



# FIRST GULF BANK

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Q4/FY'13 EARNINGS PRESENTATION

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# Q4/FY'13 PERFORMANCE KEY HIGHLIGHTS

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- ▶ Record 2013 Net Profits at AED 4,774Mn (+15% YoY);  
Q4'13 bottom line at AED 1,372Mn (+15% QoQ; +19% YoY)
- ▶ 2013 Revenues up 16% YoY to AED 8,421Mn driven by effective balance sheet management, sustained NIMs, and continued revenue diversification
- ▶ Healthy credit quality metrics (NPL ratio: 3.3%; provision coverage: 91.1%)  
Superior cost efficiency (cost-to-income ratio: 21.0%)  
Comfortable liquidity and capital ratios (L/D ratio: 92.0%; total CAR: 17.5%)
- ▶ Successful consolidation of Dubai First in Q4'13
- ▶ RoAE and RoAA improved to 15.8% and 2.6% respectively (from 14.8% and 2.5% in 2012)
- ▶ Suggesting 100% cash dividends and 30% bonus shares for FY'13, subject to UAE Central Bank & AGM approvals

# SUMMARY FINANCIALS

INCOME STATEMENT (AED MN)	FY'13	FY'12	△ YoY	Q4'13	Q3'13	△ QoQ	Q4'12	△ YoY
Net Interest and Islamic Financing Income	5,994	5,520	9%	1,619	1,525	6%	1,470	10%
Other Operating Income	2,427	1,750	39%	856	527	63%	537	60%
<b>Operating Income</b>	<b>8,421</b>	<b>7,270</b>	<b>16%</b>	<b>2,475</b>	<b>2,052</b>	<b>21%</b>	<b>2,006</b>	<b>23%</b>
G & A expenses	(1,766)	(1,426)	24%	(533)	(431)	24%	(401)	33%
Provisions/ Impairments	(1,820)	(1,653)	10%	(546)	(423)	29%	(428)	28%
Taxes	(33)	(20)	64%	(9)	(5)	71%	(12)	-26%
Minority Interest	(28)	(17)	67%	(16)	(4)	288%	(17)	-6%
<b>Net Income</b>	<b>4,774</b>	<b>4,154</b>	<b>15%</b>	<b>1,372</b>	<b>1,190</b>	<b>15%</b>	<b>1,149</b>	<b>19%</b>
Earnings Per Share (AED)	1.54	1.30	18%					

BALANCE SHEET (AED BN)	DEC'13	DEC'12	△ YoY	SEP'13	△ QoQ
Net Loans & Advances	126.9	114.6	11%	126.9	0%
Customer Deposits	138.0	119.3	16%	132.6	4%
Total Assets	195.0	175.0	11%	189.6	3%
Shareholders' Equity	31.2	29.3	6%	29.8	5%

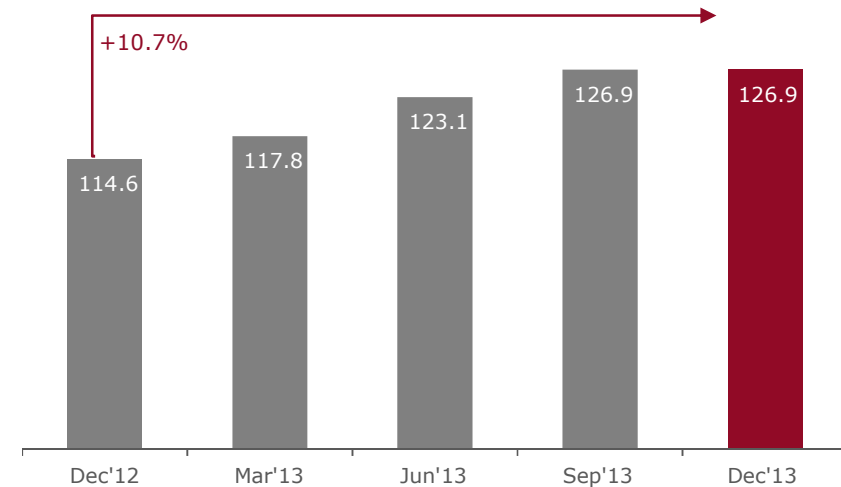
KEY RATIOS (%)	FY'13	FY'12	△ YoY
Net Interest Margin	3.7	3.7	-1bps
Cost-to-Income Ratio	21.0	19.6	136bps
Non-Performing Loan ratio	3.3	3.3	-2bps
Provision Coverage	91.1	96.1	-500bps
Loan-to-Deposit Ratio	92.0	96.1	-408bps
Return on Average Equity	15.8	14.8	93bps
Return on Average Assets	2.6	2.5	8bps
Capital Adequacy Ratio (Basel II)	17.5	21.1	-356bps

# ASSET MIX AND LENDING ACTIVITY

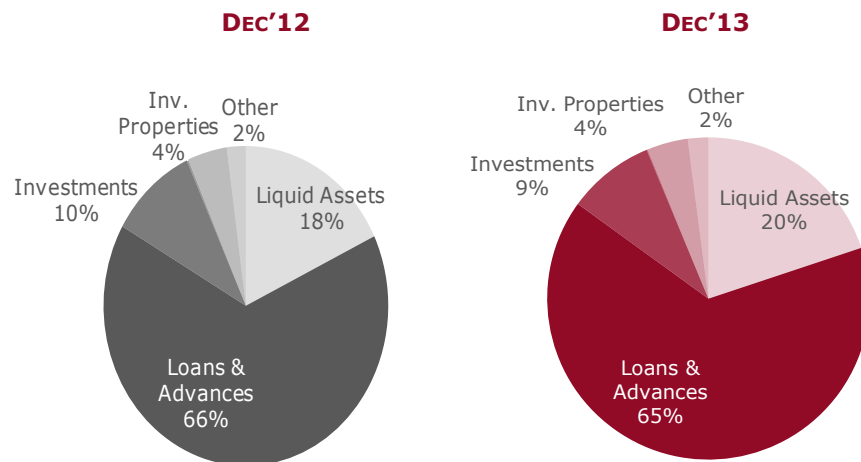
## HIGHLIGHTS

- Loan book added AED 12.3Bn YoY (or +10.7%) to AED 126.9Bn as of December-end 2013. This growth mainly originated from the retail and services business sectors.
- Dec'13 loan book includes Aseel Finance and Dubai First portfolio of AED 1.2Bn and AED 0.7Bn respectively
- Liquid Assets Ratio went up to 19.9% from 17.8% in 2012

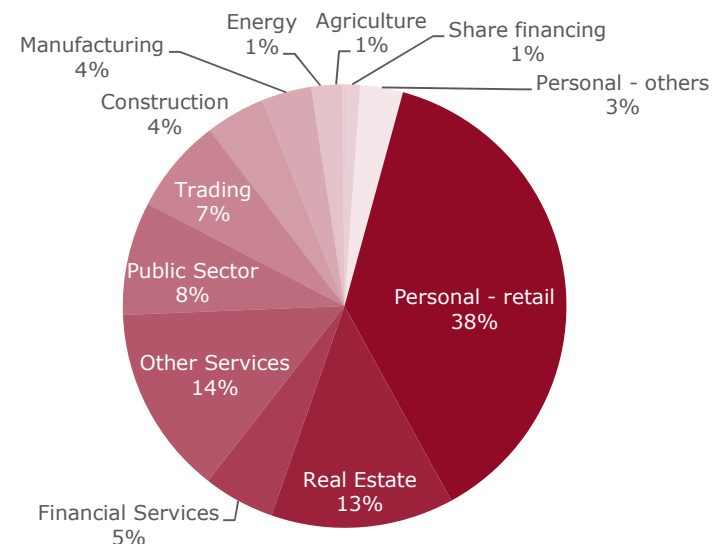
## LOAN BOOK TREND (AED Bn)



