United Arab Emirates

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

Credit Sentiment Survey

Survey Results | 2026 Q2

Credit Sentiment Survey

The Credit Sentiment Survey ("Survey") is a quarterly publication by the Central Bank of the UAE ("CBUAE") that gathers information from Senior Credit Officers across all banks and credit-providing financial institutions in the country. The Survey evaluates qualitative responses to a series of questions regarding credit conditions in the most recent quarter and expectations for the upcoming quarter.

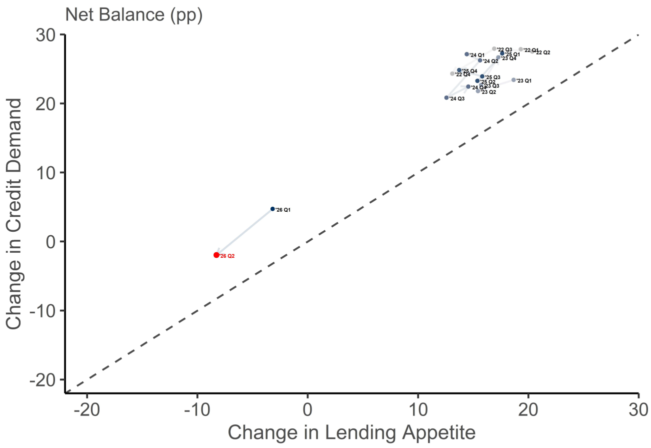
The opinions expressed in this report, including all results and analyses, are solely those of the survey respondents and do not represent the views of the CBUAE. Further details about the Survey, along with its questionnaire results, are available in the "About the Survey" section and annexes to this report.

Executive Summary

Financial institutions have become more cautious in their lending behavior amid resilient loan demand, which weighed on credit sentiment and resulted in a continued softening of credit conditions in the June quarter. The moderation was more pronounced in the personal lending segment, reflecting higher economic uncertainty. Based on survey results, the deterioration in credit sentiment is expected to be temporary, with both supply and demand conditions expected to strengthen during the September quarter.

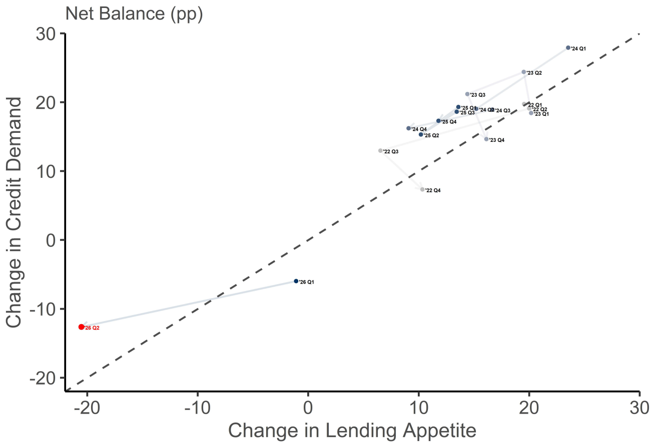
Business Lending – Business lending moderated during the quarter as both credit demand and lending appetite weakened (Chart 1). Perceptions of less favorable economic conditions and subdued investment activity were the principal factors weighing on loan demand, while a weaker economic outlook and lower risk tolerance softened lending appetite. By sector, loan demand was weak across the board, with all industries recording net balances below their long-run averages, although the extent of the slowdown varied across sectors. Despite the weaker outrun, credit conditions are expected to improve, supported by a recovery in both loan demand and lending appetite next quarter, suggesting recent results are likely to be short-lived.

Chart 1 Business Loans: Change in Supply vs. Demand



Personal Lending – Credit conditions were notably weaker for personal loans relative to business loans, with declines in both loan demand and lending appetite across all major lending categories (Chart 2). Loan demand softened broadly, with the largest declines recorded for car loans and housing loans. Softer economic conditions and lower household income remained the primary factors affecting credit demand, while financial institutions adopted a more cautious lending stance amid a weaker economic outlook and lower risk tolerance, particularly towards car loans and credit cards. The outlook for Q3 suggests survey respondents expect recent weakness to be short-lived, with both demand and lending appetite expected to recover across all major categories.

