

# United Arab Emirates

## Investor Presentation

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<b>Issuer</b>	<ul style="list-style-type: none"><li>Federal Government of the United Arab Emirates Acting Through the Ministry of Finance</li></ul>
<b>Issuer Rating</b>	<ul style="list-style-type: none"><li>Aa2 by Moody's and AA- by Fitch (both stable outlook)</li></ul>
<b>Status</b>	<ul style="list-style-type: none"><li>Senior Unsecured Notes</li></ul>
<b>Documentation</b>	<ul style="list-style-type: none"><li>Global Medium Term Note Programme</li></ul>
<b>Expected Bond Rating</b>	<ul style="list-style-type: none"><li>Aa2 by Moody's and AA- by Fitch</li></ul>
<b>Format</b>	<ul style="list-style-type: none"><li>Rule 144A / Regulation S Category 1</li></ul>
<b>Currency</b>	<ul style="list-style-type: none"><li>US Dollar</li></ul>
<b>Tenor</b>	<ul style="list-style-type: none"><li>10-year</li></ul>
<b>Size</b>	<ul style="list-style-type: none"><li>Benchmark</li></ul>
<b>Listing</b>	<ul style="list-style-type: none"><li>London Stock Exchange (Main Market) and Nasdaq Dubai</li></ul>
<b>Governing Law</b>	<ul style="list-style-type: none"><li>English Law</li></ul>
<b>Use of Proceeds</b>	<ul style="list-style-type: none"><li>In compliance with the Public Debt Strategy and/or for the purpose of investment by the EIA pursuant to the Public Debt Strategy</li></ul>
<b>Denominations</b>	<ul style="list-style-type: none"><li>\$200k x \$1k</li></ul>
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# Key Credit Highlights



Strong economy underpinned by **strong hydrocarbon reserves and a diversified and competitive non-oil sector** which has developed the UAE into a key international trade, transport and financial hub



**Solid institutional framework and track record of policy effectiveness** as demonstrated by spearheading reforms to further improve the business environment and diversify the country's revenue base



**Record of disciplined fiscal management**, showcased by the ability to maintain a balanced budget as well as low debt levels through economic shocks and cycles



**Deep and robust international partnerships** strengthening its role as a significant contributor in the global community



Highly credible currency peg, stable inflation and **continued financial stability through periods of global macroeconomic volatility** further enhancing its monetary and macroeconomic strength



**Effective regulatory and supervisory regime** ensuring a robust and resilient banking sector





- **UAE Overview**
- **Growth, Economic Diversification and Reforms**
- **Fiscal Strengths**
- **External Position and Resilience**
- **Monetary Policy and Banking System**

# Snapshot of the Emirates



A Federation of seven Emirates with their own individual strengths and strong interconnection. Overall, the UAE's GDP amounted to c. USD 514.1 billion in 2023

## Abu Dhabi

GDP: **USD 299.6 bn** (2023)

Key economic sectors:

Hydrocarbons, infrastructure, tourism, transport, health and education

## Dubai

GDP: **USD 126.3 bn** (2022)

Key economic sectors: Trade, tourism, real estate, logistics and financial services

## Sharjah

GDP: **USD 39.5 bn** (2023)

Key economic sectors: Manufacturing, entrepreneurship and innovation

## Ras Al Khaimah

GDP: **USD 11.5 bn** (2022)

Key economic sectors: Pharmaceuticals and cement

## Fujairah

GDP: **USD 7.4 bn** (2023)

Key economic sectors: Fishing, agriculture, mining and stone crushing

## Ajman

GDP: **USD 7.5 bn** (2020)

Key economic sectors: Tourism

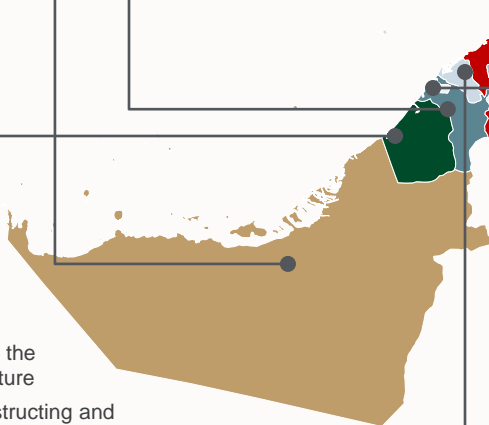
## Umm Al Quwain

GDP: **USD 1.0 bn** (2023)

Key economic sectors: Fishing and tourism

## Connectivity Among Emirates

- The Federal Government-owned Etisalat (e&) and du allow for the continued connectivity of all the Emirates through their well-developed infrastructure
- The Federal Government is responsible for constructing and maintaining world-class road connectivity
- Etihad Rail, established by UAE Federal Decree in 2009, is set to link the major import and export points of the UAE and reinforces the UAE's position as a global and regional transport and logistics hub
- Commercial centers, tourist attractions and the modern aviation industry have been catalytic for the prosperity of all Emirates



# A Well-Functioning Constitutional Federation



The United Arab Emirates is a constitutional federation established in December 1971. The Federal Government celebrated 50 years in 2021, and laid out a plan for the next 50 years, "The UAE Centennial Plan 2071"

The Constitution:

- Defines the distribution of powers and responsibilities between the Federal Government and the local governments of each Emirate, in order to maintain smooth coordination between the two
- States that the Emirates shall have jurisdiction in all matters not assigned to the exclusive jurisdiction of the Federal Government

## Exclusive Executive & Legislative Responsibilities of the Federal Government\*

 <b>Foreign Affairs</b>	 <b>National Security and Defence</b>	 <b>Nationality and Immigration</b>	 <b>Federal Census Matters &amp; Statistics</b>	 <b>Federal Judiciary</b>
 <b>Education</b>	 <b>Monetary and Exchange Rate</b>	 <b>Federal Finance, Taxation, Dues &amp; Fees</b>	 <b>Federal Public Borrowing</b>	 <b>Federal Employee Relations</b>
 <b>Postal, Telephone &amp; Wireless Services</b>	 <b>Public Health</b>	 <b>Air Traffic Control</b>	 <b>Electricity Services</b>	 <b>Federal Road Management</b>

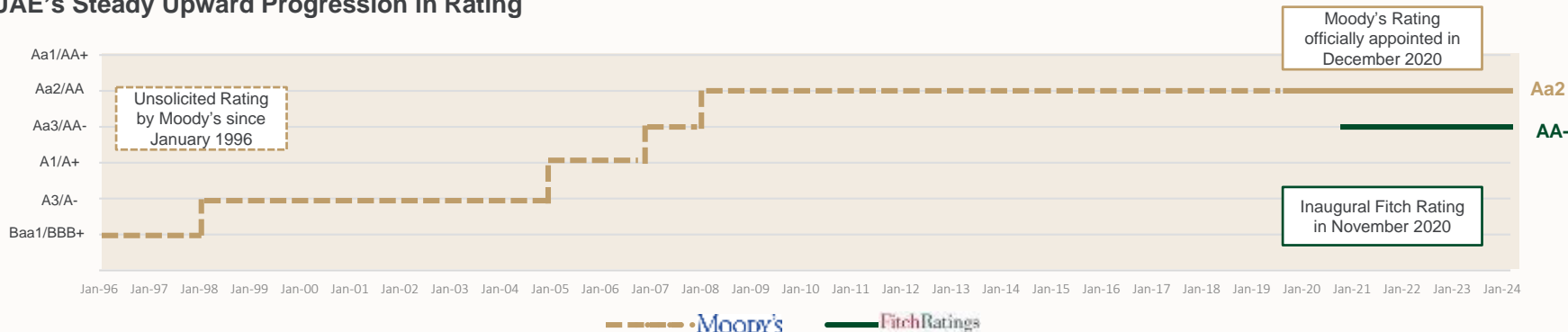
\* Non-Exhaustive

# UAE's Strong Credit Profile Evidences its Long Term Resilience



UAE's fundamental credit strengths and economic resilience continue to be recognised by the credit rating agencies. UAE has never been downgraded in its rating, even against a backdrop of a myriad of challenges eroding global economic stability

## UAE's Steady Upward Progression in Rating



## Key Credit Drivers

Moody's

Aa2 (Stable)

- ✓ In March 2024, **Moody's affirmed the UAE's rating at 'Aa2' with a 'Stable' outlook**
- ✓ The agency highlighted the country's **high income per capita, robust institutions, effective policymaking that underpin ongoing progress in economic diversification and the Federal government's very low debt burden** as the main drivers behind the rating affirmation.
- ✓ The agency also rated the Federal Government's 'Governance' score at 'G-1', a reflection of the UAE's track record of government and policy effectiveness.

