



Main Highlights of the UAE Banking Indicators

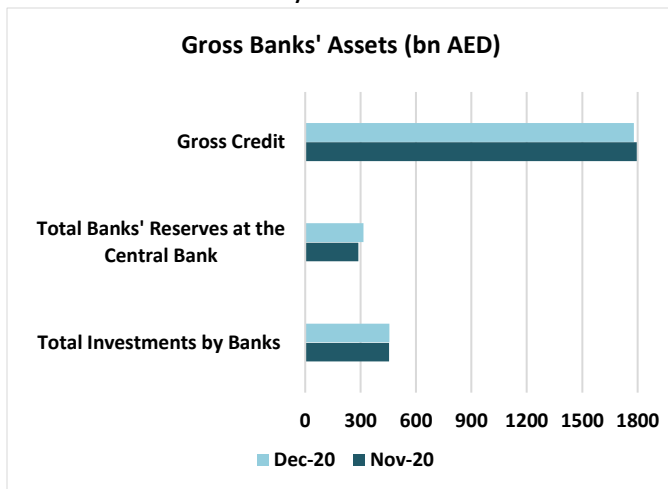
December 2020

Assets

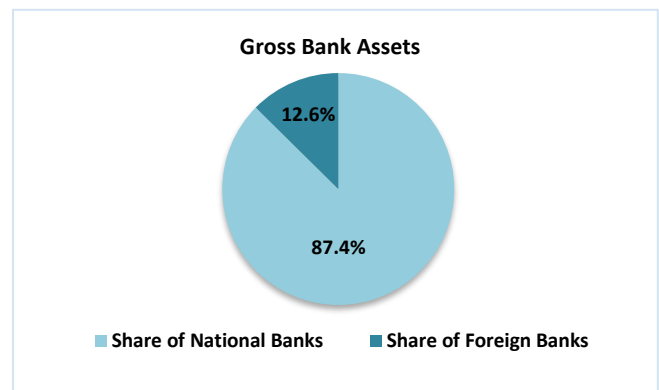
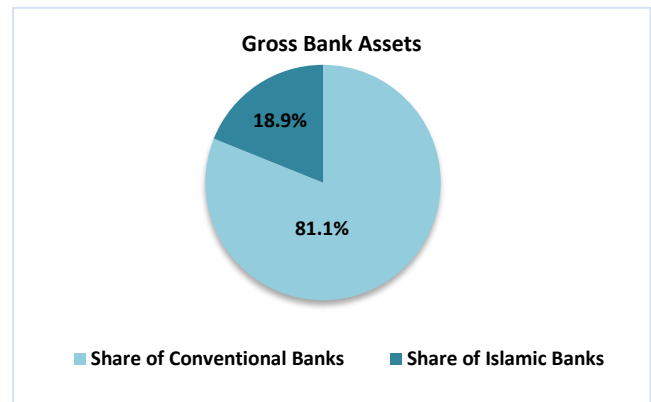
On month-on-month basis, Gross Banks' Assets reduced by 0.4%, falling from AED 3,202.2 billion at the end of November 2020 to AED 3,188.0 billion at the end of December 2020.

Gross Banks' Assets decreased due to reductions in; Gross Credit by 0.9% (55.8% of the Gross Banks' Assets) and Other Assets by 4.3% (20.0% of the Gross Banks' Assets). These reductions overshadowed the increases in Total Banks' Reserves at the Central Bank by 10.0% (9.9% of the Gross Banks' Assets) and in Total Investments by Banks by 0.4% (14.3% of the Gross Banks' Assets). On an annual basis, Gross Banks' Assets grew by 3.4%.

Gross Banks' Assets decreased by 0.4% on m-o-m basis.



During December 2020, conventional banks and Islamic banks contributed 81.1% and 18.9% 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 rise in Total Banks' Reserves at the Central Bank was a result of increases in Reserve Requirements by 5.1% and in Current Accounts & Overnight Deposits of Banks by 57.8%, dominating the reduction in Certificates of Deposits Held by Banks by 8.0%.

