



Banking buzz - UAE

Volume 8

About Banking buzz

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

Market wrap-up

Q3 2021 financial results

Earnings



Net profit after tax increased by **24.1%** to

 AED 27.3 billion

Average net interest margin decreased by **0.2% pts** to

 2.4%

Size



Total customer deposits increased by **5.6%** to

 AED 1.9 trillion

Total assets increased by **4.1%** to

 AED 3 trillion

Credit quality



Average ECL to loans ratio decreased by **0.1% pts** to

 5.5%

Average NPL ratio increased by **0.2% pts** to

 6.4%

Regulatory ratios



CAR ratio decreased by **0.4% pts** to

 17.7%

Loans to deposits ratio decreased by **3.0% pts** to

 83.2%

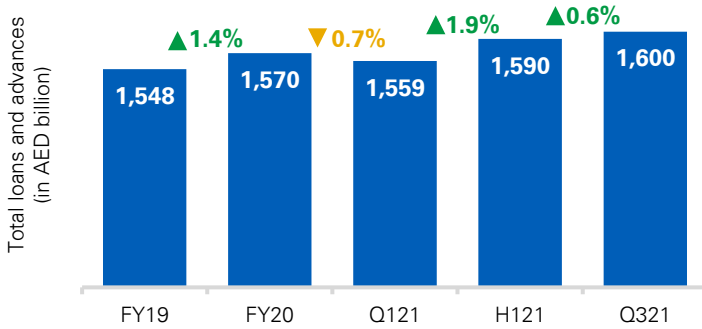
- (1) Up and down arrows showcase impact of the changes in performance metrics on the banking industry
- (2) Representation includes the ten largest listed banks in the UAE by assets: ADCB, ENBD, FAB, Mashreq, RAKBANK, ADIB, CBD, SIB, NBF and DIB
- (3) Size, credit quality and regulatory ratios comparisons are to YE 2020, adjusted for restatements as applicable
- (4) Net profit after tax and net interest margin comparisons are to Q3 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 September 2021:

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

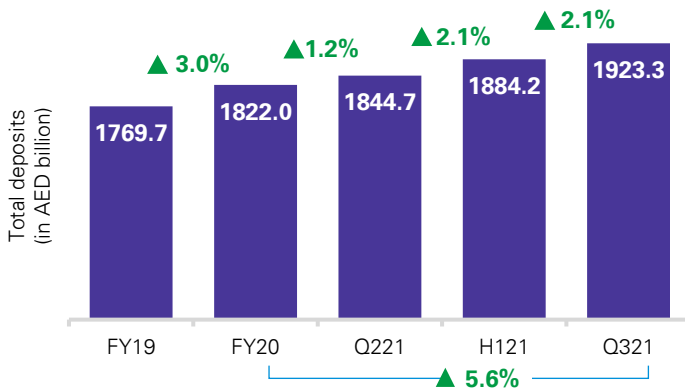
Top ten banks as of 30 September 2021

Total loans and advances (L&A)

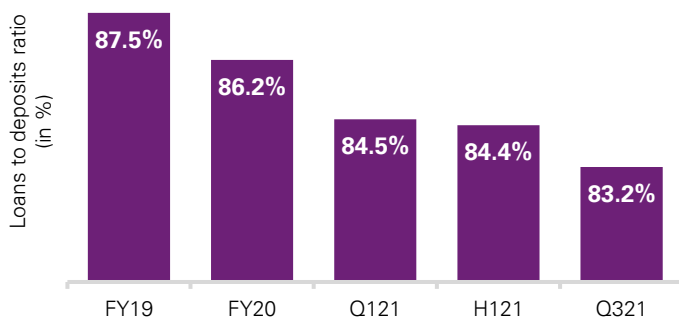


- Aggregate L&A for **banks increased at a rate of 1.9%** in Q3'21, primarily driven by significant increase in trade financing and personal loans
 - Mashreq and CBD reported significant L&A growth, as compared to FY20
 - ENBD, ADCB and ADIB are currently **short of their respective FY21 L&A growth guidance**
- Aggregate deposits have significantly **increased by 5.6%**, (compared to FY20) with **FAB, SIB and CBD** reporting **more than 8% increase in deposits** for the same period

