

al khaliji accelerates its growth momentum

122 percent increase in net profit in first half 2011

- Net profit reaches 249 million on 30 June 2011, compared to 112 million in H1 2010
- Strong earnings per share at QR 0.69 – more than double that of 2010
- Assets grow 15 percent, backed by 25 percent increase in conventional deposits

Doha, July 18, 2011: Al Khalij Commercial Bank (al khaliji) Q.S.C. released its half year results today, showing a strong increase in net profit, which reached QR 249 million on 30 June 2011, up 122 percent from QR 112 million on 30 June 2010. The Q2 net profit reached 130 million, up 141 percent compared to Q2 of 2010.

The results reflect the success of al khaliji's wholesale led strategy – central to which is the Bank's focus on supporting its preferred customers in Qatar, the UAE, and France.

The net interest margin increased to 3.3 percent as of 30 June 2011, compared to 2.8 percent at end-June 2010. Net interest income, at QR 300 million, is 59 percent higher than the 188 million in 2010, as interest expense decreased by 36 percent and interest income increased by 15 percent.

Net operating income reached QR 497 million on 30 June 2011, up 55 percent compared to the corresponding period in 2010, when it reached QR 321 million. The improvement in the cost to income ratio continued and is at 38 percent, compared to 58 percent on 30 June 2010.

Commenting on the financial statements, Robin McCall, al khaliji Group Chief Executive Officer, said:

“al khaliji continues to experience outstanding growth. Net profit in H1 2011, the highest for a mid-year, reaffirms that our strategy delivers the returns our investors expect. These results would not have been possible without the tireless efforts of our board members, management, and staff”.

The operation in Qatar's conventional banking activities contributed to 85 percent of the net operating income while Al Khaliji France S.A., the wholly owned subsidiary headquartered in Paris, France and present in 4 emirates in the UAE, contributed 14 percent.

Commenting on Qatar business outlook, McCall said:

“Economic projections point to continued growth in Qatar in 2011 and 2012, but we must remain vigilant about the near-term outlook and growing uncertainties in the region, which may affect investor sentiment and delay a number of projects and plans”.

Earnings per share (EPS) increased to QR 0.69, 2.2 times H1 2010's EPS. Return on average shareholder equity is 11 percent, and return on average assets is 2.6 percent, compared respectively to 4.8 percent and 1.3 percent at 30 June 2010.

The capital adequacy ratio is at 24 percent on 30 June 2011, confirming the Group's financial strength.

Loans and advances increased by 17 percent since the beginning of the year, and reached QR 8.46 billion on 30 June 2011.

On the funding side, al khaliji continues to attract retail and wholesale deposits from its chosen customers – conventional customer deposits were up 25 percent and reached QR 9.96 billion on June 30, 2011 – and to maintain its healthy loan-to-deposit ratio – which stood at 85 percent at end-June 2011.

On 30 June 2011, non-performing loans and advances (NPLs) amounted to QR 54 million, down from QR 100 million on 31 December 2010. The NPL ratio continues to improve to 0.6 percent, down from 1.3 percent in December 2010. The Bank's set aside QR 26 million for impairment losses on loans, net of recoveries, for the first half of 2011.

HE Sheikh Hamad Bin Faisal Bin Thani Al Thani, al khaliji Chairman and Managing Director, said:

"We are very satisfied with the results achieved in the first half of 2011: al khaliji continued its impressive growth and realized strong benefits in spite of the regional uncertainty. In addition to achieving profits across wholesale, business banking, premium, and international businesses, we have increased productivity, improved efficiencies, and maintained our prudent approach to risk management".

– End –

For further information on al khaliji, please visit www.alkhaliji.com

Investor Relations:

Dr Charbel Cordahi

Head of Investor Relations

Tel.: +974 44 94 06 43

Email: ccordahi@alkhaliji.com

Public Relations:

Abeer Al Kalla

Head of Public Relations & Communications

Telephone: + 974 44 94 06 46

Email: aalkalla@alkhaliji.com

Or: investor-relations@alkhaliji.com