

## Main Highlights of the UAE Banking Indicators

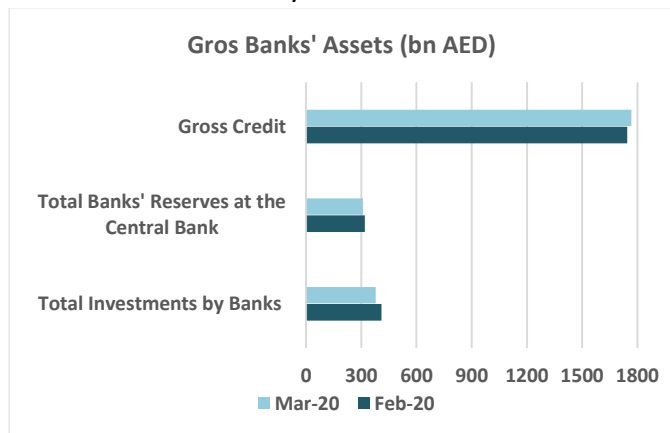
March 2020

### Assets

On a month-on-month basis, Gross Banks' Assets grew by 1.1%, rising from AED 3095.3 billion at the end of February 2020 to AED 3128 billion at the end of March 2020.

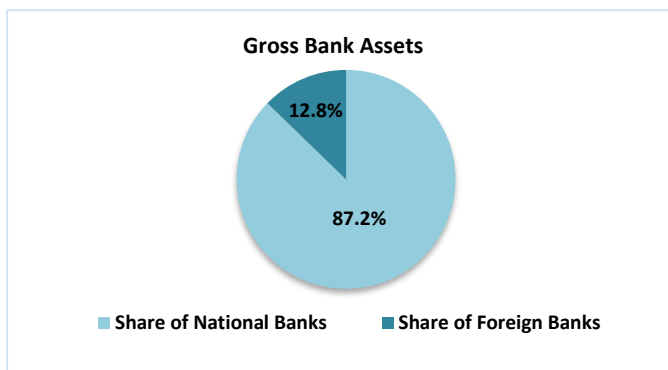
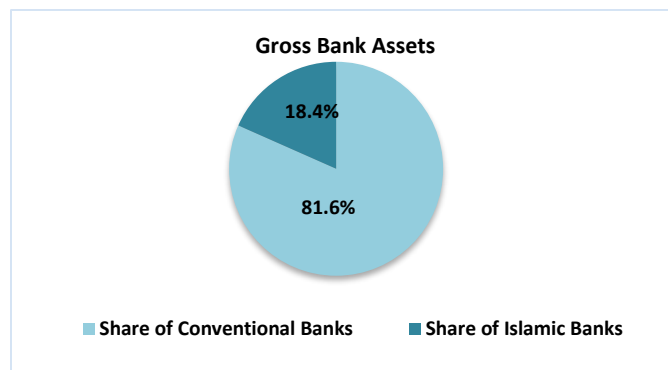
This increase was largely brought about by a combined increase in Gross Credit by 1.3% (56.5% of the Gross Banks' Assets) and in Other Assets by 8.3% (21.5% of the Gross Banks' Assets), overriding the reductions in Total Banks' Reserves at the Central Bank by 3% (9.9% of the Gross Banks' Assets) and Total Investment by Banks by 7.8% (12.1% of the Gross Banks' Assets).

Gross Banks' Assets increased by 1.1% on a m-o-m basis.



During March 2020, conventional banks and Islamic banks contributed 81.6% and 18.4% to the Gross Banks' Assets, respectively. Whereas, National Banks made up 87.2% and Foreign Banks made up 12.8% of the Gross Banks' Assets.

