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News Headlines

Economic News

- New law to set up single financial regulatory authority
- New law to regulate the QCB
- Yields on T-bills drop
- Qatar real estate sector sees significant growth
- Private sector to bag 70% of Qatar World Cup projects
- Qatar to award projects worth over QR90bn in 2013

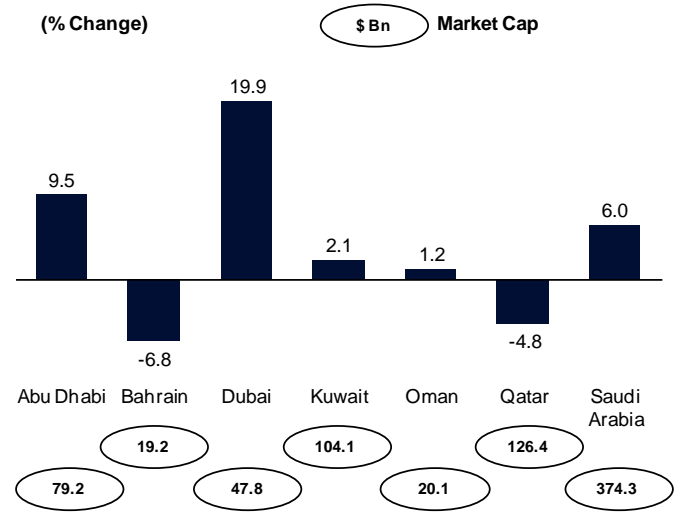
Public Companies

- Tender for solar energy projects in Q1 2013
- Output from Bul Hanine oil field to rise
- Qatar hands over FIFA World Cup 2022 stadia plans
- Qatar Chemical and Petrochemical Marketing & Distribution Company launched

Private Sector

- QNB Group receives awards from The Banker
- QNB is the first Qatari bank to launch a debt (bond) fund
- QNB Group to acquire SocGen's entire stake in NSGB
- IBB takeover deadline extended
- QCB agrees on AUB's stake sale in ABQ
- CBQ to commence talks to buy Alternatifbank of Turkey
- Doha Bank opens in Abu Dhabi
- QAFCO 6 urea plant inaugurated
- Mannai Corp's rights issue oversubscribed
- Al Meera bringing top brands to Qatar
- Al Meera to purchase Safeer chain in Oman
- QTEL International Finance sells US\$1bn of notes

GCC Stockmarkets - 2012



The Qatar Exchange (QE) Index declined by 4.8% in 2012, after being the top performer in 2011. The QE was in positive territory during the first quarter of 2012 due to investor optimism about the increased infrastructure project opportunities and the resulting benefits to listed companies. However, it came under pressure mainly due to investor expectations of a potential MSCI index upgrade that did not happen, the euro-zone crisis and also from the weak global economic recovery.

Looking at other GCC markets, the UAE indices, especially Dubai's DFMGI index, had a big turnaround during the second quarter of 2012 and ended the year as the best performer in the GCC. The UAE indices were more upbeat as increased government spending plans and a pick up in construction and real estate played positively on investor sentiments. Saudi Arabia's stock market was supported by higher oil prices, which also supported the petrochemical sector, and also an uptrend in the insurance sector.

Jordan Economic Insight 2012



QNB's latest report provides a detailed overview of the Jordanian economy and includes historical data, analysis and forecasts.

The [full report](#) will be uploaded shortly.

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	11.3%	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	26.7%	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

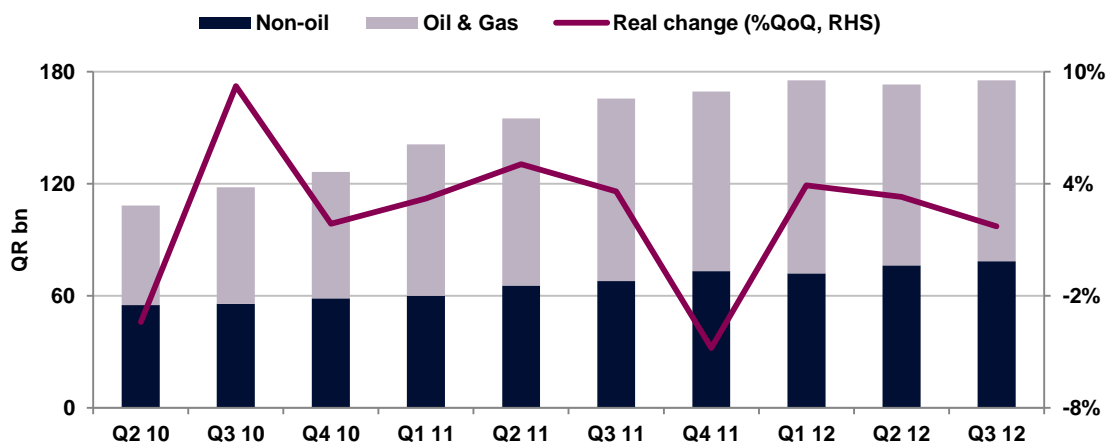
The Oil & Gas sector slowed down in the third quarter of 2012, primarily due to the maintenance shutdowns of some LNG trains. As a result we have revised down our 2012 nominal GDP forecast to QR705.8bn (11.9% overall growth - 8.6% in oil & gas sector and 16.3% in non-oil)