Chart 2 Personal Loans: Change in Supply vs. Demand



Business Lending[1]

Demand for business loans eased during the quarter, with the overall net balance turning slightly negative at -2.0pp. Nearly half of surveyed financial institutions (47.2%) indicated that demand was unchanged, while 26.8% reported stronger demand and 26.0% observed weaker demand. Demand remained strongest in Abu Dhabi, ahead of Dubai, while demand in the Northern Emirates was weakest. Despite the weaker outturn, financial institutions expect loan demand to rebound next quarter, with the overall net balance projected to rise to +22.7pp (Chart 3).

Demand varied across borrower segments, with small and medium-sized enterprises (SMEs) showing the highest sensitivity. Government-related entities (GREs) continued to record the strongest demand, followed by large firms (Chart 4). Demand from local firms was strongest, whereas demand from expatriate and non-resident firms remained subdued. Loan demand is expected to recover across all firm categories next quarter, with the largest improvement anticipated among SMEs, followed by large firms and GREs.

Sectoral loan demand weakened broadly, with all sectors recording net balances below their long-run averages (since 2014). Demand from financial institutions (excluding banks) remained unchanged, while construction saw the smallest decline. Higher declines were recorded in more vulnerable sectors, such as transport, storage and communications, mining and quarrying, property development as well as retail and wholesale trade (Chart 5). Survey responses suggest a more favorable outlook for next quarter, with demand expected to strengthen across all sectors, led by manufacturing, electricity, gas and water, and retail and wholesale trade.

Chart 3 Business Loans: Change in Demand

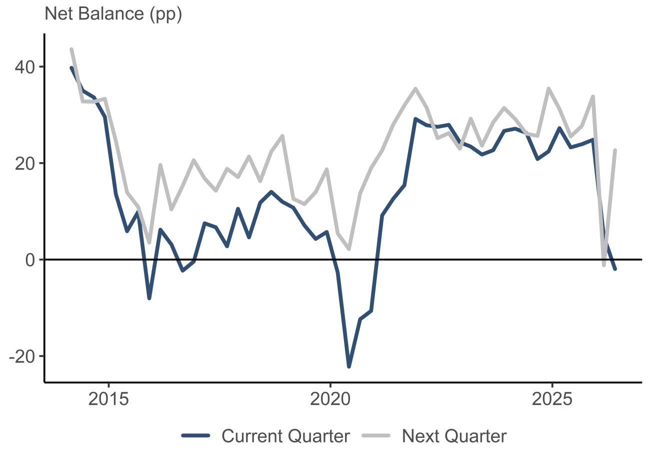


Chart 4 Business Loans: Change in Demand by Type

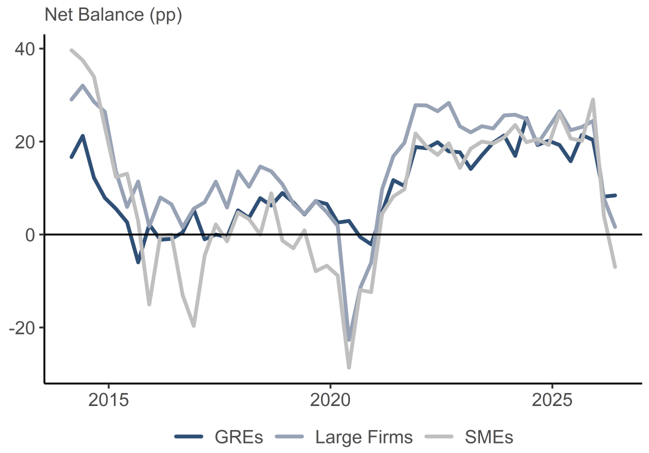
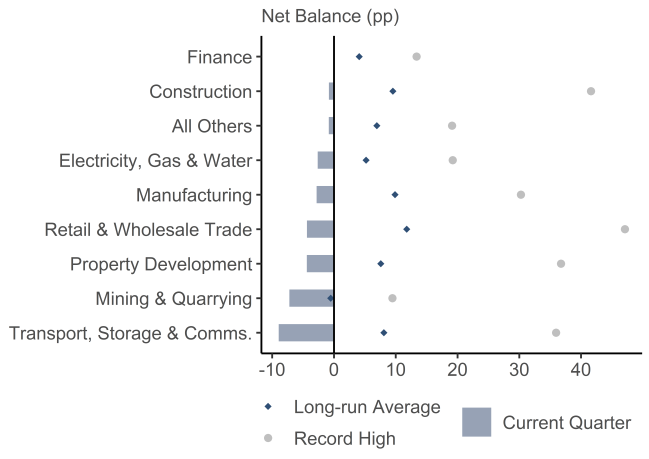


Chart 5 Business Loans: Change in Demand by Industry



[1] Full survey results are presented in Annex 1 of this report.

