

# ***EMIRATES BANKS ASSOCIATION***

## ***ANNUAL REPORT 2004***

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# *United Arab Emirates*

## *Some of*

### *General Economic Developments*

UAE global economy witnessed noticeable growth & great achievements during the year 2004 and that confirms UAE's demonstration towards prospering future.

According to statement by H.E. the Governor of the UAE Central Bank, UAE economy achieved rapidly growth records during the last ten years, the Gross Domestic products ( GDP ) average growth rate 9% during the period to reach AED 337 Billion at the end of 2004, the contribution of the non-oil sector represented 64% of GDP with growth average at 8.3% during same period.

#### **Laws and Decrees :**

- H.H. the President of UAE issued the federal Law No. (1) for the year 2004 regarding Combating Terrorist Crimes.
- H.H. the President of UAE also issued the Federal decree No. (54) for the year 2004 regarding GCC Countries Combating Terrorist Agreement.
- The Cabinet issued decree No. (35) for the year 2004 regarding establishment of the National Committee for combating Terrorist.
- H.H. the President of UAE issued the Federal Law No. (8) for the year 2004 regarding Financial Free Zones in the state which announced that the establishment of Financial Free Zone needs a Federal decree.
- H.H. the President of UAE issued Federal decree No. (35) for the year 2004 regarding establishment of Dubai International Financial Center (DIFC) as a Financial Free Zone in Dubai.
- H.H. the UAE Vice President, the Prime Minister, and Ruler of Dubai issued a special decree regarding the establishment of Dubai International Financial Center (DIFC) and nominated H.H. Shaikh Moh'd Bin Rashed Al Maktoum Crown Prince of Dubai, Minister of Defence, as the Chairman of DIFC.
- During the middle of the year 2004 the law No. (5) have been issued regarding the establishment of " General holding Company " (PLC) in Abu Dhabi and shifting the ownership of some factories from " General Industrial Establishment " to the new company.

This law issued within the privatization operation by Abu Dhabi Government to sell partially or totally some of General Industrial Establishment's Assets and Factories.

## **Economic Indications :**

H.E. Mr. Sultan Al Suweidi Governor of UAE Central Bank expected rapidly growth of the UAE economy in future and continuation growth of crude oil prices over \$ 30, -/ Barrel due to global demand increment and the short in reserves at some Industrial Countries beside the inability of increasing oil products in producing countries within short-term period.

H.E. declared that the records during 2004 confirmed the expectation that oil sector products to exceed AED 121 Billion, and for non-oil sector to exceed AED 216 Billion making gross domestic products (GDP) exceeding AED 337 Billion in current rates.

Also Arab Monetary Fund expected the strong growth in oil output and prices in 2004 will have led to increase total revenue in UAE by AED 93 Billion compared with AED 84.2 Billion in 2003 making increment of 23%.

UAE exports grew by 23% in 2004 for total AED 276.2 Billion due to the growth of crude oil revenues .

UAE imports also grew by 15% for total AED 176.4 Billion in same year.

This will have led to a surplus in Trade balance exceeds AED 99,-Billion compared, with AED 69.8 Billion in 2003.

## **UAE Stock Markets Growth**

The UAE stock markets performed their best last year as the total value of shares traded in one month were equal to whole shares traded value during the year 2003.

The value of shares traded in 2004 rose to AED 67 Billion compared to AED 7.9 Billion traded in 2003, making growth by 750%, meanwhile AED 4.1 Billion traded in 2002.

The stock market growth attracted the huge liquidity in market which seeking for profitable investment rather than low interest rates for deposits.

This growth also attracted capitals from other GCC Countries to enter UAE stock markets.

The subscriptions collected by the highest Four shareholders companies reached around AED 410 Billion as follows:

Addar properties collected AED 377.1 Billion

Arabian technical for constructions collected AED 16.3 Billion .

Amlak properties collected AED 7.13 Billion

Dar Al Tamweel properties collected AED 8.6 Billion

## **Real Estate Sector Growth**

During 2004 the real estate sector witnessed Launching a huge package of projects by Billions of Dirhams, for instance Business Bay project extending Dubai creek from creak-Head Area to Shaikh Zayed Road costing Tens of Billions and ( Palm , Deira ) Island project which is larger than Both of " Jumeira Palm " and " Jabal Ali Palm " projects.

Works already started for the construction of Dubai Tower the tallest among the world including biggest shopping mall beside Erection dragon market which is considered the biggest gathering to china merchants in the Middle East. The government in a successive way declared the construction of new projects and the continuations of the work took place for others including expanding 16 Free Zone areas renovation and expanding airports, Sea Ports and other main industrial and service sectors all around the Emirates.

