

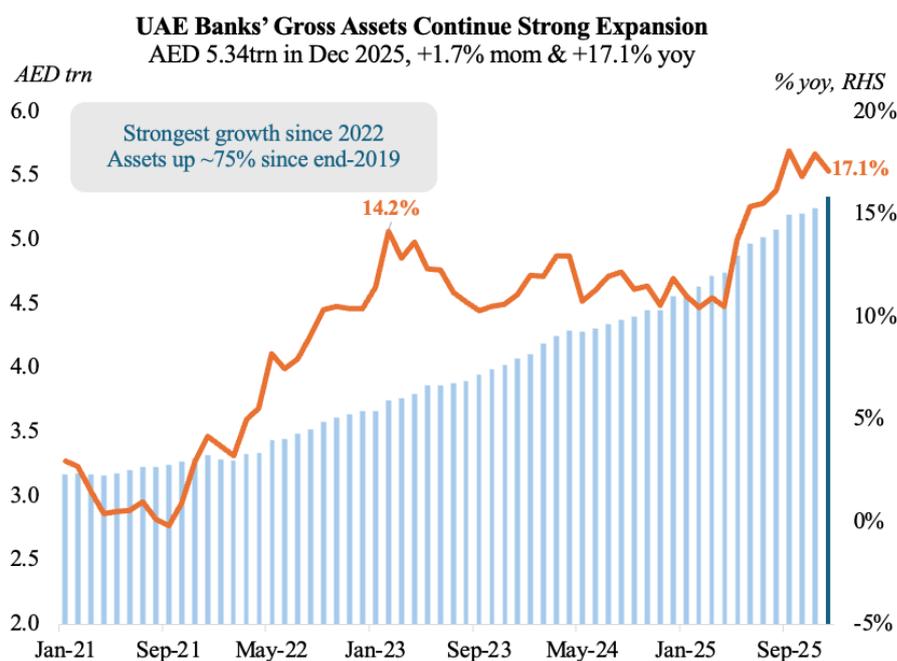
UAE Banking Assets Soar, Oman Diversifies & GCC Investors Boost US Treasury Holdings: Weekly Insights 20 Feb 2026

UAE monetary stats. Oman trade, fiscal stance. GCC holdings of US Treasuries.

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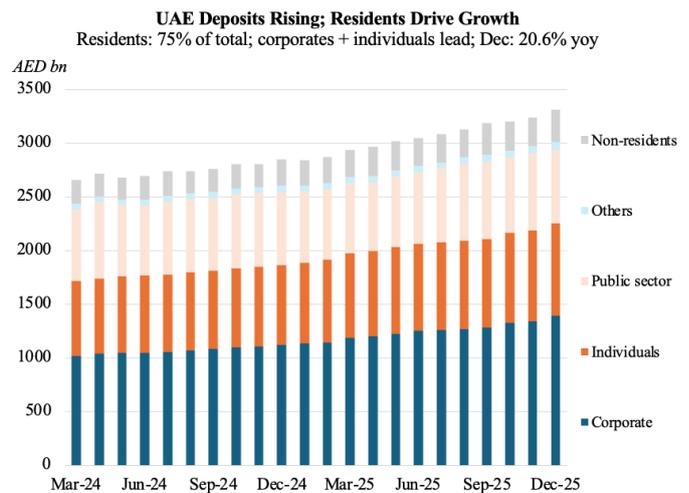
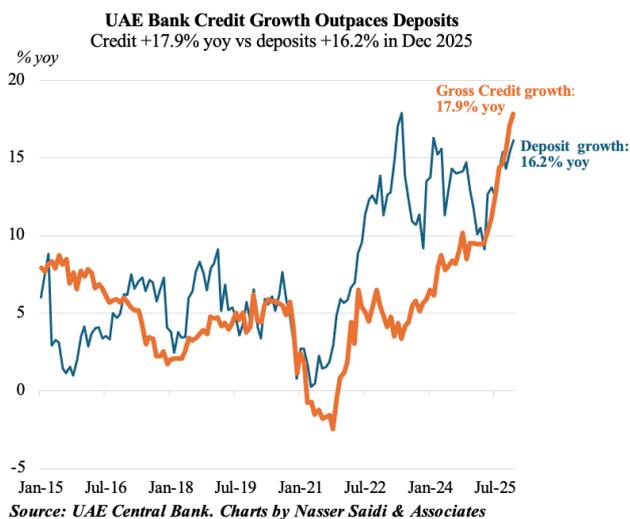
UAE Banking Assets Soar, Oman Diversifies & GCC Investors Boost US Treasury Holdings: Weekly Insights 20 Feb 2026

