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News Headlines

Economic News

- Hamad International Airport to open on April 1
- MEED: Qatar needs 8.2GW extra power capacity of by 2019

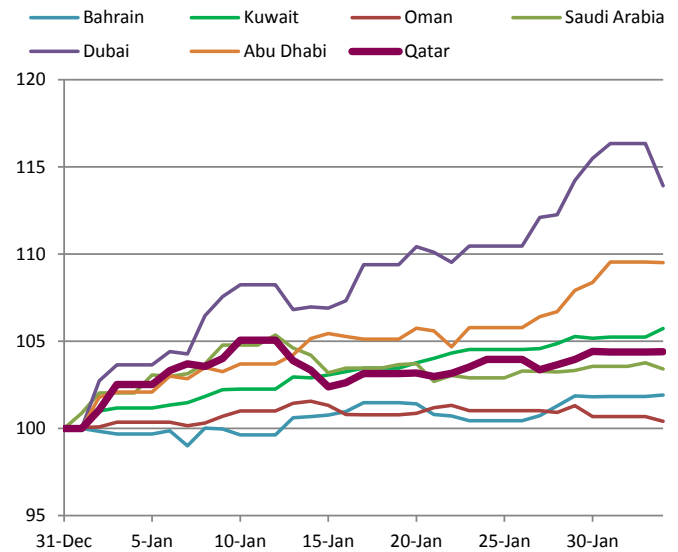
Public companies

- Ashghal unveils QR10bn drainage network strategy

Private Sector

- QNB Group reports net profit of QR8.3bn
- QNB Group raises stake in Tunisian Qatari Bank by 49.96%
- QNB Finance sells HKD155m 2% 5-year notes
- QNB Group launches salary acquisition campaign
- QNB Group prints CHF300m Swiss franc bond
- QNB Group secures approval for office in China
- Masraf Al Rayan reports QR1.50bn net profit
- Masraf Al Rayan in direct talks to buy Islamic Bank of Britain
- Masraf al Rayan seeks approval for Libyan bank stake purchase
- Commercialbank 4Q2012 profits below expectations
- Commercialbank looking to buy Turkish bank stake
- Ahli Bank's net profit declines 22% QoQ in 4Q2012
- AUB sells 29.4% stake in Ahli Bank to Qatar Foundation
- Doha Bank 2012 profit misses estimates on higher provisions
- Doha Bank plans rights issue, GDRs for 50% capital increase
- Qatar Islamic Bank 2012 profit misses estimates on higher provisions
- Qatar Islamic Bank appoints new CEO
- Qatar International Islamic Bank profit up 4.0% in 2012
- Islamic index debuts on Qatar bourse
- Qatar Insurance announces rights issue
- Islamic Holding Group 4Q2012 profit declines 69.9% QoQ
- Mobile number portability in Qatar from February
- QTEL secures commitments for \$1bn loan facility
- QTEL launches US\$1bn in bonds
- QTEL Iraq subsidiary, Asiaccell's, raises \$1.3bn in IPO
- QTEL raises Tunisiana stake
- Vodafone Qatar reports Q42012 solid results
- Alijarah Holding net profit for 2012 stood at QR190m
- QEWC inks QR1.83bn water plant deal
- QEWC in talks to build 1GW power plant in Egypt
- Al Meera to offer 100% rights issue
- Salam announces updates regarding merger court case
- Gulf Warehousing reported 37.6% YoY profit growth in 2012
- Barwa cuts Commercial Avenue rents

Stockmarket Indices (rebased with 31 Dec 2012 = 100)



On the regional front, the GCC markets started 2013 on a strong note with all indices positing gains in the range of 0.7% to 16.3% in January. Dubai (16.3%) was the leader followed by Abu Dhabi (9.5%), Kuwait (5.2%) and Qatar (4.4%). The Dubai equity market continues to benefit from improving sentiment in real estate, which is attracting investor interest in real estate stocks. Emaar was again the biggest contributor to index gains in January 2013. Abu Dhabi's index was helped by strong results from First Gulf Bank; the bank also increased its dividends per share to AED0.83 in 2012 from AED0.50 (adjusted for 100% stock dividend) in 2011.

With non-Qatari institutional buying interest returning, the Qatar Exchange (QE) Index finished 4.4% in the green for the month of January 2013. The gains recorded in January were in line with the investment theses expressed in QNB FS' publication, 'Qatar Equity Strategy Report 2013'. QNB FS' top equity pick for 2013, Industries Qatar, recorded a gain of 9.2% for the month of January and was one of the best performing stocks among large-cap equities. IQCD was also the second largest recipient of foreign institutional net investment (\$51 million) after QNB Group, which attracted net buying of \$74 million in the month of January 2013.

Results season also began in earnest, with listed Qatari banks reporting a combined net income of QR16.1bn in 2012 vs. QR15.0bn in 2011, a growth of 7.1%. QNB, followed by the Commercial Bank of Qatar and Masraf Al Rayan, were the primary drivers of yearly earnings growth, while Qatar Islamic Bank was the main laggard with its net income dropping by 9.1%. QNB outperformed its banking peers, with its 2012 earnings increasing by 11.1% YoY vs. a 3.2% growth in total net income of other banks. QNB contributed 78% to incremental banking sector net income in 2012. QNB's earnings growth was driven by strength in core banking operations, with its loan book increasing by 28.9% to QR250bn leading to a 17.3% growth in net interest income to QR9.1bn. As for the other banks, investment income (including gains on securities sales), lower provisions or a combination of both drove 2012 net income.

