1- EXECUTIVE SUMMARY

While Qatar has entered a protracted period of slower economic growth due to low energy prices, growth trajectory remains well above that of other GCC states

Qatar economy has grown robustly in the 2004-2014 period driven by strong growth in hydrocarbon sector. However, declining oil prices have pressured economic activity since 2014 and despite outperforming its neighbors, Qatar’s economic growth will below its average for the past decade amid continuing volatility in the oil market.

The main economic threat for Qatar is lower energy prices as dependence on oil and gas leaves growth, exports and government revenues vulnerable to shifts in prices. However, we expect infrastructure and construction sectors together with services, such as hospitality and real estate, would likely to be main triggers of the economic activity in the medium term. 2022 FIFA World Cup and other ongoing investments in industry and social infrastructure would support the country to remain an outperformer in the region.

Qatari banking system will face more challenging operating environment due to economic slowdown driven by the falling oil prices

Like other GCC states, Qatar banking system will face a more challenging environment in the medium term period as the economic slowdown due to slump in hydrocarbon prices and moderate borrowing appetite from the Qatari government and corporates will lead to slower growth in loans and deposits with pressuring sector’s profitability. However, we expect loan growth in the construction sector to continue outperforming in the coming years on the back of preparation for the 2022 FIFA World Cup and government spending on infrastructure projects.

Developing relations between Turkey and Qatar indicate an increase in trade volume

In the context of the Turkey-Qatar trade relationship, Turkey export to Qatar increased by 22.7% to USD 423 million in 2015 and import fell by 8.5% to USD 361 million. The trade volume of Turkey to Qatar is standing at USD 784 million in 2015, higher than trade volume of 2014, which amounted as USD 739 million.

Turkey-Qatar relations in the recent period is the proof of the positive contribution to economy by the synergy in political and diplomatic relations. With considering recent developments, USD 5 billion of bilateral trade volume is targeted for 2020. To achieve this goal, Turkey should know the habits of consumption, production and investment in Qatar, whose per capita income exceed USD 75 thousands and infrastructure and superstructure investments amounted to USD 200 billion.
2- SWOT - QATAR

Strengths

- High standard living conditions of nationals.
- Low domestic political risk.
- A massive endowment of natural gas, as well as sizeable oil reserves.
- Being an attractive destination for investors with its favourable tax rate.
- Major investments in the non-hydrocarbon sector, strengthening the business climate.

Weaknesses

- Declining oil prices put pressure on growth, exports and government revenues.
- Fragile regional outlook.
- Close ties with U.S., exacerbating the tension in the region.
- High level of expatriate community with low wages and limited political rights could deteriorate political stability.

Opportunities

- Growth in construction and services sectors.
- Significant development in the non-hydrocarbons sector.
- 2022 World Cup offers great investment opportunities.
- Political stability and reliable operational environment encourage foreign investment.
- Qatar’s sovereign position will remain one of the strongest in the world.

Threats

- Dependence on oil sector, creating vulnerability to oil price shocks.
- Possible militant attacks.
- Tensions with other Arab countries.
- Qatar’s currency is pegged to the dollar and this situation give the country minimal control over monetary policy.
- Subsidy cuts and rising commodity prices can create inflationary pressures.
- The decline in oil and gas prices will continue to weigh on financial sector liquidity, forcing Qatari banks to rely more on external and wholesale funding.
3- ECONOMIC OUTLOOK

### Main Economic Indicators

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016f</th>
<th>2017f</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal GDP, USD bn</td>
<td>210.1</td>
<td>185.4</td>
<td>150.3</td>
<td>179.9</td>
</tr>
<tr>
<td>Real GDP growth, % y-o-y</td>
<td>4.0</td>
<td>3.7</td>
<td>2.7</td>
<td>3.3</td>
</tr>
<tr>
<td>Consumer price inflation, % y-o-y, ave</td>
<td>3.4</td>
<td>1.8</td>
<td>2.9</td>
<td>3.2</td>
</tr>
<tr>
<td>Budget balance, % of GDP</td>
<td>16.0</td>
<td>-0.9</td>
<td>-5.2</td>
<td>-2.4</td>
</tr>
<tr>
<td>Current account balance, % of GDP</td>
<td>23.5</td>
<td>8.2</td>
<td>-1.9</td>
<td>1.5</td>
</tr>
</tbody>
</table>

Source: IMF, BMI, f: forecast

**A&T Bank View:** Qatar economy has grown robustly in the 2004-2014 period driven by strong growth in hydrocarbon sector. However, declining oil prices have pressured economic activity since 2014 and despite outperforming its neighbors, Qatar’s economic growth will below its average for the past decade with considering volatility in the oil market. However, we are optimistic about the Qatar economy with expecting that after decreasing to 2.7% in 2016 from 3.7% in 2015, starting from 2017, it will gain momentum again on the back of recovery in the oil prices and strong construction sector. The key components of economic growth would be fixed investment and private consumption as our core view expects Qatar’s economy to continue expanding at a rapid pace supported by government investment projects and strong population increases.

We expect infrastructure and construction sectors together with services, such as hospitality and real estate, would likely to be main triggers of the economic activity in the medium term. 2022 FIFA World Cup and other ongoing investments in industry and social infrastructure would support the country to remain an outperformer in the region. A prolonged decline in oil prices is still one the main risks for the economy. However, Qatar is one of the countries, which could buffer shortages in revenues due to drop in oil prices, with its ample foreign assets and low level of breakeven price.

**Qatar Growth Performance**

Source: IMF, BMI
Qatar economy has enjoyed a rapid pace of growth in recent years and is expected to continue this trend. However, the economic activity has shifted towards non-hydrocarbon sector and is expected to remain for the time being. Oil and gas output largely reached at maximum levels and oil prices are on the decay. Our core view sees Qatar economy to concentrate more on non-hydrocarbon sectors with investment projects towards infrastructure and construction sectors and promising services sectors—such as hospitality and financial services—being main driver of the economy. In terms of hydrocarbon sector, the start of production at Barzan is expected to give boost to the sector. However, the output would likely to be used in domestic consumption due to increasing domestic demand and not lead to exports.

The government is expected to continue supporting economic activity by increasing investment in non-oil sectors despite falling oil revenues. Like other peers in the region, the country would likely to choose to continue investing in non-oil sector projects instead of choosing to balance the fiscal budget. The country aims not to dampen business and consumer confidence and not to cause economic activity to slow down. Besides, the country has enough fiscal buffers and the breakeven price is lower compared to other GCC countries, which makes the country resilient to the drop in oil prices.

In terms of expenditure breakdown, fixed investment and private consumption is expected to be the main drivers. While the government is planning to invest USD 200 billion for infrastructure projects in the next decade, it is also expected to continue spending for public administration, health, and social services, which would support government consumption side. Furthermore, private consumption is expected to pick up in the medium term revolving around the country’s fast-rising resident population. Rising population would likely result in growth in retail, business services, real estate and hospitality sectors.

