

al khaliji – next generation banking



Investor Presentation

Robin McCall

Acting

Chief Executive Officer

28 June 2010

Contents

Executive summary

1. Who are we?
2. Our new Group strategy (2010 – 2012)
3. Our performance and market view
4. Our macroeconomic view



Executive Summary

al khaliji

- Regional bank
- Conventional, with an Islamic window
- Headquartered in Qatar
- Listed on the Qatar Exchange
- 20,000 shareholders
- 9 branches (Qatar, UAE, France), 19 ATMs, 2 service centers
- Strong corporate governance
- Experienced Management team

New Strategy: Key Goals

- Primarily Wholesale
- Customer focused, aligned to the economic reality in the region
- Threefold increase in profits by 2012
- Bank of choice to preferred customers

Major Shareholders

Qatari Diar	17%
Qatar Holding	10%

Key Financials Q1 2010

Total assets	QR 17.89 bn
Customer deposits	QR 7.46 bn
Net customer loans	QR 9.03 bn
Group equity	QR 4.86 bn
Net profit	QR 58.13 mm
Net profit growth	+12%
Tier 1 CAR	26%
Cost to income	55%
Earnings per share	QR 0.16

Business Model

Wholesale

- Treasury
- Corporate & Institutional

Consumer

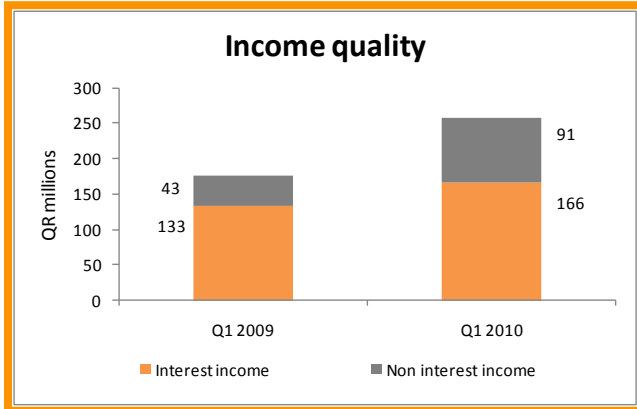
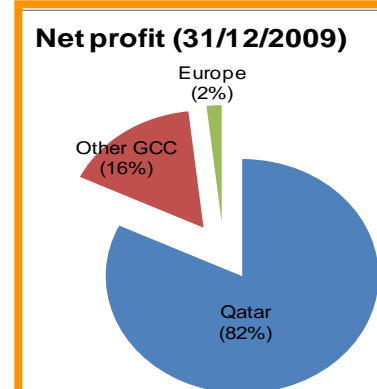
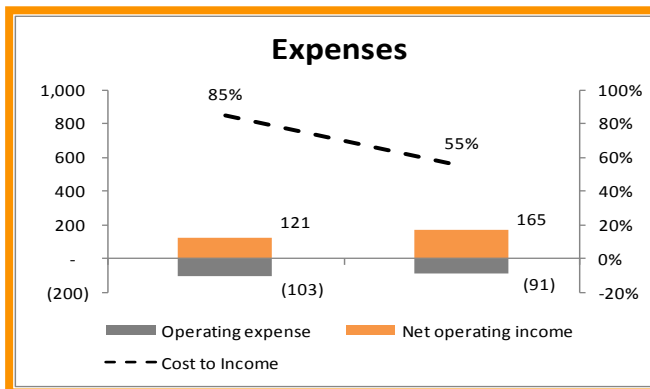
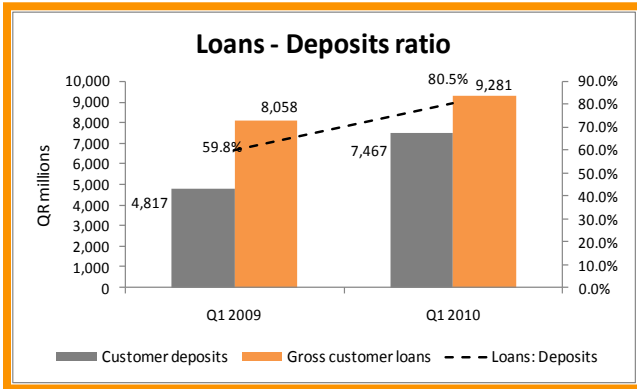
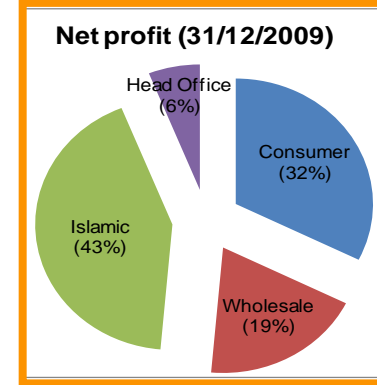
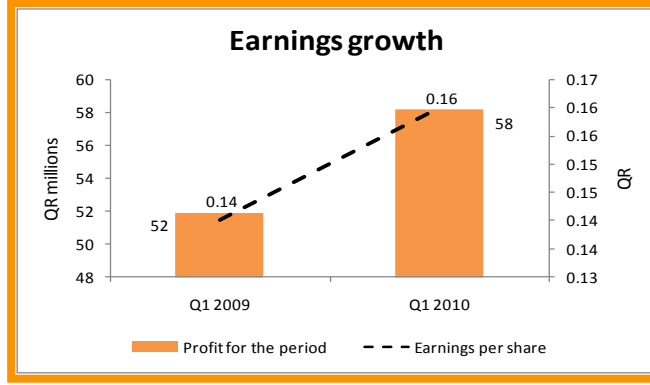
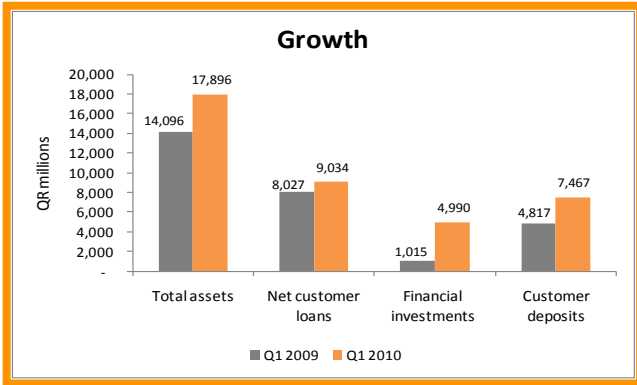
- Premium
- Group Benefits
- Retail

Business

- SME

Islamic

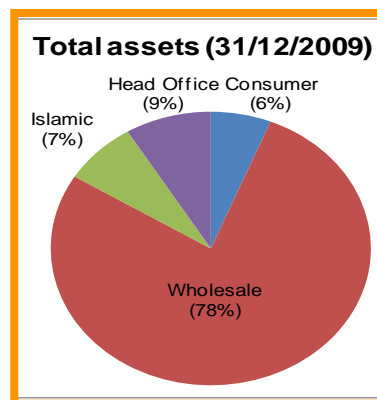
Executive Summary (continued)



Latest Announcements

June 1, 2010:

- al khaliji's Board approves the initiation of merger talks with IBQ
- Appointment of consultants to advise on the requirements to proceed with the merger



Contents

Executive summary

1. Who are we

- **Steady growth**
- **Footprint**
- **Our shareholders**
- **Our directors**
- **Our management**
- **Our family**
- **Our corporate governance**
- **Capital cap**
- **al khaliji France S.A.**
- **Selected corporate deals**

