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News Headlines

Economic News

- Qatar to boost government spending
- QCB continues T-bills issuance
- Qatar Rail awards Package for Doha metro
- Key contracts for Doha metro and Doha port imminent
- Airport opening put off for 4-6 months
- Qatar consumer prices up

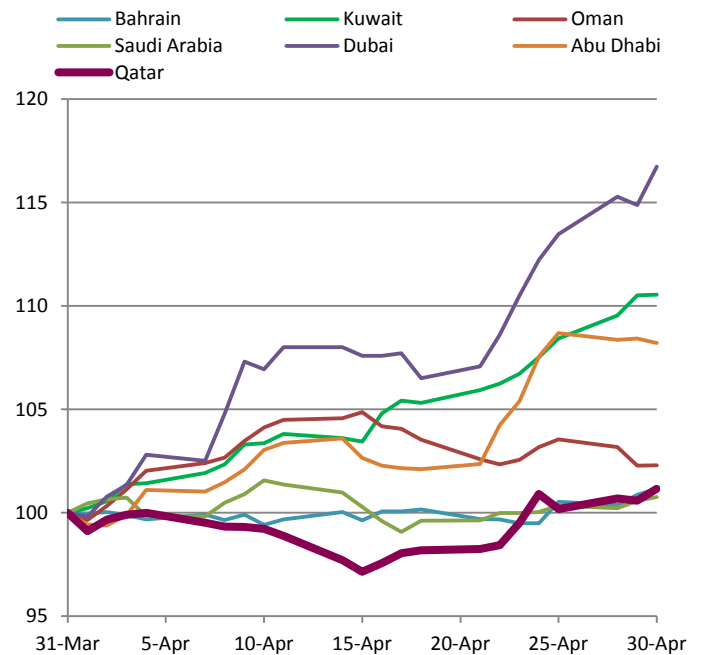
Private Sector (finance)

- Qatar banking system poised for steady growth
- QNB Group stake in NSGB reaches 97.1%
- Commercialbank plans bond sale to boost capital
- Doha Bank seeks to double overseas profits by 2015
- Doha Bank opens office in Australia
- Barwa Bank capital hike through rights issue and IPO
- EFG-Hermes: QInvest deal at
- QNB Group's net profit up by 6.7% in 1Q2013
- Ahli Bank net income soars 37.5% QoQ
- Doha Bank net income up by 1.4% in 1Q2013
- Commercialbank net profit increases 13.1%
- Masraf Al Rayan net income down by 4.8% QoQ
- International Islamic 1Q2013 net income up by 25.0%
- Al Khaliji net profit down by 1.7% QoQ

Private Sector (other)

- Ooredoo secures \$1bn credit facility
- Fitch affirms Ooredoo's ratings
- Vodafone Qatar appoints new CEO
- Doha Global Investment Company IPO in May
- Mazaya Qatar to invite tenders for Marina Mall
- Qatar Navigation to increase port capacity
- Qatar and South Korea to set up LED factory
- Nakilat 1Q2013 results
- Qatar Insurance reports net profit 1Q2013
- Industries Qatar 1Q2013 earnings
- Qatar Electricity and Water Co. net profit 1Q2013
- Qatar national Cement Co. net profit 1Q2013
- Qatar Industrial Manufacturing Co. net profit 1Q2013
- Al Meera net profit 1Q2013

Stockmarket Indices (rebased with 31 Mar 2013 = 100)



GCC markets posted positive returns across the board during April 2013 with Dubai leading the pack. The DFMGI Index gained 16.7% after shedding 5.1% in March. Index gains were primarily led by Dubai Islamic Bank, Emaar and Emirates NBD. The second best performing market was Abu Dhabi with a gain of 8.2% vs. a modest decline of -0.6% in March. Moreover, the Kuwait market cap weighted index climbed by 5.13% due to an improving political climate (gains were led by index heavyweights Kuwait Finance House (KFH) and National Bank of Kuwait (NBK)). On the other hand, Oman (MSM Index) grew by 2.3%, while Qatar (DSM Index) and Bahrain witnessed modest growth of 1.16% and 1.15%, respectively.

Shifting focus to the Qatari equity market, QE Index heavyweight Industries Qatar (IQCD) continued to exhibit strong performance during the month. IQCD returned 6.96% on the back of better than expected 1Q2013 results. On the Qatari banking front, banking sector data for 1Q2013 showed an improvement in liquidity.

Qatar Economic Insight 2013



QNB will shortly be publishing the Qatar Economic Insight 2013, providing an overview of Qatar's economy, with historical data, in-depth analysis and forecasts.

The report will be available [online here](#).

National Accounts

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

Source: QSA

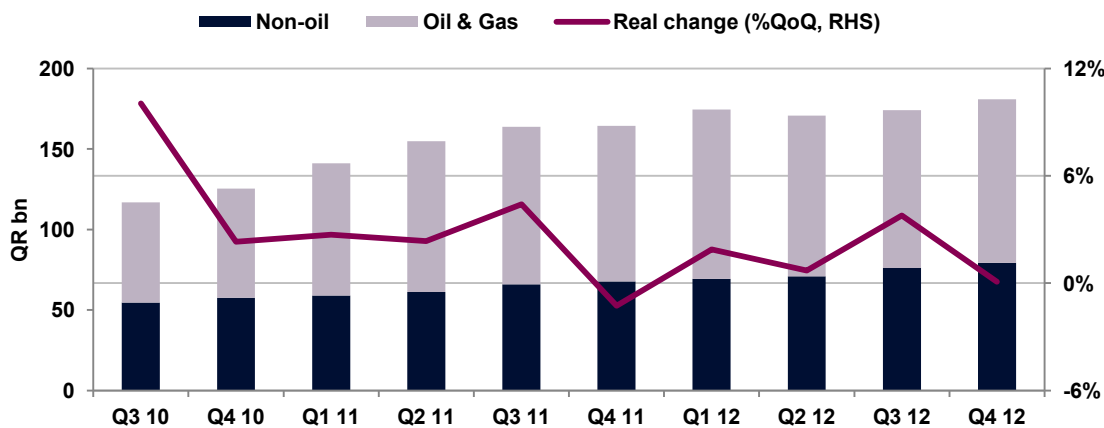
The non-oil sector is currently driving growth, particularly manufacturing and government services.