## ASSET MIX



## LOAN BOOK BREAKDOWN BY SECTOR – DEC'13

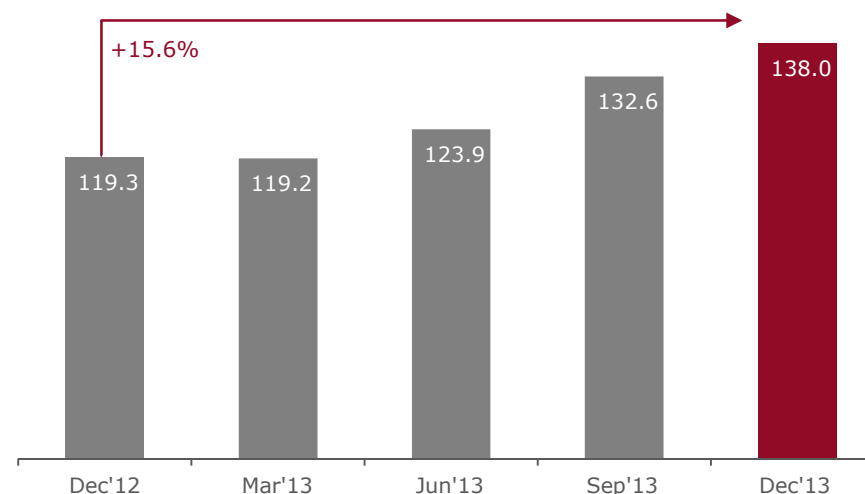


# LIQUIDITY

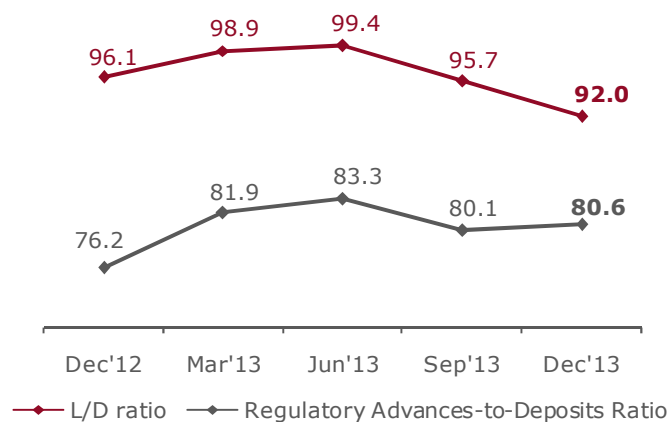
## HIGHLIGHTS

- Customer Deposits added AED 18.6Bn during 2013 (+15.6%) to AED 138.0Bn, reflecting the ample liquidity available in the UAE banking sector
- Loan-to-deposit ratio stood at 92.0%; regulatory Advances-to-Deposits ratio at 80.6% remained well below CB cap of 100%
- CASA deposits increased their share in total deposits to 20% from 13% in 2012

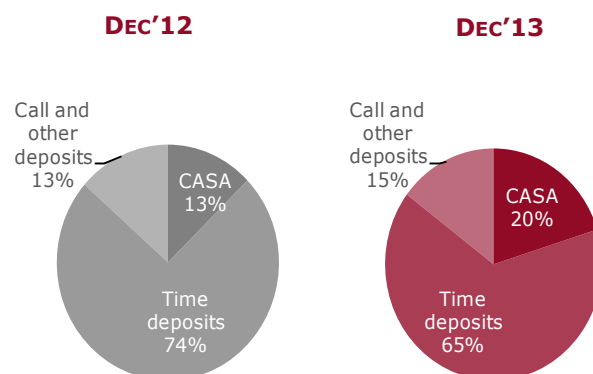
## CUSTOMER DEPOSITS TREND (AED Bn)



## LIQUIDITY RATIOS (%)

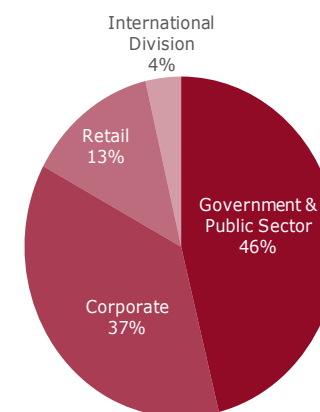


## DEPOSITS BY TYPE



*Note: CASA refer to current accounts and savings accounts*

## DEPOSITS BY SECTOR – Dec'13



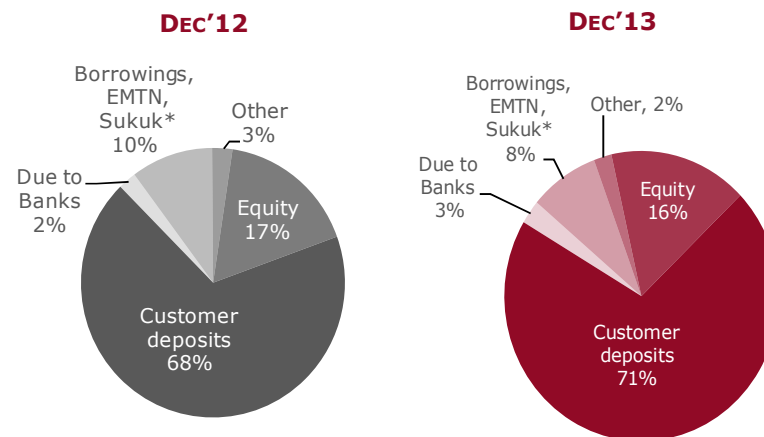


# FUNDING MIX

## HIGHLIGHTS

- FGB issuances in Q4'13 were made under its USD 3.5Bn Euro Medium Term Note (EMTN) program and included the following :
  - In November, USD 500Mn long 5-year Bonds with a coupon @ 3.25%
  - In December, USD 25Mn 3-year Bonds with a coupon equal to 3M USD LIBOR plus a margin of 1.23%

## LIABILITY MIX

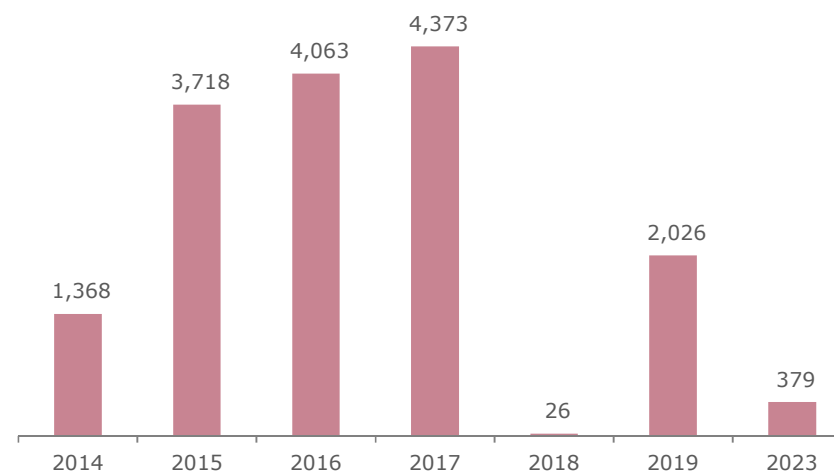


\*Includes Tier 2 MoF deposits (repaid in full in March 2013)

## WHOLESALE FUNDING (AED Mn)

	DEC'13
Syndicated loan	3,306
Bank loans	1,469
EMTN	2,943
Medium term bonds	1,627
Repurchase agreements	459
Sukuk	6,149
<b>Total</b>	<b>15,953</b>

## MATURITIES (AED Mn)

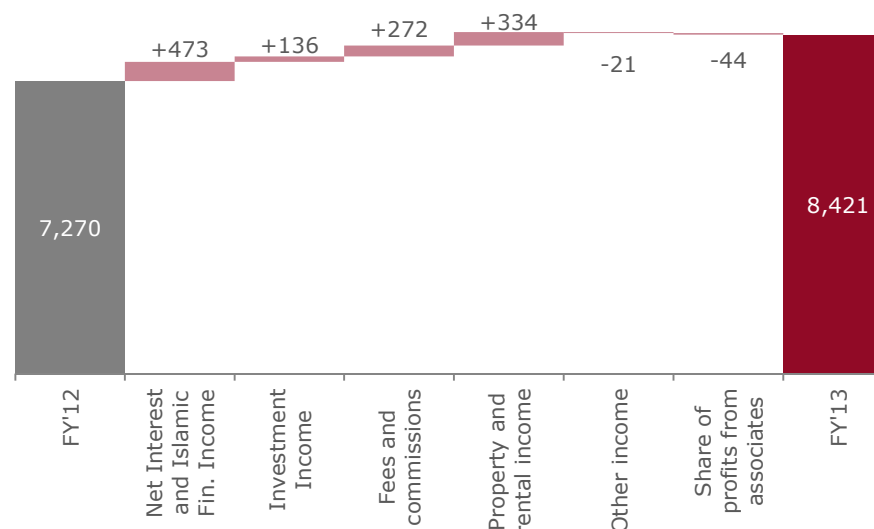


# REVENUES AND COST EFFICIENCY

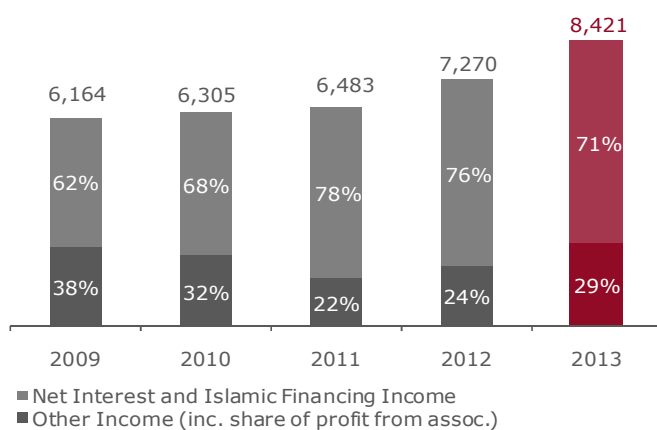
## HIGHLIGHTS

- 2013 revenues were generated at AED 8,421Mn, up 16.1% YoY
- Revenue growth during 2013 was mainly driven by:
  - AED 473Mn addition in Net Interest and Islamic Financing income driven by higher volumes and sustained NIMs at 3.7%
  - Solid increase in property income by AED 334Mn and in fees and commissions by AED 272Mn
- FY'13 cost-to-income ratio remained highly competitive and within guidance at 21.0%, despite continued investments in people and technology, and consolidation of Aseel Finance and Dubai First

