SUPPLEMENT NUMBER 1 DATED 25 JUNE 2024 TO THE BASE OFFERING CIRCULAR DATED 18 SEPTEMBER 2023

FEDERAL GOVERNMENT OF THE UNITED ARAB EMIRATES
ACTING THROUGH THE MINISTRY OF FINANCE

Global Medium Term Note Programme

This base offering circular supplement (the "**Supplement**") is supplemental to, forms part of, and must be read and construed in conjunction with, the base offering circular dated 18 September 2023 (the "**Base Offering Circular**") prepared by the Federal Government of the United Arab Emirates, acting through the Ministry of Finance (the "**Issuer**") in connection with its Global Medium Term Note Programme (the "**Programme**") for the issuance of notes thereunder (the "**Notes**").

Terms given a defined meaning in the Base Offering Circular shall, unless the context otherwise requires, have the same meaning when used in this Supplement.

Application may be made to the United Kingdom ("**UK**") Financial Conduct Authority (the "**FCA**") for Notes issued under the Programme to be admitted to the official list of the FCA (the "**Official List**") and to the London Stock Exchange plc (the "**London Stock Exchange**") for such Notes to be admitted to trading on the London Stock Exchange's main market. For the purposes of any such application, the Issuer is an exempt issuer pursuant to Article 1(2) of Regulation (EU) 2017/1129 as it forms part of domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018 (the "**UK Prospectus Regulation**"). Accordingly, this Supplement has not been reviewed or approved by the FCA and, together with the Base Offering Circular, has not been approved as a Base Offering Circular by any other competent authority under the UK Prospectus Regulation.

The Issuer is an "Exempt Offeror" for the purposes of Article 13(1) of the Dubai International Financial Centre Law No. 1 of 2012, as amended (the "**Markets Law 2012**"). Accordingly, this Supplement has not been approved by the Dubai Financial Services Authority for the purposes of Article 14 of the Markets Law 2012.

The purpose of this Supplement is to update the disclosure in the Base Offering Circular to disclose certain material developments in respect of the Issuer.

IMPORTANT NOTICES

The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer, the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect its import.

None of the Arrangers, the Dealers or the Agents or their respective affiliates have independently verified the information contained herein. Accordingly, none of the Arrangers, the Dealers or the Agents or their respective affiliates accepts any responsibility or liability for and makes no representation, warranty or undertaking, express or implied, as to: (i) the accuracy or completeness of the information contained in this Supplement; (ii) any acts or omissions of the Issuer or any other person in connection with this Supplement or the issue and offering of any Notes; or (iii) any other information provided in connection with the Issuer, the Programme, any Notes issued thereunder or their distribution. Each Arranger, Dealer, Agent, and their respective affiliates accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Supplement or any other information provided by the Issuer in connection with the Programme, the Notes or their distribution.

To the extent that there is any inconsistency between: (a) any statement in this Supplement; and (b) any other statement in the Base Offering Circular, the statements in (a) above will prevail.

This Supplement does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Dealers to subscribe for, or purchase, any Notes.

AMENDMENTS OR ADDITIONS TO THE BASE OFFERING CIRCULAR

With effect from the date of this Supplement, the information appearing in, or incorporated by reference into, the Base Offering Circular shall be amended and/or supplemented in the manner described below. To the extent the information in this Supplement is inconsistent with the information contained in the Base Offering Circular, the information in this Supplement supersedes and replaces such information.

RISK FACTORS

An investment in the Notes involves risks. Accordingly, prospective investors should carefully consider, amongst other things, the risks described below, as well as the detailed information set out elsewhere in this Base Offering Circular, and reach their own views before making an investment decision. The risks and uncertainties described below are not the only risks and uncertainties related to the Issuer and the Notes. Additional risks and uncertainties not presently known, or currently believed to be immaterial, could also impair the ability to make payments on the Notes. If any of the following risks actually materialise, the financial condition and prospects of the Issuer could be materially adversely affected. If that were to happen, the trading price of the Notes could decline and the Issuer may be unable to make payments due on the Notes, and investors may lose all or part of their investment. Prospective investors should also read the detailed information set out elsewhere in this Base Offering Circular and reach their own views prior to making any investment decision. Words and expressions defined elsewhere in this Base Offering Circular (including in the Terms and Conditions) shall have the same meanings in this section.

FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER NOTES ISSUED UNDER THE PROGRAMME

Risks relating to the Issuer

The Federal Government relies on dividends and royalties from EIA investments, grants from the emirates and taxes to service its budget expenditures

The Federal Government primarily relies on dividends and royalties from EIA investments, grants from the emirates and taxes in order to service its budget expenditures. These sources of revenue are subject to uncertainties that could result in the Federal Government collecting less revenue than anticipated and budgeted for.

The Federal Government relies on the category of revenues designated as "other revenues", which primarily consists of dividends and royalties from EIA investments, primarily, Emirates Telecommunications Group Company (Etisalat Group) PJSC (rebranded as "e&" in 2022) ("**Etisalat**"). Other revenues accounted for 60.2 per cent. of total revenues and grants for the year ended 31 December 2023 and 60.7 per cent. of total revenues and grants for the 2024 Federal Budget. If Etisalat or any other EIA investments experience a decrease in revenues or an increase in expenses this could have a negative effect on the disbursement of dividends which would decrease the revenue that the Federal Government would be able to collect. In addition, if the Federal Government sold or reduced its stake in Etisalat or other investments, the amount of dividends and royalties that it receives could be reduced.

The Federal Government also relies on grants from the individual emirates, historically Abu Dhabi and Dubai. There is no formal calculation for the size of the grants that are provided from Abu Dhabi and Dubai. Grants made up 22.3 per cent. of total revenues and grants for the year ended 31 December 2023 and 22.2 per cent. of total revenues and grants for the 2024 Federal Budget. Grants are primarily used to make up for any shortfalls in the budget to prevent a budget deficit. The amount of grants from the individual emirates is determined as part of the five-year budget strategy and reviewed on an annual basis by the Federal Government. The individual emirates are not obligated to increase their grants from year to year. Additionally, even though the individual emirates are constitutionally obligated to provide grants to the Federal Government, there are no assurances that grant revenue will remain the same or increase as part of the next five-year budget strategy or as part of future annual budgets. In addition, the UAE Constitution (the "**Constitution**") does not specify the amount of grant requirements for the emirates to provide financial support to the UAE with each emirate's wealth considered the sole property of that emirate. As a result, there is no requirement or assurance that each emirate will maintain their current levels of grants or support in future periods.

Taxes, primarily consisting of value added tax ("**VAT**") and excise tax, made up approximately 17.5 per cent. of total revenues and grants for the year ended 31 December 2023 and 17.1 per cent. of total revenues and grants for the 2024 Federal Budget.

The annual federal budget is set with no deficit, but if the UAE is unsuccessful in collecting the expected level of revenues and grants for any year, it may need to reduce budgeted expenditures so that the budget is balanced. This could lead to public discontent and/or social unrest if the UAE has to reduce public expenditures. Further, any such decrease in spending may also have a material adverse effect on the economic condition of the UAE generally and, accordingly, the ability of the Issuer to repay principal and make payments of interest on the Notes.

The UAE's economy is significantly affected by volatility in international oil prices and its economy has in the past been, and is likely in the future to continue to be, materially adversely affected by lengthy periods of low oil prices

The UAE's economy is significantly impacted by international oil prices. The mining and quarrying sector, which includes crude oil and natural gas, contributed 24.4 per cent. to the UAE's nominal GDP in 2023, 29.7 per cent. in 2022, 24.1 per cent. in 2021, 17.3 per cent. in 2020 and 22.5 per cent. in 2019. The UAE's economy has in the past been adversely affected by periods of low international oil prices, including in the period from mid-2014 to early 2016 and for most of 2020 when global oil prices fell gradually in the first two months of 2020 before dropping sharply in March and April 2020, with the price of Brent oil falling below U.S.$16 per barrel in April 2020. This was primarily due to the impact of the coronavirus ("**COVID-19**") outbreak on the global economy and the increase in supply of oil.

The relatively lower global oil price environment from mid-2014 until 2021 can be attributed to a number of factors, including, but not limited to, a decline in demand for oil due to slower growth in a number of economies, particularly in emerging markets (especially China), the increase in oil production by other producers, competition from alternative energy sources, and the outbreak of COVID-19 in early 2020 (as described above). In March 2020, a meeting between members of the Organisation of the Petroleum Exporting Countries ("**OPEC**") and certain non-OPEC oil-producing countries, in particular Russia, failed to reach an agreement on whether to reduce oil production in response to the widespread outbreak of COVID-19, ending three years of cooperation on production levels. The OPEC+ countries subsequently reached an agreement in relation to production volumes which, over time and coupled with relaxations of COVID-19 measures, helped to bring prices back to pre-COVID-19 levels from late 2022.

The targets were reviewed more recently at the 48th Meeting of the Joint Ministerial Monitoring Committee held on 3 April 2023, at which the OPEC+ countries reaffirmed their commitment to the Declaration of Cooperation to stabilise the global oil market. The UAE pledged an additional reduction of 144,000 barrels a day from May 2023 to the end of 2024 and an additional three-month cut of 163,000 barrels a day between 1 January 2024 and 31 March 2024. In June 2024, several OPEC members announced they would begin phasing out their voluntary production cuts starting in September 2024. The UAE remains committed to the agreements currently in place with the OPEC+ countries and will continue to monitor the market. However, there can be no assurance that the agreement will continue to be implemented by all relevant parties or that it will achieve its stated goals or what effect it will have on global oil prices in the short to medium term. For example, oil prices increased in tandem with the global economic recovery in 2021. However, oil prices remained volatile in 2022 and 2023, particularly as a result of the conflict between Russia and Ukraine and the decline in participation in the crude oil markets, which caused sharper price fluctuations. There can be no guarantee that oil prices will not remain volatile or decrease in the future. On 11 June 2024, the OPEC Reference Basket stood at U.S.$82.36.

Low oil prices and low demand for crude oil may have a material adverse effect on the UAE's economy, and may cause a significant reduction in government spending which, would have an adverse effect on economic conditions in the UAE.

Prospective investors should be aware that the above analysis does not take into account the indirect impact of low oil prices on the UAE's economy, which is difficult to quantify with any precision. In addition, certain segments of the UAE's GDP, such as tourism, depend on other countries that also rely on oil. Prospective investors should note that many of the UAE's other economic sectors in part depend on the hydrocarbon sector. For example, the financial institutions sector (and banks in particular) may experience lower liquidity if significant government and government-owned company deposits are withdrawn to fund deficits or higher loan losses or impairments. The Federal Government and the emirates may also decide, as they have done in the past, to reduce government expenditures in light of the budgetary pressures caused by low or falling oil prices. Because fiscal spending on infrastructure and investment projects drives credit to public sector entities and private contractors and because public sector wages drive bank credit for personal lending, any spending cuts or pressure on public sector wages could increase levels of non-performing loans held by banks. In addition, a reduction in government revenue is likely to result in lower government spending, which could impact many other sectors of the economy, including in particular the construction sector. Furthermore, sectors that depend on household consumption, including education, healthcare and housing, may be adversely affected by lower levels of economic activity that may result from lower government revenue from hydrocarbon production.

Crude oil prices have historically been volatile and are affected by a range of factors beyond the Issuer's control, including:

- global economic and political conditions as well as economic and political developments in oil producing regions, particularly in the Middle East and Russia;
- global and regional supply and demand, and expectations regarding future supply and demand, for hydrocarbon products, including the prices and availability of alternative fuels or new technologies using different fuels (and those motivated by climate change concerns);
- the ability of members of OPEC and other crude oil producing nations to agree upon and maintain specified global production levels and prices;
- actual or potential armed conflicts in the Middle East and other areas;
- the impact of international environmental regulations designed to reduce carbon emissions;
- other actions taken by major crude hydrocarbon producing or consuming countries;
- global weather and environmental conditions; and
- global pandemics such as the COVID-19 pandemic.

There can be no assurance that these factors, whether individually or in combination with others, will not result in a prolonged or further decline in oil prices. As a result, there can be no assurance that the UAE's economy will not be materially adversely affected in the future by lengthy periods of low oil prices.

The UAE's efforts to diversify its economy may not be successful

The UAE's economy depends on the oil and gas industry. The Federal Government has a long-term strategy of diversifying the UAE's economy away from its reliance on oil and gas and a long-term vision to turn the UAE into a knowledge-based economy. However, there can be no assurance that the UAE's efforts to diversify its economy and reduce its dependence on oil and gas will be successful. The Federal Government may also decide, as it has done in the past, to further reduce government expenditures in light of the budgetary pressures caused by low or falling oil and gas prices, which may in turn adversely impact its ability to invest in the diversification of the UAE's economy. The mining and quarrying sector (which includes crude oil and natural gas) constituted approximately 24.4 of the UAE's constant GDP in 2023.

If the UAE's efforts to diversify its economy away from its reliance on oil are unsuccessful, or if non-oil growth does not increase as projected, the UAE will continue to be significantly exposed to economic downturns driven by oil price volatility, which could result in a material adverse effect on the UAE's economy and financial position. See "—*The UAE's economy is significantly affected by volatility in international oil prices and its economy has in the past been, and is likely in the future to continue to be, materially adversely affected by lengthy periods of low oil prices*".

The UAE may not succeed in implementing its proposed economic, financial and strategic policies

The UAE has been pursuing a programme of economic structural reform with the objective of creating and maintaining a sustainable and diversified economy including the introduction of VAT, corporate income tax, liberalisation of foreign direct investment ("**FDI**") rules and changes in visa requirements. Additionally, the UAE has been working towards implementing the UAE Centennial Plan 2071.

The implementation of these plans and reforms is actively monitored through key performance indicators and status updates at various levels. The implementation of these reforms, including programmes to support further economic growth, development and diversification, depends on significant and sustained political commitment and social consensus in favour of reforms. Notwithstanding significant progress in recent years and stated policies of implementing further reforms and supporting diversification of the economy, there can be no assurance that these and other economic and financial initiatives, and the reforms described in this Base Offering Circular, will continue, will not be reversed or will achieve their intended aims in a timely manner or at all, which could have a material adverse effect on the UAE's economy and financial position on both a federal level and an individual emirate level. In addition, some of these diversification programmes receive funding from hydrocarbon revenues, such that the programmes' funding could be negatively impacted if there was an increase in volatility in oil prices and a decrease in the UAE's hydrocarbon revenues. If the UAE's efforts to diversify its economy away from its reliance on oil are unsuccessful, or if non-oil growth does not increase as projected, the UAE will continue to be significantly exposed to economic downturns driven by oil price volatility. In addition, the transformation to a non-oil economy will initially rely on hydrocarbon income and a decrease in prices is likely to impact diversification plans, which could result in a material adverse effect on the UAE's economy and financial position.

The UAE is geographically located in a region that is experiencing political unrest which has the potential to materially adversely affect the UAE in a number of ways

Although the UAE, alongside its immediate neighbouring countries, generally enjoys domestic political stability and generally healthy regional and international relations, since early 2011 there has been political unrest in a number of countries in the wider Middle East and North Africa ("**MENA**") region, including Afghanistan, Algeria, Bahrain, Egypt, Gaza, Iraq, Israel, Libya, Morocco, Sudan, Syria, Tunisia and Yemen. This unrest has ranged from public demonstrations to, in extreme cases, armed conflict, proxy wars and civil wars, and has given rise to increased political tension and uncertainty and escalating threats of terrorism and extremism, across the region.

It is not possible to predict the occurrence of events or circumstances such as war or hostilities, or the impact that such occurrences might have on the UAE. The MENA region is currently subject to a number of armed conflicts including in Sudan, Yemen and in Israel and Gaza. The UAE deployed military forces to Yemen at the request of the internationally-recognised Yemeni government from 2015 until July 2019. Since then, the Iranian-supported Al-Houthi militia in Yemen has claimed responsibility for attacks on the UAE, including, in January 2022, a drone attack targeting a key ADNOC oil facility in Abu Dhabi, which resulted in casualties and sparked a fire at Abu Dhabi's international airport. Three further attacks occurred in subsequent weeks. The attacks were followed by air strikes by the UAE armed forces across targets in Yemen.