National Accounts

Nominal GDP (QR bn)	2008	2009	2010	2011	Q3-12	QoQ%	YoY%
Total	419.6	356.0	463.5	630.9	175.3	1.3%	5.9%
Oil & Gas	230.3	159.5	239.7	364.5	96.8	0.0%	-0.9%
Non-oil	189.3	196.5	223.7	266.4	78.5	2.9%	15.7%
Agriculture and Fishing	0.5	0.4	0.5	0.6	0.1	1.4%	2.3%
Industry	74.1	60.9	75.4	89.1	27.2	-0.8%	18.2%
Manufacturing	44.9	33.6	49.2	62.7	19.5	0.3%	19.9%
Electricity, Gas and Water	2.1	1.8	2.1	2.6	0.8	11.2%	6.3%
Construction	27.2	25.5	24.1	23.8	6.8	-5.3%	15.4%
Services	111.1	132.1	143.8	173.2	50.3	26.8%	14.4%
Trade, Restaurants and Hotels	23.4	29.8	32.3	35.7	10.2	1.3%	13.4%
Transport and Communications	14.8	16.2	18.3	21.9	6.5	2.8%	9.0%
Financial and Business Services	51.6	58.1	62.1	73.7	19.5	9.1%	6.2%
Social Services	3.5	4.1	4.3	4.9	1.4	0.3%	13.4%
Government Services	26.3	32.1	35.8	46.7	15.3	3.0%	28.0%
Household Services	1.7	1.8	1.9	2.0	0.6	9.7%	22.3%
Imputed Bank Service Charges	-10.1	-10.2	-11.0	-11.7	-3.1	0.5%	5.5%
Import Duties	3.5	3.1	4.0	3.5	1.0	1.4%	13.8%

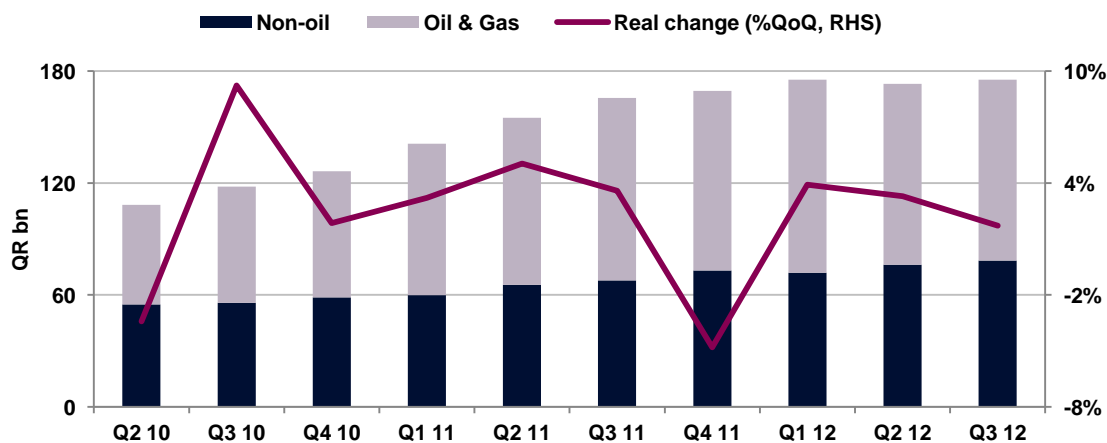
Source: QSA

The Oil & Gas sector slowed down in the third quarter of 2012, primarily due to the maintenance shutdowns of some LNG trains.

Real GDP (% change, YoY)	2008	2009	2010	2011	2012F	Q3-12	QoQ%
Total	17.7	12.0	16.7	13.0	6.1	3.9	1.7
Oil & Gas	13.2	4.5	28.8	15.7	2.1	-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 train 2 at Pearl



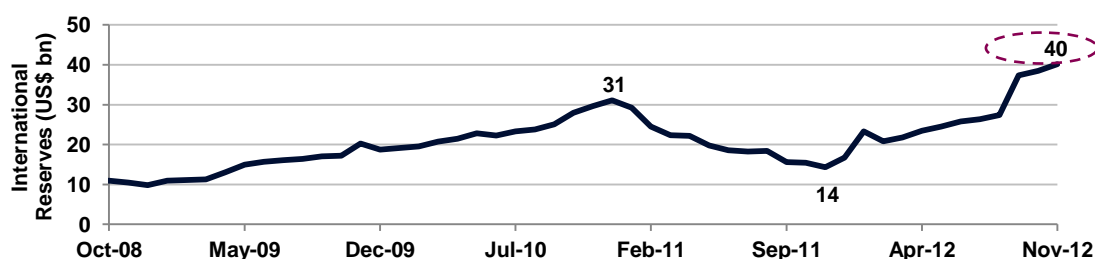
Balance of Payments and Trade

Balance of Payments (US\$ bn)	2008	2009	2010	2011	Q3-12	QoQ%	YoY%
Current Account Balance	26.6	6.4	23.8	52.0	16.6	5.5%	9.3%
Trade Balance	42.2	25.6	53.9	87.4	25.2	-3.1%	8.8%
Exports	67.3	48.0	74.8	114.3	32.6	-0.3%	7.3%
Imports	-25.1	-22.5	-20.9	-26.9	-7.3	10.7%	2.4%
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%

The marginal decline in exports for the third quarter came with a drop in condensate and NGL exports, even though LNG and crude oil exports increased

The increase in overall imports for the third quarter was largely due to vehicles

International reserves have rebounded from a low of US\$14bn in Nov-11 to US\$40bn in Nov-12



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	10.8%	22.6%
South Korea	12.0	7.6	10.8	18.9	7.0	19.6%	46.1%
European Economic Community (EEC)	3.1	4.0	9.1	16.9	3.3	3.1%	-23.7%
India	2.9	3.7	5.6	10.3	3.3	-19.8%	0.6%
China	0.6	1.2	2.2	4.3	1.9	6.3%	68.1%

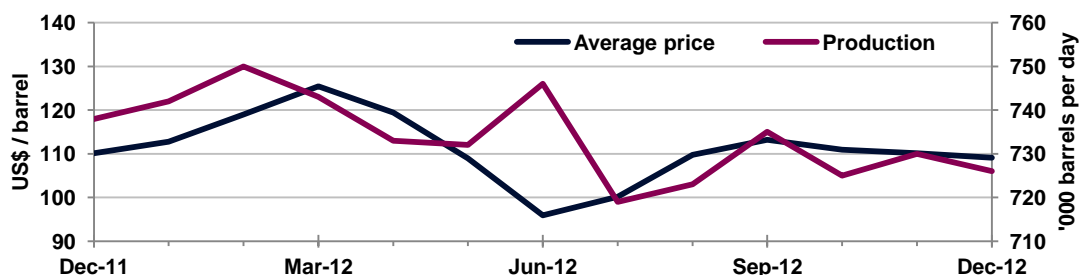
Exports to China have increased rapidly 68.1% YoY due to LNG shipments

