



مصرف الإمارات العربية المتحدة المركزي  
CENTRAL BANK OF THE U.A.E.

**United Arab Emirates**  
**Monetary, Banking & Financial Markets Developments**

**2022 – 3<sup>rd</sup> Quarter Report**

**November 2022**

## Introduction

As part of its commitment to promote economic and financial stability and growth in the UAE, the Central Bank of the UAE actively fosters a stable and efficient financial system by providing effective central banking services. The *United Arab Emirates Monetary, Banking and Financial Markets Developments Report* is one of the many avenues through which the Central Bank seeks to keep its stakeholders informed.

This report discusses the monetary and banking activities as well as developments in the UAE financial markets during the third quarter of 2022. The report also reviews ratios of annual change over the period from September 2021 to September 2022.

## Monetary Developments

Money Supply **M<sub>1</sub>**, which comprises Currency in Circulation outside Banks (Currency Issued - Cash at banks) plus Monetary Deposits, decreased by 0.4% (q-o-q) during the third quarter of 2022.

On an annual basis, there was 8.2% (y-o-y) hike in the monetary aggregate **M<sub>1</sub>**, reaching AED 723.0 billion at the end of September 2022.

Money Supply **M<sub>2</sub>** (**M<sub>1</sub>** plus Quasi Monetary Deposits (Resident Time and Savings Deposits in Dirham, plus Resident Deposits in Foreign Currencies)), grew by 1.4% (q-o-q) during the third quarter of 2022.

On an annual basis, there was 10.7% (y-o-y) increase in Money Supply **M<sub>2</sub>**, reaching AED 1,645.6 billion at the end of September 2022.

Money Supply **M<sub>3</sub>** (**M<sub>2</sub>** plus government deposits at banks and at the Central Bank) also rose by 5.6% (q-o-q) during the third quarter of 2022.

On an annual basis, there was a 14.6% (y-o-y) rise in Money Supply **M<sub>3</sub>**, reaching AED 2,048.1 billion at the end of September 2022.

<b>Table 1 - Monetary Developments in the UAE</b>											
<b>(In Billions Dirhams - End of Period)</b>											
	2021				2022						
	Third Quarter		Fourth Quarter		First Quarter		Second Quarter		Third Quarter*		
	Amount	Quarterly Change (%)	Amount	Quarterly Change (%)	Amount	Quarterly Change (%)	Amount	Quarterly Change (%)	Amount	Change (%)	
										Quarterly	Annual
<b>Money Supply (M<sub>1</sub>)</b>	668.5	1.4%	701.9	5.0%	728.2	3.7%	726.2	-0.3%	723.0	-0.4%	8.2%
<b>Money Supply (M<sub>2</sub>)</b>	1,485.9	-0.2%	1,563.1	5.2%	1,593.4	1.9%	1,622.2	1.8%	1,645.6	1.4%	10.7%
<b>Money Supply (M<sub>3</sub>)</b>	1,786.9	0.8%	1,856.7	3.9%	1,885.3	1.5%	1,939.9	2.9%	2,048.1	5.6%	14.6%

*Source- Data received from banks operating in the UAE*

**M<sub>1</sub>** = Currency in Circulation Outside Banks (Currency Issued - Cash at banks) + Monetary Deposits

**M<sub>2</sub>** = M<sub>1</sub> + Quasi-Monetary Deposits

**M<sub>3</sub>** = M<sub>2</sub> + Government Deposits

\*Estimates, subject to revision

## **Banking Sector Development**

### **1- Banks Operating in the UAE**

At the end of the third quarter of 2022, the number of locally incorporated banks remained unchanged at 23 banks. The branches of these locally incorporated banks decreased to 506 branches at the end of September 2022. The number of electronic banking service units of these banks rose to 44 units at the end of the third quarter of 2022. The number of Cash Offices also remained constant at 21 Cash Offices at the end of September 2022.

The number of GCC banks continue to remain steady at the end of third quarter of 2022 at 6 banks, and one wholesale GCC Bank. The branches of these banks also remains constant at 6 branches at the end of September 2022. The number of other foreign banks also remains unchanged at 21 banks with 68 branches. The number of electronic banking service units of these banks increased to 22 units at the end of the third quarter of 2022. The number of cash offices of these banks also remains consistent at one cash office during the third quarter of 2022.