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

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

Source: QSA and QNB Group Forecasts for 2012

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

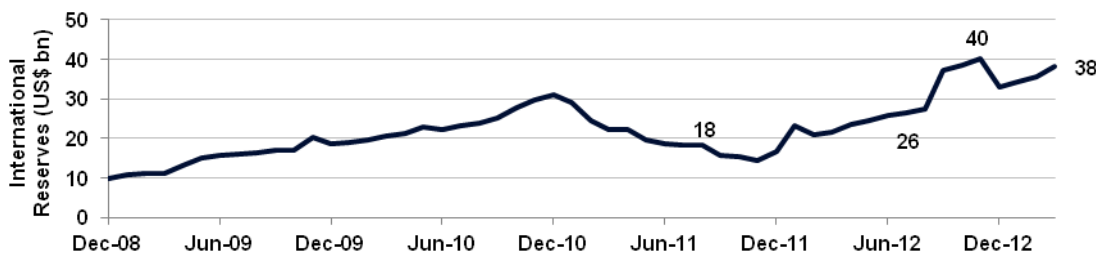


N.B. Data which is new or revised this month is shown in red.

Balance of Payments

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

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



International reserves have risen from US\$33bn at end 2012 to US\$38bn in March 2013.

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

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

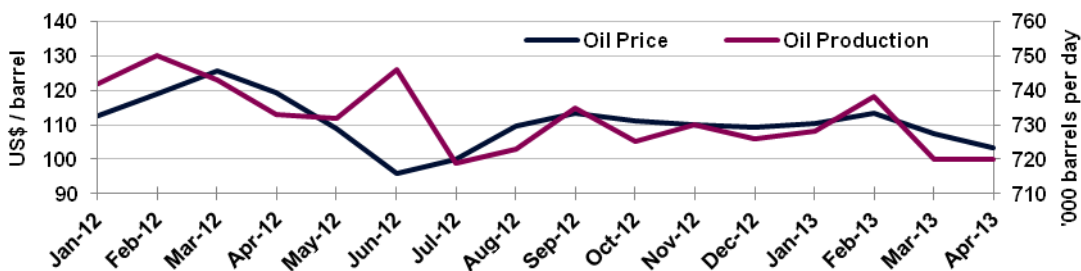
Exports to China have increased rapidly due to new LNG deliveries.

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

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

Crude oil (US\$ / barrel)	2009	2010	2011	2012	Apr-13	MoM%	YoY%
Oil production ('000 bpd)	781.0	733.0	734.0	733.7	720.0	1.4%	-1.6%
Qatar average price	62.0	77.7	108.4	111.2	103.5	1.1%	-2.2%
Dukhan	62.6	78.4	109.7	111.8	104.4	1.0%	-2.3%
Marine	61.6	77.2	107.5	110.6	102.5	1.1%	-2.2%

Crude production has declined in April having been relatively flat in previous months.



Source: OPEC (Direct communications), Reuters, MEES

Budget and Population

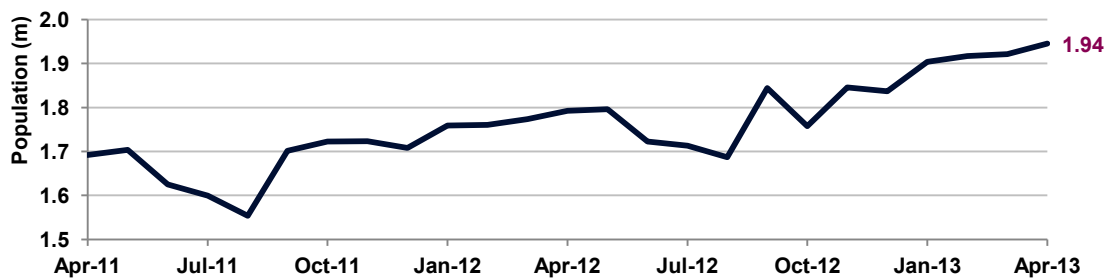
Government Budget (QR bn)	2008/09	2009/10	2010/11	2011/12	Q3-12	QoQ%	YoY%
Balance	41.3	53.7	13.2	37.6	94.6		
% of GDP	10.0%	15.2%	3.0%	8.7%	54.3%		
Revenue	140.6	168.8	155.5	203.4	135.3	1128.0%	73.5%
Expenditure	99.2	115.0	142.4	165.8	40.8	38.1%	13.7%

The rise in revenue and expenditure is partly seasonal

Population (m people in Qatar)	2009	2010	2011	2012	Apr-13	MoM%	YoY%
Total	1.64	1.72	1.73	1.83	1.94	1.3%	8.5%
Male	1.27	1.30	1.30	1.37	1.44	1.0%	8.3%
Female	0.37	0.42	0.43	0.46	0.51	2.1%	9.1%

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

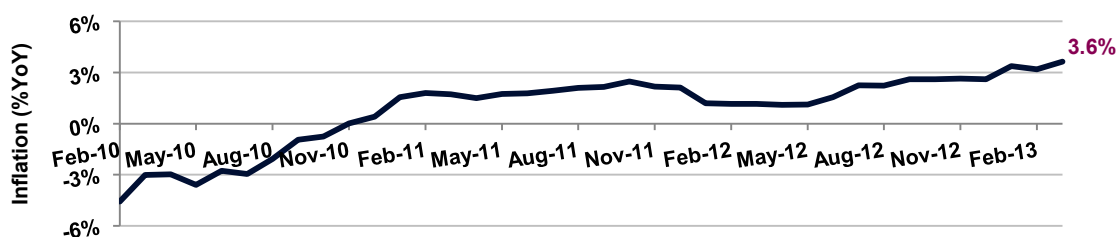
Source: QSA; Monthly data is based on those physically in Qatar, based on entries and exits over the borders, while the annual series relates to residency



