

# UAE – Securities Market Overview

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# 1. Country Overview

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# UAE: Country Profile

United Arab Emirates (UAE) comprises of seven emirates: Abu Dhabi, Ajman, Dubai, Fujairah, Ras al-Khaimah, Sharjah and Umm al-Quwain

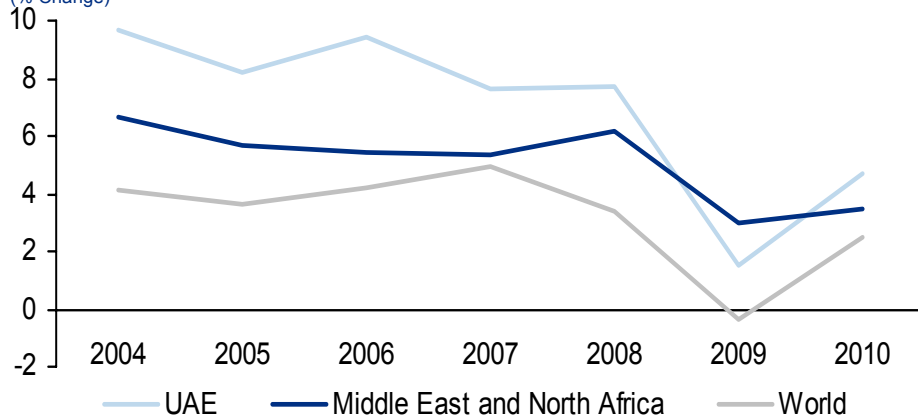
Capital	<ul style="list-style-type: none"><li>• Abu Dhabi</li></ul>
Economy	<ul style="list-style-type: none"><li>• 2<sup>nd</sup> Largest Economy in Gulf Cooperation Council (GCC) after Saudi Arabia</li><li>• 2<sup>nd</sup> Largest Per-Capita Income after Qatar</li><li>• 8% of world's oil and 3% of its gas reserves</li></ul>
Currency	<ul style="list-style-type: none"><li>• UAE Dirham (AED)</li></ul>
Country Credit Rating	<ul style="list-style-type: none"><li>• AA2 (stable) by Moody's<ul style="list-style-type: none"><li>– Economic Strength – very high</li><li>– Institutional Strength – high</li><li>– Government Financial Strength – very high</li></ul></li></ul>
GDP (Nominal)	<ul style="list-style-type: none"><li>• US\$222 billion <sup>(1)</sup></li></ul>
Real GDP Growth Rate	<ul style="list-style-type: none"><li>• 7.7% (2008 est.) <sup>(1)</sup></li></ul>
Inflation	<ul style="list-style-type: none"><li>• 14.4% (2008 est.) <sup>(1)</sup></li></ul>

(1) EIU Report January 2009.

# UAE: Economic Environment

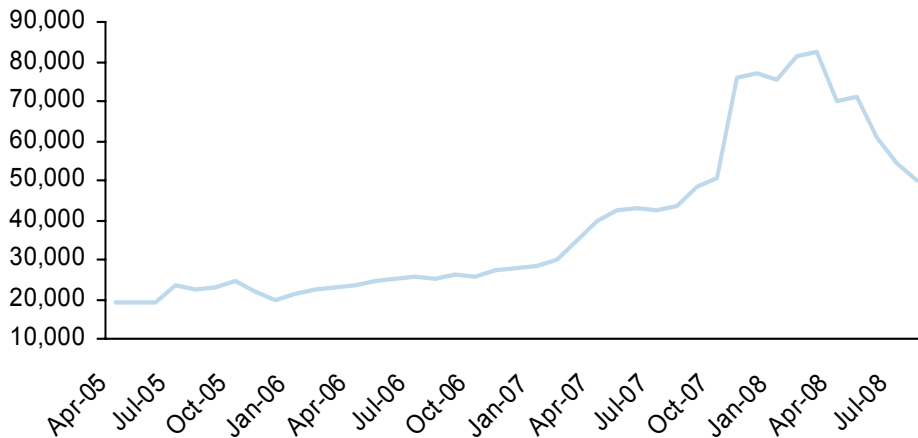
UAE has positioned itself as a major trading and tourist hub. Economic model is driven by oil and non-oil sector growth, the latter contributing more than 60%