During Oct. 2004 Dubai Government announced establishment of Dubai holding company which will manage and control a group of huge projects which have been founded during the last five years including Dubai Internet City, Dubai Media City, Dubai Medical City, and Jumeira residence making from Dubai holding the biggest institution in the Middle East with respect to the works size or the diversity of their activity fields.

### **Industrial City of Abu Dhabi**

It is the intention of Abu Dhabi's ruler to establish and promote industrial city of Abu Dhabi (ICAD) to aid the comprehensive development of the country, encourage industrial investments as the services and facilities will give support to the industrial sector noting that the city infrastructures reached AED 4 Billion.

The industrial city is fully owned by Abu Dhabi government, and it is a main goal to the policy of the variation of the economic income,

Around 158 factories have been already attracted until now in different fields and those owned by National investors with other Arab and foreign investors.

46 companies and factories already established and around 112 factories are under construction.

The total investments of the companies and factories existed or under construction reached AED 5 Billion and will probably reach AED 10 Billion upon the establishment of economic region for vehicles and spare parts with the partnership between Abu Dhabi government and the German Volkswagen.

# *GCC Countries*

GCC Countries enjoy an oil wealth that enable them financing their economic development efforts, they possess more than 46% of international oil reserves, 70% of Middle East oil reserves, 19% of international Gas reserves and 52% of Middle East Gas reserves.

GCC moves by stable steps towards a greater international economic presence formation because of the merging efforts between them, many of the obstacles was removed in front of the movement of commodities and services, and also the movement of product elements.

Gradually the unification of the financial legislations takes place in addition to the unified customs tariff which already implemented and the currency union will take place on 2010.

During 2004 crude oil prices reached sylogistic levels and continued over US \$ 50 for Barrel for long period through the year what means big financial flow realized a big surplus in the budgets of the Arab producing oil countries.

GCC oil revenues grew around 35% in 2004 because of the increase in oil prices by 25% and in oil producing by 10-15% making surplus reached around US \$ 200 Billion .

GCC consumed its full capacity producing 15.5 Million Barrel per day as moderate average compared to 15 Million in 2003 and 13.3 Million in 2002.

The Gross domestic product of the six GCC countries ( with population not exceeding 35.8 Million ) expected to reach US\$ 421.5 Billion with increment by 9.4% in compare to 2003.

Higher oil prices and strong demand enabled GCC increasing the availability of the cash flow and the reduction of the dependence on direct foreign investments in pumping the capitals among local economy of these countries.

Besides the improvement in oil markets, a total of factors have helped in the reinforcement of the economy growth in GCC, including the investment environment with the acceleration of the reconstruction of Iraq efforts and its reflection in the near economies that consolidated the demand raise for commodities and services in addition to the reformist polices and other measures like free zone establishment in Emirates and open communication markets, establishment financial port in Bahrain, expanding ALBA for Aluminum net, selling 60% of Oman government shares in Balmaha oil company with intention to sell 60% to private sector of its shares in Telephone and Mobile companies and opening competition in the establishment of a second Mobile company in Saudi Arabia and the direction to privatize many sectors including postage, air cargo , and airports , seaports services.

## **Banking sector in the U.A.E**

Statistics of the UAE Central Bank for the third quarter of the year 2004 revealed that Commercial Banks operating in the UAE were 46 banks ( 21 National Banks + 25 Foreign Banks ).

The total number of banks and their branches including cash offices was 489 ( 377 for national banks and 112 for foreign banks ).

In addition to other Financial and banking institutions as follows:

Representative offices	48
Investment Banks	2
Specialized Banks	2
Finance Companies	7
Development Institutions	2
Investment Institutions	2

In this regard about 1100 ATMs are linked locally through UAESWITCH, and about 5000 ATMs among GCCSWITCHES Network.

- UAE banking sector witnessed a growth in Islamic banks numbers to become Four banks after changing Middle East Bank to Islamic Bank under the name " Emirates Islamic Bank L.L.C. "

Accordingly Islamic Banks in UAE are as follows:

1	Dubai Islamic Bank
2	Abu Dhabi Islamic Bank
3	Sharjah Islamic Bank
4	Emirates Islamic Bank

- By the end of 2003, 15 banks out of the 21 National Banks operating in U.A.E. were been mentioned at the list of top 50 GCC Banks, and 9 National banks were been mentioned at the list of top 100 Arab Banks, meanwhile 14 National Banks revealed at the list of top 1000 world Banks.
- H.E. the governor of UAE Central Bank announced that the banking Sector witnessed the following average annual growth rate during the last ten years :
 