1. UAE gross assets gain 17.1% yoy in 2025; deposits growth accelerates (16.2%)

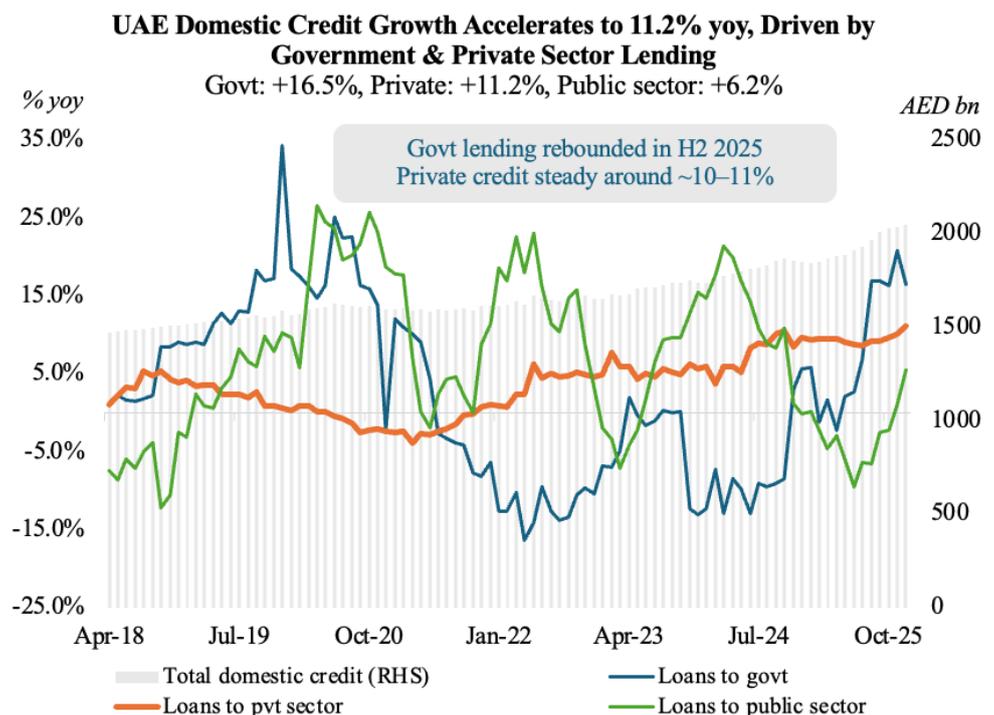


- **UAE gross banking assets grew 17.1% yoy to AED 5.34trn at end-2025**, thanks to increase in credit demand from the non-oil sectors & UAE's expanding role as a hub for regional and global trade flows.
- **Total deposits grew by 16.2% to AED 3.3trn at end-2025**, partially from **non-resident inflows (+21.2% in Dec)** – underscoring the UAE's global safe haven status amid geopolitical worries.

