PUBLIC

滙豐(台灣)商業銀行股份有限公司等共同承銷「Federal Government of the United Arab Emirates, acting through the Ministry of Finance U.S.$ 1,250,000,000 4.951 per cent. Notes due 2052」公告

滙豐(台灣)商業銀行股份有限公司等（以下稱「承銷商」)承銷Federal Government of the United Arab Emirates, acting through the Ministry of Finance 2022年度「**Federal Government of the United Arab Emirates, acting through the Ministry of Finance U.S.$ 1,250,000,000 4.951 per cent. Notes due 2052**」美元拾貳億伍仟萬元整，由承銷商洽商銷售予投資人。茲將銷售辦法公告如後：

一、 證券承銷商名稱、地址、總承銷數量、證券承銷商先行保留自行認購數量及洽商銷售數量：

證券承銷商名稱	地址	總承銷數量	洽商銷售金額
滙豐(台灣)商業銀行股份有限公司	台北市信義區信義路五段7號54樓	美元 312,500,000 元整	美元 312,500,000 元整
花旗(台灣)商業銀行股份有限公司	台北市松智路1號16樓	美元 312,500,000 元整	美元 312,500,000 元整
渣打國際商業銀行股份有限公司	臺北市中山區遼寧街179號4樓	美元 312,500,000 元整	美元 312,500,000 元整
摩根大通證券股份有限公司	台北市信義路五段106號三樓	美元 312,500,000 元整	美元 312,500,000 元整

二、承銷總額：總計美元拾貳億伍仟萬元整。

三、承銷方式：將由承銷商包銷並以「洽商銷售」方式出售予投資人。

四、 承銷期間：定價日為 2022年 6 月 23日，於 2022 年 7 月 6 日辦理承銷公告，並於2022 年 7 月 7日發行。

五、承銷價格：每張面額為美元貳拾萬元，依票面金額十足發行。

六、發行條件：

（一） 種類：無擔保主順位債券。
（二） 發行期間：西元 2022 年 7 月 7日至西元 2052 年 7 月 7日。
（三） 票面利率：票面利率為4.951% 。
（四） 付息方式及付息日期：本債券為固定利率債券，每半年付息一次。
（五） 評等：Moody’s: Aa2; Fitch: AA-。
（六） 還本方式：債券到期時一次還本。
（七） 營業日：紐約、倫敦營業日。
（八） 準據法：英國法。
（九） 債券掛牌處所：中華民國證券櫃檯買賣中心、倫敦證券交易所、那斯達克杜拜證券交易所。

七、銷售限制：

（一） 僅限「財團法人中華民國證券櫃檯買賣中心外幣計價國際債券管理規則」第二條之一規定之專業投資人。
（二） 採洽商銷售，依「中華民國證券商業同業公會證券商承銷或再行銷售有價證券處理辦法」第三十二條規定，每一認購人認購數量不得超過該次承銷總數之百分之八十，惟認購人為政府基金者不在此限。

八、公開說明書之分送、揭露及取閱方式，並以顯著字體註明公開說明書上傳網站之網址：如經投資人同意承銷商得以電子郵件方式交付公開說明書，投資人並得至公開資訊觀測站(https://mops.twse.com.tw)，或至承銷商網站(滙豐(台灣)商業銀行股份有限公司，網址：https://www.hsbc.com.tw；花旗(台灣)商業銀行股份有限公司，網址：https://www.citibank.com.tw；渣打國際商業銀行股份有限公司，網址：https://www.sc.com/tw；摩根大通證券股份有限公司，網址：https://www.jpmorgan.com/TW/tw/disclosures)查詢下載。

九、 通知及(扣)繳交價款日期與方式：投資人於發行日匯款至承銷商，承銷商彙總投資人認購款項於發行日匯入發行人指定金融機構專戶。

十、 有價證券發放日期、方式與特別注意事項：於 2022 年 7 月 7日發行日發放。發放方式可由 DTC、Euroclear、Clearstream或台灣證券集中保管結算股份有限公司發放。買賣及交割應依國際慣例及公開說明書相關規定辦理。

十一、會計師最近三年度財務資料之查核簽證意見：不適用。

十二、金融監督管理委員會或中華民國證券商業同業公會規定應行揭露事項：無。

十三、投資人於申購前，應詳閱本公司債之公開說明書。

十四、其他為保護公益及投資人應補充揭露事項：無。

FEDERAL GOVERNMENT OF THE UNITED ARAB EMIRATES
ACTING THROUGH THE MINISTRY OF FINANCE
Legal Entity Identifier (LEI): 98450060C643D82DF808

Issue of U.S.$1,250,000,000 4.951 per cent. Notes due 2052 (the "Notes")
under the
Global Medium Term Note Programme (the "Programme")

Issue Price: 100.00 per cent.

Issue Date: 7 July 2022

This information package includes: (i) the Base Offering Circular dated 30 September 2021 in respect of the Programme, as supplemented by the first supplement dated 23 June 2022 (collectively, the "**Base Offering Circular**") and (ii) the Pricing Supplement dated 28 June 2022 relating to the Notes (together with the Base Offering Circular, the "**Information Package**") in connection with the offering and issue of the Notes by the Federal Government of the United Arab Emirates, acting through the Ministry of Finance (the "**Issuer**").

Applications are expected to be made by the Issuer (or on its behalf): (i) to the UK Financial Conduct Authority for the Notes to be listed on its Official List and admitted to trading on the Main Market of the London Stock Exchange; (ii) to the Dubai Financial Services Authority for the Notes to be listed on its official list and admitted to trading on Nasdaq Dubai; and (iii) for the listing and trading of the Notes on the Taipei Exchange (the "**TPEx**") in the Republic of China ("**ROC**").

The effective date of listing and trading of the Notes on the TPEx is on or about 7 July 2022.

The TPEx is not responsible for the content of the Information Package and no representation is made by the TPEx as to the accuracy or completeness of the Information Package. The TPEx expressly disclaims any and all liability for any losses arising from, or as a result of the reliance on, all or part of the contents of the Information Package. The admission of the Notes to listing and trading on the TPEx shall not be taken as an indication of the merits of the Issuer or the Notes.

ROC SELLING RESTRICTION

The Notes have not been offered, sold or re-sold, and will not be offered, sold or re-sold, directly or indirectly, to investors other than "professional investors" as defined under Paragraph 1 of Article 2-1 of the Taipei Exchange Rules Governing Management of Foreign Currency Denominated International Bonds of the Republic of China (the "**TPEx Rules**"). Purchasers of the Notes are not permitted to sell or otherwise dispose of the Notes except by transfer to a professional investor.

ROC TAXATION

The following summary of certain taxation provisions under ROC law is based on current law and practice and that the Notes will be issued, offered, sold and re-sold, directly or indirectly, to professional *investors as defined under Paragraph 1 of Article 2-1 of the Taipei Exchange Rules Governing Management of Foreign Currency Denominated International Bonds of the ROC only. It does not purport to be comprehensive and does not constitute legal or tax advice. Investors (particularly those subject to special tax rules, such as banks, dealers, insurance companies and tax-exempt entities) should consult with their own tax advisers regarding the tax consequences of an investment in the Notes. Investors should appreciate that, as a result of changing law or practice, the tax consequences may be otherwise than as stated below:*

INTEREST ON THE NOTES

As the Issuer of the Notes is not an ROC statutory tax withholder, there is no ROC withholding tax on the interest or deemed interest to be paid on the Notes.

Payments of any interest or deemed interest under the Notes to an ROC individual holder are not subject to ROC income tax as such payments received by him/her are not considered to be ROC sourced income. However, such holder must include the interest or deemed interest received in calculating his/her basic income for the purpose of calculating his/her alternative minimum tax ("**AMT**"), unless the sum of the interest or deemed interest and other non-ROC sourced income received by such holder and the person(s) who is (are) required to jointly file the ROC income tax return in a calendar year is below $1 million New Taiwan Dollars ("**NT$**"). If the amount of the AMT exceeds the annual income tax calculated pursuant to the ROC Income Basic Tax Act (also known as the AMT Act), the excess becomes such holder's AMT payable.

ROC corporate holders must include any interest or deemed interest receivable under the Notes as part of their taxable income and pay income tax at a flat rate of 20 per cent. (unless the total taxable income for a fiscal year is NT$120,000 or under), as they are subject to income tax on their worldwide income on an accrual basis. The AMT is not applicable.

Non-ROC corporate holders are not subject to ROC income tax or AMT on any interest or deemed interest receivable or received under the Notes.

SALE OF THE NOTES

In general, the sale of corporate bonds, financial bonds or other securities for public offering approved by the government of the ROC is subject to 0.1 per cent. securities transaction tax ("**STT**") on the transaction price. However, Article 2-1 of the ROC Securities Transaction Tax Act prescribes that STT will cease to be levied on the sale of corporate bonds and financial bonds from 1 January 2010 to 31 December 2026. Such Article 2-1 applies, *mutatis mutandis*, to the sale of the foreign currency denominated bonds issued by foreign governments and approved by the government of the ROC for public offering. Accordingly, the sale of the Notes will be exempt from STT if the sale is conducted on or before 31 December 2026. Starting from 1 January 2027, any sale of the Notes will be subject to STT at 0.1 per cent. of the transaction price, unless otherwise provided by the tax laws or other governmental orders that may be in force at that time.

Capital gains generated from the sale of bonds are exempt from ROC income tax. Accordingly, ROC individual and corporate holders are not subject to ROC income tax on any capital gains generated from the sale of the Notes. In addition, ROC individual holders are not subject to AMT on any capital gains generated from the sale of the Notes. However, ROC corporate holders should include such capital gains in calculating their basic income for the purpose of calculating their AMT. If the amount of the AMT exceeds the annual income tax calculated pursuant to the ROC Income Basic Tax Act, the excess becomes the ROC corporate holders' AMT payable. Capital losses, if any, incurred from the sale of the Notes by such holders could be carried over five years to offset against capital gains of same category for the purposes of calculating their AMT.

Non-ROC corporate holders are not subject to ROC income tax on any capital gains generated from the sale of the notes. However, for non-ROC corporate holders with a fixed place of business (e.g., a branch) or a business agent in the ROC, their fixed place of business or business agent should include any such capital gains in calculating their basic income for the purpose of calculating AMT.

As to non-ROC corporate holders without a fixed place of business and a business agent in the ROC, they are not subject to ROC income tax or AMT on any capital gains generated from the sale of the Notes.

ROC SETTLEMENT AND TRADING

The Issuer has not entered into any settlement agreement with Taiwan Depository & Clearing Corporation ("**TDCC**") and has no intention to do so.

In the future, if the Issuer enters into a settlement agreement with TDCC, an investor, if it has a securities book-entry account with an ROC securities broker and a foreign currency deposit account with an ROC bank, may settle the Notes through the account of TDCC with Euroclear Bank SA/NV ("**Euroclear**") or Clearstream Banking S.A. ("**Clearstream, Luxembourg**") if it applies to TDCC (by filing in a prescribed form) to transfer the Notes in its own account with Euroclear or Clearstream, Luxembourg to such TDCC account with Euroclear or Clearstream, Luxembourg for trading in the domestic market or vice versa for trading in overseas markets. For settlement through TDCC, TDCC will allocate the respective Notes position to the securities book-entry account designated by such investor in the ROC. The Notes will be traded and settled pursuant to the applicable rules and operating procedures of TDCC and the TPEx as domestic bonds.

For such investors who hold their interest in the Notes through an account opened and held by TDCC with Euroclear or Clearstream, Luxembourg, distributions of principal and/or interest for the Notes to such holders may be made by payment services banks whose systems are connected to TDCC to the foreign currency deposit accounts of the holders. Such payment is expected to be made on the second Taiwanese business day following TDCC's receipt of such payment (due to time difference, the payment is expected to be received by TDCC one Taiwanese business day after the distribution date). However, when the holders will actually receive such distributions may vary depending upon the daily operations of the ROC banks with which the holder has the foreign currency deposit account.

RISKS ASSOCIATED WITH LIMITED LIQUIDITY OF THE NOTES

Application will be made for the listing of the Notes on the TPEx. No assurances can be given as to whether the Notes will be, or will remain, listed on the TPEx. If the Notes fail to, or cease to, be listed on the TPEx, certain investors may not invest in, or continue to hold or invest in, the Notes.

Joint Bookrunning Managers

Citibank Taiwan Limited

HSBC Bank (Taiwan) Limited
(Lead Manager)

J.P. Morgan Securities (Taiwan) Limited

Standard Chartered Bank (Taiwan) Limited

EU MiFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPs ONLY TARGET MARKET – There are no manufacturers for the purposes of Directive 2014/65/EU (as amended, "**EU MiFID II**"). Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should consider (i) the target market for the Notes to be eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all distribution of the Notes to eligible counterparties and professional clients to be appropriate. However, a distributor subject to EU MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market) and determining appropriate distribution channels.

UK MiFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPs ONLY TARGET MARKET –There are no manufacturers for the purposes of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**UK MiFIR**"). Any person subsequently offering, selling or recommending the Notes should consider (i) the target market for the Notes to be eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in UK MiFIR; and (ii) all distributions of the Notes to eligible counterparties and professional clients to be appropriate. However, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market) and determining appropriate distribution channels.

Singapore Securities and Futures Act Product Classification – Solely for the purposes of its obligations pursuant to Sections 309B(1) of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA) that the Notes are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and "Excluded Investment Products" (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Pricing Supplement dated 28 June 2022

FEDERAL GOVERNMENT OF THE UNITED ARAB EMIRATES
ACTING THROUGH THE MINISTRY OF FINANCE
Legal Entity Identifier (LEI): 98450060C643D82DF808
Issue of U.S.$1,250,000,000 4.951 per cent. Notes due 2052
under the
Global Medium Term Note Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Base Offering Circular dated 30 September 2021, as supplemented by the Supplement to the Base Offering Circular dated 23 June 2022 (together, the "**Base Offering Circular**"). This document constitutes the Pricing Supplement of the Notes described herein and must be read in conjunction with the Base Offering Circular. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Pricing Supplement and the Base Offering Circular. The Base Offering Circular and the Pricing Supplement are available for viewing on the website of the London

Stock Exchange at http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html.

