

## Main Highlights of the UAE Banking Indicators

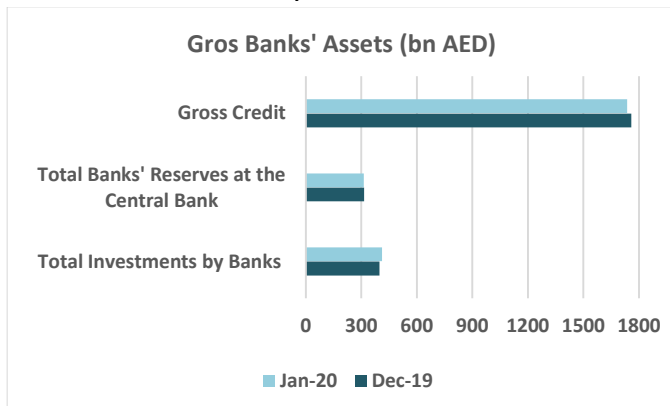
January 2020

### Assets

On a month-on-month basis, Gross Banks' Assets decreased by 0.2%, falling from AED 3085.8 billion at the end of December 2019 to AED 3080.3 billion at the end of January 2020.

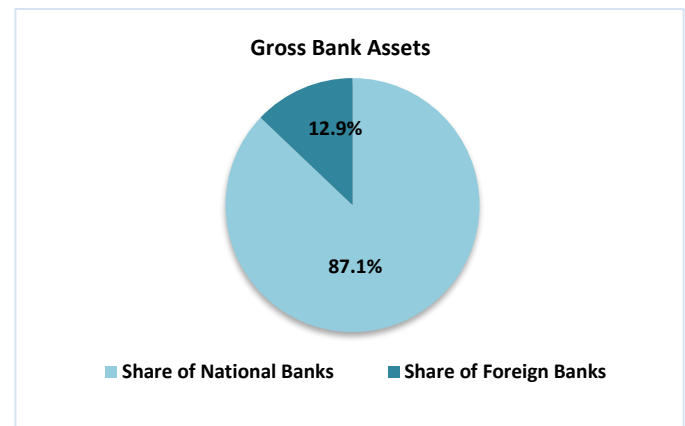
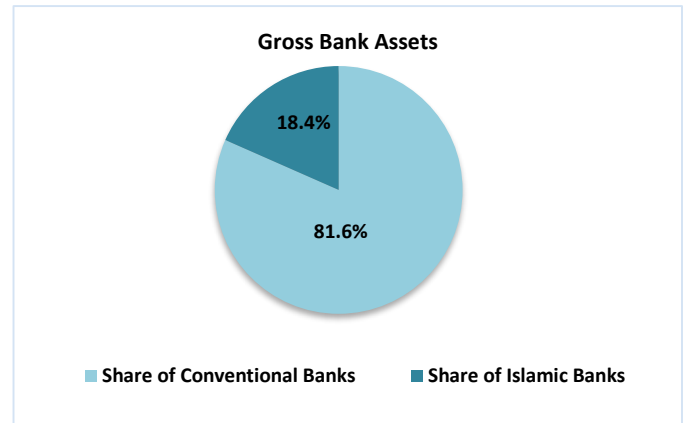
This decrease was mainly brought about by a combined reduction in Total Banks' Reserves at the Central Bank by 0.8% (10.2% of the Gross Banks' Assets) and Gross Credit by 1.3% (56.4% of the Gross Banks' Assets). These reductions dominated the increases in Total Investment by Banks by 3.3% (13.4% of the Gross Banks' Assets) and Other Assets by 1% (20.1% of the Gross Banks' Assets).

Gross Banks' Assets decreased by 0.2% on a m-o-m basis.



During January 2020, conventional banks and Islamic banks contributed 81.6% and 18.4% to the Gross Banks' Assets, respectively. Whereas, National Banks made up 87.1% and Foreign Banks made up 12.9% of the Gross Banks' Assets.

The reduction in the Total Banks' Reserves at the Central Bank was brought about by decrease in Certificates of Deposits Held by Banks by 2.4%, which included a 6.1% reduction in Islamic Certificates of Deposits.