In terms of sectoral breakdown, we believe that Qatar’s massive infrastructure projects in preparation for the FIFA 2022 World Cup will be the main drivers of the economic growth in the medium term period. Huge Infrastructure projects like Doha Metro, Doha’s new port, Ahmed Bin Ali Stadium Expansion, Al Wakrah SC Stadium, Khalifa Olympic Stadium Renovation, Hilton Panorama Residence, Hamad International Airport Project, Al-Jamiaa Healthcare Centre and Muaither Healthcare Centres are on the way.

In addition, government has announced at least USD 182 billion in spending on capital projects over 2014 and 2018, the majority of which is concentrated in the transport and construction sector. While we expect strong growth from the Qatar’s construction sector supported by investment flows into commercial construction and the transport network as 2022 World Cup will take place in Qatar, sector has some problems; such as cost overruns and delays due to mature project management process, lack of private sector investments and dependence on foreign workers. Furthermore, since most of the projects depend on government investment, with a prospect for prolonged decline in oil prices, the main risk is that decline in oil prices could hit fiscal budget thus forcing the government to cut spending.
4- RISKS TO OUTLOOK

- **Political Outlook**
  Political risks in Qatar remained low in comparison to other countries in the GCC as highest per capita GDP, massive hydrocarbon wealth and small population (with low level of inclination to protest against the government) keep the country insulated from the regional unrest. However, it should be noted that high level of expatriate community with low wages and limited political rights and the regional instability are the main risks that could deteriorate political stability.

- **Economic Outlook**
  The main economic threat for Qatar is lower energy prices as dependence on oil and gas leaves growth, exports and government revenue vulnerable to shifts in prices. However, the government’s plans to boost the non-hydrocarbon private sector will gradually decrease the economy’s reliance on oil sector and major investments in the non-hydrocarbon sector will strengthen the business confidence and generate more sustainable economic growth over the long term.

- **Operational Outlook**
  Favorable tax rates, high average life expectancy, long-term political stability, incentives including tax holidays, energy subsidies, relaxed employment regulations along with the increasing investment in transport infrastructure and development of a railway network are the main strengths of the Qatar that encourage foreign investment to the country.

5- POLICY IMPLICATIONS

Qatar fiscal balance has enjoyed oil boom of the last years but lower oil prices have deteriorated budget balance in 2015. Because of lower hydrocarbon revenues and continued capital spending, the budget deficit to GDP will increase to 5.2% in 2016 and will be realized as 2.4% in 2017. However, Qatar is one of the countries, which can compensate losses in the coming period with its fiscal buffers and lower level of breakeven prices compared to peers. Furthermore, the country is expected to depend on Sovereign Wealth Fund and tap international debt market. The government would likely to continue development spending and current expenditure growth; however, the government might be cautious about the amount and pace of the investment, especially due to slump in global oil prices. Although the fiscal balance is expected to stay under pressure, we expect budget balance to turn back to surpluses from 2018.

Falling oil prices would likely to cause current account surplus to deteriorate too. We forecast Qatar to post its first current account deficit in 17 years in 2016 as low hydrocarbon prices have continued to pressure export revenues. However, this be short-lived and external balance will return to positive territory in 2017 on the back of increasing oil prices and large foreign reserves, which could compensate the losses in the export market. We expect moderate recovery from exports, despite Barzan facility is expected to provide some support in the sector; we believe it would not be enough to lead to a sufficient increase in exports. Import growth would likely to remain strong supported by state-led development plan and population.
6- BANKING SECTOR

Strengths

- The Qatari economy has witnessed important developments over the past decade, including a massive expansion in natural gas production and push to develop the infrastructure sector ahead of the 2022 World Cup.
- Qatar, in fact, is rated as one of the best-performing countries in the world in terms of economic development and growth.
- The credit card industry in Qatar is expected to sustain current levels of growth of over 20% per annum due to low credit losses, continued economic growth and the entry of new players in the market.

Weaknesses

- The current slump in oil and LNG prices will increase deposit pressures, leading to higher funding costs. Lending activity will also slow as the government maintains a more conservative fiscal stance.
- Small size of domestic market could limit top line growth, particularly closer to the end of the government’s infrastructure programme.

Opportunities

- Lending to the government, a segment that has largely been closed to the foreign banks, is large. It should continue to grow, if at a more measured pace.
- The Qatari government is committed to the development of the financial services sector.

Threats

- Competition with other established and emerging financial centers in the Gulf is substantial.
- In spite of impressive economic growth, and enlightened government policies, Qatar will never be a large market for financial services in its own right.
- The government has increasingly turned towards directly financing long-term infrastructure projects - thereby centralizing control over spending - rather than relying on banks for capital.

A&T Bank View: Like other GCC states, Qatar banking system will face a more challenging environment in the medium term period as the economic slowdown due to slump in hydrocarbon prices and moderate borrowing appetite from the Qatari government and corporates will lead to slower growth in loans and deposits with pressuring sector’s profitability. However, we expect construction sector loan growth to continue outperforming in the coming years on the back of preparation for the 2022 FIFA World Cup and government spending on infrastructure projects.
Qatar banks are liquid and the banking sector is expected to remain stable, despite the economic slowdown and challenges in the construction and contracting sector (due to project rationalization and delays will put some pressure on loan performance and lead bank earnings to decline slightly). The BMI’s latest report has shown that, in the first six months of 2016, the average interest rate on government securities stood at 2.62%, well below the 5.98% rate that Qatari banks demand on average for private sector loans. The squeeze on banks’ margins is reinforced by rising funding costs. Qatar’s 3 Month Interbank Offered Rate (QIBOR) increased to 1.57% in July 2016, compared to 1.08% in July 2014, while the average interest rate on time and savings deposits reached 2.13% in July, compared to 1.22% two years earlier. As a result, the interest margin for Qatari banks is decreasing, and stood at 3.86% in July 2016, compared to 4.70% in July 2014.

Profitability is expected to decline in 2016 but remain solid, with return-on-assets declining to around 1.7% for 2016 from 1.9% in 2015. Rising funding costs, competitive pressures driving down yields and increased provisioning expenses are the main risk for the banking sector profitability, while continuing lending growth; the potential for higher asset re-pricing and strong efficiency could compensate the losses in the sector. In addition, the strong support from the government and supportive operating environment is expected to support Qatari banks with preventing deterioration of the asset quality.

Although problem loans are expected to rise modestly, Qatari banks will continue to show one of the best loan performances among GCC countries as recent figures have shown that NPLs equal to only 1.6% of total loans at the end of 2015. In addition, while the decline in oil prices will continue to weigh on financial system liquidity, well capitalized banking system (as capital adequacy ratio standing at 15.6% in 2015 compared to the regulatory requirement of 12.5%) and adequate interventions from the monetary authorities could help to mitigate these pressures.