Total deposits



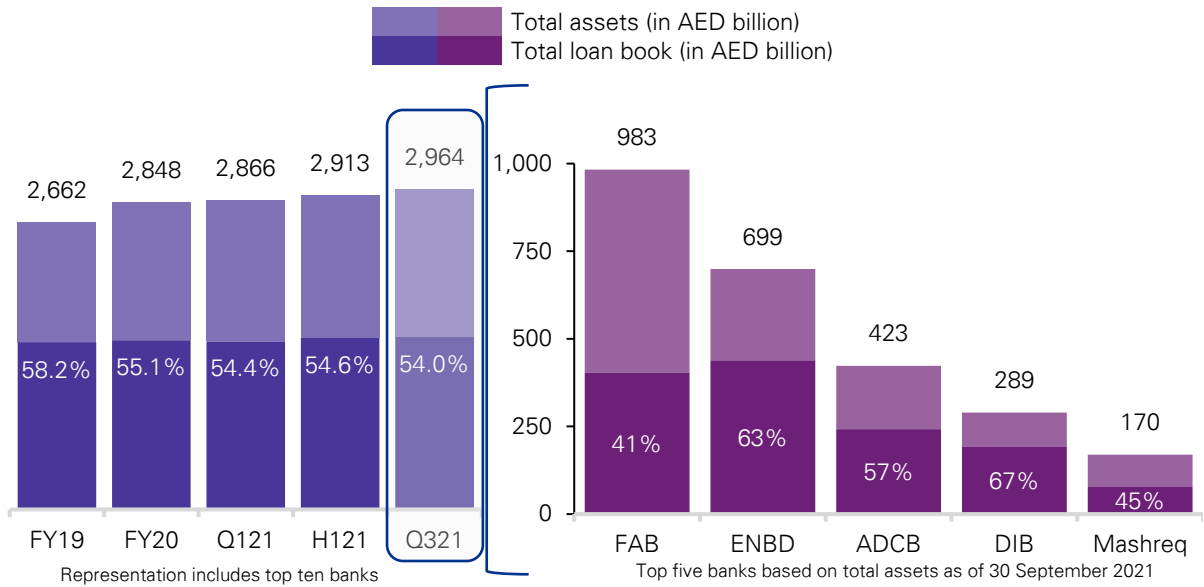
Loans to deposits ratio (LDR)



- LDR **decreased to 83.2%** from 84.4% in H121 as deposits increased by 2.1% with a minimal growth of 0.6% in L&A
- Significant growth in L&As for **CBD, RAKBANK** and **NBF**, increased the LDR ratios for these banks, whilst **DIB, FAB** and **SIB** reported a **decline**

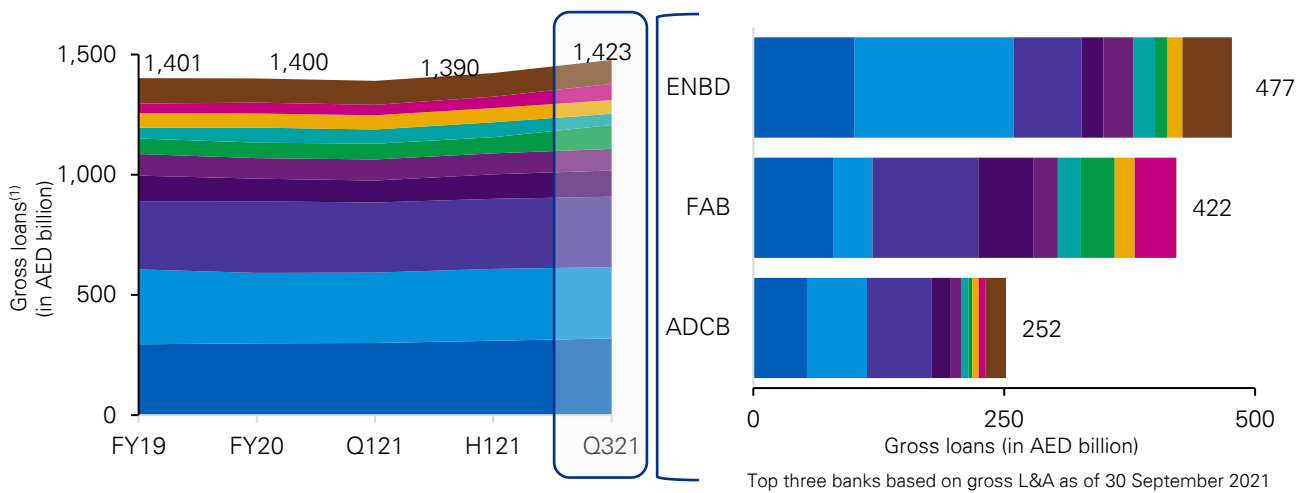
Asset and loan mix

Total loan book proportionate to total assets



Overall L&A to total assets has remained constant since FY20, with only FAB and Mashreq reporting loan book proportionate of less than 50%. When compared to FY19, there has been a reduction in the loan book proportion, primarily due to the poor economic environment witnessed in that time period.

