

# FGB Investor Presentation

August 2015



# Disclaimer

---

This presentation provides information in summary form only and is not intended to be complete. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor.

No presentation, express or implied, is made as to the fairness, accuracy, completeness or correctness of information contained in this presentation, including the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, synergies, returns, benefits or statements in relation to future matters contained in the presentation.

The forward-looking statements are by their nature subject to significant uncertainties and contingencies and are based on numbers or estimates or assumptions that are subject to change (and in many cases are outside the control of FGB and its directors) which may cause the actual results or performance of FGB to be materially different from any future results or performance expressed or implied by such forward looking statements.

To the maximum extent permitted by law, FGB disclaims any responsibility for the accuracy or completeness of any information contained in this presentation including any forward-looking statements and disclaims any responsibility to update or revise any information or forward-looking statement to reflect any change in FGB's financial condition, status or affairs or any change in the events, conditions or circumstances on which a statement is based.

To the maximum extent permitted by law, neither FGB nor its related bodies corporate, directors, employees or agents, nor any other person, accepts any liability, including, without limitation, any liability arising from fault or negligence, for any direct, indirect or consequential loss arising from the use of this presentation or its contents or otherwise arising in connection with it.

Please note that rounding differences may appear throughout this presentation.

This presentation should be read in conjunction with other publicity available material. Further information including historical results and a description of the activities of FGB is available on our website, [www.fgb.ae](http://www.fgb.ae)

Operating Environment

FGB Profile

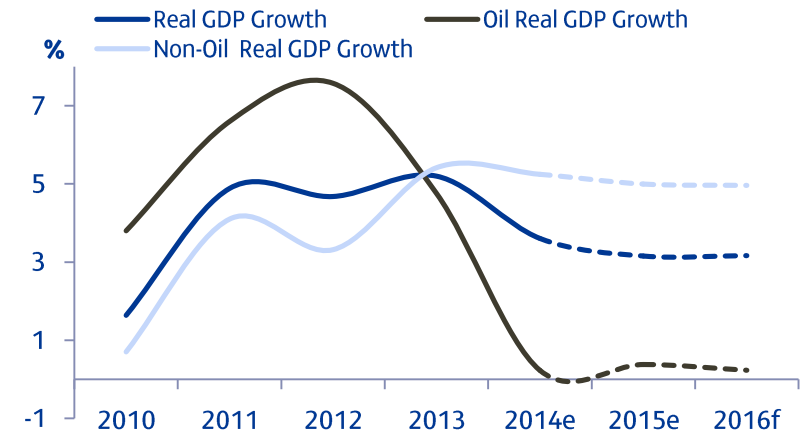
Q2/H1'15 Performance  
Review

# UAE Economic Overview

## SOLID FUNDAMENTALS

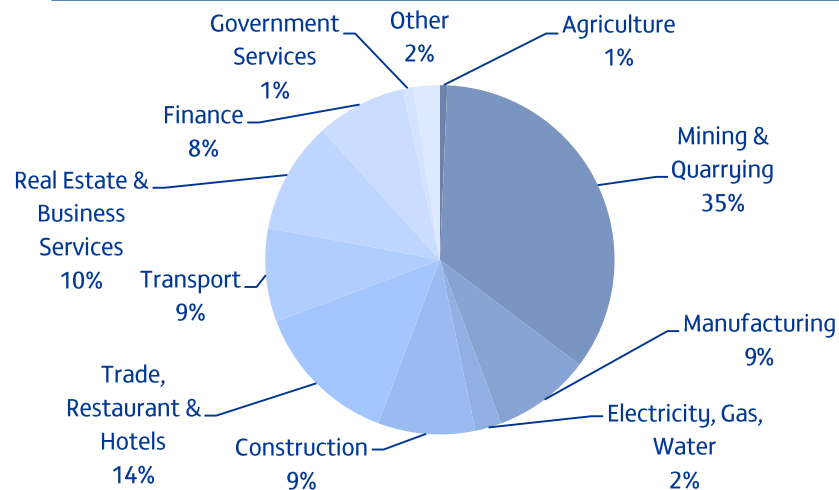
- UAE federation was established in 1971 and comprises of seven Emirates
- Politically stable country and highly favorable business climate
- Second largest economy in the GCC; Total population of 9.3 Million
- 7<sup>th</sup> largest oil reserves in the world (97.8 Bn boe<sup>1</sup>)
- FY15e nominal GDP estimated at USD 364Bn
- 2015e and 2016f Real GDP growth both seen at 3.2%<sup>2</sup>, down from 3.6% in 2014, due to lower oil prices
- According to the IMF, UAE fiscal deficit would reach 3.0% of GDP in 2015e

## REAL GDP GROWTH (YOY % CHANGE)

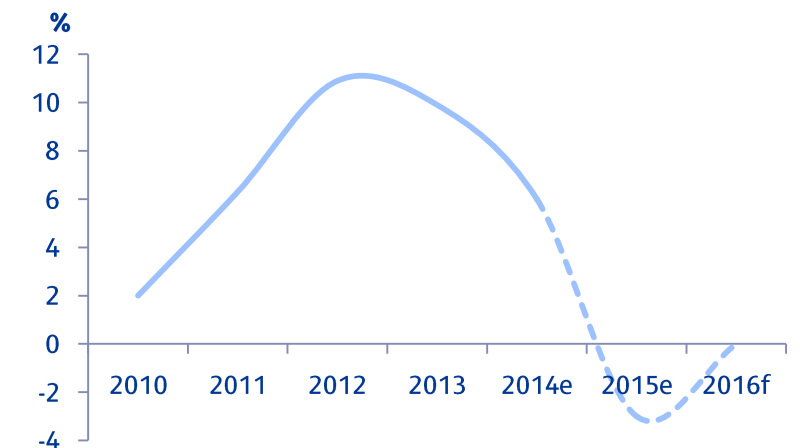


Source: IMF

## UAE GDP BREAKDOWN BY SECTOR<sup>3</sup>



## FISCAL BALANCE (AS % GDP)



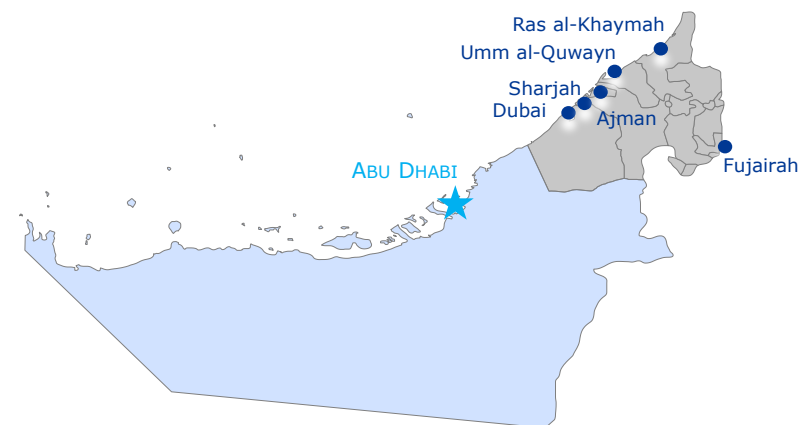
Source: IMF statistic as of April 2015

<sup>1</sup>BP report June 2015<sup>2</sup>IMF statistic as of April 2015<sup>3</sup>UAE National Bureau of Statistics, 2014 GDP

# Abu Dhabi Economic Overview

## ABU DHABI AT A GLANCE

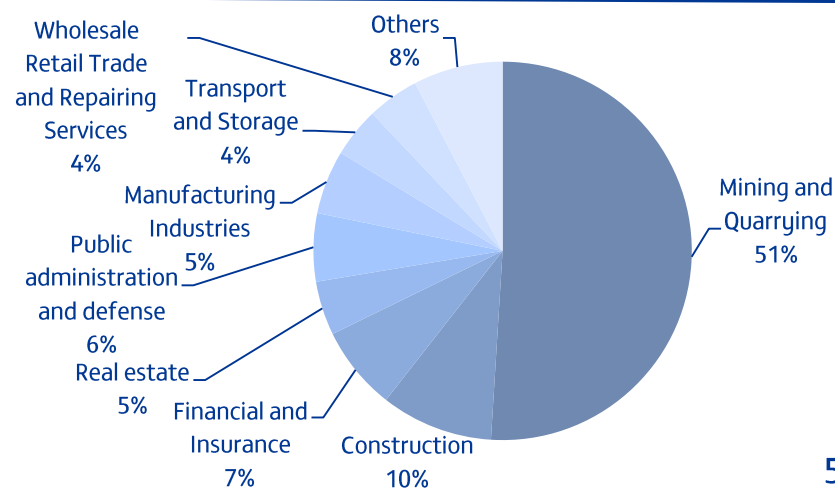
- Largest Emirate in the UAE accounting for more than 80% of the country's total land area
- Abu Dhabi Nominal GDP estimated at USD 261.6Bn in FY14e<sup>1</sup>, that's 65% of UAE overall nominal GDP
- 51% of 2014e<sup>2</sup> GDP generated from the hydrocarbon sector
- Major non-oil GDP contributors include: construction, financial services, public administration and defense, and manufacturing
- Transition underway towards a more diversified economy with a particular focus on the infrastructure and services sectors inline with Abu Dhabi Plan 2030



## ABU DHABI – KEY STATISTICS<sup>1</sup>

<i>Economic Structure and Performance</i>	2013	2014e	2015f
Nominal GDP (USD Bn)	259.6	261.6	213.3
Nominal GDP (% change)	4.8	0.8	-18.4
Real GDP (% change)	5.2	4.1	2.5
Inflation Rate (CPI, % change)	1.3	3.0	3.2
Crude Oil Export Price (avg USD/b)	108.8	100.7	55.0

## ABU DHABI – GDP BREAKDOWN BY SECTOR 2014<sup>2</sup>



<sup>1</sup>Source: Moody's Credit Analysis Report on Government of Abu Dhabi published on 26 January 2015

<sup>2</sup>Source: Statistics Center Abu Dhabi (SCAD) 2015, preliminary estimates

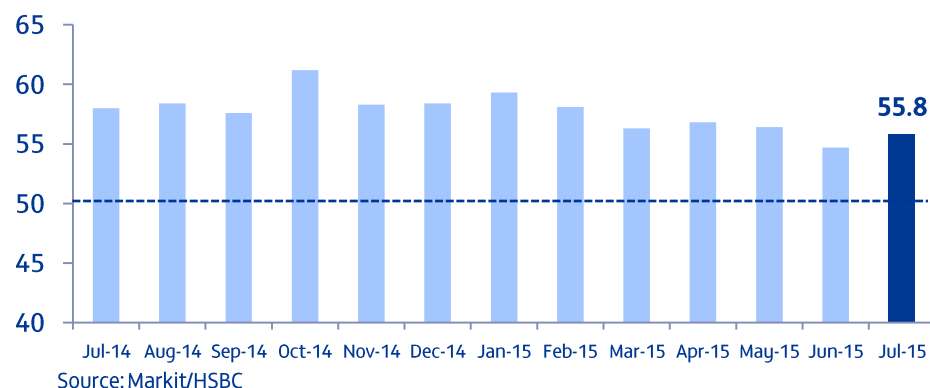
# UAE and the oil price shock

## SIZEABLE ASSET BUFFERS TO WITHSTAND OIL PRICE DROP

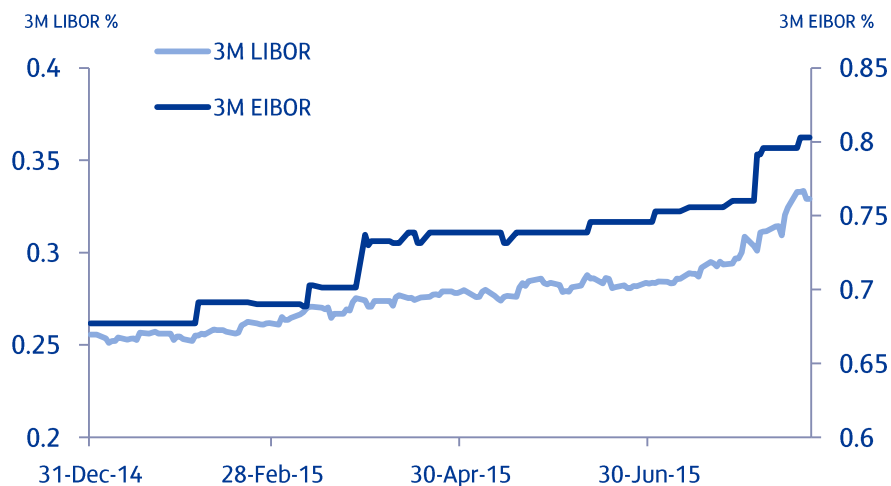
GCC Country	SWF Assets/General Gvt Expenditure (Years)
Kuwait	7.6
<b>UAE</b>	<b>5.1</b>
Qatar	4.7
Saudi Arabia	2.7
Oman	1.7
Bahrain	1.2

Source: "Resilience to Lower Oil Prices Varies; Bahrain and Oman most exposed", Moody's Dec'14

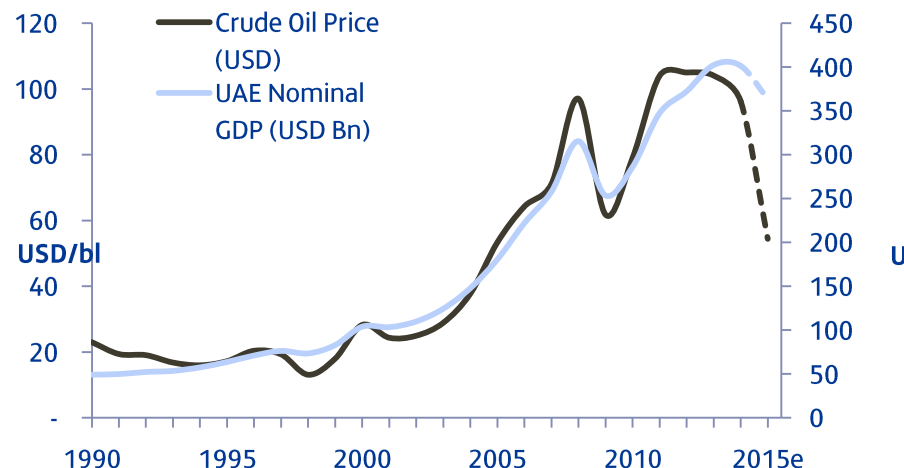
## UAE PMI<sup>1</sup> REMAINS ABOVE THE 50-MARK



## EIBOR/ LIBOR SPREAD



## OIL PRICE/ UAE NOMINAL GDP 1990-2015E

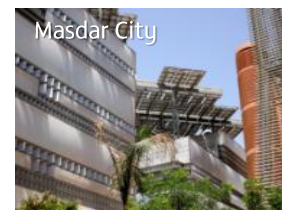


<sup>1</sup>UAE Purchasing Manager Index is a composite indicator designed to provide an overall view of activity in the UAE's non-oil private sector economy. The indicator is derived from individual diffusion indices which measure changes in output, new orders, employment, suppliers' delivery and stocks of goods purchased.