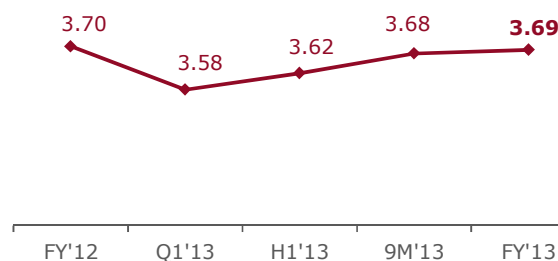
## KEY MOVEMENTS IN OPERATING INCOME (AED Mn)



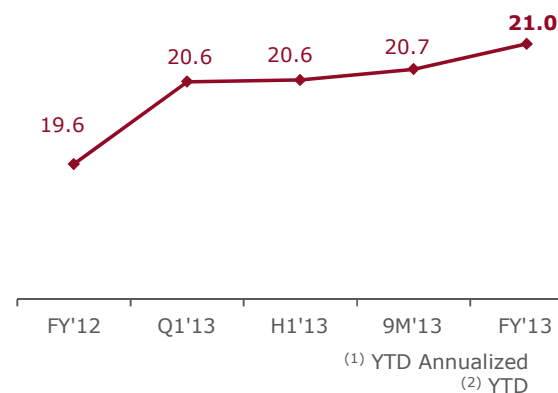
## OPERATING INCOME YOY TREND (AED Mn)



## NET INTEREST MARGINS (%)<sup>(1)</sup>



## COST-TO-INCOME RATIO (%)<sup>(2)</sup>



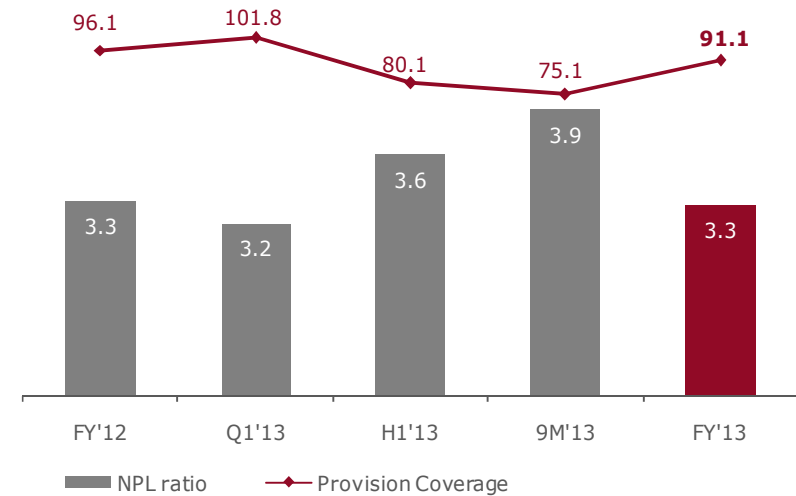


# CREDIT QUALITY

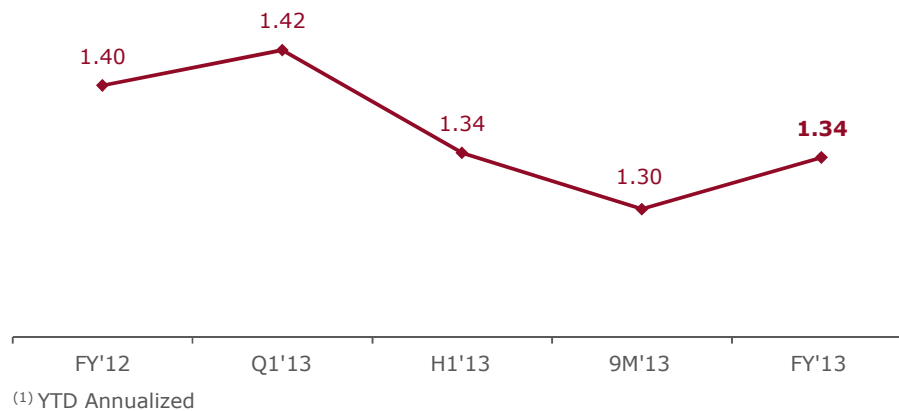
## HIGHLIGHTS

- Credit quality metrics substantially improved in Q4'13 with NPL ratio down to 3.3% and provision coverage up to 91.1% sequentially
- Provision charge was in line with guidance at AED 1.8Bn, that is a net cost of risk of 1.3% for the full year
- General Provisions represent 1.1% of total CRWA as of December-end 2013

## NPL RATIO AND PROVISION COVERAGE (%)



## COST OF RISK <sup>(1)</sup> (%)



## NPLS AND PROVISIONS (AED Mn)

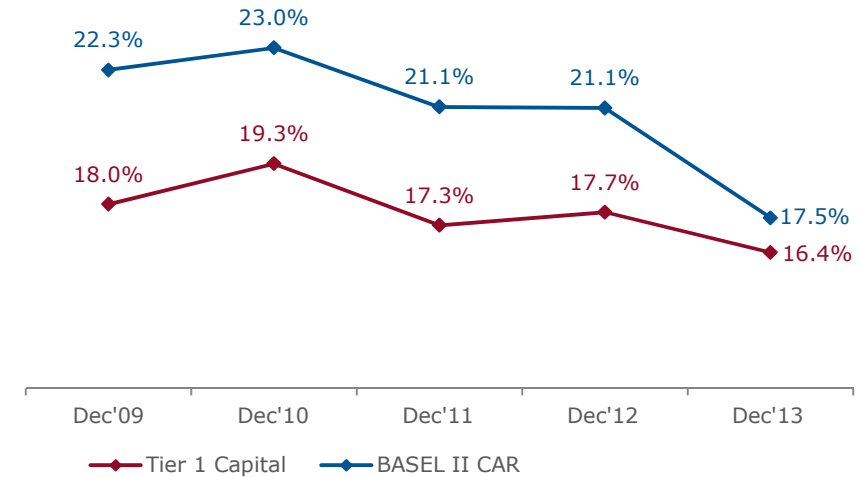
	DEC'13	DEC'12	△ YoY	SEP'13	△QoQ
NPLs	4,287	3,905	9.8%	5,109	-16.1%
Provisions	3,905	3,752	4.1%	3,837	1.8%
Specific	2,151	2,231	-3.6%	2,170	-0.9%
General	1,754	1,521	15.4%	1,667	5.2%

# CAPITAL STRENGTH (AS PER BASEL II)

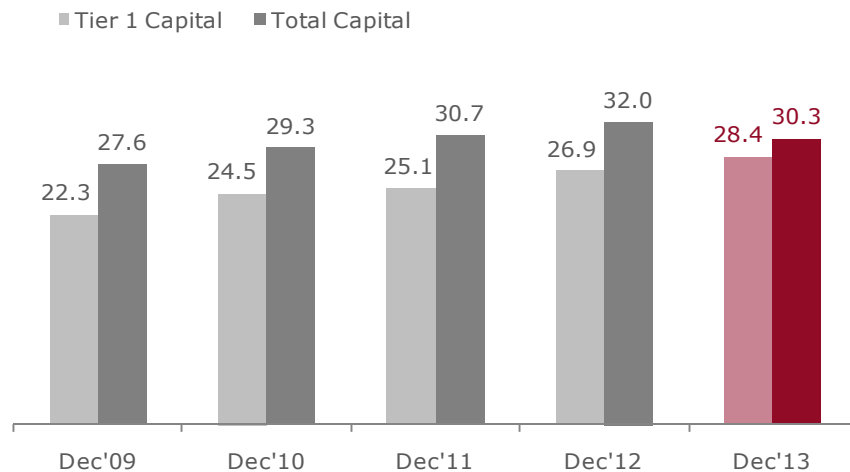
## HIGHLIGHTS

- FGB enjoys a strong capital buffer providing it with ample room for future growth: as of Dec'13, total and Tier 1 capital ratios respectively stand at 17.5% and 16.4% after 2013 dividend distribution
- Government loan of AED 4.5Bn was fully repaid in March 2013
- Medium-term Tier 1 capital ratio is seen at 15%

