



# **FIRST GULF BANK**

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Q3/9M'13 EARNINGS PRESENTATION

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## Q3/9M'13 PERFORMANCE KEY HIGHLIGHTS

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Q3'13 Net Profits at AED 1,190Mn (+2% QoQ; +13% YoY)  
Record 9M'13 Net Profits at AED 3,402Mn (+13% YoY)



9M'13 Operating Income up 13.0% YoY to AED 5,945Mn



Highly competitive Cost-to-Income Ratio at 20.7%



NPL Ratio at 3.9% and Provision Coverage at 75.1%



Comfortable liquidity position with loans-to-deposits ratio at 95.7%; Strong capital buffer with CAR at 19.3%

# SUMMARY FINANCIALS

INCOME STATEMENT (AED MN)	Q3'13	Q2'13	△ QoQ	Q3'12	△ YoY	9M'13	9M'12	△ YoY
Net Interest and Islamic Financing Income	1,525.4	1,474.7	3.4%	1,404.5	8.6%	4,374.9	4,050.6	8.0%
Other Operating Income	527.0	543.3	(3.0%)	407.5	29.3%	1,570.5	1,212.7	29.5%
<b>Operating Income</b>	<b>2,052.5</b>	<b>2,017.9</b>	1.7%	<b>1,812.0</b>	13.3%	<b>5,945.3</b>	<b>5,263.3</b>	13.0%
G & A expenses	(430.9)	(416.3)	3.5%	(357.9)	20.4%	(1,233.4)	(1,024.8)	20.3%
Provisions/ Impairments	(422.6)	(418.3)	1.0%	(398.6)	6.0%	(1,274.2)	(1,225.2)	4.0%
Taxes	(5.3)	(13.2)	(59.7%)	(1.2)	334.5%	(23.5)	(7.6)	210.4%
Minority Interest	(4.0)	(3.3)	23.1%	0.0	N.A.	(12.0)	0.0	N.A.
<b>Net Income</b>	<b>1,189.6</b>	<b>1,166.8</b>	<b>2.0%</b>	<b>1,054.2</b>	<b>12.8%</b>	<b>3,402.2</b>	<b>3,005.7</b>	<b>13.2%</b>

BALANCE SHEET (AED BN)	SEPT'13	JUN'13	△ QoQ	SEPT'12	△ YoY
Net Loans & Advances	126.9	123.1	3.1%	114.4	10.9%
Customer Deposits	132.6	123.9	7.0%	109.8	20.7%
Total Assets	189.6	182.9	3.6%	163.3	16.1%
Shareholders' Equity	29.8	29.2	2.0%	28.3	5.3%

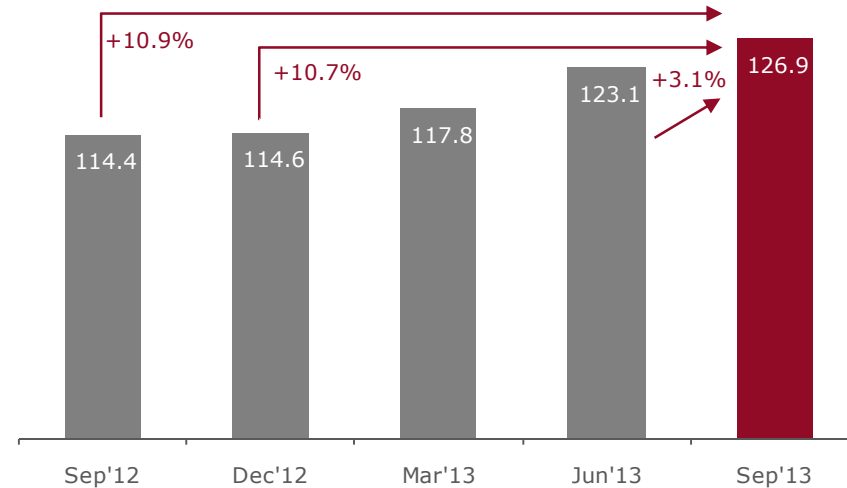
KEY RATIOS (%)	9M'13	H1'13	△ QoQ	9M'12	△ YoY
Cost-to-Income Ratio	20.7	20.6	13bps	19.5	127bps
Non-Performing Loan ratio	3.9	3.6	30bps	3.5	38bps
Provision Coverage	75.1	80.1	(505bps)	88.7	(1355bps)
Loan-to-Deposit Ratio	95.7	99.4	(364bps)	104.2	(846bps)
Return on Average Equity	15.3	15.2	9bps	14.6	72bps
Return on Average Assets	2.5	2.5	2bps	2.5	(1bps)
Capital Adequacy Ratio	19.3	18.8	47bps	22.4	(305bps)

# ASSET MIX AND LENDING ACTIVITY

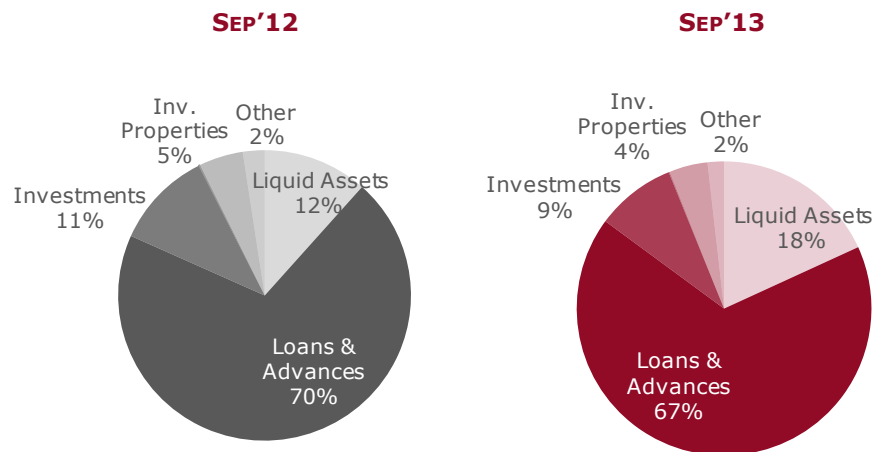
## HIGHLIGHTS

- Loan book added AED 3.8Bn during the quarter (+3.1%) reaching AED 126.9Bn as of September-end 2013
- At 10.7%, YTD loan book growth already exceeded our initial FY target of 10%
- September-end 2013 liquid assets ratio improved to 18.2% from 11.6% a year earlier

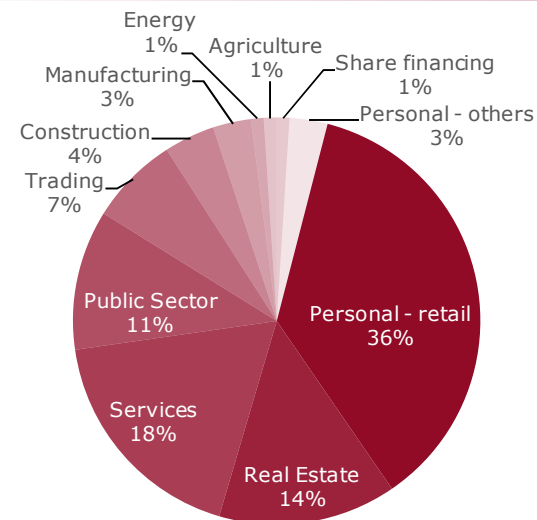
## LOAN BOOK TREND (AED Bn)