2. Our new Group strategy (2010 – 2012)

3. Our performance and market view

4. Our macroeconomic view



1. Who Are We?

- A young regional bank headquartered in Qatar
- Engaged in commercial and Islamic banking activities
- Founded by prominent investors from Qatar, UAE, Kuwait, Oman, and Bahrain
- Started operations in 2007
- A strong capital base
 - Listed on Qatar Exchange (QE): August 2007 (KCBK.QA)
 - Entered QE 20 Index: January 2009
 - Paid up capital (incl. premium): QR 4.32 billion (USD 1.2 billion)
 - Capital Adequacy Ratio: 26 percent (31 March 2010)



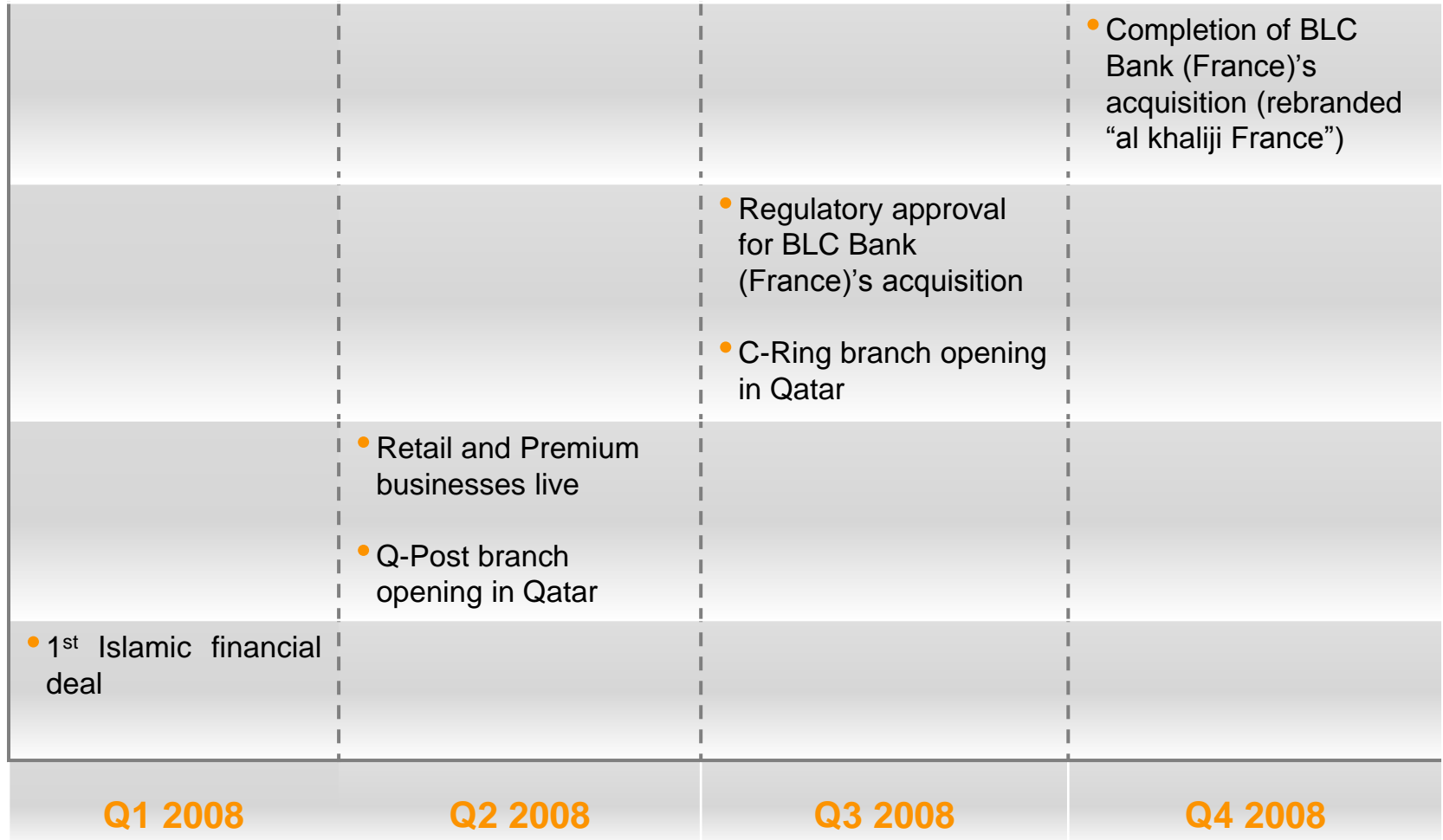
1. Who Are We? (continued)

1.1. Steady Growth (2007)



1. Who Are We? (continued)

1.1. Steady Growth (2008)



1. Who Are We? (continued)

1.1. Steady Growth (2009)

Q1 2009	Q2 2009	Q3 2009	Q4 2009
			<ul style="list-style-type: none">• al khaliji France website and online services• New medium term strategy
		<ul style="list-style-type: none">• Tops H&H web ranking survey for listed companies in Qatar & banks in GCC• Wealth management product linked with Gold	
	<ul style="list-style-type: none">• 7- fold increase in net profit (year-on-year)• Cancellation of unpaid share capital		
<ul style="list-style-type: none">• 1st AGA/EGA• QE 20 Index			

1. Who Are We? (continued)

1.1. Steady Growth (2010)

	<ul style="list-style-type: none">• Initiation of merger talks with IBQ• Credit card launch
<ul style="list-style-type: none">• 2nd AGA/EGA• Wealth management product linked with crude oil price	
Q1 2010	Q2 2010



1. Who Are We? (continued)

- 1.2. Our Footprint**
- 9 branches: 4 Qatar, 4 UAE, 1 France
 - 19 ATMs: 15 Qatar, 4 France & UAE
 - 2 Service Centers (Qatar)

Bin Omran (Qatar)



C-Ring (Qatar)



Q-Post (Qatar)



Islamic (Qatar)



Paris (France)



Sharjah (UAE)



Ras Al Khaimah (UAE)



Abu Dhabi (UAE)



Dubai (UAE)








1. Who are we? (continued)



1.3. Our Shareholders (31 May 2010)

- More than 20,000 institutional and retail shareholders
- 46 percent of capital held by Qatar Government
- Strong support from major institutional shareholders

Per Type	Percentage
Qatar Government	46%
Banks & Financials	21%
Corporations	14%
Retail	19%

Per Nationality	Percentage
Qatar 	74%
U.A.E. 	6%
Oman 	5%
Kuwait 	5%
Bahrain 	8%
Others	2%

1. Who are we? (continued)

1.3. Our Major Shareholders (31 May 10)

Shareholder	Category	Domicile	%
Qatari Diar	Government	Qatar	17.24%
Qatar Holding	Government	Qatar	10.00%
Pension and Retirement General Authority	Government	Qatar	5.00%
Qatar Health and Education Fund	Government	Qatar	5.00%
National Bank of Dubai	Corporation	UAE	5.00%
Qatar Foundation	Government	Qatar	4.56%
Union Investment House	Corporation	Bahrain	4.17%



1. Who are we? (continued)

1.4. Our Directors



His Excellency
Sheikh Hamad Bin Faisal
Bin Thani Al-Thani
Chairman & Managing Director

Education

- B.A. in Political Sciences (USA)

Additional responsibilities

- Chairman, Al Khaliji France
- Board Member, Qatari Businessmen Association
- Board Member, Qatar Insurance Company (QIC)
- Vice-Chairman, Gulf Holding Company

