qatar
FINANCIAL CENTRE
AUTHORITY

Annual Review 2006

Mission

The Qatar Financial Centre (QFC) lies at the heart of Qatar's dynamic economic growth and investment strategy. We aim to help QFC licensed firms generate new, and genuine, revenue streams. Together we will create real business based on real opportunities.

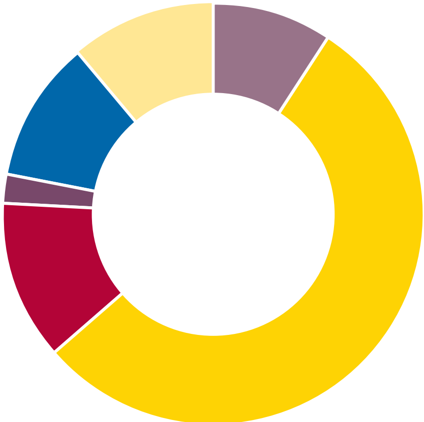
Qatar’s vision is for the QFC to develop a progressive and broad-based financial sector that is integrated with financial markets globally. Our ambition is to be the financial centre of choice in the Middle East.

Contents

Chairman's Statement

US$130bn

To be invested in government projects over the next five to seven years



Investment spend breakdown

- Infrastructure and property US$13bn
- Energy US$75bn
- Tourism US$17bn
- Utilities US$3bn
- Airlines US$15bn
- Other US$15bn

As recently as 15 years ago the economic prospects for Qatar were very different to those we see today. Qatar in the 21st century enjoys one of the world's highest rates of economic growth, but this is a comparatively recent phenomenon.

The Qatar Financial Centre Authority (QFC Authority) both symbolically and in very real terms represents the change in our fortunes. Under the guidance of the Emir His Highness Sheikh Hamad Bin Khalifa Al Thani, Qatar has emerged as a new, progressive and dynamic economy, which is attracting significant foreign investment and which is supporting the creation of a modern State.

Qatar today has the highest per capita income in the Middle East and among the highest in the world. We are recognised by the World Economic Forum as the most competitive economy in the region and by the UN Conference on Trade and Development for our success in attracting foreign investment.

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We have committed to build an economy to the highest international standards, and over the last five years we have achieved what many countries have taken 20 years or more to accomplish. We have dedicated significant assets towards the development of our oil and gas resources, and we have put in place a programme of investment across our entire economy for the proceeds from those resources that will benefit our country, our people, and future generations.

The strategic role of the QFC Authority cannot be underestimated. It is raising not only the capacity of financial services available in Qatar, but it is also helping to raise standards in our financial sector. By attracting to Qatar some of the world's most prestigious banks, insurance companies and financial services firms, as well as companies essential to a growing financial sector, it is a crucial pillar in our economic strategy for the future. Through its wide range of promotional activities it has also done much to project Qatar and its vision to the world at large.

The progress made since the QFC Authority was launched, supported by its staff and Board, has significantly exceeded its business plan. This demonstrates not only the attraction of Qatar and the opportunities it offers to the international financial community, but it is also a clear verification of the decision of the Council of Ministers to create such a body.

I would like to thank the Board of the QFC Authority for its valuable contribution to the development of the organisation in its successful first full year of existence.

HE Yousef Hussein Kamal
Minister of Finance and Acting Minister
of Economy and Commerce,
Chairman, Qatar Financial Centre Authority

Chief Executive Officer and Director General's Statement

The QFC Authority opened for business on 1 May 2005. This is our first annual review and it covers the period from May 2005 to December 2006.

AA-

Sovereign rating by Standard & Poor's and **Aa3** by Moody's

1st

Ranked by the World Economic Forum for growth competitiveness in the Middle East

We issued our first license, to Ansbacher, a UK based private bank, on 29 September 2005. As at 31 December 2006 the QFC Authority had licensed 33 firms (see table on pages 30/31). Thirty of these had been granted during 2006. A significant number of additional applications were being considered, and more firms had indicated a decision in principle to apply during the coming year.

The number of licences which we have issued, and the quality of institutions joining the QFC, can be seen – for the purposes of this annual review – as our bottom line. They are the result of the activities in which we have engaged over the period of this report, and they are among our near term success criteria. In this respect what we have achieved in a short time, supported by MXV Advisors in developing a far reaching business plan, is very encouraging. By the end of the coming year it will far surpass our expectations for even two years of operations. But licenses tell only part of the story.

In October 2005 we attended the Institute for International Finance meeting in Washington, held in concert with the IMF/World Bank. This marked our first formal steps to promote the QFC to the international financial community, and it was the beginning of an intensive programme of events, meetings, briefings and brand development that still continues.

At the time of the Washington visit we had some six staff. By the end of 2006 our organisation comprised 67 staff, from 19 nationalities. Starting with our business development teams for banking and insurance reinsurance, we have built specialised Departments for our operations and IT, communications and marketing, human resources, legal, strategy and planning, and tax. Audit and risk management has been added to the structure in early 2007.

The development and adoption of rules and regulations governing such key areas as employment, immigration, and the governance of the QFC Authority was also an important accomplishment in our first full year.

The results we have achieved are very encouraging and the likely total by the end of the year far surpasses our expectations of even two years of operations.

We have held meetings throughout the year either in Qatar or around the world with banks, insurance companies, ratings agencies, lawyers, accountants, consultants and other support firms for the finance industry known to have an interest in Qatar, and with the ability to bring added depth and quality to the market.

The combination of this business development and marketing activity and our promotional campaign of TV, press and internet advertising, launched in May 2006, has produced a rapidly growing awareness among the international financial community for both Qatar and the QFC. The campaign alone has produced in only seven months several hundred significant leads from financial and non-financial institutions around the world.

Our sponsorship programme has further fortified our international profile. Events which we supported included the MEED Project Finance conference in Doha in February 2006, the Qatar Economic Forum in March, the Euromoney Middle East Banking Awards hosted by the QFC Authority in June, the Institute of International Finance meeting in Singapore, the World LNG Finance Summit in Doha and the Middle East Insurance and Re-Insurance Conference in Dubai all in September. Allied with speaking platforms at the MEED Capital Markets conference in Dubai in October 2006, the Middle East Association GCC conference in London in May and the Eurofinance conference on Trade, Treasury and Cash Management in the Middle East in Dubai in October 2006, we have been able to reach influential audiences both regionally and internationally.

We have been honoured to receive high level delegations from a number of countries over the past year including France, the Netherlands and in early 2007 Italy (the latter led by the Italian Deputy Prime Minister and Foreign Minister).

However international our remit may be, the QFC Authority remains firmly rooted in supporting the future of Qatar's financial sector. It is funded by the Qatari government and – as the Chairman points out in his statement – is an important feature of Qatar's economic strategy for the long-term future of the country.

For this reason we value our relationship with Qatar government institutions and the domestic banking and business community, which are no less important to our vision than is our success in promoting the opportunities available in Qatar to the international financial community. We do not compete with the domestic financial community, and indeed are in discussion with a number of locally based institutions about the possibility of licensing new business ventures they may launch. The QFC brings a new dimension and added depth to Qatar's financial sector, and our aim is to ensure that by raising capacity and standards, local banks and insurers will benefit as much as international institutions.

Similarly, our links with key commercial organisations in Qatar have been mutually beneficial. We have worked closely with them to bring the international banks they work with into the QFC. By encouraging these institutions to establish offices in Qatar we can help them to service their clients better and broaden their exposure in Qatar and the region.

As this report goes to print licensed firms are moving into the new QFC Tower in the West Bay area of Doha. This building, which will accommodate at least 35 firms, along with 20 floors leased in a second building nearby, will be fully committed by the year end. This is both physical proof of our success, and an important new phase in our development.

I would like to thank our Chairman for his engagement and support, and for his unremitting enthusiasm for the QFC Authority, as well as our staff whose energy and dedication has been commendable.

Stuart Pearce
Chief Executive Officer and Director General

Board of Directors
Governance

The QFC Authority operates transparently, effectively, free of conflicts and consistent with principles of good government.




HE Yousef Hussain Kamal, Chairman
HE Yousef Kamal has been Minister of Finance of the State of Qatar since January 2002. He became Acting Minister of Economy and Commerce, and Chairman of the Qatar Financial Centre Authority, in March 2006. He is Chairman of the Doha Securities Market, Chairman of Ras Laffan Liquefied Natural Gas, Chairman of Qatar National Bank, Deputy Chairman of Qatar Petroleum, a Director of Qatar Telecommunications, and a Director of Qatar Central Bank.

Stuart Pearce, Chief Executive Officer and Director General
Stuart Pearce has been Chief Executive Officer and Director General of the Qatar Financial Centre Authority since August 2005. Previously he had a long and successful career in international banking and financial services with HSBC in the Middle East, North America, Asia and Europe.

Dr. Hussein Ali Al-Abdullah, Deputy Chairman (Non-Executive)
Dr. Al-Abdullah is an Executive Board Member of the Qatar Investment Authority, where he oversees the management and evaluation of the Government of Qatar's Investment Fund in the international and local markets. He is also a Director of the Board of Qatar Airways and of Gulf Investment Corporation of Kuwait.

Abdulrahman Ahmad Al-Shaibi, Director (Non-Executive), Chairman, Audit and Risk Committee
Mr. Al-Shaibi is Head of Qatar Petroleum's Project Finance Group. He is a member of various Executive Committees, and responsible for the ambitious expansion plans of Qatar Petroleum in the LNG sector, petrochemical and non energy sector projects such as aluminum and steel. Mr Al-Shaibi is also a Board member of various other companies including Qatargas, its sister companies and QASCO.

