

First Gulf Bank Profile

September 2010

(based on H1 2010 financials)

Highlights

- ◆ Headquartered in Abu Dhabi, First Gulf Bank (FGB) was incorporated in 1979. Late 90's, the ruling family of Abu Dhabi took a majority ownership of 45% of the bank and a new team took over the management of the bank since then. Today the Ruling family owns 67% of the bank
- ◆ First Gulf Bank has now 19 branches across the UAE. Staff strength stands at 895 In addition, there are around 1,250 outsourced sales agents for Retail products
- ◆ Listed in Abu Dhabi Securities Market since June 2002
- ◆ Affirmed "A+" by Capital Intelligence (Jul'09), "A+" by Fitch (Feb'10) and "A2" by Moody's (under review)
- ◆ Winner of "The UAE Bank of the year 2009" by "The Banker Awards UK" and "The UAE 2009 Strongest Bank" by The Asian Banker
- ◆ ISO 9001-2009 certified for all products and branches

Ownership

Ownership	Dec-06	Dec-07	Dec-08	Dec-09	Mar-10	Jun-10
Members of the Abu Dhabi ruling family	62.1%	61.3%	63.5%	66.2%	66.7%	66.9%
Other owners	37.9%	38.7%	36.5%	33.8%	33.3%	33.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Nationality	Dec-06	Dec-07	Dec-08	Dec-09	Mar-10	Jun-10
UAE National	92.6%	83.7%	84.3%	86.1%	86.5%	86.0%
GCC Nationals	5.6%	6.0%	5.2%	5.0%	4.9%	4.9%
Other foreign	1.8%	10.3%	10.5%	8.9%	8.6%	9.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Board of Directors – 2006 - 2011



Board of Directors 2006 - 2008	
H.H. Sheikh Hazza Bin Zayed Al Nahyan	Chairman
H.H. Sheikh Tahnoun Bin Zayed Al Nahyan	Vice Chairman
Abdulhamid Mohammed Saeed	Managing Director
Ahmed Ali Al Sayegh	Member
Khaldoon Khalifa Al Mubarak	Member
Khadem Khalifa Al Qubaisi	Member
Dhafer Sahmi Al Ahabbi	Member

Board of Directors 2009 - 2011	
H.H. Sheikh Hazza Bin Zayed Al Nahyan	Chairman
H.H. Sheikh Tahnoun Bin Zayed Al Nahyan	Vice Chairman
Abdulhamid Mohammed Saeed	Managing Director
Ahmed Ali Al Sayegh	Member
Khaldoon Khalifa Al Mubarak	Member
Khadem Khalifa Al Qubaisi	Member
Ahmed Darwish Al Marar	Member



Board of Directors (2009 – 2011)

H.H. Sheikh Hazza Bin Zayed Al Nahyan, Chairman ⁽¹⁾

H.H. Sheikh Tahnoon Bin Zayed Al Nahyan, Vice Chairman ⁽¹⁾

Abdulhamid Mohammed Saeed, Managing Director, Board Member

Abdulhamid Mohammed Saeed has over 26 years of experience in banking, 18 years of which were with Citibank. He joined FGB in September 1999 as the General Manager. Apart from being the Managing Director and Board Member of FGB, he is a Board Member of the Abu Dhabi Securities Exchange, Emirates Investment Authority, Emirates Integrated Telecommunications Company (DU), Chairman of Aseel Finance PJSC, Chairman of First Gulf Financial Services and the Managing Director of Al Reem Investments. He has a Bachelor of Science in Business Administration from the University of Arizona, USA

Ahmed Ali Al Sayegh, Board Member

Ahmed Ali Al Sayegh is involved in a number of development initiatives of the Abu Dhabi Government. Most notably he is the Chairman of ALDAR Properties Company PJSC and the CEO of Dolphin Energy Limited. He is also a Board Member of the UAE Offsets Group, Mubadala Development Company, Abu Dhabi Water and Electricity Authority, Etihad Airways, Abu Dhabi Insurance Company and Aabar Petroleum Investments Company

Over the last 24 years, he has worked in a wide range of positions of responsibility at leading Government organizations including the Abu Dhabi National Oil Company and Abu Dhabi Investment Company. He holds a degree in Economics and Finance from Lewis & Clark College, USA

Khaldoon Khalifa Al Mubarak, Board Member

Khaldoon Khalifa Al Mubarak began his career at the Abu Dhabi National Oil Company and held a number of positions at the UAE Offsets Group before assuming his position at FGB. He is the CEO and Managing Director of Mubadala Development Company, an investment vehicle wholly owned by the Government. He is the Chairman of the Executive Affairs Authority of the Government and also of The Imperial College London Diabetes Center. He is a member of the Abu Dhabi Executive Council, Abu Dhabi Education Council, and Abu Dhabi Council for Economic Development. He is a board member of Dolphin Energy Limited and of the Emirates Foundation and also sits on the boards of ALDAR Properties PJSC, LeasePlan Corporation and Piaggio Aero. He holds a degree in Economics and Finance from Tufts University, Boston, USA

Ahmed Darwish Al Marar, Board Member

Ahmed Darwish Dagher Al Marar is the Vice Chairman and Managing Director of Al Ain International Group and Al Bateen Investments. He is also the Director General of Budget at the Abu Dhabi Finance Department. Mr. Al Marar holds degrees from well-known British universities in Business Administration, Information Technology and Programming and Mechanical Engineering.

He has completed several academic programmes including Time Management, Community and Executive Management and Leadership Experience. He also chairs and serves on the Board of Directors of many companies both in Abu Dhabi and overseas. He particularly cares about community activities and has contributed to the creation of different social and sports related projects

Khadem Khalifa Al Qubaisi, Board Member

Khadem Abdulla Al Qubaisi has previously worked with the Abu Dhabi Investment Authority, as Senior Financial Analyst. He is the Managing Director of the International Petroleum Investment Company and the Chairman of Gulf Energy Maritime. He is a member of the Internal Audit Committee at Hyundai Oilbank Co. Ltd., Korea, and of Abu Dhabi Petroleum Investment Co. He is also Vice Chairman of Pak-Arab Refinery Ltd., Pakistan. He is a board member of Parkarab Fertilizers Co.(Pvt) Ltd., Pakistan, Borealis AG, Austria and AMI Agrolinz Melamine International GmbH, Austria. He has a degree in Economics

10 Years of Strong Financial Performance

1999	(AED Bn)
Assets	2.0
Loans & Advances	1.3
Deposits	1.4
Shareholders' Equity	0.5
Net Profit (Mn)	-49
Market Capitalization	0.9
EPS (AED)	-0.14
Branches	3
Staff	207
Rating [Non Investment Grade]	BB +



2009	(AED Bn)
Assets	125.5
Loans & Advances	90.4
Deposits	86.4
Shareholders' Equity	22.5
Net Profit (Mn)	3,310
Market Capitalization	22.1
EPS (AED)	2.06
Branches	19
Staff	969
Rating [Investment Grade]	A+