In October 2023, the political and military entity controlling Gaza, Hamas, launched an attack on a number of Israeli communities, which Israel has responded to with a combination of aerial bombardments of, and ground assaults in, Gaza. The intensity and duration of the conflict between Israel and Hamas are difficult to predict, as are the conflict's economic implications on countries in the Middle East, including the UAE. The Al-Houthi militia has also, since November 2023, launched several attacks on commercial shipping vessels in the Red Sea. The United States and its allies, including the United Kingdom, have launched a series of missile strikes against Al-Houthi rebels in response. These attacks have resulted in the diversion of trade away from the Red Sea and the Suez Canal and an increase in insurance costs for ships transiting through those areas.

The ongoing conflict in Gaza has also contributed to escalating tensions between Israel and the Lebanese militant group Hezbollah in southern Lebanon and between Israel and Iran. In April 2024, an Israeli airstrike on the Iranian consulate in Damascus, Syria, killed seven Islamic Revolutionary Guard Corps commanders, including two generals. Iran retaliated with a barrage of drones and missiles to which Israel responded with a drone and missile attack on an airbase in Iran.

The circumstances described above have also exacerbated already tense relations between the United States, its allies and Iran. In May 2018, the United States announced its withdrawal from the comprehensive agreement between the U.N. Security Council's five permanent members plus Germany and Iran that was reached in July 2015 (the "**JCPOA**"), reinstating U.S. nuclear sanctions on the Iranian regime. A sixth round of talks regarding the revival of the JCPOA (and the United States' potential re-joining the JCPOA), brokered by the EU, concluded in June 2021 with no agreement reached and, as a result, there is uncertainty regarding the impact of the potential lifting of sanctions on Iran.

In recent years, ships transiting or operating near the Strait of Hormuz have been subject to drone attacks and hijackings that have been linked to Iran. For example, in July 2021, a drone struck an oil tanker linked to an Israeli billionaire off the coast of Oman, which killed two crew members. U.S. naval forces escorted the ship to safety following the attack. In August 2021, armed personnel suspected of being backed by Iran briefly seized an oil tanker off the coast of the UAE (Iran has denied any involvement). Iran has also targeted U.S. forces in the region. For example, in January 2024, an attack on a U.S. outpost by Iran-backed militants on the Jordan-Syria border resulted in deaths and injuries.

The attacks on, and seizures of, oil tankers have disrupted international trade and impaired trade flows through the Strait of Hormuz, and the resulting military action taken by the United States and other countries against Al-Houthi bases in Yemen, as well as the events between Israel and Iran in April 2024, may also have a destabilising impact on the Gulf region and the situation remains volatile and uncertain. The current events in Israel and Gaza that commenced in October 2023, as well as the recent events between Israel and Iran in April 2024, could increase the risk of instability in the broader region and the situation remains highly volatile and uncertain. These recent and ongoing developments may have a material adverse effect or may be perceived to have material adverse effects on the UAE's security, attractiveness for foreign investment and capital, its ability to engage in international trade and, consequently, its economic, external and fiscal positions.

Any continuation or escalation of international or regional tensions regarding Iran, including further attacks on, or seizures of, oil tankers which disrupt international trade, including any impairment of trade flow through the Strait of Hormuz, or any military conflict, could have a destabilising impact on the Gulf region, including with respect to the UAE and its ability to export oil. The current tensions extend beyond the region, as they concern freedom of navigation, international maritime shipping and global energy supplies.

There can be no assurance that tensions will not continue to escalate in the region, or that further attacks will not happen. Furthermore, there can be no assurance what impact recent and future incidents will have on global oil prices (see "*—The UAE's economy is significantly affected by volatility in international oil prices and its economy has in the past been, and is likely in the future to continue to be, materially adversely affected by lengthy periods of low oil prices*").

The UAE is, and will continue to be, affected by political developments in the wider MENA region and investors' reactions to such developments may affect the securities of issuers in other markets, including the UAE. Although the UAE has not experienced terrorist attacks, there can be no assurance that extremists or terrorist groups will not initiate violent activity in the UAE. Any terrorist incidents, including cyber-terrorism, in or affecting the UAE and increased regional geopolitical instability (whether or not directly involving the UAE) may have a material adverse effect on the UAE's security, attractiveness for foreign investment and capital, its ability to engage in international trade, its tourist industry and, consequently, its economic, external and fiscal positions.

The UAE also depends on expatriate labour (ranging from unskilled labourers to highly skilled professionals in a range of industry sectors) and has made significant efforts in recent years to strengthen security procedures and attract high volumes of foreign businesses and tourists to the UAE. The UAE's success also makes it potentially more vulnerable if economic conditions become more unfavourable or should regional instability increase or foreign militants commence operations in the UAE, in which case there can be no assurance of the continued availability of expatriate labour with appropriate skills.

In addition, as the Federal Government continues to diversify the UAE's economy into other sectors, including tourism, the potential for its economy to be negatively affected by broader regional and global economic trends or geopolitical developments is increasing.

Global financial conditions and rising protectionist policies may have an impact on the UAE's economic and financial condition

The UAE's economy may be adversely affected by tightening global economic conditions and external shocks, including financial market volatility, trade disruptions, protectionist trade policies or threats thereof and global pandemics, such as the COVID-19 pandemic, the Russia/Ukraine conflict, the conflict between Hamas and Israel, disruptive attacks by Al-Houthi militia, and the rapid rise in global interest rates during

2022 and 2023, each of which has caused severe global disruptions and may continue to have a significant effect on the global economy. Additionally, a global shift in policies, including towards protectionism, with lower global growth due to reduced trade, migration and cross-border investment flows, could slow non-oil growth in the UAE. Increased competition in the region, specifically from Saudi Arabia, may also impact the UAE's plans to diversify and develop a non-oil based economy. In addition, a global economic downturn could impact global demand for oil and oil prices. See *"— The UAE's economy is significantly affected by volatility in international oil prices and its economy has in the past been, and is likely in the future to continue to be, materially adversely affected by lengthy periods of low oil prices*" above. Increased financial market volatility could also affect investor sentiment and slow tourism, trade and investment in the UAE, which could, in turn, have an adverse effect on the UAE's non-oil sectors and the economy as a whole.

There can be no assurance that a global economic downturn will not occur or that there will not continue to be a shift towards protectionist policies on a global scale, each of which, together or individually, may have a material adverse effect on the UAE's economy and financial position.

The UAE faces certain demographic pressures

In light of the UAE's growing population, one of the key issues that the Federal Government is seeking to address is the accommodation of UAE nationals in the job market, in particular in the private sector. The Federal Government has, over the past few years, increased expenditure on education and training, and has introduced various initiatives to educate and motivate young UAE nationals to join the workforce. While this has resulted in an increasing number of UAE national university graduates entering the job market, there can be no assurance that the UAE's economy will be able to provide sufficient skilled labour opportunities for UAE nationals holding higher education degrees. As a result, the UAE may face increased unemployment rates for UAE nationals, which could result in social unrest and negatively affect the UAE's economy.

Investing in securities involving emerging markets, such as the UAE, generally involves a higher degree of risk than investments in securities of issuers from more developed markets

Investing in securities involving emerging markets, such as the UAE, generally involves a higher degree of risk than investments in securities of issuers from more developed markets. In the case of the UAE, these higher risks include those discussed elsewhere in this section. In addition, there can be no assurance that the market for securities bearing emerging market risk, such as any Notes issued under the Programme, will not be affected negatively by events elsewhere, especially in emerging markets.

International investors' reactions to events occurring in one emerging market country or region sometimes appear to demonstrate a "contagion" effect, in which an entire region or class of investment is disfavoured by such investors. If such a "contagion" effect were to occur, the trading price of Notes issued under the Programme could be adversely affected by negative economic or financial developments in other emerging market countries over which the Federal Government has no control.

In addition, the economies of emerging markets are more susceptible to influence by macroeconomic and central bank policy decisions of developed countries than other sovereign issuers. In particular, emerging market economies have in the past demonstrated sensitivity to periods of economic growth and interest rate movements of developed economies. No assurance can be given that this will not be the case in the future.

As a consequence, an investment in Notes issued under the Programme carries risks that are not typically associated with investing in Notes issued by governments in more mature markets. These risks may be compounded by any incomplete, unreliable or unavailable economic and statistical data on the UAE, including elements of information provided in this Base Offering Circular, see "*—The statistical information included in this Base Offering Circular is subject to certain limitations and may be materially adjusted or revised in the future as further information becomes available*" below. Prospective investors should also note that emerging economies, such as the UAE's are subject to rapid change and that the information set out in this Base Offering Circular may become out-dated relatively quickly. Accordingly, prospective investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in light of those risks, their investment is appropriate. Generally, investment in emerging markets is suitable only for sophisticated investors who fully appreciate the significance of the risks involved. Prospective investors are urged to consult with their own legal and financial advisers before making an investment decision.

Any adjustment to, or ending of, the UAE's currency peg could negatively affect the UAE

Since November 1980, the UAE Dirham has been pegged to the U.S. dollar at a rate of AED 3.6725 = U.S.$1.00. The maintenance of this peg is a firm policy of the UAE Central Bank. See "*Monetary and Financial System—Monetary and Exchange Rate Policy*". However, although there are substantial reserves available to defend the peg, there is no assurance that the UAE Central Bank will be able to continue to maintain the peg in the future. If the UAE Central Bank cannot maintain a stable exchange rate or the peg to the U.S. dollar, it could reduce confidence in the UAE's economy, reduce FDI and adversely affect the UAE's finances and economy, as well as those of the individual emirates within the UAE.

In addition, because of the peg to the U.S. dollar, the UAE Central Bank does not have any flexibility to devalue the UAE Dirham to stimulate the UAE's exports market, and the UAE Central Bank's ability to independently manage interest rates is constrained, which may impair its ability to respond to financial crises or downturns. For example, if, when the US Federal Reserve increases interest rates, the UAE Central Bank delays significantly in increasing its own rates this could result in significant pressure on the peg. This lack of flexibility could have an adverse effect on the UAE's foreign trade and, in turn, on its economy and those of the individual emirates within the UAE. See "—*A slowdown in the economies of the UAE's key trading partners and an appreciation of the U.S. dollar could each adversely affect the UAE's economy*" below.

The individual emirates that make up the UAE have in aggregate a significant amount of debt denominated in U.S. dollars. This may also impact the Federal Government's budget if expenditures need to be reduced in order to service both the debt of the individual emirates and the Notes, which will also be denominated in U.S. dollars.

Any negative variation of the peg would increase the burden of servicing and repaying this debt.

A slowdown in the economies of the UAE's key trading partners and an appreciation of the U.S. dollar could each adversely affect the UAE's economy

The UAE has strong trading relationships with many countries. In particular, countries such as China, which has experienced a significant economic slowdown as a result of the COVID-19 pandemic and other factors, as well as India, are significant markets for the UAE's crude oil exports. In addition, Saudi Arabia and China are both major trade partners in terms of exports, re-exports and imports, the United States is a major trade partner in terms of exports and imports and India is a major source of imports (see "*Balance of Payments and Foreign Trade—Foreign Trade*").

Any sustained market and economic downturn or geopolitical uncertainty in any of the UAE's key trading partners, including as a result of the conflict between Russia and Ukraine and high levels of global inflation and interest rates, may materially impact the UAE's trade with those countries and could have a negative impact on the UAE's foreign trade and balance of payments as well as government revenues on a local and federal level. Both the negative impact on the UAE's non-oil export partners and on tourism have a direct and indirect impact on the UAE's balance of payments and government revenues.

Furthermore, because the UAE's currency is pegged at a fixed rate to the U.S. dollar, any significant appreciation in value of the U.S. dollar, whether driven by increasing U.S. interest rates or other factors, could result in the UAE's non-hydrocarbon exports becoming less competitive, which could have a negative effect on Federal revenues. See "—*Any adjustment to, or ending of, the UAE's currency peg could negatively affect the UAE*" above.

The extensive production, processing, storage and shipping of hydrocarbons in the UAE gives rise to risks associated with hazardous materials

The sizeable oil and gas sector in the UAE consists of both upstream and downstream activities that include the production, processing, storage and shipping of oil, natural gas, petrochemicals and other hydrocarbons in various physical states. Hydrocarbons, by their nature, are hazardous materials which have the potential to harm or damage property, production facilities, people and the environment. A disaster involving hydrocarbons, such as a significant oil spill or catastrophic explosion, however caused, could have a materially adverse effect on the UAE and its economy either from direct losses (such as the loss of export revenue), the loss of tax revenue or liability to third parties, or from indirect losses, such as clean-up costs, environmental damage and reputational damage. The UAE cannot guarantee that such an event will not occur in the future.

The statistical information included in this Base Offering Circular is subject to certain limitations and may be adjusted or revised in the future as further information becomes available

The statistical information included in this Base Offering Circular has been derived from a number of different identified sources. All statistical information provided in this Base Offering Circular may differ from that produced by other sources for a variety of reasons, including the use of different methodologies, definitions and cut-off times.

Although efforts are being made by the UAE and its emirates to produce accurate and consistent social and economic data, investors should be aware that there is still significant scope for improving fiscal, external and labour statistics. For a discussion of certain limitations relating to the statistics included in this document, see "*Presentation of Statistical Information*". The statistical data appearing in this Base Offering Circular may also not have been prepared in accordance with the standards of, or to the same degree of accuracy as, equivalent statistics produced by the relevant bodies in other jurisdictions. Investors may be able to obtain similar statistics from other sources, but the underlying assumptions, methodology and, consequently, the resulting data may vary from source to source and there can be no assurance that the statistical data appearing in this Base Offering Circular are as accurate or as reliable as those published by other countries.

The official financial and economic statistics of the UAE are subject to review as part of a regular confirmation process. Accordingly, financial and economic information in this Base Offering Circular may differ from previously published figures, or figures published in the future, and may be subsequently adjusted or revised. No assurance can be given that material changes will not be made.

Information on oil and gas reserves is based on estimates that have not been reviewed by an independent consultant for the purposes of this Base Offering Circular

The information on oil and gas reserves contained in this Base Offering Circular is based on figures published by OPEC. Neither the UAE nor the Arrangers or Dealers have engaged an independent consultant or any other person to conduct a review of the UAE's natural gas or crude oil reserves in connection with this Base Offering Circular. All reserve estimates presented herein are based on data collected and maintained by OPEC and may differ materially from actual figures. No assurance can be given that material changes will not be made. Prospective investors should also note that the methodology used by OPEC to calculate the reserves figures may differ from the methodology used by other hydrocarbon producers and may also differ from the standards of reserves measurement prescribed by the U.S. Securities and Exchange Commission.

Furthermore, although based on scientifically backed procedures and research, reserves valuation is a process with an inherently subjective element for estimating underground accumulations of crude oil and natural gas that cannot be measured in an exact manner. The accuracy of any reserves estimate depends on the quality and reliability of available data, engineering and geological interpretations and subjective professional judgement. Additionally, estimates may be revised based on subsequent results of drilling, testing and production. The proportion of reserves that can ultimately be produced, the rate of production and the costs of developing the fields are difficult to estimate and, therefore, the reserve estimates may differ materially from the ultimately recoverable quantities of crude oil and natural gas.

The UAE's credit ratings may change and any ratings downgrade could adversely affect the value of Notes issued under the Programme

The UAE has been assigned a credit rating of Aa2 by Moody's with a stable outlook and AA- by Fitch with a stable outlook.

The UAE's rating was most recently reaffirmed by Moody's in May 2023. Moody's noted in its May 2023 report that upward pressure on the rating would develop if regional geopolitical tensions were to decline significantly and durably. Moody's also highlighted the UAE's high GDP per capita and relatively competitive and diversified economy, effective institutions supporting strong adjustment capacity in the face of shocks, a track record of domestic social and political stability, strong international relationships, and strong support from the government of Abu Dhabi and a very low debt burden of the Federal

Government. Material improvements in policy transparency and data availability at both the federal and emirate level would also put upward pressure on the rating. Further, an upgrade of Abu Dhabi's rating may lead to an upgrade of the UAE's rating, given the strong interlinkages between the two. In turn, downward pressure on the rating would be likely to emerge from an escalation in regional political tensions that significantly affected the UAE's ability to produce or export oil or develop its non-hydrocarbon sectors. Evidence of Abu Dhabi's weakening support for the Federal Government, including in the form of spending on behalf of the Federal Government, without a corresponding increase in self-sustaining revenue, would also lead to a more negative assessment of the Federal Government's creditworthiness. In addition, a downgrade of Abu Dhabi's rating may exert downward pressure on the UAE's rating.

