



Main Highlights of the UAE Banking Indicators

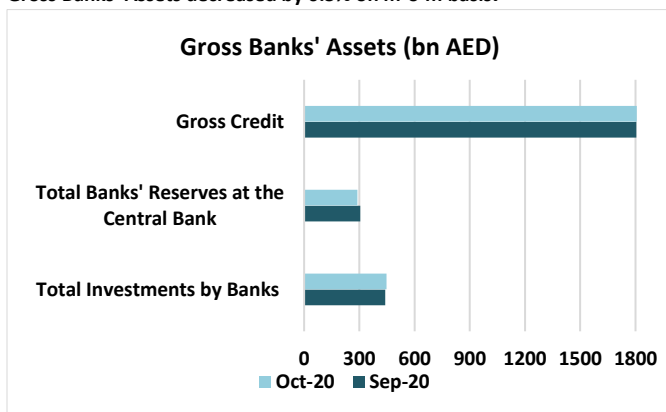
October 2020

Assets

On month-on-month basis, Gross Banks' Assets reduced by 0.3%, falling from AED 3252.5 billion at the end of September 2020 to AED 3241.2 billion at the end of October 2020.

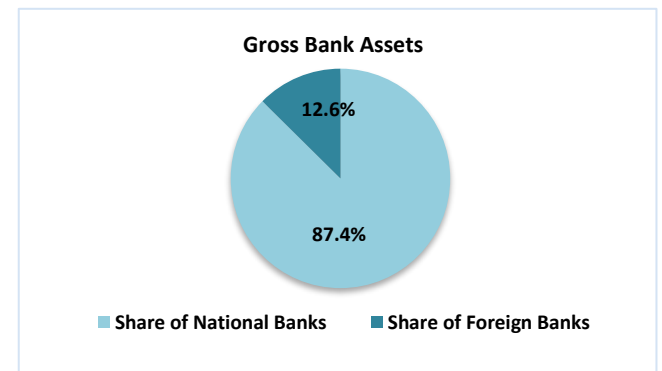
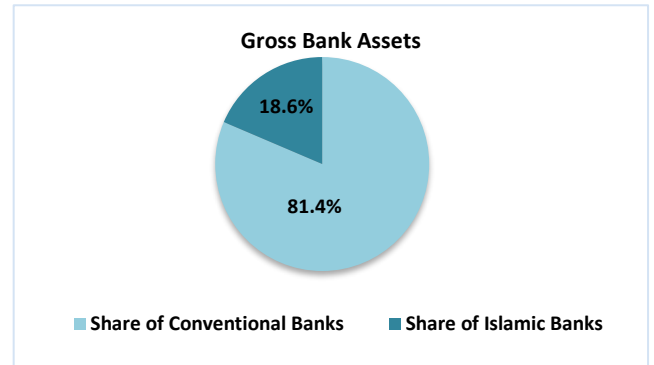
Gross Banks' Assets decreased due to reductions in Total Banks' Reserves at the Central Bank by 5.4% (8.9% of the Gross Banks' Assets) and Other Assets by 0.7% (21.5% of the Gross Banks' Assets). These reductions overshadowed the increases in Gross Credit by 0.1% (55.8% of the Gross Banks' Assets) and in Total Investments by Banks by 1.7% (13.8% of the Gross Banks' Assets). On an annual basis, Gross Banks' Assets grew by 6.6%.

Gross Banks' Assets decreased by 0.3% on m-o-m basis.



During October 2020, conventional banks and Islamic banks contributed 81.4% and 18.6% to the Gross Banks' Assets, respectively. Whereas, National Banks made up 87.4% and Foreign Banks made up 12.6% of the Gross Banks' Assets.

The fall in Total Banks' Reserves at the Central Bank was a result of reductions in Current Accounts & Overnight Deposits of Banks by 8.1% and in Certificates of Deposits Held by Banks by 6.9%,



dominating the increase in Reserve Requirements by 0.7%.