## ASSET MIX



## LOAN BOOK BREAKDOWN BY SECTOR

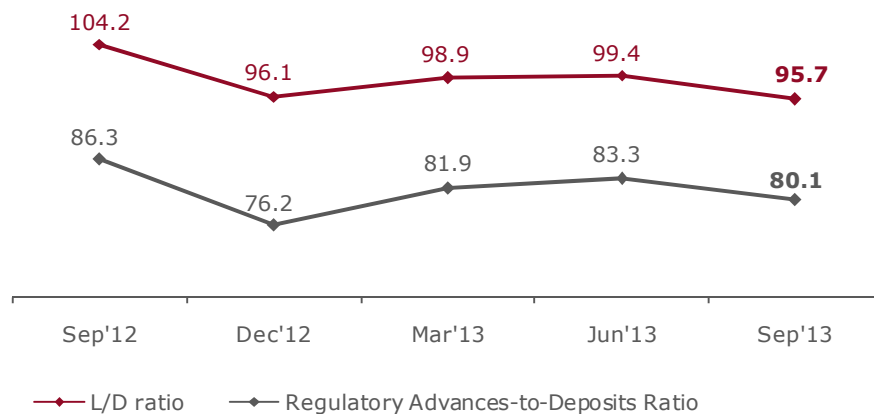


# LIQUIDITY

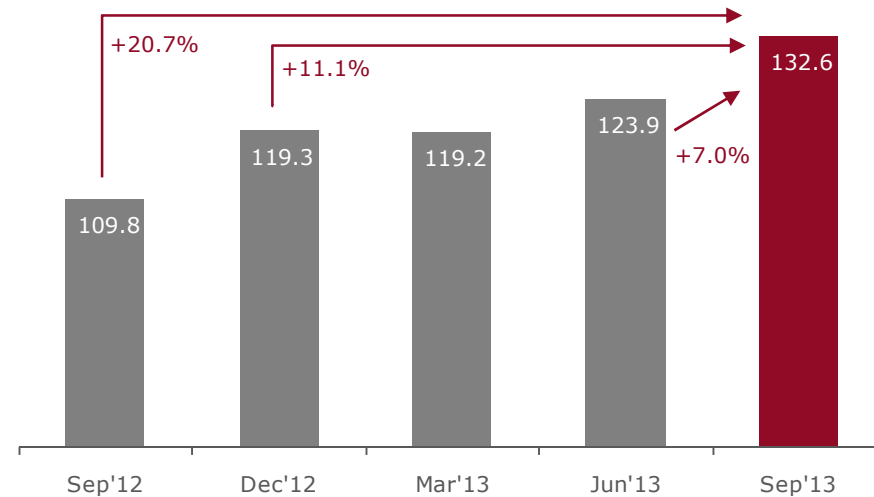
## HIGHLIGHTS

- Customer Deposits added AED 8.7Bn during the quarter (+7.0%) to AED 132.6Bn; this reflects the ample liquidity available in the UAE banking sector
- Loan-to-deposit ratio stood at 95.7%; regulatory Advances-to-Deposits ratio at 80.1% remained well below CB cap of 100%

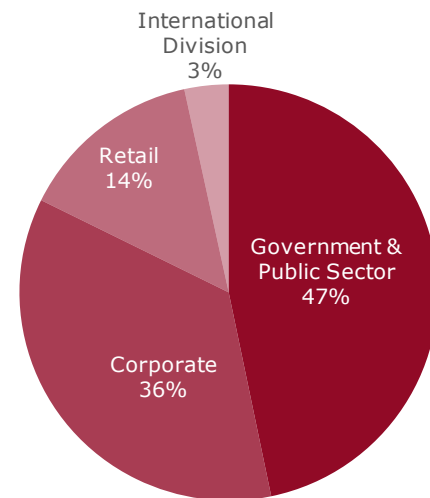
## LIQUIDITY RATIOS (%)



## CUSTOMER DEPOSITS TREND (AED Bn)



## DEPOSITS BY SECTOR



# FUNDING MIX

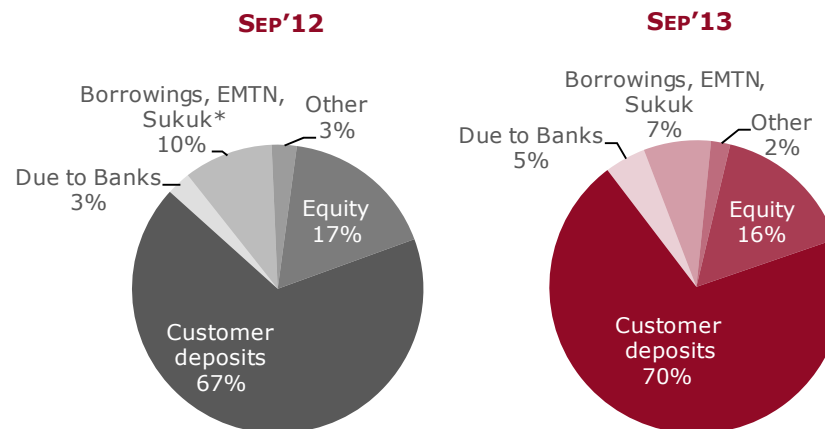
## HIGHLIGHTS

- Customer deposits remain FGB's main source of funding
- The Bank intends to continue diversifying the funding mix in order to improve maturities and optimize costs
- 3 new issuances were completed during Q3'13 :
  - two 10-year HKD 400Mn (USD 52Mn) bonds @ 4.18% pa
  - 3-year JPY 4.7Bn (USD 48Mn) bonds @ 1.0% pa

## WHOLESALE FUNDING (AED Mn)

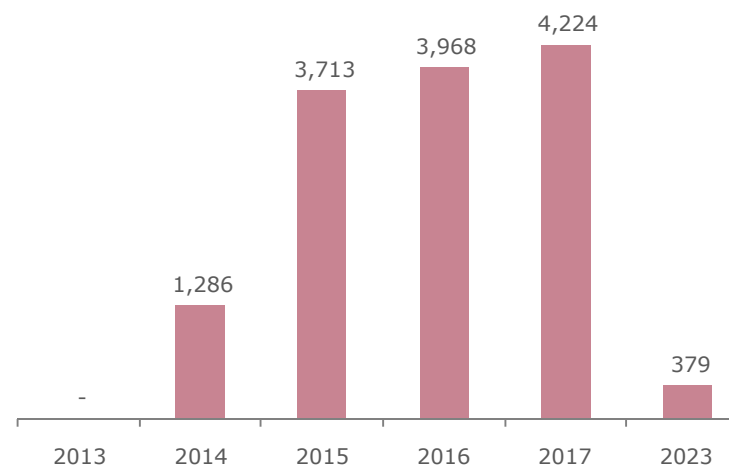
	SEP'13
Syndicated loan	3,306
Bank loans	1,469
EMTN	2,943
Medium term bonds	1,627
Repurchase agreements	459
Sukuk	4,224
<b>Total</b>	<b>14,028</b>

## LIABILITY MIX



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

## MATURITIES <sup>(1)</sup> (AED Mn)



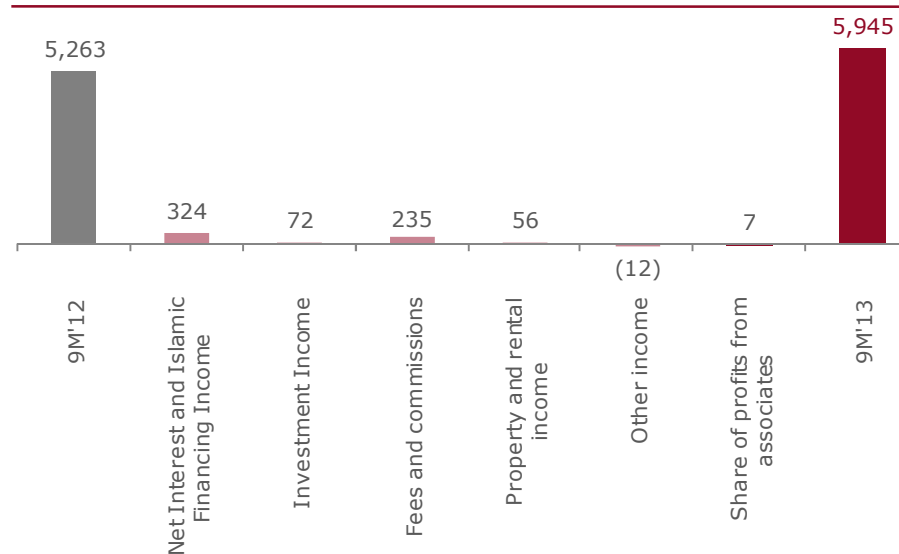
<sup>(1)</sup> Excluding long term repos for AED 459Mn

