

## Main Highlights of the UAE Banking Indicators

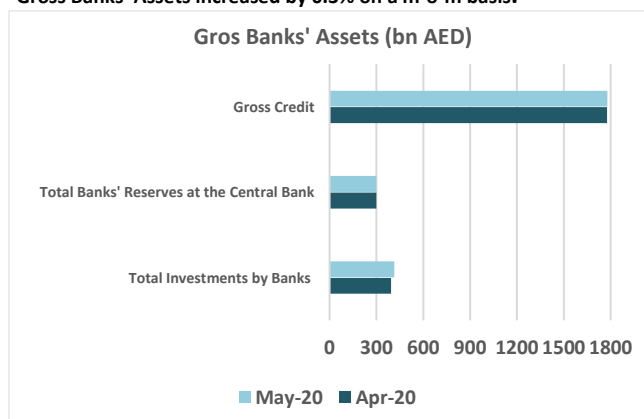
May 2020

### Assets

On a month-on-month basis, Gross Banks' Assets grew by 0.3%, rising from AED 3155.7 billion at the end of April 2020 to AED 3165.7 billion at the end of May 2020.

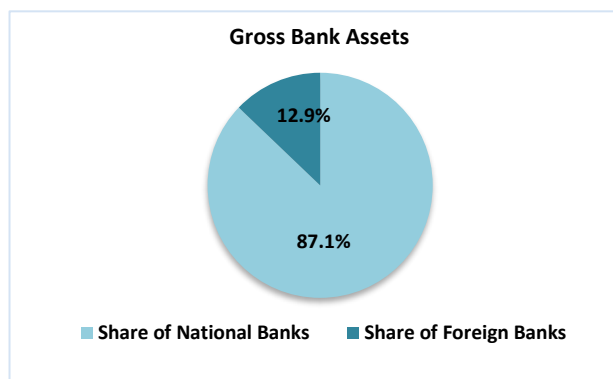
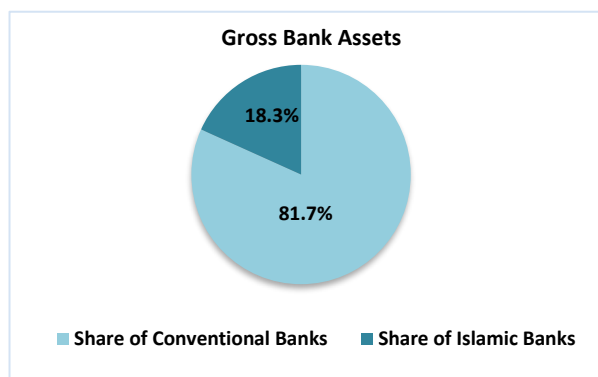
Gross Banks' Assets rose due to increases in Gross Credit by 0.1% (56.2% of the Gross Banks' Assets) and Total Investment by Banks by 5.3% (13.1% of the Gross Banks' Assets). Overriding the reductions in Total Banks' Reserves at the Central Bank by 0.2% (9.4% of the Gross Banks' Assets) and Other Assets by 1.8% (21.3% of the Gross Banks' Assets). On a y-o-y basis, Gross Banks' Assets at the Central Bank grew by 8.7%.

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



During May 2020, conventional banks and Islamic banks contributed 81.7% and 18.3% 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 decrease in Total Banks' Reserves at the Central Bank was brought about by reduction in Certificates of Deposits Held by Banks by 2.3%, with Islamic Certificates of Deposits also reducing by 0.5%, settling at 39.1 billion.



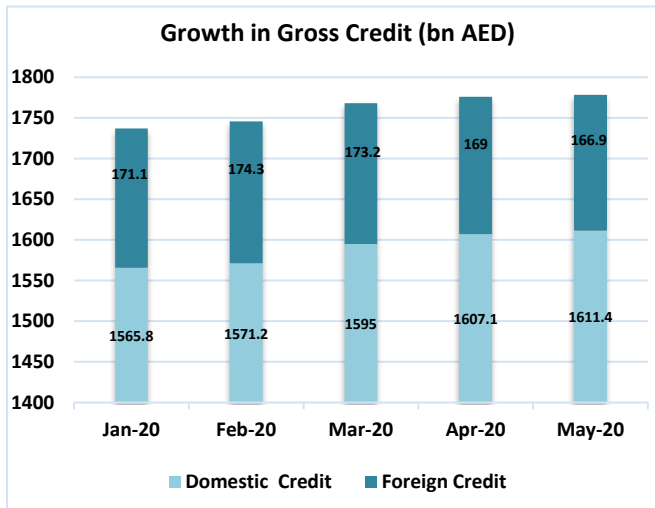
Reserve Requirements continue to be lower than the pre April 2020 amounts due to the reduction in the required reserves ratio from 14% to 7% on Demand Deposits per the Targeted Economic Support Scheme (TESS) offered to Banks by the CBUAE in April 2020.

From the end of April 2020 to the end of May 2020, Gross Credit increased by 0.1%, reaching AED 1778.3 billion. On a y-o-y basis, Gross Credit grew by 5.8%.

