013** – Dlala Brokerage & Investment Holding Company (DBIS) reported a net profit of QAR17.2m in 4Q2013, an increase of 58.4% quarter-on-quarter. Net profit for 2013 amounted to QAR5.4m as compared to QAR26.1m in 2012. Net brokerage & commission income stood at QR8.7mn in 4Q2013, reflecting an increase of 21.8% quarter-on-quarter. For the FY2013, net brokerage & commission income amounted to QAR29m, a rise of 19.3% YoY. EPS amounted to QAR0.25 for 2013 as compared to QAR1.176 in 2012. Meanwhile, DBIS' board has recommended transferring the year's profits to retained earnings. (QE)
- **QNB Group aims to be top lender in Mideast, Africa by 2017** – QNB Group's Chief Financial Officer has said that the bank is aiming to become the largest lender in the Middle East and Africa, as it continues to look beyond its home market for new growth opportunities. QNB Group, currently the biggest bank in the Gulf region, is looking for acquisition targets in Turkey, Morocco and sub-Saharan Africa. He further added that the bank is targeting 31% of its profits and 26% of its lending to come from its international operations in 2014, up from 28% and 19% respectively in 2013. The bank hopes to achieve 40% of its profits from foreign sources by 2017. The bank is targeting a net profit gain of 7-9% and a loan growth of 12-14% in 2014. (Gulf-Times.com)
- **QNBFS expands coverage in Saudi, Egypt and UAE** – QNB Financial Services (QNBFS) has expanded its business coverage across Saudi Arabia, Egypt and the UAE to cater to the increased interest among Qatari investors in those markets. QNBFS' Head of Trading, Ahmed Shehada said QNBFS has expanded its coverage outside Qatar since local investors have shown more confidence in equities. Dubai's bourse surged more than 100% last year, while Saudi Arabia climbed 26%. Egypt has rebounded 60% from its June 2013 low, recovering to levels last seen before its 2011 revolution. Qatar's own equities benchmark surged 7.5% last month, buoyed by expectations for strong government spending on infrastructure projects. QNBFS accounted for 25% of transactions in the Qatari equities market. Further, passive funds are set to flow into Qatar and UAE markets after May 2014 as their upgrade to emerging market status by MSCI takes effect. Some active funds have already expanded their positions since MSCI's announcement in June 2013. (Gulf-Times.com)
- **QNB Group eyes MENA, Sub-Saharan Africa for expansion** – QNB Group – which now has presence in 26 countries – said it will continue to invest strategically across the MENA region as well as Sub-Saharan Africa. Further, QNB Group is also planning to expand its retail banking operations in selected markets and to extend its loyalty rewards program for overseas transactions as well through additional partners. HE the Finance Minister Ali Sharif al-Emadi said that the Group's primary focus is to retain its leading position by diversifying income sources and expanding the range of activities across the group. Meanwhile, during its AGM, QNB Group's shareholders approved the board's proposal to distribute 70% cash dividend for 2013. (Gulf-Times.com)
- **S&P downgrades Ooredoo to A-, outlook Stable** – S&P has lowered its long-term corporate credit rating on Ooredoo to A- from A, with a Stable outlook. The company's A-1 short-term corporate credit rating was affirmed at A-1. At the same time, S&P lowered its ratings on Ooredoo's debt to A- from A. Meanwhile, S&P has revised the stand-alone credit profile to bbb- from bbb. The downgrade reflected expectation of higher-than-expected volatility in economic conditions in emerging markets, including negative exchange rate dynamics and Ooredoo's plans to increase capital expenditure (capex). (Gulf-Times.com)