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	1.6	5.3%	-0.2%
United States	2.5	3.1	3.5	3.1	0.7	46.1%	-8.9%
China	2.0	2.0	0.9	1.3	0.5	47.5%	38.0%
Japan	2.7	1.8	1.3	1.1	0.4	14.6%	43.1%
United Arab Emirates	1.8	1.8	2.3	3.0	0.4	-48.6%	-47.1%

Source: IMF Direction of Trade Statistics; Note: the IMF's exports and imports by country differ slightly from QSA figures

Crude oil (US\$ / barrel)	2008	2009	2010	2011	Dec-12	MoM%	YoY%
Oil production ('000 bpd)	842.8	781.0	733.0	734.0	726.0	-0.5%	-1.6%
Qatar average price	94.8	62.0	77.7	108.4	108.1	0.3%	-1.6%
Dukhan	96.9	62.6	78.4	109.7	109.6	-1.2%	-1.0%
Marine	93.5	61.6	77.2	107.5	108.6	-0.7%	-0.9%

Crude production has been relatively flat in recent months



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

Budget and Population

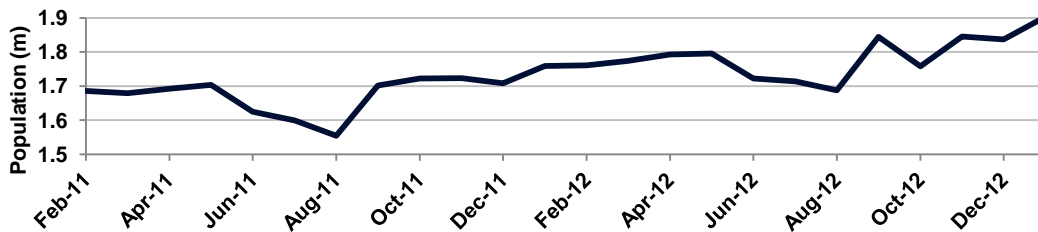
Government Budget (QR bn)	2008/09	2009/10	2010/11	2011/12	Q2-12	QoQ%	YoY%
Balance	40.6	53.7	12.8	44.5	-18.5		
% of GDP	9.7%	15.1%	2.8%	7.1%	-10.7%		
Revenue	140.6	168.8	155.5	203.4	11.0	-79.6%	-65.9%
Expenditure	100.0	115.1	142.7	158.9	29.5	-34.0%	-14.4%

The drop in revenue and expenditure is seasonal, and they usually bounce back during the rest of the year

Population (m)	2008	2009	2010	2011	Jan-13	MoM%	YoY%
Total	1.45	1.64	1.72	1.73	1.90	3.6%	8.2%
Male	1.11	1.27	1.30	1.30	1.41	3.0%	8.0%
Female	0.34	0.37	0.42	0.43	0.50	5.4%	8.8%

Population growth has accelerated, pointing to a pickup in economic activity. The YoY growth in Jan 2013 was the highest in four months

Source: QSA; Monthly data is based on those physically in Qatar, including temporary visitors, while the annual series relates to official residents

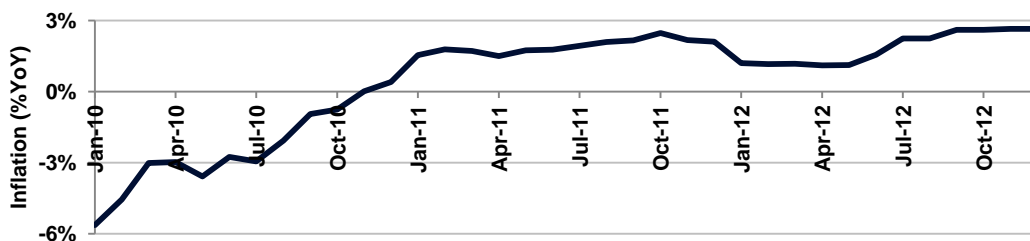


Moreover, the average YoY increase in the population present in country over the last 12 months was 6.4% compared with 1.8% in 2011

Money and Prices

Inflation (% ch, 12mth average YoY)	2008	2009	2010	2011	Dec-12	MoM%	YoY%
Overall (weights shown below)	15.2	-4.9	-2.4	1.9	1.9	0.1	2.6
Food, beverages & tobacco (13.2%)	19.9	1.3	2.1	4.3	3.7	-0.3	1.7
Clothing & footwear (5.8%)	11.8	-4.5	-1.3	7.5	2.8	-0.4	1.2
Rents, water & maintenance (32.2%)	19.7	-12.0	-12.8	-4.8	-3.3	0.9	2.8
Furniture, textiles & appliances (8.2%)	7.7	-2.0	4.1	2.9	4.9	0.1	1.9
Health care (2.0%)	4.2	1.7	3.5	2.6	1.5	0.0	1.0
Transport & communication (20.5%)	9.3	-4.4	2.6	6.4	2.2	0.1	1.9
Entertainment, leisure & culture (10.9%)	9.9	-1.2	2.9	2.0	6.0	-0.7	5.3
Miscellaneous goods & services (7.2%)	12.4	7.3	4.7	5.6	4.8	-0.4	4.2

Rents have posted their sixth monthly increase in a row. However the CPI excluding rent would have seen a 0.2% MoM decrease in Dec, having previously decreased in Nov for the first time in a year and a half;



The rent increases are related to higher immigration and point to a pickup in economic activity

Money Supply (QR bn)	2008	2009	2010	2011	Nov-12	MoM%	YoY%
Broad money (M2)	184.0	215.1	264.7	310.0	388.5	1.5%	29.7%
M1	50.9	53.1	68.3	81.8	92.8	6.1%	22.5%
Quasi-money	133.1	162.0	196.4	228.1	295.7	0.1%	32.2%

Interest rates (% end period)	2008	2009	2010	2011	Nov-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	1	6
Demand deposit	1.8	2.0	1.3	0.6	0.6	-1	4
Overdraft	8.8	8.8	8.2	7.4	6.9	-25	-105
Credit card	20.7	20.0	19.9	10.7	9.2	-38	-354

Lending rates fell sharply following QCB action in 2011, but are now picking up marginally

Feature analysis: IMF Article IV released for Qatar

The IMF issued its Article IV report for Qatar in mid-January. It sees the economic outlook as remaining strong with robust non-hydrocarbon growth and inflation only gradually rising over the medium term.