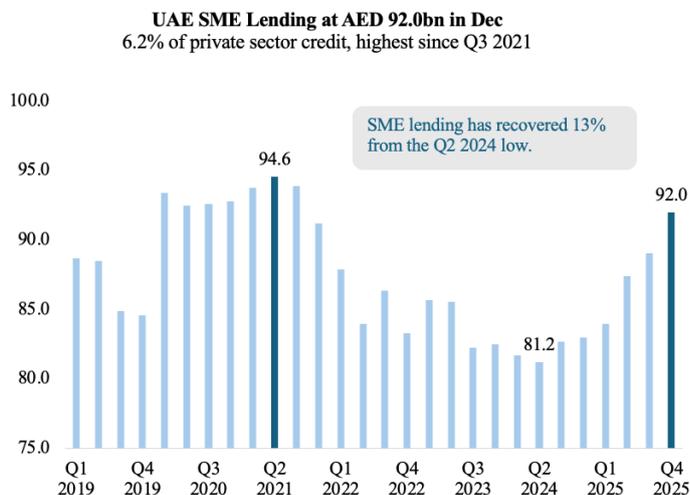
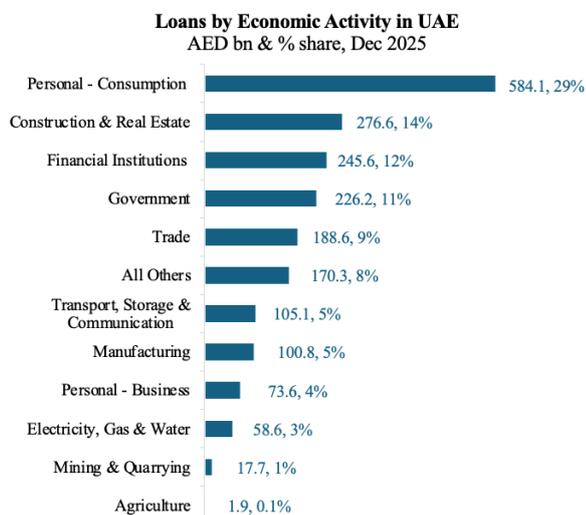
- **Private sector deposits account for three-fourths of total resident deposits** & more than two-thirds of total deposits in Dec. Government and GREs together accounted for 20% of total deposits.
- Together with deposits, **growth in money supply measures (M1, M2, M3) indicate ample liquidity**. UAE has **one of the lowest loan-to-deposit ratios** in the GCC and asset quality remains high; Non-Performing Loan (NPL) ratio stood at 3.2% (as of Sep '25 vs 6.8% in Q3 '22).



2. UAE domestic credit grew 11.2% last year



- **Credit to UAE's private sector**, which grew by 11.2% yoy to AED 1.5trn in 2025, represented 72.8% of total domestic lending.
- **Real estate & construction accounted for 13.5% of total lending** in Dec 2025 (vs. 20% in 2021); but the **fastest loan growth** was reported in credit disbursed to financial services, trade and manufacturing sectors. UAE's Comprehensive Economic Partnership Agreements (CEPAs) have also boosted trade-related financing requirements.
- **SME financing grew** by 3.3% qoq and 10.8% yoy to **AED 92bn in Dec**, the highest since **Q3 2021** – accounting for 6.2% of credit to the private sector.
- A **lower-cost-of-borrowing fuelled credit expansion** can be expected in the UAE later this year, given the Fed rate cuts. This is likely to benefit more capital-intensive sectors such as manufacturing, renewable energy and advanced technology.