Perceptions of weaker economic conditions and subdued investment weighed on business loan demand, while seasonal influences also exerted an adverse effect. These effects were partly offset by changes in government-related expenditure, working capital requirements, and to a lesser extent, interest rates, which continued to support loan demand (Chart 6). Beyond these factors, some financial institutions noted that ongoing geopolitical developments, supply chain disruptions, and oil market volatility affected business loan demand.

Lending appetite moderated during the quarter, resulting in an overall net balance of -8.3pp, consistent with continued caution among financial institutions towards business lending. The decline was more pronounced for large firms than for SMEs. A weaker economic outlook and lower risk tolerance were the primary factors weighing on lending appetite, followed by funding conditions and softer borrower creditworthiness. These pressures were partially offset by improvements in asset quality, competition from other banks, and regulatory changes. Lending appetite is expected to strengthen next quarter, with the overall net balance rising to +7.5pp.

Credit standards changed only modestly, with most lending conditions remaining broadly stable. Financial institutions indicated tighter collateralization requirements, followed by higher premiums charged on riskier loans and wider spreads over funding costs. Non-interest fees and charges increased only marginally, whereas the maximum size of credit lines declined moderately (Chart 7).

Business loan rejection rates increased during the quarter, with the overall net balance reaching +6.0pp. The increase was more pronounced for large firms, although rejection rates also rose for SMEs.

Chart 6 Business Loans: Factors Influencing Demand

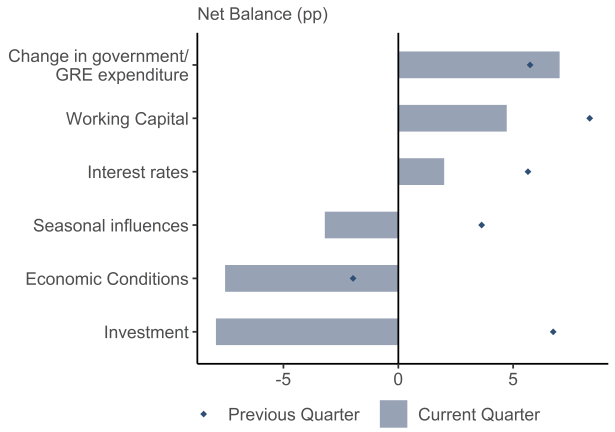
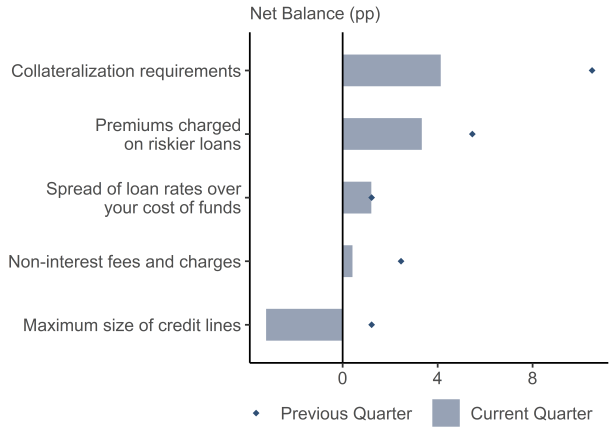


Chart 7 Business Loans: Change in Terms and Conditions on New Loans



Personal Lending[2]

Personal loan demand declined further during the quarter, with the overall net balance falling to -12.6pp. The largest decrease was recorded in the Northern Emirates, followed by Dubai, while Abu Dhabi experienced the smallest decline. Survey responses indicate a significant recovery in credit demand next quarter, with a net balance of +25.3pp for the expectations measure (Chart 8).

Across lending categories, loan demand weakened across the board. Car loans registered the largest decline, followed by housing loans (owner-occupier, investment, and other), and non-housing investment loans (Chart 9). Expectations for the next quarter are more positive, with all categories expected to increase, and credit card lending anticipated to register the strongest increase in demand, followed by housing loans (owner-occupier, investment, and other), and personal (other) loans.

Perceived economic conditions remained the principal factor weighing on personal loan demand during the quarter, while lower household income and seasonal influences also dampened borrowing activity. Interest rates also played a modest role in weakening demand, albeit to a much lesser extent. In addition to these factors, some financial institutions noted ongoing geopolitical developments and weaker customer activity.

