

CENTRAL BANK  
OF  
THE UNITED ARAB EMIRATES  
ANNUAL REPORT



2003

# CENTRAL BANK OF THE UNITED ARAB EMIRATES

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# **PART - I**

## **INTERNATIONAL ECONOMIC TRENDS**

# PART - I

## International Economic Trends

Global growth picked up in 2003, reaching 3.7% against 3.0% in 2002. Within the group of major industrial countries, the rate of growth increased to 3.1% in the USA, against 2.4% and to 2.3% in Japan, against 0.2%, and to 2.1% in the United Kingdom, against 1.9%. However, in France the rate of growth dropped to 0.2% in 2003, against 1.2% in 2002, and in Germany from 0.2% in 2002 to zero in 2003.

The rate of growth within the group of developing countries as a whole increased to 5.0% in 2003, against 4.6% in 2002, within the group of Middle Eastern countries and Turkey to 5.1% against 4.8%, in the group of African countries to 3.7% against 3.1% and in the group of countries in transition to 4.9% against 4.2%. However, the rate of growth in Asian developing countries in 2003, remained the same as in 2002 at 6.4%.

Unemployment rose in advanced industrial countries, European Union countries, Euro area and the group of newly industrialized Asian countries. It increased in advanced industrial countries, to 6.7% in 2003 against 6.4% in 2002 in the USA to 6.0% against 5.8% and in Japan to 5.5% against 5.4%. Unemployment also increased to 9.5% against 8.6% in Germany and to 9.5% against 8.6% in France. Within the group of newly industrialized Asian countries, unemployment rose to 4.4% in 2003, against 4.1% in 2002, while in Britain the rate of unemployment remained at 5.2%.

The rate of inflation, measured by consumer prices, rose within the group of advanced economies as a whole to 1.8% in 2003, against 1.5% in 2002. In the USA, inflation rate rose to 2.1% against 1.6% while it dropped in the Euro area to 2.0% in 2003, against 2.3% in 2002. Inflation rate also rose in developing countries as a

whole to record 5.9% in 2003, against 5.3% in 2002. Within the group of Asian countries, meanwhile, inflation rate rose to 2.5% against 2.0%. In the Middle East and Turkey, however, inflation rate dropped to 13.5% against 15.7%.

In Germany, inflation rate dropped to 1.0% in 2003 against 1.3% in 2002, while it remained buoyant in France at 1.9%. In Britain, inflation rate rose to 2.8% in 2003, against 2.2% in 2002 and in Japan the negative rate of inflation reached (-0.3%) in 2003, against (-0.9%) in 2002. Within the group of countries in transition the rate of inflation dropped from 11.1% in 2002 to 9.7% in 2003.

World trade data indicate that growth rate in the volume of trade in goods and services slowed to 2.9% in 2003, against 3.2% in 2002. Meanwhile, short-term interest rates fell in the USA and the Euro area.

# **PART - II**

## **ECONOMIC, FINANCIAL AND BANKING TRENDS IN THE UNITED ARAB EMIRATES**

## PART - II

# Economic, Financial and Banking Trends in The United Arab Emirates

### 1. General Economic Activity

Gross domestic product at base and at 1995 constant prices grew by 7.0% in 2003, compared to its level in 2002, reaching AED 241.83 billion. The rate of increase in the non-oil sectors reached 5.2%. The output of oil and natural gas sector constituted 77.4% of gross domestic product in 2003. The value of output of the oil and natural gas sector increased from AED 47.96 billion in 2002 to AED 54.58 billion in 2003, i.e., an increase by 13.8%.

With output growth rate increasing at a slower pace than population growth rate, GDP per capita dropped slightly in 2003 to reach AED 59.8 thousand, against AED 60.2 thousand in 2002.

Preliminary estimates of the balance of payments showed that surpluses were achieved in both the trade balance and the current account in 2003. The surplus in the trade balance increased by 37.5% and the surplus in the current account rose by 84.6% above the levels achieved in 2002. The overall balance reflected a surplus of AED 4.7 billion in 2003, against a deficit of AED 1.5 billion in 2002.

With regard to monetary and banking developments, money supply (M1) rose by 23.8% to reach AED 58.26 billion by the end of 2003. Meanwhile, quasi-monetary deposits increased by AED 15.74 billion (12.4%). Consequently, private domestic liquidity (M2) expanded by AED 26.95 billion (15.5%) to reach AED 200.60 billion.

An analysis of the factors affecting private domestic liquidity shows that the impact of net foreign assets was expansionary, by AED 3.68 billion (2.8%), in addition to the expansionary impact of net domestic credit of AED 28.4 billion (22.9%). However, the impact of net other factors (capital, reserves, provisions and other items), which grew by AED 5.10 billion (6.1%), on private domestic liquidity (M2) was contractionary.

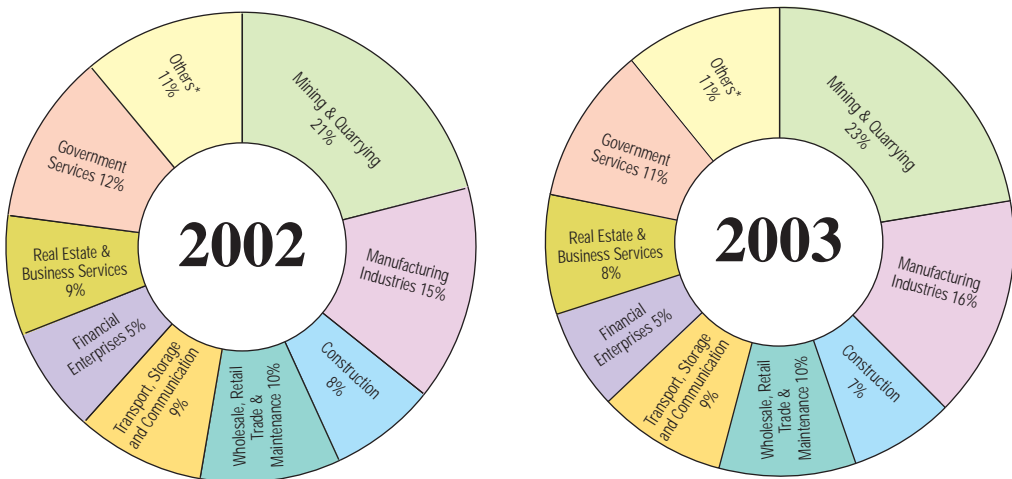


## 2. Gross Domestic Product

Preliminary estimates published by the Ministry of Planning indicate that gross domestic product, at base price and at constant 1995 prices, rose from AED 226.0 billion in 2002 to AED 241.8 billion in 2003 (7.0%). The rate of increase in the non-oil sectors reached 5.2% while the output of the oil and natural gas sector grew by 13.8%. For this reason, the value added of this sector rose from AED 48.0 billion in 2002 to AED 54.6 billion in 2003 and hence its contribution to GDP increased to 22.6% in 2003, compared to 21.2% in 2002.

The structure of gross domestic product by economic sector shows the development achieved in various non-oil sectors during 2003, which largely contributed to the increase in the rate of economic growth. As a result of the appropriate economic policies adopted by the Government, which reflected positively on financial and non-financial enterprises, the value of the non-oil sector reached AED 187.3 billion in 2003, against AED 178.1 billion in 2002. With the exception of the mining industries sector whose contribution to gross domestic product had increased, the contribution of the various non-oil sectors in 2003 remained almost at the same level achieved in 2002.

**Gross Domestic Product (By Sector)**



\* Including agriculture, livestock & fishing, electricity & water, restaurants & hotels, social & personal services and household services.

**Table (2 - 1)**

**Gross Domestic Product at Base Price by Economic Sectors  
(at constant 1995 prices)**

(In Millions of AEDs)

<b>Sectors</b>	<b>2002</b>	<b>2003*</b>
<b>(1) Non-Financial Enterprises Sector</b>	<b>185,770</b>	<b>200,532</b>
- Agriculture, Livestock and Fishery	8,738	8,956
- Mining	48,653	55,311
A. Crude Oil & Natural Gas	47,956	54,578
B. Quarries	697	733
- Manufacturing	34,630	38,010
- Electricity, Gas and Water	5,115	5,347
- Construction	16,970	17,661
- Wholesale / Retail Trade and Maintenance	22,500	23,495
- Restaurants and Hotels	5,492	5,767
- Transportation, Storage and Communication	20,131	21,692
- Real Estate and Business Services	19,420	20,004
- Social and Private Services	4,121	4,289
<b>(2) Financial Enterprises Sector</b>	<b>16,875</b>	<b>17,808</b>
<b>(3) Government Services Sector</b>	<b>26,895</b>	<b>27,280</b>
- Household Services	1,952	1,981
<b>(Less): Imputed Bank Services Charges</b>	<b>5,481</b>	<b>5,773</b>
<b>TOTAL</b>	<b>226,011</b>	<b>241,828</b>
<b>Total Non-Oil Sectors</b>	<b>178,055</b>	<b>187,250</b>

Source : Ministry of Planning

\* Preliminary Data

**Table (2 - 2)****Gross Domestic Product at Base Price by Economic Sectors  
(at current prices)**

(In Millions of AEDs)

<b>Sectors</b>	<b>2002</b>	<b>2003*</b>
<b>(1) Non-Financial Enterprises Sector</b>	<b>219,201</b>	<b>249,426</b>
- Agriculture, Livestock & Fishery	9,105	9,359
- Mining	73,277	94,134
A. Crude Oil & Natural Gas	72,552	93,369
B. Quarries	725	765
- Manufacturing	36,673	40,100
- Electricity, Gas and Water	5,274	5,513
- Construction	17,988	18,791
- Wholesale / Retail Trade and Maintenance	24,361	25,774
- Restaurants and Hotels	6,025	6,345
- Transportation, Storage and Communication	21,742	23,629
- Real Estate and Business Services	20,388	21,205
- Social and Private Services	4,368	4,576
<b>(2) Financial Enterprises Sector</b>	<b>17,314</b>	<b>18,394</b>
<b>(3) Government Services Sector</b>	<b>28,525</b>	<b>29,272</b>
- Household Services	2,030	2,068
<b>(Less): Imputed Bank Services Charges</b>	<b>5,700</b>	<b>6,039</b>
<b>TOTAL</b>	<b>261,370</b>	<b>293,121</b>
<b>Total Non-Oil Sectors</b>	<b>188,818</b>	<b>199,752</b>

Source : Ministry of Planning

\* Preliminary Data

Data on growth and contribution of non-oil sectors to output increase in 2003 indicate that the manufacturing sector achieved the highest rate of increase compared to other sectors, reaching 9.8% compared to 2002 level. The value added in this sector rose from AED 34.6 billion in 2002 to AED 38.0 billion in 2003, while its contribution to output rose from 15.3% to 15.7%. The increase in output of this sector (mainly constituted of liquefied gas and petroleum products) was mainly due to the increase in the refining capacity, which depends on sources of condensates and non-associated gas.

In view of the country's position as a financial and economic center and an important re-export hub, which would normally require an advanced infrastructure in the area of transportation, communication and storage, data on national accounts showed an increase by 7.8% in the output of this sector. Whose value reached AED 21.7 billion in 2003 against AED 20.1 billion in 2002.

The financial enterprises sector continued its strong activity, benefiting from the appropriate infrastructures in place and favourable opportunities, which positively reflected on performance of banking and financial institutions. The value of output of this sector rose from AED 16.9 billion in 2002 to AED 17.8 billion in 2003 (5.5%).

Reflecting the State's firm commitment to provide higher standard public services to meet the increasing requirements of a growing population, the value of output of the government services sector rose from AED 26.9 billion in 2002 to AED 27.3 billion in 2003.

With the increase in tourist activity as a result of provision of all necessary infrastructures which would ensure an effective role for the hotels and restaurants sector in the economy, the output of this sector rose by 5.0% in 2003 compared to its level in 2002, reaching AED 5.8 billion in 2003.

The electricity, gas and water and the agriculture, livestock and fishery sectors, both subsidized by the State, continued their growth in 2003. The output of the agriculture, livestock and fishery rose by 2.5% to reach AED 9.0 billion, although its contribution to GDP dropped slightly from 3.9% in 2002 to 3.7% in 2003. The output of the electricity, gas and water sector also rose from AED 5.1 billion in 2002 to AED 5.3 billion in 2003 (4.5%).

In line with the pick-up in commercial activity in the country, the output of the wholesale/retail trade and maintenance sector rose from AED 22.5 billion in 2002 to AED 23.5 billion in 2003. The value added of the construction sector rose by 4.1% in 2003, compared to 2002 level, to reach AED 17.7 billion.

**Table (2 - 3)**  
**Per Capita Gross Domestic Product \***

	2001	2002	2003
GDP at 1995 constant prices (AED Millions)	221,751	226,011	241,828
Population (Thousands)	3,488	3,754	4,041
GDP Per Capita (AED)	63,575	60,205	59,844

\* at constant 1995 prices.

As a result of the increase in the contribution of the oil sector in GDP, the contribution of the goods production sectors to total output increased from 50.5% in 2002 to 51.8% in 2003. When excluding the output of the quarrying industries (mainly oil and natural gas), and despite the fact that the contribution of (non-mining) goods production sectors rose to 37.5% in 2003, against 36.9% in 2002 as a result of the increase in contribution of the manufacturing sector, the goods production sectors continued to account for more than 62.0% of total output in 2003 and the preceding years.

**Table (2 - 4)**  
**Sector Shares of Gross Domestic Product**

(Percent)

Sectors	Gross Domestic Product			Non-Mining Gross Domestic Product*		
	2001	2002	2003	2001	2002	2003
<b>A. Goods Production Sectors</b>	<b>52.3</b>	<b>50.5</b>	<b>51.8</b>	<b>37.4</b>	<b>36.9</b>	<b>37.5</b>
Agriculture, Live- Stock & Fishery	3.8	3.9	3.7	5.0	4.9	4.8
Mining	23.8	21.5	22.9	-	-	-
Manufacturing	15.0	15.3	15.7	19.8	19.5	20.4
Construction	7.4	7.5	7.3	9.8	9.6	9.5
Electricity, Gas & Water.	2.1	2.2	2.2	2.8	2.9	2.9
<b>B. Services Sectors</b>	<b>47.7</b>	<b>49.5</b>	<b>48.2</b>	<b>62.6</b>	<b>63.1</b>	<b>62.5</b>

\* Percentage to GDP at factor cost after excluding mining sector.

Current estimates of gross domestic product at current show that it reached AED 293.1 billion in 2003 against AED 261.4 billion in 2002, an increase of 12.1%. This increase was the result of the rise in crude oil prices from US\$ 24.7 per barrel in 2002 to US\$ 28.1 per barrel in 2003 (13.8%), in the refining capacity of domestic refineries, and in growth of non-oil economic sectors. The distribution of GDP according to expenditure categories reflected this expansion.

**Table (2 - 5)**  
**Expenditure on Gross Domestic Product**  
**(At Current Prices)**

(In Millions of AEDs)		
<b>Spending</b>	<b>2002</b>	<b>2003*</b>
<b>Final Consumption:</b>	<b>174,572</b>	<b>188,713</b>
- Government Consumption.	42,540	43,489
- Private Consumption.	132,032	145,224
<b>Gross Fixed Capital Formation:</b>	<b>60,552</b>	<b>63,070</b>
- Government	14,016	14,120
- Public Sector	20,911	21,850
- Private Sector	25,625	27,100
<b>Variation in Inventory</b>	<b>2,870</b>	<b>2,950</b>
<b>Exports of Goods &amp; Services:</b>	<b>201,076</b>	<b>252,004</b>
- Goods	191,571	241,784
- Services	9,505	10,220
<b>Minus: Imports of Goods &amp; Services:</b>	<b>175,711</b>	<b>211,376</b>
- Goods	156,641	190,831
- Services	19,070	20,545
Minus: Net Indirect Tax	1,989	2,240
<b>Gross Domestic Product at Base Prices (at current prices)</b>	<b>261,370</b>	<b>293,121</b>

Source : Ministry of Planning

\* Preliminary Data

Total final consumption (government and private) rose by 8.1% in 2003, compared to its 2002 level, reaching AED 188.7 billion, despite the drop in its ratio to overall output from 66.8% in 2002 to 64.4% in 2003. As a result of population increase and the slight rise in price levels, private final consumption increased by 10.0% in 2003, compared to its 2002 level, to reach AED 145.2 billion forming 77.0% of gross consumption spending against 75.6% in 2002.