# Plan Abu Dhabi 2030

## ENERGY

- Masdar City - the world's first carbon neutral, zero-waste to landfill, car-free city powered entirely by alternative energy sources.
- Masdar Institute – an institute developed with Massachusetts Institute of Technology (MIT) with the aim to develop the emirate's human capital and develop research in alternative energies.



## AVIATION, AEROSPACE & DEFENCE

- Strata is a composite aero structures manufacturing facility, wholly-owned by Mubadala, which has formed partnerships with a number of leading aerospace companies to establish manufacturing programs at a new plant in Al Ain.



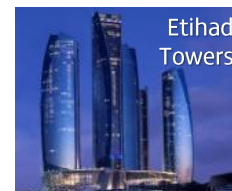
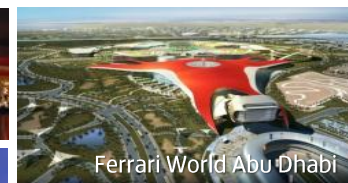
## TOURISM

### Entertainment

- Yas Marina Circuit
- Ferrari World Abu Dhabi
- Yas Waterworld Abu Dhabi
- Al Ain Wildlife Park
- Shopping malls

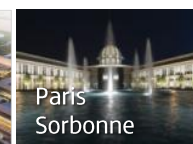
### Hotels

- Etihad Towers
- Emirates Palace
- St. Regis Abu Dhabi
- Rocco Forte Hotel
- Qasr Al Sarab Desert Resort
- Ritz-Carlton Abu Dhabi
- Eastern Mangroves Hotel



## EDUCATION

- Universities: Paris Sorbonne Abu Dhabi, New York University, and Zayed University



## HEALTHCARE, EQUIPMENT & SERVICES

- Cleveland Clinic Abu Dhabi will offer a 364-bed hospital organized into five institutes, digestive disease, eye, heart & vascular, neurological, respiratory and critical care.



# Abu Dhabi in the GCC context

		LT Ratings (Moody's, S&P, Fitch)	Oil Production <sup>(1)</sup>	GDP Per Capita <sup>(2)</sup>
	Abu Dhabi	Aa2 , AA, AA	2.8mn bpd	USD 74,927
	Saudi Arabia	Aa3, AA-, AA	11.5mn bpd	USD 20,677
	Kuwait	Aa2, AA, AA	3.1mn bpd	USD 32,719
	Qatar	Aa2, AA, NR	2.0mn bpd	USD 81,603
	Bahrain	Baa2 (-), BBB, BBB	0.4mn bpd	USD 25,633
	Oman	A1, A, NR	0.9mn bpd	USD 14,887

<sup>1</sup> Source: BP Statistical Review of World Energy (June 2015), except Abu Dhabi (Opec statistical year book 2015)

<sup>2</sup> 2015 forecasts - Source: April 2015 IMF data for all, except Abu Dhabi (Moody's, Jan'15 report)

Note: Unless otherwise indicated, all outlooks are stable; (-) Negative outlook



# UAE Banking Sector Landscape

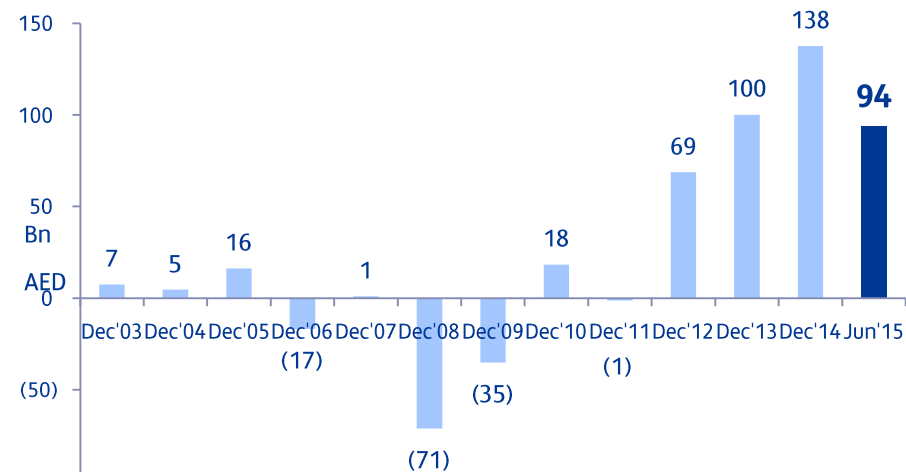
## OUTLOOK

- UAE Banking sector comprises 51 banks (23 local, 28 foreign)
- Strong track record of systemic support as evident through the measures taken at the onset of the financial crisis
- As of Jun'15, system loan book grew 5% YTD (+AED 68.4Bn) while customer deposits added 2% YTD (+AED 23Bn); this implied a system L/D ratio of 94%, translating to a system-wide net deposit surplus of AED 94Bn (USD 25Bn)
- At the end of May, the UAE Central Bank released a liquidity circular introducing a pathway for UAE banks to migrate to a Basel III Liquidity Coverage Ratio (LCR) regulatory environment. The Basel III glide path was set at 60% for the current year.

## KEY INDICATORS<sup>1</sup>

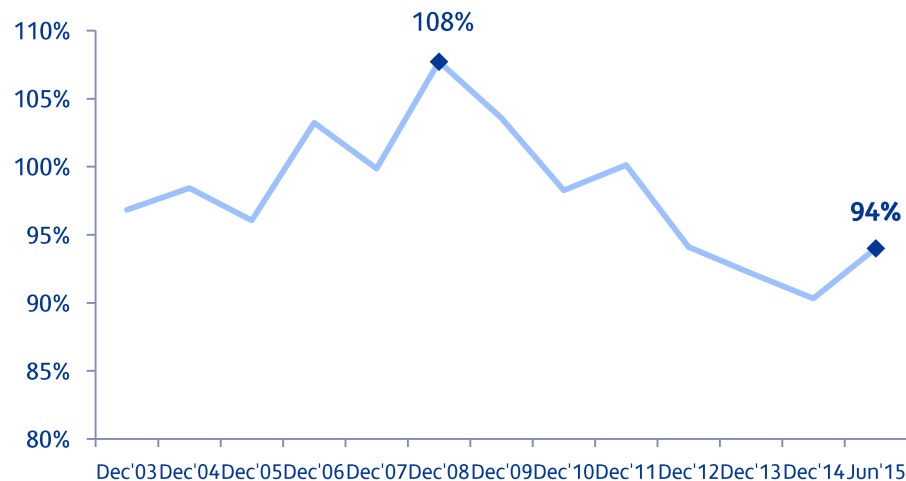
<i>Figures in AED Bn</i>	Jun'15	YTD Change	YoY Change
Total Assets, net	2,324	5.2%	9.1%
Loans and Advances, net	1,351	5.3%	10.5%
Customer Deposits	1,444	1.6%	3.1%
LDR	94%	+400bps	+700bps
CAR	18.3%	-	-
Tier 1 capital	16.5%	-	-

## SYSTEM DEPOSIT SURPLUS AT AED 94Bn AS OF JUN'15



<sup>1</sup> Source: UAE Central Bank

## SYSTEM LOAN-TO-DEPOSIT RATIO



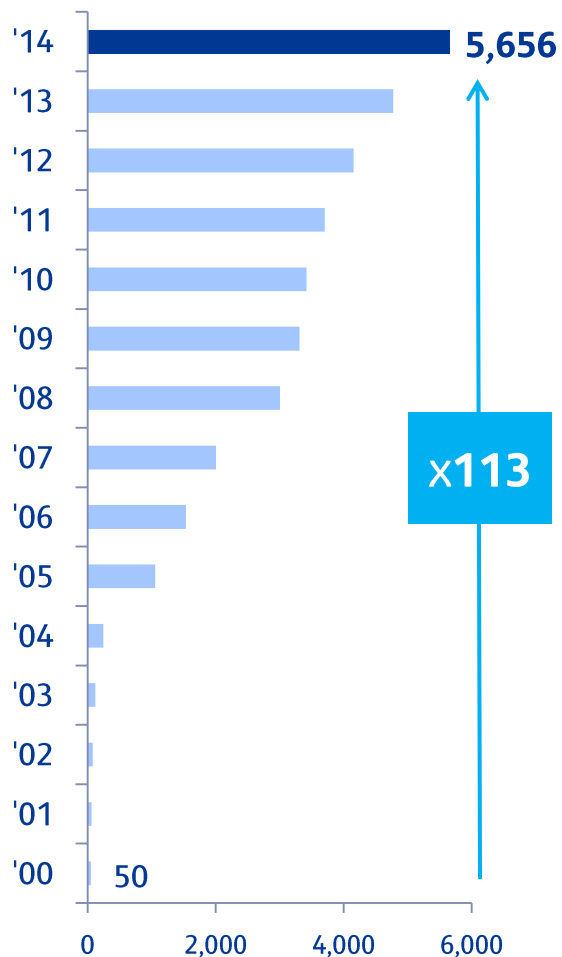
# FGB Summary Profile

---

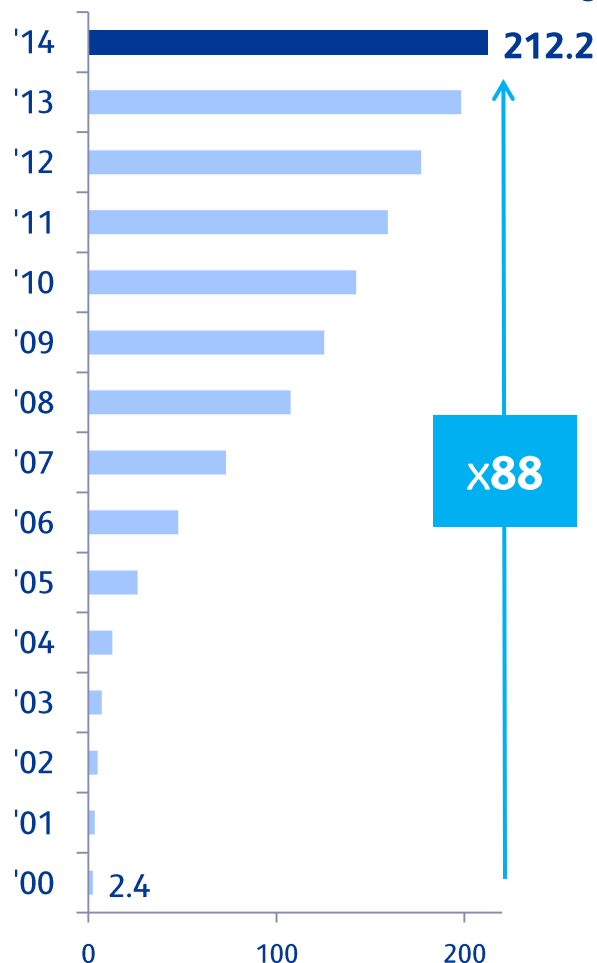
- ✓ Leading UAE franchise; #1 UAE bank by net profit in FY'14 for the second consecutive year and #3 by total assets; 11% and 10% market shares in loans and deposits respectively.
- ✓ Superior fundamentals in terms of growth, cost efficiency, asset quality and profitability
- ✓ Strong Credit Ratings: A2 by Moody's and A+ by Fitch
- ✓ Comfortable liquidity position and access to multiple funding channels
- ✓ Strong risk management culture and stable management team
- ✓ Business model re-aligned to drive sustainable value creation
- ✓ Robust capital position: Basel II total CAR at 18.7% and Tier 1 capital ratio at 17.5% as of Jun'15

# An impressive journey of consistent growth and value creation over the past 15 years

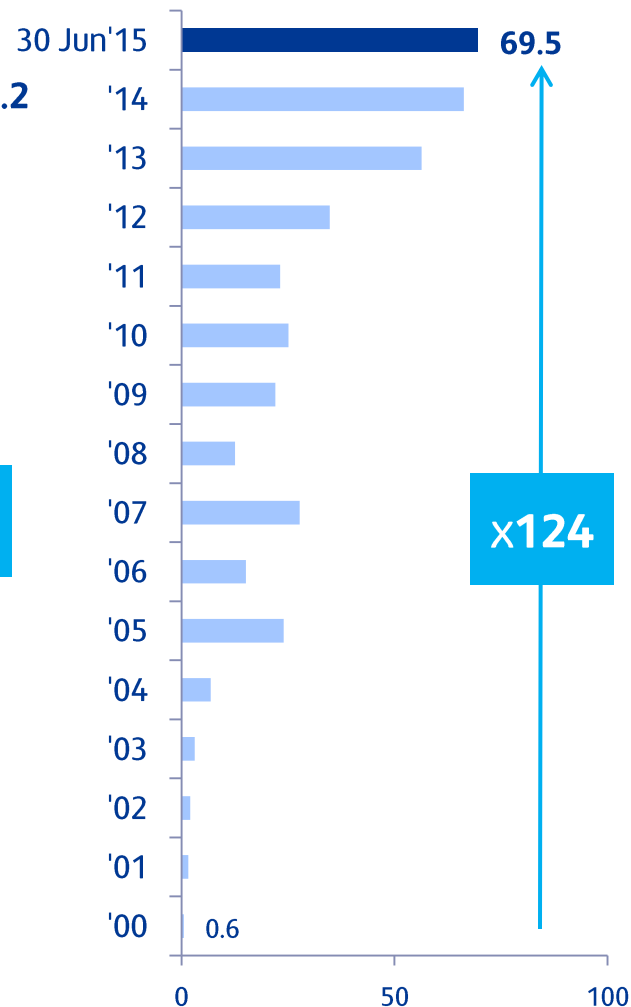
## Net Profit (in AED Mn)