Real GDP Growth  
(% Change)



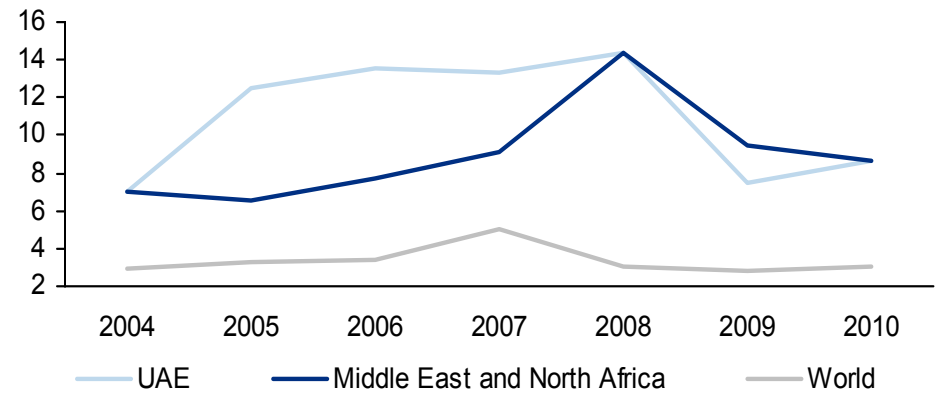
Source: EIU Report January 2009.

Foreign-Exchange Reserves  
(US\$ in Millions)



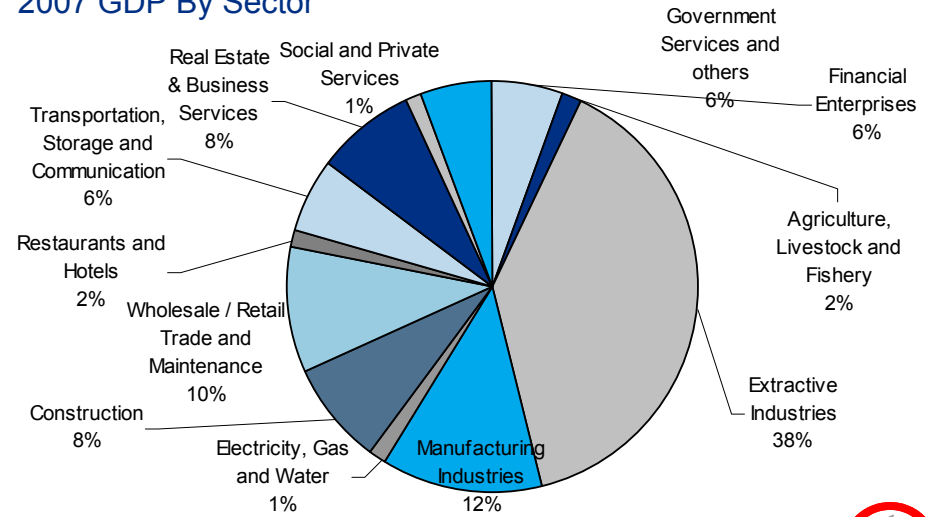
Source: EIU Report January 2009.

Consumer Price Inflation  
(% Change, Y-o-Y; AV)



Source: EIU Report January 2009.

2007 GDP By Sector



Source: Central Bank of UAE, 2007 Annual Report.

# Market Landscape

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UAE's macroeconomic environment coupled with continued liberal economic policy is expected to cushion the slowdown of the real estate sector

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## Fiscal and Monetary Policy Highlights