Gross fixed capital formation (which forms 21.5% of output) rose by 4.2% in 2003, compared to its level in 2002, reaching AED 63.1 billion against AED 60.6 billion in 2002. The shares of the government, the public and the private sectors remained fixed during the years from 2000 until 2003 at (22%, 34% and 43%) respectively, compared to (28%, 30% and 41%) respectively in 1999.

On the other hand, net spending on exports of goods and services increased from AED 25.4 billion in 2002 to AED 40.6 billion in 2003 (60.2%).

### 3. Population and Labour

UAE population grew by 7.6% during 2003, compared to 2002 level, reaching 4.04 million. Males constituted 67.9% of the population. The shares of emirates of Abu Dhabi, Dubai and Sharjah in total UAE population reached 39.4%, 29.8% and 15.7% respectively in 2003.

**Table (2 - 6)**  
**Population by Gender and Emirate (2002 & 2003)\***

(In Thousands)

Emirates	Males		Females		Total	
	2002	2003*	2002	2003*	2002	2003*
Abu Dhabi	1,047	1,140	423	451	1,470	1,591
Dubai	772	835	340	369	1,112	1,204
Sharjah	382	406	217	230	599	636
Ajman	128	139	87	96	215	235
Umm Al Qaiwain	35	37	24	25	59	62
Ras Al Khaimah	110	115	77	80	187	195
Fujairah	69	73	43	45	112	118
<b>Grand Total</b>	<b>2,543</b>	<b>2,745</b>	<b>1,211</b>	<b>1,296</b>	<b>3,754</b>	<b>4,041</b>

Source : Ministry of Planning

\* Preliminary Estimates

Table (2-7) below, which shows the distribution of population by gender and age groups, indicates that the number of population in the age group (less than 15 years) reached 1.02 million in 2003, compared to 956 thousand in 2002, an increase of 67 thousand (7.0%).

The population in the age group (15 years to less than 40 years) reached 2.21 million in 2003, compared to 2.05 million in 2002, an increase of 161 thousand (7.9%).

Meanwhile, the population in the age group (40 years and up to less than 60 years) reached 743 thousand in 2003, compared to 688 thousand in 2002, an increase of 55 thousand (8.0%). The population in the age group (60 years and more) reached 65 thousand in 2003, compared to 61 thousand in 2002, an increase of 4 thousand (6.4%).

**Table (2 - 7)**  
**Population by Gender & Age Groups \***

Age Groups	2001			2002			2003		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Less than 15	465,791	426,658	892,449	499,132	456,679	955,811	535,414	487,560	1,022,974
15 to less than 40	1,347,571	553,467	1,901,038	1,454,816	594,729	2,049,545	1,572,762	637,758	2,210,520
40 to less than 60	511,632	125,932	637,564	552,802	135,181	687,983	598,155	144,798	742,953
60 and above	34,006	22,943	56,949	36,250	24,411	60,661	38,669	25,884	64,553
<b>TOTAL</b>	<b>2,359,000</b>	<b>1,129,000</b>	<b>3,488,000</b>	<b>2,543,000</b>	<b>1,211,000</b>	<b>3,754,000</b>	<b>2,745,000</b>	<b>1,296,000</b>	<b>4,041,000</b>

\* Mid-year estimates.

The total number of workers in the UAE rose during 2003 by nearly 101 thousand, reaching 2.19 million workers.

The wholesale, retail trade and maintenance services sector ranked first in terms of number of workers, which reached 429 thousands, i.e, 19.6% of the total number of workers in 2003. The construction and building sector ranked second (362 thousand workers and a ratio of 16.5%). The manufacturing industries ranked third (298 thousand workers and a ratio of 13.6%). Government services sector ranked fourth (249 thousand workers and a ratio of 11.3%). The ratio of workers in other sectors ranged between 0.2% and 9.1% of the total number of workers.



**Table (2 - 8)****Employees by Economic Sectors**

<b>Sectors</b>	<b>2001</b>	<b>2002</b>	<b>2003*</b>
<b>Non-Financial Enterprises Sector</b>	<b>1,497,125</b>	<b>1,629,673</b>	<b>1,716,771</b>
– Agriculture, Livestock and Fisheries	154,043	163,192	168,262
– Mining Industries	30,248	31,702	32,911
A. Crude Oil & Natural Gas	25,945	27,197	28,073
B. Quarries	4,303	4,505	4,838
– Manufacturing Industries	246,910	273,022	297,834
– Water, Gas and Electricity	31,370	32,363	33,140
– Construction and Building	305,477	343,840	362,251
– Wholesale / Retail Trade and Maintenance	370,827	405,874	429,098
– Restaurants and Hotels	84,001	94,930	98,509
– Transportation, Storage and Communication	127,243	130,923	133,913
– Real Estate and Business Services	56,495	60,760	63,065
– Social and Private Services	90,511	93,067	97,788
<b>Financial Enterprises Sector</b>	<b>24,825</b>	<b>25,724</b>	<b>26,214</b>
<b>Government Services Sector</b>	<b>214,226</b>	<b>237,368</b>	<b>248,592</b>
<b>Household</b>	<b>192,846</b>	<b>197,825</b>	<b>199,721</b>
<b>Total</b>	<b>1,929,022</b>	<b>2,090,590</b>	<b>2,191,298</b>

Source : Ministry of Planning.

\* Preliminary Data.

## 4. Public Finance

### The Consolidated Government Finance Account

#### 1 Revenues

Total revenues increased by 31.7% in 2003 to reach AED 75.3 billion, against AED 57.2 billion in 2002, mainly due to the increase in oil and gas earnings.

##### – *Tax Revenues*

Tax revenues (customs duties and other charges) dropped in 2003 by 4.4% to reach AED 6.6 billion, against AED 6.9 billion in 2002, forming 8.7% of total revenues. The decrease mainly occurred in other tax revenues, which fell by AED 946 million (18.1%). On the other hand, customs revenues rose by AED 640 million to reach AED 2.3 billion following implementation of the new customs tariff with effect from 1/1/2003.

##### – *Non-Tax Revenues*

Non-tax revenues rose by 36.6% in 2003, reaching AED 68.8 billion, against AED 50.3 billion in 2002, forming 91.3% of total revenues. This was attributed to an increase by AED 15.6 billion (38.2%) in receipts of oil and gas exports, that recorded AED 56.6 billion in 2003, against AED 40.9 billion in 2002. Other non-tax revenues also rose by 56.7% to reach AED 9.5 billion in 2003, against AED 6.1 billion in 2002. On the other hand, profits of shareholding companies dropped by AED 636 million to reach AED 2.7 billion.

#### 2 Expenditures

Expenditures increased in 2003 by AED 2.2 billion (2.5%), reaching AED 88.8 billion, against AED 86.6 billion in 2002.

##### – *Current Expenditures*

Current expenditures constituted 82.5% of total expenditures in 2003, reaching AED 73.2 billion, against AED 72.6 billion in 2002.

Expenditures on the salaries and wages item rose in 2003 by AED 203 million (1.4%) to reach AED 14.8 billion. Expenditures on goods and services also increased by AED 1.3 billion to reach AED 23.5 billion. Likewise, other unclassified current expenditures rose by AED 3.5 billion

(16.8%) to reach AED 24.5 billion. Meanwhile, expenditures on subsidies and transfers dropped by AED 4.4 billion (29.9%) to reach AED 10.4 billion.

– *Development Expenditures*

Development expenditures grew by 20.1% to reach AED 15.0 billion in 2003, against AED 12.5 billion in 2002.

– *Loans and Equity Participations*

Loans and equity participations declined by 61.5% in 2003, compared to its level in 2002, reaching AED 595 million.

### 3 The Deficit

The deficit narrowed by 54.2% to reach AED 13.5 billion in 2003, against a deficit of AED 29.4 billion in 2002. The bulk of this deficit (82.3%) was financed by returns of government investments.

**The Consolidated Government Finance Account**

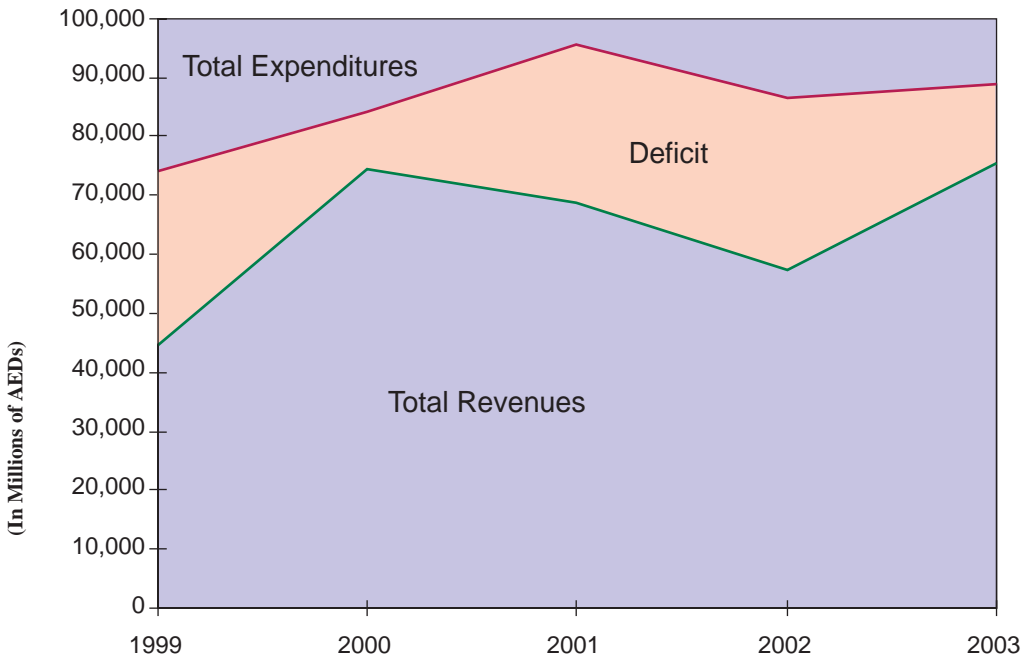


Table (2 - 9)

## The Consolidated Government Finance Account

(In Millions of AEDs)

Items	2002*	2003**
<b>Revenues</b>	<b>57,218</b>	<b>75,335</b>
<i>Tax Revenues</i>	<b>6,881</b>	<b>6,575</b>
Customs	1,663	2,303
Other	5,218	4,272
<i>Non-Tax Revenues</i>	<b>50,337</b>	<b>68,760</b>
Oil and Gas	40,926	56,550
Joint Stock Corporations	3,357	2,721
Other	6,054	9,489
<b>Expenditures</b>	<b>86,616</b>	<b>88,800</b>
<i>Current Expenditures</i>	<b>72,602</b>	<b>73,234</b>
Salaries and Wages	14,612	14,815
Goods and Services	22,187	23,512
Subsidies and Transfers	14,782	10,360
Other Unclassified	21,021	24,547
<i>Development Expenditures</i>	<b>12,470</b>	<b>14,971</b>
<i>Loans and Equity Participations</i>	<b>1,544</b>	<b>595</b>
Local	592	-1,156
Foreign	952	1,751
<b>Surplus (+) or Deficit (-)</b>	<b>(-)29,398</b>	<b>(-)13,465</b>
<b>Financing</b>	<b>29,398</b>	<b>13,465</b>
Changes in net Government Deposits with Banks	-4,339	2,383
Other <sup>(1)</sup>	33,737	11,082

Source : Ministry of Finance and Industry and Local Governments Finance Departments.

\* Adjusted data.

\*\* Preliminary data.

(1) Returns of government's investments.

## 5. Monetary and Credit Policy

### 5-1 Dirham Exchange Rate

Due to its fixed peg to the US dollar, the dirham depreciated as a result of depreciation of the US dollar against most major currencies during 2003.

During 2003, the dirham depreciated against the Euro (15.6%), the Pound Sterling (7.6%), the Japanese yen (7.3%), the Swiss franc (13.3%) and the SDR (7.5%).

The rate of exchange of the dirham remained unchanged against all GCC currencies at the end of 2003, compared to its rate at the end of 2002.

**Table (2 - 10)**  
**Dirham Exchange Rate Index**  
**(Foreign Currency Units Per Dirham)**  
**(1999 = 100)**

Currency	1999	2000	2001	2002	2003
US Dollar	100.0	100.0	100.0	100.0	100.0
Japanese Yen	100.0	105.0	123.0	121.8	112.9
Euro	100.0	109.4	113.0	106.1	89.5
Pound Sterling	100.0	106.3	112.0	106.8	98.7
Swiss Franc	100.0	106.4	105.6	98.0	85.0
SDR	100.0	104.0	107.8	106.0	98.1

## 5-2 Monetary and Banking Indicators

### 5-2-1 Monetary Survey

The monetary and banking indicators rose during 2003, as money supply (M1) increased by AED 11.21 billion (23.8%), to reach AED 58.26 billion, compared to AED 47.05 billion at the end of 2002. Monetary deposits also rose by AED 9.36 billion (26.7%), and currency with the public by AED 1.85 billion (15.5%).

Private Domestic Liquidity (M2) expanded by AED 26.95 billion (15.5%) to reach AED 200.60 billion. This was due to the increase in money supply (M1) together with a rise of AED 15.74 billion (12.4%) in quasi-monetary deposits, which reached AED 142.34 billion.

Overall Liquidity (M3) rose by AED 30.18 billion (13.7%) to reach AED 250.942 billion by the end of 2003. This increase resulted from the expansion of private domestic liquidity (M2) and the increase by AED 3.23 billion (6.9%) in government deposits that reached AED 50.34 billion.

**Money Supply & Domestic Liquidity**

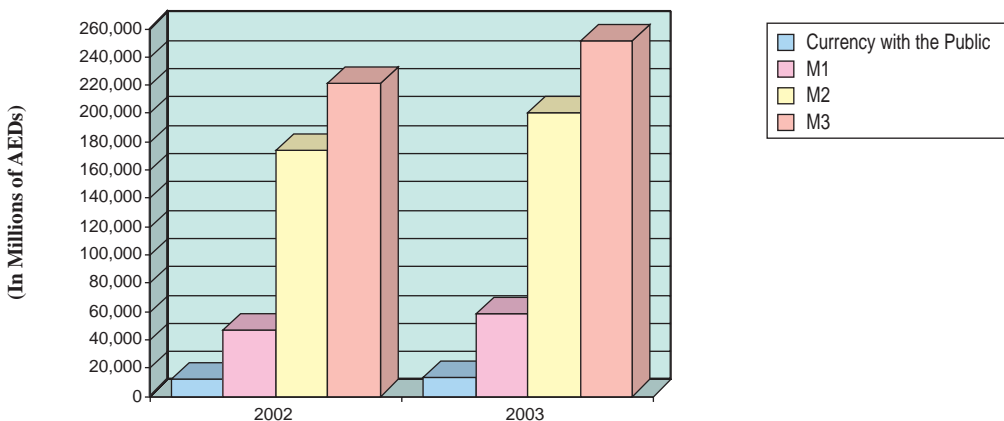


Table (2 - 11)

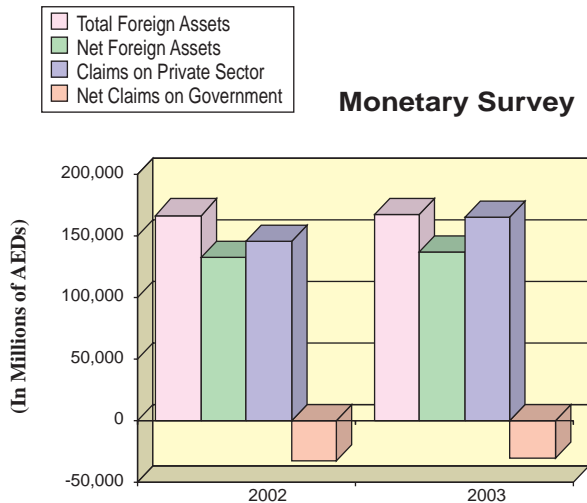
Major Monetary Indicators and Affecting Factors\*

(In Millions of AEDs)

Items	2002	2003
Currency with the Public	11,938	13,785
Monetary Deposits	35,116	44,477
<b>Money Supply (M1)</b>	<b>47,054</b>	<b>58,262</b>
Quasi - Monetary Deposits	126,599	142,338
<b>Private Domestic Liquidity (M2)</b>	<b>173,653</b>	<b>200,600</b>
Government Deposits	47,111	50,342
<b>Overall Liquidity (M3)</b>	<b>220,764</b>	<b>250,942</b>
<i>Factors Affecting Domestic Liquidity (M2)</i>		
Net Foreign Assets	132,920	136,601
Net Domestic Credit	123,859	152,227
Net Other Factors	(-) 83,126	(-) 88,228

\* Including deposits of residents with national banks' branches (including offshore units) and their subsidiaries abroad.

