



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

**United Arab Emirates**  
**Monetary, Banking & Financial Markets Developments**

**2023 – 4<sup>th</sup> Quarter Report**  
**February 2024**

## Introduction

As part of its commitment to promote economic and financial stability and growth in the UAE, the Central Bank of the UAE actively fosters a stable and efficient financial system by providing effective central banking services. The *United Arab Emirates Monetary, Banking and Financial Markets Developments Report* is one of the many avenues through which the Central Bank seeks to keep its stakeholders informed.

This report discusses the monetary and banking activities as well as developments in the UAE financial markets during the fourth quarter of 2023. The report also reviews ratios of annual change over the period from December 2022 to December 2023.

## Monetary Developments

Money Supply **M<sub>1</sub>**, which comprises Currency in Circulation outside Banks (Currency Issued - Cash at banks) plus Monetary Deposits, increased by 4.2% (q-o-q) during the fourth quarter of 2023.

On an annual basis, there was 12.4% (y-o-y) hike in the monetary aggregate **M<sub>1</sub>**, reaching AED 829.3 billion at the end of December 2023.

Money Supply **M<sub>2</sub>** (**M<sub>1</sub>** plus Quasi Monetary Deposits (Resident Time and Savings Deposits in Dirham, plus Resident Deposits in Foreign Currencies)), grew by 6.0% (q-o-q) during the fourth quarter of 2023.

On an annual basis, there was 18.8% (y-o-y) increase in Money Supply **M<sub>2</sub>**, reaching AED 2,023.4 billion at the end of December 2023.

Money Supply **M<sub>3</sub>** (**M<sub>2</sub>** plus government deposits at banks and at the Central Bank) also rose by 4.0% (q-o-q) during the fourth quarter of 2023.

On an annual basis, there was a 16.0% (y-o-y) rise in Money Supply **M<sub>3</sub>**, reaching AED 2,445.2 billion at the end of December 2023.

|                                     | 2022           |                      | 2023          |                      |                |                      |               |                      |                 |            |        |
|-------------------------------------|----------------|----------------------|---------------|----------------------|----------------|----------------------|---------------|----------------------|-----------------|------------|--------|
|                                     | Fourth Quarter |                      | First Quarter |                      | Second Quarter |                      | Third Quarter |                      | Fourth Quarter* |            |        |
|                                     | Amount         | Quarterly Change (%) | Amount        | Quarterly Change (%) | Amount         | Quarterly Change (%) | Amount        | Quarterly Change (%) | Amount          | Change (%) |        |
|                                     |                |                      |               |                      |                |                      |               |                      |                 | Quarterly  | Annual |
| <b>Money Supply (M<sub>1</sub>)</b> | 737.5          | 2.0%                 | 759.3         | 3.0%                 | 784.1          | 3.3%                 | 795.5         | 1.5%                 | 829.3           | 4.2%       | 12.4%  |
| <b>Money Supply (M<sub>2</sub>)</b> | 1,703.6        | 3.5%                 | 1,788.4       | 5.0%                 | 1,855.4        | 3.7%                 | 1,908.1       | 2.8%                 | 2,023.4         | 6.0%       | 18.8%  |
| <b>Money Supply (M<sub>3</sub>)</b> | 2,107.2        | 2.6%                 | 2,209.0       | 4.8%                 | 2,294.3        | 3.9%                 | 2,351.3       | 2.5%                 | 2,445.2         | 4.0%       | 16.0%  |

*Source- Data received from banks operating in the UAE*

**M<sub>1</sub>** = Currency in Circulation Outside Banks (Currency Issued - Cash at banks) + Monetary Deposits

**M<sub>2</sub>** = M<sub>1</sub> + Quasi-Monetary Deposits

**M<sub>3</sub>** = M<sub>2</sub> + Government Deposits

\*Estimates, subject to revision

## **Banking Sector Development**

### **1- Banks Operating in the UAE**

At the end of the fourth quarter of 2023, the number of locally incorporated banks (excluding investment banks) remain constant at 22 banks. The branches of these locally incorporated banks decreased to 489 branches at the end of December 2023. The number of electronic banking service units of these banks fell to 46 units at the end of the fourth quarter of 2023. The number of Cash Offices remained constant at 21 Cash Offices at the end of December 2023.