## Total Assets (in AED Bn)

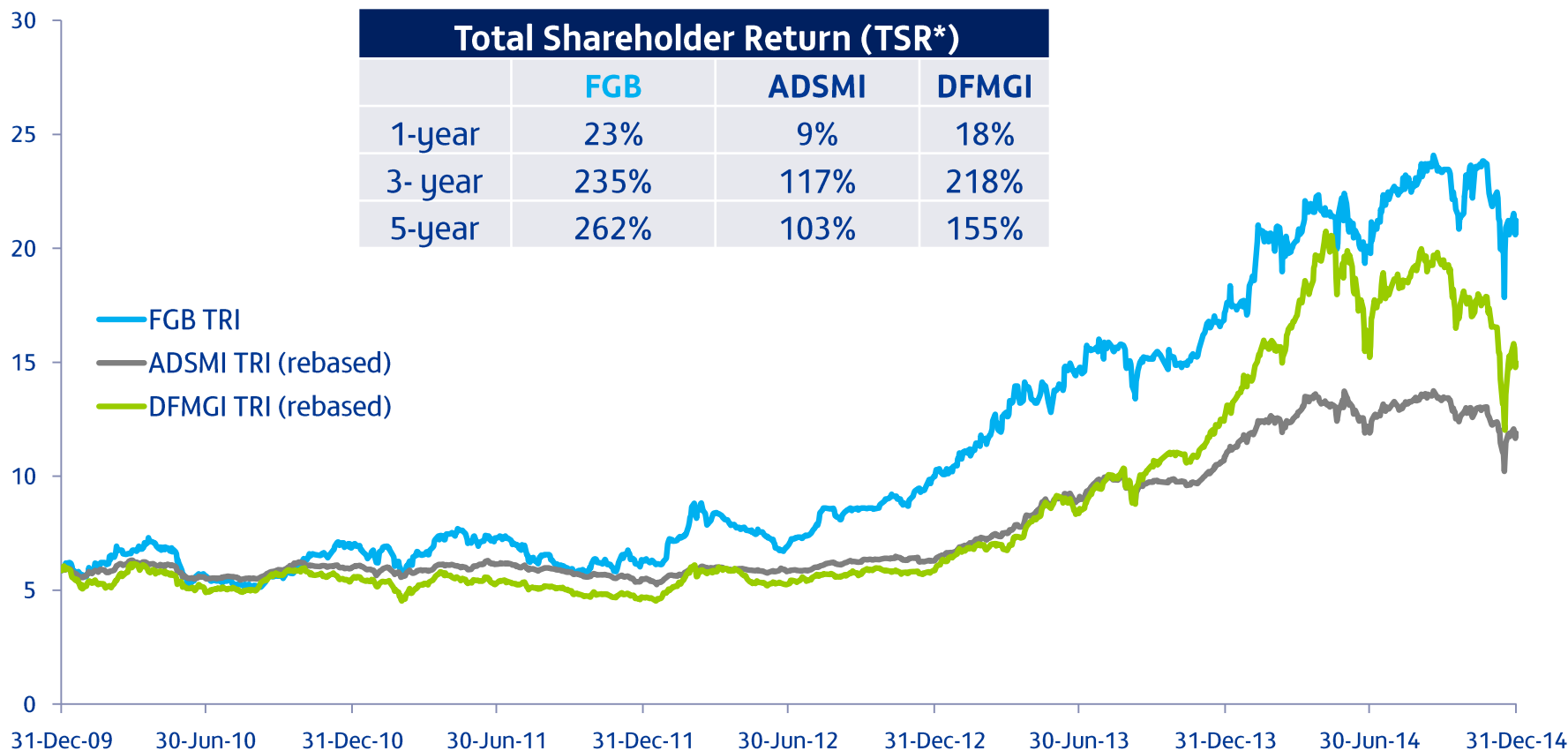


## Market Cap (in AED Bn)



# A story of superior returns to shareholders

FGB added superior long term value to shareholders by **consistently outperforming benchmark indices**



Source: Bloomberg

\*Based on the Total Return Index which captures share price appreciation and dividends paid.

Period cut-off date: 31/12/2014

# FGB Overview

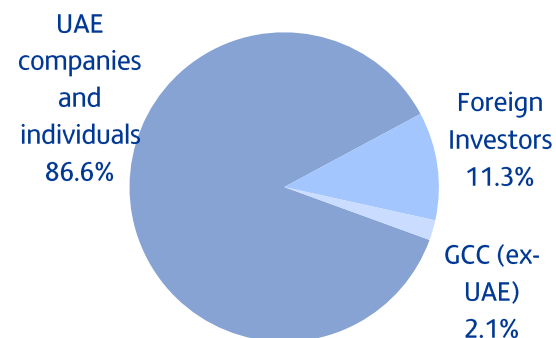
## A LEADING UAE FRANCHISE

- Incorporated in 1979 and headquartered in Abu Dhabi
- Wide range of financial products and services offered through a network of 21 branches in the UAE. In addition, FGB is present through branches in Doha and Singapore, and rep offices in Mumbai, Hong Kong, Seoul and London. The Bank also has a JV in Libya.
- 1,484 employees
- Listed in 2002; Largest UAE bank by market cap of AED 69.5Bn (USD 18.9Bn) as of July 26th, 2015

## RATINGS

	LONG TERM RATING	OUTLOOK
Moody's	A2 (Since 2007)	Stable
FitchRatings	A+ (Since 2007)	Stable
CI CAPITAL intelligence	A+	Stable

## OWNERSHIP STRUCTURE\* (AS OF JUN'15)

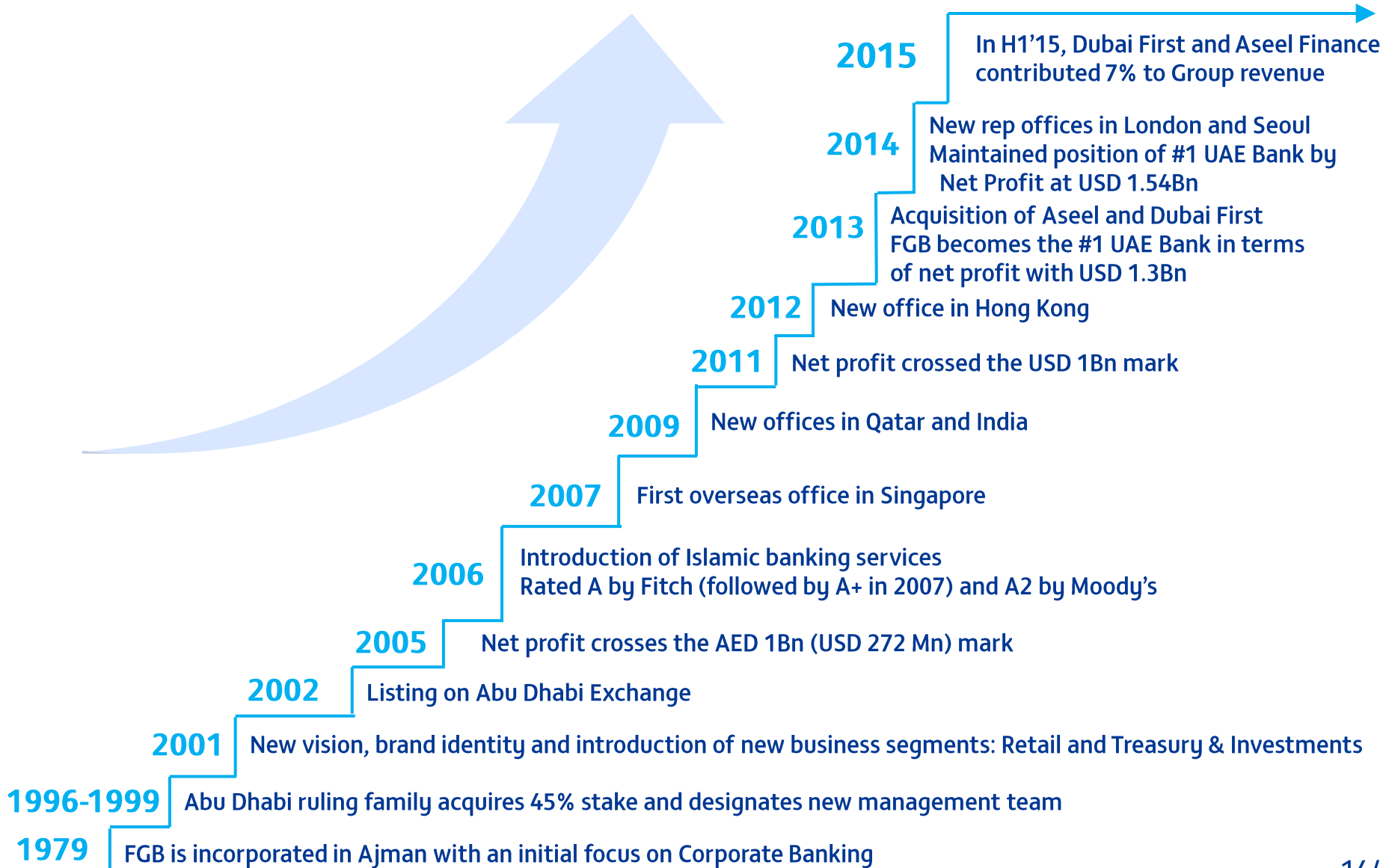


\* FGB's Foreign Ownership Limit (FOL) is at 25%

## GLOBAL FOOTPRINT



# History & Key Milestones



# Board of Directors

**FGB Board Members are prominent stakeholders of the Abu Dhabi Business Community**



**H.H. SHEIKH TAHNOON BIN ZAYED AL NAHYAN – CHAIRMAN**

CHAIRMAN OF AMIRI FLIGHT

CHAIRMAN OF ROYAL GROUP



**AHMED ALI  
AL SAYEGH**

VICE CHAIRMAN

CHAIRMAN OF ABU DHABI  
GLOBAL MARKET  
MANAGING DIRECTOR OF  
DOLPHIN ENERGY

*Board Member of:  
Etihad Airways*



**ABDULHAMID  
MOHAMMED SAEED**

BOARD MEMBER

FGB MANAGING DIRECTOR

*Board Member of:  
Emirates Investment Authority  
Mubadala Development  
Company*



**KHALDOON KHALIFA  
AL MUBARAK**

BOARD MEMBER

GROUP CEO AND MANAGING  
DIRECTOR OF MUBADALA  
DEVELOPMENT COMPANY

*Member of:  
Abu Dhabi Executive Council  
Abu Dhabi Council for Economic  
Development  
Abu Dhabi Executive Affairs  
Authority (Chairman)*



**SULTAN KHALFAN  
AL KTEBI**

BOARD MEMBER

*Board Member of Al Ain  
International Group  
(Vice Chairman)*



**MOHAMMED SAIF  
AL SUWAIDI**

BOARD MEMBER

DIRECTOR GENERAL OF ABU  
DHABI FUND FOR  
DEVELOPMENT

*Vice Chairman of the board of Al  
Masraf (ARBIFT)  
Chairman of Al Ain Farms for  
Livestock production  
Board member of the center of  
food security of Abu Dhabi*

# Corporate Governance

**Strong & Independent Governance framework covering all material risks across the Group**

## Board of Directors

<b>Board Committees</b>	Executive Committee	Risk & Compliance Management Committee
	Remuneration & Nomination Committee	Audit Committee

<b>Management Committees</b>	Executive Management Committee			
	Wholesale Banking Credit Committee	First Gulf Credit Committee	Asset Liability Committee	Investment Committee
	Compliance & Ops Risk Committee	IT Steering Committee	HR Steering Committee	Real Estate Committee

Enterprise Risk Management Group	Group CRO					
	Head of Enterprise Risk Management					
	ERM	Credit Risk	Market Risk	ALM Risk	Operational Risk	Compliance Risk

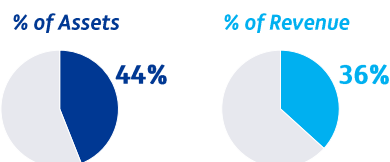


# Business Segments

## Core Banking Revenue Drivers

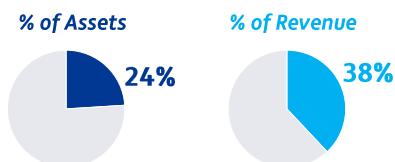
## Incremental Revenue Streams

### WHOLESALE BANKING



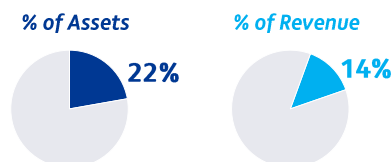
- Original core business of the Bank
- Customer base includes large corporate & multi-national clients and financial institutions
- Services include debt markets (advisory, bilateral, & syndicated loans, DCM, project and structured finance), transaction banking (cash, trade, liabilities), Corporate Finance, and Islamic Finance (bilateral trading, trade finance) supported by treasury sales (hedging, FX, rates, commodities)
- Organized geographically across UAE and international locations (Singapore, Libya, Hong-Kong, Qatar, India, UK and South Korea)

### CONSUMER BANKING



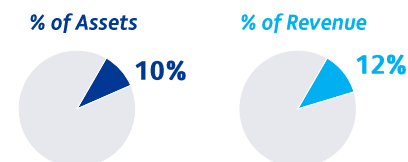
- Focus on key customer segments: Emirati, Mass, SME, Wealth
- Leverage product innovation, analytics, and alliances to create differentiation
- Investing for the future and enhancing customer experience through technology and process improvements
- Positioning as Bank of Choice for UAE Nationals
- Manage National Housing Loan program for Abu Dhabi government

### TREASURY & GLOBAL MARKETS



- Manages FGB's wholesale funding activities and liquidity, interest rate and foreign exchange risk, and proprietary investment portfolio
- Provides bespoke risk management solutions to the Bank's clients across FX, Interest Rate, Credit and Commodity asset classes
- Also provides client investment solutions via structured products, asset management, equity brokerage and margin trading
- Strong growth opportunities providing an access point to the global markets by leveraging on strong correspondent banking relationships

### SUBSIDIARIES & OTHER



- Subsidiaries: First Gulf Libyan Bank, First Gulf Properties, Aseel Finance, Dubai First, Mismak Properties, First Merchant International, Radman Properties, FGIT
- Associate companies\*: Green Emirates Properties
- Head Office support units: Audit, Financial Control, HR, Operations, Strategy and Planning, PMO, Admin, Legal, Risk Management, Corporate Communications