<table>
<thead>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets, QARmn</td>
<td>1,004,770</td>
<td>1,112,729</td>
<td>1,210,650</td>
<td>1,325,661</td>
<td>1,464,856</td>
<td>1,637,709</td>
<td>1,845,152</td>
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<tr>
<td>Total assets, USDmn</td>
<td>275,861</td>
<td>305,535</td>
<td>332,505</td>
<td>364,093</td>
<td>402,322</td>
<td>449,796</td>
<td>506,771</td>
</tr>
<tr>
<td>Total assets, % of GDP</td>
<td>130,3</td>
<td>196,6</td>
<td>213,6</td>
<td>193,3</td>
<td>187,0</td>
<td>187,2</td>
<td>185,2</td>
</tr>
<tr>
<td>Total assets, % y-o-y</td>
<td>10,4</td>
<td>10,7</td>
<td>8,8</td>
<td>9,5</td>
<td>10,5</td>
<td>11,8</td>
<td>12,7</td>
</tr>
<tr>
<td>Client loans, QARmn</td>
<td>650,210</td>
<td>748,680</td>
<td>812,318</td>
<td>885,426</td>
<td>969,542</td>
<td>1,066,496</td>
<td>1,178,478</td>
</tr>
<tr>
<td>Client loans, USDmn</td>
<td>178,516</td>
<td>205,574</td>
<td>223,103</td>
<td>243,182</td>
<td>266,284</td>
<td>292,913</td>
<td>323,669</td>
</tr>
<tr>
<td>Client loans, % y-o-y</td>
<td>13,0</td>
<td>15,1</td>
<td>8,5</td>
<td>9,0</td>
<td>9,5</td>
<td>10,0</td>
<td>10,5</td>
</tr>
<tr>
<td>Client loans, % of GDP</td>
<td>84,3</td>
<td>132,3</td>
<td>143,3</td>
<td>129,1</td>
<td>123,8</td>
<td>121,9</td>
<td>118,3</td>
</tr>
<tr>
<td>Client deposits, QARmn</td>
<td>601,074</td>
<td>650,261</td>
<td>686,025</td>
<td>740,221</td>
<td>800,179</td>
<td>873,796</td>
<td>958,554</td>
</tr>
<tr>
<td>Client deposits, USDmn</td>
<td>165,026</td>
<td>178,550</td>
<td>188,417</td>
<td>203,302</td>
<td>219,769</td>
<td>239,988</td>
<td>263,267</td>
</tr>
<tr>
<td>Client deposits, % y-o-y</td>
<td>9,6</td>
<td>8,2</td>
<td>5,5</td>
<td>7,9</td>
<td>8,1</td>
<td>9,2</td>
<td>9,7</td>
</tr>
<tr>
<td>Client deposits, % of GDP</td>
<td>78,0</td>
<td>114,9</td>
<td>121,0</td>
<td>107,9</td>
<td>102,2</td>
<td>99,9</td>
<td>96,2</td>
</tr>
<tr>
<td>Loan/deposit ratio</td>
<td>108,2</td>
<td>115,1</td>
<td>118,4</td>
<td>119,6</td>
<td>121,2</td>
<td>122,1</td>
<td>122,9</td>
</tr>
<tr>
<td>Loan/asset ratio</td>
<td>64,7</td>
<td>67,3</td>
<td>67,1</td>
<td>66,8</td>
<td>66,2</td>
<td>65,1</td>
<td>63,9</td>
</tr>
</tbody>
</table>

Source: BMI, QCB
List of Banks in Qatar

1-Qatar National Bank 10-Standard Chartered Bank
2-Commercial Bank of Qatar 11-HSBC Bank Middle East
3-Doha Bank 12-United Bank
4-AL Ahli Bank 13-Bank Saderat Iran
5-Qatar International Bank 14-BNP Paribas
6-Qatar Development Bank 15-Qatar Islamic Bank
7-Gulf Commercial Bank 16-Qatar International Islamic Bank
8-Arab Bank 17-Masraf Al Rayan
9-Mashreq Bank 18-Barwa Bank

Source: QCB, QFCRA, BMI

7- FOREIGN TRADE

Qatar export basket is not well-diversified as it depends on petroleum and petroleum products with almost 83% of the export items are related to this sector. The major export partners were South Korea (18.3%), Japan (18.2%) and India (12.4%) in 2015; whereas the three major import partners were EU (37.8%), USA (13.7%) and UAE (7.9%).

Most exported goods include: mineral fuels, mineral oils and products of their distillation (82.8%), followed by plastics and articles (3.7%), and aluminium and articles (2.3%). Most imported goods include: machinery, mechanical appliances, nuclear reactors (15.6%), vehicles other than railway or tramway rolling stock (13.6%) and electrical machinery and equipment (10.4%).

Our core view sees stronger demand for imports in terms of both capital, raw material and machinery, due to increasing pace of infrastructure and construction investment. Construction activity and the services sector are expected to set to remain the dominant performers with FIFA 2022 World Cup creating opportunities for the former sector.

However, we remained pessimistic for the export growth outlook in the coming period and we expect the share of the net exports in the economy to decline amid decreasing oil prices. While the start of production at the Barzan field in 2016 added new gas condensates capacity, local production is not expected to lead to an increase in exports as it would likely to be used as domestic consumption.
8- TURKEY & QATAR RELATIONS

In the context of the Turkey-Qatar trade relationship, Turkey export to Qatar increased by 22.7% to USD 423 million in 2015 and import fell by 8.5% to USD 361 million. The trade volume of Turkey to Qatar is standing at USD 784 million in 2015, higher than trade volume of 2014 which amounted as USD 739 million.

It should be noted that, while Turkey-Qatar trade volume is in an increasing trend in the recent period, the highest level has seen in 2008, as the Turkey’s export to Qatar exceeded USD 1 billion for the first time in 2008 and the import realized as USD 159 million. As a result, trade volume reached to USD 1.2 billion.

In foreign direct investment front, Qatar has made its first foreign direct investment to Turkey in 2008, which amounted as USD 126 million. In 2013 foreign direct investment from Qatar to Turkey saw its highest level with USD 469 million, followed by the USD 350 million direct investment recorded in 2015. As a result, in 2008-2005 period, Qatar’s total direct investment to Turkey realized as USD 1.1 billion.

Turkey-Qatar relations in the recent period is the proof of the positive contribution to economy by the synergy in political and diplomatic relations. With considering recent developments, USD 5 billion of bilateral trade volume is targeted for 2020. To achieve this goal, Turkey should know the habits of consumption, production and investment in Qatar, whose per capita income exceed USD 75 thousands and infrastructure and superstructure investments amounted to USD 200 billion.
Qatar imports mainly electrical machinery, mechanical appliances, iron and steel and furniture from Turkey. Turkey mainly imports, aluminum and articles, plastics and organic chemicals from Qatar. Qatar is one of the important markets for Turkish contractor ship services.