Money and Prices

Inflation (% ch, 12mth average YoY)	2009	2010	2011	2012	Mar-13	MoM%	YoY%
Overall (weights shown below)	-4.9	-2.4	1.9	1.9	2.4	0.4	3.6
Food, beverages & tobacco (13.2%)	1.3	2.1	4.3	3.7	3.6	0.7	2.6
Clothing & footwear (5.8%)	-4.5	-1.3	7.5	2.8	1.8	-0.5	0.2
Rents, water & maintenance (32.2%)	-12.0	-12.8	-4.8	-3.3	-0.5	0.7	5.5
Furniture, textiles & appliances (8.2%)	-2.0	4.1	2.9	4.9	4.9	0.3	4.9
Health care (2.0%)	1.7	3.5	2.6	1.5	1.5	0.0	2.2
Transport & communication (20.5%)	-4.4	2.6	6.4	2.2	2.0	0.6	1.9
Entertainment, leisure & culture (10.9%)	-1.2	2.9	2.0	6.0	6.7	0.9	8.7
Miscellaneous goods & services (7.2%)	7.3	4.7	5.6	4.8	3.0	-0.5	-0.6

Rents have started to go up again after remaining flat in February



Source: QSA

Money Supply (QR bn)	2009	2010	2011	2012	Mar-13	MoM%	YoY%
Broad money (M2)	215.1	264.7	310.0	381.1	417.0	2.1%	37.4%
M1	53.1	68.3	81.8	90.9	99.3	-2.4%	15.4%
Quasi-money	162.0	196.4	228.1	290.1	317.6	3.5%	46.0%

Interest rates (% end period)	2009	2010	2011	2012	Mar-13	MoM bp	YoY bp
QCB deposit	2.0	1.5	0.8	0.8	0.8	0	0
QCB lending	5.5	5.5	4.5	4.5	4.5	0	0
Interbank overnight	2.0	1.4	0.7	0.8	0.8	3	3
Demand deposit	2.0	1.3	0.6	0.7	0.6	-6	4
Overdraft	8.8	8.2	7.4	6.6	6.5	4	-97
Credit card	20.0	19.9	10.7	9.1	8.5	-9	-36

Feature analysis: Balance of Payments and Trade Direction 2012

Balance of Payments

Qatar’s overall balance of payments rebounded from a deficit of US\$14bn in 2011 to a surplus US\$16bn in 2012 (Fig 1). The 2011 deficit was mainly due to direct, portfolio and other investments abroad. This occurred despite the rapid expansion in exports revenue, which had almost doubled since 2008 to reach US\$133bn in 2012, driven by higher hydrocarbon prices and increased production of gas and related products.

The overall balance of payments is reflected by the changes in the Qatar Central Bank’s (QCB) international reserves. QCB’s international reserves have been steadily increasing since 2000 as foreign exchange receipts from exports grew. The pullback in reserves in 2011 was largely due to capital outflows for the purchase of foreign assets. The recovery in reserves in 2012 occurred as the rate of investment outflows slowed.

Foreign Exchange Reserves

QCB’s foreign exchange reserves were at US\$33.1bn as at year-end 2012. This would provide cover for over 16 months of imports, which is well above the IMF suggested minimum of three months. We forecast international reserves to move up gradually in 2013-14, even though investments overseas remain strong.

Current Account

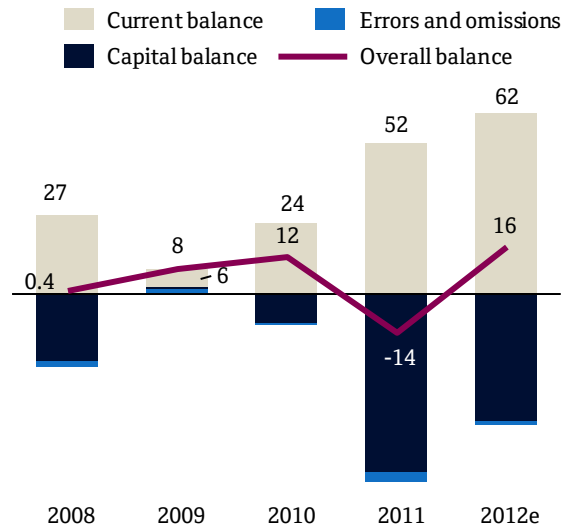
Qatar’s current account surplus has expanded, driven by strong export growth of 19% from 2008-12. Partially offsetting this increase, imports have grown at a rate of 5% during the same period and non-physical transfers abroad have grown. Non-physical outflows increased by 27% from 2008-12, mainly owing to an increase in the repatriation of workers’ remittances and company profits as corporate and individual incomes have risen in line with Qatar’s rapid economic growth. Transportation services payments are also a significant outflow under the current account, mainly consisting of transport costs related to the export of hydrocarbons and imports of goods.

Direction of Trade

Over 75% of Qatar’s exports are directed toward the Asian region. Japan, South Korea and India are the leading export destinations for Qatar (Fig 2), due to their demand for LNG.

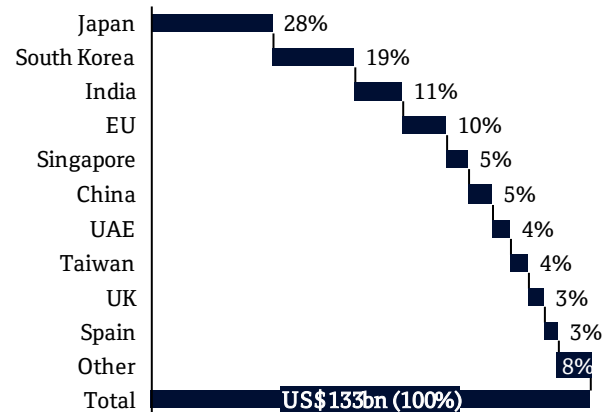
The US is the leading import source for Qatar (Fig 3), although the EU countries collectively supply 26% of imports. The main import is machinery.