1.	Issuer:		Federal Government of the United Arab Emirates, acting through the Ministry of Finance
2.	(a)	Series Number:	5
	(b)	Tranche Number:	1
	(c)	Date on which the Notes will be consolidated and form a single Series:	Not Applicable
3.	Specified Currency or Currencies:		U.S. dollars ("**U.S.$**")
4.	Aggregate Nominal Amount:		U.S.$1,250,000,000
	(a)	Series:	U.S.$1,250,000,000
	(b)	Tranche:	U.S.$1,250,000,000
5.	Issue Price:		100.00 per cent. of the Aggregate Nominal Amount
6.	(a)	Specified Denominations:	U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof
	(b)	Calculation Amount (in relation to calculation of interest in relation to Notes in global form (see Conditions)):	U.S.$1,000
7.	(a)	Issue Date:	7 July 2022
	(b)	Interest Commencement Date:	Issue Date
8.	Maturity Date:		7 July 2052
9.	Interest Basis:		4.951 per cent. Fixed Rate (see paragraph 14 below)
10.	Redemption/Payment Basis:		Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent. of their nominal amount
11.	Change of Interest Basis:		Not Applicable

12.	Put/Call Options:		Not Applicable
13.	(a)	Status of the Notes:	Senior
	(b)	Date approval for issuance of Notes obtained:	Not Applicable

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14.	Fixed Rate Note Provisions		Applicable
	(a)	Rate(s) of Interest:	4.951 per cent. per annum payable semi-annually in arrear on each Interest Payment Date
	(b)	Interest Payment Date(s):	7 January and 7 July in each year, commencing on 7 January 2023 up to and including the Maturity Date
	(c)	Fixed Coupon Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions):	U.S.$24.755 per Calculation Amount
	(d)	Broken Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions):	Not Applicable
	(e)	Day Count Fraction:	30/360
	(f)	Determination Date(s):	Not Applicable
15.	Floating Rate Note Provisions		Not Applicable
16.	Zero Coupon Note Provisions		Not Applicable

PROVISIONS RELATING TO REDEMPTION

17.	Issuer Call:	Not Applicable
18.	Investor Put:	Not Applicable
19.	Clean Up Call Right:	Not Applicable
20.	Final Redemption Amount:	U.S.$1,000 per Calculation Amount
21.	Early Redemption Amount:	U.S.$1,000 per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

22.	Form of Notes:	Registered Notes: Regulation S Global Note registered in the name of a nominee for a Common Depositary for Euroclear and Clearstream, Luxembourg Rule 144A Global Note registered in the name of a nominee for DTC
23.	Additional Financial Centre(s):	Not Applicable
24.	Talons for future Coupons to be attached to Definitive Notes:	No

Signed on behalf of the **Federal Government of the United Arab Emirates, acting through the Ministry of Finance:**

By:..

Duly authorised

By:..

Duly authorised

PART B – OTHER INFORMATION

1. **LISTING AND ADMISSION TO TRADING**

(a)	Listing and Admission to trading:	Application is expected to be made by the Issuer (or on its behalf): (i) to the United Kingdom (the "**UK**") Financial Conduct Authority for the Notes to be listed on its Official List and admitted to trading on the Main Market of the London Stock Exchange, on or about the Issue Date; (ii) to the Dubai Financial Services Authority for the Notes to be listed on its official list and admitted to trading on Nasdaq Dubai on or about the Issue Date; and (iii) for the listing and trading of the Notes on the Taipei Exchange (the "**TPEx**") in the Republic of China ("**ROC**"). The Notes will be traded on the TPEx pursuant to the applicable rules of the TPEx. The effective date of listing of the Notes on the TPEx is on or about the Issue Date. The TPEx is not responsible for the content of this document, the Base Offering Circular and any supplement or amendment thereto and no representation is made by the TPEx to the accuracy or completeness of this document, the Base Offering Circular and any supplement or amendment thereto. The TPEx expressly disclaims any and all liability for any losses arising from, or as a result of the reliance on, all or part of the contents of this document or the Base Offering Circular and any supplement or amendment thereto. Admission to listing and trading on the TPEx shall not be taken as an indication of the merits of the Issuer or the Notes.
(b)	Estimate of total expenses related to admission to trading:	U.S.$10,000

2. **RATINGS**

Ratings:	The Notes to be issued are expected to be rated: Moody's: Aa2

Fitch: AA-

Moody's is not established in the European Economic Area (the "**EEA**") or the UK but the rating it has given to the Notes to be issued under the Programme is endorsed by Moody's Deutschland GmbH, which is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**EU CRA Regulation**") and Moody's Investors Service Ltd., which is established in the UK and registered under Regulation (EU) No 1060/2009 as it forms part of domestic law in the UK by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**").

Fitch is not established in the EEA or the UK but the rating it has given to the Notes to be issued under the Programme is endorsed by Fitch Ratings Ireland Limited, which is established in the EEA and registered under the EU CRA Regulation and Fitch Ratings Ltd., which is established in the UK and registered under the UK CRA Regulation.

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save for any fees payable to the Managers, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business, for which they may receive fees.

4. YIELD (FIXED RATE NOTES ONLY)

Indication of yield:	4.951 per cent. per annum The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

5. **OPERATIONAL INFORMATION**

(a)	ISIN:	Regulation S: XS2492385203 Rule 144A: US31424EAE23
(b)	Common Code:	Regulation S: 249238520 Rule 144A: 249236519
(c)	CUSIP:	31424EAE2
(d)	CINS:	Not Applicable
(e)	CFI:	Regulation S: DTFTFR Rule 144A: DTFUFR Each as updated on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN
(f)	FISN:	Regulation S: FEDERAL GOVERNM/4.951EMTN 20520707 Rule 144A: FED GOVT UTD AR/TRA # TR UNSEC Each as updated on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN
(g)	Any clearing system(s) other than DTC, Euroclear and Clearstream, Luxembourg and the relevant identification number(s):	Not Applicable
(h)	Delivery:	Regulation S Global Note: Delivery against payment Rule 144A Global Note: Delivery free of payment
(i)	Names and addresses of additional Paying Agent(s) (if any):	Not Applicable

(j)	Relevant Benchmarks:	Not Applicable

6. **DISTRIBUTION**

(a)	Method of distribution:	Syndicated
(b)	If syndicated, names of Managers:	Citibank Taiwan Limited, HSBC Bank (Taiwan) Limited, J.P. Morgan Securities (Taiwan) Limited and Standard Chartered Bank (Taiwan) Limited
(c)	Date of Subscription Agreement:	28 June 2022
(d)	Stabilisation Manager(s) (if any):	Not Applicable
(e)	If non-syndicated, name of relevant Dealer:	Not Applicable
(f)	U.S. Selling Restrictions:	Reg. S Compliance Category 1; Rule 144A; TEFRA not applicable
(g)	Additional selling restrictions:	**ROC Selling Restrictions** The Notes have not been offered, sold or re-sold, and will not be offered, sold or re-sold, directly or indirectly, to investors other than "professional investors" as defined under Paragraph 1 of Article 2-1 of the Taipei Exchange Rules Governing Management of Foreign Currency Denominated International Bonds of the ROC. Purchasers of the Notes are not permitted to sell or otherwise dispose of the Notes except by transfer to a professional investor.
(h)	Prohibition of Sales to EEA Retail Investors:	Not Applicable
(i)	Prohibition of Sales to UK Retail Investors:	Not Applicable

IMPORTANT NOTICE

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached Base Offering Circular (the "**Base Offering Circular**") following this notice, and you are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the attached Base Offering Circular. In accessing the Base Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from the Issuer, the Arrangers or the Dealers (each as defined in the Base Offering Circular) as a result of such access.

Confirmation of Your Representation: By accessing the Base Offering Circular you have confirmed to the Issuer, the Arrangers and the Dealers that: (i) you understand and agree to the terms set out herein, (ii) you are either (a) a person who is outside the United States and that the electronic mail address you have given is not located in the United States, its territories and possessions, or (b) a person that is a Qualified Institutional Buyer (a "**QIB**") within the meaning of Rule 144A under the Securities Act of 1933, as amended (the "**Securities Act**"), (iii) you consent to delivery by electronic transmission, (iv) you will not transmit the attached Base Offering Circular (or any copy of it or part thereof) or disclose, whether orally or in writing, any of its contents to any other person except with the consent of the Arrangers and the Dealers, and (v) you acknowledge that you will make your own assessment regarding any legal, taxation or other economic considerations with respect to your decision to subscribe for or purchase any of the Notes.

You are reminded that the Base Offering Circular has been delivered to you on the basis that you are a person into whose possession the Base Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Base Offering Circular, electronically or otherwise, to any other person and in particular to any U.S. person or to any U.S. address. Failure to comply with this directive may result in a violation of the Securities Act or the applicable laws of other jurisdictions.

Restrictions: THE FOLLOWING ELECTRONIC TRANSMISSION MAY NOT BE FORWARDED OR DISTRIBUTED OTHER THAN AS PROVIDED BELOW AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. THE BASE OFFERING CIRCULAR MAY ONLY BE DISTRIBUTED IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT AND TO QIBS PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**"). ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE BASE OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THE BASE OFFERING CIRCULAR CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY NOTES DESCRIBED THEREIN.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITIES IN ANY JURISDICTION. ANY NOTES TO BE ISSUED HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES EXCEPT IN ACCORDANCE WITH REGULATION S OR RULE 144A.

Under no circumstances shall the Base Offering Circular constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Notes in any jurisdiction in which such offer, solicitation or sale would be unlawful.

The Base Offering Circular does not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that an offering of securities described herein be made by a licensed broker or dealer and an Arranger or a Dealer or any affiliate of the applicable Arranger or applicable Dealer is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Arranger or such Dealer or such affiliate on behalf of the Issuer or holders of the applicable securities in such jurisdiction.

The Base Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer, the Arrangers or the Dealers, any person who controls any of the Issuer, the Arrangers or the Dealers, any director, officer, employee or agent of any of them, or any affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Base Offering Circular distributed to you in electronic format and the hard copy version available to you on request from any of the Arrangers or the Dealers. Please ensure that your copy is complete. You are responsible for protecting against viruses and other destructive items. Your use of this document is at your own risk, and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

BASE OFFERING CIRCULAR

FEDERAL GOVERNMENT OF THE UNITED ARAB EMIRATES

ACTING THROUGH THE MINISTRY OF FINANCE

Global Medium Term Note Programme

Under this Global Medium Term Note Programme (the "**Programme**"), the Federal Government of the United Arab Emirates, acting through the Ministry of Finance (the "**Issuer**") may, subject to compliance with all relevant laws, regulations and directives, from time to time issue notes (the "**Notes**") denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

Notes may be issued in bearer or registered form (respectively "**Bearer Notes**" and "**Registered Notes**"). The Notes may be issued on a continuing basis to one or more of the Dealers specified under "*Overview of the Programme*" and any additional Dealer appointed under the Programme from time to time by the Issuer (each a "**Dealer**", and together the "**Dealers**"), which appointment may be for a specific Tranche (as defined under "*Terms and Conditions of the Notes*") of Notes or on an ongoing basis. References in this Base Offering Circular to the "**relevant Dealer**" shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see "*Risk Factors*".

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 ("**EUWA**") (the "**UK Prospectus Regulation**"). Accordingly, this Base Offering Circular has not been reviewed or approved by the FCA and has not been approved as a base prospectus by any other competent authority under the UK Prospectus Regulation. Notes admitted to the Official List and admitted to trading on the London Stock Exchange's main market will not be subject to the prospectus requirements but will be issued in accordance with the listing rules of the London Stock Exchange. References in this Base Offering Circular to the Notes being "**listed**" (and all related references) shall mean that, unless otherwise specified in the applicable pricing supplement relating to the relevant Tranche (the "**Pricing Supplement**"), the Notes have been admitted to trading on the London Stock Exchange's main market and have been admitted to the Official List. Investors should make their own assessment as to the suitability of investing in the Notes. The London Stock Exchange's main market is a UK regulated market for the purposes of Article 2(1)(13A) of Regulation (EU) No. 600/2014 on markets in financial instruments as it forms part of domestic law of the UK by virtue of the EUWA ("**UK MiFIR**"). The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer and the relevant Dealer(s). The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche of Notes will be set out in the Pricing Supplement which (in the case of Notes to be listed on the London Stock Exchange) will be delivered to the FCA and the London Stock Exchange. Copies of the Pricing Supplement in relation to Notes to be listed on the London Stock Exchange will also be published on the website of the London Stock Exchange through a regulatory information service.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold in the United States unless pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and such offer or sale is made in accordance with all applicable securities laws of any state or other jurisdiction of the United States. The Notes are being offered and sold outside the United States in offshore transactions in reliance on Regulation S ("**Regulation S**") under the Securities Act and within the United States only to persons who are "qualified institutional buyers" ("**QIBs**") in reliance on Rule 144A ("**Rule 144A**") under the Securities Act. See "*Form of the Notes*" for a description of the manner in which Notes will be issued. Registered Notes are subject to certain restrictions on transfer, and sales of such Registered Notes may be made in reliance upon the exemption from the registration requirements of Section 5 of the Securities Act provided by Rule 144A, see "*Subscription and Sale and Transfer and Selling Restrictions*".

The Programme has been rated Aa2 by Moody's Investors Service, Inc. ("**Moody's**") and AA- by Fitch Ratings Inc. ("**Fitch**"). The Issuer has been assigned credit ratings of Aa2 by Moody's with a stable outlook and AA- by Fitch with a stable outlook. Moody's is not established in the EEA (as defined herein) or the UK but the ratings it has given to the Programme and the Issuer are endorsed by Moody's Deutschland GmbH, which is established in the EEA and registered under Regulation (EU) No 1060/2009 on credit rating agencies, as amended (the "**EU CRA Regulation**") and Moody's Investors Service Ltd, which is established in the UK and registered under Regulation (EU) No 1060/2009 on credit rating agencies as it forms part of domestic law in the UK by virtue of the EUWA (the "**UK CRA Regulation**"). Fitch is not established in the EEA or the UK but the ratings it has given to the Programme and the Issuer are endorsed by Fitch Ratings Ireland Limited, which is established in the EEA and registered under the EU CRA Regulation and Fitch Ratings Ltd, which is established in the UK and registered under the UK CRA Regulation. Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will be disclosed in the applicable Pricing Supplement. A credit 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.

Arrangers and Dealers

Abu Dhabi Commercial Bank	**BofA Securities**	**Citigroup**
Emirates NBD Capital	**First Abu Dhabi Bank**	**HSBC**
J.P. Morgan		**Standard Chartered Bank**

The date of this Base Offering Circular is 30 September 2021.

The Issuer accepts responsibility for the information contained in this Base Offering Circular. To the best of the knowledge of the Issuer, the information contained in this Base Offering Circular is in accordance with the facts in all material respects and does not omit any material fact likely to affect its import.

This Base Offering Circular should be read and construed together with any supplements hereto and, in relation to any Tranche of Notes, should be read and construed together with the applicable Pricing Supplement. The information on the websites to which this Base Offering Circular refers does not form part of this Base Offering Circular.