Reading from left to right and down

Executive Committee

Jane Kang Thorpe
Chief Legal Officer and Secretary to the Board

Desmond Holmes
Managing Director Business Development – Banking

Fetooh Al Zayani
Managing Director Business Development – Insurance and Re-insurance

Jeff Eggleton
Chief Operating Officer

Steve Martin
Head of Corporate Communications and Marketing





Ian Cormack, Director (Non-Executive)
Ian Cormack is a Non-Executive Director of Pearl Assurance Group. He was previously European Chief Executive of AIG Inc, and a founding partner of Cormack Tansy Partners, which provides strategic consulting advice to Boards of financial institutions. Prior to those roles he had a 30 year career at Citigroup/Citibank, leading to Global Industry Head for the Investment Industry.

Dr. Chris Gibson-Smith, Director (Non-Executive), Chairman, Remuneration Committee
Dr. Chris Gibson-Smith is Chairman of the London Stock Exchange and Chairman of the British Land Company. He spent 31 years (including ten in the US) with British Petroleum in a variety of different roles culminating in Group Managing Director for four years.

Dr. Guocang Huan, Director (Non-Executive)
Dr. Guocang Huan is Chief Executive Officer of Primus Pacific Partners, a private equity firm founded with two other partners. He has held senior investment banking positions at JP Morgan & Co., BZW Asia, Citigroup and HSBC. His last position at HSBC was Head of Investment Banking, Asia-Pacific.

Nemir Kirdar, Director (Non-Executive)
Nemir Kirdar is President and Chief Executive Officer of Investcorp, the global investment group he founded in 1982 and which operates out of New York, London and Bahrain. He serves on boards and advisory bodies at Georgetown, Harvard, Columbia and Cambridge Universities as well as the Brookings Institution, the Eisenhower Fellowship, the Centre for Strategic and International Studies and the UN Pension Fund Investments Committee.

Rajat Gupta, Director (Non-Executive)
Mr. Gupta is Senior Partner of McKinsey & Company, the global management consulting firm. From 1994 to 2003, he was Worldwide Managing Director of McKinsey. Mr. Gupta serves as the United Nations Secretary-General's Special Advisor on UN management reform. He is an independent Director on the Board of the Goldman Sachs Group, and is the Chairman of the Board of the Indian School of Business and of the Associates of the Harvard Business School.

(Mr Gupta was appointed as a QFC Authority Board Director with effect from 1 January 2007)

Ian Anderson
Head of Tax

David Bode
Audit and Risk Manager

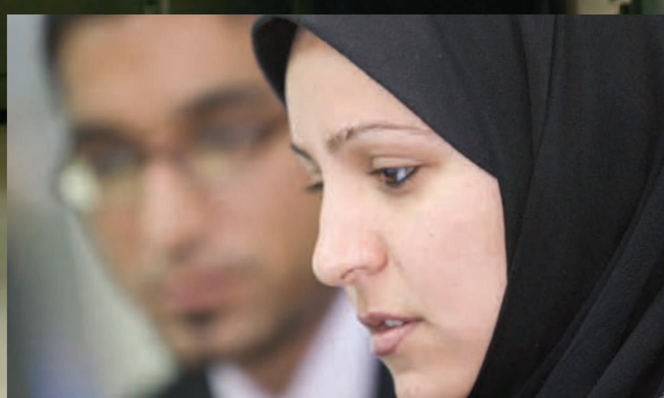
Abdulrahman Al Mannai
Human Resource Manager

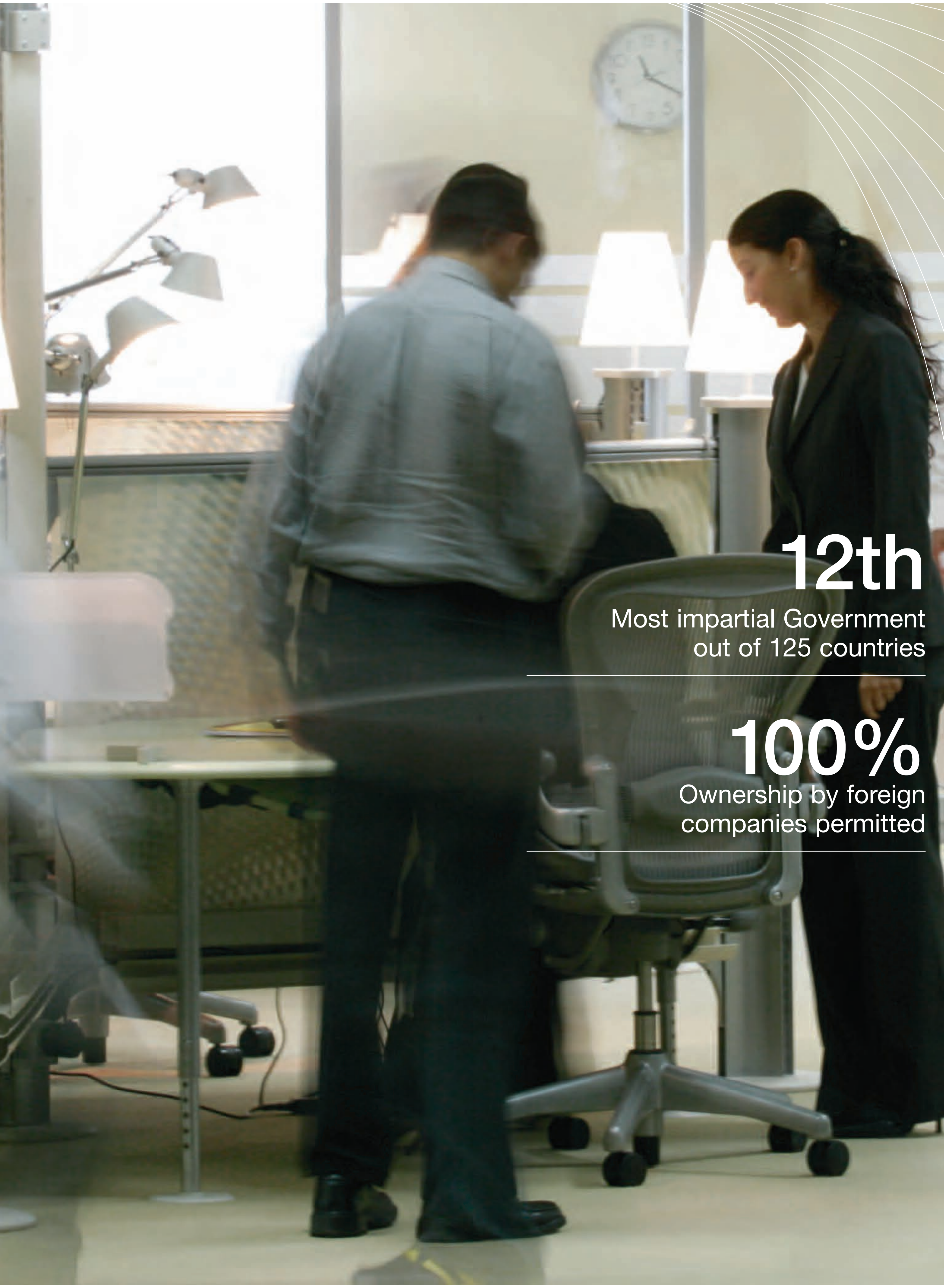
Shashank Srivastava
Director of Strategy and Planning

Qatar Financial Centre Authority

Good Government

The QFC Authority is establishing a world class legal and business infrastructure to complement the world class regulatory structure established by the QFC Regulatory Authority.




12th
Most impartial Government out of 125 countries
100%
Ownership by foreign companies permitted

Creating a new Financial Community

The establishment of the QFC reflects the Qatar Government's commitment to develop its financial sector in line with best international standards for the benefit of its people and the region.

The QFC Authority is unique in the Gulf region in ensuring that the content, administration and enforcement of its civil law system comply with principles of good government. Founded upon a robust and world class legal framework, its achievements so far have been impressive and its ambitions are far reaching.

The QFC Authority and its employees operate in an environment governed by primary legislation, enacted by Qatar's Council of Ministers, to which its Directors report. As such, the QFC Authority serves as the bridge between the Qatari market, the international business community and the rapidly expanding community of firms licensed by the QFC Authority. This community comprises global banks, insurers and other financial service providers as well as companies supporting the financial sector.

Under the Chairmanship of the Minister of Finance in his capacity as Acting Minister of Economy and Commerce, the QFC Authority's Board of Directors represents a wide range of business experience and market knowledge. With a truly world class range of experience the Directors of the QFC Authority Board combine best practice with global vision.

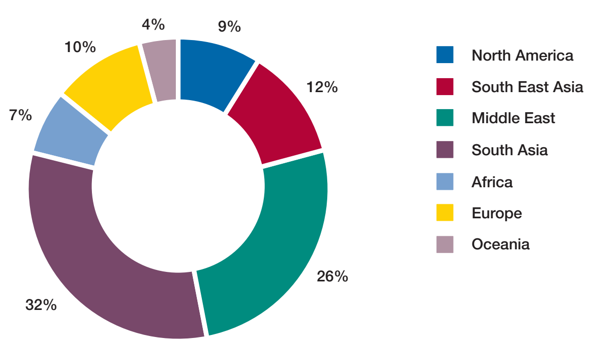
Complementing the Board, the professionals and staff in the QFC Authority are a committed and diverse community of people. As of December 2006 it employed 67 staff, representing 19 nationalities.