The most successful turnaround story in the UAE Banking Sector

June 2010 – Performance Analysis

June 2009	(AED)		June 2010	(AED)
Assets (Bn)	118.6	+11%	Assets (Bn)	131.5
Loans & Advances (Bn)	86.0	+10%	Loans & Advances (Bn)	94.2
Deposits (Bn)	79.2	+12%	Deposits (Bn)	88.4
Shareholders' Equity (Bn)	21.0	+10%	Shareholders' Equity (Bn)	23.2
Revenue (Mn)	2,632	+19%	Revenue (Mn)	3,126
Expense (Mn)	550	-7%	Expense (Mn)	513
Provisions (Mn)	555	+63%	Provisions (Mn)	904
Net Profit (Mn)	1,526	+12%	Net Profit (Mn)	1,707
EPS (AED)	0.92	+20%	EPS (AED)	1.10

Position in the UAE – Jun'10

- ◆ One of the largest **UAE** listed banks
 - ◆ 2nd by Market Capitalisation
 - ◆ 2nd by Net Profit
 - ◆ 2nd by Equity and 4th by Assets and Loans
- ◆ Amongst the leading **Abu Dhabi** listed banks
 - ◆ 2nd by Net Profit
 - ◆ 1st by Equity
 - ◆ 2nd by Market Capitalisation and 3rd largest by Assets
 - ◆ 21% market share of customer loans and 22.1% of customer deposits.
- ◆ Total assets: 2006-2009 CAGR of +38.0%
- ◆ Shareholders' equity: 2006-2009 CAGR of +36.6%
- ◆ Net profit: 2006-2009 CAGR of +29.2%

Key Ratios 2006 - 2010

Ratio	Dec-06 %	Dec-07 %	Dec-08 %	Dec-09 %	Jun -10 %
Return On Average Assets	4.2	3.3	3.3	2.8	2.7
Return On Average Equity	18.3	21.0	22.5	16.8	14.9
Non-Interest Income / Total Income	42	50.3	41.7	37.3	33.6
Net Interest Margin	2.9	2.7	3.1	3.7	3.6
Cost to Income Ratio	19.4	21.6	24.2	17.5	16.4
Loan to Deposit Ratio	73.0	85.0	107.0	104.6	106.5
NPLs To Gross Loans	1.4	1.0	0.6	1.6	2.5
Provision Coverage	129.6	144.6	232.9	174.4	126.2
Capital Adequacy	21.3	15.0	14.1	22.6	23.3

Solid Balance Sheet reflected in very strong Ratios

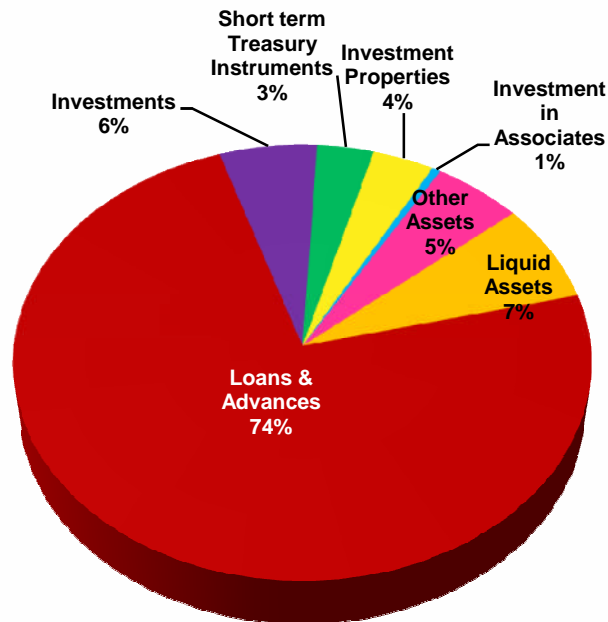
Capital Adequacy – Jun'10

Particulars (AED' Mn)	Dec'08	Dec'09	Mar'10	Jun'10
Capital Base:				
Tier 1 Capital	16,122	22,268	22,870	23,597
Tier 2 Capital	-19	4,420	4,425	4,470
Deductions for investment in unconsolidated associate companies	-553	-561	-548	-551
Capital Base	15,550	26,126	26,747	27,516
Risk Weighted Assets:				
Balance Sheet items	86,899	89,851	91,831	91,072
Off-Balance Sheet exposures	23,451	25,834	26,608	26,977
Total Risk Weighted Assets	110,350	115,685	118,439	118,049
Tier 1 Ratio (%)	14.6%	19.2%	19.3%	20.0%
Total Risk Assets Ratio (%)	14.1%	22.6%	22.6%	23.3%

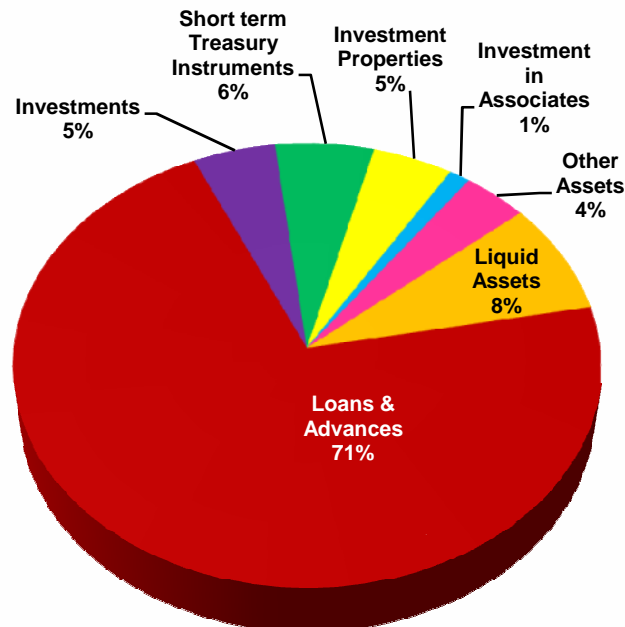
During 2009, MOF Deposits of AED 4.5Bn were converted into a 7 year Tier 2 Capital