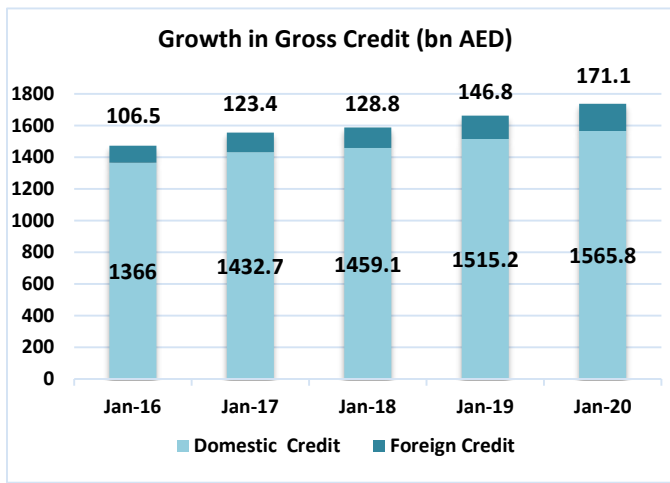
From the end of December 2019 to the end of January 2020, Gross Credit also decreased by 1.3%, reaching AED 1736.9 billion. On a y-o-y basis, Gross Credit grew by 4.5%.

The main driver of the fall in Gross Credit during January 2020 was a reduction in Domestic Credit by 1.8%, overriding the increase in Foreign Credit by 3.5%.

Domestic Credit fell due to reductions in Government Credit by 11.2%, in Public Sector (GRES) Credit by 0.8% and in Non-Banking Financial Institutions' Credit by 1.2%, overshadowing a 0.2% increase in Private Sector Credit. In spite of the

monthly fluctuations, Gross Credit has been growing steadily over time.

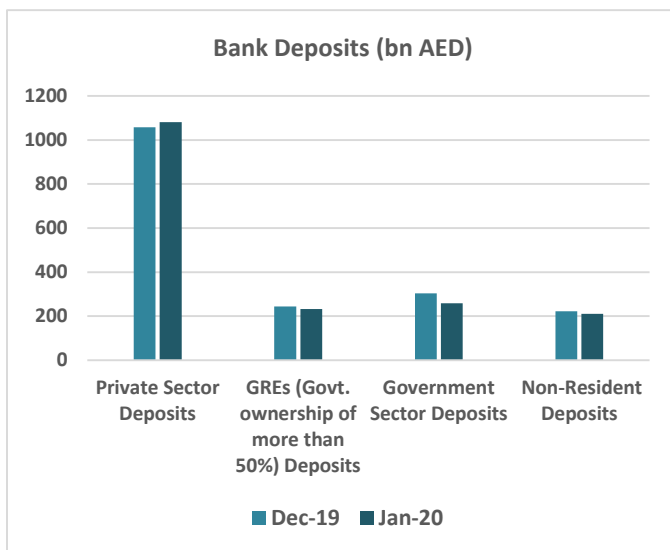
Gross Credit increased by 4.5% on a y-o-y basis and decreased by 1.3% on a m-o-m basis.



At the end of January 2020, Total Investments by Banks reached AED 412.2 billion, showing a 3.3% increase on a m-o-m basis and a 21.3% increase on a y-o-y basis.

### Liabilities

Bank Deposits decreased by 2.3% during January 2020, driven by decreases in both Resident Deposits by 2% and Non-Resident Deposits by 5%. The reduction in Resident Deposits was due to decreases in Government Deposits (16% of Resident Deposits)

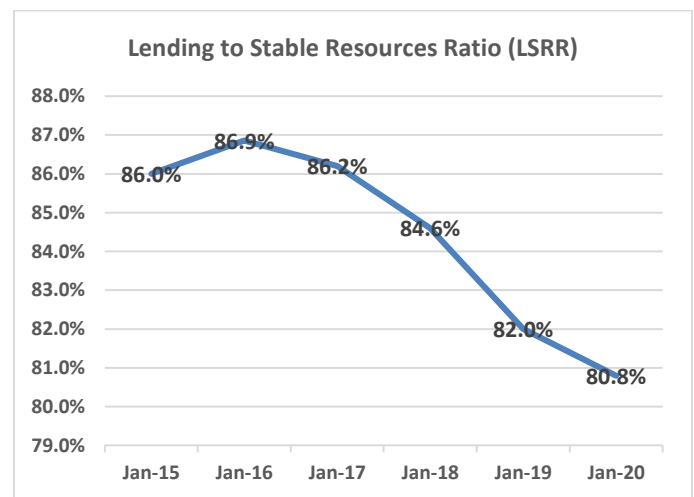


by 14.7%, in GREs (Govt. ownership of more than 50%) (14.4% of Resident Deposits) by 4.8% and in Non-Banking Financial Institutions Deposits (2.7% of Resident Deposits) by 2%, superseding the increase in Private Sector Deposits (67% of Resident Deposits) by 2.3%.

