

# FGB Investor Presentation

March 2016



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This presentation should be read in conjunction with other publicly available material. Rounding differences may appear in some tables and charts.

Further information including historical results and a description of the activities of FGB is available on our website, [www.fgb.ae](http://www.fgb.ae)

# Contents

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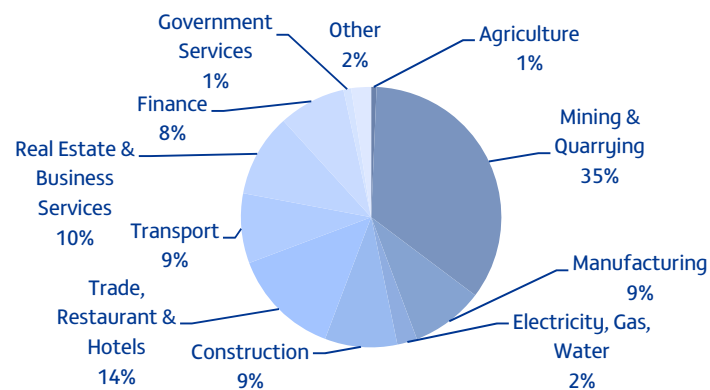
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# UAE Economic Overview

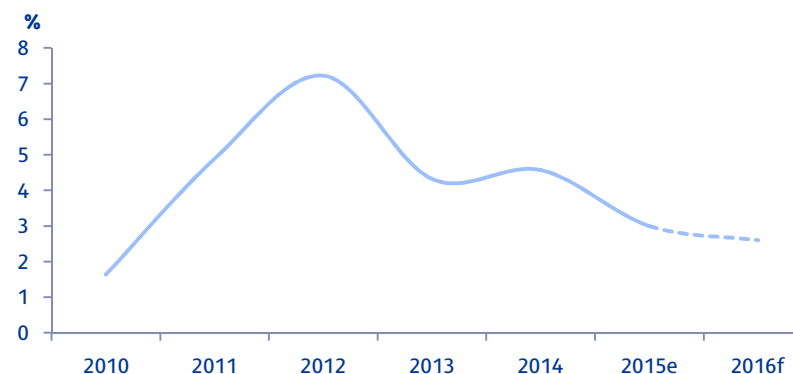
## FUNDAMENTALS REMAIN SOLID IN SPITE OF LOWER OIL PRICES

- UAE federation was established in 1971 and comprises of seven Emirates; Politically stable country and highly favorable and competitive business environment<sup>1</sup>.
- Second largest economy in the GCC; 7<sup>th</sup> largest oil reserves in the world (97.8 Bn boe<sup>2</sup>); Total population estimated at 9.8 Million
- Strong financial position thanks to years of large fiscal and external surpluses
- In January 2016 and in the context of continued oil price weakness, the IMF revised UAE real GDP growth forecast to 2.6% in 2016, down from a previous forecast of 3.1%
- 2016 fiscal deficit is estimated at 7.5% of GDP; measures towards gradual fiscal consolidation are being implemented including subsidy reforms, reductions in non-current expenditure, and introduction of a VAT framework across the GCC by 2018.

## A DIVERSIFIED ECONOMY<sup>3</sup>



## REAL GDP GROWTH FORECASTED TO SLOW DOWN TO 2.6% IN 2016



### Economic Structure and Performance

	2014	2015e
Real GDP Growth (%)	4.6	3.0
Nominal GDP (USD Bn)	399.5	339.1
Inflation Rate (CPI, % change)	2.3	3.7
General government revenue (% GDP)	37.7	31.3
General government total expenditure & Net Lending (% GDP)	32.8	36.8
Fiscal Balance (% GDP)	5.0	(5.5)
Gross Debt (% GDP)	15.7	18.9

Source: IMF, WEO Database, October 2015

<sup>1</sup>UAE ranked 17/140 in WEF 2015/2016 Global Competitiveness Report

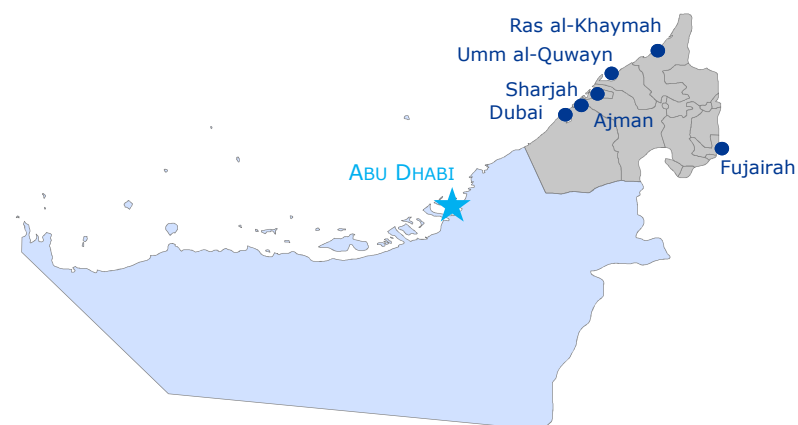
<sup>2</sup>BP report June 2015

<sup>3</sup> UAE National Bureau of Statistics, 2014 GDP

# Abu Dhabi Economic Overview

## ABU DHABI AT A GLANCE

- Largest Emirate in the UAE accounting for more than 80% of the country's total land area; Population estimated at 2.8 Million<sup>1</sup>.
- Abu Dhabi Nominal GDP estimated at USD 185Bn in FY16f<sup>1</sup>, that's 52% of UAE overall nominal GDP.
- 51% of 2014<sup>2</sup> GDP generated from the hydrocarbon sector; major non-oil GDP contributors include: construction, financial services, public administration and defense, and manufacturing.
- Transition underway towards a more diversified economy with a particular focus on the infrastructure and services sectors inline with Abu Dhabi Plan 2030.
- Strong net asset position providing a robust buffer to mitigate impact of lower oil prices.



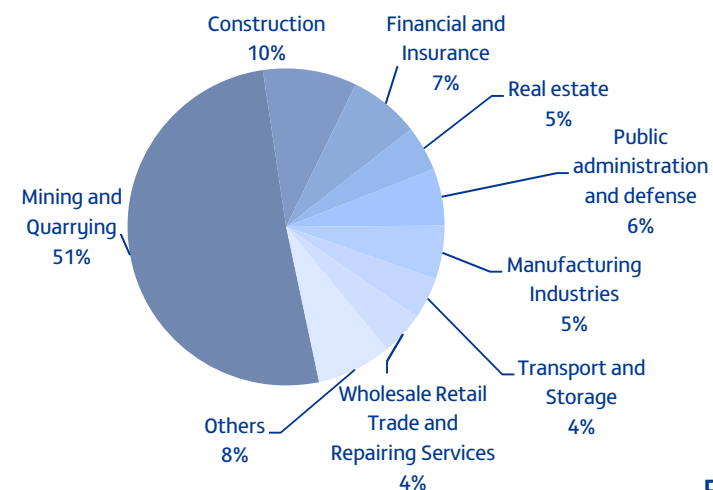
## ABU DHABI – KEY STATISTICS<sup>1</sup>

<i>Economic Structure and Performance</i>	2014	2015e	2016f
Nominal GDP (USD Bn)	259	206	185
Real GDP growth (%)	4.7	4.2	2.0
Inflation Rate (CPI, % change)	3.2	5.0	3.5
Revenue/ GDP	39.7	35.8	34.3
Expenditures/ GDP	39.6	38.2	42.5
Balance/ GDP	0.1	(2.5)	(8.2)
Liquid Assets/ GDP (%)	230.5	300.8	343.7

<sup>1</sup> S&P, February 2016

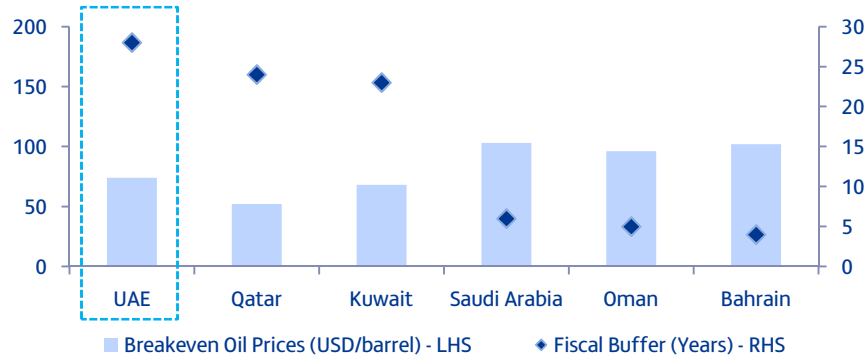
<sup>2</sup> Statistics Center Abu Dhabi (SCAD) 2015, preliminary estimates

## GDP BREAKDOWN BY SECTOR 2014<sup>2</sup>



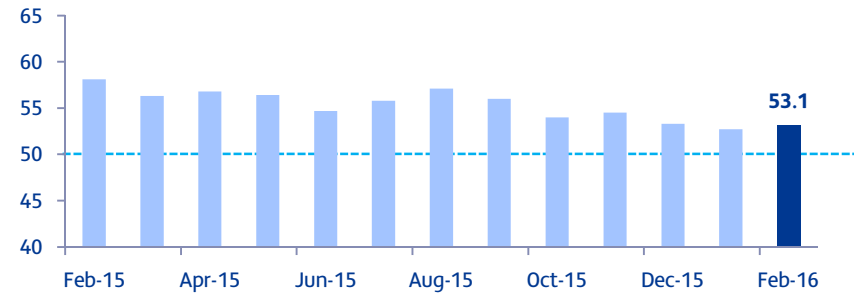
# The UAE in the context of lower oil prices

## UAE ENJOYS STRONG FISCAL BUFFER TO COUNTERACT IMPACT OF LOWER OIL PRICES



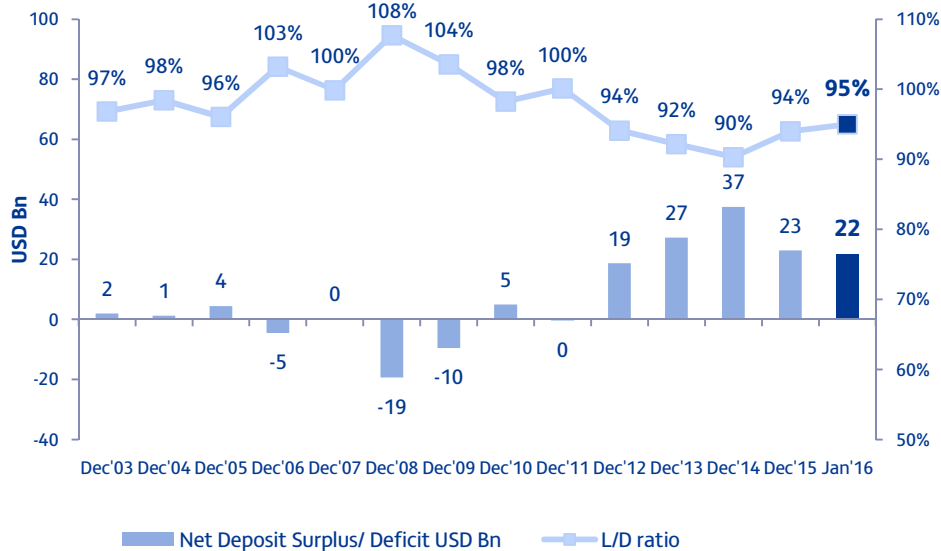
Source: IMF, Oct. 2015

## UAE PMI<sup>1</sup> REMAINS IN EXPANSIONARY TERRITORY

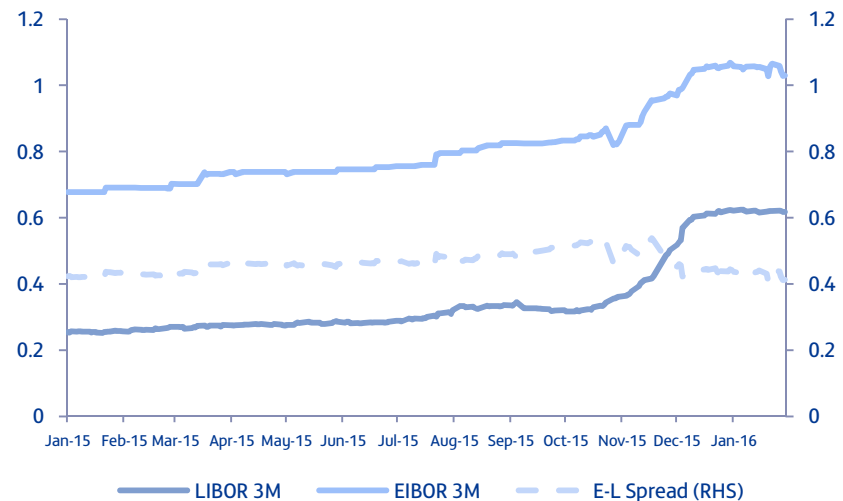


Source: Markit Economics

## USD 22BN NET DEPOSIT SURPLUS AS OF JAN'16



## EIBOR RISING BUT SPREAD OVER LIBOR IS STABLE



<sup>1</sup>UAE Purchasing Manager Index is a composite indicator designed to provide an overall view of activity in the UAE's non-oil private sector economy. The indicator is derived from individual diffusion indices which measure changes in output, new orders, employment, suppliers' delivery and stocks of goods purchased.

