CHAPTER – IV

UAE BANKING SECTOR – AN OVERVIEW

INTRODUCTION

The UAE is currently the second-largest Arab economy after Saudi Arabia. Moreover, the country has pursued economic diversification efforts seeking to lessen its reliance on oil and gas. This resulted in the non-oil sector contributing 71% of GDP in 2009. The slowdown in economic activity resulting from the 2008 global downturn has been overcome, and the UAE has returned to more modest yet solid growth. Islamic banking has assumed a more prominent role in the UAE in recent years, and most conventional banks are opening or expanding Islamic banking departments; sharia-compliant consumer and investment products also are being introduced. Government agencies and majority state-owned companies are using Islamic bonds—sukuk—to finance development and acquisitions. The UAE’s banking sector did not experience bank mergers or acquisitions until very recently. Earlier, several M&As took place as a result of bank failures. Emirates Bank International (EBI) and National Bank of Dubai (NBD) merged in 2007 (enforced by the government of Dubai) to create the UAE’s biggest bank.

According to Dubai Chamber, there are clear signs emerging that suggest the UAE banking sector is over the worst, with both interbank lending conditions as well as loan-deposit ratios recovering. A number of recent developments suggest the UAE banking sector is regaining some degree of confidence after a difficult period of caution peaking in the fourth quarter of 2009-10. Banks are become more willing to lend, both to individuals and businesses as well as to each other. The Emirates interbank offered rate (Eibor) has fallen considerably. This significant easing reflects the improvement in market sentiment over the past few months and strong appetite of banks to start lending to each other. Some observers suggest this trend is likely to
continue throughout the remainder of the year. The banking sector's finances are also starting to look healthier. On a monthly basis, deposits grew every month since the turn of the year except June 2009. The value of loans and advances also expanded, proving that even during the middle of the slowdown and widespread risk aversion, banks were continuing to lend. The overall loan-to-deposit ratio declined from a peak of 109.9 per cent in January 2009 to 103.2 per cent in May.

UAE records strongest growth in retail banking revenues in GCC. UAE banks have seen the strongest growth in the GCC in terms of retail banking revenues, according to a report. the UAE, which saw a marginal one per cent growth in group profit, leads the region's retail banking performance with a 34 per cent increase in revenues from last year, 25 percentage points higher than the GCC industry average of nine per cent. The Boston Consulting Group's (BCG) Middle East Banking Performance Index report compared the performance of 25 banks in the region in the first half of this year to the same period last year. Despite strong growth in revenues, BCG said retail banking profit is expected to decrease by around two per cent in 2009 as compared to 2008. The UAE, however is a different case, as it posted a 10 per cent increase in retail profits, while neighbours such as Saudi posted a decline of minus two per cent. "A segment analysis of banks in the GCC shows retail banking revenues stagnated in the first half of 2009, but retail banking profits fell less strongly than total banking profits," the report said. "Retail banking has thus been a stabiliser of revenue and profit development for banks in the Middle East, which was also the case around the globe," it said.

**UAE banking structure**

The Central bank of UAE is called as Bank of Banks and the Government bank. It is also the financial advisor for the UAE Government. The Central bank is responsible for the correctness and effectiveness of all financial institutions, representatives, brokers and financial
instruments. Foreign banks are prohibited to have more than eight branches each and they must have a paid up capital of Dh 40 million. The UAE Bank structure is focused on a major role in its public sector and significant role from private sector. Banks owned by public sector account for 60%. The largest public sector bank is Emirates ENBD which is formed after the merger of National bank of Dubai and the Emirates group. Banks in the UAE are broadly categorized in four categories: commercial banks, merchant or investment banks, Islamic Banks, and industrial banks.