The technological and structural advancements in the UAE financial sector has resulted in increased accessibility of mobile banking applications, online banking and ease in the use of automated teller machines (ATM) for the past several years. These improvements continue to pay off by enhancing smooth operations of the banking system.

At the end of the third quarter of 2022, the number of financial institutions licensed by the Central Bank, i.e., Wholesale Banks, Representative Offices, Finance Companies, Moneychangers and Offices for Intermediating in Currency Trading & Money Market Operations reached 10, 73, 18, 86 and 3, correspondingly.

The total number of ATM of banks operating in the UAE reached 4,376 by the end of September 2022.

<b>Table-2 Banks, Other Financial Institutions &amp; ATM</b>									
<b>2020 - 2022</b>									
	<b>2020</b>		<b>2021</b>				<b>2022</b>		
	<b>Sep</b>	<b>Dec</b>	<b>Mar</b>	<b>Jun</b>	<b>Sep</b>	<b>Dec</b>	<b>Mar</b>	<b>Jun</b>	<b>Sep*</b>
<b>Locally Incorporated Banks</b>									
Main Branches	21	21	21	21	21	22	22	23	23
Additional Branches	559	541	534	522	521	513	511	508	506
Electronic Banking Service Units	32	34	35	40	42	41	42	43	44
Cash Offices	26	23	22	22	20	20	20	21	21
<b>GCC Banks (Excluding Wholesale Banks)</b>									
Main Branches	6	6	6	6	6	6	6	6	6
Additional Branches	5	5	5	6	6	6	6	6	6
<b>Other Foreign Banks</b>									
Main Branches	21	21	21	21	21	21	21	21	21
Additional Branches	73	68	68	68	68	68	68	68	68
Electronic Banking Service Units	23	23	23	22	21	21	21	21	22
Cash Offices	1	1	1	1	1	1	1	1	1
<b>Wholesale Banks</b>	<b>11</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>
of which GCC Banks	1	1	1	1	1	1	1	1	1
<b>Representative Offices</b>	<b>86</b>	<b>86</b>	<b>83</b>	<b>83</b>	<b>81</b>	<b>78</b>	<b>77</b>	<b>76</b>	<b>73</b>
<b>Finance Companies</b>	<b>22</b>	<b>22</b>	<b>21</b>	<b>21</b>	<b>19</b>	<b>19</b>	<b>19</b>	<b>19</b>	<b>18</b>
<b>Moneychangers</b>	<b>97</b>	<b>97</b>	<b>94</b>	<b>93</b>	<b>89</b>	<b>89</b>	<b>87</b>	<b>86</b>	<b>86</b>
<b>Offices for Intermediating in Currency Trading &amp; Money Market Operations</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>6</b>	<b>4</b>	<b>3</b>
<b>ATM</b>	<b>4,542</b>	<b>4,422</b>	<b>4,343</b>	<b>4,311</b>	<b>4,345</b>	<b>4,396</b>	<b>4,400</b>	<b>4,389</b>	<b>4,376</b>

*Source: Banking Supervision Department and UAESWITCH*

*\*Estimates, subject to revision*

## 2- Bank Assets and Loans

At the end of the third quarter of 2022, total assets of banks operating in the UAE increased by 3.9% (q-o-q), reaching AED 3,583.0 billion. During the period between September 2021 and September 2022, the total assets of banks operating in the UAE increased by 10.3% (y-o-y).

Gross credit increased by 0.4% (q-o-q), reaching 1,873.4 billion at the end of September 2022. On an annual basis, gross credit increased by 5.5%.

## 3- Customer Deposits

At the end of September 2022, total deposits of resident and non-resident customers with banks operating in the UAE rose by 4.5% (q-o-q) and annually by 12.6% (y-o-y), reaching AED 2,186.9 billion. Resident deposits increased by 6.2% (q-o-q), reaching AED 1,958.3 billion at the end of the third quarter of 2022. Non-resident deposits decreased by 8.0% (q-o-q), settling at AED 228.6 billion by the end of September 2022.

On an annual basis, Resident deposits increased by 15.3%, whereas, Non-resident deposits fell by 6.0%.