Note: % of Assets as of June-end 2015. % of H1'15 Revenue

\*In October 2014, the Bank entered into a sale and purchase agreement in respect of its investment in First Gulf Financial Services (FGFS) to a third party for a total consideration of AED 38.2Mn. The sale was effective in Q1 2015 generating a gain on sale of associate of AED 15.1Mn

# Three-Pillar Strategy

## Our Vision:

**To Be Recognised as a World-Class Organization Maximizing Value For All Stakeholders**

1

### ORGANIC GROWTH OF CORE BANKING ACTIVITIES

- Build deeper client relationships, providing solutions and high quality service
- Continue to target large creditworthy UAE-based customers
- Develop and strengthen a customer-centric approach emphasizing on bespoke service quality and product range

2

### SELECTIVE REGIONAL AND INTERNATIONAL EXPANSION

- Geographic diversification through expansion of existing operations and penetration in key markets
- Focus on trade and financial flows through the UAE into target international locations
- Sourcing and distribution of trade and financing opportunities across the FGB network

3

### SYNERGIES WITH SUBSIDIARIES AND ASSOCIATES

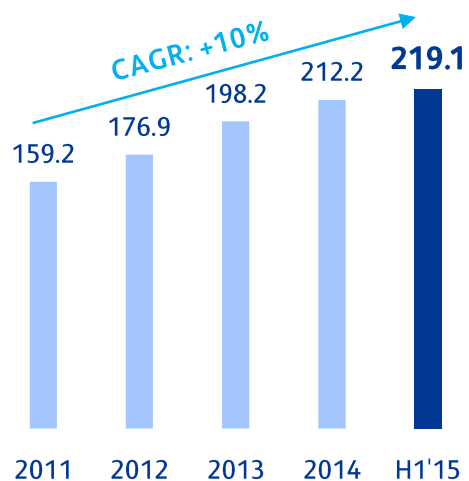
- Aseel Finance to provide innovative Islamic products to a broad base of customers and businesses
- Dubai First to provide specialist credit card propositions to the expanding UAE customer base
- Enhance fee income through comprehensive property management of residential and commercial real estate assets across the UAE

## Our Mission:

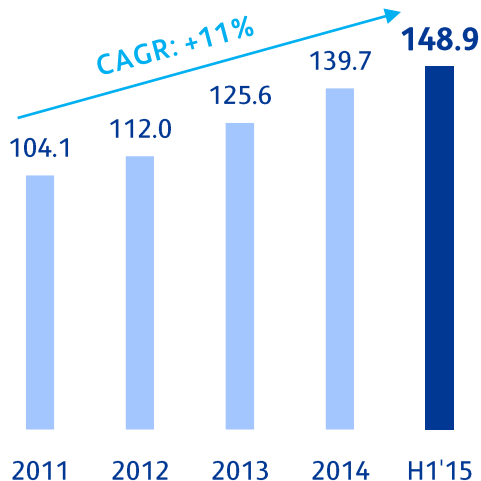
**To Be the “First Choice” for customers**

# Key Achievements (1/2)

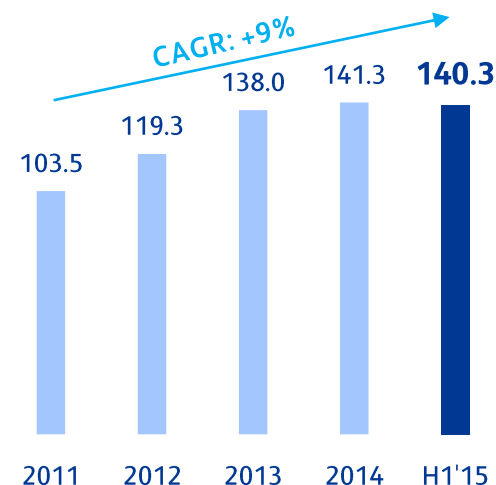
## TOTAL ASSETS (AED Bn)



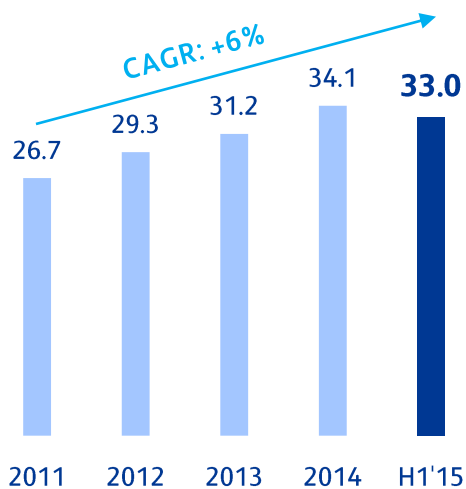
## LOANS & ADVANCES (AED Bn)



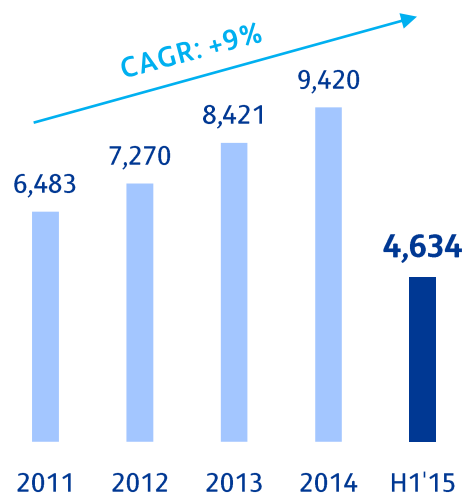
## CUSTOMER DEPOSITS (AED Bn)



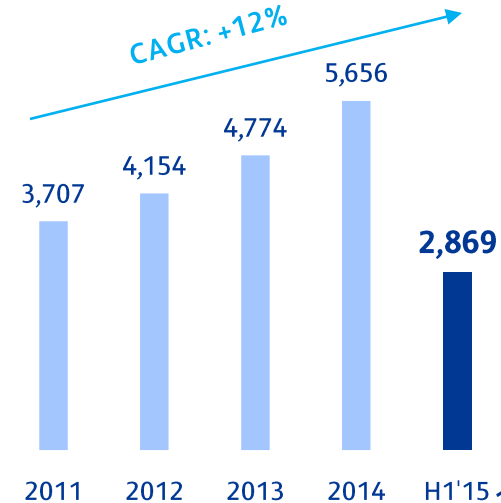
## SHAREHOLDERS' EQUITY (AED Bn)



## OPERATING INCOME (AED Mn)

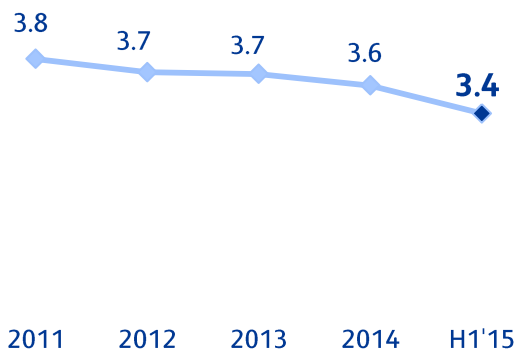


## NET PROFIT (AED Mn)

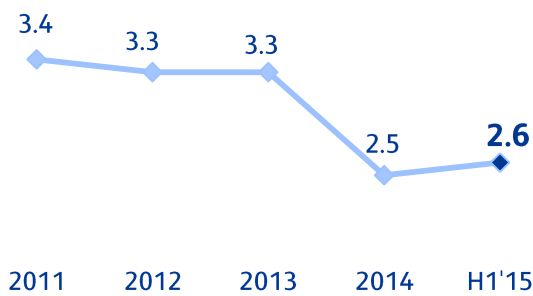


# Key Achievements (2/2)

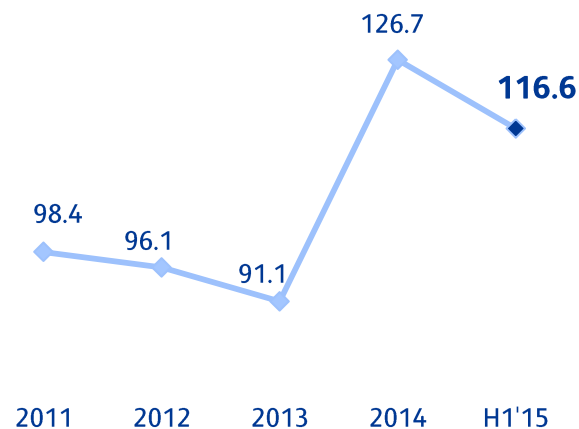
## NET INTEREST MARGIN (%)



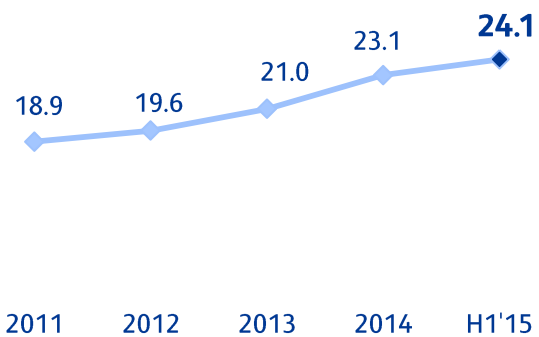
## NPL RATIO (%)



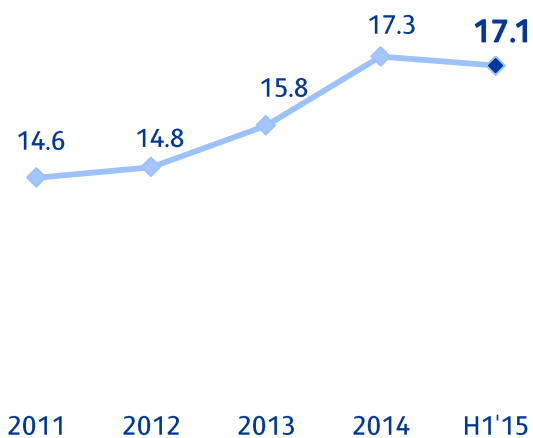
## PROVISION COVERAGE (%)



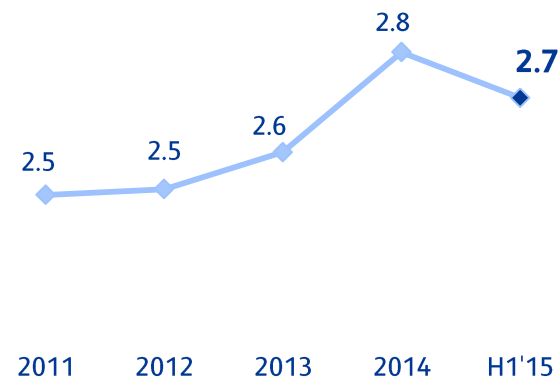
## COST TO INCOME RATIO (%)



## RoAE (%)

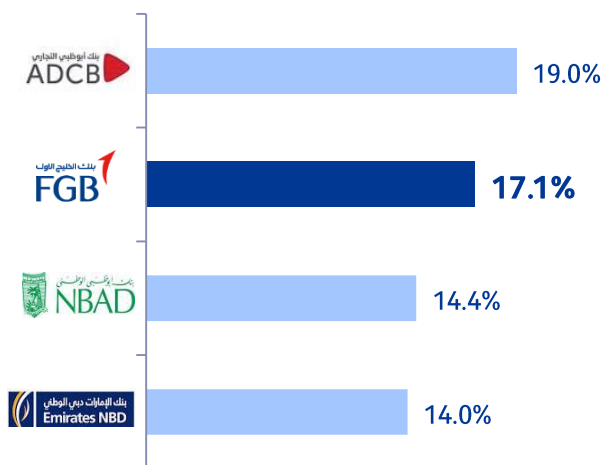


## RoAA (%)

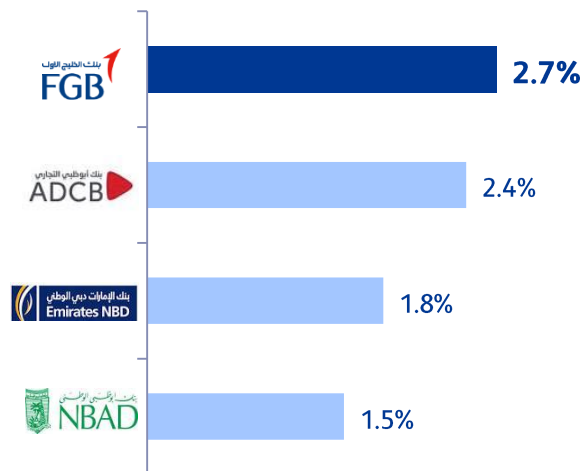


# FGB vs. large domestic peers – H1'15

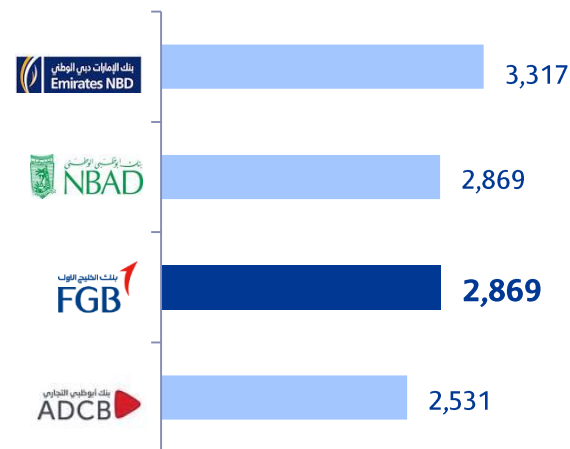
## RETURN ON AVERAGE EQUITY



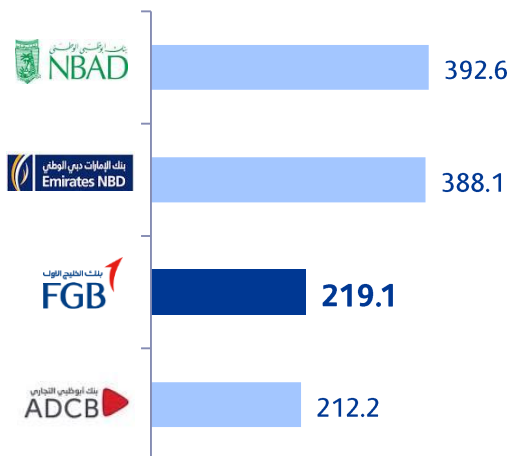
## RETURN ON AVERAGE ASSETS



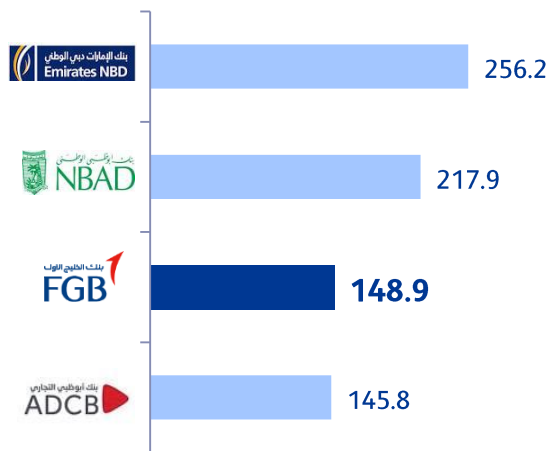
## NET PROFIT (AED Mn)



