

## Executive Summary

- Qatar continued to experience high population growth in January 2015 with a large influx of expatriates
- Inflation remained moderate at 3.0% in 2014, thanks in part to lower international food prices
- The foreign merchandise trade surplus narrowed to QAR22.7bn in December 2014 on lower oil prices
- International reserves fell slightly to USD43.2bn at end-December 2014; import cover stood at 8.1 months
- Qatari oil prices continued to decline on weaker global demand while production rose in December 2014

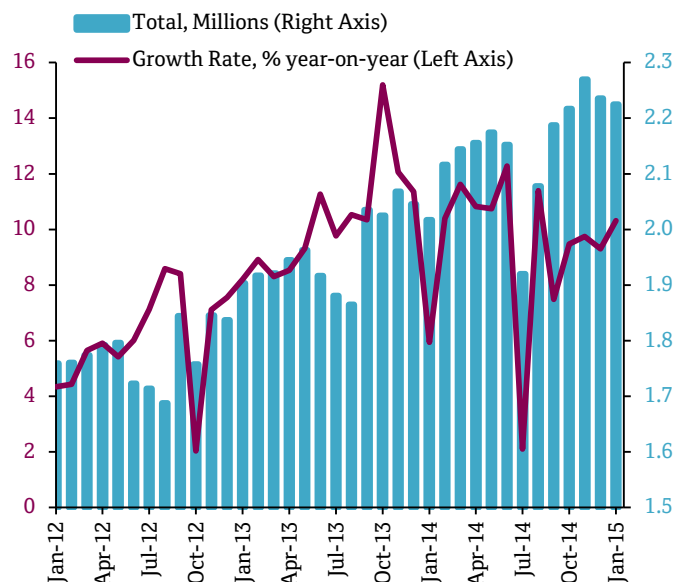
## Qatar continued to experience high population growth in January 2015 with a large influx of expatriates

Qatar's population grew by 10.3% year-on-year in January 2015 to reach 2.22m. This equates to an increase in the population of 208k over the last twelve months. Population growth has been driven up by the large ramp up in major project infrastructure spending that are part of Qatar's long term development plans.

Population grew by an estimated 10.1% in 2014, reflecting a large influx of expatriate workers filling the 120k new jobs being created in Qatar each year. In turn this larger population is feeding into higher economic growth by boosting aggregate demand and investment in housing and services.

### Population growth surged in January 2015 to 10.3%

Population within the country at the end of the month

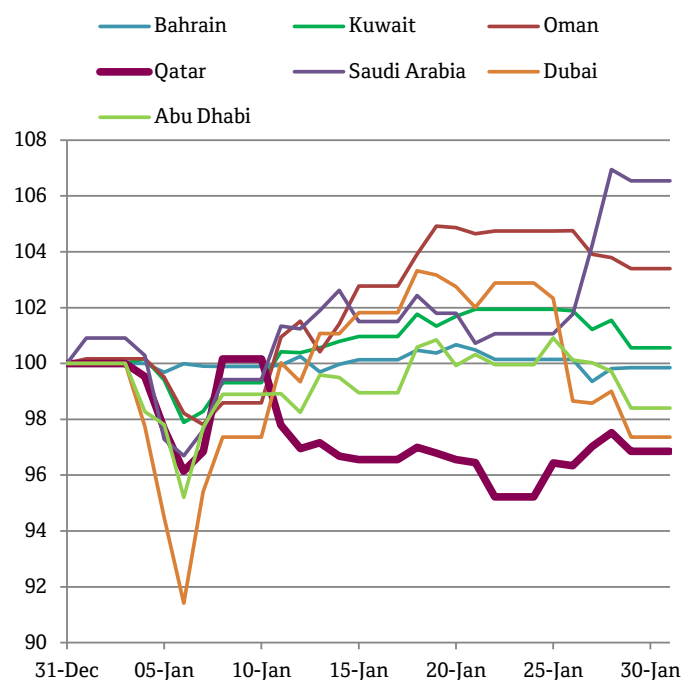


Sources: Ministry of Development Planning and Statistics (MDPS) and QNB Group analysis

## QNB Economics Weekly Commentary

- [How the ECB Learned to Love Quantitative Easing](#)
- [China's Slowdown Could Further Deflate Commodity Prices](#)
- [The Great Deflation of 2015](#)
- [Qatar's Inflation Remained Moderate in 2014](#)
- [Why Is World Trade in the Doldrums?](#)
- [Qatar's non-hydrocarbon sector now accounts for over half of GDP](#)

## Stock market Indices (rebased, 31 December 2014 = 100)



Sources: Bloomberg and QNB Group analysis

The GCC indices posted a mixed bag of results in January 2015. Saudi Arabia led the way followed by Oman. Saudi's Tadawul All-Share TASI Index was the best performer during January, appreciating by 6.5% month-on-month. Oman's MSM 30 Index also gained by 3.4% month-on-month. On the other hand, Qatar's QSE Index shed 3.1% month-on-month followed by Dubai's benchmark index (DFMGI) declining 2.6%. Qatar and UAE were the best performing markets in 2014, with Qatar appreciating 18.4% while Dubai jumped 12.0%.

## Kuwait Economic Insight Report 2015



QNB Group will shortly be publishing the Kuwait Economic Insight 2015 report, providing an overview of Kuwait's economy, with in-depth analysis and forecasts. The report will shortly be available on the [QNB website](#) along with the recently published [Qatar Economic Insight September 2014](#).