FitchRatings

AA- (Stable)

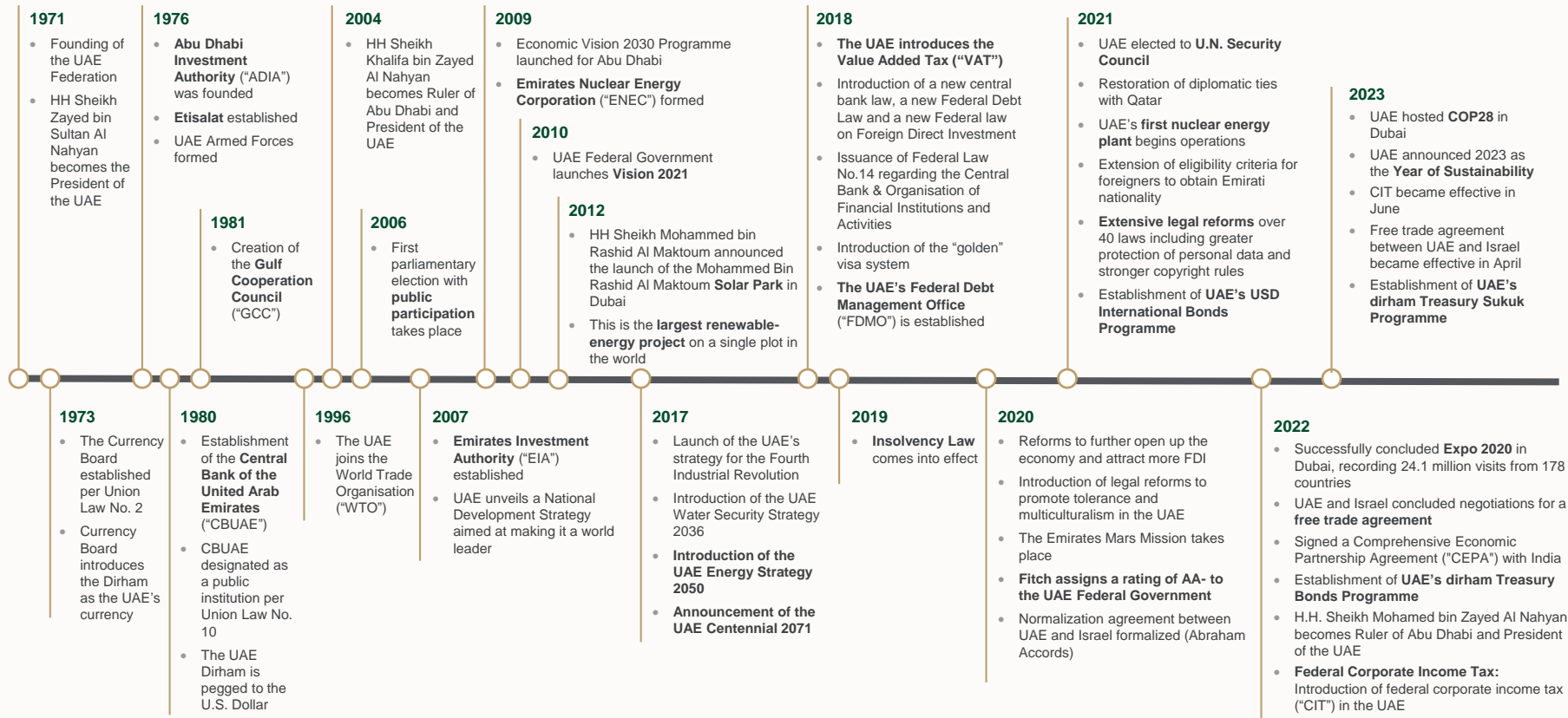
- ✓ In August 2023 Fitch Ratings **affirmed the UAE's rating at 'AA-' with a 'Stable' outlook**
- ✓ The agency highlighted the UAE's moderate consolidated **public debt level, strong net external asset position and high GDP per capita** as the main drivers behind the rating affirmation.
- ✓ The agency also projected a consolidated fiscal surplus for the country in each of 2024 and 2025, driven by a projection for fiscal surplus in the majority of the Emirates as well as the Federal Government.





# Key Historic and Recent Milestones

With many of the foundations of the political and economic infrastructure successfully laid during the 1970s and 1980s, the more recent focus has been a systematic approach to the expansion of Government capabilities and development efforts



# Foreign Policy



The UAE's track record of a solid, broad-based network of international alliances enhances its position as a responsible actor in the international community

## Values and Principles of UAE Foreign Policy

Proactive approach to managing geopolitical risks and establishing international alliances



Non-interference and respect for the sovereignty of other states



Peaceful settlement of disputes and reconciliation

## Alliance with International Partners

Strong trade and diplomatic relationships, particularly with major economies, such as the USA, India, China, the EU and the UK

**The Abraham Accord** that the UAE signed with the United States and Israel represents a historic opportunity that opens many new pathways of cooperation, peace-making, and economic prosperity in the region and across various key areas between the two countries

The Accord reflects how the UAE envisions itself as an **inclusive moderate state** that promotes coexistence, tolerance, and openness

It also facilitated **cooperation between the UAE and Israel in key sectors** including energy, healthcare, education, agriculture, food security, as well as trade and investment

## Stable and Growing Alliances with International Partners

The UAE concluded negotiations for a **free trade agreement with Israel** in April 2022, becoming effective in April 2023. The deal marked the UAE's second free trade pact after it signed a similar accord with India on 18 February 2022. In June 2023, the UAE and Qatar had restored their diplomatic ties, which include the re-opening of embassies and consulate in Dubai.

In June 2021, the UAE was elected by the 75th session of the UN General Assembly to serve as a non-permanent member of the UN Security Council for the 2022 to 2023 term. **The UAE held the rotating presidency of the UN Security Council for June 2023**

The UAE is a **member of several regional and international organizations** such as the GCC, the Arab League, the United Nations and its Agencies and the Asia-Pacific Economic Co-operation

The UAE is an active member in organizations such as the World Trade Organization, the International Monetary Fund, the World Bank, and the Organization for Economic Cooperation and Development which allows the UAE to effectively utilize **trade opportunities as a regional economic hub**





- UAE Overview
- Growth, Economic Diversification and Reforms
- Fiscal Strengths
- External Position and Resilience
- Monetary Policy and Banking System

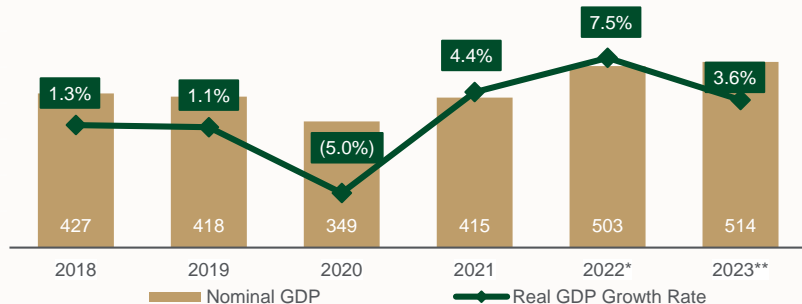
# Strong Fundamentals



The UAE features strong economic fundamentals bolstered by steady diversification across both the hydrocarbon value chain and the non-hydrocarbon sectors. This combined with high wealth levels provides a cushion against exogenous shocks

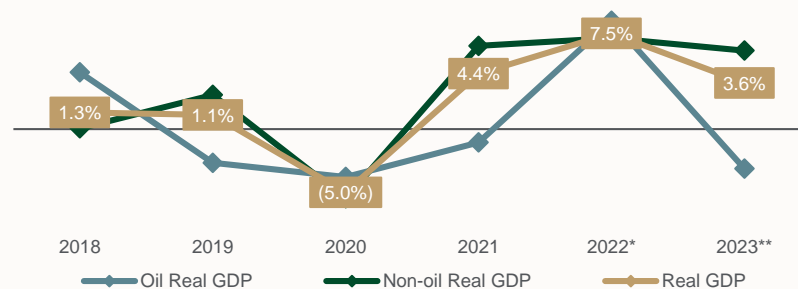
## Real GDP Growth and Nominal GDP

(%, USD bn)



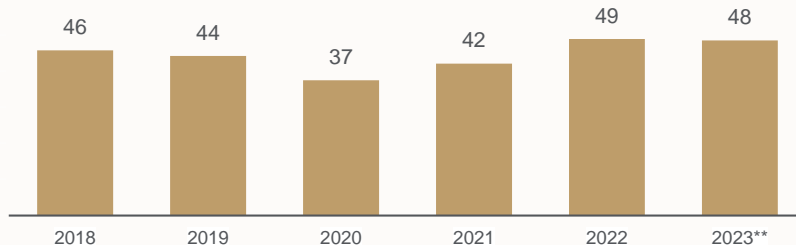
## Real GDP Growth

(%)



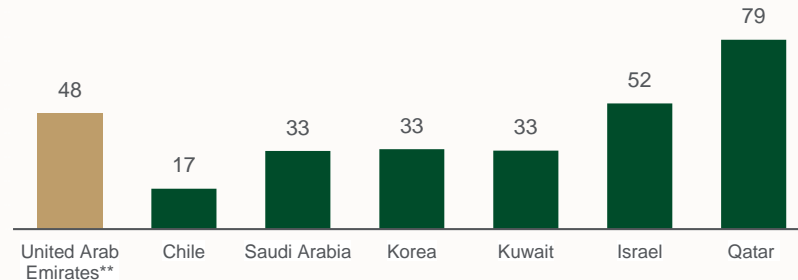
## Gross National Income Per Capita

(USD th)



## Nominal GDP Per Capita Peer Comparison

(2023, USD th)



Source: CBUAE, Federal Competitiveness and Statistic Centre, IMF, FCSC.

