



Main Highlights of the UAE Banking Indicators

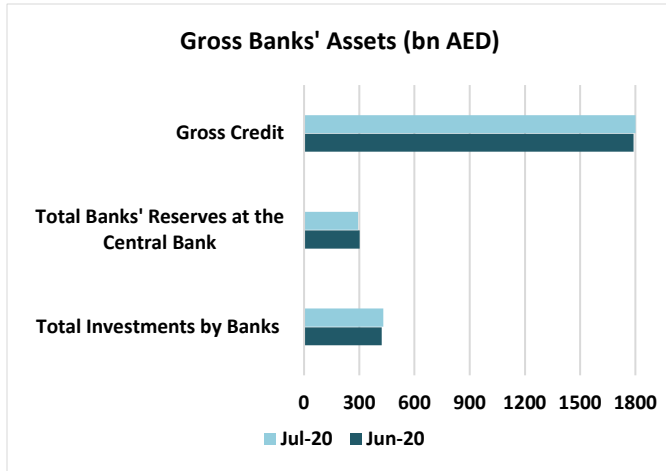
July 2020

Assets

On month-on-month basis, Gross Banks' Assets grew by 0.3%, rising from AED 3190.2 billion at the end of June 2020 to AED 3200.5 billion at the end of July 2020.

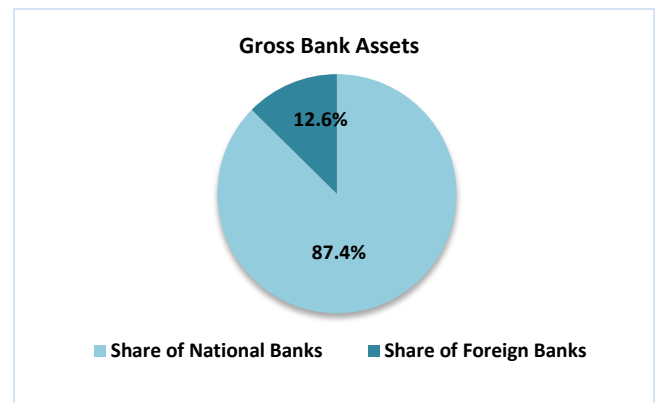
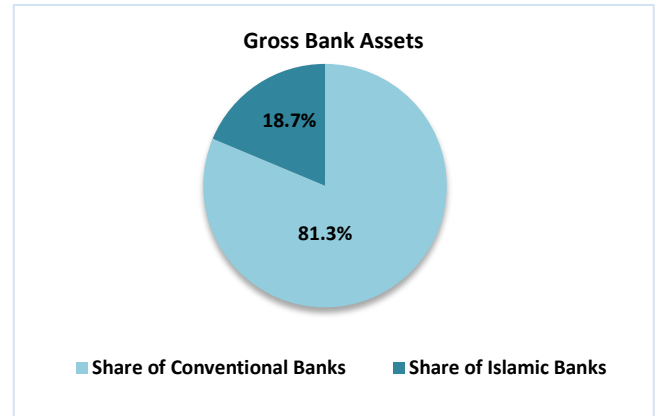
Gross Banks' Assets rose due to increases in Gross Credit by 0.6% (56.3% of the Gross Banks' Assets), Total Investments by Banks by 2.1% (13.5% of the Gross Banks' Assets), and Other Assets by 0.04% (21.1% of the Gross Banks' Assets), dominating the reduction in Total Banks' Reserves at the Central Bank by 2.9% (9.2% of the Gross Banks' Assets). On y-o-y basis, Gross Banks' Assets grew by 7.6%.

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



During July 2020, conventional banks and Islamic banks contributed 81.3% and 18.7% 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 decrease in Total Banks' Reserves at the Central Bank was brought about by the decrease in Certificates of Deposits Held by Banks by 18.2%. Current Accounts & Overnight Deposits of Banks



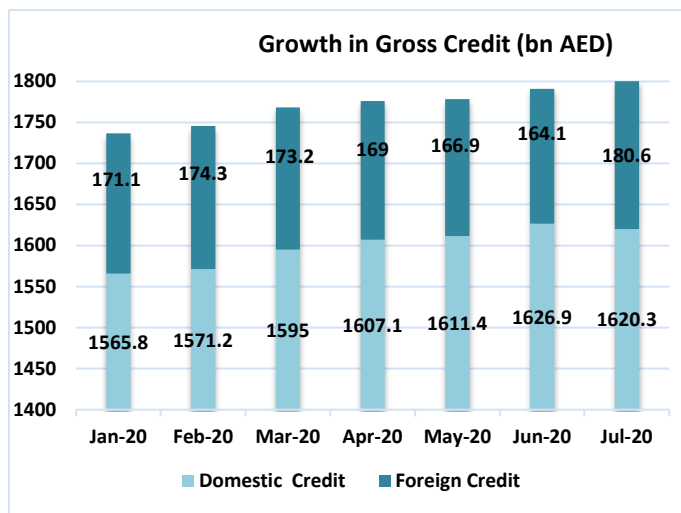
increased by 47.9%. This significant increase is due to the Overnight Deposit Facility (ODF) offered to conventional banks by the CBUAE, effective July 2020. Whereas, Banks' Reserve Requirements remained constant. Reserve Requirements continue to be lower than the pre April 2020 amounts due to the reduction 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 since April 2020.