Total Assets	12 %
Total Deposits	12 %
Total Loans and Advances	18 %
Total Capitals	11 %
Total Profit Average annual Growth Rate of	18 %
- Despite the final results for the year 2004 which have not been published yet, Central Bank announced that Aggregate Net Profits of The Commercial Banks in UAE achieved a growth of 39.5% compared with 2003.
- Mr. Abdulla Ahmed Al Ghurair Chairman of Mashreqbank / Chairman of Emirates Banks Association, has been selected as "The Arab Banker of the year 2003".
- Statistics of the Human Resources Development Committee in the banking Sector, indicated that the number of employees in banking sector increased during 2004 by 2480 employees ( 14.5 %) compared with 2003, out of them National employees increased by 962 employees (21.7%) compared with 2003 accordingly Emiratazation percentage increased from 26% at the end of 2003 to 27.6% at the end of 2004.

Following the average number of employees in banking sector including National employees for the year 2004 compared with the year 2003.

Date	Overall No. of Employees	No. of National Employees	Percentage of National Employees	No.& percentage of National Employees in Management		
				Upper	Middle	Lower
<b>31/12/2003</b>	<b>17060</b>	<b>4435</b>	<b>26,0%</b>	<b>319</b>	<b>880</b>	<b>3176</b>
<b>31/12/2004</b>	<b>19540</b>	<b>5397</b>	<b>27,6%</b>	<b>305</b>	<b>1006</b>	<b>3887</b>
<b>Percentage Changes</b>	<b>14,5 %</b>	<b>21,7%</b>	<b>1,6 %</b>	<b>- 4%</b>	<b>14,3%</b>	<b>22,4 %</b>

- Emirates Institute for Banking and Financial Studies arranged during 2004 a group of programs and activities included the training field, the applied education, seminars, exhibitions and others 158 training program already executed and included the annual training plan programs and other special programs.  
2234 participants already participated in the programs from which 51.3% were National participants, many of the conferences and seminars were organized including " Banking Institutes Fourth Conference held in Abu Dhabi and also" The Woman Second Conference ."

- United Arab Emirates Economy is considered as the biggest compared with other GCC countries in concern banking services (Annual ratio 1995 – 2000 ) according to the following schedule :

<b>Country</b>	<b>Contribution Percentage</b>
UAE	35.3%
Saudi Arabia	34.1%
Kuwait	17.2%
Bahrain	7.2%
Oman	3.3%
Qatar	3%

- United Arab Emirates has ranked the first among Arab countries in concern of Financial and banking assessment which held by International Credit rating Agencies, included 141 Arab Banks, Financial Institutions and Financial Companies.  
"Financial Times" Institution pointed in its seasonal report that GCC countries occupied the biggest share of financial and banking assessment, same countries also got an advanced country rating.

- A report issued in Moodys raised United Arab Emirates rating in concern of bonds and long terms foreign currencies deposits certificates from A2 to A1 and in concern of short terms for same certificates from prime – 2 to prime - 1

Moodys confirmed the strong performance of Emirates economy and the stability of the political and security situation, although Emirates maintain stable GDP in which recorded 11% in average during last five years, and controlling inflation in the same time.

- H.E. the governor of Central Bank assured that the bank controlling the implementation of Monetary Policy to agree local economy activities requirements, Central Bank also issued rules and regulations to secure banking transactions within International Technique levels.

- UAE Central Bank issued through 2004 several circulars and notices such as on the following subjects:

- Facilities for customers with special needs ( Handicapped ) .
- Organizing the loans and credit facilities extended to officers & staff of General Head Quarters of the Armed Forces.

- Loans extended to finance purchase of company shares in confirm to central bank's regulations 1997 in concern which states the following:

" Loans extended to subscribers in the public subscription of companies under establishment against an undertaking to pledge their allotted shares should not exceed 10% of the nominal value of the subscribed shares, except in case where the issuing company or the bank receiving the subscription funds ( subscription bank ) undertakes to refund excess funds directly to the lending bank ( or lending party ). In this case, the percentage may be raised to 50% of the nominal value of the subscribed shares."

- During April 2004 the Second International Conference on Hawala held in Abu Dhabi with 400 participants representing seniors of International Monetary Funds, supranational institutions, Banks and Monetary Institutions as well as members of ( FATF ), and others. H.E. Governor of UAE Central Bank confirmed the success of the conference in giving clear view concerning Hawala and other informal funds transfer ( IFT ) systems, adding that participants admires the regulatory systems for Hawala implemented in UAE which is clear and practical.  
The UAE is the first country in the Gulf to bring the Hawala system under regulatory control with over 100 hawaladars registered with the Central Bank, the number reached 130 hawaladars at the end of year 2004.  
The conference acknowledged and reaffirmed the important achievement of the first international conference on Hawala as set out in the Abu Dhabi Declaration on Hawala ( May 2002 ).  
The conference recognized the key note that Hawala and other informal funds transfer ( IFT ) systems play in facilitating remittances, particularly those of migrant workers.