<table>
<thead>
<tr>
<th>Years</th>
<th>Export (USDmn)</th>
<th>Import (USDmn)</th>
<th>Trade Balance</th>
<th>Trade Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>82</td>
<td>51</td>
<td>31</td>
<td>133</td>
</tr>
<tr>
<td>2006</td>
<td>342</td>
<td>66</td>
<td>276</td>
<td>409</td>
</tr>
<tr>
<td>2007</td>
<td>450</td>
<td>30</td>
<td>420</td>
<td>480</td>
</tr>
<tr>
<td>2008</td>
<td>1,074</td>
<td>159</td>
<td>915</td>
<td>1,233</td>
</tr>
<tr>
<td>2009</td>
<td>289</td>
<td>86</td>
<td>204</td>
<td>375</td>
</tr>
<tr>
<td>2010</td>
<td>163</td>
<td>177</td>
<td>-14</td>
<td>340</td>
</tr>
<tr>
<td>2011</td>
<td>188</td>
<td>481</td>
<td>-293</td>
<td>669</td>
</tr>
<tr>
<td>2012</td>
<td>257</td>
<td>466</td>
<td>-209</td>
<td>724</td>
</tr>
<tr>
<td>2013</td>
<td>244</td>
<td>374</td>
<td>-130</td>
<td>618</td>
</tr>
<tr>
<td>2014</td>
<td>345</td>
<td>395</td>
<td>-50</td>
<td>739</td>
</tr>
<tr>
<td>2015</td>
<td>423</td>
<td>361</td>
<td>62</td>
<td>784</td>
</tr>
</tbody>
</table>

Source: Turkish Statistical Institute, Foreign Trade Statistics
Qatar being the world’s largest exporter of liquefied natural gas (LNG) and one of the world richest country with a per capita income of USD 75 thousands. Especially in the recent period, there have been positive developments in Turkey’s economic relations with Qatar. In December 2015, Turkey-Qatar High Level Strategic Council was held and 15 separate agreements in the fields of education, environment, marine, energy, science, technology and notably natural gas were signed. The related agreements further strengthened bilateral economic ties with Qatar and Turkey and caused the relations to acquire a strategic dimension.

**Turkish Firms Activities in Qatar:**

With its professional lawyers, experts and qualified field staff, *Anatolian Real Estate*, which is one of the Qatar’s first Turkish real estate companies promotes and makes sales of Turkish real estate projects to especially investors in Qatar and Gulf countries.

Indicating that as the first Turkish construction company to enter Qatar, they operate in the country since 1999, *STFA Construction Group* stated that they have successfully completed eight projects which have total cost of USD 1.2 billion. Stating that they delivered the dock repair work in southern Mesaieed Port which they undertook as the 9th project in the country. Doha Metro Gold Line Project which is the largest single item contract undertaken by Turkish contractors is in progress. The project which has a contract value of USD 3.4 billion consists of the construction of 10 stations and 23 kilometers of tunnel and the project is carried out by 5 international companies of which 2 are domestic and 3 are foreign. Project is expected to be delivered as of August 2018. Eight stadiums will be constructed for the 2022 World Cup, which Qatar will host and infrastructure investments such as subway, tunnels and connecting roads will be made.

*Yapı Merkezi Construction will complete the metro project in Qatar.* Yapı Merkezi announced that in the metro project, they have partnership with Greek, Indian, Qatari and Turkish construction companies and the metro will have 10 stations with a length of 24 km upon completion in 4 years.

*Turkey’s Tekfen Holding construction unit, Tekfen Construction* signed a pre-agreement with the Ministry of Municipality and Environment of Qatar for construction of approximately USD 2.1 billion worth for the Al Khor Expressway project in August 2016. The project aims to build a 34-kilometer-long highway incorporating 10 lanes along with viaducts, road junctions, overpasses and underpasses.

<table>
<thead>
<tr>
<th><strong>Turkey’s Imports From Qatar by Products (USD thousands)</strong></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>Share in Total Import</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aluminum and articles thereof</td>
<td>217.110</td>
<td>238.311</td>
<td>193.235</td>
<td>53,5%</td>
</tr>
<tr>
<td>Plastics and articles thereof</td>
<td>131.270</td>
<td>116.869</td>
<td>135.364</td>
<td>37,5%</td>
</tr>
<tr>
<td>Organic chemicals</td>
<td>17.558</td>
<td>20.483</td>
<td>13.086</td>
<td>3,6%</td>
</tr>
<tr>
<td>Mineral fuels, mineral oils</td>
<td>0</td>
<td>6.253</td>
<td>9.602</td>
<td>2,7%</td>
</tr>
<tr>
<td>Raw hides and skins and leather</td>
<td>2.694</td>
<td>3.566</td>
<td>3.011</td>
<td>0,8%</td>
</tr>
<tr>
<td>Inorganic chemicals</td>
<td>3.042</td>
<td>499</td>
<td>1.803</td>
<td>0,5%</td>
</tr>
<tr>
<td>Products of animal origin</td>
<td>0</td>
<td>418</td>
<td>1.197</td>
<td>0,3%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>373.923</td>
<td>394.552</td>
<td>360.978</td>
<td></td>
</tr>
</tbody>
</table>

### Table: Turkey’s Imports From Qatar by Products (USD thousands)

<table>
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<td>Plastics and articles thereof</td>
<td>131.270</td>
<td>116.869</td>
<td>135.364</td>
<td>37,5%</td>
</tr>
<tr>
<td>Organic chemicals</td>
<td>17.558</td>
<td>20.483</td>
<td>13.086</td>
<td>3,6%</td>
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<tr>
<td>Mineral fuels, mineral oils</td>
<td>0</td>
<td>6.253</td>
<td>9.602</td>
<td>2,7%</td>
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<tr>
<td>Raw hides and skins and leather</td>
<td>2.694</td>
<td>3.566</td>
<td>3.011</td>
<td>0,8%</td>
</tr>
<tr>
<td>Inorganic chemicals</td>
<td>3.042</td>
<td>499</td>
<td>1.803</td>
<td>0,5%</td>
</tr>
<tr>
<td>Products of animal origin</td>
<td>0</td>
<td>418</td>
<td>1.197</td>
<td>0,3%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>373.923</td>
<td>394.552</td>
<td>360.978</td>
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</table>
**Qatar Airways will increase its flight frequency with Turkey.** Having one of the youngest fleets in the world, Qatar Airways, national airline company of the State of Qatar, has a fleet of 176 airplanes at 19th year of its establishment. Qatar Airways started flights to Istanbul Ataturk Airport in 2004 with flights from Qatar’s capital Doha three times a week and currently 10 flights are made within a week, also in 2010, they began flights to Ankara three times a week.

**Keskinoğlu is competing with the U.S. and Brazil in Qatar.** Keskinoğlu informed that Qatar import 90 thousand tons of chicken meat 54 thousand tons of which is sold by Brazil and 26 thousand tons is sold by the U.S. Keskinoğlu give great importance to R&D and innovation for export promotion primarily in Qatar and in other countries. Keskinoğlu delivers whole chicken, sausages, further processed products to market and their products are available in approximately 200 points including supermarkets such as Almeera, Geant and Carrefour.

