



مركز الإحصاء  
STATISTICS CENTRE



# Bank Statistics

for banks based in Emirate of Abu Dhabi

Quarter one and two 2014

November 2014

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## Introduction

The Statistics Center – Abu Dhabi is pleased to present the Banks Statistics publication for quarter one and two of 2014. The publication is based on data from the Central Bank of UAE for Abu Dhabi Emirate (Abu Dhabi, Al Ain and Western regions) and include data of Abu Dhabi national based banks such as; the total production, number of employees and their compensation. Additional information such as the statement of earnings and interest rates on deposits, loans, and advances and gross interest paid and received from commercial and Islamic banks are provided.

The purpose of the publication is to identify the characteristics of bank activities in the Emirate and to present the necessary information in order to support the development of the banking and investment sectors in the Emirate of Abu Dhabi.

The last section of the publication contains technical notes and definitions gathered from the administration data of the Central Bank of the United Arab Emirates.



## Key Points

- Total Production for banks operating in the Emirate of Abu Dhabi increased by 2.3% to AED 7.8 billion in the first quarter of 2014 compared with AED 7.6 billion in the same quarter of 2013.
- Total Production for banks operating in the Emirate of Abu Dhabi increased by 2.5% to AED 7.9 billion in the second quarter of 2014 compared with AED 7.7 billion in the same quarter of 2013.
- Total operating expenses for Abu Dhabi Emirates based banks increased to AED 3.5 billion in the first quarter of 2014 compared with AED 3.3 billion in the same quarter of 2013.
- Total operating expenses for Abu Dhabi Emirates based banks decreased to AED 3.6 billion in the second quarter of 2014 compared with AED 4.0 billion in the same quarter of 2013.
- Interest income for banks accounted for the highest percentage of main revenues in the first quarter of 2014, with a share of 66.0%. The share of investment income was 10.0% of main revenues, which was similar to the second quarter of 2014.
- Compensation of employees for Abu Dhabi Emirates based banks per employee reach 34,479 dirham, an increase by 32.1% in the first quarter of 2014 compared with the same quarter of 2013.
- Compensation of employees for Abu Dhabi Emirates based banks per employee reach 42,240 dirham decreased by 3.9% in the second quarter of 2014 compared with the same quarter of 2013.
- The total number of employees for Abu Dhabi Emirates based banks increased by 9.9% to 12.7 thousand employees in the first quarter of 2014 compared with the same period in 2013.
- The interest on deposits in the first quarter of 2014 increased by 17.8% compared with the first quarter of 2013.
- The interest on personal loans decreased by 0.5% in the first quarter of 2014 compared with the first quarter of 2013 and by 0.4% in the second quarter of 2014, compared with the same quarter of 2013.



## Results Analysis

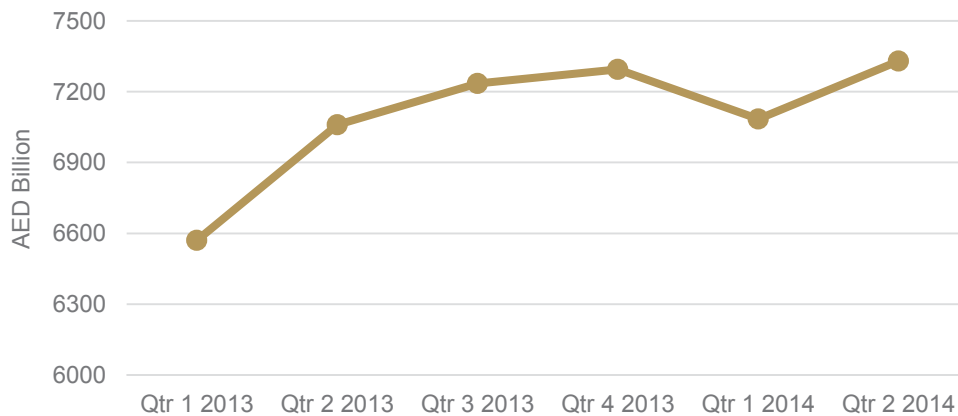
The net income of commercial and Islamic banks increased during the first and second quarters of 2014. The increase was 7.8% in the first quarter of 2014 compared with the first quarter of 2013, and 3.8% in the second quarter of 2014 compared with the second quarter of 2013. The number of employees increased by 9.9% in the first quarter of 2014 compared with the same quarter of 2013, and by 12.0% in the second quarter of 2014 compared with the same quarter of 2013.

