



Main Highlights of the UAE Banking Indicators

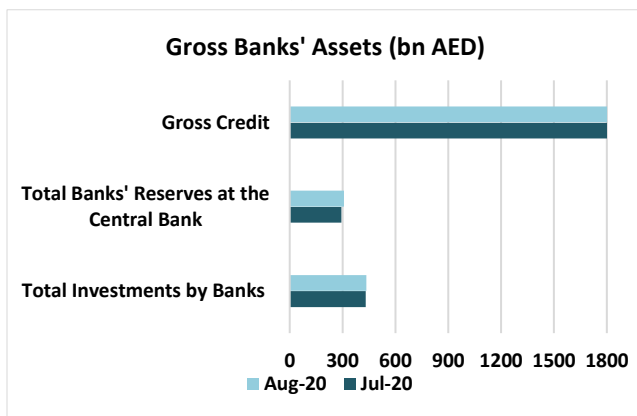
August 2020

Assets

On month-on-month basis, Gross Banks' Assets grew by 0.7%, rising from AED 3200.5 billion at the end of July 2020 to AED 3223.4 billion at the end of August 2020.

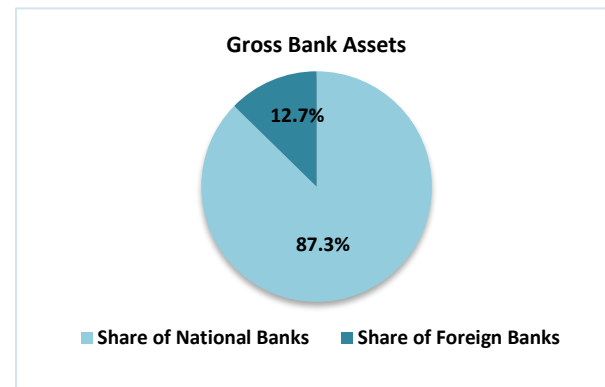
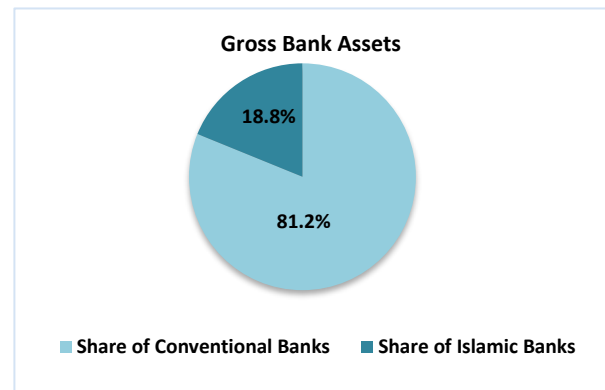
Gross Banks' Assets rose due to increases in Total Banks' Reserves at the Central Bank by 5.1% (9.5% of the Gross Banks' Assets), in Gross Credit by 0.02% (55.9% of the Gross Banks' Assets), in Total Investments by Banks by 1% (13.5% of the Gross Banks' Assets) and Other Assets by 0.5% (21.1% of the Gross Banks' Assets). On y-o-y basis, Gross Banks' Assets grew by 8.0%.

Gross Banks' Assets increased by 0.7% on m-o-m basis.



During August 2020, conventional banks and Islamic banks contributed 81.2% and 18.8% to the Gross Banks' Assets, respectively. Whereas, National Banks made up 87.3% and Foreign Banks made up 12.7% of the Gross Banks' Assets.

The rise in Total Banks' Reserves at the Central Bank was brought about by increases in Current Accounts & Overnight Deposits of Banks by 9.1% and in Certificates of Deposits Held by Banks by 7.5%, dominating the reduction in Reserve Requirements by 3.8%. The increase in current accounts and overnight deposits at the CBUAE is due to the

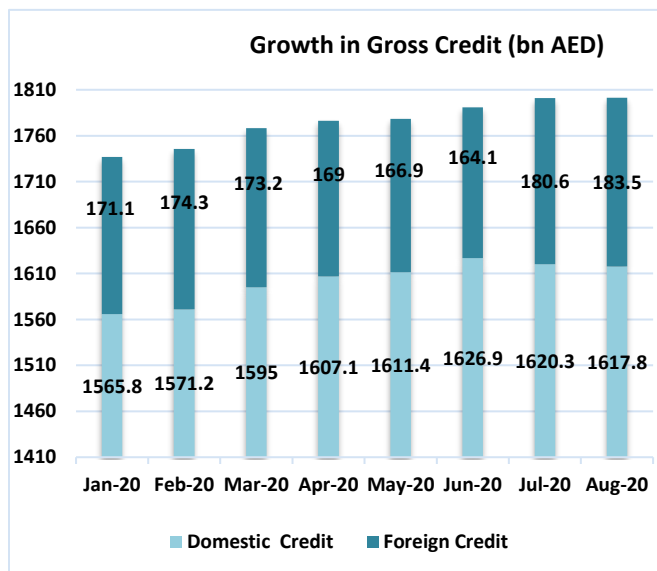


Overnight Deposit Facility (ODF) offered to conventional banks by the CBUAE, effective July 2020. Reserve Requirements continue to be lower than the pre April 2020 amounts due to the reduction in the required reserves ratio from 14% to 7% on Demand Deposits per the Targeted Economic Support Scheme (TESS) offered to Banks by the CBUAE since April 2020.