The IMF forecasts real GDP growth of 5.2% in 2013, based on 9.0% growth in the non-hydrocarbon sector but little growth in hydrocarbons as projects to increase capacity in the latter sector are now on hold.

The IMF stated that adequate financial cushions are in place to mitigate potential risks, such as a sustained decline in hydrocarbon prices or a tightening of external financing, but contingency planning is still needed to ensure timely and full implementation of the large infrastructure investment program that is underway. The IMF's baseline scenario envisages an investment program of US\$110bn in 2012-17 from central government plus another US\$50bn of investments from Qatar Petroleum and US\$100bn from other public enterprises and the private sector.

Regarding the government budget, the IMF welcomed the adoption of a three-year budget framework to help shield spending from revenue volatility. They also encouraged efforts to preserve current spending and prioritise capital spending to help work towards fully financing the budget from non-hydrocarbon revenue by 2020.

To analyse the risks from oil price shocks, the IMF examined a downside scenario with a US\$28 drop in oil prices from 2013 onwards. Under this scenario, assuming business as usual in other regards, the fiscal and current accounts would fall into deficit by 2014 and 2016, respectively.

However, the IMF stated that the government has adequate financial buffers to respond to such a drop in oil price. Debt and debt service ratios are at comfortable levels. A major part of the Government's external debt falls due after 2017.

Moreover, the IMF estimated the value of QIA assets at \$175 billion. According to the IMF, the policy of investing a share of the hydrocarbon wealth in global assets through the QIA has benefited global financial markets. Qatar's total investment abroad has averaged \$60 billion each year between 2008 and 2012. Given projected benchmark oil prices, a similar magnitude of investment is expected during the next five years.

The IMF stated that the banking sector is highly capitalized and profitable and that the banking system is resilient to shocks. However, it believes there is a need to reduce foreign funding risks and contain exposure to the real estate sector, issues that the QCB is closely monitoring. Wholesale interbank foreign liabilities, predominantly short-term in nature, have risen as domestic funding sources have been unable to keep up with rising credit demand. European banks account for a large share of outstanding claims on Qatar (although reliance on bank finance from European periphery countries is marginal). The banking system is exhibiting resilience in terms of credit risk, but there is a need to prevent buildup of excessive exposure of the banking system to the real estate sector. Credit to real estate in the public and private sectors constitute 25% of total credit, of which about 56% is in foreign currency (including lending for projects outside Qatar).

IMF Key Forecasts	2011	2012f	2013f
Real GDP (% change)	13.0	6.6	5.2
Hydrocarbon GDP (% change)	15.7	3.6	0.4
Nonhydrocarbon GDP (% change)	10.8	9.0	9.0
Nominal GDP (US\$ billions)	173	185	192
Consumer price index (% change)	1.9	2.0	3.0
Overall fiscal balance (% GDP)	8.2	8.1	10.6
Exports of goods and services (US\$bn)	120	126	127
Crude oil and refined petroleum products	35	38	38
LNG and related exports	70	72	72
Imports of goods and services (US\$bn)	-48	-51	-55
Current account surplus (US\$bn)	53	55	57
Central Bank reserves, net (US\$bn)	16	46	58
Reserves In months of imports of goods and services	4	10	12

Economic News

- **Hamad airport to open on April 1** – According to Qatar Airways Group CEO Akbar al-Baker, the US\$16bn Hamad International Airport will receive its first passengers on April 1, 2013. It will be fully operational and open to all airlines by the second half of this year. He has blamed the German- Emirati joint venture company Lindner Depa Interiors for delaying the project. (Gulf-Times.com)
- **MEED: Qatar needs extra power capacity of 8.2GW by 2019** – According to a report by MEED Insight, Qatar will require an additional power capacity of 8.2GW by 2019, costing about \$10bn, to meet growing demand for electricity. The report also forecast real GDP growth of 4.6% in 2013 and inflation of 3%.

Public Companies News

- **Ashghal unveils QR10bn drainage network strategy** – Qatar's Public Works Authority (Ashghal) has unveiled a new project for upgrading and expanding the sewerage infrastructure in south Doha. The project will be tendered by the end of this year and work is expected to begin in the first quarter of 2014. The Inner Doha Re-sewerage Implementation Strategy project (Idris) is expected to cost about QR10bn. The project will be fully implemented in about seven to eight years, with the earliest commissioning dates set for sometime in the middle of 2019. (Gulf-Times.com)