The main driver of the rise in Gross Credit during July 2020 was growth in Foreign Credit by 10.1%, dominating the reduction in Domestic Credit by 0.4%. Domestic Credit fell due to decreases in Public Sector (GREs Govt. ownership of more than 50%) Credit by 1% and Private Sector Credit by 0.4%,

superseding the increases in Government Credit by 0.1% and in credit to Non-Banking Financial Institutions by 0.6%.

From the end of June 2020 to the end of July 2020, Gross Credit increased by 0.6%, reaching AED 1800.9 billion. On y-o-y basis, Gross Credit grew by 5.6%.

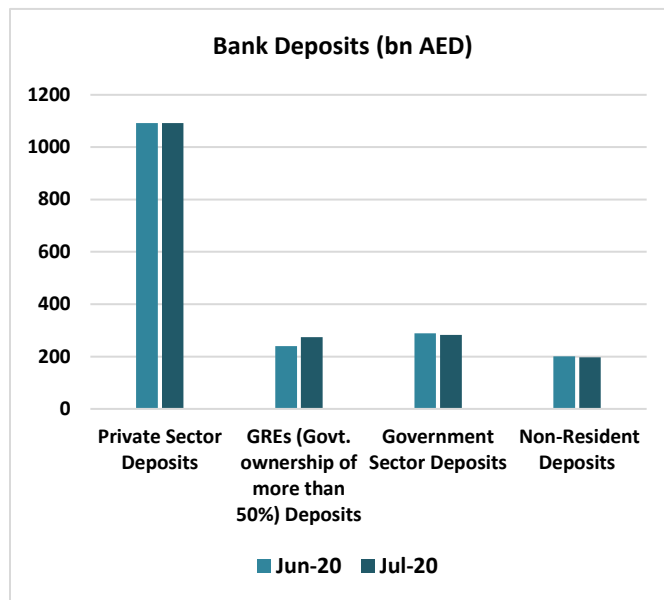
Gross Credit increased by 0.6% on m-o-m and by 5.6% on y-o-y basis.



At the end of July 2020, Total Investments by Banks reached AED 431.1 billion, a 2.1% m-o-m increase and a 13.5% y-o-y increase.

Liabilities

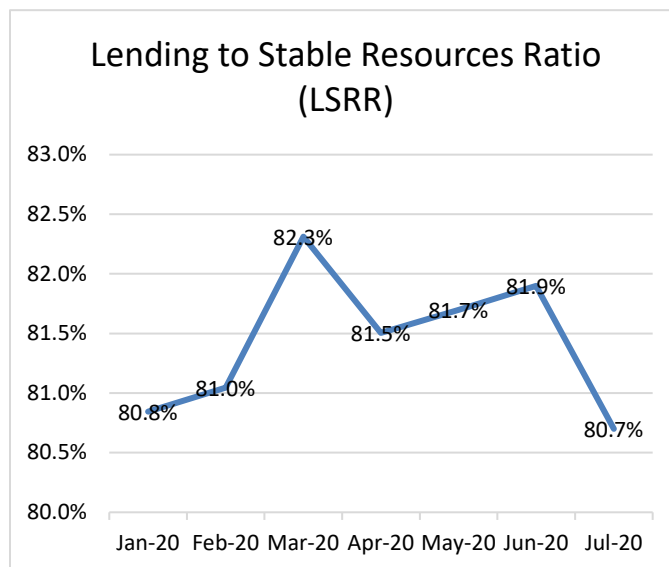
Bank Deposits increased by 1.1% during July 2020, driven by an increase in Resident Deposits by 1.5%, dominating a reduction in Non-Resident Deposits by 1.7%. The increase in Resident Deposits was due to increase in GREs' deposits (16.2% of Resident Deposits) by 13.8%, superseding the reductions in Government Sector Deposits (16.7% of Resident Deposits) by 2.1%, in Private Sector Deposits (64.6% of Resident Deposits) by 0.03%, and in Non-Banking Financial Institutions' Deposits (2.5% of Resident Deposits) by 5.6%.



Implications of Lending to Stable Resources Ratio

From the end of June to the end of July 2020, the Lending to Stable Resources Ratio fell by 1.5%, standing at 80.7%, reflecting a faster growth in deposits and other stable resources by 1.8%, compared to the slower growth in lending by 0.3%.

Lending to Stable Resources stood at 80.7%, reflecting a slower growth in lending relative to stable resources.