The banking Sector

The UAE banking sector started to witness real growth with the exploration of oil reserves in the early 1960s. At the time, the banking sector witnessed a wave of new banks entering the country. The rulers of the UAE stepped in as the regulators in 1975 and prohibited the opening of any new foreign banks in the UAE for a two-year period. It was not until 1980 that the Federal Currency Board became the Central Bank of the UAE and put a new law in place (Union law (10) for 1980) which empowered the Central Bank's functions. In 1981, the licencing of new banks was allowed again and the country saw a number of banks entering the market. However, in the mid-1980s, several banks failed due to mismanagement and fraud, as a result of collapsing oil prices (1982-86) and a real estate crash resulted in high non-performing loan levels. In 1984, the Central Bank of the UAE decided, for the second time, that it would not grant new branch licences, and already operating foreign bank branches were restricted to eight branches each. The Central Bank also took several measures in the 1980s to strengthen the banking structure through expanding audits and inspections, increasing bank-reporting requirements, establishing a computerized loan risk department, and setting minimum capital
requirements. In 1998, the Central Bank established a special unit to monitor money-laundering activities and inspect suspicious deals.

The key ruling families in the UAE, namely the Al Nahyan and Al Maktoum families, and the governments of Dubai or Abu Dhabi hold majority stakes in almost all of the UAE’s main domestic banks. For instance, the Abu Dhabi Investment Authority owns 73% of National Bank of Abu Dhabi and 64% of Abu Dhabi Commercial Bank. In addition, Dubai Islamic Bank is 30%-owned by the government of Dubai. Union National Bank is partially-owned by both governments of Abu Dhabi and Dubai, amongst other banks. Mashreqbank is owned by the AlGhurair family, which is also one of the biggest business groups in the UAE.

**UAE banking system Developments**

The number of locally incorporated commercial banks stood at 23 during 2011, while the number of their branches increased from 732 at the end of December 2010 to 768 at the end of December unchanged 2011, and the number of their electronic/customer service units remained at 26. In 2011, two licenses were granted to wholesale banks, namely Deutsche Bank AG and Industrial & Commercial Bank of China. In addition, two investment banks commenced operation in the country, Arab Emirates Invest Bank and HSBC Financial Services (Middle East) Limited. The number of GCC banks in 2011 remained unchanged at 6, in addition to one branch, while the number of other foreign banks remained unchanged at 22, the number of their branches at 82, and the number of their electronic/customer service units remained at 50. The number of Automated Teller Machines (ATMs) in the UAE increased from 3,758 ATMs at the end of 2010 to 4,172 ATMs at the end of 2011.
Composition of Banks

Banks in UAE primarily belong to two categories, national (local) and foreign, with the latter being restricted from operating more than eight branches. Currently, there are 46 banks operating in UAE, including branches and offices of foreign banks. There are 21 national banks in UAE, all of which are listed either on Abu Dhabi Securities Market (ADSM) or Dubai Financial Market (DFM).

Banking Indicators

Bank deposits increased by 1.9%, from AED 1,049.6 billion at the end of 2010 to AED 1,069.7 billion at the end of 2011. Total bank loans, advances and overdrafts (net of provisions for bad and doubtful debts, interest in suspense as well as general provisions) increased by 3.8%, from AED 1,031.3 billion at the end of 2010 to AED 1,071.0 billion at the end of 2011. Bank loans to the real estate sector increased by 1.4% during 2011, reaching AED 240.8 billion at the end of the year, while bank loans to the companies increased by 2.8%, reaching AED 391.4 billion, bank loans to the government by 3.3%, reaching AED 103.5 billion, and total personal loans increased from AED 247.1 billion at the end of 2010 to AED 252.1 billion at the end of 2011. The total assets of banks operating in the UAE (net of provisions for bad and doubtful loans and interest in suspense) increased by 3.5%, from AED of 1,605.6 billion at the end of 2010 to AED 1,662.1 billion at the end of 2011.
Table 4.1: Banking Indicators