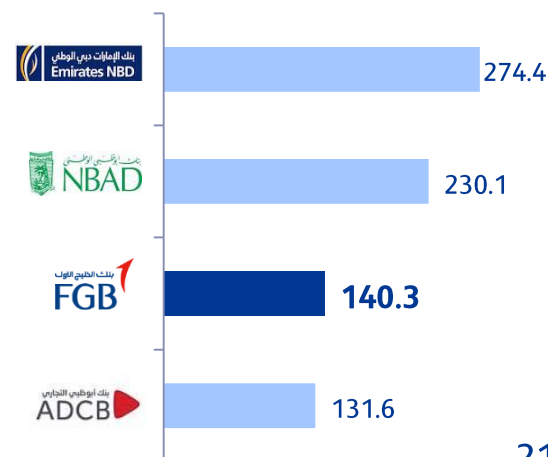
## TOTAL ASSETS (AED Bn)



## LOANS & ADVANCES (AED Bn)



## CUSTOMER DEPOSITS (AED Bn)



# FGB vs. large domestic peers – H1'15



Ranking

Profitability & Efficiency	Return on Average Equity*	%	17.1	14.4	14.0	19.0	#2
	Return on Average Assets*	%	2.7	1.5	1.8	2.4	#1
	Cost to Income	%	24.1	37.5	29.3	32.4	#1
	Net Interest Margin	%	3.4	2.0	2.8	3.5	#2
	Earnings Per Share*	AED	1.3	1.1	1.1	1.0	#1
Asset Quality	NPL ratio	%	2.6	2.6	7.4	3.0	#1
	Provision Coverage	%	116.6	112.0	109.8	138.6	#2
Liquidity	Net Loans to Total Assets	%	68.0	55.5	66.0	68.7	#2
	Loans to Deposits	%	106.1	94.7	93.3	110.7	#3
	Liquid Asset Ratio	%	12.3	21.5	23.8	14.9	#4
Solvency	Tier 1 Capital	%	17.5	15.4	18.0	16.1	#2
	Capital Adequacy	%	18.7	16.6	21.0	19.8	#3

\*Annualized

# Q2/H1'15 Performance Key Highlights

- **H1'15 Net Profit up 7% YoY to AED 2,869Mn**; Q2'15 net profit up 8% YoY (+2% QoQ) to AED 1,452Mn – H1'15 EPS up 9% to AED 0.63
- Strong volume growth with **loans and advances up 16% YoY** (+4% QoQ); Customer deposits up 2% YoY (-2% QoQ)
- **Revenues increased by 2% YoY to AED 4,634Mn**, primarily driven by a solid 11% growth in non-interest income offsetting the 2% decline in net interest and Islamic financing income due to lower NIMs
- Key Ratios: NIM at 3.39%, LCR at 66.8%, C/I ratio at 24.1%
- **Asset quality metrics remain healthy**: 2.6% NPL ratio, 116.6% provision coverage, 80bps cost of risk
- Robust capital position: **total CAR at 18.7%** and **Tier 1 capital at 17.5%**
- Solid returns with **RoAE at 17.1%** and **RoAA at 2.7%**

# Q2/H1'15 Summary Financials

Income Statement (AED Mn)	H1'15	H1'14	YoY	Q2'15	Q1'15	QoQ	Q2'14	YoY
Net Interest and Islamic Financing Income	3,196	3,247	-2%	1,609	1,587	1%	1,647	-2%
Other Operating Income	1,437	1,292	11%	703	735	-4%	641	10%
<b>Operating Income</b>	<b>4,634</b>	<b>4,539</b>	<b>2%</b>	<b>2,312</b>	<b>2,322</b>	<b>0%</b>	<b>2,288</b>	<b>1%</b>
G&A expenses	(1,117)	(1,007)	11%	(593)	(524)	13%	(532)	11%
Provisions/ Impairments	(630)	(828)	-24%	(258)	(372)	-31%	(392)	-34%
Taxes	(10)	(11)	-9%	(4)	(5)	-20%	(7)	-43%
Minority Interest	(8)	(12)	-33%	(5)	(2)	150%	(7)	-29%
<b>Net Income</b>	<b>2,869</b>	<b>2,680</b>	<b>7%</b>	<b>1,452</b>	<b>1,417</b>	<b>2%</b>	<b>1,350</b>	<b>8%</b>
Earnings Per Share (AED)	0.63	0.58	9%	0.32	0.31	3%	0.29	10%

Balance Sheet (AED Bn)	Jun'15	Jun'14	YoY	Mar'15	QoQ
Net Loans & Advances	148.9	128.2	16%	142.8	4%
Customer Deposits	140.3	137.5	2%	142.9	-2%
Total Assets	219.1	198.2	11%	214.0	2%
Shareholders' Equity	33.0	31.0	6%	31.6	4%

Key Ratios (%)	Jun'15	Jun'14	YoY (bps)
Net Interest Margin	3.4	3.7	(29)
Cost-to-Income	24.1	22.2	190
Non-Performing Loan (NPL)	2.6	3.0	(40)
Provision Coverage	116.6	110.2	640
Loan-to-Deposit	106.1	93.2	1,290
Return on Average Equity	17.1	17.2	(10)
Return on Average Assets	2.7	2.7	-
Capital Adequacy	18.7	18.9	(20)

Note: Rounding differences may appear in the above table



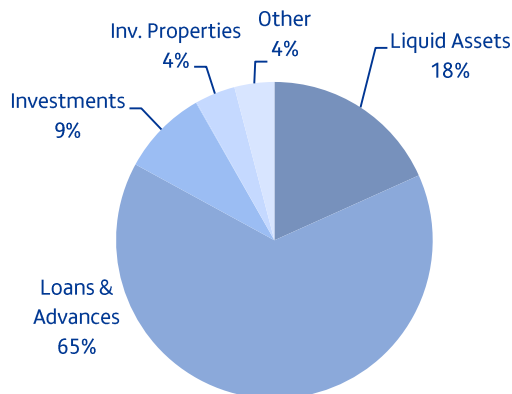
# Asset Mix and Lending Activity

## HIGHLIGHTS

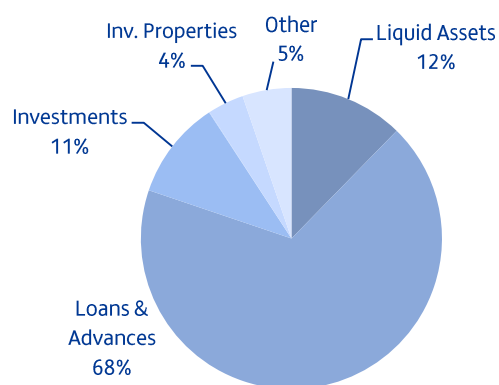
- During H1'15, loans and advances grew by 16% YoY and 4% QoQ (+AED 6.1Bn) driven by continued strength across both wholesale and consumer segments
- In light of the robust loan growth in H1'15, we revise our FY15 guidance from high single-digit growth to a range of 10-12%
- FGB's loan portfolio is very well diversified across economic sectors with a mix of 60% wholesale/ 40% consumer
- Liquid assets represent 12% of total assets as of June-end 2015, against 18% in Q2'14. This reflects strong loan growth achieved over the period, as well as FGB's compliance with LCR requirements.

## ASSET MIX

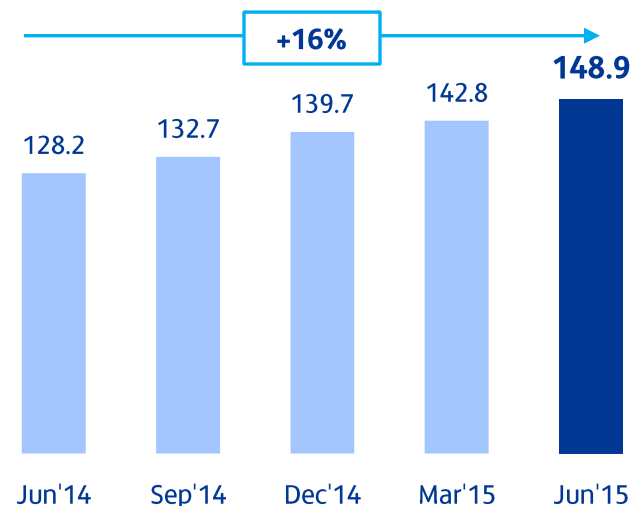
**JUN'14**



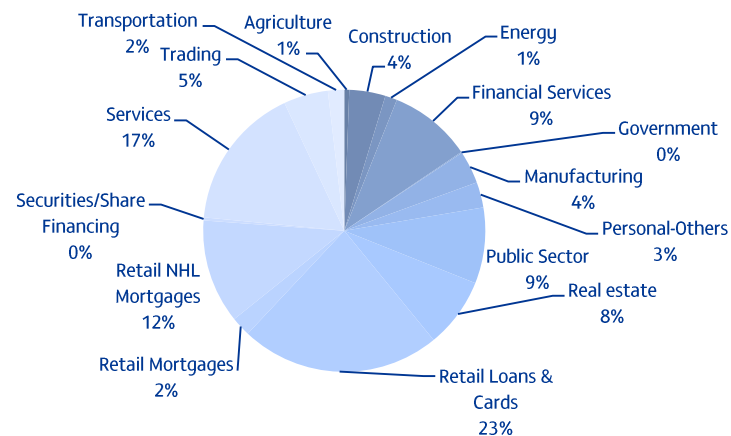
**JUN'15**



## LOAN BOOK TREND (AED Bn)



## LOAN BOOK BREAKDOWN BY SECTOR

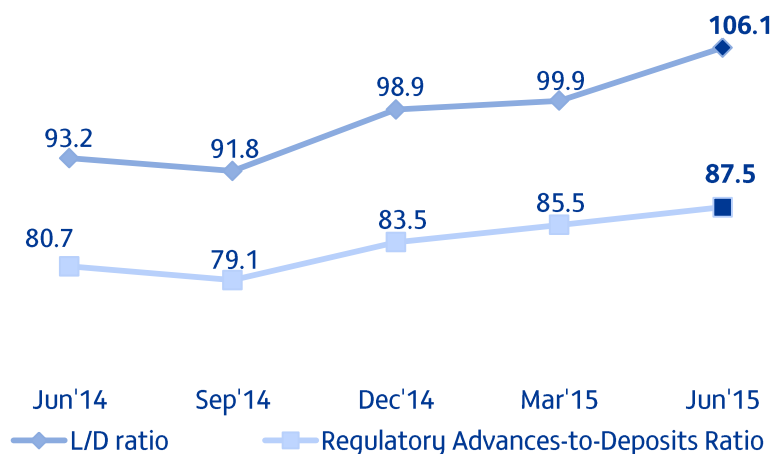


# Liquidity

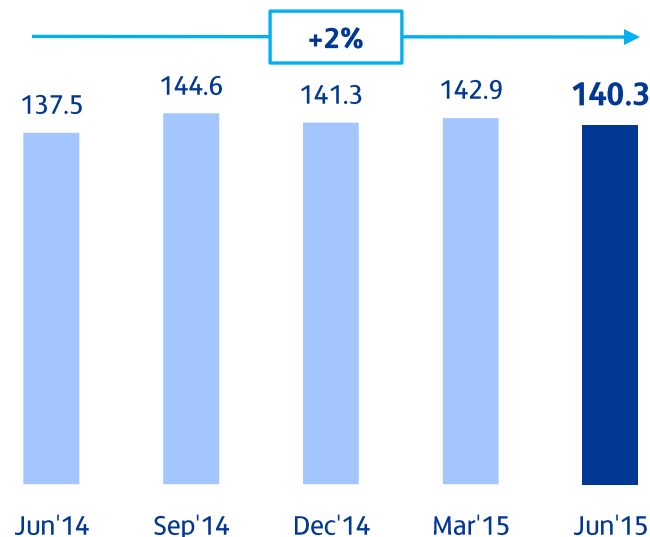
## HIGHLIGHTS

- Customer deposits increased by 2% YoY and declined by 2% QoQ due to volatility in fixed deposits
- Deposits breakdown by sector remained quasi-intact with Government & Public Sector deposits representing 33% of the total
- CASA deposits represent 19% of Jun'15 deposit base
- L/D ratio tightened to 106.1% in Q2'15 yet regulatory Advances to Deposits ratio at 87.5% remained well below the regulatory ceiling.
- In light of the latest UAE CB liquidity circular, FGB is comfortably above the Basel III glide path of 60% with a Group LCR of 66.8%.