# REVENUES AND COST EFFICIENCY

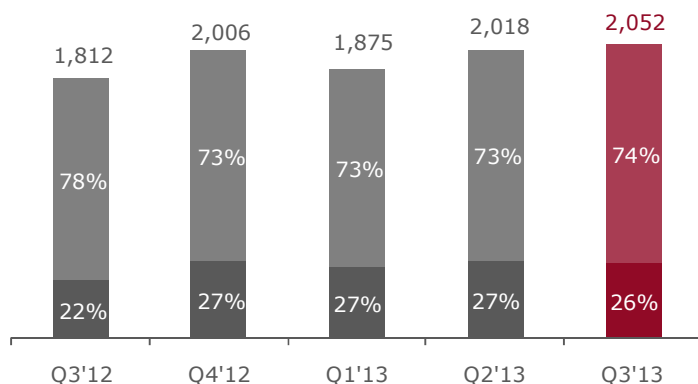
## HIGHLIGHTS

- Operating income increased 13.0% YoY to AED 5,945Mn
- Key operating income movements over the period included:
  - AED 324Mn addition in Net Interest and Islamic Financing income driven by volumes growth and NIMs improvement
  - Solid increase in fee revenues by AED 235Mn
- Cost-to-income ratio remained highly competitive at 20.7% against 19.5% in 9M'12

## KEY MOVEMENTS IN OPERATING INCOME (AED Mn)

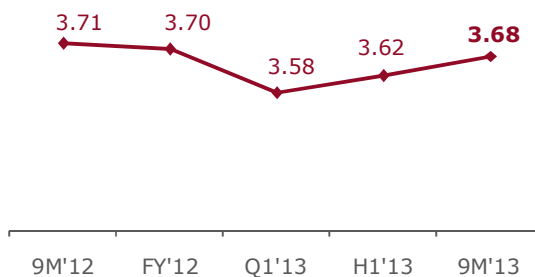


## OPERATING INCOME QOQ TREND (AED Mn) NET INTEREST MARGINS (%) <sup>(1)</sup>

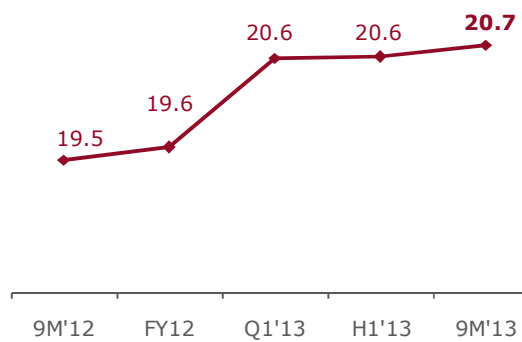


■ Net Interest and Islamic Financing Income  
■ Other Income (inc. share of profit from assoc.)

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



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



<sup>(1)</sup> YTD Annualized  
<sup>(2)</sup> YTD



# CREDIT QUALITY

## HIGHLIGHTS

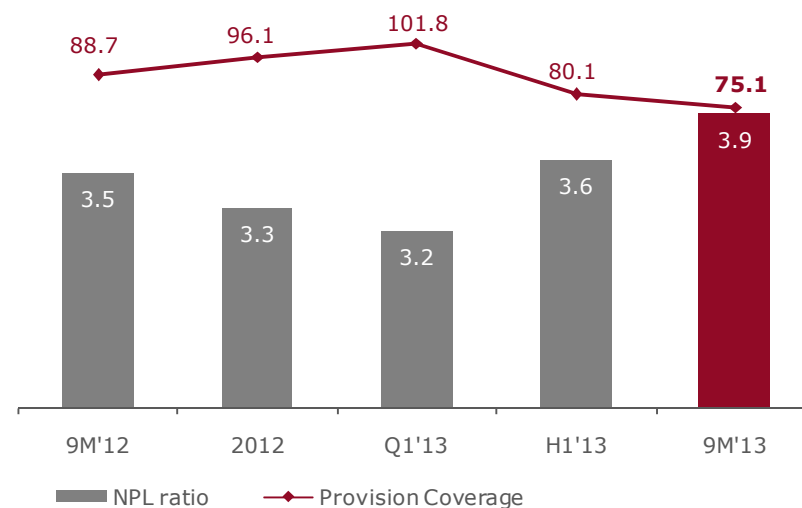
- NPL ratio moved from 3.6% to 3.9% sequentially. This is reflecting the impact of full consolidation of Aseel Finance during the period as well as additional downgrades in the corporate book
- Provision coverage stood at 75.1% and 9M'13 net cost of risk landed at 1.30%
- General Provisions represent 1.1% of CRWA as of September-end 2013

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



<sup>(1)</sup> YTD Annualized

## NPL RATIO AND PROVISION COVERAGE (%)



## NPLS AND PROVISIONS (AED Mn)

	9M'13	H1'13	ΔQoQ	9M'12	ΔYoY
NPLs <sup>(2)</sup>	5,109	4,573	11.7%	4,160	22.8%
Provisions	3,837	3,665	4.7%	3,688	4.0%
Specific	2,170	2,110	2.8%	2,213	(2.0%)
General	1,667	1,555	7.2%	1,475	13.0%

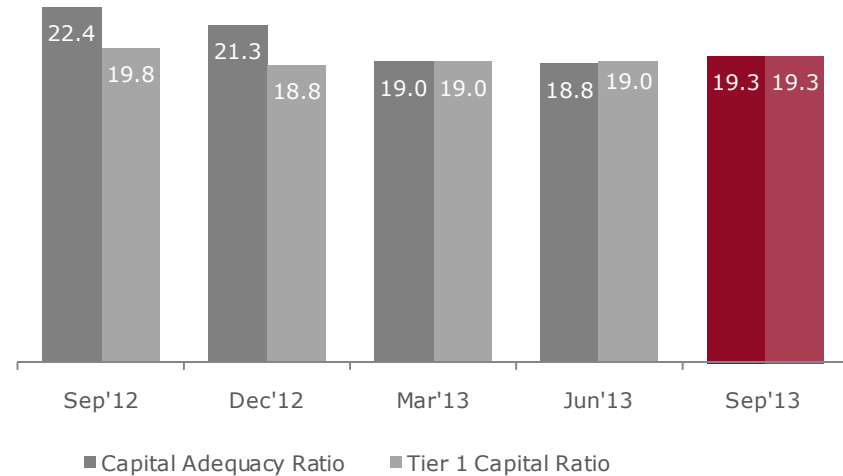
<sup>(2)</sup> NPLs include exposure to Dubai Holding of AED 610Mn as of Sep'13

