



FIRST GULF BANK REPORTS ANOTHER RECORD QUARTER Q2 profit soars 70% to AED 808 million

09 July 2008, Abu Dhabi, U.A.E.: First Gulf Bank (FGB), one of the UAE's leading financial institutions, has announced its financial results for the second quarter of 2008 reaching a record net profit of AED 808 million. This represents an increase of 70% over the same quarter of last year and is 20% higher than the first quarter of this year.

"FGB has delivered yet another outstanding quarter," said André Sayegh, FGB's Chief Executive Officer. "In line with our strategy, we have been consistently outperforming quarter over quarter, and have witnessed strong growth in our core banking operations and in our subsidiaries and associate companies."

Net interest and Islamic financing for the quarter at AED 622 million is 112% higher than the same quarter last year and 47% higher than the previous quarter. Non Interest income, including share of profit of associates, at AED 591 million was 65% higher than same quarter of last year. The total revenue for the quarter stood at AED 1,213 million, of which the contribution of the core banking operations represented 91%.

At the end of June 2008, FGB reported a very strong balance sheet with Total Assets at AED 94 billion, 65% higher than June last year and 29% higher than December 2007. Compared with the same periods, Loans at AED 66 billion were higher by 92% and 48% respectively. Deposits increased by AED 10 billion during the second quarter of 2008 to reach AED 61 billion. Total shareholders' Equity stood at AED 11.3 billion.

The Net Profit for the first half of this year stood at AED 1,484 million, that's 69% higher than the AED 880 million generated during first half of 2007.

The Earning Per Share was AED 1.08 for the first six months of the year, compared to AED 0.70 for the same period of 2007.

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The growth occurred in all the major businesses of the bank and its subsidiaries and associate companies, which are now fully integrated within the FGB Business Group. The Net Profit generated by the main banking businesses - Corporate, Retail, Treasury, Investments, Islamic and Singapore - contributed 72% to the total Net Profit of the Group while the remaining 28% was contributed by FGB's two subsidiaries and three associate companies.

"Our primary focus remains on maintaining a strong balance sheet reflecting efficient ratios" commented Sayegh. "FGB continues to outperform expectations. The indicators for the first half of 2008 are showing an Annualized Return on Average assets of 3.5%, Annualized Return On Average Equity of 26% and Cost to Income Ratio at 20%. This performance is a reflection of the Board's vision, management's ongoing strategy and the dedication of our staff."

The revenue from the Non Funded Business more than doubled during the first half of 2008 compared to the same period of last year. In fact the volume of Letters of Credit and Letters of Guarantees increased from AED 26 billion at end of December 2007 to AED 42 billion by end of June 2008.

"We continue to strengthen our complementary businesses in the areas of Merchant Banking, Equity Brokerage, Real Estate and Islamic Financing mortgages. This will maximise profit of the Group and deliver exceptional service to our customers," said Sayegh.

During this quarter, First Gulf Bank launched Bancassurance – a wide range of life insurance and savings plans that provide customers with financial security in times of critical illness, disability, loss of employment and other of life's uncertainties. The bank also announced a strategic tie-up with a leading Takaful and re-Takaful group in the world to offer FGB's customers access to quality and affordable Takaful solutions as well as Sharia'h compliant insurance products.

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First Wealth, the wealth management arm of FGB, continues to target the region's high net worth individuals and mass affluent segments. First Wealth offers a comprehensive range of investment products and services tailored to the financial planning needs of local and expatriate clientele.

FGB's expansion continued throughout the quarter, with new state-of-the-art branches opening in convenient locations in the UAE. And in line with its prudent strategy of international diversification, FGB is planning to open more representative offices in major financial centres.

"Building on our successful presence in Singapore, we are looking to gain presence in major financial centres. During this quarter we obtained approval from the Reserve Bank of India to open a representative office in Mumbai. This is in addition to our ongoing plans for opening offices in the U.K, China and Qatar. In parallel, we are also progressing with our initiatives to have a physical presence in both Libya and Algeria."

In June 2008, FGB was named the "Best Commercial Bank in the UAE" by Asiamoney magazine, following a stringent process including analysis of the bank's financial position and discussions with fund managers, analysts and independent specialists.

In a move that underscores its commitment to the community, First Gulf Bank has signed an agreement with the Scholarship Coordination Office to provide scholarships to ten UAE Nationals under the Distinguished Student Scholarship (DSS) scheme. These scholarships allow a new generation of Emirati youth to increase their skills in the financial sector, which will then positively contribute to the development of the UAE. "This is yet another example of the Emiratisation efforts of FGB. We continue to provide opportunities for UAE Nationals and train them with the necessary skills," said Sayegh.

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Earlier this year, FGB announced the shareholders' Extraordinary General Meeting approval to issue convertible bonds of a value up to \$2.5 billion. According to Sayegh, "We are looking at the best available options in the local and international markets to proceed."

"It has been an outstanding quarter for FGB. We were able to sustain our growth while maximising shareholders', customers' and employee value. We are on our way for yet another year of strong performance." concluded Sayegh.

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