Fig 1: Balance of Payments (2008-12)



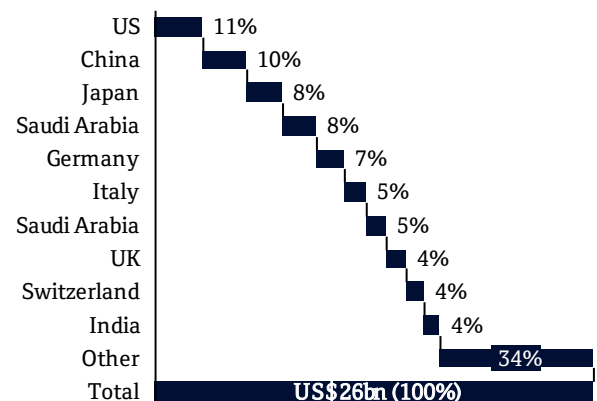
Source: QCB and QNB Group analysis

Fig 2: Export Destinations (2012)



Source: QSA and QNB Group analysis

Fig 3: Import Sources (2012)



Source: QSA and QNB Group analysis

Economic News

- Qatar to boost government spending** – Qatar’s budget for 2013-14 envisages a government spending of QR210.6bn, up 18% over the previous year. Qatar’s Economy and Finance Minister HE Yousef Hussain Kamal has said the budget, with proposed revenue of QR218.1bn, would be based on a conservative oil price of \$65 a barrel. Qatar’s infrastructure building plans envisage spending of about \$140bn through 2022, which will be spent on a rail system, new roads, a new airport (Hamad International including its further expansion) and a seaport, in addition to stadiums for the 2022 FIFA World Cup. (Gulf-Times.com)
- QCB continues T-bills issuance**– The Qatar Central Bank (QCB) issued treasury bills for a period of 91 days, 182 days and 275 days on April 2, 2013. The total amount of issuance is QR4bn. (QCB)
- Qatar Rail awards Package for Doha metro** – Qatar Rail has awarded the first major construction contracts for the Doha Metro project. A consortium including Italian contractor Impregilo, South Korean firm SK Engineering and Oman-based firm Galfar Engineering has been awarded the Red Line North Package. This consortium will be responsible for constructing the underground tunnel for the northern section of the metro. Another consortium including Turkish firms Yapi Merkezi, STFA and Greek firm Aktor has been awarded the contract to build two major stations at the Msheireb Downtown Doha development and Education City. Meanwhile, contracts for the Red Line South, Green Line and Golden Line are expected to be awarded soon. (Bloomberg)
- Key contracts for Doha metro and Doha port imminent** – Three contracts covering underground packages of the metro line and two major station packages are all due to be awarded within the coming weeks. Three packages for elevated sections of the track are due to be awarded by the end of the second quarter of 2013. Furthermore, in other news, a wave of new contracts are set to be awarded at Doha’s New Port project as work progresses throughout 2013. The project has three of the largest contractors signed up already, and they have got another three to sign within the next few months. He added that the level of contracts set to be awarded to contractors by year end is likely to reach around \$3.3bn. (Constructionweekonline.com)
- Airport opening put off for 4-6 months** – The Hamad International Airport (HIA) could take anywhere between four to six months to become functional after meeting all the safety conditions stipulated by the civil defense. (Qatar-Tribune)
- Qatar consumer prices up** – The Qatar Statistics Authority said the consumer price index in Qatar climbed 3.6% YoY to 113.9 in March 2013. The biggest increase was on account of entertainment, recreation and culture segment, which rose 8.7% YoY. Rent, fuel & energy segment added 5.5%, while miscellaneous goods & services segment declined 0.6%. (Bloomberg)

Private Sector News

Finance

- Qatar banking system poised for steady growth** – Moody’s Investors Service said the outlook for Qatar’s banking system remains stable, a reflection of the country’s economic environment and a low level of non-performing loans. Moody’s said the government’s extensive infrastructure investment program will boost business opportunities for banks over the next 12-18 months period and lead to lending growth of around 20-25%. Moody’s expects NPLs to remain at around 2% of gross loans over the next 12-18 months. The banking system’s Tier 1 ratio is expected to decline to 15-16% by end-2013, from around 19% in September 2012, as banks continue to finance their fast growing balance sheets domestically and abroad. The ratings agency’s Stable banking system outlook is aligned with the stable outlooks on all five rated Qatari banks. (Moody’s, Bloomberg)
- QNB Group stake in NSGB reaches 97.1%** – QNB Group has bought an additional 19.95% stake in National Societe Generale Bank Egypt (NSGB) for 17.1bn Egyptian pound through a mandatory tender offer. With the latest purchase, QNB Group has successfully acquired a controlling stake of 97.1% in the Egyptian subsidiary of the French Societe Generale Bank. (Gulfbase.com)
- CBQK plans bond sale to boost capital** – The Commercial Bank of Qatar (CBQK) has picked Morgan Stanley and Bank of America Merrill Lynch for a Tier 1 bond sale to boost its core capital. (GulfBase.com)
- DHBK seeks to double overseas profits by 2015** – Doha Bank (DHBK) is planning to nearly double its profits from international operations by 2015. DHBK CEO R Seetharaman said the bank is aiming to increase its share of profits from overseas activities from the current 8% to 15%. (Reuters)
- DHBK opens office in Australia** – Doha Bank’s (DHBK) CEO Raghavan Seetharaman said the bank has opened an office in Australia to take advantage of the growing trade between the two countries. (Bloomberg)
- Barwa Bank capital hike through rights issue and IPO** – Barwa Bank Group’s EGM has approved the board’s proposal to increase capital through a rights issue of 50mn shares at QR20 per share and an IPO of 50mn shares at QR21 per share, after securing approvals from the Qatar Financial Markets Authority and the Ministry of Business & Trade. (AME Info, Bloomberg)
- EFG-Hermes: QInvest deal at risk** – EFG-Hermes Holding said an agreement to create a JV with Qatar’s QInvest will be at risk unless the Egyptian markets regulator approves the transaction before the accord expires. EFG-Hermes also said it is awaiting the nod from the Egyptian Financial Supervisory Authority after obtaining approval from regulators in various countries. The deal would bring FDI worth \$300mn into Egypt. (Bloomberg)
- QNB Group’s net profit up by 6.7% in 1Q2013** – QNB Group (QNBK) has reported a net profit of QR2.1bn in 1Q2013, up by 6.7% YoY. EPS stood at QR3.1 in 1Q2013 as compared to QR2.9 in 1Q2012. Total assets increased by 22.2% YoY to reach QR380bn in March 2013. Total loans & advances were up by 28.7% YoY to QR259bn, while customer deposits rose by 28.2% YoY to QR280bn. The bank was able to maintain its ratio of non-performing loans to gross loans at 1.4%, a level considered one of the lowest among banks in the MENA region. Furthermore, the Group’s capital adequacy ratio stood at 20.5%. (QNB Press release)
- ABQK net income soars 37.5% QoQ** – Ahli Bank (ABQK) generated a net profit of QR135.1mn in 1Q2013, surging 37.5% QoQ (+14% YoY). Net income was primarily driven by an increase in net interest income (+8% QoQ and +23.4% YoY) and an 80.1% QoQ drop in provisions. (QNBFS, QE)
- DHBK net income up by 1.4% in 1Q2013** - Doha Bank (DHBK) reported a net profit of QR395.3mn for 1Q2013, up 1.4% YoY. On a QoQ basis the results were up 61.7% vs. QR244.4mn in 4Q2012. This beat our estimate of QR351.2mn and Bloomberg consensus estimate of QR374.0mn on the back of lower provisions and higher income from investment securities. (QNBFS, QE)