A review of the factors affecting private domestic liquidity shows that the effect of net foreign assets was expansionary, as they increased by AED 3.68 billion (2.8%), and the effect of net domestic credit was also expansionary, as it rose by AED 28.4 billion (22.9%). Net other factors which rose by AED 5.10 billion (6.1%) had a contractionary impact on private domestic liquidity (M2).



## 5-2-2 Banks Operating in the Country

The aggregated balance sheet of banks operating in the country grew by AED 35.36 billion (10.7%) to reach AED 366.91 billion at the end of 2003, against AED 331.55 billion at the end of 2002.

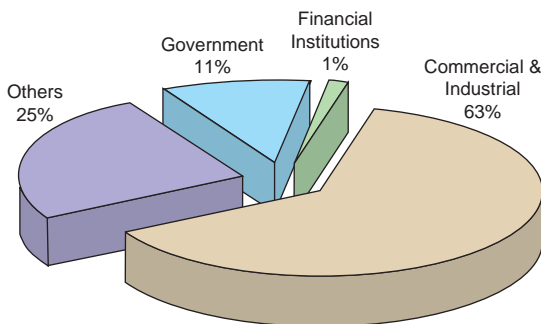
Cash and deposits with the Central Bank increased by AED 2.22 billion (8.9%) to reach AED 27.28 billion at the end of 2003.

Net foreign assets of banks reached AED 81.43 billion at the end of 2003, recording a drop by AED 1.05 billion (1.3%). This was due to the fact that foreign liabilities increased by AED 2.05 billion (7.2%) to reach AED 30.29 billion, while foreign assets rose by AED 995 million (0.9%) to reach AED 111.73 billion.

Credit extended by banks operating in the country increased by AED 35.12 billion (18.4%) to record AED 226.01 billion, against an increase by AED 27.47 billion (16.8%) recorded in 2002. Growth in this item at the end of 2003 had mainly occurred in credit extended to residents which rose by AED 31.30 billion (18.9%), to reach AED 196.91 billion. Meanwhile, credit extended to non-residents also rose by AED 3.82 billion (15.1%), to reach AED 29.11 billion.

Distribution of credit to residents according to type of facility shows that the increase in credit mainly occurred in loans, advances and overdrafts, which rose by AED 31.54 billion (21.2%). The bulk of this increase went to the industrial and trading enterprises, as the credit extended to these institutions rose by AED 19.96 billion (21.3%) during of 2003, forming

**Loans, Advances and Overdrafts (total)  
to Residents by Sectors  
(As at End of December 2003)**



63.0% of total loans, advances and overdrafts. Credit extended under "other", which includes, inter-alia, credit extended to individuals, also rose by AED 6.78 billion (17.8%). Credit extended to the government also rose by AED 4.43 billion (29.1%), and credit extended to financial institutions increased by AED 369 million (19.4%).



Credit extended to residents against discounted commercial bills grew by AED 1.19 billion (15.2%), while credit extended to residents in the form of mortgaged real estate loans dropped by AED 1.43 billion (12.0%).

**Table (2 - 12)**

**Credit (Gross) Extended by Banks \***

(In Millions of AEDs)

Items	2002	2003
<b>1) Credit to Residents:</b>	<b>165,603</b>	<b>196,905</b>
A) Loans, Advances and Overdrafts	148,980	180,516
- Government	15,222	19,650
- Financial Institutions	1,904	2,273
- Industrial and Commercial Institutions	93,804	113,761
- Other	38,050	44,832
B) Mortgaged Real Estate Loans	11,896	10,472
C) Discounted Commercial Bills	4,727	5,917
<b>2) Credit to Non-Residents:</b>	<b>25,286</b>	<b>29,107</b>
A) Loans, Advances and Overdrafts	23,137	24,722
B) Real Estate Mortgaged Loans	73	114
C) Discounted Commercial Bills	2,076	4,271
<b>Total Bank Credit</b>	<b>190,889</b>	<b>226,012</b>

\* Excluding the Restricted License Bank.

Analysis of credit according to economic activity shows that most economic sectors witnessed variations in the amounts of bank credit they had received. Credit extended to the trade sector rose by AED 8.18 billion (16.7%), reaching AED 57.05 billion at the end of 2003. Likewise, credit extended to the water and electricity sector increased by AED 7.89 billion and credit extended to the transportation, storage and communication sector rose by AED 1.20 billion (23.4%). Credit extended to the mining and industry sectors increased by AED 1.05 billion (8.6%) and credit extended to other sectors rose by AED 8.77 billion (17.2%). Likewise, credit extended to the government rose by AED 4.43 billion (29.1%) and to other financial institutions by AED 369 million (19.4%). Meanwhile, credit extended to the agriculture sector dropped by AED 324 million (28.1%) and to the construction sector by AED 218 million (0.8%).

**Table (2 - 13)****Bank Credit (Gross) to Residents by Economic Activity \***

(In Millions of AEDs)

<b>Economic Sectors</b>	<b>2002</b>	<b>2003</b>
- Agriculture	1,154	830
- Mining and Industry	12,114	13,159
- Electricity and Water	3,219	11,110
- Construction	27,063	26,845
- Trade	48,870	57,053
- Transportation, Storage and Communication	5,127	6,325
- Other Financial Institutions	1,903	2,272
- Government	15,222	19,650
- Others *	50,932	59,662
<b>Total</b>	<b>165,604</b>	<b>196,906</b>

\* Not including the Restricted License Bank.

By the end of 2003, total deposits with banks operating in the country amounted to AED 237.56 billion, recording an increase of AED 27.91 billion (13.3%) compared to its level at the end of 2002.

**Table (2 - 14)****Deposits According to Ownership\***

(In Millions of AEDs)

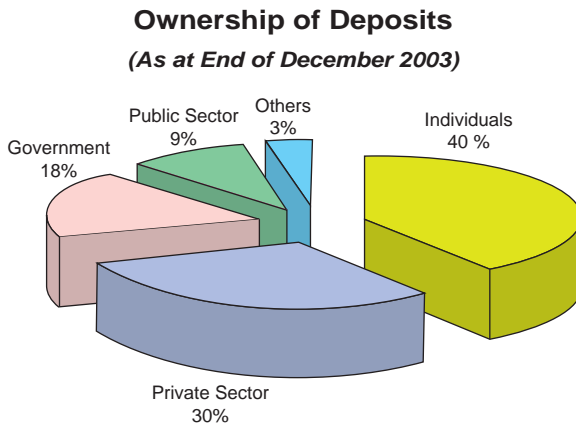
<b>Sectors</b>	<b>2002</b>	<b>2003</b>
<b>Total Deposits</b>	<b>209,647</b>	<b>237,557</b>
<b>A) Residents Deposits</b>	<b>198,244</b>	<b>226,338</b>
- Government	36,972	40,133
- Public Sector	10,963	20,621
- Private Sector**	59,726	67,657
- Individuals	83,546	90,360
- Others	7,037	7,567
<b>B) Non-Residents Deposits</b>	<b>11,403</b>	<b>11,219</b>

\* Including resident deposits with branches of national banks (including offshore units) and their subsidiaries abroad, but not deposits of the RLB.

\*\* Including Business Sector, Industry and Financial Institutions.

The increase at the end of 2003 mainly occurred in resident deposits which rose by AED 28.09 billion (14.2%), while non-residents deposit dropped by AED 184 million (1.6%).

Data on the distribution of resident deposits by ownership indicate that individual deposits grew by 8.2% to form 39.9% of total resident deposits. Deposits of the private sector, which include business, industries and financial institutions, also grew by 13.3% to constitute 28.5% of total resident deposits. Meanwhile, government deposits constituted 16.9%, and public sector and other deposits constituted 8.7%, and 3.2% of total resident deposits, respectively.



Excluding government deposits and commercial prepayments, total deposits classified according to type reflected an increase in current deposits by AED 11.25 billion (24.1%). Time deposits increased by AED 10.04 billion (9.1%) and savings deposits increased by AED 2.44 billion (18.2%).

**Table (2 - 15)**

**Deposits According to Type and Currency \***

(In Millions of AEDs)

Items	2002	2003
<b>A) Type:</b>		
-Current Deposits	46,602	57,856
-Savings Deposits	13,413	15,855
-Time Deposits	110,031	120,068
<b>Total</b>	<b>170,046</b>	<b>193,779</b>
<b>B) Currency:</b>		
-Deposits in Local Currency	119,278	134,992
-Deposits in Foreign Currency	50,768	58,787
<b>Total</b>	<b>170,046</b>	<b>193,779</b>

\*Notes: (1) Excluding Government Deposits and Commercial Prepayments.

(2) Excluding inter-bank deposits.

(3) Including resident deposits with branches of national banks (including offshore units) and subsidiaries abroad.

(4) Excluding deposits of the RLB.

Distribution of private deposits, according to type of currency as at end of 2003, shows that deposits in local currency increased by AED 15.71 billion (13.2%) while deposits in foreign currency rose by AED 8.02 billion (15.8%). Accordingly, deposits in local currency accounted for 69.7% of total private deposits.

An analysis of banks capital position at the end of 2003 shows that the total of capital and reserves accounts reached AED 44.46 billion, an increase of AED 3.43 billion (8.4%), compared to the end of 2002. Accordingly, the ratio of capital and reserves to total assets reached 12.1%.

Banks net unclassified liabilities rose by AED 61 million (0.2%) to reach AED 38.38 billion at the end of 2003. This resulted from an increase of AED 1.10 billion (2.4%) in unclassified liabilities, which reached AED 47.13 billion at the end of 2003, and a rise of AED 1.04 billion (13.5%) in unclassified assets, which reached AED 8.74 billion.

## **6. Consumer Price Index**

Data recently published by the Ministry of Planning on the consumer price index show that it (1995 base year) rose from 117.0 in 2002 to 120.6 in 2003 (3.1%).

The increment was due to price rises in all major expenditure groups. The index for the housing and related housing services rose from 104.3 in 2002 to 110.4 in 2003. The index for the medical care and medical services group also rose from 150.0 in 2002 to 152.8 in 2003. Likewise, the index for the transportation and communication services increased from 135.1 in 2002 to 137.9 in 2003, while the index for each of the remaining groups registered only slight increases.

## 7. The Balance of Payments

Some amendments have been introduced to the structure of the country balance of payments in order to meet the requirements of the 5th edition of the IMF "Balance of Payments Manual".

The balance of payments recorded an overall surplus of AED 4.7 billion in 2003 against a deficit of AED 1.5 billion in 2002. Both the trade balance and the current account reflected higher surpluses, however, the negative balance of the capital and financial account increased.

The surplus in the trade balance rose by 37.5% in 2003 compared to 2002 to reach AED 73.9 billion against AED 53.7 billion in 2002. The said increase was due to the increases in value of exports of the hydrocarbon sector, other exports and re-exports, despite an increase in total imports. The value of total exports and re-exports grew from AED 191.6 billion in 2002 to AED 241.8 billion in 2003.

The increase in value of exports of the hydrocarbon sector was mainly due to increased production volumes resulting from the increase in refining capacity and gas production capacity and the expansion in production of condensates on the one hand, and to the increase in oil prices and hence prices of gas, condensates and petroleum products, during 2003, compared to 2002, on the other. The weighted average price of oil rose from US \$ 24.7 a barrel in 2002 to US \$ 28.1 a barrel in 2003 (13.8%) causing value of exports of oil (including condensates which are not included in the country's production quota set by OPEC) to increase from AED 61.3 billion in 2002 to AED 81.2 billion in 2003 (32.6%) and value of exports of gas to increase by 19.4% in 2003, compared to 2002, to reach AED 14.4 billion. The value of exports of petroleum products also increased to AED 13.0 billion in 2003, against AED 11.9 billion in 2002 (9.1%).

As a result of an established government policy of diversifying sources of income through creation of a favorable environment for the industrial sector and owing to the role of the Industrial Bank in providing financing at reasonable terms, the value of commodity exports continued to rise over the past few years, reaching AED 9.8 billion in 2003, against AED 8.7 billion in 2002 (13.5%). The

value of exports of the free zones also increased from AED 30.4 billion in 2002 to AED 41.3 billion in 2003. Moreover, the value of re-exports (including non-monetary gold) also rose to AED 82.1 billion in 2003 against AED 67.4 billion in 2002 (21.8%). A substantial portion of the increase in value of re-exports reflects the role of the country sea-ports in the reconstruction of Iraq.

On the other hand, the value of total imports FOB (including free zone imports and imports of non-monetary gold) registered a new record , reaching AED 167.9 billion in 2003, against AED 137.8 billion in 2002 (21.8%). This may be attributed to population increase, the need to meet the requirements of re-exports and a higher propensity to spend among individuals in addition to the role of commercial festivals held at various times of the year in invigorating commercial activity.

Due to the increase in estimated net imports FOB (minus estimated total value of re-exports and exclusive of imports of free zones) by 21.8% in 2003 compared to 2002, imports per capita rose slightly to reach AED 11.0 thousand in 2003 against AED 10.7 thousand in 2002, despite an increase by 7.6% in population during 2003, compared to 2002.

Data on the structure of imports during 2003 show that consumer goods, capital goods and intermediate goods maintained almost the same shares recorded in 2002, reaching 52.7%, 35.2% and 12.1% of total imports respectively.

The geographical distribution of the total value of imports shows that the share of European countries rose from 29.8% in 2002 to 30.1% in 2003. Within this group, the share of Germany was the highest despite its decline from 7.8% to 7.5%. The share of Asian countries dropped slightly to 44.1% against 44.6% , and it has been noted that countries of this group, almost, maintained the same respective shares recorded last year. Meanwhile, the share of the Americas declined from 10.9% in 2002 to 10.5% in 2003.

**Table (2 - 16)**

**Estimates of U.A.E. Balance of Payments \***

(In Billions of AEDs)

<b>Items</b>	<b>2002*</b>	<b>2003*</b>
<b>Current Account Balance</b>	<b>12.51</b>	<b>23.09</b>
<b>Trade Balance (FOB)</b>	<b>53.73</b>	<b>73.85</b>
Total Exports of Hydrocarbon	85.18	108.57
Crude Oil Exports	61.25	81.22
Petroleum Products Exports	11.91	12.99
Gas Exports	12.03	14.36
Total of Non Hydrocarbon Exports	39.03	51.16
Free Zone Exports	30.38	41.34
Other Exports <sup>1</sup>	8.65	9.82
Re-Exports <sup>2</sup>	67.36	82.06
<b>Total Exports and Re-Exports (FOB)</b>	<b>191.57</b>	<b>241.78</b>
<b>Total Imports (FOB)</b>	<b>-137.84</b>	<b>-167.93</b>
<b>Total Imports (CIF)</b>	<b>-156.64</b>	<b>-190.83</b>
Other Imports <sup>3</sup>	-122.80	-147.52
Free Zone Imports	-33.84	-43.31
Services (NET)	-28.36	-33.23
Travel	-8.52	-9.25
Transport	-1.12	-1.19
Government Services	0.08	0.11
Freight and Insurance	-18.80	-22.90
Investment Income (NET)	3.40	-0.42
Banking System <sup>4</sup>	2.48	1.61
Private Non-Banks	0.45	0.19
Enterprises of Public Sector	8.12	7.07
Foreign Hydrocarbon Companies in UAE	-7.66	-9.30
Transfers (NET)	-16.25	-17.12
Public Transfers	-1.05	-1.00
Workers Transfers	-15.20	-16.12

1) Including Estimates of Exports from all Emirates.