**Commercial Bank of Qatar (CBQ) acquired a 74.0% stake in Turkey’s Alternatifbank (ABank) in 2013, expanding its presence further outside of the UAE. Qatar National Bank (QNB) Group has completed the acquisition of 99.81% stake in Finansbank this year.** The transaction is a significant milestone in QNB Group’s strategy of international expansion. With the addition of Turkey as a new market and one of the leading Turkish banks to its network, QNB Group is further extending its international presence and will be able to increasingly benefit from the rapid development of trade and the strengthening of economic ties between Turkey and the Middle East.

**The Main Turkish Firms in Qatar:**

- AE ARMA - ELEKTROPANC Electromechanical Engineering Contracting and Trade
- ASTUR Construction
- ATTILA DOGAN Construction
- DORÇE Prefabricated Building and Construction Industry Trade Inc.
- FERNAS Construction
- GAMA Contracting Company
- KAYI Construction Industry and Trade Inc.
- MNG Holding Co.
- NUROL Construction and Trading Co.
- POLIMEKS Construction Contracting Industry and Trade Inc.
- STFA Construction Group
- TAV Tepe Akfen Investment Construction and Operation Inc.
- TEKFEN Construction
- YAPI MERKEZ Construction

**Investment Opportunities in Qatar:**

Although being one of the smallest countries of the Gulf Region, Qatar, which ranks first in the world in terms of per capita income, is described as one of the important countries of the region by its geographical location. Currently, a large number of infrastructure projects are being carried out in the country and an investment of at least USD 150 billion is projected for the stadiums hosting the 2022 FIFA World Cup events.
According to information contained in the DEIK Country Report, the vast majority of the population of Qatar, whose population is nearing 2 million, consists of young people coming from Pakistan, India, Iran and the Middle East for business purposes. Half of the population of the country is living in the capital Doha, and a significant portion of the drinking water is provided from purified seawater. Qatar, which has successively performed a lot of political and legal reforms, has a very advanced education system. Being a member of the Gulf Cooperation Council, Qatar has also joined customs union with Saudi Arabia, Kuwait, Bahrain, Oman and the UAE. Works regarding monetary union were initiated by signing an agreement with Saudi Arabia, Kuwait and Bahrain in 2009. Riyadh will become the union’s center.

Construction is naturally regarded as one of the most important factors of development in Qatar, while finance, restaurant, hotel and public services contributed to the development of non-hydrocarbon sectors. At the same time, continuing the process of diversification in the economy, transportation, communication and other manufacturing industries also began to stand out in Qatar.

Some Important Projects Undertaken by Turkish Companies in Qatar:

- Islamic Museum Project
- Construction of Al-Reem Building
- Qatar Convention Center Project
- Construction of the Harbor of Ras Laffan
- Gabbro Port Expansion Project
- North Highway 2nd and 3rd Contracts
- Umm Bab - Mesaieed Main Pipeline Project
- New Doha Airport Terminal Building Complex, A, B and C Coded Scaffolding Construction Project
- North-South Extension of the Ras Abu Abboud Road
- Qatargas LNG Facilities
- Mesaieed Harbor Pier and Dock Repair Work
- Houbara Bird Breeding Plant
- Salwa Road Phase 2

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<tr>
<th>Year</th>
<th>Projects Undertaken</th>
<th>Total Project Amounts (USD)</th>
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<tr>
<td>2010</td>
<td>10</td>
<td>561,138,636</td>
</tr>
<tr>
<td>2011</td>
<td>14</td>
<td>576,681,749</td>
</tr>
<tr>
<td>2012</td>
<td>14</td>
<td>683,514,051</td>
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<tr>
<td>2013</td>
<td>7</td>
<td>349,925,650</td>
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<tr>
<td>2014</td>
<td>3</td>
<td>2,715,124,370</td>
</tr>
<tr>
<td>2015 April</td>
<td>1</td>
<td>22,200,000</td>
</tr>
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</table>

Source: Turkish Contractors Union
9- Appendix

QATAR BANKS PROFILES

1- Ahli Bank

Strengths
- One of the main banks in Qatar.
- Strong regional footprint.
- Support of Qatar Investment Authority (QIA).
- Record net income in 2014.

Weaknesses
- Small size of domestic market limits top line growth.
- Termination of strategic partnership with Ahli United Bank, Bahrain.

Opportunities
- Qatar commercial banking sector expansion continues to outperform rest of GCC region.
- Total loans and assets up sharply in 2014.
- Opportunity to grow alongside Qatar development for 2022 World Cup.
- Upgrades to credit ratings from Fitch in 2014 and 2015.

Threats
- Competition with other established and emerging financial centers in the Gulf is substantial.
- Falling capital ratios in 2014 for second consecutive year.

Overview

Al-Ahli Bank of Qatar (Ahli Bank) was established in 1983 and in 2004 Ahli United Bank - Bahrain acquired a 40.0% stake. Now the bank is majority owned (52.9%) by Qatari individuals and institutions, with no single stakeholder owning more than 2.0%. The other shareholders are the Qatar Foundation (29.4% stake) and Qatar Holding Co (17.7%). Ahli Bank operates in Qatar with 16 branches and nearly 60 ATMs.

In February 2011, Ahli Bank said it would expand its operations in Qatar. In that year it launched a full-owned subsidiary Ahli Brokerage Co. In 2012, the Board of Directors decided in January to increase the capital of the bank by offering new shares equivalent to 20.0% of the capital at QAR30 per share.

Then in 2013 came the termination of the strategic partnership Ahli Bank held with Ahli United Bank, Bahrain since September 2004. This partnership was ended after Ahli United Bank sold its stake to the Qatar Foundation.
In 2013 Ahli Bank announced the appointment of Salah Murad as CEO. After his first year in charge, Murad said the bank would continue to focus on the home market for growth, taking advantage of major development programmes in Qatar, especially those related to preparations for the 2022 World Cup.

In September 2014, the bank signed a USD 200 million syndicated loan - its first - with a group of 11 lenders, stating that it would use the funds for general business needs.

**Highlights**

Net profit increased by an impressive 14.4% y-o-y to record its highest ever annual profit of QAR 601.3 million in 2014, up from QAR 525.7 million in 2013. This came despite a 2.7% increase in operating expenses to QAR 332.6 million, and was supported by a 9.6% rise in net interest income to QAR 751.5 million.

The bank’s total assets stood at QAR 31.4 billion as of December 31 2014, up from QAR 26.2 billion a year earlier. Its total loans as of the end of 2014 stood at QAR 21.3 billion, compared with QAR 17.3 billion as of end-2013, while customer deposits rose from QAR 18.9 billion to QAR 19.9 billion.