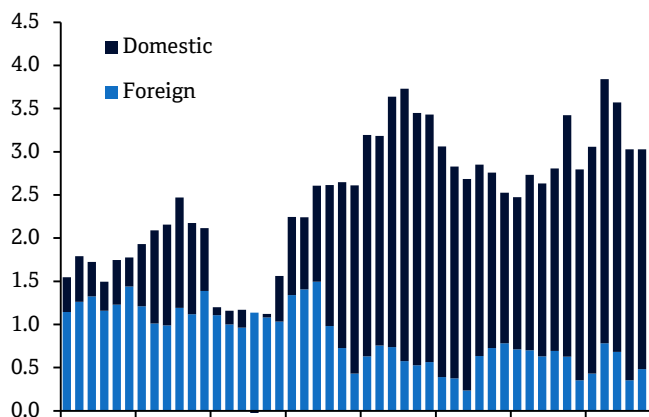
## Inflation remained moderate at 3.0% in 2014, thanks in part to lower international food prices

**Inflation in Qatar remained moderate in 2014, thanks in part to lower international food prices.** According to the MDPS, consumer price index (CPI) inflation remained roughly stable at 3.0% in 2014, from 3.1% in 2013. Key drivers of inflation in 2014 were higher rent inflation offsetting lower international food prices.

**In December 2014, inflation in Qatar rose by 2.7% year-on-year (-0.3% month-on-month).** Housing and rents (the largest component of overall inflation with a 32.2% share) rose 7.4% year-on-year in December 2014, leading to an acceleration of domestic inflation to 3.2%. Furthermore, foreign inflation rose to 1.3% in November as food prices fell (-0.4% year-on-year in December).

## CPI Inflation averaged to 3.0% in 2014

Contribution to inflation, %



Sources: MDPS and QNB Group analysis and forecasts

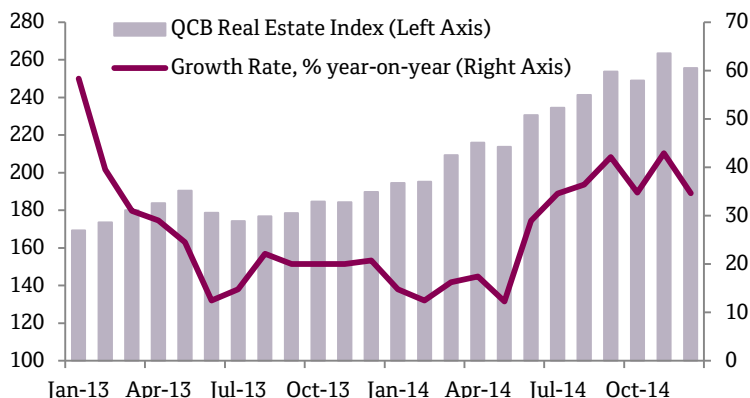
## QCB's Real Estate Price Index rose 34.7% rise in December 2014

**The QCB Real Estate Index rose 34.7% year-on-year in December 2014.** Real estate prices have risen rapidly in 2013-14 as the implementation of major projects has increased demand for land and other real estate while rapid population growth has driven up residential demand. This has led to an increase in rents that is also supportive of the fundamental value of real estate.

**We expect real estate prices to continue rising in the near term in line with project implementation and high population growth.** As the non-hydrocarbon sector continues its double-digit expansion and population grows, this is likely to put upward pressure on real estate prices going forward.

## QCB's Qatar Real Estate Price Index

(Index and % change year-on-year)



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

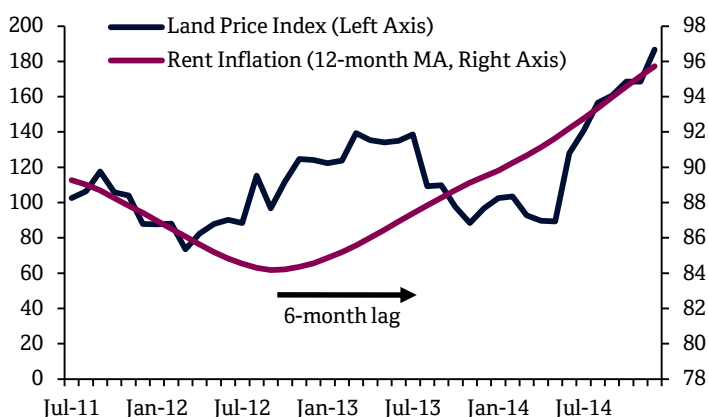
## Higher land prices continue to put upward pressure on Qatar's rent inflation

**Rent inflation has accelerated in recent months in line with QNB Group projections, tracking movements in the underlying price of land.** According to the latest Ministry of Justice (MoJ) data, land prices increased by 92.7% year-on-year in December 2014. This continues to put upward pressure on rent inflation with a lag.

**The combination of rapid population growth and higher GDP per capita are leading to a strong increase in the demand for housing, pushing up real estate prices** (see our [Qatar Economic Insight September 2014 report](#)). As the population expands and per capita income rises land prices and rents are expected to continue rising.

## Qatar land prices and rental inflation

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



Sources: MoJ and QNB Group analysis

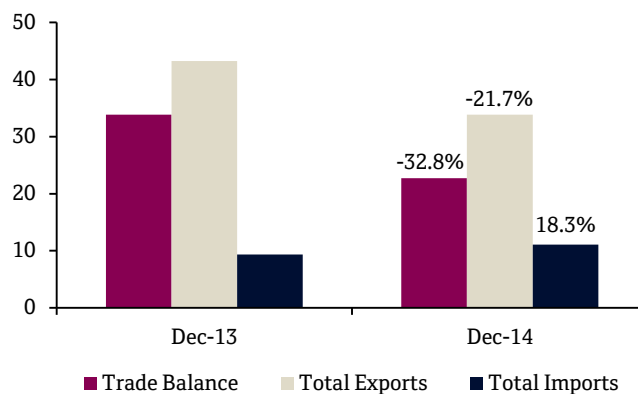
## The foreign merchandise trade surplus narrowed to QAR22.7bn in December 2014 on lower oil prices

Qatar's foreign merchandise trade balance registered a surplus of QAR22.7bn in December 2014 from QAR33.9bn in December 2013. This was mainly a result of lower international crude oil prices, which reduced total exports by 21.7%. At the same time, imports rose strongly (18.3% year-on-year) reflecting the growing population and large investment spending.