2) Including Re-Exports of Non-Monetary Gold.

3) Including Imports of Non-Monetary Gold.

4) Central Bank and All Banks.

\* Preliminary Estimates.

**Table (2 - 16)**

**Estimates of U.A.E. Balance of Payments \***

(In Billions of AEDs)

<b>Items</b>	<b>2002*</b>	<b>2003*</b>
<b>Capital and Financial Account</b>	<b>-5.50</b>	<b>-14.74</b>
Capital Account <sup>5</sup>	-	-
Financial Account	-5.50	-14.74
Enterprise of Private Sector	-7.86	7.61
Direct Investment	-1.27	0.30
Outward	-1.62	-0.40
Inward	0.35	0.70
Portfolio Investment	0.92	-
Banks	-13.75	1.05
Securities	-6.77	-6.55
Other Investment	-6.98	7.60
Private Non-Banks	6.25	6.26
Enterprises of Public Sector	2.36	-22.35
Net Errors and Omissions	-8.53	-3.62
<b>Overall Balance: Surplus (+) or Deficit (-)</b>	<b>-1.52</b>	<b>4.73</b>
<b>Change in Reserves {(-) Indicates Increase}</b>	<b>1.52</b>	<b>-4.73</b>
Net Foreign Assets with Central Bank	1.84	-4.59
Reserve Position with I.M.F.	-0.32	-0.14

5) Data not Available Yet.

\* Preliminary Estimates.



The balance of the current account rose by 84.6% in 2003 compared to 2002 to reach AED 23.1 billion. Within its items which are not indicated above, the total negative value of components of the services item increased from AED 28.4 billion in 2002 to AED 33.2 billion in 2003. The value of freight and insurance continues to represent form more than 66% of the total value of services. The value of this item rose in line with the increase in value of imports and as a result of the increase in shipment and insurance charges which grew from AED 18.8 billion in 2002 to AED 22.9 billion in 2003.

The outcome of investment income dropped from AED 3.40 billion in 2002 to AED (-0.42) billion in 2003 as a result of the decline in the investment incomes of both public and private sector institutions, including the banking sector, which in turn resulted from the decline in interest rates on the one hand and the increase in the investment income of the hydrocarbon companies , due to the increase in value of oil and gas exports, on the other.

The negative value of the capital and financial account increased from AED 5.5 billion in 2002 to AED 14.7 billion in 2003. This figure, however, reflects developments in the financial account only as data on the capital account are not available at present. Those developments were due to the outflow of AED 22.4 billion that occurred in 2003 and appears under the public sector institutions item, against an inflow of AED 2.4 billion in 2002. The private sector institutions figures reflect an inflow of AED 7.6 billion in 2003, against an outflow of AED 7.9 billion in 2002.

## 8. Financial Markets

### 8-1 Abu Dhabi Securities Market (ADSM)

#### 8-1-1 ADSM Performance during 2003

ADSM recorded marked growth in all performance indicators during 2003. Trading volume increased by 176.2%, number of traded shares rose by 282.0% and number of executed deals by 126%, compared to 2002. The number and market capitalization of listed companies have also increased.

##### *a) Trading Volume (Value of traded shares)*

Trading volume increased by AED 2.35 billion during 2003 to reach AED 3.69 billion, compared to AED 1.34 billion at the end of 2002.

In terms of sectorial contribution to trading volume, the banking sector ranked first, forming 44.3% of the Market total trading volume. The services sector ranked second with a ratio of 37.8%, the industry sector with a ratio of 7.2%, the hotels sector with a ratio of 6.9% and finally the insurance sector with a ratio of 3.8%.

##### *b) Number of Traded Shares*

The number of traded shares rose by 173.6 million shares during 2003, reaching 235.2 million shares, compared to 61.6 million shares at the end of 2002.

With regard to distribution of traded shares by sector, the industry sector ranked first, with number of traded shares forming 43.6% of total traded shares. The banking sector ranked second with a ratio of 41.0%, the services sector (10.3%) , the insurance sector (4.1%) and finally the hotels sector (1.0%).

### *c) Number of Deals*

The number of executed deals rose by 14.2 thousand to reach 25.4 thousand deals at the end of 2003, compared to 11.2 thousand deals at the end of 2002.

With regard to distribution of executed deals by sector, the banking sector ranked first with executed deals in this sector forming 46.8% of the total number of executed deals. The services sector followed next with a ratio of 36.8%, the industry sector (10.5%), the insurance sector (4.0%) and finally the hotels sector (1.9%).

### *d) Number of Listed Companies*

The number of listed companies reached 30 at the end of 2003, compared to 24 at the end of 2002. The number of subscribed shares for these companies reached 3.1 billion shares with a nominal value of AED 13.8 billion.

### *e) Market Capitalization*

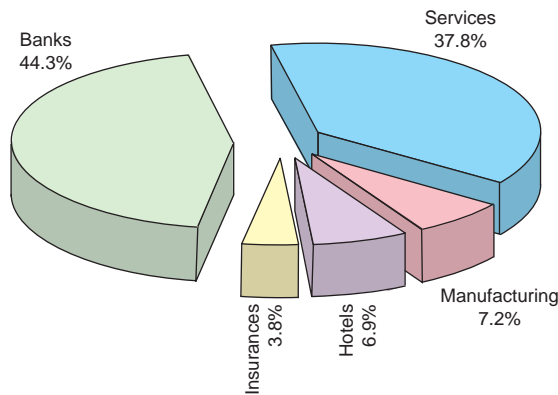
The increase in the number of listed companies and prices of their shares was accompanied by an increase in market capitalization, which rose from AED 72.8 billion at the end of 2002 to AED 111.5 billion at the end of 2003. The services sector ranked first in terms of market capitalization, with companies in this sector recording a market capitalization of AED 65.1 billion and a ratio of 58.4% of total market capitalization. The banking sector ranked second, with a market capitalization of AED 32.1 billion and a ratio of 28.8%, followed by the industry sector with a market capitalization of AED 6.0 billion and a ratio of 5.4%, then the insurance sector with a market capitalization of AED 4.9 billion and a ratio of 4.4% and finally the hotels sector with a market capitalization of AED 3.4 billion and a ratio of 3.0%.

*f) Share Prices Indicator (Index)*

ADSM price index rose from 1366.0 points for 2002 closing to 1756.9 points for 2003 closing, an increase of 28.6%.

Sectorial indices, calculated in accordance with variations in the respective share prices of companies listed in each sector, showed disparate performances. The industry index achieved the highest increase (68.2%) followed by the banking index (30.3%), the hotels index (27.0%), the services index by (24.5%) and finally the insurance sector (19.5%).

**Distribution of Trading Volume at ADSM by Sector - 2003**



**Table (2 - 17)****Abu Dhabi Securities Market**

	Number of Traded Shares		Value of Traded Shares		Number of Executed Deals	
	2002	2003	2002	2003	2002	2003
Banking Sector	39,630,979	96,535,497	619,222,435	1,633,280,694	6,822	11,891
Services Sector	7,899,933	24,118,397	368,267,229	1,392,174,040	3,073	9,355
Insurance Sector	3,903,443	102,599,755	75,921,141	264,692,912	94	2,677
Hotels Sector	1,281,182	2,388,776	138,325,783	256,458,801	390	492
Industry Sector	8,860,683	9,559,250	133,313,875	140,356,655	868	1,019
<b>TOTAL</b>	<b>61,576,220</b>	<b>235,201,675</b>	<b>1,335,050,463</b>	<b>3,686,963,102</b>	<b>11,247</b>	<b>25,434</b>

**8-2 Dubai Financial Market (DFM)****8-2-1 DFM Performance During 2002**

DFM performance indicators rose during 2003. Trading volume increased by 49.3%, traded shares by 120.5% and executed deals by 0.8%.

*a) Trading Volume (Value of traded shares)*

Trading volume increased by AED 1.25 billion during 2003, reaching AED 3.77 billion, compared to AED 2.53 billion at the end of 2002.

In terms of sectorial contribution to trading volume, the services sector ranked first with a ratio of 61.8% of the Market total trading volume by the end of 2003. The banking sector ranked second with a ratio of 32.9%, followed by the investment sector (5.2%) and the insurance sector (0.2%).

*b) Number of Traded Shares*

The total number of traded shares increased by 178.3 million shares during 2003, reaching 326.2 million shares, compared to 148.0 million shares at the end of 2002.

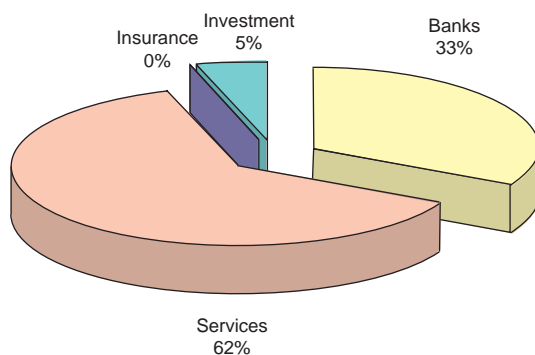
With regard to distribution of traded shares by sector, the services sector ranked first, with a ratio of 84.3% of total traded shares. The banking sector ranked second with a ratio of 8.8%, followed by the investment sector (6.8%) and the insurance sector (0.1%)

*c) Number of Deals*

The total number of executed deals rose by 204 to reach 25.3 thousand deals in 2003, compared to 25.1 thousand deals at the end of 2002.

With regard to distribution of executed deals by sector, the services sector ranked first, with a ratio of 67.9% of total number of executed deals. The banking sector followed next with a ratio of 21.2%, then the investment sector with a ratio of 10.5% and the insurance sector with a ratio of 0.4%.

## Distribution of Trading Volume at DFM By Sector - 2003



**Table (2 - 18)**

### Dubai Financial Market

Sector	Number of Traded Shares		Value of Traded Shares		Number of Executed Deals	
	2002	2003	2002	2003	2002	2003
Banking	26,737,484	28,628,301	928,114,959	1,240,244,799	4,748	5,368
Services	109,788,429	274,975,888	1,523,159,397	2,330,160,204	19,008	17,157
Insurance	171,168	321,185	6,663,810	6,775,238	48	96
Investment	11,253,556	22,310,687	68,356,929	194,310,877	1,268	2,655
<b>TOTAL</b>	<b>147,950,637</b>	<b>326,236,061</b>	<b>2,526,295,095</b>	<b>3,771,491,118</b>	<b>25,072</b>	<b>25,276</b>

**PART - III**  
**CENTRAL BANK ACHIEVEMENTS**





# PART - III

## Central Bank Achievements

### 1. Central Bank Balance Sheet

**The total assets/liabilities** of the Central Bank dropped by AED 771 million (1.4%) to reach AED 54.50 billion at the end of December 2003, against AED 55.27 billion at the end of December 2002.

**On the assets side**, the balance of trading securities reached AED 147 million at the end of 2003, against a nil balance at the end of 2002, while deposits decreased by AED 6.64 billion (13.6%) to reach AED 42.33 billion. Held-to-Maturity Securities rose by AED 5.69 (103.3%) to reach AED 11.20 billion and other assets increased by AED 153 million (92.7%) to reach AED 318 million. Fixed assets rose by AED 19 million (95.0%) to equal AED 39 million. The balance of gold reserves dropped to zero in 2003 against a balance of AED 333 million at the end of 2002.

**On the liabilities side**, certificates of deposit decreased by AED 727 million (5.8%) to reach AED 11.76 billion. Likewise, other liabilities dropped from AED 5.67 billion at the end of 2002 to AED 105 million at the end of 2003. Meanwhile, current accounts and deposits increased by AED 3.18 billion (26.1%) to reach AED 15.38 billion. Similarly, currency issued grew by AED 2.17 billion (15.7%) to reach AED 15.97 billion. The Federal Government's permanent deposit also increased by AED 168 million (1.8%) to reach AED 9.73 billion.

**Table (3 - 1)**  
**Central Bank Balance Sheet**

(In Millions of AEDs)

<b>Items</b>	<b>End of Period</b>	<b>December 2002</b>	<b>December 2003</b>
<b><u>Assets</u></b>			
Current & Call Accounts		228	421
Deposits		48,968	42,326
Trading Securities		-	147
Held-to-Maturity Securities		5,509	11,201
Loans & Advances		50	50
Gold Reserves		333	-
Other Assets		165	318
Fixed Assets		20	39
<b>Total Assets</b>		<b>55,273</b>	<b>54,502</b>
<b><u>Liabilities</u></b>			
Current Accounts & Deposits		12,202	15,381
Certificates of Deposit		12,489	11,762
Permanent Deposit from Federal Government		9,557	9,725
Currency Issued		13,799	15,969
Other Liabilities		5,666	105
<b>Total Liabilities</b>		<b>53,713</b>	<b>52,942</b>
<b><u>Capital</u></b>			
Authorized Issued & Fully Paid Capital		300	300
General Reserve		1,200	1,200
Special Reserve		60	60
<b>Total Liabilities &amp; Capital</b>		<b>55,273</b>	<b>54,502</b>
Memoranda Accounts		375	483

## 2. Central Bank Financial Results

The balance of foreign currency assets, exclusive of securities commitments, reached AED 54.2 billion at the end of 2003, compared to AED 49.2 billion in 2002, registering a percentage growth of 10.2% and accounting for 99% of the total Central Bank assets. This increase was due to the increase in Central Bank net purchases of US dollar from local governments and banks operating in the country, in addition to the increase in the Bank's profits for the year 2003 and the increase in the statutory reserve. The daily average balance of foreign currency assets during 2003 was AED 50.6 billion, compared to AED 48.9 billion in 2002.

In line with the USA monetary authority major objective of invigorating the American economy, Federal fund rate in the USA dropped to a level never experienced since 1958, standing at 1%.

During 2003, the average return on foreign assets reached 1.25%, i.e., 25 basis points above the Federal funds rate in the USA, as a result of investment of a portion of the Bank's foreign assets in floating rate notes (FRNS).

**Table (3 - 2)**

### **Investment of the Central Bank's Foreign Assets**

(In Billions of AEDs)

<b>Items</b>	<b>2002</b>	<b>2003</b>
<b>Total Foreign Assets</b>	<b>54.7</b>	<b>54.2</b>
- Total Foreign Assets Exclusive of Securities Commitments Central Bank's Investments in Securities	49.2	54.2
- Premium Bonds & Treasury Bills	5.5	11.3
- Deposit Accounts With Banks Abroad	49.2	42.8
- Other Foreign Assets	-	0.1
<b>- Net Profit from Foreign Assets</b>	<b>0.7</b>	<b>0.7</b>
<b>- Net Profit</b>	<b>0.5</b>	<b>0.6</b>

### **3. Currency Issue**

Issue of currency is solely and exclusively exercised by the Central Bank of UAE. The dirham is the official currency unit of the United Arab Emirates and is divided into 100 equal units each called "Fils".

#### **3-1 Currency Notes**

The total value of issued currency notes of various denominations reached AED 15.68 billion at the end of 2003, against AED 13.53 billion at the end of 2002, an increase of AED 2.15 billion (15.9%).