But the QFC Authority has created more than just a bridge between the various communities interested in supporting Qatar's success – it has created a culture of best practice and innovation.

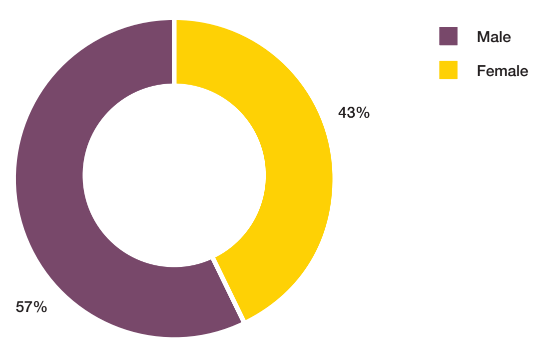
Audit and Risk Management

In 2006 the Board of the QFC Authority approved the implementation of a Risk Management framework in QFC Authority that conforms to world class international standards and provides a consistent approach to management of risk within QFC Authority. The role of this function is to ensure that all significant risks to QFC Authority are identified, evaluated, managed and reported in a timely manner to the Board through its Audit and Risk Management Committee.

QFC Authority Employees by Nationality



QFC Authority Employees by Gender



Establishing the civil laws of the QFC

The legal environment created will be familiar to businesses currently operating in major financial centres around the world.

The QFC's civil and regulatory environment and systems conform to international best practices and are independent of its host country's systems. The standards required and the legal environment created will be familiar to businesses currently operating in major financial centres around the world.

At the core of the QFC offering are several important statutory guarantees set out in the QFC Law:

- Independence from Qatari State civil and commercial laws.
- A comprehensive legal system that ensures the legal certainty of transactions entered into and their enforceability in the event of disputes.
- A legal and regulatory structure that is transparent, fair and objective in its content and application.
- 100% ownership and full repatriation of funds.

Complementing the regulatory framework established and implemented by the QFC Regulatory Authority are a set of civil laws administered by the QFC Authority that promote legal certainty and comply with international best practices. They cover everything from company law to immigration, and from employment and insolvency to data protection.

The QFC Authority Regulations which govern the QFC Authority's powers, duties and functions require a public consultation process in the creation of new rules and regulations. They also require that due process applies in the exercise of its compliance and enforcement functions.

Qatar Financial Centre and

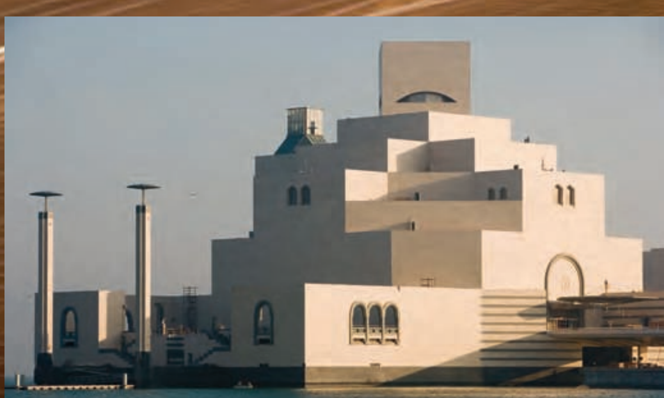
Qatar

By bringing together a diverse yet complementary community of financial firms as well as those that support the finance industry, the QFC is helping to deepen and enrich the Qatari economy.

8.3%
expected GDP growth rate in 2007

US$**80.9bn**
expected nominal GDP in 2010

US$**500k**
investment per citizen



Qatar Financial Centre and Qatar

In addition to the macro-economic and financial contribution the QFC is making to Qatar, the QFC Authority aims to contribute to the local community by being an agent of change.

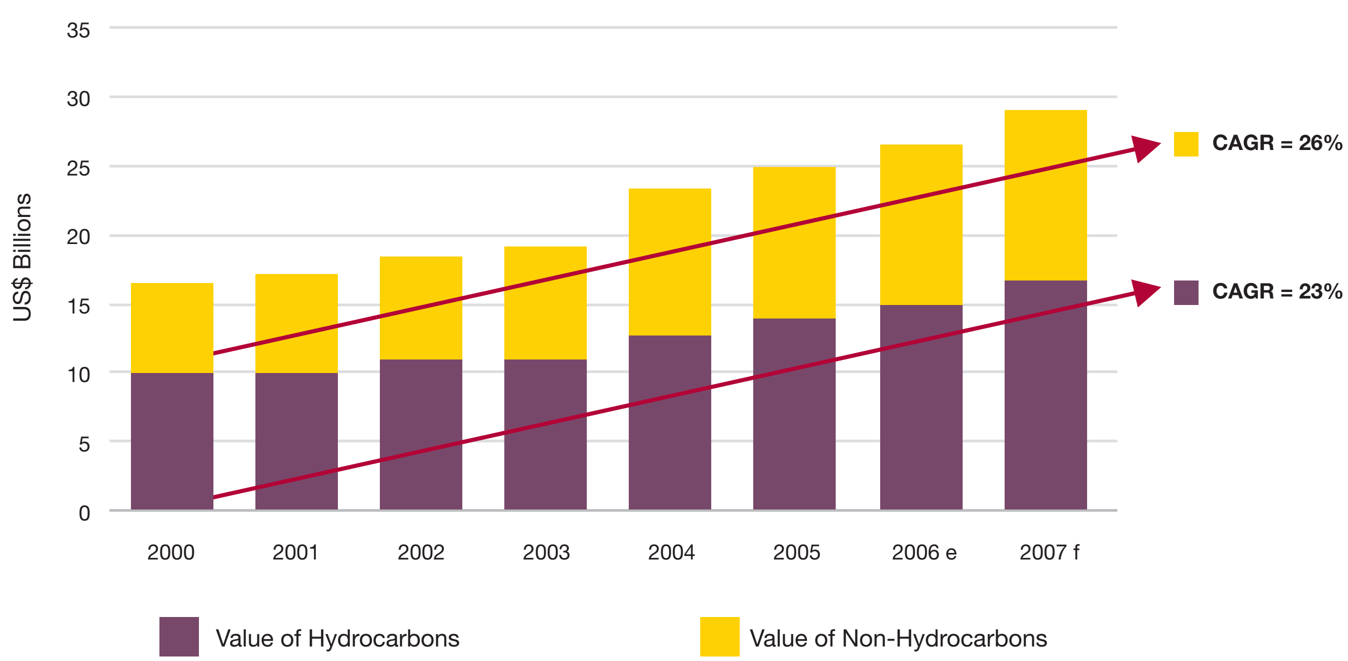
By bringing together a diverse yet complementary community of financial firms as well as those that support the finance industry, the QFC is helping to deepen, enrich and further diversify Qatar's economy.

The QFC Authority does this on a number of levels: from strengthening and extending the provision of financial services in the country, and raising Qatar's profile internationally and promoting its 'brand' to opinion leaders across the world, to creating a multiplier effect in the domestic economy.

The positive economic impact on Qatar of the 33 companies licensed in the QFC by the end of 2006 should not be underestimated. They will support the economy through employment, domestic consumption and investment.

Through its promotion of world class regulatory and legal standards – and by attracting some of the world's leading banks, insurers, investment companies and financial service providers to Qatar, the QFC also serves in 'raising the bar' for financial services in Qatar.

Composition of Qatar's Real GDP



The QFC Authority aims to contribute to the local community by being a model employer.

The QFC Authority requires high standards of good corporate governance to be met by the firms it licenses, which will support the same process in domestic institutions, in government and in business. The QFC's licensees are also playing a progressive role by bringing opportunities to Qatar through new partnerships, new products and new technologies. But beyond the macro-economic and financial contribution of Qatar, the QFC Authority also aims to contribute to the local community by being a model employer.

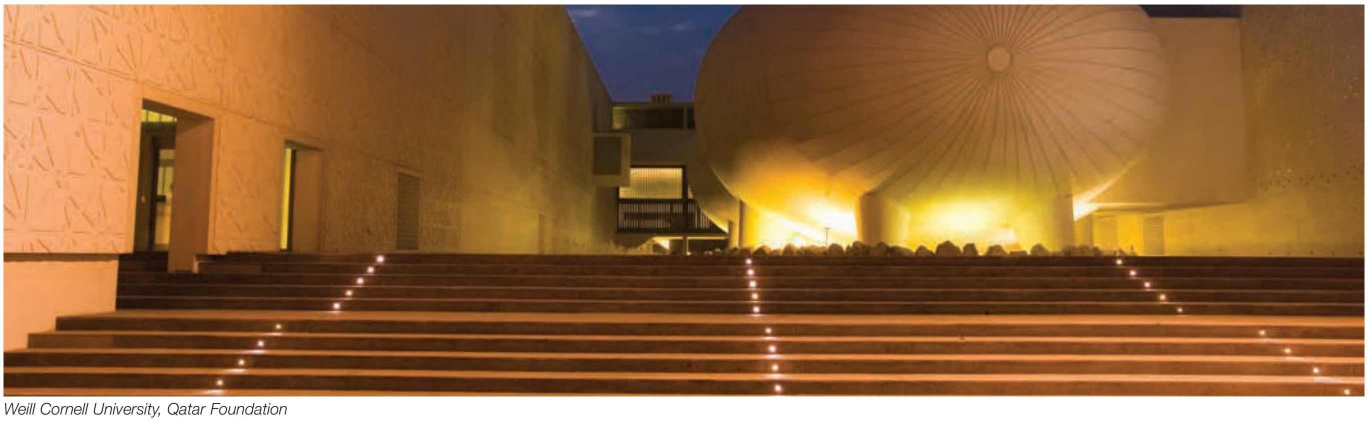
Qatar has the ambition – and the resources – to transform itself into a knowledge based economy. Central to this has been the development of educational initiatives such as the Qatar Foundation – itself home to a host of educational establishments and projects, five leading US universities including a fully digital teaching hospital now being constructed and the Qatar Science and Technology Park which is due to open later in 2007.