Total exports in December stood at QAR33.8bn and imports at QAR11.1bn. Japan was the top export destination in December, accounting for 25.6% of Qatar's exports, followed by South Korea (20.3%) and India (12.9%). The USA was the largest exporter to Qatar in December (11.3%), followed by China (10.7%) and Germany (7.5%).

## The trade surplus narrowed in December 2014

(bn QAR, % year-on-year)



Sources: MDPS and QNB Group analysis and forecasts

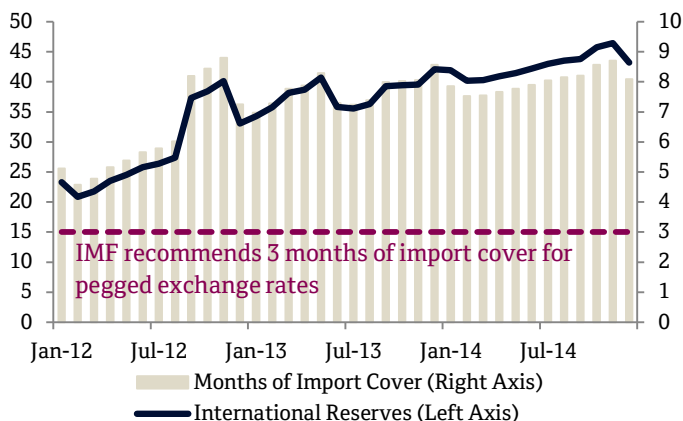
## International reserves fell slightly to USD43.2bn at end-December 2014

Qatar's international reserves fell slightly to USD43.2bn at end-December 2014. This compares to USD46.5bn at end-November 2014. Despite the slight fall, the import cover stood at 8.1 months at end-December 2014, well above the IMF-recommended level of 3 months for pegged exchange rates.

More broadly, Qatar's international reserves have been steadily rising over the years on large current account surpluses. Going forward, QNB Group expects international reserves to rise further in the on continued current account surpluses.

## International reserves fell slightly in December

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



Sources: QCB and QNB Group analysis

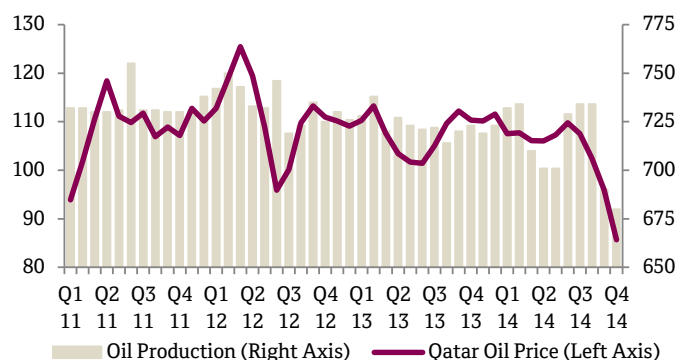
## Qatari oil prices continued to decline on weaker global demand but production rose in December 2014

Qatari oil prices fell in December 2014 owing to weaker global demand. The stagnant Eurozone economy, the recession in Japan and the slowdown in Emerging Markets, especially China, are contributing to the weakness in hydrocarbon demand and a supply glut, which is putting downward pressure on international oil prices.

Qatar's crude oil production rose in December 2014 and redevelopment plans should stabilise output further. Qatar Petroleum (QP) is implementing a redevelopment program to steady production at its oil fields. This heavy investment in existing oil fields should limit further declines in oil production.

## Oil prices continued to decline on a weaker global economy

(USD/b, left axis; Oil production (000's b/d), right axis)



Qatar oil prices are the unweighted average of land and marine prices

Sources: Bloomberg and QNB Group analysis

## Economic News

- Finance Minister: No change in spending despite falling oil prices** – The Minister of Finance HE Ali Shareef Al Emadi said despite the decline in oil prices, Qatar will continue the path of development and there will be no change in fiscal policy on spending or investment in infrastructure. He added that around USD200bn has been approved for various development projects until 2022. He explained that these allocations would focus on transportation projects and infrastructure, including the railway network, the new port, health, education and sports facilities, including the establishment of stadiums for the 2022 FIFA World Cup. He further said that Qatar has important investments in the US and has plans to increase these investments over the next five years to exceed USD35bn. (Peninsula Qatar)
- Qatar's construction projects estimated at USD280bn; construction costs rise rapidly** – According to Ventures ONSITE's Middle East & North African (MENA) Countries Construction Projects Tracker, Qatar is the second most attractive market in the world, whose construction projects are currently estimated in excess of USD280bn. Infrastructure-related construction projects in Qatar are worth USD103.4bn and energy-related projects USD40.3bn. Ventures ONSITE stated that such large allocations for development projects will open the door wider to investors, and the adoption of a huge budget would help Qatar in its ambitious economic diversification initiative. Meanwhile, according to a report by EC Harris, construction costs in Qatar remain the highest in the Middle East, followed by the UAE and Saudi Arabia. EC Harris' Arcadis International Construction Cost Study benchmarks the building costs in 43 countries across the globe. The study found that

relative construction costs have been affected by currency fluctuations, commodity prices and increasing demand for development in many recovering economies throughout the year. EC Harris said Qatar is less affected by fluctuations in global currencies as market constraints are driving inflation and price movements. Investment on social infrastructure, economic diversification investment and event-driven construction are three key trends positively influencing construction spend in the region. (Gulf-Times.com) (Peninsula Qatar)

