

Executive Summary

- Investment spending reached 33.4% of GDP in 2014 on Qatar's strong diversification drive away from hydrocarbons
- Inflation remained moderate at 1.4% in March 2015, thanks in part to lower international food prices
- Qatar's population grew by 8.7% in April 2015, reflecting the continued large influx of expatriate workers
- International reserves rose to USD39.5bn at end-March 2015 on continued large trade surpluses
- Qatari oil prices fell slightly on weaker global demand but production rose in March 2015

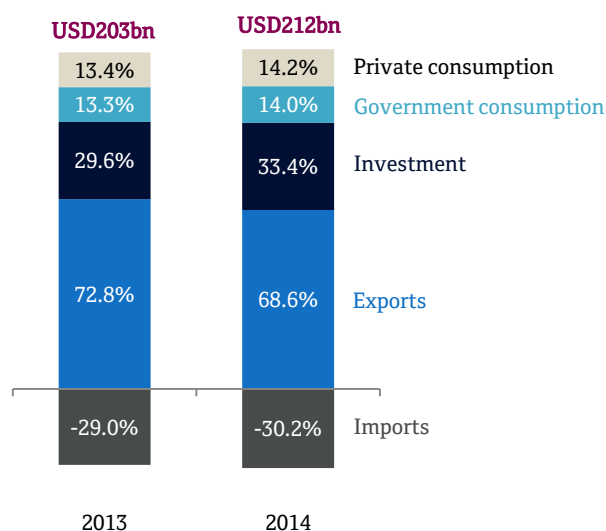
Investment spending reached 33.4% of GDP in 2014

The share of investment in GDP rose to 33.4% last year, compared with 29.6% in 2013. This was driven by Qatar's strong diversification drive away from hydrocarbons. As a result, non-hydrocarbon real GDP growth continued to expand at a double digit rate (11.5%) in 2014. The share of private consumption to GDP rose to 14.2% in 2014 (13.4% in 2013), which remains relatively low by international standards, but is expected to rise over the medium term.

Looking ahead, large scale infrastructure spending and population growth are likely to accelerate growth to 7.0% in 2015, with double digit growth in construction, manufacturing and transportation, while hydrocarbon production is expected to remain moderate.

GDP by Expenditure

(USD bn and share in total GDP)

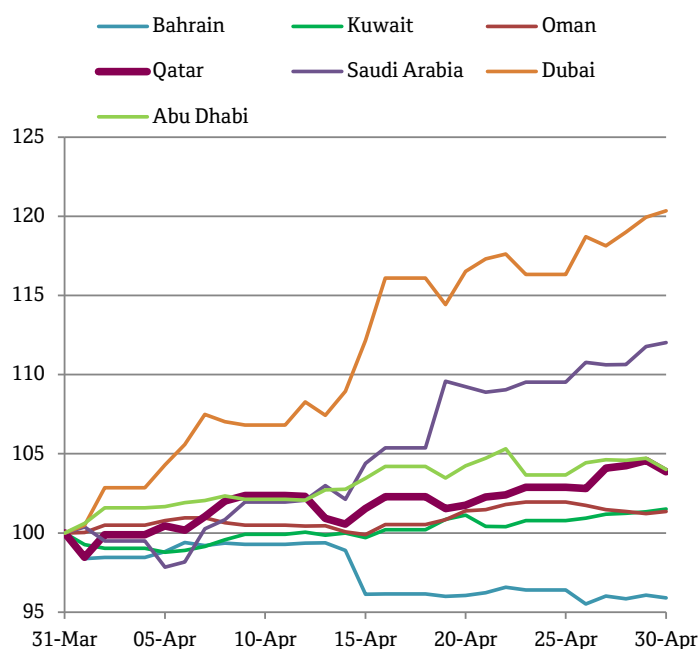


Sources: Ministry of Development Planning and Statistics (MDPS) and QNB Group analysis

QNB Economics Weekly Commentary

- [UK Elections Marginally Favour the Less Austere](#)
- [Oil, Currencies and Diverging Monetary Policies: the Global Economy in 2015](#)
- [The Chinese Renminbi Lands in Doha](#)
- [Eight Reasons Why The US Economy Has Slowed Down in Q1](#)
- [The Qatari Economy Grew Fast in 2014 Despite Falling Oil Prices](#)

Stock market Indices (rebased, 31 March 2015 = 100)



Sources: Bloomberg and QNB Group analysis

Most GCC indices ended April in positive territory with the exception of Bahrain (down 4.1% month-on-month). Dubai's DFMGI Index rebounded by 20.3% month-on-month. Saudi Arabia's TASI gained 12.0% month-on-month. Qatar's QSE Index also witnessed a positive performance in April, climbing 3.9% month-on-month. Meanwhile, Kuwait's stock exchange rose 1.5% month-on-month and Oman's stock market increased by 1.4% month-on-month.

Kuwait Economic Insight Report 2015



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

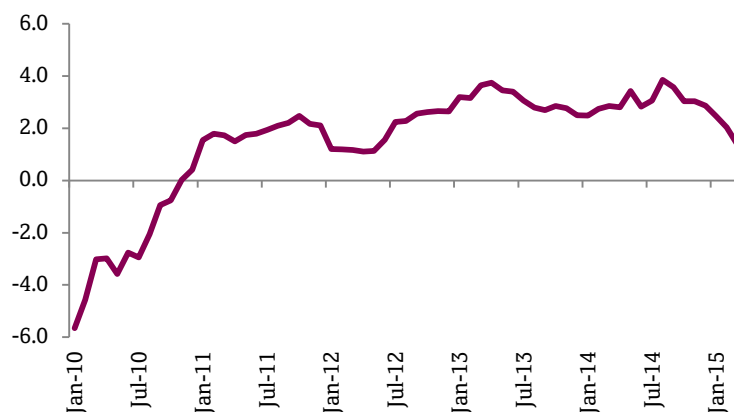
Inflation remained moderate at 1.4% in March 2015, thanks in part to lower international food prices

Inflation in Qatar remained moderate in March 2015, thanks in part to lower international food prices. According to the new rebased consumer price index (CPI) series, inflation remained stable at 1.4% in March 2015, from 2.0% in February 2015. Housing and rents (whose share now accounts for 21.9% of overall inflation) rose 0.4% month-on-month in March 2015, from 0.8% in February 2015.