- Exchange rate is pegged to US Dollar
  - Discussions underway for the introduction of VAT before the GCC Target of 2011
  - The major current expenditure allocations in the 2009 budget are for education (23%) and services(37%) sectors
  - The UAE has guaranteed bank deposits for the next 3 years , starting 12 Oct 2008
  - In February 2009, Govt of Abu Dhabi injected USD 4.4 billion into 5 banks based in Abu Dhabi and Govt of Dubai announced the issuance of USD 20 billion bond, half of which was subscribed by Central Bank of UAE
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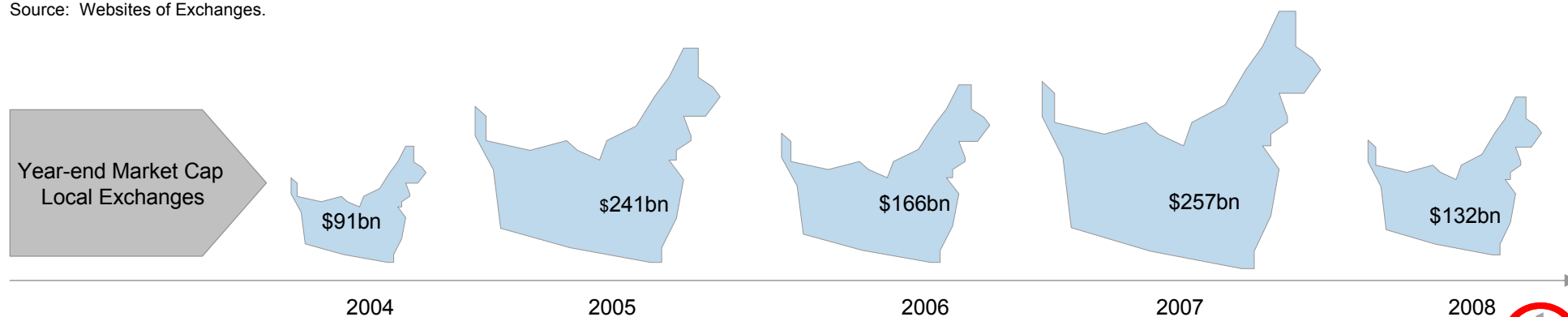
## Economic & Political

- Political stability – cordial relations between the seven emirates
  - Non-oil sector output grew by 16% in 2007, and counted for more than 60% of the GDP in 2007 - sign of growing economic diversification
  - Development of free zones has attracted considerable foreign investment inflow
  - Bilateral preferential Trade agreements have been signed with Syria, Jordan, Lebanon, Morocco and Iraq.
-

# UAE: Market Overview

No. of Exchanges	<ul style="list-style-type: none"> <li>• Three</li> </ul>
Local Exchanges (AED denominated securities only)	<ul style="list-style-type: none"> <li>• Dubai Financial Market (DFM)</li> <li>• Abu Dhabi Securities Exchange (ADX)</li> </ul>
International Exchange (both USD and AED denominated Securities)	<ul style="list-style-type: none"> <li>• NASDAQ Dubai</li> </ul>
Market Regulators	<ul style="list-style-type: none"> <li>• Securities and Commodity Authority (SCA)</li> <li>• Dubai Financial Services Authority (DFSA)</li> <li>• Central Bank of UAE</li> </ul>
Market Capitalisation Growth Rate	<ul style="list-style-type: none"> <li>• -49% (from year-end 2007 to year-end 2008, local exchanges only)</li> </ul>
Total Capitalisation (equities only, as of 31 Dec 2008)	<ul style="list-style-type: none"> <li>• ADX: US\$69 billion, DFM: US\$63 billion, NASDAQ Dubai: US\$7 billion</li> </ul>
Number of Listed Companies (as of 31 Dec 2008)	<ul style="list-style-type: none"> <li>• ADX: 65, DFM: 65, NASDAQ Dubai: 16</li> </ul>
Average Daily Trading Value (daily average of Dec 2008)	<ul style="list-style-type: none"> <li>• ADX: US\$44 million, DFM: US\$77 million, NASDAQ Dubai: US\$3 million</li> </ul>
Ownership of Exchanges	<ul style="list-style-type: none"> <li>• DFM: 20% by public, 80% by Borse Dubai (owned by Dubai Govt)</li> <li>• ADX: 100% by Abu Dhabi Govt</li> <li>• NASDAQ Dubai: 66.7% by Borse Dubai (owned by Dubai Govt), Rest by NASDAQ-OMX</li> </ul>

Source: Websites of Exchanges.