- MEED: Qatar to see USD30bn new project deals in 2015** – According to the latest data from MEED Projects, Qatar's infrastructure projects pipeline is set to soar with more than USD30bn worth of new projects deals happening in 2015. There will be major project awards as part of the Public Works Authority's (Ashghal) expressway, local roads and drainage programs, as well as significant investment in real estate and transport projects such as Lusail and the New Port Project. This year will be boosted by project awards on the Al Karaana petrochemical complex worth more than USD5bn, the rolling stock & systems contract on the Doha Metro exceeding USD2bn, and five multi-billion dollar packages on the mega water reservoirs. Meanwhile, the MEED Qatar Projects Conference will be held on March 10 and 11, 2015 on the theme: The resilience of Qatar's economy and its commitment to the objectives of the Qatar National Vision 2030. (Gulf-Times.com, Peninsula Qatar)

## Private Sector News

- MARK and QInvest have announced their respective decisions to launch three separate investments funds** – MARK announced that its board of directors approved the setting up of two investment funds. QInvest announced that it is launching a Shari'ah-compliant European Equities fund in partnership with Pioneer Investments. Pioneer will manage the fund and act as sub-advisor. MARK's first fund is an exchange traded fund (ETF) that will be the largest in the market, trading Shari'ah-compliant stocks at Qatar Stock Exchange wherein tracking Al Rayan Islamic Index. The second fund is a Shari'ah-compliant Sukuk trading fund (income generating fund), for investment in fixed

income markets with target yield exceeding earnings from deposit accounts and will be distributed annually to investors. Al Rayan investment (ARI) will manage both funds. The QInvest fund will focus on investing in pan-European blue-chip, mid and large-cap stocks. It will be actively managed by the specialist European Equity team at Pioneer Investments, with Andrew Arbuthnot as the Portfolio Manager. (Peninsula Qatar)

- Qatar Petroleum to absorb investment unit in sign of consolidation** – Qatar Petroleum (QP) will absorb its wholly-owned subsidiary Qatar Petroleum International (QPI), a move suggesting authorities want to consolidate the industry given the plunging oil



prices. The integration will see QPI's employees, assets and projects transition into the new QP organization commencing in March 2015. In the period before full integration, QPI's management and employees will continue to run the company's day-to-day operations. (Reuters)

- **Nebras Power gets financing for solar power project in Jordan** – Nebras Power, with its partners Diamond Generating Europe (DGE) and Kawar Group, have signed a finance agreement for Shams Ma'an Solar Power Plant Project in Jordan. The finance agreement for the 52.5 megawatts capacity project in Jordan is for 18 years. Nebras Power owns 35% of the project, while DGE owns 35% and Kawar Group owns 30%. The financing has been jointly done by a group of international banks and export credit agencies. Nebras Power along with its partners will finance the development of the project and own and operate the plant located in Ma'an Jordan. Nebras is a Qatari joint stock company in which Qatar Electricity & Water Company (QEWS) owns 60%, Qatar Holding owns 20% and Qatar Petroleum International Ltd has 20% stake. (Peninsula Qatar)
- **Al Dhameen offers QAR174mn aid to 69 SMEs in 2014** – Qatar Development Bank's (QDB) Al Dhameen Manager Jawaher al-Noaimi said that 'Al Dhameen' program has guaranteed some 69 SME with a total value of QAR174mn in 2014. Al Dhameen has helped SMEs in Qatar overcome the challenges they face when seeking commercial financing. The program has also helped banks overcome reservations about financing

SMEs due to the high-risk ratio of some in the sector. Doha Bank (DHBK) organized a SME customer meet related to the projects financed under the Al Dhameen guarantee program of QDB. Doha Bank's Group CEO, Dr. R Seetharaman said that SMEs are expected to play an important role in supporting Qatar's economic diversification. Doha Bank will participate in Qatar's diversification story by encouraging the SME sector. (Gulf-Times.com, Peninsula Qatar)

- **BRES acquires remaining 50% stake in Lusail Golf Development** – Barwa Real Estate Company (BRES) through its subsidiary Barwa International Company has completed acquisition of the remaining 50% stake in Lusail Golf Development for a purchase consideration of QAR2.48bn. Following the acquisition, BRES now holds a 100% stake in Lusail Golf Development. (Bloomberg)
- **QATI establishes fully owned EU subsidiary** – Qatar Insurance Company (QATI) has established a fully-owned Malta-based European Union (EU) subsidiary, QIC Europe Limited (QEL), through which it aims to enhance its property, casualty and specialty insurance cover in the EU and other non-EU European jurisdictions. QEL will become a key strategic platform for the group to underwrite European Economic Area risks by leveraging the group's other platforms as Qatar Re and Antares. Meanwhile, the global ratings agency Standard & Poor's has assigned an "A" rating (stable) to QEL based on the parental guarantee provided by QATI. (Gulf-Times.com)

## National Accounts

Nominal GDP (QAR bn)	2010	2011	2012	2013	Q3 14	YoY%	QoQ%
<b>Total</b>	<b>455.4</b>	<b>618.1</b>	<b>693.3</b>	<b>739.6</b>	<b>193.1</b>	<b>4.1%</b>	<b>1.8%</b>
Oil & Gas	239.7	359.2	392.7	401.2	95.3	-4.3%	-1.5%
Non-Oil	215.7	258.9	300.6	338.3	97.8	13.9%	5.3%
Agriculture and Fishing	0.5	0.6	0.6	0.7	0.2	10.0%	1.2%
Industry	70.4	87.4	104.8	111.8	32.1	13.3%	3.3%
Manufacturing	40.8	56.7	70.2	72.1	20.2	9.0%	3.7%
Electricity, Gas and Water	2.1	2.4	3.4	3.8	1.2	9.2%	6.9%
Construction	27.5	28.3	31.2	35.9	10.8	22.9%	2.1%
Services	140.9	166.8	190.5	221.1	63.9	14.4%	4.9%
Trade, Restaurants and Hotels	31.5	35.6	39.1	45.5	14.1	14.6%	21.7%
Transport and Communications	18.1	21.0	23.5	25.9	7.3	12.6%	11.4%
Financial and Business Services	60.3	70.3	76.6	90.6	27.0	19.9%	-1.8%
Social Services	4.5	5.0	5.8	6.4	1.7	9.5%	0.5%
Government Services	37.4	46.2	60.1	69.8	19.2	9.0%	1.2%
Household Services	1.9	2.0	2.3	2.7	0.8	16.6%	-2.3%
Imputed Bank Service Charges	-12.7	-13.4	-16.8	-19.9	-5.2	18.6%	-14.1%
Import Duties	3.8	3.9	4.6	4.8	0.8	1.9%	3.8%