Private Sector News

- **QNB Group reports net profit of QR8.3bn** – QNB Group reported a net profit of QR8.3bn for 2012, up 11%. A cash dividend of 60% on the nominal earnings per share value (QR6.00 per share) was approved. Total assets increased by 22% YoY to QR367bn at the end of December 2012. The loan book rose by 29% YoY to QR250bn, while customer deposits recorded a growth of 35% YoY to QR270bn.
- **QNB Group buys additional 49.96% stake in Tunisian Qatari Bank** – This nearly doubles its stake to 99.96%, pending approvals from regulatory authorities.
- **QNB Finance sells HKD155m 2% 5-year notes** – the Hong Kong dollar notes, equivalent to US\$20m, mature on January 29, 2018.
- **QNB Group launches salary acquisition campaign** – QNB Group has launched a salary acquisition campaign. Benefits include a complimentary salary continuation protection plan, low interest rates on personal and vehicle loans and automatic and enrollment to the bank's new Life Rewards Program.
- **QNB Group prints CHF300m bond** – The 2-year floating rate swiss franc note, equivalent in value to about \$322m, was issued on January 16 at a spread of 40 basis points over 3-month Swiss franc Libor.
- **QNB Group secures approval to open representative office in China** – The office will be in Shanghai, China. By entering the Chinese market, the number of countries where QNB Group operates will increase to 25.
- **Masraf Al Rayan reported a net profit of QR1.50bn for 2012** – this is up 6.8% YoY from QR1.41bn in 2011. On the dividend front, the bank announced cash DPS of QR1.00, in line with our estimate. Going forward, we expect the bank to tap the sukuk market and look for regional expansion. (QNBFS)
- **Masraf Al Rayan in direct talks with IBB** – Masraf Al Rayan is in discussion with the Board of Islamic Bank of Britain (IBB) regarding a possible offer for the entire issued share capital of IBB. IBB said there can be no certainty that an offer will be made. (Reuters, Bloomberg)
- **Masraf al Rayan seeks shareholder approval for Libyan bank stake purchase** – Masraf Al Rayan is seeking its shareholders' approval to buy a strategic stake in a Libyan commercial bank through a capital increase. (Reuters)
- **Commercialbank 4Q2012 profits below expectations** – Commercial Bank of Qatar (CBQK) reported 4Q2012 net profits of QR447mn, dropping by 18.4% QoQ, slightly below consensus estimates. The quarterly decline stemmed from a 21% fall in fees and commission income to QR104.7m, while loan loss provisions and impairment on investments together increased by 136% to QR100.6m. The bank reported a net profit of QR2bn in 2012 vs. QR1.9bn in 2011, an increase of 6.8%. The bank exhibited an improvement in asset quality as it reported a non-performing loans ratio of 1.09% in 2012 vs. 1.20% a year ago. Loans and deposits expanded YoY by 16.5% and 8.9%, respectively. Loans-to-deposits ratio ended 2012 at 117.4%. Dividends maintained at QR6/share (payout of 74%) vs. a payout of 79% in 2011. (QNBFS)
- **Commercialbank is looking to buy Turkish bank stake** – Commercialbank is reportedly looking to spend \$400-500m for a 75% stake in Turkey's Alternatifbank in a deal expected to be completed by March. CBQK late last month said it had opened talks with Anadolu Endustri Holding, a majority shareholder in Alternatifbank, to acquire a controlling stake in the lender which is listed on the Istanbul stock exchange. (Bloomberg, Gulf-Times.com)
- **Ahli Bank's net profit declines 22% QoQ in 4Q2012** – Ahli Bank has reported a net profit of QR98.2m for 4Q2012, indicating a QoQ decline of 22%. The decline was primarily attributed to a surge in provisions. ABQK's management proposed cash dividends of QR3/share, which translates into a payout ratio of 82%. The company did not pay cash dividends for 2011 but distributed 60% in stock dividends. Loans & advances in 2012 expanded by 13.6% YoY to QR13.8bn, while customer deposits reached QR14.0bn, rising 10.0% YoY. (QE, QNBFS)
- **AUB sells stake in Ahli Bank to Qatar Foundation** – Ahli United Bank of Bahrain (AUB) has sold a 29.4% stake in Ahli Bank of Qatar to Qatar Foundation, for US\$616m (QR60/share, 2.2x book value). Qatar Foundation is now the largest shareholder, followed by the Qatar Investment Authority at 16.7%. (QE)
- **Doha Bank 2012 net income misses estimates on higher provisions** – Doha Bank reported a net profit of QR1.30bn for 2012, up 5.1% YoY from QR1.24bn in 2011. The results were below Bloomberg consensus of QR1.34bn. The lower bottom-line is due to the bank increasing its provisions to QR275.6m for 2012 vs. QR129.6m in 9M2012. The dividend is QR4.50, the same as last year. (QNBFS)
- **Doha Bank plans rights issue, GDRs for 50% capital increase** – In the first phase in February, the bank will come out with a 25% rights issue priced at QR30, including a premium of QR20 a share. In the second phase, the bank will go for another increase of up to 25% of the current paid-up share capital through the issue of new shares, in the form of GDRs. (Gulf-Times.com)
- **Qatar Islamic Bank 2012 net income misses estimates on higher provisions** – Qatar Islamic Bank reported a net profit

of QR1.24bn for 2012 vs. QR1.37bn in 2011. The results were below Bloomberg consensus of QR1.46bn. The primary reason was provisioning of QR502m in 2012 vs. QR298m in 9M2012. The bank reduced its dividend to QR3.75 in 2012 vs. QR4.50 in 2011. (QNBFS)