Not only is the Qatar Foundation building a world-class network of educational and research establishments – it is also endeavouring to create opportunities for the next generation of business leaders and professionals.

The QFC Authority is working with the Qatar Foundation to augment its activities still further with the creation of a 'Knowledge Centre' that will create a regional centre of excellence for those seeking training in the financial services industry and capable of awarding industry recognised certification.

In a more immediate application of Qatar's vision, the QFC Authority has created a personal development programme for graduates of Qatar University and has recruited graduate trainees in four of its departments: finance, IT and the banking and insurance business development teams.

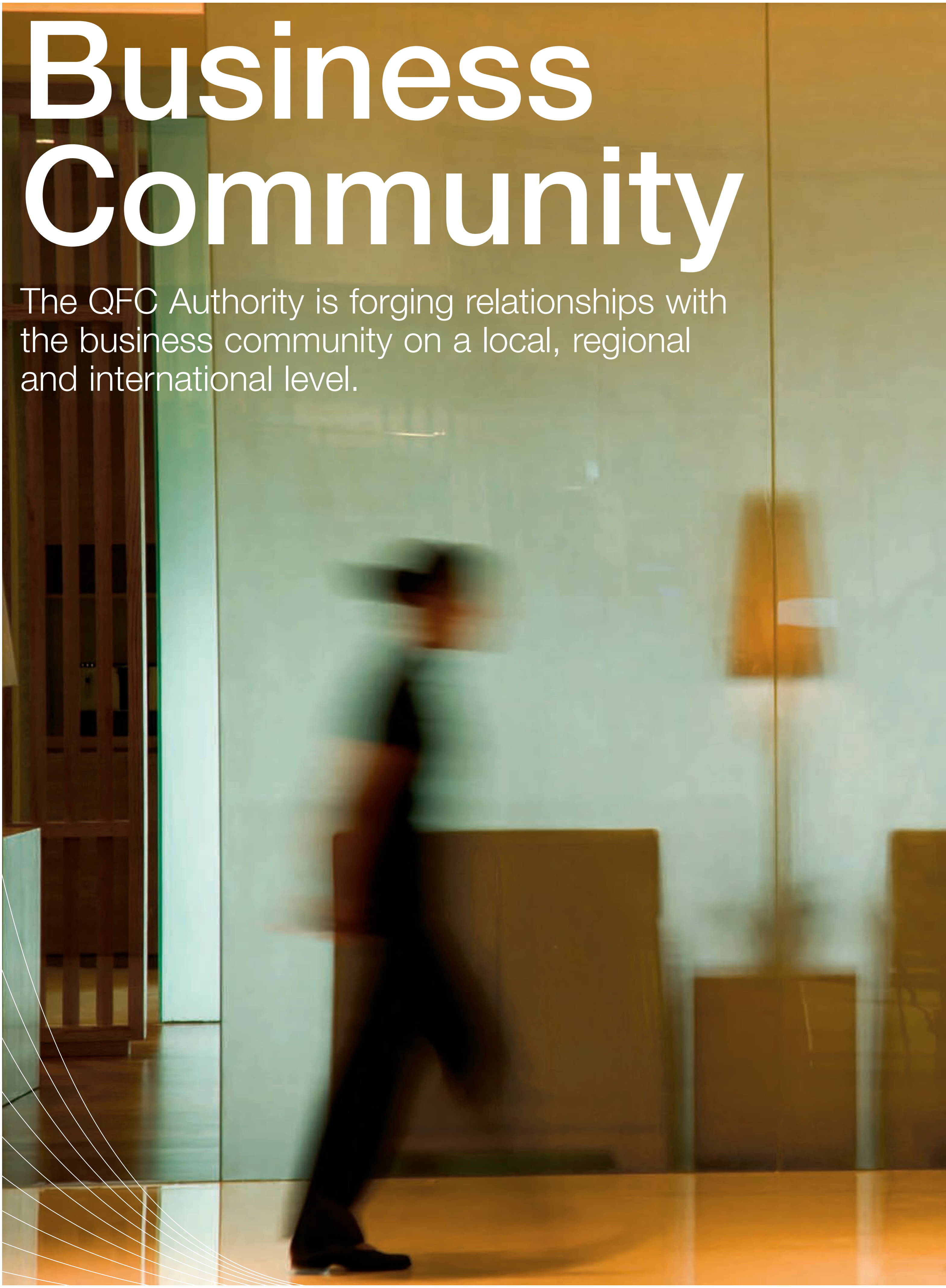
This 12 month 'fast-track' programme, affiliated with the QFC Authority's licensed firms, allows Qatari nationals to benefit from training and development leading to a managerial career in their chosen specialisation.
The programme supports the professional development of Qatar's brightest graduates and serves as a visible contribution to Qatar's society and its economic future.



Weill Cornell University, Qatar Foundation

Business Community

The QFC Authority is forging relationships with the business community on a local, regional and international level.



US$**56,848**

Qatari nominal GDP per capita in 2006

US$**8bn +**

Major project financing in Qatar in 2005

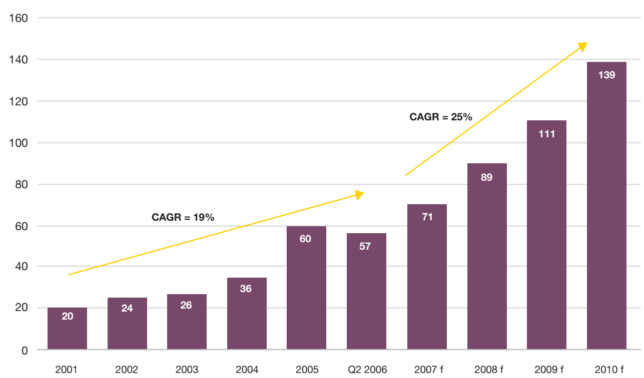
US$**5.5tn**

Forecasted wealth of HNWI in Middle East in 2010

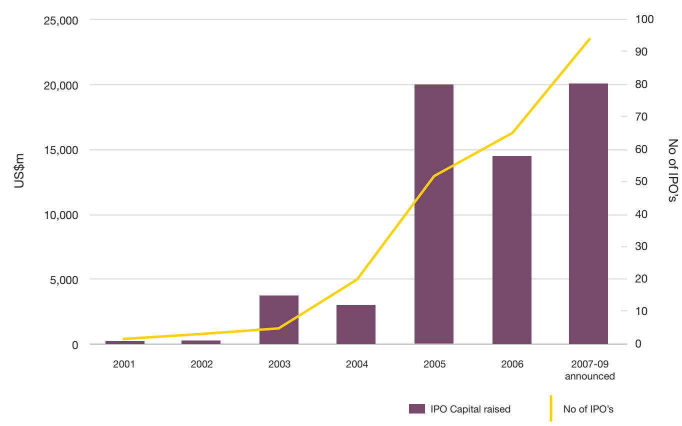
Business Community

By attracting new financial institutions to Qatar from around the world, the QFC is helping to enhance the prospects for all participants in Qatar's rapidly growing financial market.

Assets under Management in GCC Average for Year (US$bn)



Number and Value of IPOs in the GCC



In Qatar, the QFC Authority not only conducts a dialogue with local institutions interested in becoming part of the financial centre; it serves also as a catalyst for growth for the entire business community.

The QFC Authority's relationships with local institutions help identify new licensees, improve the business climate and communicate Qatar's ambitions, achievements and future potential to a very wide and influential audience.