# A sound and highly capitalised banking system

## KEY HIGHLIGHTS

- UAE banking sector comprises 49 banks (23 local, 26 foreign); top 5 local banks hold more than 60% of system loans and deposits.
- Strong track record of systemic support as evident through the preventive measures taken at the onset of the global financial crisis
- Strengthened macroprudential policies through the implementation of: maximum LTVs on mortgages, 50% Debt Burden Ratio, minimum General Provisions at 1.5% of CRWA.
- UAE Central Bank introduced in May 2015 a glide path on Liquidity Coverage Ratio (LCR) in the context of gradual migration to Basel III regulatory framework. The minimum for the current year is 70%, up from 60% in 2015.
- As of Jan'16, system loan book grew by 7.6% YoY (+USD 27Bn) while customer deposits added 4.2% YoY (+USD 16Bn). According to estimates, system loan growth in 2016 should slow down to mid single-digit.
- UAE Banking System is highly capitalized with Dec-end 2015 total CAR and tier 1 capital at 18.3% and 16.6% respectively

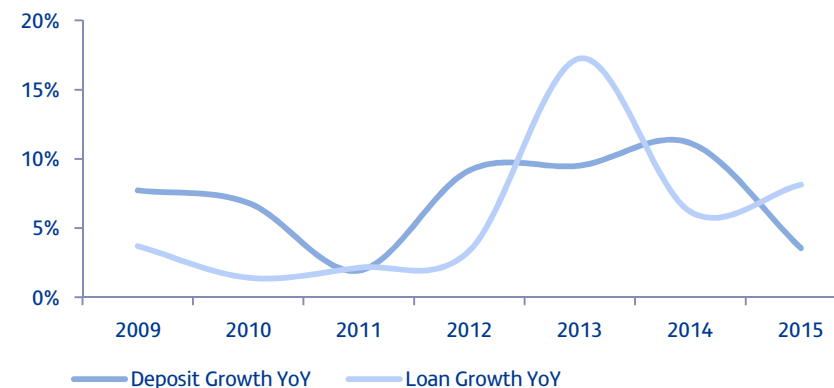
## UAE BANKING SECTOR KEY INDICATORS<sup>1</sup>

Figures in USD Bn	Jan'16	Dec'15	MoM %	YoY %
Total Assets, net	648	647	0.2%	7.7%
Loans and Advances, net	379	377	0.4%	7.6%
Customer Deposits	401	401	-	4.2%
LDR	95%	94%	+100bps	+300bps
Lending to Stable Resources Ratio*	86.9%	86.9%	-	+90bps
CAR**		18.3%		
Tier 1 capital**		16.6%		

\*Total advances (net lending + net financial guarantees & stand-by LC+ Interbank placements more than 3 months)/ sum of (net free capital funds + total other stable resources)

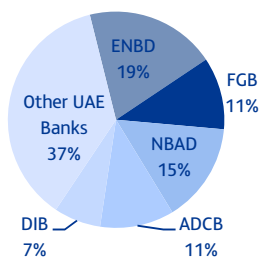
\*\*Basel 2

## CREDIT GROWTH EXPECTED TO SLOW DOWN IN 2016

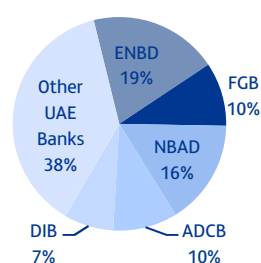


## DEC'15 LOAN AND DEPOSIT MARKET SHARES

### LOANS & ADVANCES



### CUSTOMER DEPOSITS



<sup>1</sup> Source: UAE Central Bank

# FGB Summary Profile

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- ✓ Leading UAE franchise; #1 UAE Bank by market capitalisation, #2 by net profit and #4 by total assets; 11% and 10% market shares in loans and deposits respectively
- ✓ Superior fundamentals in terms of cost efficiency, asset quality and profitability
- ✓ Strong Credit Ratings: A+ by Fitch, A2 by Moody's, and A by S&P; Stable outlook
- ✓ Comfortable liquidity position and access to multiple funding channels
- ✓ Strong risk management culture and stable management team
- ✓ Business model re-aligned to drive sustainable value creation
- ✓ Robust capital position: Basel II total CAR at 17.5% and Tier 1 capital ratio at 16.3% as of Dec'15



# Three-Pillar Strategy

## Our Vision:

To Be Recognised as a World-Class Organization Maximizing Value For All Stakeholders

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
- Dubai First to provide specialist credit card propositions to the expanding UAE customer base
- Enhance fee income through comprehensive property management of residential and commercial real estate assets across the UAE

## Our Mission:

To Be the “First Choice” for customers

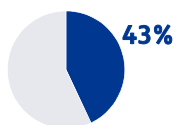
# Business Segments

## Core Banking Revenue Drivers

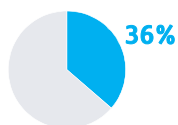
## Incremental Revenue Streams

### WHOLESALE BANKING

% of Assets

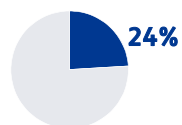


% of Revenue

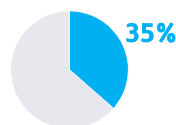


### CONSUMER BANKING

% of Assets

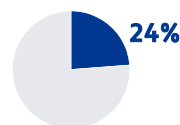


% of Revenue

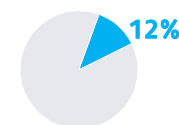


### TREASURY & GLOBAL MARKETS

% of Assets

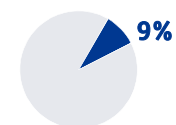


% of Revenue

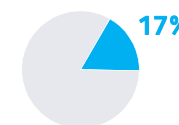


### SUBSIDIARIES & OTHER

% of Assets



% of Revenue



- 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, DCM, project and structured finance), transaction banking (cash, trade, liabilities), Corporate Finance, and Islamic Finance (bilateral trading, trade finance) supported by treasury sales (hedging, FX, rates, commodities)
- Organized geographically across UAE and international locations (Singapore, Libya, Hong-Kong, Qatar, India, UK and South Korea)

- 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

- 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

- Subsidiaries: First Gulf Libyan Bank, First Gulf Properties, Aseel Finance, Dubai First, Mismak Properties, First Merchant International, FGIT
- Associate companies: Green Emirates Properties
- Head Office support units: Audit, Financial Control, HR, Operations, Strategy and Planning, PMO, Admin, Legal, Risk Management, Corporate Communications

Note: % of Assets as of December-end 2015. % of FY'15 Revenue

# Key Achievements

## NET INTEREST MARGIN (%)



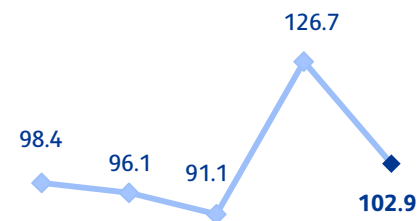
2011 2012 2013 2014 2015

## NPL RATIO (%)



2011 2012 2013 2014 2015

## PROVISION COVERAGE (%)



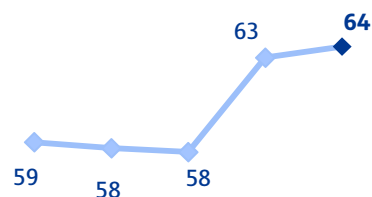
2011 2012 2013 2014 2015

## COST TO INCOME RATIO (%)



2011 2012 2013 2014 2015

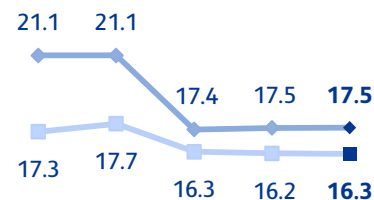
## NET PROFIT /REVENUES (%)



2011 2012 2013 2014 2015

## BASEL II CAPITAL RATIOS (%)

◆ Basel II CAR    ■ Tier 1 Capital



2011 2012 2013 2014 2015

## RoAE (%)



2011 2012 2013 2014 2015

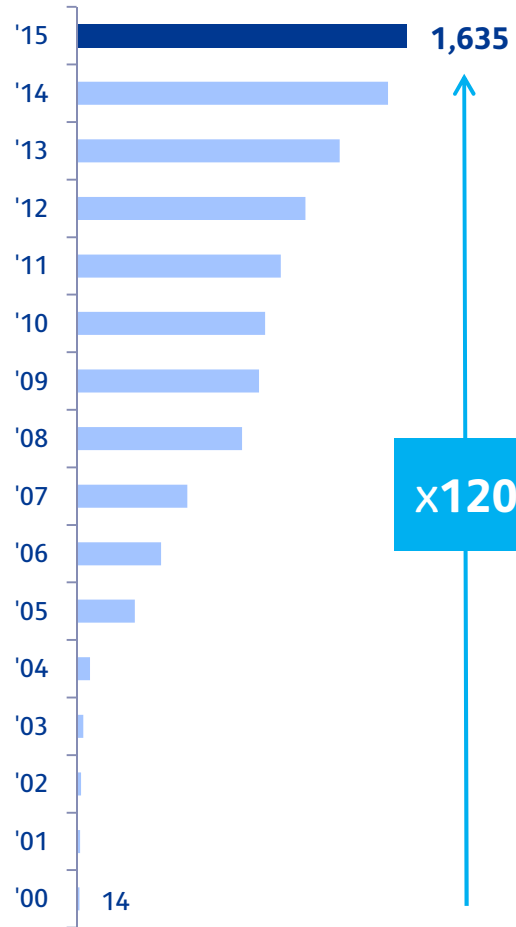
## RoAA (%)



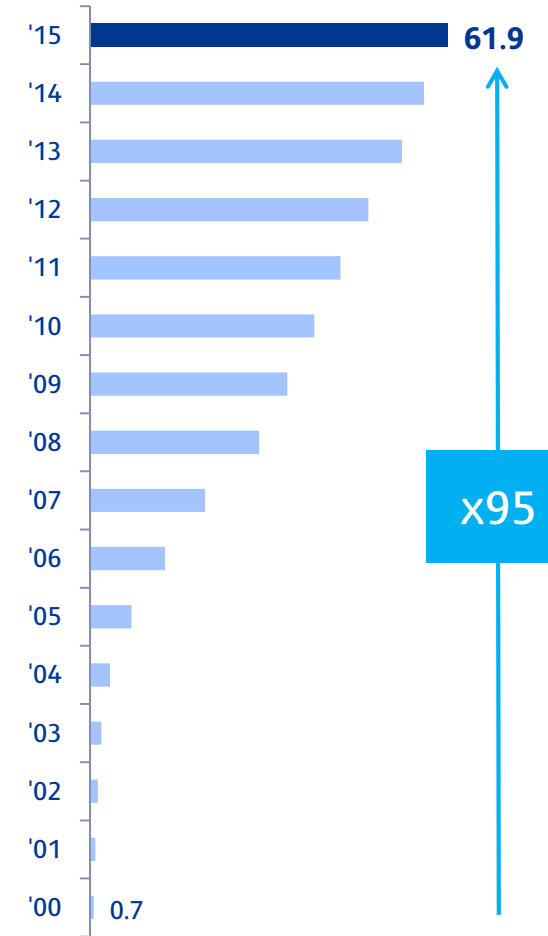
2011 2012 2013 2014 2015

# An impressive journey of consistent growth and value creation over the past 16 years

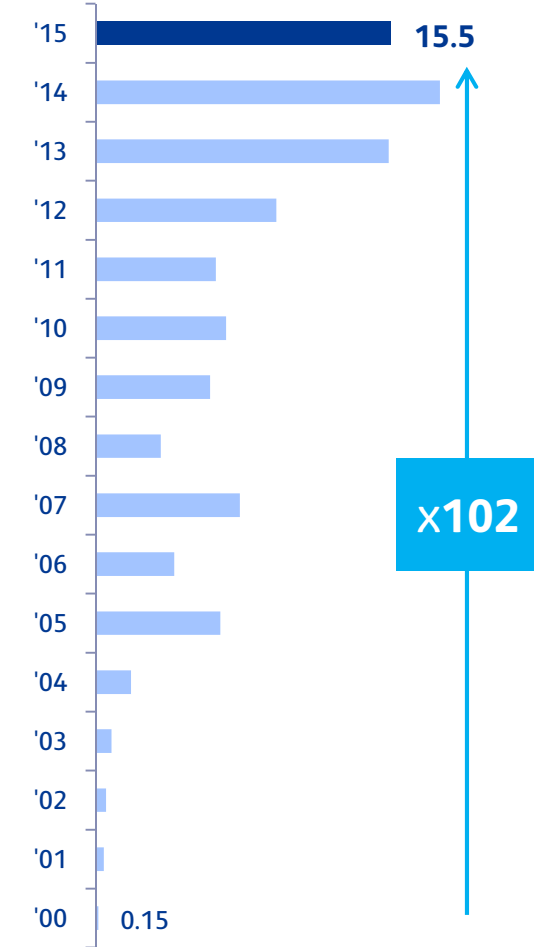
Net Profit (in USD Mn)







Total Assets (in USD Bn)



Market Cap (in USD Bn)



# FGB vs. large domestic peers – FY'15

							Ranking
Profitability & Efficiency	Return on Average Equity	%	17.1	12.9	14.6	17.9	#2
	Return on Average Assets	%	2.7	1.3	1.9	2.3	#1
	Cost to Income	%	20.6	38.7	30.7	34.2	#1
	Net Interest Margin	%	3.3	2.0	2.9	3.3	#1
	Earnings Per Share	USD	0.4	0.3	0.3	0.2	#1
Asset Quality	NPL ratio	%	2.8	2.8	7.1	3.0	#2
	Provision Coverage	%	102.9	105.0	111.5	128.5	#4
Liquidity	Net Loans to Total Assets	%	65.8	50.6	66.6	67.3	#3
	Loans to Deposits	%	105.1	88.1	94.2	107.1	#3
	Liquid Asset Ratio	%	15.2	24.7	23.3	17.3	#4
Solvency	Tier 1 Capital	%	16.3	15.7	18.0	16.3	#2
	Capital Adequacy	%	17.5	16.7	20.7	19.8	#3

# Financial Guidance

	FY15 GUIDANCE	ACTUAL RESULTS	FY16 GUIDANCE
<b>LOAN BOOK GROWTH</b>	10-12%	7%	Low single-digit
<b>REVENUE GROWTH</b>	Low-single digit	5%	Flat to low single-digit
<b>NIMs</b>	25bps – 35bps decrease	31bps decrease	3.0% - 3.2%
<b>EXPENSES</b>	C/I Ratio: 23%-24%	20.6%*	C/I Ratio < 23%
<b>ASSET QUALITY</b>	CoR: 80-90bps	91bps	NPL ratio < 3.5% Cost of risk < 100bps
<b>NET PROFIT GROWTH</b>	Mid-single digit	6%	Flat to low single-digit

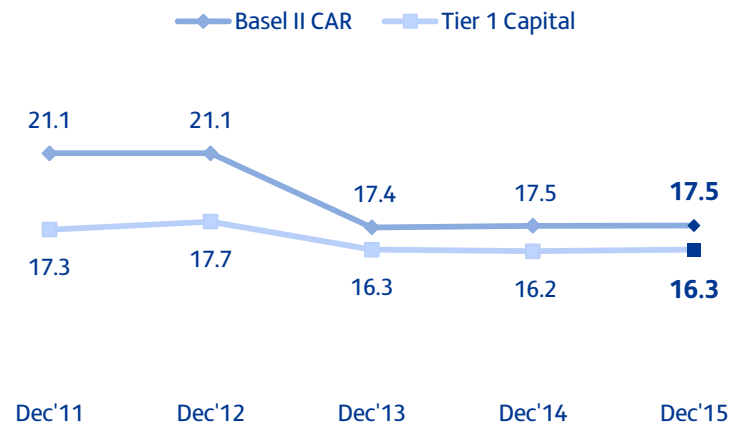
\*23.1% before reclassification of retail-related expenses

# Capital Strength (Basel II)

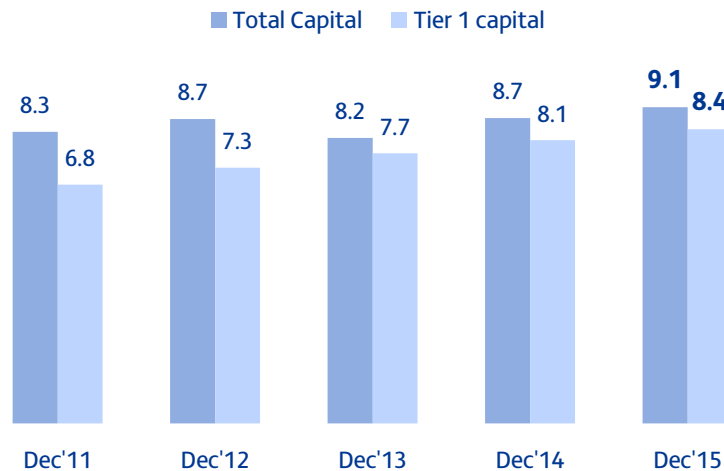
## HIGHLIGHTS

- Basel II total CAR and Tier 1 capital ratios after dividend distribution remained robust at 17.5% and 16.3% respectively as of Dec'15
- RWA grew at a CAGR of 7% over 2011-2015 and by 3% YoY in 2015
- FGB's medium term Tier 1 capital floor under Basel II remains at 14%