Change in the components of Gross Credit during August 2020 were due to growth in Foreign Credit by 1.6%, overshadowing the reduction in Domestic Credit by 0.2%. Domestic Credit fell due to decreases in Public Sector (GREs Govt. ownership of more than 50%) Credit by 0.6% and Private Sector Credit by 0.4%, superseding the increases in Government Credit by 1.3% and in credit to Non-Banking Financial Institutions by 0.6%.

From the end of July 2020 to the end of August 2020, Gross Credit increased by 0.02%, reaching AED 1801.3 billion. On y-o-y basis, Gross Credit grew by 5.5%.

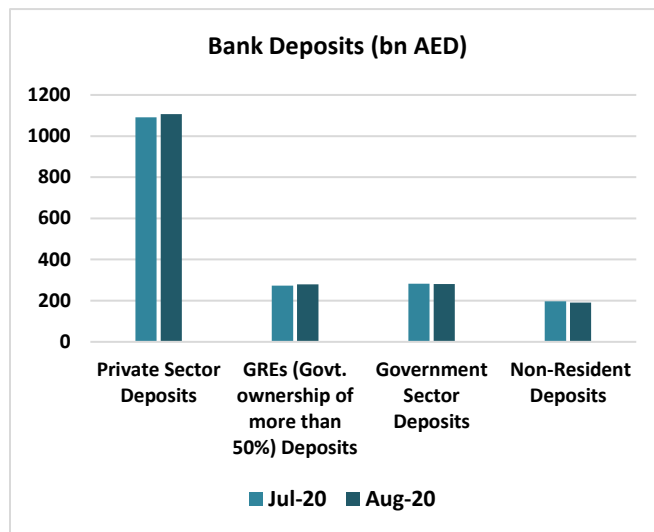
Gross Credit increased by 0.02% on m-o-m and by 5.5% on y-o-y basis.



At the end of August 2020, Total Investments by Banks reached AED 435.5 billion, a 1.0% m-o-m increase and a 13.3% y-o-y increase.

Liabilities

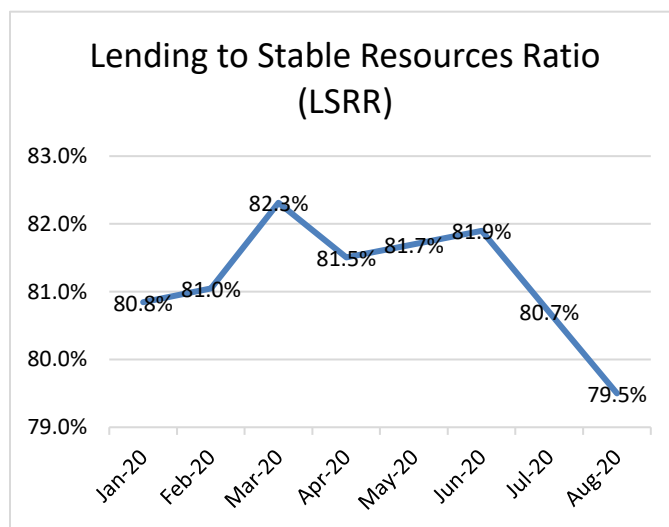
Bank Deposits increased by 0.6% during August 2020, driven by an increase in Resident Deposits by 1.1%, dominating a reduction in Non-Resident Deposits by 3.6%. The increase in Resident Deposits was due to increases in Private Sector Deposits (64.7% of Resident Deposits) by 1.4%, in GRE deposits (16.3% of Resident Deposits) by 1.9% and in Non-Banking Financial Institutions' Deposits (2.5% of Resident Deposits) by 2.6%, superseding the reductions in Government Sector Deposits (16.4% of Resident Deposits) by 0.9%.



Implications of Lending to Stable Resources Ratio

During August 2020, the Lending to Stable Resources Ratio fell by 1.5%, standing at 79.5%, reflecting a faster growth in deposits and other stable resources, compared to the growth in lending.

Lending to Stable Resources stood at 79.5%, reflecting a negative growth in lending relative to the increase in stable resources.