The UAE's rating was most recently reaffirmed by Fitch in July 2023. In its rating report, Fitch cited moderate consolidated public debt level, strong net external asset position and high GDP per capita. Fitch also noted that a rating downgrade could be prompted by a deterioration in Abu Dhabi's sovereign credit profile, substantial erosion of the external position of the UAE or the individual emirates' fiscal position, for example due to a sustained period of low oil prices or a materialisation of contingent liabilities or a geopolitical shock that impacts economic, social or political stability.

Any future downgrade or withdrawal at any time of a credit rating assigned to the UAE by any rating agency could have a material adverse effect on its cost of borrowing and could limit its access to debt capital markets. A downgrade may also adversely affect the market price of Notes issued under the Programme and cause trading in such Notes to be volatile. Unsolicited ratings may not benefit from government input but could also negatively impact the UAE's cost of borrowing. Furthermore, a rating downgrade in any of the individual emirates or other regional issuers may result in a downgrade in the credit rating assigned to the UAE.

A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. Ratings may not reflect the potential impact of all risks related to structure, market, the risk factors discussed in this section and others that may affect the value of Notes issued under the Programme.

The UAE cannot be certain that a credit rating will remain for any given period of time or that a credit rating will not be downgraded or withdrawn entirely by the relevant rating agency if, in its judgment, circumstances in the future so warrant.

RECENT DEVELOPMENTS

Relations with Gulf Co-Operation Council and Other Arab Countries – Saudi Arabia

Imports from Saudi Arabia accounted for 2.8 per cent. of the UAE's total imports, and exports to Saudi Arabia accounted for 10.8 per cent. of the UAE's total non-oil exports for the year ended 31 December 2022.

Relations with Other Countries and the European Union – United States

Imports from the United States accounted for 6.5 per cent. of the UAE's total imports, and exports to the United States accounted for 4.4 per cent. of the UAE's total non-oil exports for the year ended 31 December 2022.

Relations with Other Countries and the European Union – India

In 2020, the UAE import value with India was approximately AED 60.5 billion and the export value was approximately AED 19.7 billon. The UAE was India's third largest trading partner in each of 2018, 2019 and 2020. The UAE is also the second largest export destination for India (after the United States) as exports and re-exports amounted to over U.S.$27 billion (approximately AED 99.2 billion) between 2018 and 2019. India was the second highest export destination for the UAE for the years ended 31 December 2021 and 31 December 2022 with 11.1 per cent. and 9.3 per cent. of total non-oil exports being sent to India, respectively. In addition, India is also one of the top sources of the UAE's imports. The UAE received 7.7 per cent. of total imports based on value from India for the year ended 31 December 2021. In 2022, the UAE received 8.2 per cent. of total imports based on value from India.

Economy of the United Arab Emirates

Overview

The UAE has one of the largest economies in the MENA region, with nominal GDP of approximately AED 1,888 billion in 2023. Real GDP growth in the UAE was 1.1 per cent. in 2019, negative 4.9 per cent. in 2020, 4.3 per cent. in 2021 and 7.51 per cent. in 2022. Real GDP growth in the UAE was estimated to be 3.62 per cent. in 2023. Real GDP was AED 1.67 trillion in 2023.

The UAE's real GDP growth decreased to 3.6 per cent. in 2023, reflecting both oil production cuts and slowing non-oil economic activity. The OPEC+ agreements to cut production starting in April 2023 had a negative impact on the GDP of the oil sector in 2023, which contracted by 3.1 per cent. The non-oil sector, representing 74 per cent. of overall GDP with a value of AED 1.24 trillion, recorded growth of 6.16 per cent. in 2023, compared to 7.2 per cent. in 2022. The growth in the non-oil sector was driven by a rebound in global travel following the COVID-19 pandemic, strong financial and transportation sectors, expanding manufacturing due to industrial investments and increased activity linked to events such as COP28.

Gross Domestic Product

The table below shows nominal GDP and the real GDP growth rate as at 31 December for the years indicated.

	For the year ended 31 December					
	2018	2019	2020	2021	2022*	2023**
Nominal GDP *(AED Billions)*	1,568	1,535	1,283	1,525	1,846	1,888
Real GDP growth rate (%)	1.31	1.11	(4.96)	4.35	7.51	3.62

* Economic Survey 2022
** Preliminary Estimation
Source: *FCSC*

Based on preliminary estimates, real GDP growth in the UAE decreased to 3.62 per cent. in 2023 from 7.51 per cent. in 2022. This decrease was primarily due to a decline in oil production partially offset by the strong performance of the non-oil sector. Real GDP growth is projected to increase to 4.4 per cent. in 2024, primarily due to a recovery in oil production and robust yet slowing growth in the non-oil sector.

The following tables show the UAE GDP by economic activities at nominal prices and constant prices, respectively, and economic indicators per capita for the years indicated.

GDP by Economic Sector at Nominal Prices

Economic Sectors/Activities	2018	2019	2020	2021	2022*	2023**
	For the year ended 31 December					
			(AED Millions)			
Non-Financial Corporations	**1,323,315**	**1,285,529**	**1,052,548**	**1,285,296**	**1,587,393**	**1,599,624**
Agriculture, Forestry and Fishing	11,158	11,463	12,371	14,385	12,986	13,240
Mining and Quarrying (includes crude oil and natural gas)	401,830	345,830	222,430	367,043	547,527	461,227
Manufacturing	139,987	136,120	132,089	152,501	181,319	204,784
Electricity, Gas, and Water Supply; Waste Management Activities	58,435	61,823	61,177	70,437	76,616	83,280
Construction	135,596	139,708	125,582	128,774	137,682	151,799
Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	199,426	205,737	175,530	194,524	212,231	226,570
Transportation and Storage	85,690	88,600	65,850	71,969	97,962	116,693
Accommodation and Food Service Activities	32,176	32,279	19,327	30,816	38,761	42,625
Information and Communication	44,735	46,733	45,810	47,121	50,415	53,354
Financial and Insurance Activities	124,932	128,913	108,130	114,296	130,272	152,766
Real Estate Activities	82,823	80,640	66,775	71,492	81,022	89,422
Professional, Scientific and Technical Activities and Administrative and Support Service Activities	76,164	79,663	69,300	74,475	81,733	83,193
Public Administration and Defence; Compulsory Social Security	109,947	109,824	112,142	114,445	117,222	124,137
Education	25,450	25,239	25,346	26,186	28,384	29,918
Human Health and Social Work Activities	19,934	21,947	23,010	26,877	30,997	33,249
Arts, Recreation and Other Service Activities	9,911	9,747	7,950	8,697	9,760	10,271
Activities of Households as Employers	10,145	10,801	10,620	10,707	11,396	11,617
Total GDP	**1,568,339**	**1,535,067**	**1,283,440**	**1,524,744**	**1,846,283**	**1,888,144**
Total Non-oil GDP	**1,166,509**	**1,189,237**	**1,061,010**	**1,157,702**	**1,298,757**	**1,426,917**

(*) Economic Survey 2022.
(**) Preliminary Estimation.

Source: FCSC

GDP by Economic Sector at Constant Prices

Economic Sectors/Activities	2018	2019	2020	2021	2022*	2023**
	For the year ended 31 December					
			(AED Millions)			
Non-Financial Corporations	**1,293,808**	**1,306,653**	**1,224,017**	**1,282,641**	**1,388,435**	**1,424,678**
Agriculture, Forestry and Fishing	10,043	11,043	10,703	13,618	12,835	12,954
Mining and Quarrying (includes crude oil and natural gas)	442,042	430,344	414,175	409,817	444,642	430,879
Manufacturing	139,106	144,633	148,128	164,764	181,571	188,402
Electricity, Gas, and Water Supply; Waste Management Activities	32,545	34,977	34,655	38,679	42,603	44,385
Construction	131,395	128,863	121,246	123,812	130,054	141,589
Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	190,574	197,035	184,132	197,635	203,353	211,268
Transportation and Storage	83,312	86,401	57,878	64,843	77,366	86,276
Accommodation and Food Service Activities	31,209	35,052	24,488	27,241	30,574	32,253
Information and Communication	42,484	42,401	43,921	45,443	48,280	50,870
Financial and Insurance Activities	118,250	121,514	118,532	123,329	131,427	150,279
Real Estate Activities	82,729	86,969	75,609	80,246	89,548	94,803
Professional, Scientific and Technical Activities and Administrative and Support Service Activities	64,034	61,857	60,256	61,925	68,905	69,850
Public Administration and Defence; Compulsory Social Security	80,567	79,650	89,936	89,309	87,771	91,069
Education	19,665	21,299	23,523	24,028	25,539	26,609
Human Health and Social Work Activities	15,934	17,103	18,076	22,973	24,909	25,929
Arts, Recreation and Other Service Activities	8,735	8,675	7,226	7,618	8,255	8,610
Activities of Households as Employers	8,497	9,941	10,038	10,063	10,755	10,926
Total GDP	**1,501,121**	**1,517,759**	**1,442,523**	**1,505,341**	**1,618,388**	**1,676,952**

Economic Sectors/Activities	For the year ended 31 December 2018	2019	2020	2021	2022*	2023**
			(AED Millions)			
Total Non-oil GDP	**1,059,079**	**1,087,415**	**1,028,348**	**1,095,524**	**1,173,746**	**1,246,074**

(*) Economic Survey 2022
(**) Preliminary Estimation

Source: *FCSC*

Economic Indicators Per Capita, 2018-2023

Economic Sectors/Activities	For the year ended 31 December 2018	2019	2020	2021	2022	2023*
			(AED Thousands)			
Gross Domestic Product	167.4	161.5	138.2	154.6	179.6	176.8
GDP (At Constant 2010 Prices)	160.3	159.7	155.4	152.7	157.4	157.0
Gross National Income	168.0	162.3	137.5	154.4	179.6	178.1
Net National Income	161.0	155.4	132.4	149.1	174.6	173.0
Disposable Income (net)	142.9	137.1	111.2	128.2	152.6	150.4
Final Consumption Expenditure	84.4	84.4	85.0	85.8	98.4	102.6
Government Final Consumption	20.9	21.1	21.0	22.6	22.7	22.0
Private Final Consumption	63.4	63.3	64.0	63.2	75.7	80.6
National Saving (net)	58.5	52.7	26.2	42.4	54.2	47.8
Gross Capital Formation	36.6	38.9	32.2	39.9	47.6	47.9
Total Exports	156.9	156.4	138.5	158.4	186.4	192.0
Total Imports	110.4	118.2	117.6	129.4	152.9	165.7

(*) Data 2023 Preliminary

Source: FCSC

The table below shows the real petroleum GDP, real non-petroleum GDP and real GDP growth rates for the periods shown.

	For the year ended 31 December 2018	2019	2020	2021	2022*	2023**
			(per cent.)			
Real Petroleum GDP	4.45	(2.65)	(3.76)	(1.05)	8.50	(3.10)
Real Non Petroleum GDP	0.06	2.68	(5.43)	6.53	7.14	6.16
Real GDP	1.31	1.11	(4.96)	4.35	7.51	3.62

(*) Economic Survey 2022
(**) 2023 Preliminary Estimation

Source: FCSC

Based on preliminary estimates, for the year ended 31 December 2023, nominal GDP increased by 2.3 per cent. compared to the year ended 31 December 2022. The oil sector is included in "mining and quarrying" in the calculation of GDP. In 2023, the various non-oil sectors are estimated to account for 75.6 per cent. of nominal GDP, while the mining and quarrying sector is estimated to account for 24.4 per cent. of nominal GDP. Aside from contributions from financial institutions, among the non-oil sectors, the "wholesale and retail trade: repair of motor vehicles and motorcycles" sector is estimated to be the largest share, accounting for 12.0 per cent. of nominal GDP, followed by "manufacturing", "financial and insurance activities" and "construction", which is estimated to account for 10.8 per cent., 8.1 per cent. and 8.0 per cent. of nominal GDP, respectively. GDP for oil depends on oil prices.

Principal Sectors of the Economy

The UAE's economy is well diversified, with its biggest sector, mining and quarrying (including oil and natural gas), estimated to have contributed 24.4 per cent. of nominal GDP in 2023, and 29.7 per cent. of nominal GDP in 2022. Recent economic growth has been broad-based across multiple sectors. Most GDP sectors are controlled at the local level rather than the federal level.

The economy has been influenced mainly by the following sectors over the last few years: mining and quarrying (includes crude oil and natural gas), wholesale and retail trade (including repair of motor vehicles and motorcycles), manufacturing, financial and insurance activities, public administration and defence (including compulsory social security), construction, transportation and storage, and real estate activities.

Mining and quarrying (includes crude oil and natural gas)

The mining and quarrying sector, which includes crude oil and natural gas, is estimated to have contributed 24.4 per cent. to the UAE's nominal GDP in 2023, compared to 30.3 per cent. in 2022, primarily because of the reduction in oil production agreed to by the UAE at the 48th Meeting of the Joint Ministerial Monitoring Committee held on 3 April 2023.

Wholesale and retail trade (including repair of motor vehicles and motorcycles)

The wholesale and retail trade sector is estimated to have contributed 12.0 per cent. to the UAE's nominal GDP in 2023, compared to 11.5 per cent. in 2022, reflecting a largely stable sector.

Manufacturing

The manufacturing sector is estimated to have contributed 10.8 per cent. to the UAE's nominal GDP in 2023, compared to 9.7 per cent. in 2022. This increase aligns with the UAE's strategic vision outlined in Operation 300bn, the UAE's industrial strategy, which aims to enhance the sector's role in the national economy and double its contribution to GDP to AED 300 billion between 2021 and 2031.

Financial and insurance activities

The financial and insurance activities sector is estimated to have contributed 8.1 per cent. to the UAE's nominal GDP in 2023, compared to 6.6 per cent. in 2022, reflecting a largely stable sector.

Construction

The construction sector is estimated to have contributed 8.0 per cent. to the UAE's nominal GDP in 2023, compared to 7.4 per cent. in 2022, reflecting a largely stable sector.

Public administration and defence (including compulsory social security)

The public administration and defence (including compulsory social security) sector is estimated to have contributed 6.6 per cent. to the UAE's nominal GDP in 2023, compared to 6.3 per cent. in 2022, reflecting a largely stable sector.

Real estate activities

The real estate activities sector is estimated to have contributed 4.7 per cent. to the UAE's nominal GDP in 2023, compared to 4.4 per cent. in 2022. This sector is an important contributor to the UAE's non-hydrocarbon economy, accounting for 6.3 per cent. of non-oil GDP in 2023 and 6.2 per cent. in 2022. Despite the rapid increases in interest rates in 2022 and 2023, the UAE's real estate activities sector has displayed strong performance. At the emirate level, residential property sale prices in Abu Dhabi increased on average by 2.1 per cent. in 2022, compared to 1.7 per cent. in 2021, while rents increased by 0.1 per cent. over the same period compared to a 4.2 per cent. decline in 2021. The implied rental yield declined on average by 2.0 per cent. year-on-year in 2022. In 2023, the number of real estate sales transactions increased by 74.2 per cent. in Abu Dhabi and 47.4 per cent. in Dubai, largely driven by a rise in apartment sales and, to a lesser extent, by villa sales.

Individual Emirates' GDP and Principal Economic Sectors

Emirate of Abu Dhabi

Abu Dhabi had a nominal GDP of approximately AED 1,100.3 billion in 2023 based on preliminary estimates (58.3 per cent. of the UAE's GDP for the year ended 31 December 2023).

Emirate of Dubai

Dubai had a nominal GDP of approximately AED 463.8 billion in 2022 based on preliminary estimates (25.1 per cent. of the UAE's GDP for the year ended 31 December 2022).

Emirate of Sharjah

Sharjah had a nominal GDP of approximately AED 145.2 billion in 2023 based on preliminary estimates (7.7 per cent. of the UAE's GDP for the year ended 31 December 2023).

Emirate of Ras Al Khaimah

Ras Al Khaimah had a nominal GDP of approximately AED 42.2 billion in 2022 based on preliminary estimates (2.3 per cent. of the UAE's GDP for the year ended 31 December 2022).

Emirate of Ajman

Ajman had a nominal GDP of approximately AED 27.7 billion in 2020 based on preliminary estimates (2.1 per cent. of the UAE's GDP for the year ended 31 December 2020).

Emirate of Fujairah

Fujairah had a nominal GDP of approximately AED 27.0 billion in 2023 based on preliminary estimates (1.4 per cent. of the UAE's GDP for the year ended 31 December 2023).

Emirate of Umm Al Quwain

Umm Al Quwain had a nominal GDP of approximately AED 3.5 billion in 2023 based on preliminary estimates (0.2 per cent. of the UAE's GDP for the year ended 31 December 2023).