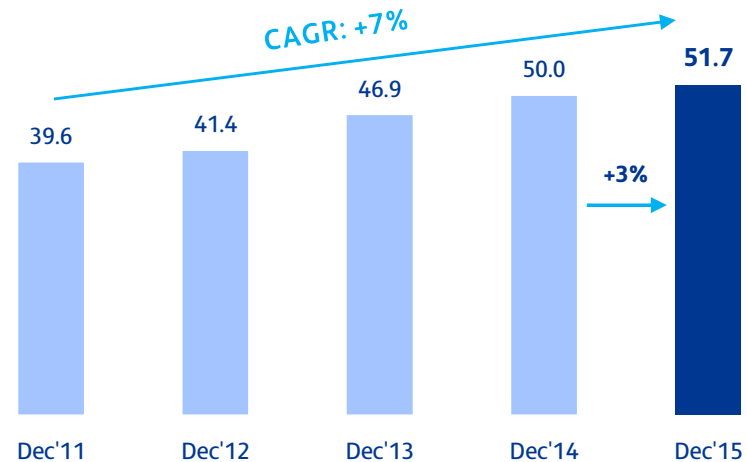
## CAPITAL ADEQUACY RATIO\* (%)



## CAPITAL BASE (USD Bn)



## RISK WEIGHED ASSETS (USD Bn)



\*In March 2013, FGB was the first UAE bank to fully repay the federal government loan of USD 1.2Bn which was eligible as Tier 2 capital

# Regulatory Environment

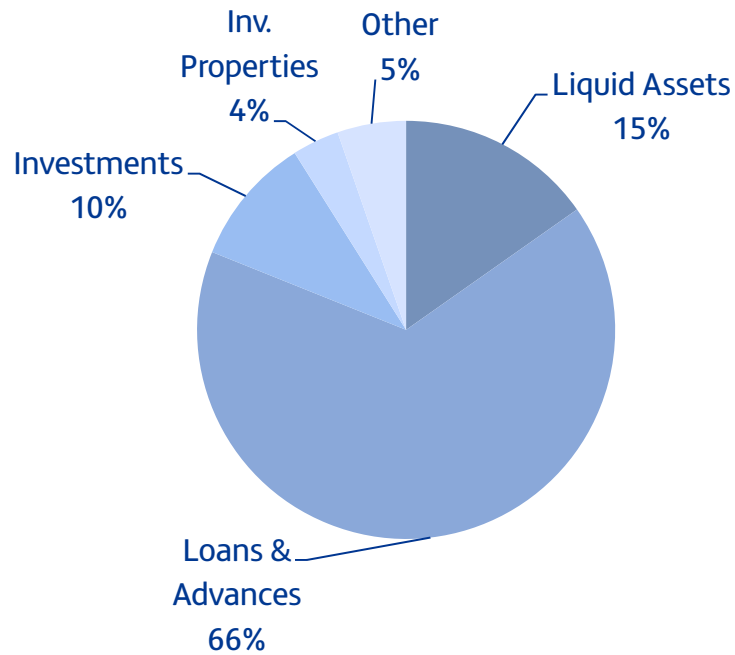
BASEL III GUIDELINES		FGB
LIQUIDITY	Short-term resilience of the liquidity risk profile - sufficient HQLA to survive a significant stress scenario lasting 30 calendar days (LCR)	<ul style="list-style-type: none"> <li>FGB Group LCR as of December-end 2015 stood at 97.3%, above the minimum requirement of 60% for year 2015. As per CB glide path, LCR minimum requirement stands at 70% from Jan 1<sup>st</sup>, 2016</li> </ul>
FUNDING	Structural ratio aiming to ensure banks have sufficient long term funding to meet funding of long term assets & a portion of contingent liability drawdowns during market wide stress (NSFR) i.e. Available Stable Funding to be > Required Stable Funding (w.e.f. 2018)	<ul style="list-style-type: none"> <li>Currently managed through internal strategy of funding 35% of term assets with term liabilities of the respective tenor; major initiatives underway for moving towards NSFR prior to the Basel implementation date of 2018</li> </ul>
CAPITAL	UAE CB expected to release Basel III guidelines in the course of 2016	<ul style="list-style-type: none"> <li>Basel II Total CAR and Tier 1 ratio of 17.5% and 16.3% respectively as of December-end 2015</li> <li>FGB's ability to comply with Basel III requirements does not raise any concerns given its comfortable liquidity and capital positions</li> </ul>
LEVERAGE RATIO	Minimum Basel III Leverage Ratio of 3%	<ul style="list-style-type: none"> <li>FGB Leverage Ratio stands above the Basel III minimum as of Dec'15</li> </ul>
OTHER REGULATION		FGB
GENERAL PROVISIONS	GP at 1.5% of CRWA	<ul style="list-style-type: none"> <li>GP at 1.56% of CRWA</li> </ul>
CREDIT BUREAU	Al Etihad Credit Bureau (AECB) is now operational	<ul style="list-style-type: none"> <li>FGB implemented AECB in 2015</li> <li>Consumer Banking loan growth is expected to be impacted accordingly</li> </ul>



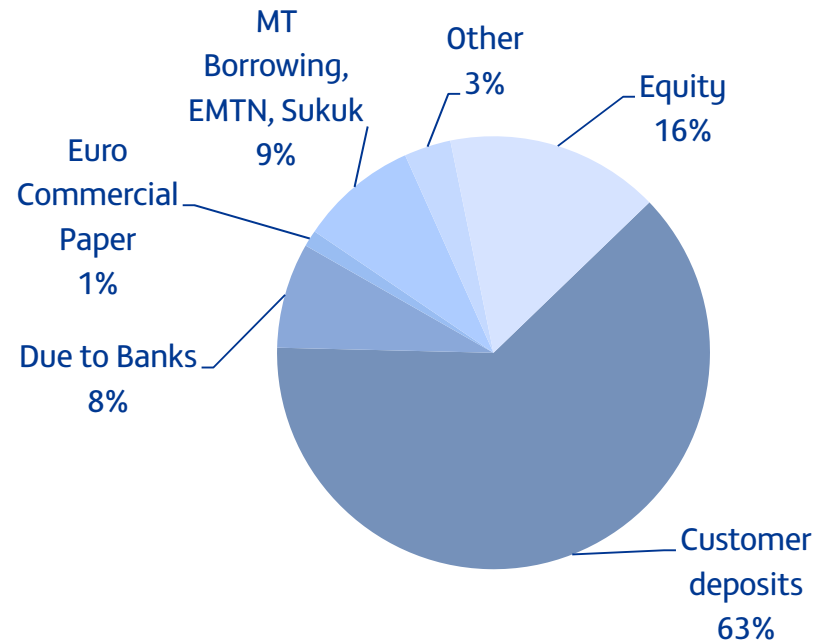
# Asset / Liability Mix

Dec'15 Balance Sheet size of USD 61.9Bn

**DEC'15 ASSET MIX**



**DEC'15 FUNDING MIX**

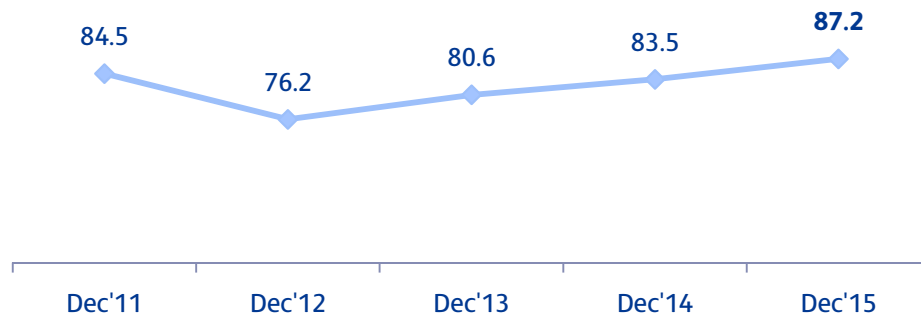


# Liquidity

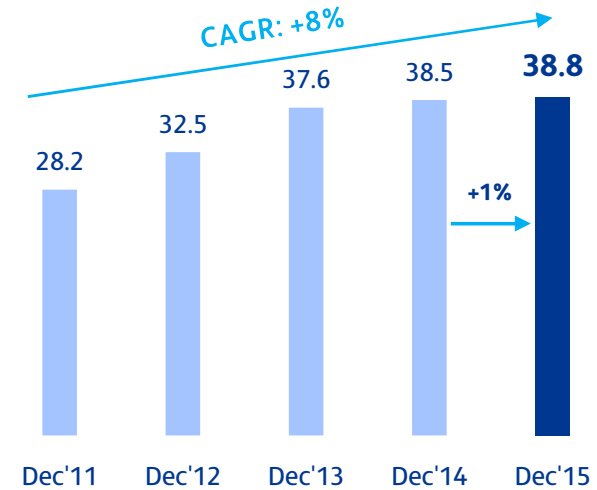
## HIGHLIGHTS

- Customer deposits grew at a CAGR of 8% over 2011-2015. During 2015, the deposit base remained fairly stable YoY at USD 38.8Bn
- By sector, corporate deposits are the main contributor with 39% of total deposits followed by government & public sector deposits (31%), the deposit related to the National Housing Loan (NHL) program (14%), retail deposits (12%), and international deposits (4%). CASA deposits represent 21% of total customer deposits as of Dec'15
- Liquidity position is comfortable with Regulatory Advances-to-Deposits ratio at 87.2% as of Dec-end 2015, well below the regulatory ceiling of 100%
- As of Dec'15, FGB displays a Group LCR of 97.3% which is comfortably above the Basel III glide path of 60% for the year 2015

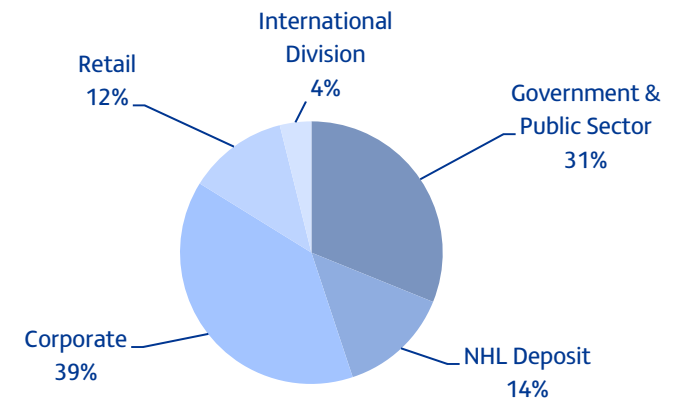
## REGULATORY ADVANCES-TO-DEPOSITS RATIO (%)



## CUSTOMER DEPOSITS TREND (USD Bn)



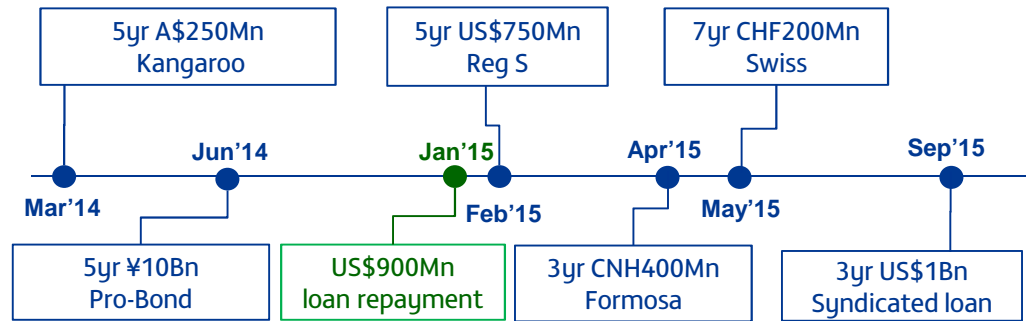
## DEPOSITS BY SECTOR



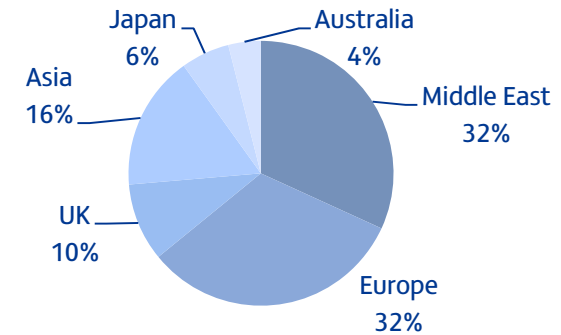
# Funding Diversification

➔ In 2015, FGB has raised USD 2.2Bn of term funding against an annual target of USD1.6Bn. FGB successfully established a USD 3Bn ECP programme in June.