Past experience

- Minister of Economy and Commerce, Qatar
- Vice-Chairman, Qatar National Bank (QNB)
- Member, Supreme Council for Economic Affairs
- Director, Customs Department



His Excellency
Mr. Abdulla Bin Nasser
Al-Misnad
Vice-Chairman

Education

- B.A. in Aeronautics Science (United Kingdom)

Additional responsibilities

- Vice-Chairman, Al Khaliji France
- Chairman and Managing Director, Al Misnad Holding Company
- Board Member, Qatar Financial Market Authority (QFMA)
- Board Member, Qatari Businessmen Association
- Chairman and Managing Director, Al Khalij Holding Company
- Board Member, Vodafone Qatar
- Vice Chairman, Malomatia

1. Who are we? (continued)

1.4. Our Directors (continued)



Mr. Issam Khalaf
Director

Education

- Master in International Law (France)
- Master in English and American Laws (France)

Additional responsibilities

- Director, Al Aqeelah Investment, Finance and Leasing, Kuwait
- Director, Al Mustaqbal Investment Co., Kuwait
- Senior Partner, Al Othman and Khalaf, Kuwait
- Board Member, First National Bank, Lebanon



Mr. Abdulsalam Al-Murshidi
Director

Education

- Master in Petroleum Geology
- B.S. in Geophysics

Additional responsibilities

- Chairman & CEO, Rawasi Oman Investments
- Chairs & Board Member, many companies in Oman & the GCC

1. Who are we? (continued)

1.4. Our Directors (continued)



Mr. Hisham Al-Saie
Director

Education

- B.A. in Accounting (USA)

Additional responsibilities

- Board Member and Member, Audit & Remuneration Committees of Nass Corporation B.S.C (c)
- Board Member, Health Island B.S.C (c)
- Board Member, Manara Development B.S.C (c)
- Board Member, Diyyar Al-Muharraq B.S.C (c)
- Board Member, Bank Muscat International B.S.C (c)
- Board Member, Amar Holding Company B.S.C (c)
- Board Member, Capital Management House B.S.C (c)



Mr. Mohammed Bin Khaled Al Mana
Director

Education

- B.A. in Financial Management (USA)

Additional responsibilities

- Board Member, Al Khaliji France
- Vice-Chairman, Salam Bounian, Qatar
- Board Member, Salam International

Past experience

- Board member, Supreme Education Council of Qatar
- President, Qatar Chamber of Commerce and Industry
- President, Gulf Tourism Committee

1. Who are we? (continued)

1.5. Our Management



Robin McCall

Acting

Group Chief Executive Officer

Education

- Bachelor of Commerce Legal (South Africa)

Additional responsibilities

- Board Member, Al Khaliji France

Past experience

- Head, Corporate & Commercial Banking, HSBC South Africa
- Relationship Director, Barclays Bank
- Senior Relationship Manager, Nedcor



Christiaan de Beer

Group

Chief Financial Officer

Education

- Master in Economics (Scotland)
- B.A. in Economics (South Africa)
- B.A. Honors in Accounting (South Africa)
- B.A. Honors in Economics (South Africa)

Past experience

- Executive Director, COO, Credit U Holdings, South Africa
- Executive Director, Head Group Finance, Katope Group, South Africa
- Group Finance Director, Cosa Holdings, South Africa, UK

1. Who are we? (continued)

1.5. Our Management (continued)



Steve Reece

Group

Chief Risk Officer

Education

- B.A. in Psychology (USA)

Past experience

- Chief Credit Officer, National Commercial Bank, Saudi Arabia
- Country Risk Manager, Citibank, Chile
- Senior Lending Officer, Gulf & Levant, Citibank



Youssef Laban

Group

Chief Operating Officer

Education

- M.A. in Electrical Engineering (Lebanon)
- M.A. in Automation Engineering, Supélec (France)

Past experience

- Chief Operating Officer, Banque Saudi Fransi, Saudi Arabia
- Information Technology Group Head, Credit Lyonnais, France
- Retail Banking Marketing Manager, La Banque Postale, France

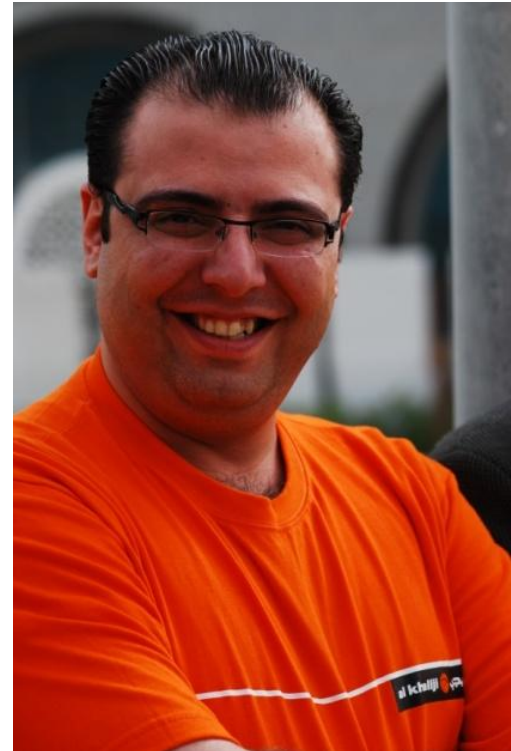
1. Who are we? (continued)

1.6. Our Family

Our employees joined us with diverse backgrounds and rich experience from across the globe

Some staff characteristics (Qatar)

- An experienced Executive Team
- 15 percent of employees hold a Master degree
- Male / female ratio is 66 / 34
- 36 different nationalities
- Over 21 percent are Qatari Nationals
- 23 percent are GCC Nationals
- Over 60 percent are Arabic speakers



1. Who are we? (continued)



1.6. Our Family (continued)

Breakdown by location (“Group”)

Location	Number of employees
Qatar	295
UAE	89
Paris	29
Total	413
<i>Consultants</i>	<i>4</i>
<i>Operational Support (ICT)</i>	<i>7</i>
<i>Outsourced Agents</i>	<i>51</i>

Breakdown by qualification (Qatar)