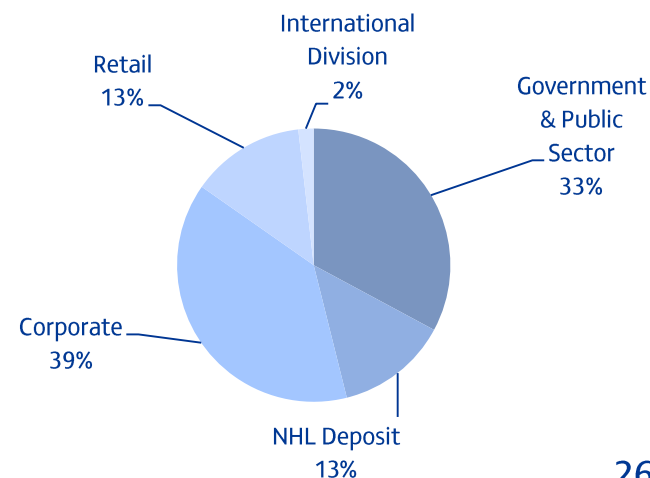
## LIQUIDITY RATIOS (%)



## CUSTOMER DEPOSITS TREND (AED Bn)



## DEPOSITS BY SECTOR



# Funding Mix

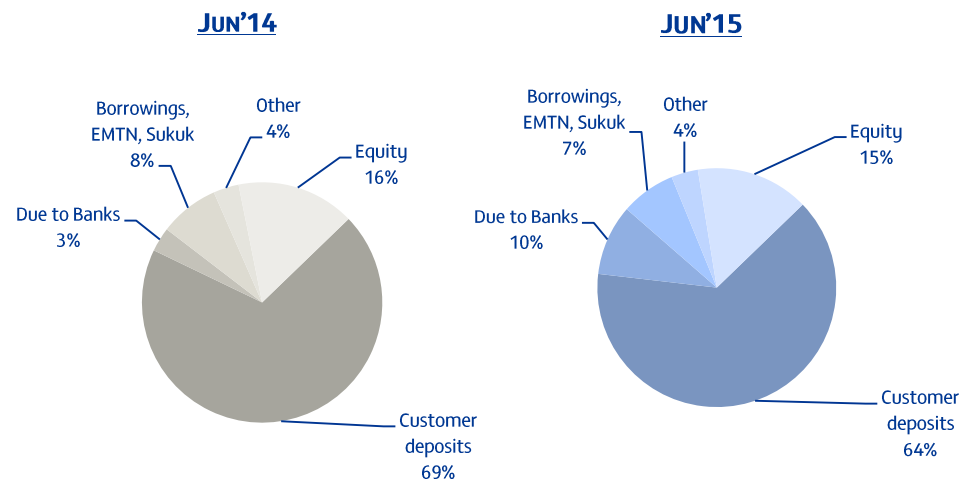
## HIGHLIGHTS

- In line with its funding diversification strategy, FGB completed the following transactions during the second quarter of 2015
  - 3-year CNY 400Mn EMTN (AED 237Mn) @ 5.0% coupon
  - 5-year HKD 160Mn EMTN (AED 76Mn) @ 2.37% coupon
  - 7-year CHF 200Mn EMTN (AED 790Mn) @ 0.625% coupon
  - 3-year SGD 11Mn EMTN (AED 30Mn) @ 2.10% coupon
- Subsequent to 30 June 2015, the Bank has issued:
  - a Euro Medium Term Note (EMTN) of USD 25 million (AED 92 million). The notes are due in July 2045 and are multi-callable, zero-coupon, with a yield of 5.30% per annum
  - Notes amounting to USD 40Mn (AED 146Mn) under its newly established ECP programme.
- Since the beginning of the year, FGB successfully raised USD 1.12Bn of wholesale funding

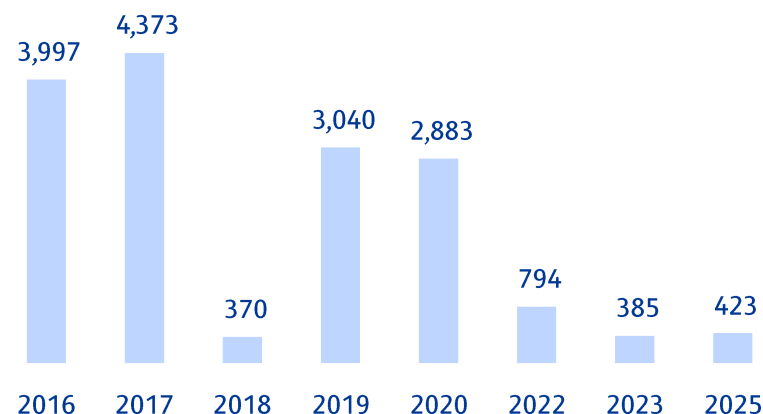
## WHOLESALE FUNDING (AED Mn)

	Jun'15
Bank loans	184
EMTN	9,738
Medium term bonds	1,910
Repurchase agreements	208
Sukuk	4,224
<b>Total</b>	<b>16,264</b>

## LIABILITY MIX



## MATURITIES (AED Mn)

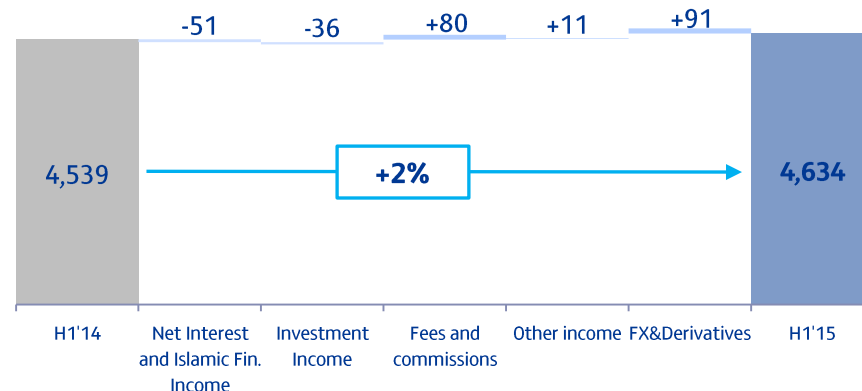


# Key Revenue Movements and NIMs

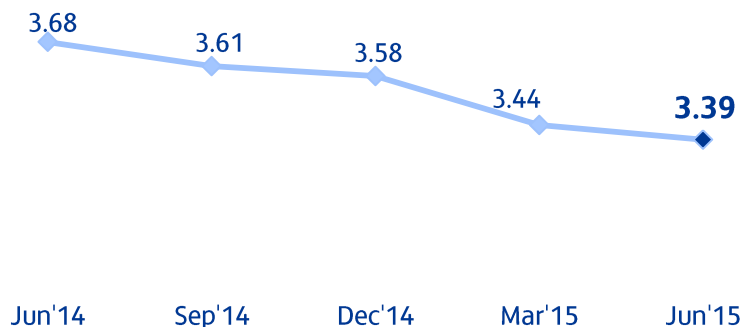
## HIGHLIGHTS

- H1'15 revenues grew by 2% YoY (+AED 95Mn) as a result of :
  - AED 51Mn reduction in net interest and Islamic income due to asset yield compression insufficiently offset by higher volumes. H1'15 NIM was down 29bps YoY, yet still within our anticipated 25-35bps contraction range for FY15
  - AED 36Mn decline in investment income due to volatile market conditions
  - +AED 80Mn addition in core fees and commissions thanks to higher corporate & syndication fees, wealth management and other retail lending fees
  - +AED 11Mn rise in Other Income including AED 75Mn gain on sale of property (AED 51Mn in Q2'15)
  - +AED 91Mn increase in FX & Derivatives income
- In light of a slower than anticipated revenue growth as of June-end 2015, we review our FY15 revenue growth guidance from low double-digit to mid single-digit

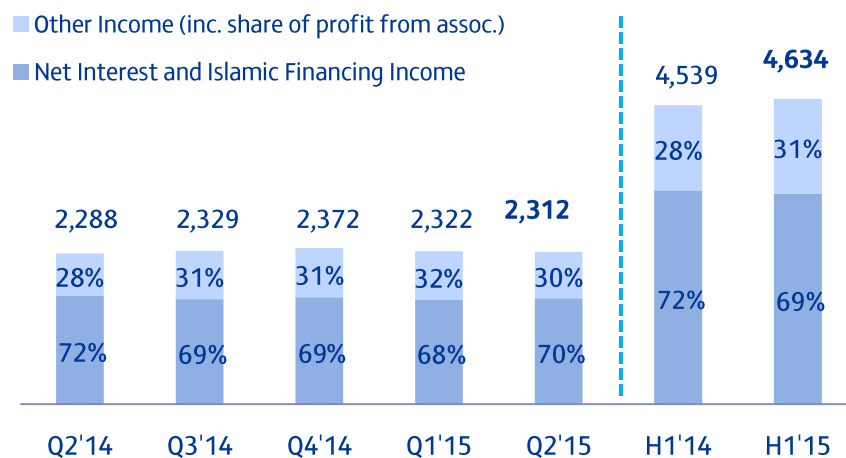
## KEY MOVEMENTS IN OPERATING INCOME (AED Mn)



## NET INTEREST MARGIN (%) - YTD



## REVENUE BREAKDOWN (AED Mn)



# Non-Interest Revenues and Cost Efficiency

## HIGHLIGHTS

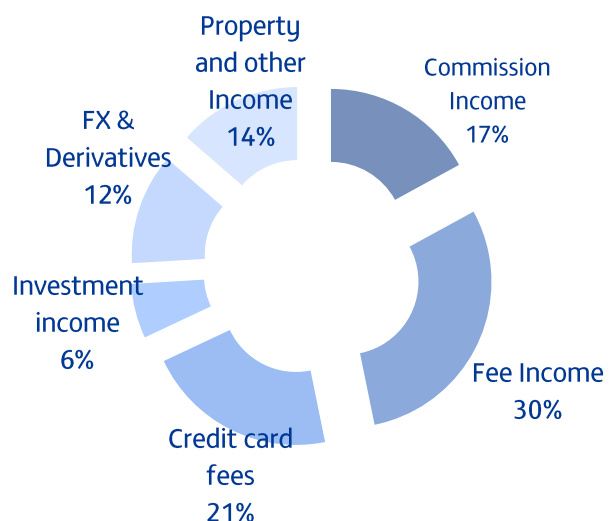
- Non-interest revenues expanded by 11% YoY increasing their contribution in total operating income to 31% (vs. 28% last year)
- Fee income and credit card fees grew by 24% and 10% YoY respectively, offsetting the 11% decline in commissions mainly attributable to declining LCs
- Core fees and commissions represent 68% of non interest revenues (21% total operating income) as of June-end'15
- Higher business volumes and continued investments in systems and technology drove the 11% rise in operating expenses during the period. Due to slower revenue growth, H1'15 C/I ratio landed at 24.1% yet still remaining within our target range for the current year.

## H1'15 NON-INTEREST REVENUES

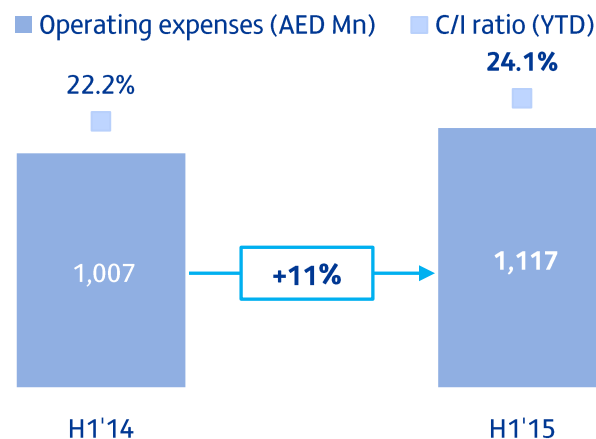
<i>In AED Mn</i>	H1'15	H1'14	YoY %
Commission Income	245	276	-11%
Fee Income	428	345	24%
Credit card fees	305	277	10%
Investment income	87	123	-30%
FX & Derivatives	177	87	105%
Property and other income*	196	185	6%
<b>Total</b>	<b>1,438</b>	<b>1,292</b>	<b>11%</b>

\*Including share of profit from associates

## H1'15 NON-INTEREST REVENUE BREAKDOWN



## COST EFFICIENCY

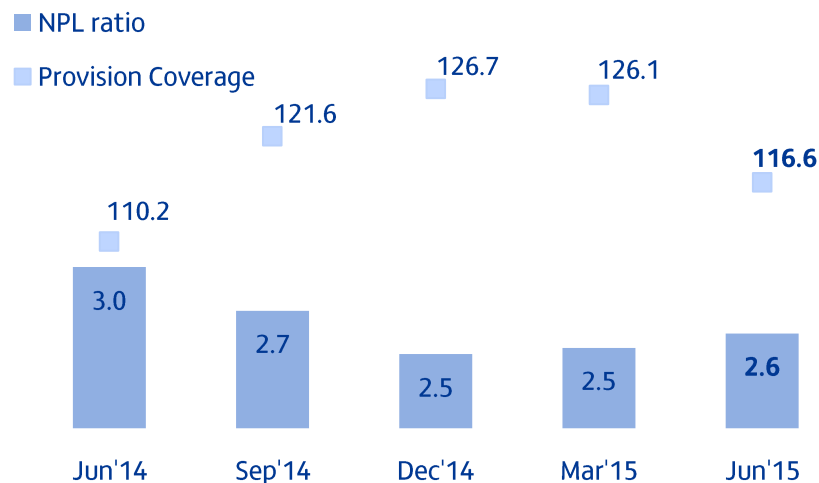


# Credit Quality

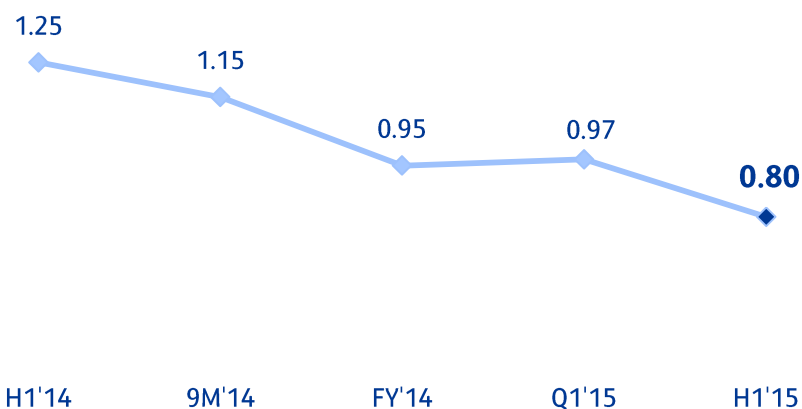
## HIGHLIGHTS

- H1'15 asset quality metrics remained healthy with NPL ratio at 2.6% and provision coverage at 116.6%
- At AED 2.6Bn, general provisions exceed 1.5% of total CRWA (all inclusive)
- Credit impairments declined by 26% YoY to AED 617Mn implying an annualized cost of risk at a post-crisis low of 80bps.
- As our outlook on credit quality remains favorable for the remainder of the year, we review our FY15 cost of risk guidance to 80-90bps down from 100bps