#### **3-2 Currency Coins**

The total value of issued non-gold currency coins of various denominations reached AED 285.9 million at the end of 2003, against AED 263.8 million at the end of 2002, an increase of AED 22.1 million (8.4%).

#### **3-3 New Issues During 2003**

##### **3-3-1 Currency Notes Issues**

No new currency notes were issued during 2003.

##### **3-3-2 Commemorative Coins**

In contribution to the commemoration and revival of various domestic and international occasions, the Central Bank issued several gold and silver commemorative coins during 2003. Table 3-3 below shows the commemorative coins issued by the Bank during 2003, including their specifications, occasions and dates of issue.

**Table (3 - 3)**  
**Issue of Commemorative Coins During 2003**

<b>Date of Issue</b>	<b>Occasion</b>	<b>Denomination</b>	<b>Type of Coin</b>
17/9/2003	The 30th Anniversary of the Central Bank of the UAE	40 grams AED 50	Gold Silver
18/9/2003	UAE Hosting of the 8th Annual Meetings of the IMF and the World Bank Group (Dubai –2003)	40 grams AED 50 Comm. Dirham	Gold Silver Metal
18/9/2003	Award of ISO-9001 to the UAE Ministry of Finance & Industry for the year 1999.	AED 50	Silver
22/11/2003	UAE Hosting of the World Youth Cup - 2003	AED 50	Silver
1/12/2003	The 35th Anniversary of National Bank of Abu Dhabi	40 grams 20 grams Comm. Dirham	Gold Gold Metal

## **4. Organization of the Banking and Financial Sector**

### **4-1 Organization of Banking**

Pursuant to provisions of Union Law No-10 of 1980 regarding the Central Bank, the monetary system and organization of banking, and within a context of continued efforts to organize banking activities, the Central Bank took several measures and issued a number of important directives and circulars during 2003. The most important of these measures are summarized as follows:

1. *Notice No. 06/2003 dated 5/1/2003*, regarding funds transfer system (Central Bank Funds Transfer System) which stated that with effect from February 2003 transfer of funds through the system of tested telex messages shall cease. Banks will no longer receive daily statements from

the Central Bank. Such statements can be retrieved and printed from the Funds Transfer System directly.

2. **Notice No. 1517/2003, dated 31/5/2003**, regarding the annual meetings of the International Monetary Fund and World Bank – Dubai 2003, whereby the Central Bank invited all banks operating in the country to contribute to the efforts aimed at making this event a success , by participating in financing and helping with the various events and activities organized by the Central Bank.
3. **Notice No. 164/2003 dated 1/6/2003**, which stated that the Central Bank has become aware that account holders in several banks have been affected by fraudulent ATM transactions. In order to enable the Central Bank to protect the integrity of the banking system in the UAE, banks were requested to provide the Central Bank with information on the number of affected accounts and the volume of the fraudulent transactions, date of discovery and measures taken to identify the potential source of the problem.
4. **Notice No. 1744/2003 dated 16/6/2003** regarding the New Basle Capital Accord, whereby the Central Bank advised banks that the Basle Committee on Banking Supervision has issued the third consultative package on the New Capital Accord. Once finalized, this new accord will replace the current 1988 Accord. The new accord, with a more risk sensitive framework is intended to align regulatory capital requirements more closely with the underlying risk. The new accord consists of three major pillars, namely: the minimum capital requirement, supervisory review process and market discipline.
5. **Notice No. 1863/2003 dated 25/6/2003** wherein the Central Bank announced that the ATM card fraud has been identified and resolved, urging all banks to take particular precautionary measures to avoid recurrence of such problems in the future.

6. **Notice No. 1990/2003 dated 9/7/2003** regarding lifting of UN economic sanctions against Iraq, whereby the Central Bank, having been formally notified by the UAE Ministry of Foreign Affairs, advised banks of the lifting of sanctions against Iraq. Accordingly, the Central Bank requested all banks to advise Banking Supervision and Examination Department of any loans outstanding against Iraqi Government and its Public Sector entities.
  
7. **Notice No. 2149/2003 dated 31/7/2003.** Due to the recent developments in the area of information technology and the internet, new channels became available for international banks and other financial institutions to offer their services across borders. The Central Bank is keen to provide ways and means to enable banks and other financial institutions, operating in the UAE, to be at the same competitive level with international banks and other financial institutions, including "virtual banks" (internet banks). Also, there is a request from the Federal National Council to reduce banking interest rates and rates of other banking services offered to individuals, through competitive offers to be published in a clear and correct way. Therefore, the Central Bank Board of Directors decided that all banks and finance companies operating in the UAE should provide the Central Bank with their service rates, for the purpose of publishing a table containing rates of services provided by those banks and companies in newspapers and on the Central Bank website.
  
8. **Notice No. 2162/2003 dated 3/8/2003.** In order to improve banks' performance and provide all means and capabilities that assist banks in providing better banking services to their customers, the Central Bank has decided to provide the service of opening accounts in the Euro & the US Dollar, for banks operating in the UAE, which would enable them to deal with each other, in the said currencies, through these accounts.



9. *Notice No. 2161/2003 dated 3/8/2003.* The Board of Directors of the Central Bank has decided to introduce some amendments to Central Bank Circular No- 14/93, regarding returned unpaid checks. The most significant of these amendments are as follows:

- **First:** Reasons for returning a cheque in the form banks usually attach to returned unpaid cheques shall be confined to insufficient balance, incompatible signature or existence of acrossed outword, closure or freezing/attachment of the account, or other reasons.
- **Second:** The Central Bank shall charge AED 50 against each check presented for clearing but returned.
- **Third:** Pursuant to provisions of Article (617) of Federal Law No- 18 of 1993 Regarding Commercial Transactions, if the funds available in the account of the drawer customer are not sufficient, and there are no credit arrangements in place to cover the cheque in full, banks shall be obliged to give the beneficiary the option of encashing the amount available in the account. In this case, the beneficiary shall be provided (by the bank) with a certificate to use for demanding the unpaid balance from the drawer. The beneficiary would know that opting for partial payment of the cheque will deny him the right to use the cheque at police departments to prosecute the drawer, because the "Partial Payment Certificate" is not a cheque. And in this case a partially paid cheque shall not be considered a "returned cheque".
- **Fourth:** The closure period of a current account of a customer, for whom at least 4 cheques are returned, shall be extended from one year to two years. In case of arecurrence the closure period will be extended to three years.

- **Fifth:** Cheques of value AED 1,000,000 and above should be certified by a bank. A beneficiary acceptance of such cheques without being certified by a bank operating in the UAE shall be at his own responsibility.
10. *Notice No. 3270/2003 dated 24/122003.* Due to increased dealings in US Dollar and Euro among banks and other financial institutions in the UAE, and in order to streamline operations in these currencies among those institutions in the UAE, the Central Bank has decided to:
- a. offer the service of opening of Current Accounts in US Dollar and Euro for banks, and Current Accounts in UAE Dirham, US Dollar and Euro for other financial institutions, which meet certain requirements. These accounts could be used for:
    - settlement of obligations in US Dollar and Euro among banks and other financial institutions, and to remit funds to accounts of those institutions abroad.
    - deposit / withdrawal of cash in UAE Dirham, US Dollar & Euro. (This service will be available initially through Central Bank, Abu Dhabi and Dubai premises only.)
    - depositing cheques of third party which maintain accounts at the Central Bank.
  - b. accept applications to open these accounts at the Banking Operations Department through Central Bank Abu Dhabi and Dubai premises.
  - c. make this service available with effect from Thursday 25th December 2003.

## 4-2 Structure of the Banking System

The number of locally incorporated banks operating in the country remained unchanged during 2003, compared to end of 2002, at 21 banks. The number of branches and cash offices of these banks, however, increased from 345 (310 branches and 35 cash offices) at the end of 2002, to 367 (330 branches and 37 cash offices) at the end of 2003.

Following the closing down of Standard Chartered Grindlays Bank Ltd, the number of foreign banks operating in the country dropped to 25 during 2003, compared to 26 banks at the end of 2002. The number of branches and cash offices of these banks, however, rose to 87 branches (including one cash office and three customer service offices), compared to 86 branches (including one cash office and two customer service offices) at the end of 2002.

## 4-3 Representative Offices

The number of licensed representative offices of foreign banks and other financial institutions in the country reached 48 by the end of 2003, compared to 51 offices at the end of December 2002, following issuance of new licenses and cancellation of others by the Central Bank. The following table shows the names of new representative offices licensed during 2003.

**Table (3 - 4)**  
**New Representative Offices Licensed in 2003**

<b>Serial</b>	<b>Representative Office</b>	<b>Emirate</b>
1.	UTE Mutual Fund	Dubai
2.	Citigroup Global Markets Inc.	Dubai
3.	Korea Exchange Bank	Dubai
4.	ICICI Bank Ltd.	Dubai
5.	IndusInd Bank Ltd.	Dubai

#### 4-4 Moneychangers

At the end of 2003, the number of head offices of moneychangers operating in the country reached 108, with 166 branches, against 105 head offices and 147 branches at the end of 2002.

**Table (3 - 5)**  
**Number and Geographical Distribution of**  
**Licensed Moneychangers in the U.A.E.**  
**(As at 31-12-2003)**

Emirate	Head Office	Branch	Total
Abu Dhabi	21	39	60
Dubai	67	69	136
Sharjah	10	30	40
Ras Al Khaimah	2	4	6
Fujairah	1	4	5
Ajman	2	3	5
Al Ain City	4	16	20
Khor Fakkan City	1	1	2
<b>Total</b>	<b>108</b>	<b>166</b>	<b>274</b>

#### 4-5 Monetary and Financial Brokers

By the end of December 2003, the number of licensed monetary and financial brokers reached 32 head offices and one branch, against 35 head offices and 3 branches at the end of December 2002. Such was an outcome of cancellation of licenses and issuance of new licenses during 2003.

**Table (3 - 6)**  
**New Monetary & Financial Brokers Licensed During 2003**

Serial	Name of Company/Establishment	Emirate
1.	Al Ain Center For Securities Brokerage	Abu Dhabi
2.	Emirates Commercial Center For Shares & Bonds LLC.	Abu Dhabi
3.	International Financial Services	Abu Dhabi
4.	Swiss Precious Metals & Commodities	Dubai

#### **4-6 Financial Investment Companies, and Banking, Financial and Investment Consultation Establishments and Companies**

The number of financial investment companies, and banking financial and investment consultation establishments and companies dropped from 20 at the end of 2002 to 19 at the end of 2003.

#### **4-7 Finance Companies**

The number of licensed finance companies remained unchanged at 6 companies at the end of December 2003, compared to their number at the end of December 2002.

# **PART - IV**

## **STATISTICAL SUPPLEMENT**



# STATISTICAL SUPPLEMENT

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# **Independent Auditor's Report to the Directors of The Central Bank of the United Arab Emirates**

We have audited the accompanying balance sheet of the Central Bank of the United Arab Emirates ("the Bank") as of 31 December 2003 and the related statements of income and cash flows for the year then ended.

## **Respective Responsibilities of the Bank's Directors and Auditors**

These financial statements are the responsibility of the Bank's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

## **Basis of Opinion**

We conducted our audit in accordance with International Standards on Auditing as promulgated by the International Federation of Accountants. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

## **Opinion.**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Central Bank of the United Arab Emirates as at 31 December 2003, and the results of its operations, and its cash flows for the year then ended in accordance with International Financial Reporting Standards as promulgated by the International Accounting Standards Board.

## **Other Matters**

We further confirm that proper financial records have been kept by the Bank and the financial statements are in agreement therewith.

K.P.M.G.  
Abu Dhabi  
25 February 2004

**Table (4 - 1)**

**Central Bank of the United Arab Emirates  
Statement of Profit and Loss Account  
for the Year as at 31/12/2003, 2002**

(In Thousands of AED's)

Item	End of Period	
	2002	2003
Interest Income	905,151	632,222
Interest Expenses	(331,978)	(170,256)
<b>Net Interest Income</b>	<b>573,173</b>	<b>461,966</b>
Other Income	13,168	15,044
Profit on Sale of Gold	–	221,134
Net Gain / (Loss) on Revaluation of Foreign Currencies	131,975	492
Administration Expenses	(190,530)	(144,421)
Provisions Recovered from BCCI	–	5,013
<b>Net Profit</b>	<b>527,786</b>	<b>559,228</b>

**Table (4 - 2)**

**Central Bank of The United Arab Emirates  
Balance Sheet as at 31 December 2003, 2002**

**(In Thousands of AED's)**

<b>Assets</b>	<b>2002</b>	<b>2003</b>	<b>Liabilities</b>	<b>2002</b>	<b>2003</b>
Current and Call Accounts	227,812	421,055	Current Accounts & Deposits	12,201,997	15,381,022
Placement with Banks	48,967,756	42,326,049	Certificates of Deposit	12,489,000	11,762,000
Available for Sale Securities	-	146,847	Permanent Deposit from U.A.E. Government	9,557,000	9,724,746
Held-to-Maturity Securities	5,508,750	11,201,125	Currency Issued	13,798,563	15,969,048
Loans & Advances	50,000	50,000	Other Liabilities	5,665,940	105,559
Gold Reserves	333,004	-	<b>Total Liabilities</b>	<b>53,712,500</b>	<b>52,942,375</b>
Other Assets	164,799	318,303	<b>Capital</b>		
Fixed Assets	20,379	38,996	Authorised, Issued & Fully Paid Capital	300,000	300,000
			General Reserve	1,200,000	1,200,000
			Special Reserve	60,000	60,000
				1,560,000	1,560,000
<b>Total Assets</b>	<b>55,272,500</b>	<b>54,502,375</b>	<b>Total Liabilities &amp; Capital</b>	<b>55,272,500</b>	<b>54,502,375</b>
Off Balance Sheet Commitments	375,392	482,934	Off Balance Sheet Commitments	375,392	482,934

*Sultan Bin Nasser Al-Suwaidi  
Governor*

Table (4 - 3)

## Aggregated Balance Sheet of Banks \*

(In Millions of AED's)

Item	End of Period	2003												
	2002	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
<b>Assets</b>														
<b>Cash &amp; Deposits with C.B.</b>	<b>25,059</b>	<b>26,583</b>	<b>26,006</b>	<b>25,349</b>	<b>26,225</b>	<b>26,887</b>	<b>26,322</b>	<b>26,212</b>	<b>26,020</b>	<b>25,808</b>	<b>26,736</b>	<b>27,382</b>	<b>27,283</b>	
Cash in Hand (L.C.)	1,861	1,827	1,823	1,894	1,853	1,943	1,895	1,886	1,900	1,862	1,876	2,355	2,184	
Deposits with Central Bank	23,198	24,756	24,183	23,455	24,372	24,944	24,427	24,326	24,120	23,946	24,860	25,027	25,099	
<b>Due From Resident Banks</b>	<b>15,995</b>	<b>11,770</b>	<b>12,370</b>	<b>12,821</b>	<b>11,538</b>	<b>11,089</b>	<b>12,655</b>	<b>10,805</b>	<b>12,181</b>	<b>14,096</b>	<b>13,485</b>	<b>11,580</b>	<b>15,362</b>	
Money at Call & Short Notice	1,515	1,245	1,324	1,633	1,626	1,323	3,530	1,266	1,074	2,310	1,873	984	2,461	
Demand Deposits	213	204	327	330	296	360	413	264	339	338	300	400	312	
Time Deposits	14,199	10,282	10,653	10,811	9,565	9,347	8,631	9,206	10,721	11,381	11,162	10,136	12,539	
Cheques in the Course of Collection	68	39	66	47	51	59	81	69	47	67	150	60	50	
<b>Foreign Assets</b>	<b>110,732</b>	<b>105,007</b>	<b>107,153</b>	<b>104,501</b>	<b>103,961</b>	<b>97,171</b>	<b>99,633</b>	<b>97,716</b>	<b>98,230</b>	<b>104,057</b>	<b>105,669</b>	<b>106,571</b>	<b>111,727</b>	
Net Due from Head Office and / or Branches Abroad	10,963	10,891	11,121	10,889	10,221	4,976	10,906	11,077	10,510	10,716	10,470	10,542	10,614	
Due From Other Banks Abroad	45,716	37,824	38,162	34,185	33,875	35,639	31,164	29,262	29,109	31,017	31,765	32,551	36,813	
Cash in Hand (F.C.)	68	69	110	158	98	106	88	70	67	97	69	84	195	
Securities **	27,178	28,643	29,176	30,767	30,844	30,562	30,134	30,370	31,390	33,683	34,136	34,090	33,730	
Credit to Non-Residents **	25,313	26,139	27,135	27,098	27,543	24,561	25,951	25,721	25,856	27,259	27,959	27,980	29,107	
Other Foreign Assets	1,494	1,441	1,449	1,405	1,380	1,327	1,390	1,216	1,298	1,285	1,270	1,324	1,268	

\* Including The Restricted License Bank until 31/5/2003 and Deposits of UAE Residents Booked in Overseas Branches (Including off-shore units) and Subsidiaries of National Banks abroad, But Excluding Overseas Branches of National Banks.