Assets Mix

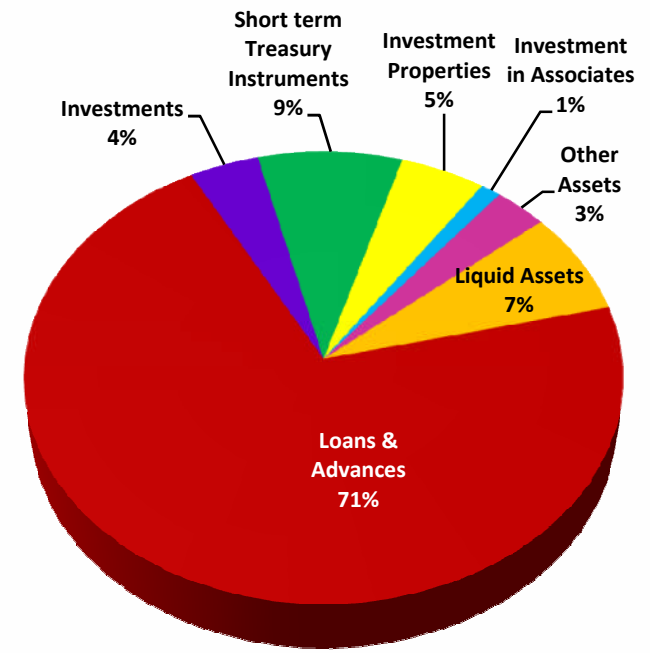
2008



2009



Jun'10



Total Assets AED 107.5 Bn

+17%

Total Assets AED 125.5 Bn

+5%

Total Assets AED 131.5 Bn

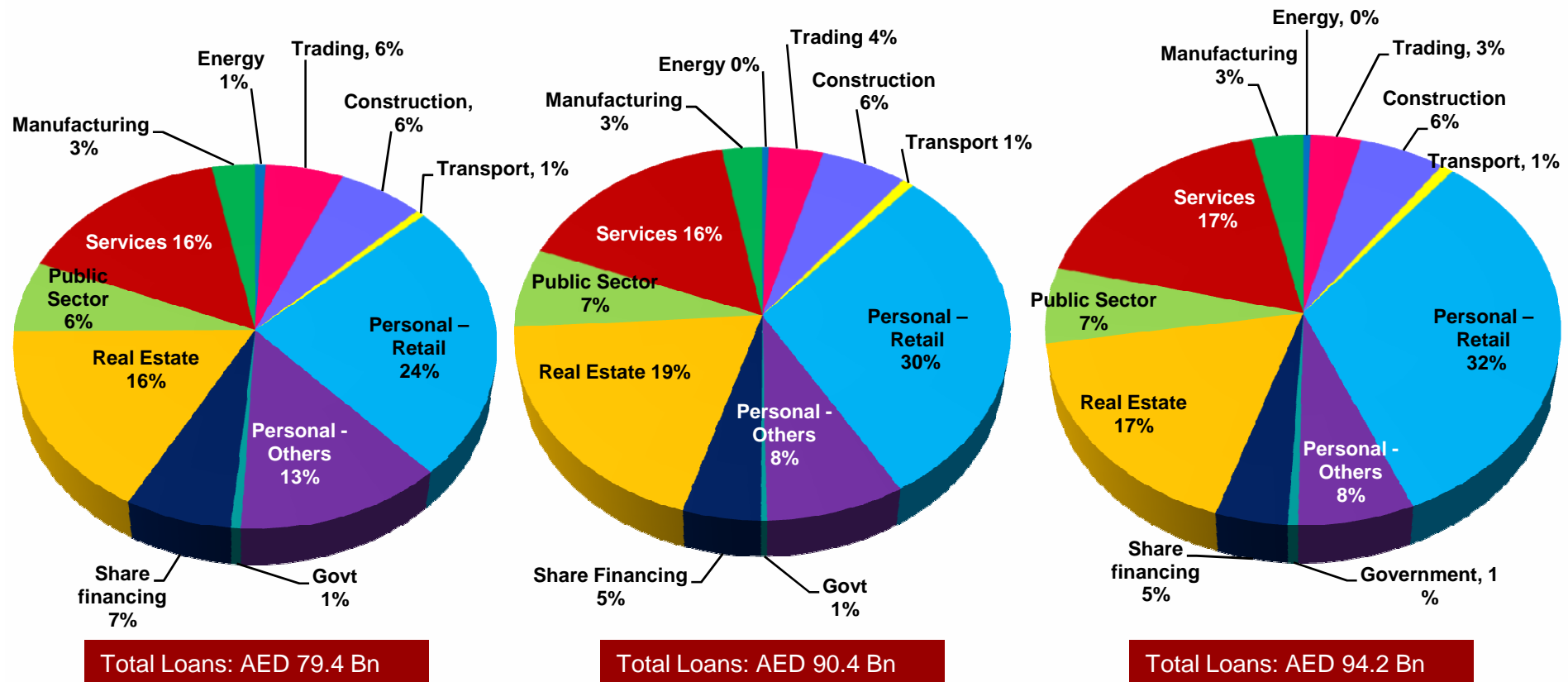
Optimizing Efficiency of Asset Allocation while managing appropriate liquidity level

Loans Portfolio Analysis

2008

2009

Jun'10



Consistent, Balanced Growth, No Risk Concentration

First Gulf Bank

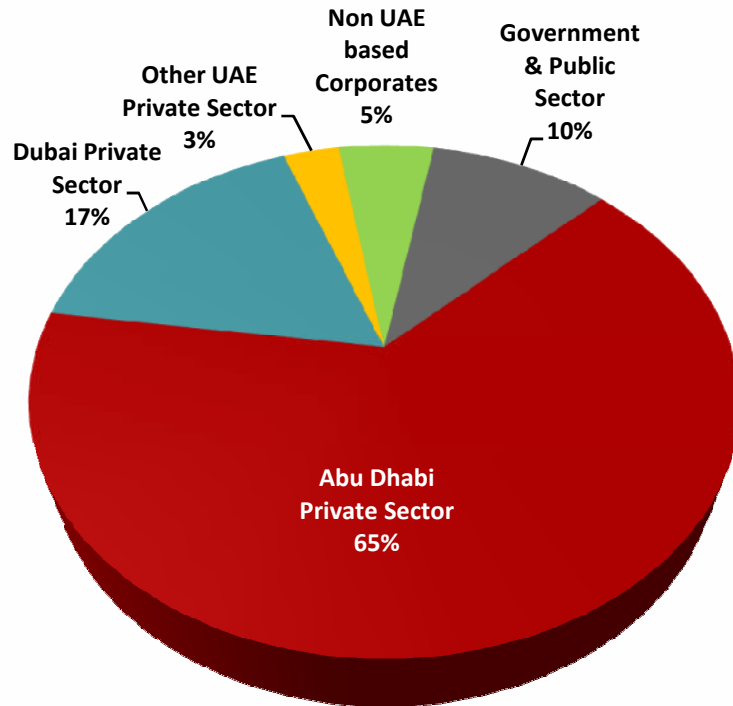


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Loans Portfolio Analysis –June 2010