We forecast overall inflation to average 2.5% in 2015 as the expanding population is expected to push up domestic inflation, offsetting slower foreign inflation. There is a risk however that higher domestic demand could cause supply bottlenecks, pushing domestic inflation higher than our baseline forecasts.

CPI Inflation

(% change, year-on-year)



Sources: MDPS and QNB Group analysis and forecasts

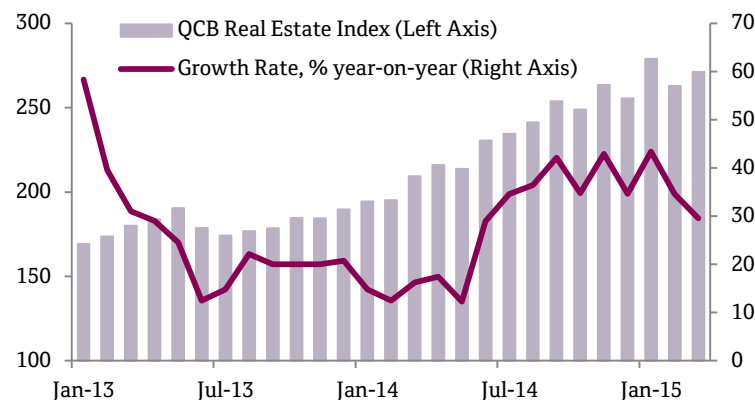
The QCB's Real Estate Price Index rose 29.6% year-on-year in March 2015

The QCB Real Estate Index rose 29.6% year-on-year in March 2015. Real estate prices have risen rapidly in 2014-15 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. In recent months, however, the growth rate in the real estate index has slowed, suggesting a more moderate increase in real estate prices in line with fundamentals.

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 2015 report](#)). As the population expands and per capita income rises land prices and rents are expected to continue rising.

QCB's Real Estate Price Index

(Index and % change year-on-year)



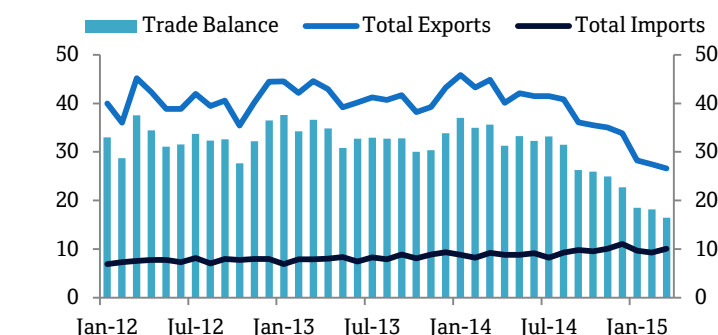
Sources: Qatar Central Bank (QCB) and QNB Group analysis and forecasts

The foreign merchandise trade surplus narrowed to QAR16.5bn in March 2015 on lower oil prices

Qatar's foreign merchandise trade balance registered a surplus of QAR16.5bn in March 2015, down from QAR35.6bn in March 2014. This was mainly as a result of lower international crude oil prices, which reduced total exports by 40.7%. At the same time, imports rose strongly (9.9% year-on-year), reflecting the growing population and large investment spending. Japan was the top export destination in March, accounting for 22.6% of Qatar's exports, followed by South Korea (18.4%) and India (9.6%). China was the largest exporter to Qatar in March (11.7%), followed by the USA (10.9%) and the UAE (9.1%).

Trade Balance

(QAR bn)



Sources: MDPS and QNB Group analysis

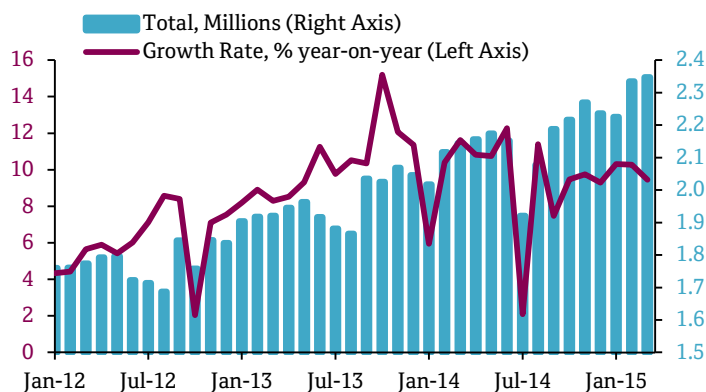
Qatar's population grew by 8.7% in April 2015, reflecting the continued large influx of expatriate workers

Qatar's population grew by 8.7% year-on-year in March 2015 to reach 2.34m. This equates to an increase in population of 187k 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 is expected to grow by 7.0% in 2015, reflecting the continued large influx of expatriate workers. In turn this larger population is feeding into higher economic growth by boosting aggregate demand and investment in housing and services.