UAE Banking Indicators							
(End of month, figures in billions of Dirhams unless otherwise indicated)							
	2019		2020				
	Aug	Dec	Jul	Aug*	% Month-on-Month	% Year-to-Date	% Year-on-Year
Gross Banks' Assets	2983.4	3082.9	3200.5	3223.4	0.7%	-4.6%	8.0%
1.Total Banks' Reserves at the Central Bank	295.5	315.2	292.9	307.7	5.1%	-2.4%	4.1%
Reserve Requirements **	127.6	129.7	73.3	70.5	-3.8%	-45.6%	-44.7%
Current Accounts & Overnight Deposits of Banks ¹	17.7	25.3	73.5	80.2	9.1%	217.0%	353.1%
Certificates of Deposit held by Banks	150.2	160.2	146.1	157.0	7.5%	-2.0%	4.5%
of which: Islamic Certificates of Deposit	32.2	37.5	42.3	55.6	31.4%	48.3%	72.7%
2.Gross Credit	1707.6	1758.6	1800.9	1801.3	0.0%	2.4%	5.5%
Domestic Credit	1552.9	1592.6	1620.3	1617.8	-0.2%	1.6%	4.2%
Government	208.7	257.4	252.7	255.9	1.3%	-0.6%	22.6%
Public Sector (GREs)	178.6	185.3	216.0	214.7	-0.6%	15.9%	20.2%
Private Sector	1148.3	1134.6	1134.5	1130.0	-0.4%	-0.4%	-1.6%
Business & Industrial Sector Credit ²	815.6	802.2	809.2	803.6	-0.7%	0.2%	-1.5%
of which: Total Funded SME Lending	-	89.5	-	-	-	-	-
Individual	332.7	332.4	325.3	326.4	0.3%	-1.8%	-1.9%
Non-Banking Financial Institutions	17.3	15.3	17.1	17.2	0.6%	12.4%	-0.6%
Foreign Credit ³	154.7	166.0	180.6	183.5	1.6%	10.5%	18.6%
of which: Loans & Advances to Non-Residents in AED	17.3	16.7	16.8	16.7	-0.6%	0.0%	-3.5%
3.Total Investments by Banks	384.3	399.0	431.1	435.5	1.0%	9.1%	13.3%
Debt securities	239.0	246.1	270.5	276.8	2.3%	12.5%	15.8%
Equities	10.2	10.8	8.5	8.9	4.7%	-17.6%	-12.7%
Held to maturity securities	91.5	99.1	102.7	100.4	-2.2%	1.3%	9.7%
Other Investments	43.6	43.0	49.4	49.4	0.0%	14.9%	13.3%
4. Other Assets	596.0	610.1	675.6	678.9	0.5%	11.3%	13.9%
Due from Head Office/Own Branches/Banking Subsidiaries	119.1	154.6	184.6	186.3	0.9%	20.5%	56.4%
Due from Other Banks	227.2	210.6	206.2	208.5	1.1%	-1.0%	-8.2%
Other Items ⁴	249.7	244.9	284.8	284.1	-0.2%	16.0%	13.8%
Bank Deposits	1763.6	1870.2	1887.3	1899.0	0.6%	1.5%	7.7%
Resident Deposits	1567.1	1648.8	1690.3	1709.0	1.1%	3.7%	9.1%
Government Sector	267.4	301.3	283.0	280.5	-0.9%	-6.9%	4.9%
GREs (Govt. ownership of more than 50%)	224.1	245.3	273.8	279.1	1.9%	13.8%	24.5%
Private Sector	1032.2	1057.9	1091.5	1106.3	1.4%	4.6%	7.2%
Non-Banking Financial Institutions	43.4	44.3	42.0	43.1	2.6%	-2.7%	-0.7%
Non-Resident Deposits	196.5	221.4	197.0	190.0	-3.6%	-14.2%	-3.3%
Average Cost on Bank Deposits⁵		1.6%					
Average Yield on Credit⁶		5.0%					
Capital & Reserves⁷	371.6	392.9	387.3	390.3	0.8%	-0.7%	5.0%
Specific provisions & Interest in Suspense	98.9	99.3	108.1	110.0	1.8%	10.8%	11.2%
General provisions	34.7	33.1	39.0	39.2	0.5%	18.4%	13.0%
Lending to Stable Resources Ratio⁸	82.7%	81.0%	80.7%	79.5%	-1.5%	-1.9%	-3.9%
Eligible Liquid Assets Ratio (ELAR)⁹	17.1%	18.1%	16.4%	16.7%	1.8%	-7.7%	-2.3%
Capital Adequacy Ratio - (Tier 1 + Tier 2)¹⁰		17.7%					
of which: Tier 1 Ratio		16.5%					
Common Equity Tier 1(CET 1) Capital Ratio		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 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/Sukuk 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.