The number of GCC banks continue to remain steady at the end of the fourth quarter of 2023 at 6 banks, plus one wholesale GCC Bank. The branches of these banks also remain constant at 6 branches at the end of December 2023. The number of other foreign banks stood at 22 banks with 66 branches. The number of electronic banking service units of these banks persist at 21 units at the end of the fourth quarter of 2023. The number of cash offices of these banks stood consistent at one cash office during the fourth quarter of 2023.

The technological and structural advancements in the UAE financial sector continues to enhance security, operational efficiency, accessibility of mobile banking applications, online banking and overall customer experience. Owing to the widespread implementation of technology throughout the economy, the UAE financial system is more secure and efficient than ever before.

At the end of the fourth quarter of 2023, the number of financial institutions licensed by the Central Bank, i.e., Wholesale Banks, Representative Offices, Finance Companies and Money Changers reached 11, 71, 17 and 74, correspondingly.

The total number of ATM of banks operating in the UAE reached 4,654 by the end of December 2023.

| Table-2 Banks, Other Financial Institutions & ATM              |              |              |              |              |              |              |              |              |             |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|
| 2021 - 2023  |              |              |              |              |              |              |              |              |             |
|  | 2021         | 2022         |              |              |              | 2023         |              |              |             |
|  | Dec          | Mar          | Jun          | Sep          | Dec          | Mar          | Jun          | Sep          | Dec*        |
| <b>Locally Incorporated Banks</b> (excluding investment banks) |              |              |              |              |              |              |              |              |             |
| Main Branches  | 22           | 22           | 23           | 23           | 22           | 22           | 22           | 22           | 22          |
| Additional Branches  | 513          | 511          | 508          | 506          | 498          | 494          | 493          | 492          | 489         |
| Electronic Banking Service Units                               | 41           | 42           | 43           | 44           | 45           | 47           | 47           | 47           | 46          |
| Cash Offices   | 20           | 20           | 21           | 21           | 21           | 21           | 21           | 21           | 21          |
| <b>GCC Banks</b> (excluding wholesale banks)                   |              |              |              |              |              |              |              |              |             |
| Main Branches  | 6            | 6            | 6            | 6            | 6            | 6            | 6            | 6            | 6           |
| Additional Branches  | 6            | 6            | 6            | 6            | 6            | 6            | 6            | 6            | 6           |
| <b>Other Foreign Banks</b>                                     |              |              |              |              |              |              |              |              |             |
| Main Branches  | 21           | 21           | 21           | 21           | 22           | 22           | 22           | 22           | 22          |
| Additional Branches  | 68           | 68           | 68           | 68           | 67           | 66           | 66           | 66           | 66          |
| Electronic Banking Service Units                               | 21           | 21           | 21           | 22           | 21           | 21           | 21           | 21           | 21          |
| Cash Offices   | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1           |
| <b>Wholesale Banks</b>   | <b>10</b>    | <b>10</b>    | <b>10</b>    | <b>10</b>    | <b>11</b>    | <b>11</b>    | <b>11</b>    | <b>11</b>    | <b>11</b>   |
| of which GCC Banks   | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1           |
| <b>Representative Offices</b>                                  | <b>78</b>    | <b>77</b>    | <b>76</b>    | <b>73</b>    | <b>72</b>    | <b>72</b>    | <b>71</b>    | <b>71</b>    | <b>71</b>   |
| <b>Finance Companies</b>                                       | <b>19</b>    | <b>19</b>    | <b>19</b>    | <b>18</b>    | <b>16</b>    | <b>16</b>    | <b>17</b>    | <b>17</b>    | <b>17</b>   |
| <b>Moneychangers</b>   | <b>89</b>    | <b>87</b>    | <b>86</b>    | <b>86</b>    | <b>86</b>    | <b>84</b>    | <b>77</b>    | <b>81</b>    | <b>74</b>   |
| <b>ATM</b>   | <b>4,396</b> | <b>4,400</b> | <b>4,389</b> | <b>4,376</b> | <b>4,426</b> | <b>4,425</b> | <b>4,458</b> | <b>4,534</b> | <b>4654</b> |

Source: Banking Supervision Department and UAESWITCH

\*Estimates, subject to revision

## 2- Bank Assets and Loans

At the end of the fourth quarter of 2023, total assets of banks operating in the UAE increased by 3.1% (q-o-q), reaching AED 4,075.2 billion. During the period between December 2022 and December 2023, the total assets of banks operating in the UAE increased by 11.1% (y-o-y).