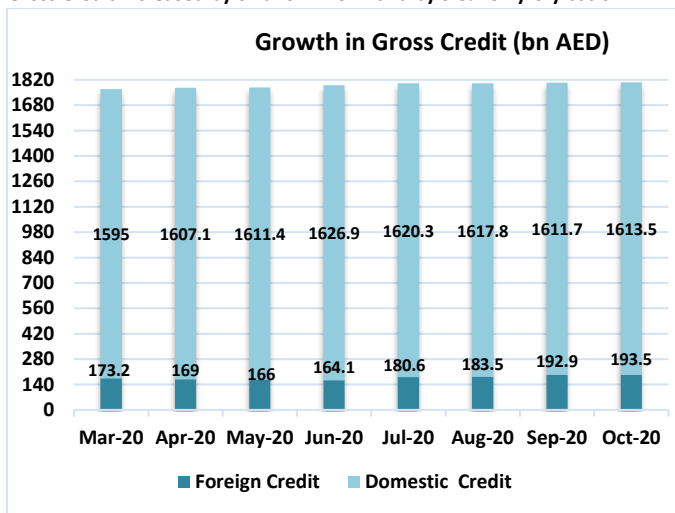
The Overnight Deposit Facility (ODF) offered to conventional banks by the CBUAE, effective July 2020 and the reduction in the required reserves ratio from 14% to 7% on Demand Deposits per the Targeted Economic Support Scheme (TESS) offered to Banks by the CBUAE since April 2020, continue to support the banking system in the UAE.

The rise in Gross Credit during October 2020 was due to growth in Domestic and Foreign Credit by 0.1% and 0.3%, respectively. Domestic Credit rose due to increases in Public Sector (GRES Govt. ownership of more than 50%) Credit by 2.1% and Non-Banking Financial Institutions by 9.0%.

Government Credit remained constant at AED 255.5 billion and Private Sector Credit fell by 0.4%.

From the end of September 2020 to the end of October 2020, Gross Credit increased by 0.1%, reaching AED 1807 billion. On a year on year basis, Gross Credit grew by 5.8%.

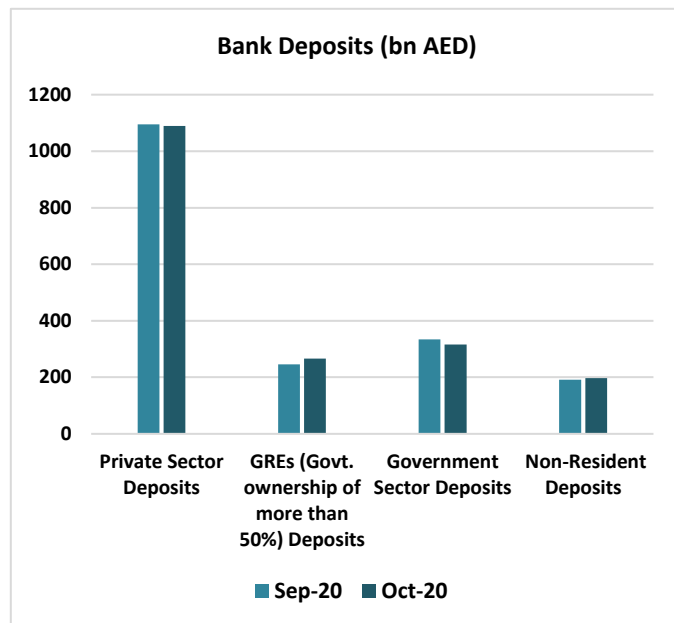
Gross Credit increased by 0.1% on m-o-m and by 5.8% on y-o-y basis.



At the end of October 2020, Total Investments by Banks reached AED 448.1 billion, a 1.7% m-o-m increase and a 9.5% y-o-y increase.

