



# Banking buzz - UAE

Volume 7

## ***About Banking buzz***

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*Banking buzz is a quarterly publication summarizing key performance metrics of banks in the UAE.*



# Market wrap-up

## H1 2021 financial results

### Earnings



**Net profit after tax** increased by **15.7%** to

 AED 17.1 billion

**Average net interest margin** decreased by **30 bps** to

 245 bps

### Size



**Total customer deposits** increased by **3.4%** to

 AED 1.9 trillion

**Total assets increased** by **2.3%** to

 AED 2.9 trillion

### Credit quality



**ECL to loans ratio** increased by **0.1% pts** to

 5.2%

**Average NPL ratio decreased** by **0.03% pts** to

 6.2%


### Regulatory ratios



**CAR ratio decreased** by **0.6% pts** to

 17.5%

**Loans to deposits ratio** decreased by **1.8% pts** to

 84.4%

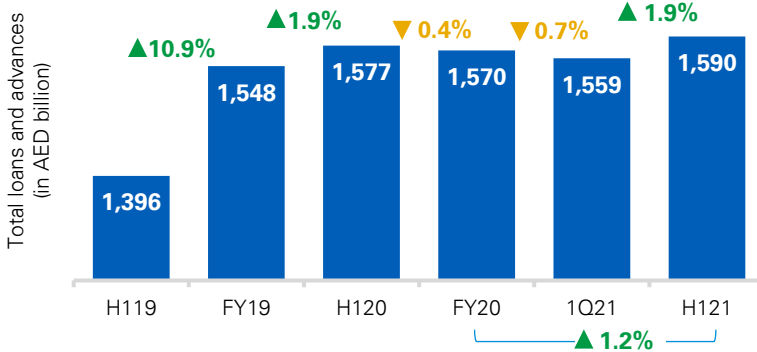
- (1) Representation includes the ten largest listed banks in the UAE by assets: ADCB, ENBD, FAB, Mashreq, RAKBANK, ADIB, CBD, SIB, NBF and DIB
- (2) Size, credit quality and regulatory ratios comparisons are to YE 2020, adjusted for restatements as applicable
- (3) Net profit after tax and net interest margin comparisons are to H1 2020

Top ten listed banks in the UAE, regulated by the Central Bank of the United Arab Emirates and the Securities and Commodities Authority, based on total assets as of 30 June 2021:

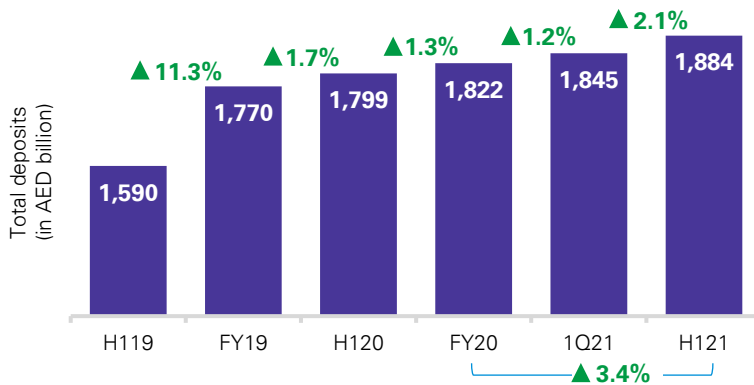
Abu Dhabi Commercial Bank	<b>ADCB</b>	Abu Dhabi Islamic Bank	<b>ADIB</b>
Emirates NBD	<b>ENBD</b>	Commercial Bank of Dubai	<b>CBD</b>
First Abu Dhabi Bank	<b>FAB</b>	Sharjah Islamic Bank	<b>SIB</b>
Mashreq Bank	<b>Mashreq</b>	National Bank of Fujairah	<b>NBF</b>
The National Bank of Ras Al-Khaimah	<b>RAKBANK</b>	Dubai Islamic Bank	<b>DIB</b>