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	4.2	3.2	2.7	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	11.3
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	0.3
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

We have revised up our estimate for 2012 due to a stronger performance of the non-oil sector in the third quarter

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

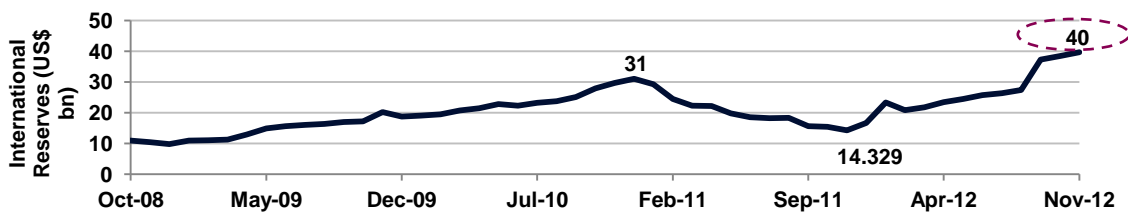


Balance of Payments and Trade

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 Transport equipment



International reserves continue to move up and reached a record level of 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%

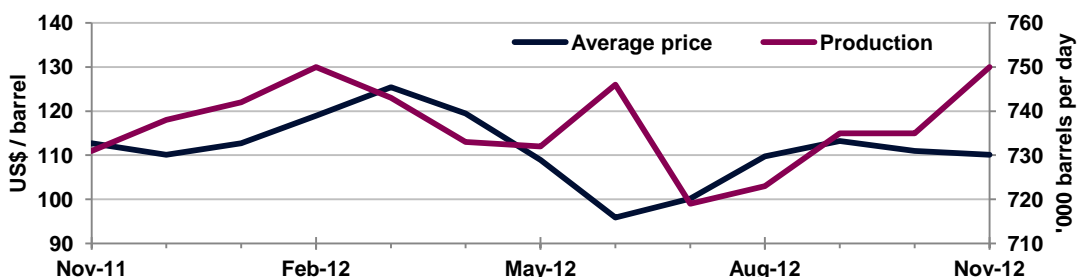
Exports to China have increased rapidly, by 68% YoY, due to new contracts for LNG

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	Nov-12	MoM%	YoY%
Oil production ('000 bpd)	842.8	781.0	733.0	734.0	750.0	1.7%	0.7%
Qatar average price	94.8	62.0	77.7	108.4	107.8	-2.5%	-4.1%
Dukhan	96.9	62.6	78.4	109.7	110.9	-0.9%	-2.2%
Marine	93.5	61.6	77.2	107.5	109.4	-0.5%	-2.5%

Crude production has picked up in recent months as maintenance works on some of the fields have been completed



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

Budget and Population

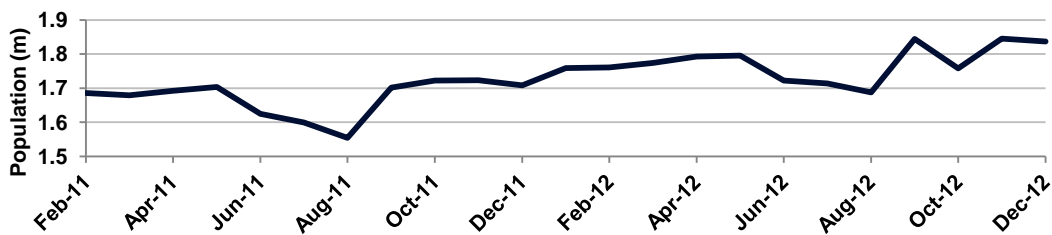
Government Budget (QR bn)	2008/09	2009/10	2010/11	2011/12	Q2-12	QoQ%	YoY%
Balance	40.6	53.7	12.8	44.5	-18.5		
% of GDP	9.7%	15.1%	2.8%	7.1%	-10.7%		
Revenue	140.6	168.8	155.5	203.4	11.0	-79.6%	-65.9%
Expenditure	100.0	115.1	142.7	158.9	29.5	-34.0%	-14.4%

The seasonal nature of revenue and expenditure and the still open government accounts explains the drop

Population (m)	2008	2009	2010	2011	Dec-12	MoM%	YoY%
Total	1.45	1.64	1.72	1.73	1.84	-0.5%	7.5%
Male	1.11	1.27	1.30	1.30	1.36	0.1%	7.3%
Female	0.34	0.37	0.42	0.43	0.47	-2.1%	8.3%

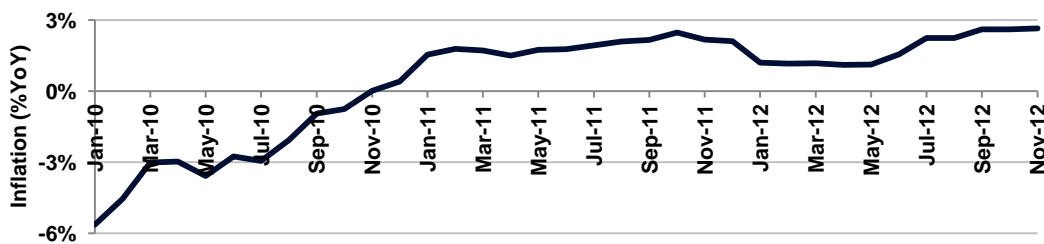
The population growth in 2012 was strong at 7.5% as new expatriate staff have been recruited to work on infrastructure projects