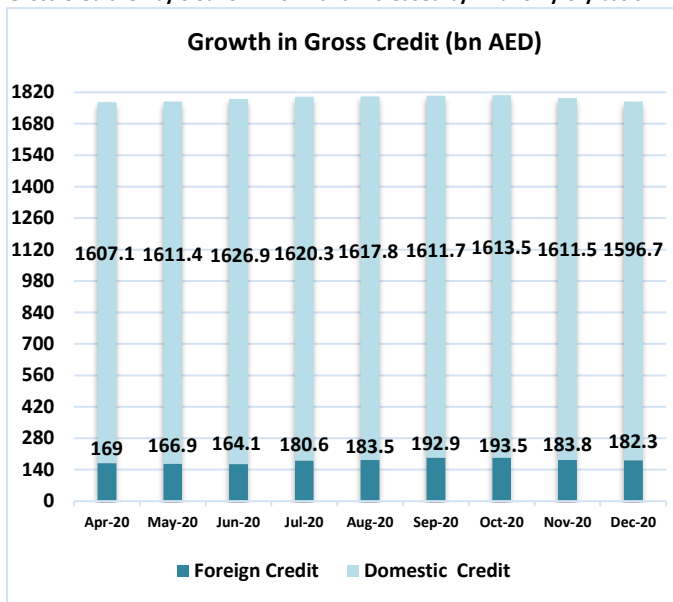
The reduction in required reserves ratio from 14% to 7% on Demand Deposits per the Targeted Economic Support Scheme (TESS) offered to Banks by the CBUAE since April 2020, continue to support the banking system in the UAE.

The fall in Gross Credit during December 2020 was due to reductions in Domestic and Foreign Credit by 0.9% and 0.8%, respectively. Domestic Credit fell due to decreases in Government Credit by 1.1%, in Public Sector (GREs Govt. ownership of more than 50%) Credit by 0.8%, in Private Sector Credit by 0.9%

and in Non-Banking Financial Institutions Credit by 2.4%.

From the end of November 2020 to the end of December 2020, Gross Credit decreased by 0.9%, settling at AED 1779 billion. On a year on year basis, Gross Credit grew by 1.2%.

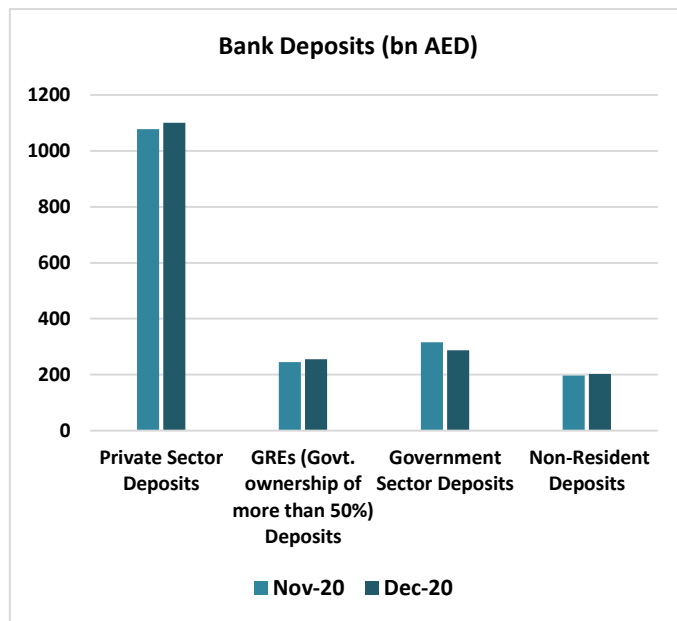
Gross Credit fell by 0.9% on m-o-m and increased by 1.2% on y-o-y basis.



At the end of December 2020, Total Investments by Banks reached AED 455.8 billion, a 0.4% m-o-m increase and a 14.2% y-o-y increase.

Liabilities

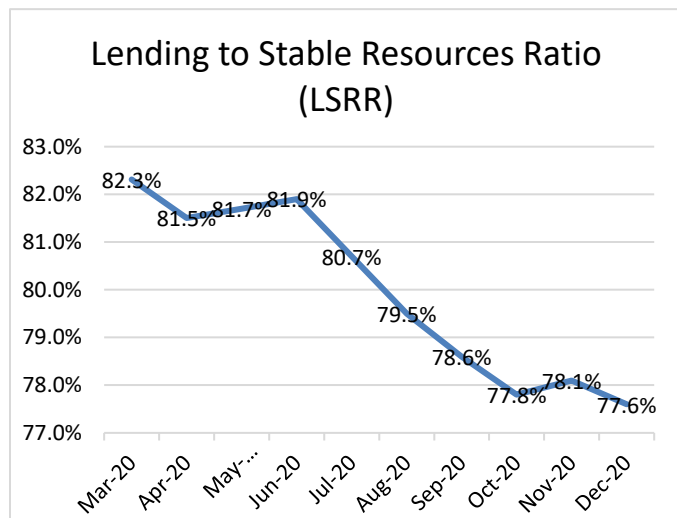
Bank Deposits increased by 0.4% during December 2020, driven by increases in Resident Deposits by 0.1% and in Non-Resident Deposits by 3.0%. The increase in Resident Deposits was due to rise in GRE deposits (15.1% of Resident Deposits) by 4% and in Private Sector Deposits (65.4% of Resident Deposits) by 2.0%. These increases superseded the fall in Government Sector Deposits (17.1% of Resident Deposits) by 8.9% and in Non-Banking Financial Institutions' Deposits (2.4% of Resident Deposits) by 2.4%. On an annual basis, deposits increased by 0.8%.