Population growth

(m, % year-on-year)



Sources: MDPS and QNB Group analysis and forecasts

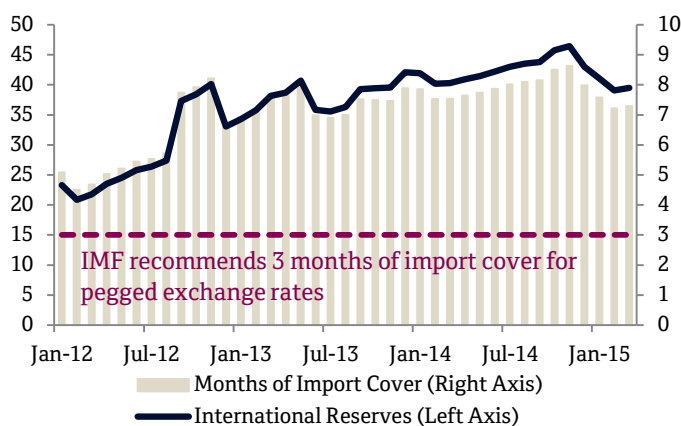
International reserves rose to USD39.5bn at end-March 2015

Qatar's international reserves rose to USD39.5bn at end-March 2015. This compares to USD39.1bn at end-February 2015. Accordingly, the import cover rose slightly to 7.3 months at end-March 2015, 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 2015 on continued current account surpluses and despite lower oil prices.

International Reserves and Months of Import Cover

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



Sources: QCB and QNB Group analysis

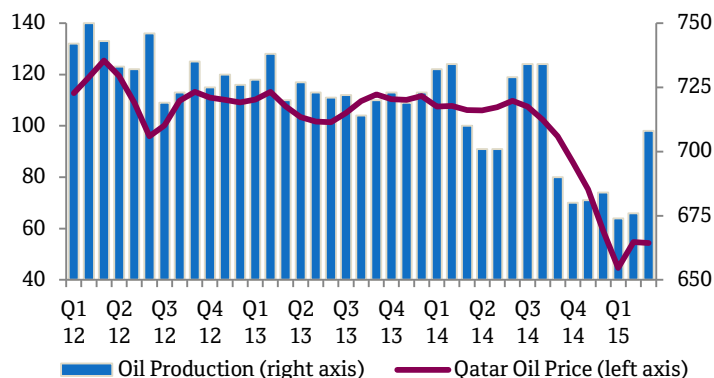
Qatari oil prices fell slightly on weaker global demand but production rose in March 2015

Qatari oil prices fell slightly in March 2015 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 an oil supply glut, which has led to lower international oil prices.

Qatar's crude oil production rose in March 2015 to 708k barrels a day (b/d). Qatar Petroleum (QP) is implementing a redevelopment program to steady production at its oil fields. This heavy investment in existing oil fields should stabilise oil production around 700k b/d going forward.

Oil Prices and Production

(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

- **Fitch affirms 6 Qatari Banks at 'A+'; Affirms QNBK at 'AA-'** – Fitch Ratings has affirmed the Long-term Issuer Default Ratings (LT IDR) of Commercial Bank of Qatar (CBQK), Doha Bank (DHBK), Qatar Islamic Bank (QIBK), Al Khalij Commercial Bank (KCBK), Qatar International Islamic Bank (QIIK) and Ahli Bank (ABQK) at 'A+'. Fitch has also affirmed QNB Group's (QNBK) LT IDR at 'AA-'. The outlooks on all the LT IDRs are Stable. (Reuters)
- **Qatar gets region's first RMB center; QNBK hopes to play a significant role** – QNB Group has given its full support and will further explore potential opportunities arising from the establishment of the first Middle East "Clearing Hub" for Chinese Currency launched in Doha. With the Clearing Hub now opened, QNB Group hopes to play a significant future role in assisting Middle Eastern and African clients with respect to their Renminbi requirements. This is derived from its strong South East Asian presence and its ability to conduct specialist business transactions across the areas of currency clearing, trade finance, asset and wealth management and treasury services. Commenting on the significance of the new Clearing Hub initiative with China, Noor Al Noaimi, Acting GM Treasury said: "As the biggest bank in Qatar, QNB is fully aligned and supportive of this QCB led initiative. The creation of the first official Middle East and Africa based Clearing Hub for Renminbi will serve client needs and place Doha at the heart of Middle East-China trade. It will provide a significant "East-West" corridor for those clients and businesses who wish to transact in RMB currency and do business in one of the largest economies in the world. As the only Qatari Bank based in China, we believe that QNB is well placed to commercially benefit from this direct clearing infrastructure and provide future value and benefit for a growing number of clients who have an international perspective. (QNB Group Press Release)
- **Meed: Qatar expected to be GCC's fastest-growing projects market in 2015** – Meed has said in its report that Qatar is expected to be the fastest-growing GCC projects market in 2015 with USD30bn worth new contracts to be awarded during 2015. It said that a similar figure will be spent in 2016 as the country accelerates its preparations for the 2022 FIFA World Cup. Around USD135bn worth of contracts are due to be awarded in Qatar during 2015-20. This is on top of around USD100bn placed since Qatar was appointed in 2010 to host the finals. Meed Projects Content & Analysis Director, Ed James forecasts that the value of contracts placed in the GCC will rise to USD172bn in 2015. (Gulf-Times.com)
- **IMF: Qatar's growth to increase 7% in 2015** – The International Monetary Fund (IMF), in its 'Qatar country report', said that Qatar's economic growth is expected to increase to around 7% in 2015 as the Barzan natural gas field starts production and authorities continue implementing the public investment program. As per the report, the country's short-term growth outlook is positive. The economy has maintained strong growth momentum so far despite the large drop in oil prices since summer 2014. The real GDP growth has been stable at around 6% over the past three years, mostly driven by a double-digit expansion of the non-hydrocarbon sector. Falling global commodity prices have helped reduce inflation below 3%, despite a tight real estate market. The IMF noted that lower oil prices will lead to a substantial deterioration of the fiscal and external balances of Qatar. The government's budget could fall into a deficit from 2016 onward and external surpluses will shrink substantially. The economic growth is expected to slow over the medium-term as public investment growth tapers. Moreover, the IMF favors Qatar imposing value-added tax (VAT) on goods and services and bringing local and GCC companies within the income tax net to boost its non-energy revenue. The IMF also suggests that Qatar should contain its expenditure by reducing state subsidies and controlling the wages of public servants. (Peninsula Qatar)
- **IMF: Qatar has lowest energy subsidies in GCC region** – The International Monetary Fund (IMF), in its Article IV consultation report 2015 on Qatar, said Qatar has the least energy subsidies in the GCC region. The IMF said the on-budget subsidies in Qatar amounted to 2% of its GDP in 2010, while implicit energy subsidies are estimated at 3.5%. Qatar raised pump prices of gasoline by 25% and of diesel by 30% in January 2011, and diesel prices were again raised by 50% in May 2014. Bahrain reported the largest energy subsidies of 12.5% of its GDP, followed by Saudi Arabia (9.9%), Kuwait (7%), Oman (6.2%) and the UAE (5.7%). As per the report, subsidy reforms so far were mainly raising retail gasoline and diesel prices (in 2011 and 2014), which are still way below the international market levels (by about 50% as compared to the US prices). (Gulf-Times.com)

