

# UAE Banking Assets Soar, Oman Diversifies & GCC Investors Boost US Treasury Holdings

## Weekly Insights 20 Feb 2025

- *UAE gross assets gained 17.1% yoy in 2025; deposits growth accelerates (16.2%) as did domestic credit (11.2%)*
- *Non-oil exports & strong GCC linkages boost Oman's trade performance in 2025*
- *Oman: non-hydrocarbon accounts for 27.2% of total receipts in Jan-Nov '24; fiscal deficit clocked*
- *GCC increase holdings of US Treasuries in 2025; Major BRICS countries (Brazil, India, China) holdings fell*

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— & ASSOCIATES —

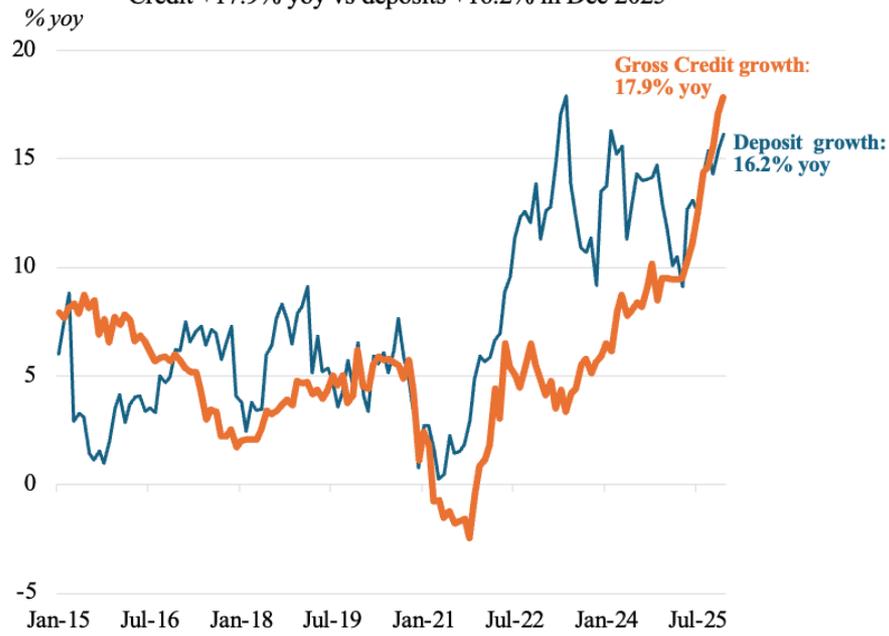
# UAE gross assets gain 17.1% yoy in 2025; deposits growth accelerates (16.2%)

- **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).