<table>
<thead>
<tr>
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<th>2010</th>
<th>2011</th>
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<tbody>
<tr>
<td>Total assets</td>
<td>1,605.6</td>
<td>1,662.1</td>
</tr>
<tr>
<td>Total Deposits</td>
<td>1,049.6</td>
<td>1,069.7</td>
</tr>
<tr>
<td>Loans, Advances &amp; Overdrafts</td>
<td>1,031.3</td>
<td>1,071.0</td>
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<tr>
<td>Real estate loans</td>
<td>237.6</td>
<td>240.8</td>
</tr>
<tr>
<td>Bank loans to companies</td>
<td>380.7</td>
<td>391.4</td>
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<tr>
<td>Bank loans to Government</td>
<td>100.2</td>
<td>103.5</td>
</tr>
<tr>
<td>Personal loans</td>
<td>247.1</td>
<td>252.1</td>
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</tbody>
</table>

Source: Annual report of Central Bank of UAE

UAE Banks’ Profitability

According to the Boston Consulting Group (BCG), the banking industry in the UAE experienced an impressive 24 per cent increase in profits in 2011, exceeding profit levels since 2005. Bank revenues also saw a healthy growth of 6 per cent in 2011. The positive news for the UAE banking sector comes despite an increase in banks’ loan loss provisions (LLPs) – the latter increased by 4 per cent in 2011. Moreover, the operating expenses for UAE banks rose by 12 per cent. The UAE banking sector continued its multi-year steady performance in 2011. As reported by Dr. Reinhold Leichtfuss, Senior Partner & Managing Director in BCG "Strong profits were witnessed by the UAE banking sector in 2011 despite an increase loan loss provisions. Compared to 2010, the profitability of corporate banking increased by 13 per cent in 2011, while revenues grew by 7 per cent. Retail banking profits saw a more modest gain of 5 per cent, while retail revenues actually declined by 2 per cent.”
Central bank of UAE

The head office is located in Abu Dhabi and has branches in all constituents of the UAE. The clarifications and guidelines for the banks are provided from the Clarifications and Guidelines manual. Union Law No-10 of 1980 contains the provisions of the Central Bank, the Monetary System and Organization of Banking.

Central Bank Regulations

The Central bank of UAE has laid out the following regulations.

1. All banks have adopted International accounting standards since 1999
2. The minimum paid in capital requirements are AED 490 million.
3. Banks are required to transfer 10% of net profit each year into a statutory reserve until this makes up 50% of paid up capital.
4. Minimum capital adequacy ratio is 10% of Risk Weighted Assets
5. Cash reserve requirement is 14% on transaction accounts 1% of fixed deposits
6. Banks may lend up to 20% of their deposits for commercial or residential building purposes.
7. Funding private sector borrowers should not exceed 7% to the bank’s capital. Funding public sector companies should the bank’s capital. Funding public sector companies should not exceed 25% of the bank’s equity.
8. Banks are required to employ UAE Nationals at a rate of 4% per year.
9. All banks in the UAE should maintain a ratio not higher than 1:1
   - Advances means net loans and advances together with the amount of interbank placements with more than three months remaining life
• Stable resources comprise free own funds (including subordinated loans), due to banks of more than six months remaining life, in addition to stable customer deposits (100% of deposits with remaining life of more than six months and 85% of all other deposits)

10. Banks are allowed to establish real estate subsidiaries only in the business of financing and managing real estate projects. The Central Bank allows finance companies owned by banks to establish joint real estate companies provided that the bank’s ownership does not exceed 40%.

11. **Personal loan limit** - Against salaries, end of service and retirement pension

   Maximum: AED250 per borrower.

12. Banks are prohibited from holding corporate securities in excess of 25% of the bank’s fund, unless acquired for debt settlement and, in this case, these securities must be sold within two years from the acquisition date.