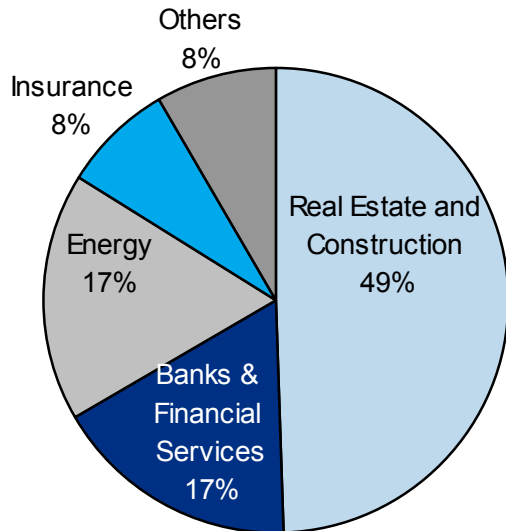


# Listed companies\*

## ADX (65 listed)

ALDAR Properties  
 Arkan Building Materials  
 Sorouh Real Estate  
 Aabar Investments  
 Methaq Takaful Insurance  
 Dana Gas  
 RAK Properties  
 RAK Cement Company  
 First Gulf Bank

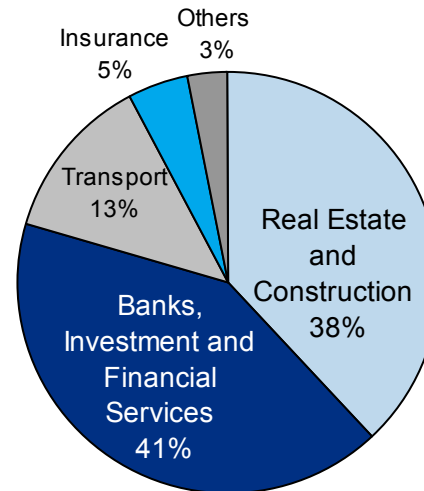
2008 Trading Value by sector



## DFM (65 listed)

Arabtec Holding  
 Emaar Properties  
 Dubai Financial Market  
 Air Arabia  
 Dubai Islamic Bank  
 Deyaar Development  
 Union Properties  
 Gulf Navigation Holdings  
 Takaful-Emarat

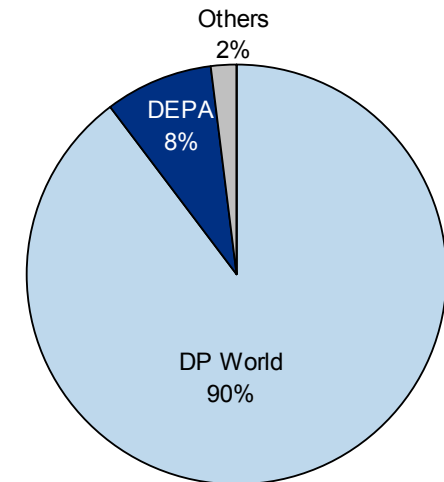
2008 Trading Value by sector



## NASDAQ Dubai (16 listed)

DP World  
 Depa Limited  
 Citigold Corporation Ltd.  
 Kingdom Hotel Investments  
 China Securities & Surv.  
 Damas Limited

2008 Trading Value by company



\* This is not a comprehensive list. For full list of the companies listed, please visit the websites of the exchanges.

# Quick Market Reference Guide

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## Settlement

- Method: Book-entry
- Settlement cycle
  - T+3 [NASDAQ Dubai]
  - T+2 [ADX and DFM]
- Settlement Days
  - Monday to Thursday – NASDAQ Dubai\*
  - Sunday to Thursday – ADX and DFM

\* Effective 27 March 2009

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## Registration

- Securities are held in dematerialised form
- Securities are registered in the name of beneficial owner in DFM and ADX. (segregated accounts)
- Securities are kept in Omnibus account in NASDAQ Dubai

## Foreign Ownership Limits

- Foreign ownership limited to 49% of total equity of the UAE incorporated companies
- Most UAE incorporated companies impose further restrictions
- The local exchanges automatically monitor the foreign ownership restrictions

