

Dear al khaliji shareholder,

I am pleased to present you with the financial statements and independent auditor's report for the period 9 January 2007 (date of incorporation) to 31 December 2007 – the first year in the life of al khaliji.

These statements of course cover our financial results, but as there is more to building a bank than just numbers and graphs, many other milestones may have passed unnoticed.

But before I go on to explore some of those milestones, I want to answer one very simple question – why another bank?

Almost half of the bank customers we surveyed are likely to switch banks over the course of the next six months – which constitutes a valuable opportunity for our retail division being rolled out in the coming months.

We are here because there is a massive demand for capital both in Qatar and across the wider region. By the end of last year, the value of projects planned or underway across the Gulf stood at \$1.8trn. In Qatar alone, the value of projects was put at more than \$142bln by the Middle East Economic Digest, of which 50% are being project financed, with a further \$55bln coming through syndications and \$15bn in bonds. I am pleased to report that al khaliji is already active in supporting this need for capital with which to transform our nation and the region. In fact, we are ahead of schedule with our corporate business.

The demand being generated by Qatar's growing population and even faster growing economy. The International Monetary Fund (IMF) expects Qatar's real GDP to grow at a rate of 12 per cent over the next five years. It also estimates that the country's per capita GDP to have reached \$71,000 by the end of last year.

Of course, our IPO last year generated a huge amount of press attention as commentators recognized that we really meant what we said about doing things differently – that we were serious about being a next generation bank. For the same purpose, our Board decided not to pay a cash dividend and instead to reinvest the profits of our first year of activity to finance growth and future plans.

While our IPO was a very public success, behind the scenes our rapidly growing team was chalking up many more successes equally important to the creation of a truly original, fresh new bank.

The capital we raised was immediately put to good use building a world class team led by a world-class management. Underpinning their success is our commitment to training (we have built a dedicated training branch and hold regular training academies) and our innovative approach to HR policies, which we believe are unique in the region for their simplicity, inclusiveness and supportiveness.

The team we have built here at al khaliji is what will truly set us apart in the market. From just a tiny start-up team back in early 2007, our ranks have swelled to over 240. Drawn from over 30 countries worldwide, we celebrate diversity while also demonstrating a commitment to the Qatari workforce. Truly, we have built a management of talents, with more than 20% of employees holding a Masters degree and five of our staff even boasting a Doctorate.

We value our staff as people and seek to engage with them as we will our customers – on a human level. We recognize that customers are often confused or even afraid of banks.

Our goal is to become a regional bank, and we will only get there by speaking your language, understanding your needs and delivering consistent, clear, efficient and prompt services to you at every turn.

We know this because, as a bank that values communication, we've been listening to what it is you've had to tell us about what you want from your bank. On the day we listed our shares on the Doha Securities Market, we also launched our "conversation" both with shareholders and anyone else interested in shaping the future of a bank. This led to a huge amount of feedback on our website which, coupled with the polling and market research we have conducted in Qatar and the wider region, has given us a real insight into what it is you want. And we're confident that we will deliver.

Already, we have taken a major step in realizing our regional ambitions. Our negotiations to acquire the UAE assets of BLC Bank (France) SA started last October, with the intent to move into the UAE market much earlier than expected.

The purchase, at time of writing this statement, has only to receive regulatory clearance for the acquisition of BLC branches. Our management is moving swiftly to prepare for a smooth transition into the al khaliji family for BLC, meaning that once the regulatory clearance is received, we will be operating well ahead of our initial timetable.

I invite you to join me in congratulating al khaliji team for all they have achieved in just 12 months. I look forward to welcoming you into our branches this year.

Yours faithfully
Tariq Al Malki
Chairman and Managing Director