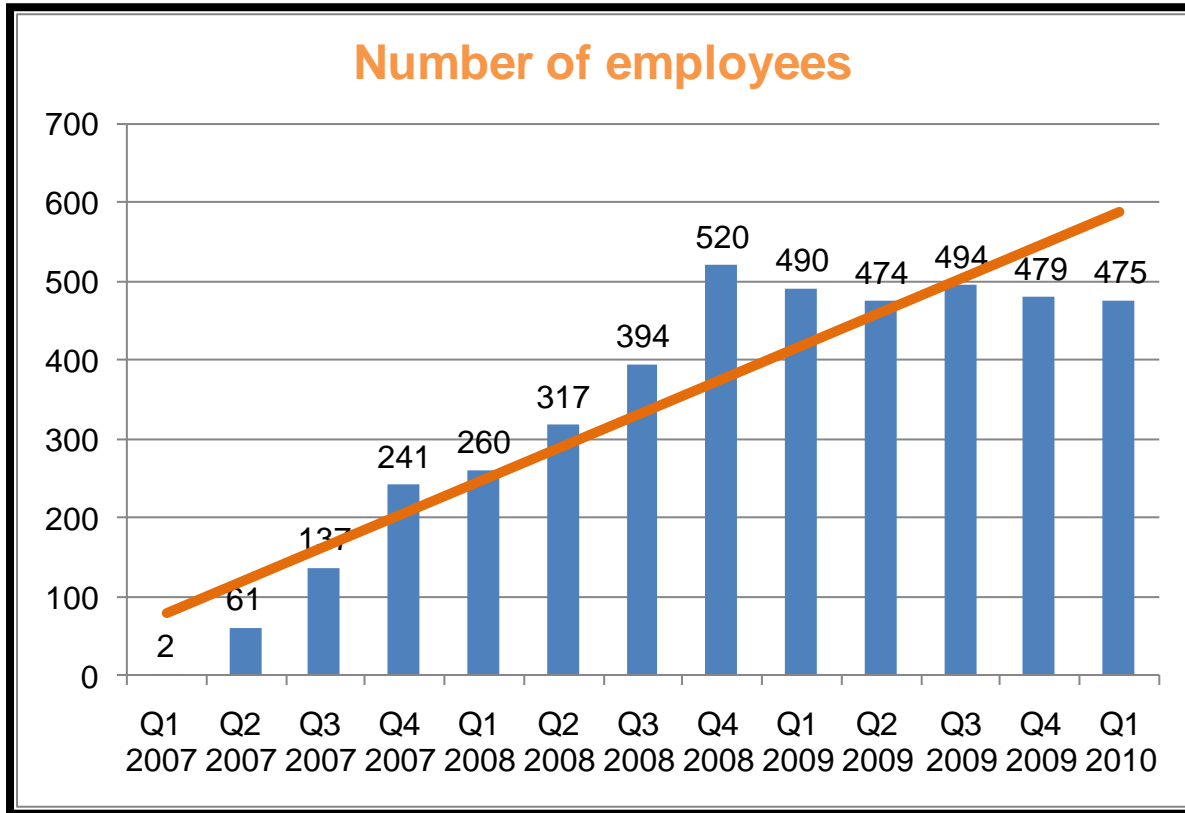
Qualification	% of employees
Diploma / Certificate	33%
Bachelor degree	52%
Master degree	15%
PhD / Doctorate	0.35%

1. Who are we? (continued)

1.6. Our Family

(continued)

Recruits and staff (“Group”)



1. Who are we? (continued)

1.7. Our Corporate Governance

We are committed to good Corporate Governance (CG)

- Code of conducts for Board members and staff
- Board Corporate Governance and Nomination Committee responsible for CG policies
- OECD Principles of Corporate Governance respected
- Basel Committee on Banking Supervision's Guidelines (BCBS Guidelines) in place

We are committed to good Board of Directors' practices

- A minimum of 6 Board meetings per year
- Board's role is to provide strategic guidance to and oversight over management
- Management responsible for setting the strategy ; Board approves and monitors its execution
- Succession plans for Directors and CEO / Chairman and CEO positions held by different persons
- Audit Committee formed of non-Executive members



1. Who are we? (continued)

1.7. Our Corporate Governance (continued)

A strong control environment and clear reporting structures

- Board with necessary expertise to approve risk policies and oversee risk management
- al khaliji's External Auditors do not provide additional services
- Audit firm rotation to insure for external auditor independence
- Terms of reference

Transparency and disclosure

- Investor Relation function in place
- Financial statements provided on time / Non-financial information disclosed
- Web-based disclosure www.alkhaliji.com

We Know our clients (borrower's corporate governance)

- Related party transactions and conflict of interest policy
- Directors bound to disclose own interest and family relationship



1. Who are we? (continued)

1.7. Our Corporate Governance (continued)



Protecting shareholders' rights

- High attendance level at our 1st and 2nd ordinary & extraordinary general assemblies
- Proxy voting is allowed / No electronic voting in Qatar
- Cumulative voting not in excess of 25% of the number of votes of members present
- Shareholders furnished with timely information on date, location, and agenda of assemblies
- Closed periods for Directors and Staff

Qatar Exchange

successor of Doha Securities Market



1. Who are we? (continued)

1.8. Capital Cap

What did we do?

- Cancellation of the unpaid share capital
 - Before the cap: QR 7.2 billion authorized capital (50% paid-up, 50% unpaid)
 - After the cap: QR 3.6 billion authorized and paid-up capital
- Decrease in the number of shares
 - Before the cap: 720 million shares
 - After the cap: 360 million shares

Did we reduce our capital?

- No, there was no effective capital decrease
- Only a removal of QR 3.6 billion capital increase in the future (before 2012)

What are the consequences for shareholders?

- Merger of 2 “old” shares in 1 “new” share
- The value of each share doubled up



1.9. al khaliji France S.A.

BLC Bank (France) S.A.

- Established in 1956 as an independent French banking corporation
- 1st Arab bank to be granted a full banking license & to operate in France
- Opened 4 branches in 1973 in the UAE

The deal

- BLC Bank (France) S.A. acquired by al khaliji from Qatar Holding
- The transaction involved the purchase of the entire share capital of the Bank
- EUR 70 million invested in the Bank in January 2009 to accelerate growth
- Rebranded to Al Khaliji France



1. Who are we? (continued)

1.9. al khaliji France S.A. (continued)

Why the UAE?

- Negotiations to acquire BLC Bank (France) S.A. started in 2007
- By that time, the UAE banking market grew rapidly (USD 234 billion of assets)
- The 47 local and foreign banks operating then in the UAE were all profitable
- BLC was itself profitable, despite its limited capital and simple product offering
- The largest wholly owned UAE branch network of any Qatari bank
- al khaliji's ambition to become a regional bank

Why France?

- al khaliji's plans to benefit from the growing trade flows between Europe and the Gulf
- European Union wide banking license
- Well-established client base
- One Paris branch



www.alkhaliji.fr

1. Who are we? (continued)

1.11. Selected Corporate Deals (2010)



May 10

Participated in QR 928 million dual currency Islamic Structured Murabaha Syndicated facility



Mar. 10

USD 85 million bilateral 3-year Term Loan facility



Feb. 10

QR 300 million bilateral 5-year Term Loan facility



Jan. 10

USD 25 million syndicated 7-year Term Loan facility

1. Who are we? (continued)

1.11. Selected Corporate Deals (2009)



ALPEN
CAPITAL

Jul. 09

USD 100 million Medium Term Credit facility, raised by Alpen Capital to further strengthen al khaliji dollar funding portfolio



May 09

QR 285 million Term Loan Facility, capex of subsidiaries



Feb. 09

QR 365 million bilateral Short Term Loan



Jan. 09

QR 268 million project finance, Doha Convention Center Project

1. Who are we? (continued)

1.11. Selected Corporate Deals (2008)



Sept. 08

QR 400 million Islamic Murabaha



Jul. 08

QR 273 million, Consolidated Contractors Int. Co,
Ras Laffan Port Project



Jul. 08

QR 730 million, Co-underwriter / Mandated Lead
Arranger ; USD 850 million Syndicated Term Loan



Jul. 08

USD 154 million Performance Bond



Jun. 08

USD 1.12 billion Syndicated Receivable
Discounting facility



May 08

QR 1.04 billion Syndicated Term Loan facility
managed by al khaliji

1. Who are we? (continued)

1.11. Selected Corporate Deals (2007)



Dec. 07

USD 75 million facility, Mandated Lead Arranger, Barwa USD 700 million 1 year, Syndicated Murabaha



Nov. 07

QR 544 million facility, Joint Arranger, USD 300 million Unincorporated Joint Venture working on New Doha International Airport – NDIA



Sep. 07

USD 115 million facility, Mandated Lead Arranger, QTEL USD 3 billion 5 years Syndicated Term Loan