- **CBQK net profit increases 13.1% QoQ** – Commercialbank (CBQK) announced a net profit of QR506mn in 1Q2013 (+13.1% QoQ and +7.3% YoY), exceeding Bloomberg consensus estimates (QR483mn) by 4.7%. (QNBFS, QE)
- **MARK net income down by 4.8% QoQ** – Masraf Al Rayan (MARK) reported a net profit of QR400mn for 1Q2013 vs. our estimate of QR372mn and Bloomberg consensus estimate of QR360mn. On a QoQ basis, net income was down 4.9% but on a YoY basis the bottom-line was up 13.2%. (QNBFS, QE)
- **QIHK 1Q2013 net income up by 25.0%** - Qatar International Islamic Bank (QIHK) reported a net profit of QR185.3mn for 1Q2013, up 5.6% YoY. On a QoQ basis the results were up 25.0%. The results were in line with our estimate of QR182.3mn and Bloomberg consensus estimate of QR183.0mn. The growth was driven by lower provisions and higher income from investment securities. Recent developments: Subsequent to the successful issuance of its first \$700mn sukuk in 2012, QIHK has taken an approval for another \$2bn sukuk plan from its shareholders. This is further confirmation of its aggressive intent to increase the bank's balance sheet size and loan book. (QNBFS, QE)
- **KCBK net profit down by 1.7% QoQ** – Al Khaliji (KCBK) posted a net profit of QR131.5mn in 1Q2013 vs. QR121.8mn in the same period last year, resulting in an increase of 8.0% YoY (-1.7% QoQ). Net profit was driven by net interest income coupled with fees and commissions and the absence of impairments on investments. (QNBFS, QE)