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



Inflation (% ch, 12mth average YoY)	2008	2009	2010	2011	Nov-12	MoM%	YoY%
Overall (weights shown below)	15.2	-4.9	-2.4	1.9	1.8	0.1	2.6
Food, beverages & tobacco (13.2%)	19.9	1.3	2.1	4.3	4.0	-0.7	3.1
Clothing & footwear (5.8%)	11.8	-4.5	-1.3	7.5	3.2	-0.8	2.0
Rents, water & maintenance (32.2%)	19.7	-12.0	-12.8	-4.8	-3.9	1.3	1.9
Furniture, textiles & appliances (8.2%)	7.7	-2.0	4.1	2.9	5.3	-0.6	2.4
Health care (2.0%)	4.2	1.7	3.5	2.6	1.6	0.0	1.0
Transport & communication (20.5%)	9.3	-4.4	2.6	6.4	2.5	-0.3	1.7
Entertainment, leisure & culture (10.9%)	9.9	-1.2	2.9	2.0	6.0	0.0	5.8
Miscellaneous goods & services (7.2%)	12.4	7.3	4.7	5.6	4.9	0.1	3.3

The rent component of the index made a strong come back with a 1.3% increase, which is the fifth consecutive monthly rise. However, other heavily weighted components on the index like transport and communication and food declined in Nov



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%

Foreign currency deposits increased by 19% y-o-y driving money supply growth

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

Source: QCB

Feature analysis: New forecasts for GDP until 2014

We have revised our key macroeconomic forecasts for 2012-14, based on the recently released data on Q3 2012 GDP data and a slight downward revision in our oil price assumptions.

The Qatar Statistics Authority (QSA) released the Q3 GDP preliminary estimates during the last week of December 2012. They show an increase in real GDP by 3.9% year-on-year (YoY) and an increase by 1.7% quarter-on-quarter (QoQ). YoY growth for the first three quarters of 2012 collectively was 5.8%. The oil and gas sector increased by a marginal 0.6% QoQ in Q3 as there was little change in the production quantities, while the non-oil sector grew by 2.6% QoQ, with key growth contributions coming from manufacturing and construction. The growth in the manufacturing sector resulted mainly from the higher production in Petrochemicals, Fertiliser, Aluminium and Gas to Liquids (GTL) products.

As a result of the Q3 results, we have slightly revised up our forecast for 2012 real GDP growth from 5.6% to 6.1%. This level is indicative of the coming years in which growth will be more moderate than previously, as there are few hydrocarbon expansion projects planned.

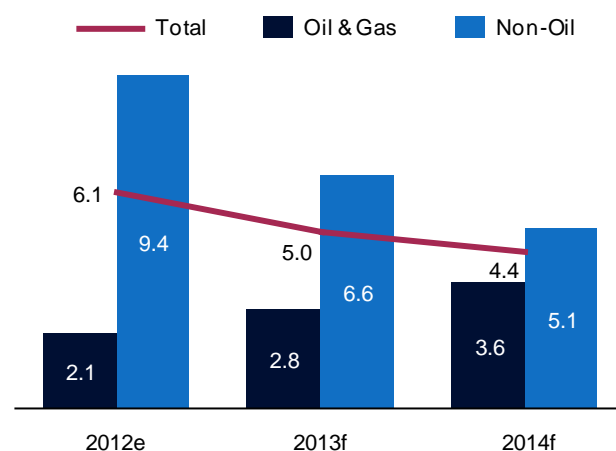
We have also revised downwards our real GDP forecasts for 2013 to 5.0%, owing to the Q3 results and to slightly lower oil price expectations of US\$108/barrel in 2013. In 2013, the growth in the oil and gas sector is forecast to pick up slightly by 2.8%, as crude output recovers partly from a slight decline in recent years, and as gas feedstock production grows due to high GTL and LNG output from existing facilities. The non-oil sector is forecast to grow by 6.6% in 2013, due to GTL manufacturing and fertilizer production and also from a robust pick up in the construction sector as major infrastructure projects gather pace. The financial sector will also benefit from the resulting financing needs of the various projects.

Looking at the Balance of Payments data for the first three quarters of 2012 shows a significant shift. The net outflows witnessed in 2011, as a result of huge capital investments abroad, have turned into a surplus of QR76.9bn for the first three quarters of 2012. The surplus in 2012 has been achieved due to strong exports and a slower outflow of funds for foreign investment.

The foreign trade statistics for the third quarter of 2012 has also been released recently by the QSA. Total exports for the quarter increased by 7.3% YoY, while there was a marginal decline by 0.3% QoQ. LNG, crude oil and condensates represented the largest export commodities for the third quarter, with Japan, South Korea and India being the largest export trade partners. Total imports for the third quarter increased substantially by 30.9% YoY and by 10.7% QoQ. Motor vehicles, airplane and helicopter spare parts, and iron ore were the largest import items for the third quarter, with US, China and Japan being the top import trade partners.