Inflation

The table below shows the CPI and inflation for the periods indicated.

	For the year ended 31 December						
Economic Variables	**2017**	**2018**	**2019**	**2020**	**2021**	**2022[(1)]**	**2023**
C.P.I. (2014 = 100)	**107.8**	**111.1**	**109.0**	**106.7**	**106.9**	**104.8**	**106.5**
Inflation *(%)*	2.0	3.1	(1.9)	(2.1)	0.2	4.8	1.6

(1) For 2022, the C.P.I. base year is 2021 = 100.
Source: FCSC

The inflation rate for 2023 was 1.6 per cent., as compared to 4.8 per cent. in 2022, primarily because of a downturn in energy prices. This downward trend extended to transportation prices, which experienced a decrease of 5.6 per cent., offset in part by increased prices in sectors like restaurants and hotels, food and beverages, furniture and household goods and textiles, clothing and footwear.

In 2024, inflation is forecasted by the UAE's Central Bank to increase to 2.5 per cent. This increase is expected because of the rising prices of commodities such as wheat, corn and oil.

Economic Policy

Employment and Wages

The table below shows percentage changes in national income and wages in the UAE for the periods shown.

	For the year ended 31 December					
Economic Variables	**2018**	**2019**	**2020**	**2021**	**2022***	**2023****
			(per cent.)			
Gross National Income	8.9	(2.0)	(17.2)	19.2	21.3	3.0
Net National Income	8.9	(2.0)	(16.8)	19.7	22.1	2.9
Disposable Income (net)	8.5	(2.6)	(20.8)	22.5	24.1	2.4
National Saving (net)	19.2	(8.6)	(51.5)	72.4	33.0	(8.3)
Wages And Salaries	4.2	3.8	(3.8)	6.1	10.6	5.1

(*) Economic Survey 2022

(**) 2023 Preliminary Estimation
Source: FCSC

The table below shows the national income and compensation in the UAE for the periods shown.

	For the year ended 31 December					
Economic Variables	**2018**	**2019**	**2020**	**2021**	**2022***	**2023****
	(AED Millions, except where otherwise stated)					
Population (Millions)	9.37	9.51	9.29	9.86	10.28	10.68
Gross National Income	1,573,569	1,542,638	1,276,540	1,522,044	1,846,483	1,902,244
Net National Income	1,507,733	1,477,638	1,229,073	1,470,178	1,794,971	1,847,391
Disposable Income (net)	1,338,403	1,303,660	1,032,173	1,264,378	1,568,771	1,606,552
Compensation of Employees	517,174	528,851	508,981	536,311	593,393	623,741

(*) Economic Survey 2022
(**) 2023 Preliminary Estimation
Source: FCSC

The table below shows the national income per capita for the periods shown.

	For the year ended 31 December					
Indicators (per capita)	**2018**	**2019**	**2020**	**2021**	**2022***	**2023****
	(AED Thousands)					
Gross National Income	112.2	105.0	88.6	99.2	123.6	176.8
Net National Income	161.0	155.4	132.4	149.1	174.6	173.0
Disposable Income (net)	142.9	137.1	111.2	128.2	152.6	150.4

(*) Economic Survey 2022
(**) 2023 Preliminary Estimation
Source: FCSC

The table below shows the estimate of wages for employees by economic sector for each of the years indicated:

Economic Sectors/Activities	For the year ended 31 December									
	2019	**% of total**	**2020**	**% of total**	**2021**	**% of total**	**2022**	**% of total**	**2023**	**% of total**
	(U.S.$ Millions)		*(U.S.$ Millions)*		*(U.S.$ Millions)*		*(U.S.$ Millions)*		*(U.S.$ Millions)*	
Agriculture, Forestry and Fishing	6	0.8	4,147	0.8	4,074	0.8	4,156	0.7	4,265	0.7
Extractive Industries (includes crude oil and natural gas)	20,296	3.8	21,252	4.2	25,134	4.7	26,458	4.5	26,426	4.2
Manufacturing	47,474	9.0	46,079	9.1	48,202	9.0	50,813	8.6	52,954	8.5
Electricity, Gas, Water and Waste Management Activities	9,537	1.8	10,513	2.1	11,053	2.1	11,285	1.9	11,874	1.9
Construction and Building	58,767	11.1	54,122	10.6	55,962	10.4	60,717	10.2	64,135	10.3
Wholesale and Retail Trade and Repair of Motor Vehicles and Motorcycles	71,186	13.5	68,399	13.4	76,015	14.2	85,907	14.5	88,655	14.2
Transport and Storage	42,318	8.0	36,570	7.2	37,291	7.0	46,662	7.9	54,145	8.7
Accommodation and Food Service Activities	19,284	3.6	14,862	2.9	17,138	3.2	21,519	3.6	22,574	3.6
Information and Communications	15,035	2.8	15,692	3.1	16,777	3.1	16,724	2.8	17,580	2.8
Financial Activities and Insurance Activities	24,257	4.6	23,788	4.7	23,811	4.4	28,828	4.9	30,706	4.9
Real Estate Activities	8,741	1.7	8,334	1.6	9,037	1.7	11,302	1.9	12,485	2.0
Professional, scientific and technical & Administrative and support services	50,772	9.6	46,763	9.2	47,061	8.8	56,110	9.5	56,276	9.0
Public Administration, Defence & Compulsory Social Security	99,860	18.9	102,826	20.2	104,970	19.6	106,315	17.9	112,442	18.0
Education	20,447	3.9	19,695	3.9	20,403	3.8	23,141	3.9	24,062	3.9
Activities of Human Health and Social Service	19,543	3.7	19,164	3.8	22,030	4.1	24,711	4.2	25,930	4.2
Arts, Entertainment, Promotion and Other Service Activities	6,563	1.2	6,157	1.2	6,647	1.2	7,348	1.2	7,615	1.2
Household Activities as Employer	10,801	2.0	10,620	2.1	10,707	2.0	11,396	1.9	11,617	1.9
Total	528,851	100.0	508,981	100.0	536,311	100.0	593,393	100.0	623,741	100.0

International Airports and Aviation

Dubai International Airport and Al Maktoum International Airport

In 2023, Dubai International Airport registered 86.9 million passengers. Dubai International Airport is connected to 262 destinations across 104 countries, through 102 international carriers. Additionally, in May 2024, plans were approved to build a new passenger terminal at Al Maktoum International Airport, Dubai. The building is expected to cost AED 128 billion and will be designed to handle up to 260 million passengers per year. The development of Al Maktoum International Airport is expected to generate a requirement for housing for over a million people living and working in Dubai South. Dubai International Airport is expected to move its operations to the new Al Maktoum International Airport by 2034.

Dubai Airports recorded high traffic, reaching 87 million passengers in 2023 or 31.7 per cent. more than in 2022. India, Saudi Arabia and the United Kingdom remain the top destinations. As of 31 December 2023, the Dubai International Airport connected to 262 destinations in 104 countries worldwide via over 100 international carriers.

In November 2023, Emirates Airlines announced the acquisition of an additional 95 wide-body aircraft for U.S.$52 billion, increasing its total order book as of the time of announcement to 295 aircraft.

Abu Dhabi Airports

Since it was established in 2006, Abu Dhabi Airports has had overall responsibility for the operation, maintenance and redevelopment of Abu Dhabi's airports. Abu Dhabi Airports operates five airports: Zayed International Airport, Al Ain International Airport, Al Bateen Executive Airport, Delma Island Airport and Sir Bani Yas Airport.

Zayed International Airport in Abu Dhabi handled more than 22 million passengers in 2023 and served approximately 120 passenger destinations via 28 airlines. Abu Dhabi Airports completed in November 2023 a multi-billion dirham project to develop a new 742,000 square metre Terminal A building, which has the capacity to handle 45 million passengers per year. Terminal A welcomed 4.5 million passengers in its first 60 days, with more than 24,000 flights during this time. Completion of this long-term airport expansion project is intended to facilitate increased tourism in the emirate. Abu Dhabi Airports also owns and operates Abu Dhabi Airports Free Zone, which can facilitate rapid movement of air cargo from the markets of Abu Dhabi, Al Ain and other Emirates through Zayed International Airport.

Etihad Airways has announced plans to double its fleet to 150 aircraft, enabling it to triple its passenger capacity to 30 million by 2030.

Tourism

The tourism and hospitality sector in the UAE, which accounted for 13 per cent. of the non-oil GDP in 2023, displayed a robust performance in 2023. In Abu Dhabi, the average hotel occupancy rate during the first 10 months of 2023 was 71 per cent., slightly above the rate registered during the same period in 2022. The average revenue per available room increased by 24 per cent., reaching AED 293. Dubai welcomed 17.2 million international visitors, marking a 19.4 per cent. rise compared to the previous year. The number of international tourists to Dubai also surpassed the pre-pandemic levels recorded in 2019 by approximately 2.5 per cent. The average occupancy rate for hotels in Dubai was 77 per cent., an increase of 73 per cent. in 2022. The latter part of 2023 saw many hotels in Dubai and Abu Dhabi registering full occupancy as they welcomed guests attending the Formula 1 event in Abu Dhabi and the COP28 conference in Dubai.

In 2024, the UAE government introduced significant reforms to its visa system, including the introduction of new visa categories for remote workers, digital nomads and highly skilled individuals and entrepreneurs in technology, science and healthcare. A "golden visa" has also been introduced, which grants a ten-year residency and work permit to certain categories of individuals, including investors, skilled professionals, scientists and exceptional students.

The UAE ranked 1st in the MENA region and 18th globally in the World Economic Forum's Travel & Tourism Development Index 2024.

The table below shows the main indicators for hotel establishments in the UAE for the periods shown.

	For the year ended 31 December					
Indicators	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
Actual Guest Arrivals (No.)	24,633,790	25,548,966	27,138,846	14,882,258	19,237,022	25,215,050
Guest Nights (No.)	78,179,269	80,343,014	84,963,118	54,322,945	77,014,648	91,461,979
Length of Stay (Avg.).................	3.17	3.14	3.13	3.65	4	3.63
Rooms (No.)...............................	162,225	173,086	183,193	180,257	193,913	203,948
Occupancy room Rate (%)	76	73	74	55	67	71.21

Source: *FCSC*

Health

The following are the amounts allocated to the healthcare sector for each of the years from 2019 to 2024 from the Federal Budget for those periods.

	For the year ended 31 December					
	2019	**2020**	**2021**	**2022**	**2023**	**2024**
Budget allocated (AED Billions).......	4.4	4.7	4.7	4.9	4.8	5.2
Percentage of Federal Budget allocated to healthcare sector (%) ..	7.3	7.5	8.2	8.4	7.6	8.0

Foreign Direct Investment and Free Zones

Foreign Direct Investment

According to the UNCTAD World Investment Report 2023, recent trends in foreign direct investment (FDI) in the UAE depict a robust and upward trajectory, with the country ranking 16th globally in attracting FDI in 2022, marking a 10 per cent. increase from the previous year, 1st in both the West Asia and MENA regions, and 4th globally in receiving greenfield projects (an 84 per cent. increase), highlighting significant growth and leadership in FDI inflows and project investments.

Significant reforms, notably the liberalisation of foreign investor ownership (allowing foreign investors to establish a company without a local partner and to own 100 per cent. of UAE companies in more than 1,000 identified sectors) and the Federal Government's focus on economic diversification away from hydrocarbons towards non-conventional, knowledge-based industries, have driven FDI growth in the UAE, which increased from U.S.$8.8 billion in 2010 to U.S.$22.7 billion in 2022. Key sectors such as information and communications technology, healthcare and energy witnessed notable inflows.

The Ministry of Investment, a recent creation of the Federal Government, aims to develop the nation's investment vision, enhance the investment environment and bolster competitiveness through legislative improvements, ensuring the UAE remains a global investment hub. Forward-looking initiatives such as the NextGen FDI Initiative, launched by the Ministry of Economy, seeks to attract digital companies by streamlining business establishment processes, facilitating visas, banking services and leasing facilities, with over 80 companies attracted already and a target of 300 by 2030. Furthermore, the UAE has set a target of attracting AED 280 billion to the inward FDI stock between 2022-2025 as part of its 2022-2025 Transformational Target to realise the "We the UAE 2031" vision.

BALANCE OF PAYMENTS AND FOREIGN TRADE

Balance of Payments and Foreign Trade

The table below shows the UAE Central Bank's policy rates for the periods indicated.

	For the year ended 31 December						
	2018	**2019**	**2020**	**2021**	**2022**	**2023**	**For the three months ended 31 March 2024**
UAE Central Bank Policy Rate (%) (at period end)................................	**2.1**	**2.5**	**0.4**	**0.7**	**4.9**	**5.4**	**5.4**

**Source*: UAE Central Bank

Balance of Payments

The table below gives the balance of payments for the UAE for each of the years indicated.

	For the year ended 31 December																	
	2018	**% change**	**% GDP**	**2019**	**% change**	**% GDP**	**2020**	**% change**	**% GDP**	**2021**	**% change**	**% GDP**	**2022**	**% change**	**% GDP**	**2023**	**% change**	**% GDP**
Current Account Balance	**151.5**	50.0	9.9	**137.1**	(9.5)	8.9	**77.5**	(43.5)	5.9	**177.9**	129.6	11.7	**240.5**	35.2	13.0	**192.7**	(19.9)	10.2
Trade Balance (FOB)	**314.6**	27.4	20.5	**295.5**	(6.1)	19.3	**221.6**	(25.0)	17.4	**287.8**	29.9	18.9	**255.4**	(11.3)	13.8	**210.7**	(17.5)	11.2
Trade Balance (CIF)	**218.6**	49.4	14.3	**200.3**	(8.4)	13.1	**135.1**	(32.5)	10.9	**187.4**	38.7	12.3	**133.8**	(28.6)	7.2	**72.3**	(45.9)	3.8
Total Exports of Hydrocarbon	**247.2**	15.8	16.1	**220.8**	(10.7)	14.4	**135.1**	(38.8)	10.7	**230.8**	70.8	15.1	**341.2**	47.8	18.5	**318.5**	(6.7)	16.9
Crude Oil Exports	117.5	2.2	7.7	109.1	(7.2)	7.1	65.9	(39.6)	5.2	110.5	67.7	7.2	177.7	60.8	9.6	150.8	(15.1)	8.0
Petroleum Products Exports	95.0	33.9	6.2	83.4	(12.3)	5.4	49.2	(41.0)	4.0	90.0	82.9	5.9	128.7	43.0	7.0	134.2	4.3	7.1
Gas Exports	34.6	25.9	2.3	28.3	(18.3)	1.8	20.0	(29.3)	1.5	30.3	51.5	2.0	34.8	14.9	1.9	33.5	(3.7)	1.8
Total Exports of Non-Hydrocarbon	**410.6**	4.9	26.8	**415.0**	1.1	27.1	**394.5**	(4.9)	30.1	**415.0**	5.2	27.2	**368.4**	(11.2)	20.0	**423.6**	15.0	22.4
Free Zone Exports	261.3	15.9	17.1	264.1	1.1	17.2	251.8	(4.7)	19.2	259.9	3.2	17.0	236.9	(8.9)	12.8	270.4	14.1	14.3
Other Exports[1]	149.3	(10.1)	9.7	150.9	1.1	9.8	142.7	(5.4)	10.9	155.1	8.7	10.2	131.5	(15.2)	7.1	153.2	16.5	8.1
Re Exports[2]	**521.2**	(4.6)	34.0	**516.6**	(0.9)	33.7	**469.9**	(9.0)	35.6	**545.4**	16.1	35.8	**640.1**	17.4	34.7	**713.5**	11.5	37.8
Total Exports & Re Exports (FOB)	**1179.0**	2.4	76.9	**1152.4**	(2.3)	75.2	**999.5**	(13.3)	76.5	**1,191.2**	19.2	78.1	**1,349.7**	13.3	73.1	**1,455.6**	7.9	77.1
Total Imports (FOB)[3]	**(864.4)**	(4.5)	(56.4)	**(856.9)**	(0.9)	(55.9)	**(778.0)**	(9.2)	(59.0)	**(903.4)**	16.1	(59.3)	**(1,094.3)**	21.1	(59.3)	**(1,245.0)**	13.8	(65.9)
Total Imports (CIF)	**(960.4)**	(4.5)	(62.7)	**(952.1)**	(0.9)	(62.1)	**(864.4)**	(9.2)	(65.6)	**(1,003.8)**	16.1	(65.8)	**(1,215.9)**	21.1	(65.9)	**(1,383.3)**	13.8	(73.3)
Other Imports[4]	(600.6)	(13.2)	(39.2)	(595.7)	(0.8)	(38.9)	(536.1)	(10.0)	(40.9)	(648.2)	20.9	(42.5)	(751.2)	15.9	(40.7)	(868.3)	15.6	(46.0)
Free Zone Imports	(347.0)	14.9	(22.6)	(343.5)	(1.0)	(22.4)	(318.3)	(7.3)	(23.9)	(343.5)	7.9	(22.5)	(449.7)	30.9	(24.4)	(499.2)	11.0	(26.4)
Imports (gas)	(12.8)	11.7	(0.8)	(12.9)	0.5	(0.8)	(10.0)	(22.5)	(0.8)	(12.1)	21.0	(0.8)	(15.0)	24.0	(0.8)	(15.8)	5.2	(0.8)
Services (NET)	**0.9**	(119.6)	0.1	**7.6**	711.1	0.5	**59.7**	685.6	4.7	**98.6**	65.1	6.5	**211.1**	114.1	11.4	**208.8**	(1.1)	11.1
Credits	**321.2**	24.1	21.0	**331.5**	3.2	21.6	**286.9**	(13.5)	17.4	**378.1**	31.8	24.8	**567.0**	50.0	30.7	**595.1**	5.0	31.5
Travel[**]	135.9	75.7	8.9	141.1	3.8	9.2	90.4	(35.9)	6.9	126.5	39.9	8.3	226.7	79.2	12.3	238.3	5.1	12.6
Transport	**104.0**	1.5	6.8	**106.7**	2.6	7.0	**60.0**	(43.8)	4.6	**90.9**	51.5	6.0	**143.9**	58.3	7.8	**155.6**	8.1	8.2
Air & Ports	103.4	1.5	6.7	106.0	2.6	6.9	59.3	(44.1)	4.6	90.1	51.9	5.9	143.0	58.7	7.7	154.6	8.1	8.2
Postal	0.7	2.5	0.0	0.7	6.0	0.0	0.7	0.0	0.1	0.8	14.3	0.1	0.9	12.5	0.0	1.0	11.1	0.1
Government Services	3.5	2.9	0.2	3.6	2.9	0.2	3.2	(11.1)	0.2	3.7	15.6	0.2	3.9	5.4	0.2	4.0	2.6	0.2
Freight & Insurance	-	-	-	-	-	-	55.0	0.0		69.4	26.2	4.6	86.2	24.2	4.7	89.2	3.5	4.7
Other services	**77.8**	2.7	5.1	**80.1**	3.0	5.2	**78.3**	(2.2)	5.6	**87.6**	11.8	5.7	**106.3**	21.3	5.8	**108.0**	1.6	5.7
Construction	9.8	2.4	0.6	10.1	3.1	0.7	6.6	(34.7)	0.6	9.1	37.9	0.6	9.7	6.6	0.5	9.9	2.1	0.5
Intellectual property	13.6	2.5	0.9	14.1	3.3	0.9	11.2	(20.6)	0.9	12.0	7.1	0.8	12.6	5.0	0.7	12.9	2.4	0.7
Information-Computer-Telecommunication	24.7	4.2	1.6	25.4	2.7	1.7	24.6	(3.1)	2.2	27.2	10.6	1.8	29.4	8.1	1.6	30.1	2.4	1.6
Computer	18.0	3.9	1.2	18.5	2.5	1.2	18.6	0.5	1.7	20.2	8.6	1.3	22.0	8.9	1.2	22.0	-	1.2
Information & Telecom	6.7	5.0	0.4	6.9	3.2	0.5	6.0	(13.0)	0.5	7.0	16.7	0.5	7.4	5.7	0.4	8.1	9.5	0.4
Health Services	-	-	-	-	-	-	8.5	0.0		10.4	22.7	0.7	11.8	13.5	0.6	12.1	2.5	0.6