None of the Arrangers, the Dealers (each as specified under "*Overview of the Programme*") or the Agents (as defined in the "*Terms and Conditions of the Notes*") 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 or incorporated by reference in this Base Offering Circular; (ii) any acts or omissions of the Issuer or any other person in connection with this Base Offering Circular or the issue and offering of the 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 Base Offering Circular or any other information provided by the Issuer in connection with the Programme, the Notes or their distribution.

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Base Offering Circular or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Arranger, the Dealers or the Agents.

Neither this Base Offering Circular nor any other information supplied in connection with the Programme or any Notes: (i) is intended to provide the basis of any credit or other evaluation; or (ii) should be considered as a recommendation by the Issuer or any of the Arrangers, the Dealers or the Agents or any of their affiliates that any recipient of this Base Offering Circular or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should determine for itself the relevance of the information contained in this Base Offering Circular, make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and its purchase of any Notes should be based upon such investigation as it deems necessary. Neither this Base Offering Circular nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer or any of the Arrangers, the Dealers or the Agents or any of their affiliates to any person to subscribe for or to purchase any Notes. None of the Arrangers, the Dealers or the Agents undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Base Offering Circular nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Arrangers, the Dealers or the Agents.

Neither the delivery of this Base Offering Circular nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. Without limitation, the Arrangers, the Dealers and the Agents expressly do not undertake to review the economic condition or affairs of the Issuer during the life of the Programme or to advise any investor in Notes issued under the Programme of any information coming to their attention.

IMPORTANT INFORMATION RELATING TO THE USE OF THIS BASE OFFERING CIRCULAR AND OFFERS OF NOTES GENERALLY

This Base Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Offering Circular and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Arrangers, the Dealers, the Agents and their affiliates do not represent that this Base Offering Circular may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Arrangers, the Dealers, the Agents or any of their affiliates which is intended to permit a public offering of any Notes or distribution of this Base Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Offering Circular or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Offering Circular and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Offering Circular and the offer or sale of Notes in the United States, the UK, the EEA, the Kingdom of Bahrain, the Sultanate of Oman, the Kingdom of Saudi Arabia, the UAE (excluding the Abu Dhabi Global Market (the "**ADGM**") and the Dubai International Financial Centre (the "**DIFC**")), the ADGM, the DIFC, the State of Kuwait, Hong Kong, Singapore, Switzerland and Malaysia (and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes) (see "*Subscription and Sale and Transfer and Selling Restrictions*").

This Base Offering Circular has been prepared on a basis that any offer of Notes to the public in any member state of the EEA (each, a "**Relevant State**") must be made pursuant to an exemption under Regulation (EU) 2017/1129 (as amended) (the "**EU Prospectus Regulation**") from the requirement to publish a prospectus pursuant to Article 3 of the EU Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the EU Prospectus Regulation for such offers of Notes. Accordingly any person making or intending to make an offer of Notes to the public in that Relevant State may only do so in circumstances in which no obligation arises for the Issuer, the Arrangers, any Dealer or any of their affiliates to publish a prospectus pursuant to Article 3 of the EU Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the EU Prospectus Regulation, in each case, in relation to such offer. None of the Issuer, the Arrangers, any Dealer or any of their affiliates have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

No comment is made or advice given by the Issuer, the Arrangers, any Dealer or the Agents in respect of taxation matters relating to any Notes or the legality of the purchase of Notes by an investor under applicable or similar laws. Any investor in the Notes should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

Prospective purchasers must comply with all laws that apply to them in any place in which they buy, offer or sell any Notes or possess this Base Offering Circular. Any consents or approvals that are needed in order to purchase any Notes must be obtained prior to the deadline specified for any such consent or approval. The Issuer, the Arrangers, the Dealers, the Agents and their respective affiliates are not responsible for compliance with these legal requirements. The appropriate characterisation of the Notes under various legal investment restrictions, and thus the ability of investors subject to these restrictions to purchase any Notes, is subject to significant interpretative uncertainties.

EACH INVESTOR SHOULD CONSULT WITH ITS OWN ADVISERS AS TO THE LEGAL, TAX, BUSINESS, FINANCIAL AND RELATED ASPECTS OF THE PURCHASE OF ANY NOTES.

U.S. INFORMATION

This Base Offering Circular is being submitted on a confidential basis in the United States to QIBs (as defined under "*Form of the Notes*") for informational use solely in connection with the consideration of the purchase of certain Notes issued under the Programme. Its use for any other purpose in the United States is not authorised. This Base Offering Circular may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to United States persons, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and the Treasury regulations promulgated thereunder.

Registered Notes may be offered or sold within the United States only to QIBs in transactions exempt from registration under the Securities Act in reliance on, and in accordance with, Rule 144A under the Securities Act ("*Rule 144A*") or any other applicable exemption. Each U.S. purchaser of Registered Notes is hereby notified that the offer and sale of any Registered Notes to it may be being made in reliance upon the exemption from the registration requirements of Section 5 of the Securities Act provided by Rule 144A.

Each purchaser or holder of Notes represented by a Rule 144A Global Note or any Notes issued in registered form in exchange or substitution therefor (together "*Legended Notes*") will be deemed, by its acceptance or purchase of any such Legended Notes, to have made certain representations and agreements intended to restrict the resale or other transfer of such Notes as set out in "*Subscription and Sale and Transfer and Selling Restrictions*". Unless otherwise stated, terms used in this paragraph have the meanings given to them in "*Form of the Notes*".

NEITHER THE PROGRAMME NOR THE NOTES HAVE BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR ANY OTHER SECURITIES COMMISSION OR OTHER REGULATORY AUTHORITY IN THE UNITED STATES, NOR HAVE THE FOREGOING AUTHORITIES APPROVED THIS BASE OFFERING CIRCULAR OR CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THE INFORMATION CONTAINED IN THIS BASE OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

The Issuer is the federal government of a foreign sovereign state outside the United States and the UK, and a substantial portion of the assets of the Issuer are located outside the United States and the UK. As a result, it may not be possible for investors to effect service of process within the United States and/or the UK upon the Issuer or to enforce against it in the United States courts or English courts judgments obtained in United States courts or English courts, respectively, including judgments predicated upon the civil liability provisions of the securities laws of the United States or the securities laws of any state or territory within the United States. The Notes are governed by English law and disputes in respect of the Notes may be settled under the Arbitration Rules of the London Court of International Arbitration in London, England. In addition, actions in respect of the Notes may be brought in the English courts.

A substantial part of the Issuer's assets are located in the UAE. In the absence of any bilateral treaty for the reciprocal enforcement of foreign judgments, the UAE courts are unlikely to enforce a judgment obtained in United States courts or English courts without re-examining the merits of the claim and may not observe the choice by the parties of English law as the governing law of the Notes. Investors may have difficulties in enforcing any United States or English judgments or arbitration awards against the Issuer in the courts of the UAE. These factors create greater judicial uncertainty than would be expected in certain other jurisdictions. See "*Risk Factors—Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme—Risks relating to enforcement*".

NOTICE TO RESIDENTS OF THE KINGDOM OF BAHRAIN

In relation to investors in the Kingdom of Bahrain ("**Bahrain**"), Notes issued in connection with this Base Offering Circular and related offering documents may only be offered in registered form to existing accountholders and accredited investors as defined by the Central Bank of Bahrain (the "**CBB**") in Bahrain where such investors make a minimum investment of at least U.S.$100,000 or any equivalent amount in any other currency or such other amount as the CBB may determine.

This Base Offering Circular does not constitute an offer of securities in Bahrain pursuant to the terms of Article (81) of the Central Bank and Financial Institutions Law 2006 (decree Law No. 64 of 2006). This Base Offering Circular and any related offering documents have not been and will not be registered as a prospectus with the CBB. Accordingly, no Notes may be offered, sold or made the subject of an invitation for subscription or purchase nor will this Base Offering Circular or any other related document or material be used in connection with any offer, sale or invitation to subscribe or purchase securities, whether directly or indirectly, to persons in Bahrain, other than to accredited investors for an offer outside Bahrain.

The CBB has not reviewed, approved or registered this Base Offering Circular or related offering documents and it has not in any way considered the merits of the Notes to be offered for investment, whether in or outside Bahrain. Therefore, the CBB assumes no responsibility for the accuracy and completeness of the statements and information contained in this Base Offering Circular and expressly disclaims any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the content of this Base Offering Circular. No offer of Notes will be made to the public in Bahrain and this Base Offering Circular must be read by the addressee only and must not be issued, passed to, or made available to the public generally.

NOTICE TO RESIDENTS OF THE SULTANATE OF OMAN

The information contained in this Base Offering Circular does not constitute an offer of securities in the Sultanate of Oman ("**Oman**") as contemplated by the Commercial Companies Law of Oman (Royal Decree 4/74, as amended) (the "**Commercial Companies Law**") or Article 3 of the Capital Market Law of Oman (Royal Decree 80/98, as amended) nor does it constitute a sukuk offering pursuant to the Sukuk Regulation issued by the Oman Capital Market Authority (CMA Decision 3/2016). This Base Offering Circular will only be made available to investors in Oman in accordance with Article 139 of the Executive Regulations of the Capital Market Law (CMA Decision 1/2009, as amended) (the "**Executive Regulations**") by an entity duly licensed by the Oman Capital Market Authority to market non-Omani securities in Oman.

This Base Offering Circular has not been (and will not be) filed with the Oman Capital Market Authority (except in accordance with Article 139 of the Executive Regulations), the Central Bank of Oman or any other regulatory authority in Oman and neither the Oman Capital Market Authority nor the Central Bank of Oman assumes responsibility for the accuracy and adequacy of the statements and information contained in this Base Offering Circular and shall not have any liability to any person for damage or loss resulting from reliance on any statements or information contained herein.

NOTICE TO RESIDENTS OF THE KINGDOM OF SAUDI ARABIA

This document may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority of the Kingdom of Saudi Arabia (the "**Capital Market Authority**").

The Capital Market Authority does not make any representations as to the accuracy or completeness of this document, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If you do not understand the contents of this document, you should consult an authorised financial adviser.

PRODUCT CLASSIFICATION PURSUANT TO SECTION 309B OF THE SECURITIES AND FUTURES ACT (CHAPTER 289)

The applicable Pricing Supplement in respect of any Notes may include a legend entitled "*Singapore Securities and Futures Act Product Classification*" which will state the product classification of the Notes pursuant to Section 309B(1) of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**"). The Issuer will make a determination and, prior to making any offering of Notes in Singapore, provide the appropriate written notification to "relevant persons" (as defined in Section 309A(1) of the SFA) in relation to each issue about the classification of the Notes being offered for purposes of Section 309B(1)(a) and Section 309B(1)(c) of the SFA.

IMPORTANT – EEA RETAIL INVESTORS

If the applicable Pricing Supplement in respect of any Notes includes a legend entitled "*Prohibition of Sales to EEA Retail Investors*", the Notes are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, any retail investor in the EEA. For these purposes, a "retail investor" means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**EU MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**EU PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

IMPORTANT - UK RETAIL INVESTORS

If the Pricing Supplement in respect of any Notes includes a legend entitled "*Prohibition of Sales to UK Retail Investors*", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law of the UK by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No. 600/2014 as it forms part of domestic law of the UK by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No. 1286/2014 as it forms part of domestic law of the UK by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

EU MiFID II PRODUCT GOVERNANCE / TARGET MARKET

The applicable Pricing Supplement in respect of any Notes may include a legend entitled "*EU MiFID II Product Governance*" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to EU MiFID II is responsible for undertaking its own target market assessment in respect of any Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made at the time of issue about whether, for the purpose of the Product Governance Rules under EU Delegated Directive 2017/593 (the "**EU MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the EU MiFID Product Governance Rules.

UK MiFIR PRODUCT GOVERNANCE / TARGET MARKET

The Pricing Supplement in respect of any Notes may include a legend entitled "*UK MiFIR Product Governance*" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**UK distributor**") should take into consideration the target market assessment; however, a UK distributor subject to the Product Governance Rules set out in the UK FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of any Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

NOTICE RELATING TO SALES INTO CANADA

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Base Offering Circular (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

If applicable, pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 *Underwriting Conflicts* (NI 33-105) or Ontario Instrument 33-507 *Exemption from Underwriting Conflicts Disclosure Requirements*, the Dealers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with any offering of Notes under the Programme.

THE NOTES MAY NOT BE A SUITABLE INVESTMENT FOR ALL INVESTORS

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

(a) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Base Offering Circular or any applicable supplement;

(b) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

(c) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

(d) understands thoroughly the terms of the Notes and is familiar with the behaviour of any relevant indices and financial markets; and

(e) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent: (1) Notes are legal investments for it; (2) Notes can be used as collateral for various types of borrowing; and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Some of the statements contained in this Base Offering Circular constitute forward-looking statements. Statements that are not historical facts are forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "continue", "could", "should", "would" or similar terminology. These forward-looking statements are contained in the sections entitled "*Risk Factors*", "*Description of the United Arab Emirates*" and "*The Economy of the United Arab Emirates*" and other sections of this Base Offering Circular.

Although the Issuer believes that the expectations, estimates and projections reflected in its forward-looking statements are reasonable as at the date of this Base Offering Circular, if one or more of the risks or uncertainties materialise, including those identified below or which the Issuer has otherwise identified in this Base Offering Circular, or if any of the Issuer's underlying assumptions prove to be incomplete or inaccurate, the financial, political or economic condition of the UAE may vary from that expected, estimated or predicted. Investors are therefore strongly advised to read the sections entitled "*Risk Factors*", "*Description of the United Arab Emirates*", "*The Economy of the United Arab Emirates*", "*Balance of*

Payments and Foreign Trade", "*Monetary and Financial System*" and "*Public Finance*", which include a more detailed description of the factors that might have an impact on the financial, political or economic condition of the UAE.

These forward-looking statements speak only as at the date of this Base Offering Circular. Without prejudice to any requirements under applicable laws, the Issuer expressly disclaims any obligation or undertaking to disseminate after the date of this Base Offering Circular any updates or revisions to any forward-looking statements contained herein to reflect any change in expectations thereof or any change in events, conditions or circumstances on which any forward-looking statement is based.

STABILISATION

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Pricing Supplement may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

BENCHMARKS REGULATION

Amounts payable on Floating Rate Notes issued under the Programme will be calculated by reference to certain reference rates as specified in the applicable Pricing Supplement. Any such reference rate may constitute a benchmark for the purposes of Regulation (EU) 2016/1011 (the "**EU Benchmarks Regulation**") and Regulation (EU) 2016/1011 as it forms part of domestic law of the UK by virtue of the EUWA (the "**UK Benchmarks Regulation**"). If any such reference rate does constitute such a benchmark, the Pricing Supplement may indicate whether or not the benchmark is provided by an administrator included in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (Register of administrators and benchmarks) of the EU Benchmarks Regulation or by the FCA pursuant to Article 36 of the UK Benchmarks Regulation. The registration status of any administrator under the EU Benchmarks Regulation and/or UK Benchmarks Regulation, as applicable, is a matter of public record and, save where required by applicable law, the Issuer does not intend to update the Pricing Supplement to reflect any change in the registration status of the administrator.