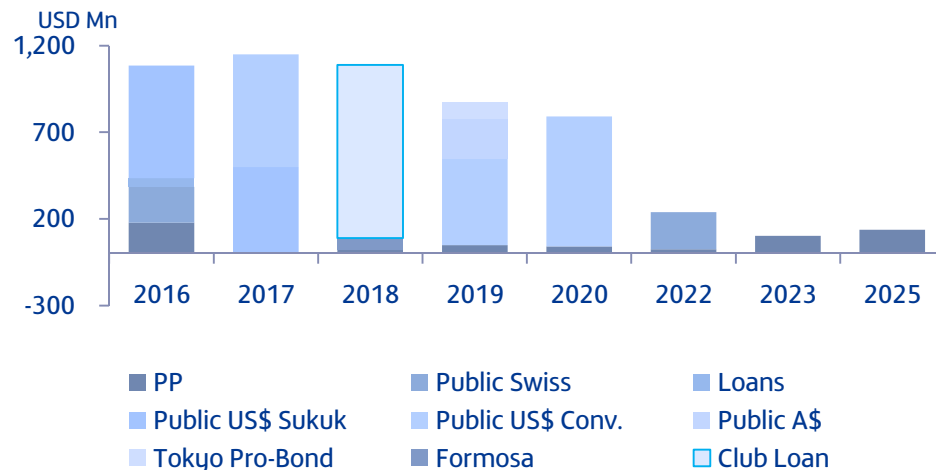
## Recent Notable Public Trades



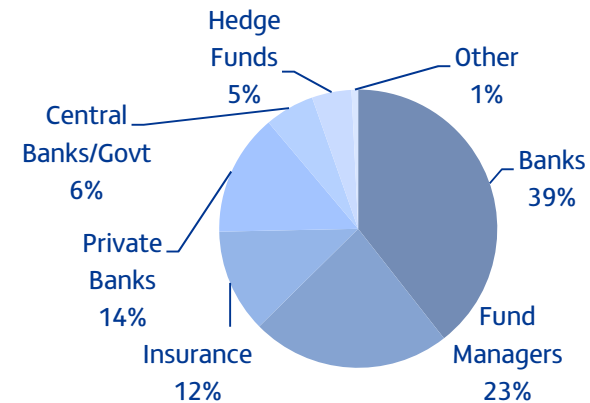
## Bond investor base by geography\*



## Wholesale Funding Maturity Profile (USD 5.5Bn)



## Bond investor base by type\*



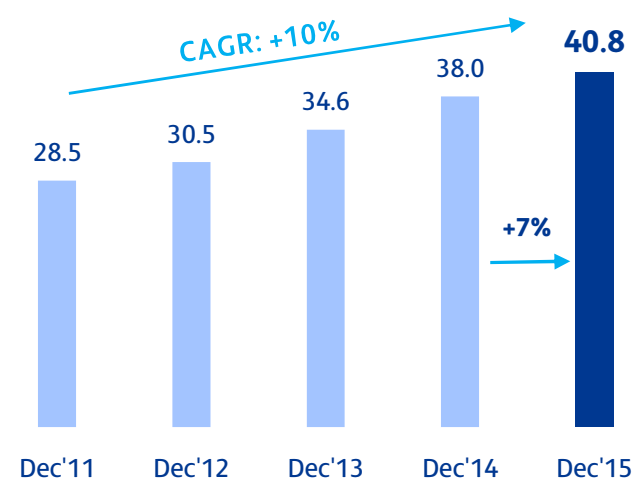
\*Since November 2013

# Asset Mix and Lending Activity

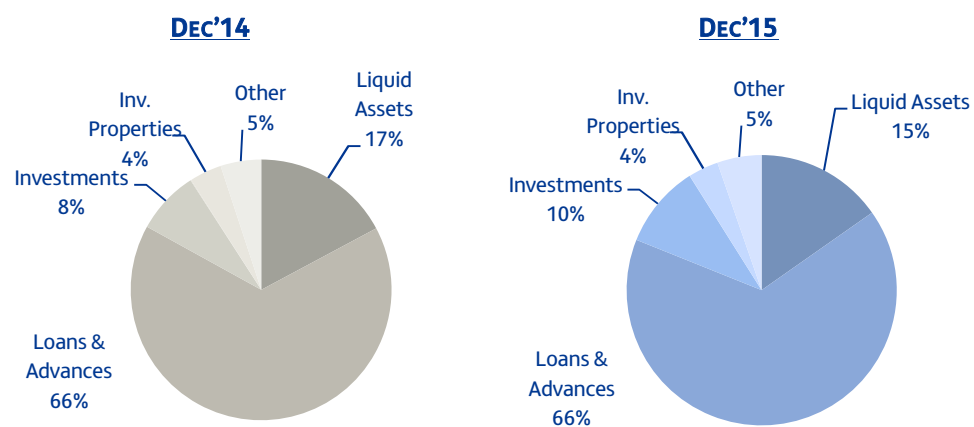
## HIGHLIGHTS

- Loans & advances grew at a CAGR of 10% over 2011-2015.
- In 2015, loans and advances grew by 7% YoY vs. our initial guidance of 10-12%. This is due to loan payments which offset new underwritings during Q4'15.
- FGB's loan portfolio remains well diversified across economic sectors with a mix of 61% wholesale / 39% consumer
- Liquid assets (cash and balances with CB, and due from Banks and Financial Institutions) represent 15% of total assets as of Dec'15, against 17% last year. This reflects the growth momentum over the period, in parallel with FGB's compliance with LCR requirements.

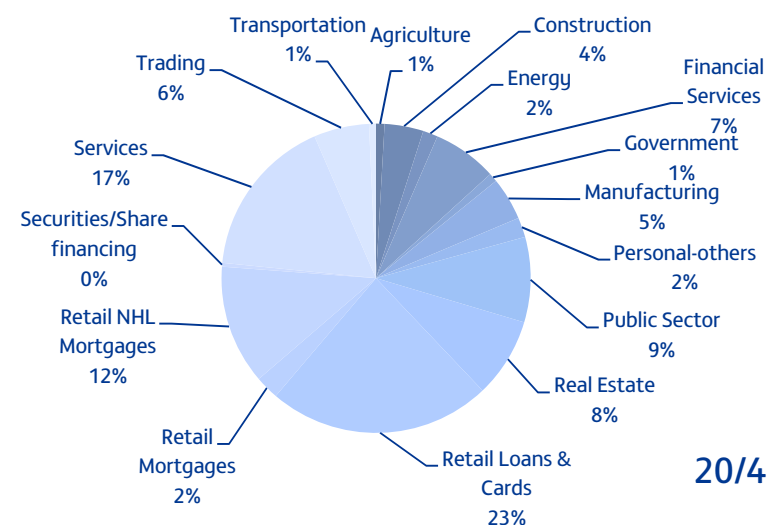
## LOAN BOOK TREND (USD Bn)



## ASSET MIX



## LOAN BOOK BREAKDOWN BY SECTOR

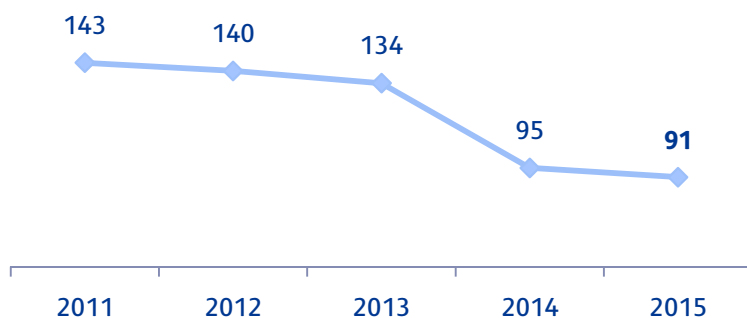


# Asset Quality

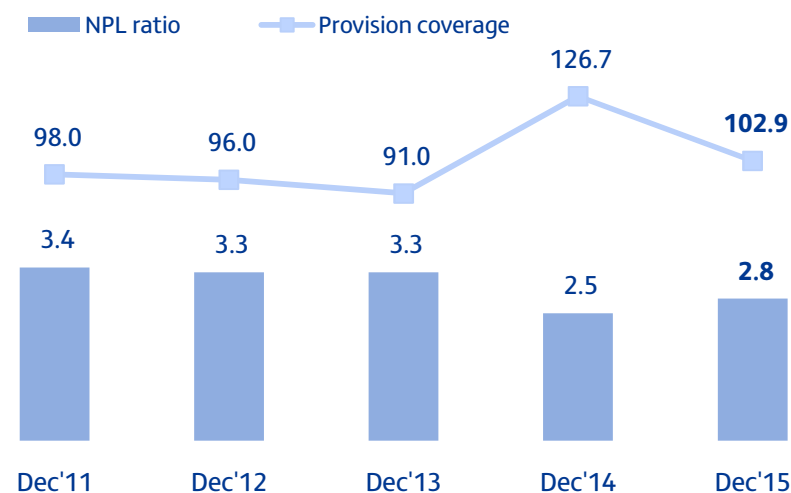
## HIGHLIGHTS

- NPL ratio stood at 2.8% as of Dec-end 2015. During Q4'15, the settlement of a large corporate account was offset by the downgrade of a large international exposure.
- At 102.9%, provision coverage is healthy and within management target range of ~100%
- General provisions represent 1.56% of total CRWA against a regulatory ratio of 1.5%
- 2015 cost of risk improved to a 7-year low of 91bps

## COST OF RISK (BPS)

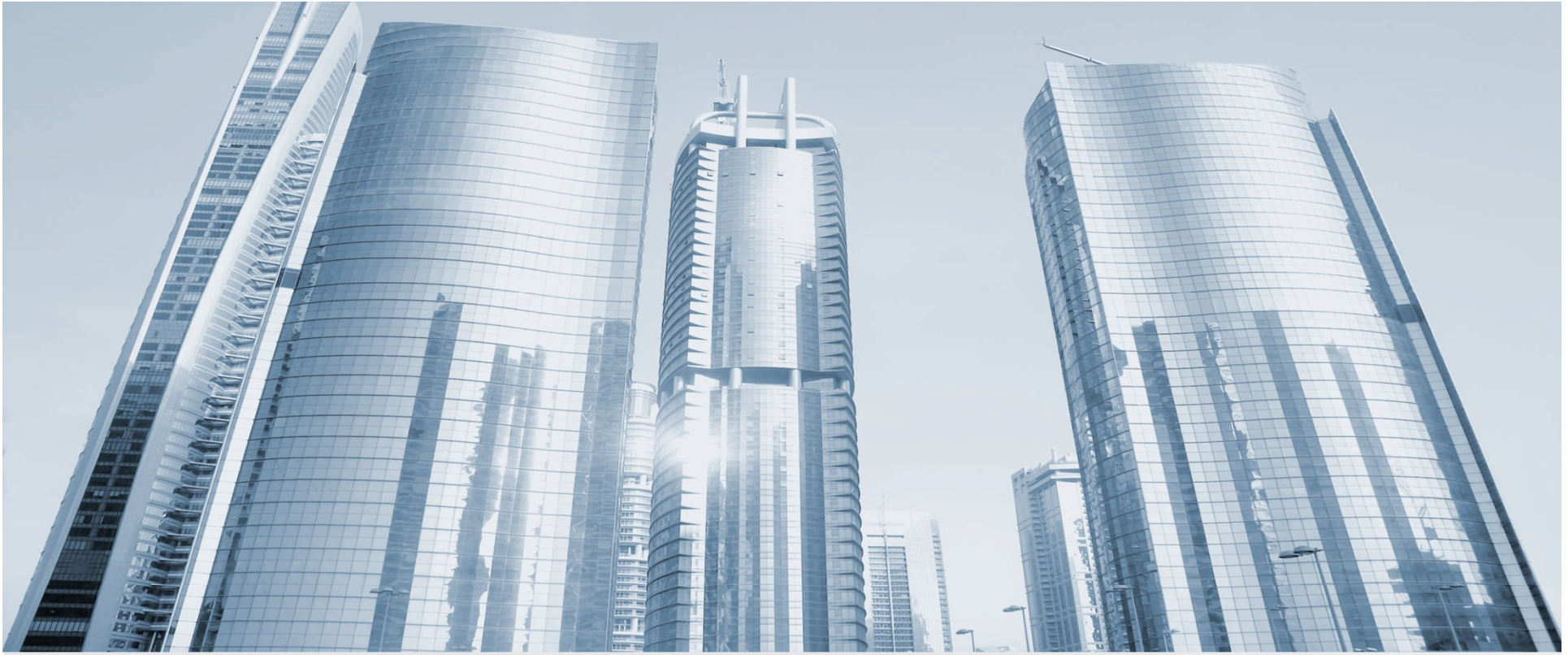


## NPL RATIO AND PROVISION COVERAGE (%)



## NPLS AND PROVISIONS (USD Mn)

	Dec'15	Dec'14	YoY %	Sep'15	QoQ %
NPLs	1,169	962	22%	1,185	-1%
Provisions	1,206	1,219	-1%	1,298	-7%
Specific	470	538	-13%	561	-16%
General	733	681	8%	737	-1%



# Appendix

بنك الخليج الأول  
**FGB**

# Appendix Content

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- Q4/FY'15 Summary Financials
- Revenue Mix & Cost Efficiency
- Business Segment Contributions
- Dividend History
- FGB Overview
- History & Key Milestones
- Key Achievements
- Board of Directors
- Corporate Governance
- ERM Framework
- Abu Dhabi Plan 2030
- UAE Real Estate Overview
- FGB 2015 Awards

# Q4/FY'15 Summary Financials

Income Statement (USD Mn)	FY'15	FY'14	YoY	Q4'15	Q3'15	QoQ	Q4'14	YoY
Net Interest and Islamic Financing Income	1,750	1,762	-1%	451	429	5%	443	2%
Fees & Commission Income, Net*	463	445	4%	107	124	-13%	114	-6%
Other Operating Income	355	235	51%	185	45	308%	72	158%
<b>Operating Income</b>	<b>2,568</b>	<b>2,441</b>	<b>5%</b>	<b>744</b>	<b>598</b>	<b>24%</b>	<b>629</b>	<b>18%</b>
G&A expenses	(530)	(505)	5%	(136)	(126)	8%	(147)	-7%
Provisions/ Impairments	(396)	(374)	6%	(138)	(86)	60%	(48)	186%
Taxes	(4)	(9)	-61%	(1)	0	NA	(4)	-71%
Minority Interest	(4)	(13)	-73%	(1)	(1)	100%	(8)	-86%
<b>Net Income</b>	<b>1,635</b>	<b>1,540</b>	<b>6%</b>	<b>468</b>	<b>386</b>	<b>21%</b>	<b>422</b>	<b>11%</b>
Earnings Per Share (USD)	0.36	0.33	8%	0.10	0.08	23%	0.09	13%

\*Net of related expenses, previously classified under G&A expenses

Balance Sheet (USD Bn)	Dec'15	Dec'14	YoY	Sep'15	QoQ
Loans & Advances	40.8	38.0	7%	42.0	-3%
Customer Deposits	38.8	38.5	1%	38.5	1%
Total Assets	61.9	57.8	7%	62.2	0%
Shareholders' Equity	9.8	9.3	5%	9.3	5%

Key Ratios (%)	FY'15	FY'14	YoY (bps)
Net Interest Margin	3.3	3.6	(30)
Cost-to-Income	20.6	20.7	(10)
Non-Performing Loan (NPL)	2.8	2.5	30
Provision Coverage	102.9	126.7	(2,380)
Regulatory Advances-to-Deposits Ratio	87.2	83.5	370
Return on Average Equity	17.1	17.3	(20)
Return on Average Assets	2.7	2.8	(10)
Capital Adequacy	17.5	17.5	-

Note: Rounding differences may appear in the above table

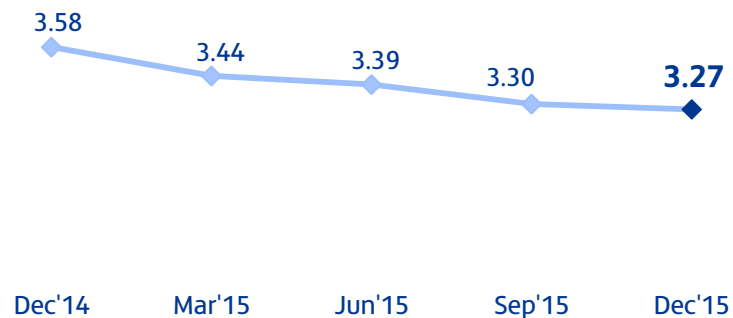


# Key Revenue Movements and NIMs

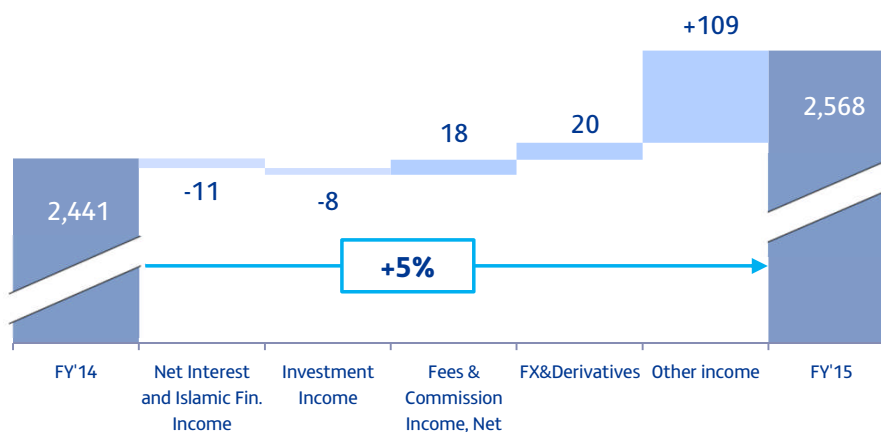
## HIGHLIGHTS

- Resilient FY'15 operating performance despite increased market volatility, with revenues adding 5% YoY (+USD 127Mn) as a result of :
  - +USD 109Mn increase in Other Income supported by property gains
  - +USD 20Mn increase in FX & Derivatives income
  - +USD 18Mn addition in net fees and commission income driven by higher revenues related to wealth management, syndications and retail lending activities
  - USD 8Mn decline in investment income due to volatile global market conditions
  - USD 11Mn reduction in net interest and Islamic Financing income primarily due to 31bps NIM contraction YoY, within management guidance
- Non-interest revenues increased their contribution in total operating income to 32% in FY'15 up from 28% in FY'14, reflecting the Bank's successful revenue diversification strategy.