Source: MDPS

Real GDP (% change, YoY)	2009	2010	2011	2012	2013	Q3 14	QoQ%
<b>Total</b>	<b>12.0</b>	<b>16.7</b>	<b>13.0</b>	<b>6.0</b>	<b>6.3</b>	<b>6.0</b>	<b>3.9</b>
Oil & Gas	4.5	28.9	15.6	1.3	0.1	-2.8	1.3
Non-Oil	17.6	8.6	10.9	10.0	11.1	12.0	5.5
Agriculture and Fishing	-17.0	19.7	5.4	4.5	6.9	9.6	0.9
Industry	6.1	23.4	13.9	4.2	3.3	13.4	2.6
Manufacturing	13.7	17.6	10.4	10.7	5.6	7.3	3.9
Electricity, Gas and Water	-0.4	13.5	7.9	10.6	6.4	10.7	11.7
Construction	6.9	9.5	10.5	10.6	13.6	18.5	1.0
Services	21.9	6.9	10.3	10.8	13.1	11.4	7.4
Trade, Restaurants and Hotels	15.7	2.5	12.9	6.7	12.8	13.7	20.9
Transport and Communications	22.7	10.2	12.4	12.4	9.7	10.5	11.7
Financial and Business Services	25.8	7.4	6.3	11.4	14.3	13.7	-1.9
Social Services	21.5	1.9	3.0	9.2	6.7	9.4	0.5
Government Services	23.6	8.7	13.1	12.8	15.1	8.7	1.2
Household Services	4.3	2.2	0.8	6.0	10.3	10.5	0.4
Imputed Bank Service Charges	1.0	3.3	33.4	8.2	22.1	13.3	-9.5
Import Duties	-11.3	17.8	-1.1	20.5	1.7	5.2	0.1

Source: MDPS

Note: Data which is new or revised this month is shown in red.

## Balance of Payments

Balance of Payments (USD bn)	2010	2011	2012	2013	Q3 14
<b>Current Account Balance</b>	<b>24.0</b>	<b>52.0</b>	<b>62.0</b>	<b>62.6</b>	<b>12.7</b>
Trade Balance (Goods)	54.0	87.4	102.2	105.5	24.8
Exports	75.0	114.3	133.0	136.9	32.7
Imports	-20.9	-26.9	-30.8	-31.5	-7.9
Invisibles	-30.1	-35.4	-40.2	-42.9	-12.1
Services	-5.8	-9.5	-14.0	-16.3	-5.0
Income	-12.9	-13.3	-12.1	-11.3	-2.7
Transfers	-11.4	-12.7	-14.1	-15.2	-4.4
<b>Capital &amp; Financial Account Balance</b>	<b>-10.7</b>	<b>-62.6</b>	<b>-44.4</b>	<b>-54.5</b>	<b>-11.3</b>
Capital Account	-2.1	-3.6	-6.1	-4.8	-1.4
Financial Account	-8.6	-59.0	-38.3	-49.7	-9.8
Direct Investment (outwards)	-1.9	-6.0	-1.8	-8.0	-1.6
Direct Investment (into Qatar)	4.7	-0.1	0.3	-0.8	0.3
Portfolio investment (net)	-	-18.9	2.8	-14.3	-6.7

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	2013
Japan	15.5	21.5	29.9	36.9	39.9
Korea	6.9	12.0	20.1	24.7	24.6
India	4.0	6.4	10.9	14.6	14.3
European Union	4.4	10.1	18.2	13.1	12.7
China	0.9	2.2	4.5	6.8	8.9

Top 5 Import Sources (USD bn)	2009	2010	2011	2012	2013
European Union	8.1	7.4	6.7	6.8	7.3
United States	3.1	2.7	2.6	2.8	3.2
United Arab Emirates	1.8	1.6	1.8	2.0	2.0
Saudi Arabia	1.3	1.2	1.2	1.2	1.2
United Kingdom	1.1	1.2	1.1	1.1	1.3

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

Crude oil (USD / barrel)	2010	2011	2012	2013	Dec-14	MoM%	YoY%
Oil production ('000 bpd)	733.0	734.0	733.7	724.0	684.0	0.4%	-5.4%
Qatar average price	77.7	108.4	111.2	108.2	58.9	-21.4%	-47.0%
Dukhan	78.4	109.7	111.8	108.8	60.3	-20.9%	-46.6%
Marine	77.2	107.5	110.6	107.6	58.3	-21.7%	-47.2%

Source: Organisation of the Petroleum Exporting Countries (OPEC), Reuters

## Budget, Population, Money & Prices

Government Budget (% of GDP) 1/	2010	2011	2012	2013
Balance	2.7	7.8	11.4	15.6
Revenue	34.3	36.0	41.1	47.0
Expenditure	31.6	28.2	29.7	31.4

Population (m people in Qatar)	2010	2011	2012	2013	Jan-15	MoM%	YoY%
Total	1.72	1.73	1.83	2.00	2.22	-0.5%	10.3%

Source: MDPS; Monthly data based on number of people in Qatar and annual data based on residency