Other sectors

- **Ooredoo secures \$1bn credit facility** – Ooredoo (formerly Q-TEL) has signed a new four-year \$1bn revolving credit facility. The facility was arranged by a group of banks including the Bank of America, Bank of Tokyo-Mitsubishi, Barclays Bank, Citibank, DBS Bank, Deutsche Bank Luxembourg, HSBC Bank Middle East, JP Morgan Chase Bank, Mizuho Corporate Bank, Morgan Stanley Senior Funding Inc., QNB Group, Royal Bank of Scotland, Sumitomo Mitsui Banking Corporation and Samba Financial Group. The credit facility will be used for general corporate purposes including the partial refinancing of an existing \$1.25bn revolving credit facility, which matures on May 23, 2013. (QE)
- **Fitch affirms Ooredoo's ratings** – Fitch Ratings has affirmed Ooredoo's (formerly QTEL) long-term foreign currency issuer default rating (IDR) at A+ with a Stable outlook. QTEL International Finance Limited's global medium-term note program (GMTN), guaranteed by Ooredoo, has also been affirmed at A+. (AME Info)
- **VFQS appoints new CEO** – Vodafone Qatar (VFQS) has appointed Kyle Whitehill as its new CEO. Whitehill, who has been CEO of Vodafone Ghana since 2010, will replace the outgoing CEO Richard Daly from June. (Reuters)
- **Doha Global Investment Company IPO in May** – The Qatar Exchange's Board of Directors Chairman Dr. Hussain Ali Al Abdulla said the shares of the Doha Global Investment Company will be offered to public subscription during May 2013 and will be listed for trading on the Qatar Exchange subsequently. The company's capital will be QR45bn and Qatar Holding will contribute 50% of the capital. The IPO will be open only to Qatari companies, institutions and citizens, and the non-Qataris will be able to trade in the company's shares after its listing on the Exchange. The share's nominal value will be QR10 (QR5 to be paid up). (AME Info)
- **MRDS to invite tenders for Marina Mall** – Mazaya Qatar Real Estate Development (MRDS) said the company is about to announce tenders for its Marina Mall project, which is to be constructed in the upcoming Lusail City. Moreover, the company is also set to ink a deal next week to sell one of its properties, Gloria Hotel, located along the Al Safliya Street. (Peninsula Qatar)
- **QNNS to increase port capacity** – Qatar Navigation (QNNS) Chairman Sheikh Ali bin Jassim bin Mohamad al-Thani said the company is increasing the capacity of its port in view of the increasing potential of the country's economy. Sheikh Ali said the company expects to further increase the Doha Port capacity to 750,000 twenty-foot equivalent units. (Gulf-Times.com)
- **Qatar and South Korea to set up LED factory** – Qatar is likely to set up a light-emitting diode (LED) lighting systems factory to meet the growing demand ahead of the 2022 FIFA World Cup finals. The Qatar-Korea LED Consortium, together with the Qatar Intermediate Industries Holding Company Ltd., will invest \$35.7mn to build a production facility that will begin manufacturing LED lighting systems from 2014. (Qatar-Tribune)
- **QGTS 1Q2013 results** – Nakilat reported broadly in line 1Q2013 results with: (1) Revenue from wholly-owned vessels falling right in line with our estimate QR746mn (-2% QoQ, flat YoY) with the sequential decline likely driven by lower operating days in 1Q vs. 4Q. (2) EBITDA of QR569mn also coming right in line with our estimate of QR569mn. (3) Adjusted EBITDA of QR668mn (-1% QoQ, -2% YoY), however, was 4% below our estimate of QR698 driven primarily by lower-than-expected income from JVs and vessel & sub-chartering income. (4) Net income of QR177mn (-13% QoQ, flat YoY) was also impacted by QR12mn in losses from derivative instruments in JVs. (QNBFS, QE)
- **QATI reports net profit of QR281.6mn in 1Q2013** – Qatar Insurance Company (QATI) has reported a net profit of QR281.6mn in 1Q2013, reflecting a QoQ increase of 44.4%. On a YoY basis, net profit rose by 35.6%. The EPS amounted to QR2.55 in 1Q2013 versus QR1.91 in 1Q2012. Net earned premiums rose by 14.7% QoQ and 11.8% YoY to reach QR438.4mn. (QE)
- **IQCD 1Q2013 earnings**– Industries Qatar (IQCD) reported a net profit of QR2.5bn for 1Q2013, up 43% QoQ and 34% YoY, respectively. Reported net income beat our estimate of QR2.3bn by 10% and was 16% ahead of Reuters' consensus of QR2.2bn. Net income benefited from lack of one-off charges seen in 4Q2012. Given the adoption of IFRS 11, IQCD's consolidated top-line now only consists of its wholly-owned steel business, came in at QR1.7bn. (QNBFS, QE)
- **QEWS reports net profit of QR200.9mn in 1Q2013** – QEWS reported QR201mn in net income for 1Q2013 (-30.6% YoY) and well below QNBFS estimate of QR314mn.. (QNBFS, QE)
- **QNCD net profit rises 14.2% in 1Q2013** – Qatar National Cement Company (QNCD) reported a net profit of QR118.6mn, reflecting a QoQ increase of 14.2% (+ 0.6% YoY). EPS stood at QR2.42 in 1Q2013 as compared to QR2.40 in 1Q2012. Sales of the company rose by 9.9% QoQ and 1.0% YoY to QR267.3mn in 1Q2013. (QNBFS, QE)
- **QIMD net profit declines 35.9% in 1Q2013** – Qatar Industrial Manufacturing Company (QIMD) reported a net income of QR40.4mn in 1Q2013, indicating a QoQ decline of 35.9%. On YoY basis, net profit declined by 22.4%. EPS stood at QR1.02 in 1Q2013 as compared to QR1.31 in 1Q2012. Sales rose by 1.5% QoQ (down 11.8% YoY) to QR82.1mn. (QE)
- **MERS net profit declines 19.2% in 1Q2013** – Al Meera Consumer Goods Company (MERS) reported a net profit of QR25.7mn in 1Q2013, indicating a QoQ decline of 19.2% (+11.5% YoY). EPS stood at QR2.41 in 1Q2013 as compared to QR2.31 in 1Q2012. Sales of the company in 1Q2013 rose by 19.3% QoQ and 24.2% YoY to QR430.1mn. (QE)

Banking Sector Snapshot : March 2013

Review and Outlook

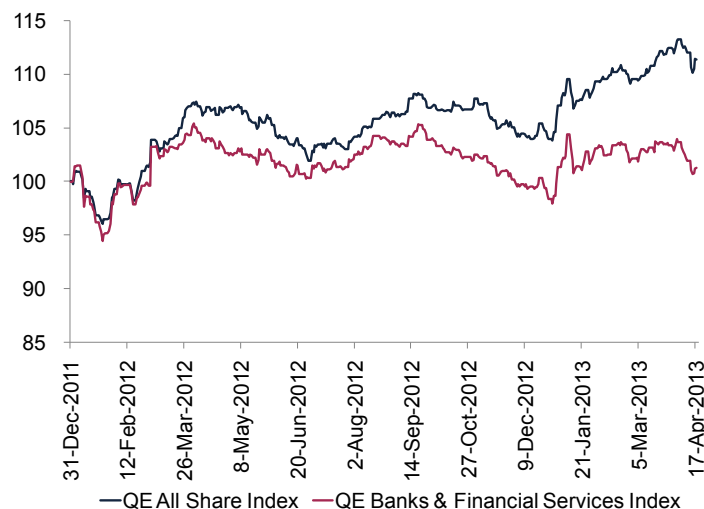
Deposits ticked up by 1.0% MoM (+6.2% YTD) while loans increased by 2.4% MoM (+1.5% YTD) in the month of March 2013. Hence, the sector LDR inched up to 106% in March 2013 vs. 105% at the end of February 2013 (111% in December 2012). Furthermore, the domiciled loan-to-deposit ratio (LDR) for the sector followed suit and stood at 99% vs. 98% in February. Liquidity has materially improved from 2Q2012 (current LDR of 106% vs. the 2012 high of 124% in April). We forecast loan growth of about 15-20% for 2013. However, we expect NIMs to remain under some pressure throughout 1H2013.

The public sector witnessed a contraction in deposits in the month of March. Delving into the segment details, public sector deposits receded by 3.1% MoM (+2.2% YTD). The semi-government institutions segment contracted by 20.1% MoM (-17.8% YTD). Moreover, the government segment sequentially declined by 2.2% MoM (-17.7% YTD). However, the government institutions segment (represents 66% of public sector deposits) inched up by 1.3% MoM (+16.8% YTD). On the other hand, private sector deposits grew by 5.3% MoM (+10.0% YTD). The consumer segment expanded by 7.6% MoM (+9.2% YTD), while the companies & institutions segment modestly grew by 3.3% MoM (+10.8% YTD). Net-net, total deposits (including deposits outside of Qatar) inched up by 1.0% MoM (+6.2% YTD). It should be noted that most of the growth in deposits during 2012 was realized in May and July.