Arab Banking Sector

**Arab Banking Sector (2002 - 2003)**

Millions USD

Countries														
	Total Assets		Foreign Assets		Total Credits		Total Deposits							
%Change	2003	2002	%Change	2003	2002	%Change	2003	2002	%Change	2003	2002	%Change	2003	2002
7.3	21,651	25,498	-15.1	108,291	95,242	13.7	95,143	87,655	8.5	15,803	15,448	2.3		
10.7	30,423	30,152	0.9	53,616	45,095	18.9	64,685	57,085	13.3	12,106	11,170	8.4		
36.4	86,388	62,007	39.3	13,853	11,371	21.8	15,659	13,203	18.6	10,098	8,647	16.8		
-11.0	7,811	6,151	27.0	47,434	58,139	-18.4	70,873	77,643	-8.7	5,949	6,323	-5.9		
12.2	8,240	8,145	1.2	42,436	36,947	14.9	35,902	32,905	9.1	6,746	5,907	14.2		
14.2	9,907	9,503	4.3	14,930	15,096	-1.1	48,483	42,636	13.7	3,648	3,332	9.5		
25.4	1,001	885	13.1	28,654	22,868	25.3	33,796	26,758	26.3	3,329	2,766	20.4		
13.8	768	623	23.3	27,229	26,467	2.9	32,935	28,482	15.6	1,703	1,500	13.5		
16.5	1,468	1,481	-0.9	17,496	14,957	17.0	12,743	10,855	17.4	3,600	3,392	6.1		
10.5	NA	NA	NA	6,111	5,310	15.1	13,337	12,364	7.9	1,200	1,000	20.0		
3.9	6,187	6,344	-2.5	8,771	8,798	-0.3	14,077	13,227	6.4	2,292	2,182	5.0		
21.5	5,348	4,035	32.5	12,030	9,949	20.9	14,551	12,574	15.7	2,478	2,036	21.7		
3.5	1,325	1,242	6.7	8,608	8,505	1.2	7,422	7,223	2.8	1,324	1,126	17.6		
0.2	893	962	-7.2	5,571	5,628	-1.0	7,791	7,782	0.1	743	737	0.8		
	2,322	2,322		957	957		3,787	3,787		192	192			(*)
	849	849		1,035	1,035		2,166	2,166		155	155			(*)
49.9	NA	NA	NA	261	159	64.2	2,270	1,412	60.8	35	30	16.7		
	489	489		818	818		1,440	1,440		282	282			(*)
10.5	185,070	160,688	15.2	398,101	367,341	8.4	477,060	439,197	8.6	71,683	62,225	8.2		

(\*) Data for 2002

2002

(\*)

## Arab Banking Sector

( 2001 – 2003 )

	2001	2002	2003	(*) Growth	
<b>Total Assets</b>	<b>672,911</b>	<b>704,655</b>	<b>778,292</b>	<b>10.5 %</b>	
<b>Total Credit</b>	<b>311,222</b>	<b>367,341</b>	<b>398,101</b>	<b>8.4 %</b>	
<b>Total Deposits</b>	<b>392,817</b>	<b>439,197</b>	<b>477,060</b>	<b>8.6 %</b>	
<b>Total Equities</b>	<b>46,784</b>	<b>66,225</b>	<b>71,683</b>	<b>8.2 %</b>	

(\*) 2002 - 2003

( USD mn - )

Source: Union of Arab Banks

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**Shares of Arab Countries Banks in Arab Banking Marke**  
**% 2003 %**

Countries					
	Equity	Deposits	Loans	Assets	
Saudi Arabia	22.04	19.94	27.20	18.70	
UAE	16.89	13.56	13.47	12.84	
Bahrain	14.09	3.28	3.48	12.97	
Egypt	8.30	14.86	11.91	12.83	
Kuwait	9.41	7.53	10.66	8.20	
Lebanon	5.09	10.16	3.75	7.70	
Morocco	4.64	7.08	7.20	5.80	
Algeria	2.37	6.90	6.84	4.33	
Tunisia	5.02	2.67	4.39	3.34	
Syria	1.67	2.80	1.54	3.30	
Jordan	3.20	2.95	2.20	2.85	
Qatar	3.46	3.05	3.02	2.69	
Oman	1.85	1.56	2.16	1.51	
Libya	1.04	1.63	1.40	1.43	
Palestine (*)	0.27	0.79	0.24	0.55	(*)
Yemen (*)	0.22	0.46	0.26	0.33	(*)
Iraq	0.05	0.48	0.07	0.33	
Sudan (*)	0.39	0.30	2.21	0.30	(*)
<b>Total %</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>%</b>
<b>Total (USD mn)</b>	<b>71,683</b>	<b>477,060</b>	<b>398,101</b>	<b>778,292</b>	<b>( )</b>