Contents

Executive summary

1. Who are we

2. Our new Group strategy (2010–12)

- **New strategy**
- **Building blocks**
- **Stepped approach**
- **Performance monitoring**

3. Our performance and market view

4. Our macroeconomic view



2. Our new Group strategy (2010–2012)



Our current market **Qatar:** Corporate, Business Banking, Retail, Premium, Islamic

UAE: Corporate, Business Banking^(*)

Paris: Business Banking, Premium

New strategy

Aligned to economic reality in the region – focused growth in Qatar, limited GCC expansion

Keys goals

Customer focused strategy, aligned to economic reality

Threefold increase in profits by 2012

Bank of choice to our preferred customers



() Business Banking: Turnover below QR 250 million ; facilities below QR 50 million*

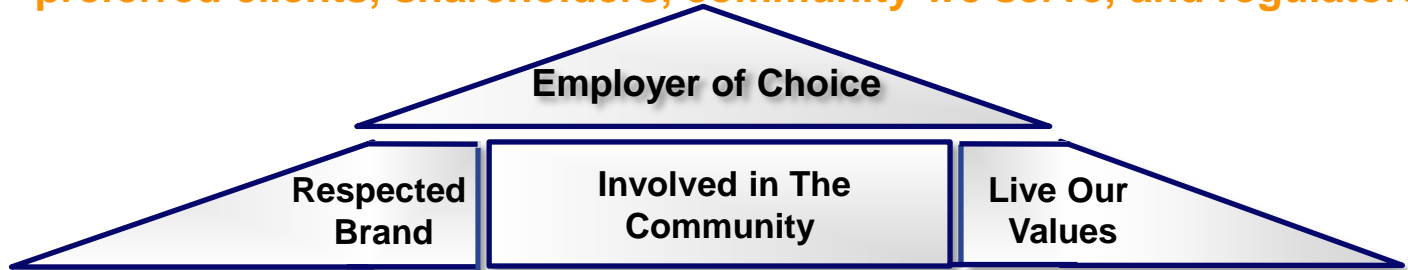
2. Our new Group strategy (continued)

Building Blocks To a 3-Year Strategy

2012 Vision

Become the most highly rated and respected bank in Qatar – by our staff, preferred clients, shareholders, community we serve, and regulators

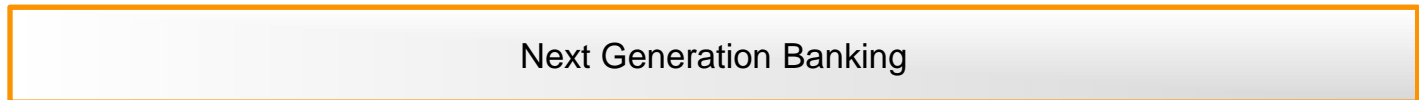
Aspirations



Differentiator



Brand Expression



Strategic Objectives



Scope of Operations



Our Values



2. Our new Group strategy (continued)

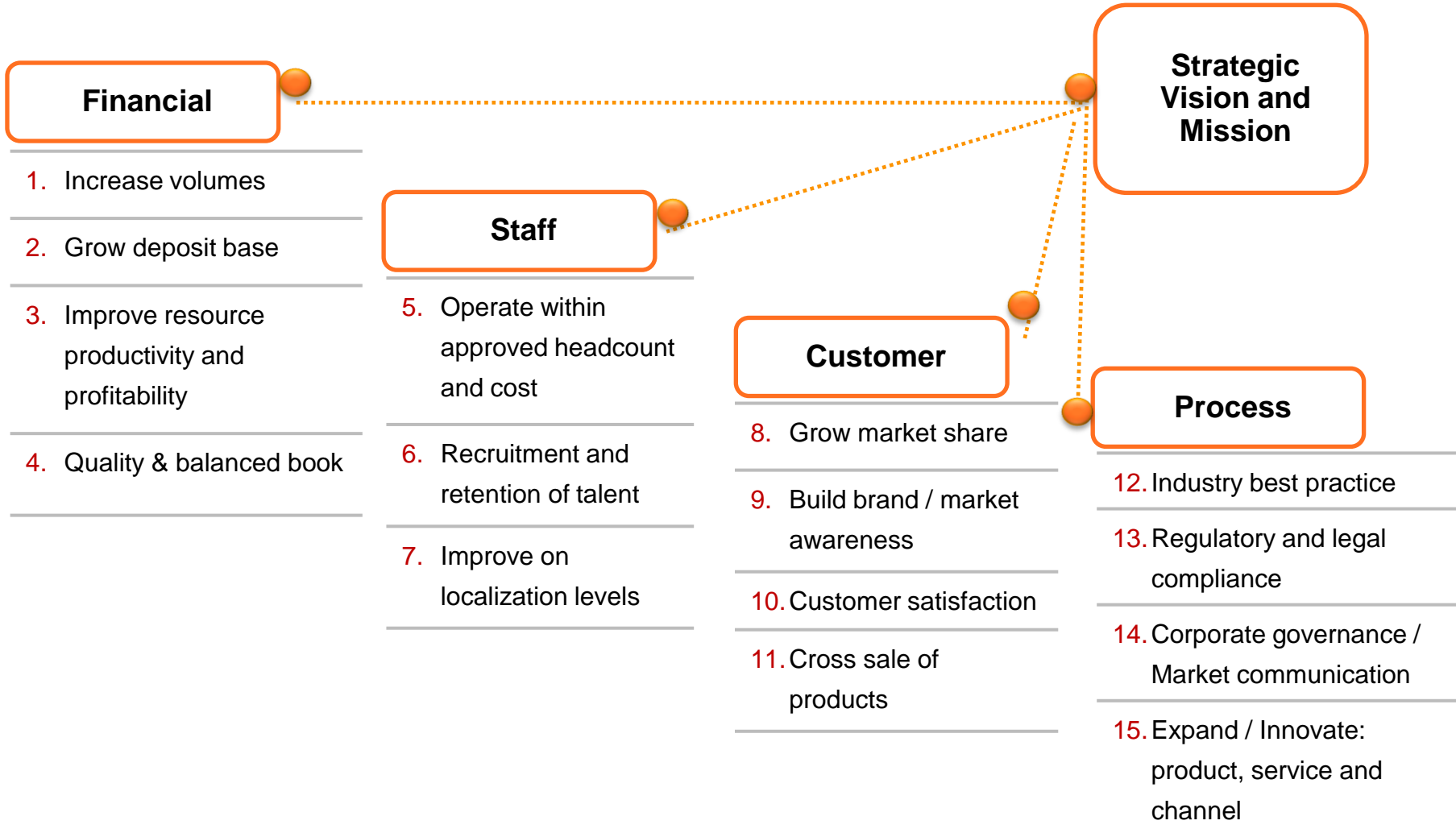
Stepped Approach

- ❑ **2010:** Consolidate, transit to wholesale led bank with bank@work offering
- ❑ **2011:** Differentiate & accelerate growth, innovative product offering, accelerate Islamic retail offering, attain market rating
- ❑ **2012:** Build Scale, accelerate growth



2. Our new Group strategy (continued)

Monitor Performance Against Strategic Objectives



Contents

Executive summary

1. Who are we

2. Our new Group strategy (2010 – 2012)

3. Our performance and market view

- **Tactical measures**
- **Group consolidated statement**
- **Equity and capital strength**
- **Consolidated statement of account**
- **Segment information**
- **Credit information**
- **Market share performance**