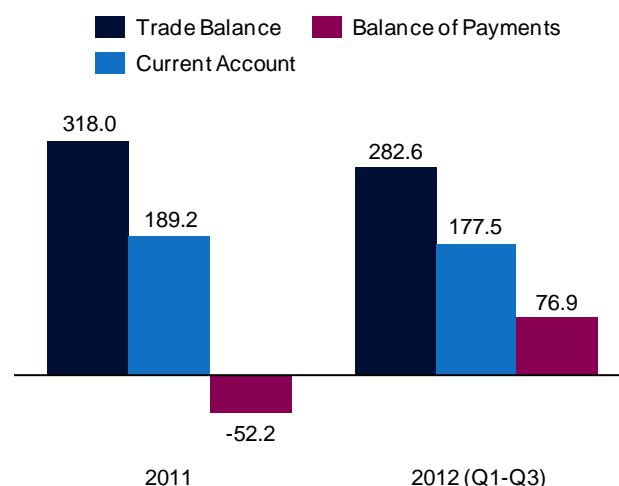
The population increased by 7.5% YoY to reach 1,836,676 at year-end 2012, according to monthly statistics released by the QSA. The male population accounted for 74.3% of the total population, while the female population accounted for 25.7% as at year-end 2012. We expect annual average population growth at 3.1% in 2013 and 2.8% in 2014.

Real GDP (% change)



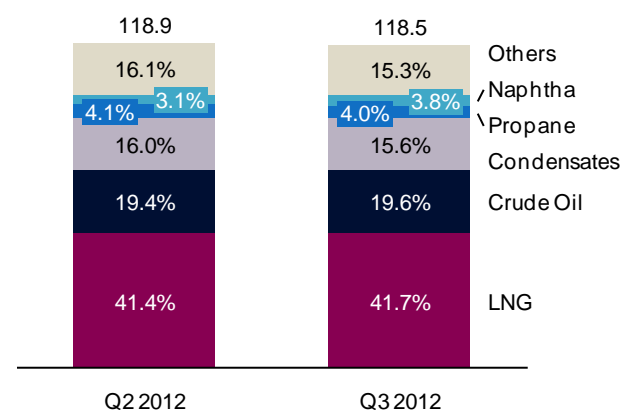
Source: QNB Group estimates (e) and forecasts (f)

Balance of Payments (QR bn)



Source: QSA and QCB

Exports (QR bn)



Source: QSA and QNB Group analysis

Economic News

- **New law to set up single financial regulatory authority –** Qatar has formulated a new law for setting up an umbrella regulatory body for banks, financial services companies, exchange houses, insurance providers, the Qatari bourse as well as the Qatar Financial Center (QFC). The regulatory authority encompassing the entire financial services sector will be placed under the Qatar Central Bank (QCB). Currently, there are four agencies involved in regulation. The Ministry of Business and Trade regulate insurance and reinsurance companies, while the Qatar Exchange is under the Qatar Financial Markets Authority. Mainstream banks, financial services companies and exchange houses are regulated by the QCB, while the QFC has several foreign bank branches and financial services companies registered with it. The new law is to take effect immediately and its regulatory guidelines are to be published in the official gazette. (Peninsula Qatar)
- **New law to regulate the QCB –** A new law to regulate the functioning of the QCB and its allied financial institutions has been issued. The significant aspects of the law are that QCB shall be deemed as an autonomous corporate body with its own budget and under the direct control of HH the Emir, who will appoint the governor. Its capital will be QR50bn and will be fully owned by the government. Ensuring financial stability, supporting all developmental activities and strengthening the national economy will be among its primary goals. The governor will function in the rank of a minister with a normal term of five years and be responsible for implementing all policy matters and heading the board of governors. (Gulf-Times.com)
- **Yields on T-bills drop –** Qatar sold QR2bn in 3-month notes at an average yield of 0.90%, down from 0.95% in the last sale. The country also raised QR1bn in 6-month T-bills at an average yield of 1.03% compared with 1.1% and QR1bn in 9-month securities at an average yield of 1.15% against 1.2% in last sale. (QCB, Bloomberg)
- **Qatar real estate sector sees significant growth –** Real estate business in Qatar is witnessing a steady increase. The total value of real estate transactions in the first 10 months of this year stood at QR35bn, compared with QR22bn for the same period last year, a 63% growth. (Gulf-Times.com)
- **Private sector to bag 70% of Qatar World Cup projects –** According to Qatar's Chamber of Commerce & Industry Chairman Sheikh Khalifa bin Jassim bin Mohammed Al Thani, the private sector is in line to capture 70% of all projects related to the 2022 World Cup in Qatar. He said preparations were underway to roll out several contracts which would give a huge boost to the banking, tourism and construction sectors. The total cost of organizing this gigantic event is estimated at US\$70bn, with the key infrastructure to be built in several phases. Out of this, around US\$7bn is to be spent on housing and education for the new workers expected to move into Qatar over the next ten years. (Bloomberg)
- **Qatar to award projects worth over QR90bn in 2013 –** MEED has estimated that Qatar will award projects worth more than QR90bn in 2013, taking the market to a level enjoyed during the LNG investment boom. Transport, in particular road and rail schemes, will account for nearly two thirds (about QR62bn) of these projects. According to MEED, more than 100 contracts with a value of QR90bn had originally been expected to be awarded in 2012, but they estimate that less than 80 projects with a combined value of under QR53bn were awarded in the end, due mainly to delays in the Doha Metro project. MEED said contracts for projects such as the Doha Metro, the national railway and the expressways program, all cornerstones of Qatar's ambitious expansion plans, must be awarded in 2013, given the timeline of World Cup preparations. (Gulf-Times.com)