Private Sector News

- **AHCS replaces MCGS in QSE index** – Aamal Company (AHCS) has replaced Medicare Group (MCGS) in the Qatar Stock Exchange's (QSE) index, with a weight of 2.76% of the index. As per the index rules, QNB Group (QNBK), whose weight exceeds 15% in the index as of market close March 31, 2015 has its weight capped at the 15% level and excess weight allocated to the remaining stocks proportionately. Further, National Leasing (NLCS) is removed from the QSE Al Rayan Islamic Index, reducing the number of constituents from 18 to 17. However, all the 43 listed companies remain in the QSE All Share Index, calculation as of April 1, 2015. (QSE)
- **QNBK opens representative office in Vietnam** – QNB Group (QNBK) has officially started operating its Ho Chi Min Representative Office in Vietnam after receiving all the necessary and required regulatory approvals. QNB's Representative Office will now take on the role of extending intermediary services in the field of investment and trade with Middle East companies that are looking to establish their business in Vietnam or looking to invest money in the country. In addition, QNBK will also act as a liaison with Vietnamese companies that are looking to expand into the growing Middle East market and facilitate investments. (QNA)
- **DHBK completes amalgamation of India operations of HSBC Bank Oman** – HE Sheikh Fahad Bin Mohamed Bin Jabor Al Thani, chairman of the board of directors of Doha Bank (DHBK) has informed that DHBK has completed the amalgamation of India operations of HSBC Bank Oman at the close of business on March 31, 2015 and has taken over the operations of their two branches in Mumbai (in state of Maharashtra), and Kochi (in state of Kerala) on a going concern basis. He also stated that the scheme of amalgamation was in line with the approval accorded by the regulatory authorities in Qatar, Sultanate of Oman and India viz. Qatar Central Bank, Central Bank of Oman and Reserve Bank of India, respectively. (QSE)
- **MERS to begin work on logistics facility JV in June, approves 90% cash dividend** – Al Meera Consumer Goods Company (MERS) will start work on the construction of its joint venture (JV) Aramex Logistics Services Company in June 2015. The company said that the logistics facility, to be built on a 91,000 square meter area in the south of Doha, will be completed in several phases. The work on the first phase, including a 20,000 square meter warehousing facility, will be completed in two years. Aramex Logistics Service will be owned 51% by MERS, 39% by Regency Group and 10% by Aramex Regional. Meanwhile, the company's annual general meeting (AGM) has approved the distribution of cash dividend of QAR9.00 per share. The AGM also approved the award of a tender for the fishery section at Gulf Mall and Muraikh to Aldalup Sea Food Company. (Qatar Tribune)
- **KPMG: PPP projects in Qatar see major interest** – According to KPMG in Qatar, the Qatari government is showing an increasing appetite to enter into public private partnerships (PPPs) to deliver infrastructure projects and drive growth in the country. The scale of Qatar's infrastructure plans and the government's commitment to increase the role of the private sector in the nation's economic growth have led to an increase in the number of infrastructure assets being considered for development through the PPP model. This strategy is in line with the desire to carve out a larger role for the private sector in the economic diversification process. According to the World Bank, over the last few years, the private sector's contribution to public infrastructure through PPPs in emerging economies has averaged about USD180bn a year. (Peninsula Qatar)
- **Qatar Rail signs cooperation pact with Moroccan Railways** – Qatar Railways Company (Qatar Rail) and the National Office of Railways of Morocco have signed a cooperation agreement in Doha. The agreement aims at developing relations between Qatar and Morocco in rail transport through the activation of a partnership between the two sides. Meanwhile, HE the Minister of Transport Jassim Seif Ahmed Al-Sulaiti held separate talks with the Moroccan Minister of Equipment, Transport and Logistics Aziz Rabbah. They discussed the aspects of cooperation and promotion of bilateral relations in the transport sector. (Gulf-Times.com)