Implications of Lending to Stable Resources Ratio

During December 2020, the Lending to Stable Resources Ratio fell by 0.6%, standing at 77.6%, reflecting larger reduction in lending, compared to the lesser reduction in deposits and other stable resources.

Lending to Stable Resources stood at 77.6%, reflecting a larger reduction in lending relative to the smaller reduction in stable resources.



UAE Banking Indicators					
(End of month, figures in billions of Dirhams unless otherwise indicated)					
	2019		2020		
	Dec	Nov	Dec*	% Month -on-Month	% Year-on- Year
Gross Banks' Assets	3082.9	3202.2	3188.0	-0.4%	3.4%
1.Total Banks' Reserves at the Central Bank	315.2	287.4	316.2	10.0%	0.3%
Reserve Requirements **	129.7	85.1	89.4	5.1%	-31.1%
Current Accounts & Overnight Deposits of Banks ¹	25.3	61.8	97.5	57.8%	285.4%
Certificates of Deposit held by Banks	160.2	140.5	129.3	-8.0%	-19.3%
of which: Islamic Certificates of Deposit	37.5	50.6	45.3	-10.5%	20.8%
2.Gross Credit	1758.6	1795.3	1779.0	-0.9%	1.2%
Domestic Credit	1592.6	1611.5	1596.7	-0.9%	0.3%
Government	257.4	254.8	251.9	-1.1%	-2.1%
Public Sector (GREs)	185.3	221.7	219.9	-0.8%	18.7%
Private Sector	1134.6	1118.0	1108.3	-0.87%	-2.3%
Business & Industrial Sector Credit ²	802.2	787.4	778.8	-1.1%	-2.9%
of which: Total Funded SME Lending	89.5	-	92.8	-	3.7%
Individual	332.4	330.6	329.5	-0.3%	-0.9%
Non-Banking Financial Institutions	15.3	17.0	16.6	-2.4%	8.5%
Foreign Credit ³	166.0	183.8	182.3	-0.8%	9.8%
of which: Loans & Advances to Non-Residents in AED	16.7	16.1	15.5	-3.7%	-7.2%
3.Total Investments by Banks	399.0	454.2	455.8	0.4%	14.2%
Debt securities	246.1	284.9	290.5	2.0%	18.0%
Equities	10.8	9.3	9.2	-1.1%	-14.8%
Held to maturity securities	99.1	115.9	111.4	-3.9%	12.4%
Other Investments	43.0	44.1	44.7	1.4%	4.0%
4. Other Assets	610.1	665.3	637.0	-4.3%	4.4%
Due from Head Office/Own Branches/Banking Subsidiaries	154.6	169.7	156.0	-8.1%	0.9%
Due from Other Banks	210.6	213.2	207.9	-2.5%	-1.3%
Other Items ⁴	244.9	282.4	273.1	-3.3%	11.5%
Bank Deposits	1870.2	1876.2	1884.5	0.4%	0.8%
Resident Deposits	1648.8	1679.7	1682.1	0.1%	2.0%
Government Sector	301.3	315.5	287.3	-8.9%	-4.6%
GREs (Govt. ownership of more than 50%)	245.3	245.1	254.8	4.0%	3.9%
Private Sector	1057.9	1078.2	1100.1	2.0%	4.0%
Non-Banking Financial Institutions	44.3	40.9	39.9	-2.4%	-9.9%
Non-Resident Deposits	221.4	196.5	202.4	3.0%	-8.6%
Average Cost on Bank Deposits⁵	1.6%		1.0%		
Average Yield on Credit⁶	5.0%		3.8%		
Capital & Reserves⁷	392.9	397.3	392.8	-1.1%	0.0%
Specific provisions & Interest in Suspense	99.3	114.7	116.6	1.7%	17.4%
General provisions	33.1	39.0	38.3	-1.8%	15.7%
Lending to Stable Resources Ratio⁸	81.0%	78.1%	77.6%	-0.6%	-4.2%
Eligible Liquid Assets Ratio (ELAR)⁹	18.1%	17.0%	18.4%	8.2%	1.7%
Capital Adequacy Ratio - (Tier 1 + Tier 2)¹⁰	17.7%		18.2%		
of which: Tier 1 Ratio	16.5%		17.1%		
Common Equity Tier 1(CET 1) Capital Ratio	14.7%		14.9%		

* 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/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)

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.