National Accounts

Nominal GDP (QAR bn)	2009	2010	2011	2012	Q3 13	YoY%	QoQ%
Total	356.0	455.4	624.2	700.3	185.3	6.4%	3.3%
Oil & Gas	159.5	239.7	370.2	404.7	101.1	3.1%	2.0%
Non-Oil	196.5	215.7	254.0	295.6	84.2	10.7%	4.8%
Agriculture and Fishing	0.4	0.5	0.6	0.6	0.2	9.2%	0.4%
Industry	33.6	40.8	56.7	68.9	27.2	4.0%	1.3%
Manufacturing	33.6	40.8	56.7	68.9	17.7	0.5%	1.9%
Electricity, Gas and Water	1.8	2.1	2.4	2.6	0.8	9.2%	10.8%
Construction	25.5	27.5	28.3	31.0	8.5	11.2%	-0.7%
Services	132.1	140.9	162.1	188.1	55.8	14.5%	6.7%
Trade, Restaurants and Hotels	29.8	31.5	35.6	39.5	12.4	14.2%	16.7%
Transport and Communications	16.2	18.1	21.0	23.4	7.0	11.1%	17.6%
Financial and Business Services	58.1	60.3	65.6	71.2	20.7	19.7%	0.2%
Social Services	4.1	4.5	5.0	5.7	1.7	16.5%	2.2%
Government Services	32.1	37.4	46.2	60.9	17.7	12.0%	4.2%
Household Services	1.8	1.9	2.0	2.3	0.7	13.4%	0.7%
Imputed Bank Service Charges	-10.2	-12.7	-13.4	-14.8	-4.4	22.8%	2.8%
Import Duties	3.1	3.8	3.9	4.3	1.1	5.8%	1.5%

Source: MDPS

Real GDP (% change, YoY)	2009	2010	2011	2012	Q2 13	Q3 13	QoQ%
Total	12.0	16.7	13.0	6.2	5.7	6.2	4.3
Oil & Gas	4.5	28.9	15.7	1.7	0.0	1.8	3.5
Non-Oil	17.6	8.6	10.8	10.0	10.1	9.5	4.8
Agriculture and Fishing	-17.0	19.7	5.4	4.5	6.2	7.4	1.6
Industry	6.1	23.4	14.0	4.6	9.0	8.3	0.3
Manufacturing	13.7	17.6	10.4	11.8	6.4	3.1	0.1
Electricity, Gas and Water	-0.4	13.5	7.9	10.5	5.7	6.1	12.6
Construction	6.9	9.5	10.5	10.6	11.4	13.0	-0.4
Services	21.9	6.9	10.3	9.2	11.4	10.4	7.8
Trade, Restaurants and Hotels	15.7	2.5	12.9	7.7	9.4	11.1	16.6
Transport and Communications	22.7	10.2	12.4	12.1	11.2	13.1	16.8
Financial and Business Services	25.8	7.4	6.3	6.7	15.4	10.5	0.7
Social Services	21.5	1.9	3.0	7.9	6.7	6.4	1.9
Government Services	23.6	8.7	13.1	11.5	9.6	9.6	3.1
Household Services	4.3	2.2	0.8	6.0	9.7	10.3	1.2
Imputed Bank Service Charges	1.0	3.3	16.4	8.0	11.6	13.9	2.5
Import Duties	-11.3	17.8	-1.1	13.7	-8.8	4.4	1.3

Source: MDPS

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

Balance of Payments

Balance of Payments (USD bn)	2009	2010	2011	2012	Q3 13	QoQ%	YoY%
Current Account Balance	6.4	23.8	52.0	61.6	15.1	-6.1%	-17.6%
Trade Balance (Goods)	25.6	53.9	87.4	102.2	26.3	0.5%	-2.9%
Exports	48.0	74.8	114.3	133.0	34.1	0.6%	1.2%
Imports	-22.5	-20.9	-26.9	-30.8	-7.7	0.9%	18.6%
Invisibles	-19.2	-30.1	-35.4	-40.6	-11.3	7.2%	27.4%
Services	-3.9	-5.8	-9.5	-14.0	-4.1	-6.6%	32.4%
Income	-9.4	-12.9	-13.3	-12.1	-3.1	27.5%	13.9%
Transfers	-5.8	-11.4	-12.7	-14.5	-4.0	10.4%	34.5%
Capital & Financial Account Balance	0.6	-10.7	-62.6	-44.5	-11.4	-33%	52%
Capital Account	-1.8	-2.1	-3.6	-6.2	-1.2	13%	20%
Financial Account	2.4	-8.6	-59.0	-38.3	-10.2	-36%	57%
Direct Investment (outwards)	-3.2	-1.9	-6.0	-1.8	-2.9	0%	-492%
Direct Investment (into Qatar)	8.1	4.7	-0.1	0.3	-0.4	-9%	-137%
Portfolio investment (net)	-	-	-	2.8	-4.2	7%	-206%