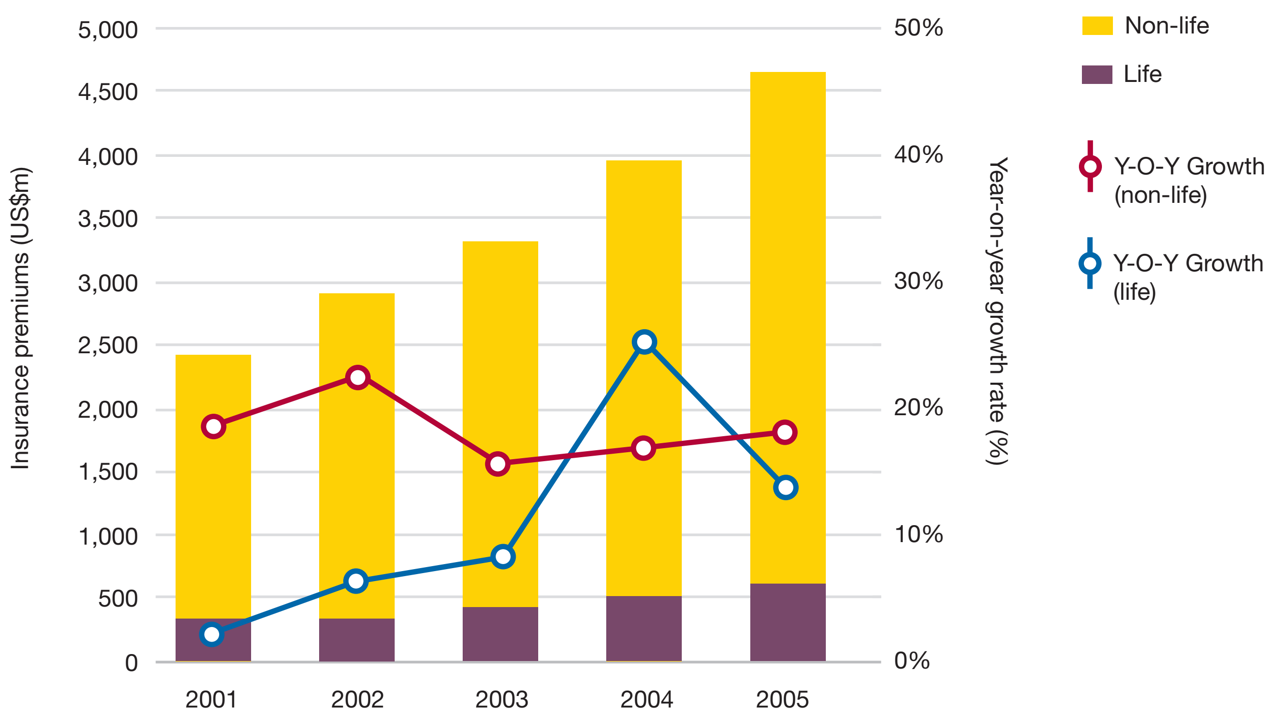
By attracting new financial institutions to Qatar from around the world, the QFC is helping to enhance the prospects for all participants in Qatar's rapidly growing financial market. As an agent for change, the QFC is introducing new standards, new skills, new products and better international access to the Qatari financial market with every international financial service provider it licenses.

As a result, international, regional and local financial and support institutions (including those with a specialisation in Islamic finance) are recognising the value of the QFC, both to service their business in Qatar as well as further afield.

Global names such as Credit Suisse, Morgan Stanley, Standard Chartered, Barclays, AXA and Deutsche Bank obtained licenses in 2005 and 2006. Regional firms such as United Gulf Financial Services, Arab Jordan Investment Bank and National Bank of Dubai were also among firms licensed in the QFC. So were local institutions Oryx Bank Holdings and the Arab Law Bureau.

The QFC Authority's senior executive team has been establishing relationships worldwide at both company and government level. Visits to London, Edinburgh, Paris, Geneva, Hong Kong, Singapore, Beijing, Mumbai, Bahrain, Dubai, Beirut, Washington and New York combined with meetings in Doha running into the many hundreds laid out the benefits provided by the QFC and the huge opportunities to be found in Qatar as the economy grows and diversifies.

GCC Insurance Industry (2001-2005)



Along with banking, investment, wealth management, financial service consultants and law firms, the QFC is rapidly becoming a regional magnet for the Gulf's insurance business.

The development of a robust insurance industry in Qatar was identified as a priority objective by the QFC Authority last year, as increasing investment spending and the consequent asset creation made the potential for market growth self-evident.

Rapid economic growth – characterised by Qatar's 'megaprojects', the aviation boom, the privatisation of government assets and a change in the public attitude to insurance – is creating a demand for better risk management and improved supply and quality of insurers and reinsurers.

Quite how significant the growth in this sector is expected to be over the coming year is reflected in the pipeline of companies seeking a license in the QFC.

Many of the world's largest insurance groups have applied for licences, now forming a core group within the QFC family of firms.

Qatar's development as a hub for the region's insurance and reinsurance industry further raises the bar in terms of best practice and good governance in the industry.

As the insurance and re-insurance markets have developed in the Gulf, so the QFC is creating a 'cluster' of business activity around these markets, founded on the strong regulatory environment ensured by the QFC Regulatory Authority for both the retail and wholesale market.

Licensees

By the end of 2006, 33 firms had been licensed to operate from the QFC. Not yet two years old, what already characterises this growing community is its diversity.

"By licensing in the Qatar Financial Centre, we demonstrate both our commitment to developing the Bank's infrastructure in the region and our belief in the exciting growth prospects for Qatar."
Ken Borda, CEO MENA Region, Deutsche Bank

"The macro vision for Qatar is of a nation with a clear vision, controlled expansion and a strong underpinning of resources that will combine for consistent future growth. The QFC is a natural beneficiary of this."
Scott Callendar, Managing Director,
AXA Investment Managers

"I've worked in the Gulf for 40 years and the identification of Qatar as a major target for expansion coincided with the opening of the QFC as the appropriate platform for my group."
Qasim Qasim, General Manager,
United Gulf Financial Services

"There was never any doubt that we wanted to be part of the QFC from the outset. We're very proud to be the first licensee."
Scot Laing,
Private Banker, Ansbacher

Licensees

Beyond the world class levels of regulation and supervision ensured by the Regulatory Authority, licensed firms enjoy a full range of professional and support services that form the backbone of the QFC Authority's proposition.

Regulated licensees (broadly speaking firms which provide financial services) are drawn from the banking, insurance and asset management industries. They specialise in a wide range of services from private wealth management to Shari'a compliant Islamic finance. The non-regulated businesses in the QFC include lawyers, accountants, and specialist recruitment and communications consultants.

What they all share is a belief in the economic prospects of Qatar and the region as a whole and a confidence in the QFC as a platform from which to operate.

Businesses have chosen to set up in the QFC from the US, Europe, Asia and the Middle East. Indeed, regional businesses currently make up almost one third of the licensee community – and none of these have so far chosen to operate in other regional financial centres.

Beyond the world class levels of regulation and supervision ensured by the QFC Regulatory Authority, licensed firms enjoy a full range of professional and support services that form the backbone of the QFC Authority's proposition.

The QFC measures its success by the success of the firms it licenses.

Their positive experience of the QFC Authority is evident on a number of levels. As a service provider of everything from real estate to IT support, and advice on schools to corporate communications, licensed firms are free to concentrate on what they do best. The QFC Authority seeks to enable firms rather than administer them, opening valuable doors in Qatar's market and beyond.

Businesses choosing to operate in the QFC have found that they are part of a growing economic community. By joining a powerful network, rich in corporate synergies, companies are ensuring their own future success.

A representative sample of QFC licensees share some of their reasons for seeking a licence along with their view of Qatar's broader economic prospects.

Ansbacher

Ansbacher, the London-based bank founded in 1894, was awarded the QFC's very first licence in the autumn of 2005.

Scot Laing, private banker with Ansbacher says: "Ansbacher was bought by Qatar National Bank in November 2004 and there was never any doubt about wanting to be part of the QFC from the outset."

Laing says the bank is very proud to be holder of licence No.1, "It is very important for us as a discreet, private bank, to be part of a reputable regulatory environment. Becoming a licensee in the QFC means that we are now subject to the scrutiny of three regulatory regimes: The QFC Regulatory Authority, the Financial Services Authority of London in the UK, and the Jersey Financial Services Commission."

Laing says that despite the support of an influential local parent company in QNB, it would have been difficult setting up business and moving his family to Doha without the support of the QFC. "It removes the huge administrative burden that one finds in any rapidly developing economy", says Laing.

Now resident in Doha for over a year, he says he has already noticed a difference in the city that goes beyond its rapidly developing skyline: "Life is becoming much easier, in ways that people might not always notice, from the fast improving road network to new leisure and recreational facilities raising the general quality of life."

As part of QNB, Ansbacher and its team are here for the long term, developing the burgeoning opportunities in wealth management that are emerging as result of the country's fast pace of economic growth.

Deutsche Bank

As one of the world's leading investment banks, Deutsche Bank is continuously growing its business in key emerging markets.

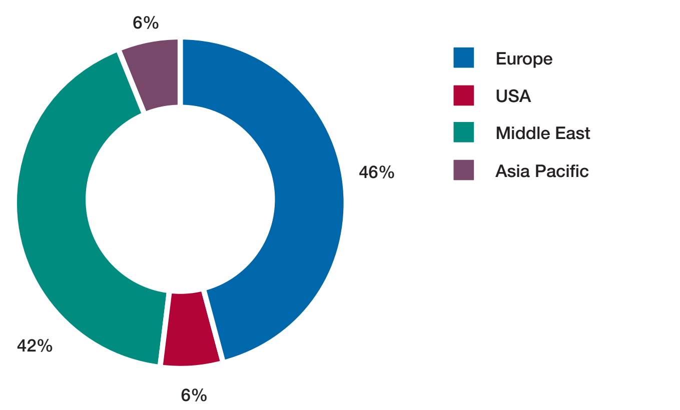
Ken Borda, Deutshe Bank's Regional CEO explains that in the Middle East, the bank already has established branches in Dubai, and Riyadh, along with a network of cross-divisional representative offices in Abu Dhabi, Egypt, Bahrain and Iran. Against this backdrop, the bank's licence from the Qatar Financial Centre, granted at the end of 2006, underlined its commitment to the region.