Liabilities

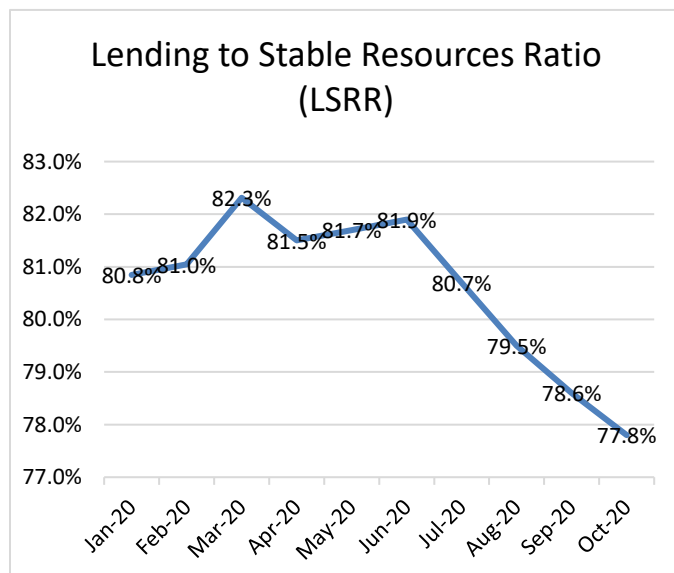
Bank Deposits increased by 0.2% during October 2020, driven by an increase in Non-Resident Deposits by 3.0%, superseding a reduction in Resident Deposits by 0.1%. The decrease in Resident Deposits was brought about by fall in Government Sector Deposits (18.4% of Resident Deposits) by 5.3%, in Private Sector Deposits (63.6% of Resident Deposits) by 0.5% and in Non-Banking Financial Institutions' Deposits (2.4% of Resident Deposits) by 1.2%, overshadowing the increase in GRE deposits (15.6% of Resident Deposits) by 8.6%.



Implications of Lending to Stable Resources Ratio

During October 2020, the Lending to Stable Resources Ratio fell by 1.0%, standing at 77.8%, reflecting larger growth in deposits and other stable resources, compared to the growth in lending.

Lending to Stable Resources stood at 77.8%, reflecting a larger increase in stable resources relative to the growth in lending.