Sources: QCB, MDPS, UNCTAD; Note: Not all Balance of Payment lines are shown in the table

Top 5 Export Destinations (USD bn)	2009	2010	2011	2012	Q3 13	QoQ%	YoY%
Japan	14.5	19.7	27.4	32.6	8.2	-9.3%	5.0%
Korea	7.6	10.8	18.9	23.2	4.9	-23.0%	-8.4%
India	3.7	5.6	10.3	14.7	3.3	26.6%	-9.0%
European Economic Community (EEC)	4.0	9.1	17.0	12.0	2.3	17.1%	-3.6%
China	1.2	2.2	4.3	7.0	1.9	-12.1%	-0.4%

Top 5 Import Sources (USD bn)	2009	2010	2011	2012	Q3 13	QoQ%	YoY%
European Economic Community (EEC)	8.1	7.2	6.6	7.5	1.8	-11.5%	23.1%
United States	3.1	3.5	3.1	3.9	1.4	-23.6%	151.3%
United Arab Emirates	1.8	2.3	3.0	3.2	0.8	0.0%	0.8%
Saudi Arabia	1.3	1.7	2.2	2.4	0.6	0.0%	0.8%
United Kingdom	1.1	1.4	1.5	1.8	0.4	-23.3%	28.0%

Source: IMF Direction of Trade Statistics - sometimes differ from MDPS

Crude oil (USD / barrel)	2009	2010	2011	2012	Jan-14	MoM%	YoY%
Oil production ('000 bpd)	781.0	733.0	734.0	733.7	732.0	1.2%	0.5%
Qatar average price	62.0	77.7	108.4	111.2	106.9	-3.7%	-2.8%
Dukhan	62.6	78.4	109.7	111.8	108.9	-3.5%	-1.7%
Marine	61.6	77.2	107.5	110.6	106.1	-3.8%	-3.3%

Source: OPEC (Direct communications), Reuters

Budget, Population, Money & Prices

Government Budget	2008/09	2009/10	2010/11	2011/12	Q3 13	QoQ%	YoY%
Balance	41.3	47.7	12.3	45.0	55.9		
% of GDP	9.8%	13.4%	2.7%	7.7%	30.4		
Revenue	141.2	169.3	156.1	219.3	115.0	574%	-15.0%
Expenditure	100.0	121.6	143.8	174.4	59.2	42.6%	45.2%

Population (m people in Qatar)	2009	2010	2011	2012	Feb-14	MoM%	YoY%
Total	1.64	1.72	1.73	1.83	2.12	5.0%	10.4%
Male*	1.27	1.30	1.30	1.37	1.53	-0.3%	8.5%
Female*	0.37	0.42	0.43	0.46	0.49	-4.7%	-1.5%

Source: MDPS; Monthly data based on number of people in Qatar and annual data based on residency; Figures for males and females are for the month of January 2014