\*Economic Survey 2022. \*\*Preliminary Estimation

Exchange rate used: AED 3.6725 = U.S.\$1.00

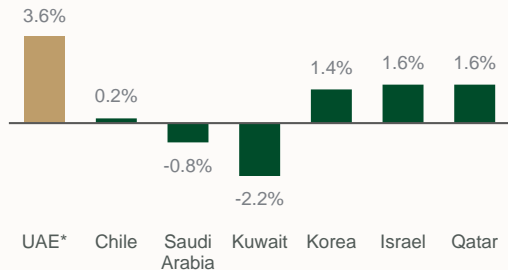
# UAE Well Positioned Compared to Peers



On a quantitative basis, UAE is well positioned compared to peers and the Government is committed to focus on initiatives to continue to diversify and strengthen the economic structure to strengthen governance and institutions

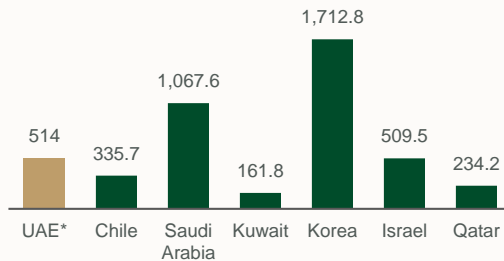
## Real GDP Growth

(% Change, 2023)



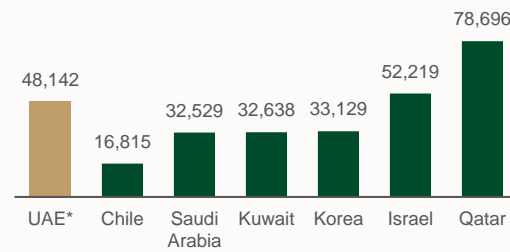
## Nominal GDP

(USD bn, 2023)



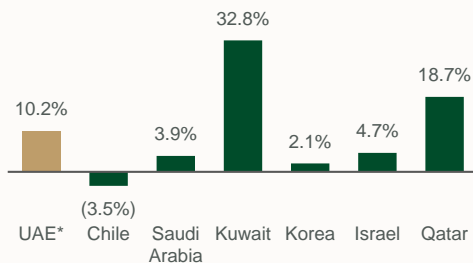
## Nominal GDP per Capita

(USD, 2023)



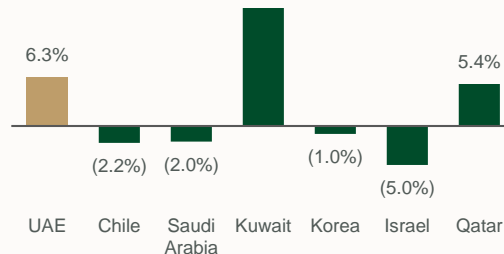
## Current Account Balance

(% of GDP, 2023)



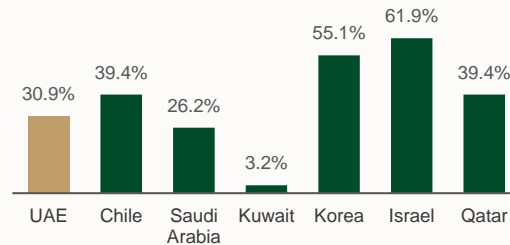
## Net Lending and Borrowing

(% of GDP, 2023)



## Government Gross Debt

(% of GDP, 2023)



Ratings (S&P/Moody's/Fitch): UAE (~/Aa2/AA-), Chile (A/A2/A-), Saudi Arabia (A/A1/A+), Kuwait (A+/A1/AA-), Korea (AA/Aa2/AA-), Israel (AA-/A1/A+), Qatar (AA/Aa3/AA).

\*Showing Government Data Preliminary Estimation

Source: IMF World Economic Outlook Database, October 2023

Exchange rate used: AED 3.6725 = U.S.\$1.00

# Hydrocarbon Wealth



The UAE economy is underpinned by a strong hydrocarbon sector, with a leading global position. Effective downstream strategy expands higher value-added production and diversifies market reach, boosting economic returns

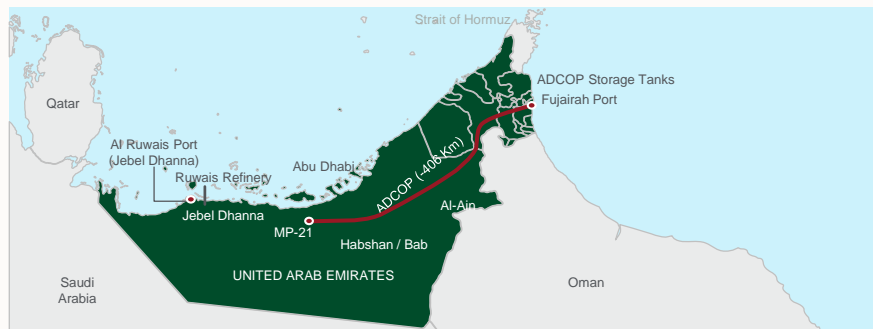
## World Leading Position in Hydrocarbons

(2022)



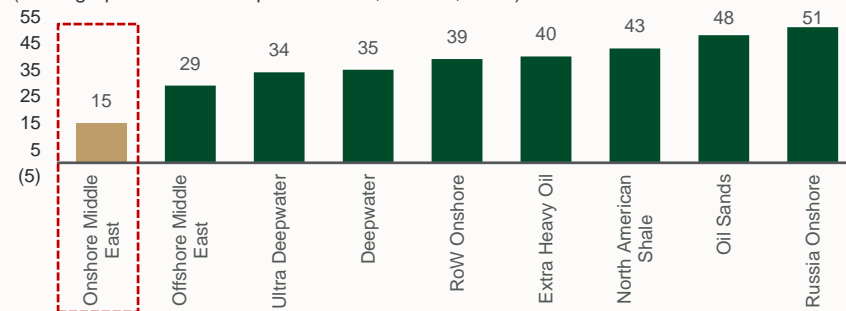
Continued investment with **USD122bn capital spending plan** approved in 2020 by the Abu Dhabi Supreme Petroleum Council to lift production capacity to 5m bbl per day by 2030 and expand the downstream sector to support the development of ADNOC's refining and petrochemicals capacity.

## Diversification of Export Routes



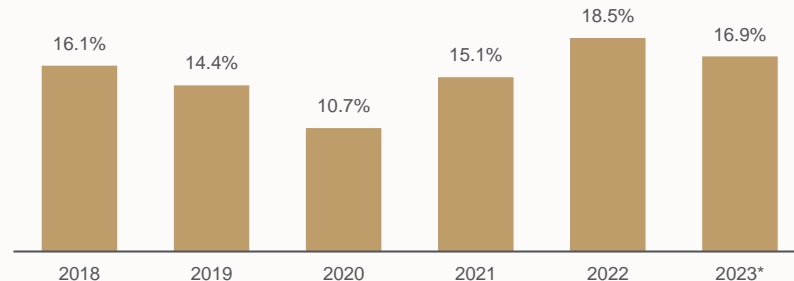
## Relatively Low Production Cost

(Average production cost per oil barrel, in USD, 2020)



## Hydrocarbon Exports

(% of GDP)



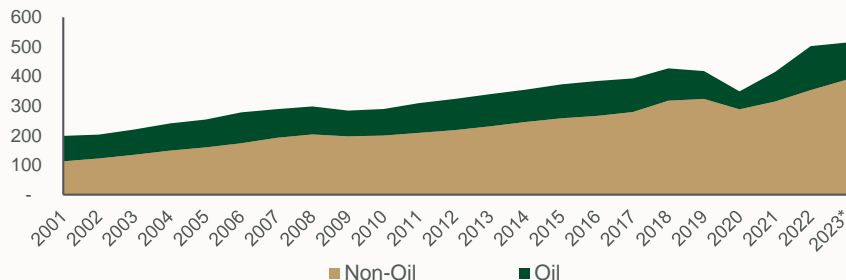
# Economic Diversification



The UAE continuously implements policies, programs and structural reforms to shift the economy away from its current level of dependence on hydrocarbon receipts, to promote private sector-led and higher value-added activities. Total non-oil exports reached USD 309 billion in 2023

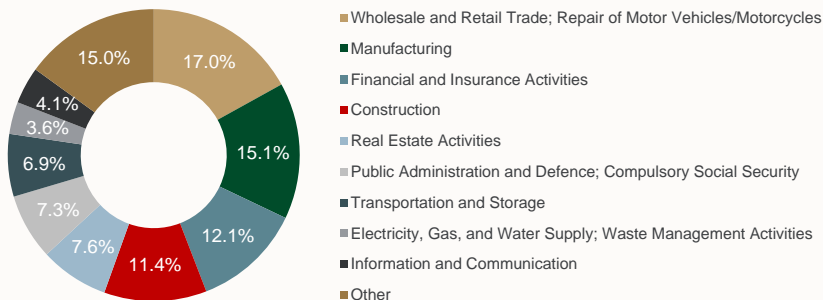
## Real GDP by Economic Activity

(USD bn)



## Breakdown of the Non-Oil Sector

(% of Real Non-hydrocarbon GDP at constant prices, 2023\*)



Source: CBUAE, Federal Competitiveness and Statistic Centre.