# CAPITAL STRENGTH

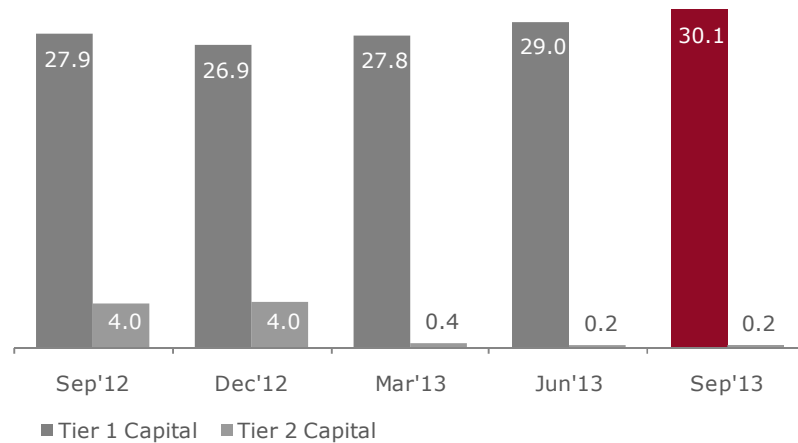
## HIGHLIGHTS

- FGB enjoys a strong capital buffer providing it with ample room for future growth: Sep'13 Tier 1 capital was at 19.3% vs. 8% CB requirement
- Government loan of AED 4.5Bn was fully repaid in March 2013
- The Bank targets a medium term Tier 1 ratio of 15%

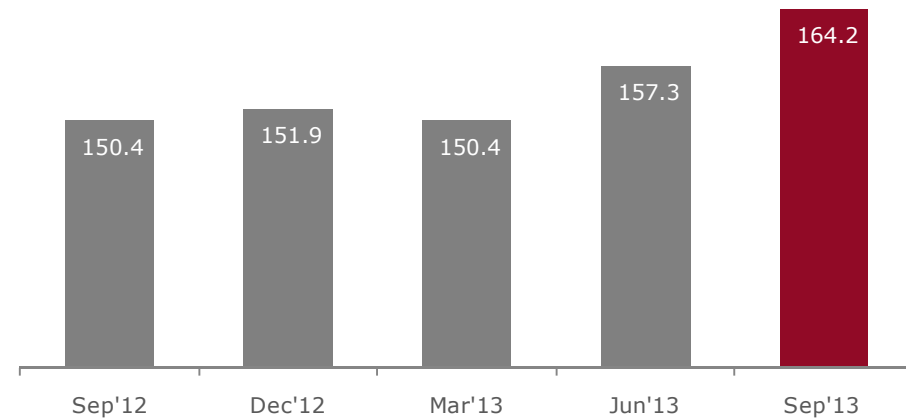
## CAPITAL ADEQUACY RATIO (%)



## CAPITAL BASE (AED Bn)



## RISK WEIGHTED ASSETS<sup>(1)</sup> (AED Bn)



<sup>(1)</sup>As per Basel II

# 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>In June 13, FGB signed an agreement to acquire Dubai First; consolidation will be effective by year-end 2013

# 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**

## OUTLOOK

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### MACRO



UAE Real GDP growth expected at 4.0% in 2013 and 3.9% in 2014 according to latest IMF statistics; UAE non-oil economy to further strengthen in the medium term

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### GROWTH



Upward revision of FY13 loan growth target to 13-14% from 10% previously

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### NIMs



Mild pressure expected over the coming quarters

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### ASSET QUALITY



NPL ratio within 3.5%-4% and provision coverage >80% by 2013-end

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### PROFITABILITY



FY13 RoAE target at 15%; Medium Term RoAE target at 18%

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## APPENDIX

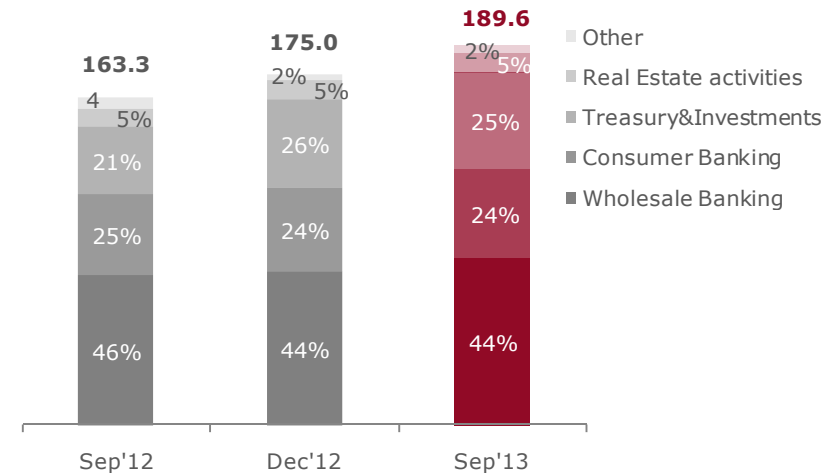
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# BUSINESS SEGMENT CONTRIBUTIONS

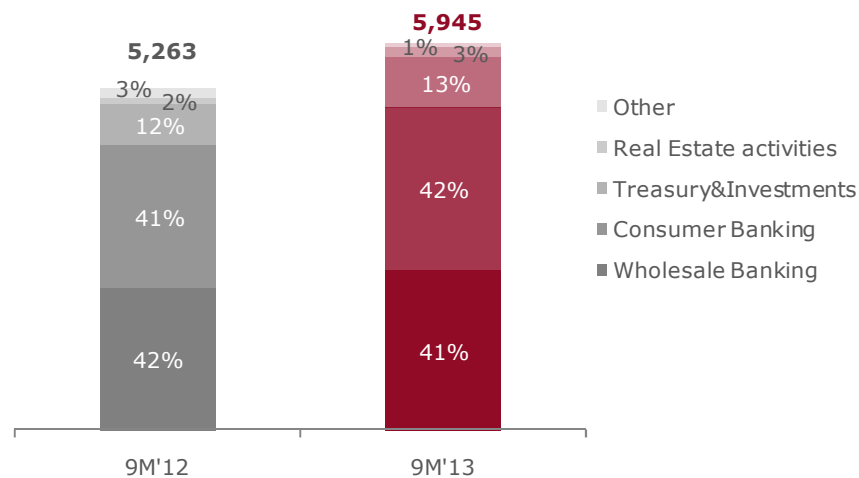
## HIGHLIGHTS

- Wholesale and Consumer Banking represent 44% and 24% of total assets respectively in Q3'13; generating a combined 83% of revenues and 88% of net profit over 9M'13
- Treasury & Investments' contributions to operating income and net profit stood at 13% and 21% respectively

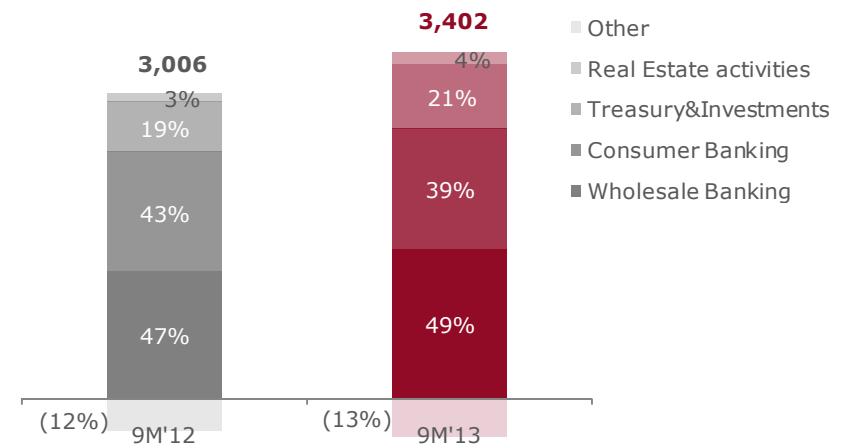
## TOTAL ASSETS (AED Bn)



