



# Banking Buzz UAE

Volume: 6

## Industry pulse

While CBUAE enhances operations and payment transparency, banks are engaging in SME-specific and cross-industry solutions, securing payments and expanding investment portfolios.

## Market performance

The banking industry in the UAE witnessed an increase in net profit, with a marginal increase in total assets and customer deposits in Q1 2021, as compared to YE 2020.

## KPMG insight

The impact of Covid-19 on operational resilience, cost-effectiveness and the acceleration of digital value among banks, coupled with the views of industry leaders on business growth and transformation priorities.

## About Banking Buzz

*Banking Buzz is a quarterly publication that provides an overview of significant developments shaping the banking industry in the UAE. It is a compilation of performance metrics and key trends in the sector.*

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### Industry voice

#### “ Developing SME dedicated solutions and services ”

*Supporting the SME sector is a top priority for Emirates Islamic and we will continue to...provide innovative solutions to support the growing business needs of SMEs. Following our recently launched Digital Banking Package, the opening of the Sheikh Zayed and Al Twar centers will further enhance our ability to strengthen our relationship with our SME clients in the country.*



”

- Ghazanfar Naqvi,  
Head of Business Banking by Emirates Islamic <sup>(1)</sup>

#### “ Partnering to offer cross-industry solutions ”

*..We are pleased to provide our customers, in collaboration with MetLife, easy access to best-in-class insurance products and solutions that are integral to their long-term financial planning...We remain committed to helping our customers meet their protection and savings needs in the best way.*



”

- Suvo Sarkar, Senior Executive Vice President,  
Head of Retail Banking and Wealth Management, ENBD <sup>(2)</sup>

#### “ Innovating products to ease and secure payments for businesses ”

*With the rapid adoption of digital B2B payments, we see a great demand for innovations that help businesses increase back-office efficiencies, better manage cash flow and pay suppliers easily and securely. Further, with the increase in remote working, businesses are looking for seamless, digital solutions to deliver directly to their employees' mobile devices for immediate use. We are excited to expand our collaboration with HSBC and together launch Virtual Debit Cards...*



”

- Shahebaz Khan,  
General Manager UAE, Visa <sup>(3)</sup>

#### “ Integrating technologies to expand investment portfolio ”

*We believe the next wave of disruption will be in the investment industry, and our goal is to provide state-of-the-art investment services to all individuals across the region. We are delighted to launch CBD Investr, an innovative app leveraging cutting-edge technologies to deliver a world-class investment solution that will help customers grow their wealth in a straightforward, more transparent and affordable manner.*



”

- Dr. Bernd van Linder,  
Chief Executive Officer, CBD <sup>(4)</sup>

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## Regulatory pulse

The Central Bank of the UAE (CBUAE) issued regulations to improve payment systems and streamline operations while extending Covid-19 support to financial institutions.

### March 2021

#### Large-value payment systems regulation and the retail payment systems regulation

Fostering healthy financial infrastructure to aid the international competitiveness of the UAE's economy

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### April 2021

#### Small to Medium-Sized Enterprises (SME) market conduct regulation

Focused on improving SMEs' access to financial products and services

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#### Extension of Targeted Economic Support Scheme (TESS) until mid-2022

Enabling continuous support by financial institutions to negatively affected sectors

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### May 2021

#### Regulation for specialized banks covering licensing, prudential and conduct requirements

Providing a regulatory framework to streamline operations of specialized banks in the UAE

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#### Collaboration with SWIFT to improve cross-border payments

Enhancing the visibility of cross-border transactions through real-time tracking

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### Market Wrap-up

#### Q1 2021 financial results

##### Earnings



**Net profit after tax**  
increased by **11.6%** to

⬆️ AED 8.1 billion

**Average net interest margin<sup>2</sup>**  
decreased by **23 bps** to

⬇️ 269 bps

##### Balance sheet



**Total customer deposits**  
increased by **1.2%** to

⬆️ AED 1.8 trillion

**Total assets increased**  
by **0.6%** to

⬆️ AED 2.9 trillion

##### Credit quality



**ECL to loans ratio**  
decreased by **0.2% pts** to

⬇️ 5.2%

**Non-performing loan ratio**  
increased by **0.1% pts** to

⬆️ 6.1%

##### Regulatory ratios



**CAR ratio decreased** by  
**0.5% pts** to

⬇️ 17.6%

**Loans to deposit ratio**  
increased by **0.1% pts** to

⬆️ 87.0%

- (1) Representation includes the 10 largest list banks in the UAE by assets: ADCB, ENBD, FAB, Mashreq, RAKBANK, ADIB, CBD, SIB, NB F and DIB  
(2) Balance sheet, credit quality and regulatory ratios comparisons are to YE 2019, adjusted for restatements as applicable  
(3) Net profit after tax and net interest margin comparisons are to 1Q 2020

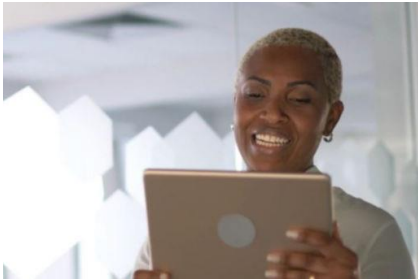
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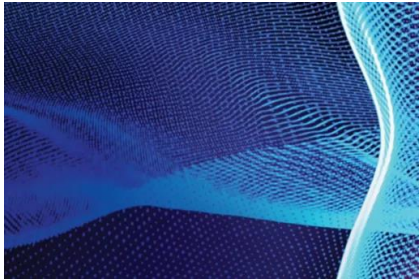
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## Glossary

**ADCB** – Abu Dhabi Commercial Bank

**ENBD** – Emirates NBD

**FAB** – First Abu Dhabi Bank

**Mashreq** – Mashreq Bank

**RAKBANK** – The National Bank of Ras Al-Khaimah

**ADIB** – Abu Dhabi Islamic Bank

**CBD** – Commercial Bank of Dubai

**SIB** – Sharjah Islamic Bank

**NBF** – National Bank of Fujairah

**DIB** – Dubai Islamic Bank

**ECL** – Expected credit loss

**CAR** – Capital Adequacy Ratio

## Citations

- (1) [Emirates Islamic launches new Business Banking centres](#), 8 February 2021, Khaleej Times
- (2) [UAE bank partners with MetLife](#), 17 February 2021, International Adviser
- (3) [HSBC launches virtual debit cards for UAE businesses](#), 8 February 2021, Zawya
- (4) [Commercial Bank of Dubai is the First Bank in the Region to Launch a Robo-Advisory Investment App](#), 30 April 2021, The Fintech Times

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