PRESENTATION OF STATISTICAL INFORMATION

The statistical information 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 definitions and cut-off times. Statistical information provided in respect of a certain year may be changed retrospectively in subsequent years when more recent statistical information is published.

Some statistical information has also been derived from information publicly made available by third parties such as the International Monetary Fund (the "**IMF**"). Where such third party information has been so sourced, the source is stated where it appears in this Base Offering Circular. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Similar statistics may be obtainable from other sources, but the date of publication, underlying assumptions, methodology and, consequently, the resulting data may vary from source to source. In addition, statistics and data published by one ministry or agency may differ from similar statistics and data produced by other agencies or ministries due to differing underlying assumptions, methodology or timing of when such data is reproduced. Certain historical statistical information contained herein is provisional or otherwise based on estimates that the Issuer and/or its agencies believe to be based on reasonable assumptions. The UAE's official financial and economic statistics are subject to regular internal review as part of a regular confirmation process. Accordingly, the financial and economic information set out in this Base Offering Circular may be subsequently adjusted or revised and may differ from previously published financial and economic information. While the Issuer does not expect such revisions to be material, no assurance can be given that material changes will not be made.

Information contained herein that is identified as being derived from a publication of the UAE or one of its agencies or instrumentalities is included herein on the authority of such publication as an official public document of the UAE.

PRESENTATION OF ECONOMIC INFORMATION

Annual information presented in this Base Offering Circular is based upon the calendar year (which is the fiscal year for the UAE), unless otherwise indicated. Certain figures included in this Base Offering Circular have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be the sum of the figures which precede them. Some information reported herein has been derived from official publications of, and information supplied by, a number of agencies and ministries of the UAE, including the UAE Federal Competitiveness and Statistics Centre (formerly the National Bureau of Statistics) (the "**FCSC**") and the UAE Central Bank. Where such information has been so sourced, the source is stated where it appears in this Base Offering Circular. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain, no facts have been omitted which would render the reproduced information inaccurate or misleading.

PRESENTATION OF OTHER INFORMATION

Certain Defined Terms and Conventions

References to any individual year are references to a calendar year commencing on 1 January and ending on 31 December in the same year. All references in this document to "**AED**" and "**UAE Dirham**" are to the currency of the UAE; to "**U.S. Dollars**", "**U.S.$**" and "**$**" are to the currency of the United States of America. The UAE Dirham has been pegged to the U.S. Dollar since 22 November 1980. The mid-point between the official buying and selling rates for the UAE Dirham is at a fixed rate of AED3.6725 = U.S.$1.00. For ease of presentation, certain financial information relating to the UAE included herein is presented as translated into U.S. Dollars at the U.S. Dollar/AED rates of exchange deemed appropriate by the UAE. Unless otherwise specified, such rates were applicable as of the end of such specified period(s). Such translations should not be construed as a representation that the amounts in question have been, could have been or could be converted into U.S. Dollars at that or any other rate. References to "**SDR**" are to the Special Drawing Right, a unit of account having the meaning ascribed to it from time to time by the rules and regulations of the IMF. References in this document to "**billions**" are to thousands of millions. References to the "**Federal Government**" are to the Federal Government of the United Arab Emirates unless the context otherwise requires. References to the "**UAE**" are to the United Arab Emirates.

Foreign Language

The language of this Base Offering Circular is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

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OVERVIEW OF THE PROGRAMME

*The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Offering Circular and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Pricing Supplement. Words and expressions defined in the "Terms and Conditions of the Notes" (the "**Conditions**") and elsewhere in this Base Offering Circular shall have the same meanings in this overview.*

Issuer:	Federal Government of the United Arab Emirates, acting through the Ministry of Finance.
Issuer's Legal Entity Identifier (LEI):	98450060C643D82DF808.
Description:	Global Medium Term Note Programme.
Programme Size:	The Programme is unlimited in amount.
Arrangers and Dealers:	Abu Dhabi Commercial Bank PJSC Citigroup Global Markets Limited Emirates NBD Bank PJSC First Abu Dhabi Bank PJSC HSBC Bank plc J.P. Morgan Securities plc Merrill Lynch International Standard Chartered Bank and any other Dealers appointed in accordance with the Programme Agreement from time to time.
Principal Paying Agent, Exchange Agent, Registrar and Transfer Agent:	Citibank N.A., London Branch
Distribution:	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Risk Factors:	There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme and risks relating to the structure of a particular Series of Notes issued under the Programme. All of these are set out under "*Risk Factors*".
Certain Restrictions:	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "*Subscription and Sale and Transfer and Selling Restrictions*") including the following restrictions applicable at the date of this Base Offering Circular. **Notes having a maturity of less than one year** Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the UK, constitute deposits for the purposes of the prohibition on accepting deposits contained in Section 19 of FSMA unless they are issued to a limited class of professional investors and have a denomination of at least

£100,000 or its equivalent, see "*Subscription and Sale and Transfer and Selling Restrictions*".

Currencies: Subject to any applicable legal or regulatory restrictions, Notes may be denominated in any currency agreed between the Issuer and the relevant Dealer.

Maturities: The Notes will have such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.

Issue Price: Notes may be issued on a fully-paid basis and at an issue price which is at par or at a discount to, or premium over, par.

Form of Notes: The Notes will be issued in bearer or registered form as described in "*Form of the Notes*". Registered Notes will not be exchangeable for Bearer Notes and *vice versa*.

Fixed Rate Notes: Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and, on redemption, will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.

Floating Rate Notes: Floating Rate Notes will bear interest at a rate determined:

(a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as supplemented, amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series) as published by the International Swaps and Derivatives Association, Inc.; or

(b) on the basis of a reference rate set out in the applicable Pricing Supplement.

The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes.

Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.

Interest on the Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.

Zero Coupon Notes: Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.

Benchmark Discontinuation: In the event that a Benchmark Event occurs, such that any rate of interest (or any component part thereof) cannot be determined by reference to the original benchmark or screen rate (as applicable) specified in the applicable Pricing Supplement, then the Issuer may (subject to certain conditions) be permitted to substitute such benchmark and/or screen rate (as applicable) with a successor, replacement or alternative benchmark and/or screen rate (with consequent amendment to the terms of such Series of Notes and, potentially, the application of an Adjustment Spread (which could be positive, negative or zero)). See Condition 5.2(c) (*Interest on Floating Rate Notes — Benchmark Replacement*) for further information.

Redemption:.................................... The applicable Pricing Supplement will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer.

Notes having a maturity of less than one year may be subject to restrictions on their denomination and distribution, see "*Certain Restrictions: Notes having a maturity of less than one year*" above.

Denomination of Notes:.................. The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see "*Certain Restrictions: Notes having a maturity of less than one year*" above, and save that the minimum denomination of each Note will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency) and in the case of any Legended Notes, the minimum specified denomination shall be U.S.$200,000.

Taxation: .... All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by any Relevant Jurisdiction in accordance with Condition 8 (*Taxation*). In the event that any such deduction is made, the Issuer will, save in certain limited circumstances provided in Condition 8, be required to pay additional amounts to cover the amounts so deducted.

Negative Pledge:.............................. The terms of the Notes will contain a negative pledge provision as further described in Condition 4 (*Negative Pledge*).

Cross Acceleration: .... The terms of the Notes will contain a cross acceleration provision as further described in Condition 10 (*Events of Default*).

Status of the Notes:......................... The Notes and any relative Coupons constitute (subject to Condition 4) direct, unconditional and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves and, save for such exceptions as may be provided by applicable legislation and subject to Condition 4, at all times rank at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, from time to time outstanding, **provided, further, that** the Issuer shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other obligations and, in particular, shall have no obligation to pay such other

	obligations at the same time or as a condition of paying sums due on the Notes and *vice versa*.
Meetings of Noteholders, Modification and Waiver:..............	The terms of the Notes contain a "collective action" clause, which permits defined majorities to bind all Noteholders. If the Issuer issues debt securities that contain collective action clauses in substantially the same form as the collective action clause in the terms of the Notes, the Notes would be capable of aggregation for voting purposes with any such debt securities, thereby allowing "cross-series" modifications to the terms and conditions of all affected Series of Notes (even, in some circumstances, where majorities in certain Series did not vote in favour of the modifications being voted on). See Condition 15 (*Meetings of Noteholders, Modification and Waiver*) and "*Risk Factors—Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme—Risks related to Notes generally—The Conditions contain a "collective action" clause under which the terms of any one Series of Notes or multiple Series of Notes may be amended, modified or waived without the consent of all Noteholders*".
Ratings:..	The Programme has been rated Aa2 by Moody's and AA- by Fitch. The Issuer has been assigned a credit rating of Aa2 by Moody's with a stable outlook and AA- by Fitch with a stable outlook. The ratings assigned to each Series of Notes (if any) to be issued under the Programme will be specified in the applicable Pricing Supplement. A rating is not a recommendation to buy, sell or hold the Notes (or beneficial interests therein) and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA and registered under the EU CRA Regulation unless: (1) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established under the EU CRA Regulation; or (2) the rating is provided by a credit rating agency not established in the EEA which is certified under the EU CRA Regulation. Similarly, in general, UK regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the UK and registered under the UK CRA Regulation unless: (1) the rating is provided by a credit rating agency not established in the UK but is endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation; or (2) the rating is provided by a credit rating agency not established in the UK which is certified under the UK CRA Regulation.
Listing and Admission to Trading:..	Application may be made: (i) for Notes issued under the Programme to be admitted to the Official List and admitted to trading on the Main Market of the London Stock Exchange; or (ii) as otherwise specified in the applicable Pricing Supplement and references to "listing" shall be construed accordingly. As

	specified in the applicable Pricing Supplement, a Series of Notes may be unlisted.
Clearing Systems:	Clearstream Banking S.A. ("**Clearstream, Luxembourg**") and Euroclear Bank SA/NV ("**Euroclear**") for Bearer Notes, Clearstream, Luxembourg, Euroclear and The Depositary Trust Company (the "**DTC**") for Registered Notes and, in relation to any Tranche, any other clearing system as may be agreed between the Issuer, the Principal Paying Agent and the relevant Dealer. See "*Form of the Notes*".
Governing Law:	The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and construed in accordance with, English law.
Selling Restrictions:	There are restrictions on the offer, sale and transfer of the Notes in the United States, the UK, the EEA, the Kingdom of Bahrain, the Sultanate of Oman, the Kingdom of Saudi Arabia, the UAE (excluding the ADGM and the DIFC), the ADGM, the DIFC, the State of Kuwait, Hong Kong, Singapore, Switzerland and Malaysia and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see "*Subscription and Sale and Transfer and Selling Restrictions* " below.
United States Selling Restrictions:	Regulation S Compliance Category 1, Rule 144A, TEFRA C, TEFRA D and/or TEFRA not applicable, as specified in the applicable Pricing Supplement. Notes in bearer form will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) or any successor regulation in substantially the same form for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986 ("**TEFRA D**") unless: (i) the applicable Pricing Supplement states that Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) or any successor regulation in substantially the same form for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986 ("**TEFRA C**"); or (ii) the Notes have a term of one year or less (taking into account any unilateral right to extend or rollover the term).

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 is reliant on dividends and royalties from EIA investments, grants from the emirates and taxes to service its budget expenditures

The Federal Government is primarily reliant 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 is reliant on the category of revenues designated as "other revenues", which primarily consists of dividends and royalties from EIA investments, primarily, Emirates Telecommunications Group Company PJSC ("**Etisalat**"). Other revenues accounted for 62.5 per cent. of revenues for the year ended 31 December 2020 and 50.3 per cent. of revenues for the annual federal budget for the year ending 31 December 2021. If Etisalat or any other EIA investments experienced a decrease in revenues or an increase in expenses this could have a negative effect on the disbursement of dividends which would decrease the amount of 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 is also reliant 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 20.9 per cent. of revenues for the year ended 31 December 2020 and 34.5 per cent. of revenues for the annual federal budget for the year ending 31 December 2021. 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 16.6 per cent. of revenues for the year ended 31 December 2020 and 15.3 per cent. of revenues for the annual federal budget for the year ending 31 December 2021. VAT is relatively new in the UAE, having been introduced in 2018, which presents certain risks. For example, the implementation of VAT is a complex process and is reliant on businesses registering with the Federal Government and applying the VAT correctly. Additionally, it may be difficult for the Federal Government to accurately forecast tax revenue given the limited historical data around its collection.

The annual federal budget is set with no deficit, but if the UAE is unsuccessful in collecting the expected level of revenues for any year it may need to reduce budgeted expenditures so the budget is balanced. This could lead to public discontent and/or social unrest as the UAE may have 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 accounted for approximately 29.1 per cent. of the UAE's constant GDP in 2020 as compared to 25.0 per cent. in 2019, 26.0 per cent. in 2018 and 20.5 per cent. in 2017. 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.

More recently, 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, each as described in more detail below. Oil prices have partially recovered since April 2020, with the OPEC Reference Basket price generally fluctuating between U.S.$54.38 and U.S.$73.53 per barrel in the first half of 2021. The OPEC Reference Basket price was U.S.$71.43 per barrel as of 31 August 2021. However, there is no certainty that such price levels will continue to rise or be maintained as global oil prices continue to be volatile.

One of the reasons for increased volatility in oil prices in early 2020 was the increased oil supply in the market and uncertainty surrounding production output levels. On 6 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. As a result, OPEC removed all limits on production, thereby prompting both the Kingdom of Saudi Arabia ("**Saudi Arabia**") and the largest of the UAE's oil-producing individual emirates, Abu Dhabi, along with other producers, to increase production, with Abu Dhabi National Oil Company ("**ADNOC**") pledging to increase supply to over 4 million barrels of crude oil (including condensates) per day. These events, combined with the significant decrease in demand for oil due to the economic slowdown posed by the COVID-19 pandemic, caused a sharp drop in oil prices. A series of meetings took place on 9 and 12 April 2020 between OPEC and non-OPEC oil producing countries, which culminated in an agreement to reduce their overall oil production in stages between 1 May 2020 and 30 April 2022. During the initial two-month period beginning 1 May 2020, it was agreed that production would be reduced by a total of 9.70 million barrels a day, followed by a six-month period starting 1 July 2020 where production would be reduced by a total of 7.68 million barrels a day, followed by a final 16-month period between 1 January 2021 and 30 April 2022 where production would be reduced by a total of 5.76 million barrels a day. In December 2020, OPEC +, which comprises OPEC and its allies, agreed on a compromise to increase oil output slightly from January 2021. Oil demand has gradually recovered following the drop at the outset of the COVID-19 pandemic, with prices also supported by Saudi Arabia's voluntary 1 million barrels a day cut in January 2021. As demand improved, OPEC+ agreed to partially ease cuts from May 2021 onward, which is expected to continue in the second half of 2021. In July 2021, an agreement was reached among OPEC+ members and Abu Dhabi's production will be increased from 3.176 million barrels a day to 3.65 million barrels a day starting in April 2022. In addition, it was agreed that the OPEC+ group will increase supply by a further 2 million barrels a day from August 2021 until December 2021 and that it aims to fully phase out cuts by around September 2022. However, it is unclear what effect the agreement will have on oil prices in the short- to medium-term and there can be no guarantee that crude oil prices will not decrease. The UAE's overall production volumes in 2021 are expected to be lower than 2020 due to the impact of a spike in production on the annual average due to the volatility in oil prices in the first quarter of 2020.