Inflation (% ch, 12mth rolling average YoY)	2009	2010	2011	2012	Jan-14	MoM%	YoY%
Overall (weights shown below)	-4.9	-2.4	1.9	1.9	3.0	0.3	2.3
Food, beverages & tobacco (13.2%)	1.3	2.1	4.3	3.7	2.2	-0.7	1.6
Clothing & footwear (5.8%)	-4.5	-1.3	7.5	2.8	0.4	0.5	1.9
Rents, water & maintenance (32.2%)	-12.0	-12.8	-4.8	-3.3	5.8	1.0	4.8
Furniture, textiles & appliances (8.2%)	-2.0	4.1	2.9	4.9	3.2	1.9	4.2
Health care (2.0%)	1.7	3.5	2.6	1.5	2.3	0.1	1.4
Transport & communication (20.5%)	-4.4	2.6	6.4	2.2	1.4	0.0	1.7
Entertainment, leisure & culture (10.9%)	-1.2	2.9	2.0	6.0	6.9	-0.3	2.8
Miscellaneous goods & services (7.2%)	7.3	4.7	5.6	4.8	-2.9	0.4	-4.5

Source: QSA

Money Supply (QAR bn)	2009	2010	2011	2012	Dec-13	MoM%	YoY%
Broad money (M2)	215.1	264.7	310.0	381.1	455.7	1.5%	19.6%
M1	53.1	68.3	81.8	90.9	105.9	6.2%	16.5%
Quasi-money	162.0	196.4	228.1	290.1	349.8	0.1%	20.6%

Interest rates (% , end period)	2009	2010	2011	2012	Dec-13	MoM bp	YoY bp
QCB deposit	2.00	1.50	0.75	0.75	0.75	0.0	0.0
QCB lending	5.50	5.50	4.50	4.50	4.50	0.0	0.0
Interbank overnight	2.01	1.39	0.74	0.77	0.85	-0.6	8.0
Demand deposit	1.99	1.34	0.62	0.65	0.58	-20.3	-7.7
Overdraft	8.75	8.19	7.42	6.63	6.10	1.1	-53.4
Credit card	20.00	19.92	10.69	9.11	8.13	-39.8	-97.9

Source: QCB

Banking Sector Snapshot : January 2014

Review and Outlook

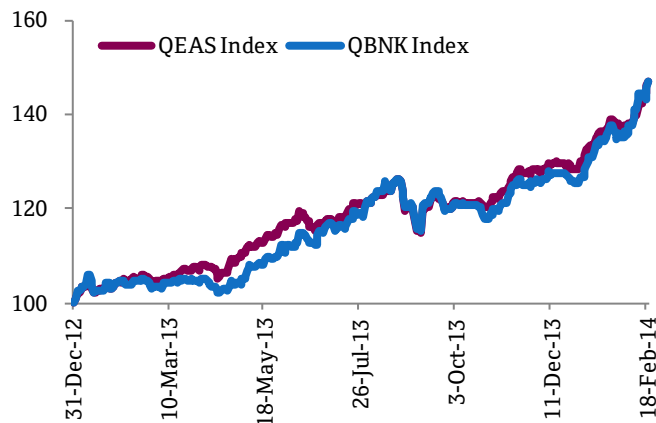
Growth in loans and deposits improved in the month of January 2014. Loans climbed by 2.3% month-over-month. This is after a strong performance of 13.3% YoY for the full year 2013. Deposits also expanded by 1.0% MoM (+19.7% YoY in 2013) in the month of January 2014. Going forward, we expect activity in the banking sector to pick up in the coming months with public sector leading the way.

The banking sector's loan-to-deposit ratio (LDR) increased to 107% at the end of January 2014 vs. 105% in December 2013. In 2013, some banks issued Tier 1 bonds. The Commercial Bank of Qatar (CBQK) and Doha Bank (DHBK) raised QR2 billion (bn) each in Tier 1 notes at the end of December 2013. The increased capital has improved their capital adequacy ratios (CAR) as well as provided additional funds aiding loan book growth in 2014.