The decrease in the Total Banks' Reserves at the Central Bank was brought about by reduction in Certificates of Deposits Held by Banks by 11.9%, with Islamic Certificates of Deposits decreasing by



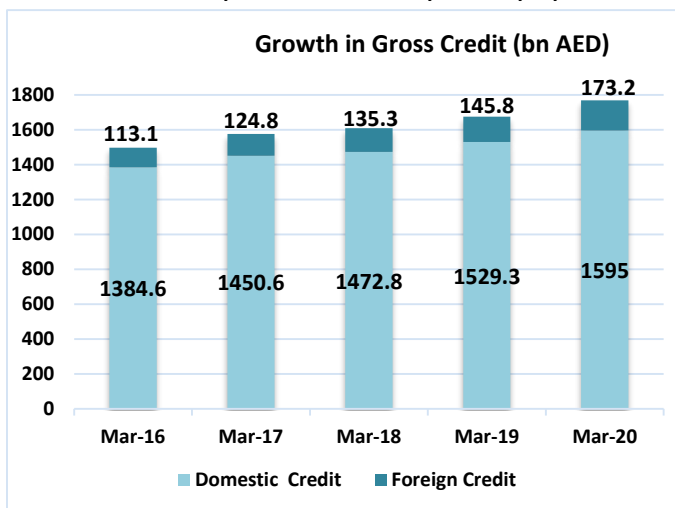
6%, settling at 33.1 billion. On a y-o-y basis Total Banks' Reserves at the Central Bank grew by 8.9%.

From the end of February 2020 to the end of March 2020, Gross Credit increased by 1.3%, reaching AED 1768.2 billion. On a y-o-y basis, Gross Credit grew by 5.6%.

The main driver of the rise in Gross Credit during March 2020 was growth in Domestic Credit by 1.5%, dominating the reduction in Foreign Credit by 0.6%.

Domestic Credit rose due to increases in; Public Sector (GRES) Credit by 8.7%, in Private Sector Credit by 0.7% and in Non-Banking Financial Institutions' Credit by 12.8%, minimizing a 1% reduction in Government Credit. In spite of the monthly fluctuations, Gross Credit continues to grow steadily over time.

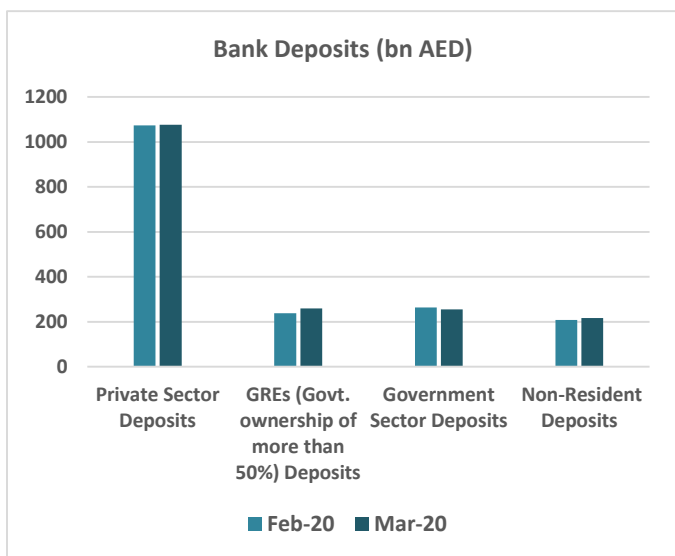
Gross Credit increased by 1.3% on m-o-m and by 5.6% on y-o-y basis.



At the end of March 2020, Total Investments by Banks reached AED 377.6 billion, showing a 7.8% reduction on a m-o-m basis and a 2.7% increase on a y-o-y basis.

### Liabilities

Bank Deposits increased by 1.3% during March 2020, driven by increases in Resident Deposits by 1% and Non-Resident Deposits by 3.9%. The increase in Resident Deposits was due to increases in GREs (Govt. ownership of more than 50%) (15.9% of Resident Deposits) by 9.2%, in Private Sector Deposits (65.8% of Resident Deposits) by 0.2% and in Non-Banking Financial Institutions' Deposits