## Instruments

- Ordinary shares and Bonds (including Sukuks)
  - Depository Receipts and Future Contracts (NASDAQ Dubai only)
  - Market Indices
    - DFM and ADX: General Index and indices, by sectors
    - NASDAQ Dubai: FTSE/DIFX Indices
- 

## Other Considerations

- Numbering system
  - ISIN – NASDAQ Dubai
  - Local Short codes – ADX and DFM
- Securities Lending and Borrowing & Short selling
  - Not Allowed
- Trading Days
  - Sunday to Thursday \*

\* Effective 27 March 2009 for NASDAQ Dubai

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## Taxation

- No Withholding tax [WHT] on dividends except dividends on non-domestic dual listed shares traded in NASDAQ Dubai, which may be subject to WHT depending on the taxation regulations at the country of origin
- No WHT on interest on corporate bonds
- No capital gains tax [CGT]

## 2. Citi in the United Arab Emirates

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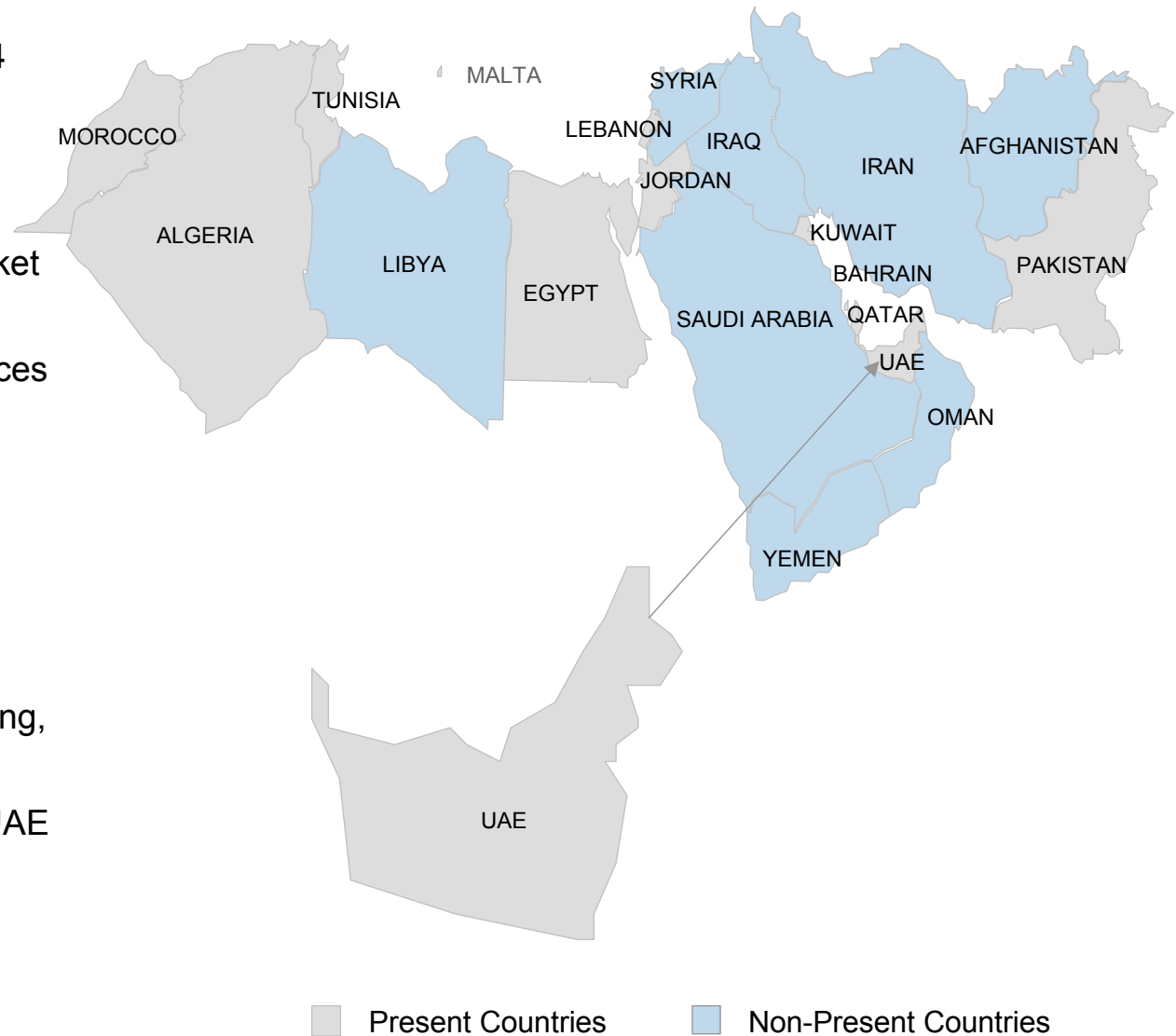
# Citi's Global Market Presence