### Implications

The Lending to Stable Recourses Ratio stood at 80.8% at the end of January 2020, reflecting faster growth in deposits and other stable resources, compared to the pace of growth in lending.

Lending to Stable Resources stood at 80.8%, reflecting a slower growth in lending relative to stable resources.



Lending To Stable Recourses Ratio (LSRR)			
in bn AED			
	Total Advances	Total Stable Resources	Lending to Stable Resources Ratio (LSRR)
Jan-15	1421.1	1652.0	86.0%
Jan-16	1542.1	1775.4	86.9%
Jan-17	1622.4	1881.4	86.2%
Jan-18	1628.7	1925.8	84.6%
Jan-19	1711.3	2086.9	82.0%
Jan-20	1765.7	2184.1	80.8%

The Ratio of the Total Advances (Net Lending + Net Financial Guarantees & Stand -by LC + Interbank Placements more than 3 months) to the sum of ( Net Free Capital Funds + Total Other Stable Resources)

UAE Banking Indicators							
(End of month, figures in billions of Dirhams unless otherwise indicated)							
	2017	2018	2019		2020		
	Jan	Jan	Jan	Dec *	Jan *	% Month-on-Month	% Year-on-Year
<b>Gross Banks' Assets</b>	<b>2588.7</b>	<b>2688.1</b>	<b>2913.2</b>	<b>3085.8</b>	<b>3080.3</b>	<b>-0.2%</b>	<b>5.7%</b>
<b>1.Total Banks' Reserves at the Central Bank</b>	<b>247.7</b>	<b>274.3</b>	<b>276.0</b>	<b>315.2</b>	<b>312.8</b>	<b>-0.8%</b>	<b>13.3%</b>
Reserve Requirements	116.8	121.4	121.2	129.7	130.8	0.8%	7.9%
Current Accounts of Banks	23.6	20.5	15.4	25.3	25.7	1.6%	66.9%
Certificates of Deposit held by Banks	107.3	132.4	139.4	160.2	156.3	-2.4%	12.1%
of which: Islamic Certificates of Deposit	21.7	34.4	34.7	37.5	35.2	-6.1%	1.4%
<b>2.Gross Credit</b>	<b>1556.1</b>	<b>1587.9</b>	<b>1662.0</b>	<b>1759.2</b>	<b>1736.9</b>	<b>-1.3%</b>	<b>4.5%</b>
Domestic Credit	1432.7	1459.1	1515.2	1593.9	1565.8	-1.8%	3.3%
Government	172.9	178.0	193.7	258.3	229.3	-11.2%	18.4%
Public Sector (GREs)	185.4	172.2	166.8	184.6	183.1	-0.8%	9.8%
Private Sector	1055.2	1089.0	1134.9	1134.9	1137.5	0.2%	0.2%
Business & Industrial Sector Credit <sup>1</sup>	727.6	751.7	797.8	802.1	804.8	0.3%	0.9%
of which: Total Funded SME Lending	-	-	-	84.6	-	-	-
Individual	327.6	337.3	337.1	332.8	332.7	0.0%	-1.3%
Non-Banking Financial Institutions	19.2	19.9	19.8	16.1	15.9	-1.2%	-19.7%
Foreign Credit <sup>2</sup>	123.4	128.8	146.8	165.3	171.1	3.5%	16.6%
of which: Loans & Advances to Non-Residents in AED	15.1	16.0	20.1	16.6	17.0	2.4%	-15.4%
<b>3.Total Investments by Banks</b>	<b>292.1</b>	<b>316.3</b>	<b>339.9</b>	<b>399.0</b>	<b>412.2</b>	<b>3.3%</b>	<b>21.3%</b>
Debt securities	189.3	206.1	213.9	246.0	253.7	3.1%	18.6%
Equities	12.2	11.0	10.5	10.8	10.7	-0.9%	1.9%
Held to maturity securities	60.1	67.8	83.9	99.1	99.5	0.4%	18.6%
Other Investments	30.5	31.4	31.6	43.1	48.3	12.1%	52.8%
<b>4. Other Assets</b>	<b>492.8</b>	<b>509.6</b>	<b>635.3</b>	<b>612.4</b>	<b>618.4</b>	<b>1.0%</b>	<b>-2.7%</b>
Due from Head Office/Own Branches/Banking Subsidiaries	90.7	90.3	164.7	154.5	151.0	-2.3%	-8.3%
Due from Other Banks	223.7	214.0	234.6	210.5	214.3	1.8%	-8.7%
Other Items <sup>3</sup>	178.4	205.3	236.0	247.4	253.1	2.3%	7.2%
<b>Bank Deposits</b>	<b>1561.9</b>	<b>1621.5</b>	<b>1754.6</b>	<b>1870.2</b>	<b>1826.3</b>	<b>-2.3%</b>	<b>4.1%</b>
Resident Deposits	1365.0	1430.5	1542.1	1648.8	1615.9	-2.0%	4.8%
Government Sector	185.7	205.2	293.7	303.0	258.5	-14.7%	-12.0%
GREs (Govt. ownership of more than 50%)	172.1	194.9	199.9	243.7	232.1	-4.8%	16.1%
Private Sector	979.4	998.0	1012.7	1057.8	1081.9	2.3%	6.8%
Non-Banking Financial Institutions	27.8	32.4	35.8	44.3	43.4	-2.0%	21.2%
Non-Resident Deposits	196.9	191.0	212.5	221.4	210.4	-5.0%	-1.0%
<b>Average Cost on Bank Deposits <sup>4</sup></b>				<b>1.6%</b>			
<b>Average Yield on Credit <sup>5</sup></b>				<b>5.0%</b>			
<b>Capital &amp; Reserves <sup>6</sup></b>	<b>310.4</b>	<b>339.1</b>	<b>362.2</b>	<b>393.3</b>	<b>400.3</b>	<b>1.8%</b>	<b>10.5%</b>
<b>Specific provisions &amp; Interest in Suspense</b>	<b>79.5</b>	<b>80.2</b>	<b>90.9</b>	<b>98.8</b>	<b>100.3</b>	<b>1.5%</b>	<b>10.3%</b>
<b>General provisions</b>	<b>28.8</b>	<b>31.4</b>	<b>31.3</b>	<b>33.2</b>	<b>33.3</b>	<b>0.3%</b>	<b>6.4%</b>
<b>Lending to Stable Resources Ratio <sup>7</sup></b>	<b>86.2%</b>	<b>84.6%</b>	<b>82.0%</b>	<b>81.0%</b>	<b>80.8%</b>	<b>-0.2%</b>	<b>-1.5%</b>
<b>Eligible Liquid Assets Ratio (ELAR) <sup>8</sup></b>	<b>15.3%</b>	<b>17.7%</b>	<b>16.5%</b>	<b>18.2%</b>	<b>17.9%</b>	<b>-1.6%</b>	<b>8.5%</b>
<b>Capital Adequacy Ratio - ( Tier 1 + Tier 2 ) <sup>9</sup></b>				<b>17.6%</b>			
<b>of which: Tier 1 Ratio</b>				<b>16.4%</b>			
<b>Common Equity Tier 1(CET 1 ) Capital Ratio</b>				<b>14.6%</b>			