## NET INTEREST MARGIN (%) - YTD

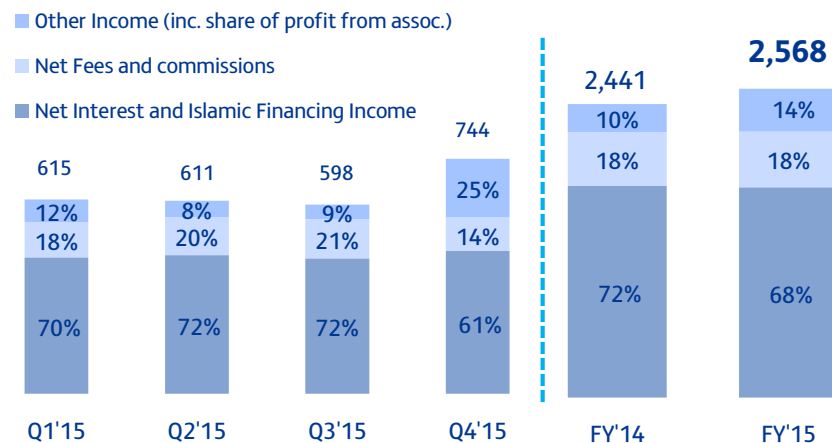


## KEY MOVEMENTS IN OPERATING INCOME\* (USD MN)



\*2015 revenues include fees and commissions presented net of related expenses previously classified under G&A expenses (USD 81Mn)

## REVENUE BREAKDOWN (USD MN)



# Non-Interest Revenues and Cost Efficiency

## HIGHLIGHTS

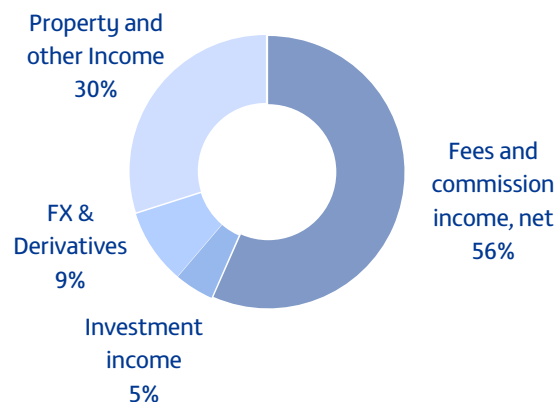
- Non-interest revenues grew by 20% YoY in spite of deteriorating operating conditions and increased markets volatility
- Fee income and fees and commissions on credit cards showed a positive trend thanks to higher wealth management, credit card and corporate & syndication fees, offsetting the decline in trade finance-related income
- Fees & commission expenses of USD 81Mn include credit card expenses (USD 45Mn), insurance on retail products (USD 11Mn), collection commissions (USD 11Mn), and draw and other expenses (USD 15Mn)
- During Q4, property income was supported by MTM gains and compensation fees on project completion delays for a total amount of USD 145Mn (more details on slide 32/46)
- G&A expenses increased by 5% YoY reflecting higher business volumes and continued investments in key strategic projects. FY'15 C/I ratio landed at 20.6% (or 23.1% before retail expenses reclassification), well below management medium term target of 25%

## FY'15 NON-INTEREST REVENUES

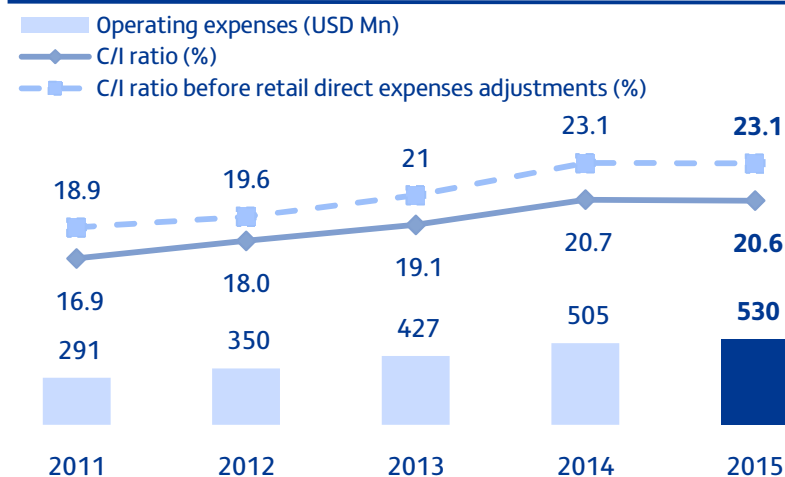
In USD Mn	FY'15	FY'14	YoY %
Commission income	135	156	-14%
Fee income	230	204	13%
Fees and commissions on credit cards	177	156	14%
Brokerage and fund management fee income	2	4	-42%
Fees & commission income	544	520	+5%
Fees & commission expenses	(81)	(75)	+9%
<b>Fees &amp; commission income, Net</b>	<b>463</b>	<b>445</b>	<b>+4%</b>
Investment income	38	46	-18%
FX & Derivatives	73	53	+37%
Property and other income*	244	136	+80%
<b>Total</b>	<b>818</b>	<b>680</b>	<b>+20%</b>

\*Including share of profit from associates

## FY'15 NON-INTEREST REVENUE BREAKDOWN



## COST EFFICIENCY

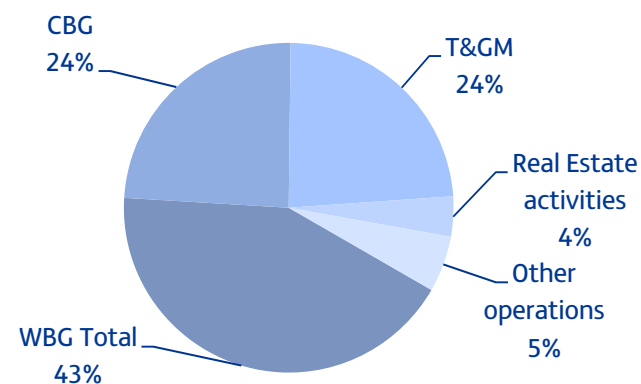


# Business Segment Contributions

## HIGHLIGHTS

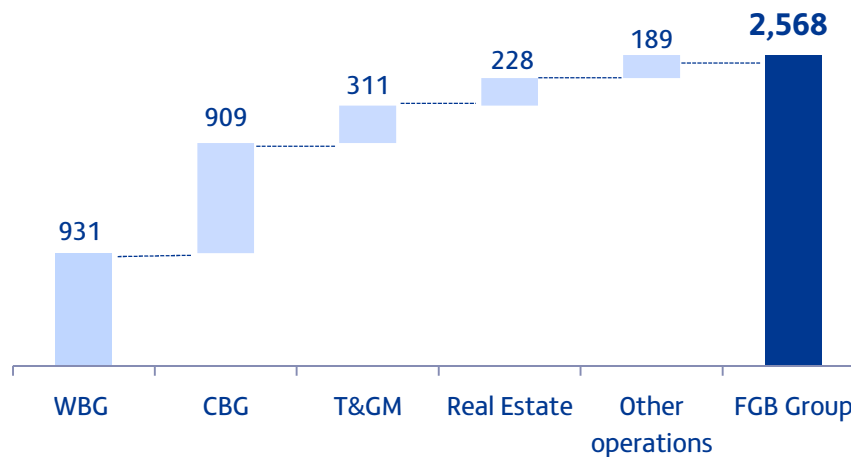
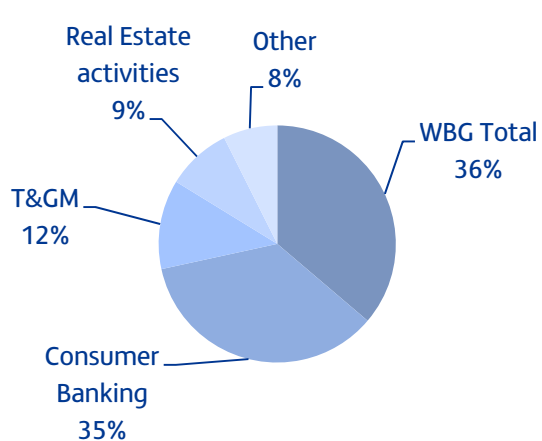
- Continued focus on enhancing core capabilities and on maximizing synergies between the three core businesses: Wholesale & International Banking Group (WBG), Consumer Banking Group (CBG), and Treasury & Global Markets Group (T&GM)
- These three pillars represent 91% of Group total assets as of Dec'15
- WBG generated 36% of FY'15 Group revenues, followed by CBG (35%) and T&GM (12%).

## ASSETS BREAKDOWN



\*Other Operations include subsidiaries and associates (other than real estate), and the Head Office

## SEGMENTAL REVENUE BREAKDOWN AND CONTRIBUTIONS TO GROUP REVENUE\* (USD Mn)



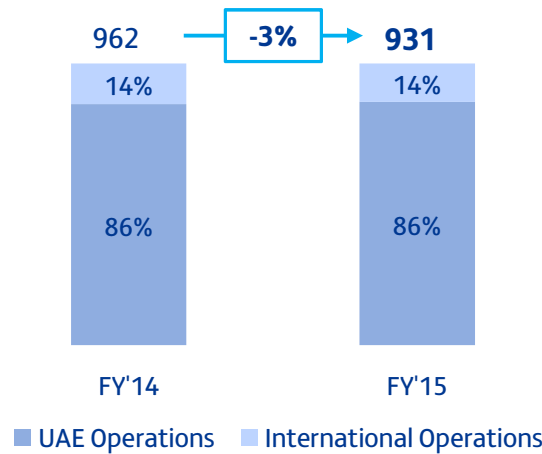
\*\*Effective 1st January, 2015, the Bank has changed its Funds Transfer Pricing Methodology ("FTP"). As a result of the change in the FTP, comparative figures relating to net interest income and income from Islamic financing as well as profit attributable to equity holders of the Bank for 2014 have been adjusted for consistency purposes."

# Wholesale Banking Group - WBG

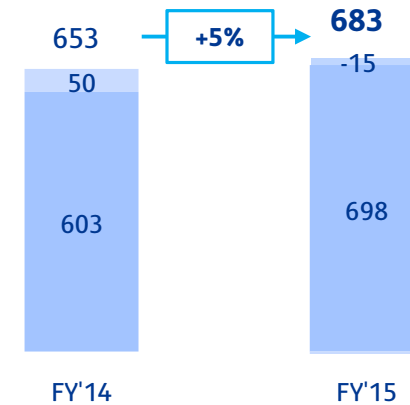
## HIGHLIGHTS

- Healthy commercial momentum supported 6% YoY assets growth
- Successful diversification strategy supported solid fee income growth, partially offsetting impact of contracting NIMs on interest revenues.
- Net profit grew by 5% to USD 683Mn (USD +30Mn) thanks to diligent risk management and expense control

## OPERATING INCOME (USD Mn)



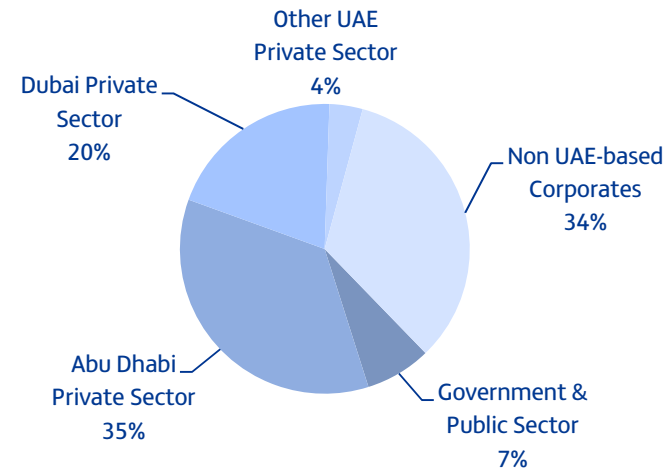
## NET PROFITS (USD Mn)



## TOTAL ASSETS (USD Bn)



## WHOLESALE GROSS LOAN PORTFOLIO (Dec'15)

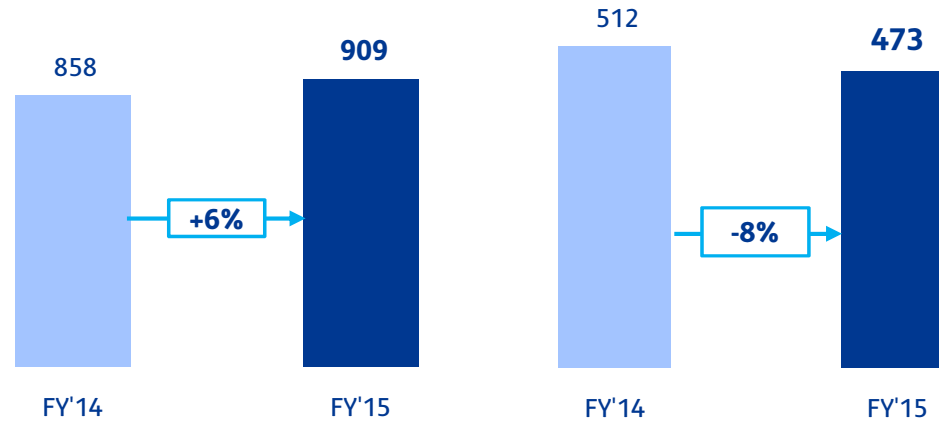


# Consumer Banking Group - CBG

## HIGHLIGHTS

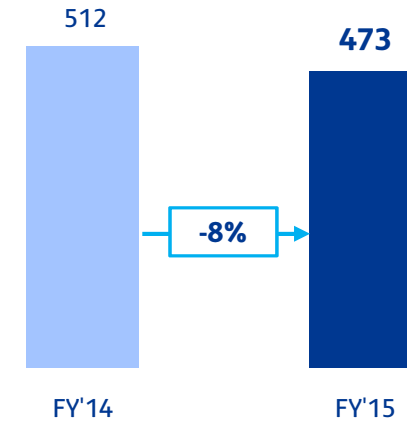
- Continued focus on product innovation and enhanced customer experience
- CBG revenues grew 6% YoY to USD 909Mn while Net Profit shows a 8% YoY decrease due to higher impairments
- Wealth Management , SME loans and credit cards remain key growth drivers representing 24% of Dec'15 gross loan portfolio