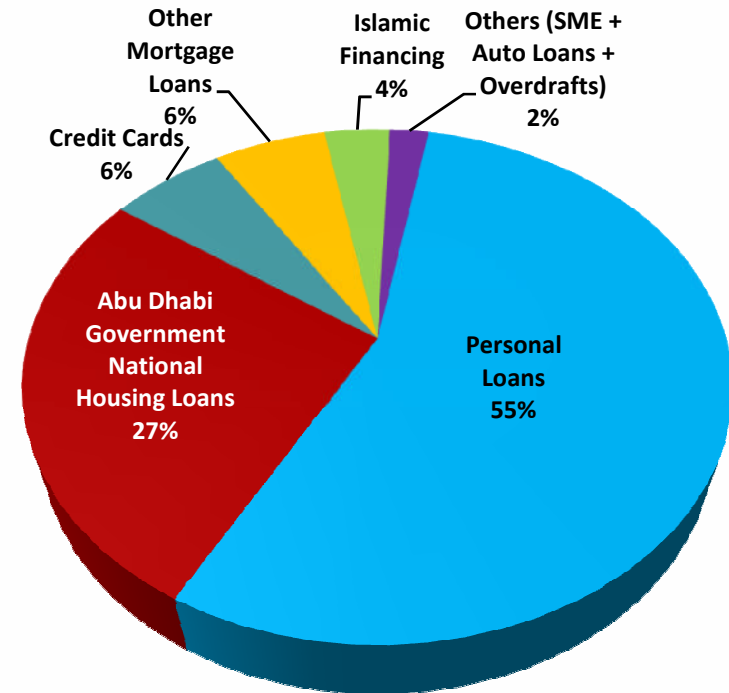
Corporate



Total Gross Loans: AED 65,731 Mn

Strength in Abu Dhabi, No Regional Risk Concentration

Retail



Total Gross Loans: AED 32,091 Mn

UAE Nationals 82%, Expats 18%

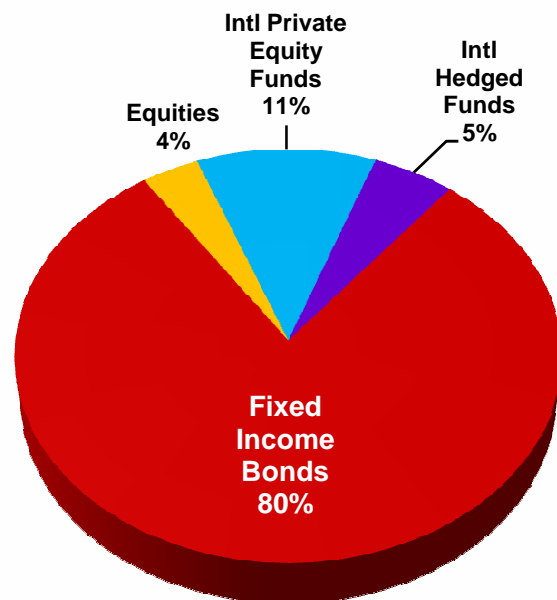
Loan Portfolio Quality

AED Mn	2008	2009	Jun' 10
Performing Loans	80,014	91,465	94,852
NPL's (+180 days)	490	1,450	2,467
Total Gross Loans	80,504	92,915	97,319
Provisions	1,141	2,529	3,114
NET LOANS	79,363	90,386	94,205
NPL's / Gross Loans	0.6%	1.6%	2.5%
Provisions to Gross Loans	1.4%	2.7%	3.2%
Provision Coverage	233%	174%	126.2%
Net Provision Charge for the year	566.4	1,680.5	903.6
Net Provision Charge for the year (%)	0.7%	1.8%	1.9%

- Prudent provisioning policy reflected in higher Provisions to Gross Loans (3.2%) and higher Provision charge for the period (1.9%)
- Past dues above 90 days and below 180 days amounted to AED 2.038 Bn as of 30 June 2010

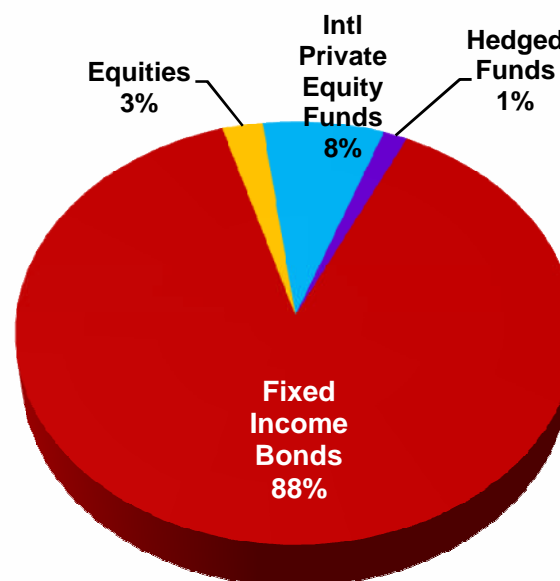
Treasury Investments Portfolio Analysis

2008



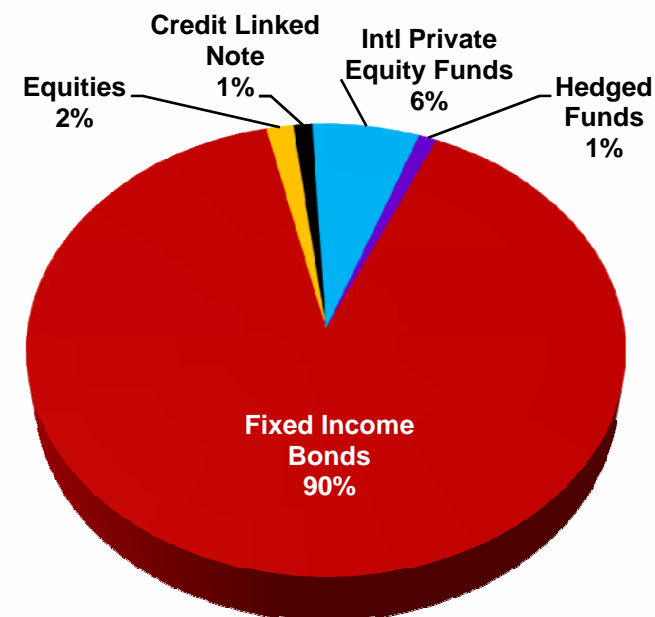
Total Treasury Investments AED 10.0 Bn

2009



Total Treasury Investments AED 13.5 Bn

Jun'10

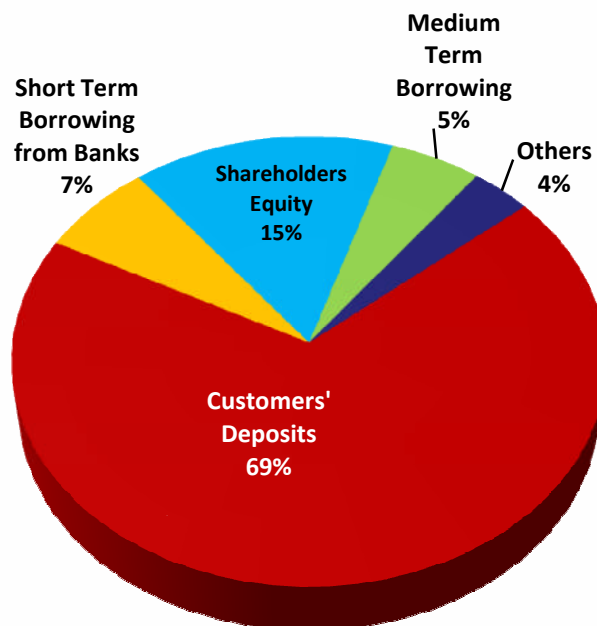


Total Treasury Investments AED 16.4 Bn

- 90% of the Investment Portfolio is composed of Fixed Income generating stable Interest Income including AED 11 Bn of US Treasury Bills as liquid instruments
- Hedge Funds on Exit Strategy