4. Our macroeconomic view



3. Our performance and market view

Actions to Mitigate Crisis' Impact & Continue Growth

- Cut nonessential expenses
- Review of credit portfolio & adjustment of existing credit criteria
- Restructure of share capital
- New organizational structure
- Improved governance ; new committees to support Board

Board Committees
Audit
Remuneration
Compliance & Risk
Corporate Governance & Nominations



3. Our performance and market view (continued)

al khaliji “Group”

- Al Khalij Commercial Bank (al khaliji) (Q.S.C.)
- Al Khaliji France S.A., subsidiary, EUR 104 million share capital, 100% ownership

Our Auditor

- Deloitte and Touche

Financial statements prepared according to

- International Financial Reporting Standards – IFRSs
- International Accounting Standards Board – IASB
- Accounting, Auditing & Governance Standards for Islamic Financial Institutions
- Qatar Central Bank Regulations

Basis of preparation of financial statements

- Historical cost convention
- Fair value for derivative instruments and available-for-sale assets
- 1st year extends from 9 Jan. 2007 (incorporation) to 31 Dec. 2008
- Following periods comprise 12 months ending 31 Dec. each year



3. Our performance and market view (continued)

al khaliji Group: Consolidated Statement

	31 Mar. 10	31 Mar. 09	31 Dec. 09	Variance (Q2Q)	Variance (YTD)
	QR '000	QR '000	QR '000	Percent	Percent
Assets					
Cash and balances with central banks	1,024,235	786,559	644,362	+30%	+59%
Due from banks and financial institutions	2,104,607	3,567,725	3,582,521	-41%	-41%
Loans, advances and financing activities	9,033,937	8,026,987	8,585,406	+13%	+5%
Impairments	246,882	31,034	237,452	+696%	+4%
Financial investments	4,990,278	1,014,699	3,965,085	+392%	+26%
Intangible assets	361,393	407,190	381,348	-11%	-5%
Property and equipment	134,110	142,199	131,015	-6%	+2%
Other assets	247,185	150,661	234,363	+64%	+5%
Total Assets	17,895,745	14,096,020	17,524,100	+27%	+2%
Liabilities and Shareholders' equity					
Due to central banks	64,858	292,612	-	-78%	+100%
Due to banks and financial institutions	4,870,622	4,056,919	3,131,489	+20%	+56%
Customer deposits	7,467,007	4,816,617	9,239,777	+55%	-19%
Subordinated debt	122,717	121,230	131,153	+1%	-6%
Other liabilities	164,485	205,185	183,339	-20%	-10%
Total Liabilities	12,689,689	9,492,563	12,685,758	+34%	+0%
Unrestricted investment accounts	345,001	-	5,001		+6799%
Liabilities & Unrestricted Investment Accounts	13,034,690	9,492,563	12,690,759	+37%	+3%
Share capital	3,600,000	3,600,000	3,600,000	-	-
Statutory reserves	924,398	907,669	924,398	+2%	-
Risk reserve	42,927	17,450	42,927	+146%	-
Fair value reserve	22,770	(65,300)	810	-135%	+2,711%
Foreign currency translation reserve	25,758	26,477	74,706	-3%	-66%
Retained earnings	245,202	117,161	190,500	+109%	+29%
Total Shareholders' Equity	4,861,055	4,603,457	4,833,341	+6%	+1%
Liabilities, Unrestricted Investment & Equity	17,895,745	14,096,020	17,524,100	+27%	+2%

3. Our performance and market view (continued)

Shareholders' Equity

- Paid-up capital: QR 3.6 billion
- Statutory reserve:
 - QR 720 million share premium (Private Placement)
 - 10% of net income (until legal reserve equals paid-up capital)
 - QR 167 million net shareholders' contribution for establishment reserve
- Risk reserve: Gradual build-up (0.5% in 2009) to reach 1.5% of net loans & **Group** advances portfolio



Bank Capital Strength (31 March 2010)

		31 Mar. 10 (QR '000)
Regulatory capital	31 Mar. 10 (QR '000)	
Tier 1 capital	4,040,484	Risk weighted assets
<u>Tier 2 capital</u>	-	15,701,078
Total regulatory capital	4,040,484	Tier 1 capital adequacy ratio
		25.7%
		Total capital adequacy ratio
		25.7%

3. Our performance and market view (continued)

al khaliji Group	31 Mar. 10 (3 Months)	31 Mar. 09 (3 Months)	31 Dec. 09 (12 Months)	Variance (Q2Q)
Consolidated Statement of Income	QR '000	QR '000	QR '000	Percent
Interest income	165,852	133,103	607,794	+25%
Interest expense	(87,621)	(54,390)	(328,794)	+61%
Net interest income	78,231	78,713	279,000	-1%
Income from Islamic financing and investing activities	24,937	-	77,365	+100%
Unrestricted investment account holders' share in profits	(2,314)	-	(128)	+100%
Net income from Islamic financing & investing activities	22,623	-	77,237	+100%
Fee and commission income	31,649	24,659	113,328	+28%
Fee and commission expense	(1,573)	(628)	(2,862)	+150%
Net fee and commission income	30,076	24,031	110,466	+25%
Dividend income	1,205	-	-	+100%
Net gains from foreign currency transactions	2,483	2,734	10,284	-9%
Net losses from financial instruments at fair value	1,753	-	(6,020)	-
Net profit on sale of available-for-sale investments	28,749	-	51,177	+100%
Other operating income	-	15,809	-	-100%
Net operating income	165,120	121,287	522,144	+36%
General and administration expenses	(70,813)	(83,667)	(310,863)	-15%
Depreciation of property and equipment	(9,993)	(8,644)	(38,941)	+16%
Amortization of intangible assets	(10,606)	(10,388)	(42,244)	+2%
Impairment losses on loans, net of recoveries	(14,529)	(338)	(247,534)	+4,199%
Other income	1,263	34,391	291,353	-96%
Net profit before taxes	60,442	52,641	173,915	+15%
Income tax expense	(2,304)	(892)	(6,621)	+158%
Net Profit After Tax	58,138	51,749	167,294	+12%

3. Our performance and market view (continued)

Segment Information (31 March 2010)

Segment information (Percentage)	Conventional Banking	Islamic Banking	al khaliji France	Head Office (Unallocated)
Net operating income	69%	14%	17%	0%
Net profit	137%	37%	20%	-94%
Total assets	73%	9%	16%	2%
Total liabilities	66%	11%	17%	6%

Other Indicators

	31 Mar. 10	31 Mar. 09	31 Dec. 09
Deposits / Gross loans	118%	183%	95%
Provisions coverage	80%	90%	77%
Cost to income	55%	85%	75%







3. Our performance and market view (continued)

Credit Information (31 December 2009)

Max exposure to credit risk	Total (QR mm)
On-balance sheet exposure	16,756
Off-balance sheet exposure	7,545
Total credit exposure	24,301