Gross credit increased by 0.5% (q-o-q), reaching 1,991.7 billion at the end of December 2023. On an annual basis, gross credit increased by 6.0%.

## 3- Customer Deposits

At the end of December 2023, total deposits of resident and non-resident customers with banks operating in the UAE rose by 4.2% (q-o-q) and annually by 13.5% (y-o-y), reaching AED 2,521.9 billion. Resident deposits increased by 4.0% (q-o-q), reaching AED 2,320.4 billion at the end of the fourth quarter of 2023. Non-resident deposits also increased by 6.0% (q-o-q), settling at AED 201.5 billion by the end of December 2023.

On an annual basis, Resident deposits increased by 15.5%, whereas, Non-resident deposits fell by 5.2%.

## 4- Capital and Reserves

Capital adequacy ratios measure the amount of a bank's capital expressed as a percentage of its risk weighted exposures. A high capital adequacy ratio provides protection to depositors and promotes the stability and efficiency of the financial system of an economy. Effective December 2017, banks in the UAE follow Basel III principles for calculating the Capital Adequacy Ratios in line with the Regulation and Standards issued by the Central Bank.

Aggregate Capital and Reserves of banks operating in the UAE increased by 5.2% (q-o-q), reaching AED 488.7 billion at the end of the fourth quarter of 2023. At the end of December 2023, Total Capital Adequacy Ratio stood at 17.9%, remaining well above the 13.0% Capital Adequacy Ratio, including the 2.5% Capital Conservation Buffer requirement and the 8.5% Tier1 Ratio, prescribed by the Central Bank regulations in compliance with the Basel III guidelines.

| <b>Table- 3: Banking Indicators</b>                                       |         |                      |         |                      |         |                      |         |                      |         |                      |                 |
|---|---------|----------------------|---------|----------------------|---------|----------------------|---------|----------------------|---------|----------------------|-----------------|
| (End of Month, Figures in billions of Dirhams unless otherwise indicated) |         |                      |         |                      |         |                      |         |                      |         |                      |                 |
|   | 2022    |                      | 2023    |                      |         |                      |         |                      |         |                      | % Annual Change |
|   | Dec     | Quarterly Change (%) | Mar     | Quarterly Change (%) | Jun     | Quarterly Change (%) | Sep     | Quarterly Change (%) | Dec*    | Quarterly Change (%) |                 |
| <b>Total Assets</b>   | 3,667.6 | 2.4%                 | 3,764.7 | 2.6%                 | 3,873.1 | 2.9%                 | 3,951.9 | 2.0%                 | 4,075.2 | 3.1%                 | 11.1%           |
| Banks' Investments in Monetary Bills & Islamic Certificates of Deposit    | 164.7   | 13.0%                | 196.0   | 19.0%                | 205.7   | 4.9%                 | 200.6   | -2.5%                | 213.6   | 6.5%                 | 29.7%           |
| <i>Of which: Shariah Compliant Certificates of Deposit</i>                | 52.5    | 107.5%               | 55.4    | 5.5%                 | 49.2    | -11.2%               | 48.6    | -1.2%                | 44.9    | -7.6%                | -14.5%          |
| Gross Credit <sup>(1)</sup>   | 1,879.4 | 0.3%                 | 1,895.8 | 0.9%                 | 1,944.8 | 2.6%                 | 1,981.6 | 1.9%                 | 1,991.7 | 0.5%                 | 6.0%            |
| Personal Loans to Residents   | 374.8   | 1.7%                 | 384.1   | 2.5%                 | 395.8   | 3.0%                 | 408.1   | 3.1%                 | 418.0   | 2.4%                 | 11.5%           |
| Total Deposits <sup>(2)</sup>   | 2,222.2 | 1.6%                 | 2,306.0 | 3.8%                 | 2,382.1 | 3.3%                 | 2,420.9 | 1.6%                 | 2,521.9 | 4.2%                 | 13.5%           |
| Capital & Reserves <sup>(3)</sup>   | 428.6   | 3.7%                 | 430.7   | 0.5%                 | 447.8   | 4.0%                 | 464.6   | 3.8%                 | 488.7   | 5.2%                 | 14.0%           |
| Capital Adequacy Ratio <sup>(4)</sup>                                     | 17.4%   | -0.6%                | 17.8%   | 2.3%                 | 18.2%   | 2.2%                 | 18.5%   | 1.6%                 | 17.9%   | -3.2%                | 2.9%            |
| Tier-1 Ratio  | 16.2%   | -0.6%                | 16.6%   | 2.5%                 | 17.0%   | 2.4%                 | 17.4%   | 2.4%                 | 16.6%   | -4.6%                | 2.5%            |
| Common Equity Tier 1(CET 1 ) Capital Ratio                                | 14.4%   | -0.7%                | 14.8%   | 2.8%                 | 15.3%   | 3.4%                 | 15.6%   | 2.0%                 | 14.9%   | -4.5%                | 3.5%            |