## UAE Banks' Gross Assets Continue Strong Expansion AED 5.34trn in Dec 2025, +1.7% mom & +17.1% yoy

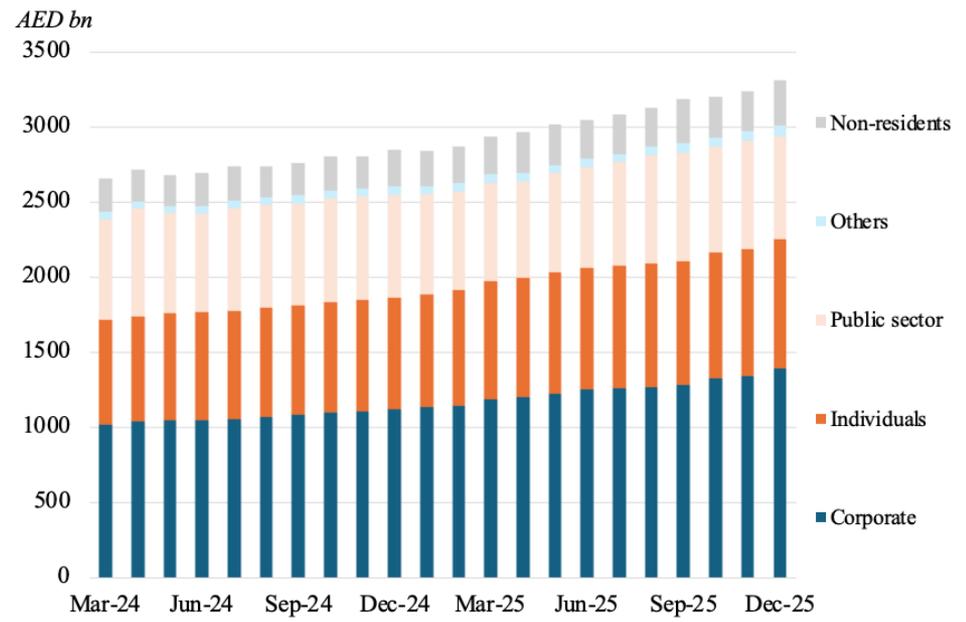


## UAE Bank Credit Growth Outpaces Deposits Credit +17.9% yoy vs deposits +16.2% in Dec 2025



## UAE Deposits Rising; Residents Drive Growth

Residents: 75% of total; corporates + individuals lead; Dec: 20.6% yoy



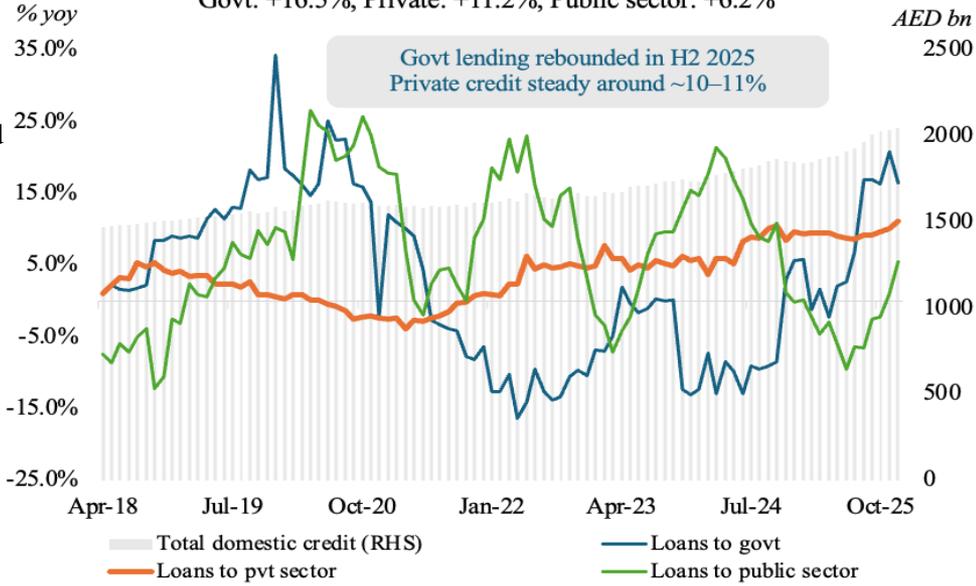
Source: UAE Central Bank. Charts by Nasser Saidi & Associates

# 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.

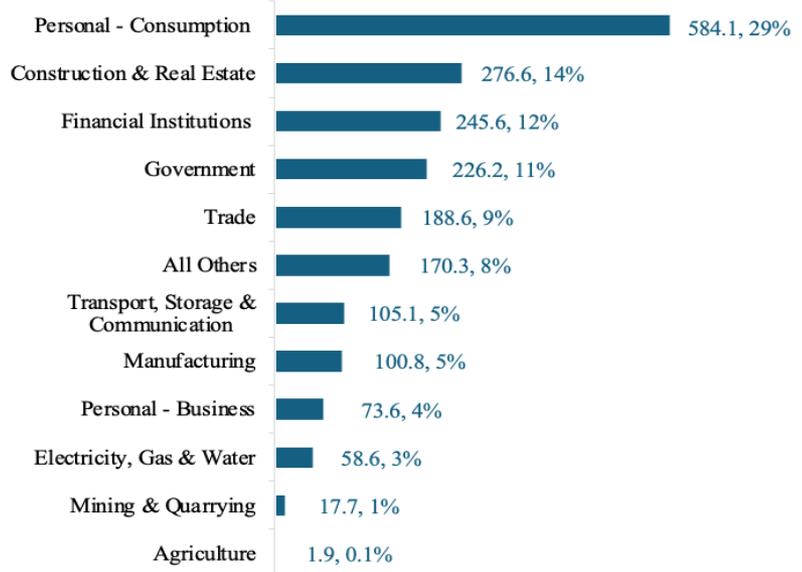
## UAE Domestic Credit Growth Accelerates to 11.2% yoy, Driven by Government & Private Sector Lending