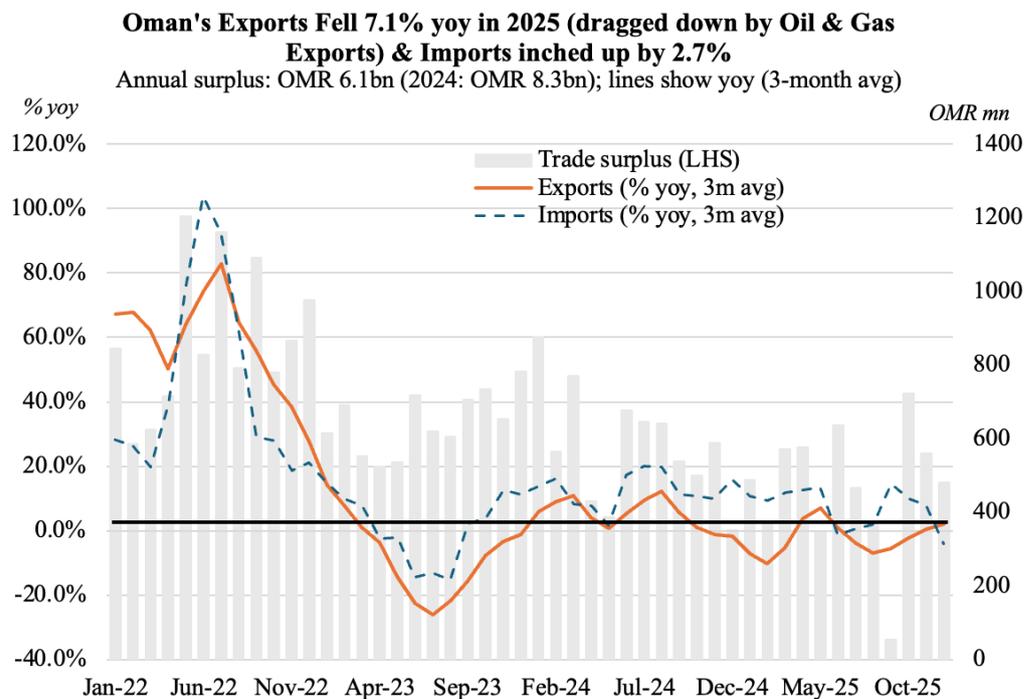


Source: UAE Central Bank. Charts by Nasser Saidi & Associates

Note: All others in economic activity include Credit to the Service Sector and Non-Profit Institutions

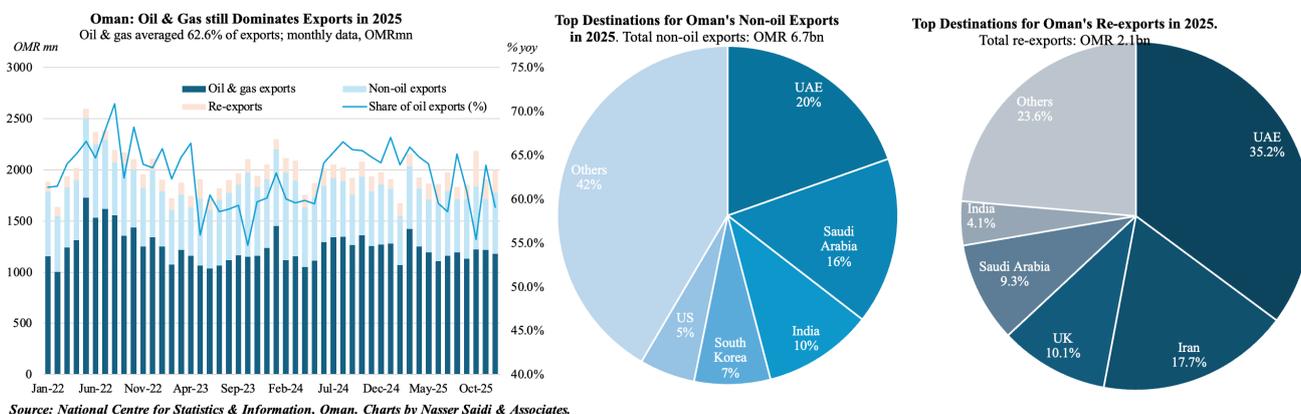
3. Non-oil exports & strong GCC linkages boost Oman's trade