# Top ten banks as of 30<sup>th</sup> June 2021

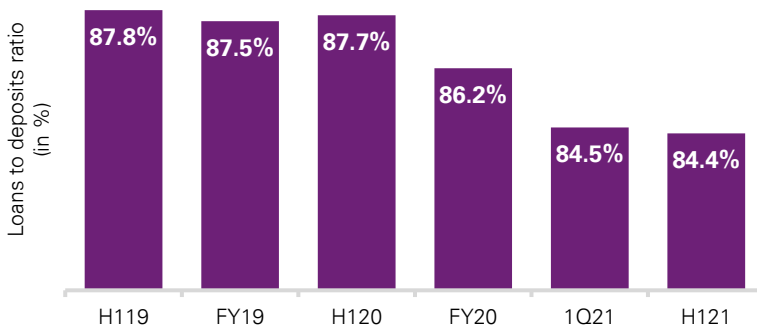
## Total loans and advances (L&A)



## Total deposits



## Loans to deposits ratio (LDR)



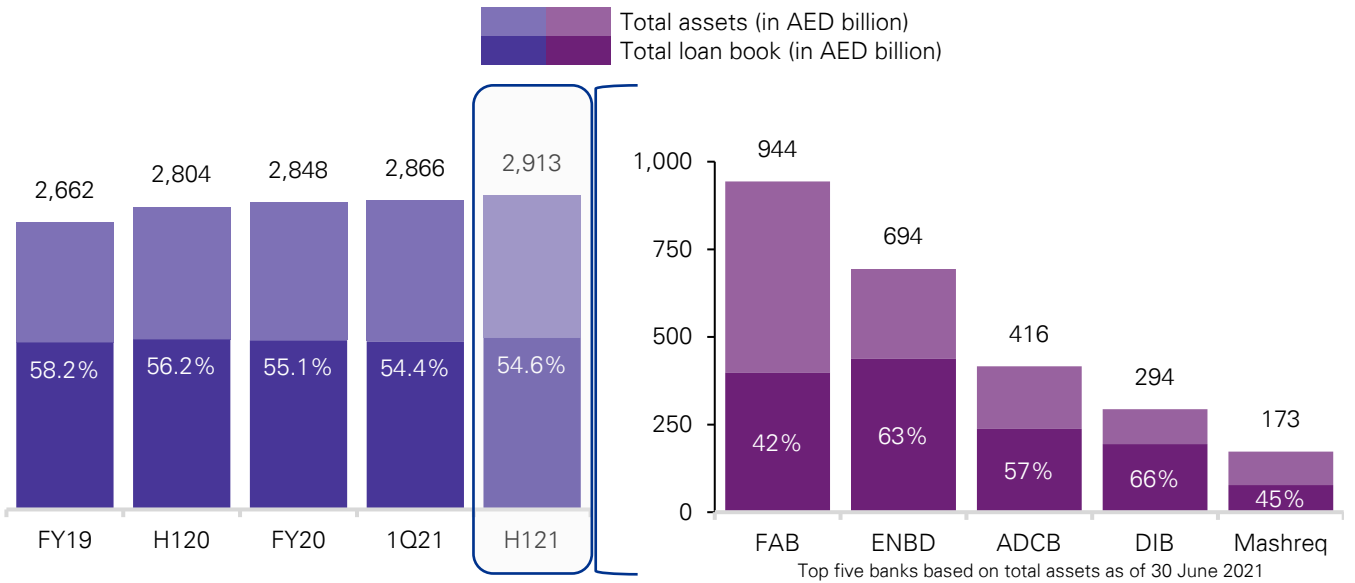
- Aggregate L&A for **banks grew at a marginal rate of 1.2%** in H121. This was amidst a sluggish economic environment still feeling the effects of the pandemic
  - CBD, FAB and Mashreq reported significant L&A growth
  - A few banks are **currently short of their respective FY21 L&A growth guidance**, with ENBD and ADCB reporting minimal growth
- Aggregate deposits increased by 2.1% in H121 (Q-o-Q) with **CBD, Mashreq and NBF reporting more than a 5% increase in deposits** for the same period