(\*) Data for 2002

2002 (\*)

Source : Union of Arab Banks

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# **Emirates Banks Association**

## ***E.B.A. Membership***

The number of Member Banks in Emirates Banks Association at the end of 2004 was Thirty Six Banks as follows :

1. National Bank Of Abu Dhabi (P.L.C.)
2. Abu Dhabi Commercial Bank ( P.L.C.)
3. Union National Bank (P.L.C.)
4. Commercial Bank of Dubai (P.S.C.)
5. Emirates Bank International (P.L.C.)
6. Emirates Islamic Bank ((P.L.C.)
7. MashreqBank (P.L.C.)
8. National Bank Of Sharjah
9. Bank Of Sharjah (P.L.C.)
10. United Arab Bank (P.L.C.)
11. Invest bank (P.L.C.)
12. RAK Bank (National Bank Of Ras Al-Khaimah P.S.C.)
13. Commercial Bank International (P.L.C.)
14. National Bank Of Fujairah (P.S.C.)
15. First Gulf Bank ( P.L.C.)
16. Abu Dhabi Islamic Bank ( P.L.C.)
17. Dubai Bank
18. National Bank Of Dubai (P.L.C.)
19. Real Estate Bank
20. Arab Bank For Investment & Foreign Trade
21. Arab Bank (P.L.C.)
22. Banque Du Caire
23. Calyon - Corporate and Investment Bank
24. BNP Paribas
25. HSBC Bank Middle East
26. Arab African International Bank
27. Banque Libanaise Pour Le Commerce ( France ) S.A.
28. Al Ahli Bank Of Kuwait ( K.S.C.)
29. Habib Bank Limited
30. Habib Bank AG.Zurich
31. Standard Chartered Bank
32. Citibank N.A.
33. Bank Saderat Iran
34. Bank Melli Iran
35. Banque Banorabe
36. ABN-AMRO Bank N.V.

# *Association Activities during The Year 2004*

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- E.B.A. General Assembly held its ordinary general assembly meeting on 14.4.2004 wherein the members approved unanimously the Charter of Banking Business in UAE .

Also, re-elected uncontested and unanimously the Board Of Directors for 2004-2005 .

- E.B.A. Board of Directors held three meetings during 2004, in addition to the Board of Directors participation in the ordinary general assembly meeting held on 14.4.2004, as well as the continuous communications and exchange views with the members.

Following the re-election of the Board of Directors during the Ordinary General Assembly meeting mentioned above, the members agreed to continue with the same elected board for the following years 2004-2005 as follows :

- Mr. Abdullah A. Al-Ghurair                      Chairman
  - H.E. Obaid Seif Al Naseri                      Vice Chairman
  - Sh.Omar Bin Abdullah Al Qassimi      Member/Chairman of Technical Committee
  - H.E. Ahmed Humaid Al Tayer              Member
  - H.E. Khalfan Mohd Al Roomi              Member
  - Mr. Rashid Humaid Al Mazroui            Member
  - Mr. Anis Abdullah Al Jallaf                Member
- After reviewing the general economic situation in the country during their meetings, E.B.A. Board of Directors members highlighted the rapid development achievement in UAE economic sector in general, and in the banking and financial sector particularly, appreciating and appraising with satisfaction the performance of the banking sector.

Also, they appraised the wise policy that the Central Bank conducted in leading the banking sector, as well as, the continuous consultation meetings with chief executives of banks to exchange views in all matters newly occurred, and concerned in the banking business for the welfare and development of this significant sector which considered as one of the most strong supporters to the local economy.

- Beside, the Board of Directors reviewed the series of achievements of the Human Resources Development Committee in the Banking Sector achieved during the year resulting in a distinguish increased percentage of the number of UAE. National staff working in banking sector from 26% in December 2003 to 27%.6% in December 2004 (This percentage was 9.38% in 1997), and appraised the great efforts exerted by the committee, as well as, banks cooperation in this regard.

In this scope, chairman of E.B.A. received delegations from The National Human Resource Development & Employment Authority ( Tanmia ) and Emirates Institute for Banking and Financial Studies (EIBFS).

Discussion focused on following up the exerted efforts to Emiratization the Banking profession in UAE, and highlighted the necessity of cooperation between all sectors for supporting and strengthening the committee tasks , and securing a professional cadre who can commence in banking profession smoothly, in addition, assisting banks to perform a highly training and orientation to such cadre. As well as, to activate what indicated in the Charter of Banking Business in U.A.E. which was unanimously approved by the General Assembly during its last meeting on 14.4.2004 .