Gross loans by industry

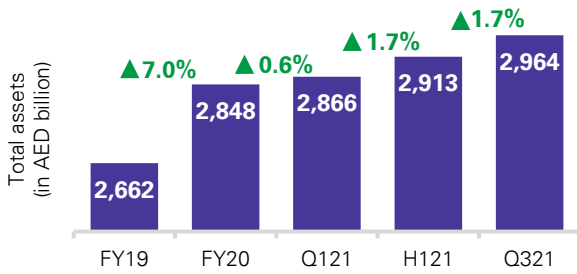


- Personal
- Financial institutions
- Manufacturing
- Others⁽²⁾
- Government and public sector entities
- Trading
- Services
- Real estate and construction
- Transport and communication
- Energy

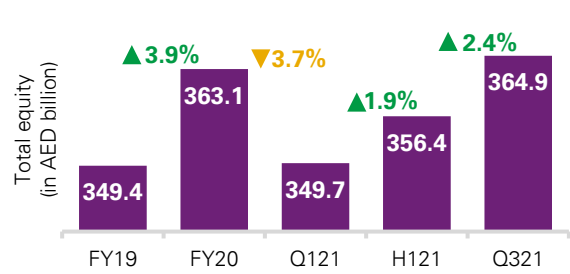
(1) Representation includes gross loans for ADCB, ENBD, FAB, Mashreq, ADIB, CBD and SIB.
 (2) Others include management of companies and enterprises, hospitality and agriculture.

Banking on key players

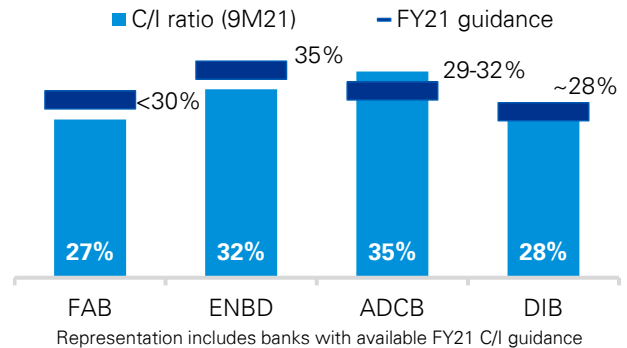
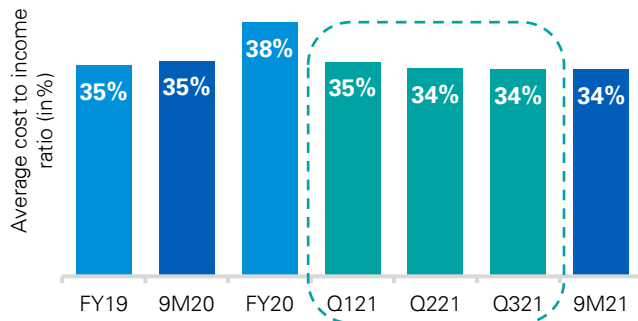
Total assets



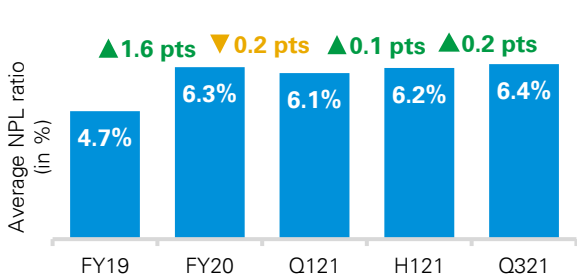
Total equity



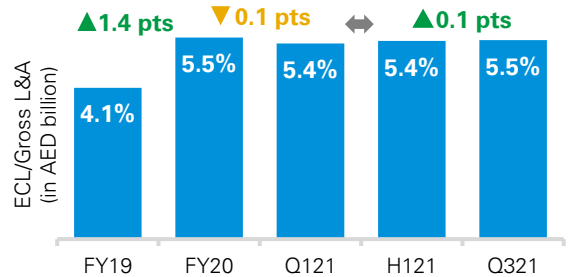
Average cost to income (C/I) ratio



Average NPL ratio



Average ECL to loans ratio



The UAE banks are recovering well from the effects of the pandemic and the results are less volatile in 2021 compared with 2020.

- The top three banks, FAB, ENBD and ADCB, continue to contribute over 70% of the total assets from the top ten banks
- Overall C/I ratio decreased by 1% in 9M'21 (Y-o-Y), primarily due to cost control strategies undertaken by few banks
- As compared to FY20, overall NPL ratio has marginally increased with contributions from DIB, NBF and Mashreq

From our global and local desks

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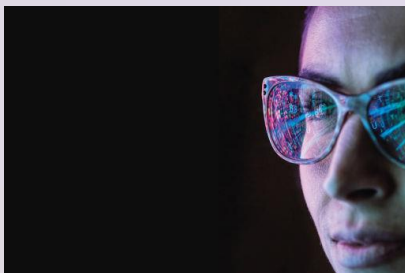
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