**The “Hawala” banking system and its financial strengths and weaknesses**

The word “Hawala” means transfer in Arabic and is also known as “Hundi”. It is a commonly used informal payment system in the Middle-East and Asian region of the world. It has been used for over 4000-years and is a way of exchanging debt from one region to another, particularly long-distance traders. Dubai in the United Arab Emirates is where the most Hawala transactions take place. The two main reasons for this are because Dubai has a very large gold market and there are also many Indian and Pakistani workers who live in Dubai, who send money back home quite regularly. Dubai is known for its loose financial laws which allow a lot of business deals to be made by businessmen. Hawala is usually advertised on the internet or ethnic-based newspapers, and is often advertised as some kind of “currency exchange deal”.
**Fund Transfer in Hawala**

Hawala is a way of transferring money over long-distances without actually physically moving money. The way the system works is basically someone wants to send money overseas or to another city, this person contacts a broker and gives them the money they want to be transferred to someone else. That broker then contacts another broker in the country or city the recipient is based and asks for the funds to be paid to the recipient. The second broker is promised by the original broker that his debt will be settled at a later date. Both of the broker’s take a small commission and that is basically how the system works. It is commonly used by illegal workers who want to send money back to their home country but cannot use official banks because they do not have the legal documentation to do so. Banks also have a lot of bureaucracy and rules that they have to comply by, which will delay the transfer.

**Problems come up due to Hawala**

Due to the fact that Hawala is a form of Informal Funds Transfer (IFT) large money transfers cannot be easily tracked by government. Governments around the world do not like this system because they believe that it makes money laundering and terrorist financing virtually untraceable. The International Monetary Fund and the Central bank of the U.A.E hosted an international conference on “Hawala” in 2002. The World Bank took a particular interest in Hawala and other IFT systems in and around the Middle-East region after the Sept. 11 attack in New York. Also, if they don’t have proof that a money transfer took place than the government cannot tax. Countries such as India and Pakistan have massive tax evasion problems due to Hawala. This is very beneficial to the customers and the brokers using Hawala. Terrorists use Hawala because it is safe, reliable and untraceable. Since the wars in Afghanistan and Iraq have
started, terrorist groups have been financed by very business savvy financiers who use Hawala to their advantage.

The use of Hawala appeals to people because the brokers can charge a much lower commission rate than the banks, and because the customer’s broker will usually guarantee a reliable transfer. The system uses family groups or regional ties to make connections that are trustworthy. Also the transfer will be very fast because funds will already be waiting for the recipient to pick up as soon as one broker confirms with another. There is no checking or government bureaucracy to slow down the speed of the exchange. The lack of government control of Hawala means great benefits to customers such as low exchange rates and no tax on foreign currencies. The brokers do not have to use the official exchange rates of any country. Overall, Hawala is very popular because it is cost and time efficient, it is reliable, and it is a way to evade taxes.

Banks’ Contribution to UAE economy

The UAE’s banking system and capital markets are well developed, although the global financial crisis beginning in 2008 also exposed a lack of supervision and disclosure rules. A large number of banks operate in the emirates, including 23 local and 28 foreign banks, as among them Deutsche Bank, HSBC, UBS, BNP Paribas and ABN-AMRO. After domestic banks in particular extended credit liberally during the period of high economic growth from 2003 on, the late-2008 downturn left the banking sector struggling with a combination of high-profile debit restructuring, deteriorating asset quality, a lack of liquidity and lower economic growth. Total profits in the banking sector fell by 24% in 2009 due to larger-than-expected special and general provisions having to be accounted for. The sector is likely to experience a period of continued difficulty, especially as the ratio of non-performing to gross loans remains high due to the
collapse in the real estate and project finance sectors. The total capitalization level rose to 19.2% in 2009 following an injection of $19 billion from the central bank and the UAE finance ministry, thus reflecting strong capitalization.

**Problems on Economic issues**

The UAE banking industry is suffering from negative real interest rate, which in turn causes people to borrow more amounts than actually saving. Borrowing rates for money have risen to the high 30% and lower 40% rates. The effect of this is on banks is that it forces them to look for elsewhere for additional funds. In spite of this, banks in UAE are growing in power, tapping into high potential markets by extending their operations to other parts of the world.