	For the year ended 31 December																	
	2018	**% change**	**% GDP**	**2019**	**% change**	**% GDP**	**2020**	**% change**	**% GDP**	**2021**	**% change**	**% GDP**	**2022**	**% change**	**% GDP**	**2023**	**% change**	**% GDP**
Cultural and Creative Industry services	-	-	-	-	-	-	1.5	0.0		1.8	22.7	0.1	3.3	83.3	0.2	3.3	-	0.2
Other[5]	29.6	1.8	1.9	30.5	2.9	2.0	25.9	(15.1)	2.0	27.0	4.2	1.8	39.5	46.3	2.1	39.7	0.5	2.1
Debits	**(320.3)**	21.5	(20.9)	**(323.9)**	1.1	(21.1)	**(227.2)**	(29.9)	(16.7)	**(279.5)**	23.0	(18.3)	**(355.9)**	27.3	(19.3)	**(386.3)**	8.5	(20.5)
Travel	(120.8)	86.4	(7.9)	(122.6)	1.5	(8.0)	(58.4)	(52.4)	(4.2)	(80.0)	37.0	(5.2)	(102.0)	27.5	(5.5)	(115.4)	13.1	(6.1)
Transport	(54.9)	3.8	(3.6)	(56.0)	2.0	(3.7)	(32.5)	(42.0)	(2.3)	(45.8)	40.9	(3.0)	(58.4)	27.5	(3.2)	(63.1)	8.0	(3.3)
Air & Ports	(54.5)	3.8	(3.6)	(55.5)	1.9	(3.6)	(32.0)	(42.3)	(2.3)	(45.3)	41.6	(3.0)	(57.8)	27.6	(3.1)	(62.4)	8.0	(3.3)
Postal	(0.4)	4.0	0.0	(0.5)	13.6	0.0	(0.5)	0.0	0.0	(0.5)	0.0	(0.0)	(0.6)	20.0	(0.0)	(0.7)	16.7	(0.0)
Government Services	(4.8)	5.6	(0.3)	(4.9)	3.2	(0.3)	(5.0)	2.0	(0.4)	(5.0)	0.0	(0.3)	(5.2)	4.0	(0.3)	(5.5)	5.8	(0.3)
Freight & Insurance[3]	**(96.0)**	(4.5)	(6.3)	**(95.2)**	(0.9)	(6.2)	**(86.4)**	(9.2)	(6.6)	**(100.4)**	16.1	(6.6)	**(127.2)**	26.7	(6.9)	**(131.0)**	3.0	(6.9)
Other services	**(43.8)**	6.9	(2.9)	**(45.2)**	3.2	(2.9)	**(44.8)**	(0.8)	(3.2)	**(48.3)**	7.8	(3.2)	**(63.1)**	30.6	(3.4)	**(71.3)**	13.0	(3.8)
Construction	(9.6)	6.5	(0.6)	(9.9)	3.3	(0.6)	(7.4)	(25.3)	(0.6)	(8.8)	18.9	(0.6)	(11.2)	27.3	(0.6)	(12.7)	13.4	(0.7)
Intellectual property	(10.2)	7.3	(0.7)	(10.6)	3.6	(0.7)	(6.9)	(34.9)	(0.5)	(9.1)	31.9	(0.6)	(11.6)	27.5	(0.6)	(13.1)	12.9	(0.7)
Information-Computer-Telecommunication	**(12.7)**	6.6	(0.8)	**(13.1)**	2.9	(0.9)	**(15.8)**	20.6	(1.2)	**(15.2)**	(3.8)	(1.0)	**(19.4)**	27.6	(1.1)	**(21.9)**	12.9	(1.2)
Computer	(2.6)	6.3	(0.2)	(2.6)	1.5	(0.2)	(5.8)	123.1	(0.4)	(5.5)	(5.2)	(0.4)	(7.0)	27.3	(0.4)	(7.9)	12.9	(0.4)
Information & Telecom	(10.2)	6.6	(0.7)	(10.5)	3.2	(0.7)	(10.0)	(4.8)	(0.8)	(9.7)	(3.0)	(0.6)	(12.4)	27.8	(0.7)	(14.0)	12.9	(0.7)
Health services	-	-	-	-	-	-	(2.9)	0.0		(3.3)	12.8	(0.2)	(3.5)	6.1	(0.2)	(3.7)	5.7	(0.2)
Cultural and Creative Industry services	-	-	-	-	-	-	(0.2)	0.0		(0.3)	12.8	(0.0)	(4.6)	1,433.3	(0.2)	(5.2)	13.0	(0.3)
Other[5]	(11.2)	7.3	(0.7)	(11.6)	3.2	(0.8)	(11.6)	0.0	(0.9)	(11.7)	0.9	(0.8)	(12.8)	9.4	(0.7)	(14.7)	14.8	(0.8)
Investment Income (NET)	**5.2**	(48.7)	0.3	**7.6**	45.2	0.5	**(6.9)**	(190.8)	(0.1)	**(2.7)**	(60.9)	(0.2)	**0.2**	(107.4)	0.0	**14.1**	6,950.0	0.7
Banking System[6]	(6.9)	(2.5)	(0.5)	(5.1)	(26.0)	(0.3)	(4.0)	(21.6)	(0.2)	(4.1)	2.5	(0.3)	(3.4)	(17.1)	(0.2)	(2.1)	(38.2)	(0.1)
Private non-banks	(4.8)	(3.5)	(0.3)	(6.0)	23.8	(0.4)	(3.0)	(50.0)	(0.2)	(4.2)	40.0	(0.3)	(5.1)	21.4	(0.3)	(3.1)	(39.2)	(0.2)
Enterprises of Public Sector	35.3	2.2	2.3	35.6	0.9	2.3	12.9	(63.8)	1.2	25.3	96.1	1.7	30.4	20.2	1.6	35.9	18.1	1.9
Official Debt Services (Interest)	(6.5)	20.4	(0.4)	(6.6)	1.5	(0.4)	(3.4)	(48.5)	(0.3)	(5.2)	52.9	(0.3)	(6.3)	21.2	(0.3)	(4.6)	(27.0)	(0.2)
Foreign Hydrocarbon Companies in UAE	(11.8)	73.5	(0.8)	(10.3)	(12.7)	(0.7)	(9.4)	(8.7)	(0.6)	(14.5)	54.3	(1.0)	(15.4)	6.2	(0.8)	(12.0)	(22.1)	(0.6)
Transfers (NET)	**(169.3)**	11.9	(11.1)	**(173.6)**	2.5	(11.3)	**(196.9)**	13.4	(12.2)	**(205.8)**	4.5	(13.5)	**(226.2)**	9.9	(12.3)	**(240.8)**	6.5	(12.8)
Public	**(28.6)**	30.1	(1.9)	**(34.0)**	18.8	(2.2)	**(60.0)**	76.5	(2.4)	**(65.3)**	8.8	(4.3)	**(78.2)**	19.8	(4.2)	**(85.9)**	9.8	(4.5)
Inflows	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	-		-	-		-
Outflows	(28.6)	30.1	(1.9)	(34.0)	18.8	(2.2)	(60.0)	76.5	(2.4)	(65.3)	8.8	(4.3)	(78.2)	19.8	(4.2)	(85.9)	9.8	(4.5)
Private	**(140.7)**	8.8	(9.2)	**(139.6)**	(0.8)	(9.1)	**(136.9)**	(1.9)	(9.7)	**(140.5)**	2.6	(9.2)	**(148.0)**	5.3	(8.0)	**(154.9)**	4.7	(8.2)
Inflows	28.5	(18.7)	1.9	25.5	(10.6)	1.7	22.3	(12.5)	1.7	34.1	52.9	2.2	48.7	42.8	2.6	55.8	14.5	3.0
Outflows	(169.2)	2.9	(11.0)	(165.1)	(2.5)	(10.8)	(159.2)	(3.6)	(11.4)	(174.6)	9.7	(11.5)	(196.7)	12.7	(10.7)	(210.7)	7.1	(11.2)
Financial Account	**(134.7)**	115.2	(8.8)	**(90.4)**	(32.9)	(5.9)	**(97.1)**	7.4	(6.0)	**(96.8)**	(0.3)	(6.3)	**(313.2)**	223.6	(17.0)	**2.5**	(100.8)	0.1
Capital Account													-			-		
Financial Account	**(134.7)**	115.2	(8.8)	**(90.4)**	(32.9)	(5.9)	**(97.1)**	7.4	(6.0)	**(96.8)**	(0.3)	(6.3)	**(313.2)**	223.6	(17.0)	**2.5**	(100.8)	0.1
a. Private capital	**(118.0)**	98.0	(7.7)	**(75.0)**	(36.4)	(4.9)	**(75.0)**	0.0	(5.2)	**(66.9)**	(10.8)	(4.4)	**(280.8)**	319.7	(15.2)	**(58.7)**	(79.1)	(3.1)

	For the year ended 31 December																	
	2018	**% change**	**% GDP**	**2019**	**% change**	**% GDP**	**2020**	**% change**	**% GDP**	**2021**	**% change**	**% GDP**	**2022**	**% change**	**% GDP**	**2023**	**% change**	**% GDP**
a-1 Direct Investment.............	**(17.2)**	26.4	(1.1)	**(12.3)**	(28.4)	(0.8)	**3.4**	(127.6)	0.3	**(6.9)**	(302.9)	(0.5)	**(7.7)**	11.6	(0.4)	**30.7**	(498.7)	1.6
a-1-1 Outward	(55.3)	7.3	(3.6)	(77.9)	40.8	(5.1)	(69.5)	(10.8)	(5.3)	(82.8)	19.1	(5.4)	(91.2)	10.1	(4.9)	(82.0)	(10.1)	(4.3)
a-1-2 Inward**	38.2	0.4	2.5	65.6	71.9	4.3	72.9	11.1	5.6	75.9	4.1	5.0	83.5	10.0	4.5	112.7	35.0	6.0
a-2 Portfolio Investment............	4.0	(15.4)	0.3	4.1	2.5	0.3	4.0	(2.4)	0.3	4.5	12.5	0.3	4.0	(11.1)	0.2	50.0	1,150.0	2.6
a-3 Banks	**(76.5)**	130.4	(5.0)	**(31.5)**	(58.8)	(2.1)	**(42.4)**	34.6	(3.2)	**(21.2)**	(50.0)	(1.4)	**(229.4)**	982.1	(12.4)	**(89.3)**	(61.1)	(4.7)
a-3-1 Securities	(20.1)	63.2	(1.3)	(63.8)	217.8	(4.2)	(34.2)	(46.4)	(2.6)	(18.5)	(45.9)	(1.2)	(51.2)	176.8	(2.8)	(87.6)	71.1	(4.6)
a-3-1 Other investment (loans, deposits)	(56.4)	169.9	(3.7)	32.3	(157.3)	2.1	(8.2)	(125.4)	(0.6)	(2.7)	(67.1)	(0.2)	(178.2)	6,500.0	(9.7)	(1.7)	(99.0)	(0.1)
a-4 Private nonbanks................	(28.3)	61.7	(1.8)	(35.3)	24.7	(2.3)	(40.0)	13.3	(2.5)	(43.3)	8.2	(2.8)	(47.7)	10.2	(2.6)	(50.1)	5.0	(2.7)
b. Enterprises of Public Sector ..	(16.7)	456.7	(1.1)	(15.4)	(7.8)	(1.0)	(22.1)	43.5	(0.8)	(29.9)	35.3	(2.0)	(32.4)	8.4	(1.8)	61.1	(288.6)	3.2
Errors and omissions	**(3.8)**	97.2	(0.2)	**(11.3)**	196.7	(0.7)	**6.0**	(153.4)	(0.9)	**3.9**	(35.0)	0.3	**1.3**	(66.7)	0.1	**(1.7)**	(230.8)	(0.1)
Overall balance.......................	**13.4**	(63.0)	0.9	**35.7**	166.4	2.3	**(13.1)**	(136.7)	(1.0)	**85.0**	(748.9)	5.6	**10.8**	(87.3)	0.6	**196.5**	1,719.4	10.4
Change in Reserves at the Central Bank*......................	**(13.0)**	(64.4)	(0.8)	**(35.4)**	172.3	(2.3)	**13.6**	(138.4)	1.0	**(85.0)**	(725.0)	(5.6)	**(10.7)**	(87.4)	(0.6)	**(196.4)**	1,735.5	(10.4)
Change in Reserve Position with IMF & SDR*	**(0.4)**	(233.3)	0.0	**(0.3)**	(25.0)	0.0	**(0.5)**	66.7	0.0	**0.0**	(100.0)	-	**(0.1)**		(0.0)	**(0.1)**	(0.0)	(0.0)
Total change in International Reserves*..............................	**(13.4)**	(63.0)	(0.9)	**(35.7)**	166.4	(2.3)	**13.1**	(136.7)	1.0	**(85.0)**	(748.9)	(5.6)	**(10.8)**	(87.3)	(0.6)	**(196.5)**	1,719.4	(10.4)
UAE Central Bank																		
Foreign Assets (including the IMF)	365.5	4.3	23.9	397.9	8.9	26.0	391.9	(1.5)	29.9	481.5	22.9	31.6	508.4	5.6	27.5	695.9	36.9	36.9
Foreign Assets of the Central Bank.....................................	**362.6**	4.3	23.7	**394.7**	8.9	25.8	**388.1**	(1.7)	29.6	**466.4**	20.2	30.6	**493.9**	5.9	26.8	**681.2**	37.9	36.1
Reserve Position with IMF & SDR......................................	**2.9**	11.5	0.2	**3.2**	10.3	0.2	**3.8**	18.8	0.3	**15.1**	297.4	1.0	**14.5**	(4.0)	0.8	**14.7**	1.4	0.8
Reserve Position with IMF........	2.1	16.7	0.1	2.4	14.3	0.2	3.0	25.0	0.2	2.9	(3.3)	0.2	2.9	-	0.2	3.0	3.4	0.2
SDR Holding............................	0.8	0.0	0.1	0.8	0.0	0.1	0.8	0.0	0.1	12.2	1,425.0	0.8	11.6	(4.9)	0.6	11.7	0.9	0.6
Foreign Liabilities (including the IMF)................................	7.0	34.6	0.5	3.7	(47.1)	0.2	10.8	191.9	0.8	15.4	42.6	1.0	31.5	104.5	1.7	22.5	(28.6)	1.2
SDR Allocation.........................	2.9	(3.3)	0.2	2.9	0.0	0.2	3.0	3.4	0.2	14.3	376.7	0.9	13.6	(4.9)	0.7	13.7	0.7	0.7
Foreign Liabilities of the Central Bank..........................	4.1	86.4	0.3	0.8	(80.5)	0.1	7.8	875.0	0.6	1.1	(85.9)	0.1	17.9	1,527.3	1.0	8.8	(50.8)	0.5
Net Foreign Assets (including the IMF)...............................	**358.5**	3.9	23.4	**394.2**	10.0	25.7	**381.1**	(3.3)	29.0	**466.1**	22.3	30.6	**476.9**	2.3	25.8	**673.4**	41.2	35.7
Net Foreign Assets at the Central Bank (Excluding the IMF)...............................	**358.5**	3.8	23.4	**393.9**	9.9	25.7	**380.3**	(3.5)	29.0	**465.3**	22.4	30.5	**476.0**	2.3	25.8	**672.4**	41.3	35.6
Change in Net Foreign Assets (including the IMF).............	**13.4**	(63.0)	0.9	**35.7**	166.4	2.3	**(13.1)**	(136.7)	(1.0)	**85.0**	(748.9)	5.6	**10.8**	(87.3)	0.6	**196.5**	1,719.4	10.4