## OPERATING INCOME (AED Mn)



## NET PROFIT (AED Mn)

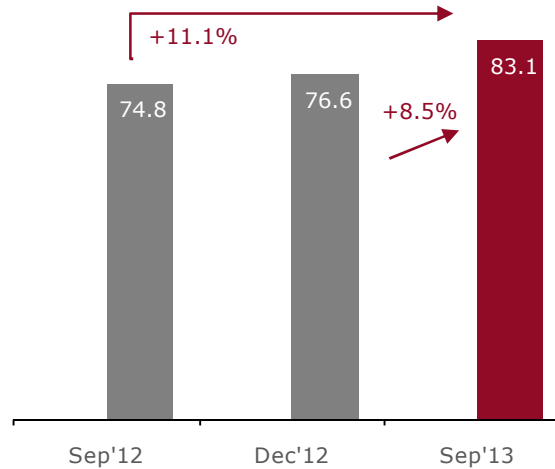


# WHOLESALE BANKING

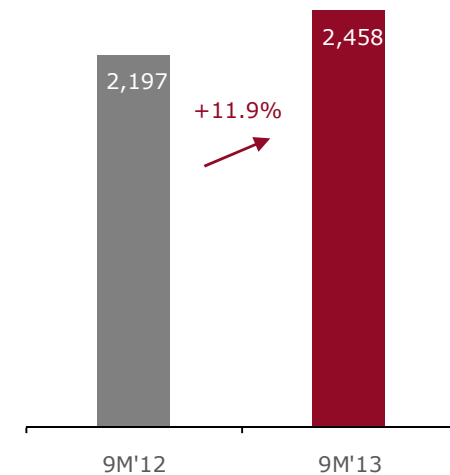
## HIGHLIGHTS

- Wholesale Banking assets grew 8.5% year-to-date to AED 83.1Bn as of September-end 2013
- 9M'13 operating income was recorded at AED 2,458Mn, up 11.9% YoY
- 9M'13 net profits grew 17.3% YoY to AED 1,656Mn

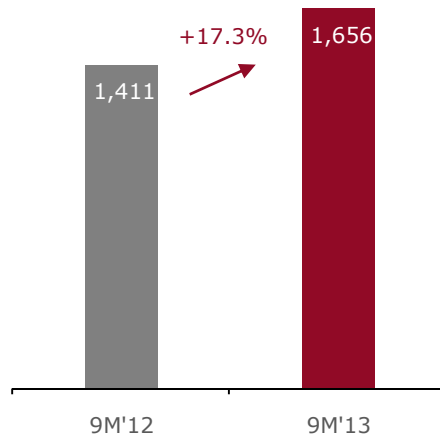
## ASSETS (AED Bn)



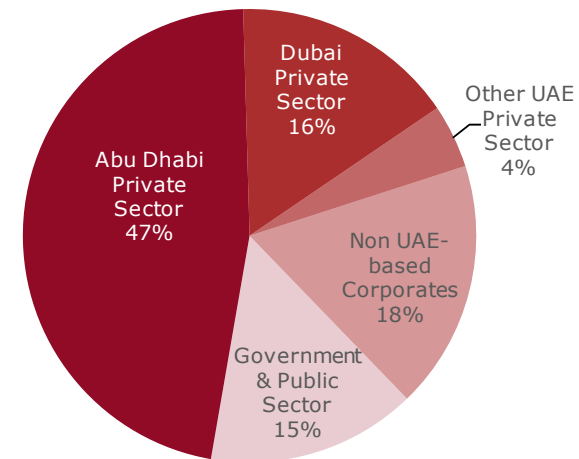
## OPERATING INCOME (AED Mn)



## NET PROFIT (AED Mn)



## WHOLESALE GROSS LOAN PORTFOLIO (SEP'13)



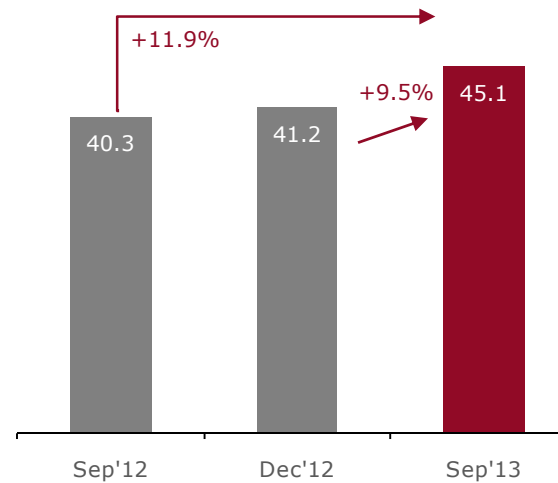


# CONSUMER BANKING

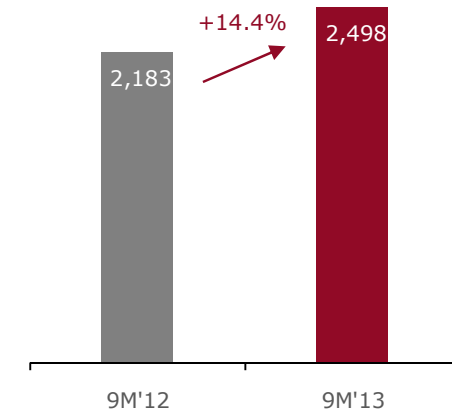
## HIGHLIGHTS

- Consumer Banking assets increased 9.5% year-to-date to AED 45.1Bn as of September-end 2013
- 9M'13 operating income improved 14.4% compared with 9M'12
- 9M'13 net profits at AED 1,333Mn were 2.3% higher than the same period last year

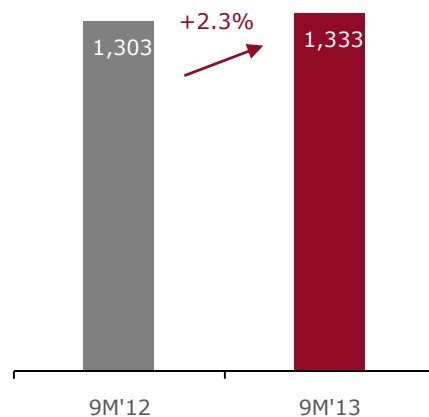
## ASSETS (AED Bn)



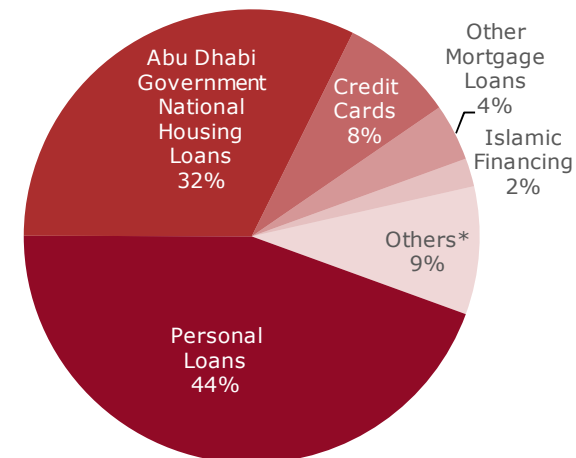
## OPERATING INCOME (AED Mn)