**Foreign Banks’ Profile**

**BANK OF BARODA**

Bank of Baroda has transformed into India's International Bank. The Bank has presence in world's major financial centers i.e. New York, London, Brussels, Dubai, Hong Kong and Singapore and the Bank is expanding the branch network in UAE. It has its zonal office in Dubai and has 14 branches in UAE. In order to cater to the growing needs of NRI customers and to provide best services, BOB has setup India Desk at their Dubai Main branch. In UAE, they are the only Indian Bank providing full fledged Banking facilities. The major services are Baroda Salary Linked Loans, Baroda Car Loan, Baroda Personal Loan to Traders, Baroda Personal Loan to Professionals, Baroda Home Loan in UAE, Baroda overdraft/loan against property, Baroda Overdraft advantage and Margin Money Loan for NRI Housing Loan in India.

BOB’s schemes for small and medium enterprises called SME Loan Factory which include Line of Credit, Loans to Traders for working Capital, Project Finance, Overdraft against property, Equipment / Heavy Vehicles Finance and Express Loans to Traders.
The services to large scale enterprises comprise of Trade Finance (Working Capital Finance), Project Finance (Term Loans / Syndicated Term Loans), NON Funded Products and Finance against Credit Insurance (Working Capital Finance)

**STANDARD CHARTERED BANK**

Standard Chartered Bank, UAE provides banking products and services for personal customers, companies, multinational corporations, and financial institutions in the United Arab Emirates. It offers personal banking services, such as savings and current accounts; fixed and call deposits; credit cards; loans, including personal, auto, and personal finance loans, as well as mortgages; and wealth management services, such as mutual/hedge funds, wrap products, structured products, treasury solutions, insurance solutions, risk profilers, and financial health checks.

The bank provides priority banking services, such as banking, wealth, property investment, and card solutions; and priority services, such as pre-arrival account opening, emergency cash, and financial solutions. It offers SME banking services, such as business accounts and priority banking business accounts; loans, including business installment loans and loans against property; trade and working capital, and SME treasury services; and electronic banking services. The company was founded in 1958 and is based in Dubai, the United Arab Emirates. Standard Chartered Bank, UAE operates as a subsidiary of Standard Chartered PLC.

**HSBC UAE**

HSBC’s history in the Middle East dates back to 1959, when it acquired the British Bank of the Middle East founded in London in 1889. It pioneered banking in the region and for decades was the only bank committed to supporting the area.

HSBC’s services are divided into these following categories.
1) PERSONAL BANKING

a) ACCOUNTS AND DEPOSITS

The Deposit schemes available are Current Account, Extra Cover Salary Account, Savings Account, USD Online Savings Account, Save More, Call Deposit and Fixed deposit

b) CREDIT CARDS

HSBC provides a wide variety of credit cards to its customers namely Platinum Credit Card, Saadiq Platinum Credit Card, Titanium Credit Card, SME Business Credit Card, Singapore Airlines Business Credit Card, Saadiq Visa Gold Credit Card, Gold Visa Credit Card, Gold MasterCard Credit Card, Classic Visa Credit Card, Classic MasterCard Credit Card and k) Manhattan Credit Card

c) HSBC PREMIUM

This feature provides the customers with an exceptional banking service; one that can be accessed from anywhere in the world, wherever they choose to live, works or simply visits. HSBC Premier comes with preferential rates and exclusive benefits.

d) HSBC ADVANCE

This special service helps the customers to achieve the financial goals for tomorrow by simplifying the banking needs today. HSBC Advance helps one to identify and plan the future financially.