\*\* Including provisions for bad and doubtful debts as well as interest in suspense.

Table (4 - 3 Contd.)

## Aggregated Balance Sheet of Banks \*

(In Millions of AED's)

Item	End of Period	2003											
	2002	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.
<b>Domestic Credit &amp; Investments**</b>	<b>172,063</b>	<b>172,784</b>	<b>174,564</b>	<b>176,973</b>	<b>179,777</b>	<b>182,711</b>	<b>184,824</b>	<b>192,116</b>	<b>194,129</b>	<b>196,766</b>	<b>199,121</b>	<b>201,947</b>	<b>203,792</b>
<b>a) Credit Facilities</b>	<b>165,611</b>	<b>166,287</b>	<b>168,080</b>	<b>170,476</b>	<b>173,239</b>	<b>174,775</b>	<b>176,841</b>	<b>184,090</b>	<b>186,054</b>	<b>188,686</b>	<b>191,007</b>	<b>195,788</b>	<b>196,906</b>
<b>Claims on Government</b>	<b>15,222</b>	<b>15,066</b>	<b>15,908</b>	<b>15,673</b>	<b>16,782</b>	<b>14,684</b>	<b>14,556</b>	<b>15,789</b>	<b>16,539</b>	<b>16,956</b>	<b>18,405</b>	<b>18,594</b>	<b>19,650</b>
<b>Claims on Official Entities</b>	<b>6,454</b>	<b>6,512</b>	<b>7,787</b>	<b>7,729</b>	<b>5,715</b>	<b>7,882</b>	<b>9,144</b>	<b>11,802</b>	<b>11,539</b>	<b>12,001</b>	<b>11,874</b>	<b>11,889</b>	<b>12,215</b>
Loans, Advances & Overdrafts	6,454	6,512	7,787	7,729	5,715	7,882	9,144	11,802	11,539	12,001	11,874	11,889	12,215
<b>Claims on Private Sector</b>	<b>142,032</b>	<b>142,275</b>	<b>142,101</b>	<b>144,635</b>	<b>146,366</b>	<b>150,255</b>	<b>150,754</b>	<b>154,499</b>	<b>156,019</b>	<b>157,535</b>	<b>158,220</b>	<b>163,088</b>	<b>162,769</b>
Commercial Bills	4,727	4,854	4,884	4,934	4,876	4,859	4,855	4,983	5,388	5,240	5,419	5,405	5,917
Real Estate Mortgage Loans	11,897	11,824	11,724	11,429	11,307	11,406	11,769	11,692	11,656	11,566	11,537	13,065	10,472
Loans, Advances & Overdrafts	125,408	125,597	125,493	128,272	130,183	133,990	134,130	137,824	138,975	140,729	141,264	144,618	146,380
<b>Claims on other Financial Inst.</b>	<b>1,903</b>	<b>2,434</b>	<b>2,284</b>	<b>2,439</b>	<b>4,376</b>	<b>1,954</b>	<b>2,387</b>	<b>2,000</b>	<b>1,957</b>	<b>2,194</b>	<b>2,508</b>	<b>2,217</b>	<b>2,272</b>
Loans, Advances & Overdrafts	1,903	2,434	2,284	2,439	4,376	1,954	2,387	2,000	1,957	2,194	2,508	2,217	2,272
<b>b) Domestic Investments</b>	<b>6,452</b>	<b>6,497</b>	<b>6,484</b>	<b>6,497</b>	<b>6,538</b>	<b>7,936</b>	<b>7,983</b>	<b>8,026</b>	<b>8,075</b>	<b>8,080</b>	<b>8,114</b>	<b>6,159</b>	<b>6,886</b>
<b>Unclassified Assets</b>	<b>7,701</b>	<b>7,879</b>	<b>8,480</b>	<b>8,327</b>	<b>8,545</b>	<b>8,784</b>	<b>8,526</b>	<b>8,878</b>	<b>8,644</b>	<b>8,709</b>	<b>8,549</b>	<b>8,881</b>	<b>8,744</b>
Fixed Assets	2,304	2,275	2,269	2,247	2,253	2,247	2,231	2,453	2,441	2,430	2,451	2,449	2,536
Inter-Branch Transactions	90	104	298	97	479	485	404	530	154	173	157	190	124
Other Assets	5,307	5,500	5,913	5,983	5,813	6,052	5,891	5,895	6,049	6,106	5,941	6,242	6,084
<b>Total Assets/Liabilities **</b>	<b>331,550</b>	<b>324,023</b>	<b>328,573</b>	<b>327,971</b>	<b>330,046</b>	<b>326,642</b>	<b>331,960</b>	<b>335,727</b>	<b>339,204</b>	<b>349,436</b>	<b>353,560</b>	<b>356,361</b>	<b>366,908</b>

\* Including The Restricted License Bank until 31/5/2003 and Deposits of UAE Residents Booked in Overseas Branches (Including off-shore units) and Subsidiaries of National Banks abroad, But Excluding Overseas Branches of National Banks.

\*\* Including provisions for bad and doubtful debts as well as interest in suspense.

Table (4 - 3 Contd.)

## Aggregated Balance Sheet of Banks \*

(In Millions of AED's)

Item	End of Period	2003												
	2002	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
<b>Liabilities</b>														
<b>Monetary Deposits</b>	<b>35,116</b>	<b>36,938</b>	<b>37,684</b>	<b>38,044</b>	<b>40,290</b>	<b>41,354</b>	<b>41,540</b>	<b>43,026</b>	<b>42,824</b>	<b>43,565</b>	<b>43,381</b>	<b>43,847</b>	<b>44,477</b>	
Demand Deposits (L.C.)	34,680	36,402	37,125	37,344	39,715	40,820	41,015	42,463	42,332	43,003	42,822	43,267	43,867	
Bankers Drafts	436	536	559	700	575	534	525	563	492	562	559	580	610	
<b>Quasi-Monetary Deposits</b>	<b>126,599</b>	<b>125,647</b>	<b>129,126</b>	<b>129,742</b>	<b>131,058</b>	<b>125,823</b>	<b>128,754</b>	<b>135,264</b>	<b>132,888</b>	<b>133,765</b>	<b>136,196</b>	<b>138,959</b>	<b>142,338</b>	
Time Deposits (L.C.)	71,613	70,580	71,633	70,978	71,444	70,462	71,038	71,407	71,995	71,978	72,886	73,611	76,241	
Savings Deposits (L.C.)	11,470	11,754	11,877	12,108	12,342	12,509	12,886	12,605	12,576	12,664	12,724	12,876	13,133	
Commercial Prepayments (L.C.)	1,953	2,000	2,005	2,105	2,174	2,281	2,359	2,349	2,399	2,386	2,493	2,551	2,620	
Other Deposits (F.C.)	41,563	41,313	43,611	44,551	45,098	40,571	42,471	48,903	45,918	46,737	48,093	49,921	50,344	
<b>Foreign Liabilities</b>	<b>28,247</b>	<b>27,357</b>	<b>27,233</b>	<b>27,064</b>	<b>25,395</b>	<b>25,029</b>	<b>26,267</b>	<b>26,078</b>	<b>24,211</b>	<b>28,874</b>	<b>27,704</b>	<b>28,844</b>	<b>30,294</b>	
Net Due to Head Office and / or Branches Abroad	1,540	1,577	1,554	1,863	1,634	1,321	1,201	1,289	1,236	1,370	1,089	1,079	904	
Due to Other Banks Abroad	13,421	12,309	12,258	11,461	11,057	11,072	12,040	11,278	10,271	14,483	13,940	14,652	16,329	
Other Deposits (L.C. + F.C.)	11,403	11,622	11,564	11,876	10,952	10,896	11,006	11,722	10,871	11,121	10,866	11,298	11,219	
Provisions <sup>(1)</sup>	1,260	1,288	1,288	1,294	1,297	1,297	1,504	1,311	1,316	1,339	1,330	1,334	1,354	
Other Foreign Liabilities	623	561	569	570	455	443	516	478	517	561	479	481	488	
<b>Government Deposits (L.C. + F.C.)</b>	<b>36,972</b>	<b>33,084</b>	<b>32,005</b>	<b>31,568</b>	<b>32,960</b>	<b>33,498</b>	<b>32,492</b>	<b>30,832</b>	<b>36,406</b>	<b>36,538</b>	<b>39,911</b>	<b>38,562</b>	<b>40,133</b>	
<b>Government Lending Funds <sup>(2)</sup></b>	<b>28</b>	<b>23</b>	<b>28</b>	<b>28</b>	<b>25</b>	<b>25</b>	<b>25</b>	<b>25</b>	<b>25</b>	<b>25</b>	<b>24</b>	<b>24</b>	<b>23</b>	

\* Including The Restricted License Bank until 31/5/2003 and Deposits of UAE Residents Booked in Overseas Branches (Including off-shore units) and Subsidiaries of National Banks abroad, But Excluding Overseas Branches of National Banks.

1) Provisions for bad and doubtful debts as well as interest in suspense.

2) Refinancing for Construction Through the Government of Abu Dhabi.

**Table (4 - 3 Contd.)**

**Aggregated Balance Sheet of Banks \***

(In Millions of AED's)

End of Period	2003												
	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
<b>Due to Central Bank</b>	116	84	645	203	367	284	752	146	139	333	151	697	163
<b>Capital &amp; Reserves</b>	41,023	41,782	41,952	41,925	42,127	42,907	42,875	42,796	42,914	43,637	44,044	44,214	44,455
<b>Due to Resident Banks</b>	17,427	12,755	13,603	14,163	12,819	12,389	13,830	12,092	13,595	15,823	15,527	13,848	17,899
Money at Call & Short Notice	1,199	1,020	778	1,002	1,135	747	1,703	862	385	1,743	1,115	712	1,207
Demand Deposits	297	249	441	379	347	362	438	409	510	508	526	981	774
Time Deposits	15,931	11,486	12,384	12,782	11,337	11,280	11,689	10,821	12,700	13,572	13,886	12,155	15,918
<b>Unclassified Liabilities</b>	46,022	46,353	46,297	45,234	45,005	45,333	45,425	45,468	46,202	46,876	46,622	47,366	47,126
Inter-Branch Transactions	23	658	54	139	59	31	34	48	279	69	68	102	34
Provisions <sup>(1)</sup>	32,246	32,254	32,382	32,228	32,274	32,047	32,149	31,854	31,973	31,953	31,636	31,933	31,983
Other Liabilities	13,753	13,441	13,861	12,867	12,672	13,255	13,242	13,566	13,950	14,854	14,918	15,331	15,109
<b>Memoranda Accounts</b>	334,635	345,842	379,019	403,213	395,968	411,342	397,105	410,831	417,302	442,522	432,728	424,559	412,193
Letters of Credit	48,280	48,385	49,651	49,207	47,996	47,858	46,267	46,659	46,707	46,801	47,078	50,309	49,258
Guarantees & Other Endorsements	78,952	80,065	81,099	83,147	82,140	83,972	84,434	84,483	83,888	84,462	85,125	86,408	88,180
Acceptances	6,539	6,581	6,617	6,837	6,973	7,512	6,892	7,285	7,399	7,319	8,063	8,095	7,524
Forward Exchange Contracts	98,227	110,073	130,090	155,793	156,868	161,361	156,129	155,875	164,148	178,571	164,109	156,155	141,208
Other Memoranda Accounts	102,637	100,738	111,562	108,229	101,991	110,639	103,383	116,529	115,160	125,369	128,353	123,592	126,023

\* Including The Restricted License Bank until 31/5/2003 and Deposits of UAE Residents Booked in Overseas Branches (Including off-shore units) and Subsidiaries of National Banks abroad, But Excluding Overseas Branches of National Banks.

1) Provisions for bad and doubtful debts as well as interest in suspense.



**Table (4 - 4)**  
**Monetary Survey \***

(In Millions of AED's)

Item	End of Period	2003												
	2002	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
<b>Net Foreign Assets</b>		<b>132,920</b>	<b>129,839</b>	<b>131,126</b>	<b>129,381</b>	<b>131,410</b>	<b>125,144</b>	<b>126,020</b>	<b>124,309</b>	<b>126,430</b>	<b>127,818</b>	<b>131,913</b>	<b>132,394</b>	<b>136,601</b>
Foreign Assets		166,960	159,321	158,652	156,644	157,026	150,381	152,487	154,408	154,368	158,652	159,852	161,451	167,244
Foreign Liabilities		-34,040	-29,482	-27,526	-27,263	-25,616	-25,237	-26,467	-30,099	-27,938	-30,834	-27,939	-29,057	-30,643
<b>Net Domestic Assets</b>		<b>40,733</b>	<b>44,897</b>	<b>48,005</b>	<b>51,566</b>	<b>53,038</b>	<b>55,087</b>	<b>57,343</b>	<b>66,742</b>	<b>61,758</b>	<b>62,124</b>	<b>60,929</b>	<b>64,364</b>	<b>63,999</b>
Net Claims on Government		-32,615	-28,917	-26,692	-26,486	-26,906	-28,913	-27,789	-24,998	-30,004	-29,360	-30,856	-29,251	-30,232
Claims on Official Entities		7,122	7,237	8,455	8,397	6,383	8,700	10,006	12,652	12,356	12,803	12,709	12,694	12,990
Claims on Private Sector		145,660	145,871	145,682	148,219	149,985	154,314	154,791	158,565	160,154	161,248	161,953	164,622	165,218
Claims on Nonbank Financial Institutions		3,692	4,232	4,152	4,322	6,266	3,841	4,297	3,902	3,869	4,090	4,372	4,349	4,251
Capital and Reserves		-42,583	-43,342	-43,512	-43,485	-43,687	-44,467	-44,435	-44,356	-44,474	-45,197	-45,604	-45,774	-46,015
Other Items (net)		-40,543	-40,184	-40,080	-39,401	-39,003	-38,388	-39,527	-39,023	-40,143	-41,460	-41,645	-42,276	-42,213
<b>Domestic Liquidity</b>		<b>173,653</b>	<b>174,736</b>	<b>179,131</b>	<b>180,947</b>	<b>184,448</b>	<b>180,231</b>	<b>183,363</b>	<b>191,051</b>	<b>188,188</b>	<b>189,942</b>	<b>192,842</b>	<b>196,758</b>	<b>200,600</b>
<b>Money</b>		<b>47,054</b>	<b>49,090</b>	<b>50,004</b>	<b>51,205</b>	<b>53,390</b>	<b>54,408</b>	<b>54,609</b>	<b>55,787</b>	<b>55,300</b>	<b>56,177</b>	<b>56,646</b>	<b>57,799</b>	<b>58,262</b>
Currency Outside Banks		11,938	12,152	12,320	13,160	13,100	13,054	13,069	12,761	12,477	12,612	13,265	13,952	13,785
Monetary Deposits		35,116	36,938	37,684	38,045	40,290	41,354	41,540	43,026	42,823	43,565	43,381	43,847	44,477
<b>Quasi - Money</b>		<b>126,599</b>	<b>125,646</b>	<b>129,127</b>	<b>129,742</b>	<b>131,058</b>	<b>125,823</b>	<b>128,754</b>	<b>135,264</b>	<b>132,888</b>	<b>133,765</b>	<b>136,196</b>	<b>138,959</b>	<b>142,338</b>
Foreign Currency Deposits		41,563	41,313	43,611	44,551	45,098	40,571	42,471	48,903	45,918	46,737	48,093	49,921	50,344
Dirham Deposits		85,036	84,333	85,516	85,191	85,960	85,252	86,283	86,361	86,970	87,028	88,103	89,038	91,994

\* Including Deposits of UAE Residents Booked in Overseas Branches (Including off-shore units) and Subsidiaries of National Banks abroad.