Financial institutions adopted a more cautious approach to personal lending during the quarter, with the overall lending appetite net balance declining to -20.5pp. The reduction in appetite was evident across all lending categories, with car loans recording the largest decrease, followed by credit cards and other housing loans (includes refinancing and renovations) (Chart 10). Lending appetite is expected to recover next quarter across all personal loan categories, with the overall net balance projected to increase to +13.3pp, with the strongest improvement anticipated for credit cards and housing loans (owner-occupier, investment, and other).

Chart 8 Personal Loans: Change in Demand

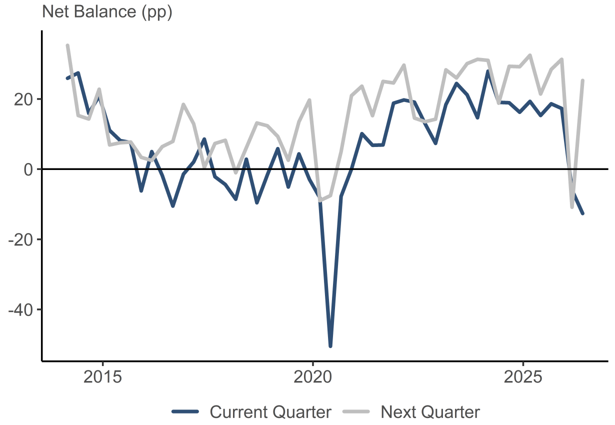


Chart 9 Personal Loans: Change in Demand for Housing-Related Loans

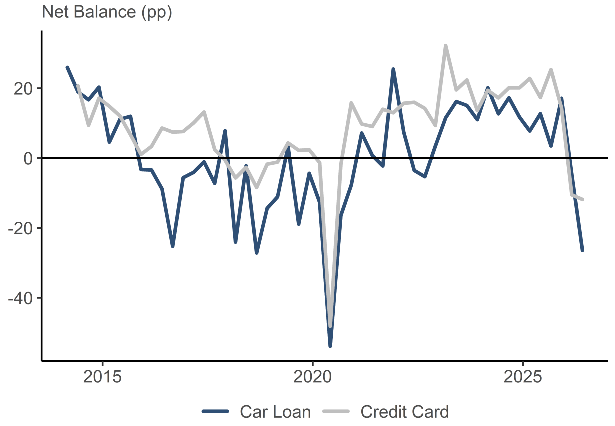
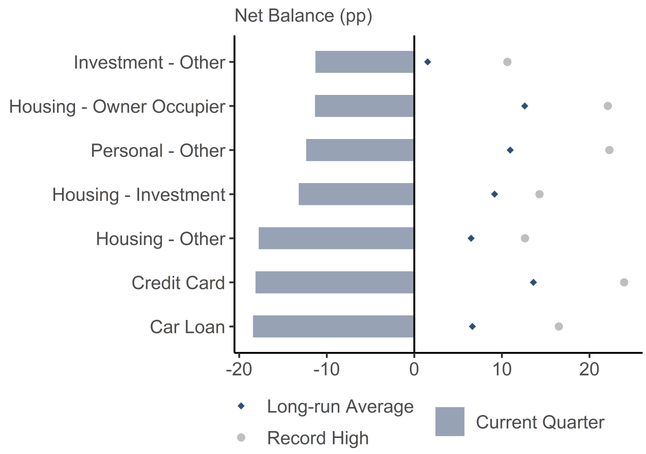


Chart 10 Personal Loans: Change in Lending Appetite by Type



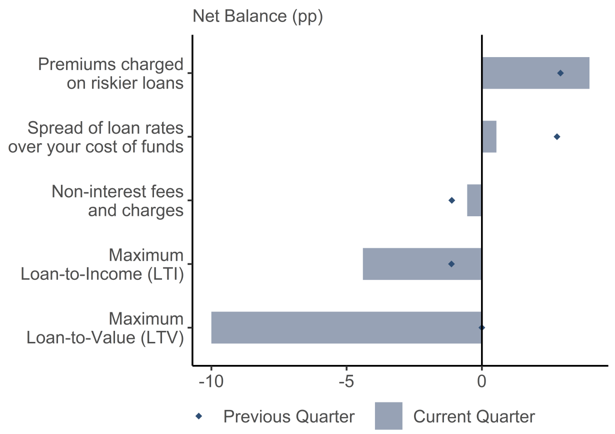
[2] Full survey results are presented in Annex 2 to this report

Lending appetite was primarily constrained by perceptions of a weaker economic outlook, alongside less favorable borrower creditworthiness, lower risk tolerance, cost of funds and balance sheet constraints, and less supportive asset quality. Competition from other banks and financial institutions provided only limited support, while regulatory changes had no material impact. Some financial institutions also identified ongoing geopolitical developments and tighter retail credit policies as additional factors affecting lending appetite.