Govt: +16.5%, Private: +11.2%, Public sector: +6.2%



### Loans by Economic Activity in UAE

AED bn & % share, Dec 2025



### UAE SME Lending at AED 92.0bn in Dec

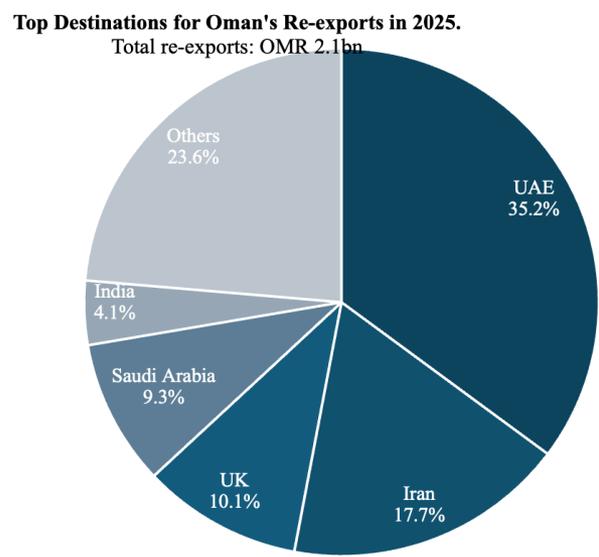
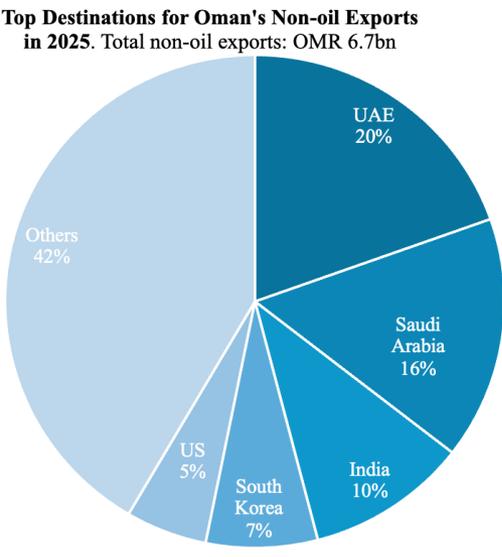
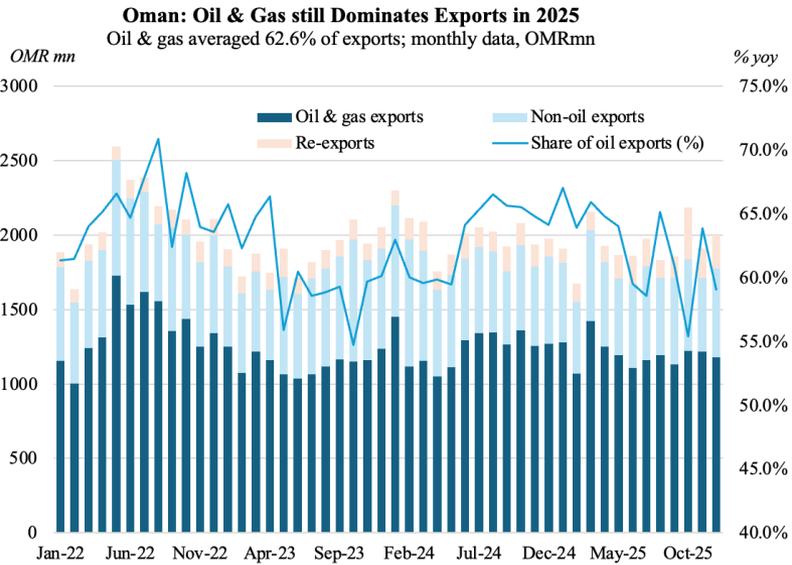
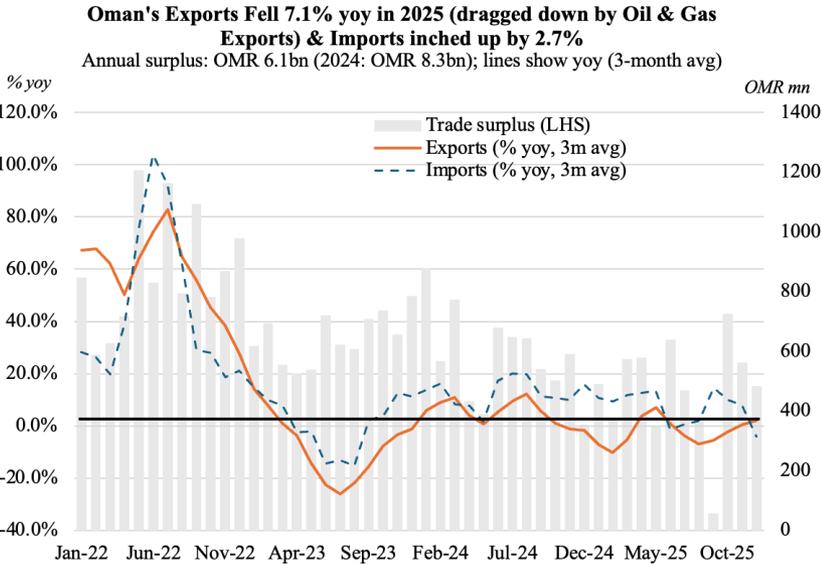
6.2% of private sector credit, highest since Q3 2021



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

# Non-oil exports & strong GCC linkages boost Oman's trade performance in 2025

- **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.