### Statement of earnings

Net income in the publication, is the income generated after subtracting the total interest paid from total interest received for commercial banks, in addition to investment income. For Islamic banks, it is the difference between the revenues generated from investment in various forms of assets (e.g. joint venture, murabahah and mudharabah and others) and payments to applicants in the form of dividends on deposits.

Commercial banks' net income increased by 7.8% in the first quarter of 2014 compared with the same quarter of 2013, and 3.8% in the second quarter of 2014 compared with the second quarter of 2013. The graph below shows the trend in income during the quarters of 2013 and the first and second quarters of 2014.

**Figure (1): Net Income**

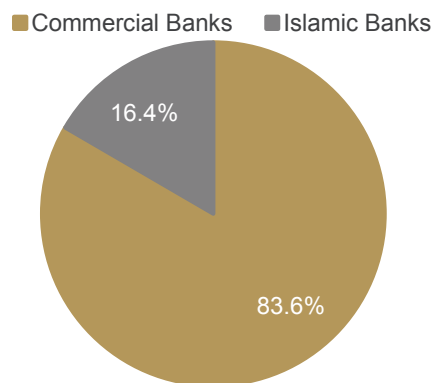


Source: Central Bank- UAE



The net income of commercial banks represented 83.3% of the total net income of all banks in the first quarter of 2014, while Islamic banks represented 16.7% (Figure 2), whereas these percentages are similar when comparing the second quarter of 2014 with the second quarter of 2013.

**Figure (2): Net Income for Commercial and Islamic Banks, second quarter 2014**



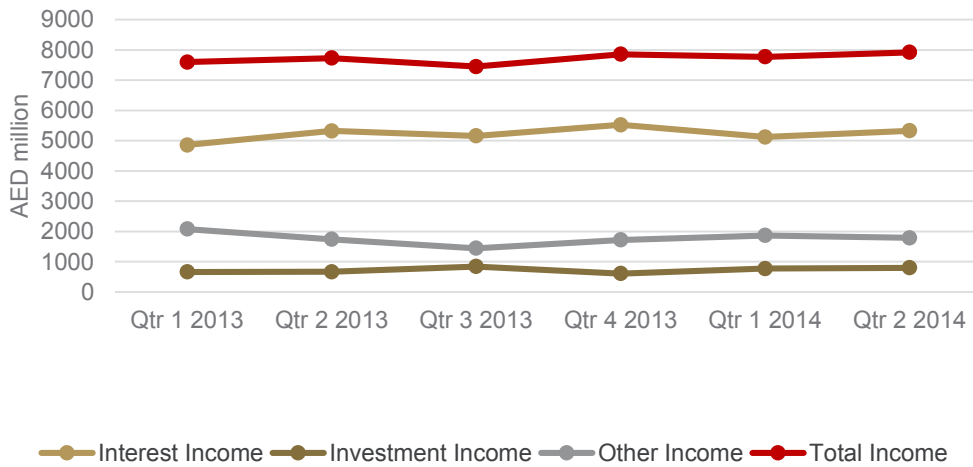
Source: Central Bank- UAE

## Total production

The net income of banks consist mainly of interest received minus interest paid. In addition, to income from investment and other income, Islamic banks earn revenues from various forms of investment (e.g. joint venture, murabahah and mudharabah and others) while they make payments to clients in the form of dividends on deposits.

Total income of commercial banks that are based in Abu Dhabi increased by 2.3%, from AED 7.6 billion in the first quarter of 2013 to AED 7.8 billion in the first quarter of 2014. The following figure shows the development of different types of income for all 2013 quarters and the first and second quarters of 2014.

**Figure (3): Total revenue for commercial banks with headquarters in the Emirate of Abu Dhabi, first quarter 2013 to second quarter 2014**



Source: Central Bank- UAE

The net earnings of commercial banks increased by 6.9% from AED 5,520 million in the first quarter of 2013 to AED 5,900 million in the first quarter of 2014. This resulted from a 2.8% increase in interest received and a 5.1% decrease in interest paid. On the other hand, Islamic banks has achieved net income growth of 12.7% in the first quarter of 2014 compared with the first quarter of 2013.

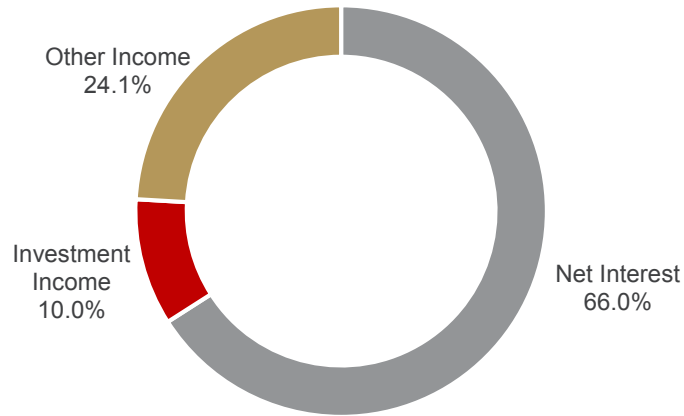
In the second quarter of 2014, interest received by commercial banks increased by 3.3% and interest paid by 5.3%. The net earnings of commercial banks consequently increased by 2.4%. Net earnings of Islamic banks increased by 12.1% over the same period.