Inflation (% ch, 12mth rolling average YoY)	2010	2011	2012	2013	Dec-14	MoM%	YoY%
<b>Overall</b> (weights shown in brackets below)	<b>-2.4</b>	<b>1.9</b>	<b>1.9</b>	<b>3.1</b>	<b>3.0</b>	<b>-0.3</b>	<b>2.7</b>
Food, beverages & tobacco (13.2%)	2.1	4.3	3.7	2.3	0.4	-0.4	-0.4
Clothing & footwear (5.8%)	-1.3	7.5	2.8	0.2	2.8	-0.1	2.7
Rents, water & maintenance (32.2%)	-12.8	-4.8	-3.3	5.8	7.0	0.0	7.4
Furniture, textiles & appliances (8.2%)	4.1	2.9	4.9	3.1	4.5	-0.3	3.5
Health care (2.0%)	3.5	2.6	1.5	2.3	0.9	0.0	0.8
Transport & communication (20.5%)	2.6	6.4	2.3	1.4	1.8	-0.5	1.2
Entertainment, leisure & culture (10.9%)	2.9	2.0	6.0	7.3	1.7	-1.0	0.4
Miscellaneous goods & services (7.2%)	4.7	5.6	4.8	-2.5	-0.7	0.0	0.4

Source: MDPS

Money Supply (QAR bn)	2010	2011	2012	2012	Dec-14
Broad money (M2)	264.7	310.0	381.1	455.7	504.0
M1	68.3	81.8	90.9	105.9	124.3
Quasi-money	196.4	228.1	290.1	349.8	379.8

Interest rates (% , end period)	2010	2011	2012	2013	Dec-14	MoM bp	YoY bp
QCB deposit	1.50	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	1.39	0.74	0.77	0.85	0.73	1.1	-12.1
Demand deposit	1.34	0.62	0.65	0.58	0.54	1.4	-3.2
Overdraft	8.19	7.42	6.63	6.10	5.35	-1.4	-75.1
Credit card	19.92	10.69	9.11	8.13	9.64	-12.3	151.0

Source: QCB

1/ Fiscal year data ending March 31.



## Banking Sector Snapshot : December 2014

### Review and Outlook

The loan book increased by 4.9% month-on-month (up 13.1% year-on-year in 2014) while deposits inched up by 0.3% month-on-month (+9.6% year-on-year in 2014) in the month of December 2014. Private sector pushed total credit growth up 4.2% month-on-month (up 20.4% year-on-year for 2014). Moreover, deposits gained by 0.3% month-on-month taking the overall 2014 growth to 9.6%.

The public sector deposits decreased by 6.8% month-on-month (down 0.9% in 2014) for the month of December 2014. Delving into segment details, the government institutions' segment (represents ~57% of public sector deposits) declined by 8.1% month-on-month (up 4.2% in 2014). Moreover, the semi-government institutions' segment posted a modest decline of 0.9% month-on-month (up 4.8% in 2014). Furthermore, the government segment decreased by 7.6% month-on-month (down 13.2% in 2014).

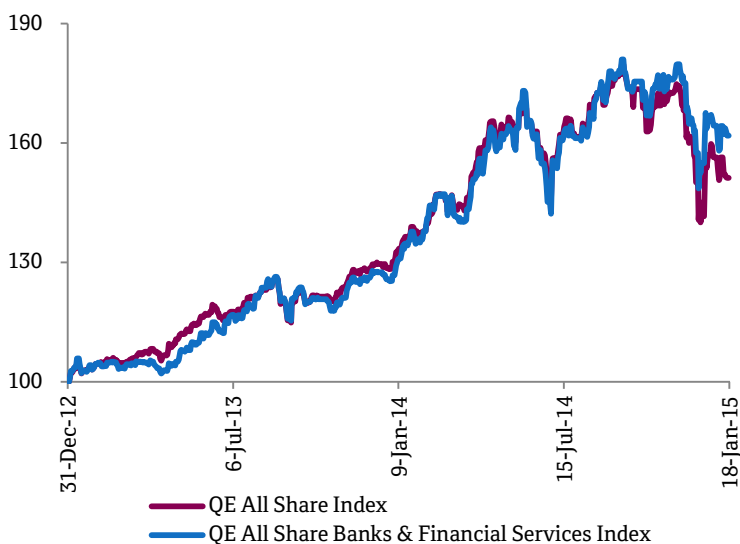
On the other hand, private sector deposits increased by 4.1% month-on-month (+14.1% in 2014). On the private sector front, the companies & institutions' segment increased by 7.3% month-on-month (+17.1% in 2014) while the consumer segment posted a modest growth of 1.1% month-on-month (up 11.3% in 2014). Non-resident deposits grew by 13.1% month-on-month (+43.3% in 2014).

The overall loan book posted a strong performance. Total domestic public sector loans increased by 5.8% month-on-month (still down 2.6% in 2014). The government segment's loan book went up by 26.2% month-on-month. Moreover, the government institutions' segment (represents ~60% of public sector loans) grew by 5.6% month-on-month and is still down 7.9% in 2014. However, the semi-government institutions' segment declined by 22.1% month-on-month (down 7.4% in 2014). Hence, the government and government institutions pushed the overall loan book up for the month of December 2014.

Private sector loans gained by 4.2% month-on-month and are up 20.4% in 2014. Real Estate followed by Consumption & Others and Services positively contributed toward the loan growth. Real Estate (contributes ~27% to private sector loans) increased by 5.9% month-on-month. Consumption & Others (contributes ~29% to private sector loans) increased by 4.1% month-on-month. Services (contributes ~21% to private sector loans) increased by 5.0% month-on-month.