- Noting that the Human Resources Development Committee in the Banking Sector chaired by H.E. Ahmed Humaid Al Tayer - included in its membership Emirates Banks Association which is represented in the committee by H.E. Khalfan Mohammed Al Roomi - Member of the Board of Directors.
- In addition , the E.B.A. Board of Directors reviewed and discussed the Memorandums raised by E.B.A. Technical Committee and Legal Consultation Committee, and decided the following actions :
  - E.B.A. wrote to the Ministry of Justice, Islamic Affairs and Awqaf regarding the following topics :

**1- "The time limit of cheque presentation for payment .**

Requesting a legal opinion on "The time limit of cheque presentation for payment - in accordance with what have been stipulated in the articles No. (618) & (620-b) of the Law of Commercial Procedures No.(18) of 1993 , and E.B.A. received the requested legal opinion and circulated the same to all member banks .

2. Requesting clarification on the definition of the article No.(1092) of Civil Transaction Law No.5 for the year 1985 states that " **If a debt becomes due, the creditor shall make a claim for it within six months from the date of maturity; otherwise, the guarantor shall not be considered bound by his guaranty** " and the way of applying this article in the banking transactions specially, the Law of Commercial Procedures No.(18) of 1993 , didn't include similar script.

3. **Car Loans subject**

Asking for issuing a suitable notification to all courts regarding Car Loans subject to follow the procedure incorporated under article (172) of the Commercial Transaction Law for a unique procedures and alleviate the problems encountered and avoiding delay in approval for sale, which further increases the loss of cars in stock for several years and lead to loss and damage.

- E.B.A. wrote to the UAE Central Bank on the following subjects :

1. **Dormant Accounts** : Regarding the possibility of finding a unified instructions for controlling and dealing with Customers Accounts when there are no movements for a long time and what is the periodicity up to which such account are to be kept in Dormant Accounts .

2. **Central Bank Risk Bureau Reporting - RB1/2/5 returns** : Requesting to include banking risk's statements the banking facilities opened and/or used limits ( from AED 250,000/- and upwards) and not only the used limits.

3. **UAE Central Bank notice No. 2162/2003 dated 3/8/2003 on opening Accounts in EURO & US Dollars currencies** , in favor of working banks in order to activate the transaction of these currencies through these accounts among the UAE banks , and recommended that opening such accounts in the country to be mandatory.

- E.B.A. recommended the following memos issued by the legal consultation committee of the association, and circulated to all member banks:

- Memo No.1 : Release of a guarantor from a guarantee.

- Memo No.2 : Responsibility to verifying validity requirements in a cheque

- Memo No.3 : Issuing cheques in an incomprehensible language.

- Memo No.4 : Responsibility of authorized signatory when sign a cheque as the drawer.
- MemoNo.5 : Freezing of funds related to laundering activities in accordance with UAE Federal Law No.(4) of 2002 regarding criminalization of money laundering .  
( Copy attached ).

### **E.B.A. Seminars :**

1. E.B.A. held a seminar on ( The New Basel Capital Accord - Basel II ) hosted by Commercial Bank Of Dubai at their H.O. in Deira-Dubai .
2. E.B.A. Board of Directors agreed to patronize a one day seminar to be organized by Union Bank of Switzerland (UBS) on "Treasury Trends 2005".  
(This seminar was held during January 2005).

### **E.B.A. Publications Matters :**

#### **1. Financial Position of the Commercial Banks in U.A.E.**

During 2004, E.B.A. issued the volume no. (17) of its booklet titled "The Financial Position Of The Commercial Banks in U.A.E." for the years (2002-2003).

Whereas, the booklet became including not only the financial statements of the commercial banks only , but all financial statements of the specialized and investment banks as well, E.B.A. Board of directors decided as starting from the next issue, to adjust the name of this booklet to read as "**The Financial Position of the Banks Operating in U.A.E.**"

#### **2. The Group of Verdicts on Banking Cases :**

E.B.A. issued the 8<sup>th</sup> Issue (2004) on the verdicts related to banking cases, which E.B.A. pay attention to collect since 1996.

Starting this year, all memos issue by the E.B.A. Legal Consultation Committee have been included to this issuance along with the verdicts copies, for easy reference.

#### **3. Charter of Banking Business in UAE:**

During 2004, E.B.A. published a special issue on Charter of Banking Business in U.A.E. which was unanimously accredited by the E.B.A. General Assembly in its meeting held on 14.4.2004.