\*Preliminary Estimation

Exchange rate used: AED 3.6725 = U.S.\$1.00

## Enabling the Non-Oil Sectors to Continue to Thrive

### Foreign Investments

- FDI Law has relaxed restrictions on foreign ownership in non-strategic sectors

### UAE Energy Strategy 2050

- Invest USD 163 billion by 2050 to meet growing energy demand and ensure sustainable growth
- Increase the contribution of clean energy in the total energy mix from 25% to 50% by 2050 and reduce the carbon footprint of power generation by 70%

### Tourism & Long-Term Residence

- The UAE ranked 1<sup>st</sup> in the MENA region and 18<sup>th</sup> globally in the World Economic Forum's Travel & Tourism Development Index 2024, showcasing its leadership in tourism
- Dubai registered 87 million passengers in 2023, 31.7% up year-on-year, while Abu Dhabi registered almost 23 million passengers in 2023, a 44.5% increase as compared to 2022.
- Abu Dhabi and Dubai experienced robust increases in the number of real estate sales transactions in 2023 of 74.2% and 47.4%, respectively.
- Many hotels in both Dubai and Abu Dhabi reported full occupancy towards the end of 2022 on the back of the Formula 1 event in the UAE capital and the FIFA World Cup in Qatar
- In January 2021, the Cabinet approved the formation of Emirates Tourism Council with an aim to strengthen the tourism portfolio by drafting a tourism strategy in line with the nation's aspirations and the UAE Centennial Plan 2071 and local tourism initiatives

### Leading Global Trade Enabler

- Establishing and signing trade agreements and economic partnerships, to boost bilateral trade
- Two of the world's top 50 container ports are in the UAE, with Dubai featuring among the top ten globally

### COP28

- COP28 took place from 30 November to 12 December 2023 in Dubai, positioning the UAE as a key player in climate finance and climate technologies
- The UAE reviewed its nationally determined contribution and now aims to reduce greenhouse emissions by 40% by 2030 compared to baseline metrics



# Reforms to Improve Economic Climate & Fiscal Performance



The UAE has been implementing a wide range of reforms to enhance the local business environment, diversify its economy, and strengthen its institutional framework

## Investment Climate Development

### Free Zones

- Foreign corporate entities can operate in the free zones, and free zone incorporated entities can be 100% foreign owned
- The ability to import into the free zones and to export without any import duties, taxes or currency restrictions being levied on the free zone entity has been a key driver for foreign corporate entities that are registered in the free zones
- There are more than 40 multidisciplinary free zones across the UAE

### Bankruptcy Law

- Provides measures for safeguarding the rights of creditors and debtors
- Regulates commercial companies and sole traders primarily
- Financial Restructuring Committee established in 2018 to oversee the implementation of the Bankruptcy Law

### Insolvency Law

- Provides protection for individuals who are unable to settle their debts via a "voluntary settlement" process
- Provides streamlined insolvency procedures

## Economic Diversification Improvements

### UAE Energy 2050



### Smart Cities



### Tourism



### SME Economy



### COP28



### FDI Promotion



## National Agenda for Entrepreneurship & SMEs



Providing **solutions to support** SMEs and increasing their efficiency



Reviewing and developing **legislation and policies** to facilitate doing business



Providing various channels for **financing** start-ups and SMEs



Enable SMEs to **access different markets**



**Stimulating innovation** in priority economic sectors



Building a supportive environment and developing incentives that support **digital transformation**

## Institutional and Structural Reforms

### Tax Reforms

- Federal corporate income tax ("CIT") has recently been introduced in the UAE. It applies for fiscal years starting on or after June 1, 2023
- Total taxes, which primarily consists of value add tax ("VAT") and excise tax (prior to the implementation of CIT), made up approximately 17.5% of total revenues and grants in 2023.

### Governance Reforms

- New Minister of State position was created to oversee, artificial intelligence, the digital economy and remote working applications
- Half of Government service centres are set to be converted to digital platforms
- Stricter obligations on those processing and controlling personal data (including collecting, storing and using personal data)

### Strengthening Labor Market

- Enhancing the competitiveness of the labor market and attracting talent with various reforms and initiatives
- Unemployment insurance in the public and private sector was introduced in 2023
- Introduction of a work week of 4.5 days for all government entities with Saturday and Sunday becoming the new week-end.



# The UAE's Path to a Sustainable Future



Sustainable development has been at the heart of the UAE's economic strategy for many years and is a theme that runs through the UAE's Centennial Plan 2071 and its other forward-looking initiatives

## Pillars of UAE Centennial Plan 2071

By 2071, the UAE aims to have achieved the following:

### Education

- Encouraging educational institutions to become centres of entrepreneurship, innovation and international research

### Economy

- Boosting economic productivity through supporting national companies
- Reinforcing the UAE's position among internationally important economies through a focus on innovation and reducing the reliance on oil

### Government Development

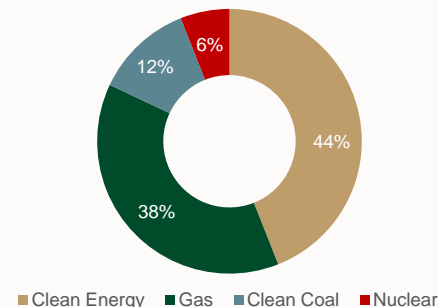
- Establishing the Federal Government as the best government in the world

### Community Cohesion

- Sustaining a secure, tolerant, cohesive and ethical society
- Promoting women's participation in all sectors

## UAE Energy Strategy 2050: Target Energy Mix

- Increase the contribution of clean energy to the total energy mix from 25% to 50%
- Reduce the carbon footprint of power generation by 70%
- Increase the consumption efficiency of individuals and corporates by 40%



## Fourth Industrial Revolution

### Innovative Education

Providing a smart and enhanced learning experience

### Intelligent Genomic Medicine

Developing personalised medical technologies to boost the UAE's position as a global centre of healthcare

### Artificial Intelligence

Facilitating the development of artificial intelligence in the UAE

### Robotic Healthcare

Enhancing the application of telemedicine and introducing cutting-edge medical solutions

## 2023 & 2024: The Years of Sustainability

The years 2023 and 2024 are dedicated to sustainability, under the theme, 'Today for Tomorrow'



Initiatives, activities and events that draw upon UAE's deep-rooted values of sustainability



Focus on environmental sustainability by inspiring collective action through nationwide commitment towards sustainable practices



Showcase UAE's commitment towards fostering global collaboration in seeking innovative solutions

# COP28: Accelerating UAE's Progress in Sustainability



From November 30 to December 12, 2023, the UAE hosted the 28<sup>th</sup> Conference of the Parties to the UNFCCC\* in Dubai. COP28 was a milestone moment for global climate action and was geared towards responding to the Global Stocktake and closing the gaps to 2030

## UAE's Four Pillar Action Plan (The Four F's)



# F

ast-tracking the transition to a low CO<sub>2</sub> world



# F

ocusing on people, lives and livelihoods



# F

ixing climate finance



# F

ull inclusivity

"This plan is guided by a single north star. And that is keeping 1.5° within reach. To do this, we aim to match the highest ambition for the negotiated outcomes with an equally strong and robust action agenda that can implement those outcomes in the real world"

- COP28 President-Designate Dr Sultan Al Jaber

"[The Four Pillar Action Plan] sends the right signals about the key elements required for a successful climate summit"

- Harjeet Singh of the Climate Action Network

## Global Stocktake

- During COP28, governments **conducted for the first time a "global stocktake"** that set out the progress countries have made on the emissions reduction commitments – known as "nationally determined contributions" or NDCs they made in Paris
- As such, all countries were **required to submit updated NDCs** in September, that are sufficiently tough to meet the 1.5° goal
- UAE has submitted a revision to its NDC, with **greenhouse emissions reductions of 40% by 2030** compared with baseline metrics



- **UAE Overview**
- **Growth, Economic Diversification and Reforms**
- **Fiscal Strengths**
- **External Position and Resilience**
- **Monetary Policy and Banking System**