performance in

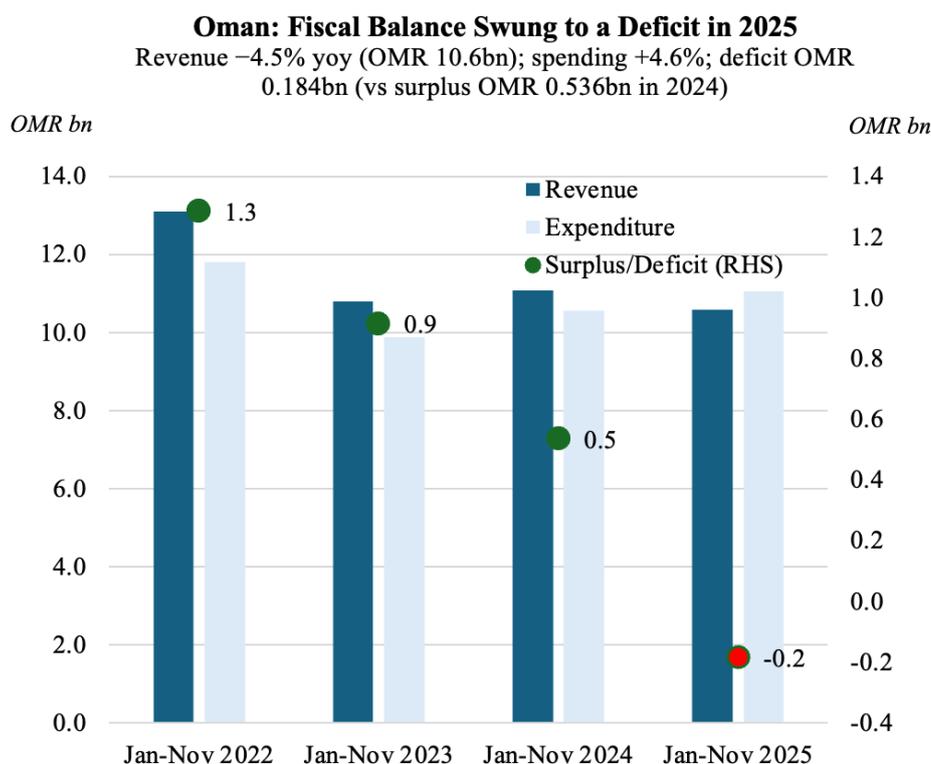


- **Oman's non-oil exports grew by 7.5% yoy to OMR 6.7bn in 2025**, thanks to an acceleration in industrial sectors such as **base metals** (OMR 1.4bn, +9.4% yoy) and **chemical products** (OMR 908mn, +12.9% yoy). This underscores Oman's strategic drive to move from just extraction of oil & gas to more value-added manufacturing.
- Intra-GCC trade has also supported this expansion. The **UAE remained Oman's largest non-oil trading partner in 2025**, with gains in both direct exports (25.3% to OMR 1.3bn) and re-exports (27.2% to OMR 724mn).
- Oman's **re-export growth has been enabled by growth in its SEZs** (e.g. Duqm) and **increased rail and road connectivity** with Saudi and the UAE. Re-exports to KSA surged 313.2% to OMR 207mn in 2025.
- While total merchandise exports saw a decline (-7.1% yoy to OMR 23.3bn in 2025) due to a **15.2% drop in oil and gas exports**, imports grew by 2.7%, allowing the **trade surplus to remain healthy at OMR 6.1bn**.
- **What factors support further expansion in Oman's trade?**
 (a) A concerted **effort by the government to boost non-oil export growth** (e.g. the 11th five-year development

plan targets 5.9% annual growth in manufacturing); (b) deeper integration with the GCC trade ecosystem (e.g. infrastructure linkages) will support export momentum; (c) trade deals such as the CEPA signed with India in late 2025.