Public Companies News

- **Tender for solar energy projects in Q1 2013 –** The Ministry of Energy and Industry and Qatar General Electricity and Water Corporation (Kahramaa) are set to work on a QR100m solar energy generation plan in order to reduce carbon emissions. Tenders for the series of solar projects are scheduled to be invited in the first quarter of 2013. (Qatar Tribune)
- **Qatar hands over FIFA World Cup 2022 stadia plans –** Qatar officials have handed over to FIFA their first draft of the schedule for stadia construction for the 2022 FIFA World Cup. Executives from the Qatar 2022 Supreme Committee and FIFA have also agreed to set up a working party that meets every two months in order to provide updates on developments. (constructionweekonline.com)
- **Output from Bul Hanine oil field to rise –** According to Qatar's Oil Minister Mohamed bin Saleh al-Sada, a study of Qatar's oil fields indicate that output from the Bul Hanine oil field may be raised to 95,000 bpd from 40,000 bpd currently. (Bloomberg)
- **Qatar Chemical and Petrochemical Marketing & Distribution Company launched –** Qatar has launched the Qatar Chemical and Petrochemical Marketing & Distribution Company (Muntajat). According to Muntajat's CEO Abdul Rahman Ali El Abdullah, the company will have a capital of US\$100m. The move seeks to consolidate chemical and petrochemical marketing and distribution efforts to achieve competency in carrying out business and adequately serve the global market. The new entity creates a single corporation which holds exclusive rights to purchase, market, distribute and sell Qatar's chemical and petrochemical products to the global market. Accordingly, Industries Qatar will sell its petrochemicals and fertilizer through Muntajat (Gulf-Times.com, Bloomberg)

Private Sector News

- **QNB Group awarded –** QNB Group has won the coveted "Bank of the Year – Middle East" award from the Banker, as well as "Bank of the Year – Qatar".
- **QNB is the first Qatari bank to launch a debt (bond) fund –** QNB has launched a debt (bond) fund, a first for a Qatari bank. The QNB Debt Fund provides an attractive platform for clients to invest in debt securities, which are issued by GCC-based sovereign and corporate entities. The QNB Debt Fund is suitable for investors who are seeking an enhancement to the returns which they would otherwise receive via deposits.
- **QNB Group to acquire SocGen's entire stake in NSGB –** QNB Group announced that it has entered into a definitive agreement with Société Générale for the acquisition of its 77.17% stake in National Société Générale Bank – Egypt (NSGB). QNB Group will launch a mandatory tender offer (MTO) for 100% of the share capital of NSGB, to which Société Générale has committed to tender its shares. The MTO is expected to launch in early 2013 with the transaction expected to close in the first half of 2013. The offer for 100% of the share capital of NSGB amounts to US\$2,558m. QNB intends to fund the purchase through its own funds and will remain strongly capitalized after the acquisition with a core tier

1 capital ratio of around 15%. As such, NSGB will represent 8% and 10% respectively of combined total loans and deposits and 10% of the combined net income. Using prevailing exchange rates, the multiple for the transaction is 1.8x based on book value expected at closing. The transaction is the largest banking transaction in the Middle East since the financial crisis, and one of the largest cross-border investments in Egypt over the last two years.