National Accounts

Nominal GDP (QAR bn)	2011	2012	2013	2014	Q4 14	YoY%	QoQ%
Total	618.1	693.3	739.8	771.0	194.4	2.4%	0.7%
Oil & Gas	359.2	392.7	402.3	389.4	94.3	-6.0%	-1.0%
Non-Oil	258.9	300.6	337.5	390.0	100.1	11.8%	2.4%
Agriculture and Fishing	0.6	0.6	0.7	0.8	0.2	9.0%	0.5%
Industry	87.4	104.8	112.7	124.8	31.4	9.7%	-2.2%
Manufacturing	56.7	70.2	73.5	77.3	19.1	3.5%	-5.1%
Electricity, Gas and Water	2.4	3.4	3.8	4.1	1.1	11.4%	-6.9%
Construction	28.3	31.2	35.4	43.4	11.2	22.0%	3.7%
Services	166.8	190.5	221.0	0.0	67.6	12.8%	4.5%
Trade, Restaurants and Hotels	35.6	39.1	45.3	52.0	14.8	13.1%	5.4%
Transport and Communications	21.0	23.5	24.6	27.6	7.1	12.1%	-2.9%
Financial and Business Services	70.3	76.6	90.6	109.2	28.6	16.0%	6.0%
Social Services	5.0	5.8	6.1	6.7	1.7	8.7%	0.1%
Government Services	46.2	60.1	69.8	75.9	19.3	7.5%	0.7%
Household Services	2.0	2.3	2.7	3.2	0.8	15.0%	7.8%
Imputed Bank Service Charges	-13.4	-16.8	-18.2	-21.8	-4.6	7.8%	-11.4%
Import Duties	3.9	4.6	3.0	3.2	0.9	6.7%	9.8%

Source: MDPS

Real GDP (% change, YoY)	2010	2011	2012	2013	2014	Q4 14	QoQ%
Total	16.7	13.0	6.0	6.3	6.2	6.7	1.5
Oil & Gas	28.9	15.6	1.3	0.2	-1.5	1.3	1.3
Non-Oil	8.6	10.9	10.0	11.0	11.0	10.3	1.7
Agriculture and Fishing	19.7	5.4	4.5	5.9	9.3	9.6	0.0
Industry	23.4	13.9	4.2	3.1	3.1	12.3	0.3
Manufacturing	17.6	10.4	10.7	5.6	4.1	5.0	-3.3
Electricity, Gas and Water	13.5	7.9	10.6	6.4	10.6	12.9	-23.2
Construction	9.5	10.5	10.6	12.1	18.0	17.7	4.7
Services	6.9	10.3	10.8	13.4	11.4	9.4	2.6
Trade, Restaurants and Hotels	2.5	12.9	6.7	12.3	14.1	12.8	4.5
Transport and Communications	10.2	12.4	12.4	4.0	10.4	10.4	-1.9
Financial and Business Services	7.4	6.3	11.4	19.0	13.6	9.2	3.4
Social Services	1.9	3.0	9.2	7.1	8.8	7.5	1.6
Government Services	8.7	13.1	12.8	15.1	7.8	5.9	-0.9
Household Services	2.2	0.8	6.0	10.3	11.0	12.8	7.6
Imputed Bank Service Charges	3.3	33.4	8.2	22.1	11.5	7.6	-8.2
Import Duties	17.8	-1.1	20.5	-0.5	6.9	0.2	-1.6

Source: MDPS

Balance of Payments

Balance of Payments (USD bn)	2010	2011	2012	2013	2014	Q4 14
Current Account Balance	24.0	52.0	62.0	62.6	54.8	10.5
Trade Balance (Goods)	54.0	87.4	102.2	105.5	100.6	21.1
Exports	75.0	114.3	133.0	136.9	131.7	28.6
Imports	-20.9	-26.9	-30.8	-31.5	-31.1	-7.6
Invisibles	-30.1	-35.4	-40.2	-42.9	-45.7	-10.6
Services	-5.8	-9.5	-14.0	-16.3	-19.3	-4.5
Income	-12.9	-13.3	-12.1	-11.3	-9.3	-2.2
Transfers	-11.4	-12.7	-14.1	-15.2	-17.1	-3.9
Capital & Financial Account Balance	-10.7	-62.6	-44.4	-54.5	-52.5	-10.7
Capital Account	-2.1	-3.6	-6.1	-4.8	-5.5	-1.2
Financial Account	-8.6	-59.0	-38.3	-49.7	-46.9	-9.5
Direct Investment (outwards)	-1.9	-6.0	-1.8	-8.0	-6.7	-0.4
Direct Investment (into Qatar)	4.7	-0.1	0.3	-0.8	1.0	-0.6
Portfolio investment (net)	-	-18.9	2.8	-14.3	-19.9	-6.0

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	Q3 14
Japan	15.5	21.5	29.9	36.9	39.9	7.2
Korea	6.9	12.0	20.1	24.7	24.6	5.8
India	4.0	6.4	10.9	14.6	14.3	3.9
European Union	4.4	10.1	18.2	13.1	12.7	2.3
China	0.9	2.2	4.5	6.8	8.9	1.6

Top 5 Import Sources (USD bn)	2009	2010	2011	2012	2013	Q3 14
European Union	8.1	7.4	6.7	6.8	7.3	2.4
United States	3.1	2.7	2.6	2.8	3.2	1.4
United Arab Emirates	1.8	1.6	1.8	2.0	2.0	0.5
Saudi Arabia	1.3	1.2	1.2	1.2	1.2	0.3
United Kingdom	1.1	1.2	1.1	1.1	1.3	0.4

