

al khaliji holds First Half 2009 Investor & Press Conference

- *Net profit for 6 months period ended June 30, 2009 – QR 108.4 million*
- *Half year results reflect growth in Islamic, wholesale and Consumer activities*
- *al khaliji capital adequacy ratio stood at 26 percent*

Doha, August 9, 2009: al khaliji held its first half 2009 investor and press conference today in its headquarters in West Bay, Doha. The investor and press conference was attended by Robin McCall, Acting Chief Executive Officer, and Christiaan de Beer, Chief Financial Officer.

During the meeting, al khaliji provided investors with information about its half year results and presented its synopsis of economic and financial developments in Qatar and the region.

Net profits after tax for the 6 months period ended June 30, 2009 reached QR 108.4 million, compared with QR 12.65 million at June 30, 2008, a 750 percent increase. Earnings per share attained QR 0.30, compared to QR 0.04 at end-June 2008.

Net operating income is up 89 percent in comparison with June 30 of 2008. According to Robin McCall, al khaliji Acting Chief Executive Officer, *“the increase is due to the continuous expansion in Consumer and Islamic banking activities, to gains from corporate lending and trade finance activities, and to the expansion of the Group’s activities to include the purchase of BLC Bank (France) S.A., rebranded Al Khaliji France”*.

Loans and advances to customers grew 17 percent in H1 2009 (565 percent in one year). They reached QR 8.2 billion, up from QR 1.2 billion on June 30, 2008. Financial investments, mainly acquired as part of the Bank’s liquidity management strategy, more than doubled in H1 2009 and reached QR 2.8 billion.

Customer deposits increased 64 percent compared to December 2008 and reached QR 7.6 billion (QR 25.9 million at June 30, 2008). Christiaan de Beer, al khaliji Chief Financial Officer explained that the *“increase in customer deposits is a significant milestone for the Bank as it forms the foundation for future growth. It is due mainly to an increase of deposits in the Qatar operation and the customer deposits acquired in its subsidiary”*.

Total shareholders' equity, including paid-up share capital, reserves and retained profits, rose to QR 4.8 billion from QR 4.5 billion in December 2008.

Capital adequacy ratio as at June 30, 2009 is 26 percent. This, according to De Beer *"is a strong base for future growth and was one of the many reasons why the additional capital was cancelled. It makes more sense to deal with share capital on an as required basis"*.

Commenting on the latest economic developments in the region, al khaliji sees signs of gradual but slow recovery, with Middle Eastern economies buffering global shocks, despite the slowdown in real estate and construction sectors and the increase in consumer and real estate non-performing loans. McCall commented: *"While satisfied with the progressive improvements in the economic situation, we believe the remainder of the year will be challenging. We do not see growth returning to previous levels in the short-term, however Qatar will probably be the first GCC country to return to previous growth levels, due to lower inflation rates, strong Government and Central Bank support, higher production of liquefied and natural gas, and over USD 150 billion of committed investments and infrastructure projects to be completed by 2012"*.

McCall further commented: *"We acknowledge and appreciate the proactive approach and support given by the Qatari Government and Qatar Central Bank in supporting the stability of the banking sector during difficult times. This, through various initiatives, has brought confidence and continued strength to the banking sector"*.

al khaliji indicated some of its plans for the second half 2009. The Bank is looking at measured growth, taking a cautious approach to risk and ensuring the right balance between cost control, growth, risk and reward for our shareholders and customers. According to McCall, *"during the second half of 2009, al khaliji will be focusing on growing consumer and wholesale banking activities, as well as Sharia-compliant services and products offered by the al khaliji Islamic branch – al khaliji al islami"*.

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

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