**4. S.W.I.F.T. News Letter :**

The association continued the issuance of the S.W.I.F.T. quarterly newsletter about S.W.I.F.T. services extended to U.A.E User Group, comparing with the same Services SWIFT extended to G.C.C. User Groups.

**Following a comparative report for SWIFT messages executed by UAE SWIFT User Group & G.C.C. SWIFT User Groups during 2003-2004 :**

<b>Report</b>	<b>2003</b>	<b>2004</b>
<b>No. Outgoing Messages</b>		
<b>Total / G.C.C.</b>	15,366,005	18,179,728
<b>Total / U.A.E.</b>	6,326,135	7,291,826
<b>Percentage</b>	<b>41,17%</b>	<b>40,11%</b>
<b>No. Incoming Messages</b>		
<b>Total / G.C.C.</b>	11,226,408	12,775,265
<b>Total / U.A.E.</b>	5,662,664	6,665,741
<b>Percentage</b>	<b>50,4%</b>	<b>52,18%</b>

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In fact, we hope that all member banks to provide us with any comments/remarks on any of E.B.A. issues mentioned above for improvement and development.

***Conferences/Seminars/lectures/workshops/meetings attended by E.B.A.***

**A. Conferences :**

<b>Date</b>	<b>Subject</b>
11-13 January 2004	The ECSSR 9 <sup>th</sup> Annual Conference on "The Gulf Challenges of The Future " held by The Emirates Center for Strategic Studies & Research .
22-23 February 2004	The Conference on "Building a Dynamic New prosperity in the Gulf Region Through Global Cooperation-Opportunities and Challenges ." held by Zayed University & Abu Dhabi Chamber of Commerce & Industry.
3 - 4 April 2004	The 2 <sup>nd</sup> International Conference on Hawala organized by UAE Central Bank in collaboration with International Monetary Fund .
4 - 5 May 2004	The 4 <sup>th</sup> Conference of Banking Institutes of GCC States titled " GCC, The Upcoming Destination of Investment " organized by Emirates Institute For Banking & Financial Studies.
9 -11 May 2004	Conference on "Legal & Economic Aspects of the World Trade Organization Agreements " organized by UAE University -Faculty of Sharia & Law and Dubai Chamber of Commerce & Industry in Dubai..
15-17 May 2004	Conference on "Economical Cooperation between Arab Countries and Federal Russian Countries" held by The Federal of U.A.E. Chambers of Commerce & Industry .
17-19 May 2004	Conference on "Middle East Business Continuity "organized by Abu Dhabi Chamber of Commerce & Industry in Abu Dhabi.
13-15 June 2004	Conference on "Increasing Threats Of Money laundering, Diversity of its Techniques & Global Anti-Money laundering Action" held by the Arab Academy For Banking & Financial Science in Cairo - Eygpt .

- 23-24 June 2004 The International Arab Banking Summit 2004 . organized by Union Of Arab Banks in London & the Gala dinner featuring the Banker of the year and the sponsoring institutions award Ceremony .
- 5 September 2004 3<sup>rd</sup> Annual eMerging-eLearning Conference organized by Abu Dhabi Men's College of Technology held in Abu Dhabi.
- 26-27 September 2004 New Project Opportunities in Abu Dhabi organized by MEED Conferences with collaboration of Abu Dhabi Chamber of Commerce & Industry.
- 12-13 October 2004 The Arab Conference For Banking & Investments title : "Cross - Border Banking Expression For Rewardable Investment ".
- 23-24 November 2004 Conference " Developing Countries & the WTO : Realities and Future Challenges " organized by Kuwait University - Faculty of Administration and cooperation of Islamic Bank for Development in Kuwait .

**B. Seminars / Lectures :**

<b>Date</b>	<b>Subject</b>
26 January 2004	The UBS Management Forum for Financial Institutions organized by UBS held in Abu Dhabi .
29 February 2004	"GIA & Intertec Asset Management Seminar organized by General Information Authority" in Abu Dhabi .
22 May 2004	Seminar On "Should Central Banks Respond to Stock Market Bubbles ? " organized by Zayed University & the UAE Central Bank in Abu Dhabi.
28 November 2004	Seminar On "The Impact Of USA Patriot Act On Banking & Investment Business" held by UAE Central Bank In Abu Dhabi.
11-12 December 2004	Seminar On "Overview of Stock Exchange and Securities Markets " held by Securities & Commodities Authority with cooperation of Ministry of Economy & Planning in Abu Dubai Chamber of Commerce & Industry in Abu Dhabi.