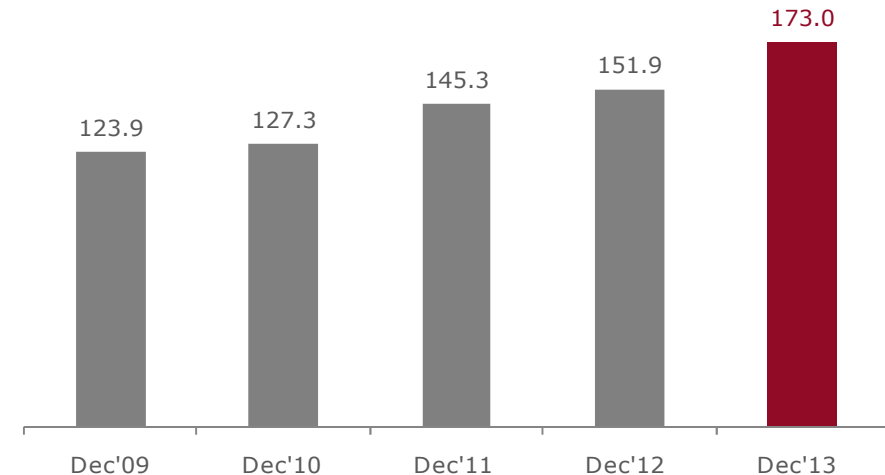
## CAPITAL ADEQUACY RATIO (%)



## CAPITAL BASE (AED Bn)



## RISK WEIGHTED ASSETS (AED Bn)

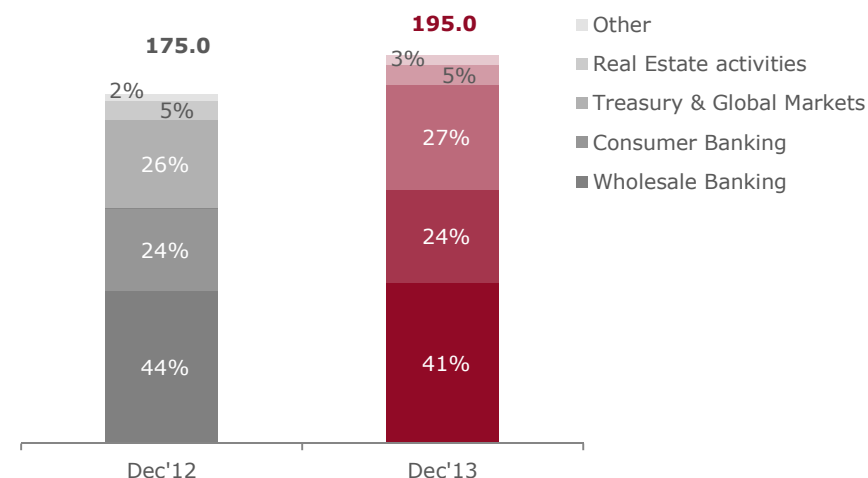


# BUSINESS SEGMENT CONTRIBUTIONS

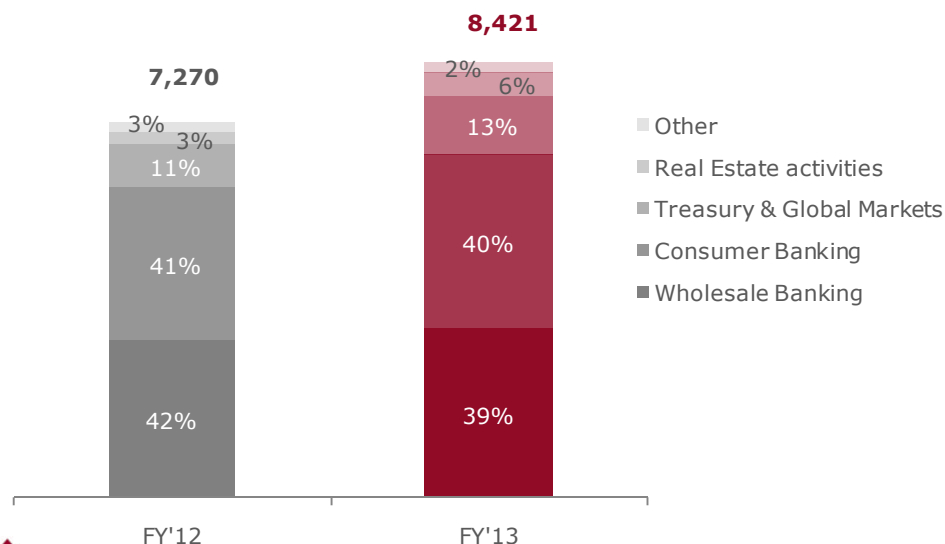
## HIGHLIGHTS

- Wholesale and Consumer Banking represent 41% and 24% of total assets respectively; generating a combined 79% of revenues and 84% of net profit at group level
- Treasury & Investments' contributions to operating income and net profit stand at 13% and 21% respectively
- International operations generated 5.6% of the group revenues (4.2% in 2012) and 5.7% of net profits (4.4% in 2012)

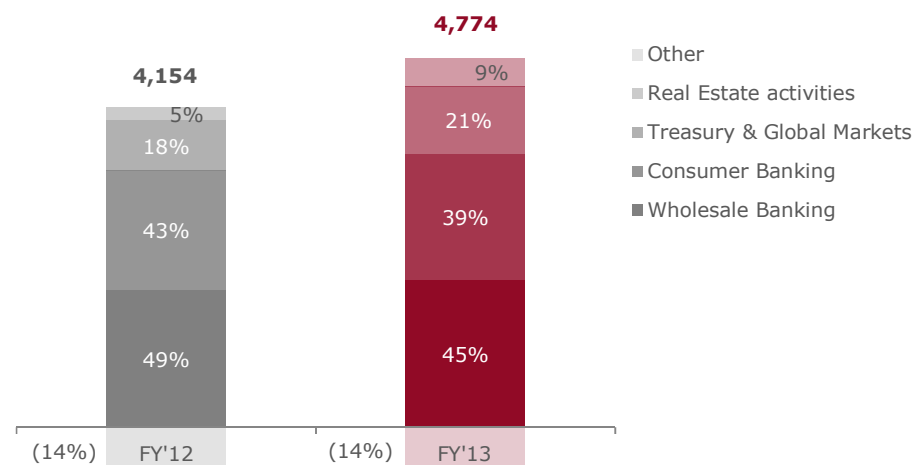
## TOTAL ASSETS (AED Bn)



## OPERATING INCOME (AED Mn)



## NET PROFIT (AED Mn)

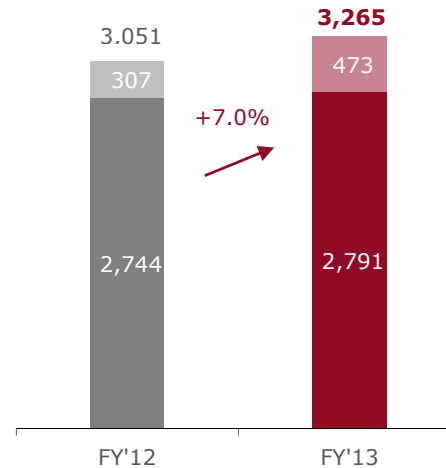


# WHOLESALE BANKING GROUP - WBG

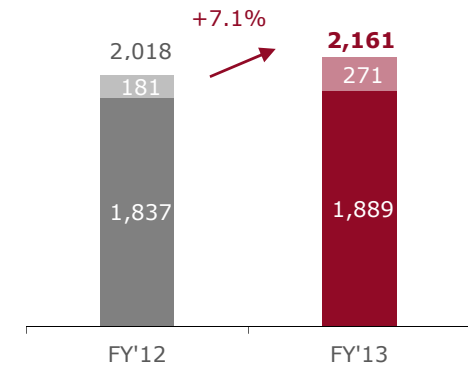
## HIGHLIGHTS

- WBG FY'13 revenues grew 7.0% YoY to AED 3,265Mn, including a 54.3% rise in revenues from international operations
- Net profits went up 7.1% to AED 2,161Mn
- Abu Dhabi public and private sectors represent a combined share of 59% of WBG's Dec'13 Gross Loan Portfolio