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, are also dependent on other countries that are also reliant on oil. Potential investors should note that many of the UAE's other economic sectors are in part dependent 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 UAE local governments 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. As fiscal spending on infrastructure and investment projects drives credit to public sector entities and private contractors and bank credit for personal lending is driven by public sector wages, if this spending is cut and public sector wages come under pressure, this could, potentially, increase levels of non-performing loans held by banks. In addition, the 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 are dependent 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;
- 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;
- 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 COVID-19 pandemic has caused and is likely to continue to cause significant disruption to both the global economy and the UAE's economy

In December 2019, the respiratory illness caused by the novel coronavirus SARS-CoV-2, now referred to as COVID-19, was reported to the World Health Organisation (the "**WHO**") by the Chinese public health authorities. The initial outbreak of COVID-19 spread rapidly across the world and was ultimately declared a global pandemic by the WHO on 11 March 2020. As a result of the outbreak, many governments, including the Federal Government, implemented a series of measures in an attempt to slow the spread of COVID-19, including closing major transit hubs, reducing public transportation, closing schools and launching e-learning programmes, requiring nationals and residents to remain at home and practice social distancing, and closing borders to non-nationals. Even though global restrictions as a result of COVID-19 are in the process of being eliminated, COVID-19 has severely disrupted the global economy, causing high levels of volatility in the financial markets, high levels of unemployment, a reduction in international trade and investment and a significant decrease in oil prices. These developments have adversely impacted the UAE economy, including the UAE's tourism industry.

The COVID-19 pandemic has adversely affected investment sentiment, resulting in volatility in global capital markets, reducing international trade and impacting commodity prices. In addition, COVID-19 has resulted in restrictions on travel and public transport, restrictions on trade and transportation of goods, prolonged closures of workplaces, and contributed to declines in global bond and stock valuations, which may continue to have a material adverse effect on the global economy and the UAE. In addition, to the extent that the effects of the COVID-19 pandemic have a significant adverse effect on the Federal Government's systemically important entities or any of the individual emirates, the Federal Government is not required to but may decide to continue to provide significant financial support to such entities or emirates, which support could be significant in the context of the UAE's annual budget and entail substantial fiscal outflows.

The COVID-19 pandemic is ongoing and the long-term effects of the pandemic on the global economy are still unclear. As a result of the effects of COVID-19, the Federal Government may not effectively diversify its economy and may rely more heavily on hydrocarbon revenue which could continue to be volatile due to, among other things, the COVID-19 pandemic. There can be no assurance that COVID-19 will not have a prolonged adverse effect on the UAE's economy and its financial position.

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

The UAE's economy is highly dependent on the oil 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 and reduce its dependence on the oil sector. However, there can be no assurance that the UAE's efforts to diversify its economy and reduce its dependence on oil will be completely successful. Non-oil GDP growth has slowed since 2014 as a result of, principally, the decline in real estate prices, a slowdown in government investment and tightening global financial conditions. The mining and quarrying sector (which includes crude oil and natural gas) constituted approximately 29.1 per cent. of the UAE's constant GDP in 2020 (*source*: FCSC). 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 as part of its UAE Vision 2021 plan including the introduction of VAT, liberalisation of foreign direct investment ("**FDI**") rules and changes in visa requirements. Additionally, the UAE has been working towards implementing a seven year national agenda which is expected to conclude in 2021 and the initiatives will be continued as part of the UAE Centennial Plan 2071. The Federal Government also expects to announce a new set of goals for 2022-2026 at the end of 2021 or start of 2022. 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 be reliant 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, Iraq, Libya, Morocco, 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 those in Afghanistan, Yemen, Syria, Iraq and Libya. In 2015, under the request of the legitimate Yemeni Government, the UAE, along with a number of other Arab states, participated in the military intervention in Yemen. After having successfully accomplished its objectives, the UAE withdrew its troops from Yemen as part of a United Nations-led peace process in July 2019. In addition, in June 2017, Saudi Arabia, the UAE and Bahrain, as well as Egypt and Yemen, severed diplomatic ties with the State of Qatar ("**Qatar**"), cut trade and transport links and imposed sanctions on Qatar. In January 2021, diplomatic relations were restored with Qatar through the signing of the Al Ula Declaration. It remains unclear how the Al Ula Declaration will be implemented and, although the UAE has announced the re-opening of its land, air and sea borders to Qatar, it is still unclear if and when border controls will reach pre-June 2017 levels. In addition, Qatar has issued a number of claims against the UAE, Saudi Arabia, Egypt and Bahrain since the blockade. For example, in July 2020, Qatar Airways commenced proceedings against this bloc of countries seeking damages of at least U.S.$5.0 billion. Other claims have been in relation to, amongst others, suspension of postal services and pharmaceutical investments as a result of the blockade against Qatar. It is not yet known whether Qatar will withdraw these claims against the UAE.

More recently, heightened tensions between the United States and Iran have resulted in increased provocations by Iran and acts of violence against the United States and its interests in the MENA region. In particular, the seizure by Iran of a British tanker in July 2019, alongside other incidents involving oil tankers in the Strait of Hormuz, threatened international maritime shipping and global energy supplies. In addition, on 14 September 2019, the Abqaiq processing facility and the Kurais oil field in Saudi Arabia were damaged to a significant extent in apparent drone attacks, which caused an immediate significant reduction in the output of Saudi Aramco, Saudi Arabia's national oil company. In January 2020, the United States carried out a military strike that killed a senior Iranian military commander. As a result of this military strike, Iran launched missiles at a United States base in Iraq. There have since been repeated attacks by militia groups on Iraqi military bases housing foreign soldiers and retaliatory strikes by the United States. In addition, in August 2021, armed personnel backed by Iran were suspected of seizing an oil tanker off of the coast of the UAE. Iran has denied involvement. Although the UAE continues to exercise de-escalation diplomacy and self-restraint, any continuation of, or increase in, international or regional tensions with Iran, including further attacks on or seizures of oil tankers that disrupt international trade and impair trade flows through the Strait of Hormuz, or any military action, may have a destabilising impact on the MENA region. 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*".)

These recent and ongoing developments may contribute to instability in the region and may have a material adverse effect, or may be perceived to have a material adverse effect, on the UAE's security, attractiveness for foreign investment and capital, its ability to engage in international trade and, consequently, its economy and financial position.

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 is also dependent 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 ongoing COVID-19 pandemic. The COVID-19 pandemic 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.

Additionally, according to the "Mutual Evaluation Report" published by the Financial Action Task Force ("**FATF**") in April 2020, the UAE has elements of an effective anti-money laundering and counter-terrorism financing system in place but given that the required framework is relatively new it is not possible to determine the overall effectiveness of the system and fundamental and major improvements are still needed across the UAE in order to demonstrate that its system cannot be used for money laundering or terrorism financing. The UAE submitted a progress report in November 2020 in relation to the FATF's 2020 findings. This report will be discussed in the FATF plenary meetings scheduled to be held in February 2022.

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 in the Far East, 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 both 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 uncertainties in any of the UAE's key trading partners 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. For example, the UAE economy could be heavily impacted if the Delta variant of the COVID-19 pandemic has a negative impact on its non-oil export partners such as India, which has already been severely impacted by the Delta variant. In addition, tourism and related activities continue to be affected by travel restrictions, including, among others, the requirement of a negative COVID-19 test upon arrival to the UAE.

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 materially 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 are 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. Potential 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 reserve 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.

Moody's noted in its May 2021 report that the limited institutional transparency and the absence of public data on the composition of offshore assets and some aspects of the emirates' public finances remain the UAE's main credit constraints. The UAE's fiscal reliance on hydrocarbons and regional geopolitical tensions also weigh on its credit profile.

Fitch noted in its November 2020 ratings report 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 and 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.

FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH NOTES ISSUED UNDER THE PROGRAMME

Risks related to the structure of a particular issue of Notes

The regulation and reform of "benchmarks" may adversely affect the value of Notes linked to or referencing such "benchmarks"

Interest rates and indices which are deemed to be "benchmarks" (including, without limitation, the Euro interbank offered rate ("**EURIBOR**")) are the subject of ongoing national and international regulatory discussions and proposals for reform. Some of these reforms are already effective, whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences, which cannot be predicted.

The EU Benchmarks Regulation applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, within the EU. The UK Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a bench, within the UK. The EU Benchmarks Regulation or the UK Benchmarks Regulation, as applicable, could have a material impact on any Notes linked to EURIBOR or another benchmark rate or index, in particular, if the methodology or other terms of the benchmark are changed in order to comply with the terms of the EU Benchmarks Regulation or UK Benchmarks Regulation, as applicable, and such changes could (amongst other things) have the effect of reducing or increasing the rate or level, or affecting the volatility of the published rate or level, of the benchmark.

More broadly, any of the international or national reforms or other proposals for reform, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or contribute to certain benchmarks, trigger changes in the rules or methodologies used in certain benchmarks or lead to the discontinuance or unavailability of quotes of certain benchmarks.

For example, the working group on Euro risk-free rates for the Euro area has published a set of guiding principles and high-level recommendations for fallback provisions in, *inter alia*, new Euro-denominated cash products (including bonds) referencing EURIBOR. The guiding principles indicate, *inter alia*, that continuing to reference EURIBOR in relevant contracts (without robust fallback provisions) may increase the risk to the Euro area financial system. On 11 May 2021, the Euro risk-free rate working group published its recommendations on EURIBOR fallback trigger events and fallback rates.

Investors should be aware that, if a benchmark were discontinued or otherwise unavailable, the Rate of Interest (or the relevant component part thereof) on Floating Rate Notes which reference such benchmark will be determined for the relevant period by the fall-back provisions applicable to such Notes set out in the Conditions. Depending on the manner in which the Rate of Interest is to be determined under the Conditions, this may: (i) if ISDA Determination applies, be reliant upon the provision by reference banks of offered quotations which, depending on market circumstances, may not be available at the relevant time; or (ii) if Screen Rate Determination applies, result in the Rate of Interest (or the relevant component part thereof) being set by reference to a Successor Rate or an Alternative Reference Rate (both as defined in the Conditions) which may be determined by an Independent Adviser (as defined in the Conditions) or the Issuer or lead to the effective application of a fixed rate based on the rate which applied in the previous period when the relevant benchmark was available, as further described below. Any of the foregoing could have an adverse effect on the value or liquidity of, and return on, any Floating Rate Notes which reference a benchmark.

The Conditions provide for certain fallback arrangements in the event that a Benchmark Event (as defined in the Conditions) occurs, including if an original Reference Rate (as defined in the Conditions) and/or any page on which an original Reference Rate may be published, becomes unavailable, or if the Issuer, the Calculation Agent or any other party responsible for the calculation of the Rate of Interest (as specified in the applicable Pricing Supplement) is no longer permitted lawfully to calculate interest on any Notes by reference to such an original Reference Rate under the Benchmarks Regulation or otherwise. Such fallback arrangements include the possibility that the Rate of Interest (or the relevant component part thereof) could be set by reference to a Successor Rate or an Alternative Reference Rate, with or without the application of an Adjustment Spread (as defined in the Conditions) and may include amendments to the Conditions to ensure the proper operation of the successor or replacement benchmark, all as determined by an Independent Adviser, acting in good faith and following consultation with the Issuer, or the Issuer (acting in good faith and in a commercially reasonable manner), as applicable, and without the requirement for the consent or sanction of Noteholders. An Adjustment Spread, if applied, is: (i) the spread, formula or methodology which is formally recommended in relation to the replacement of the original Reference Rate with the Successor Rate by any Relevant Nominating Body (as defined in the Conditions) (which may include a relevant central bank, supervisory authority or group of central banks/supervisory authorities); (ii) if no such recommendation has been made, or in the case of an Alternative Reference Rate, the spread, formula or methodology which the Independent Adviser (following consultation with the Issuer) determines is customarily applied to the relevant Successor Rate or the Alternative Reference Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the original Reference Rate; (iii) if the Independent Adviser (following consultation with the Issuer) determines that no such spread is customarily applied, the spread, formula or methodology which the Independent Adviser determines and which is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate, as the case may be; or (iv) if the Independent Adviser (following consultation with the Issuer) determines that there is no such industry standard, the Independent Adviser (following consultation with the Issuer) or the Issuer (as applicable) determines (acting in good faith and in a commercially reasonable manner) in their sole discretion to be appropriate.

Accordingly, the application of an Adjustment Spread may result in the Notes performing differently (which may include payment of a lower Rate of Interest) than they would do if the original Reference Rate were to continue to apply in its current form. If no Adjustment Spread can be determined, a Successor Rate or Alternative Reference Rate may nonetheless be used to determine the Rate of Interest (or the relevant component part thereof). The use of a Successor Rate or Alternative Reference Rate (including with the application of an Adjustment Spread) will still result in any Notes linked to or referencing an original Reference Rate performing differently (which may include payment of a lower Rate of Interest) than they would if the original Reference Rate were to continue to apply in its current form.

If, following the occurrence of a Benchmark Event, no Successor Rate or Alternative Reference Rate is determined, the ultimate fallback for the purposes of the calculation of the Rate of Interest (or the relevant component part thereof) for the relevant immediately following Interest Period may result in the Rate of Interest (or the relevant component part thereof) for the last preceding Interest Period being used. This may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page. Due to the uncertainty concerning the availability of Successor Rates and Alternative Reference Rates, the involvement of an Independent Adviser and the potential for further regulatory developments, there is a risk that the relevant fallback provisions may not operate as intended at the relevant time.

The Notes may be subject to early redemption by the Issuer

An optional redemption feature of any Note is likely to limit its market value. During any period when the Issuer may elect to redeem the Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to exercise an early redemption option when the Issuer's cost of financing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

If the Notes include a feature to convert the interest basis from a fixed rate to a floating rate, or vice versa, it may affect the secondary market and the market value of the Notes concerned

Fixed/Floating Rate Notes are Notes which bear interest at a rate that converts from a fixed rate to a floating rate or from a floating rate to a fixed rate. Such a feature to convert the interest basis, and any conversion of the interest basis, may affect the secondary market in, and the market value of, such Notes as the change of interest basis may result in a lower interest return for Noteholders. Where the Notes convert from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. Where the Notes convert from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on those Notes and could affect the market value of an investment in the relevant Notes.