## NPL RATIO AND PROVISION COVERAGE (%)



## COST OF RISK (%) - YTD



## NPLS AND PROVISIONS (AED Mn)

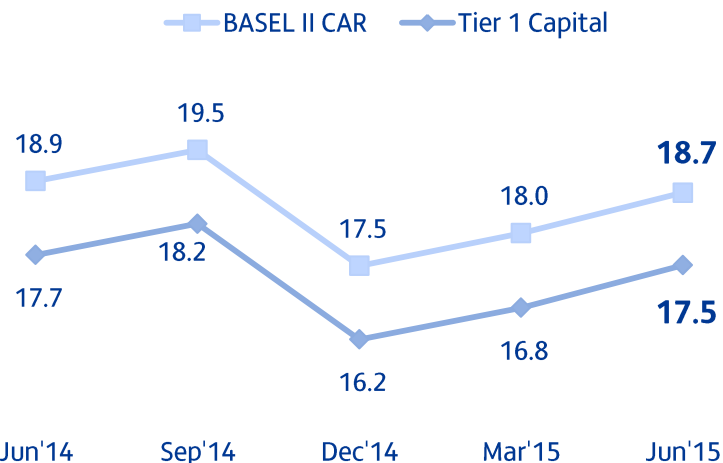
	Jun'15	Jun'14	YoY %	Mar'15	QoQ %
NPLs	3,949	3,939	0%	3,666	8%
Provisions	4,606	4,343	6%	4,623	0%
Specific	2,042	2,108	-3%	1,982	3%
General	2,564	2,235	15%	2,641	-3%

# Capital Strength (Basel II)

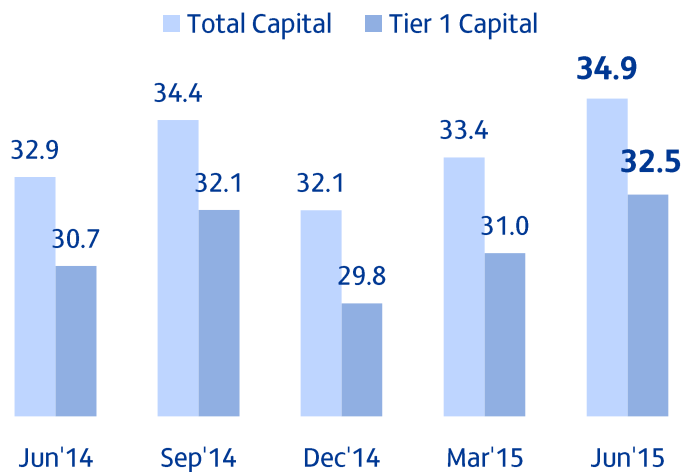
## HIGHLIGHTS

- Basel II total CAR and Tier 1 capital ratios remained robust at 18.7% and 17.5% respectively
- RWA grew by 7% YoY reflecting the growing balance sheet
- FGB's medium term Tier 1 capital floor under Basel II remains at 14%

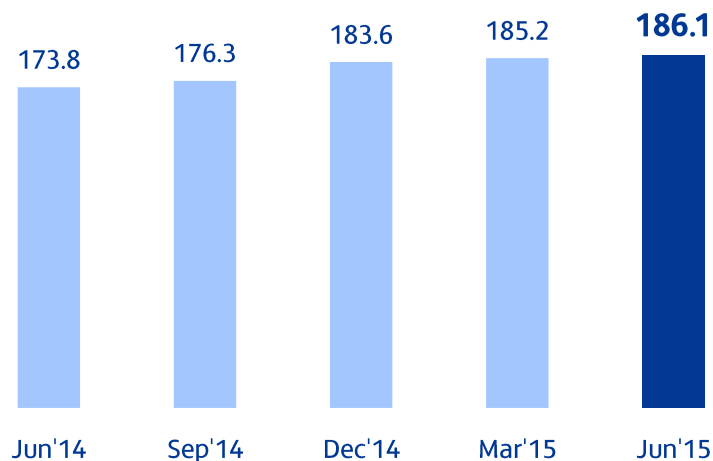
## CAPITAL ADEQUACY RATIO (%)



## CAPITAL BASE (AED BN)



## RISK WEIGHED ASSETS (AED BN)

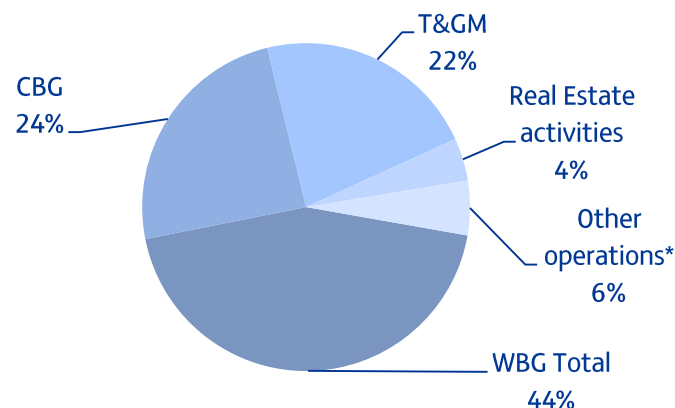


# Business Segment Contributions

## HIGHLIGHTS

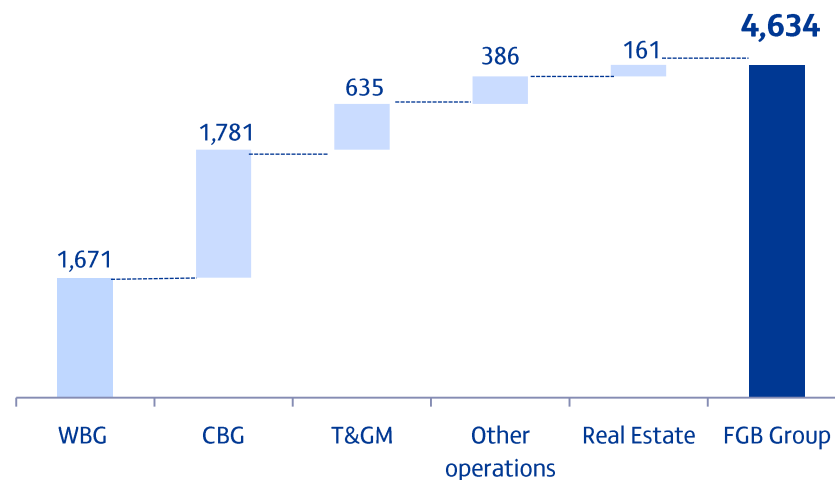
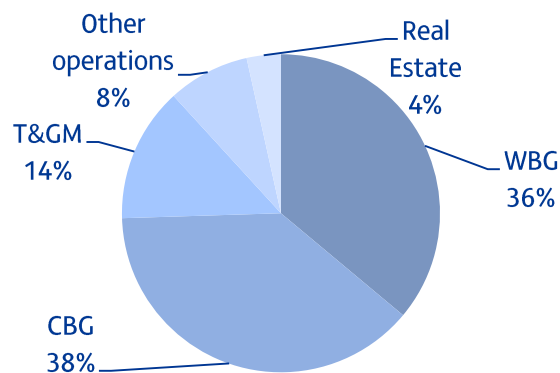
- Continued focus on enhancing core capabilities and on maximizing synergies between the three core businesses: Wholesale & International Banking Group (WBG), Consumer Banking Group (CBG), and Treasury & Global Markets Group (T&GM)
- These three pillars represent 90% of Group total assets as of Jun'15
- CBG generated 38% of H1'15 Group revenues, followed by WBG (36%) and T&GM (14%).

## ASSETS BREAKDOWN



\*Other Operations include subsidiaries and associates (other than real estate), and the Head Office

## SEGMENTAL REVENUE BREAKDOWN AND CONTRIBUTIONS TO GROUP REVENUE\* (AED Mn)



\*\*\*Effective 1st January, 2015, the Bank has changed its Funds Transfer Pricing Methodology ("FTP"). As a result of the change in the FTP, comparative figures relating to net interest income and income from Islamic financing as well as profit attributable to equity holders of the Bank for 2014 have been adjusted for consistency purposes."

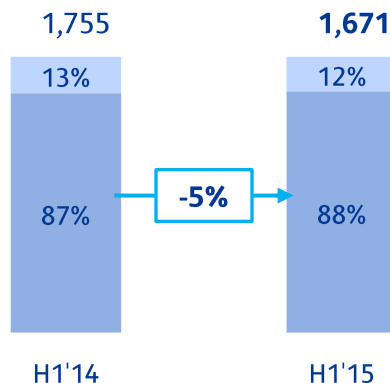


# Wholesale Banking Group - WBG

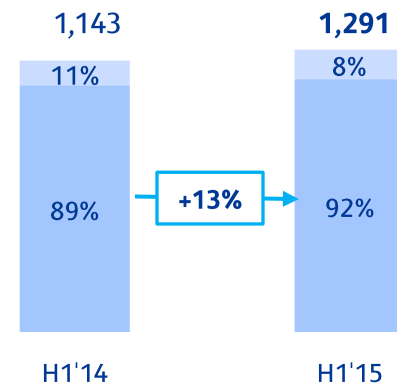
## HIGHLIGHTS

- Healthy commercial momentum supported 18% YoY assets growth for WBG
- Revenues were down 5% YoY mainly due to contracting NIMs
- Successful product mix diversification supported solid fee income growth during the period
- Net profit grew by 13% to AED 1,291Mn (AED +148Mn) thanks to expense control and lower provisions

## OPERATING INCOME (AED Mn)

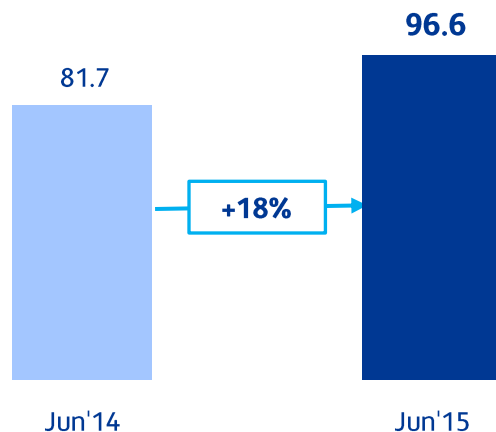


## NET PROFITS (AED Mn)

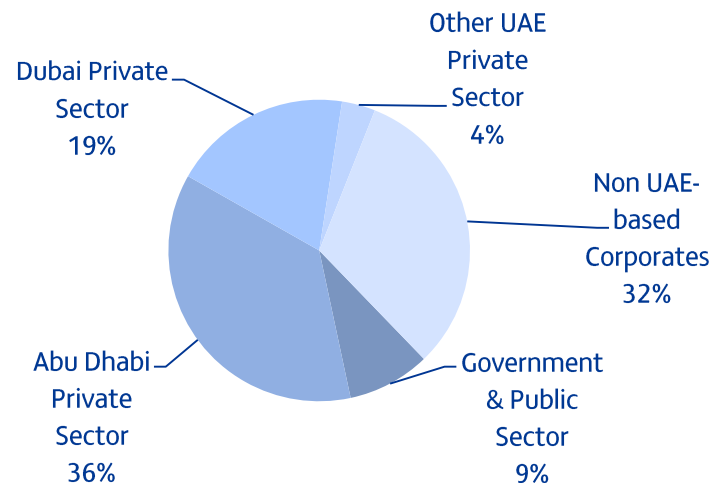


■ UAE Operations ■ International Operations ■ UAE Operations ■ International Operations

## TOTAL ASSETS (AED Bn)



## WHOLESALE GROSS LOAN PORTFOLIO (JUN'15)

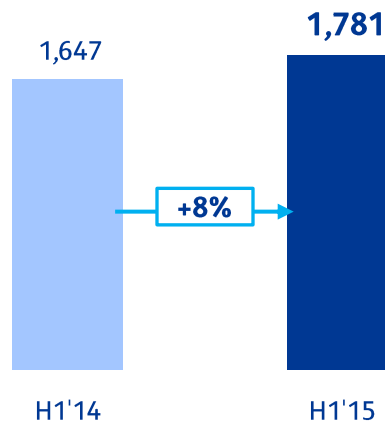


# Consumer Banking Group - CBG

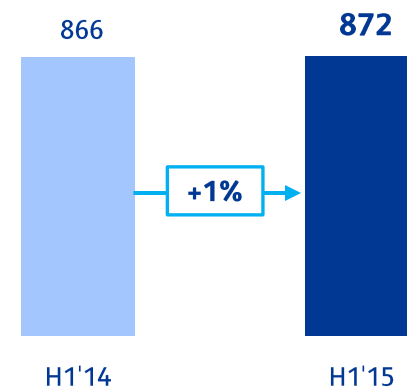
## HIGHLIGHTS

- Continued focus on product innovation and enhanced customer experience
- CBG revenues grew 8% YoY to AED 1,781Mn while Net Profit shows a 1% YoY increase
- Wealth Management , SME loans and credit cards remain key growth drivers representing 23% of the gross loan portfolio in H1'15 up from 19% in H1'14

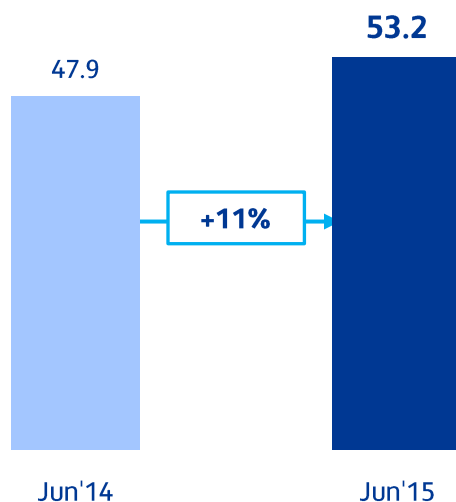
## OPERATING INCOME (AED Mn)



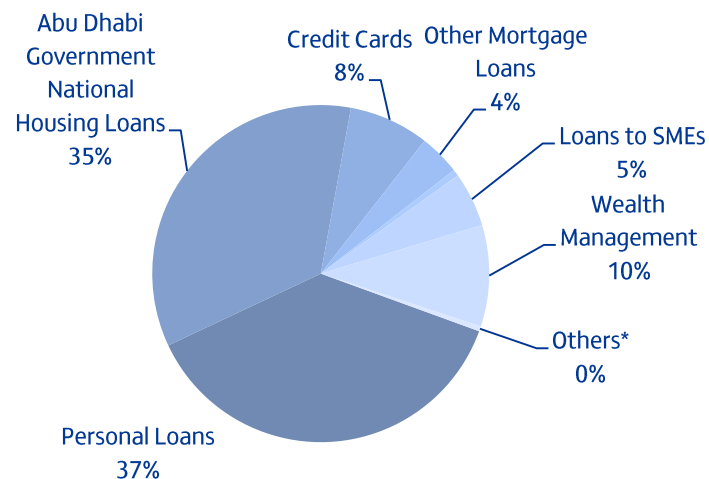
## NET PROFITS (AED Mn)