Public sector deposits receded by 2.3% month-on-month (down 0.6% month-on-month in December 2013), while private sector deposits gained by 4.1% month-on-month (+4.5% month-on-month in December 2013). Delving into segment details, the government institutions' segment (represents ~55% of public sector deposits) improved marginally by 0.3% vs. a 6.6% decrease in the previous month. However, the government segment declined by 7.4% month-on-month vs. a 6.6% increase in the previous month. On the private sector front, the companies & institutions' segment expanded by 4.2% month-on-month (+7.3% Month-on-month in December 2013) and the consumer segment expanded up by 4.0% month-on-month (+2.0% month-on-month in December 2013).

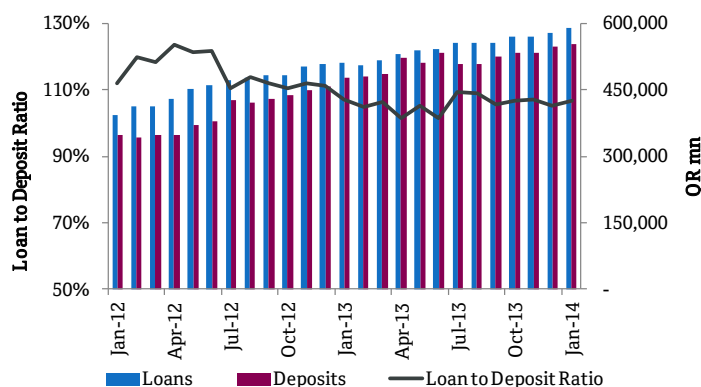
The overall loan book exhibited improved performance in the first month of 2014. Total domestic public sector loans picked up by 1.7% month-on-month after a 0.9% month-on-month growth in December. The government segment's loan book grew by 4.2% Month-on-month. Government institutions' segment (represents ~63% of public sector loans) followed suit with a 1.0% month-on-month growth. We maintain our view that the public sector loan growth will be the primary driver of the overall loan book in 2014.

Banking Sector Index vs. QE All Share Index



Source: Bloomberg

Banking Sector - Loan to Deposit (LDR)



Source: QCB

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Banking Sector – Key Stats						
Banks	Closing Price	Change YTD (%)	EPS 2014E (QR)	P/E 2014E (x)	P/B (x)	Dividend Yield 2014 (%)
QE Banks & Financial Services Index	2,862.98	17.16	N/A	N/A	2.0	4.2
Al Ahli Bank (ABQK)	67.10	22.00	4.5	15.0	2.4	N/A
Al Khalij Commercial Bank (KCBK)*	21.60	8.05	1.7	12.8	1.4	5.1
Commercial Bank of Qatar (CBQK)*	75.00	5.93	8.7	8.7	1.3	4.0
Doha Bank (DHBK)*	67.80	16.49	5.7	12.0	1.8	7.4
Masraf Al Rayan (MARK)*	39.05	24.76	2.4	16.2	2.6	4.5
Qatar International Islamic Bank (QIIB)*	74.20	20.26	5.9	12.6	2.1	5.4
Qatar Islamic Bank (QIBK)*	81.40	17.97	6.2	13.2	1.5	5.5
Qatar National Bank (QNBK)	195.00	13.37	15.3	12.6	2.6	3.4

Sources: QNBFS estimates (*), Bloomberg estimates and dataSource: QNBFS estimates (*), Bloomberg estimates and data (as of February 20, 2014)