- LDR **decreased to 84.4%** (H121) from 86.2% (FY20) as deposits significantly increased by 3.4% with growth of 1.2% in L&A
- ENBD, NBF and RAKBANK** reported an increase in LTD ratio (H121 vs FY20), whilst DIB and SIB witnessed significant decline

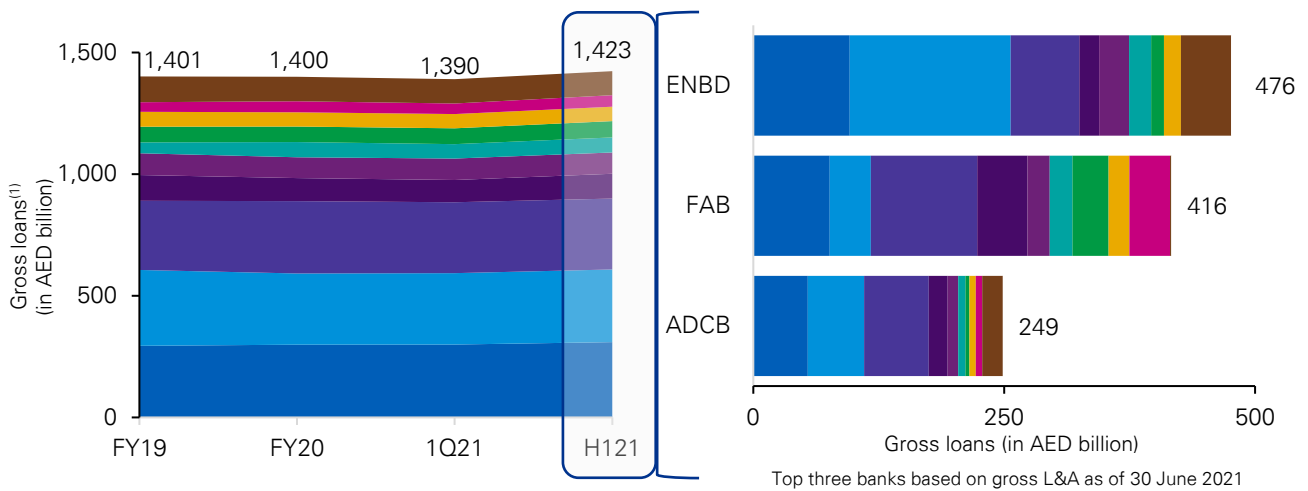
# Asset and loan mix

## Total loan book proportionate to total assets



Overall L&A to total assets has remained constant when compared to FY20, but there was a significant reduction when compared to FY19, on the back of the poor economic environment witnessed in that time period.

## Gross loans by industry



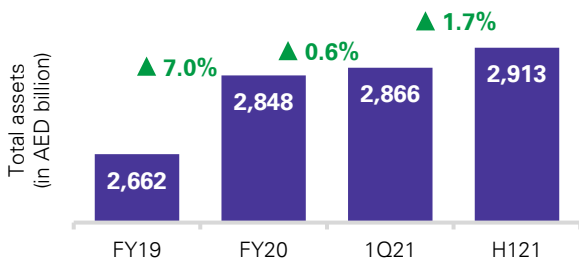
- Personal
- Financial Institutions
- Manufacturing
- Others<sup>(2)</sup>
- Government and public sector entities
- Trading
- Services
- Real estate and construction
- Transport and communication
- Energy

(1) Representation includes gross loans for ADCB, ENBD, FAB, Mashreq, ADIB, CBD and SIB.  
 (2) Others include management of companies and enterprises, hospitality and agriculture.