2) BORROWING

a) LOANS

a) Home Loans b) Personal Loans
c) Vehicle Loans d) Granted Land
b) **OVERDRAFTS**
   
a) Unsecured Overdrafts
b) Secured Overdrafts

3) **INVESTMENT**

   a) **INVESTMENT PORTFOLIOS**
      
a) World Selection
b) Freedom Fund
c) Principal Protected Structured Investment - BRIC Currency

b) **INVESTMENT QUATERLY**
   
a) HSBC Premier Investment Quarterly - Q2 2012

4) **PLANNING**

   a) **PLAN**
      
a) Savings Plan      b) Education Plan
b) Retirement Plan

5) **PROTECTION**

   a) **GENERAL**
      
a) Personal Accident Insurance   b) Travel Insurance
c) Home Insurance            d) Motor Insurance

b) **LIFE INSURANCE**
   
a) Whole Life      b) Term Life
c) Simple Life     d) Simply Protect
BUSINESS AND CORPORATE BANKING

Under banking and financing, HSBC provides plans and facilities like Business Select, Current Account, Term Deposit Account, Call Deposit Account, Corporate Card and Purchasing Car, Lodged Card and HSBC UAE SME fund. It also provides payment, protection and investment services.

LOCAL BANKS’ PROFILE

DUBAI BANK

Dubai Bank is an Islamic bank based in Dubai, UAE. Launched in September 2002, the Bank became a Shari’a compliant financial institution with a focus on the UAE’s Islamic banking sector on January 1, 2007. Dubai Bank is part of the Dubai Group, a Dubai Holdings company.

MASHREQ BANK

Mashreq is the second oldest commercial bank in the UAE established in 1967 as the Bank of Oman Limited. In 1993, the bank changed its name to Mashreq bank and since then, it has been a pioneer in the UAE market having been the first to introduce products such as ATMs and credit cards. The bank is also the recipient of several awards including the Dubai Quality Award, Shaikh Khalifa Award for Excellence, Best Bank in the UAE award by The Banker awards as well as other citations from financial magazines such as Banker Middle East. The bank offers a range of banking and financial services to retail and corporate customers. The Bank has a network of branches in the United Arab Emirates, as well as in Bahrain, Egypt, Hong Kong, India, Qatar, the United Kingdom and the United States. It also has a number of subsidiary companies that operate regionally.
ABU DHABI COMMERCIAL BANK

Abu Dhabi Commercial Bank (P.J.S.C) is a public joint stock company with limited liability incorporated in the Emirate of Abu Dhabi, United Arab Emirates. The Bank changed its name from Khalij Commercial Bank to Abu Dhabi Commercial Bank after merging with Emirates Commercial Bank and Federal Commercial Bank on July 1, 1985. The Bank carries on retail, commercial, investment and merchant banking activities with a specialization in Mergers & Acquisitions. It also offers its clients shariah compliant banking services.

DUBAI ISLAMIC BANK

Dubai Islamic Bank was incorporated in 1975 in Dubai to provide banking and related services based on Islamic Sharia’a principles. Dubai Islamic bank has a large expertise in launching, participating in, or managing investment funds and portfolios; in addition to the issuance, management, and participation in different kinds of Sukuk.

COMMERCIAL BANK INTERNATIONAL

Commercial Bank International PSC (CBI), founded in Ras-Al-Khaimah in 1991, and is now one of the leading financial institutions in the U.A.E. With a unique brand personality and commitment to provide customer oriented solutions and services, CBI continues to build on its competitive advantage while widening its customer base and maintaining a high level of business growth. CBI has two subsidiary companies in the UAE - Takamul Real Estate (TRE) and International Financial Brokerage (IFB). With the core focus on the customer, CBI offers a wide portfolio of standard and tailor made products and solutions in the retail and wholesale banking areas. These include personal accounts, credit cards, auto finance, personal loans, home loans, commercial real-estate loans, syndications and project finance.
The planned launch of Islamic Banking window is in an advanced stage and the Bank has secured all regulatory approvals for the products. We are confident that we can bring the same level of expertise to Islamic banking as we have to the conventional banking. CBI remains steadfast in its dedication to provide personalized expertise in order to meet our customers’ needs and achieve excellence in the region’s financial sector. Since its founding in 1991, CBI’s branch network has grown to fifteen full fledged branches across the UAE. With the full range of commercial banking products and services, a well positioned ATM network, a growing presence in transactional banking and the effective use of technology driven delivery channels such as Netbanking and other quality services, CBI is poised to grow exponentially in the decade 2010-2020.