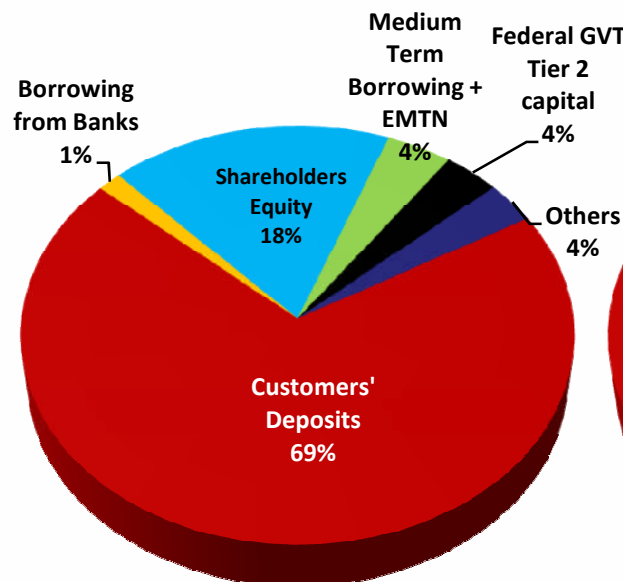
Funding Mix

2008



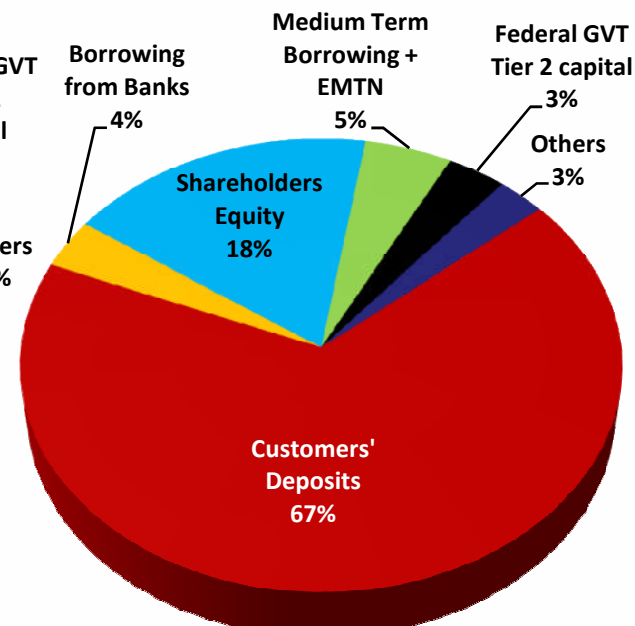
Total Sources of Funds AED 107.5 Bn

2009



Total Sources of Funds AED 125.5 Bn

Jun'10



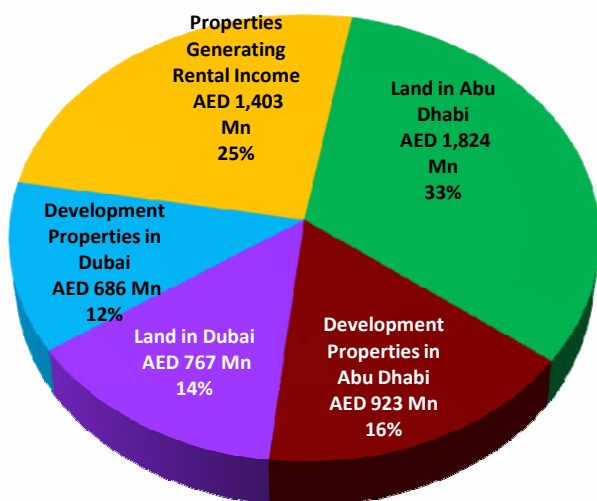
Total Sources of Funds AED 131.5 Bn

Medium and Long term sources of funding:

- AED 4Bn (US\$ 1.1Bn) Perpetual Tier 1 Notes from Government of Abu Dhabi
- AED 4.5Bn (US\$ 1.2Bn) deposits from MOF converted into Tier 2 Notes
- 5 year Club loan of US\$ 825 Mn
- US\$ 500Mn, 3 year EMTN Notes
- 4 Bilateral loans of US\$ 525Mn

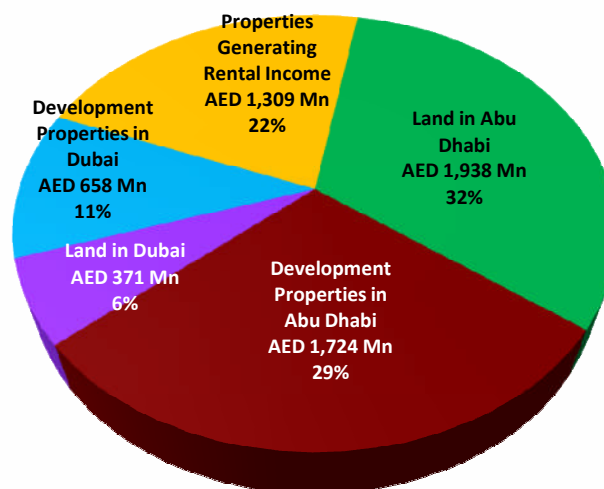
Investment Properties

Sep'09



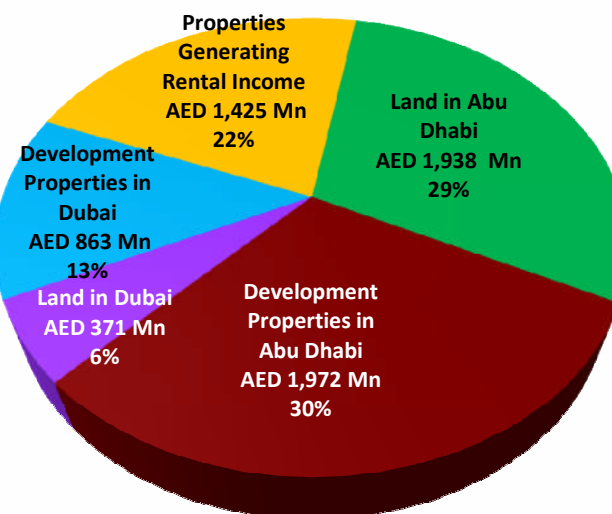
Total Investment Properties
AED 5.6 Bn

Dec' 09



Total Investment Properties
AED 6.0 Bn

Jun' 10

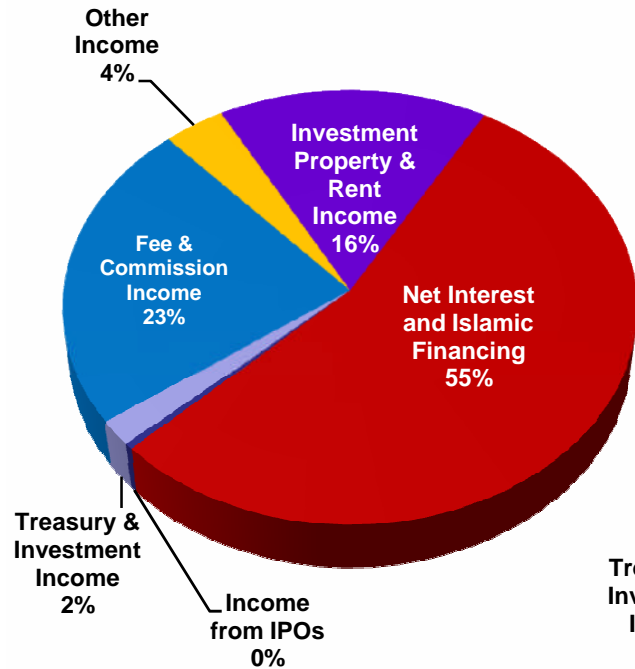


Total Investment Properties
AED 6.6 Bn

- Total Investment properties are at AED 6.6 Bn representing 5 % of Total FGB Group assets
- In Sep'09, AED 1.6 Bn of Properties under development have been transferred from Fixed Assets to Investment Properties as per new accounting standards.
- Properties under Development were marked to Market in Dec'09
- All properties are valued by independent professional valuers