## OPERATING INCOME<sup>1</sup> (USD MN)

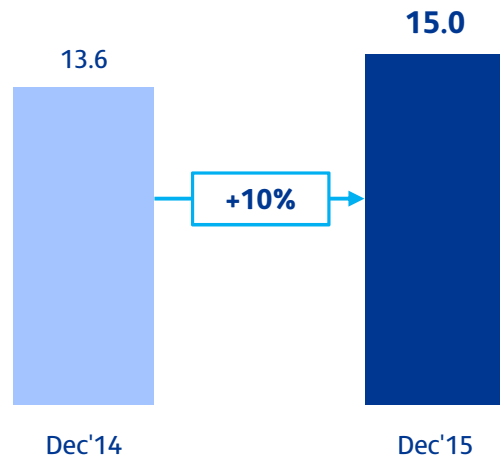


<sup>1</sup>Net of retail direct expenses

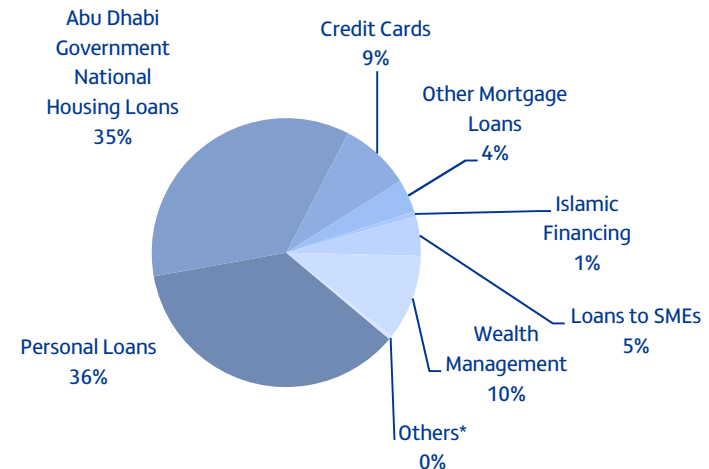
## NET PROFITS (USD MN)



## TOTAL ASSETS (USD Bn)



## CONSUMER GROSS LOAN PORTFOLIO (DEC'15)



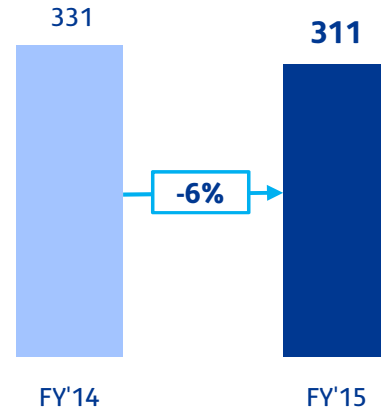
\*Auto loans and overdrafts

# Treasury & Global Markets – T&GM

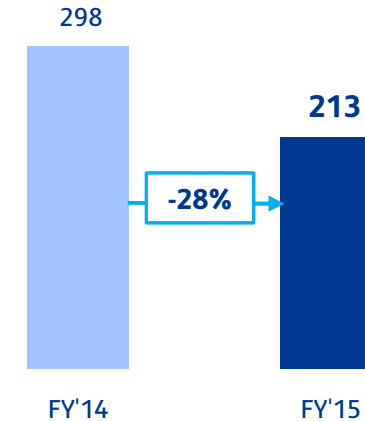
## HIGHLIGHTS

- Due to market volatility, T&GM revenues decreased by 6% YoY. Net profits were down by 28% reflecting the impact of the allocation of General Provisions as per CB UAE's guidance to provide 1.50% of total CRWA
- 92% of FGB's investment portfolio is invested in investment grade fixed income bonds, of which 62% is allocated to GCC.
- The average duration of the AFS portfolio which represents 79.1% of the total portfolio is 3.05 years.
- 53% of the Fixed Income portfolio is rated A- & above, 38% is rated between BBB+ & BBB-, the remaining 8% is non-rated/sub-investment grade.
- The WARF of the Fixed Income portfolio is BBB

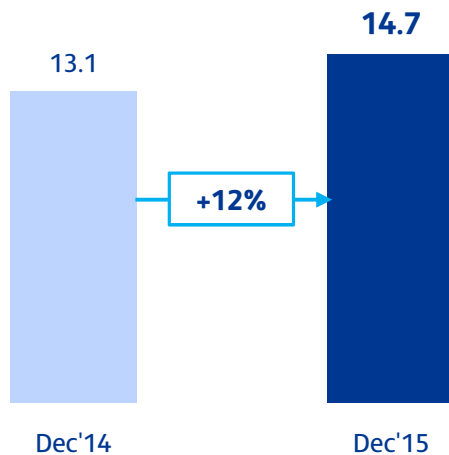
## OPERATING INCOME (USD MN)



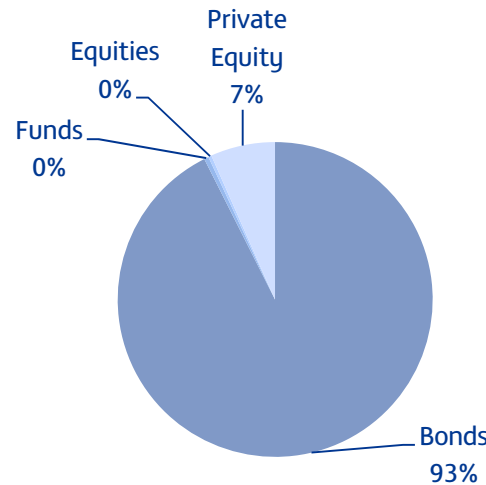
## NET PROFITS (USD MN)



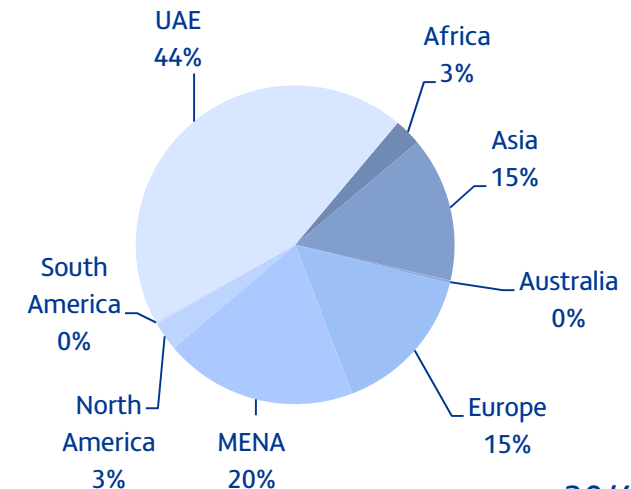
## TOTAL ASSETS (USD Bn)



## INVESTMENTS<sup>1</sup> BY TYPE



## INVESTMENTS<sup>1</sup> BY REGION



<sup>1</sup>Excluding Treasury Bills and bonds related to LCR portfolio

# Consumer Finance Subsidiaries

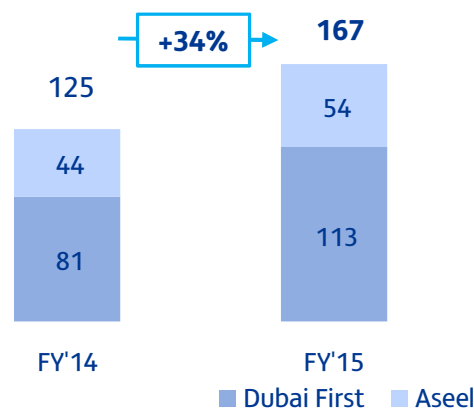
## Dubai First and Aseel Islamic Finance



### HIGHLIGHTS

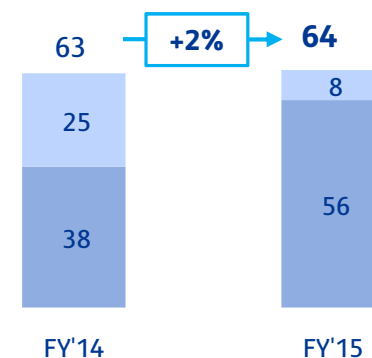
- Dubai First and Aseel are FGB's consumer finance subsidiaries specialised in credit cards and SME islamic financing respectively
- Both companies generated combined revenues of USD 167Mn, up 34% YoY, contributing 6% to FY'15 Group revenue
- Dubai First continued to perform strongly recording a 48% YoY increase in net profits
- Aseel continued its transition to an islamic business finance company during 2015. As a result, net profits were limited to USD 8Mn against USD 25Mn in FY'14.

### OPERATING INCOME<sup>1</sup> (USD MN)

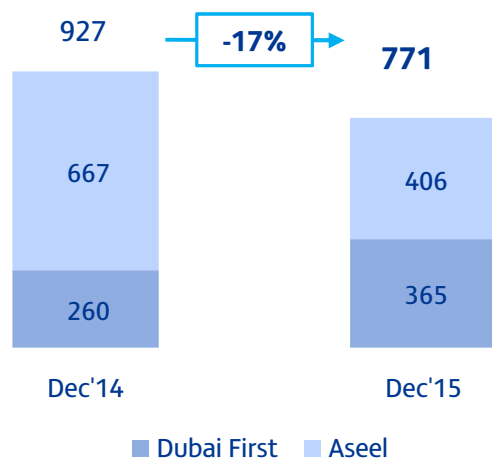


<sup>1</sup>Net of retail direct expenses

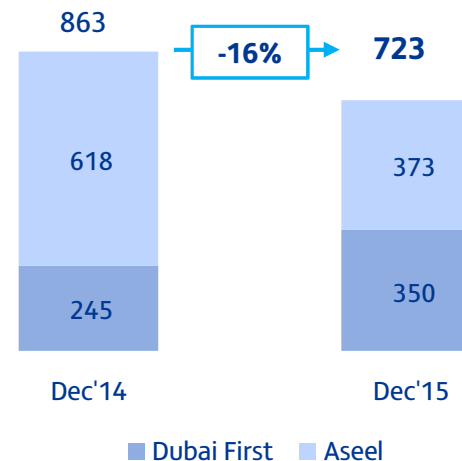
### NET PROFITS (USD MN)



### TOTAL ASSETS (USD MN)



### TOTAL LOANS (USD MN)

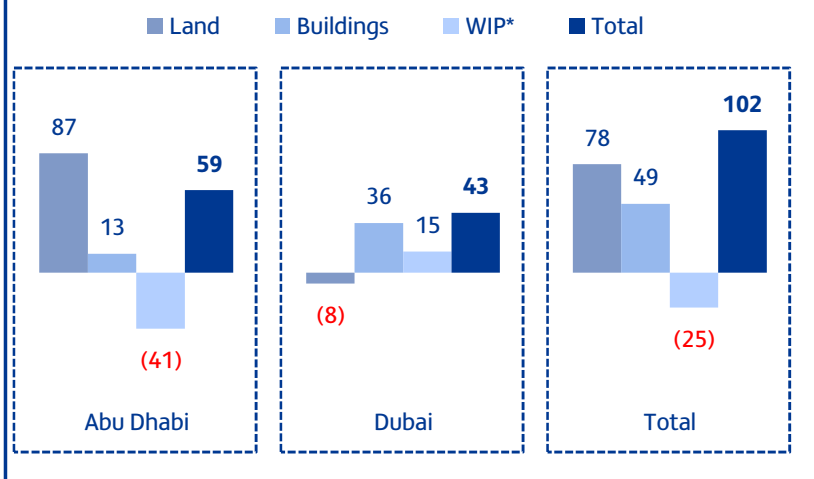


# Real Estate Subsidiaries

## HIGHLIGHTS

- Real estate revenues grew by 79% YoY to USD 228Mn.
- During Q4, the Bank recorded USD 145Mn of property income including: USD 102Mn MTM gains and USD 43Mn compensation fees related to completion delays on a real estate project
- Average value/sqft of FGB's property portfolio increased by USD 2 YoY to USD 67 in 2015
- As of Dec'15, 95% of FGB's investment properties portfolio is comprised of assets located in Abu Dhabi or generating rental income.
- FY'15 rental yield stood at 5.1%

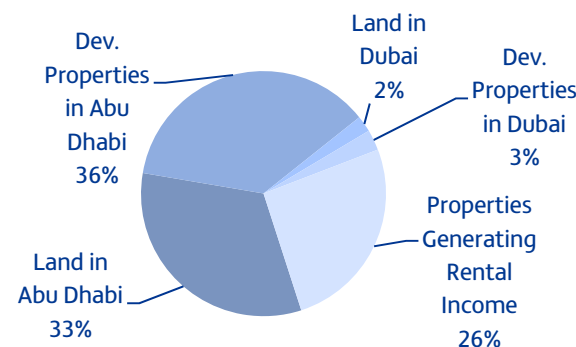
### Q4'15 MTM GAINS (USD MN)



\*WIP = Work In Progress

## INVESTMENT PROPERTIES PORTFOLIO<sup>1</sup> (DEC'15)

Description	Location	2015			2014 Value/ Sqft (USD)
		Area (in Sqft)	Value (USD Mn)	Value/ Sqft (USD)	
Land - Airport area	Abu Dhabi	21,283,356	423	20	18
Land Reem Island	Abu Dhabi	3,826,385	240	63	51
Land city area	Abu Dhabi	167,389	66	396	373
Land	Dubai	862,208	51	59	50
Leased Properties	Abu Dhabi	783,790	202	257	234
Leased Properties	Dubai	3,572,260	345	97	85
Leased Properties	Other Emirates	285,456	30	105	-
Development Properties	Dubai	295,929	60	204	359
Development Properties	Abu Dhabi	2,526,100	817	323	278
<b>Total</b>		<b>33,602,873</b>	<b>2,234</b>	<b>66</b>	<b>65</b>
Land Held by an Associate (Mismak)	Abu Dhabi	118,902	10	80	78
<b>Total</b>		<b>33,721,776</b>	<b>2,244</b>	<b>67</b>	<b>65</b>



<sup>1</sup>USD 2.2Bn as of December-end 2015, representing 3.6% of total Bank assets