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

Crude oil (USD / barrel)	2011	2012	2013	2014	Mar-15	MoM%	YoY%
Oil production ('000 bpd)	733.4	733.7	723.2	709.2	708.0	4.7%	-0.3%
Qatar average price	108.1	111.0	107.7	97.2	54.4	-0.8%	-48.8%
Dukhan	109.7	111.8	108.9	98.5	55.6	-0.9%	-48.2%
Marine	107.5	110.6	107.1	96.6	53.2	-0.7%	-49.4%

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

Budget, Population & Money

Government Budget (% of GDP)	2010	2011	2012	2013	Q3 14
Balance	2.7	7.8	11.4	15.5	-4.6
Revenue	34.3	36.0	41.0	46.9	24.0
Expenditure	31.6	28.2	29.7	31.3	28.5

Population (m people in Qatar)	2011	2012	2013	2014	Apr-15	MoM%	YoY%
Total	2.19	1.71	2.05	2.24	2.34	-0.2%	8.7%

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

Money Supply (QAR bn)	2011	2012	2013	2014	Mar-15	MoM%	YoY%
Broad money (M2)	310.0	381.1	455.7	504.0	508.3	-1.8%	5.2%
M1	81.8	90.9	105.9	124.3	126.6	-3.3%	7.6%
Quasi-money	228.1	290.1	349.8	379.8	381.7	-1.3%	4.4%

Interest rates (% end period)	2011	2012	2013	2014	Mar-15
QCB deposit	0.75	0.75	0.75	0.75	0.75
QCB lending	4.50	4.50	4.50	4.50	4.50
Interbank overnight	0.74	0.77	0.85	0.73	0.80
Demand deposit	0.62	0.65	0.58	0.54	0.58
Overdraft	7.42	6.63	6.10	5.35	5.63
Credit card	10.69	9.11	8.13	9.64	10.04

Source: QCB

Banking Sector Snapshot : March 2015

Review and Outlook

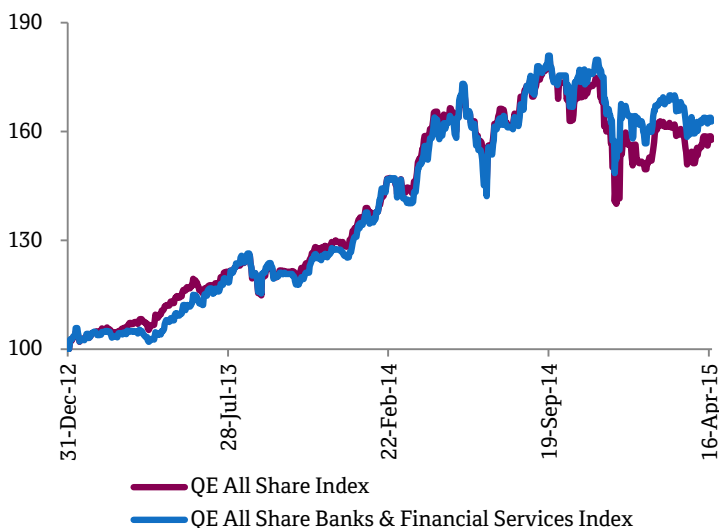
The loan book grew by 3.2% month-on-month (+3.5 year-to-date) in March 2015, after growing by 1.7% MoM in February 2015. Deposits followed suit and gained by 3.1% month-on-month (+3.3 year-to-date) in the month of March 2015. Public sector drove total credit growth with a gain of 4.6% month-on-month (down 1.3% year-to-date). Moreover, public sector deposits ticked up by 1.3% month-on-month (flattish year-to-date). Thus, the LDR remained at 109% vs. 109% at the end of February.

The public sector deposits climbed up by 1.3% month-on-month for the month of March 2015 vs. a robust growth of 5.2% month-on-month in February. Delving into segment details, the government institutions' segment (represents ~59% of public sector deposits) declined by 6.6% month-on-month (+4.2% YTD). Moreover, the semi-government institutions' segment posted weak performance, contracting by 19.4% month-on-month (down 16.2% year-to-date). On the other hand, the government segment surged by 50.1% month-on-month (+2.6% year-to-date) after dropping by 11.4% and 22.9% in February and January 2015, respectively. On the Private sector front, the companies & institutions' segment gained by 2.5% month-on-month (down 2.4% year-to-date). The consumer segment followed suit and climbed up by 2.2% month-on-month (+4.9% year-to-date). Non-resident deposits grew by 15.5% month-on-month (+31.4% year-to-date).

The overall loan book continued its growth trajectory and posted healthy performance. Total domestic public sector loans increased by 4.6% month-on-month (down 1.3% year-to-date) vs. a marginal growth of 1.5% month-on-month in February 2015. The government segment's loan book expanded by 23.7% month-on-month (+5.7% year-to-date). Moreover the government institutions' segment (represents ~60% of public sector loans) exhibited flattish performance after declining by 2.5% month-on-month in February (down 2.4% year-to-date). However, semi-government institutions' segment declined by 11.9% month-on-month (down 12.3% year-to-date). Hence, the government sub-segment pushed the overall loan book up for the month of March 2015.