Personal lending terms changed only modestly overall, with most financial institutions reporting no adjustments to credit conditions. Where changes occurred, premiums on riskier loans increased and spreads over funding costs widened slightly, while maximum LTI and LTV ratios were reduced. Non-interest fees and charges remained broadly unchanged (Chart 11).

Personal loan rejection rates increased during the quarter, resulting in an overall net balance of +11.8pp. The largest rise in rejection rates was recorded for credit card applications, followed by housing-related loans and car loans.

Chart 11 Personal Loans: Change in Terms and Conditions on New Loans



About the Survey

The Credit Sentiment Survey ("The Survey") is a quarterly publication, which collects information from all banks and credit-providing financial institutions in the UAE. The Survey was first launched in Q1 2014 as part of the CBUAE's efforts to gauge both supply and demand-side factors influencing the local credit market, and to further understand the linkages between credit sentiment and the broader UAE economy. A series of multiple choice questions were addressed to Senior Credit Officers (or employees of similar standing). These questions gauge the survey respondents' experiences and expectations with respect to changes in both demand for credit as well as credit availability, for both business and personal lending.

More information on the Survey can be found in Notice No. 107/2014 addressed to all banks and finance companies operating in the UAE.

This report presents the findings of the 2026 Q2 Survey, which was carried out between 12 June and 27 July 2026. The Survey questionnaire results are available in the annexes attached to this report.

The total sample size for the June quarter survey was 240 respondents, with 108 answering questions related to personal credit and 132 answering questions related to business credit. The March quarter sample included responses from Senior Credit Officers, covering Abu Dhabi, Dubai and the Northern Emirates, of all banks and finance companies, conventional and Islamic financial institutions. These results do not reflect the views of the CBUAE on credit sentiment in the UAE and should not be construed as such.

Results from the survey are reported as a net balance (expressed as a percentage). Taking demand for loans as an example, net balance is calculated as the weighted percentage of respondents reporting an increase in demand for loans minus the weighted percentage of respondents reporting a decrease in demand for loans. Responses indicating a modest change are given half the weighting of those reporting a significant change in the surveyed quarter. A positive net balance measure indicates an increase in demand for loans during the quarter.

For example, the net balance for loan demand = *(% of Respondents Reporting a Substantial Increase + 0.5 x % of Respondents Reporting a Moderate Increase) – (% of Respondents Reporting a Substantial Decrease + 0.5 x % of Respondents Reporting a Moderate Decrease)*. The same calculation applies to other measures, such as appetite to extend loans, changes in terms and conditions, and factors influencing loan demand and credit appetite.

The scheduled publication dates for the upcoming surveys are:

- 2026 Q3 Survey in November 2026
- 2026 Q4 Survey in February 2027
- 2027 Q1 Survey in May 2027
- 2027 Q2 Survey in August 2027

These publications will be available on the CBUAE's website at www.centralbank.ae

Should you have any queries or comments on the Survey results, please communicate with the CBUAE's Monetary Policy Department via: Monetary.Policy@cbuae.gov.ae

Annex 1

Business Lending
Survey Questionnaire Results[3]

Q1. How has demand for business loans changed relative to the preceding quarter? (% of total)

	Decreased Substantially	Decreased Moderately	No Change	Increased Moderately	Increased Substantially	Net Balance
All Firms	4.7	21.3	47.2	26.8	0.0	-2.0
Abu Dhabi	2.3	20.9	46.5	30.2	0.0	2.3
Dubai	4.1	20.4	44.9	30.6	0.0	1.0
Northern Emirates	8.6	22.9	51.4	17.1	0.0	-11.4
Small and Medium-Sized Enterprises	5.2	22.6	53.0	19.1	0.0	-7.0
Large Firms	4.9	18.7	45.5	30.1	0.8	1.6
Government-Related Entities	3.0	6.9	60.4	29.7	0.0	8.4
Conventional	5.7	22.9	47.6	23.8	0.0	-5.2
Islamic	7.4	5.9	69.1	17.6	0.0	-1.5
Non-resident	4.6	12.3	69.2	13.8	0.0	-3.8
Expat	0.0	19.6	64.7	15.7	0.0	-2.0
Local	0.0	19.4	53.7	25.9	0.9	4.2