The main driver of the rise in Gross Credit during May 2020 was growth in Domestic Credit by 0.3%, dominating the reduction in Foreign Credit by 1.2%. Domestic Credit rose due to an increase in Government Credit by 3.1%, dominating the reductions in credit to GREs (Govt. ownership of more than 50%) by 0.7%, credit to Private Sector by

0.1% and credit to Non-Banking Financial Institutions by 1.7%.

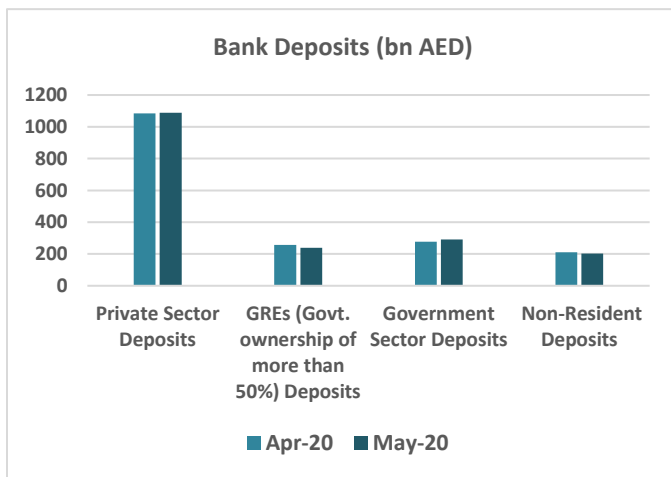
Gross Credit increased by 0.1% on m-o-m and by 5.8% on y-o-y basis.



At the end of May 2020, Total Investments by Banks reached AED 414.9 billion, showing a 5.3% increase on a m-o-m basis and a 12% increase on a y-o-y basis.

### Liabilities

Bank Deposits decreased by 0.4% during May 2020, driven by reduction in Non-Resident Deposits by 3.6%, overshadowing an increase in Resident Deposits by 0.05%. The increase in Resident Deposits was due to increases in Government Sector Deposits (17.6% of Resident Deposits) by 5.5%, in Private Sector Deposits (65.4% of Resident Deposits) by 0.4% and in Non-Banking Financial Institutions'

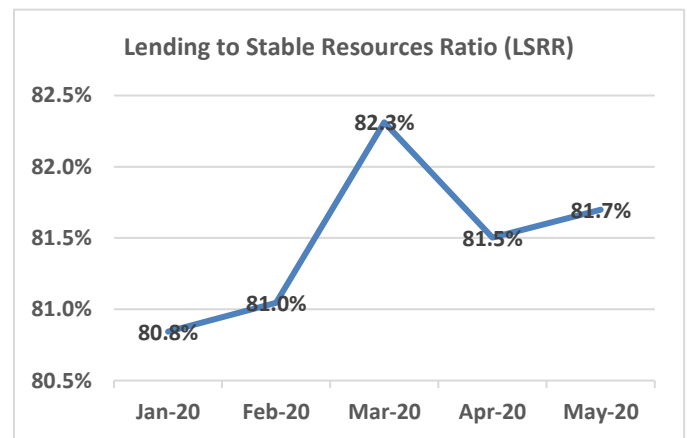


Deposits (2.7% of Resident Deposits) by 3.2%, overriding reduction in GREs' deposits (14.3% of Resident Deposits) by 7.6%.

### Implications

From the end of April to the end of May 2020, the Lending to Stable Recourses Ratio rose by 0.2%, reflecting negative growth in deposits and other stable resources by -0.1%, compared to the increased lending by 0.1%.

Lending to Stable Resources stood at 81.7%, reflecting a faster 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)
Dec-19	1798.7	2220.5	81.0%
Jan-20	1765.7	2184.1	80.8%
Feb-20	1773.7	2188.5	81.0%
Mar-20	1807.9	2196.4	82.3%
Apr-20	1802.3	2211.3	81.5%
May-20	1803.9	2208.0	81.7%

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)