Banking Sector Indicators

(In QR mn)	2010	2011	2012	1Q-13	2Q-13	3Q-13	Dec-13	Jan-14	Change MoM	Change YTD
Total Assets	567,482	694,301	820,512	848,293	878,862	883,767	915,911	937,334	2.3%	2.3%
Total Credit (Loans)	314,481	403,563	510,048	517,690	543,834	555,975	577,976	591,424	2.3%	2.3%
Total Deposits	306,788	363,612	458,066	486,662	534,802	525,953	548,384	554,007	1.0%	1.0%
Loan to Deposit Ratio	103%	111%	111%	106%	102%	106%	105%	107%		
Credit Facilities (Geographic)										
Total Domestic Credit	293,920	376,695	478,305	479,776	499,441	511,128	535,657	547,400	2.2%	2.2%
Total International Credit	20,561	26,867	31,743	37,914	44,394	44,848	42,319	44,024	4.0%	4.0%
Domestic Credit Facilities - Public Sector										
Government	36,303	40,801	51,746	49,964	50,559	48,938	56,549	58,930	4.2%	4.2%
Government Institutions	50,452	90,619	139,585	137,306	151,387	151,676	152,516	153,988	1.0%	1.0%
Semi-Government Institutions	16,303	17,750	27,222	20,004	24,323	24,474	30,679	30,868	0.6%	0.6%
Total Domestic Public Sector Credit	103,058	149,170	218,553	207,274	226,269	225,088	239,745	243,786	1.7%	1.7%
Domestic Credit Facilities - Private Sector										
General Trade	24,875	26,855	33,280	33,337	33,515	35,562	36,011	38,282	6.3%	6.3%
Industry	6,648	6,534	9,339	9,703	10,166	10,472	11,592	11,808	1.9%	1.9%
Contractors	18,411	16,220	16,546	17,434	18,493	20,209	23,331	24,218	3.8%	3.8%
Real Estate	51,042	76,220	85,562	86,245	78,955	82,642	85,388	84,338	-1.2%	-1.2%
Consumption & Others	60,345	71,986	78,587	87,127	81,632	88,216	87,020	90,817	4.4%	4.4%
Services	29,541	29,709	36,438	38,657	50,411	48,939	52,570	54,151	3.0%	3.0%
Total Domestic Private Sector Credit	190,862	227,525	259,752	272,502	273,172	286,039	295,912	303,614	2.6%	2.6%
Deposit Details (Geographic)										
Resident Deposits	277,107	343,777	417,337	444,944	494,432	497,800	514,804	521,335	1.3%	1.3%
Non-resident Deposits	29,681	19,835	40,729	41,718	40,370	28,153	33,579	32,672	-2.7%	-2.7%
Deposits - Public Sector (Domestic)										
Government	18,486	40,825	44,557	36,666	41,704	55,840	68,459	63,407	-7.4%	-7.4%
Government Institutions	32,277	57,351	104,378	121,899	141,533	138,023	124,390	124,740	0.3%	0.3%
Semi Government Institutions	21,309	27,700	31,794	26,123	36,247	34,117	37,283	36,789	-1.3%	-1.3%
Total Public Sector Deposit	72,071	125,876	180,729	184,688	219,484	227,979	230,131	224,935	-2.3%	-2.3%
Deposits - Private Sector (Domestic)										
Personal	90,828	103,093	116,257	126,938	133,674	131,241	145,841	151,728	4.0%	4.0%
Companies & Institutions	114,207	114,809	120,350	133,317	141,274	138,579	138,833	144,672	4.2%	4.2%
Total Private Sector Deposit	205,036	217,902	236,607	260,255	274,948	269,820	284,673	296,400	4.1%	4.1%