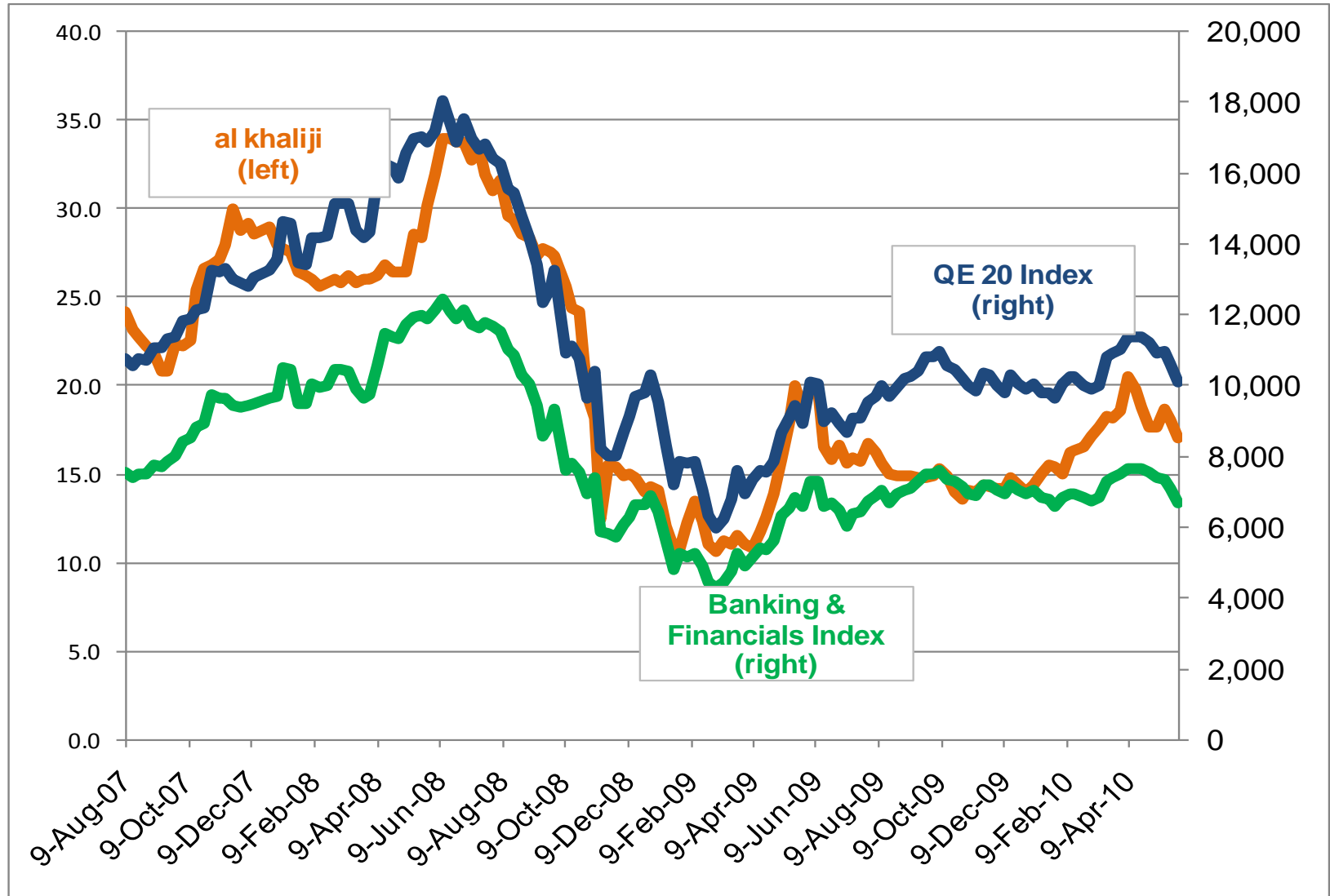
Loans & advances	51%
Banks & financial institutions	21%
Financial investments	24%

Concentration – Region	
 Qatar	62%
 Other GCC	23%
 Europe	8%
 Canada & USA	4%
Other	3%

Concentration – Industry	
Services & Financial institutions	54%
Government & agencies	18%
Real Estate	9%
Commercial	7%
Industry	5%
Personal	4%
Contracting	3%

3. Our performance and market view (continued)

Share Price Since IPO: Aug. 1, 2007 / May 27, 2010



Contents

Executive summary

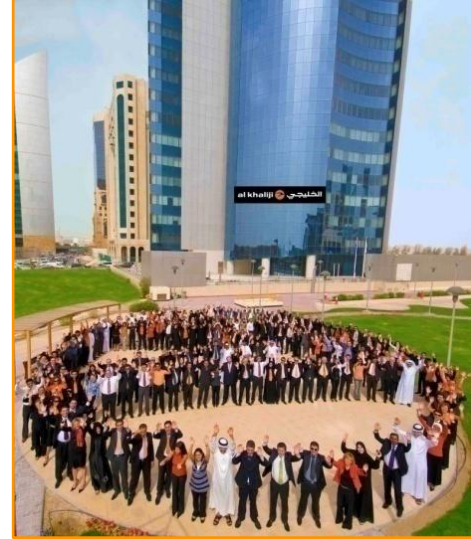
1. Who are we

2. Our new Group strategy (2010 – 2012)

3. Our performance and market view

4. Our macroeconomic view

- **Global economy**
- **Regional economies**
- **Qatar**
- **UAE**



4. Our macroeconomic view

- **After 2 years of crisis, the global economy is recovering**
 - Growth to recover from ½ percent contraction in 2009 to 4.5 percent in 2010 and 2011
 - Solid recovery in most emerging & developing economies – Emerging Asia in the lead
 - Among advanced economies, the US is off to a better start than Europe & Japan
 - Advanced economies to grow by 2¼ percent in 2010 / Emerging to grow by 6¼ percent
- **Financial markets recovered, but challenges persist**
 - Money markets stabilized / Cross border flows to emerging economies rebounded
 - Corporate bond and equity markets rebounded since the lows reached in March 2009
 - Access to credit remains difficult as banks rebuild capital and expect further commercial real-estate write-downs
 - SMEs, with limited access to capital markets, continue to face credit constraints
 - Concerns about liquidity and solvency in Greece could turn into a contagious crisis
 - Other risks: deterioration of fiscal balances, accumulation of public debts

4. Our macroeconomic view (continued)

- **Rebound in activity in Middle Eastern economies, but credit is still sluggish**
 - GCC outlook improved: growth to increase from 0.8 percent in 2009 to 4.9 percent in 2010
 - ... supported by commodity prices' rebound, capital inflows, and domestic consumption
 - GCC countries still face challenges in their banking systems as non-performing loans have not been yet fully recognized and as credit to the private sector remains sluggish
 - Qatar's growth rate to reach 18.5 percent in 2010, up from 11.5 percent in 2009
 - UAE's growth to increase from negative territory in 2009 to 2.4 percent in 2010



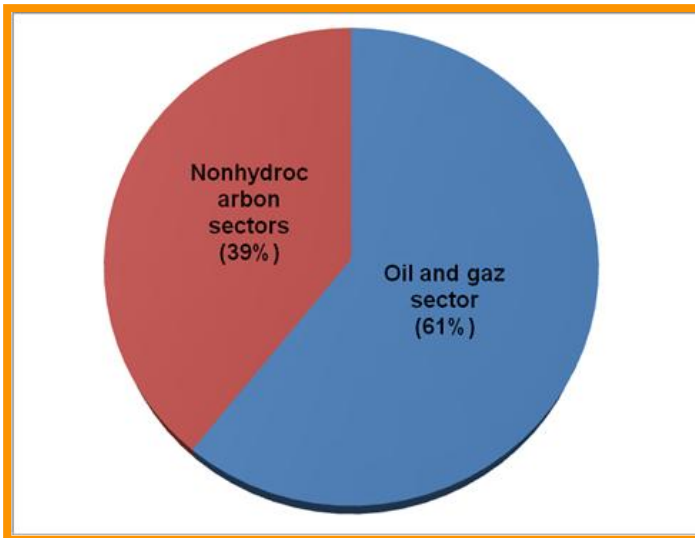
4. Our macroeconomic view (continued)