## TOTAL ASSETS (AED Bn)



## CONSUMER GROSS LOAN PORTFOLIO (JUN'15)



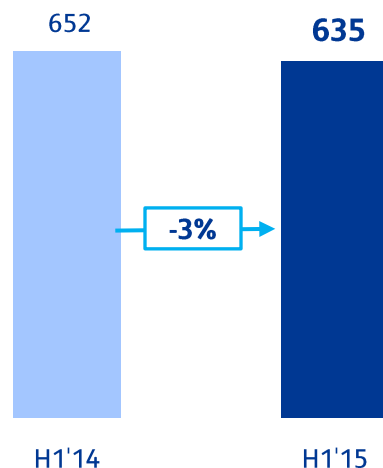
\*Auto loans and overdrafts

# Treasury & Global Markets – T&GM

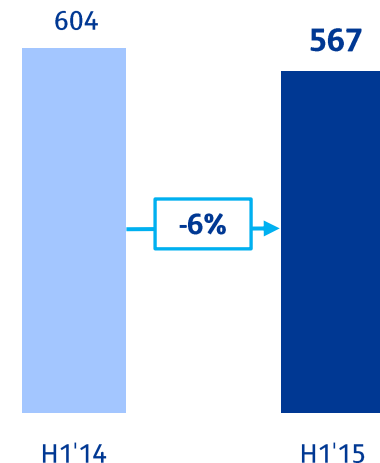
## HIGHLIGHTS

- Due to market volatility, T&GM revenues and net profits declined by 3% and 6% respectively in H1'15
- 92% of FGB's investment portfolio is in investment grade fixed income of which 58% is allocated to the GCC
- The average duration of the AFS portfolio is 2.88 years which represents 75% of the portfolio size
- 54% of Fixed Income is rated A- & above, 36% is rated between BBB+ & BBB-, the remaining 10% is either non rated or sub-investment grade
- The WARF of the portfolio is BBB

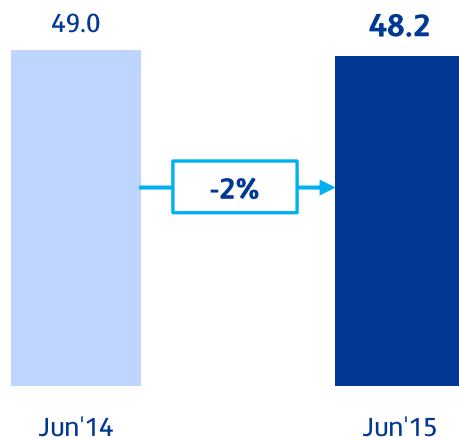
## OPERATING INCOME (AED Mn)



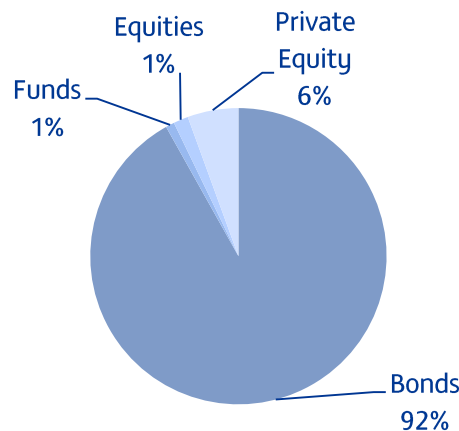
## NET PROFITS (AED Mn)



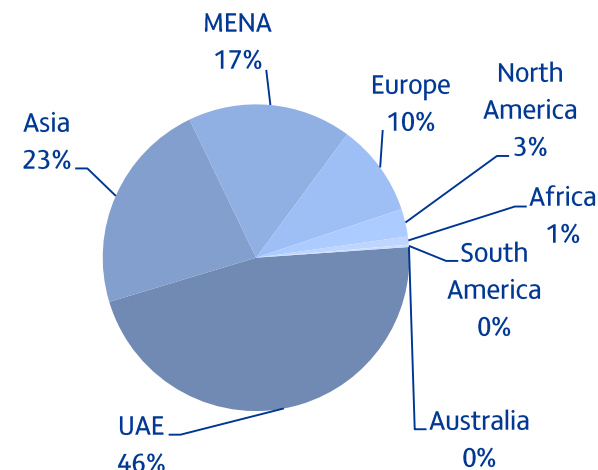
## TOTAL ASSETS (AED Bn)



## INVESTMENTS<sup>1</sup> BY TYPE



## INVESTMENTS<sup>1</sup> BY REGION



<sup>1</sup>Excluding Treasury Bills and bonds related to LCR portfolio

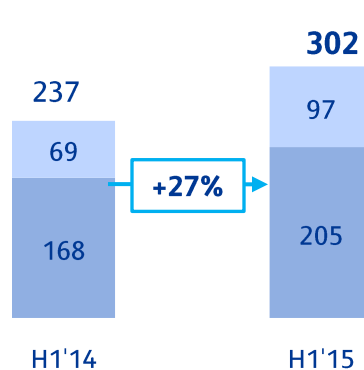
# Consumer Finance Subsidiaries

## Dubai First and Aseel Islamic Finance

### HIGHLIGHTS

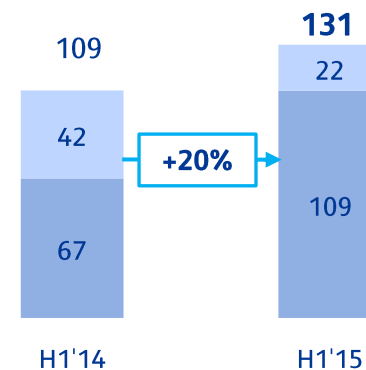
- Dubai First and Aseel are FGB's consumer finance subsidiaries specialised in credit cards and SME Islamic financing respectively
- The 2 companies generated combined revenues of AED 302Mn in H1'15, up 27% YoY, contributing 7% to Group revenue
- Aggregate net profit improved by 20% YoY to AED 131Mn, that is 5% of Group net profit
- Aggregate loan book grew by 18% YoY

### OPERATING INCOME (AED Mn)



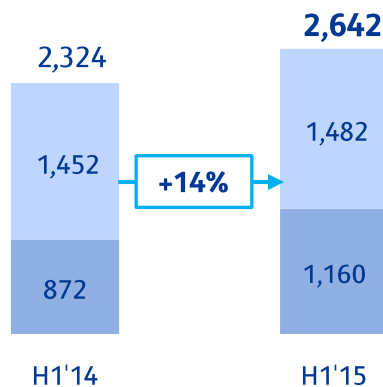
■ Dubai First ■ Aseel

### NET PROFITS (AED Mn)



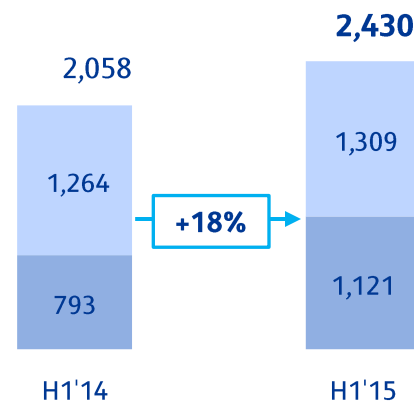
■ Dubai First ■ Aseel

### TOTAL ASSETS (AED Mn)



■ Dubai First ■ Aseel

### TOTAL LOANS (AED Mn)



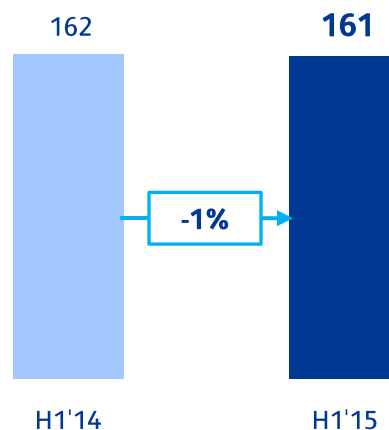
■ Dubai First ■ Aseel

# Real Estate Subsidiaries

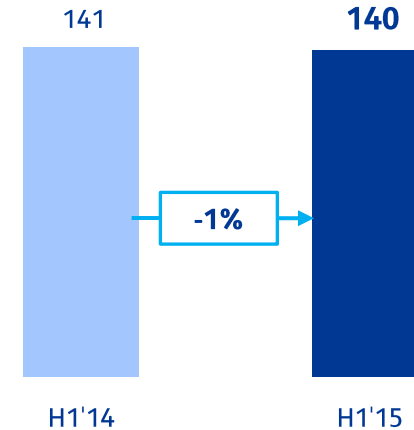
## HIGHLIGHTS

- Real estate revenues remained quasi-stable at AED 161Mn
- During Q2'15, the bank proceeded with the sale of Opal Tower located in Business Bay (Dubai) generating a gain of AED 51Mn
- H1'15 rental yield stood at 6.0%

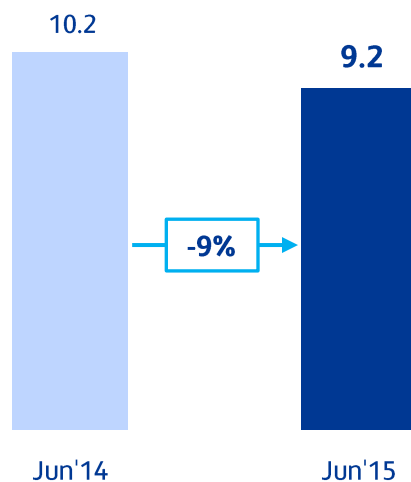
## OPERATING INCOME (AED Mn)



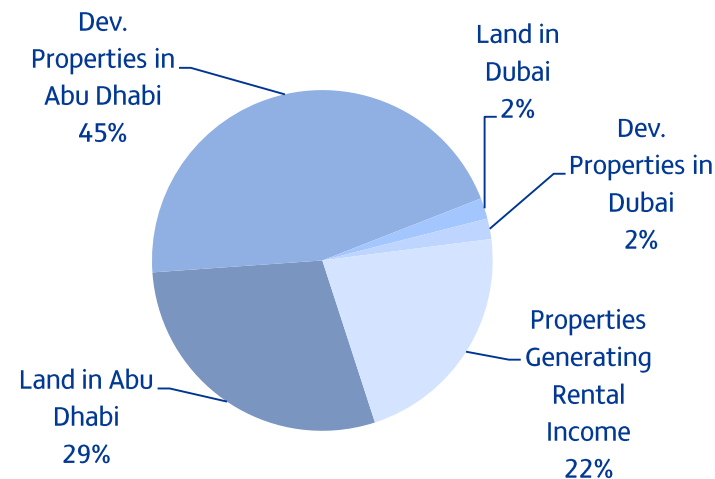
## NET PROFITS (AED Mn)



## TOTAL ASSETS (AED Bn)



## INVESTMENT PROPERTIES PORTFOLIO<sup>1</sup> (JUN'15)



<sup>1</sup>AED 8.3Bn as of June-end 2015

# Dividend History

	2014	2013	2012	2011	2010 <sup>1</sup>
NET PROFIT (AED MN)	5,656	4,774	4,154	3,707	3,420
CASH DIVIDEND (AED MN)	3,900	3,000	2,500	1,500	900
CASH DIVIDEND (% OF CAPITAL)	100%	100%	83%	100%	60%
BONUS SHARES (% OF CAPITAL)	15.38%	30%	-	100%	-
DIVIDEND PAYOUT RATIO (% OF NET PROFIT)	69%	63%	60%	40%	26%
BASEL II CAPITAL ADEQUACY AFTER DIVIDEND DISTRIBUTION <sup>2</sup>	17.5%	17.4%	18.7%	18.0%	19.5%

<sup>1</sup> Shares bought back in 2010: 5% of capital

<sup>2</sup>CAR adjusted from Tier 2 MoF Loan

# FY15 Financial Guidance Review

**Old**

**New**

**LOAN BOOK GROWTH**

High Single-Digit

10-12%

**REVENUE GROWTH**

Double-Digit

Mid-single digit

**NIMs**

25bps – 35bps decrease

25bps – 35bps decrease

**EXPENSES**

C/I Ratio: 23%-24%

C/I Ratio: 23%-24%

**ASSET QUALITY**

CoR ~ 100bps

CoR: 80-90bps

**NET PROFIT GROWTH**

Low Double-Digit

8-10%

**RoAE\***

18%

~18%

**TIER 1 CAPITAL\***

15%-16%

15%-16%

# FGB 2015 Awards



Seven Banker Middle East UAE Product Awards: ‘Best Call Centre’, ‘Best Credit Card’, ‘Best Personal Loan’, ‘Best Wealth Management Service/Proposition’, ‘Best Offshore Wealth Proposition’, ‘Best Deposit Account Product’ and ‘Best Bancassurance Product’



“Most Innovative Service Provider” - 2015 MENA IR Insurance Awards



The Banker 2015 Islamic Banker of the Year Awards - “Shariah-Compliant Window”



2015 Trade Finance Awards for Excellence: “Best Islamic Trade Finance Bank EMEA”

**THE ASIAN BANKER®** Asian Banker 2015 Middle East and Africa Country Awards: “Best Wealth Management in the Middle East Award” and “Best Mortgage and Home Loan Product in the Middle East Award”



2015 Global Capital Bond Market Awards: “Most Impressive Middle East Borrower Award”



2015 Smart Card and Payments Middle East Awards: “Best Commercial Card Across Middle East”



# Thank you!

## SAVE THE DATE

### FGB Analyst & Investor Day 2015

on Tuesday, September 15<sup>th</sup>, 2015 from 5pm onwards  
at the Yas Viceroy Abu Dhabi

For more Information:

Contact FGB Investor Relations Department: [ir@fgb.ae](mailto:ir@fgb.ae)

Visit our corporate website [www.fgb.ae](http://www.fgb.ae)

Follow FGB on social media:



Or download FGB's Investor Relations app: <https://www.myirapp.com/fgb/>