	For the year ended 31 December																	
	2018	**% change**	**% GDP**	**2019**	**% change**	**% GDP**	**2020**	**% change**	**% GDP**	**2021**	**% change**	**% GDP**	**2022**	**% change**	**% GDP**	**2023**	**% change**	**% GDP**
Change in Net Foreign Assets at the Central Bank (Excluding the IMF)	**13.0**	(64.4)	0.8	**35.4**	172.3	2.3	**(13.6)**	(138.4)	(1.0)	**85.0**	(725.0)	5.6	**10.7**	(87.4)	0.6	**196.4**	1,735.5	10.4
Change in Reserve Position with IMF + SDR	0.4	(233.3)	0.0	0.3	(25.0)	0.0	0.5	66.7	0.0	-	(100.0)	-	0.1		0.0	0.1	0.0	0.0

(1) Including Estimates of other Exports from all emirates.

(2) Including Re-exports of Non-Monetary Gold.

(3) The revision in the import (FOB) and Freight & Insurance (debit side of the service account) was due to changes in the assumed ratio to compute FOB values of imports based on CIF values. The ratio is revised downward from 15 per cent. to 10 per cent. based on the results of a recent survey, which better reflects all components of UAE trade aggregated based on actual UAE 2017 import structure.

(4) Including Estimates of Imports from all emirates and Imports of Non-Monetary Gold.

(5) Includes estimation for financial services, research and development services, professional and management consulting services, technical, trade-related and other business services and the rest of insurance services apart from cargo.

(6) UAE Central Bank and all Banks.

(*) Negative numbers of international reserves indicate an increase, positive numbers indicate a decrease.

(**) *Source*: FCSC.

Crude oil accounted for 52.1 per cent. and 47.3 per cent. of total exports of hydrocarbon in 2022 and 2023, respectively.

Changes in the balance of payments to 2023 from 2022

The current account surplus decreased from AED 240.5 billion (13.0 per cent. of GDP) in 2022 to AED 192.7 billion in 2023 (10.2 per cent. of GDP).

In 2023, the hydrocarbon exports decreased by 6.7 per cent., or AED 22.7 billion, compared to 2022. Non-hydrocarbon exports in 2023 increased by 15.0 per cent. (or AED 55.2 billion). Hydrocarbon exports were 16.9 per cent. of nominal GDP in 2023.

Meanwhile, total imports (FOB), i.e., excluding the cost of insurance and freight for the transport of the goods from the importing partners, increased by AED 150.7 billion or 13.8 per cent. in 2023.

Service balance recorded an increase in the travel and transport accounts, which led to an increase in both the credit and debit sides of the services balance, where the accounts of travel and transport items (combined) represent 66.2 per cent. of credits and 46.2 per cent. of debits in 2022, in line with the increase in inbound tourism to the UAE during 2023.

Net investment income recorded an inflow of AED 14.1 billion in 2023, compared to an inflow of AED 0.2 billion in 2022, mainly due to the increase in income earned by the public sector. Transfers, however, recorded a net outflow of AED 240.8 billion as compared to net outflows of AED 226.2 billion in 2022. The surplus of the financial account in 2023 was AED 2.5 billion compared to a deficit of AED 313.2 billion in 2022. The change in 2023 was mainly due to the significant increase in net inflow from direct investment and portfolio investment.

The overall balance of payments was recorded at a surplus of AED 196.5 billion in 2023. The net foreign assets of the UAE Central Bank (including the IMF) increased by AED 196.5 billion as compared to 2022. Foreign assets increased primarily due to an increase in current account balances and deposits with banks abroad and foreign securities as well as a decrease in IMF Reserves Position and Special Drawing Rights ("**SDR**") holdings.

The International Reserve Position of the UAE Central Bank

The below table shows the International Reserve Position of the UAE Central Bank, including Current Account Balances and Deposits with Banks Abroad and IMF Reserves Position and SDR holdings for the periods shown.

	For the year ended 31 December					
Item	**2018**	**2019**	**2020**	**2021**	**2022**	**2023***
			(AED Millions)			
Current Account Balances and Deposits with Banks Abroad	294,058	365,680	348,204	280,385	313,814	**443,560**
Foreign Securities	55,701	9,294	4,012	135,875	134,543	**187,168**
IMF Reserves Position and SDR Holdings	2,875	3,220	3,802	15,081	14,526	**14,734**
Other Foreign Assets	12,792	19,756	35,839	50,187	45,519	**50,422**
Gross International Reserves	**365,426**	**397,950**	**391,857**	**481,528**	**508,402**	**695,884**
Foreign Liabilities	**(6,984)**	**(3,732)**	**(10,812)**	**(15,388)**	**(31,513)**	**22,470**
Net International Reserves	**358,442**	**394,218**	**381,045**	**466,140**	**476,889**	**673,414**

(*) Preliminary

The UAE Central Bank's gross international reserves are principally held in deposit accounts with banks outside of the UAE or are invested in securities and treasury bills issued by non-UAE issuers. The Net International Reserves of the UAE Central Bank increased to approximately AED 476.9 billion at the end of 2022 compared to AED 466.1 billion at the end of 2021. The Net International Reserves further increased to AED 673.4 billion at the end of 2023.

As a ratio of the monetary base, Net International Reserves were 91.9 per cent. at the end of 2022, and 105.6 per cent. at the end of 2023. These high ratios are well above the minimum cover ratio of 70 per cent.

required by Federal Decree Law No. 14 of 2018 on the Central Bank and Organisation of Financial Institutions and Activities, as amended.

Capital Account

In 2023, the overall balance of payments registered a surplus of AED 192.7 billion equal to 10.2 per cent. of the UAE's nominal GDP in that year. The decrease in surplus in the balance of payments in 2023 was primarily due to a decrease in the surplus of the trade balance.

In 2023 the net surplus in the financial account was AED 2.5 billion.

The surplus in the trade balance (FOB) decreased from AED 314.6 billion in 2018 to AED 295.5 billion in 2019 and 221.6 billion in 2020. The reduction in the surplus in the trade balance (FOB) in 2019 related to the lower value of exported hydrocarbons of all categories, compared with 2018. The reduction in the surplus in the trade balance (FOB) in 2020 was primarily the result of the contraction in global activities worldwide. The surplus in the trade balance (FOB) increased in 2021 to AED 287.8 billion. The increase in the surplus in the trade balance (FOB) in 2021 related to the higher value of exported hydrocarbons in all categories compared to previous years. The surplus in the trade balance (FOB) decreased in 2022 and 2023 to AED 255.4 billion and AED 210.7 billion, respectively. The decreases in the surplus in the trade balance (FOB) in 2022 and 2023 were related primarily to decreases in the value of hydrocarbon exports and increases in the value of travel-related imports and increases in FDI.

Total exports and re-exports (FOB) decreased from AED 1,179.0 billion in 2018 to 1,152.4 billion in 2019 to AED 999.5 billion in 2020. Total exports and re-exports (FOB) increased in 2021 and 2022 to AED 1,191.2 billion and AED 1,349.7 billion, respectively. Total exports and re-exports (FOB) further increased in 2023 to AED 1,455.6 billion.

According to data from the UAE Central Bank, as at 31 December 2018, 31 December 2019, 31 December 2020, 31 December 2021, 31 December 2022 and 31 December 2023, the UAE's foreign asset holdings (including the IMF) amounted to AED 362.6 billion, AED 394.7 billion, AED 388.1 billion, AED 466.4 billion, AED 493.9 billion and AED 681.2 billion, respectively (see "*Monetary and Financial System — Foreign Reserves*").

Foreign Trade

Composition of UAE Foreign Trade

The section below summarises the UAE's foreign trade for each of the years presented, using information compiled by the FCSC. Differences in reporting objectives and methodology mean that the aggregated trade data from the FCSC may not match with the trade totals published by the UAE Central Bank.

	For the year ended 31 December				
Top UAE export destinations, percentage of total non-oil exports (export + re-export) based on value	**2018**	**2019**	**2020**	**2021**	**2022**
			(per cent.)		
Saudi Arabia	12.5	12.8	13.0	12.3	10.8
India	7.4	7.8	6.8	11.1	9.3
Iraq	6.5	7.3	7.8	6.6	8.3
United States of America	3.6	3.4	3.2	3.5	4.4
Oman	5.9	5.8	5.8	4.7	4.1
China, Hong Kong Special Administrative Region	3.6	3.0	4.6	5.0	4.0
China	2.9	5.0	4.8	4.2	3.9
Kuwait	4.8	4.6	4.2	4.2	3.8
Switzerland	5.4	7.3	5.9	4.0	3.8
Turkey	2.5	2.0	3.5	1.8	3.1

	For the year ended 31 December				
Top sources of UAE imports, percentage of total imports based on value	**2018**	**2019**	**2020**	**2021**	**2022**
			(per cent.)		
China	15.5	16.4	18.4	19.2	20.3
India	9.4	10.7	7.7	7.7	8.2
United States of America	8.5	8.0	7.7	6.2	6.5
Japan	5.6	5.1	4.4	4.0	3.6

Top sources of UAE imports, percentage of total imports based on value	For the year ended 31 December 2018	2019	2020	2021	2022
Turkey	1.4	1.4	1.4	3.5	2.9
Saudi Arabia	3.1	2.7	3.0	2.7	2.8
Italy	2.7	2.6	2.6	3.0	2.6
Germany	4.5	4.0	3.4	3.1	2.6
Russian Federation	0.9	1.1	0.9	1.4	2.5
United Kingdom	3.1	2.9	2.7	2.0	2.3

Top categories of UAE non-oil exports, percentage of total exports based on value	For the year ended 31 December 2018	2019	2020	2021	2022
			(per cent.)		
Gold Including Gold Plated With Platinum Unwrought or In Semi-manufactured forms, or In Powder form	25.7	29.0	41.5	36.5	33.9
Unwrought Aluminium	9.1	6.8	4.7	7.1	6.3
Petroleum Oils and Oils Obtained from Bituminous Minerals, Other than Crude	2.7	7.2	3.5	4.0	5.5
Articles of Jewellery and Parts thereof	5.0	3.8	2.1	3.4	4.3
Cigars, Cheroots, Cigarillos and Cigarettes, of tobacco or of tobacco Substitutes.	5.4	5.6	4.6	4.1	4.2
Copper Wire	4.4	3.6	2.5	3.1	3.2
Polyethylene	4.0	3.3	3.6	3.4	3.0
Polymers of Propylene or of Other Olefins, In Primary forms	2.7	1.9	2.4	2.4	2.2
Unused Postage, Revenue or Similar Stamps of Current or New Issue In the Country	0.0	0.1	0.0	0.2	1.6
Structures and Parts of Structures e.g., Bridges and Bridge Sections, Lock Gates, Towers, Lattice Masts, Roofs, Roofing Framework	1.6	1.8	1.4	1.3	1.6

Top categories of UAE non-oil re-exports, percentage of total re-exports based on value	For the year ended 31 December 2018	2019	2020	2021	2022
			(*per cent.*)		
Telephones for Cellular Networks	16.0	17.2	20.7	19.2	17.5
Diamonds	11.5	9.3	8.8	13.1	12.4
Articles of Jewellery and Parts thereof	10.9	11.3	4.9	5.3	5.6
Petroleum Oils and Oils Obtained from Bituminous Minerals, Other than Crude	2.3	5.3	4.1	4.1	5.5
Cars	7.3	6.1	6.0	5.4	5.4
Automatic data processing machines and units thereof	3.5	3.4	5.4	4.9	4.7
Parts and accessories of motor vehicles	2.0	1.9	2.4	2.2	2.4
Parts of Aircraft	3.3	2.3	1.8	1.5	1.5
Turbojets, Turbo Propellers And Other Gas Turbines	1.3	1.0	1.1	1.0	1.3
Unused Postage, Revenue or Similar Stamps of Current or New Issue In the Country	0.0	0.0	0.0	0.1	1.2

Top categories of UAE imports, percentage of total imports based on value	For the year ended 31 December 2018	2019	2020	2021	2022
			(*per cent.*)		
Gold (Unwrought Or In Semi-Manufactured Forms)	11.8	12.5	17.0	17.6	17.4
Telephones For Cellular Networks	7.9	8.6	9.1	9.8	9.4
Petroleum Oils Other Than Crude	5.6	6.6	6.0	4.6	6.8
Diamonds	4.7	4.2	3.8	5.3	5.1
Cars	6.1	5.4	4.7	4.6	5.0
Articles Of Jewellery And Parts Thereof	5.4	5.8	2.8	3.7	3.8
Automatic data processing machines and units thereof	2.4	2.2	3.0	3.0	2.9
Turbojets, Turbo Propellers And Other Gas Turbines	2.4	2.3	1.8	1.5	1.9
Medicaments	1.3	1.3	1.5	1.3	1.1
Parts and accessories of motor vehicles	1.1	1.1	1.1	1.1	1.0

The UAE has diverse export routes. The UAE's exports have principally been to Saudi Arabia, India and Iraq. Together, these countries accounted for 26.4 per cent. of the UAE's total non-oil exports based on value in 2018, 27.9 per cent. in 2019, 27.6 per cent. in 2020, 30.0 per cent. in 2021 and 28.4 per cent. in 2022.

The UAE's imports have principally been from China, India and the United States, which together accounted for 33.4 per cent. of the UAE's imports based on value in 2018, 35.1 per cent. in 2019, 33.8 per cent. in 2020, 33.1 per cent. in 2021 and 35.0 per cent. in 2022.