## OPERATING INCOME (AED Mn)



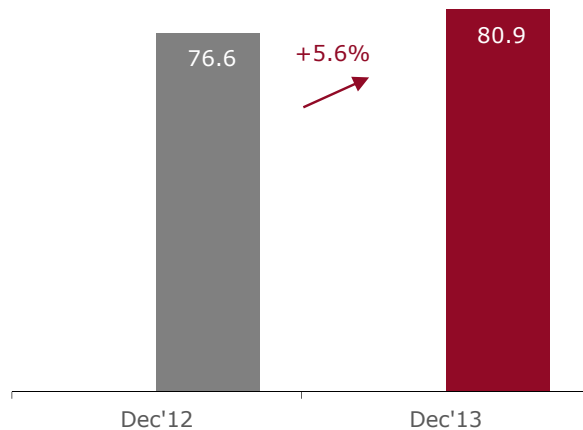
## NET PROFITS (AED Mn)



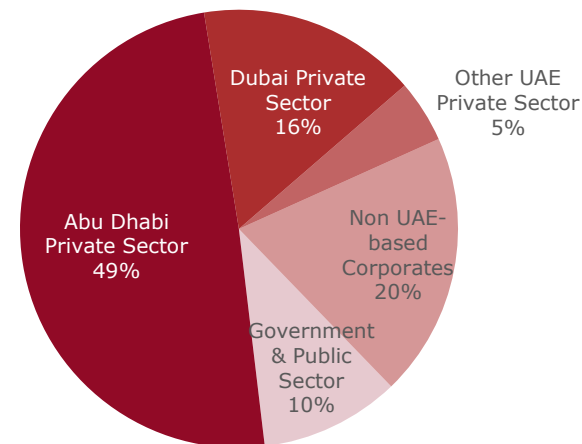
■ UAE operations ■ International Operations

■ UAE operations ■ International Operations

## TOTAL ASSETS (AED Bn)



## WHOLESALE GROSS LOAN PORTFOLIO (Dec'13)

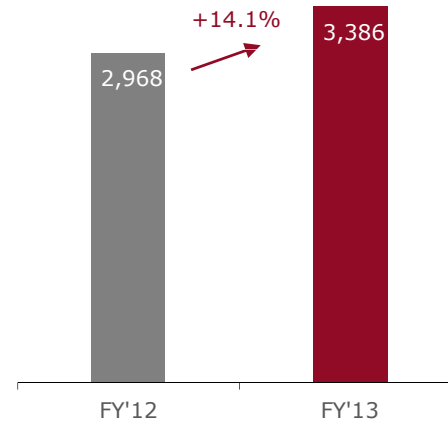


# CONSUMER BANKING GROUP - CBG

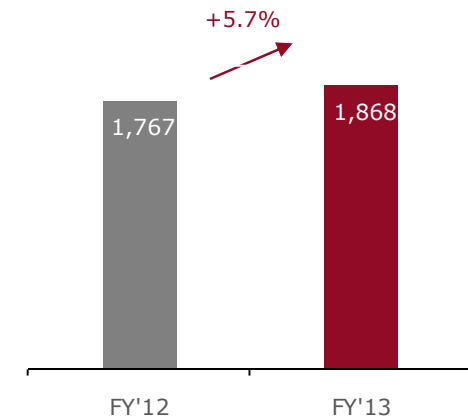
## HIGHLIGHTS

- CBG FY'13 operating income grew 14.1% YoY to AED 3,386Mn; net profits at AED 1,868Mn were 5.7% higher than last year
- Wealth Management and SME loans increased their share in CBG gross loan portfolio to 6% and 5% respectively (from 2% and 4% in 2012)

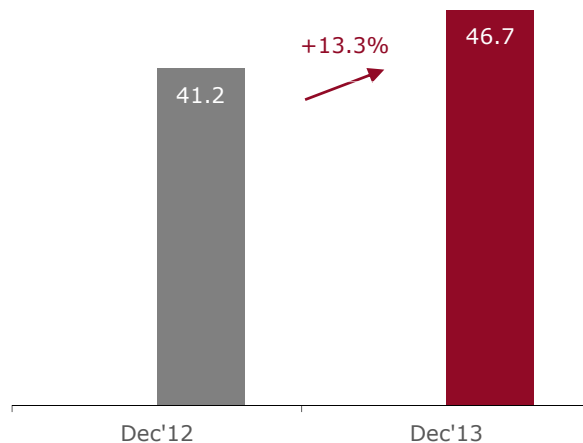
## OPERATING INCOME (AED Mn)



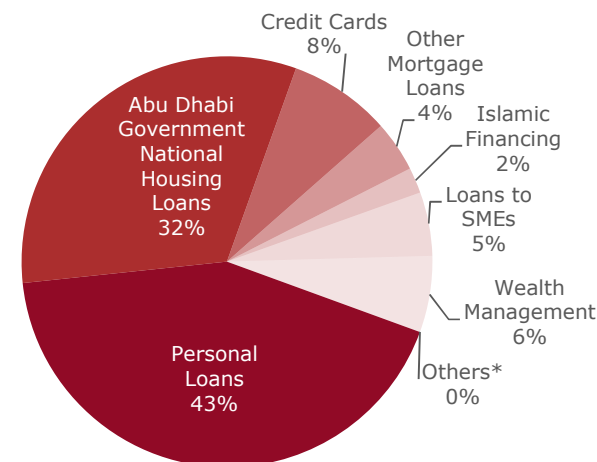
## NET PROFIT (AED Mn)



## TOTAL ASSETS (AED Bn)



## CONSUMER GROSS LOAN PORTFOLIO (Dec'13)



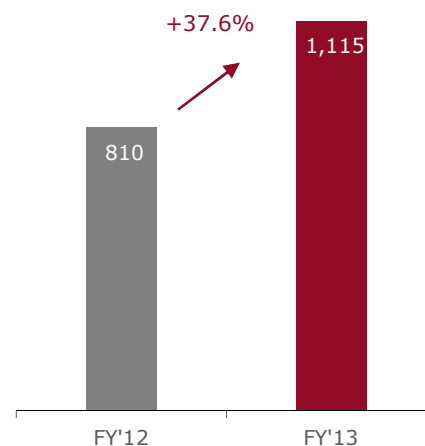
\*Others include overdrafts and auto loans

# TREASURY & GLOBAL MARKETS – T&GM

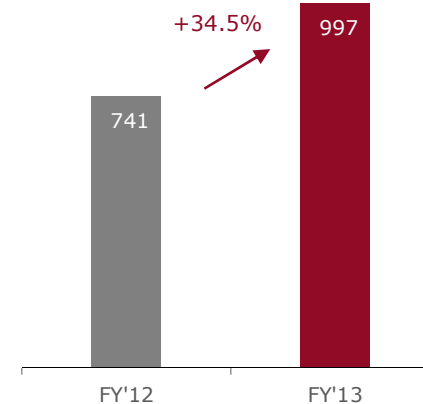
## HIGHLIGHTS

- T&GM operating income climbed 37.6% YoY to AED 1,115Mn; net profit grew 34.5% YoY to AED 997Mn
- Total assets expanded 17.1% YoY to AED 52.4Bn as of Dec'13

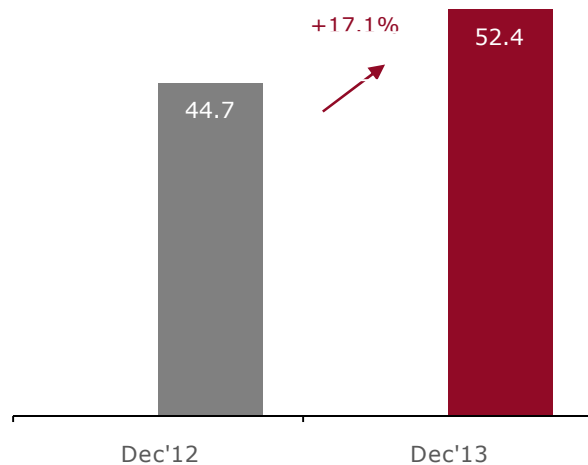
## OPERATING INCOME (AED Mn)



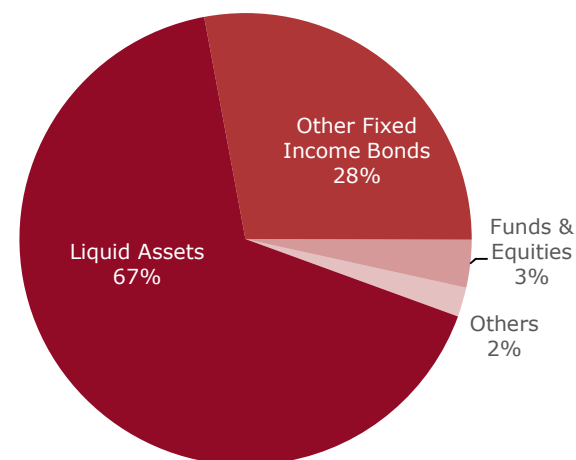
## NET PROFIT (AED Mn)