## NET PROFIT (AED Mn)



## CONSUMER GROSS LOAN PORTFOLIO (SEP'13)



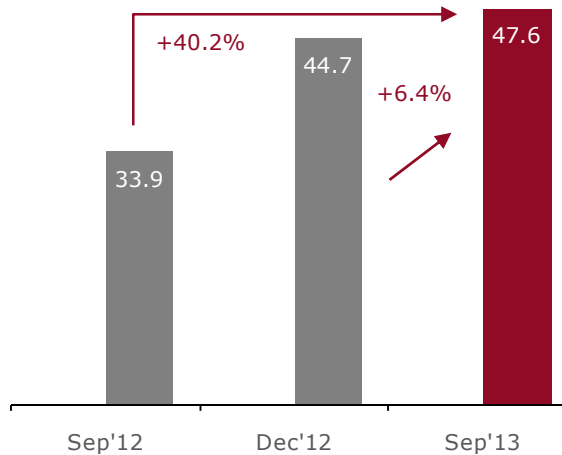
\*Others include SME loans, overdrafts and auto loans

# TREASURY AND INVESTMENTS

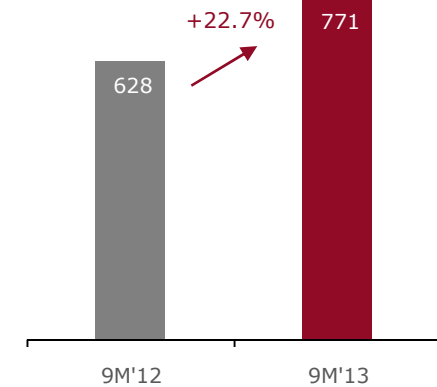
## HIGHLIGHTS

- Treasury and Investments' assets increased by 40.2% YoY to reach AED 47.6Bn by September-end 2013
- 9M'13 operating income expanded 22.7% YoY to AED 771Mn
- 9M'13 net profits grew 22.9% YoY to AED 711Mn

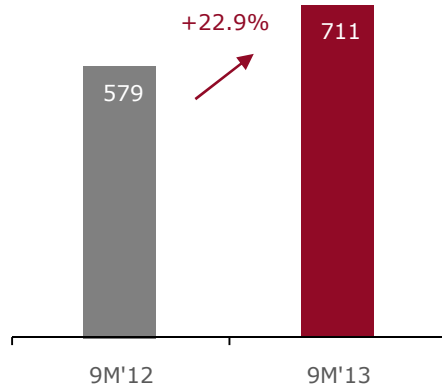
## ASSETS (AED Bn)



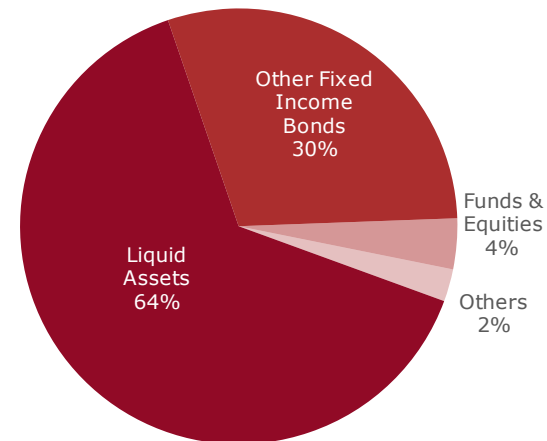
## OPERATING INCOME (AED Mn)



## NET PROFIT (AED Mn)



## TREASURY AND INVESTMENTS PORTFOLIO (SEP'13)

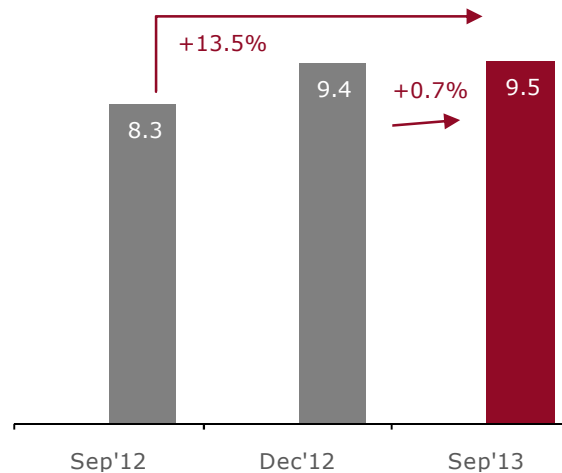


# REAL ESTATE ACTIVITIES

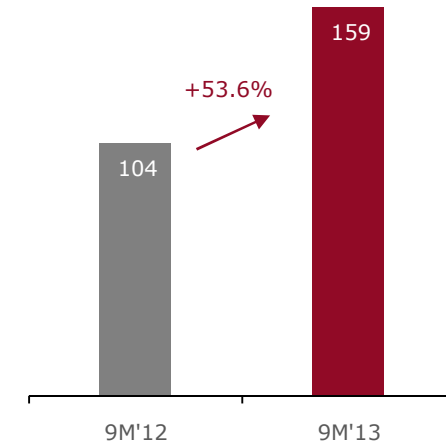
## HIGHLIGHTS

- Real Estate assets landed at AED 9.5Bn in September 2013, up 13.5% YoY
- 9M'13 operating income grew 53.6% YoY to AED 159Mn
- 9M'13 net profits improved 70.3% YoY to AED 130Mn

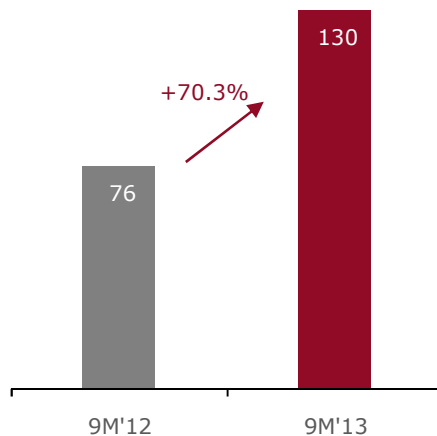
## ASSETS (AED Bn)



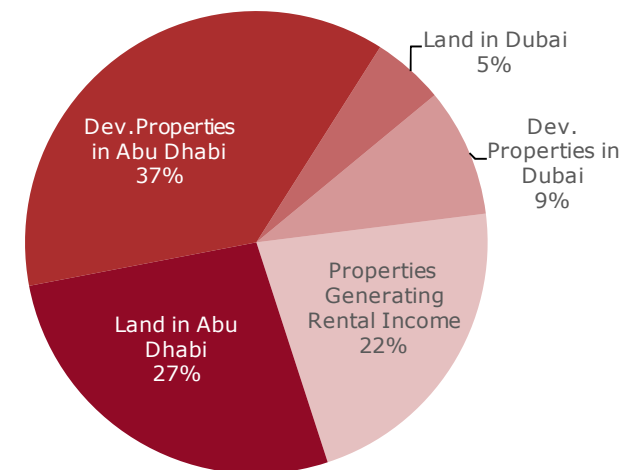
## OPERATING INCOME (AED Mn)



## NE PROFIT (AED Mn)



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






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

# FIRST GULF BANK OVERVIEW

## A LEADING UAE FRANCHISE

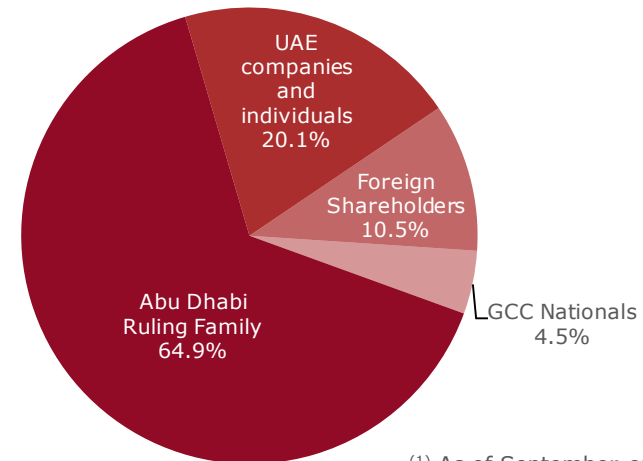
- Incorporated in 1979 and headquartered in Abu Dhabi
- 64.9% owned by Abu Dhabi's ruling family
- Wide range of financial products and services offered through a network of 23 branches and 135 ATMs across the UAE; international presence in Libya, Qatar, India, Singapore and Hong-Kong
- 1,159 employees; more than 300,000 customers
- Market cap. of AED 49.4Bn (USD 13.4Bn) as of Oct. 28<sup>th</sup>, 2013