**C. Lectures/Workshops :**

<b>Date</b>	<b>Subject</b>
7 February 2004	Workshop on "The Outlook for the US Economy and It's implications For the GCC Region ." organized by Zayed University and Abu Dhabi Chamber of Commerce in Abu Dhabi .
23 February 2004	Workshop hosted by UAE Central Bank in Dubai & organized by Institution of International Finance (IIF) on " Basel Committee proposals for a new regulatory capital framework and their implications for the Middle East & Africa Region".

- 25-26 May 2004 Workshop on" Trade Polices and multi trade system of the Word Trade Organization Agreements and its reflections held by Ministry of Economy and Planning in both Abu Dhabi & Dubai respectively .
- 2-6 October 2004 Workshop on the "World Trade Organization Agreements held by Ministry of Economy and with the cooperation of United Nation for Development Program in Dubai Economic development department in Dubai.

**D. Meetings :**

Date	Subject
17 March 2004	The Annual General Assembly Meeting of Emirates Institute For Banking & Finance Studies held in Sharjah.
30 April 2004	The Annual General Assembly meeting of Union of Arab Banks held in Beirut - Lebanon.
26 July 2004	Meeting held at the association office with Mr. Shadi Abu Dhafer - general manager - International Trade Center in Beirut - discussed ways of cooperation and coordination between the center and the association to ensure success to the regional conference on Liberalization of Trade services between Arab world.
22 September 2004	Meeting with HR Managers of All UAE Banks held in the premises of Emirates Institute for Banking and Financial Studies.
22 November 2004	Meeting with Mr. Yusuf Abdul Hamid Al Jassim - Secretary General of Union of Kuwaiti Banks in Kuwait .
19 December 2004	Consultation meeting held by Central Bank to discuss the subject of Direct Debit Authority Form held in UAE Central Bank in Abu Dhabi.

21 December 2004

Consultation meeting held by Central Bank to discuss the following points :

1. Improving the **Customer Rating System** at Risk Bureau.
2. Setting-up a **Negative List System** to classify credit card customers.
3. A unified **Direct Debit** Authority from account.

21 December 2004

Investment Opportunities in Malaysia organized by UAE Central Bank in Dubai.

***Circulars Issued by E.B.A. During 2004:***

<b><i>Circular No.</i></b>	<b><i>Date</i></b>	<b><i>Subject</i></b>
Circular No.1/2004	8.1.2004	Recommendation issued by the Federal National Council regarding Personal loans.
Circular No.2/2004	8.1.2004	Car with Lien to banks.
Circular No.3/2004	26.1.2004	Charter of Banking Business in UAE.
Circular No.4/2004	26.1.2004	Banks' Financial Statement for 2004.
Circular No.5/2004	27.1.2004	Personal loans.
Circular No.6/2004	8.2.2004	Cars with lien to banks.
Circular No.7/2004	9.2.2004	Workshop held by SWIFT on 7-8 /3/2004 in Dubai on" 2004 Annual survey of letter of credit law & practice " .
Circular No. 8/2004	9.2.2004	Charter of the Banking Business in U.A.E.
Circular No. 9/2004	24.4.2004	The " Financial Position Of the Commercial Banks in UAE. "
Circular No.10/2004	2.5.2004	E.B.A. annual report release for 2004 .
Circular No.11/2004	26.5.2004	E.B.A. Of " Charter of Banking by E.B.A. Business in the U.A.E. "after approved by E.B.A. General Assembly .

Circular No.12/2004	5.7.2004	The Declaration Release issued after the international summit held by Union of Arab Banks on 23-24 June 2004 .
Circular No. 13/2004	5.10.2004	E.B.A. Issuance " Charter of Banking Business in the U.A.E " .
Circular No. 14/2004	20.10.2004	Legal opinion of Ministry of Justice and Islamic Affairs and Awqaf on " Time limit of cheque presentation for payment, and copies of the Memos of E.B.A. issued by legal Consultation Committee.
Circular No. 15/2004	20.10.2004	Banks' Treasurers and/or Chief Financial officers name .
Circular No. 16/2004	6.11.2004	Invitation for attending the 2 <sup>nd</sup> regional conference to be held by SWIFT on 1-2/3/2004.
Circular No.17/2004	5.12.2004	Invitation for attending the seminar held by E.B.A. on ( Basel II ) .
Circular No. 18/2004	7.12.2004	Registration online for attending the forthcoming SWIFT conference.
Circular no.19/2004	28.12.2004	Copy of the 8 <sup>th</sup> supplement release of the group of the verdicts on banking cases.

Finally, We thank you all for your kind cooperation and support, and always looking forward to receive your opinions and views and/or suggestions which will be as a guidance in continuing our business to achieve our common goals in serving the UAE banks and boosting the banking sector as one of the most significant Economic sectors in this dear country .

***Emirates Banks Association***

***Abu Dhabi : 27.3.2005***