"Our office in the new QFC tower will be our third full branch in the Gulf, itself a strong vote of confidence in the financial opportunities being generated in this gas rich nation," explained Borda. "Qatar is undergoing a dramatic transformation as its economy grows and diversifies and we aim to make a valuable contribution to supporting this process, offering sophisticated capital market products for both institutional and private clients.

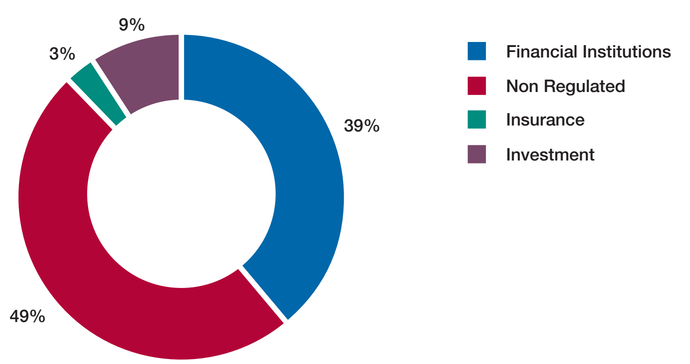
"By the end of this year, Deutsche Bank expects its staff numbers in the region to exceed 200, marking a significant increase over the past three years. In this context, our decision to license in the QFC underlines our commitment to developing a strong on-shore presence in key Middle Eastern markets.

"By licensing in the QFC, we are demonstrating both our commitment to developing the Bank's infrastructure in the region and our belief in the exciting growth prospects for Qatar."

Licensed Firms by Region

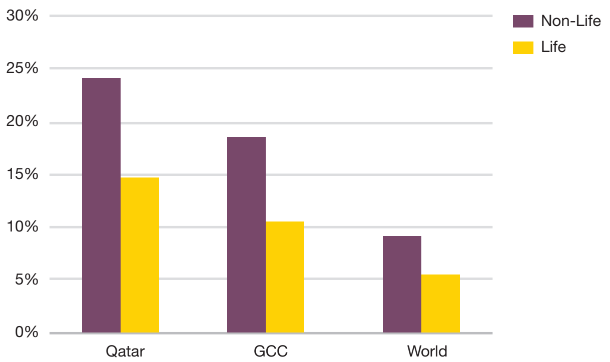


Licensed Firms by Type



Estimated Growth in HNWI Wealth (2005-2010)

Life and Non-Life Products Growth, 2001-2005



AXA Investment Managers

AXA, the French-based insurance and investment management group, is a truly global player. Its insurance business is ranked among the world's top five, while the asset management unit, with almost US$650bn under management, comes in at number 14 in the global rankings.

Scott Callander, who runs AXA Investment Managers' Qatar office – its sole office for the Gulf market – puts AXA IM's assets under management in the Middle East at around US$18bn.

Callander says: "The establishment of the Qatar office is a natural progression for AXA Investment managers. It clearly articulates our commitment and intentions for the Gulf region. We enjoy a great reputation, built over the last ten years. Our business model works exceptionally well in this market, which demands diverse and innovative manufacturing of investment solutions, leveraging all of our multi-expert platforms."

Boiling down AXA Investment Manager's decision to base itself in Doha, Callander explains: "The regulatory environment was an essential ingredient, and the QFC Authority's structure and services were very impressive."

AXA IM's growth strategy is region wide, and Callander sees Qatar and the QFC as a logical hub from which to support the market, and continue to deepen existing client relationships.

Nevertheless, his macro-economic view for the country is clear: "There's certainly a strong future ahead, underpinned with good economic policies and future planning from the Emir and the Finance Minister.

"The QFC, with the right international institutions, will do much to institute a developed capital market here in Qatar."

AXA Assistance

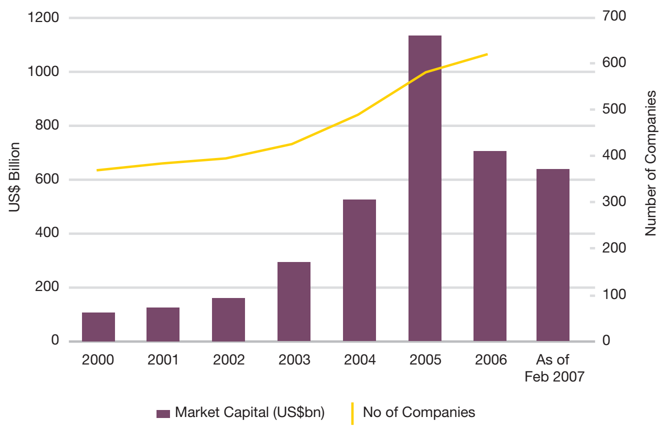
AXA Assistance, AXA's insurance business, boasts a presence in more than 30 countries across five continents, a workforce of 3,600 people worldwide.

Richard Morrison, AXA's project manager for the launch in Qatar, explains why his company chose to establish a base in the QFC saying: "AXA is present in Bahrain, UAE, Saudi Arabia and Oman and is looking to expand to be the largest international insurer in the region, so a move into Qatar is a logical step."

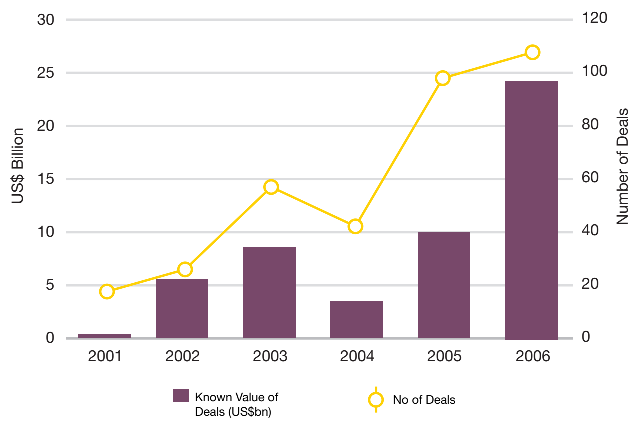
AXA views Qatar as a country with substantial insurance opportunities over the long term, as well as a country where AXA can add value with more sophisticated products and service development.

AXA has chosen the Qatar Financial Centre as its base for several reasons. Firstly, the QFC permits companies to conduct insurance business on shore in Qatar. Secondly, the QFC Regulatory Authority provides an extremely well regulated environment in which to conduct business. Thirdly, the QFC offers excellent support and infrastructure for its licensees, including quality office space and a full assistance package to commence operations.

GCC Market Capitalisation (US$bn)



Mergers and Acquistions by GCC Companies



Standard Chartered Bank

Standard Chartered was the first bank to commence operations in Qatar when it opened in 1950. It was also the first Qatari based global financial institution to be granted a licence by the QFC.

Listed on both the Hong Kong and London exchanges the bank derives over 90 per cent of its profits from Asia, Africa and the Middle East – where it is well positioned in the emerging trade corridors of Asia, Africa and the Middle East.

Kris Babicci, Standard Chartered Bank's Chief Executive Officer in Qatar says of the decision to register in the QFC: "For both international and regional investors, the QFC certainly provides a new gateway to the emerging markets of the Gulf Cooperation Council states and the rest of the Middle East and North Africa, as well as South Africa, Turkey, Central Asia and the Indian sub-continent.

"Our presence in QFC will allow us to better leverage on more creative and futuristic financial solutions and products that will, in turn, drive leadership in the capital markets. Qatar is gaining rapid recognition as a key business centre with an excellent base for financial companies looking to expand into the Middle East."

United Gulf Financial Services Company

UGFS, which was licensed in April 2006, is one of the many regionally owned financial services business to have made its home in the QFC.

Ultimately owned by KIPCO of Kuwait (a US$18bn concern that controls a group of more than 70 companies in the Middle East) UGFS is a branch of United Gulf Bank in Bahrain.

As Qasim Qasim, UGFS's General Manager in Qatar, explains: "The investment arm of the group looked at Qatar as a progressive country in regards to its economic development. This coupled with the massive increase in new projects being floated meant that Qatar became a major expansion target for us. All this coincided with the opening of the QFC as an appropriate platform for our Group."

Qasim, who has worked throughout the Gulf in the course of his 40-year career, says: "The QFC is adding great value to the financial and regulatory scene in Qatar. This can be seen both in terms of policy, and the human resources behind the policy."

Qasim says that while Qatar can be seen, geographically, as a spoke for his group, but for UGFS itself, it will serve as a hub, as it will be launching region-wide funds from Doha and not just servicing the local market.

Qasim believes that the QFC, under the auspices of the Council of Ministers, is in a unique position to influence change in Qatar. "That makes me very optimistic for the country's future" he concludes.

How we do business

The structure of the QFC Authority, and its role within the broader framework of the QFC, has been designed to ensure its effectiveness in delivering services to its clients, while safeguarding the fundamental principles of good corporate governance.

1st

country to open its stock market to international investors in the Gulf

February 2007

Opening of the Civil and Commerical Court and Regulatory Tribunal

How we do business

The QFC Authority is all about facilitation – working as an enabler for licensees to concentrate on their core business by offering fast and efficient on-call support.

Under the umbrella of the Council of Ministers and the QFC Authority Board of Directors, the QFC Authority proposes and submits rules which create the separate civil laws of the QFC in the State.

Separate to both the QFC Authority and QFC Regulatory Authority are the QFC's Civil and Commercial Court and its Regulatory Tribunal.