# Dividend History

	2015	2014	2013	2012	2011
NET PROFIT (USD MN)	1,635	1,540	1,300	1,131	1,009
CASH DIVIDEND (USD MN)	1,225	1,062	817	681	408
CASH DIVIDEND (% OF CAPITAL)	100%	100%	100%	83%	100%
BONUS SHARES (% OF CAPITAL)	-	15.38%	30%	-	100%
DIVIDEND PAYOUT RATIO (% OF NET PROFIT)	75%	69%	63%	60%	40%
BASEL II CAPITAL ADEQUACY AFTER DIVIDEND DISTRIBUTION <sup>1</sup>	17.5%	17.5%	17.4%	18.7%	18.0%

<sup>1</sup> CAR adjusted from Tier 2 MoF Loan of USD 1.2Bn repaid in 2013

# FGB Overview



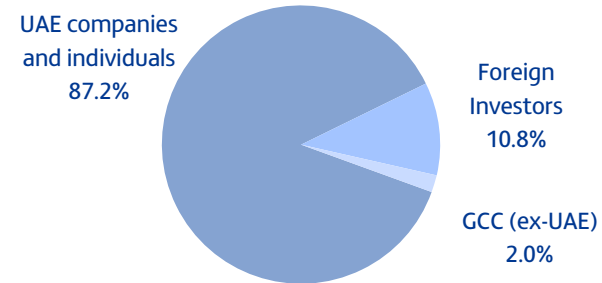
## A LEADING UAE FRANCHISE

- Incorporated in 1979 and headquartered in Abu Dhabi
- Wide range of financial products and services offered through a network of 21 branches in the UAE. In addition, FGB is present through branches in Doha and Singapore, and rep offices in Mumbai, Hong Kong, Seoul and London. The Bank also has a JV in Libya.
- 1,436 employees
- Listed in 2002; Market cap of USD 15.5Bn as of December 31<sup>st</sup>, 2015

## RATINGS

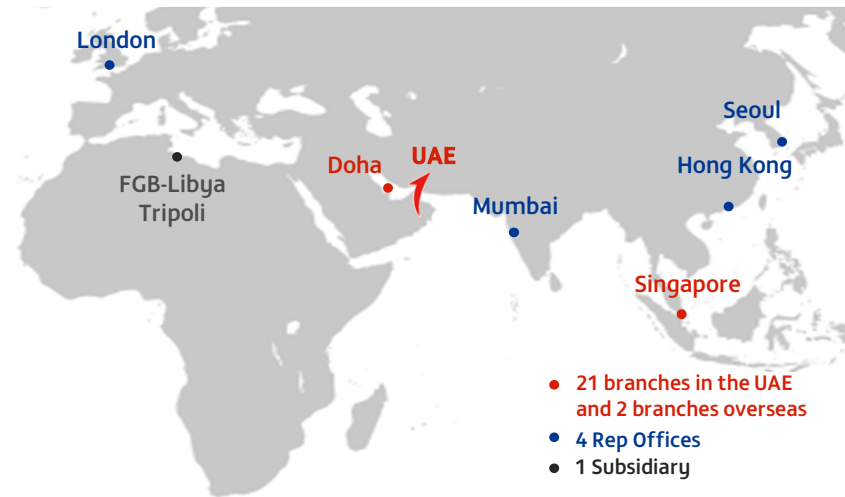
	RATING	OUTLOOK
	<b>A+</b> (Since 2007)	Stable
	<b>A2</b> (Since 2007)	Stable
	<b>A</b> (Since Feb'16)	Stable

## OWNERSHIP STRUCTURE\* (AS OF DEC'15)

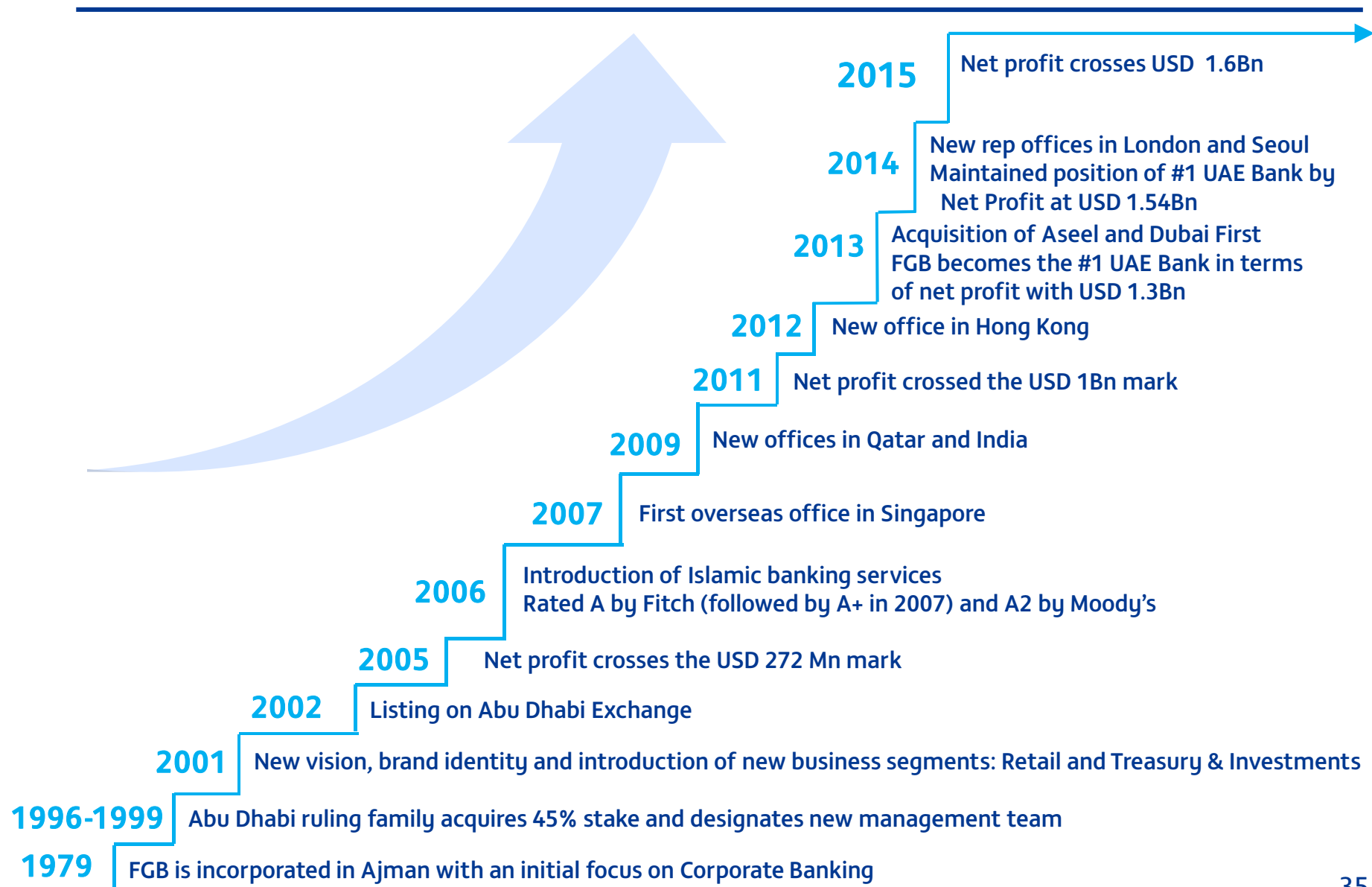


\* FGB's Foreign Ownership Limit (FOL) is at 25%

## GLOBAL FOOTPRINT

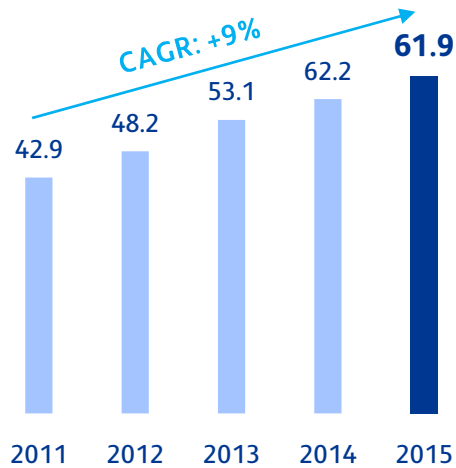


# History & Key Milestones

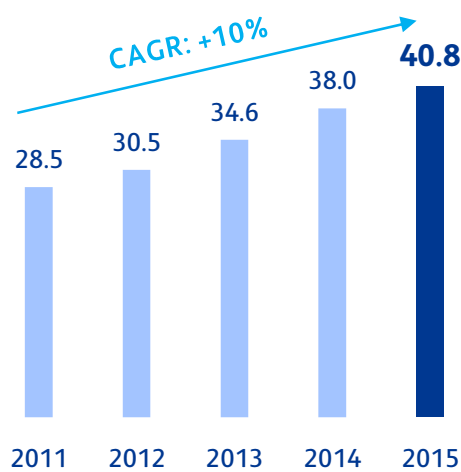


# Key Achievements

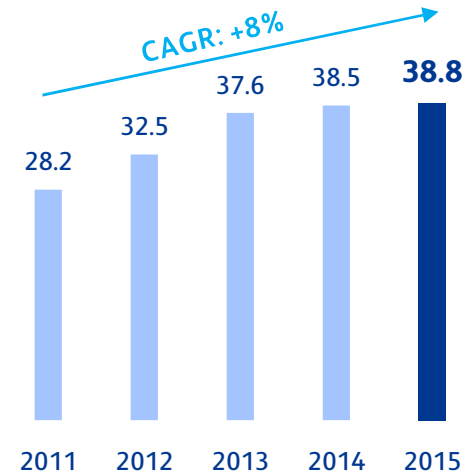
### TOTAL ASSETS (USD Bn)



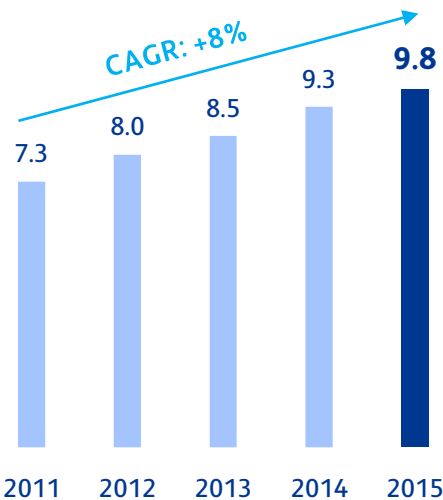
### LOANS & ADVANCES (USD Bn)



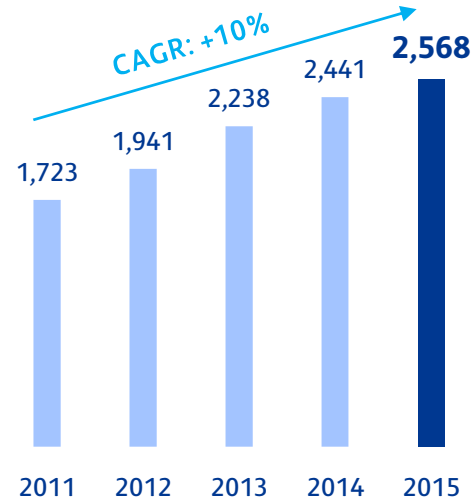
### CUSTOMER DEPOSITS (USD Bn)



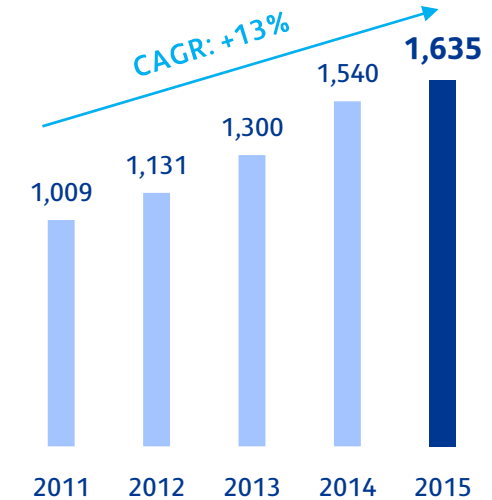
### SHAREHOLDERS' EQUITY (USD Bn)



### OPERATING INCOME (USD Mn)



### NET PROFIT (USD Mn)



# 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  
 MANAGING DIRECTOR OF DOLPHIN ENERGY

*Board Member of:  
 Etihad Airways  
 Abu Dhabi National Insurance Company*



**ABDULHAMID MOHAMMED SAEED**  
 BOARD MEMBER  
 FGB MANAGING DIRECTOR

*Board Member of:  
 Emirates Investment Authority  
 Mubadala Development Company*



**KHALDOON KHALIFA AL MUBARAK**  
 BOARD MEMBER  
 GROUP CEO AND MANAGING DIRECTOR 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 KTEBI**  
 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 Al Masraf (ARBIFT)  
 Chairman of Al Ain Farms for Livestock production  
 Board member of the center of food security of Abu Dhabi*



**JASSIM ALSIEDDIQI**  
 BOARD MEMBER  
 MANAGING DIRECTOR AND CEO OF ABU DHABI FINANCIAL GROUP

*Chairman of Reem Finance, Integrated Capital PJSC and Integrated Securities LLC  
 Board Member at Tourism and Development Investment Company, Qannas Investments Limited, Abu Dhabi Capital Group and Northacre Plc*

# Corporate Governance

**Strong & Independent Governance framework covering all material risks across the Group**

**Board of Directors**

<b>Board Committees</b>	Executive Committee	Risk & Compliance Management Committee
	Remuneration & Nomination Committee	Audit Committee

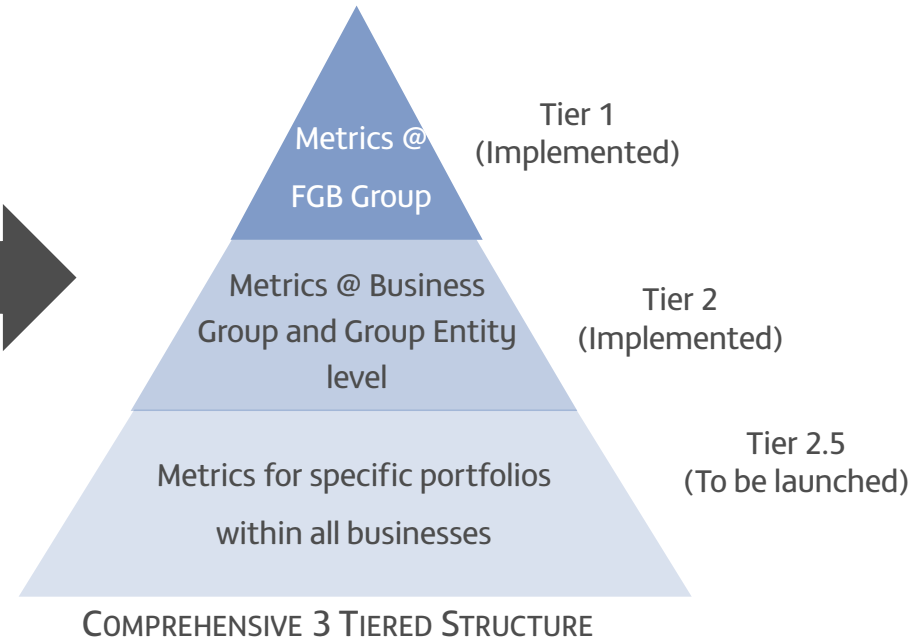
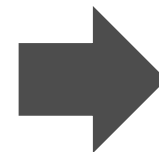
<b>Management Committees</b>	Executive Management Committee				
	Wholesale Banking Credit Committee	First Gulf Consumer Credit Committee	Asset Liability Committee	Investment Committee	
	Compliance Committee	IT Steering Committee	Operational Risk Committee	HR Steering Committee	Real Estate Committee