The Capital Adequacy Ratio of the bank stood at 16.1% and Tier I Capital at 16.1% as of the end of 2014, down slightly compared to 19.2% and 17.2% the previous year, respectively. However, more positive dynamics were seen in non-performing loans, with the NPL ratio falling from 1.4% to 1.2% during 2014. In April 2014, Fitch upgraded Ahli Bank’s long-term IDR from A- to ‘A’, and then again in March 2015 to ‘A+’, based on expectations of strong state support.
Ahli Bank Key Ratios (%)

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<tr>
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<tbody>
<tr>
<td>Return on Assets</td>
<td>2.6</td>
<td>1.7</td>
<td>2.3</td>
<td>2.5</td>
<td>2.4</td>
<td>2.2</td>
<td>2.1</td>
<td>2.0</td>
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<tr>
<td>Return on Equities</td>
<td>26.9</td>
<td>16.7</td>
<td>20.5</td>
<td>19.3</td>
<td>15.6</td>
<td>15.0</td>
<td>15.5</td>
<td>14.9</td>
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<tr>
<td>Loan Deposit Ratio</td>
<td>96.6</td>
<td>102.8</td>
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<td>Loan Asset Ratio</td>
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<tr>
<td>Tier 1 Capital Ratio</td>
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<td>19.3</td>
<td>18.3</td>
<td>15.2</td>
<td>16.1</td>
<td>14.6</td>
</tr>
</tbody>
</table>

Source: BMI

2- Commercial Bank of Qatar

Strengths
- Strong credit ratings.
- Active role in supporting government strategy.
- Second largest bank in Qatar.

Weaknesses
- Oil and LNG prices may exhibit significant volatility, which would have a direct/indirect effect on the banking industry.
- Deposits declined in 2014.

Opportunities
- Total assets increased during 2014.
- Expansion into Turkey with acquisition of ABank in 2013.
- Strong rise in net profit in 2014.
- Successful bond issue in June 2014.

Threats
- Further capital injections may be required to meet tighter Central Bank capital requirements.
- Competition with other established and emerging financial centers in the Gulf is substantial.

Overview

Commercial Bank of Qatar (CBQ) was established in 1975 as the first wholly owned private commercial bank in the country. Initially capitalized at QAR 10 million, it has grown to become an important regional bank, with total assets of QAR 115.7 billion as of December 31 2014, the second largest in Qatar. The bank also boasts strong credit ratings and has played an active role in supporting government strategy for industrial development in Qatar. As of end 2014, the bank had over 1,100 employees, 29 branches, and 152 ATMS in Qatar.
CBQ is Qatar's second largest bank. The bank's shareholders include the sovereign wealth fund Qatar Holding, which owns a 9.1% stake, and a group of Qatari business people, who are founding shareholders and own 28.0%. CBQ is listed on the Qatar Exchange and its global depositary receipts are listed on the London Stock Exchange. In May 2014, CBQ was included among the Qatar-based companies that will be incorporated into the MSCI Emerging Markets Index.

The bank has expanded in recent years, and owns a 35.0% stake in National Bank of Oman and 40.0% of the shares in United Arab Bank. In 2013, CBQ acquired a 74.0% stake in Turkey's Alternatifbank (ABank), expanding its presence further outside of the UAE. To support its ambitious growth targets while maintaining strong capital metrics, the bank raised QAR 2 billion in Tier-1 capital in December 2013, while in March 2014 shareholders approved a further 20.0% increase in the bank's capital by issuing bonus shares on a basis of one new share per every five held.

In June 2014, the bank issued USD 750 million in five-year senior unsecured notes, with the issue four times oversubscribed. The bond is listed on the Irish Stock Exchange. In March 2015, CBQ became the first bank in Qatar to launch an online dividend service for shareholders, as part of its efforts to lead innovation in digital banking.

### Highlights

Commercial Bank of Qatar delivered net profit of QAR 1.94 billion for the 2014 full-year, up 20.9% from the QAR 1.61 billion registered in 2013, but not quite a return to the record high QAR 2.01 billion from 2012. This came with an 18.0% hike in net interest income to QAR 2.58 billion, while total costs rose by 12.7% to QAR 1.62 billion.

The bank's total assets increased by 2.3% y-o-y to QAR 115.7 billion as of December 31 2014 compared with QAR 113.1 billion at the end of 2013. Loans and advances to customers were up by 8.5% to QAR 72.5 billion over the same period, while customers' deposits came in 2.9% y-o-y lower at QAR 61.6 billion.

The bank's capital ratio recovered in 2014, coming in at 15.2% at year end, up from 14.1% at end-2013. The Tier Basel-III Tier 1 ratio improved from 12.6% to 13.1% over the same period. This remains above the minimum requirements of 12.5% under new Basel III rules. The NPL ratio increased over the same period to reach 3.8%, from 3.6%. In March 2015, Fitch upgraded CBQ's long-term IDR from A to A+, with a stable outlook, citing improved expectations of support for the banking sector.
3- Doha Bank

**Strengths**
- Large private commercial bank in Qatar.
- Strong international footprint.
- Strong credit ratings.

**Weaknesses**
- Small size of domestic market could limit top line growth.

**Opportunities**
- Opportunities for medium-term growth related to Qatar’s World Cup preparations before 2022.
- Total assets and net income increased during 2014 full-year.
- Successful Tier 1 capital issuances.
- Credit rating upgrade from Fitch in March 2015.

**Threats**
- Competition with other established and emerging financial centers in the Gulf is substantial.
- Bank may have to raise more capital to meet Basel III requirements.
Overview

Doha Bank is the third largest commercial bank in Qatar in terms of assets. It was incorporated in 1978 and started business, including its international banking services, in Doha in 1979. The bank is engaged in commercial and retail banking activities and operates through its headquarters in the Qatari capital, 31 domestic branches, 21 e-branches and pay offices, two mobiles banking units, and 125 ATMs (as of end-2014).

The bank also has foreign branches in Kuwait, Dubai, Abu Dhabi, and India - and representative offices in Singapore, Turkey, Japan, China, the UK, Canada, and Germany among other places. The bank wholly owns the Doha Bank Assurance Company, an insurance company registered at the Qatar Financial Centre, and Dbank Tech, an IT company with operations in the UAE.

Doha Bank has expanded its commercial business into India in 2014 with the acquisition of HSBC Bank Oman's India operations, and pledged to expand rapidly in the market. The bank already had a presence in India through Doha Brokerage & Financial Services but wanted to increase its commercial banking services in the country to connect with a large Indian customer base in Qatar. Doha Bank discontinued its Islamic banking operations in 2011 after the Qatar Central Bank issued new regulations prohibiting conventional banks from offering Islamic finance services and products. However, the bank has decided to keep the Islamic portfolio until maturity date as per the Islamic shari'a contract. Earlier in the year, Doha Bank said it intended to continue investing in the Islamic finance industry, which is not prohibited.