## TOTAL ASSETS (AED Bn)



## TREASURY & GLOBAL MARKETS PORTFOLIO (Dec'13)

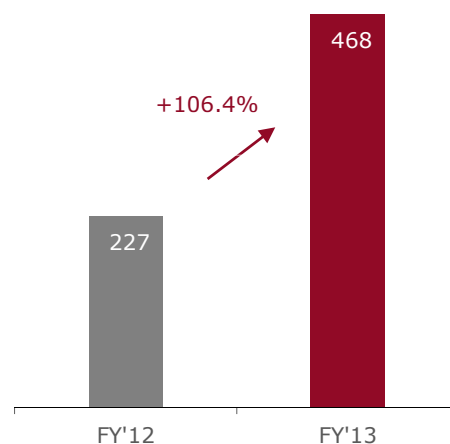


# REAL ESTATE ACTIVITIES

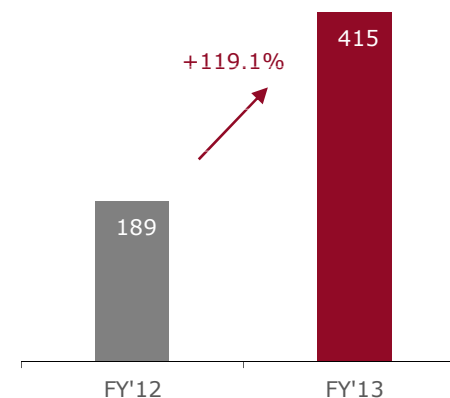
## HIGHLIGHTS

- FY'13 operating income grew 106% YoY to AED 468Mn, boosted by MTM gains booked during the period
- Net profit improved to AED 415Mn from AED 189Mn in 2012

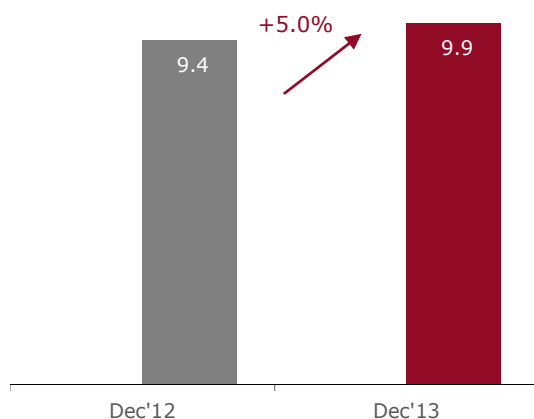
## OPERATING INCOME (AED Mn)



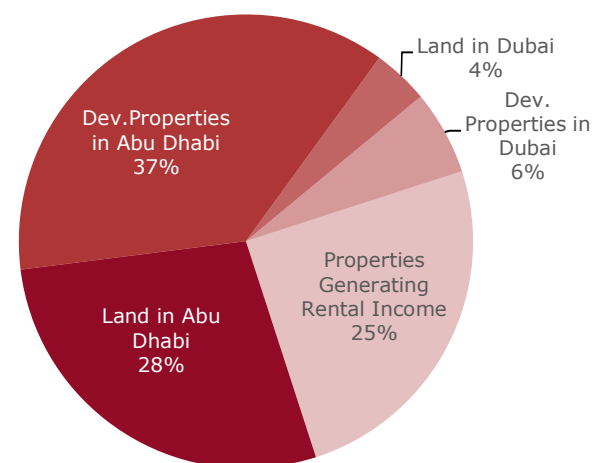
## NE PROFIT (AED Mn)



## TOTAL ASSETS (AED Bn)



## INVESTMENT PROPERTIES PORTFOLIO (Dec'13) <sup>(1)</sup>



<sup>(1)</sup> Investment properties totaled AED 8.0Bn as of Dec'13



# DIVIDEND HISTORY

	2009	2010	2011	2012	2013 PROPOSED
NET PROFIT (AED MN)	3,310	3,420	3,707	4,154	4,774
CASH DIVIDEND (% OF CAPITAL)	50%	60%	100%	83%	100%
BONUS SHARES (% OF CAPITAL)	-	-	100%	-	30%
OTHER DISTRIBUTION SHARES BOUGHT BACK (% OF CAPITAL)	-	5%	-	-	-
DIVIDEND PAYOUT RATIO (% OF NET PROFIT)	20%	26%	40%	60%	63%
CASH DIVIDEND DISTRIBUTED (AED MN)	677	900	1,500	2,500	3,000
BASEL II CAPITAL ADEQUACY AFTER DISTRIBUTION (INCLUDING MOF TIER 2 LOAN)	22%	23%	21%	21%	18%
BASEL II CAPITAL ADEQUACY AFTER DISTRIBUTION (EXCLUDING MOF TIER 2 LOAN)	19%	20%	18%	19%	18%

# DELIVERY ON FY'13 GUIDANCE

	FY'13 GUIDANCE	FY'13 RESULTS
LOAN GROWTH	>12%	11%
L/D RATIO	~100%	92%
REVENUE GROWTH	Low Double-Digit	16%
NIMs	3.5%-3.7%	3.7%
ASSET QUALITY	NPL Ratio 3.5%-4.0% Prov. Coverage >80%	NPL Ratio 3.3% Prov. Coverage 91%
COST/INCOME RATIO	20%-22%	21%
NET PROFIT GROWTH	Low Double-Digit	15%

# 2014 OUTLOOK

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## **MACRO**



Positive medium-term economic outlook underpinned by increased government spending and a strengthening non-oil economy

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## **GROWTH**



Low double-digit balance sheet and revenues growth

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## **NIMs**



Expected pressure anticipated (~20bps YoY)

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## **ASSET QUALITY**



NPL ratio 3.0%-3.5%  
Provision Coverage >90%

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## **PROFITABILITY**



Medium Term RoAE target of 18%

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## APPENDIX

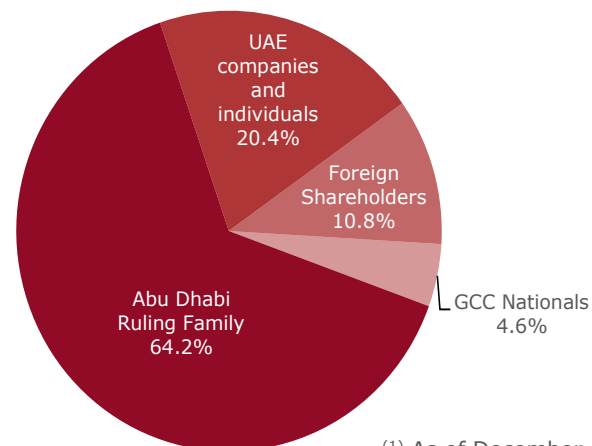
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# FIRST GULF BANK OVERVIEW

## A LEADING UAE FRANCHISE

- Incorporated in 1979 and headquartered in Abu Dhabi
- 64.2% owned by Abu Dhabi's ruling family
- Wide range of financial products and services offered through a network of 22 branches in the UAE; global presence in Libya, Qatar, India, Singapore and Hong-Kong
- 1,452 employees
- Listed in 2002; Market cap. of AED 56.4Bn (USD 15.4Bn) as of Dec. 31<sup>st</sup>, 2013

## OWNERSHIP STRUCTURE<sup>(1)</sup>



<sup>(1)</sup> As of December-end 2013

## CREDIT RATINGS



### LONG TERM RATING

**A2**  
(Since 2007)

### OUTLOOK

**Stable**



**A+**  
(Since 2007)

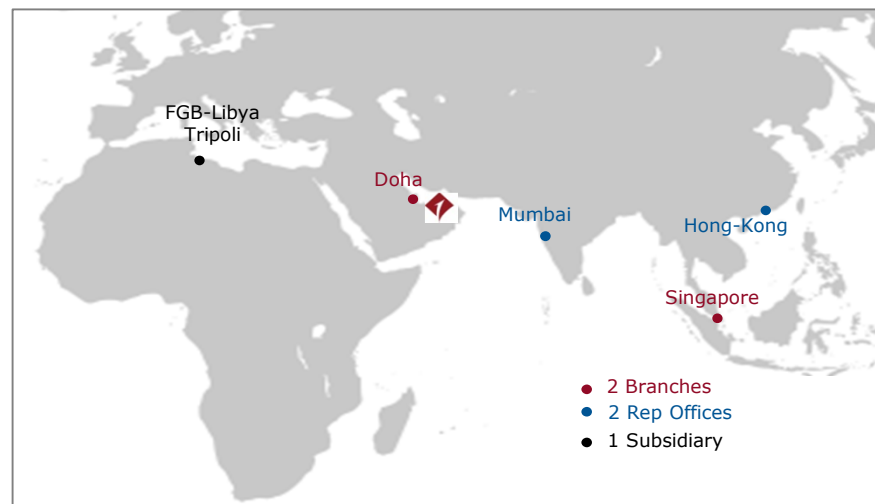
**Stable**



**A+**

**Stable**

## GLOBAL FOOTPRINT



# 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  
CEO OF DOLPHIN ENERGY

*Board Member of:  
Mubadala Development  
Company  
Abu Dhabi Water &  
Electricity Authority  
Etihad Airways*