- **Qatar Islamic Bank appoints new CEO** – Qatar Islamic Bank (QIBK) has appointed Bassel Gamal as its CEO. Gamal, was the Senior Deputy Group CEO in Ahli United Bank of Bahrain, handling corporate banking, financial institutions and treasury & investments among others. (Reuters)
- **Qatar International Islamic Bank 2012 profit up 4.0% in 2012** - Qatar International Islamic Bank (QIIB) reported a net profit of QR679m for 2012 vs. QR653m in 2011. Few other details have been released. The bank maintained a dividend of QR3.50 in 2012, the same as last year. (QNBFS)
- **Islamic index debut on Qatar bourse** – The Qatar Exchange (QE) has launched a new Islamic index as a precursor to the creation of Shari'ah-principled exchange traded funds (ETFs). The index is based on QE-listed stocks of minimum free float size and liquidity that are Shari'ah-compliant according to Al Rayan's Shari'ah supervisory board. Customized weights are assigned to the index constituents to ensure diversification. (Gulf-Times.com)
- **Qatar Insurance reports net profit of QR610m and announces rights issue** – It plans to tap the market with a rights issue of QR963m, with new shares at QR45. The firm also proposed a 25% cash dividend and 20% stock dividend. (Gulf-Times.com)
- **Islamic Holding Group 4Q2012 net profit declines 69.9% QoQ** – Islamic Holding Group reported a net profit of QR0.4m for 4Q2012, indicating a QoQ decline of 69.9%. Moreover, FY2012 net profit increased by 30.3% to reach QR6.0mn. Earnings per share stood at QR1.51 in FY2012 as compared with QR1.16 in FY2011. Net Brokerage and commission income declined by 13.5% QoQ to QR2.4mn. Total assets at the end of December 2012 stood at QR1,165.2mn as compared with QR576.6mn in December 2011, reflecting a YoY increase of 102.1%. (QE)
- **Mobile number portability in Qatar from February** – Mobile phone numbers of Qatar's two operators, QTEL and Vodafone, will become portable from February.
- **QTEL secures commitments from 14 banks for \$1bn loan facility** – Qatar Telecom (QTEL) has received commitments from 14 banks for a \$1bn syndicated loan it seeks to raise for refinancing its existing debt. QTEL is expected to sign the four-year facility by the end of March and is currently finalizing the deal's documentation. (Bloomberg)
- **QTEL launches US\$1bn in bonds** – QTEL launched a \$500m 15-year note with a coupon of 3.875% at 215 basis points over 10-year US Treasuries. It also launched a \$500m 30-year tranche with a coupon of 4.5% at 162.5 bps over 30-year US Treasuries. (Bloomberg)
- **QTEL Iraq subsidiary, Asiacell's, raises \$1.3bn in IPO** – Asiacell floated 25% stock on 3 February, in line with regulations requiring mobile operators to list on the Iraq Stock Exchange. The IPO raised US\$1.3bn and was the largest IPO in the Middle East in over four years. QTEL used the IPO to raise its stake in the company from 56% to 64%.
- **QTEL raises Tunisiana stake** – Qatar Telecom (QTEL) has increased its stake in the Tunisia venture Tunisiana as the company seeks to expand in the MENA region. QTEL reached an agreement with Tunisia's government to acquire a 15% stake in Tunisiana for \$360mn, boosting its stake to 90%. Tunisia will hold 10% and may sell the stake in a public offering. (GulfBase.com)
- **Vodafone Qatar reports Q42012 solid results** – Revenue grew 15% QoQ and 25% YoY in QR2012 to QR396m, ahead of QR376m consensus. This was on the back of strong subscriber growth – total mobile customers grew 7% QoQ and 26% YoY to exceed the 1m mark. Distributable profit (net income after amortization of license costs) turned positive on a quarterly basis in Q4. The company has stated that it would pay cash dividends once this metric turns green on an annual basis. (QNBFS)
- **Aljarah Holding net profit for 2012 stood at QR190m**– Aljarah Holding reported a net profit of QR190mn in 2012 versus QR215.4mn in 2011, a decline of 11.8% YoY. EPS amounted to QR4.21 in 2012 compared to QR5.90 in 2011. The Board of Directors recommended a distribution of cash dividend of 20% of the nominal share value (QR2.0 per share). Meanwhile, the company has scheduled an AGM on February 26, 2013. (QE)
- **QEWIC inks QR1.83bn water plant deal** – Qatar Electricity and Water Company (QEWIC) has signed a deal with a consortium of Mitsubishi Corporation and Toyo Thai Engineering Company to build a QR1.83bn water plant in Qatar, capable of generating 36m gallons a day, to be completed by 1H2015. QNB will finance 50% of the project, and Qatar Islamic Bank, Barwa Bank and Masraf Al Rayan the remainder. (Bloomberg)
- **QEWIC in talks to build 1GW power plant in Egypt** – QEWIC is engaged in discussions to build a power plant in Egypt. The plant would initially be 500MW plant, and later increased to 1GW. Meanwhile, the company is waiting for results of its bid to construct the Rabigh II power plant in Saudi Arabia. (Bloomberg)
- **Al Meera to offer rights issue at QR95 per share** – Al Meera Consumer Goods Company has approval for a 100% rights issue at QR95 per share. The subscription period will begin on January 27, 2013 and will end on February 10, 2013. The issue is being managed by Masraf al-Rayyan (QE)
- **Salam announces updates regarding the merger court case** – Salam International announced that the Court of Appeal has confirmed a verdict ordering invalidation of the merger in 2002 and 2005 of a number of Salam International companies. The company added that it will file a cassation appeal within the legal period allowed, once it obtains a formal copy of the judgment. (QE)
- **Gulf Warehousing reported 37.6% YoY profit growth in 2012** – In 4Q2012, new profit was of QR24.9m, up 29.6% QoQ on the back of valuation gains from investment properties. (QE)
- **Barwa cuts Commercial Avenue rents** – Barwa Commercial Avenue (BCA) on the road to the Industrial Area has reduced the rents for commercial space from QR125 per square meters (sq m) to QR39 per sq m. (Peninsula Qatar)

Banking Sector Snapshot : January 2013

Review and Outlook

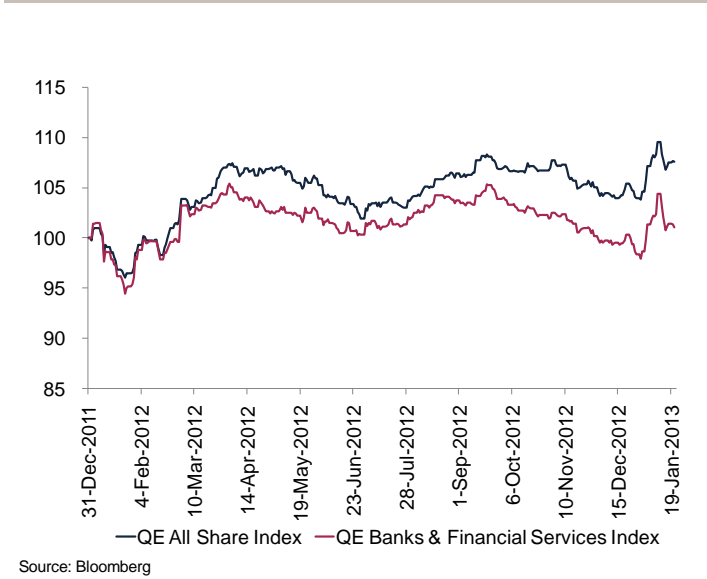
Growth in deposits of 2.0% MoM (+26.0% YoY) outpaced growth in loans of 1.4% MoM (+26.4% YoY) in the month of December 2012. Hence, the sector LDR decreased to 111% in December vs. 112% in November 2012. Furthermore, the domiciled loan-to-deposit ratio (LDR) for the sector followed suit and stood at 104% vs.105% in November. Liquidity has gradually improved throughout 2012 (Current LDR of 111% vs. the 2012 high of 124% in April). We forecast robust loan growth of about 15% for 2013. However, we expect NIMs to remain under some pressure.