In 2013, the bank increased its capital base by around 25.0% through a rights issue where more than 50mn new shares were offered to existing shareholders registered at the Qatar Exchange at February 19, 2013. The issue was oversubscribed by 1.8 times. This was followed in December 2013 with the increase of QAR2bn in additional Tier 1 capital, and in March 2015 shareholders gave the green light for the bank to issue up to another QAR 2 billion in Tier 1 bonds.

Highlights

The bank's assets totaled QAR 75.5 billion at end-2014, up 12.8% from QAR 67.0 billion a year earlier. Loans and advances increased by 18.1% y-o-y to QAR 48.6 billion over the same period, while customer deposits expanded by 8.1% to QAR 45.9 billion. During 2014 the bank posted net profits of QAR 1.36 billion, up 3.5% compared to QAR 1.31 billion in 2013 and supported by a 12.5% hike in operating income.

Doha Bank's total capital ratio stood at 15.0% at end-2014, down from 15.9% a year earlier. Doha Bank long-term IDR rating at Fitch was upgraded from A to A+ in March 2015, alongside six other Qatari banks. Meanwhile, the bank is rated A- by Standard & Poor's and A2 by Moody's.
Doha Bank Balance Sheet (QARmn)

<table>
<thead>
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</thead>
<tbody>
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<td>Total Assets</td>
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<td>46,010</td>
<td>47,230</td>
<td>52,420</td>
<td>52,420</td>
<td>66,993</td>
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<tr>
<td>Loans &amp; Mortgages</td>
<td>23,966</td>
<td>25,896</td>
<td>26,547</td>
<td>30,704</td>
<td>33,775</td>
<td>41,132</td>
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<td>Total Deposits</td>
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<td>34,401</td>
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<td>Total Shareholders’ Equity</td>
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<td>Earnings per share (QAR)</td>
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<td>5,56</td>
<td>5,82</td>
<td>5,29</td>
<td>4,78</td>
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Doha Bank Balance Sheet (USDmn)

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<tbody>
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<td>Total Assets</td>
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<td>18,397</td>
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<td>Loans &amp; Mortgages</td>
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<td>9,276</td>
<td>11,295</td>
<td>13,334</td>
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<td>9,448</td>
<td>11,677</td>
<td>12,616</td>
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<tr>
<td>Total Shareholders’ Equity</td>
<td>1,349</td>
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<td>1,657</td>
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<td>3,095</td>
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<tr>
<td>Earnings per share (USD)</td>
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<td>1,36</td>
<td>1,41</td>
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<td>1,60</td>
<td>1,45</td>
<td>1,31</td>
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Doha Bank Key Ratios (%)

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<td>2.4</td>
<td>2.1</td>
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<td>17.8</td>
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<td>Loan Deposit Ratio</td>
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<td>100.6</td>
<td>99.6</td>
<td>109.5</td>
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<td>60.0</td>
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<td>15.9</td>
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<tr>
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<td>11.1</td>
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<td>10.7</td>
<td>10.9</td>
<td>14.3</td>
<td>na</td>
<td>na</td>
</tr>
</tbody>
</table>

Source: BMI

4- Masraf al-Ryan

Strengths
- Expanding presence and recognition in Qatar and with foreign companies.
- Qatar’s banking sector is expected to perform despite the political and economic unrest in the surrounding countries.
- Stable credit ratings.
- Assets rose significantly during 2014.

Weaknesses
- A relatively young bank, which could limit its influence in Qatar’s banking sector.
- Small size of domestic market could limit top line growth.
Opportunities

- Possibility for expansion in offering Islamic banking services, considering the ban on conventional commercial banks operating in this area.
- Net profit up 17.6% y-o-y in 2014.
- Government’s expansionary fiscal plans to fuel credit growth, particularly in development for 2022 World Cup.

Threats

- Qatar is unlikely to emerge as a large market for banking services, which may limit Masraf al-Rayan’s global expansion.
- Competition with other established and emerging financial centers in the Gulf is substantial.

Overview

Masraf al-Rayan was established in October 2006, and operates in accordance with shari’a principles as an Islamic bank. It is the second largest Islamic bank in Qatar, and among the top five largest on a global scale. The founders of Masraf Al Rayan retain a 45.0% stake today, with the other 55.0% belonging to public subscribers. The bank has a total of 11 branches, stretched over strategically sketched geographical vicinity within Qatar, and a total of 52 ATMs, increased in accordance with business needs and customer activities. In June 2010, Masraf al-Rayan’s investment division formed a joint venture with Malaysian oil and gas company SapuraCrest Ventures. The bank has a 51.0% share in SapuraCrest Qatar, which will serve local oil and gas operations, and itself owns real estate management subsidiary Al Rayan Partners.

In 2012, the bank launched another wholly-owned subsidiary ‘Al Rayan Financial Brokerage’, which operates as an independent company. The bank also has stakes in several associate companies, including in Saudi Arabia and Oman. And in 2014, the bank’s UK subsidiary, Al Rayan (UK) Ltd, acquired the UK’s only wholly Shari’a complaints retail bank, the Islamic Bank of Britain (IBB), and immediately announced a GBP 75.75 million in investment to support growth.

Highlights

Masraf Al Rayan posted a net profit of QAR 2.0 billion in 2013, 17.6% higher than the QAR 1.7 billion posted in 2012. During 2014 the bank saw total assets rise to reach QAR 80.1 billion by year-end, compared with QAR 66.5 billion in December 31 2013, a growth rate of 20.4% y-o-y. Over the same period, loans increased by 39.7% y-o-y to a total of QAR 57.9 billion (from QAR 41.4 billion) and customer deposits increased by 29.5% to reach QAR 62.6 billion, compared with QAR 48.3 billion a year earlier.

The bank’s Basel-III capital adequacy ratio stood at an impressive 18.36% at end-2014, down from 20.55% a year earlier (thought this was calculated to Basel-II standards). The bank’s NPL ratio of 0.09% is one of the lowest in the banking industry. Masraf Al Rayan has a long-term credit rating of A2 at Moody’s, with a stable outlook.
A&T Bank
Economic Research

Country Report
QATAR

November 2016

Masraf al-Rayan Balance Sheet (QARmn)

<table>
<thead>
<tr>
<th>Year</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assets</td>
<td>17,000</td>
<td>24,124</td>
<td>34,683</td>
<td>55,271</td>
<td>61,628</td>
<td>66,548</td>
<td>80,094</td>
<td>83,026</td>
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<tr>
<td>Loans &amp; Mortgages</td>
<td>13,557</td>
<td>17,750</td>
<td>25,064</td>
<td>34,766</td>
<td>41,440</td>
<td>57,907</td>
<td>62,261</td>
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<tr>
<td>Total Deposits</td>
<td>10,898</td>
<td>17,831</td>
<td>27,017</td>
<td>46,264</td>
<td>48,331</td>
<td>62,571</td>
<td>55,623</td>
<td></td>
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<tr>
<td>Total Shareholders’ Equity</td>
<td>5,694</td>
<td>5,962</td>
<td>7,127</td>
<td>8,504</td>
<td>9,734</td>
<td>10,704</td>
<td>12,358</td>
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<tr>
<td>Earnings per share (QAR)</td>
<td>1,22</td>
<td>1,17</td>
<td>1,62</td>
<td>1,88</td>
<td>2,01</td>
<td>2,27</td>
<td>2,67</td>
<td>2,76</td>
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</table>