Citi's unique and award-winning DCC services network consists of 57 proprietary locations, the largest in the world



# Citi in the UAE

- 44 year presence in the UAE since 1964
- Five Branches
- 50 ATM Locations
- A major player in UAE's credit card market
- A leading provider of banking, wealth management and consumer credit services
- Full Suite of Corporate and Commercial Banking products
  - Cash Management
  - Trade Finance and Services
  - Securities and Fund Services (SFS)
  - Foreign Exchange and Hedging
  - Corporate Finance, Investment banking, Advisory
- Citi's DCC Services established in the UAE (January 2009)
  - 55th, 56th and 57th market in the proprietary network
  - 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> in GCC

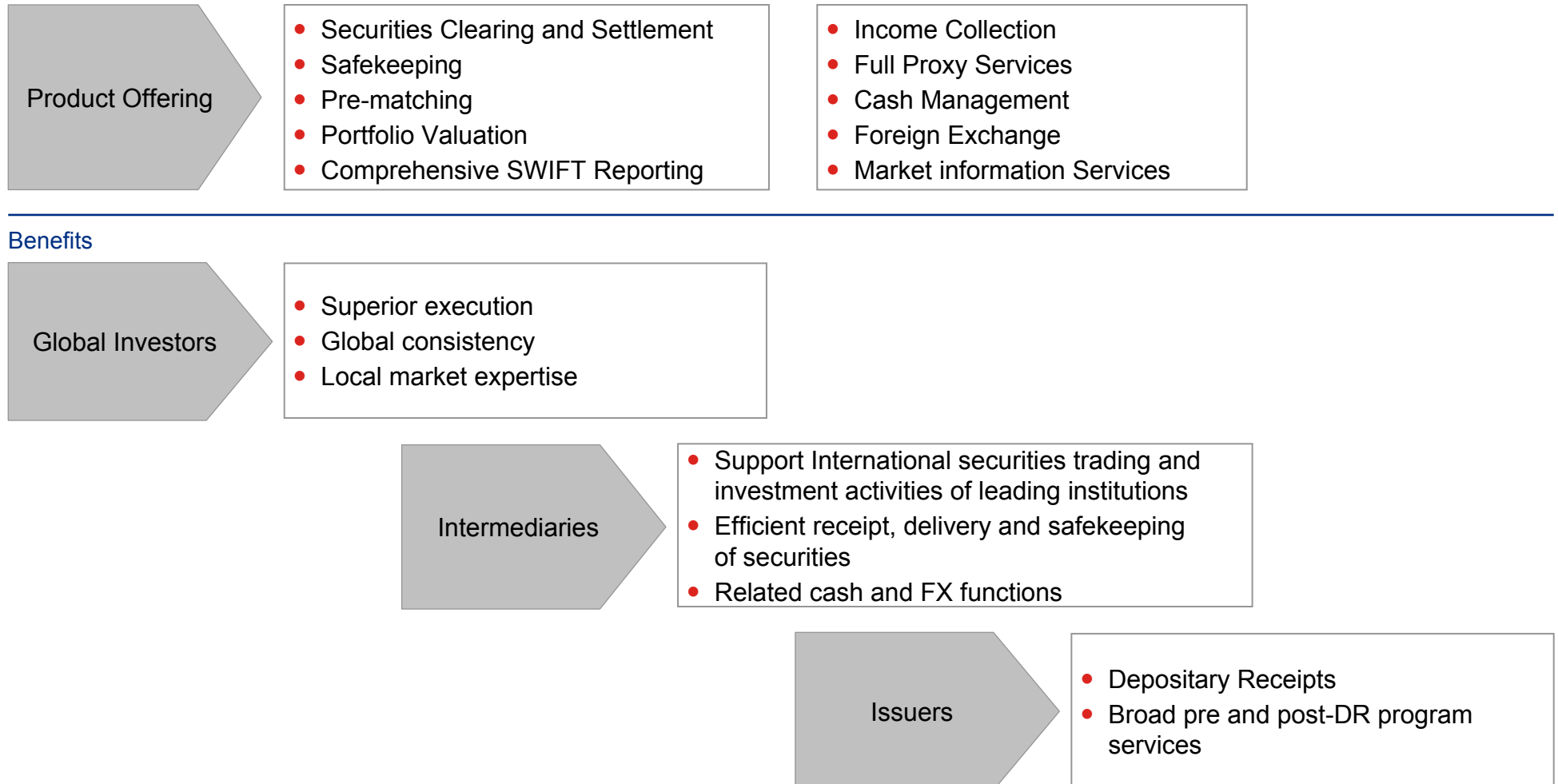


# Why Choose Citi UAE

Citi offering	Differentiating Factors	Client benefits
Ease of accessing markets	<ul style="list-style-type: none"> <li>• Access to the three markets in the UAE through a single platform and a single account structure: Abu Dhabi Securities Exchange (ADX), Dubai Financial Market (DFM) and NASDAQ Dubai</li> </ul>	<ul style="list-style-type: none"> <li>• Consistency across all markets where Citi is the chosen provider</li> </ul>
Technology/Systems – Quality	<ul style="list-style-type: none"> <li>• Global Technology platform that provides consistency with other Citi Securities Services centres around the globe (SeCore)</li> </ul>	<ul style="list-style-type: none"> <li>• Clients will benefit from the familiarity of the systems and reporting</li> <li>• Allows automation/STP</li> <li>• Ability to benefit from best market practices</li> </ul>
Quality of product	<ul style="list-style-type: none"> <li>• Competitive cut-off times</li> <li>• Real time trade status via ISO 15022 messages</li> </ul>	<ul style="list-style-type: none"> <li>• Increased flexibility for instructing trades</li> </ul>
Relationship	<ul style="list-style-type: none"> <li>• Unique coverage model with centralised Relationship Management and local teams in the market</li> </ul>	<ul style="list-style-type: none"> <li>• Full control at the local market level while retaining capability to escalate wider issues to the global RM team</li> </ul>