### ABDULHAMID MOHAMMED SAEED

BOARD MEMBER

FGB MANAGING DIRECTOR

*Board Member of:  
Emirates Investment  
Authority  
Abu Dhabi Securities  
Exchange  
Emirates Integrated  
Telecom Co (DU)  
Mubadala Development  
Company*

### KHALDOON KHALIFA AL MUBARAK

BOARD MEMBER

CEO 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 KETBI

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  
the Arab Bank for  
investment  
Chairman of Al Ain Farms for  
Livestock production  
Board member of the center  
of food security of Abu Dhabi*

# BUSINESS SEGMENTS

## Core Banking Revenue Drivers

### 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, project and structured finance) and transaction banking (cash, trade, liabilities) supported by treasury sales (hedging, FX, rates, commodities)
- Organized geographically across UAE and international locations (Singapore, Libya, Hong-Kong, Qatar, India)

### 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

## Incremental Revenue Streams

### 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

### Other

- Subsidiaries: First Gulf Libyan Bank, First Gulf Properties, Aseel Finance<sup>(1)</sup>, Dubai First<sup>(2)</sup>, Mismak Properties, First Merchant International, Radman Properties
- Associate companies: First Gulf Financial Services, Green Emirates Properties
- Head Office support units: Audit, Financial Control, HR, Operations, Strategy and Planning, PMO, Admin, IT, Legal, Risk Management, Corporate Communications

<sup>(1)</sup>Aseel Finance is a fully-owned subsidiary of FGB effective Q3'13

<sup>(2)</sup> Dubai First consolidation effective in Q4'13



# THREE-PILLAR STRATEGY

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



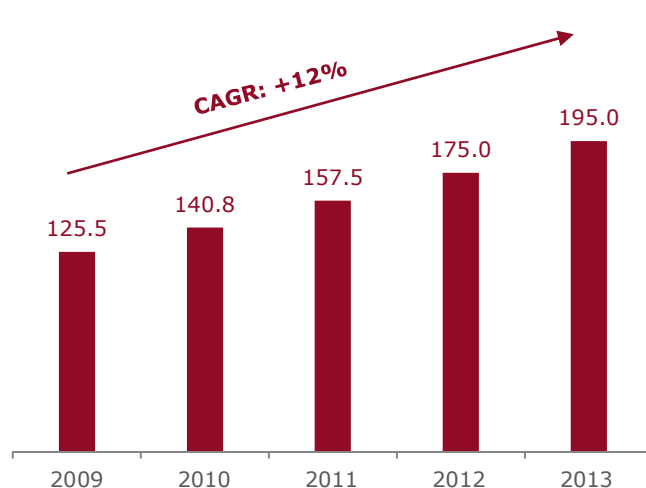
- Aseel Finance to provide innovative Islamic products to a broad base of customers and businesses
- Enhance fee income business through property management and equity brokerage services
- Specialized subsidiaries for property development and Private Equity