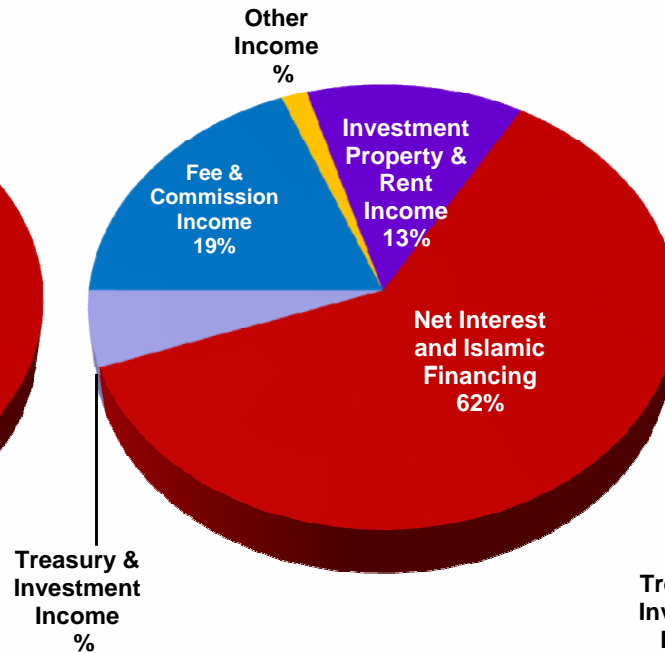
Revenue by Products

2008



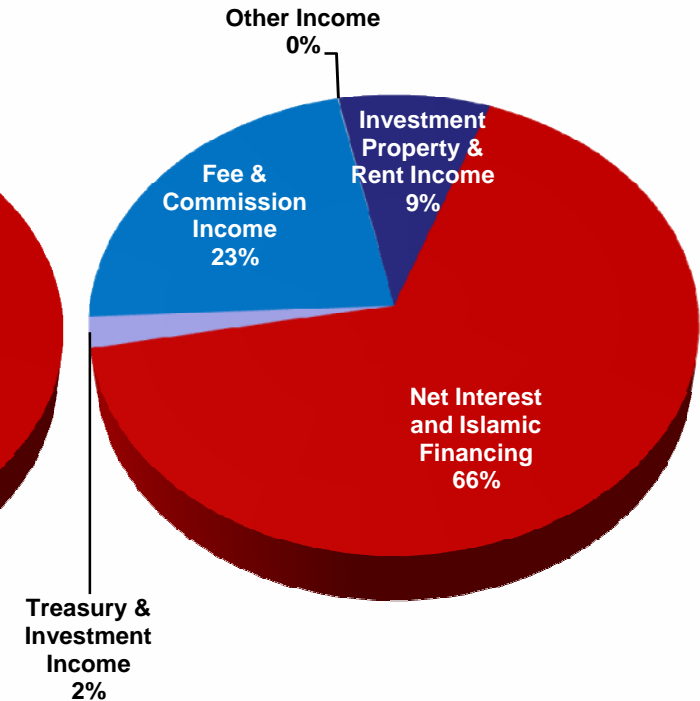
Total Operating Income AED 4,698 Mn

2009



Total Operating Income AED 6,164 Mn

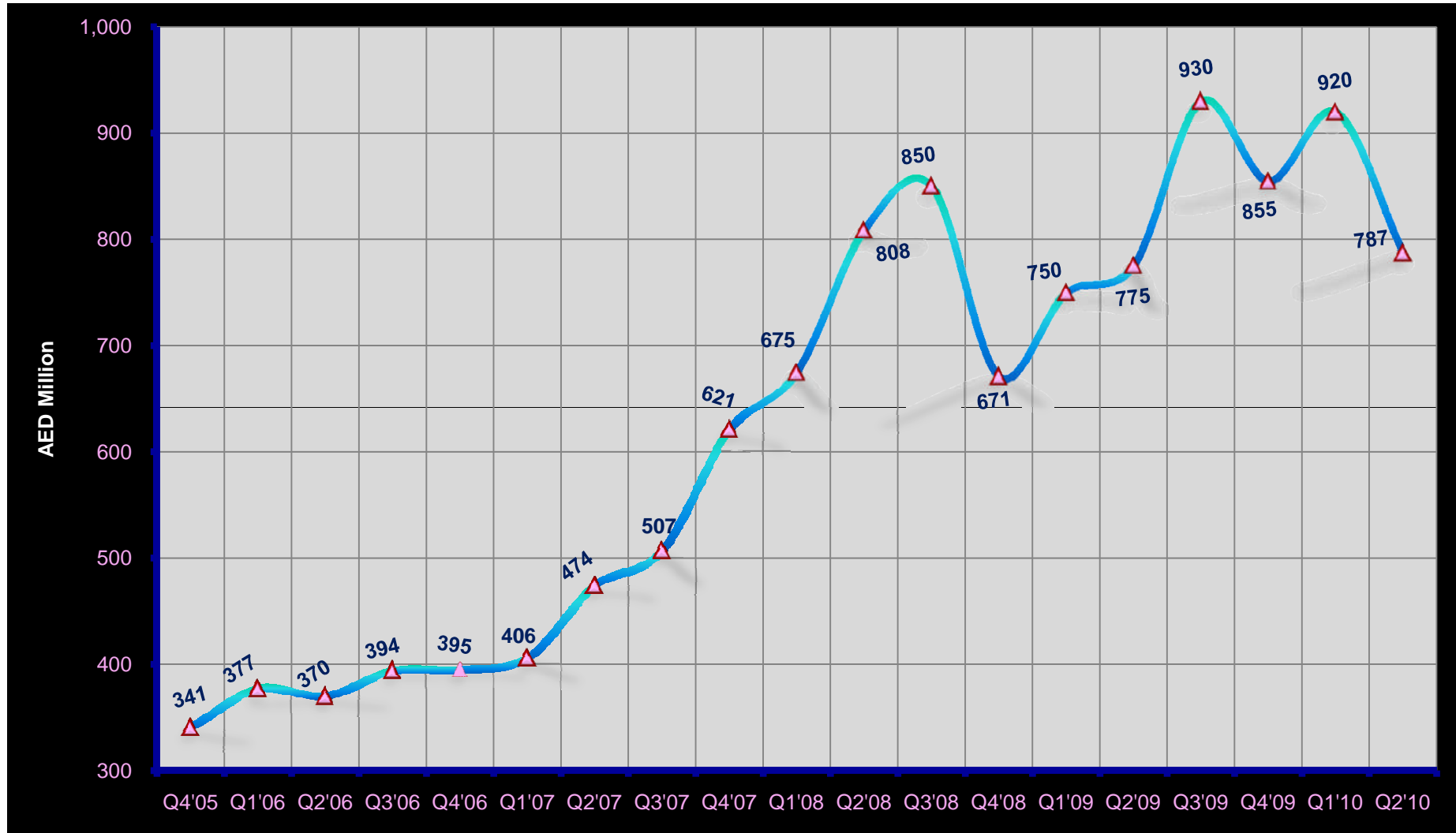
Jun'10



Total Operating Income AED 3,126 Mn

Core banking revenue generated in Q2'10 through Net Interest, Fees and Commissions represented 89% of the total revenue (81% in 2009)