Masraf al-Rayan Balance Sheet (USDmn)

<table>
<thead>
<tr>
<th>Year</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assets</td>
<td>4,668</td>
<td>6,625</td>
<td>9,525</td>
<td>15,180</td>
<td>16,926</td>
<td>18,275</td>
<td>21,993</td>
<td>22,801</td>
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<tr>
<td>Loans &amp; Mortgages</td>
<td>3,723</td>
<td>4,874</td>
<td>6,883</td>
<td>9,548</td>
<td>11,746</td>
<td>11,380</td>
<td>15,901</td>
<td>17,099</td>
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<tr>
<td>Total Deposits</td>
<td>2,993</td>
<td>4,897</td>
<td>7,420</td>
<td>12,706</td>
<td>13,272</td>
<td>17,181</td>
<td>15,276</td>
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<tr>
<td>Total Shareholders’ Equity</td>
<td>1,564</td>
<td>1,637</td>
<td>1,957</td>
<td>2,336</td>
<td>2,673</td>
<td>2,940</td>
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<tr>
<td>Earnings per share (USD)</td>
<td>0,34</td>
<td>0,32</td>
<td>0,44</td>
<td>0,52</td>
<td>0,55</td>
<td>0,62</td>
<td>0,73</td>
<td>0,76</td>
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Masraf al-Rayan Key Ratios (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
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</thead>
<tbody>
<tr>
<td>Return on Assets</td>
<td>na</td>
<td>4,3</td>
<td>4,1</td>
<td>3,1</td>
<td>2,6</td>
<td>2,7</td>
<td>2,7</td>
<td>2,5</td>
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<tr>
<td>Return on Equities</td>
<td>na</td>
<td>15,1</td>
<td>18,5</td>
<td>18,0</td>
<td>16,6</td>
<td>16,9</td>
<td>18,3</td>
<td>17,7</td>
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<tr>
<td>Loan Deposit Ratio</td>
<td>124,4</td>
<td>99,6</td>
<td>92,8</td>
<td>75,3</td>
<td>95,1</td>
<td>85,8</td>
<td>92,6</td>
<td>112,0</td>
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<tr>
<td>Loan Asset Ratio</td>
<td>79,7</td>
<td>73,6</td>
<td>72,3</td>
<td>63,1</td>
<td>69,5</td>
<td>62,3</td>
<td>72,4</td>
<td>75,1</td>
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<tr>
<td>Equity Asset Ratio</td>
<td>33,5</td>
<td>24,7</td>
<td>20,5</td>
<td>15,4</td>
<td>15,6</td>
<td>15,8</td>
<td>14,2</td>
<td>14,5</td>
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<tr>
<td>Total Risk Based Capital Ratio</td>
<td>33,1</td>
<td>24,7</td>
<td>19,2</td>
<td>22,1</td>
<td>16,9</td>
<td>20,6</td>
<td>18,4</td>
<td>18,5</td>
</tr>
<tr>
<td>Tier 1 Capital Ratio</td>
<td>31,9</td>
<td>24,1</td>
<td>19,1</td>
<td>21,3</td>
<td>16,9</td>
<td>20,6</td>
<td>18,4</td>
<td>18,5</td>
</tr>
</tbody>
</table>

Source: BMI

5- Qatar National Bank

Strengths
- Net profit up 10.3% in 2014.
- One of the largest banks in the region, and the leader in Qatar.
- Strong credit ratings - only Qatar bank with AA-Fitch rating.

Weaknesses
- Small size of domestic market could limit top line growth.
- Oil and LNG prices may exhibit significant volatility, which would have a direct/indirect effect on the banking industry.
- Worsening capital adequacy in 2014.
Opportunities

- Substantial growth across all activities of the Group in 2014, with international divisions contributing to higher profits.
- Government’s expansionary fiscal plans to fuel credit growth, especially in preparation for 2022 World Cup.
- Expansion into Africa with 20.0% in Ecobank.

Threats

- Competition with other established and emerging financial centers in the Gulf is substantial.
- In spite of impressive economic growth, and enlightened government policies, Qatar will never be a large market for financial services in its own right.
- Fall in oil prices could put pressure on Qatari public finances.

Overview

Qatar National Bank (QNB) was established in 1964 as the country’s first Qatari-owned commercial bank, with an ownership structure split 50/50 between the Qatar Investment Authority and the private sector. QNB is one of largest banks in the region and is the leading financial institution in its own country, with a market share of over 45.0% of banking sector assets. It is part of the QNB Group, and at end-2014 had a presence in 26 other countries, with more than 615 branches employing more than 14,500 staff.

QNB has the largest distribution network in Qatar: 79 branches and offices and over 360 ATMs. QNB’s international presence has expanded to include new locations in addition to branches in London and Paris and a representative office in Iran. The company now has over 600 overseas branches, mainly in North Africa and the Middle East, as well as majority stakes in seven foreign subsidiaries in Indonesia, India, Egypt, Tunisia, Switzerland, Syria, and Iraq.

In 2012, the Bank began implementing its strategy to-2017, which aims to transform QNB Group into a Middle East and Africa icon. As part of this strategy, an agreement was reached in early 2013 to acquire 100% stake in National Société Générale Bank - Egypt (NSGB). The bank’s name was changed to QNB Al-Ahli later that year. The transaction, the largest acquisition in the Bank’s history, was a significant step towards strengthening regional presence. It followed this up in September 2014 by purchasing a 20% stake in pan-African lender Ecobank.

Highlights

2014 saw more substantial growth across all activities for QNB Group, with net profit rising by 10.3% to reach QAR 10.5 billion, a record high for the bank. This outturn was driven by a solid increase in operating income (7.0% y-o-y) and net interest income (6.0%). The bank’s profit earned from its international divisions increased by 66.0% between 2012 and 2014.
Meanwhile, total assets increased by 9.7% y-o-y to stand at QAR 486 billion at end-2014, compared to QAR 443 billion a year earlier. QNB continues to dominate the local market, with assets and loans greater than the sum of its nearest four rivals. Over the same period, the group’s loan portfolio increased by 8.8% to QAR 338 billion, while customer deposits were also up by 7.4% y-o-y to stand at QAR 360 billion.

The bank’s capital adequacy ratio stood at 16.2% at end-2014, comfortably above minimum requirements, though down from 16.6% a year earlier. Its NPL loans ratio measured a healthy 1.6%, the same level as the previous year.

QNB has a top-tier credit rating among the main international agencies, due to the backing of the oil flush Qatar state. Its long-term rating was upgraded to ’AA-’ (from A+) at Fitch in March 2015, while it remains at A+ S&P’s and Aa3 at Moody’s.
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