- **IBB takeover deadline extended** – Islamic Bank of Britain (IBB), majority-owned by Qatar International Islamic Bank, has extended the deadline for Masraf Al Rayan to decide on its proposed takeover until January 7. Since June, IBB has been in discussions with Masraf Al Rayan to sell a controlling stake in the bank. An earlier deadline for Masraf Al Rayan to announce a firm intention to make an offer for IBB lapsed on December 10. (Reuters)
- **Doha Bank opens in Abu Dhabi** – Doha Bank has announced the full inauguration of its branch in Abu Dhabi following the upgrade of its existing license in the UAE. (Gulf-Times.com)
- **QCB approves AUB's stake sale of ABQ** – QCB has reportedly approved Ahli United Bank (Bahrain) selling its stake in Ahli Bank of Qatar (ABQ) to a number of Qatari Investors. (Al-Sharq)
- **CBQ to commence talks to buy Alternatifbank of Turkey** – According to Alternatifbank's (ALNTF) owner Anadolu Group, Commercial Bank of Qatar (CBQ) will begin talks to acquire the bank. The negotiations with CBQ are over the sale of a majority stake and are expected to last about 2.5 months, with Anadolu Group retaining a minority shareholding in ALNTF. (Bloomberg)
- **QAFCO 6 urea plant inaugurated** – Qatar Fertilizer Company (QAFCO), a subsidiary of Industries Qatar, became the fourth largest producer and exporter of urea in the world with the formal inauguration of QAFCO 6 on December 11. Valued at QR2.2bn, QAFCO 6 will scale up the company's urea output to 5.6m tons per year. (Gulf-Times.com)
- **Mannai Corp's rights issue oversubscribed** – Mannai Corporation's recent rights issue of 11.4m shares has been oversubscribed by 11.5%. The company said refund orders for oversubscription can be collected from the counters of HSBC Bank Middle East. (QE)
- **Al Meera bringing top brands to Qatar** – As part of its ambitious expansion exercise, Al Meera Consumers Goods Company has entered, or will soon enter into, agreements to bring international and regional brands to Qatar, including UK-based bookstore WH Smith Travel Ltd, the Thailand-based Index Living Mall Company (ILM) and United Electronics Company of Saudi Arabia.. (Gulf-Times.com)
- **Al Meera to purchase Safeer chain in Oman** – Al Meera has signed an agreement to purchase the business and assets of Safeer stores in Oman. As per the agreement, Al Meera will take over operations of Safeer's stores during December 2012, with renovations and refurbishing scheduled to start immediately to ensure all the stores are rebranded to "Al Meera" in 1Q2013. The purchase includes three super markets and two larger hypermarkets. (GulfBase.com)
- **QTEL International Finance sells US\$1bn of notes** – QTEL International Finance, a subsidiary of Qatar Telecom (QTEL), has sold notes worth US\$1bn in the private placement market on Wednesday. The bond will mature in February 2023. The latest bond will fall within the company's existing yield curve, which includes maturities in 2021 and 2025. Barclays, HSBC, Mitsubishi UFJ, Mizuho, Morgan Stanley and QNB Capital were the joint bookrunning managers for the sale. (Reuters)

Banking Sector Snapshot – end-November 2012

Review and Outlook

The loans-to-deposits ratio (LDR) for the Qatari banking system increased in November as loan growth (+3.8% MoM, +24.6% YTD) outpaced deposits (+2.3% MoM, 23.5% YTD). The sector LDR increased to 112% in November vs. 110% in October 2012. Furthermore, the domiciled loan-to-deposit ratio for the sector increased to 105% vs. 104% in October. Liquidity has gradually improved throughout the year (Current LDR of 112% vs. the 2012 high of 124% in April). We forecast robust loan growth in excess of 20% for 2012 and expect net interest margins (NIMs) to remain under pressure.

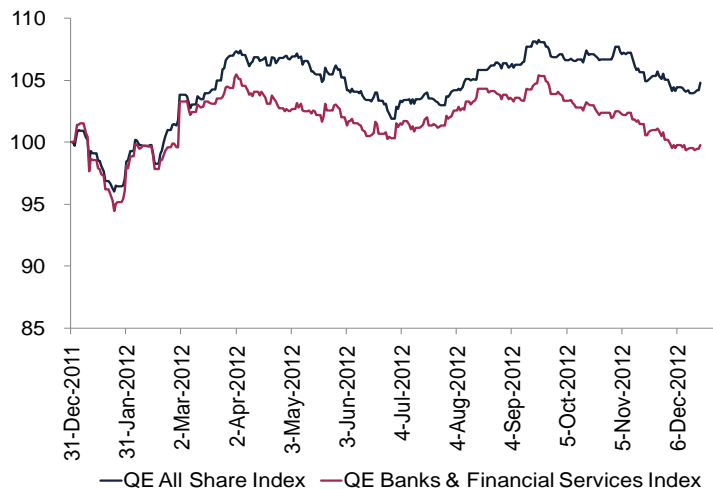
The public sector led deposit growth in November. Scrutinizing the segment details, public sector deposits grew by 6.3% and 40.7%, MoM and YTD, respectively. The central government segment contributed to the bulk of the growth as opposed to the government institutions. The former segment expanded by 19.1% MoM (-3.7% YTD), whereas the latter segment increased by 4.1% MoM (+91.0% YTD). Moreover, the semi-government institutions segment witnessed flat growth MoM and +2.2% YTD. On the other hand, private sector deposits were fairly flat MoM (+11.2% YTD). The consumers segment shed 0.4% MoM. This decline was more than offset by a 1.6% growth in deposits from companies/institutions. Net-net, total deposits (including deposits outside of Qatar) grew by 2.3% MoM (+23.5% YTD). It should be noted that most of the growth in deposits was realized in May and July.

The overall loan book expanded by of 3.8% MoM (24.6% YTD). Total domestic public sector loans were up by 7.1% MoM (44.6% YTD). The drivers behind this growth were mainly the government and semi-government segments, which grew by 22.5% MoM (12.8% YTD) and 18.4% MoM (57.1% YTD), respectively. Moreover, a significant portion of the growth in public sector loans took place in the Q2, which witnessed a 26% QoQ expansion. Private sector loans continue to lag those of the public sector, registering a 1.1% growth MoM (12.3% YTD). **Consumption loans continued to exhibit weakness,** receding by 3.8% MoM (+1.7% YTD). The majority of the sub-segments under private sector loans increased across the board, most notably, **industry** (15.2% MoM, 43.6% YTD) and **services** (10.0% MoM, 30.1% YTD). On the other hand, credit to **contractors** dropped by 5.5% MoM (2.4% YTD). It is well worth mentioning that **public sector loans** contributed to 83.1% of domestic incremental loans MoM (70.4% YTD).