# Federal Government Budgeting Principles



The UAE operates a comprehensive budget formulation process leading to individual Emirate contributions and Federal Government spending allocations

## Objectives of the Federal Budgeting System



Identify main and **complementary services** for each entity



Enhancing **performance efficiency** and maximising the use of **Government spending**



Comparing **similar activities** in various Government authorities



Promoting the principles of **transparency** and **open data** approach

## Key Principles

- In line with the **five-year strategy**, the Federal Budget follows a **medium-term budget cycle of five years** with annual budgets prepared each year
- The Federal Government follows a **“Balanced Budget”** approach, controlling expenditures and broadening revenue base away from Emirate contributions
- The Federal Government has measures in place to **proactively review expenditures** and efficiently direct them to **strategic sectors**, such as healthcare and education
- For the 2022-2026 budget cycle, the objective is to strengthen the Federal Government in pursuit of its **developmental, economic and social goals**

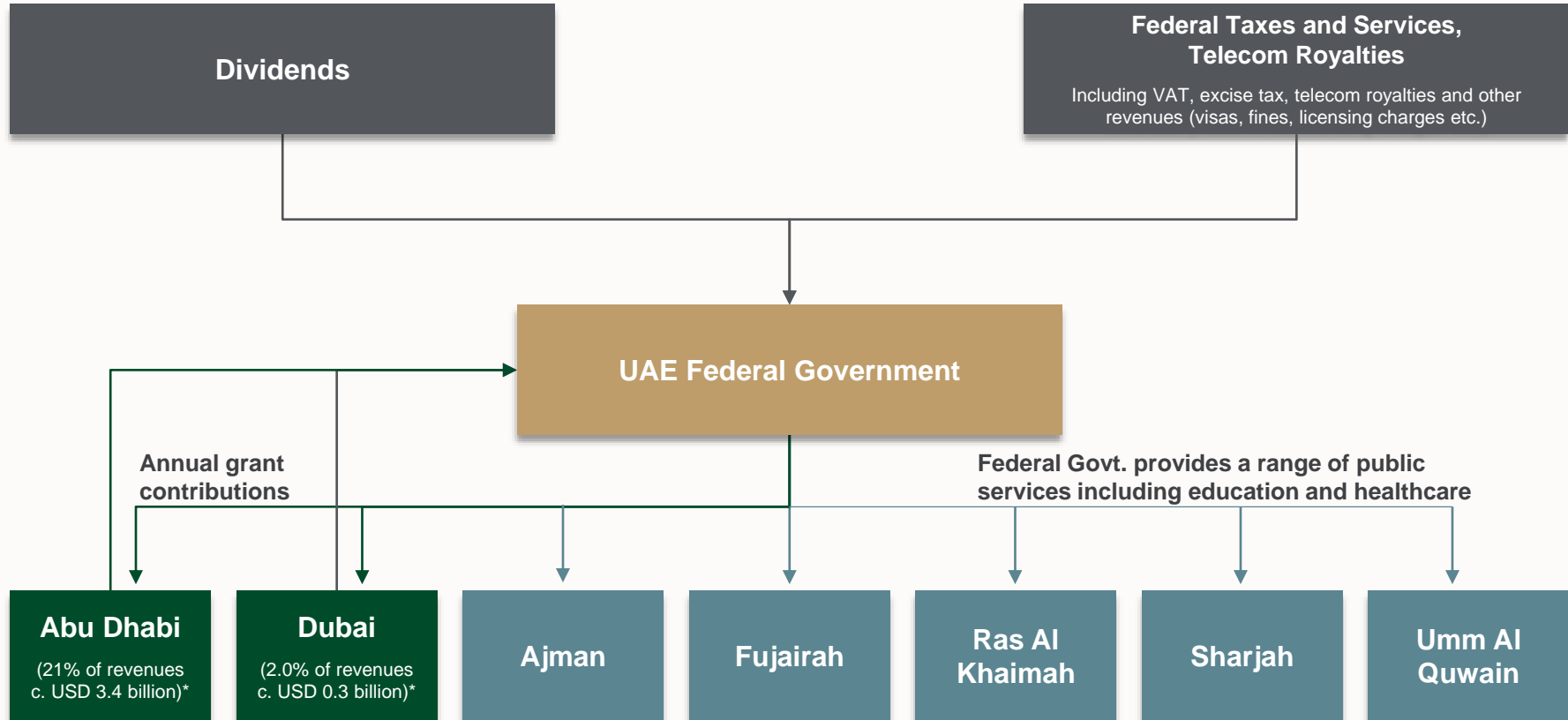
## Framework and Steps



# Federal Government Flows



The UAE's Federal Government is funded by direct grants from Abu Dhabi and Dubai, as well as increasingly via dividends, taxes, fees and royalties. The Government uses these funds to finance initiatives throughout all seven Emirates



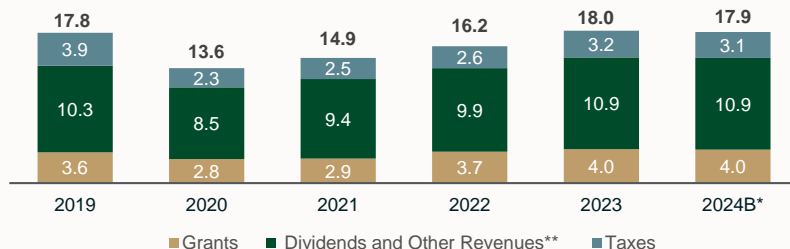
# Federal Government Revenue and Expenditure



Revenue mobilisation with the successful rollout of new VAT across the Emirates diversifies and enhances the Federal Government's revenue base

## Revenue mobilisation with the successful rollout of new VAT taxes across the Emirates

(Total Revenues, USD bn)



\* Approved budget 2024

\*\*Other Revenues consists primarily of dividends and royalties from EIA investments (principally Etisalat), as well as visas, fees, fines and other charges such as licensing charges, property income and the sale of goods and services

## Contributions and Grants

Emirate contributions and grants: primarily Abu Dhabi and Dubai contributions to the UAE budget. Grants are determined as part of the five-year budget cycle and reviewed annually

## Dividends and Other Revenues

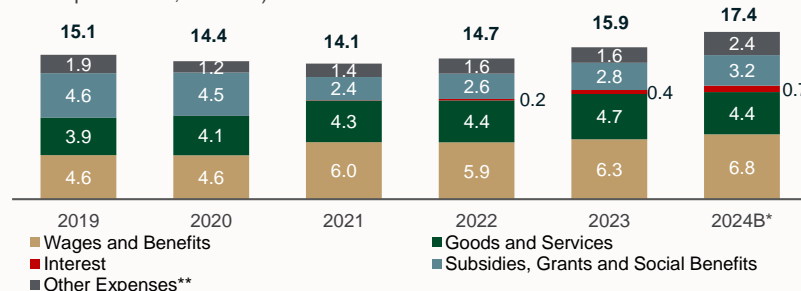
Dividends and royalties (included within "other revenues"), are the largest source of revenues with tax revenues being the second largest. The dividends and royalties that the Federal Government receives are primarily from Etisalat

## Taxes

Taxes, which has historically comprised of VAT and excise taxes, is budgeted to account for 17.1% of total revenues in 2024. In addition, in 2023, a federal corporate tax on business profits was introduced, effective from 1 June 2023. The tax rate is 9% on taxable income over AED 375,000 (~US\$ 102,110). Revenues from CIT are expected to be collected starting in 2025.

## Expenditures have been rationalised to achieve efficiency and focus on key sectors

(Total Expenditures, USD bn)



\*Approved budget 2024

## Current Expenditure

Within the total expenditures, USD 16,825 million is budgeted for current expenditure in 2024. The three largest contributions to current expenditure budget are from wages and benefits, goods and services and social benefits

## Subsidies

The Federal Government has prioritised expenditures related to public expenditures with a strong focus on key sectors such as health and education. The Ministry of Finance has reduced utilities (water and electricity tariffs) and fuel subsidies over time to contain spending

## Capital Transfers to GREs and aid payments

These grants include current or capital transfers from the Federal Government to Government authorities, international organizations and foreign governments

