

First Gulf Bank



بنك الخليج الأول

**FIRST GULF BANK REPORTS SOLID FINANCIAL QUARTER
WITH 68% INCREASE**

Q3 Profit AED 850 Million

21 October 2008, Abu Dhabi, U.A.E.: First Gulf Bank (FGB), one of the UAE's leading financial institutions, has reported a net profit of AED 850 million for the 3rd quarter . This represents an increase of 68% over the same quarter of last year. The Net Profit for the first nine months of this year stood at AED 2,334 million, that's 68% higher than the AED 1,387 million generated during the first nine months of 2007.

Abdulhamid Saeed, FGB's Managing Director stated "Our ongoing objective has been to build First Gulf Bank as a balanced diversified financial institution. We have demonstrated our strength by continuously focusing on building our equity and increasing our deposits along with consistent financial results."

77% of FGB Group Net Profit for the first nine months of 2008 was generated by the main banking businesses - Corporate, Retail, Treasury & Investments -, while the remaining 23% was contributed by FGB's two subsidiaries and three associate companies.

"During the third quarter, FGB issued Mandatory Convertible Bonds worth AED 3.6 billion to UAE institutional strategic partners. Total Equity reached AED 16 billion by end of the third quarter reflecting the strength of the balance sheet of an adequately capitalized bank," added Saeed.

- more follows -



“In line with our Board’s vision, management’s sound business strategy and the dedication of our staff, we have been consistently outperforming quarter over quarter,” said André Sayegh, FGB’s Chief Executive Officer. “We continue to reap the dividends of our strategy of building a strong balance sheet and focusing on diversifying income streams. Our core banking operations have proven to be the mainstay of our profitability which has been further boosted by our subsidiaries and associate companies”.

“In line with our prudent strategy of international diversification and in addition to our operations in Singapore, we continue to gain presence in major financial centres. We will soon start operating in the UK and Qatar, and later on in India and China.

In parallel, during the third quarter, First Gulf Libyan Bank started operating in Libya and preparations are undergoing for the official opening. Our team is also on ground in Algeria and we are right on plan to commence our operations there.” Added Sayegh

Deposits increased by AED 5.5 billion during the third quarter of 2008 to reach AED 66.7 billion, despite the global economic slow down.

During the first nine months of 2008, FGB demonstrated its ability to consistently show excellent profitability and efficiency ratios with Annualized Return On Average assets at 3.5%, Annualized Return On Average Equity at 23% and Cost to Income Ratio at 21%. By the end of September 2008, the Non Performing Loans to Gross Loan Ratio was at only 0.6%, and the Provision Coverage was almost 200%.

The Earning Per Share was AED 1.70 for the first nine months of the year, compared to AED 1.11 for the same period of 2007.

- more follows -



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Net Interest Income and Islamic Financing Income is 93% higher than the same period last year reaching AED 1,801 million. This net interest was generated by a strong Balance Sheet where the Total Assets crossed the hundred billion dirham for the first time to reach AED 104 Billion, which is 42% higher than December 2007 and 68% higher than September 2007. The Net Interest Margin improved from 2.71% for the full year 2007 to 3.03% for the first nine months of 2008.

During the first Nine months of the year the bank also focused on developing its trade finance operations. The Non Funded Business, which is reflected in the Total Letters of Credit and Guarantees outstanding by end of September 2008 at AED 48 billion compared to AED 23 billion by end of September 2007, a 109% increase. This contributed to increasing the commission income on LC's and LG's from AED 82 million in September 2007 to AED 194 million in September 2008, a 137% increase.

“At FGB, we have strong foundations to continue on delivering our vision and commitment to all our stakeholders.” concluded Saeed.

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