

al khaliji Holds H1 2010 Investor Conference & Analyst Meeting

- *Net operating income up 24% compared to H1 2009*
- *Net profit for 6 months period ended June 30, 2010 reaches QR 112 million*
- *Half year results reflect continuous success of medium term strategy*
- *al khaliji well positioned to benefit from the economic expansion and rising demand*

Doha, July 28, 2010: al khaliji held its first half 2010 investor conference and analyst meeting today in Doha. The investor conference was attended by Robin McCall, acting Chief Executive Officer and Christiaan de Beer, Group Chief Financial Officer. Also present were Charbel Cordahi, Head of Investor Relations and Steven Haycock, Group Head of Marketing.

During the meeting, al khaliji provided investors and analysts with information about its half year results and ongoing merger negotiations with International Bank of Qatar (IBQ).

al khaliji's first half results show a notable increase in net operating income, which reached QR 320 million on 30 June 2010, up 24 percent from QR 258 million for the corresponding period in 2009.

The interim consolidated financial statements for the 6 months period ended 30 June 2010 were approved on June 20, 2010 by the Board of Directors of al khaliji and disclosed to Qatar Exchange on the same day. A copy of the financials is available on the web sites of al khaliji and the Qatar Exchange.

Net interest income reached QR 188 million, up 22 percent from QR 154 million for the same period in 2009. For the 3 months period ended 30 June 2010, net interest income was up 45 percent.

Net income from Islamic Financing activities rose by 41 percent compared to the period ending 30 June 2009, reaching QR 45 million.

Net income reached QR 112 million for the six months period ended June 30, 2010, compared to QR 108 million for H1 2009, a 3.3 percent increase. Earnings per share attained QR 0.31, compared to QR 0.30 at 30 June 2009.

Net profit includes a net impairment charge of QR 17 million, compared to QR 30 million at June 2009.

On June 30, 2010, loans and advances to customers amounted to QR 9.2 billion, an increase of 12.7 percent when compared to 30 June 2009 and 7 percent when compared to 31 December 2009.

Financial investments, acquired as part of al khaliji's liquidity management strategy, reached QR 6.2 billion at 30 June 2010, compared to QR 4 billion at 31 December 2009 and QR 2.8 billion at 30 June 2009. 'Available for sale' financial investments represented 89 percent of financial investments held by al khaliji on 30 June 2010. 10% of financial investments are held-to-maturity.

On June 30, 2010, customer deposits reached QR 9 billion. Total shareholder equity, including paid-up share capital, reserves and retained profits, reached QR 4.8 billion.

Commenting on the financial statements, Robin McCall, acting Chief Executive Officer, said: *"al khaliji's solid results are due to the successful execution of our wholesale-led strategy developed at the end of 2009, with positive contributions at the operating lines coming from all our customer facing divisions. It remains our intent to build market share in our chosen segments with our preferred customers. It is pleasing to note that the growing contribution from our wholly owned subsidiary Al Khaliji France S.A., covering both Paris and the UAE operations, is also in line with our plans to leverage additional trade flows between France, Qatar and the UAE"*.

Commenting on the latest economic and market developments in Qatar, McCall reiterated al khaliji's bullish expectations saying: *"The improvement in the regional and local outlook is now sustainable, and we expect double digit growth rates in oil and non-oil sectors in Qatar to be maintained in 2010 and 2011"*.

Last week, His Excellency Sheikh Hamad Bin Faisal Bin Thani Al Thani, al khaliji's Chairman and Managing Director, told the press that al khaliji is well positioned to benefit from the economic expansion and rising demand, in line with the Bank's growth plans over the medium-term.

al khaliji also provided input on its ongoing merger negotiations with International Bank of Qatar (IBQ). According to al khaliji, the merger, if it takes place, will result in a significant presence in Qatar for the new entity. This presence will be combined with UAE and European operations, an expanded specialized product capability, and a greater lending capacity.

Referring to the merger, McCall concluded: “The merger remains at a formative stage, however the *Management and Board have appointed appropriately qualified advisors to assist with structuring, fair valuation, and due diligence*”.

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

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