The Civil and Commercial Court has as its President Lord Woolf, the former Lord Chief Justice of England and Wales. The Regulatory Tribunal serves to ensure that the QFC Authority and the QFC Regulatory Authority act fairly and objectively in compliance with due process requirements. Its Chairman is William Blair QC.

This structure ensures that the QFC Authority can focus on its core business of attracting and supporting licensees and growing the financial sector in Qatar.

It does this through its various divisions, which include business development, operations, corporate communications and marketing, external liaison, strategy and planning, and audit and risk.

Through these channels, the QFC Authority offers advice and support to businesses in making commercial decisions. It also provides a direct link with government institutions in Qatar and a wide reaching international political and business network.

A principal point of contact between licensees and the QFC Authority is through its Operations Department. It is this that provides infrastructure – both in terms of office space and IT and communications support for the licensee community.

The QFC Authority is all about facilitation – working to help licensees concentrate on their core business by offering fast and efficient on-call support. In this respect, it constitutes the QFC's front office.

The QFC Authority's Operations team is the largest single unit in the QFC and is set to grow further in the course of the coming year, as more licences are issued and the demand on resources grows.

Central to its operating ethos, the QFC Authority offers these services – including the provision of office premises – at market rates. This 'not-for-profit' model is another key differentiator between the QFC and other regional financial centres.

For many licensed firms, the Operations Department serves as their main interface with certain Qatari government departments. Many find its help with their human resources needs – e.g. immigration, securing visas or residency permits – invaluable in speeding up the bureaucratic process.

These essential services are supplemented by other forms of assistance the QFC offers to its licensees and the broader business community.

Communications support is not only available in terms of IT, but also in the form of media relations advice and access to media professionals, as well as through a range of services designed to grow the knowledge base of the licensee community and keep them abreast of economic, financial and legal developments in the QFC, Qatar and the region.

In 2006 two new communications initiatives were developed. An e-Newsletter was launched for licensees and applicants, to keep them abreast of developments and news relevant to the QFC Authority. Additionally an intranet, QFCnet, was built for the QFC Authority which will be made available to licensed firms in the first half of 2007. This will be supplemented by a magazine also in the first half of the year.

The knowledge base of licensed firms is further enriched by the proprietary research generated by its strategy and planning department, also set up in 2006. This adds to the level of market transparency in Qatar and across the Gulf. Freely available to licensees, such analysis is valuable for companies requiring a rapid understanding of the market and the opportunities it provides.

The development of both the QFC Authority's governance model and its range of services over the past 12 months have been guided by one simple question: how best can the QFC help licensees and applicants do business in Qatar and beyond?

The rapid increase in the number of both licensed firms and new applicants over the course of the year gives a clear answer to this question, and signifies that the QFC Authority's Initiatives of 2006 have been successful.

Licensed Companies as at 31 December 2006

The QFC Authority makes available to the public details of all firms licensed by the QFC Authority including information relating to their permitted activities.

QFC Number	Firm Name	Date of Licence	Permitted Activities	Status
00001	Ansbacher & Co Limited	29/09/2005	Regulated Activities and Professional Services	Licensed
00002	BDO JawadHabib Consulting WLL	12/10/2005	Professional Services (Consulting)	Licensed
00003	Arab Jordan Investment Bank (Qatar) LLC	5/12/2005	Regulated Activities	Licensed
00004	Oryx Bank Holding Corporation LLC	04/04/2006	Professional Services (Holding)	Licensed
00005	Credit Suisse Financial Services (Qatar) LLC	01/03/2006	Regulated Activities	Licensed
00006	Arab Law Bureau LLP	20/03/2006	Professional Services (Legal)	Licensed
00007	United Gulf Financial Services Company LLC	21/03/2006	Regulated Activities	Licensed
00008	AXA Investment Managers LLC	23/04/2006	Regulated Activities	Licensed
00009	Kuwait Financial Centre S.A.K.	01/05/2006	Regulated Activities	Licensed
00010	Standard Chartered Bank	22/06/2006	Regulated Activities	Licensed
00011	Global Investment House (Qatar) LLC	28/06/2006	Regulated Activities	Licensed
00012	QREIC Sukuk LLC	10/07/2006	Regulated Activities	Licensed
00013	PricewaterhouseCoopers – Qatar LLC	21/08/2006	Professional Services (Assurance, Advisory, and Tax)	Licensed
00014	Eversheds LLP	24/08/2006	Professional Services (Legal)	Licensed
00015	Eversheds Legal Services (Qatar) LLC	24/08/2006	Professional Services (Legal)	Licensed
00016	Lalive in Qatar LLP	31/08/2006	Professional Services (Legal)	Licensed
00017	Bell Pottinger Communications Limited	31/08/2006	Professional Services (Public Relations)	Licensed
00018	Barclays Bank PLC	10/09/2006	Regulated Activities	Licensed
00019	Morgan Stanley & Co International Limited	12/09/2006	Regulated Activities	Licensed

QFC Number	Firm Name	Date of Licence	Permitted Activities	Status
00020	Intersearch in the Gulf Limited	30/10/2006	Professional Services (Executive Search)	Licensed
00021	UBP (Qatar) LLC	31/10/2006	Regulated Activities	Licensed
00022	Apis Consulting Group LLC	12/11/2006	Professional Services (Strategic Change and Project Management)	Licensed
00023	International Legal Consultants LLC	13/11/2006	Professional Services (Legal, Companies, and Trust Administration)	Licensed
00024	AXA Insurance (Gulf) BSC	19/11/2006	Regulated Activities	Licensed
00025	MXV Capital LLC	11/12/2006	Providing Professional Services (Strategic Consultancy and Administrative Consultancy)	Licensed
00026	National Bank of Dubai PJSC	12/12/2006	Regulated Activities	Licensed
00027	Bank Audi LLC	21/12/2006	Regulated Activities	Licensed
00028	Alpen Investment Bank LLC	21/12/2006	Regulated Activities	Licensed
00029	Clyde & Co	27/12/2006	Professional Services (Legal)	Licensed
00030	International Mercantile Exchange Holdings LLC	27/12/2006	Professional Services (Holding)	Licensed
00031	Hugh Fraser International Legal Consultancy LLC	28/12/2006	Professional Services (Legal)	Licensed
00032	Deutsche Bank AG Doha (QFC) Branch	28/12/2006	Regulated Activities	Licensed
00033	Badri and Salim El Meouchi, LLP	28/12/2006	Professional Services (Legal)	Licensed

Taxation

The QFC is developing its own tax regime based on 'best practice' international standards.

Until 30 April 2008 licensed firms will benefit from a comprehensive tax holiday, and the new regime applying an internationally competitive corporation tax rate of not more than 10% will come into force thereafter.

The underlying philosophy of the tax regime is that companies will only pay tax when they make a profit, not on turnover when generating the profit and not on the distribution of the profit to shareholders.

The tax regime will adopt a territorial basis of taxation, taxing only the local source profits of registered businesses. Profits for these purposes will generally be derived from the audited accounts of a business, prepared under IFRS or other acceptable GAAP. The attribution of profits to permanent establishments will be based on OECD principles. Losses will be carried forward indefinitely and will be relievable against all taxable income.

Businesses will benefit from an exemption from taxation on dividend income and capital gains on qualifying subsidiary shareholdings. There will also be no withholding taxes on the payment of dividends, interest or royalties. The QFC is therefore not only an attractive location from which to do business in Qatar but as a hub from which to carry on business in the region.

As the QFC has been established to encourage and support financial service businesses locating in Qatar, the tax regime is therefore being developed to minimise the compliance burden on businesses with clarity of regulations and online facilities for the submission of returns. In the event of uncertainty, businesses will be able to approach the Tax Department for pre-transaction and post-transaction rulings, or technical clarifications. Certainty and transparency are fundamental principles of the new regime.

Regulations will be introduced to ensure the efficient structuring of activities undertaken by QFC firms in the areas of funds management, asset finance and insurance. The tax laws will also provide for neutrality of treatment between Shari'a and non-Shari'a compliant financing techniques.

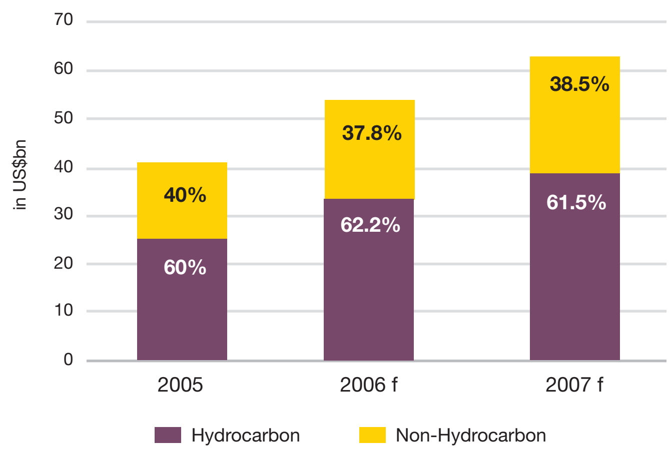
The QFC has consulted widely within the business community, both in Qatar and internationally, to ensure that the new tax regime achieves a fair balance between the QFC's fiscal needs and the needs of businesses establishing in the QFC, and this consultation will continue throughout the development process.

Overall, the QFC is creating an internationally competitive fiscal environment for the conduct of business activities in support of the development of the financial services industry in Qatar.