Source: QCB

Qatar Exchange Monthly Performance							
Company Name	Price (Feb 27)	% Change 5-Day	% Change YTD	Market Cap. QR Million	TTM P/E	P/B	Div. Yield
Qatar National Bank	195.00	0.00	13.37	136,447	14.4	2.6	3.6
Qatar Islamic Bank	75.70	(7.00)	9.71	17,887	13.4	1.5	5.3
Commercial Bank of Qatar	77.90	3.87	10.03	19,276	12.0	1.2	7.7
Doha Bank	67.00	(1.18)	15.12	17,311	11.6	1.5	6.2
Al Ahli Bank	50.90	(1.39)	20.31	8,409	16.0	2.4	4.5
Qatar International Islamic Bank	75.30	1.48	22.04	11,398	15.2	2.1	4.6
Masraf Al Rayan	38.95	(0.26)	24.44	29,213	17.2	2.8	2.6
Al Khaliji Bank	21.20	(1.85)	6.05	7,632	13.9	1.4	4.7
National Leasing	29.35	0.51	(2.65)	1,452	16.7	1.1	5.1
Dlala Holding	20.86	0.77	(5.61)	463	N/M	2.1	N/A
Qatar & Oman Investment	12.40	0.00	(0.96)	391	19.7	1.2	4.0
Islamic Holding Group	44.00	3.53	(4.35)	176	19.5	3.0	3.9
Banking and Financial Services				250,055			
Zad Holding	70.00	(1.41)	0.72	916	9.3	0.7	5.7
Qatar German Co. for Medical Devices	13.89	(0.79)	0.29	160	N/M	0.8	N/A
Salam International Investment	12.94	(8.36)	(0.54)	1,479	13.0	0.9	7.7
Medicare Group	65.80	6.13	25.33	1,852	30.1	2.4	2.7
Qatar Cinema & Film Distribution	41.00	(4.21)	2.24	234	31.3	1.7	4.9
Qatar Fuel	337.00	2.43	18.62	21,894	18.0	3.4	3.0
Qatar Meat and Livestock	42.10	(17.45)	(18.57)	758	13.8	3.0	9.5
Al Meera Consumer Goods	151.00	(2.27)	13.28	3,020	20.7	2.4	5.3
Consumer Goods and Services				30,314			
Qatar Industrial Manufacturing	53.00	1.92	4.74	2,099	10.4	1.5	5.7
Qatar National Cement	119.10	4.11	0.08	5,848	13.4	2.4	5.0
Industries Qatar	196.00	1.03	16.05	118,580	14.8	3.7	3.9
Qatari Investors Group	41.50	(0.12)	(5.03)	5,160	23.4	2.4	1.8
Qatar Electricity and Water	174.00	(1.29)	5.22	19,140	13.8	3.1	3.9
Mannai Corp.	106.40	2.70	18.35	4,854	10.6	2.1	4.5
Aamal	14.10	(6.68)	(6.00)	8,460	16.8	1.2	N/A
Gulf International Services	85.70	4.90	40.49	12,741	18.2	4.4	1.8
Mesaieed Petrochem. Holding Co.	49.50	N/A	N/A	62,188	N/A	N/A	N/A
Industrials				239,069			
Qatar Insurance	65.10	(2.11)	22.37	10,451	12.8	2.0	3.1
Doha Insurance	24.70	(1.40)	(1.20)	636	9.5	1.2	8.1
Qatar General Insurance & Reinsurance	47.00	(5.15)	(1.88)	2,709	1.3	0.6	1.9
Al Khaleej Takaful Insurance	40.95	5.81	12.19	699	10.6	1.2	2.0
Qatar Islamic Insurance	67.20	0.30	16.06	1,008	15.8	3.7	5.2
Insurance				15,504			
United Development	21.40	(5.93)	(5.35)	7,217	22.4	0.7	4.7
Barwa Real Estate	32.30	(0.92)	8.39	12,569	18.4	1.0	4.6
Ezdan Real Estate	16.78	(0.12)	(1.29)	44,509	N/M	1.6	0.8
Mazaya Qatar Real Estate Development	12.40	(1.74)	10.91	1,240	18.7	1.1	4.8
Real Estate				65,534			
Qatar Telecom	150.00	(1.70)	9.33	48,048	18.2	2.0	3.3
Vodafone Qatar	12.12	(2.73)	13.17	10,246	N/M	1.7	N/A
Telecoms				58,294			
Qatar Navigation (Milaha)	91.50	(8.32)	10.24	10,479	11.0	0.9	4.1
Gulf Warehousing	43.00	2.14	3.61	2,045	20.1	2.5	3.5
Qatar Gas Transport (Nakilat)	21.75	(1.63)	7.41	12,180	16.5	2.8	4.6
Transportation				24,704			
Qatar Exchange				683,473			

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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