<b>Enterprise Risk Management Group</b>	Group CRO						
	Head of Risk Management & Compliance						
	ERM	Credit Risk	Market Risk	ALM Risk	Operational Risk	Compliance Risk	Basel / IFRS

# ERM Components

## Risk Appetite Framework

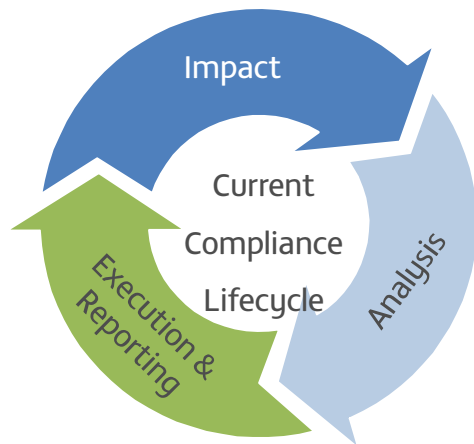
Implemented comprehensive Risk Appetite Framework covering all businesses within FGB Group facilitating business into acceptable Risk / Reward framework



# ERM Components Compliance Framework

Carried out benchmarking of Group Compliance Framework - Enhancement Underway

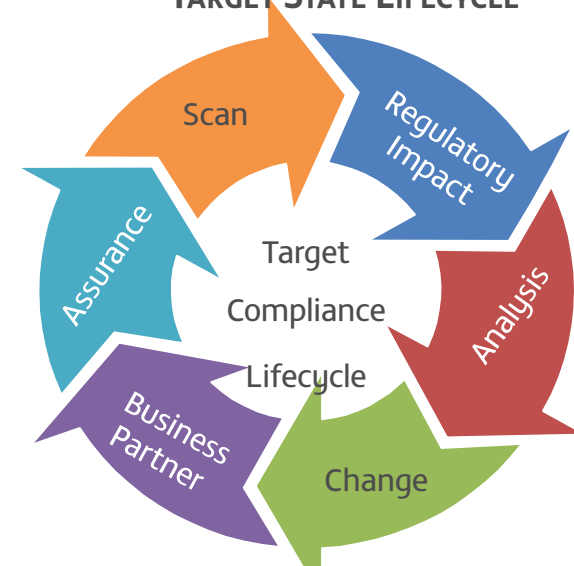
## CURRENT STATE LIFECYCLE



## STRATEGIC ALIGNMENT



## TARGET STATE LIFECYCLE



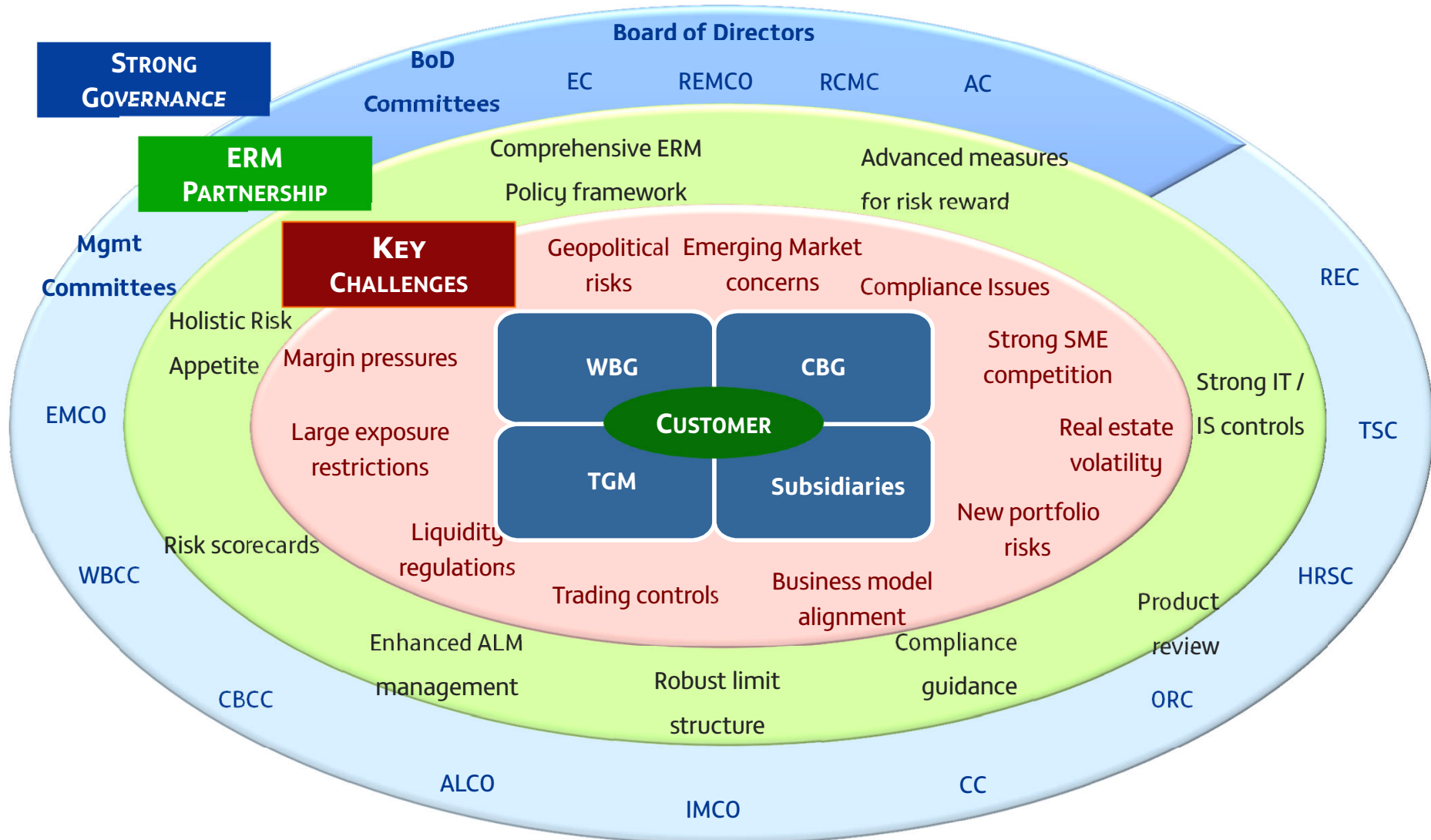
Current Compliance Framework	
Regulatory Compliance	AML & Sanctions
Extraterritorial Regulations	Other Regulatory Aspects

Current Compliance framework is in line with regional practices & regulatory requirements.  
Enhancements being undertaken to align with global business and regulatory environment

New Compliance Framework	
Financial Crimes	Regulatory Compliance
Global Markets & Int'l Regulations	Conduct Compliance



# Strategic Alignment with Business



# Plan Abu Dhabi 2030

## ENERGY

- Masdar City - the world's first carbon neutral, zero-waste to landfill, car-free city powered entirely by alternative energy sources.
- Masdar Institute – an institute developed with Massachusetts Institute of Technology (MIT) with the aim to develop the emirate's human capital and develop research in alternative energies.



## AVIATION, AEROSPACE & DEFENCE

- Strata is a composite aero structures manufacturing facility, wholly-owned by Mubadala, which has formed partnerships with a number of leading aerospace companies to establish manufacturing programs at a new plant in Al Ain.



## TOURISM

### Entertainment

- Yas Marina Circuit
- Ferrari World Abu Dhabi
- Yas Waterworld Abu Dhabi
- Al Ain Wildlife Park
- Shopping malls

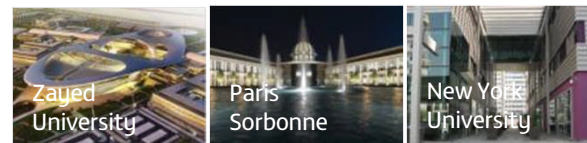
### Hotels

- Etihad Towers
- Emirates Palace
- St. Regis Abu Dhabi
- Rocco Forte Hotel
- Qasr Al Sarab Desert Resort
- Ritz-Carlton Abu Dhabi
- Eastern Mangroves Hotel



## EDUCATION

- Universities: Paris Sorbonne Abu Dhabi, New York University, and Zayed University



## HEALTHCARE, EQUIPMENT & SERVICES

- Cleveland Clinic Abu Dhabi will offer a 364-bed hospital organized into five institutes, digestive disease, eye, heart & vascular, neurological, respiratory and critical care.



# Abu Dhabi in the GCC context

		LT Ratings <sup>(1)</sup> (Moody's, S&P, Fitch)	Oil Production <sup>(2)</sup>	GDP Per Capita <sup>(3)</sup>
	Abu Dhabi	Aa2 , AA, AA	2.8mn bpd	USD 74,927
	Saudi Arabia	Aa3, A-, AA(-)	11.5mn bpd	USD 20,139
	Kuwait	Aa2, AA, AA	3.1mn bpd	USD 29,983
	Qatar	Aa2, AA, AA	2.0mn bpd	USD 78,829
	Bahrain	Baa3(-), BB, BBB-	0.4mn bpd	USD 23,899
	Oman	A1(-), BBB-, A	0.9mn bpd	USD 15,672

<sup>1</sup> Source: Bloomberg

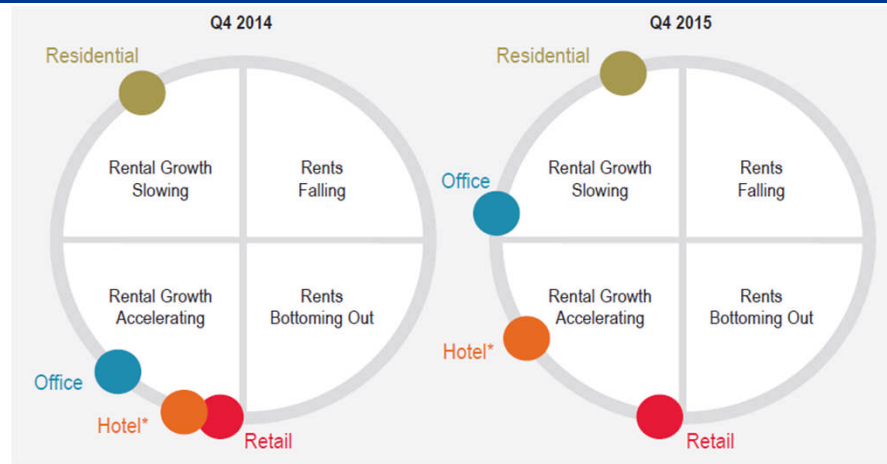
<sup>2</sup> Source: BP Statistical Review of World Energy (June 2015), except Abu Dhabi (Opec statistical year book 2015)

<sup>3</sup> 2015 forecasts - Source: October 2015 IMF data for all, except Abu Dhabi (Moody's, Jan'15 report)

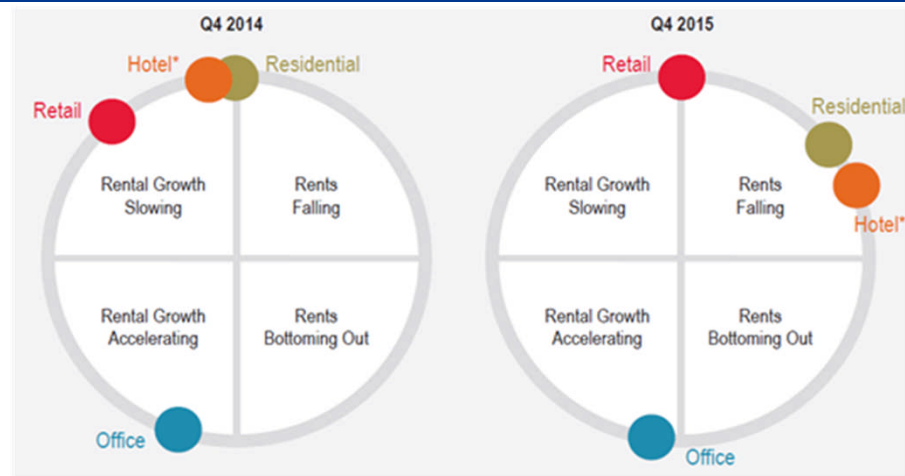
Note: Unless otherwise indicated, all outlooks are stable; (-) Negative outlook

# Real Estate Trends – Q4'15 Rental Clocks

## ABU DHABI PRIME RENTAL CLOCK



## DUBAI PRIME RENTAL CLOCK



Source: JLL The UAE Real Estate Market A Year In Review 2015  
 \* Hotel clock reflects the movement of RevPAR

# FGB 2015 Awards



Seven Banker Middle East UAE Product Awards: **‘Best Call Centre’, ‘Best Credit Card’, ‘Best Personal Loan’, ‘Best Wealth Management Service/Proposition’, ‘Best Offshore Wealth Proposition’, ‘Best Deposit Account Product’** and **‘Best Bancassurance Product’**



**‘Most Innovative Service Provider’** - 2015 MENA IR Insurance Awards



The Banker 2015 Islamic Banker of the Year Awards – **‘Shariah-Compliant Window’**



2015 Trade Finance Awards for Excellence: **‘Best Islamic Trade Finance Bank EMEA’**

THE ASIAN BANKER

Asian Banker 2015 Middle East and Africa Country Awards: **‘Best Wealth Management in the Middle East Award’** and **‘Best Mortgage and Home Loan Product in the Middle East Award’**



2015 Global Capital Bond Market Awards: **‘Most Impressive Middle East Borrower Award’**



2015 Smart Card and Payments Middle East Awards: **‘Best Commercial Card Across Middle East’**



Chartered Institute of Purchasing & Supply: **‘Best Procurement Start-up Function in the Middle East’**



Interactive Media Awards: **‘Best in Class’** for FGB’s My FGB Card website; **‘Outstanding Achievement’** for the FGB Wealth website



UAE Excellence Awards: **‘Golden Award for www.FGBWealth.com’**



The Banker Middle East: **‘Best Bank in the UAE’** and **‘Best Bank in the Middle East’**

# Thank you!



**For more Information:**

Contact FGB Investor Relations Department: [ir@fgb.ae](mailto:ir@fgb.ae)

Visit our corporate website [www.fgb.ae](http://www.fgb.ae)

Follow FGB on social media:



Or download FGB's Investor Relations app: <https://www.myirapp.com/fgb/>