Notes which are issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates

The market values of securities issued at a substantial discount (such as Zero Coupon Notes) or premium to their principal amount tend to fluctuate more in relation to general changes in interest rates than prices for more conventional interest-bearing securities. Generally, the longer the remaining term of such securities, the greater the price volatility as compared to more conventional interest-bearing securities with comparable maturities.

Risks related to Notes generally

Set out below is a description of material risks relating to the Notes generally:

The Conditions contain a "collective action" clause under which the terms of any one Series of Notes or multiple Series of Notes may be amended, modified or waived without the consent of all Noteholders

The Conditions contain provisions regarding amendments, modifications and waivers, commonly referred to as "collective action clauses". Such clauses permit defined majorities to bind all Noteholders, including

Noteholders who did not vote and Noteholders who voted in a manner contrary to the majority. The relevant provisions also permit, in relation to Reserved Matters, multiple Series of Notes to be aggregated for voting purposes (provided that each such Series also contains the same or similar collective action clauses in the relevant Conditions).

The Issuer expects that all Series of Notes issued under the Programme will include such collective action clauses, thereby giving the Issuer the ability to request modifications or actions in respect of Reserved Matters across multiple Series of Notes. This means that a defined majority of the holders of such Series of Notes (when taken in the aggregate only, in some circumstances, and/or individually) would be able to bind all holders of Notes in all the relevant aggregated Series.

Any modification or actions relating to Reserved Matters, including in respect of payments and other important terms, may be made to a single Series of Notes with the consent of the holders of 75 per cent. of the aggregate nominal amount outstanding of such Series of Notes, and to multiple Series of Notes which may be issued by the Issuer with the consent of both: (i) the holders of 66⅔ per cent. of the aggregate nominal amount outstanding of all Series of Notes being aggregated; and (ii) the holders of 50 per cent. in aggregate nominal amount outstanding of each Series of Notes being aggregated. In addition, under certain circumstances, including the satisfaction of the Uniformly Applicable condition (as more particularly described in the Conditions), any such modification or action relating to Reserved Matters may be made to multiple Series of Notes with only the consent of 75 per cent. of the aggregate nominal amount outstanding of all Series of Notes being aggregated, without requiring a particular percentage of the holders in any individual affected Series of Notes to vote in favour of any proposed modification or action. Any modification or action proposed by the Issuer may, at the option of the Issuer, be made in respect of some Series of Notes only and, for the avoidance of doubt, the provisions may be used for different groups of two or more Series of Notes simultaneously. At the time of any proposed modification or action, the Issuer will be obliged, *inter alia*, to specify which method or methods of aggregation will be used by the Issuer.

There is a risk, therefore, that the Conditions of a Series of Notes may be amended, modified or waived in circumstances whereby the Noteholders voting in favour of an amendment, modification or waiver may be holders of different Series of Notes and as such, less – even significantly less – than 75 per cent. of the Noteholders would have voted in favour of such amendment, modification or waiver.

In addition, there is a risk that the provisions allowing for aggregation across multiple Series of Notes may make the Notes less attractive to purchasers in the secondary market on the occurrence of an Event of Default or in a distress situation. Further, any such amendment, modification or waiver in relation to any Notes may adversely affect their trading price.

The Conditions also provide that the Notes and such conditions may, subject to the prior written approval of the Issuer, be amended without the consent of the Noteholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is not materially prejudicial to the interests of the Noteholders and is other than in respect of a Reserved Matter.

In the future, the Issuer may issue debt securities which contain collective action clauses in the same form as the collective action clauses in the Conditions. If this occurs, then this could mean that any Series of Notes issued under the Programme would be capable of aggregation with any such future debt securities.

The value of the Notes could be adversely affected by a change in English law or administrative practice

The Conditions are based on English law in effect as at the date of this Base Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Base Offering Circular and any such change could materially adversely impact the value of any Notes affected by it.

Investors who hold less than the minimum Specified Denomination may be unable to sell their Notes and may be adversely affected if definitive Notes are subsequently required to be issued

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in its account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a nominal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in its account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed or issued) and would need to purchase a nominal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination.

If such Notes in definitive form are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Holders of Notes held through DTC, Euroclear and Clearstream, Luxembourg must rely on procedures of those clearing systems to effect transfers of Notes, receive payments in respect of Notes and vote at meetings of Noteholders

Notes issued under the Programme will be represented on issue by one or more Global Notes that may be deposited with a common depositary (the "**Common Depositary**") for Euroclear and Clearstream, Luxembourg or may be deposited with a nominee for DTC (each as defined in "*Form of the Notes*"). Except in the circumstances described in each Global Note, investors will not be entitled to receive Notes in definitive form. Each of DTC, Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the beneficial interests in each Global Note held through it. While the Notes are represented by a Global Note, investors will be able to trade their beneficial interests only through the relevant clearing systems and their respective participants.

While the Notes are represented by Global Notes, the Issuer will discharge its payment obligations under the Notes by making payments through the relevant clearing systems. A holder of a beneficial interest in a Global Note must rely on the procedures of the relevant clearing system and its participants to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Note.

Holders of beneficial interests in a Global Note will not have a direct right to vote in respect of the Notes so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

Transferability of the Notes may be limited under applicable securities laws

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States. Notes issued under the Programme may not be offered, sold or otherwise transferred in the United States other than to persons that are QIBs. Each purchaser of Notes will be deemed, by its acceptance of such Notes, to have made certain representations and agreements intended by the Issuer to restrict transfers of Notes as described under "*Subscription and Sale and Transfer and Selling Restrictions*". It is the obligation of each purchaser of Notes to ensure that its offers and sales of Notes comply with all applicable securities laws.

Risks related to the market generally

Set out below is a description of material market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell his Notes

Notes may have no established trading market when issued, and one may never develop. If a market for the Notes does develop, it may not be very liquid and investments in Notes may trade at a discount to their initial offering price depending on prevailing interest rates, market for similar securities, general economic conditions and the Issuer's financial condition. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

If an investor holds Notes which are not denominated in the investor's home currency, he will be exposed to movements in exchange rates adversely affecting the value of his holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease: (1) the Investor's Currency-equivalent yield on the Notes; (2) the Investor's Currency equivalent value of the principal payable on the Notes; and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

The value of Fixed Rate Notes may be adversely affected by movements in market interest rates

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes, as an equivalent investment issued at the current market interest rate may be more attractive to investors.

Credit ratings assigned to the Issuer or any Notes do not reflect all the risks associated with an investment in those Notes

One or more independent credit rating agencies may assign credit ratings to the Issuer or the Notes. The ratings may not reflect the potential impact of all risks related to the transaction structure, the market, the additional factors discussed above, or any other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under the EU CRA Regulation from using credit ratings for regulatory purposes in the EEA, unless such ratings are issued by a credit rating agency established in the EEA and registered under the EU CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by third country non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant third country rating agency is certified in accordance with the EU CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). The list of registered and certified rating agencies published by ESMA on its website in accordance with the EU CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and publication of an updated ESMA list.

Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. As such, UK regulated investors are required to use, for UK regulatory purposes, ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (i) endorsed by a UK registered credit rating agency; or (ii) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to: (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended; and (b) transitional provisions that apply in certain circumstances. In the case of third country ratings, for a certain limited period of time, transitional relief accommodates continued use for regulatory purposes in the UK, of existing pre-2021 ratings, provided the relevant conditions are satisfied.

If the status of the rating agency rating the Notes changes for the purposes of the EU CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Notes may have a different regulatory treatment, which may impact the value of the Notes and their liquidity in the secondary market.

Risks relating to enforcement

Investors may experience difficulties in enforcing arbitration awards and foreign judgments in the UAE

The payments under the Notes are dependent upon the Issuer making payments to the investors in the manner contemplated under the Notes. If the Issuer fails to do so, it may be necessary to bring an action against the Issuer to enforce its obligations and/or to claim damages, as appropriate, which may be costly and time consuming.

Furthermore, to the extent that the enforcement of remedies must be pursued in the UAE, it should be borne in mind that there is limited scope for self-help remedies under UAE law and that generally enforcement of remedies in the UAE must be pursued through the courts.

The Notes, the Agency Agreement and the Deed of Covenant are governed by English law and the Issuer has agreed, at the option of certain parties (other than the Issuer), to submit to the exclusive jurisdiction of the English courts in respect of any dispute, claim, difference or controversy arising out of or in connection with such documents.

Under current UAE law, the UAE courts are unlikely to enforce an English court judgment without re-examining the merits of the claim and may not observe the choice by the parties of English law as the governing law of the transaction. In the UAE, foreign law is required to be established as a question of fact and the interpretation of English law, by a court in the UAE, may not accord with the interpretation by an English court. In principle, courts in the UAE recognise the choice of foreign law if they are satisfied that an appropriate connection exists between the relevant transaction agreement and the foreign law which has been chosen. They will not, however, honour any provision of foreign law which is contrary to public policy, order or morals in the UAE, or to any mandatory law of, or applicable in, the UAE.

The UAE is a civil law jurisdiction and judicial precedents in the UAE have no binding effect on subsequent decisions. In addition, there is no formal system of reporting court decisions in the UAE. These factors create greater judicial uncertainty than would be expected in other jurisdictions and therefore there is a risk that the judgments obtained in an English or United States court may not be enforced in the UAE.

The Issuer has agreed, unless the option to litigate is exercised, to refer any unresolved dispute in relation to such documents to arbitration under the Arbitration Rules of the London Court of International Arbitration in London, England. The New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958 (the "**New York Convention**") entered into force in the UAE on 19 November 2006. Any arbitration award rendered in London should therefore be enforceable in the UAE in accordance with the terms of the New York Convention. Under the New York Convention, the UAE has an obligation to recognise and enforce foreign arbitration awards, unless the party opposing enforcement can prove one of the grounds under Article V of the New York Convention to refuse enforcement, or the UAE courts find that the subject matter of the dispute is not capable of settlement by arbitration or enforcement would be contrary to the public policy of the UAE. There have been limited instances where the UAE courts, most notably the Fujairah Court of First Instance and the Dubai Court of Cassation, have ratified or ordered the recognition and enforcement of foreign arbitration awards under the New York Convention. It should be noted that only the Dubai Court of Cassation was a final decision.

However, how the New York Convention provisions would be interpreted and applied by the UAE courts in practice and whether the UAE courts will enforce a foreign arbitration award in accordance with the New York Convention (or any other multilateral or bilateral enforcement convention), remains largely untested. This is reinforced by the lack of a system of binding judicial precedent in the UAE. Accordingly, there is a risk that a non-UAE arbitral award will be refused enforcement by the UAE courts.

The Issuer's waiver of immunity may not be effective under the laws of the UAE

The Constitution states that public confiscation of property shall be prohibited. In addition, Cabinet Resolution No. (57) of 2018 provides that public property of the State or any emirate thereof may not be subject to attachment. The Issuer has waived its rights in relation to sovereign immunity (subject to the Constitution and Cabinet Resolution No. (57) of 2018). However, there can be no assurance as to whether such waivers of immunity from execution or attachment or other legal process by it under the Notes, the

Agency Agreement and the Deed of Covenant are legal, valid, binding and enforceable under the laws of the UAE. If the waiver of immunity is not legal, valid, binding and enforceable, there is a risk that the investors may not be able to enforce against the Issuer in the UAE.

FORM OF THE NOTES

The Notes of each Series will be in either bearer form, with or without interest coupons attached, or registered form, without interest coupons attached. Bearer Notes will be issued outside the United States in reliance on Regulation S under the Securities Act ("**Regulation S**") and Registered Notes will be issued both outside the United States in reliance on the exemption from registration provided by Regulation S and within the United States in reliance on Rule 144A or another exemption from the registration requirements of the Securities Act.

Bearer Notes

Each Tranche of Bearer Notes will be in bearer form and will initially be issued in the form of a temporary bearer global note (a "**Temporary Bearer Global Note**") or, if so specified in the applicable Pricing Supplement, a permanent bearer global note (a "**Permanent Bearer Global Note**" and, together with a Temporary Bearer Global Note, each a "**Bearer Global Note**") which, in either case, will be delivered on or prior to the original issue date of the Tranche to a Common Depositary for Euroclear and Clearstream, Luxembourg. Notes issued pursuant to TEFRA D must be initially represented by a Temporary Bearer Global Note.

While any Bearer Global Note is represented by a Temporary Bearer Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Bearer Global Note only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in the Temporary Bearer Global Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

On and after the date (the "**Exchange Date**") which is 40 days after a Temporary Bearer Global Note is issued, interests in such Temporary Bearer Global Note will be exchangeable (free of charge) upon a request as described therein either for: (i) interests in a Permanent Bearer Global Note of the same Series; or (ii) for definitive Bearer Notes of the same Series with, where applicable, interest coupons and talons attached (as indicated in the applicable Pricing Supplement and subject, in the case of definitive Bearer Notes, to such notice period as is specified in the applicable Pricing Supplement in the case of TEFRA D Bearer Notes), in each case against certification of beneficial ownership as described above unless such certification has already been given, **provided that** purchasers in the United States and certain U.S. persons will not be able to receive definitive Bearer Notes. The holder of a Temporary Bearer Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Bearer Global Note for an interest in a Permanent Bearer Global Note or for definitive Bearer Notes is improperly withheld or refused.

The option for an issue of Bearer Global Notes to be represented on issue by a Temporary Bearer Global Note exchangeable for definitive Bearer Global Notes should not be expressed to be applicable in the applicable Pricing Supplement if the Bearer Global Notes are issued with a minimum Specified Denomination such as €100,000 (or its equivalent in another currency) plus one or more higher integral multiples of another smaller amount such as €1,000 (or its equivalent in another currency).

Payments of principal, interest (if any) or any other amounts on a Permanent Bearer Global Note will be made through Euroclear and/or Clearstream, Luxembourg against presentation or surrender (as the case may be) of the Permanent Bearer Global Note without any requirement for certification.

The applicable Pricing Supplement will specify that a Permanent Bearer Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Bearer Notes with, where applicable, interest coupons and talons attached upon the occurrence of an Exchange Event. For these purposes, "**Exchange Event**" means that: (i) an Event of Default (as defined in Condition 10) (*Events of Default*)) has occurred and is continuing; (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) may give notice to the Principal Paying Agent requesting exchange.

Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

The following legend will appear on all Bearer Global Notes (other than Temporary Bearer Global Notes), interest coupons and talons relating to such Notes where TEFRA D is specified in the applicable Pricing Supplement:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE".