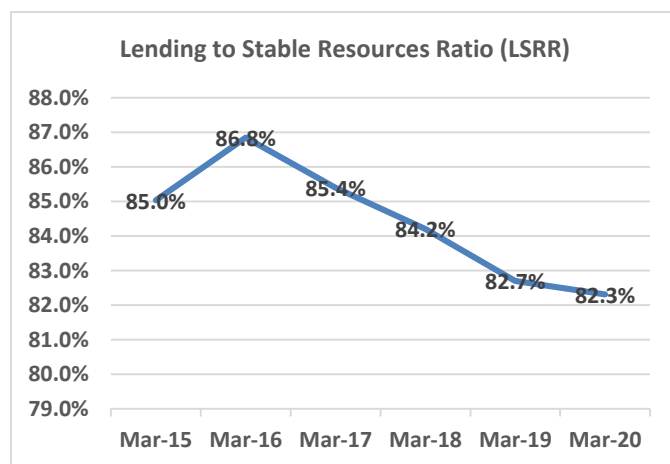


(2.7% of Resident Deposits) by 1.4%, overshadowing the reduction in Government Sector Deposits (15.6% of Resident Deposits) by 3.3%.

### Implications

The Lending to Stable Recourses Ratio stood at 82.3% at the end of March 2020, reflecting faster growth in deposits and other stable resources, compared to the pace of growth in lending.

Lending to Stable Resources stood at 82.3%, 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)
Mar-15	1456.6	1712.9	85.0%
Mar-16	1564.9	1801.9	86.8%
Mar-17	1637.0	1917.0	85.4%
Mar-18	1646.3	1955.7	84.2%
Mar-19	1712.7	2070.7	82.7%
Mar-20	1807.9	2196.4	82.3%

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)

During the first quarter of 2020, the Capital Adequacy Ratios (Tier 1 + Tier 2) and the Common Equity Tier 1 (CET1) Capital Ratio settled at 16.9% and 13.9%, respectively, with 15.8% Tier 1 ratio.

**UAE Banking Indicators**

(End of month, figures in billions of Dirhams unless otherwise indicated)