UAE Banking Indicators								
(End of month, figures in billions of Dirhams unless otherwise indicated)								
	2019		2020					
	Jul	Dec	Jun	Jul*	% Month-on-Month	% Year-to-Date	% Year-on-Year	
Gross Banks' Assets	2975.8	3082.9	3190.2	3200.5	0.3%	3.8%	7.6%	
1.Total Banks' Reserves at the Central Bank	293.4	315.2	301.5	292.9	-2.9%	-7.1%	-0.2%	
Reserve Requirements **	125.4	129.7	73.3	73.3	0.0%	-43.5%	-41.5%	
Current Accounts & Overnight Deposits of Banks ¹	21.5	25.3	49.7	73.5	47.9%	190.5%	241.9%	
Certificates of Deposit held by Banks	146.5	160.2	178.5	146.1	-18.2%	-8.8%	-0.3%	
of which: Islamic Certificates of Deposit	31.3	37.5	46.4	42.3	-8.8%	12.8%	35.1%	
2.Gross Credit	1705.0	1758.6	1791.0	1800.9	0.6%	2.4%	5.6%	
Domestic Credit	1550.7	1592.6	1626.9	1620.3	-0.4%	1.7%	4.5%	
Government	206.4	257.4	252.4	252.7	0.1%	-1.8%	22.4%	
Public Sector (GREs)	180.6	185.3	218.1	216.0	-1.0%	16.6%	19.6%	
Private Sector	1147.0	1134.6	1139.4	1134.5	-0.4%	0.0%	-1.1%	
Business & Industrial Sector Credit ²	814.5	802.2	814.7	809.2	-0.7%	0.9%	-0.7%	
of which: Total Funded SME Lending	-	89.5	92.5	-	-	-	-	
Individual	332.5	332.4	324.7	325.3	0.2%	-2.1%	-2.2%	
Non-Banking Financial Institutions	16.7	15.3	17.0	17.1	0.6%	11.8%	2.4%	
Foreign Credit ³	154.3	166.0	164.1	180.6	10.1%	8.8%	17.0%	
of which: Loans & Advances to Non-Residents in AED	17.6	16.7	17.0	16.8	-1.2%	0.6%	-4.5%	
3.Total Investments by Banks	379.9	399.0	422.4	431.1	2.1%	8.0%	13.5%	
Debt securities	238.0	246.1	263.7	270.5	2.6%	9.9%	13.7%	
Equities	10.5	10.8	8.8	8.5	-3.4%	-21.3%	-19.0%	
Held to maturity securities	87.8	99.1	100.6	102.7	2.1%	3.6%	17.0%	
Other Investments	43.6	43.0	49.3	49.4	0.2%	14.9%	13.3%	
4. Other Assets	597.5	610.1	675.3	675.6	0.0%	10.7%	13.1%	
Due from Head Office/Own Branches/Banking Subsidiaries	139.8	154.6	177.5	184.6	4.0%	19.4%	32.0%	
Due from Other Banks	223.9	210.6	218.4	206.2	-5.6%	-2.1%	-7.9%	
Other Items ⁴	233.8	244.9	279.4	284.8	1.9%	16.3%	21.8%	
Bank Deposits	1777.6	1870.2	1866.2	1887.3	1.1%	0.9%	6.2%	
Resident Deposits	1574.6	1648.8	1665.8	1690.3	1.5%	2.5%	7.3%	
Government Sector	276.0	301.3	289.0	283.0	-2.1%	-6.1%	2.5%	
GREs (Govt. ownership of more than 50%)	229.2	245.3	240.5	273.8	13.8%	11.6%	19.5%	
Private Sector	1026.4	1057.9	1091.8	1091.5	0.0%	3.2%	6.3%	
Non-Banking Financial Institutions	43.0	44.3	44.5	42.0	-5.6%	-5.2%	-2.3%	
Non-Resident Deposits	203.0	221.4	200.4	197.0	-1.7%	-11.0%	-3.0%	
Average Cost on Bank Deposits⁵		1.6%	1.2%					
Average Yield on Credit⁶		5.0%	4.1%					
Capital & Reserves⁷	369.3	392.9	382.5	387.3	1.3%	-1.4%	4.9%	
Specific provisions & Interest in Suspense	97.8	99.3	107.2	108.1	0.8%	8.9%	10.5%	
General provisions	35.6	33.1	38.4	39.0	1.6%	17.8%	9.6%	
Lending to Stable Resources Ratio⁸	82.3%	81.0%	81.9%	80.7%	-1.5%	-0.4%	-1.9%	
Eligible Liquid Assets Ratio (ELAR)⁹	17.0%	18.1%	16.6%	16.4%	-1.2%	-9.4%	-3.5%	
Capital Adequacy Ratio - (Tier 1 + Tier 2)¹⁰		17.7%	17.6%					
of which: Tier 1 Ratio		16.5%	16.4%					
Common Equity Tier 1 (CET 1) Capital Ratio		14.7%	14.7%					

* 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 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/Sukus 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.