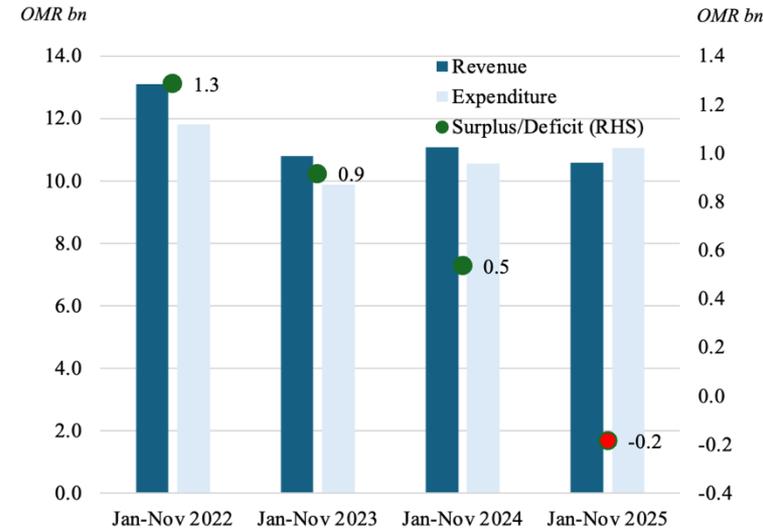


Source: National Centre for Statistics & Information, Oman. Charts by Nasser Saidi & Associates.

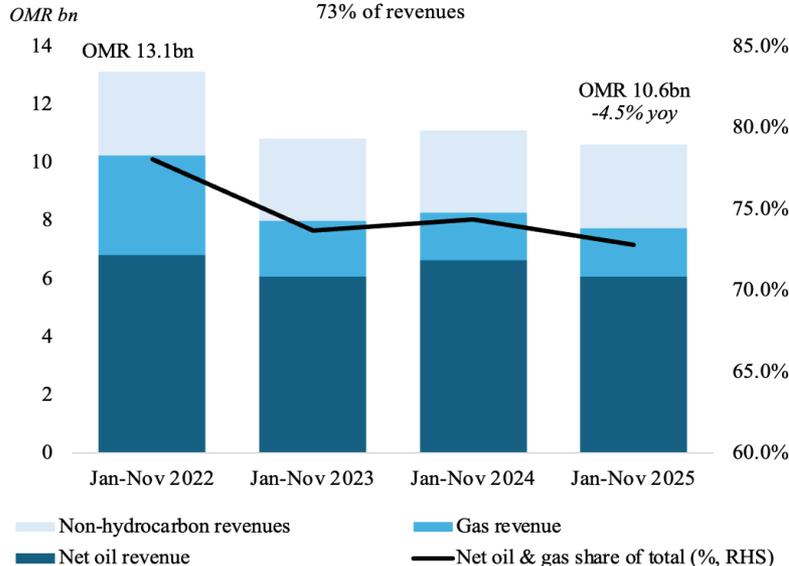
# Oman's fiscal deficit of OMR 184mn as of end-Nov '25 compares to surplus OMR 536mn in Jan-Nov '24; Non-hydrocarbon accounts for 27.2% of total receipts

- **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)**.

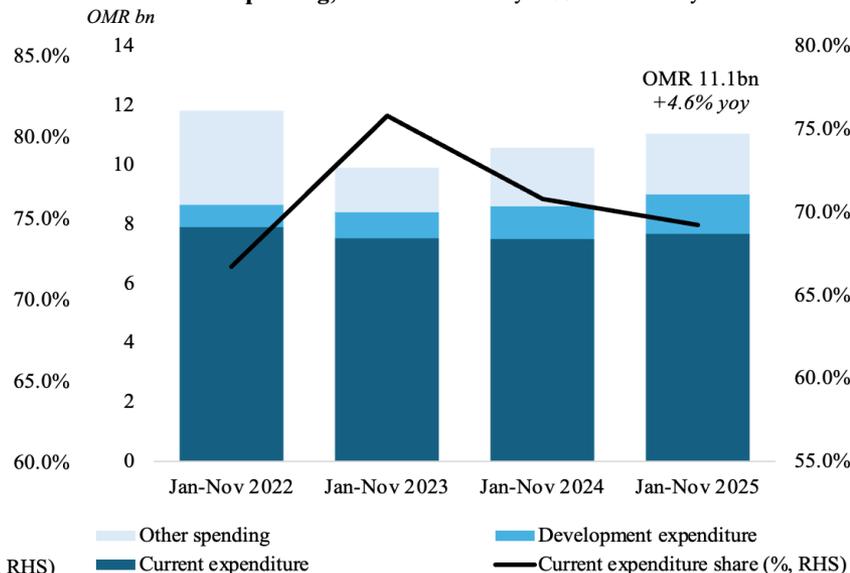
**Oman: Fiscal Balance Swung to a Deficit in 2025**  
Revenue -4.5% yoy (OMR 10.6bn); spending +4.6%; deficit OMR 0.184bn (vs surplus OMR 0.536bn in 2024)



