

al khaliji announces a record Net Profit of QR 427 million for the 12 month period ended 31 December 2010

- Significant uplift in net profit – representing 155% growth on 2009
- Exceptional growth across all business lines
- Robust earnings per share of QR 1.19 – nearly 2.5 times last year's
- Board of Directors recommends a maiden dividend distribution of 10%

Doha, February 8, 2011: Al Khalij Commercial Bank (al khaliji) Q.S.C. released its 2010 end-of-year financial results today, showing an impressive increase in net profit, which reached QR 427 million, up 155% from QR 167 million in 2009.

Net interest income of QR 463 million was QR 184 million, or 66%, higher than in 2009. At the same time the net interest margin increased to 3.3% as of 31 December 2010, compared to 2.7% at end 2009.

Net operating income at QR 760 million was up 46% on last year (QR 522 million).

There was a continued downward trend in the cost to income ratio which decreased from 75% to 52%.

Conventional banking activities contributed to 72% of the net operating income. Al Khaliji France S.A., a wholly owned subsidiary of al khaliji Group, and Islamic banking, respectively contributed to 16% and 12%.

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

“al khaliji’s accelerated enhanced profits in 2010 is due to the first year of implementation of the agreed strategy which has transformed the Bank into a predominantly wholesale led strategy delivering record results. Whilst achieving growth across all segments, we have increased productivity, trimmed costs and increased efficiencies whilst maintaining a prudent approach to risk management. Our international businesses in the UAE and France have, in challenging economic environments, surpassed expectations”.

Earnings per share increased to QR 1.19, more than 2.5 times 2009's EPS. Return on average shareholder equity is 8.5 percent, and return on average assets is 2.3 percent (compared respectively to 3.5% and 1.1% at end 2009).

Total shareholder equity, including paid-up share capital, reserves and retained profits, reached QR 5.26 billion, up 9% from QR 4.83 billion on 31 December 2009.

Robin McCall, acting Chief Executive Officer, gave his thoughts on the future outlook for domestic banks:

“Looking ahead, the government’s committed medium term infrastructure spend and investments should see double digit growth over the medium term. The successful bid for the World Cup in 2022 is a tremendous confidence boost which will have a positive impact for all Qatari banks. Al khaliji is aligned to this economic reality, is well capitalised and is positioned to continue to build on its current foundation to realise success.”

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

“The Bank has achieved noticeable growth rates in all financial indicators as we successfully executed the goals we had outlined for 2010 in our clear and distinctive business strategy. Our profits of QR 427 million are 2.5 times last year’s results and clearly demonstrate our success in the local and international market. We are committed to sustain this growth in profitability and to deliver on customer and stakeholder expectations into the future.”

The consolidated financial statements for the 12 month period ended 31 December 2010 were approved by the Board of Directors of al khaliji during its meeting held on 8 February 2011 in Doha, Qatar.

The above figures are subject to Qatar Central Bank’s approval.

The Board of Directors of al khaliji also recommended to the General Assembly of shareholders to approve the distribution of QR 1 per share as cash dividends, which represents 10 percent of the Bank’s paid-up capital. Cash dividend distribution is subject to the approval of the General Assembly of Shareholders.

With regard to merger negotiations between al khalij and IBQ merger His Excellency Sheikh Hamad Bin Faisal Bin Thani Al Thani, al khaliji’s Chairman and Managing Director, said:

“We continue to engage in merger discussions with IBQ and a successful outcome will make us the fourth largest bank in Qatar in terms of total assets and the third in terms of share capital.”

His Excellency concluded:

“We extend our gratitude to the Government of Qatar and the Qatar Central Bank for their prudent financial, monetary and economic policies which have created a very effective economic climate for the country, its people and the Qatari based enterprises”.

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

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