

al khaliji maintains growth momentum in key areas:

QR 359 million net profit for the 9 months ended 30 September 2011

- Normalized net profit up by 22 % compared to 30 September 2010
- Net operating income at QR 698 million, up 21 % from QR 578 million in September 2010
- Total assets at QR 23.8 billion, up by 17 % since the beginning of the year
- Total customer deposits up 36 % this year

Doha, October 17, 2011: al khaliji released its interim results showing a net profit after tax of QR 359 million for the period ended 30 September 2011.

Net Operating Income reached QR 698 million, an increase of 21% over the corresponding period in 2010. Revenues grew in both local and international segments: Qatar's conventional banking activities contributed to 84% of the net operating income while Al Khaliji France S.A., the wholly owned subsidiary headquartered in Paris, with branches in the UAE, contributed 15%.

Al Khaliji France S.A.'s net profit reached QR 42 million, up 14% compared to September 2010.

The Board of Directors of al khaliji met today in Doha, Qatar. The meeting was chaired by His Excellency Sheikh Hamad Bin Faisal Bin Thani Al Thani, Chairman and Managing Director. The Board examined the Group's results for the third quarter and approved the Interim Consolidated Financial Statements for the 9 months period ended 30 September 2011.

His Excellency Sheikh Hamad Bin Faisal Bin Thani Al Thani, Chairman and Managing Director, said:

"We are very pleased with the Bank's 9 months results, which reflect continuous progress and confirm the success of our predominantly business oriented strategy aligned to the vision and objectives of Qatar. We would like to extend our deepest gratitude and appreciation to the leadership of Qatar and the Qatar Central Bank for the exemplary way in which they have guided our economic destiny during these trying economic conditions".

The profit for the 3-months period ended 30 September 2011 reached QR 110 million.

Net interest income, at QR 444 million, is 36% higher than the QR 327 million achieved in the same period in 2010.

al khaliji continues to expand its fee and commission based activities. Net fee and commission income for the 9 months period reached QR 77 million, up 2% compared to September 2010.

As expected, net income from Islamic banking activities has reduced in compliance with Qatar Central Bank's directive on the cessation of conventional banks' Islamic activities, to QR 9 million.

General and administrative expenses are virtually flat at QR 225 million, compared to QR 222 million in September 2010. The cost to income ratio continues to improve and reached 41% on 30 September 2011, compared to 48% in September 2010.

Earnings per share (EPS) increased to QR 1.00 compared to QR 0.92 in Q3 2010. Return on average shareholder equity is 8.64%, and return on average assets is 2.05%, compared respectively to 7.22% and 1.96% at 30 September 2010.

The capital adequacy ratio is still at a healthy 24.2% on 30 September 2011, well above Qatar Central Bank and Basel III requirements, confirming the Group's ability to sustain its growth objectives.

al khaliji total assets reached QR 23.8 billion on 30 September 2011, up by 17% since the beginning of the year, with overseas operations representing 12% of the Group's total assets.

Thanks to the dedication of al khaliji Corporate, Business, and Consumer teams in Qatar, France and the UAE and to their efforts in supporting al khaliji's preferred customers, loans and advances increased by 17% since the beginning of the year and reached QR 8.5 billion on 30 September 2011. As part of the Bank's preparation for Basle III and its liquidity management strategy, it continues to invest in selected financial investments.

On the funding side, al khaliji continues to attract deposits, enabling it to maintain a very healthy loan-to-deposit ratio of 74%. Conventional customer deposits were up 45% Year on Year and reached QR 11.2 billion on September 30, 2011.

Robin McCall, Group CEO of al khaliji, said:

"Our liquidity and funding position is one of our key focus areas where we would like to remain strong in volatile market conditions. al khaliji is currently investigating a credit rating and may tap the bond market during 2012".

On 30 September 2011, non-performing loans and advances (NPLs) amounted to QR 66 million, down from QR 100 million on 31 December 2010. The NPL ratio continues to improve to 0.76%, down from 1.35% in December 2010. For the period to September 2011, al khaliji has set aside QR 29 million for impairment losses on loans, net of recoveries. Christiaan de Beer, Group CFO said:

"Previous year September 2010 nine-months results included an impairment release of QR 61 million, so after adjusting for the once-offs in 2011 for insurance and merger costs, on a comparative basis the increase over 2010 is a very satisfactory 22%".

Commenting on the continuous improvement of the quality of the loan book and the current economic environment, McCall noted:

“Our provisioning policy is prudent and we continue to monitor our loan book carefully. We do however expect that the global banking industry will remain under pressure for the foreseeable future. Whilst Qatar is not immune to the challenging external environment – it remains somewhat insulated and the planned growth of future projects will continue to create favorable opportunities for local banks. al khaliji is well capitalized and is positioned to continue to pick up quality assets.”

His Excellency Sheikh Hamad Bin Faisal Bin Thani Al Thani concluded:

“al khaliji continues to register good returns and to improve its performance, despite the challenging international and regional environments. The Bank’s strong performance strengthens al khaliji’s liquidity and solvability position whilst we continue to serve Qatar and customers in the countries where the Bank operates”.

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

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