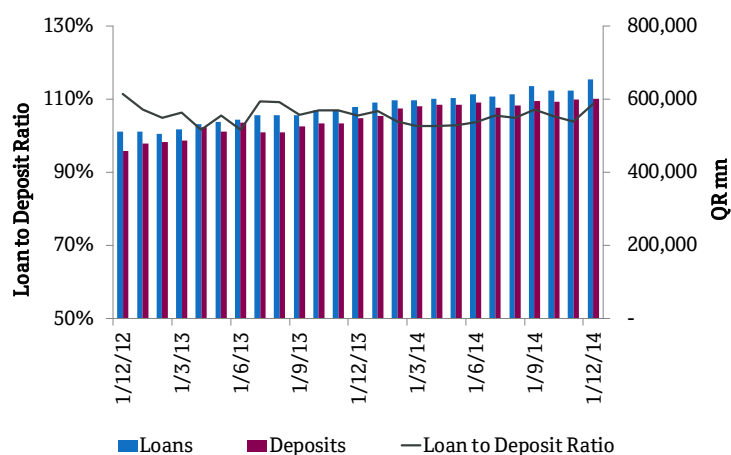
Overall for 2014, Consumption & Others followed by General Trade and Services were the biggest contributors to the loan book growth. Consumption & Others increased by 22.2% in 2014. General Trade grew by 34.0% in 2014. Services segment grew by 21.3% in 2014. The Industry segment only witnessed a 5.7% year-on-year increase 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 (QAR)	P/E 2014E (x)	P/B 2014(x)	Dividend Yield 2014 (%)
QE Banks & Financial Services Index	3,173.85	(0.94)		14.7	2.2	3.9
Al Ahli Bank (ABQK)	56.00	2.56	3.8	14.6	2.1	4.5
Al Khalij Commercial Bank (KCBK)	21.50	(2.49)	1.7	13.0	1.3	4.7
Commercial Bank of Qatar (CBQK)	67.50	(1.46)	7.3	9.3	1.2	3.0
Doha Bank (DHBK)	57.00	-	5.8	9.9	1.5	6.1
Masraf Al Rayan (MARK)	45.15	2.15	2.9	15.6	2.8	4.4
Qatar International Islamic Bank (QIIK)	79.30	(2.94)	6.0	13.3	2.0	5.0
Qatar Islamic Bank (QIBK)	107.10	4.79	6.8	15.8	2.0	4.7
Qatar National Bank (QNBK) *	205.10	(3.66)	16.8	12.2	2.5	3.6

Source: QNBFS estimates, Bloomberg estimates (\*) and data (as of January 18, 2015)

Banking Sector Indicators									
(In QR mn)	2012	2013	Mar-14	Jun-14	Sep-14	Nov-14	Dec-14	Change MoM	Change YTD
Total Assets	820,512	915,911	952,148	961,850	989,349	984,966	1,011,702	2.7%	10.5%
Total Credit (Loans)	510,048	577,976	596,344	613,500	636,348	623,069	653,418	4.9%	13.1%
Total Deposits	458,066	548,384	581,000	591,397	594,192	599,464	601,074	0.3%	9.6%
<b>Loan to Deposit Ratio</b>	<b>111%</b>	<b>105%</b>	<b>103%</b>	<b>104%</b>	<b>107%</b>	<b>104%</b>	<b>109%</b>		
<b>Credit Facilities (Geographic)</b>									
Total Domestic Credit	478,305	535,657	550,417	556,628	575,576	562,483	589,739	4.8%	10.1%
Total International Credit	31,743	42,319	45,927	56,872	60,772	60,586	63,679	5.1%	50.5%
<b>Domestic Credit Facilities - Public Sector</b>									
Government	51,746	56,549	67,288	61,191	69,023	51,300	64,737	26.2%	14.5%
Government Institutions	139,585	152,516	150,361	144,287	136,462	132,944	140,427	5.6%	-7.9%
Semi-Government Institutions	27,222	30,679	28,617	34,624	34,351	36,459	28,400	-22.1%	-7.4%
<b>Total Domestic Public Sector Credit</b>	<b>218,553</b>	<b>239,745</b>	<b>246,266</b>	<b>240,102</b>	<b>239,836</b>	<b>220,703</b>	<b>233,564</b>	<b>5.8%</b>	<b>-2.6%</b>
<b>Domestic Credit Facilities - Private Sector</b>									
General Trade	33,280	36,011	39,610	38,774	43,257	48,015	48,257	0.5%	34.0%
Industry	9,339	11,592	10,440	10,828	11,440	11,732	12,253	4.4%	5.7%
Contractors	16,546	23,331	26,458	26,309	28,504	29,308	30,367	3.6%	30.2%
Real Estate	85,562	85,388	85,113	84,804	88,392	89,823	95,142	5.9%	11.4%
Consumption & Others	78,587	87,020	89,049	93,637	100,794	102,148	106,363	4.1%	22.2%
Services	36,438	52,570	53,480	62,174	63,353	60,754	63,792	5.0%	21.3%
<b>Total Domestic Private Sector Credit</b>	<b>259,752</b>	<b>295,912</b>	<b>304,151</b>	<b>316,526</b>	<b>335,740</b>	<b>341,781</b>	<b>356,175</b>	<b>4.2%</b>	<b>20.4%</b>
<b>Deposit Details (Geographic)</b>									
Resident Deposits	417,337	514,804	550,048	558,245	560,378	556,900	552,955	-0.7%	7.4%
Non-resident Deposits	40,729	33,579	30,952	33,153	33,814	42,563	48,119	13.1%	43.3%
<b>Deposits - Public Sector (Domestic)</b>									
Government	44,557	68,459	76,856	84,935	81,169	64,356	59,445	-7.6%	-13.2%
Government Institutions	104,378	124,390	135,485	126,889	137,862	141,075	129,609	-8.1%	4.2%
Semi Government Institutions	31,794	37,283	25,341	30,429	33,894	39,445	39,082	-0.9%	4.8%
<b>Total Public Sector Deposit</b>	<b>180,729</b>	<b>230,131</b>	<b>237,682</b>	<b>242,253</b>	<b>252,925</b>	<b>244,875</b>	<b>228,136</b>	<b>-6.8%</b>	<b>-0.9%</b>
<b>Deposits - Private Sector (Domestic)</b>									
Personal	116,257	145,841	162,317	162,406	158,837	160,492	162,251	1.1%	11.3%
Companies & Institutions	120,350	138,833	150,048	153,585	148,615	151,533	162,567	7.3%	17.1%
<b>Total Private Sector Deposit</b>	<b>236,607</b>	<b>284,673</b>	<b>312,366</b>	<b>315,991</b>	<b>307,452</b>	<b>312,025</b>	<b>324,819</b>	<b>4.1%</b>	<b>14.1%</b>