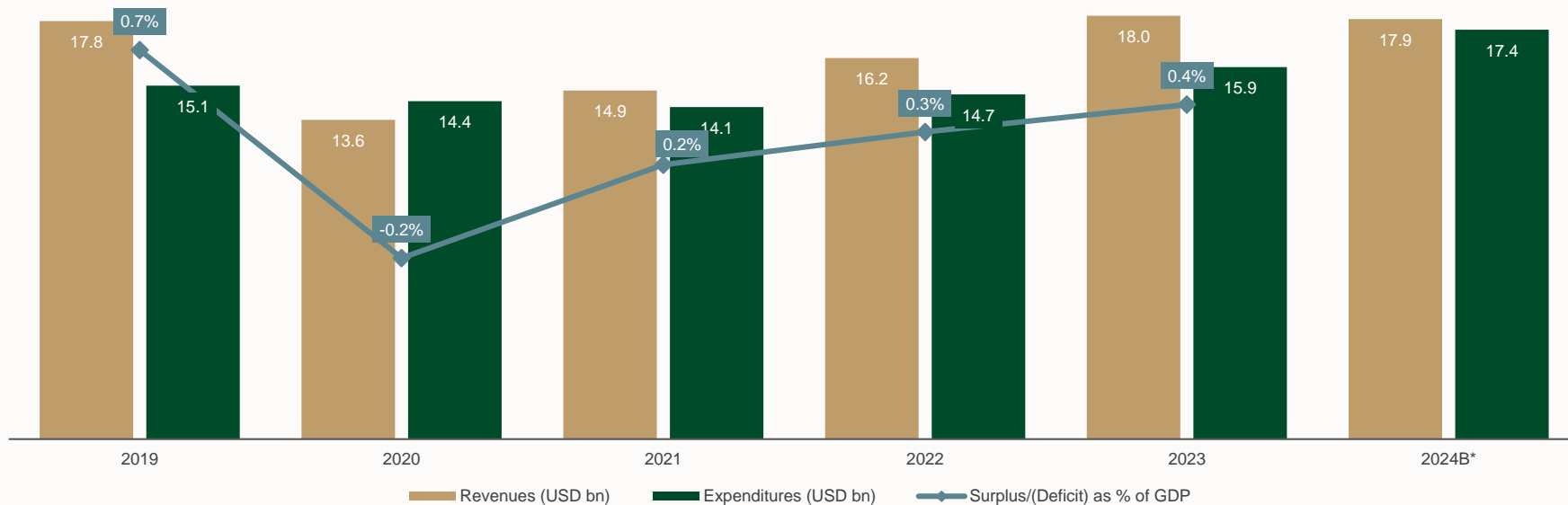
# Disciplined Fiscal Management



The Federal Government has successfully followed a “Balanced Budget” approach, controlling expenditures and broadening the revenue base beyond Emirate contributions

## UAE Federal Fiscal Balance Trend

(USD bn, % of GDP)



\*Approved Budget 2024

# UAE Public Debt Law



In October 2018, the UAE Federal Government passed a new Public Debt Law that allowed it to issue debt for the first time. Since then, the Government has successfully tapped into international and local currency markets

## Public Debt Law

- The Public Debt Law enables UAE operating banks to purchase Government bonds in AED or foreign currencies, to help them comply with Basel III requirements
- This law also expressly permits the Federal Government to provide guarantees on behalf of Federal Government authorities and corporations which are wholly owned by the Federal Government

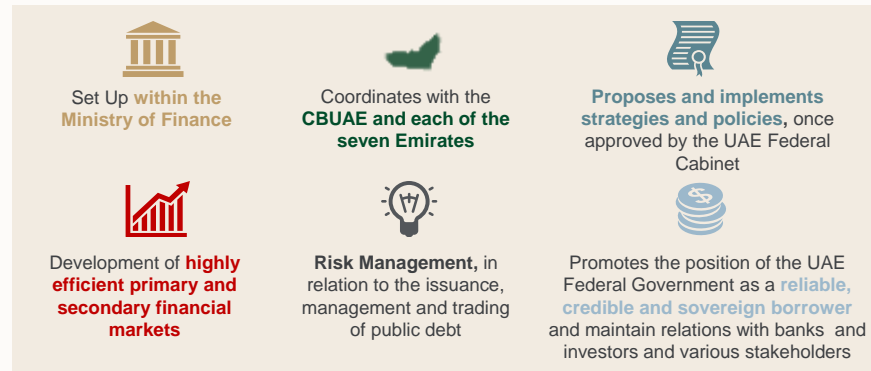
## Issuances

- In 2021, the UAE established its USD International Bonds Programme
- In May 2022, the Federal Government established a UAE dirham Treasury Bonds Programme ("T-Bond") has issued a total of AED 11.2 billion (~USD 3.05 billion) under the T-Bond programmes across 2, 3 and 5-year tenors as of 31 May 2024. The current outstanding volume of T-Bond issuances is AED 6.35bn (~USD 1.73bn), whereby AED 4.85bn (~USD 1.32bn) worth of T-Bond issuances has matured in May 2024.
- In May 2023, the Federal Government established a UAE dirham Treasury Sukuk Programme ("T-Sukuk") and has issued a total of AED 11.6 billion (~USD 3.16 billion) under the T-Sukuk programme across 2, 3 and 5-year tenors as of 31 May 2024.



Source: UAE Government Data  
Exchange rate used: AED 3.6725 = U.S.\$1.00

## Federal Debt Management Office



## Stipulations Guiding the Issuance of UAE Debt

### Approval

Any public debt instrument **must be approved by way of a Cabinet Resolution** based upon recommendations received from the Minister of Finance

### Ceiling

The amount of outstanding public debt **will not exceed 250% of the Federal Government's own stable revenues**, defined as revenues generated by the UAE Federal Government

### Infrastructure

The share of public debt that is allocated for **infrastructure projects shall not exceed 15% of the total outstanding public debt**



# Emirates Investment Authority



Established in 2007, the Emirates Investment Authority is the custodian of the Federal assets of the UAE; the EIA is mandated to strategically invest funds to create long-term value for the UAE

## EIA Overview and Key Directives

- ✓ The UAE Federal Cabinet **allocates appropriate funds to the EIA** for investment, in accordance with its mandate and directives
- ✓ As of 31 December 2022, the **10-year annualized return** of the EIA's portfolio, calculated on a time-weighted return basis, is **14.47%**

### EIA's Key Directives

- ✓ Invest UAE sovereign wealth in a diversified portfolio of assets in **key economic sectors and industries** to deliver long-term, sustainable financial gains
- ✓ Support and advise the Federal Government in matters pertaining to **economic and industrial policy**
- ✓ Act as a **custodian and manager** of the UAE's Federal assets

### EIA's investment Principles

- ✓ Provide for **appropriate and competitive returns** compared to its approved benchmarks;
- ✓ Seek to **diversify its assets** to achieve a desired rate of return at a prudent level of risk
- ✓ Operate in compliance with **applicable law and regulations** concerning the investments of the Federal Government and the jurisdictions in which it is active

## EIA Divisions

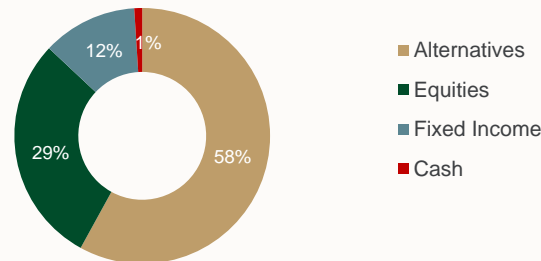
### Strategic Assets

- ✓ Diverse portfolio of equity stakes across sectors
- ✓ Range from majority to strong-minority shareholding

### Asset Management

- ✓ Listed equities, fixed income, private equity and other alternative investments
- ✓ Majority of these investments are managed by third-party investment managers

## EIA Strategic Asset Allocation



## EIA Investments Snapshot



Emirates Post  
100%



Emirates Transport  
100%



Etisalat  
60%



Du  
50.1%\*



Al Masraf  
42.28%



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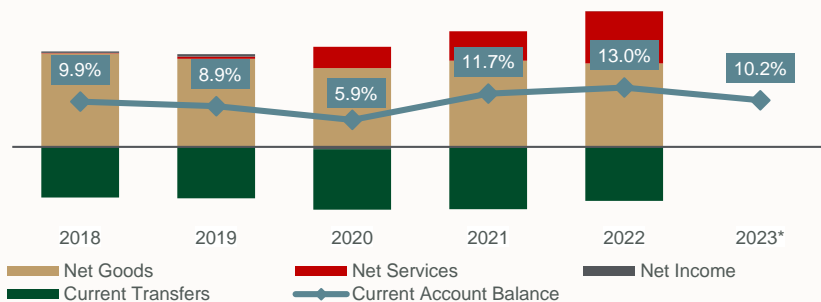
# Strong External Balances



The UAE benefits from a structural trade account surplus driven by the hydrocarbon sector, and which is the main pillar of the current account surplus. This has contributed to the accumulation of robust foreign exchange reserves

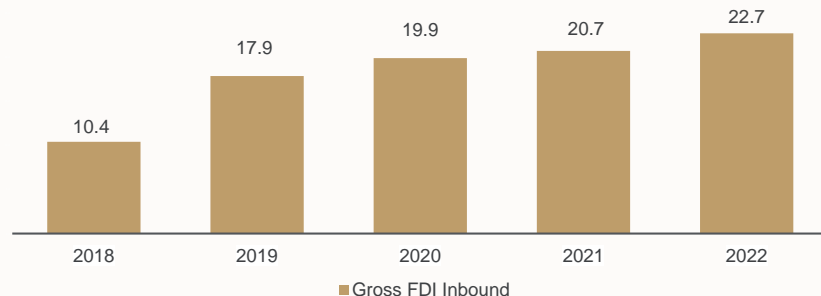
## Current Account

(% of GDP)