## CREDIT RATINGS

	LONG TERM RATING	OUTLOOK
	<b>A2</b> (Since 2007)	<b>Stable</b>
	<b>A+</b> (Since 2007)	<b>Stable</b>
	<b>A+</b>	<b>Stable</b>

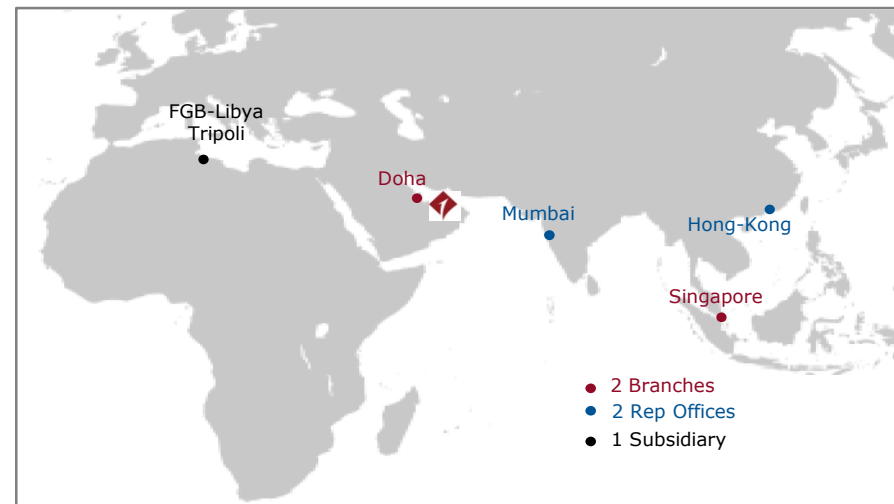


## OWNERSHIP STRUCTURE<sup>(1)</sup>



(1) As of September-end 2013

## 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*  
*Etihaad 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

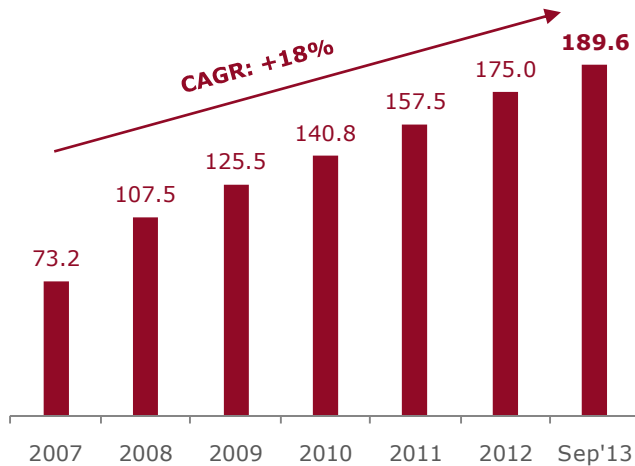
BOARD MEMBER

DIRECTOR GENERAL OF ABU  
DHABI FUND FOR  
DEVELOPMENT

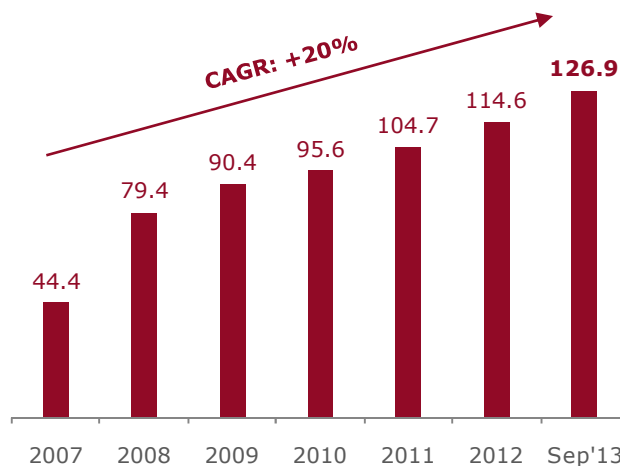
*Vice Chairman of the board of*  
*the Arab Bank for*  
*investment*  
*Chairman of Al Ain Farms for*  
*Livestock production*  
*Board member of the center*  
*of food security of Abu Dhabi*