## 4- Capital and Reserves

Capital adequacy ratios measure the amount of a bank's capital expressed as a percentage of its risk weighted exposures. A high capital adequacy ratio provides protection to depositors and promotes the stability and efficiency of the financial system of an economy. Effective December 2017, banks in the UAE follow Basel III principles for calculating the Capital Adequacy Ratios in line with the Regulation and Standards issued by the Central Bank.

Aggregate Capital and Reserves of banks operating in the UAE increased by 3.5% (q-o-q), reaching AED 413.3 billion at the end of the third quarter of 2022. At the end of the third quarter of 2022, Total Capital Adequacy Ratio stood at 17.5%, remaining well above the 13.0% Capital Adequacy Ratio, including the 2.5% Capital Conservation Buffer requirement and the 8.5% Tier1 Ratio, prescribed by the Central Bank regulations in compliance with the Basel III guidelines.

<b>Table- 3: Banking Indicators</b>											
(End of Month, Figures in billions of Dirhams unless otherwise indicated)											
	2021				2022						% Annual Change
	Sep*	Quarterly Change (%)	Dec	Quarterly Change (%)	Mar	Quarterly Change (%)	Jun	Quarterly Change (%)	Sep*	Quarterly Change (%)	
<b>Total Assets</b>	3,247.1	1.2%	3,321.5	2.3%	3,336.4	0.4%	3,449.2	3.4%	3,583.0	3.9%	10.3%
Banks' Investments in Central Bank CDs & M Bills	163.9	8.8%	164.7	0.5%	163.4	-0.8%	150.9	-7.6%	145.7	-3.4%	-11.1%
Of which: Shariah Compliant Certificates of Deposits	55.1	-6.5%	49.1	-10.9%	44.8	-8.8%	39.0	-12.9%	25.3	-35.1%	-54.1%
Gross Credit <sup>(1)</sup>	1,776.5	0.4%	1,794.0	1.0%	1,831.9	2.1%	1,866.1	1.9%	1,873.4	0.4%	5.5%
Personal Loans to Residents	343.8	2.2%	347.6	1.1%	356.8	2.6%	361.2	1.2%	368.6	2.0%	7.2%
Total Deposits <sup>(2)</sup>	1,942.3	1.8%	1,996.5	2.8%	2,006.2	0.5%	2,091.9	4.3%	2,186.9	4.5%	12.6%
Capital & Reserves <sup>(3)</sup>	393.7	2.4%	402.5	2.2%	395.5	-1.7%	399.3	1.0%	413.3	3.5%	5.0%
Capital Adequacy Ratio <sup>(4)</sup>	17.7%	1.1%	17.2%	-2.8%	17.1%	-0.6%	16.9%	-1.2%	17.5%	3.6%	-1.1%
Tier-1 Ratio	16.5%	1.2%	16.1%	-2.4%	16.0%	-0.6%	15.8%	-1.3%	16.3%	3.2%	-1.2%
Common Equity Tier 1(CET 1 ) Capital Ratio	14.7%	1.4%	14.2%	-3.4%	14.2%	0.0%	14.0%	-1.4%	14.5%	3.6%	-1.4%

<sup>(1)</sup> Includes credit to residents and non-residents: loans to non-banking financial institutions, Trade Bills Discounted and Loans and Advances to the Government and Public Sector, Private sector (corporates and individuals) in local and foreign currencies.

<sup>(2)</sup> Net of inter-bank deposits and bank drafts, including commercial prepayments.

<sup>(3)</sup> Excluding subordinated borrowings/deposits, but including current year profit.

<sup>(4)</sup> Total Capital Ratio, Tier 1 Ratio and CET 1 Ratio for the period starting from Dec 2017 are calculated according to the Basel III Guidelines issued by CBUAE vide Circular 52/2017. Whereas CAR for period prior to Dec 2017 are according to Basel II Guidelines.

\*Estimates, subject to revision

## 5- Foreign Assets of the Central Bank

At the end of the third quarter of 2022, the Central Bank's foreign assets decreased by 2.1% (q-o-q), reaching AED 424.3 billion. This reduction was because of quarterly decreases in Current Account Balances & Deposits with banks abroad by 0.4% (a quarterly reduction of AED 0.9 billion) and in Foreign Securities by 6.5% (a quarterly fall of AED 8.4 billion), overshadowing the rise in Other Foreign Assets by 0.4% (a quarterly increase of AED 0.2 billion).

