

## al khaliji pursues its growth and announces a 105 percent increase in its 1<sup>st</sup> quarter 2011 net Profit

- *Significant uplift in net profit – reaching QR 119 million on 31 March 2011*
- *Robust earnings per share of QR 0.33 – 2 times Q1 2010's earnings*
- *40 percent increase in the net operating income*
- *Customer deposits increase by 16 percent compared to 31 December 2010 and by 24 percent compared to 31 March 2010*

**Doha, April 17, 2011:** Al Khalij Commercial Bank (al khaliji) Q.S.C. released its Q1 2011 results today, showing a strong increase in net profit, which reached QR 119 million, up 105 percent from QR 58 million on 31 March 2010.

Net interest income reached QR 148 million, 89 percent higher than in Q1 2010 when it reached QR 78 million, as interest expenses decreased by 40 percent and interest revenues increased by 21 percent. The net interest margin increased to 3.42 percent as of 31 March 2011, compared to 2.60 percent in the corresponding period in 2010.

The net operating income reached QR 231 million, up 40 percent compared to the corresponding period in 2010, when it reached QR 165 million. The dividend income, up 321 percent year-on-year, and the profit from available-for-sale investments, up 71 percent year-on-year, respectively contributed to QR 5 million and QR 49 million of the net operating income.

The downward trend in the cost to income ratio continued, and attained 48 percent, from 55 percent in Q1 2010.

Conventional banking activities contributed to 85 percent of the net operating income. Al Khaliji France S.A., a wholly owned subsidiary of al khaliji Group, contributed to 14 percent.

Commenting on the financial statements, Robin McCall, acting Chief Executive Officer, said:

*“al khaliji’s pursues its growth story. In Q1 2011, we achieved growth across conventional and international segments”.*

Commenting on the Islamic banking portfolio following Qatar Central Bank's intention to close down the Islamic windows of Conventional banks by the year end, McCall said:

*"In accordance with this directive, al khaliji ceased to extend Islamic facilities to, or take Islamic deposits from new customers. The Management is considering available options for its existing Islamic operations".*

The Bank's impairment losses on loans, net of recoveries reached QR 11 million, 21 percent down compared to their level registered in Q1 2010.

al khaliji's net profit in Q1 2011 is the second highest quarterly result registered since the establishment of the Bank during the first quarter of 2007. Q1 2011 net profit confirm profitability's rising trend and is line with the Bank's mid-term strategy developed at the beginning of 2010.

Earnings per share (EPS) increased to QR 0.33, twice Q1 2010's EPS. Return on average shareholder equity is 9.76 percent, and return on average assets is 2.45 percent (compared respectively to 5.0 percent and 1.4 percent at 31 March 2011).

Total shareholder equity, including paid-up share capital, reserves and retained profits, reached QR 5.13 billion.

Loans and advances increased by 11 percent since the beginning of the year, and reached QR 8.05 billion on 31 March. During the same period, financial investments, most of which are available-for-sale, increased by 23 percent and reached QR 8.68 billion.

Customer deposits reached QR 9.28 billion in Q1 2011, an increase of 24 percent when compared to 31 March 2010 and 16 percent compared to 31 December 2010.

The coverage ratio, including the Bank's risk reserve, reached 205 percent of total loans and advances.

His Excellency Sheikh Hamad Bin Faisal Bin Thani Al Thani, al khaliji's Chairman and Managing Director, said:

*"The Bank continues to achieve marked growth rates as we pursue the implementation of our distinctive business strategy. Our profits of QR 119 million are more than 2 times Q1 2010 results and undoubtedly illustrate our success in Qatar, the UAE and France. Our Board and Management are committed to sustain the growth in profitability and to deliver on shareholders' expectations".*

The consolidated financial statements for the 3 month period ended 31 March 2011 were approved by the Board of Directors of al khaliji during its meeting held on 17 April 2011 in Doha, Qatar.

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**For further information on al khaliji, please visit [www.alkhaliji.com](http://www.alkhaliji.com)**

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