<sup>(1)</sup> Includes credit to residents and non-residents: loans to non-banking financial institutions, Trade Bills Discounted and Loans and Advances to the Government and Public Sector, Private sector (corporates and individuals) in local and foreign currencies.

<sup>(2)</sup> Net of inter-bank deposits and bank drafts, including commercial prepayments.

<sup>(3)</sup> Excluding subordinated borrowings/deposits, but including current year profit.

<sup>(4)</sup> Total Capital Ratio , Tier 1 Ratio and CET 1 Ratio for the period starting from Dec 2017 are calculated according to the Basel III Guidelines issued by CBUAE vide Circular 52/2017 .Whereas CAR for period prior to Dec 2017 are according to Basel II Guidelines.

\*Estimates, subject to revision

## 5- Foreign Assets of the Central Bank

At the end of the fourth quarter of 2023, the Central Bank's foreign assets increased by 16.7% (q-o-q), reaching AED 681.2 billion. This rise was because of quarterly expansions in Current Account Balances & Deposits with banks abroad by 27.0% (a quarterly increase of AED 94.4 billion) and in Foreign Securities by 10.6% (a quarterly rise of AED 17.9 billion), overriding a reduction in Other Foreign Assets by 22.8% (a quarterly fall of AED 15.0 billion).

From December 2022 to December 2023, central bank foreign assets increased by 37.9% (y-o-y).

## 6- Abu Dhabi and Dubai Financial Markets Values

Abu Dhabi's quarterly average Financial Market Index fell by 3.1% (q-o-q) during the fourth quarter of 2023. The quarterly average Market Capitalization of companies listed at the Abu Dhabi Securities Exchange (ADX) increased by AED 41.4 billion reaching AED 2,883.1 billion at the end of the fourth quarter of 2023. The Quarterly Traded Value decreased by 7.1% (q-o-q) during the fourth quarter of 2023 settling at AED 65.8 billion.

On an annual basis, the Abu Dhabi Financial Market Index fell by 2.2%.

Dubai's quarterly average Financial Market Index also shrank by 3.1% (q-o-q) during the fourth quarter of 2023. The quarterly average Market Capitalization of companies listed on the Dubai Financial Market (DFM) fell by AED 17.7 billion reaching AED 671.9 billion at the end of the fourth quarter of 2023. The Quarterly Traded Value decreased by 28.9% (q-o-q) during the fourth quarter of 2023 leveling at AED 22.0 billion.

On an annual basis, the Dubai Financial Market Index increased by 11.9% (y-o-y).