**Energy Price Volatility Pressures Total Revenue in Oman**  
Jan-Nov revenues fell in 2025; hydrocarbon share remains high at 73% of revenues

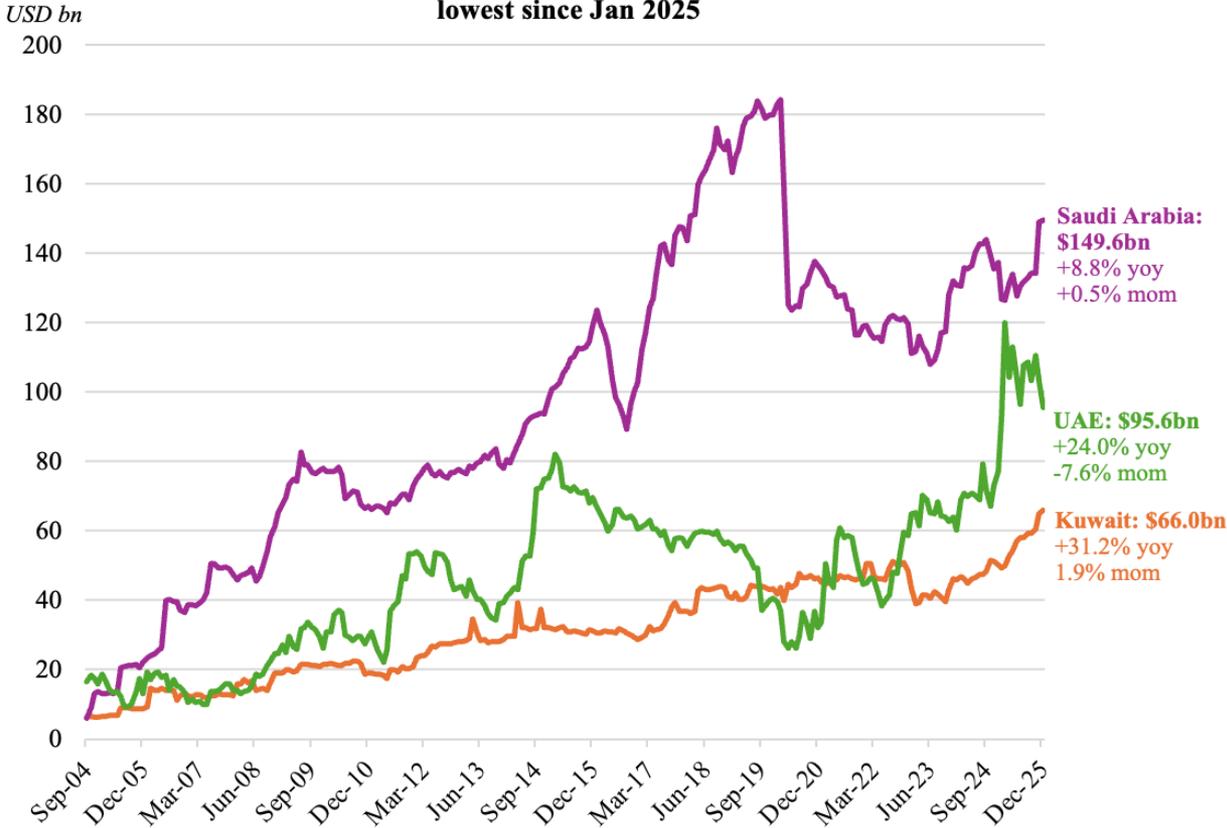


**Current Expenditure Drives Growth in Oman's Public Spending; accounted for nearly 70% of total outlays**



# 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 holdings fell

**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.

- **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 ‘24-Nov ‘25).
- **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 GCC, Saudi Arabia, UAE & Kuwait were among the top buyers last year; **Kuwait’s holdings** climbed to a record-high.
- **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.

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