The overall loan book picked up by 2.4% MoM (+1.5% YTD). Total domestic public sector loans sequentially shed 1.4% MoM (-5.2% YTD). The driver behind this decline was primarily the semi-government institutions segment, which contracted by 24.5% MoM (-26.5% YTD). We continue to expect growth in public sector loans to pick up in the coming months and then grow thereafter as project mobilizations pick up. It should be noted that public sector loans expanded by 26% QoQ in 2Q2012. Private sector loans experienced a healthy growth of 4.1% MoM (+4.9% YTD). Consumption (contributes 32.0% to private sector loans) and services loans exhibited healthy growth MoM; the former sub-segment expanded 11.3% MoM and 10.9% YTD, while the latter grew 10.4% MoM and 6.1% YTD. Real estate (+0.8% YTD) and contractors (+5.4% YTD) were flattish MoM. On the other hand, industry (+3.9% YTD) and general trade (+0.2% YTD) slipped by 4.2% and 1.9% MoM, respectively.

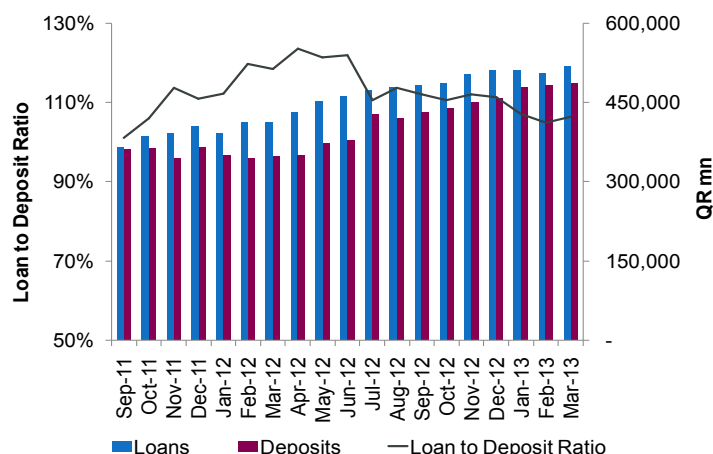
Specific loan-loss provisioning rested at 1.4% of average trailing 12-months loans (1.4% in February), indicating minimal growth in provisions.

Banking Sector Index vs. QE All Share Index



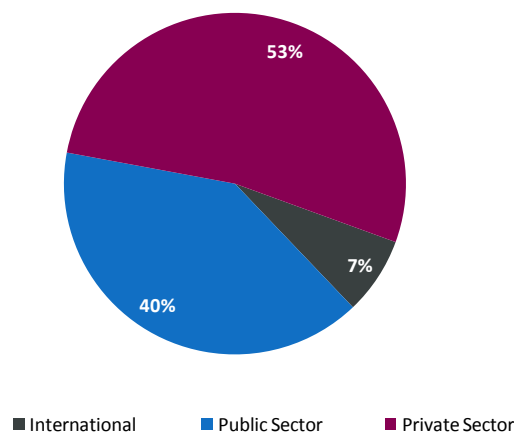
Source: Bloomberg

Banking Sector - Loan to Deposit (LTD)



Source: Qatar Central Bank (QCB)

Loan Pie (end-March 2013)



Source: QCB

Banking Sector Indicators

(In QR mn)	2010	2011	1Q-12	2Q-12	3Q-12	Dec-12	Jan-13	Feb-13	Mar-13	Change MoM	Change YTD
Total Assets	567,482	694,301	700,546	742,817	789,456	820,512	828,418	826,556	848,293	2.6%	3.4%
Total Credit (Loans)	314,481	403,563	412,247	460,946	482,719	510,048	511,162	505,599	517,690	2.4%	1.5%
Total Deposits	306,788	363,612	348,356	378,254	430,938	458,066	477,512	481,987	486,662	1.0%	6.2%
Loan to Deposit Ratio	103%	111%	118%	122%	112%	111%	107%	105%	106%	N/A	N/A
Credit Facilities (Geographic)											
Total Domestic Credit	293,920	376,695	384,622	432,472	452,086	478,305	478,652	471,794	479,776	1.7%	0.3%
Total International Credit	20,561	26,867	27,625	28,475	30,634	31,743	32,510	33,805	37,914	12.2%	19.4%
Domestic Credit Facilities - Public Sector											
Government	36,303	40,801	32,235	31,967	42,258	51,746	55,203	48,021	49,964	4.0%	-3.4%
Government Institutions	50,452	90,619	105,268	136,992	140,125	139,585	134,555	135,628	137,306	1.2%	-1.6%
Semi-Government Institutions	16,303	17,750	15,100	23,199	23,558	27,222	26,762	26,490	20,004	-24.5%	-26.5%
Total Domestic Public Sector Credit	103,058	149,170	152,603	192,158	205,941	218,553	216,520	210,139	207,274	-1.4%	-5.2%
Domestic Credit Facilities - Private Sector											
General Trade	24,875	26,855	27,590	29,610	33,149	33,280	34,052	33,971	33,337	-1.9%	0.2%
Industry	6,648	6,534	5,755	6,883	8,070	9,339	9,332	10,128	9,703	-4.2%	3.9%
Contractors	18,411	16,220	16,532	15,195	16,249	16,546	16,877	17,531	17,434	-0.6%	5.4%
Real Estate	51,042	76,220	80,113	81,976	81,624	85,562	87,615	86,732	86,245	-0.6%	0.8%
Consumption & Others	60,345	71,986	76,386	79,210	75,881	78,587	76,850	78,278	87,127	11.3%	10.9%
Services	29,541	29,709	25,643	27,439	31,171	36,438	37,407	35,014	38,657	10.4%	6.1%
Total Domestic Private Sector Credit	190,862	227,525	232,019	240,314	246,144	259,752	262,132	261,655	272,502	4.1%	4.9%
Deposit Details (Geographic)											
Resident Deposits	277,107	343,777	327,183	351,575	400,441	417,337	435,269	437,644	444,944	1.7%	6.6%
Non-resident Deposits	29,681	19,835	21,174	26,679	30,497	40,729	42,243	44,343	41,718	-5.9%	2.4%
Deposits - Public Sector (Domestic)											
Government	18,486	40,825	31,352	26,354	33,842	44,557	46,773	37,503	36,666	-2.2%	-17.7%
Government Institutions	32,277	57,351	46,679	54,822	96,268	104,378	112,029	120,391	121,899	1.3%	16.8%
Semi Government Institutions	21,309	27,700	23,039	26,679	29,277	31,794	31,763	32,710	26,123	-20.1%	-17.8%
Total Public Sector Deposit	72,071	125,876	101,070	107,855	159,387	180,729	190,565	190,604	184,688	-3.1%	2.2%
Deposits - Private Sector (Domestic)											
Personal	90,828	103,093	111,843	117,147	117,470	116,257	116,831	118,006	126,938	7.6%	9.2%
Companies & Institutions	114,207	114,809	114,270	126,574	123,584	120,350	127,873	129,035	133,317	3.3%	10.8%
Total Private Sector Deposit	205,036	217,902	226,113	243,721	241,054	236,607	244,704	247,040	260,255	5.3%	10.0%