Net Profit - Quarter Trends



Business Lines – Brief Description

- ◆ Core Banking activities through Corporate Banking, Treasury & Investments, Retail Banking, Islamic Banking, Corporate Finance

- ◆ 5 Subsidiaries and Associate Companies

Subsidiaries

- Mismak (100%): Property Development Company
- First Merchant International (100%): Merchant Banking / Private Equity

Associate Companies

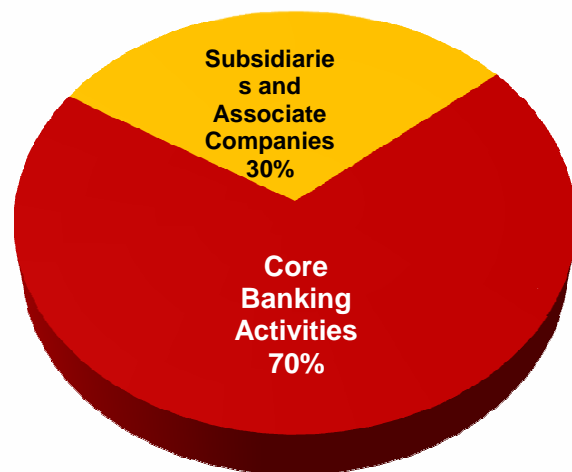
- First Gulf Financial Services (45%): Local Equity Brokerage
- Green Emirates Properties (40%): Property Management and Real Estate Brokerage
- Aseel Finance (40%): Islamic Mortgage Finance

FGB's core banking activities are supported by other sources of income generated by subsidiaries and associate companies

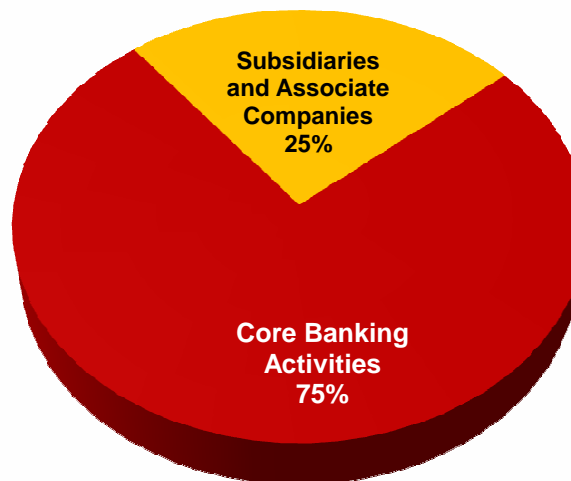
Net Profit Analysis: Business Lines Contribution

Sources of Income (AED Mn)	2008	% of Total	2009	% of Total	JUN' 2010	% of Total
Core Banking Activities	2,102	70%	2,496	75%	1,455	85%
Subsidiaries and Associate Companies	903	30%	814	25%	252	15%
TOTAL	3,005	100%	3,310	100%	1,707	100%

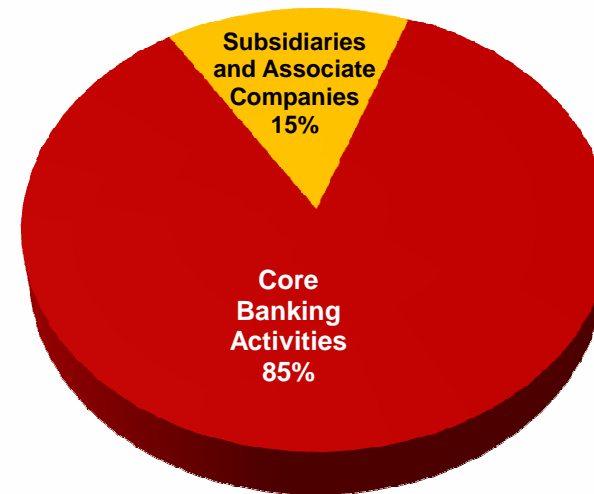
2008



2009



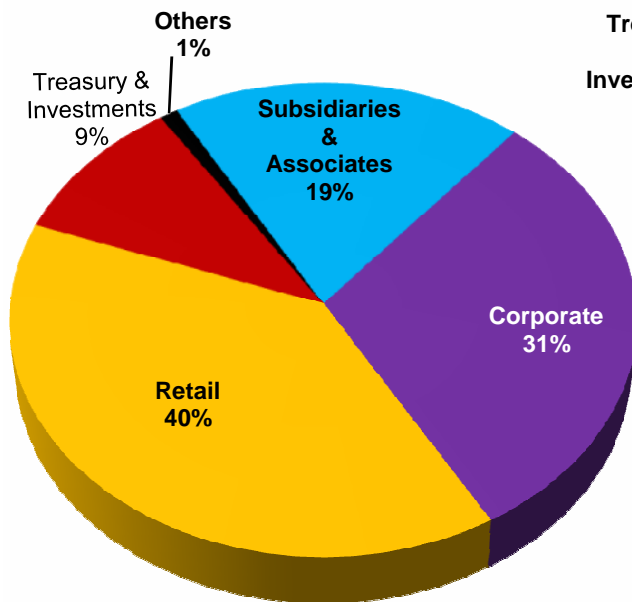
Jun'10



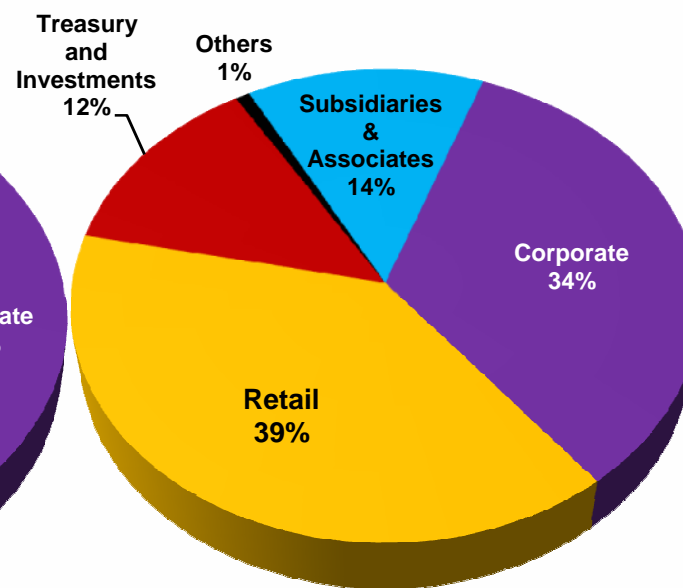
Steady increase in reliance on Core Banking Business over the years

Revenue Analysis by Business Segments

2008



2009



Jun'10



Balanced contribution of Business Segments in line with market opportunities
Corporate and Retail making the most of the revenue

Business Lines - Corporate

The Corporate Banking Group offers the whole spectrum of financial services for medium to large size corporates, and focuses on various industries, namely Oil & Gas, Manufacturing, Energy and Real Estate. It has in its fold the following units:

- ◆ Institutional Banking: main focus is on financial institutions, international and regional syndications, structured deals, Initial Public Offerings (IPO)
- ◆ Private Banking Group: offers highly confidential customized and diversified range of products through a team of experts in Real Estate, Funds, and Equities
- ◆ Islamic Banking window: offers all types of Islamic products, namely Murabaha, Ijara, Mudaraba and other Islamic financing and investments.