**Table (4 - 5)**  
**Money Supply and Domestic Liquidity \***

(In Millions of AED's)

Year	Month	Money Supply (M1)					Private Domestic Liquidity 2 (M2)	Overall Domestic Liquidity 3 (M3)
		Currency			Monetary Deposits 1	(M1)		
		Issued	With Banks	With Public				
2002	December	13,799	1,861	11,938	35,116	47,054	173,653	220,764
2003	January	13,980	1,828	12,152	36,938	49,090	174,736	218,009
	February	14,143	1,823	12,320	37,684	50,004	179,131	220,987
	March	15,053	1,893	13,160	38,045	51,205	180,947	222,263
	April	14,953	1,853	13,100	40,290	53,390	184,448	227,285
	May	14,997	1,943	13,054	41,354	54,408	180,231	223,785
	June	14,964	1,895	13,069	41,540	54,609	183,363	226,101
	July	14,647	1,886	12,761	43,026	55,787	191,051	231,873
	August	14,377	1,900	12,477	42,823	55,300	188,188	234,537
	September	14,474	1,862	12,612	43,565	56,177	189,942	236,528
	October	15,141	1,876	13,265	43,381	56,646	192,842	242,496
	November	16,307	2,355	13,952	43,847	57,799	196,758	244,994
	December	15,969	2,184	13,785	44,477	58,262	200,600	250,942

\* Including The Restricted License Bank until 31/5/2003 and Deposits of UAE Residents Booked in Overseas Branches (Including off-shore units) and Subsidiaries of National Banks abroad.

1) Including Private Demand Deposits of Residents in AED and Bankers Drafts.

2) Equal M1 plus Quasi-Monetary Deposits.

3) Equal M2 plus Government Deposits in AED and Foreign Currencies.

**Table (4 - 6)**  
**Currency Notes Issued by Denominations \***

(In Thousands of AED's)

Year	Month	Total	Five Dirham	Ten Dirham	Twenty Dirham	Fifty Dirham	One Hundred Dirham	Two Hundred Dirham	Five Hundred Dirham	One Thousand Dirham
			Total	Total	Total	Total	Total	Total	Total	Total
2002	December	<b>13,534,720</b>	131,905	320,667	52,616	315,331	1,391,559	870,773	7,339,200	3,112,669
2003	January	<b>13,715,580</b>	125,943	311,385	50,602	304,552	1,400,720	877,216	7,421,889	3,223,273
	February	<b>13,874,788</b>	140,447	328,787	55,004	320,266	1,364,667	841,168	7,558,926	3,265,523
	March	<b>14,784,929</b>	131,744	314,407	52,572	307,665	1,418,033	871,516	8,254,338	3,434,654
	April	<b>14,690,841</b>	126,261	309,187	50,751	299,364	1,434,070	831,951	8,167,698	3,471,559
	May	<b>14,732,244</b>	123,426	308,481	49,965	295,130	1,485,866	792,719	8,221,812	3,454,845
	June	<b>14,698,807</b>	121,759	309,245	49,978	293,164	1,525,937	752,555	8,138,626	3,507,543
	July	<b>14,379,870</b>	119,357	305,675	48,583	288,437	1,530,848	712,324	7,920,628	3,454,018
	August	<b>14,106,021</b>	118,517	305,877	48,015	285,430	1,520,657	675,838	7,606,354	3,545,333
	September	<b>14,198,323</b>	120,050	312,763	47,966	289,890	1,545,604	665,073	7,607,552	3,609,425
	October	<b>14,864,692</b>	124,922	325,690	49,590	310,625	1,659,035	676,672	7,921,526	3,796,632
	November	<b>16,023,637</b>	154,839	378,748	59,837	361,610	1,987,686	669,403	8,615,932	3,795,582
	December	<b>15,683,196</b>	142,481	352,626	56,319	333,174	1,859,175	634,860	8,323,053	3,981,508

\* Excluding Mutilated Notes.

**Table (4 - 7)**  
**Currency Coins Issued by Denominations \***

(In Thousands of AED's)

Year	Month	Total	One Fils	Five Fils	Ten Fils	Twenty- five Fils	Fifty Fils	One Dirham	Five Dirham	Twenty- Five Dirham Silver Coins	Fifty Dirham Silver Coins
			Total	Total	Total	Total	Total	Total	Total	Total	Total
2002	December	263,843	27	1,296	2,749	17,284	36,563	201,409	1,141	200	3,174
2003	January	264,225	27	1,300	2,726	17,363	36,691	201,554	1,142	200	3,186
	February	268,778	27	1,303	2,774	17,468	36,971	205,683	1,142	200	3,210
	March	268,348	27	1,305	2,782	17,606	37,338	204,728	1,142	200	3,220
	April	262,025	27	1,306	2,790	17,635	37,331	198,372	1,142	200	3,222
	May	264,318	27	1,311	2,803	17,730	37,548	200,334	1,142	200	3,223
	June	265,446	27	1,313	2,814	17,830	37,673	201,221	1,142	200	3,226
	July	266,885	27	1,314	2,822	17,799	37,672	202,683	1,138	200	3,230
	August	270,531	27	1,342	2,849	17,925	37,971	205,848	1,138	200	3,231
	September	275,373	27	1,352	2,868	18,085	38,303	210,010	1,138	200	3,390
	October	276,474	27	1,357	2,883	18,280	38,773	210,370	1,139	200	3,445
	November	283,242	27	1,362	2,899	18,600	39,319	216,234	1,139	200	3,462
	December	285,853	27	1,365	2,911	18,737	39,637	218,249	1,139	200	3,588

\* Excluding Gold Coins Issued.

Table (4 - 8)

## DMB's Foreign Assets and Liabilities \*

(In Millions of AED's)

Item	End of Period	2003												
	2002	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
<b>Foreign Assets</b>		<b>110,675</b>	<b>104,998</b>	<b>107,140</b>	<b>104,490</b>	<b>103,951</b>	<b>97,161</b>	<b>99,633</b>	<b>97,716</b>	<b>98,230</b>	<b>104,057</b>	<b>105,669</b>	<b>106,571</b>	<b>111,727</b>
Notes and Coins		68	69	110	159	98	106	88	70	67	97	69	84	195
Due From H.O. & Branches		10,963	10,882	11,109	10,876	10,211	4,966	10,906	11,077	10,510	10,716	10,470	10,542	10,614
Money at Call & Short Notice		5,872	2,931	3,419	3,990	4,901	6,334	3,752	2,030	1,435	2,893	4,538	1,791	4,890
Deposits with Banks 1		39,797	34,889	34,738	30,191	28,969	29,299	27,393	27,225	27,666	28,107	27,190	30,749	31,897
Securities		27,178	28,642	29,176	30,767	30,844	30,562	30,134	30,370	31,390	33,683	34,136	34,090	33,730
Loans and Advances 2		25,286	26,139	27,134	27,098	27,543	24,561	25,951	25,721	25,856	27,259	27,959	27,980	29,107
Other Foreign Assets 3		1,511	1,446	1,454	1,409	1,385	1,333	1,409	1,223	1,306	1,302	1,307	1,335	1,294
<b>Foreign Liabilities</b>		<b>28,197</b>	<b>27,357</b>	<b>27,234</b>	<b>27,064</b>	<b>25,395</b>	<b>25,029</b>	<b>26,267</b>	<b>26,078</b>	<b>24,211</b>	<b>28,874</b>	<b>27,704</b>	<b>28,844</b>	<b>30,294</b>
Due To H.O. & Branches		1,510	1,577	1,554	1,863	1,634	1,321	1,201	1,289	1,236	1,370	1,089	1,079	904
Due To Banks		1,100	2,204	1,690	1,224	1,229	1,006	1,867	1,089	876	2,001	1,525	773	1,045
Deposits of Banks		12,320	10,105	10,568	10,237	9,828	10,066	10,173	10,189	9,395	12,483	12,415	13,879	15,284
Other Deposits		11,292	11,511	11,406	11,717	10,789	10,723	10,836	11,621	10,740	10,991	10,722	11,148	11,077
Other Foreign Liabilities 4		1,975	1,960	2,016	2,023	1,915	1,913	2,190	1,890	1,964	2,029	1,953	1,965	1,984

\* Excluding the Restricted Licence Bank, But Including Deposits of UAE Residents Booked in Overseas Branches (Including off-shore units) and Subsidiaries of National Banks abroad.

1) Demand and Time Deposits.

2) Including Purchased or Discounted Commercial Bills.

3) Including Fixed Assets, Cheques in the Course of Collection on Non-resident Banks and Other Assets.

4) Including Commercial Prepayments.

**Table (4 - 9)**

**Bank Credit (Gross) to Residents and Non-Residents \***

(In Millions of AED's)

Year	Month	Total Bank Credit to Residents and Non- Residents	Residents			Non-Residents		
			Loans, Advances and Overdrafts	Real Estate Mortgage Loans	Commercial Bills	Loans, Advances and Overdrafts	Real Estate Mortgage Loans	Commercial Bills
2002	December	<b>190,889</b>	148,980	11,897	4,727	23,136	73	2,076
2003	January	<b>192,421</b>	149,604	11,824	4,854	23,839	72	2,228
	February	<b>195,211</b>	151,470	11,723	4,884	24,531	73	2,530
	March	<b>197,574</b>	154,114	11,429	4,934	24,384	75	2,638
	April	<b>200,782</b>	157,056	11,307	4,876	24,749	95	2,699
	May	<b>199,336</b>	158,509	11,406	4,859	22,150	75	2,337
	June	<b>202,792</b>	160,217	11,769	4,855	22,975	86	2,890
	July	<b>209,811</b>	167,415	11,692	4,983	22,723	87	2,911
	August	<b>211,910</b>	169,010	11,656	5,388	22,982	96	2,778
	September	<b>215,946</b>	171,881	11,566	5,240	23,844	95	3,320
	October	<b>218,966</b>	174,051	11,537	5,419	24,333	95	3,531
	November	<b>223,769</b>	177,319	13,065	5,405	24,130	271	3,579
	December	<b>226,012</b>	180,516	10,472	5,917	24,722	114	4,271

\* Excluding Inter-Bank Lending and Restricted Licence Bank.

Table (4 - 10)

Bank Credit (Gross) to Residents by Economic Activity <sup>1\*</sup>

(In Millions of AED's)

Economic Activity	End of Period	2002		2003		
		Dec.	Mar.	June	Sep.	Dec.
<b>1) Agriculture</b>		<b>1,154</b>	<b>971</b>	<b>807</b>	<b>817</b>	<b>830</b>
<b>2) Mining &amp; Quarrying</b>		<b>2,213</b>	<b>2,196</b>	<b>2,,307</b>	<b>2,126</b>	<b>2,077</b>
<b>3) Manufacturing</b>		<b>9,901</b>	<b>11,009</b>	<b>10,907</b>	<b>11,265</b>	<b>11,,082</b>
3.1 Food, Beverages & Tobacco		1,290	1,299	1,256	1,284	1,269
3.2 Textiles & Leather Products		1,061	1,066	1,168	1,127	1,140
3.3 Furniture & Other Wood Products		466	474	501	541	514
3.4 Paper & Paper Products		525	539	521	569	574
3.5 Chemicals & Chemicals Products, Petroleum & Petro-Chemicals		1,624	1,770	1,594	1,724	1,699
3.6 Basic Metal Prod. (incl Aluminium)		1,189	1,733	1,596	1,612	1,642
3.7 Fabricated Metal Products, Machinery and Equipment		696	713	655	592	554
3.8 Other Manufacturing		3,050	3,415	3,616	3,816	3,690
<b>4) Electricity, Gas and Water</b>		<b>3,219</b>	<b>3,652</b>	<b>4,169</b>	<b>7,527</b>	<b>11,110</b>
<b>5) Construction</b>		<b>27,063</b>	<b>26,827</b>	<b>27,500</b>	<b>27,381</b>	<b>26,845</b>
<b>6) Trade</b>		<b>48,870</b>	<b>49,950</b>	<b>53,781</b>	<b>55,619</b>	<b>57,053</b>
6.1 Wholesale		35,467	37,111	40,514	42,110	43,685
6.2 Retail		13,403	12,839	13,267	13,509	13,368
<b>7) Transport, Storage &amp; Communication</b>		<b>5,127</b>	<b>5,462</b>	<b>5,365</b>	<b>5,652</b>	<b>6,325</b>
<b>8) Financial Institutions (Excl. Banks)</b>		<b>1,903</b>	<b>2,440</b>	<b>2,387</b>	<b>2,194</b>	<b>2,272</b>
<b>9) Government</b>		<b>15,222</b>	<b>15,673</b>	<b>14,556</b>	<b>16,956</b>	<b>19,650</b>
<b>10) Personal Loans for Business purposes</b>		<b>20,716</b>	<b>18,090</b>	<b>22,523</b>	<b>24,575</b>	<b>23,965</b>
<b>11) Personal Loans for Consumption purposes</b>		<b>17,704</b>	<b>17,974</b>	<b>19,458</b>	<b>20,233</b>	<b>21,443</b>
<b>12) All Others <sup>2</sup></b>		<b>12,512</b>	<b>16,232</b>	<b>13,082</b>	<b>14,342</b>	<b>14,254</b>
<b>Total</b>		<b>165,604</b>	<b>170,476</b>	<b>176,842</b>	<b>188,687</b>	<b>196,906</b>

1) Amount Outstanding Excluding Inter-Bank Lending.

2) Including Loans to Services and Non-Profit Institutions.

\* Excluding the Restricted Licence Bank.

**Table (4 - 11)****Loans, Advances and Overdrafts (Gross) to Residents by Sectors <sup>1</sup>****(In Millions of AED's)**

<b>Year</b>	<b>Month</b>	<b>Government</b>	<b>Financial Institutions <sup>2</sup></b>	<b>Business &amp; Industrial Enterprises <sup>2</sup></b>	<b>Other Sectors <sup>3</sup></b>	<b>Total</b>
2002	December	15,222	1,904	93,804	38,050	<b>148,980</b>
2003	January	15,066	2,434	93,779	38,325	<b>149,604</b>
	February	15,908	2,284	94,498	38,780	<b>151,470</b>
	March	15,673	2,440	96,484	39,517	<b>154,114</b>
	April	16,782	4,376	95,787	40,111	<b>157,056</b>
	May	14,684	1,954	100,935	40,936	<b>158,509</b>
	June	14,556	2,387	101,691	41,583	<b>160,217</b>
	July	15,789	2,000	106,824	42,802	<b>167,415</b>
	August	16,539	1,957	106,992	43,522	<b>169,010</b>
	September	16,956	2,194	108,439	44,292	<b>171,881</b>
	October	18,405	2,508	109,058	44,080	<b>174,051</b>
	November	18,594	2,217	111,669	44,839	<b>177,319</b>
	December	19,650	2,272	113,761	44,833	<b>180,516</b>

1) Excluding Inter-Bank Lending.

2) Including Public and Private Sectors.

3) Including Personal Loans for Business and Consumption Purposes.