Q2. By economic activity, how has demand for loans from firms changed compared to the preceding quarter? (% of total)

	Decreased Substantially	Decreased Moderately	No Change	Increased Moderately	Increased Substantially	Net Balance
Mining and Quarrying	4.1	17.5	67.0	11.3	0.0	-7.2
Manufacturing	3.2	19.2	57.6	20.0	0.0	-2.8
Electricity, Gas and Water	0.9	18.4	65.8	14.9	0.0	-2.6
Construction	4.8	18.5	50.0	26.6	0.0	-0.8
Property Development	2.6	21.1	58.8	17.5	0.0	-4.4
Retail and Wholesale Trade	4.0	19.0	58.7	18.3	0.0	-4.4
Transport, Storage and Communications	4.1	22.0	61.8	12.2	0.0	-8.9
Financial Institutions (excluding Banks)	0.0	12.0	76.1	12.0	0.0	0.0
All Others	0.0	18.0	65.6	16.4	0.0	-0.8

[3] All figures are rounded to one decimal place

Q3. How have the following factors affected the change in demand for business loans? (% of total)

	Substantial Contribution to a Fall in Demand	Moderate Contribution to a Fall in Demand	No Impact	Moderate Contribution to an Increase in Demand	Substantial Contribution to an Increase in Demand	Net Balance
Economic Conditions	3.2	34.9	36.5	24.6	0.8	-7.5
Working Capital	2.4	22.0	40.9	33.1	1.6	4.7
Investment	0.0	30.2	57.1	11.1	1.6	-7.9
Interest Rates	0.0	5.6	86.4	6.4	1.6	2.0
Seasonal Influences	0.8	14.4	76.8	6.4	1.6	-3.2
Change in Government/GRE Expenditure	0.0	5.0	76.0	19.0	0.0	7.0

Q4. How has your institution's appetite to extend loans changed relative to the preceding quarter? (% of total)

	Decreased Substantially	Decreased Moderately	No Change	Increased Moderately	Increased Substantially	Net Balance
All Firms	5.5	18.1	63.8	12.6	0.0	-8.3
Small and Medium-Sized Enterprises	6.3	13.4	65.2	15.2	0.0	-5.4
Large Firms	5.6	19.2	62.4	12.8	0.0	-8.8

Q5. How have the following factors affected your institution's appetite to extend business loans? (% of total)

	Substantial Contribution to a Fall in Appetite	Moderate Contribution to a Fall in Appetite	No Impact	Moderate Contribution to an Increase in Appetite	Substantial Contribution to an Increase in Appetite	Net Balance
Change in Risk Tolerance	4.7	19.5	63.3	12.5	0.0	-8.2
Cost of Funds/Balance Sheet Constraints	2.3	14.8	74.2	7.0	1.6	-4.7
Quality of Bank's Asset Portfolio	2.4	5.5	77.2	15.0	0.0	2.4
Competition from other Banks	0.0	0.8	93.5	5.6	0.0	2.4
Competition from other Financial Institutions	0.0	2.5	95.9	1.7	0.0	-0.4
Economic Outlook	4.7	25.8	53.9	15.6	0.0	-9.8
Regulatory Changes	0.0	3.1	89.0	7.9	0.0	2.4
Credit-worthiness of Borrowers	2.3	15.6	71.9	9.4	0.8	-4.7

Q6. How have the following terms and conditions for new business loans changed? (% of total)

	Decreased Substantially	Decreased Moderately	No Change	Increased Moderately	Increased Substantially	Net Balance
Maximum Size of Credit Lines	0.8	15.3	73.4	10.5	0.0	-3.2
Spread over Cost of Funds	0.8	8.9	77.4	12.9	0.0	1.2
Premiums Charged on Riskier Loans	0.8	5.0	80.8	13.3	0.0	3.3
Collateralization Requirements	0.0	5.8	81.0	12.4	0.8	4.1
Non-interest Fees and Charges	0.0	5.0	89.3	5.8	0.0	0.4

Q7. How has the share of rejected business loan applications changed? (% of total)

	Decreased Substantially	Decreased Moderately	No Change	Increased Moderately	Increased Substantially	Net Balance
All Firms	0.8	2.4	80.6	16.1	0.0	6.0
Small and Medium-Sized Enterprises	0.0	4.4	83.3	12.3	0.0	3.9
Large Firms	0.8	2.5	79.3	17.4	0.0	6.6