	2019		2020				
	May	Dec	Apr	May *	% Month-on-Month	% Year-to-Date	% Year-on-Year
	<b>Gross Banks' Assets</b>	<b>2912.9</b>	<b>3082.9</b>	<b>3155.7</b>	<b>3165.7</b>	<b>0.3%</b>	<b>2.7%</b>
<b>1.Total Banks' Reserves at the Central Bank</b>	<b>297.9</b>	<b>315.2</b>	<b>299.2</b>	<b>298.6</b>	<b>-0.2%</b>	<b>-5.3%</b>	<b>0.2%</b>
Reserve Requirements **	126.3	129.7	70.8	71.0	0.3%	-45.3%	-43.8%
Current Accounts of Banks	24.5	25.3	29.6	33.3	12.5%	31.6%	35.9%
Certificates of Deposit held by Banks	147.1	160.2	198.8	194.3	-2.3%	21.3%	32.1%
of which: Islamic Certificates of Deposit	36.6	37.5	39.3	39.1	-0.5%	4.3%	6.8%
<b>2.Gross Credit</b>	<b>1681.4</b>	<b>1758.6</b>	<b>1776.1</b>	<b>1778.3</b>	<b>0.1%</b>	<b>1.1%</b>	<b>5.8%</b>
Domestic Credit	1536.9	1592.6	1607.1	1611.4	0.3%	1.2%	4.8%
Government	204.8	257.4	231.2	238.3	3.1%	-7.4%	16.4%
Public Sector (GREs)	173.3	185.3	217.5	216.0	-0.7%	16.6%	24.6%
Private Sector	1139.0	1134.6	1140.8	1139.8	-0.1%	0.5%	0.1%
Business & Industrial Sector Credit <sup>1</sup>	806.8	802.2	814.6	815.7	0.1%	1.7%	1.1%
of which: Total Funded SME Lending	-	89.5	-	-	-	-	-
Individual	332.2	332.4	326.2	324.1	-0.6%	-2.5%	-2.4%
Non-Banking Financial Institutions	19.8	15.3	17.6	17.3	-1.7%	13.1%	-12.6%
Foreign Credit <sup>2</sup>	144.5	166.0	169.0	166.9	-1.2%	0.5%	15.5%
of which: Loans & Advances to Non-Residents in AED	18.9	16.7	16.4	16.3	-0.6%	-2.4%	-13.8%
<b>3.Total Investments by Banks</b>	<b>370.3</b>	<b>399.0</b>	<b>394.2</b>	<b>414.9</b>	<b>5.3%</b>	<b>4.0%</b>	<b>12.0%</b>
Debt securities	237.1	246.1	241.4	255.0	5.6%	3.6%	7.5%
Equities	10.5	10.8	9.3	9.2	-1.1%	-14.8%	-12.4%
Held to maturity securities	90.5	99.1	94.1	101.3	7.7%	2.2%	11.9%
Other Investments	32.2	43.0	49.4	49.4	0.0%	14.9%	53.4%
<b>4. Other Assets</b>	<b>563.3</b>	<b>610.1</b>	<b>686.2</b>	<b>673.9</b>	<b>-1.8%</b>	<b>10.5%</b>	<b>19.6%</b>
Due from Head Office/Own Branches/Banking Subsidiaries	118.9	154.6	165.2	168.8	2.2%	9.2%	42.0%
Due from Other Banks	217.4	210.6	232.2	221.6	-4.6%	5.2%	1.9%
Other Items <sup>3</sup>	227.0	244.9	288.8	283.5	-1.8%	15.8%	24.9%
<b>Bank Deposits</b>	<b>1758.9</b>	<b>1870.2</b>	<b>1872.2</b>	<b>1865.5</b>	<b>-0.4%</b>	<b>-0.3%</b>	<b>6.1%</b>
Resident Deposits	1549.6	1648.8	1661.8	1662.6	0.0%	0.8%	7.3%
Government Sector	294.6	301.3	276.8	292.0	5.5%	-3.1%	-0.9%
GREs (Govt. ownership of more than 50%)	187.6	245.3	257.6	237.9	-7.6%	-3.0%	26.8%
Private Sector	1031.6	1057.9	1083.9	1087.8	0.4%	2.8%	5.4%
Non-Banking Financial Institutions	35.8	44.3	43.5	44.9	3.2%	1.4%	25.4%
Non-Resident Deposits	209.3	221.4	210.4	202.9	-3.6%	-8.4%	-3.1%
<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>358.8</b>	<b>392.9</b>	<b>374.6</b>	<b>381.0</b>	<b>1.7%</b>	<b>-3.0%</b>	<b>6.2%</b>
<b>Specific provisions &amp; Interest in Suspense</b>	<b>94.5</b>	<b>99.3</b>	<b>105.6</b>	<b>106.5</b>	<b>0.9%</b>	<b>7.3%</b>	<b>12.7%</b>
<b>General provisions</b>	<b>32.4</b>	<b>33.1</b>	<b>37.6</b>	<b>38.1</b>	<b>1.3%</b>	<b>15.1%</b>	<b>17.6%</b>
<b>Lending to Stable Resources Ratio <sup>7</sup></b>	<b>82.4%</b>	<b>81.0%</b>	<b>81.5%</b>	<b>81.7%</b>	<b>0.2%</b>	<b>0.9%</b>	<b>-0.8%</b>
<b>Eligible Liquid Assets Ratio (ELAR) <sup>8</sup></b>	<b>17.7%</b>	<b>18.1%</b>	<b>16.8%</b>	<b>16.6%</b>	<b>-1.2%</b>	<b>-8.3%</b>	<b>-6.2%</b>
<b>Capital Adequacy Ratio - ( Tier 1 + Tier 2 ) <sup>9</sup></b>		<b>17.7%</b>					
<b>of which: Tier 1 Ratio</b>		<b>16.5%</b>					
<b>Common Equity Tier 1(CET 1 ) Capital Ratio</b>		<b>14.7%</b>					

\* 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.

<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.