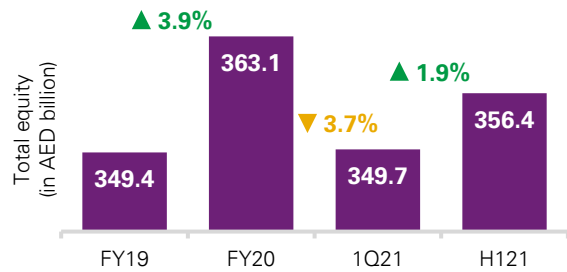


# Banking on key players

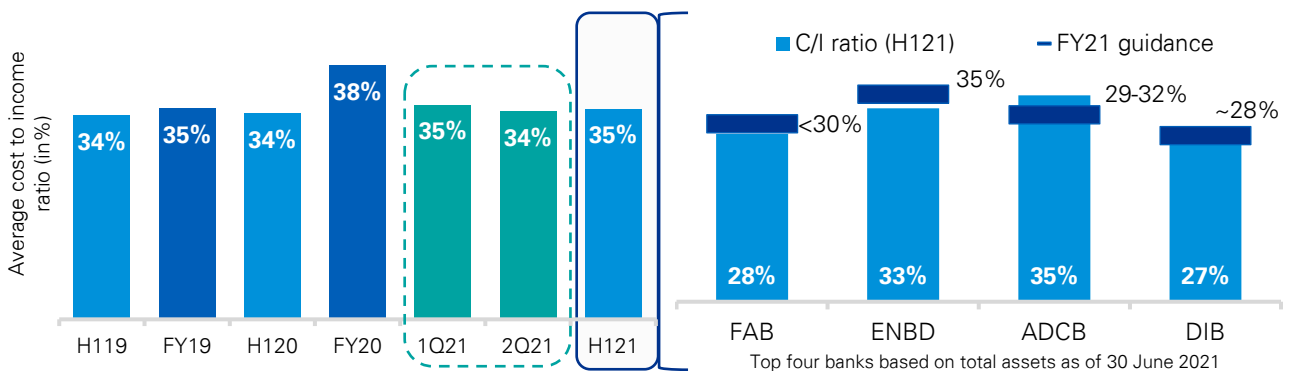
## Total assets



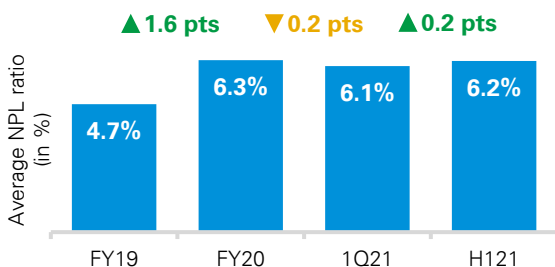
## Total equity



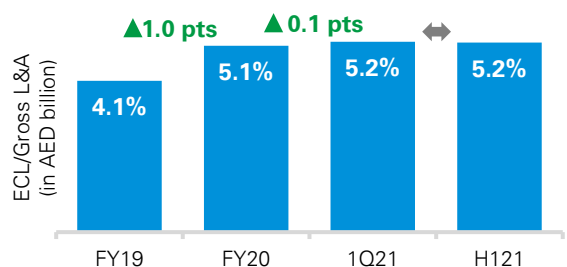
## Average cost to income (C/I) ratio



## NPL ratio



## ECL to loans ratio



Banks in the UAE have demonstrated robust performance even though there were some spill-over effects from the pandemic. We have observed less volatility in 2021 compared with 2020.

- The top four banks continue to contribute over 80% of the total assets from the top ten banks
- Seven out of the top ten banks reported a decline in the C/I ratio in 2Q21 (Q-o-Q). However, C/I ratio increased by 0.3% pts in H121 (Y-o-Y), primarily due to an increase in operating costs for ENBD, FAB and SIB

The EXPO and gradual economic improvements are expected to be the main catalyst for the sector in the near future.

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## Mid-year outlook | Ten key regulatory challenges of 2021



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## On the 2021 Audit Committee agenda



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