Q8. Over the next quarter, how do you expect demand for business loans to change? (% of total)

	Decrease Substantially	Decrease Moderately	No Change	Increase Moderately	Increase Substantially	Net Balance
All Firms	0.0	9.4	35.9	54.7	0.0	22.7
Small and Medium-Sized Enterprises	0.0	12.0	32.5	54.7	0.9	22.2
Large Firms	0.8	7.9	40.5	50.8	0.0	20.6
Government-Related Entities	0.0	2.8	57.0	40.2	0.0	18.7

Q9. Over the next quarter, how do you expect demand for business loans to change by economic activity? (% of total)

	Decreased Substantially	Decreased Moderately	No Change	Increased Moderately	Increased Substantially	Net Balance
Mining and Quarrying	0.0	6.2	75.3	18.6	0.0	6.2
Manufacturing	0.0	4.8	42.9	52.4	0.0	23.8
Electricity, Gas and Water	0.9	1.8	49.1	48.2	0.0	22.4
Construction	0.8	10.5	37.9	50.8	0.0	19.4
Property Development	0.9	11.5	51.3	36.3	0.0	11.5
Retail and Wholesale Trade	1.6	7.1	38.9	52.4	0.0	21.0
Transport, Storage and Communications	0.0	4.8	61.3	33.9	0.0	14.5
Financial Institutions (excluding Banks)	0.0	1.0	68.3	30.7	0.0	14.9
All Others	0.0	1.6	60.5	37.1	0.8	18.5

Q10. Over the next quarter, how do you expect your institution’s appetite to extend business loans to change? (% of total)

	Decrease Substantially	Decrease Moderately	No Change	Increase Moderately	Increase Substantially	Net Balance
All Firms	0.8	11.8	59.1	28.3	0.0	7.5
Small and Medium-Sized Enterprises	0.0	7.0	62.3	30.7	0.0	11.8
Large Firms	0.8	11.2	56.0	32.0	0.0	9.6

Annex 2

Personal Lending Survey Questionnaire Results[4]

Q1. How has demand for personal loans changed relative to the preceding quarter? (% of total)

	Decreased Substantially	Decreased Moderately	No Change	Increased Moderately	Increased Substantially	Net Balance
All Households	7.4	31.6	41.1	18.9	1.1	-12.6
Abu Dhabi	6.1	24.2	45.5	21.2	3.0	-4.5
Dubai	6.1	33.3	39.4	21.2	0.0	-12.1
Northern Emirates	10.3	37.9	37.9	13.8	0.0	-22.4
Islamic	7.5	20.0	52.5	10.0	10.0	-2.5
Conventional	5.8	43.5	34.8	15.9	0.0	-19.6
Housing – Owner Occupier	8.3	31.9	43.1	13.9	2.8	-14.6
Housing – Investment	14.5	24.6	49.3	8.7	2.9	-19.6
Housing – Other (includes refinancing, renovations)	8.2	26.0	56.2	5.5	4.1	-14.4
Car Loan	10.0	41.4	40.0	8.6	0.0	-26.4
Non-housing Investment	6.7	28.3	51.7	13.3	0.0	-14.2
Credit Card	9.2	23.7	52.6	10.5	3.9	-11.8
Personal - Other	7.7	25.6	38.5	24.4	3.8	-4.5

Q2. How have the following factors affected the change in demand for personal loans? (% of total)

	Substantial Contribution to a Fall in Demand	Moderate Contribution to a Fall in Demand	No Impact	Moderate Contribution to an Increase in Demand	Substantial Contribution to an Increase in Demand	Net Balance
Economic Conditions	9.5	38.9	32.6	17.9	1.1	-18.9
Change in Income	0.0	30.9	62.8	6.4	0.0	-12.2
Interest Rates	0.0	6.5	92.4	1.1	0.0	-2.7
Seasonal Influences	0.0	21.5	67.7	10.8	0.0	-5.4

[4] All figures are rounded to one decimal place

Q3. How has your institution's appetite to extend personal loans changed relative to the preceding quarter? (% of total)