	2019		2020				
	Mar	Dec *	Feb	Mar **	% Month -on- Month	% Year - to- Date	% Year- on- Year
<b>Gross Banks' Assets</b>	<b>2894.9</b>	<b>3082.9</b>	<b>3095.3</b>	<b>3128.0</b>	<b>1.1%</b>	<b>1.5%</b>	<b>8.1%</b>
<b>1.Total Banks' Reserves at the Central Bank</b>	<b>283.8</b>	<b>315.2</b>	<b>318.9</b>	<b>309.2</b>	<b>-3.0%</b>	<b>-1.9%</b>	<b>8.9%</b>
Reserve Requirements	123.1	129.7	130.1	132.6	1.9%	2.2%	7.7%
Current Accounts of Banks	21.5	25.3	24.7	32.0	29.6%	26.5%	48.8%
Certificates of Deposit held by Banks	139.2	160.2	164.1	144.6	-11.9%	-9.7%	3.9%
of which: Islamic Certificates of Deposit	34.9	37.5	35.2	33.1	-6.0%	-11.7%	-5.2%
<b>2.Gross Credit</b>	<b>1675.1</b>	<b>1758.6</b>	<b>1745.5</b>	<b>1768.2</b>	<b>1.3%</b>	<b>0.5%</b>	<b>5.6%</b>
Domestic Credit	1529.3	1592.6	1571.2	1595.0	1.5%	0.2%	4.3%
Government	197.1	257.4	231.5	229.1	-1.0%	-11.0%	16.2%
Public Sector (GREs)	171.7	185.3	185.0	201.1	8.7%	8.5%	17.1%
Private Sector	1140.6	1134.6	1140.6	1148.9	0.7%	1.3%	0.7%
Business & Industrial Sector Credit <sup>1</sup>	807.1	802.2	807.3	818.7	1.4%	2.1%	1.4%
of which: Total Funded SME Lending	88.7	89.5	-	93.4	-	4.4%	5.3%
Individual	333.5	332.4	333.3	330.2	-0.9%	-0.7%	-1.0%
Non-Banking Financial Institutions	19.9	15.3	14.1	15.9	12.8%	3.9%	-20.1%
Foreign Credit <sup>2</sup>	145.8	166.0	174.3	173.2	-0.6%	4.3%	18.8%
of which: Loans & Advances to Non-Residents in AED	18.7	16.7	16.3	16.5	1.2%	-1.2%	-11.8%
<b>3.Total Investments by Banks</b>	<b>367.8</b>	<b>399.0</b>	<b>409.6</b>	<b>377.6</b>	<b>-7.8%</b>	<b>-5.4%</b>	<b>2.7%</b>
Debt securities	236.3	246.1	252.6	228.2	-9.7%	-7.3%	-3.4%
Equities	10.0	10.8	10.5	9.1	-13.3%	-15.7%	-9.0%
Held to maturity securities	89.7	99.1	98.3	90.8	-7.6%	-8.4%	1.2%
Other Investments	31.8	43.0	48.2	49.5	2.7%	15.1%	55.7%
<b>4. Other Assets</b>	<b>568.2</b>	<b>610.1</b>	<b>621.3</b>	<b>673.0</b>	<b>8.3%</b>	<b>10.3%</b>	<b>18.4%</b>
Due from Head Office/Own Branches/Banking Subsidiaries	122.1	154.6	142.7	153.0	7.2%	-1.0%	25.3%
Due from Other Banks	226.8	210.6	213.3	229.0	7.4%	8.7%	1.0%
Other Items <sup>3</sup>	219.3	244.9	265.3	291.0	9.7%	18.8%	32.7%
<b>Bank Deposits</b>	<b>1748.1</b>	<b>1870.2</b>	<b>1828.1</b>	<b>1851.9</b>	<b>1.3%</b>	<b>-1.0%</b>	<b>5.9%</b>
Resident Deposits	1539.9	1648.8	1619.5	1635.1	1.0%	-0.8%	6.2%
Government Sector	273.0	301.3	263.9	255.1	-3.3%	-15.3%	-6.6%
GREs (Govt. ownership of more than 50%)	194.7	245.3	238.2	260.1	9.2%	6.0%	33.6%
Private Sector	1031.0	1057.9	1074.3	1076.2	0.2%	1.7%	4.4%
Non-Banking Financial Institutions	41.2	44.3	43.1	43.7	1.4%	-1.4%	6.1%
Non-Resident Deposits	208.2	221.4	208.6	216.8	3.9%	-2.1%	4.1%
<b>Average Cost on Bank Deposits <sup>4</sup></b>	<b>1.8%</b>	<b>1.6%</b>		<b>1.4%</b>			
<b>Average Yield on Credit <sup>5</sup></b>	<b>5.5%</b>	<b>5.0%</b>		<b>4.7%</b>			
<b>Capital &amp; Reserves <sup>6</sup></b>	<b>350.2</b>	<b>392.9</b>	<b>394.6</b>	<b>369.9</b>	<b>-6.3%</b>	<b>-5.9%</b>	<b>5.6%</b>
<b>Specific provisions &amp; Interest in Suspense</b>	<b>92.2</b>	<b>99.3</b>	<b>101.2</b>	<b>103.3</b>	<b>2.1%</b>	<b>4.0%</b>	<b>12.0%</b>
<b>General provisions</b>	<b>31.7</b>	<b>33.1</b>	<b>33.1</b>	<b>37.1</b>	<b>12.1%</b>	<b>12.1%</b>	<b>17.0%</b>
<b>Lending to Stable Resources Ratio <sup>7</sup></b>	<b>82.7%</b>	<b>81.0%</b>	<b>81.0%</b>	<b>82.3%</b>	<b>1.6%</b>	<b>1.6%</b>	<b>-0.5%</b>
<b>Eligible Liquid Assets Ratio (ELAR) <sup>8</sup></b>	<b>16.9%</b>	<b>18.1%</b>	<b>18.0%</b>	<b>17.3%</b>	<b>-3.9%</b>	<b>-4.4%</b>	<b>2.4%</b>
<b>Capital Adequacy Ratio - ( Tier 1 + Tier 2 ) <sup>9</sup></b>				<b>16.9%</b>			
of which: Tier 1 Ratio	<b>16.6%</b>	<b>16.5%</b>		<b>15.8%</b>			
<b>Common Equity Tier 1(CET 1) Capital Ratio</b>	<b>14.6%</b>	<b>14.7%</b>		<b>13.9%</b>			

\* Revised to account for end of year adjustments

\*\*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.