The UAE's principal non-oil export product types are: (i) gold including gold plated with platinum unwrought or in semi-manufactured forms, or in powder form; (ii) unwrought aluminium; and (iii) cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes. Together these product types accounted for 40.2 per cent. of non-oil export product types in 2018, 41.4 per cent. in 2019, 50.9 per cent. in 2020, 47.7 per cent. in 2021 and 44.4 per cent. in 2022.

The UAE's principal non-oil re-export product types are: (i) telephones for cellular networks; and (ii) diamonds. Together these product types accounted for 27.5 per cent. of non-oil re-export product types in 2018, 26.5 per cent. in 2019, 29.5 per cent. in 2020, 32.3 per cent. in 2021 and 29.9 per cent. in 2022.

The UAE's principal import product types are: (i) gold (unwrought or in semi-manufactured forms); (ii) telephones for cellular networks; and (iii) cars. Together these three product types accounted for 25.8 per cent. of imports in 2018, 26.5 per cent. in 2019, 30.8 per cent. in 2020, 32.0 per cent. in 2021 and 31.8 per cent. in 2022.

Liquidity and Money Supply

The following table sets out certain liquidity indicators for the UAE for the periods indicated.

	For the year ended 31 December						For the three months ended 31 March
Item	**2018**	**2019**	**2020**	**2021**	**2022**	**2023***	**2024***
			(AED Billions)				
Net International Reserves	**418.0**	**485.3**	**514.6**	**620.8**	**861.0**	**1,146.8**	**1,235.6**
Central Bank (Net)	**358.4**	**394.2**	**381.1**	**466.1**	**476.9**	**673.4**	**730.7**
Gross International Reserves	365.4	397.9	391.9	481.5	508.4	695.9	746.2
Foreign Liabilities	7	3.7	10.8	15.3	31.5	22.5	15.5
Banks (Net)	**59.6**	**91.1**	**133.5**	**154.7**	**384.1**	**473.4**	**504.9**
Foreign Assets	679.6	771.1	849.1	933.2	1,191.0	1,316.9	1,382.3
Foreign Liabilities	620	680	715.6	778.5	806.9	843.5	877.4
Net Domestic Assets	**890.2**	**927.9**	**964.1**	**942.2**	**842.7**	**876.6**	**898.9**
Claims on Private Sector	1,151.8	1,159.1	1,128.4	1,145.8	1,193.6	1,268.0	1,301.9
Net Claims on Government	(4.7)	51.1	86.7	77.0	(53.2)	(105.1)	(122.8)
Claims on Official Entities	209.2	223.6	261.8	277.9	287.0	330.7	333.7
Claims on Nonbank Financial Institutions	32.1	25.9	28.2	26.6	25.7	30.3	28.0
Capital and Reserves	(378.5)	(417.9)	(419.4)	(428.61)	(439.5)	(508.6)	(502.8)
Other Items (net)	(119.7)	(113.9)	(121.6)	(156.54)	(171.0)	(138.8)	(139.1)
Money Supply M_1	**485.7**	**515**	**600**	**701.9**	**737.6**	**829.3**	**878.0**
Currency in Circulation Outside Banks	70.5	78.2	94.7	94.1	101.9	117.0	127.1
Monetary Deposits	415.2	436.8	505.3	607.8	635.6	712.3	750.9
Money Supply M_2	**1,308.4**	**1,413.1**	**1,478.5**	**1,563.0**	**1,703.6**	**2,023.4**	**2,134.5**
Quasi – Money	**822.7**	**898.1**	**878.5**	**861.2**	**966.1**	**1,194.1**	**1,256.5**
Foreign Currency Deposits	304.3	322.5	331.2	340.4	429.6	530.1	557.9
Dirham Deposits	518.4	575.6	547.3	520.8	536.5	664.1	698.7
Money Supply M_3	**1,602.3**	**1,717.4**	**1,769.3**	**1,856.9**	**2,107.2**	**2,445.2**	**2,583.4**
Government Deposits	**293.9**	**304.3**	**290.8**	**293.9**	**403.6**	**421.8**	**448.9**

Source: UAE Central Bank
**Preliminary*

Money supply M1, which consists of currency in circulation outside of banks (i.e., currency issued less cash at banks) plus monetary deposits in local currency with banks, increased from AED 737.6 billion as at 31 December 2022 to AED 829.3 billion as at 31 December 2023 due to an increase in resident AED demand deposits with banks and an increase in currency issued by the UAE Central Bank.

Money supply M2, which consists of money supply M1 plus quasi-monetary deposits (i.e., resident time and savings deposits in UAE Dirhams plus resident deposits in foreign currencies), increased from AED 1,703.6 billion as at 31 December 2022 to AED 2,023.4 billion as at 31 December 2023 due to an increase in money supply M1 and an increase in resident UAE Dirhams savings and time deposits with banks. This increase was also due to an increase in resident foreign currency deposits (demand, savings and time) with banks.

Money supply M3, which consists of money supply M2 plus government deposits at the UAE Central Bank and other banks, increased from AED 2,107.2 billion as at 31 December 2022 to AED 2,445.2 billion as at 31 December 2023 due to an increase in money supply M2 and increase in resident Government sector UAE Dirhams deposits with banks and the UAE Central Bank, offsetting in part the decrease in resident Government sector foreign currency deposits with banks.

The table below shows the banking sector's balance sheet structure for loans to assets and loans to deposits ratios for each period shown.

	For the year ended 31 December					
	2018	2019	2020	2021	2022	2023
			(per cent.)			
Loans to Assets	57.7	57.0	55.8	54.0	51.2	48.9
Loans to Deposits	94.3	94.1	94.4	89.9	84.6	79.0

Gross Bank Assets

The table below shows the total assets held by the UAE Central Bank for each period shown.

	As at 31 December					
	2018	2019	2020	2021	2022	2023*
			(AED Billions)			
Gross Bank Assets	**2,868.5**	**3,082.9**	**3,188.0**	**3,321.5**	**3,667.6**	**4,075.2**
Total Banks' Reserves at the Central Bank	**293.3**	**315.2**	**316.2**	**371.5**	**398.1**	**522.2**
Reserve Account	120.6	129.7	89.4	104.0	99.6	182.5
Current Accounts and Overnight Deposits of Banks	34.5	25.3	97.5	102.8	133.8	126.1
Monetary Bills & Islamic Certificates of Deposit held by Banks	138.2	160.2	129.3	164.7	164.7	213.6
of which: Islamic Certificates of Deposit	36.3	37.5	45.3	49.1	52.5	44.9
Gross Credit	**1,656.2**	**1,758.6**	**1,779.0**	**1,794.0**	**1,879.4**	**1,991.7**
Domestic Credit	1,509.4	1,592.6	1,596.7	1,618.9	1,650.9	1,738.0
Government	191.5	257.4	251.9	236.0	211.7	184.1
Public Sector (GREs)	167.9	185.3	219.9	245.4	253.3	292.6
Private Sector	1,130	1,134.6	1,108.3	1,120.7	1,173.0	1,240.7
Business & Industrial Sector Credit(1)	792.6	802.2	778.8	773.1	798.2	822.7
Individual	337.4	332.4	329.5	347.6	374.8	418.0
Non-Banking Financial Institutions	20	15.3	16.6	16.8	12.9	20.6
Foreign Credit(2)	146.8	166	182.3	175.1	228.5	253.7
of which: Loans & Advances to Non-Residents in AED	20.4	16.7	15.5	14.1	18.3	18.9
Total Investments by Banks	**332.8**	**399.0**	**455.8**	**473.2**	**527.4**	**634.4**
Debt securities	210.9	246.1	290.5	295.7	258.4	264.9
Equities	10.1	10.8	9.2	17.1	11.8	15.8
Held to maturity securities	81.2	99.1	111.4	117.8	208.9	304.8
Other Investments	30.6	43	44.7	42.6	48.3	48.9
Other Assets	**586.2**	**610.1**	**637.0**	**628.8**	**869.2**	**926.9**
Due from Head Office/Own Branches/Banking Subsidiaries	160.6	154.6	156.0	190.1	225.4	197.8
Due from Other Banks	215	210.6	207.9	243.5	316.8	371.8
Other Items(3)	210.6	244.9	273.1	249.2	327.0	357.3
NPLs	**91.4**	**111.6**	**142.4**	**139.6**	**133.8**	**116.3**
Specific provisions & Interest in Suspense	**90.4**	**99.3**	**116.6**	**121.5**	**119.9**	**103.3**
General provisions	**31.2**	**33.1**	**38.3**	**34.8**	**36.7**	**37.3**

*Preliminary data subject to revision.
(1) Includes lending to (Resident): Trade Bills Discounted and Insurance Companies.
(2) Includes lending to (Non Resident): Loans to Non-Banking Financial Institutions, Trade Bills Discounted and Loans & Advances Government & Public Sector, Private Sector (corporate and Individuals) in Local and Foreign Currency.
(3) Includes Cash in Hand, Fixed Assets, Inter-Branch Position, Positive Fair Value of Derivatives and Other Accounts Receivables.

For the year ended 31 December 2023, the UAE's Central Bank's gross assets were AED 4,075.2 billion compared to AED 3,667.6 billion for the year ended 31 December 2022.

The table below shows UAE bank assets as a percentage of GDP and net interest margin for the years presented.

	As at 31 December					
	2018	2019	2020	2021	2022	2023
			(*per cent.*)			
Assets % of GDP (at period end).........................	185	200.8	248.4	217.8	196.9	243.0
Net Interest Margin	71.5	67.9	68.5	62.7	68.2	72.6

Foreign Reserves

The table below shows the foreign asset holdings of the UAE's Central Bank at period end for each of the periods presented.

	As at 31 December					
	2018	2019	2020	2021	2022	2023*
			(AED Billions)			
Foreign Assets of the Central Bank....................	362.6	394.7	388.1	466.4	493.9	681.2

Source: UAE Central Bank Balance of Payments
** Preliminary data*

The table below shows the UAE Central Bank's gross foreign exchange reserves expressed in months of imports that the reserves would cover as at 31 December for the years presented.

	For the year ended 31 December					
	2018	2019	2020	2021	2022	2023
			(Months of imports)			
CBUAE Gross FX Reserves	12.8	14.0	15.3	16.1	13.4	15.7

The UAE Central Bank's foreign assets are preliminarily estimated to have increased by 37.9 per cent. in 2023 to AED 681.2 billion, as compared to AED 493.9 billion in 2022. This increase is primarily due to an increase in current account balances and deposits with banks abroad.

Banking and Financial Services

In February 2024, the Financial Action Task Force announced at its plenary meeting that the UAE had successfully been removed from its “grey” list on account of progress made by the UAE to counter money laundering, terrorist financing and proliferation financing.

All banks in the UAE operate under the supervision of the UAE Central Bank.

The table below provides a statistical analysis of the UAE banking sector for the periods indicated.

	As at 31 December					
	2018	2019	2020	2021	2022	2023[(1)]
	(AED Millions, except where otherwise stated)					
Total assets...	2,868,516	3,082,934	3,188,014	3,321,488	3,667,611	4,075,163
Foreign assets...	679,647	771,092	849,077	933,169	1,191,027	1,316,925
Foreign assets to total assets (%)................	23.7	25.0	26.6	28.1	32.5	32.3
Foreign liabilities	619,990	679,979	715,606	778,461	806,943	843,503
Foreign liabilities to total liabilities (%)......	21.6	22.1	22.4	23.4	22.0	20.7
Deposits[(2)]...	1,755,650	1,870,184	1,884,545	1,996,527	2,222,226	2,521,917
Residents...	1,542,237	1,648,812	1,682,102	1,765,533	2,009,696	2,320,384
of which: Corporate....................................	590,877	607,023	606,207	671,422	790,086	976,686
Non-residents	213,413	221,372	202,443	230,994	212,530	201,533
of which: Corporate....................................	91,889	87,964	72,250	82,170	103,101	109,874
Bank credit (domestic)	1,509,437	1,592,609	1,596,786	1,618,957	1,650,937	1,738,043
of which: credit to private sector[(3)]	1,150,018	1,149,953	1,124,913	1,137,528	1,185,901	1,261,288
Total number of national banks and branches	765	677	562	535	520	511
Total number of foreign banks and branches	118	117	110	111	112	111
Number of employees in banks (UAE)[(4)]..	**36,629**	**35,637**	**33,444**	**33,491**	**35,830**	**38,173**

(1) Preliminary.
(2) Excluding inter-bank deposits.
(3) Including claims on other financial institutions.
(4) Excluding auxiliary staff.
Source: UAE Central Bank

The table below provides a statistical analysis of the banking sector in the UAE for the periods shown.

	For the year ended 31 December					
	2018	2019	2020	2021	2022	2023*
	(AED Billions, except percentages)					
Bank Deposits	**1,755.6**	**1,870.2**	**1,884.5**	**1,966.5**	**2,222.2**	**2,521.9**
Resident Deposits	1,542.2	1,648.8	1,682.1	1,765.5	2,009.7	2,320.4
Government Sector	290.3	301.3	287.3	288.2	396.8	401.7
GREs (Govt. ownership of more than 50%)	207.1	245.3	254.8	247.9	216.9	225.0
Private Sector	1,009.3	1,057.9	1,100.1	1,191.3	1,349.5	1,629.8
Non-Banking Financial Institutions	35.5	44.3	39.9	38.1	46.5	63.9
Non-Resident Deposits	213.4	221.4	202.4	231.0	212.5	201.5
Average Cost on Bank Deposits(1)	***1.8%***	***1.6%***	***1.0%***	***0.8%***	**2.0%**	**2.6%**
Average Yield on Credit(2)	***5.5%***	***5.0%***	***3.8%***	***3.6%***	**6.0%**	**6.8%**
Capital & Reserves(3)	**355.2**	**392.9**	**392.8**	**402.5**	**428.6**	**488.7**
Specific provisions & Interest in Suspense	**90.4**	**99.3**	**116.6**	**121.5**	**119.9**	**103.3**
General provisions	**31.2**	**33.1**	**38.3**	**34.8**	**36.7**	**37.3**
Lending to Stable Resources Ratio(4)	***82.3%***	***81.0%***	***77.6%***	***77.3%***	***75.6%***	***74.0%***
Eligible Liquid Assets Ratio (ELAR)(5)	***17.5%***	***18.1%***	***18.4%***	***19.6%***	***19.1%***	***22.0%***
Capital Adequacy Ratio - (Tier 1 + Tier 2)(6)	***17.5%***	***17.7%***	***18.1%***	***17.2%***	***17.4%***	***17.9%***
of which: Tier 1 Ratio	***16.2%***	***16.5%***	***17.0%***	***16.1%***	***16.2%***	***16.6%***
Common Equity Tier 1(CET 1) Capital Ratio	***14.3%***	***14.7%***	***14.9%***	***14.2%***	***14.4%***	***14.9%***

(*) Preliminary data subject to revision.

(1) Weighted average of costs on Demand, Savings & Time Deposits at varying maturities.

(2) Weighted average of yield on all types of outstanding credit.

(3) Excluding subordinated borrowings/deposits, but including current year profit.

(4) The Ratio of the Total Advances (Net Lending + Net Financial Guarantees & Stand-by LC + Interbank Placements more than 3 months) to the sum of (Net Free Capital Funds + Total Other Stable Resources).

(5) The Ratio of Total Banks' Eligible Liquid Assets (Consist of Cash in Hand, Liquid Assets at the UAE Central Bank and Eligible Bonds/Sukuks as prescribed by UAE Central Bank Circular No. 33/2015 & Basel Principles but excludes interbank positions) to Total Liabilities.

(6) Capital Adequacy Ratio, Tier 1 Ratio and CET 1 Ratio for the period starting from December 2017 are calculated according to Basel III Guidelines issued by the UAE Central Bank through UAE Central Bank Circular No. 52/2017, whereas for the period prior to December 2017 they are calculated according to Basel II Guidelines.

Structure of the Banking System

Banking institutions in the UAE fall into a number of categories. Domestic commercial banks, of which there were 22 as at 31 December 2023, are required to be public shareholding companies with a minimum share capital of AED 2.0 billion. These domestic commercial banks held 88.6 per cent. of the UAE's total banking assets as at 31 December 2023. Licensed foreign commercial banks, of which there were 39 as at 31 December 2023, need to demonstrate that at least AED 100 million has been allocated as capital funds for their operations in the UAE.

The legislative framework also licenses financial institutions (institutions whose principal functions are to extend credit, carry out financial transactions, invest in moveable property and other activities but are not permitted to accept funds in the form of deposits), investment banks (institutions which may not accept deposits with maturities of less than two years but which may borrow from their head office or other banks and the financial markets) and financial and monetary intermediaries (money and stock brokers).