	Decreased Substantially	Decreased Moderately	No Change	Increased Moderately	Increased Substantially	Net Balance
All Households	9.5	32.6	47.4	10.5	0.0	-20.5
Housing – Owner Occupier	4.0	28.0	54.7	13.3	0.0	-11.3
Housing – Investment	6.9	25.0	55.6	12.5	0.0	-13.2
Housing – Other (includes refinancing, renovations)	6.6	27.6	60.5	5.3	0.0	-17.8
Car Loan	11.8	22.4	56.6	9.2	0.0	-18.4
Non-housing Investment	4.8	19.4	69.4	6.5	0.0	-11.3
Credit Card	7.5	33.8	46.3	12.5	0.0	-18.1
Personal - Other	9.9	21.0	53.1	16.0	0.0	-12.3

Q4. How have the following factors affected your institution's appetite to extend personal loans? (% of total)

	Substantial Contribution to a Fall in Appetite	Moderate Contribution to a Fall in Appetite	No Impact	Moderate Contribution to an Increase in Appetite	Substantial Contribution to an Increase in Appetite	Net Balance
Change in Risk Tolerance	6.5	22.8	60.9	9.8	0.0	-13.0
Cost of Funds/Balance Sheet Constraints	6.5	5.4	83.7	4.3	0.0	-7.1
Quality of Bank's Asset Portfolio	3.2	9.5	75.8	9.5	2.1	-1.1
Competition from other Banks	0.0	3.3	93.5	1.1	2.2	1.1
Competition from other Financial Institutions	0.0	4.5	92.0	1.1	2.3	0.6
Economic Outlook	6.4	40.4	43.6	9.6	0.0	-21.8
Regulatory Changes	0.0	1.1	97.9	1.1	0.0	0.0
Credit-worthiness of Borrowers	3.1	22.9	71.9	2.1	0.0	-13.5

Q5. How have the following terms and conditions for new personal loans changed? (% of total)

	Decreased Substantially	Decreased Moderately	No Change	Increased Moderately	Increased Substantially	Net Balance
Spread over Cost of Funds	0.0	2.2	94.6	3.2	0.0	0.5
Premiums Charged on Riskier Loans	0.0	2.3	87.5	10.2	0.0	4.0
Non-interest Fees and Charges	0.0	1.1	98.9	0.0	0.0	-0.5
Maximum Loan-to-Value	0.0	20.0	80.0	0.0	0.0	-10.0
Maximum Loan-to-Income	0.0	8.8	91.2	0.0	0.0	-4.4

Q6. How has the share of rejected personal loan applications changed? (% of total)

	Decreased Substantially	Decreased Moderately	No Change	Increased Moderately	Increased Substantially	Net Balance
All Households	1.1	6.5	62.4	28.0	2.2	11.8
Housing-related Loans	0.0	10.7	68.0	17.3	4.0	7.3
Car Loans	1.3	9.0	69.2	16.7	3.8	6.4
Credit Card Applications	2.5	5.1	58.2	30.4	3.8	13.9

Q7. Over the next quarter, how do you expect demand for personal loans to change? (% of total)

	Decrease Substantially	Decrease Moderately	No Change	Increase Moderately	Increase Substantially	Net Balance
All Households	0.0	4.2	41.1	54.7	0.0	25.3
Housing – Owner Occupier	0.0	6.8	43.2	45.9	4.1	23.6
Housing – Investment	0.0	5.6	54.9	35.2	4.2	19.0
Housing – Other (includes refinancing, renovations)	0.0	6.7	50.7	41.3	1.3	18.7
Car Loan	0.0	6.6	55.3	38.2	0.0	15.8
Non-housing Investment	0.0	6.6	55.7	37.7	0.0	15.6
Credit Card	0.0	1.3	38.0	57.0	3.8	31.6
Personal - Other	0.0	4.9	51.2	43.9	0.0	19.5

Q8. Over the next quarter, how do you expect your institution's appetite to extend personal loans to change? (% of total)

	Decrease Substantially	Decrease Moderately	No Change	Increase Moderately	Increase Substantially	Net Balance
All Households	3.2	7.4	48.9	40.4	0.0	13.3
Housing – Owner Occupier	2.7	2.7	52.0	41.3	1.3	18.0
Housing – Investment	2.7	4.1	60.3	32.9	0.0	11.6
Housing – Other (includes refinancing, renovations)	2.6	2.6	60.5	32.9	1.3	13.8
Car Loan	2.6	1.3	70.1	26.0	0.0	9.7
Non-housing Investment	3.2	4.8	77.8	14.3	0.0	1.6
Credit Card	1.2	7.4	50.6	38.3	2.5	16.7
Personal - Other	1.3	7.5	58.8	32.5	0.0	11.3