About two- thirds of the net income of commercial banks, in the first quarter of 2014, was earned from net interest received, while 24.0% was from other income and 10.0% from investment. Similar ratios of the distribution of net income of commercial banks was recorded in the second quarter of 2014. Whereas these percentages are similar when comparing the second quarter of 2014 with the second quarter of 2013.





**Figure (4): Net income of commercial banks with headquarters in the Emirate of Abu Dhabi, first quarter 2014**



Source: Central Bank- UAE

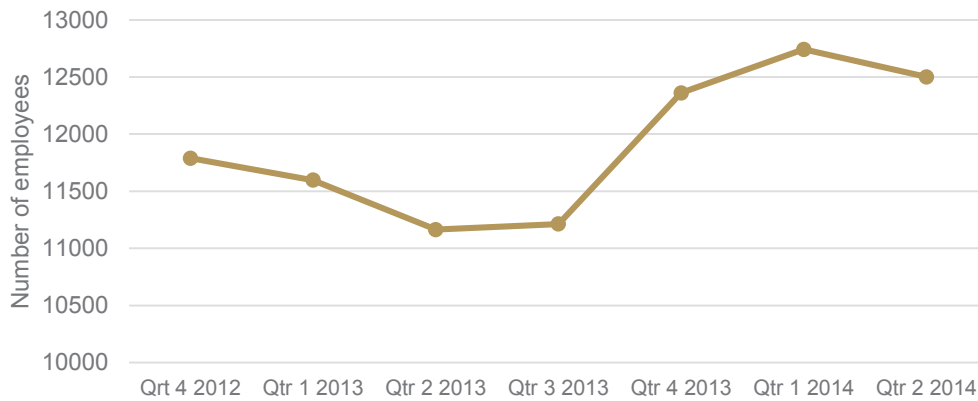
### Number of employees

The total number of employees in banks under study increased by 9.9% from 11,597 employees in the first quarter of 2013 to 12,742 employees for all banks, whether commercial or Islamic. In the second quarter of 2014, the number of employees increased by 12.0% to about 12,500 employees.

The following figure shows the change in the number of bank employees from December 2012 to June 2014. The number of employees decreased during the first and second quarters of 2013, but then it increased again by 10.2% in the last quarter of 2013 and by 3.1% in the first quarter of 2014. However, it decreased again by 1.9% in the second quarter of 2014.



**Figure (5): Number of employees at banks with headquarters in the Emirate of Abu Dhabi**



Source: Central Bank- UAE

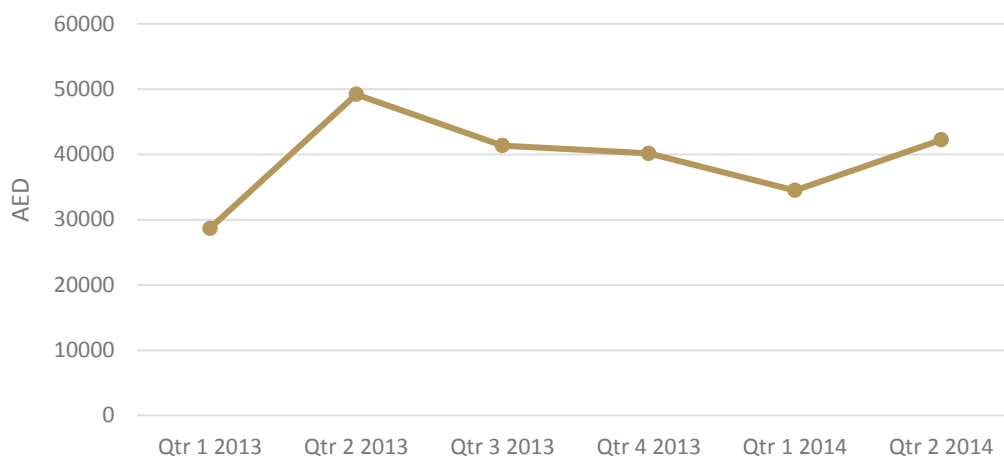
### Compensation of employees

Annual compensation per worker in Abu Dhabi based banks decreased during the last two quarters of 2013 and the first quarter of 2014. This was due to a rise in the number of employees. In the first quarter of 2014, the annual compensation of employees increased by more than 32.1% compared with the same quarter of the previous year, while it fell by 3.9% in the second quarter of 2014, compared with the second quarter of 2013.