Qatar Exchange Market Performance

Company Name	Price (May 8)	% Change 5-Day	% Change Monthly	Market Cap. QR Million	TTM P/E	P/B	Div. Yield
Qatar National Bank	144.00	5.49	6.67	100,761	11.9	2.2	4.2
Qatar Islamic Bank	68.60	(0.44)	(0.58)	16,210	14.2	1.5	5.5
Commercial Bank of Qatar	67.30	2.44	3.54	16,653	8.1	1.2	8.9
Doha Bank	46.20	1.65	2.21	11,937	7.9	1.1	9.0
Al Ahli Bank	58.00	1.93	0.00	7,370	14.1	2.3	5.2
Qatar International Islamic Bank	51.70	0.00	0.00	7,826	11.4	1.7	6.8
Masraf Al Rayan	25.25	0.60	1.20	18,938	12.2	2.0	4.0
Al Khaliji Bank	16.60	1.53	0.30	5,976	11.5	1.1	6.0
National Leasing	35.35	2.46	3.97	1,749	8.5	1.4	5.7
Dlala Holding	26.40	2.33	1.54	586	22.8	2.5	N/A
Qatar & Oman Investment	13.20	1.54	2.33	416	21.1	1.4	3.8
Islamic Holding Group	34.30	3.94	1.63	137	22.1	3.3	3.3
Banking and Financial Services				188,559			
Zad Holding	59.70	(0.50)	0.84	781	6.8	0.6	6.7
Qatar German Co. for Medical Devices	13.79	2.60	4.71	159	N/M	0.8	N/A
Salam International Investment	13.00	0.00	0.00	1,486	21.8	0.9	5.4
Medicare Group	41.45	2.98	2.98	1,167	25.3	1.5	2.7
Qatar Cinema & Film Distribution	60.00	1.52	1.52	343	30.0	2.6	3.3
Qatar Fuel	246.10	1.28	0.98	15,989	13.9	3.0	4.1
Qatar Meat and Livestock	58.70	(0.51)	(1.01)	1,057	14.0	3.7	6.8
Al Meera Consumer Goods	129.90	(0.08)	2.28	2,598	16.9	2.2	6.2
Consumer Goods and Services				23,579			
Qatar Industrial Manufacturing	50.20	0.60	2.45	1,988	10.1	1.6	6.0
Qatar National Cement	99.00	(0.90)	(1.00)	4,861	11.4	2.2	6.1
Industries Qatar	169.70	(2.30)	(1.34)	102,669	11.3	3.6	4.6
Qatari Investors Group	24.71	4.70	5.15	3,072	18.0	1.6	3.0
Qatar Electricity and Water	143.00	0.00	0.00	14,300	10.6	2.9	5.1
Mannai Corp.	84.60	1.68	1.93	3,859	8.2	1.7	5.6
Aamal	14.40	1.55	1.91	8,640	14.1	1.3	N/A
Gulf International Services	40.50	(0.25)	(0.61)	6,021	11.9	2.4	3.7
Industrials				145,410			
Qatar Insurance	58.70	5.39	6.73	6,282	8.6	1.1	3.4
Doha Insurance	25.50	2.00	4.08	656	10.9	1.4	3.6
Qatar General Insurance & Reinsurance	45.90	(1.92)	4.32	2,646	14.5	1.0	1.9
Al Khaleej Takaful Insurance	37.80	1.89	1.89	645	8.7	1.2	2.2
Qatar Islamic Insurance	53.00	2.32	1.53	795	13.4	3.3	6.6
Insurance				11,025			
United Development	19.74	8.46	11.84	6,657	8.3	0.6	5.1
Barwa Real Estate	23.80	1.45	1.06	9,261	11.3	0.7	6.3
Ezdan Real Estate	17.05	12.24	13.29	45,225	N/M	1.6	0.9
Mazaya Qatar Real Estate Development	10.81	(0.18)	(0.18)	1,081	19.8	1.0	5.6
Real Estate				62,224			
Qatar Telecom	116.30	0.95	1.13	37,253	12.9	1.5	1.4
Vodafone Qatar	9.16	(3.07)	(1.72)	7,744	N/M	1.2	N/A
Telecoms				44,997			
Qatar Navigation (Milaha)	66.00	0.00	5.94	7,559	8.4	0.7	5.7
Gulf Warehousing	41.00	2.50	2.50	1,950	22.3	2.7	N/A
Qatar Gas Transport (Nakilat)	16.25	1.37	3.50	9,100	11.8	5.3	6.2
Transportation				18,609			
Qatar Exchange				494,403			

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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