UAE Banking Indicators							
(End of month, figures in billions of Dirhams unless otherwise indicated)							
	2019		2020				
	Oct	Dec	Sep	Oct*	% Month-on-Month	% Year-to-Date	% Year-on-Year
Gross Banks' Assets	3040.6	3082.9	3252.5	3241.2	-0.3%	5.1%	6.6%
1.Total Banks' Reserves at the Central Bank	297.8	315.2	305.0	288.6	-5.4%	-8.4%	-3.1%
Reserve Requirements **	127.8	129.7	75.1	75.6	0.7%	-41.7%	-40.8%
Current Accounts & Overnight Deposits of Banks ¹	14.3	25.3	78.6	72.2	-8.1%	185.4%	404.9%
Certificates of Deposit held by Banks	155.7	160.2	151.3	140.8	-6.9%	-12.1%	-9.6%
of which: Islamic Certificates of Deposit	34.8	37.5	53.1	53.5	0.8%	42.7%	53.7%
2.Gross Credit	1708.5	1758.6	1804.6	1807.0	0.1%	2.8%	5.8%
Domestic Credit	1555.5	1592.6	1611.7	1613.5	0.1%	1.3%	3.7%
Government	220.4	257.4	255.5	255.5	0.0%	-0.7%	15.9%
Public Sector (GREs)	176.7	185.3	217.7	222.3	2.1%	20.0%	25.8%
Private Sector	1141.6	1134.6	1121.8	1117.5	-0.4%	-1.5%	-2.1%
Business & Industrial Sector Credit ²	808.2	802.2	795.1	789.1	-0.8%	-1.6%	-2.4%
of which: Total Funded SME Lending	-	89.5	92.6	-			
Individual	333.4	332.4	326.7	328.4	0.5%	-1.2%	-1.5%
Non-Banking Financial Institutions	16.8	15.3	16.7	18.2	9.0%	19.0%	8.3%
Foreign Credit ³	153.0	166.0	192.9	193.5	0.3%	16.6%	26.5%
of which: Loans & Advances to Non-Residents in AED	18.1	16.7	17.0	16.8	-1.2%	0.6%	-7.2%
3.Total Investments by Banks	409.2	399.0	440.8	448.1	1.7%	12.3%	9.5%
Debt securities	251.5	246.1	279.0	281.4	0.9%	14.3%	11.9%
Equities	11.3	10.8	8.7	9.0	3.4%	-16.7%	-20.4%
Held to maturity securities	103.2	99.1	103.7	112.7	8.7%	13.7%	9.2%
Other Investments	43.2	43.0	49.4	45.0	-8.9%	4.7%	4.2%
4. Other Assets	625.1	610.1	702.1	697.5	-0.7%	14.3%	11.6%
Due from Head Office/Own Branches/Banking Subsidiaries	173.8	154.6	187.8	199.4	6.2%	29.0%	14.7%
Due from Other Banks	211.1	210.6	229.6	218.2	-5.0%	3.6%	3.4%
Other Items ⁴	240.2	244.9	284.7	279.9	-1.7%	14.3%	16.5%
Bank Deposits	1819.8	1870.2	1907.2	1910.6	0.2%	2.2%	5.0%
Resident Deposits	1614.1	1648.8	1715.9	1713.6	-0.1%	3.9%	6.2%
Government Sector	305.8	301.3	333.6	316.0	-5.3%	4.9%	3.3%
GREs (Govt. ownership of more than 50%)	225.2	245.3	245.5	266.7	8.6%	8.7%	18.4%
Private Sector	1041.3	1057.9	1094.7	1089.3	-0.5%	3.0%	4.6%
Non-Banking Financial Institutions	41.8	44.3	42.1	41.6	-1.2%	-6.1%	-0.5%
Non-Resident Deposits	205.7	221.4	191.3	197.0	3.0%	-11.0%	-4.2%
Average Cost on Bank Deposits⁵		1.6%	1.1%				
Average Yield on Credit⁶		5.0%	3.9%				
Capital & Reserves⁷	381.7	392.9	389.8	394.0	1.1%	0.3%	3.2%
Specific provisions & Interest in Suspense	100.8	99.3	111.5	112.1	0.5%	12.9%	11.2%
General provisions	35.2	33.1	38.7	38.1	-1.6%	15.1%	8.2%
Lending to Stable Resources Ratio⁸	80.5%	81.0%	78.6%	77.8%	-1.0%	-4.0%	-3.4%
Eligible Liquid Assets Ratio (ELAR)⁹	17.4%	18.1%	16.9%	16.4%	-3.0%	-9.4%	-5.7%
Capital Adequacy Ratio - (Tier 1 + Tier 2)¹⁰		17.7%	18.0%				
of which: Tier 1 Ratio		16.5%	16.9%				
Common Equity Tier 1 (CET 1) Capital Ratio		14.7%	15.1%				

* Preliminary data subject to revision

** The amount of Reserve Requirements declined due to the reduction in the rate of required reserves from 14% to 7% on Demand Deposits per the Targeted Economic Support Scheme (TESS) offered to Banks by the CBUAE in April 2020. Banks' liquidity increased as a result of the reduction in the required reserves ratio

¹ Starting July 2020, includes deposits at the Overnight Deposit Facility (ODF) offered to conventional banks by the CBUAE.

² Includes lending to (Resident): Trade Bills Discounted, Insurance Companies and SMEs.

³ 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

⁴ Includes Cash in Hand, Fixed Assets, Inter-Branch Position, Positive Fair Value of Derivatives and Other Accounts Receivables

⁵ Weighted average of costs on Demand, Savings & Time Deposits at varying maturities.

⁶ Weighted average of yield on all types of outstanding credit.

⁷ Excluding subordinated borrowings/deposits, but including current year profit.

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)

⁹ 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)

¹⁰ 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.