The following figure shows the change in the average compensation per worker in 2013 and the first and second quarters of 2014. It reflects the trend in the average compensation per worker based on two variables: the compensation of employees and the number of employees in each quarter.



**Figure (6): Average compensation of employees per worker, first quarter of 2013 to the second quarter of 2014**



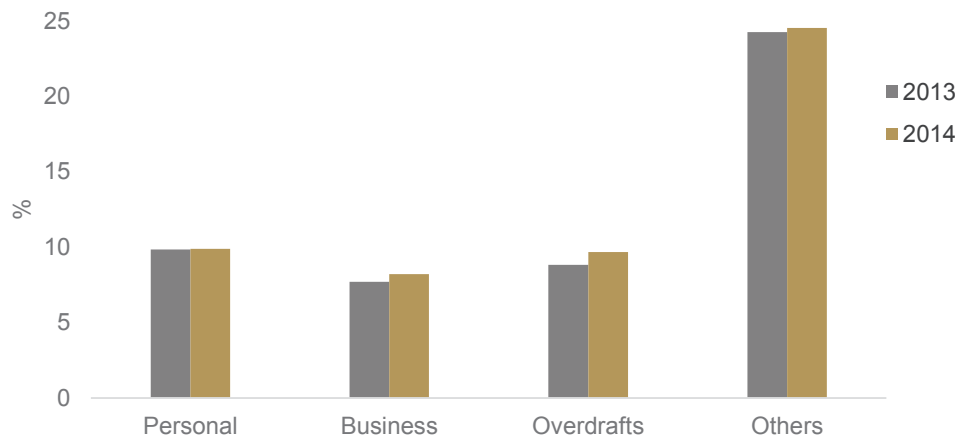
Source: Central Bank- UAE

### Interest rates on deposits loans and advances

The interest rate on deposits decreased by 17.8% in the first quarter of 2014 compared with the first quarter of 2013. The interest rate on personal loans decreased by 0.5% in the first quarter of 2014 compared with the first quarter of 2013, and by 0.4% in the second quarter compared with the second quarter of the previous year. In addition, the interest rate on business loans decreased by 6.8% compared with the first quarter of 2013 and by 9.8% on overdrafts in the first quarter of 2014 compared with the first quarter of 2013. The interest rate on business loans dropped by 6.7% in the second quarter of 2014 compared with the second quarter of 2013 and by 1.9% on overdrafts.



Figure (7) Interest rate on loans, first quarter of 2013 and 2014



Source: Central Bank- UAE



## Explanatory Notes

### Glossary:

**Net income of commercial banks:** income generated by subtracting the interest paid from the total interest received.

**Net income of the Islamic banks:** the difference between the revenues generated for the bank from investment in various forms of assets (e.g. joint venture, murabahah and mudharabah and others) and payments to clients in the form of dividends on deposits.

**Number of employees:** the number of employees (citizens and non-citizens) during the period under study.

**Total production:** includes net interest (difference between interest received and interest paid) plus income from investments and other income.

**The cost of an employee:** wages and salaries and cash bonuses and benefits in kind granted to workers by the company for its workers.

**Murabahah:** is a particular kind of sale, compliant with shariah, where the seller expressly mentions the cost he has incurred on the commodities for sale and sells it to another person by adding some profit or mark-up thereon, which is known to the buyer.

**Mudharabah:** is a contract, with one party providing 100 percent of the capital and the other party providing its specialized knowledge to invest the capital and manage the investment project. Profits generated are shared between the parties according to a pre-agreed ratio.



## References

- Statistics obtained from the UAE Central Bank:
  - Income statement for banks (commercial and Islamic) headquartered in the Emirate of Abu Dhabi.
  - The total interest paid and received in 2013 and the first and second quarters of 2014.
  - Interest rates on loans and advances in 2013 and the first and second quarters of 2014.
  - Interest rates deposit in dirhams in 2013 and the first and second quarters of 2014.
  - The total number of personnel and cost in 2013 and the first and second quarters of 2014.



## Disclaimer

### Scope:

- This publication covers statistics on administrative data obtained from the Central Bank about banks that located its headquarters in Abu Dhabi.

### The reference period:

- From the first quarter of 2013 to the second quarter of 2014.

### Disclaimer:

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