UNION NATIONAL BANK

Established as a Public Joint Stock Company in 1982, the bank is jointly owned by the Governments of Abu Dhabi and Dubai. It provides retail and commercial services. Union Brokerage Company (UBC), one of the oldest brokerage firms in UAE, is a subsidiary of UNB. The Al Wifaq Finance Company, also a subsidiary of UNB, provides Sharia compliant financial, commercial and investing services to both organizations and individuals in compliance with the rules and principals of the Islamic Law. The bank has a presence in the Egyptian banking sector through its acquisition of the Alexandria Commercial and Maritime Bank.

ABU DHABI COMMERCIAL BANK

Abu Dhabi Commercial Bank, commonly called ADCB, is a bank in the United Arab Emirates. Abu Dhabi Commercial Bank (ADCB) was formed in 1985 as a public shareholding company with limited liability, upon merger of Emirates Commercial Bank and Federal Commercial Bank with Khaleej Commercial Bank, which was established in 1975. The
Government of Abu Dhabi through the Abu Dhabi Investment Authority (ADIA) holds 65% of ADCB shares, the remainder is held by other institutions and individuals. ADCB is one of the largest in the UAE in terms of shareholder funds and market capitalization. The Bank is a United Arab Emirates-based public joint stock company that provides retail, commercial, investment, merchant, brokerage and fund management activities through its network of 48 branches in the United Arab Emirates and 2 branches in India and 1 in UK.

**ABU DHABI ISLAMIC BANK**

Abu Dhabi Islamic Bank was established on 20 May 1997 as a Public Joint Stock Company through the Amiri Decree No. 9 of 1997. The Bank commenced commercial operations on 11 November 1998, and was formally inaugurated by Abdullah Bin Zayed Al Nahyan, UAE Minister of Information and Culture on 18 April 1999. All contracts, operations and transactions are carried out in accordance with Islamic Shari'a principles. ADIB is the first Islamic bank in the UAE to begin operations in the UK.

**DUBAI BANK**

Dubai Bank is an Islamic bank based in Dubai, UAE. Launched in September 2002, the Bank became a Shari’a-compliant financial institution with a focus on the UAE’s Islamic banking sector on January 1, 2007. Dubai Bank is part of the Dubai Group, a Dubai Holdings company. The bank increased its capital to AED 1.50 Billion in 2007 and is on an expansion spree, and as of March 2008 has total assets of AED 14.4 billion. The bank as of the end of 2007 has 15 branches spread across UAE and has more aggressive plans in 2008 including opening another 10 branches. Fitch Ratings has recently assigned Dubai Bank Long-term Issuer Default rating (IDR) 'A' with a Stable Outlook, Short-term IDR 'F1', Support rating
'1' and Support Rating Floor 'A'. News came on 11th October 2011 states that Emirates NBD is all set to take over Dubai Bank as per orders from the Ruler of Dubai.

**EMIRATES NBD**

The Emirates NBD, the largest banking group in the Middle East in terms of assets, was formed on 16 October 2007 when the shares of Emirates NBD were officially listed on the Dubai Financial Market (DFM). The merger brought together the UAE's second and fourth largest banks (Emirates Bank and National Bank of Dubai) by assets and has created a bank with the largest asset base in the Middle East, summing up to more than AED 282 billion as at the end of the year 2008. The Group has operations in the UAE, the Kingdom of Saudi Arabia, Qatar, the United Kingdom and Jersey (Channel Islands), and representative offices in India, Iran and Singapore.
END NOTES :


4. Global Research Sector - Banking June 20, 2011