From September 2021 to September 2022, central bank foreign assets increased by 1.7% (y-o-y). However, central bank foreign Assets decreased by 9.0% (y-t-d) from December 2021 to September 2022.

## 6- Abu Dhabi and Dubai Financial Markets Values

Abu Dhabi's quarterly average Financial Market Index fell by 2.1% (q-o-q) during the third quarter of 2022. The quarterly average Market Capitalization of companies listed at the Abu Dhabi Securities Exchange (ADX) increased by AED 140.7 billion reaching AED 2,104.1 billion at the end of the third quarter of 2022. The Quarterly Traded Value decreased by 10.9% (q-o-q) during the third quarter of 2022 falling to AED 88.0 billion.

On an annual basis, the Abu Dhabi Financial Market Index rose by 51.5%.

Dubai's quarterly average Financial Market Index decreased by 1.7% (q-o-q) during the third quarter of 2022. The quarterly average Market Capitalization of companies listed on the Dubai Financial Market (DFM) increased by AED 12.7 billion reaching AED 566.9 billion at the end of the third quarter of 2022. Quarterly Traded Value decreased by 25.5% (q-o-q) during the third quarter of 2022 reaching AED 19.8 billion.

On an annual basis, the Dubai Financial Market Index increased by 26.0% (y-o-y).



**Table 4: Abu Dhabi Securities Exchange (ADX) Indicators**

	2020				2021				2022		
	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep
<b>Number of listed Companies</b>	69	69	69	73	74	76	80	82	83	86	86
<b>General Share Price Index**</b>	4,597.4	4,219.3	4,447.4	4,890.1	5,723.2	6,480.3	7,567.2	8,300.0	9,324.1	9,968.4	9,762.9
<i>Quarterly Variation (%)</i>	-9.3%	-8.2%	5.4%	10.0%	17.0%	13.2%	16.8%	9.7%	12.3%	6.9%	-2.1%
<i>Annual Variation Y-o-Y (%)</i>	2.3%	-4.4%	-9.3%	-11.1%	-3.3%	13.0%	34.5%	54.6%	64.3%	63.2%	51.5%
<b>Market Capitalization (Billion AED)**</b>	497.5	483.9	672.7	725.7	826.7	1,002.0	1,368.8	1,572.0	1,753.6	1,963.4	2,104.1
<b>Quarterly Traded Values (Billion AED)</b>	10.1	9.5	17.0	28.8	50.3	87.7	86.0	118.2	100.9	98.8	88.0

*Source: Abu Dhabi Securities Exchange (ADX)*

**Table 5: Dubai Financial Markets (DFM) Indicators**

	2020				2021				2022		
	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Jun
<b>Number of listed Companies*</b>	66	67	65	65	64	64	64	62	62	63	63
<b>General Share Price Index**</b>	2,383.9	1,975.6	2,189.9	2,366.5	2,585.3	2,737.8	2,792.3	3,044.3	3,361.4	3,430.1	3,373.4
<i>Quarterly Variation (%)</i>	-12.7%	-17.1%	10.8%	8.1%	9.2%	5.9%	2.0%	9.0%	10.4%	2.0%	-1.7%
<i>Annual Variation Y-o-Y (%)</i>	-4.4%	-8.5%	-13.9%	-17.8%	-14.1%	-0.3%	13.0%	25.2%	30.9%	27.8%	26.0%
<b>Market Capitalization (Billion AED)**</b>	338.9	289.2	307.6	328.7	353.9	379.0	387.1	399.2	421.6	554.2	566.9
<b>Quarterly Traded Values (Billion AED)</b>	14.2	16.9	19.3	14.7	15.4	13.0	9.8	32.2	22.8	26.6	19.8

*\*includes foreign companies*

*Source: Dubai Financial Markets (DFM)*

\*\*The Quarterly Share Price Index and the Quarterly Market Capitalization are measured as the quarterly average of monthly observations.

\*\*\*The annual variation of the Share Price Indices are measured as the yearly averages of monthly observations.