Corporate Banking – Quarterly Trends

Corporate banking (AED Mn)	Q1, 08	Q2, 08	Q3, 08	Q4, 08	Q1, 09	Q2, 09	Q3, 09	Q4, 09	Q1, 10	Q2, 10
Assets	43,240	51,202	58,442	59,221	61,139	61,547	64,386	63,406	64,000	62,713
% Growth	19%	18%	14%	1%	3%	1%	5%	-2%	1%	-2%
Operating income	266	381	440	392	454	548	566	558	614	583
% Growth	18%	43%	16%	-11%	16%	21%	3%	-1%	10%	-5%
Profit	134	223	372	225	302	383	223	31	392	323
% Growth	-15%	67%	67%	-40%	34%	27%	-42%	-86%	1,164%	-18%

Business Lines – Treasury & Investments

The Treasury & Investments Banking Group deals with the following range of products:

- ◆ Foreign Exchange & Money Market
- ◆ Derivatives & Structured Products Advisory
- ◆ Local and International Equity Brokerage
- ◆ Hedge Funds & Private Equity Funds
- ◆ Bonds / Fixed Income
- ◆ Proprietary Local, and International Equities
- ◆ Proprietary and Margin Trading
- ◆ Portfolio Management (2 proprietary funds)

Treasury & Investments – Quarterly Trends

Treasury & Investments (AED Mn)	Q1, 08	Q2, 08	Q3, 08	Q4, 08	Q1, 09	Q2, 09	Q3, 09	Q4, 09	Q1, 10	Q2, 10
Assets	22,052	19,842	18,943	18,483	15,562	21,469	22,193	22,013	26,978	25,049
Liquid Assets	12,558	9,524	7,569	7,842	3,362	9,794	9,927	8,553	12,307	8,230
Other Fixed Income Bonds	6,508	7,199	4,953	4,298	4,337	4,164	5,046	4,555	3,729	3,741
US Treasury Bills	0	0	3,645	3,660	5,500	5,505	5,504	7,344	9,175	11,014
Funds & Equities (Hedge Funds, Private Equity Funds, Local Equity)	2,264	2,528	2,384	2,021	1,730	1,633	1,722	1,567	1,599	1,482
Others	722	591	392	662	633	373	-6	-6	168	582
Operating Income	101	215	110	11	246	70	230	209	140	56
Net Interest Income	75	105	140	155	187	70	80	93	79	67
Non Interest Income	26	110	-30	-144	59	0	150	116	61	-11
Profit	89	201	97	-11	186	35	196	192	128	42

- Treasury Division efficiently manages an appropriate level of liquidity
- Investment Division prudently manages a Non Trading investment portfolio

Business Lines – Retail

The Retail Banking Group has a suite of products in:

- ◆ Personal Loans
- ◆ Credit Cards Visa & MasterCard
- ◆ Auto Loans
- ◆ Islamic products
- ◆ Housing and Mortgage Loans
- ◆ Small Businesses Loans
- ◆ Current, saving and investment accounts
- ◆ Wealth Management

The Retail Banking products are offered through diversified delivery channels:

- ◆ Branches and ATMs
- ◆ Internet Banking
- ◆ Phone Banking
- ◆ Call Center

Retail Banking – Quarterly Trends

Retail banking (AED Mn)	Q1, 08	Q2, 08	Q3, 08	Q4, 08	Q1, 09	Q2, 09	Q3, 09	Q4, 09	Q1, 10	Q2, 10
Assets*	10,359	13,946	17,158	19,481	21,914	24,216	25,775	27,052	29,017	30,964
% Growth	40%	35%	23%	14%	12%	11%	6%	5%	7%	7%
Operating income	356	502	511	498	570	614	624	597	659	712
% Growth	65%	41%	2%	-3%	14%	8%	2%	-4%	10%	8%
Profit	208	323	319	194	347	366	339	244	379	414
% Growth	134%	55%	-2%	-39%	78%	5%	-7%	-28%	55%	9%
<i>* Including NHL Loans</i>	639	1,089	1,667	2,579	3,708	4,831	5,689	6,416	7,408	8,281

Dividend Distribution

DESCRIPTION	2003	2004	2005	2006	2007	2008	2009
NET PROFIT (Mn)	120.9	244.9	1,055.7	1,535.9	2,008.2	3,005.3	3,310.3
CASH DIVIDEND (% of Capital)	10%	20%	25%	70%	20%	35%	50%
BONUS SHARES (% of Capital)	-	5%	25%	-	10%	-	-
DIVIDEND PAYOUT RATIO (% of Net Profit)	32%	40%	47%	57%	19%	16%	20%
YIELD	1.2%	6.1%	26.0%	5.7%	10.9%	3.8%	3.1%

Maximizing Value for our Shareholders

Short Term Priorities and Future Plans

- ◆ Continue on strengthening the Balance Sheet through appropriate Liquidity and Capitalization levels, continuous protection and improvement of Asset Quality, balanced asset allocation with focus on the most profitable businesses.
- ◆ Continue the diversification of sources of income through a balanced product mix and a balanced business lines contribution
- ◆ Continue the geographic diversification through an expansion strategy for our physical presence in Libya and Singapore and through a progressive built strategy of the Rep Offices (London, Doha and Mumbai).
- ◆ Position the bank to take advantage of new available growth opportunities beyond the international and regional financial crisis.
- ◆ Maximize value for shareholders through healthy profitability, efficiency and Capital adequacy ratios.

FGB - A Bright Future Outlook

FGB is very well positioned to continue generating value to its shareholders in 2010 and beyond. Why?

- ◆ FGB model is founded on two important criteria:
 - Solid Balance Sheet
 - Sound Profitability.
- ◆ Strong and Stable Shareholders' Base.
- ◆ Visionary, experienced and professional Board of Directors.
- ◆ Capable, professional and stable Management team.
- ◆ Continuous Government support to the entire Banking Sector.
- ◆ FGB is Abu Dhabi based. Bright outlook for Abu Dhabi / UAE Economy.
- ◆ Prudent Credit and Risk Management policies in place.
- ◆ Well Diversified Sources of Funds and Sources of Income.
- ◆ High efficiency in Cost Management.
- ◆ Prudent provisioning policy.
- ◆ Large Equity Base, High Capital Adequacy Ratio and Low Leverage.
- ◆ Well planned overseas expansion

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