Source: QCB

Qatar Exchange Monthly Performance								
Company Name	Price (January 29)	% Change 5-Day	% Change YTD	Market Cap. QR Million	TTM P/E	P/B	Div. Yield	
Qatar National Bank	198.00	4.16	(7.00)	138,546	13.2	2.4	3.5	
Qatar Islamic Bank	103.00	(0.48)	0.78	24,338	15.3	1.9	3.9	
Commercial Bank of Qatar	67.50	3.21	(1.46)	20,043	11.1	1.2	2.5	
Doha Bank	58.50	1.74	2.63	15,115	11.2	1.3	7.7	
Al Ahli Bank	56.40	(4.24)	3.30	9,317	15.5	2.2	N/A	
Qatar International Islamic Bank	77.50	(1.27)	(5.14)	11,731	14.5	2.2	4.8	
Masraf Al Rayan	44.80	2.05	1.36	33,600	16.8	3.0	3.3	
Al Khaliji Bank	21.73	0.14	(1.45)	7,823	13.8	1.4	4.6	
National Leasing	20.60	(4.36)	3.00	1,019	25.4	0.8	7.3	
Dlala Holding	43.00	(4.87)	0.47	955	12.0	3.2	N/A	
Qatar & Oman Investment	15.32	2.13	(0.52)	483	19.2	1.3	3.9	
Islamic Holding Group	120.00	(5.66)	(3.61)	480	29.9	7.1	1.4	
<b>Banking and Financial Services</b>				<b>263,450</b>				
Zad Holding	87.50	3.92	4.17	1,145	10.6	0.9	4.0	
Qatar German Co. for Medical Devices	9.57	(0.31)	(5.71)	111	N/M	0.7	N/A	
Salam International Investment	16.40	2.50	3.47	1,875	25.6	1.1	6.1	
Medicare Group	124.00	0.49	5.98	3,490	23.4	4.1	1.5	
Qatar Cinema & Film Distribution	43.70	8.98	(0.68)	250	21.0	1.7	N/A	
Qatar Fuel	212.00	0.24	3.77	17,905	15.6	2.7	3.6	
Qatar Meat and Livestock	59.20	(2.95)	(1.99)	1,066	19.9	4.2	3.5	
Al Meera Consumer Goods	200.00	(1.23)	0.00	4,000	14.8	2.9	4.0	
<b>Consumer Goods and Services</b>				<b>29,840</b>				
Qatar Industrial Manufacturing	45.70	2.01	5.42	2,172	11.1	1.4	N/A	
Qatar National Cement	133.00	1.29	0.76	6,530	14.6	2.5	4.5	
Industries Qatar	149.20	2.83	(11.19)	90,266	14.1	2.8	7.4	
Qatari Investors Group	38.40	(0.52)	(7.25)	4,774	22.4	2.2	2.0	
Qatar Electricity and Water	188.50	(2.84)	0.53	20,735	13.2	3.1	3.6	
Mannai Corp.	103.50	0.00	(5.05)	4,722	8.9	2.3	5.3	
Aamal	14.55	7.86	(4.21)	8,730	16.1	1.2	N/A	
Gulf International Services	100.00	4.49	2.99	18,584	18.6	5.2	1.6	
Mesaieed Petrochemical Holding	27.30	0.74	-7.5	34,297	N/A	2.4	1.3	
<b>Industrials</b>				<b>190,810</b>				
Qatar Insurance	88.00	4.76	(2.87)	14,128	14.1	2.5	2.3	
Doha Insurance	26.00	(6.31)	(10.34)	1,300	10.1	1.2	7.7	
Qatar General Insurance & Reinsurance	58.90	1.55	(0.17)	4,074	2.7	0.7	2.1	
Al Khaleej Takaful Insurance	51.80	3.81	1.97	1,150	13.1	1.6	N/A	
Qatar Islamic Insurance	80.40	(0.12)	1.77	1,206	14.7	4.0	4.7	
<b>Insurance</b>				<b>21,858</b>				
United Development	24.11	0.29	2.20	8,537	22.7	0.8	4.0	
Barwa Real Estate	44.05	(0.68)	5.13	17,141	12.5	1.2	4.5	
Ezdan Real Estate	14.51	(0.07)	(2.75)	38,488	28.6	1.2	2.1	
Mazaya Qatar Real Estate Development	20.12	(0.89)	5.07	2,012	9.4	1.6	3.7	
<b>Real Estate</b>				<b>66,178</b>				
Qatar Telecom	115.00	0.17	(7.18)	36,837	14.5	1.5	3.5	
Vodafone Qatar	14.90	0.13	(9.42)	12,596	N/M	2.3	1.1	
<b>Telecoms</b>				<b>49,433</b>				
Qatar Navigation (Milaha)	100.00	3.63	0.50	11,453	11.4	0.9	5.0	
Gulf Warehousing	56.00	1.82	(0.71)	2,663	19.0	3.1	2.7	
Qatar Gas Transport (Nakilat)	23.40	(0.34)	1.30	13,104	14.9	3.3	4.7	
<b>Transportation</b>				<b>27,220</b>				
<b>Qatar Exchange</b>				<b>648,789</b>				

Source: Bloomberg, \* Trailing Twelve Months

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