The sections referred to provide that U.S. holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Global Notes, interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes, interest coupons or talons.

Notes which are represented by a Bearer Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

Registered Notes

The Registered Notes of each Tranche offered and sold in reliance on Regulation S, which will be sold outside the United States, will initially be represented by a global note in registered form (a "**Regulation S Global Note**").

The Registered Notes of each Tranche offered and sold in the United States may only be offered and sold in private transactions to "qualified institutional buyers" within the meaning of Rule 144A under the Securities Act ("**QIBs**"). The Registered Notes of each Tranche sold to QIBs will be represented by a global note in registered form (a "**Rule 144A Global Note**" and, together with a Regulation S Global Note, each a "**Registered Global Note**").

Registered Global Notes will either: (i) be deposited with a custodian for, and registered in the name of a nominee of, The Depository Trust Company ("**DTC**"); or (ii) be deposited with a Common Depositary for, and registered in the name of a common nominee of, Euroclear and Clearstream, Luxembourg, as specified in the applicable Pricing Supplement. Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in fully registered form and in the case of Regulation S Global Notes, outside the United States and its possessions.

The Registered Global Notes will be subject to certain restrictions on transfer set forth therein and will bear a legend regarding such restrictions.

Payments of principal, interest and any other amount in respect of the Registered Global Notes will be made to the person shown on the Register (as defined in Condition 6.4) as the registered holder of the Registered Global Notes. None of the Issuer, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Notes in definitive form will be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 6.4 (*Payments – Payments in respect of Registered Notes*)) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes without interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, "**Exchange Event**" means that: (i) an Event of Default has occurred and is continuing, (ii) in the case of Notes registered in the name of a nominee for DTC, either DTC has notified the Issuer that it is unwilling or unable to continue to act as depository for the Notes and no alternative clearing system is available or DTC has ceased to constitute a clearing agency registered under the United States Securities Exchange Act of 1934, as amended, (the "**Exchange Act**") and no alternative clearing system is available; or (iii) in the case of Notes registered in the name of a nominee for a Common Depositary for Euroclear and Clearstream, Luxembourg, the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system is available. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, DTC, Euroclear and/or Clearstream, Luxembourg or any person acting on their behalf (acting on the instructions of any holder of an interest in such Registered Global Note) may give notice to the Registrar requesting exchange. Any such exchange shall occur not later than ten days after the date of receipt of the first relevant notice by the Registrar.

Transfer of Interests

Interests in a Registered Global Note may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Registered Global Note. No beneficial owner of an interest in a Registered Global Note will be able to transfer such interest, except in accordance with the applicable procedures of DTC, Euroclear and Clearstream, Luxembourg, in each case to the extent applicable. **Registered Notes are also subject to the restrictions on transfer set forth therein and will bear a legend regarding such restrictions, see "*Subscription and Sale and Transfer and Selling Restrictions*".**

General

Pursuant to the Agency Agreement, the Principal Paying Agent shall arrange that, where a further Tranche of Notes is issued on terms that it will from a date after its date of issue form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a common code and ISIN and, where applicable, a FISN, a CFI, a CUSIP and CINS number which are different from the common code, ISIN, FISN, CFI, CUSIP and CINS assigned to Notes of any other Tranche of the same Series until such time as the two Tranches are consolidated and form a single Series.

Any reference herein to Euroclear and/or Clearstream, Luxembourg and/or DTC shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement or as may otherwise be approved by the Issuer and the Principal Paying Agent.

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 10 (*Events of Default*). In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of such Notes and payment in full of the amount due has not been made in accordance with the provisions of the Global Note then from 8.00 p.m. (London time) on such day holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear, Clearstream, Luxembourg and DTC on and subject to the terms of a deed of covenant (the "**Deed of Covenant**") dated 30 September 2021 and executed by the Issuer. In addition, holders of interests in such Global Note credited to their accounts with DTC may require DTC to deliver definitive Notes in registered form in exchange for their interest in such Global Note in accordance with DTC's standard operating procedures.

APPLICABLE PRICING SUPPLEMENT

The form of Pricing Supplement that will be issued in respect of each Tranche of Notes, subject only to the deletion of non-applicable provisions, is set out below:

[**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, any retail investor in the European Economic Area (the "**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**EU MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**EU PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.]

[**PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the Financial Services and Markets Act 2000 (the "**FSMA**") to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]

[**EU MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, "**EU MiFID II**")][EU MiFID II]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to EU MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[**UK MIFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the [Notes] is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**UK MiFIR**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[**Singapore Securities and Futures Act Product Classification** – Solely for the purposes of its obligations pursuant to Sections 309B(1) of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA) that the Notes are ["prescribed capital markets products"]/[capital markets products other than "prescribed capital markets products"] (as defined in the

Securities and Futures (Capital Markets Products) Regulations 2018) and ["**Excluded Investment Products**"]/["**Specified Investment Products**"] (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).][1]

Pricing Supplement dated [•]

FEDERAL GOVERNMENT OF THE UNITED ARAB EMIRATES
ACTING THROUGH THE MINISTRY OF FINANCE
Legal Entity Identifier (LEI): 98450060C643D82DF808
Issue of [Aggregate Nominal Amount of Tranche][Title of Notes]
under the
Global Medium Term Note Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Base Offering Circular dated 30 September 2021 [and the supplement[s] to it dated [•] [and [•]]] which [together] constitute[s] a Base Offering Circular (the "**Base Offering Circular**"). This document constitutes the Pricing Supplement of the Notes described herein and must be read in conjunction with the Base Offering Circular. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Pricing Supplement and the Base Offering Circular. The Base Offering Circular [and the Pricing Supplement][2] [is/are] available for viewing on the website of the London Stock Exchange at http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html.]

1.	Issuer:		Federal Government of the United Arab Emirates, acting through the Ministry of Finance
2.	(a)	Series Number:	[•]
	(b)	Tranche Number:	[•]
	(c)	Date on which the Notes will be consolidated and form a single Series:	[The Notes will be consolidated and form a single Series with [•] on [the Issue Date/the date that is 40 days after the Issue Date/exchange of the Temporary Bearer Global Note for interests in the Permanent Bearer Global Note, as referred to in paragraph 22 below, which is expected to occur on or about [•]] / [Not Applicable]
3.	Specified Currency or Currencies:		[•]
4.	Aggregate Nominal Amount:		[•]]/[Not Applicable]
	(a)	Series:	[•]
	(b)	Tranche:	[•]
5.	Issue Price:		[•] per cent. of the Aggregate Nominal Amount [plus accrued interest from [•]]
6.	(a)	Specified Denominations:	[•]
	(b)	Calculation Amount (in relation to calculation of interest in relation to	[•]

1 To be included for offers of Notes into Singapore. Relevant Dealer(s) to consider whether it / they have received the necessary product classification from the Issuer prior to the launch of the offer, pursuant to Section 309B of the SFA.

2 To be included only if the Notes are to be admitted to trading on the Main Market of the London Stock Exchange and listing on the Official List.

		Notes in global form (see Conditions)):	
7.	(a)	Issue Date:	[•]
	(b)	Interest Commencement Date:	[•]/Issue Date/Not Applicable]
8.	Maturity Date:		[•]/[Interest Payment Date falling in or nearest to [•]]
9.	Interest Basis:		[[•] per cent. Fixed Rate]
			[•] [•] +/- [•] per cent. Floating Rate]
			[Zero Coupon]
			(see paragraph [14]/[15]/[16] below)
10.	Redemption/Payment Basis:		Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [100] per cent. of their nominal amount
11.	Change of Interest Basis:		[Applicable]/[Not Applicable]
12.	Put/Call Options:		[Investor Put]
			[Issuer Call]
			[Clean Up Call Right]
			[(see paragraph [17]/[18]/[19] below)]
			[Not Applicable]
13.	(a)	Status of the Notes:	Senior
	(b)	Date approval for issuance of Notes obtained:	[•]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14.	Fixed Rate Note Provisions		[Applicable/Not Applicable]
	(a)	Rate(s) of Interest:	[•] per cent. per annum payable in arrear on each Interest Payment Date
	(b)	Interest Payment Date(s):	[[•] in each year up to and including the Maturity Date]
	(c)	Fixed Coupon Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions):	[•] per Calculation Amount
	(d)	Broken Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions):	[•] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [•]/[Not Applicable]
	(e)	Day Count Fraction:	[30/360] [Actual/Actual (ICMA)]
	(f)	Determination Date(s):	[[•] in each year]/[Not Applicable]
15.	Floating Rate Note Provisions		[Applicable/Not Applicable]

	(a)	Specified Period(s)/Specified Interest Payment Dates:	[•] [, subject to adjustment in accordance with the Business Day Convention set out in (b) below/, not subject to adjustment, as the Business Day Convention in (b) below is specified to be Not Applicable]
	(b)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention][Not Applicable]
	(c)	Additional Business Centre(s):	[•]
	(d)	Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination]
	(e)	Party responsible for calculating the Rate of Interest and Interest Amount (if not [·] as Principal Paying Agent):	[•] (the "**Calculation Agent**")
	(f)	Screen Rate Determination:	
		• Reference Rate:	[•]
		• Interest Determination Date(s):	[•]
		• Relevant Screen Page:	[•]
		• Relevant Time:	[•]
	(g)	ISDA Determination:	
		• Floating Rate Option:	[•]
		• Designated Maturity:	[•]
		• Reset Date:	[•]
	(h)	Linear Interpolation:	[Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation]
	(i)	Margin(s):	[+/-] [•] per cent. per annum
	(j)	Minimum Rate of Interest:	[•] per cent. per annum
	(k)	Maximum Rate of Interest:	[•] per cent. per annum
	(l)	Day Count Fraction:	[[Actual/Actual (ISDA)][Actual/Actual] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360][360/360][Bond Basis] [30E/360][Eurobond Basis] [30E/360 (ISDA)]
16.	Zero Coupon Note Provisions		[Applicable/Not Applicable]
	(a)	Accrual Yield:	[•] per cent. per annum

	(b)	Reference Price:	[•]
	(c)	Day Count Fraction in relation to Early Redemption Amounts:	[30/360] [Actual/360] [Actual/365]

PROVISIONS RELATING TO REDEMPTION

17.	Issuer Call:			[Applicable/Not Applicable]
	(a)	Optional Redemption Date(s):		[•]
	(b)	Optional Redemption Amount:		[[•] per Calculation Amount]
	(c)	If redeemable in part:		
		(i)	Minimum Redemption Amount:	[•] per Calculation Amount
		(ii)	Maximum Redemption Amount:	[•] per Calculation Amount
	(d)	Notice period:		Minimum period: [30] days Maximum period: [60] days
18.	Investor Put:			[Applicable/Not Applicable]
	(a)	Optional Redemption Date(s):		[•]
	(b)	Optional Redemption Amount:		[[•] per Calculation Amount]
	(c)	Notice periods:		Minimum period: [15] days Maximum period: [30] days
19.	Clean Up Call Right:			[Applicable/Not Applicable]
	(a)	Clean Up Call Optional Redemption Amount:		[[•] per Calculation Amount]
	(b)	Notice Period:		Minimum period: [30] days Maximum period: [60] days
20.	Final Redemption Amount:			[•] per Calculation Amount
21.	Early Redemption Amount:			[•] per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

22.	Form of Notes:	[Bearer Notes: [Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for Definitive Notes upon an Exchange Event] [Temporary Bearer Global Note exchangeable for Definitive Notes on and after the Exchange Date]

		[Permanent Bearer Global Note exchangeable for Definitive Notes upon an Exchange Event]
		[Registered Notes:
		[Regulation S Global Note registered in the name of a nominee for [DTC/a Common Depositary for Euroclear and Clearstream, Luxembourg]]
		[Rule 144A Global Note registered in the name of a nominee for [DTC/a Common Depositary for Euroclear and Clearstream, Luxembourg]
23.	Additional Financial Centre(s):	[Not Applicable/give details]
24.	Talons for future Coupons to be attached to Definitive Notes:	[Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]

THIRD PARTY INFORMATION

[[•] has been extracted from [•]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [specify source], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the **Federal Government of the United Arab Emirates, acting through the Ministry of Finance:**

By: ....
Duly authorised

PART B – OTHER INFORMATION

1. **LISTING AND ADMISSION TO TRADING**

(a)	Listing and Admission to trading:	[Application [has been] [is expected to be] made to the UK Financial Conduct Authority by the Issuer (or on its behalf) for the Notes to be listed on its Official List and admitted to trading on the Main Market of the London Stock Exchange with effect from [•].]/[Not Applicable.]
(b)	Estimate of total expenses related to admission to trading:	[•]

2. **RATINGS**

Ratings:

The Notes to be issued [have been/are expected to be/will not be] rated:

[Moody's: [•]]

[Fitch: [•]]

[[•]: [•]]

[Moody's] is not established in the [European Economic Area (the "**EEA**")]/[EEA] or the UK but the rating it has given to the Notes to be issued under the Programme is endorsed by [·], which is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**EU CRA Regulation**")] and [·], which is established in the UK and registered under Regulation (EU) No 1060/2009 as it forms part of domestic law in the [UK]/[United Kingdom] by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**")].

[Fitch] is not established in the [European Economic Area (the "**EEA**")]/[EEA] or the UK but the rating it has given to the Notes to be issued under the Programme is endorsed by [·], which is established in the EEA and registered under [Regulation (EU) No 1060/2009, as amended (the "**EU CRA Regulation**")]/[EU CRA Regulation] and [·], which is established in the UK and registered under [Regulation (EU) No 1060/2009 as it forms part of domestic law in the [UK]/[United Kingdom] by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**")]/[the UK CRA Regulation].

3. **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

[Save for any fees payable to the [Managers/Dealer], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealer] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business, for which they may receive fees.]

