



## CBUAE's Targeted Economic Support Scheme Marks One Year

**Abu Dhabi ( 15 March 2021):** Today H.E. Abdulhamid M. Saeed Alahmadi, Governor of the Central Bank of the UAE (CBUAE), conducted the first quarterly meeting this year with the CEOs of the largest banks operating in the UAE. The meeting's agenda focused on the effectiveness of the Targeted Economic Support Scheme (TESS) in mitigating the implications of the COVID-19 pandemic on the UAE's economy.

His Excellency the Governor also discussed other issues impacting the country's banking sector, such as the transition from the existing interbank offered rate IBOR to alternative reference rates and the role of the banking system in supporting the post-COVID recovery of the UAE economy.

**H.E. Abdulhamid M. Saeed Alahmadi, Governor of the Central Bank of the UAE,** said: "It is satisfying to see that the TESS programme has yielded positive impact for the UAE's banking sector and the wider economy. The introduction of the stimulus package came at a critical juncture and ensured that banks were able to mitigate funding and liquidity pressures and maintain their lending capacity."

H.E. the Governor of the CBUAE and banks' CEOs noted that the overall liquidity of the UAE banking system returned to the pre-COVID level. The banks' drawdown of the dedicated TESS zero-cost liquidity facility was AED 22 billion in March 2021, down from the maximum drawdown of about AED 44 billion reached in Q2 2020, consistent with the temporary nature of the payment deferral scheme.

From the inception of the TESS programme, more than 320,000 customers, including individuals, small to medium-size enterprises and other private corporations have benefitted from it. There are about 175,000 customers under the current TESS deferral arrangements.

**H.E. added:** "In tandem with the banking sector, we pave the way for the UAE's robust economic recovery from the pandemic. Our base projection envisages recovery of the UAE economy in 2021 with the real GDP to increase by 2.5%. CBUAE will continue to closely monitor market and economic developments both in the UAE and globally".

TESS is a comprehensive program covering all CBUAE measures in response to the COVID-19 pandemic. In November 2020, the CBUAE extended the applicability period of the TESS zero-cost liquidity facility and the TESS loan deferral and recovery programme until 30 June 2021, along with other regulatory relief measures, which will remain in place through 2021.

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