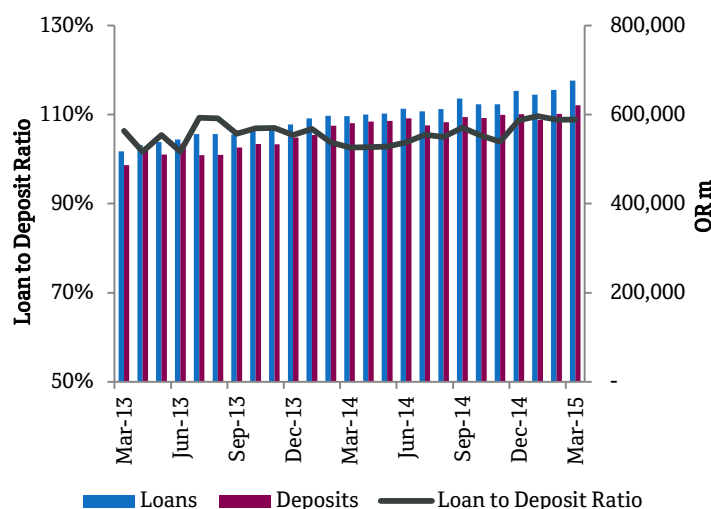
Private sector loans grew by 3.1% month-on-month(+4.7% year-to-date) vs. a flattish performance in February 2015. The Services segment followed by Consumption & Others positively contributed toward the loan growth. Loans to the Services segment expanded by 7.4% month-on-month(+7.7% year-to-date) while Consumption & Others (contributes ~31% to private sector loans) increased by 4.3% month-on-month(+7.4% year-to-date). On the other hand, Contractors (contributes ~9% to private sector loans) marginally dipped by 0.6% month-on-month(+6.2% year-to-date) while Real Estate (contributes ~26% to private sector loans) displayed flat performance month-on-month(down 0.9% year-to-date).

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	3,173.44	(0.95)			2.3	4.1
Al Ahli Bank (ABQK)	48.90	(1.48)	3.45	14.2	2.0	6.1
Al Khalij Commercial Bank (KCBK)	20.00	(9.30)	1.64	12.2	1.2	5.0
Commercial Bank of Qatar (CBQK)	56.90	(8.63)	5.89	9.7	1.2	6.2
Doha Bank (DHBK)	52.70	(7.54)	4.73	11.1	1.4	7.6
Masraf Al Rayan (MARK)	48.60	9.95	2.86	17.0	3.0	4.1
Qatar International Islamic Bank (QIIK)	80.00	(2.08)	5.88	13.6	2.1	5.3
Qatar Islamic Bank (QIBK)	101.30	(0.88)	7.07	14.3	1.9	4.4
Qatar National Bank (QNBK) *	187.50	(11.93)	16.07	11.7	2.5	4.1

Source: QNBFS estimates, Bloomberg estimates (*) and data (as of April 19, 2015)

Banking Sector Indicators											
QAR m	2012	2013	Mar-14	Jun-14	Sep-14	Dec-14	Jan-15	Feb-15	Mar-15	Change MoM	Change YTD
Total Assets	820,512	915,911	952,148	961,850	989,349	1,011,702	976,103	998,870	1,025,146	2.6%	1.3%
Total Credit (Loans)	510,048	577,976	596,344	613,500	636,348	653,418	644,586	655,424	676,162	3.2%	3.5%
Total Deposits	458,066	548,384	581,000	591,397	594,192	601,074	587,830	602,029	620,947	3.1%	3.3%
Loan to Deposit Ratio	111%	105%	103%	104%	107%	109%	110%	109%	109%		
Credit Facilities (Geographic)											
Total Domestic Credit	478,305	535,657	550,417	556,628	575,576	589,739	576,862	581,948	603,247	3.7%	2.3%
Total International Credit	31,743	42,319	45,927	56,872	60,772	63,679	67,724	73,475	72,914	-0.8%	14.5%
Domestic Credit Facilities - Public Sector											
Government	51,746	56,549	67,288	61,191	69,023	64,737	49,474	55,322	68,441	23.7%	5.7%
Government Institutions	139,585	152,516	150,361	144,287	136,462	140,427	140,140	136,648	137,118	0.3%	-2.4%
Semi-Government Institutions	27,222	30,679	28,617	34,624	34,351	28,400	27,372	28,249	24,898	-11.9%	-12.3%
Total Domestic Public Sector Credit	218,553	239,745	246,266	240,102	239,836	233,564	216,986	220,219	230,457	4.6%	-1.3%
Domestic Credit Facilities - Private Sector											
General Trade	33,280	36,011	39,610	38,774	43,257	48,257	48,522	48,122	50,025	4.0%	3.7%
Industry	9,339	11,592	10,440	10,828	11,440	12,253	12,456	13,148	13,194	0.3%	7.7%
Contractors	16,546	23,331	26,458	26,309	28,504	30,367	31,561	32,432	32,244	-0.6%	6.2%
Real Estate	85,562	85,388	85,113	84,804	88,392	95,142	96,613	94,455	94,321	-0.1%	-0.9%
Consumption & Others	78,587	87,020	89,049	93,637	100,794	106,363	107,146	109,607	114,287	4.3%	7.4%
Services	36,438	52,570	53,480	62,174	63,353	63,792	63,577	63,966	68,719	7.4%	7.7%
Total Domestic Private Sector Credit	259,752	295,912	304,151	316,526	335,740	356,175	359,876	361,729	372,790	3.1%	4.7%
Deposit Details (Geographic)											
Resident Deposits	417,337	514,804	550,048	558,245	560,378	552,955	537,655	547,297	557,735	1.9%	0.9%
Non-resident Deposits	40,729	33,579	30,952	33,153	33,814	48,119	50,175	54,733	63,212	15.5%	31.4%
Deposits - Public Sector (Domestic)											
Government	44,557	68,459	76,856	84,935	81,169	59,445	45,826	40,620	60,969	50.1%	2.6%
Government Institutions	104,378	124,390	135,485	126,889	137,862	129,609	128,250	144,707	135,103	-6.6%	4.2%
Semi Government Institutions	31,794	37,283	25,341	30,429	33,894	39,082	40,648	40,637	32,739	-19.4%	-16.2%
Total Public Sector Deposit	180,729	230,131	237,682	242,253	252,925	228,136	214,724	225,964	228,812	1.3%	0.3%
Deposits - Private Sector (Domestic)											
Personal	116,257	145,841	162,317	162,406	158,837	162,251	162,917	166,484	170,224	2.2%	4.9%
Companies & Institutions	120,350	138,833	150,048	153,585	148,615	162,567	160,014	154,848	158,699	2.5%	-2.4%
Total Private Sector Deposit	236,607	284,673	312,366	315,991	307,452	324,819	322,931	321,332	328,923	2.4%	1.3%