Market Influence	<ul style="list-style-type: none"> <li>• Present in UAE since 1964 – Representation with local regulatory bodies and market infrastructures</li> </ul>	<ul style="list-style-type: none"> <li>• Clients well represented in the local market as a result of Citi's influence resulting from its active participation, long presence and financial strength</li> <li>• Best practices implemented for our clients</li> </ul>

# UAE DCC Product Offering

Industry surveys consistently rank us as a premier choice for custody, clearing, agency and trust, and depository receipts services in more markets than any other bank



# Contact Information

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# Questions & Answers

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In January 2007, Citi released a Climate Change Position Statement, the first US financial institution to do so. As a sustainability leader in the financial sector, Citi has taken concrete steps to address this important issue of climate change by: (a) targeting \$50 billion over 10 years to address global climate change: includes significant increases in investment and financing of alternative energy, clean technology, and other carbon-emission reduction activities; (b) committing to reduce GHG emissions of all Citi owned and leased properties around the world by 10% by 2011; (c) purchasing more than 52,000 MWh of green (carbon neutral) power for our operations in 2006; (d) creating Sustainable Development Investments (SDI) that makes private equity investments in renewable energy and clean technologies; (e) providing lending and investing services to clients for renewable energy development and projects; (f) producing equity research related to climate issues that helps to inform investors on risks and opportunities associated with the issue; and (g) engaging with a broad range of stakeholders on the issue of climate change to help advance understanding and solutions.

Citi works with its clients in greenhouse gas intensive industries to evaluate emerging risks from climate change and, where appropriate, to mitigate those risks.

efficiency, renewable energy & mitigation