### OUR VISION:

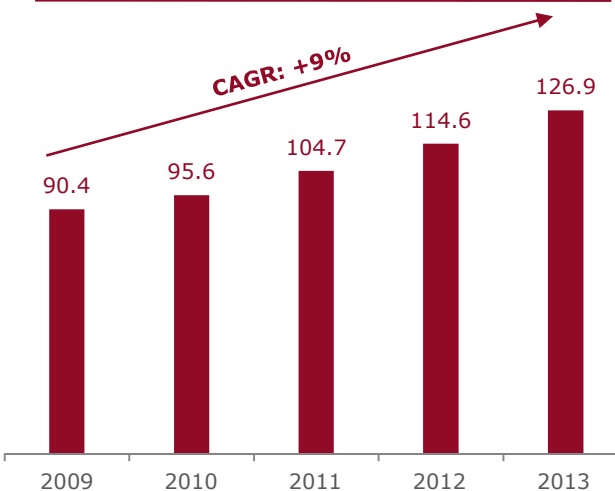
**TO BE A WORLD CLASS ORGANIZATION MAXIMIZING VALUE FOR ALL STAKEHOLDERS**

# KEY ACHIEVEMENTS

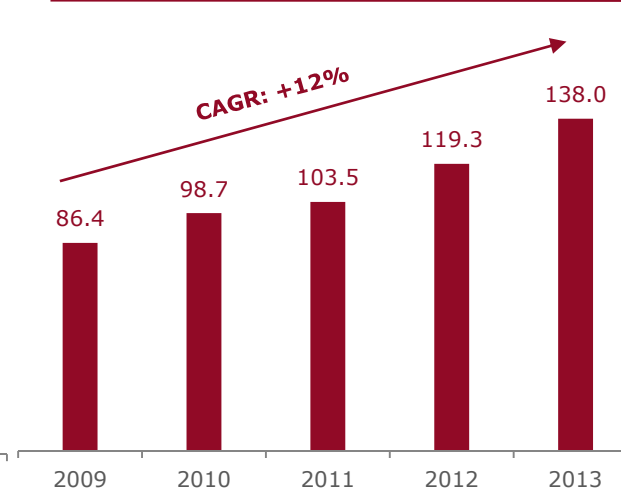
**TOTAL ASSETS (AED Bn)**



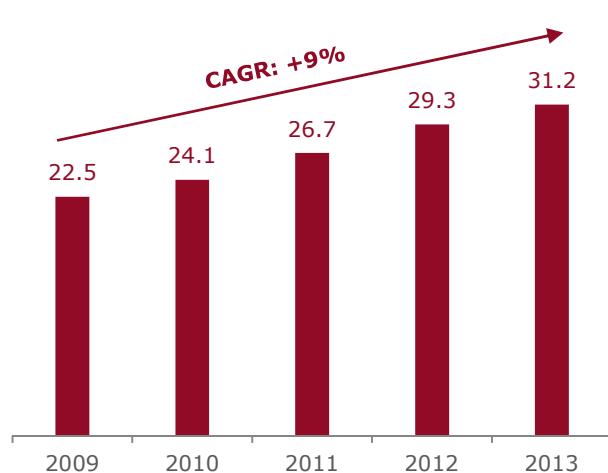
**LOANS & ADVANCES (AED Bn)**



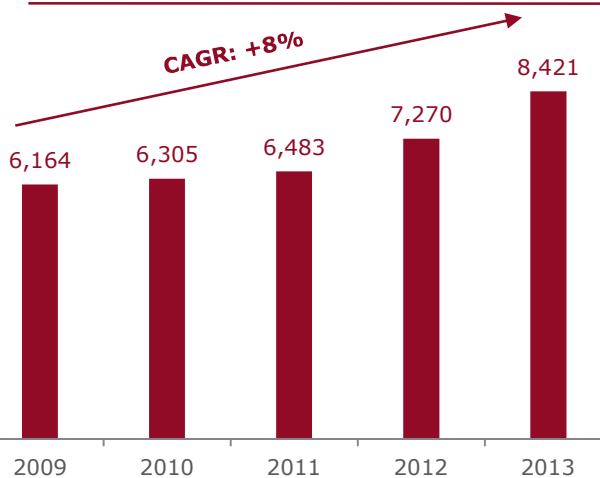
**CUSTOMER DEPOSITS (AED Bn)**



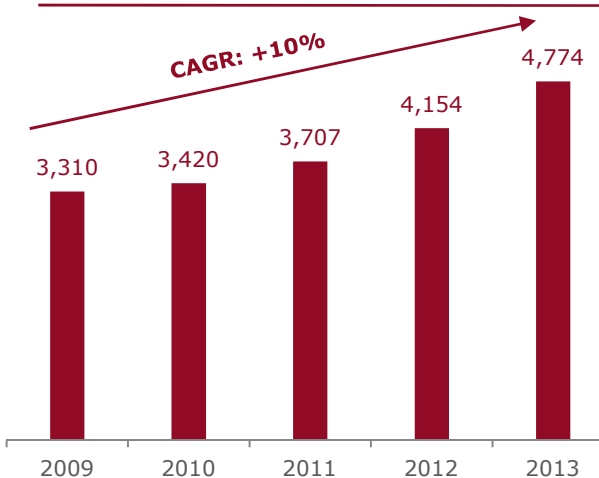
**SHAREHOLDERS' EQUITY (AED Bn)**



**OPERATING INCOME (AED Mn)**



**NET PROFIT (AED Mn)**

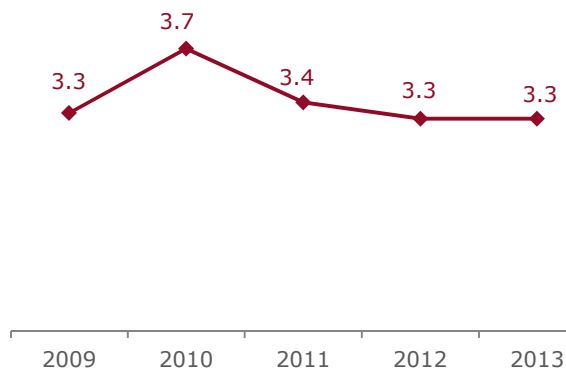


# KEY ACHIEVEMENTS (CTD)

## NET INTEREST MARGIN (%)



## NPL RATIO (%)



## PROVISION COVERAGE (%)



## COST TO INCOME RATIO (%)



## RoAE (%)

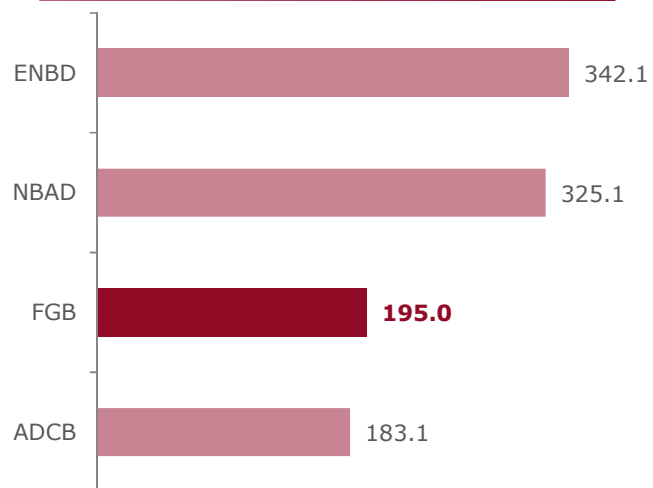


## RoAA (%)

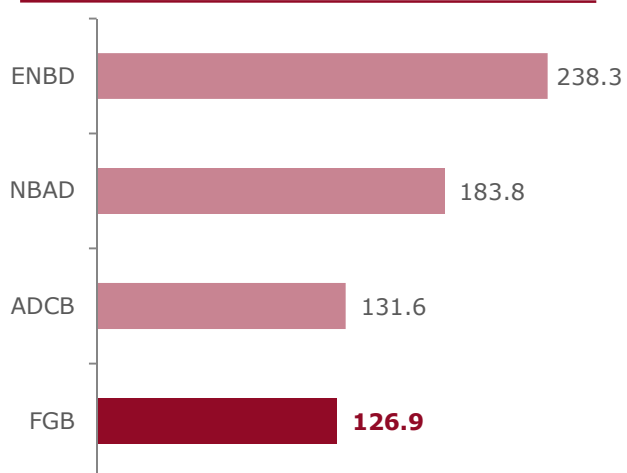


# FGB VS. LARGE PEER GROUP AS OF DEC'13

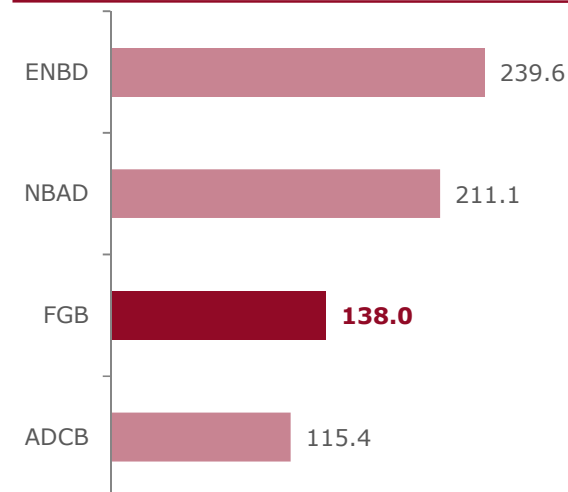
## TOTAL ASSETS (AED Bn)



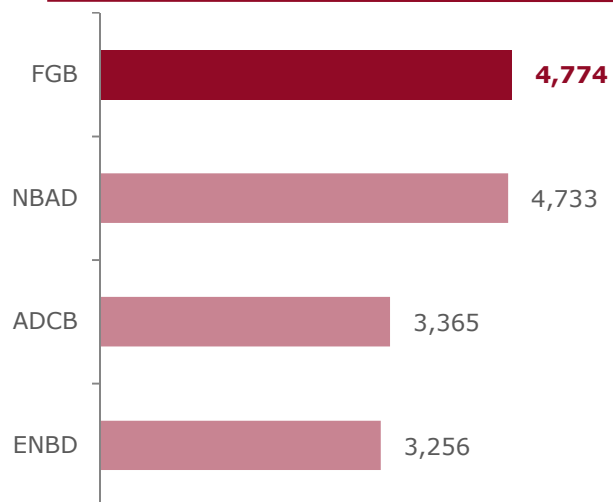
## LOANS & ADVANCES (AED Bn)



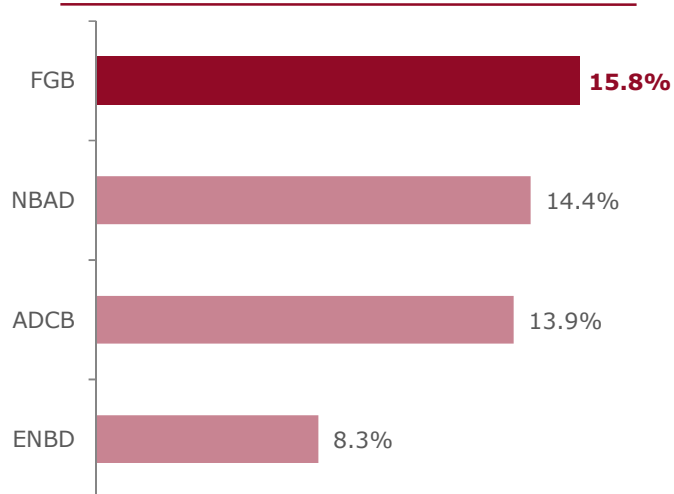
## CUSTOMER DEPOSITS (AED Bn)



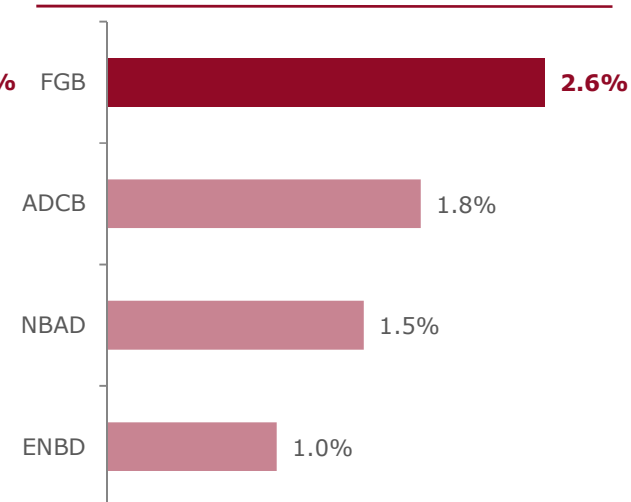
## NET PROFIT (AED Mn)



## RETURN ON AVERAGE EQUITY



## RETURN ON AVERAGE ASSETS



# FGB AWARDS IN 2013

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**The Banker**

UAE Bank of The Year 2013



**emeafinance**  
Europe • Middle East • Africa



Best Local Bank in the UAE



Best Bank in the UAE

Best Bancassurance in the UAE



**Forbes**  
Middle East

3<sup>rd</sup> Most Powerful Company in the UAE

6<sup>th</sup> Leading Bank in Top 500 in the Arab World List





FOR MORE INFORMATION ABOUT FIRST GULF BANK, PLEASE VISIT OUR CORPORATE WEBSITE:  
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