Table 4: Abu Dhabi Securities Exchange (ADX) Indicators

|  | 2021    |         |         |         | 2022    |         |         |          | 2023    |         |         |         |
|--|---------|---------|---------|---------|---------|---------|---------|----------|---------|---------|---------|---------|
|  | Mar     | Jun     | Sep     | Dec     | Mar     | Jun     | Sep     | Dec      | Mar     | Jun     | Sep     | Dec     |
| <b>Number of listed Companies</b>            | 74      | 76      | 80      | 82      | 83      | 86      | 86      | 89       | 91      | 93      | 93      | 96      |
| <b>General Share Price Index**</b>           | 5,723.2 | 6,480.3 | 7,567.2 | 8,300.0 | 9,324.1 | 9,968.4 | 9,762.9 | 10,391.9 | 9,695.5 | 9,582.0 | 9,794.2 | 9,493.8 |
| <i>Quarterly Variation (%)</i>               | 17.0%   | 13.2%   | 16.8%   | 9.7%    | 12.3%   | 6.9%    | -2.1%   | 6.4%     | -6.7%   | -1.2%   | 2.2%    | -3.1%   |
| <i>Annual Variation Y-o-Y (%) ***</i>        | -3.3%   | 13.0%   | 34.5%   | 54.6%   | 64.3%   | 63.2%   | 51.5%   | 40.5%    | 25.7%   | 12.2%   | 5.6%    | -2.2%   |
| <b>Market Capitalization (Billion AED)**</b> | 826.7   | 1,002.0 | 1,368.8 | 1,572.0 | 1,753.6 | 1,963.4 | 2,104.1 | 2,574.1  | 2,591.6 | 2,754.4 | 2,841.7 | 2,883.1 |
| <b>Quarterly Traded Values (Billion AED)</b> | 50.3    | 87.7    | 86.0    | 118.2   | 100.9   | 98.8    | 88.0    | 92.6     | 85.4    | 64.0    | 70.9    | 65.8    |

*Source: Abu Dhabi Securities Exchange (ADX)*

Table 5: Dubai Financial Markets (DFM) Indicators

|  | 2021    |         |         |         | 2022    |         |         |         | 2023    |         |         |         |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
|  | Mar     | Jun     | Sep     | Dec     | Mar     | Jun     | Sep     | Dec     | Mar     | Jun     | Sep     | Dec     |
| <b>Number of listed Companies*</b>           | 64      | 64      | 64      | 62      | 62      | 63      | 65      | 67      | 67      | 62      | 62      | 62      |
| <b>General Share Price Index**</b>           | 2,585.3 | 2,737.8 | 2,792.3 | 3,044.3 | 3,361.4 | 3,430.1 | 3,373.4 | 3,330.6 | 3,382.6 | 3,637.8 | 4,101.9 | 3,976.4 |
| <i>Quarterly Variation (%)</i>               | 9.2%    | 5.9%    | 2.0%    | 9.0%    | 10.4%   | 2.0%    | -1.7%   | -1.3%   | 1.6%    | 7.5%    | 12.8%   | -3.1%   |
| <i>Annual Variation Y-o-Y (%) ***</i>        | -14.1%  | -0.3%   | 13.0%   | 25.2%   | 30.9%   | 27.8%   | 26.0%   | 20.9%   | 13.2%   | 8.7%    | 9.4%    | 11.9%   |
| <b>Market Capitalization (Billion AED)**</b> | 353.9   | 379.0   | 387.1   | 399.2   | 421.6   | 554.2   | 566.9   | 577.6   | 589.0   | 630.9   | 689.6   | 671.9   |
| <b>Quarterly Traded Values (Billion AED)</b> | 15.4    | 13.0    | 9.8     | 32.2    | 22.8    | 26.6    | 19.8    | 20.4    | 19.0    | 26.5    | 30.9    | 22.0    |

*\*includes foreign companies*

*Source: Dubai Financial Markets (DFM)*

**\*\***The Quarterly Share Price Index and the Quarterly Market Capitalization are measured as the quarterly average of monthly observations.

**\*\*\***The annual variation of the Share Price Indices are measured as the yearly averages of monthly observations.