The public sector led deposit growth in the month of December. Scrutinizing the segment details, public sector deposits grew by 2.0% and 43.6%, MoM and YoY, respectively. The government and semi-government segments contributed to the bulk of this growth. The former segment expanded by 13.4% MoM (+9.1% YoY), while the latter segment increased by 12.3% MoM (+14.8% YoY). However, the government institutions segment (represents 57.8% of public sector deposits) witnessed a decline of 4.7% MoM (+82.0% YoY). On the other hand, private sector deposits slipped by 2.4% MoM (+8.6% YoY). The consumer segment shed 2.0% MoM (+12.8% YoY), while the companies & institutions segment declined by 2.7% MoM (+4.8% YoY). Net-net, total deposits (including deposits outside of Qatar) grew by 2.0% MoM (+26.0% YoY). It should be noted that most of the growth in deposits was realized in May and July of 2012.

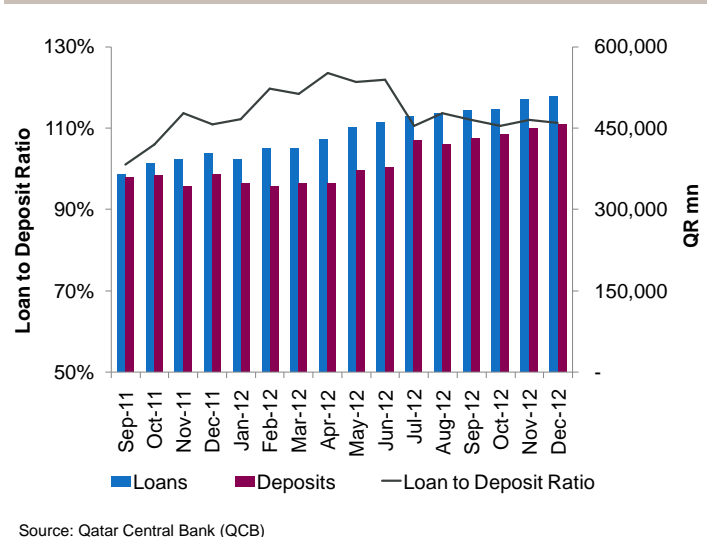
The overall loan book inched up by of 1.4% MoM (+26.4% YoY). Total domestic public sector loans were up by 1.3% MoM (+46.5% YoY). The driver behind this growth was mainly the government segment, which grew by 12.5% MoM (+26.8% YoY). Moreover, a significant portion of the growth in public sector loans took place in the 2nd quarter, which witnessed a 26% QoQ expansion. Private sector loans continue to lag that of the public sector, registering a 1.7% growth MoM (+14.2% YoY). **Consumption loans rebounded**, expanding by 7.3% MoM (+9.2% YoY). The growth across sub-segments under private sector loans was mixed; **industry** was flattish MoM (+42.9% YoY), while **services** (+22.6% YoY) and **general trade** (+23.9% YoY) contracted by 5.7% and 4.0% MoM, respectively. On the other hand, credit to **contractors** (+2.0% YoY) and **real estate** (+12.3% YoY) increased by 4.5% and 2.2% MoM, respectively. It is well worth mentioning that **public sector loans** contributed to 40.5% of domestic incremental loans during December 2012 (68.3% for the whole of 2012).

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

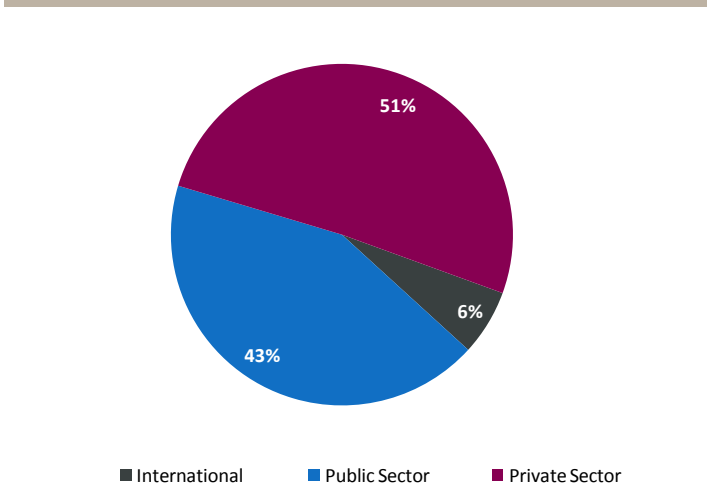
Banking Sector Index vs. QE All Share Index



Banking Sector - Loan to Deposit (LTD)



Loan Pie



Banking Sector Indicators

(In QR mn)	2010	2011	1Q-12	2Q-12	3Q-12	Nov-12	Dec-12	Change MoM	Change YoY
Total Assets	567,482	694,301	700,546	742,817	789,456	810,755	820,512	1.2%	18.2%
Total Credit (Loans)	314,481	403,563	412,247	460,946	482,719	502,938	510,048	1.4%	26.4%
Total Deposits	306,788	363,612	348,356	378,254	430,938	448,912	458,066	2.0%	26.0%
Loan to Deposit Ratio	103%	111%	118%	122%	112%	112%	111%	N/A	N/A
Credit Facilities (Geographic)									
Total Domestic Credit	293,920	376,695	384,622	432,472	452,086	471,175	478,305	1.5%	27.0%
Total International Credit	20,561	26,867	27,625	28,475	30,634	31,763	31,743	-0.1%	18.1%
Domestic Credit Facilities - Public Sector									
Government	36,303	40,801	32,235	31,967	42,258	46,017	51,746	12.5%	26.8%
Government Institutions	50,452	90,619	105,268	136,992	140,125	141,769	139,585	-1.5%	54.0%
Semi-Government Institutions	16,303	17,750	15,100	23,199	23,558	27,880	27,222	-2.4%	53.4%
Total Domestic Public Sector Credit	103,058	149,170	152,603	192,158	205,941	215,666	218,553	1.3%	46.5%
Domestic Credit Facilities - Private Sector									
General Trade	24,875	26,855	27,590	29,610	33,149	34,654	33,280	-4.0%	23.9%
Industry	6,648	6,534	5,755	6,883	8,070	9,381	9,339	-0.5%	42.9%
Contractors	18,411	16,220	16,532	15,195	16,249	15,835	16,546	4.5%	2.0%
Real Estate	51,042	76,220	80,113	81,976	81,624	83,756	85,562	2.2%	12.3%
Consumption & Others	60,345	71,986	76,386	79,210	75,881	73,229	78,587	7.3%	9.2%
Services	29,541	29,709	25,643	27,439	31,171	38,654	36,438	-5.7%	22.6%
Total Domestic Private Sector Credit	190,862	227,525	232,019	240,314	246,144	255,509	259,752	1.7%	14.2%
Deposit Details (Geographic)									
Resident Deposits	277,107	343,777	327,183	351,575	400,441	419,498	417,337	-0.5%	21.4%
Non-resident Deposits	29,681	19,835	21,174	26,679	30,497	29,414	40,729	38.5%	105.3%
Deposits - Public Sector (Domestic)									
Government	18,486	40,825	31,352	26,354	33,842	39,302	44,557	13.4%	9.1%
Government Institutions	32,277	57,351	46,679	54,822	96,268	109,527	104,378	-4.7%	82.0%
Semi Government Institutions	21,309	27,700	23,039	26,679	29,277	28,300	31,794	12.3%	14.8%
Total Public Sector Deposit	72,071	125,876	101,070	107,855	159,387	177,130	180,729	2.0%	43.6%
Deposits - Private Sector (Domestic)									
Personal	90,828	103,093	111,843	117,147	117,470	118,656	116,257	-2.0%	12.8%
Companies & Institutions	114,207	114,809	114,270	126,574	123,584	123,712	120,350	-2.7%	4.8%
Total Private Sector Deposit	205,036	217,902	226,113	243,721	241,054	242,368	236,607	-2.4%	8.6%