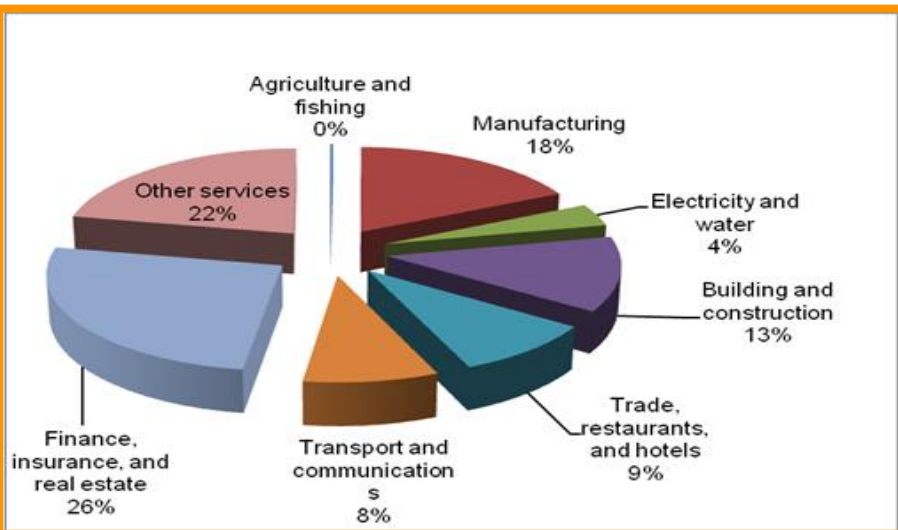
Qatar

Economic Activity

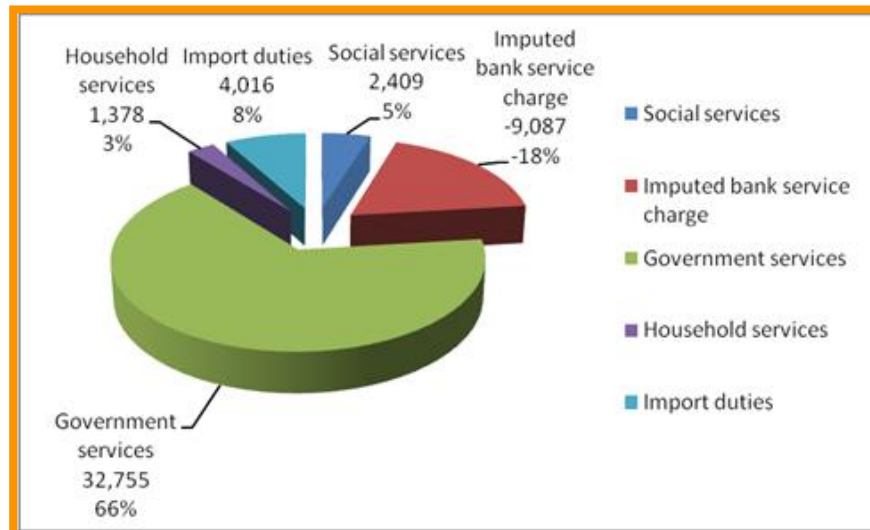
- GDP (2008) USD 100.13 billion
- Breakdown (2008)
 - Oil and gas USD 60.8 billion
 - Non-hydrocarbon USD 39.3 billion



Non-hydrocarbon Sector



Other services



4. Our macroeconomic view (continued)



Qatar (continued)

- **Good performance in 2009**

- Production of liquefied natural gas (LNG) and gas almost doubled
- USD 150 billion of committed infrastructure investments (expected by 2012)
- Fiscal and external current accounts remain in surplus, but at lower levels
- Limited projects on hold or cancelled – MEED
 - Originally planned USD 180 billion
 - On hold or cancelled USD 12 billion (7 percent from total)
- Government support to banks: USD 8.7 billion (QR 30 billion) – MEED

Government support to banks	Value (USD)	Date
Equity injection (10 – 20% of listed banks' capital)	2.6 billion	Oct. 08
Purchase of equity investments	1.8 billion	Mar. 09
Purchase real estate assets (cash + 10 year bonds)	4.1 billion	Jun. 09

4. Our macroeconomic view (continued)



Qatar (continued)

- **House view (2010–11)**

- ❑ Double digit growth rates in oil and non-oil sectors to be maintained in 2010 and 2011
- ❑ LNG capacity to reach 78 millions of tons (mtn) per annum by 2011 – currently 60 mtn
- ❑ Peg to the dollar to be maintained
- ❑ Good credit ratings to be maintained, preserving low international borrowing rates
- ❑ Positive medium-term outlook, but subject to downside risks
 - ❑ Lower oil and gas prices – driven by a weak global economy / demand
 - ❑ Contraction in population – when LNG projects and expansion are completed
 - ❑ Slow diversification in the economy



4. Our macroeconomic view (continued)

United Arab Emirates

- **Clouded outlook in 2009**

- ❑ Slowdown in stock markets – pronounced for real estate companies
- ❑ Deceleration of credit growth
- ❑ Demand for tourism, trade, and financial services weakened
- ❑ Increase in nonperforming loans (consumer & real-estate)
- ❑ UAE Central Bank's support
 - ❑ AED 100 billion (12 percent of GDP) to bridge liquidity gap
 - ❑ Guarantee for bank deposits
 - ❑ Bonds issuance to support state-affiliated companies in Dubai
- ❑ Projects on hold or cancelled – MEED
 - ❑ Originally planned USD 900 billion
 - ❑ On hold or cancelled USD 350 billion (39 percent from total)
- ❑ Dubai Debt (Nov. 09)



4. Our macroeconomic view (continued)



United Arab Emirates (continued)

- **House view (2010)**

- ❑ The UAE is the 2nd largest economy in the Arab world – GDP to increase by 2.4 percent
 - ❑ Continued infrastructure spend in Abu Dhabi – GDP to increase by 3 percent in 2010
 - ❑ Dubai to refocus on core strengths (trade, tourism, finance) – GDP to decrease by 0.3 percent
- ❑ Inflation to remain at low levels due largely to further decline in rents
- ❑ Increase in banks' non-performing consumer and real estate loans
- ❑ The UAE is a net creditor: USD 150 billion external debt / USD 495 billion foreign assets
- ❑ Positive medium-term outlook, but subject to downside risks
 - ❑ Further tightening of foreign financing for projects
 - ❑ Increased demand for domestic financing – adding to banks' stress
 - ❑ Impact of Dubai's debt overhang on lender and investor sentiment

4. Our macroeconomic view (continued)

			<u>Projections</u>	
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<u>Output</u> (% change)				
World	3.0	-0.5	4.5	4.5
United States	0.4	-2.5	2.7	2.4
Euro area	0.6	-3.9	-1.0	1.6
France	0.3	-2.3	1.4	1.7
Middle East	5.3	2.2	4.5	4.8
GCC	6.3	0.8	4.9	5.2
UAE	7.4	-0.2	2.4	3.4
Qatar	16.4	11.5	18.5	14.3



Our contacts



Robin McCall

Acting,
Group Chief Executive Officer



Christiaan de Beer

Group
Chief Financial Officer



Charbel Cordahi

Head of Investor Relations

al khaliji

Al Khalij Commercial Bank (al khaliji)

Asia Street 60, West Bay

P.O. Box 28,000, Doha, Qatar

Phone: +974 4940640 / Fax: +974 4940689

www.alkhaliji.com

al khaliji – next generation banking



Investor Presentation

Robin McCall

Acting

Chief Executive Officer

28 June 2010