**Table (4 - 12)**  
**Deposits by Ownership \***

(In Millions of AED's)

Item	End of Period	2002		2003		
		Dec.	Mar.	June	Sep.	Dec.
<b>1) Residents</b>		<b>198,244</b>	<b>198,653</b>	<b>202,261</b>	<b>213,306</b>	<b>226,338</b>
1.1 Government		36,972	31,568	32,492	36,538	40,133
1.2 Public Sector		10,963	13,848	13,384	17,506	20,621
1.2.1 Financial Institutions		1,513	1,195	1,440	1,728	2,131
1.2.2 Business & Industrial Inst.		9,450	12,653	11,944	15,778	18,490
1.3 Private Sector		59,726	57,913	59,958	63,015	67,657
1.3.1 Financial Institutions		3,124	2,988	3,126	3,595	3,691
1.3.2 Business & Industrial Inst.		56,602	54,925	56,832	59,420	63,966
1.4 Individuals		83,546	86,068	89,116	87,762	90,360
1.5 Others		7,037	9,256	7,311	8,485	7,567
<b>2) Non-Residents</b>		<b>11,403</b>	<b>11,876</b>	<b>11,007</b>	<b>11,121</b>	<b>11,219</b>
2.1 Government & Diplomatic Missions		906	1,013	887	1,052	980
2.2 Financial Institutions		1,598	1,550	983	637	805
2.3 Business & Industrial Inst.		3,525	3,880	3,655	3,726	3,563
2.4 Individuals & Others		5,374	5,433	5,482	5,706	5,871
<b>Total Deposits</b>		<b>209,647</b>	<b>210,529</b>	<b>213,268</b>	<b>224,427</b>	<b>237,557</b>

\* Excluding Inter-Bank Deposits and Bank Drafts as well as the Restricted Licence Bank, But Including Commercial Prepayments, and Deposits of UAE Residents Booked in Overseas Branches (Including off-shore units) and Subsidiaries of National Banks abroad.

**Table (4-13)**

**List of National Banks & Their Branches  
(As at 31/12/2003)**

	<b>NATIONAL BANKS</b>	<b>Abu Dhabi</b>	<b>Dubai</b>	<b>Sharjah</b>	<b>Ras-Al Khaimah</b>	<b>Ajman</b>	<b>Umm-Al Qaiwain</b>	<b>Al- Fujairah</b>	<b>Total</b>	<b>Pay Offices</b>	<b>Grand Total</b>
1	National Bank of Abu Dhabi (P.L.C.)	30	6	5	2	1	1	2	47	11	58
2	Abu Dhabi Commercial Bank (P.L.C.)	*24	6	2	1	1	–	2	36	3	39
3	Arab Bank For Investment & Foreign Trade	3	1	1	–	–	–	–	5	–	5
4	Union National Bank (P.L.C.)	13	10	1	1	1	–	1	27	3	30
5	The National Bank of Dubai (P.L.C.)	2	*20	1	1	1	1	1	27	7	34
6	Commercial Bank of Dubai (P.S.C.)	3	11	1	1	1	–	–	17	5	22
7	Dubai Islamic Bank (P.L.C.)	5	7	3	1	1	–	1	18	–	18
8	Emirates Bank International (P.L.C.)	1	17	2	–	–	–	–	20	6	26
9	Middle East Bank (P.L.C.)	3	6	1	1	–	1	1	13	–	13
10	Mashreq Bank (P.L.C.)	10	*14	*6	2	1	1	2	36	–	36
11	National Bank of Sharjah (P.L.C.)	1	1	7	–	–	–	–	9	1	10
12	Bank of Sharjah (P.L.C.)	1	1	1	–	–	–	–	3	–	3
13	United Arab Bank (P.L.C.)	2	3	2	1	1	–	–	9	–	9
14	Invest Bank (P.L.C.)	2	2	*3	–	–	–	–	7	–	7
15	The National Bank of Ras-Al Khaimah (P.S.C.)	2	4	1	5	–	–	–	12	1	13
16	Commercial Bank International (P.L.C.)	2	2	1	2	–	–	–	7	–	7
17	National Bank of Fujairah (P.S.C.)	1	2	1	–	–	–	2	6	–	6
18	National Bank of Umm-Al Qaiwain (P.L.C.)	2	2	1	–	2	2	1	10	–	10
19	First Gulf Bank (P.L.C.)	3	1	1	–	1	–	–	6	–	6
20	Abu Dhabi Islamic Bank (P.L.C.)	7	3	1	1	–	–	1	13	–	13
21	Dubai Bank	1	1	–	–	–	–	–	2	–	2
	<b>TOTAL</b>	<b>118</b>	<b>120</b>	<b>42</b>	<b>19</b>	<b>11</b>	<b>6</b>	<b>14</b>	<b>330</b>	<b>37</b>	<b>367</b>

\* Including Automated Branch/Customers Service Unit.

**Table (4-14)**  
**List of Foreign Banks & Their Branches**  
**(As at 31/12/2003)**

	FOREIGN BANKS	Abu Dhabi	Dubai	Sharjah	Ras-Al Khaimah	Ajman	Umm-Al Qaiwain	Al-Fujairah	Customer Serv. Lice	Total
1	National Bank of Bahrain (BSC)	1	–	–	–	–	–	–	–	1
2	Rafidain Bank	1	–	–	–	–	–	–	–	1
3	Arab Bank (PLC)	2	2	1	1	1	–	1	–	8
4	Banque Du Caire	*2	1	1	–	–	–	–	–	4
5	El Nillien Bank	1	–	–	–	–	–	–	–	1
6	National Bank of Oman Limited (S.A.O.G.)	1	–	–	–	–	–	–	–	1
7	Credit Agricole Indosuez	1	1	–	–	–	–	–	–	2
8	Bank of Baroda	2	2	1	1	–	–	–	–	6
9	BNP Paribas	1	1	–	–	–	–	–	–	2
10	Janata Bank	2	1	1	–	–	–	–	–	4
11	HSBC Bank Middle East	2	3	1	1	–	–	1	3	11
12	Arab African International Bank	1	1	–	–	–	–	–	–	2
13	Banque Libanaise Pour Le Commerce (France) S.A.	1	1	1	1	–	–	–	–	4
14	Al Ahli Bank of Kuwait (K.S.C.)	–	1	–	–	–	–	–	–	1
15	Barclays Bank (PLC)	1	1	–	–	–	–	–	–	2
16	Habib Bank Limited	3	3	2	–	–	–	–	–	8
17	Habib Bank AG Zurich	2	5	1	–	–	–	–	–	8
18	Standard Chartered Bank	4	5	2	–	–	–	–	–	11
19	CitiBank N.A.	2	2	1	–	–	–	–	–	5
20	Bank Saderat Iran	2	3	1	–	1	–	1	–	8
21	Bank Melli Iran	2	**3	1	1	–	–	1	–	8
22	Banque Banorabe	–	1	1	–	–	–	–	–	2
23	Lloyds TSB Bank PLC	–	1	–	–	–	–	–	–	1
24	ABN Amro Bank N.V.	1	1	1	–	–	–	–	–	3
25	United Bank Limited	4	3	1	–	–	–	–	–	8
	<b>TOTAL</b>	<b>39</b>	<b>42</b>	<b>17</b>	<b>5</b>	<b>2</b>	<b>–</b>	<b>4</b>	<b>3</b>	<b>112</b>

\* Temporary Branch

\*\* Including one cash office in Dubai.

**Table (4-15)**

**List of Specialized Banks, Investment Institutions, Finance Companies and Representative Offices  
(As at 31/12/2003)**

<b>Investment Banks</b>	<b>Development Institutions</b>	<b>Representative Offices</b>
1. Arab Emirates Investment Bank Ltd. - P.J.S.C.	1. Abu Dhabi Fund for Development	1. BNP Paribas (Abu Dhabi)
	2. U.A.E. Development Bank	2. Credit Lyonnais (Abu Dhabi)
		3. Credit Suisse Bank (Abu Dhabi)
		4. The Bank of Tokyo - Mitsubishi Ltd. (Abu Dhabi)
		5. Gulf International Bank (B.S.C.) (Abu Dhabi)
		6. U.B.S. AG (Abu Dhabi)
		7. Arab Banking Corporation (B.S.C.) (Abu Dhabi)
		8. The Bank of New York (Abu Dhabi)
		9. Deutsche Bank AG (Abu Dhabi)
		10. Housing Bank for Trade & Finance (Abu Dhabi)
		11. Templeton Worldwide Inc. (Abu Dhabi)
		12. Hypoveroinsbank AG. (Abu Dhabi)
		13. American Express Bank Ltd. (Dubai)
		14. Bank Brussels Lambert (Dubai)
		15. Credit Suisse Bank (Dubai)
		16. U.B.S. A.G. (Dubai)

**Specialized Banks**

- Emirates Industrial Bank
- Real Estate Bank

**Investment Institutions**

- Abu Dhabi Investment Authority
- Abu Dhabi Investment Company

**Finance Companies**

- Osool - A Finance Company L.L.C.
- Gulf Finance Corporation
- HSBC Finance Co. (Pv.J.S.C.)
- Amlak for Finance (Pv.J.S.C.)
- Emirates Finance Company - L.L.C.
- Maf Orix Finance - PJSC

**Table (4–15 Contd.)**

**List of Specialized Banks, Investment Institutions, Finance Companies and Representative Offices  
(As at 31/12/2003)**

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17. Dresdner Bank AG.	(Dubai)	33. Towry Law Asia HK (Ltd.)	(Dubai)
18. Merrill Lynch Bank (Suisse) S.A.	(Dubai)	34. Royall Bank of Canada	(Dubai)
19. Philippine National Bank	(Dubai)	35. Kuwait Interests for Financial Investment	(Dubai)
20. Clear Stream Banking S.A.	(Dubai)	36. HSBC Bank International Ltd.	(Dubai)
21. Bank of America -National Association	(Dubai)	37. Fidelity Investments International	(Dubai)
22. Bank of Bahrain and Kuwait (B.S.C.)	(Dubai)	38. Wachovia Bank National Association	(Dubai)
23. Union de Banques Arabes et Françaises	(Dubai)	39. West LB A.G.	(Dubai)
24. Bank Muscat (S.A.O.G.)	(Dubai)	40. Kotak Mahindra International Ltd.	(Dubai)
25. Nationwide International (Ltd.)	(Dubai)	41. HDFC Bank Ltd.	(Dubai)
26. Société Générale Bank	(Dubai)	42. Deutsche Bank AG.	(Dubai)
27. Standard Bank London (Ltd.)	(Dubai)	43. Bank of Beirut SAL	(Dubai)
28. State Street Bank & Trust Company	(Dubai)	44. UTI Mutual Fund	(Dubai)
29. Natexis Banque - BFCE	(Dubai)	45. Citigroup Global Markets Inc.	(Dubai)
30. Union Bancaire Privee (CBI-TDB)	(Dubai)	46. Korea Exchange Bank	(Dubai)
31. ED & F Man Investment Products Ltd.	(Dubai)	47. ICICI Bank Limited	(Dubai)
32. Coutts & Co.	(Dubai)	48. IndusInd Bank Limited	(Dubai)

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**Table (4–16)**

**List of Licensed Financial and Monetary Intermediaries  
(As at 31/12/2003)**

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**Brokers in the Sale and Purchase of Domestic Shares**


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<b>Name of Brokers</b>	<b>Emirate</b>	<b>Branch</b>	<b>Name of Brokers</b>	<b>Emirate</b>	<b>Branch</b>
1. Al Madinah Enterprises for Shares	Abu Dhabi	–	10. United International Shares	Dubai	–
2. Al Ain Center for Securities Brokerage	Abu Dhabi	–	11. Damac Al Baraka Securities Co. (L.L.C.)	Dubai	–
3. Al Wathba Shares and Bonds Center (L.L.C.)	Abu Dhabi	–	12. Al Damman Securities Establishment	Dubai	–
4. International Market Company for Financial Business (L.L.C.)	Abu Dhabi	–	13. Al Sharhan Office for Shares and Bonds (L.L.C.)	Sharjah	–
5. Al Nahdha for Shares and Bond Establishment	Abu Dhabi	–	14. International Shares and Bonds Center	Al-Ain	–
6. Abu Dhabi Securities Establishment	Abu Dhabi	–			
7. Al Ramz Shares and Bonds Centre	Abu Dhabi	–			
8. Shurooq for Shares and Bonds	Dubai	–			
9. Al Taleea for Shares and Bonds	Dubai	–			

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Table (4–16 Contd.)

**List of Licensed Financial and Monetary Intermediaries**  
(As at 31/12/2003)

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**Brokers in the Sale and Purchase of Domestic & Foreign Shares and Bonds**


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Name of Brokers	Emirate	Branch
1. Emirates Commercial Centre for Shares and Bonds (L.L.C.)	Abu Dhabi	–
2. Dubai International Securities Company (L.L.C.)	Dubai	–
3. Barjeel for Shares and Bonds (L.L.C.)	Dubai	–
4. Al Sahel Shares Centre	Sharjah	–

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**Brokers in the Sale and Purchase of Currencies, Commodities and Intermediaries in Money Market Operations**


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1. Royal Index (L.L.C.)	Abu Dhabi	–
2. Leader Middle East (L.L.C.)	Dubai	–
3. Century Financial Brokers (L.L.C.)	Dubai	–
4. Sterling Financial Brokers	Dubai	–
5. Orient Financial Brokers	Dubai	–
6. Eastern Trust (L.L.C.)	Dubai	–

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**Brokers in Dealing in Local Shares, Currencies and Commodities as well as in Money Market Operations**


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1. Forex International (L.L.C.)	Abu Dhabi	Dubai
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**Brokers in Dealing in all Financial and Monetary Operations**


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1. National Financial Brokerage Company (L.L.C.)	Abu Dhabi	–
2. Abu Dhabi Financial Services Co. (L.L.C.)	Abu Dhabi	–
3. International Financial Services	Abu Dhabi	–
4. National Financial Services (L.L.C.)	Dubai	–
5. Wifco Financial Brokerage (L.L.C.)	Dubai	–
6. Blue Ship Empire (L.L.C.)	Dubai	–
7. Swiss Precious Metals Commodities	Dubai	–

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**Table (4-17)**

**List of Licensed Moneychangers, Financial Investment Companies &  
Banking, Financial and Investment Consultation Establishment and Companies  
(As at 31/12/2003)**

<b>Moneychangers</b>			
<b>EMIRATES</b>	<b>Head Office</b>	<b>Branches</b>	<b>Total</b>
Abu Dhabi	21	39	60
Dubai	67	69	136
Sharjah	10	30	40
Ras Al-Khaimah	2	4	6
Fujairah	1	4	5
Ajman	2	3	5
Al Ain City	4	16	20
Khorfakan City	1	1	2
<b>Total</b>	<b>108</b>	<b>166</b>	<b>274</b>

<b>Financial Investment Companies</b>	
<b>Commercial Name</b>	<b>Head Office</b>
1. Oman & Emirates Investment Holding Company (S.A.O.G.)	Abu Dhabi
2. The National Investor (P.J.S.C.)	Abu Dhabi
3. Merrill Lynch International & Co. C.V. (Netherlands Antille Islands)	Dubai
4. Emirates Financial Services (P.J.S.C.)	Dubai
5. Shuaa Capital - PSC	Dubai
6. Islamic Investment Company (P.J.S.C.)	Dubai
7. HSBC Financial Services (Middle East) Limited	Dubai

**Banking, Financial and Investment Consultation  
Establishment and Companies**

<b>Commercial Name</b>	<b>Head Office</b>
1. Synergy Financial (L.L.C.)	Abu Dhabi
2. Elfina Financial Investment Consultancy	Dubai
3. Landmark International Consulting Services	Dubai
4. Professional Investment Consultants Co. (L.L.C.)	Dubai
5. Regent Investment Consultants (L.L.C.)	Dubai
6. Financial Consultancy Services Company - Partnership	Dubai
7. Network Corporate Services (L.L.C.)	Dubai
8. Mondial (Dubai) L.L.C.	Dubai
9. Al Sahel Financial Advisory Est.	Dubai
10. Continental Financial Services	Dubai
11. Acuma	Dubai