\* Preliminary data subject to revision

<sup>1</sup> Includes lending to (Resident): Trade Bills Discounted, Insurance Companies and SMEs.

<sup>2</sup> Includes lending to (Non Resident): Loans to Non-Banking Financial Institutions, Trade Bills Discounted and Loans & Advances (Government & Public Sector, Private Sector (corporate and Individuals ) in Local and Foreign Currency

<sup>3</sup> Includes Cash in Hand, Fixed Assets, Inter-Branch Position, Positive Fair Value of Derivatives and Other Accounts Receivables

<sup>4</sup> Weighted average of costs on Demand, Savings & Time Deposits at varying maturities.

<sup>5</sup> Weighted average of yield on all types of outstanding credit.

<sup>6</sup> Excluding subordinated borrowings/deposits, but including current year profit.

<sup>7</sup> The Ratio of the Total Advances ( Net Lending + Net Financial Guarantees & Stand -by LC + Interbank Placements more than 3 months) to the sum of ( Net Free Capital Funds + Total Other Stable Resources)

<sup>8</sup> ELAR = The Ratio of Total Banks' Eligible Liquid Assets (Consist of Cash in Hand, Liquid Assets at the Central Bank and Eligible Bonds/Sukuks as prescribed by regulation 33/2015 & Basel Principles but excludes interbank positions) to Total Liabilities\*\*

\*\*Total Liabilities = Balance Sheet Total Assets - (Capital & Reserves + All Provisions & Interest in Suspense except Staff Benefit Provisions + Refinancing + Subordinated Borrowing/Deposits)

<sup>9</sup> Capital Adequacy Ratio , Tier 1 Ratio and CET 1 Ratio for the period starting from Dec 2017 are calculated according to Basel III Guidelines issued by CBUAE vide Circular 52/2017 .Whereas for the period prior to Dec 2017 are following Basel II Guidelines.