Specific loans loss provisioning rested at 1.3% of average trailing 12-months loans (1.3% in October), indicating minimal growth in provisions. We expect 2012 provisions to be in the range of 1.3-1.5%.

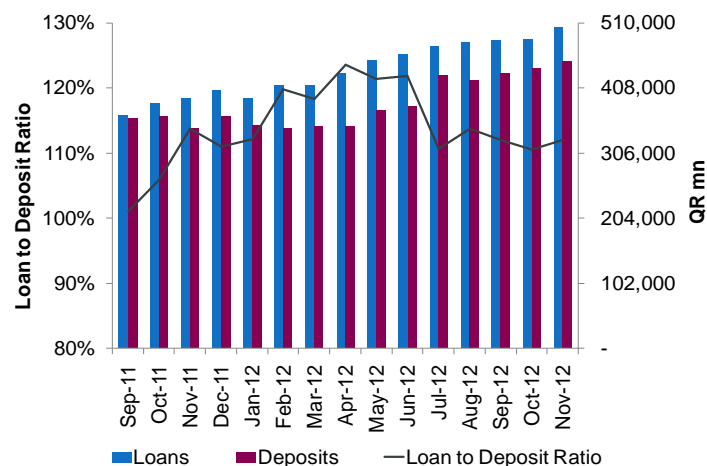
NIMs expected to come under pressure. Interbank rates (3M and 6M), have been trending lower in recent months

Banking Sector Index vs. QE All Share Index



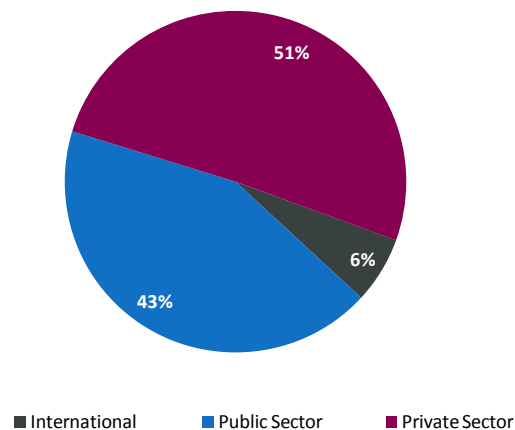
Source: Bloomberg

Banking Sector - Loan to Deposit (LTD)



Source: Qatar Central Bank (QCB)

Loan Pie (end-November 2012)



Source: QCB

Banking Sector Indicators

(In QR mn)	2010	2011	1Q-12	2Q-12	Oct-12	Nov-12	Change MoM	Change YTD
Total Assets	567,482	694,301	700,546	742,817	799,856	810,755	1.4%	16.8%
Total Credit (Loans)	314,481	403,563	412,247	460,946	484,667	502,938	3.8%	24.6%
Total Deposits	306,788	363,612	348,356	378,254	438,686	448,912	2.3%	23.5%
Loan to Deposit Ratio	103%	111%	118%	122%	110%	112%	1.4%	0.9%
Credit Facilities (Geographic)								
Total Domestic Credit	293,920	376,695	384,622	432,472	454,051	471,175	3.8%	25.1%
Total International Credit	20,561	26,867	27,625	28,475	30,615	31,763	3.7%	18.2%
Domestic Credit Facilities - Public Sector								
Government	36,303	40,801	32,235	31,967	37,578	46,017	22.5%	12.8%
Government Institutions	50,452	90,619	105,268	136,992	140,298	141,769	1.0%	56.4%
Semi-Government Institutions	16,303	17,750	15,100	23,199	23,557	27,880	18.4%	57.1%
Total Domestic Public Sector Credit	103,058	149,170	152,603	192,158	201,433	215,666	7.1%	44.6%
Domestic Credit Facilities - Private Sector								
General Trade	24,875	26,855	27,590	29,610	33,951	34,654	2.1%	29.0%
Industry	6,648	6,534	5,755	6,883	8,142	9,381	15.2%	43.6%
Contractors	18,411	16,220	16,532	15,195	16,757	15,835	-5.5%	-2.4%
Real Estate	51,042	76,220	80,113	81,976	82,488	83,756	1.5%	9.9%
Consumption & Others	60,345	71,986	76,386	79,210	76,130	73,229	-3.8%	1.7%
Services	29,541	29,709	25,643	27,439	35,151	38,654	10.0%	30.1%
Total Domestic Private Sector Credit	190,862	227,525	232,019	240,314	252,618	255,509	1.1%	12.3%
Deposit Details (Geographic)								
Resident Deposits	277,107	343,777	327,183	351,575	407,569	419,498	2.9%	22.0%
Non-resident Deposits	29,681	19,835	21,174	26,679	31,117	29,414	-5.5%	48.3%
Deposits - Public Sector								
Government	18,486	40,825	31,352	26,354	33,009	39,302	19.1%	-3.7%
Government Institutions	32,277	57,351	46,679	54,822	105,205	109,527	4.1%	91.0%
Semi Government Institutions	21,309	27,700	23,039	26,679	28,428	28,300	-0.5%	2.2%
Total Public Sector Deposit	72,071	125,876	101,070	107,855	166,642	177,130	6.3%	40.7%
Deposits - Private Sector								
Personal	90,828	103,093	111,843	117,147	119,106	118,656	-0.4%	15.1%
Companies & Institutions	114,207	114,809	114,270	126,574	121,821	123,712	1.6%	7.8%
Total Private Sector Deposit	205,036	217,902	226,113	243,721	240,927	242,368	0.6%	11.2%