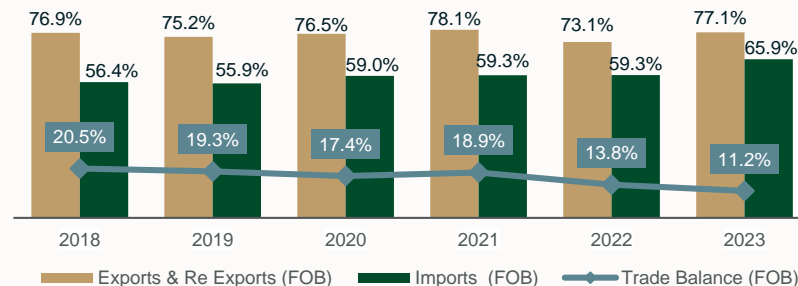
## FDI Flows

(USD bn)



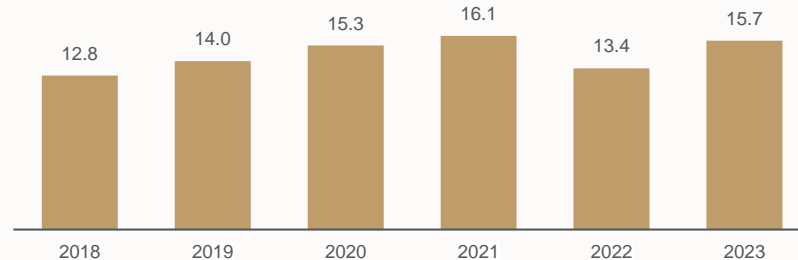
## Trade Balance

(Merchandise Exports and Imports % of GDP)



## CBUAE Gross FX Reserves

(Reserves Months of Imports)



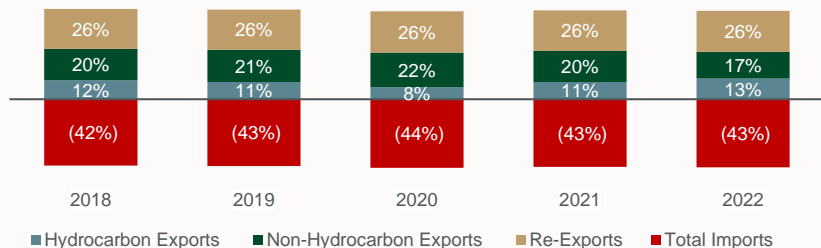
# Healthy Trade Balance



Balanced growth of both hydrocarbon and non-hydrocarbon exports has enabled the UAE to maintain healthy trade relationships with a diverse set of trade partners, both regionally and globally

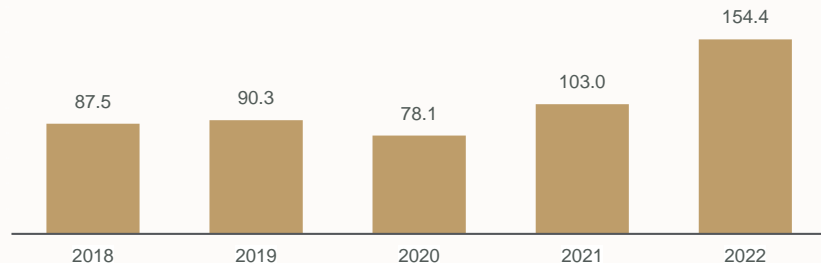
## Trade Flows

(% of Total)



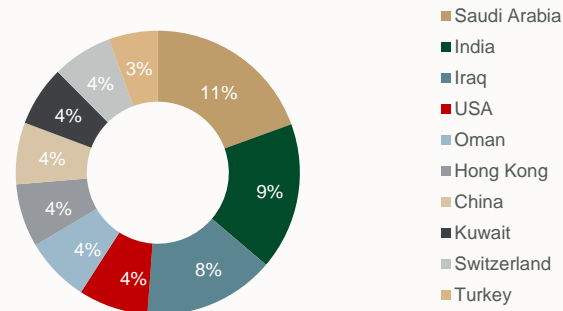
## Services Exports

(USD bn)



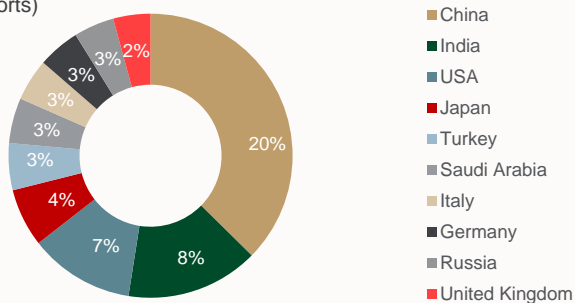
## Top (Non-Oil) Export Partners

(2022, % of Total Non-Oil Exports)



## Top Import Partners

(2022, % of Total Imports)





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# The Central Bank of the UAE



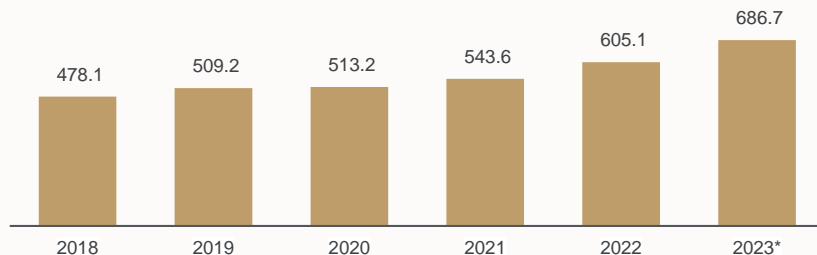
The Central Bank has been granted substantial powers to enable it to carry out its objectives, particularly the organization, promotion and supervision of the banking and financial system in the UAE

## Central Bank of the UAE (CBUAE)

- The CBUAE supervises the UAE banking system through its Banking Supervision and Examination Department (BSED). The BSED conducts **risk-based supervision** through on-site and off-site inspections
- The UAE Central Bank has adopted a **Risk Based Supervision ("RBS") approach** to bank supervision. This approach is forward-looking and is designed to identify, assess, measure, monitor and control key risks that licensed institutions in the UAE banking and financial markets are exposed to
- In July 2023, in order to **reduce the burden of higher interest rates** on home loans for citizens, the CBUAE carried out a number of measures, including the extension of the repayment period tenor, a cap of 50% of income to customer payments, among others
- The **UAE Dirham is pegged to the U.S. Dollar** at AED 3.6725 = U.S.\$1.00

## Bank Deposits

(USD bn)



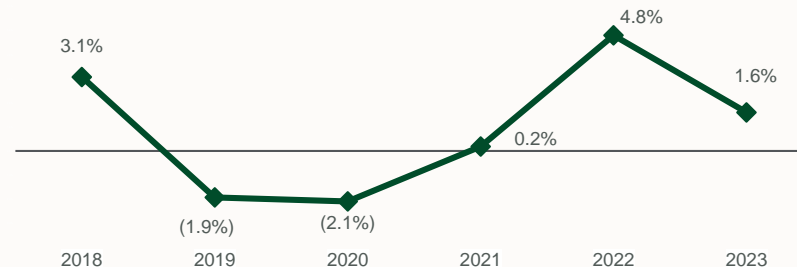
Source: CBUAE, Federal Competitiveness and Statistic Centre

Notes: \*Preliminary Estimation

Exchange rate used: AED 3.6725 = U.S.\$1.00

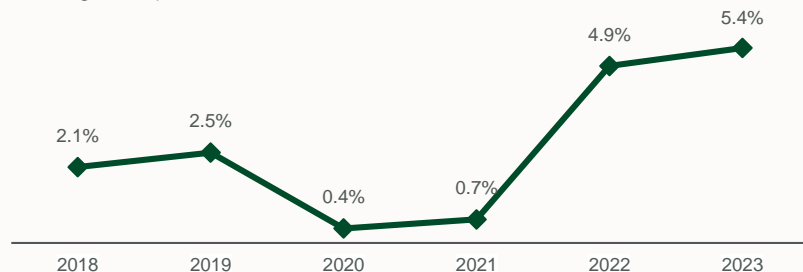
## Inflation Rate

(CPI, Annual % Average)



## Policy Rate

(%, Average rates)