Qatar Exchange Market Performance

Company Name	Price (January 31)	% Change 5-Day	% Change Monthly	Market Cap. QR Million	TTM P/E	P/B	Div. Yield
Qatar National Bank	130.40	(4.12)	(0.38)	91,245	10.9	1.9	4.6
Qatar Islamic Bank	73.90	1.79	(1.47)	17,462	14.1	1.5	6.1
Commercial Bank of Qatar	78.10	1.43	10.16	19,326	9.6	1.3	7.7
Doha Bank	56.40	(0.35)	12.13	11,658	8.9	1.5	8.0
Al Ahli Bank	54.10	(8.15)	10.41	6,875	13.9	2.0	5.5
Qatar International Islamic Bank	55.40	0.54	6.54	8,386	12.3	1.7	6.3
Masraf Al Rayan	25.80	0.39	4.07	19,350	12.9	2.0	1.9
Al Khaliji Bank	17.10	1.79	0.65	6,156	12.2	1.1	5.8
National Leasing	40.20	(0.99)	(11.06)	1,989	8.7	1.5	7.6
Dlala Holding	34.30	1.63	(0.58)	686	18.5	2.9	2.9
Qatar & Oman Investment	12.60	0.00	1.69	397	19.7	1.2	4.0
Islamic Holding Group	34.20	1.03	(10.00)	137	22.6	3.1	2.9
Banking and Financial Services				183,665			
Zad Holding	60.90	3.22	3.57	797	7.6	0.6	N/A
Qatar German Co. for Medical Devices	14.30	(3.96)	(3.25)	165	N/M	0.8	N/A
Salam International Investment	13.03	0.15	2.92	1,490	13.2	0.9	6.9
Medicare Group	35.40	1.14	(0.84)	996	21.7	1.3	3.1
Qatar Cinema & Film Distribution	63.00	(5.55)	10.72	360	18.5	2.6	2.2
Qatar Fuel	283.40	(0.39)	3.05	14,730	12.9	2.8	2.8
Qatar Meat and Livestock	58.50	1.39	(0.51)	1,053	12.4	4.1	5.1
Al Meera Consumer Goods	134.00	(0.89)	9.48	1,340	17.2	6.3	4.1
Consumer Goods and Services				20,930			
Qatar Industrial Manufacturing	53.40	3.49	0.56	2,115	10.6	1.7	5.6
Qatar National Cement	103.60	(0.38)	(3.18)	5,087	11.6	2.2	5.8
Industries Qatar	169.30	2.17	9.16	93,115	11.2	3.2	4.4
Qatari Investors Group	22.35	(0.45)	(2.83)	2,779	21.0	1.4	2.2
Qatar Electricity and Water	142.40	2.45	7.55	14,240	11.6	4.5	4.6
Mannai Corp.	80.30	(2.07)	(0.86)	3,663	9.0	2.1	6.2
Aamal	15.14	1.07	0.93	8,244	15.8	1.2	N/A
Gulf International Services	32.10	1.58	7.00	4,772	11.5	1.9	3.7
Industrials				134,015			
Qatar Insurance	69.50	(0.14)	3.58	6,199	10.1	1.7	4.8
Doha Insurance	28.80	3.41	6.67	674	11.2	1.4	N/A
Qatar General Insurance & Reinsurance	44.00	(1.68)	(16.82)	2,206	14.4	0.9	2.7
Al Khaleej Takaful Insurance	45.70	1.56	3.86	650	10.2	1.2	6.6
Qatar Islamic Insurance	58.90	3.15	(5.00)	884	18.0	3.3	5.1
Insurance				10,612			
United Development	17.30	0.58	(2.81)	5,834	1.8	0.6	N/A
Barwa Real Estate	27.80	(0.36)	1.28	10,818	9.0	0.9	3.6
Ezdan Real Estate	17.80	1.14	(2.20)	47,214	N/M	1.7	0.8
Mazaya Qatar Real Estate Development	10.90	(0.18)	(0.91)	1,090	24.5	1.0	N/A
Real Estate				64,956			
Qatar Telecom	112.00	1.63	7.69	35,876	12.5	1.3	1.5
Vodafone Qatar	8.57	(0.35)	2.63	7,245	N/M	1.2	N/A
Telecoms				43,121			
Qatar Navigation (Milaha)	65.20	0.62	3.33	7,467	9.8	0.7	5.4
Gulf Warehousing	43.00	0.00	6.97	1,704	20.1	2.4	3.5
Qatar Gas Transport (Nakilat)	15.89	0.89	4.13	8,898	11.4	7.6	5.3
Transportation				18,070			
Qatar Exchange				475,369			

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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