# KEY ACHIEVEMENTS

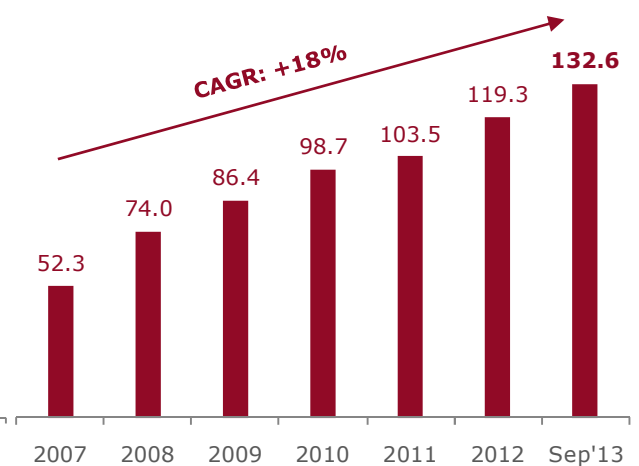
**TOTAL ASSETS (AED Bn)**



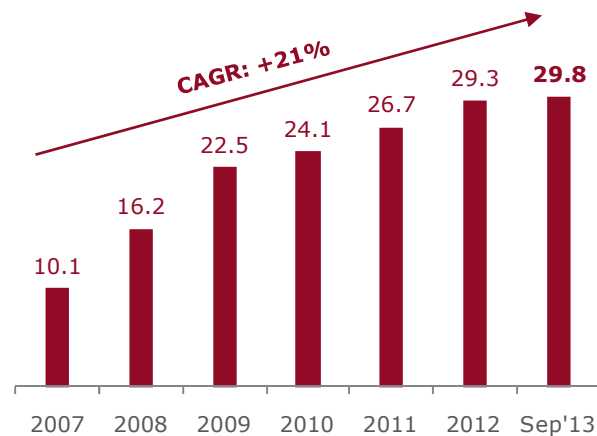
**LOANS & ADVANCES (AED Bn)**



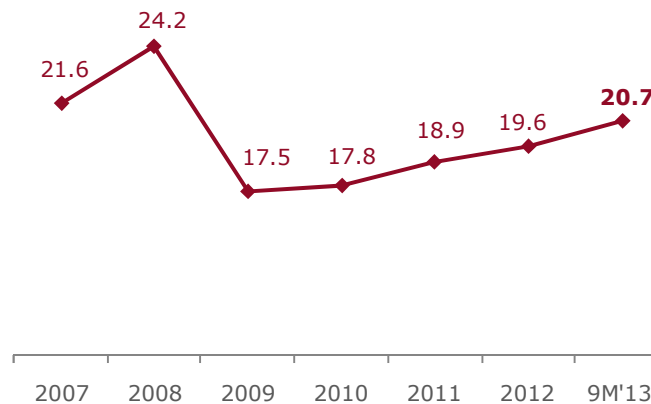
**CUSTOMER DEPOSITS (AED Bn)**



**SHAREHOLDERS' EQUITY (AED Bn)**



**COST-TO-INCOME RATIO (%)**

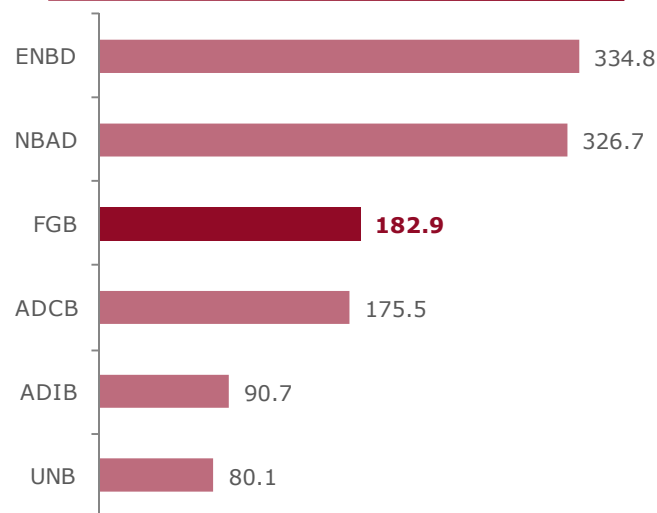


**NET INTEREST MARGIN (%)**

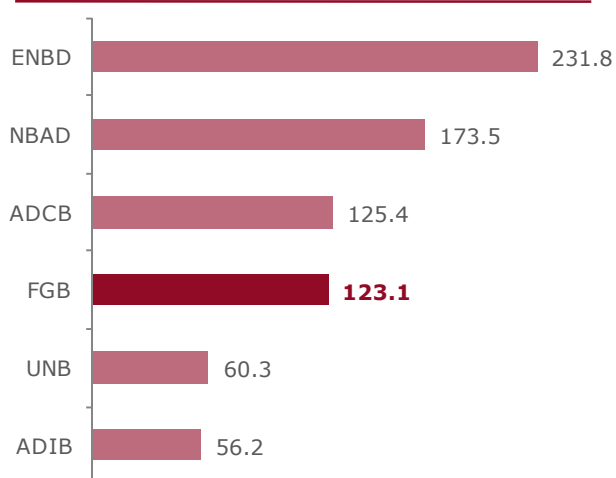


# FGB VS. LOCAL PEER GROUP IN H1'13

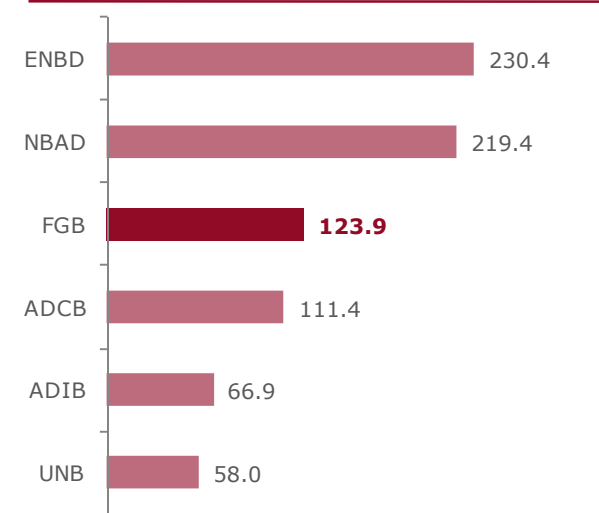
## TOTAL ASSETS (AED Bn)



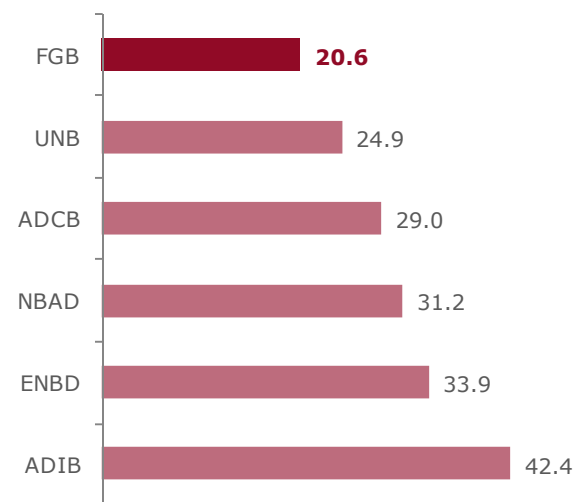
## LOANS & ADVANCES (AED Bn)



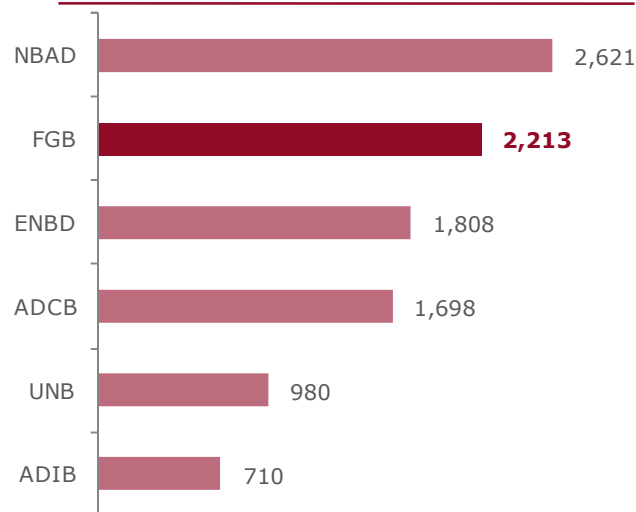
## CUSTOMER DEPOSITS (AED Bn)



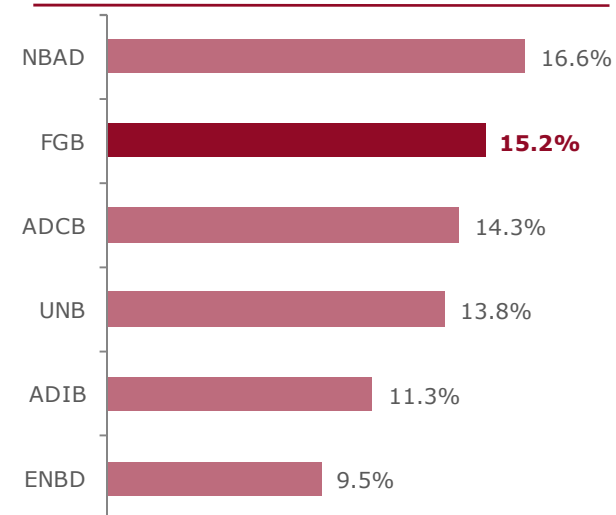
## COST-TO-INCOME RATIO (%)



## NET PROFIT (AED Mn)



## RETURN ON AVERAGE EQUITY<sup>(1)</sup> (%)



\*Annualized

## DIVIDEND HISTORY

	2008	2009	2010	2011	2012
Net Profit (AED Mn)	3,005	3,310	3,420	3,707	4,154
Cash Dividend (% of capital)	35%	50%	60%	100%	83%
Bonus Shares (% of capital)	-	-	-	100%	-
Dividend Payout Ratio (% of net profit)	16%	20%	26%	40%	60%
Cash Dividend Distributed (AED Mn)	477	677	900	1,500	2,500
Capital Adequacy after Distribution	14%	23%	23%	22%	21%



# FGB AWARDS IN 2013

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Best Local Bank in the UAE



Best Bank in the UAE

Best Bancassurance in the UAE



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:  
[WWW.FGB.AE](http://WWW.FGB.AE)

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+971 2 69 20 690