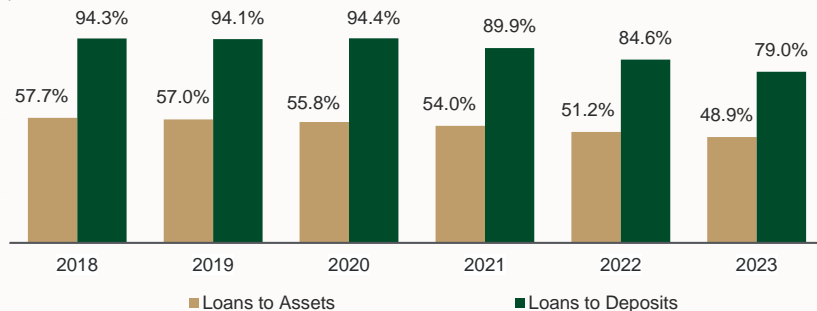
# Focus on Strengthening Banking System



Banks boast a sound and liquid position, with healthy capital adequacy benefiting from stable and strong capital buffers. Confidence in the banking sector remains high

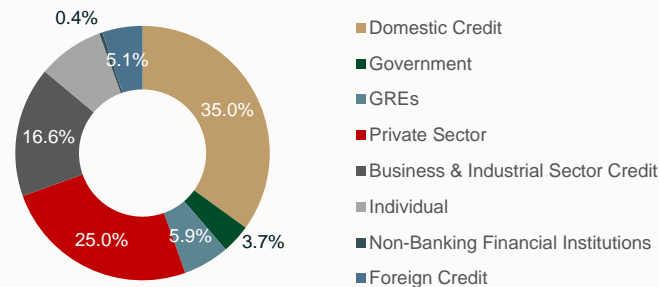
## Banking Sector Balance Sheet Structure

(%)



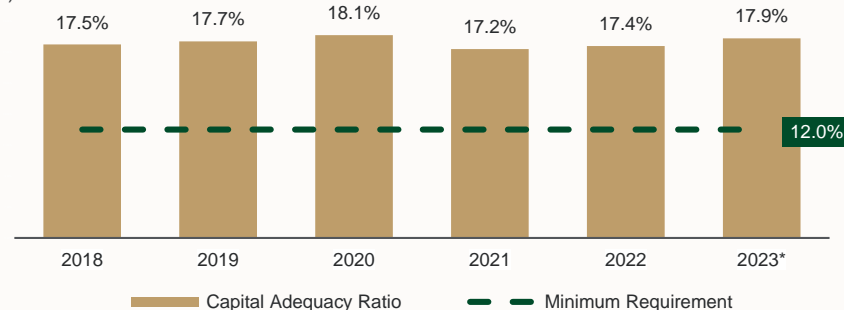
## Breakdown of Loan Book of UAE Banking System

(% of Total, 2023)



## Capital Adequacy Ratio

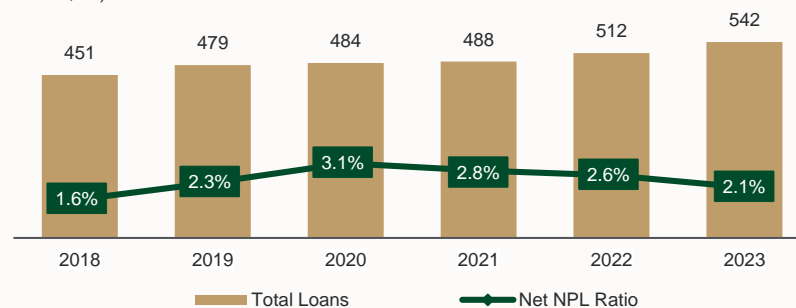
(%)



\*Preliminary Estimation

## Loan Book and Non-Performing Loans

(USD bn, %)







## Appendix



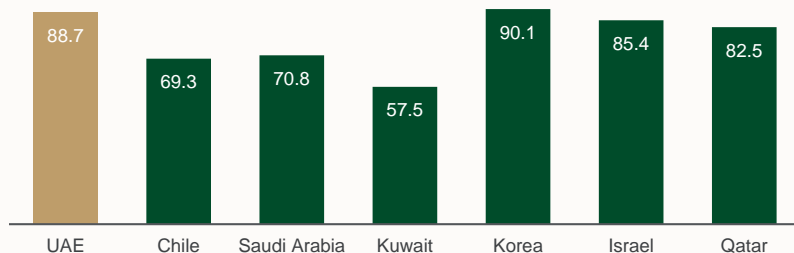
# UAE Government Indicators on Par with Highly Rated Countries



Clear commitment to enhancing governance and remaining one of the most business-friendly nations in the world, in line with other highly rated countries

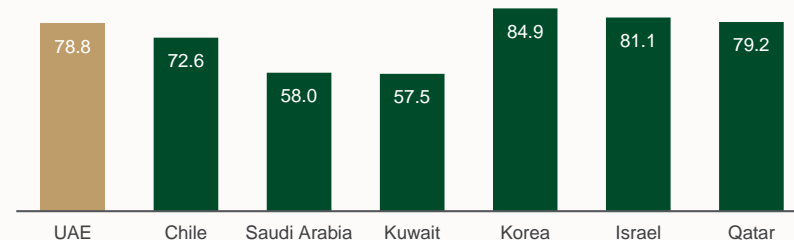
## Government Effectiveness

(Percentile Rank, 2022)



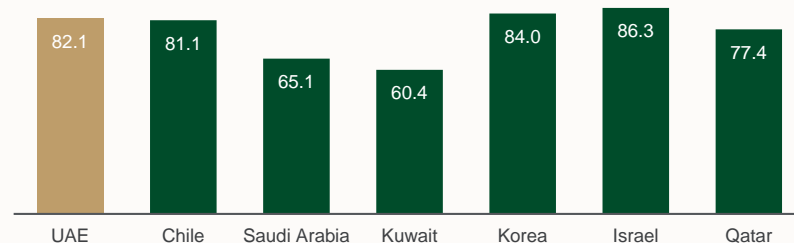
## Rule of Law

(Percentile Rank, 2022)



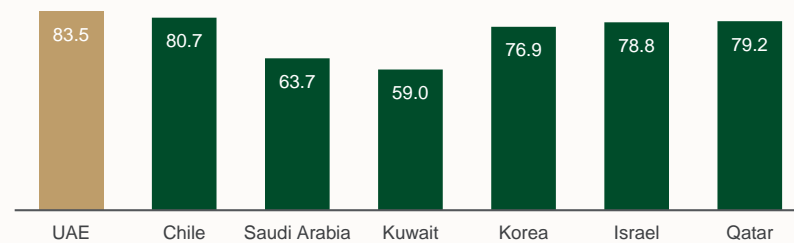
## Regulatory Quality

(Percentile Rank, 2022)



## Control of Corruption

(Percentile Rank, 2022)



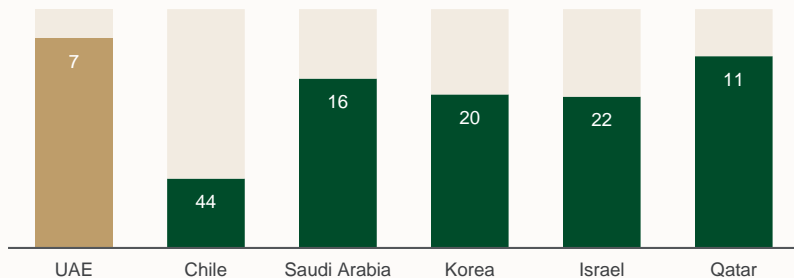
# UAE Competitiveness on Par with Highly Rated Countries



The UAE's competitiveness reflects its open and business-friendly domestic environment; it offers a world-class eco-system for local and international investment, leading the way for further innovation-led diversification

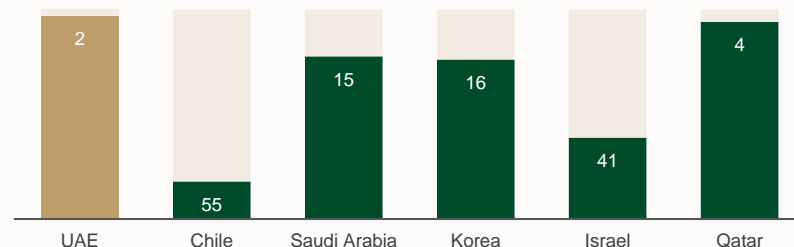
## Global Competitiveness

(Rank out of 67, 2024)



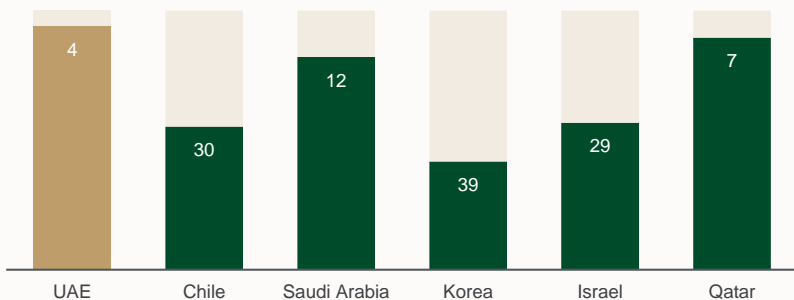
## Economic Performance

(Rank out of 67, 2024)



## Government Efficiency

(Rank out of 67, 2024)



## Business Efficiency

(Rank out of 67, 2024)