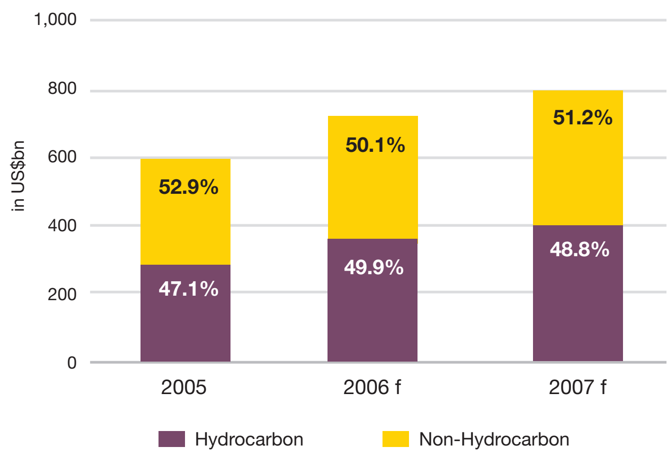
The Opportunity

Hydrocarbons driving economy
Qatar's economy has been booming as a consequence of a high oil price and will continue to flourish as production of Natural Gas is ramped up. Consequently, huge industrial and infrastructure projects are needed to support growth.

Composition of Nominal GDP: Qatar

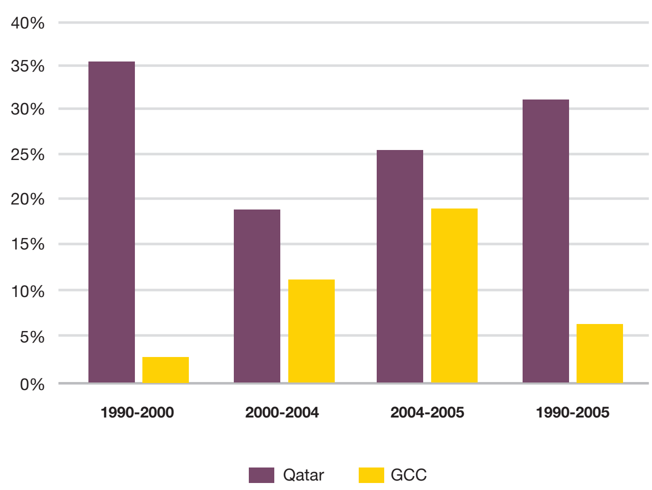


Composition of Nominal GDP: GCC



Increased Liquidity
A large inflow of capital through trade surplus (Qatar had a trade surplus of US$18.7bn in 2005), and increasing foreign direct investment has further contributed the need for a robust financial services industry.

CAGR of Net FDI



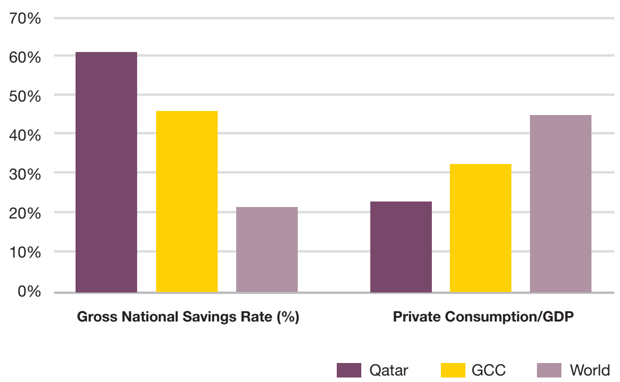
The Opportunity (continued)

Savings and consumption rates
Qatar recorded the highest savings rate and the lowest private spending rate in the region, indicating an untapped opportunity for financial services to manage the liquidity.

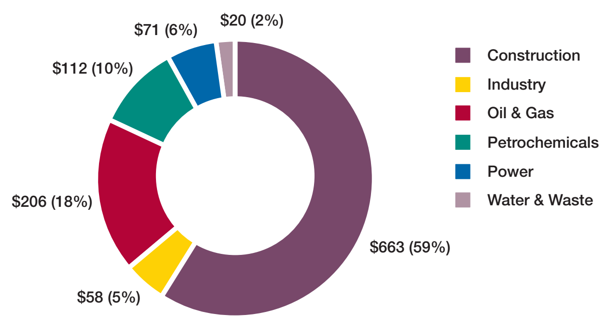
Project Finance
The GCC represented the world's largest market for Project Finance in 2006, with an estimated US$1.13tr worth of projects in the upcoming years. In Qatar, the US$130bn the government plans to spend over the coming five or six years will be reliant to a significant extent on the project finance industry. Approximately US$70bn will be project financed, with roughly US$55bn coming through syndications and US$15bn raised in bonds.

While competition amongst global is keeping margins low, the massive upcoming demand of required financing translate into an attractive outlook.

Savings and Consumption, 2005

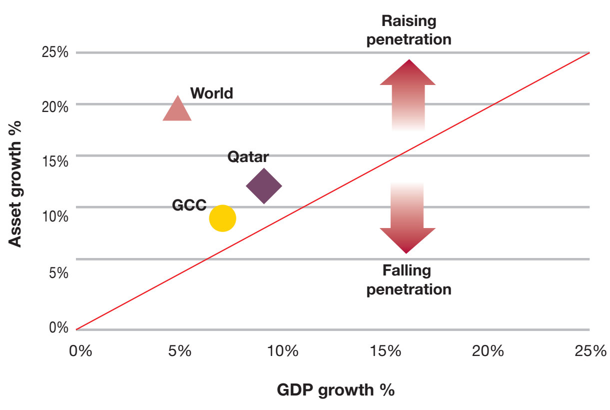


GCC Projects by Sector
As of January 2007, US$bn



Banking
The total assets of the GCC banks stood at US$745bn in 2005, which is less than 0.5% of the global banking assets. In particular, Qatari bank assets are disproportionate to strong economic growth, implying strong sector potential. Furthermore, relative to the global average, profitability measures are high, insinuating a healthy margin for new entrants.

GCC Banking Assets (2001-2005)



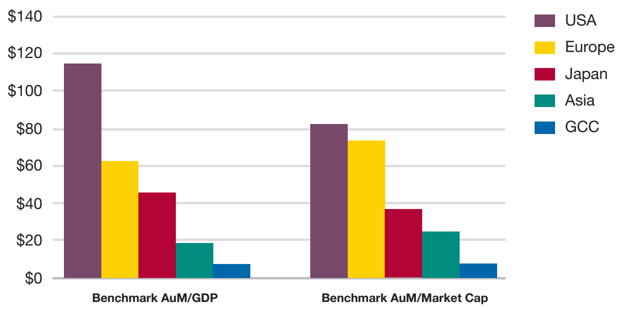
Managing investments and private banking

The rising price of hydrocarbons, easier access to bank credit and repatriation of capital has resulted in a growth in liquidity for government, corporate and high net worth individuals. However, even with the recent growth the penetration of Asset Management in the GCC remains low as compared to the other regions in the world. In addition, given the developing capital markets, excessive home bias, and a predominance of plain vanilla products, there is a great opportunity for global players within the region.

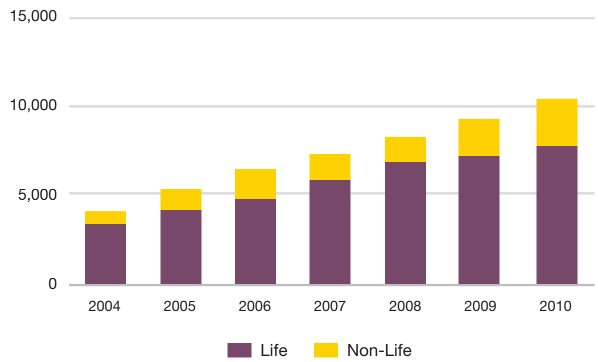
Insurance

The GCC insurance Industry (US$4.7bn in 2005) is only 0.14% of the World insurance industry (US$3.4tr in 2005). However, it registered a CAGR of 17.5% between 2001 and 2005, which was higher than the growth rates of most large insurance markets across the world. GCC penetration levels are far lower than the world average of 7.52% and average density level in the GCC (US$ 129) is lower than most developed markets. Fragmented markets and a narrow breadth of products provide incoming firms an excellent business opportunity.

Relative Size of Assets Under Management



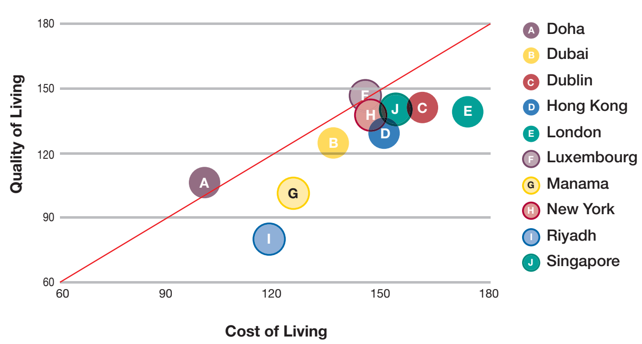
GCC Insurance Premiums Forecast 2004-2010 (US$m)



Cost and Quality of Living

In terms of value, few cities in the region or major cities in the world, can match Doha's combination of high quality combined with low cost of living. Being a quickly growing city, new amenities are available each day, as the number of options for restaurants and entertainment are constantly increasing. In the future, as developments such as the Pearl and Losail's Energy City are finished, the quality of entertainment in Doha will be truly world class.

Comparative Value



Data Source

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Page 13	GDP Growth Rate	EIU
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