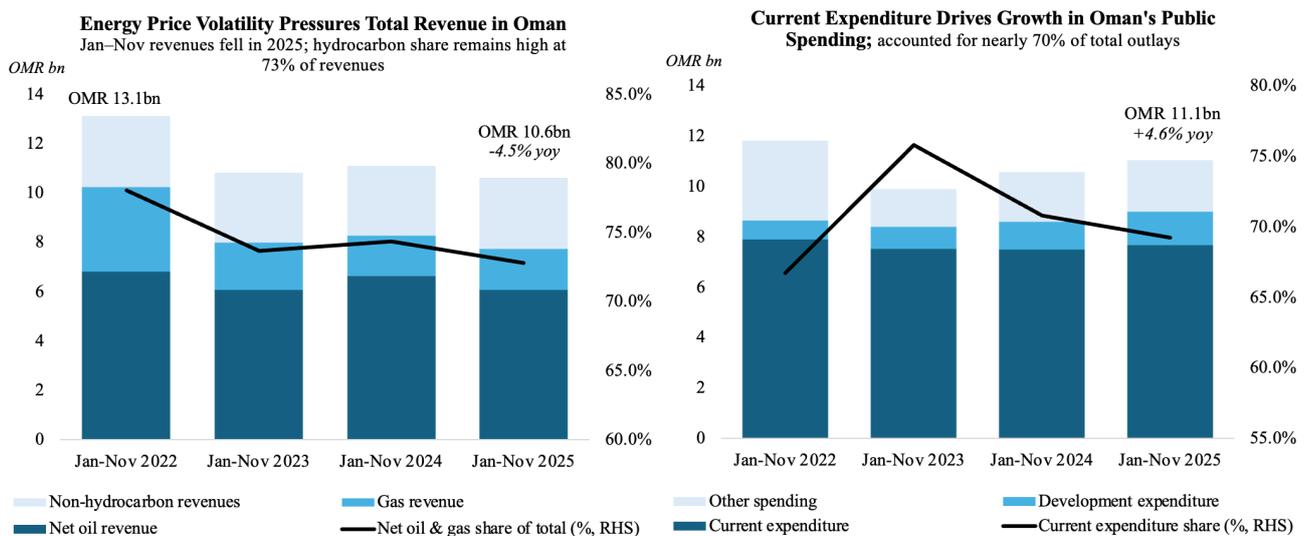
4. Oman's fiscal deficit of OMR 184mn as of end-Nov '25 compares to surplus OMR 536mn in Jan-Nov '24; Non-hydrocarbon accounts for 27.2% of total receipts



- Non-hydrocarbon revenues in Oman grew by 1.2% yoy to OMR 2.9bn in Jan-Nov '25. Though this accounts for about 27.2% of total receipts now, Oman has an ambitious

target of 37.4% by 2030 as per the 11th Five-Year Development Plan.

- Despite the revenue diversification, **hydrocarbons still account for 72.8% of revenues** in Jan-Nov '25. Oman has taken **steps to broaden its revenue base**: e.g. corporate tax and VAT revenues accounted for 22.3% & 22.8% of non-oil receipts.
- **Plans to roll out a personal income tax by 2028** underscores the government's willingness to embrace new revenue instruments.
- Data showed a **20.1% surge in development expenditure** (to OMR 1.3bn) in Jan-Nov 2025 & current expenditure edged up slightly (2.3% yoy to OMR 7.7bn). **Social protection system and electricity sector subsidy** accounted for 52.7% of contributions & other expenses; **oil subsidies were 2.8% of contributions (vs 10.5% a year ago)**.



5. GCC nations increase holdings of US Treasuries in 2025; Kuwait rises to a record high; UAE, KSA & Kuwait feature among top buyers; Major BRICS countries (Brazil, India, China) holdings fell

- **Overall foreign holdings of US Treasuries grew by 7.6% yoy to USD 9.27trn in 2025.** This compares to Nov's peak USD 9.36trn reading (-0.95% mom).
- While Japan continued as the dominant holder of US

Treasury securities (USD 1.19trn). **China's decline in holdings was the most glaring.** It fell 9.9% yoy (around USD 85bn) to USD 683.5bn by end-2025, **the lowest since 2008.** **Brazil and India also cut their holdings** by close to USD 70bn last year (more than USD 108bn in Nov 2024-Nov 2025).

- **Increased buying from financial centres / custody hubs** such as UK, Belgium & Luxembourg highlight a shift in holdings: demand from private investors (e.g. pension funds, asset managers) instead of central banks has helped support demand.
- From the **GCC**, Saudi Arabia, the UAE and Kuwait **were among the top buyers last year; Kuwait's holdings** climbed to a record-high last year.
- **Going forward, expect continued diversification by central banks** (toward assets like gold; both Qatar & UAE added to holdings in 2025); geopolitical and interest rate considerations could reshape foreign demand patterns for US government debt.

Saudi Arabia remained the dominant GCC holder of US Treasuries at USD 149.6bn in Dec (highest since Mar 2020); Kuwait posted a record-high; UAE lowest since Jan 2025



Source: US Treasury, LSEG Workspace. Chart by Nasser Saidi & Associates.

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