Qatar Exchange Market Performance

Company Name	Price (December 31)	% Change 5-Day	% Change Monthly	Market Cap. QR Million	TTM P/E	P/B	Div. Yield
Qatar National Bank	130.90	1.08	0.00	91,595	10.9	2.0	2.8
Qatar Islamic Bank	75.00	(0.40)	0.00	17,722	12.6	1.6	6.0
Commercial Bank of Qatar	70.90	0.42	0.00	17,544	9.0	1.2	8.5
Doha Bank	50.30	0.00	0.00	10,397	8.0	1.4	8.9
Al Ahli Bank	49.00	(7.37)	0.00	6,227	11.9	1.9	N/A
Qatar International Islamic Bank	52.00	(0.76)	0.00	7,871	11.5	1.6	6.7
Masraf Al Rayan	24.79	0.77	0.00	18,593	12.6	2.0	2.0
Al Khaliji Bank	16.99	2.85	0.00	6,116	12.1	1.1	5.9
National Leasing	45.20	(1.74)	0.00	2,237	8.2	1.7	6.8
Dlala Holding	34.50	(0.86)	0.00	690	18.6	2.9	2.9
Qatar & Oman Investment	12.39	(2.36)	0.00	390	19.4	1.2	4.0
Islamic Holding Group	38.00	(1.30)	0.00	152	23.3	3.4	2.6
Banking and Financial Services				179,533			
Zad Holding	58.80	1.55	0.00	769	7.4	0.6	N/A
Qatar German Co. for Medical Devices	14.78	(1.00)	0.00	171	N/M	0.9	N/A
Salam International Investment	12.66	(0.08)	0.00	1,447	12.8	0.9	7.2
Medicare Group	35.70	(2.99)	0.00	1,005	21.9	1.3	3.1
Qatar Cinema & Film Distribution	56.90	7.77	0.00	325	16.7	2.4	2.4
Qatar Fuel	275.00	0.92	0.00	14,293	12.5	2.7	2.9
Qatar Meat and Livestock	58.80	(0.51)	0.00	1,058	12.5	4.1	5.1
Al Meera Consumer Goods	157.70	(0.44)	0.00	1,577	15.7	5.8	4.4
Consumer Goods and Services				20,645			
Qatar Industrial Manufacturing	53.10	1.72	0.00	2,103	10.5	1.7	5.6
Qatar National Cement	107.00	7.00	0.00	5,254	12.0	2.2	5.6
Industries Qatar	155.10	(0.06)	0.00	85,305	10.2	3.0	4.8
Qatari Investors Group	23.00	0.92	0.00	2,860	21.6	1.5	2.2
Qatar Electricity and Water	132.40	2.08	0.00	13,240	10.7	4.2	4.9
Mannai Corp.	81.00	0.00	0.00	3,695	9.1	2.1	6.1
Aamal	15.00	0.07	0.00	8,168	15.6	1.2	N/A
Gulf International Services	30.00	(0.50)	0.00	4,460	10.8	1.8	3.9
Industrials				125,084			
Qatar Insurance	67.10	0.75	0.00	5,985	10.9	1.7	5.0
Doha Insurance	27.00	2.47	0.00	632	10.2	1.3	N/A
Qatar General Insurance & Reinsurance	52.90	9.41	0.00	2,652	17.3	1.0	2.2
Al Khaleej Takaful Insurance	44.00	0.00	0.00	626	9.8	1.1	6.8
Qatar Islamic Insurance	62.00	6.90	0.00	930	18.9	3.5	4.8
Insurance				10,824			
United Development	17.80	3.13	0.00	6,003	1.8	0.6	N/A
Barwa Real Estate	27.45	0.55	0.00	10,681	8.9	0.9	3.6
Ezdan Real Estate	18.20	0.05	0.00	48,275	N/M	1.7	0.8
Mazaya Qatar Real Estate Development	11.00	(0.18)	0.00	1,100	24.7	1.0	N/A
Real Estate				66,060			
Qatar Telecom	104.00	0.97	0.00	33,313	11.6	1.3	1.6
Vodafone Qatar	8.35	1.21	0.00	7,059	N/M	1.1	N/A
Telecoms				40,372			
Qatar Navigation (Milaha)	63.10	0.48	0.00	7,227	9.5	0.7	5.5
Gulf Warehousing	40.20	(3.13)	0.00	1,593	21.0	2.3	3.7
Qatar Gas Transport (Nakilat)	15.26	(0.13)	0.00	8,546	11.0	7.3	5.6
Transportation				17,365			
Qatar Exchange				459,884			

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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