The table below shows the types of banks operating in the UAE for the periods indicated.

	For the year ended 31 December					
	2018	2019	2020	2021	2022	2023
Banks Operating in the UAE						
National Banks	22	21	21	22	22	22
Foreign Banks	38	38	37	37	39	39
of which GCC banks(1)	7	7	7	7	7	7
Share of Foreign Banks in Total Assets	***12.3%***	***12.8%***	***12.6%***	***12.5%***	***12.0%***	***11.4%***
Conventional Banks	52	51	48	49	53	53
Islamic Banks	8	8	10	10	8	8
Share of Islamic Banks in Total Assets	***20.3%***	***18.6%***	***18.9%***	***17.8%***	***17.2%***	***17.3%***

(1) Representing one branch each from Saudi Arabia, Bahrain, Oman and Qatar and two branches from Kuwait.

The following table sets out the capital adequacy ratio of all UAE national banks for each of the periods presented.

	As at 31 December					
	2018	2019	2020	2021	2022	2023
			(per cent.)			
Total capital adequacy ratio	17.2	17.3	17.9	16.8	16.9	17.4
Tier I capital adequacy ratio	16.0	16.1	16.8	15.6	15.7	16.1

Source: UAE Central Bank

Provisions for Loan Losses

The table below shows the non-performing loans ratio and the net non-performing loans ratio for the years indicated.

	For the year ended 31 December					
	2018	2019	2020	2021	2022	2023
			(per cent.)			
Non-performing loans ratio	5.3	6.0	7.6	7.3	6.6	5.3
Net non-performing loans ratio	1.6	2.3	3.1	2.8	2.6	2.1

* Presented in compliance with the latest Financial Soundness Indicators Compilation Guide (2019 FSI Guide) issued by the IMF.

Capital Markets

Dubai Financial Market

The following table sets out the number of traded shares, the value of traded shares, and the number of executed transactions on the DFM and the closing price of the DFM Index for the periods indicated.

	For the year ended 31 December					
	2018	2019	2020	2021	2022	2023
Number of traded shares (Billions)	45.4	40.0	65.5	50	38.5	52.5
Value of traded shares (AED Billions)	59.7	53.1	65.6	72.3	90	101.1
Number of trades (Millions)	0.6	0.6	0.9	0.8	1.4	1.9
Market capitalisation (AED Billions) (year end)	343.3	375.5	341.5	410	582	687.5
DFM Index closing price (year end)	2,530	2,765	2,492	3,196	3,336	4,059.80

Source : Dubai Statistics Centre, DFM.

Nasdaq Dubai

The following table sets out the number of traded shares, the value of traded shares and the number of executed transactions on Nasdaq Dubai, the market capitalisation of Nasdaq Dubai and the closing price as at 31 December of the FTSE Nasdaq Dubai UAE 20 Index (which tracks 20 liquid stocks listed on the DFM, the ADX and Nasdaq Dubai) for the years indicated.

	For the year ended 31 December					
	2018	2019	2020	2021	2022	2023
Trading volume (Millions)	165	151	189	35	47	37
Trading value (AED Millions)	4,234	5,921	5,746	78,057	42,432	131
Number of transactions	26,882	40,724	16,345	1,518	985	2,050
Market capitalisation (AED Millions)	57,496	44,220	3,436	2,990	2,526	2,253
FTSE Nasdaq Dubai UAE 20 Index year end closing price	3,074	3,184	3,062	4,285	3,989	3,832

Sources : Dubai Statistics Centre, Nasdaq Dubai.

Abu Dhabi Securities Exchange

The table below shows the number of traded shares, the value of traded shares and the number of executed transactions for the years indicated.

	For the year ended 31 December					
	2018	2019	2020	2021	2022	2023
Number of traded shares (Millions)	15,408	31,052	21,831	60,796	80,666	58,236
Value of traded shares (AED Millions)	39,642	113,636	72,771	369,513	450,584	319,867
Number of executed transactions	275,357	775,381	513,080	1,386,313	2,860,002	3,487,955

Source: ADX.

Insurance

As at 31 December 2023, there were 60 insurance companies operating in the UAE (comprising 23 national insurance companies, 10 national takaful insurance companies and 27 foreign insurance companies), with 499 total related insurance professions, including 163 insurance broker companies, 26 insurance agents companies, 52 insurance consultants, 146 loss and damage adjusters, 74 actuaries, 22 Third-Party Administrators and 16 insurance policies price comparison websites.

The following table sets out the UAE total written premiums by value for each of the years 2018 to 2023.

	As at 31 December					
	2018	**2019**	**2020**	**2021**	**2022**	**2023**
	(AED Millions)					
General insurance premiums	31,748	32,526	32,166	32,940	37,107	43,883
Life insurance premiums	11,971	11,495	10,331	11,377	10,140	9,594
Total premiums	43,718	44,021	42,497	44,317	47,247	53,477

Source: UAE Central Bank

New Bankruptcy Legislation

On 1 May 2024, the UAE adopted a new law to govern business bankruptcies. The law provides a legal framework to help distressed companies in the UAE to avoid bankruptcy and liquidation through different mechanisms which include: consensual out-of-court financial restructuring; composition procedures; financial restructuring; the potential to secure new loans under terms set by the law and conversion to declaration of bankruptcy and liquidation of the debtor's assets.

Federal Budget

The table below shows the Federal Government's 2024 Federal Budget (as defined below) as well as its actual results for the prior years indicated. The Federal Government aims to achieve a broadly balanced current budget (i.e. excluding capital expenditure and receipts) over a period of time. However, if throughout the year it appears that the Federal Government will run a deficit then it will either seek to increase revenue or decrease expenditure in order to reduce the likelihood that a deficit will occur. The Federal Government has limited contingent liabilities.

The numbers presented below reflect the actual revenues and expenditures of the federal ministries as well as additional federal entities covered by the budget law. This does not include the General Aviation Authority, the Emirates Real Estate Corporation, the Federal Tax Authority or the federal pension fund. These other entities finance their expenditures separately rather than out of the Federal Budget. The below table shows revenues and expenditures for each of the years from 2019 to 2023 as well as the budgeted revenues and expenditures for 2024.

	For the year ended 31 December					
	2019	**2020**	**2021**	**2022**	**2023**	**2024 B[(1)]**
	(AED Millions)					
Revenues and Grants						
Total revenues and grants	**65,416**	**49,947**	**54,543**	**56,639**	**66,248**	**65,728**
Taxes	14,321	8,290	9,219	9,649	11,603	11,268
Other revenues	37,707	31,201	34,645	36,259	39,866	39,868
Grants	13,388	10,456	10,679	13,731	14,779	**14,592**
Expenditures						
Total expenditures	**55,323**	**52,880**	**51,964**	**53,938**	**58,214**	**64,060**
Current expenditure	**51,317**	**51,117**	**49,821**	**51,545**	**56,190**	**61,792**
Wages and Benefits	16,918	16,847	21,869	21,764	22,986	24,880
Goods and Services	14,350	15,051	15,945	16,101	17,297	16,187
Interest[(2)]	-	24	71	555	1,534	2,436
Subsidies	2,897	2,945	3,057	3,306	3,337	3,292
Grants	9,508	9,052	1,150	1,450	1,585	2,323
Social Benefits	4,581	4,625	4,709	4,914	5,544	6,103
Other Expenses	1,280	915	1,163	1,742	599	4,235
Assets	1,783	1,658	1,857	1,712	3,306	2,336

	For the year ended 31 December					
	2019	2020	2021	2022	2023	2024 B[(1)]
Investment expenditure	**4,006**	**1,763**	**2,143**	**2,393**	**2,024**	**2,268**
Surplus/Deficit..	**10,093**	**(2,933)**	**2,579**	**5,701**	**8,034**	**1,668**

(1) Approved 2024 Federal Budget.

(2) Interest includes the finance/interest expense from the issuances of Notes under the Programme.

Federal Government Revenues

In certain circumstances, the Federal Government may achieve a surplus if its spending is lower than expected in any given year. In such circumstances, the surplus amount is carried as a reserve which can be used to cover deficits in future periods. For example, over the last five financial years, the Federal Government achieved surpluses of AED 10,093 million, AED 2,579 million and AED 5,701 million in 2019, 2021 and 2022, respectively. It is also expected that the Federal Government will record a surplus of AED 8,034 million for 2023.

In 2023, a federal corporate tax on business profits was introduced, effective from the financial year beginning 1 June 2023. The tax rate is 9 per cent. on taxable income over AED 375,000.

The Federal Budget for the fiscal year 2024

The UAE has approved an annual Federal Budget of AED 65.7 billion for the fiscal year 2024 (the "**2024 Federal Budget**"). This amount reflects a decrease of AED 520 million compared to the AED 66.2 billion budget for the fiscal year 2023. The largest share of the 2024 Federal Budget has been allocated to the development and social benefits sector, focusing on raising the nation's education, healthcare and social affairs sectors to the highest standards. The 2024 Federal Budget is prepared on a cash basis. The 2024 Federal Budget provides support from and to the individual emirates. In order to improve living standards for UAE nationals and residents in the UAE, the allocations for the social development and social benefits sectors have been allotted to programmes, projects and initiatives that will enhance the education sector in the country, improve the quality of healthcare, support housing programmes for UAE nationals, and improve the quality of life for special groups in society.

2024 Budgeted Revenues

For the year ending 31 December 2024, the Federal Government has budgeted AED 65,728 million for total revenues and grants. Within total revenues and grants, the Federal Government has budgeted AED 11,268 million from tax revenues (17.1 per cent.), AED 39,868 million from other revenues (60.7 per cent.) and AED 14,592 million from grants (22.2 per cent.). Revenue from taxes is expected to decrease by AED 335 million in 2024 compared to 2023, and revenue from grants is expected to decrease by AED 187 million in 2024 compared to 2023, while other revenues is expected to increase by AED 2 million in 2024 compared to 2023. Although in 2023, a federal corporate income tax ("**CIT**") on businesses and business activities was introduced, applying for fiscal years starting on or after 1 June 2023, revenues from the CIT are only expected to be collected and to impact budgets starting in 2025.

2024 Budgeted Expenditures

For the year ending 31 December 2024, the Federal Government has budgeted for total expenditures in the amount of AED 64,060 million. Within the total expenditures, AED 61,792 million is budgeted for current expenditure and AED 2,268 million is budgeted for investment expenditure. The three largest contributions to current expenditure budget are from wages and benefits, goods and services and social benefits. Wages and benefits accounted for the largest total share of current expenditures in the budget (37.9 per cent.) followed by goods and services (24.6 per cent.) and social benefits (9.3 per cent.). Wages and benefits is budgeted at AED 24,880 million which would represent an 8.2 per cent. increase compared to 2023. Goods and services is budgeted at AED 16,187 million, which would represent a 6.4 per cent. decrease compared to 2023.

Federal Government Revenues and Expenditures for the fiscal year 2023

For the year ended 31 December 2023, total revenues and grants at the Federal Government level amounted to AED 66,248 million, compared to AED 56,639 million for the year ended 31 December 2022.

Taxes increased by AED 1,904 million to AED 11,603 million in 2023 (17.5 per cent. of revenues) compared to 2022 where taxes were AED 9,649 million (17.0 per cent. of revenues).

Other revenues increased by AED 3,607 million to AED 39,866 million in 2023 (60.2 per cent. of revenues) compared to 2022 where revenues were AED 36,259 million (63.5 per cent. of revenues).

Grants increased by AED 1,048 million to AED 14,779 million in 2023 (22.3 per cent. of revenues) compared to 2022 where grants were AED 13,731 million (37.9 per cent. of revenues).

For the year ended 31 December 2023, total expenditures at the Federal Government level amounted to AED 58,214 million, compared to AED 53,968 million for the year ended 31 December 2022.

Wages and benefits increased by 5.6 per cent. in 2023 compared to 2022.

Goods and services increased by 7.4 per cent. in 2023 compared to 2022.

Social benefits increased by 12.8 per cent. in 2023 compared to 2022.

Grants for expenditures include current or capital transfers from the Federal Government to government authorities, international organisations and foreign governments. In 2023, grants for expenditures increased by 9.3 per cent. compared to 2022.

Other expenses in 2023 decreased by 65.6 per cent. compared to 2022.

Taxation

The CIT regime, which applies for fiscal years starting on or after 1 June 2023, marks a significant milestone in the UAE's efforts to modernise its tax system, aligning with the requirements of a globally competitive market while advancing its economic diversification agenda for the next 50 years.

The UAE's Federal Corporate tax regime will boost investor confidence and strengthen the country's economic position. Furthermore, the Free Zone Corporate Tax regime was reviewed by the Organization for Economic Co-operation and Development (OECD) and is officially recognised as 'non-harmful', underscoring the UAE's robust tax legislation and its alignment with international standards. In respect of the Federal Government's telecom royalties, the Federal Government has amended the royalty scheme (structure and rates) in light of the introduction of the CIT. The restructured scheme which is effective for the years 2024-2026 takes into account the importance of the telecom royalties share in the total Federal Government budget and was designed with a view to provide a steady stream of revenues from this sector. Moving ahead, the Federal Government's fiscal policies when it comes to service fees and other levies at the federal level will take into consideration the overall tax framework and the generated revenues from this stream in order to ensure the stability of the fiscal system.

Aggregated UAE Revenues and Expenditures

The table below consolidates the financial information of the Federal Government and all the seven emirate governments, netting out intra-flows and obligations among them, to represent an effort to match the overall fiscal account of the UAE economy as a whole. The financial information has been consolidated on a Government Finance Statistics basis, which conforms with the IMF's manual for reporting countries.

	For the year ended 31 December				
	2018	**2019**	**2020**	**2021**	**2023**
			(AED Millions)		
Revenue	**477,735**	**476,472**	**367,865**	**463,869**	**611,253**
Taxes	213,034	228,540	151,184	198,566	325,235
Taxes on income, profits and capital gains	196,826	173,236	112,695	154,895	274,095
Taxes on goods and services	7,476	46,539	31,291	34,934	41,045
Taxes on international trade and transactions	7,996	8,090	6,728	8,081	9,271
Other taxes	736	675	471	657	824
Social contributions	**4,836**	**4,584**	**12,908**	**13,546**	**14,923**
Other revenue	259,865	243,348	203,773	251,757	271,095
Property income:	148,713	156,635	127,914	170,952	164,416
Interest	5,760	5,121	5,343	4,302	8,759
Dividends	133,648	142,328	112,152	157,391	144,702
Rent	9,306	9,187	10,419	9,259	10,955
Sales of goods and services	64,726	70,459	60,030	62,549	86,566

	For the year ended 31 December				
	2018	**2019**	**2020**	**2021**	**2023**
			(AED Millions)		
Fines, penalties and forfeits	6,194	5,302	4,333	6,509	5,958
Expense	**388,209**	**383,041**	**353,023**	**382,395**	**388,234**
Compensation of employees	83,235	107,722	109,995	113,514	118,705
Use of goods and services	86,608	119,428	105,210	125,542	136,526
Consumption of fixed capital	4,645	5,305	6,498	9,211	9,583
Interest	3,663	4,533	3,827	4,595	9,509
Subsidies	32,931	26,922	36,404	35,293	24,155
Grants	13,303	16,291	3,976	1,797	1,536
Social Benefits	65,760	74,631	64,933	60,892	58,979
Other Expenses	98,065	28,209	22,180	31,551	29,239
Net operating balance	**89,526**	**93,430**	**14,842**	**81,474**	**223,019**

Source: *United Arab Emirates Ministry of Finance Government Finance Statistics (GFS) data*

Indebtedness

Government bonds have been issued at the emirate level by Abu Dhabi, Dubai, Ras Al Khaimah and Sharjah since 1999. Material liabilities include Abu Dhabi's indebtedness which was AED 163.8 billion as at 31 December 2023, Sharjah's indebtedness which was approximately AED 75.1 billion as at 31 December 2023 and Dubai's indebtedness which was AED 116.0 billion as at 31 December 2023.

At the federal level, the UAE has, as at 31 May 2024, a total of AED 11.2 billion outstanding under its domestic treasury bond programme, a total of AED 18.0 billion outstanding under its domestic treasury sukuk programme and a total of U.S.$ 8.5 billion outstanding under the Programme.

NO SIGNIFICANT CHANGE

There has been no significant change in the financial performance or financial position of the Issuer and there has been no significant change in tax and budgetary systems, foreign exchange reserves, gross public debt and income and expenditure figures of the Issuer, in each case, since 31 December 2023, except as disclosed herein.