Source: QCB

Qatar Exchange Monthly Performance							
Company Name	Price (April 30)	% Change	% Change	Market Cap. QR Million	TTM P/E	P/B	Div. Yield
Qatar National Bank	198.00	2.59	(7.00)	138,546	12.9	2.6	3.8
Qatar Islamic Bank	100.50	(1.95)	(1.66)	23,747	14.4	2.3	4.2
Commercial Bank of Qatar	56.40	(0.18)	(9.43)	18,422	10.3	1.1	5.6
Doha Bank	54.70	1.48	(4.04)	14,133	10.3	1.3	7.3
Al Ahli Bank	46.40	(4.33)	(6.52)	8,432	13.6	2.1	2.9
Qatar International Islamic Bank	81.00	0.62	(0.86)	12,261	14.7	2.5	4.9
Masraf Al Rayan	48.50	(0.72)	9.73	36,375	17.5	3.4	3.6
Al Khaliji Bank	20.49	(1.49)	(7.07)	7,376	12.3	1.3	4.9
National Leasing	21.56	(2.22)	7.80	1,067	24.7	0.9	3.9
Dlala Holding	28.80	(6.49)	(13.87)	818	14.5	2.8	N/A
Qatar & Oman Investment	15.65	1.62	1.62	493	16.1	1.4	5.1
Islamic Holding Group	121.70	5.55	(2.25)	487	29.4	8.2	2.5
Banking and Financial Services				262,158			
Zad Holding	90.80	(2.37)	8.10	1,188	10.7	1.5	4.4
Qatar German Co. for Medical Devices	13.00	(5.80)	28.08	150	N/A	0.9	N/A
Salam International Investment	13.90	2.21	(12.30)	1,589	19.9	1.0	4.3
Medicare Group	172.10	2.62	47.09	4,844	24.6	5.8	1.0
Qatar Cinema & Film Distribution	42.10	(0.71)	5.25	264	21.2	1.8	2.2
Qatar Fuel	180.00	0.28	(11.89)	15,203	13.3	2.5	5.0
Qatar Meat and Livestock	61.50	0.82	1.82	1,107	20.5	4.1	4.1
Al Meera Consumer Goods	246.90	8.77	23.45	4,938	21.4	3.9	3.6
Consumer Goods and Services				29,283			
Qatar Industrial Manufacturing	45.60	(0.87)	5.19	2,167	14.1	1.4	6.6
Qatar National Cement	121.50	2.19	1.25	6,562	15.8	2.6	3.0
Industries Qatar	145.10	1.47	(13.63)	87,786	15.4	2.9	4.8
Qatari Investors Group	47.90	(0.21)	15.70	5,955	25.8	2.7	1.6
Qatar Electricity and Water	212.10	3.97	13.12	23,331	14.4	3.8	3.5
Mannai Corp.	114.20	3.72	4.77	5,210	9.6	2.5	5.3
Aamal	16.27	(1.39)	12.47	10,250	17.3	1.4	5.9
Gulf International Services	89.20	2.88	(8.14)	16,577	10.5	4.7	6.2
Mesaieed Petrochemical Holding	26.25	0.19	-11.0	32,978	22.8	2.5	4.2
Industrials				190,816			
Qatar Insurance	80.70	3.46	2.43	14,899	15.2	2.6	2.7
Doha Insurance	25.30	(2.32)	(12.76)	1,265	11.7	1.2	4.0
Qatar General Insurance & Reinsurance	56.50	0.00	10.13	4,495	4.9	0.8	3.1
Al Khaleej Takaful Insurance	43.30	1.17	(1.98)	1,105	14.8	1.8	3.0
Qatar Islamic Insurance	82.00	(0.49)	3.80	1,230	14.7	4.0	4.9
Insurance				22,994			
United Development	22.56	3.96	(4.37)	7,988	14.8	0.8	5.5
Barwa Real Estate	50.20	1.52	19.81	19,534	3.3	1.1	4.4
Ezdan Real Estate	17.00	(0.06)	13.94	45,092	31.7	1.5	2.4
Mazaya Qatar Real Estate Development	18.87	(0.68)	3.46	1,981	11.4	1.5	1.5
Real Estate				74,596			
Qatar Telecom	99.50	(1.29)	(19.69)	31,872	18.2	1.4	4.0
Vodafone Qatar	16.90	(1.69)	2.74	14,287	N/A	2.6	1.0
Telecoms				46,159			
Qatar Navigation (Milaha)	100.80	1.41	1.31	11,544	10.8	0.9	5.5
Gulf Warehousing	72.90	6.58	29.26	3,467	22.9	4.0	2.1
Qatar Gas Transport (Nakilat)	22.76	0.89	(1.47)	12,746	13.9	4.3	5.3
Transportation				27,757			
Qatar Exchange				653,762			

Source: Bloomberg, * Trailing Twelve Months

This report is produced by QNB Group's Economics Team in collaboration with QNB Financial Services. For questions, or to receive it by email each month, please contact:

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