4. **[YIELD (FIXED RATE NOTES ONLY)**

Indication of yield:	[•] The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

5. **OPERATIONAL INFORMATION**

(a)	ISIN:	[•]
(b)	Common Code:	[•]
(c)	CUSIP:	[•]
(d)	CINS:	[•]
(e)	CFI:	[•] [As set out on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN]/[Not Applicable]]
(f)	FISN:	[•] [As set out on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN]/[Not Applicable]]
(g)	Any clearing system(s) other than DTC, Euroclear and Clearstream, Luxembourg and the relevant identification number(s):	[Not Applicable]/[•]
(h)	Delivery:	Delivery [against/free of] payment
(i)	Names and addresses of additional Paying Agent(s) (if any):	[•]
(j)	Relevant Benchmark[s]:	[[*specify benchmark*] is provided by [*administrator legal name*]. As at the date hereof, [[*administrator legal name*][appears]/[does not appear] in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (Register of administrators and benchmarks) of the EU Benchmarks Regulation]/[As far as the Issuer is aware, as at the date hereof, [*specify benchmark*] does not fall within the scope of the EU Benchmarks Regulation]/ [As far as the Issuer is aware, the transitional provisions in Article 51 of Regulation (EU) 2016/1011, as amended apply, such that [*administrator legal name*] is not currently required to obtain authorisation/registration (or, if located outside the European Union, recognition,

		endorsement or equivalence)]/ [[*specify benchmark*] is provided by [*administrator legal name*]. As at the date hereof, [*administrator legal name*][appears]/[does not appear] in the register of administrators and benchmarks established and maintained by the FCA pursuant to Article 36 of the UK Benchmarks Regulation]/[As far as the Issuer is aware, as at the date hereof, [*benchmark*] does not fall within the scope of the UK Benchmarks Regulation]/ [As far as the Issuer is aware, the transitional provisions in Article 51 of the UK Benchmarks Regulation apply, such that [·] is not currently required to obtain authorisation/registration (or, if located outside the UK, recognition, endorsement or equivalence).]/ [Not Applicable]

6. **DISTRIBUTION**

(a)	Method of distribution:	[Syndicated/Non-syndicated]
(b)	If syndicated, names of Managers:	[Not Applicable]/[•]
(c)	Date of Subscription Agreement:	[•]
(d)	Stabilisation Manager(s) (if any):	[Not Applicable]/[•]
(e)	If non-syndicated, name of relevant Dealer:	[Not Applicable]/[•]
(f)	U.S. Selling Restrictions:	[Reg. S Compliance [Category 1]; Rule 144A; TEFRA D/TEFRA C/TEFRA not applicable]
(g)	Prohibition of Sales to EEA Retail Investors:	[Applicable]/[Not Applicable]
(h)	Prohibition of Sales to UK Retail Investors:	[Applicable]/[Not Applicable]

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Pricing Supplement (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to the "applicable Pricing Supplement" for a description of the content of the Pricing Supplement which will specify which of such terms are to apply in relation to the relevant Notes.

This Note is one of a Series (as defined below) of Notes issued by the Federal Government of the United Arab Emirates, acting through the Ministry of Finance (the "**Federal Government**" or "**Issuer**") pursuant to the Agency Agreement (as defined below).

References herein to the Notes shall be references to the Notes of this Series and shall mean:

(a) in relation to any Notes represented by a global Note (a "**Global Note**"), units of each Specified Denomination in the Specified Currency;

(b) any Global Note;

(c) any definitive Notes in bearer form ("**Bearer Notes**") issued in exchange for a Global Note in bearer form; and

(d) any definitive Notes in registered form ("**Registered Notes**") issued in exchange for a Global Note in registered form.

The Notes and the Coupons (as defined below) have the benefit of an Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") dated 30 September 2021 and made between the Issuer, Citibank N.A., London Branch as principal paying agent (the "**Principal Paying Agent**", which expression shall include any successor principal paying agent and the other paying agents named therein, together with the Principal Paying Agent, the "**Paying Agents**", which expression shall include any additional or successor paying agents), as exchange agent (the "**Exchange Agent**", which expression shall include any successor exchange agent), as registrar (the "**Registrar**", which expression shall include any successor registrar) and as transfer agent (together with the Registrar, the "**Transfer Agents**", which expression shall include any additional or successor transfer agents).

Interest bearing definitive Bearer Notes have interest coupons ("**Coupons**") in the case of Bearer Notes which, when issued in definitive form, have more than 27 interest payments remaining, and, if indicated in the applicable Pricing Supplement, talons for further Coupons ("**Talons**") attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Registered Notes and Global Notes do not have Coupons or Talons attached on issue.

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Pricing Supplement attached to or endorsed on this Note which complete these Terms and Conditions (the "**Conditions**") and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, replace or modify the Conditions for the purposes of this Note. References to the "**applicable Pricing Supplement**" are, unless otherwise stated, to Part A of the Pricing Supplement (or the relevant provisions thereof) attached to or endorsed on this Note.

Any reference to "**Noteholders**" or "**holders**" in relation to any Notes shall mean (in the case of Bearer Notes) the holders of the Notes and (in the case of Registered Notes) the persons in whose name the Notes are registered and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to "**Couponholders**" shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

As used herein, "**Tranche**" means Notes which are identical in all respects (including as to listing and admission to trading) and "**Series**" means a Tranche of Notes together with any further Tranche or Tranches of Notes which: (a) are expressed to be consolidated and form a single series; and (b) have the same terms and conditions or terms and conditions which are the same in all respects save for the issue date, the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

The Noteholders and the Couponholders are entitled to the benefit of the Deed of Covenant (such Deed of Covenant as amended and/or supplemented and/or restated from time to time, the "**Deed of Covenant**") dated 30 September 2021 and made by the Issuer. The original of the Deed of Covenant is held by the Principal Paying Agent.

Copies of the Agency Agreement (including the forms of Global Notes, the Notes in definitive form, the Coupons and the Talons) and the Deed of Covenant are available for inspection during normal business hours at the specified office of each of the Paying Agents. If the Notes are listed on the official list of the UK Financial Conduct Authority and admitted to trading on the Main Market of the London Stock Exchange plc (the "**London Stock Exchange**"), copies of the applicable Pricing Supplement will be published on the website of the London Stock Exchange through a regulatory information service. The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of and are bound by, all the provisions of the Agency Agreement, the Deed of Covenant and the applicable Pricing Supplement which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

Words and expressions defined in the Agency Agreement or used in the applicable Pricing Supplement shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and **provided that**, in the event of inconsistency between the Agency Agreement and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

1. FORM, DENOMINATION AND TITLE

The Notes are in bearer form or in registered form as specified in the applicable Pricing Supplement and, in the case of definitive Notes, serially numbered, in the currency (the "**Specified Currency**") and the denominations (the "**Specified Denomination(s)**") specified in the applicable Pricing Supplement; **provided that** (i) the Specified Denomination(s) shall not be less than €100,000 (or its equivalent in other currencies) and (ii) in the case of any Legended Notes, the Specified Denomination(s) shall not be less than U.S.$200,000 (or its equivalent in other currencies). Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination and Bearer Notes may not be exchanged for Registered Notes and *vice versa*.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note or a combination of any of the foregoing, depending upon the Interest Basis specified in the applicable Pricing Supplement.

Definitive Bearer Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Conditions are not applicable.

Subject as set out below, title to the Bearer Notes and Coupons will pass by delivery and title to the Registered Notes will pass upon registration of transfers in accordance with the provisions of the Agency Agreement. The Issuer and any Agent will (except as otherwise required by law) deem and treat the bearer of any Bearer Note or Coupon and the registered holder of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**"), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and the Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Issuer and any Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant

Global Note and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly.

For so long as The Depository Trust Company ("**DTC**") or its nominee is the registered owner or holder of a Registered Global Note, DTC or its nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Registered Global Note for all purposes under the Agency Agreement and the Notes except to the extent that in accordance with DTC's published rules and procedures any ownership rights may be exercised by its participants or beneficial owners through participants.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of DTC, Euroclear and Clearstream, Luxembourg, as the case may be. References to DTC, Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement.

2. TRANSFERS OF REGISTERED NOTES

2.1 Transfers of interests in Registered Global Notes

Transfers of beneficial interests in Registered Global Notes will be effected by DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Notes in definitive form or for a beneficial interest in another Registered Global Note only in the authorised denominations set out in the applicable Pricing Supplement and only in accordance with the rules and operating procedures for the time being of DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement. Transfers of a Registered Global Note registered in the name of a nominee for DTC shall be limited to transfers of such Registered Global Note, in whole but not in part, to another nominee of DTC or to a successor of DTC or such successor's nominee.

2.2 Transfers of Registered Notes in definitive form

Subject as provided in Conditions 2.1 and 2.5, upon the terms and subject to the conditions set forth in the Agency Agreement, a Registered Note in definitive form may be transferred in whole or in part (in the authorised denominations set out in the applicable Pricing Supplement). In order to effect any such transfer (a) the holder or holders must (i) surrender the Registered Note for registration of the transfer of the Registered Note (or the relevant part of the Registered Note) at the specified office of any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (ii) complete and deposit such other certifications as may be required by the relevant Transfer Agent and (b) the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 8 to the Agency Agreement). Subject as provided above, the relevant Transfer Agent will, within ten business days (being for this purpose a day on which banks are open for business in the city where the specified office of the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Registered Note in definitive form of a like aggregate nominal amount to the Registered Note (or the relevant part of the Registered Note) transferred. In the case of the transfer of part only of a Registered Note in definitive form, a new Registered Note in definitive form in respect of the balance of the Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

2.3 **Registration of transfer upon partial redemption**

In the event of a partial redemption of Notes under Condition 7, the Issuer shall not be required to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

2.4 **Costs of registration**

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

2.5 **Transfers of interests in Legended Notes**

Transfers of Legended Notes or beneficial interests therein may be made:

(a) to a transferee who takes delivery of such interest through a Regulation S Global Note, upon receipt by the Registrar of a written confirmation substantially in the form set out in the Agency Agreement, amended as appropriate from the transferor to the effect that such transfer is being made in accordance with Regulation S; or

(b) to a transferee who takes delivery of such interest through a Legended Note where the transferee is a person who the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, without certification; or

(c) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

Upon the transfer, exchange or replacement of Legended Notes, or upon specific request for removal of the Legend, the Registrar shall deliver only Legended Notes or refuse to remove the Legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence as may reasonably be required by the Issuer, which may include an opinion of U.S. counsel, that neither the Legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

2.6 **Definitions**

In this Condition, the following expressions shall have the following meanings:

"**Legended Note**" means Registered Notes (whether in definitive form or represented by a Registered Global Note) sold in private transactions to QIBs in accordance with the requirements of Rule 144A which bear a legend specifying certain restrictions on transfer (a "**Legend**");

"**QIB**" means a "qualified institutional buyer" within the meaning of Rule 144A;

"**Regulation S**" means Regulation S under the Securities Act;

"**Regulation S Global Note**" means a Registered Global Note representing Notes sold outside the United States in reliance on Regulation S;

"**Rule 144A**" means Rule 144A under the Securities Act;

"**Rule 144A Global Note**" means a Registered Global Note representing Notes sold in the United States or to QIBs; and

"**Securities Act**" means the United States Securities Act of 1933, as amended.

3. **STATUS OF THE NOTES**

The Notes and any relative Coupons constitute direct, unconditional and (subject to Condition 4) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves and, subject to Condition 4, at all times rank at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, from time to time outstanding, **provided, further, that** the Issuer shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other obligations and, in particular, shall have no obligation to pay such other obligations at the same time or as a condition of paying sums due on the Notes and *vice versa*.

4. **NEGATIVE PLEDGE**

So long as any Note remains outstanding (as defined in the Agency Agreement), the Issuer will not create or permit to subsist any Security Interest, other than a Permitted Security Interest, upon the whole or any part of its present or future assets or revenues to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of Relevant Indebtedness, of any Person, without:

(a) at the same time or prior thereto securing equally and rateably therewith its obligations under the Notes; or

(b) providing such other Security Interest for the obligations of the Issuer under the Notes as may be approved by an Extraordinary Resolution (as defined below) of the Noteholders.

In these Conditions:

"**Permitted Security Interest**" means:

(a) any Security Interest arising in the ordinary course of banking transactions and securing the Relevant Indebtedness of the Issuer maturing not more than one year after the date on which it is originally incurred;

(b) any Security Interest arising by operation of law or which arose pursuant to any order of attachment, distraint or similar legal process arising in connection with court proceedings so long as the execution or other enforcement thereof is effectively stayed and the claims secured thereby are being contested in good faith by appropriate proceedings;

(c) any Security Interest incurred for the purpose of financing all or part of the costs of the acquisition, construction, development, improvement, repair or expansion of any project (including costs such as escalation, interest during construction and financing and refinancing costs); **provided that** the property over which such Security Interest is granted consists solely of the property, assets or revenues of such project (including, without limitation, royalties and other similar payments accruing to the Federal Government generated by the relevant project); and

(d) any Security Interest arising in connection with the incurrence of Relevant Indebtedness as part of a Securitisation or any renewal or extension thereof;

"**Person**" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organisation, limited liability company or government or agency, or political subdivision thereof, or other entity;

"**Relevant Indebtedness**" means, in relation to any Person, any indebtedness of such Person which is in the form of or represented by any bond (including *Shari'a*-compliant certificates), note, loan stock, debenture or similar instrument which is, or is intended to be, or is capable of being, listed, traded or dealt in on any stock exchange or over-the-counter market and are denominated or payable, or which at the option of the relevant holder thereof may be payable, in a currency other than the lawful currency of the United Arab Emirates;

"**Securitisation**" means any securitisation (*Shari'a*-compliant or otherwise) of existing or future assets and/or revenues, **provided that**: (a) any Security Interest given by the Issuer in connection therewith is limited solely to the assets and/or revenues which are the subject of the securitisation; (b) each person participating in such securitisation expressly agrees to limit its recourse to the assets and/or revenues so securitised as the principal source of repayment for the money advanced or payment of any other liability; and (c) there is no other recourse to the Issuer in respect of any default by any person under the securitisation; and

"**Security Interest**" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind.

5. INTEREST

5.1 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form, except as provided in the applicable Pricing Supplement, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Pricing Supplement, amount to the Broken Amount so specified.

As used in these Conditions, "**Fixed Interest Period**" means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Pricing Supplement, interest shall be calculated in respect of any period by applying the Rate of Interest to:

(a) in the case of Fixed Rate Notes, which are (i) represented by a Global Note or (ii) Registered Notes in definitive form, the aggregate outstanding nominal amount of (A) the Fixed Rate Notes represented by such Global Note or (B) such Registered Notes; or

(b) in the case of Fixed Rate Notes which are Bearer Notes in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction.

The resultant figure (including after application of any Fixed Coupon Amount or Broken Amount, as applicable, to the aggregate outstanding nominal amount of Fixed Rate Notes, which are Registered Notes in definitive form, or the Calculation Amount in the case of Fixed Rate Notes, which are Bearer Notes in definitive form) shall be rounded to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

Where the Specified Denomination of a Fixed Rate Note which is a Bearer Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest, in accordance with this Condition 5.1:

(i) if "Actual/Actual (ICMA)" is specified in the applicable Pricing Supplement:

(A) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the "**Accrual Period**") is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Pricing Supplement) that would occur in one calendar year; or

(B) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(ii) if "30/360" is specified in the applicable Pricing Supplement, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In these Conditions:

"**Calculation Amount**" means the amount specified as such in the applicable Pricing Supplement;

"**Determination Period**" means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

"**sub-unit**" means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

5.2 **Interest on Floating Rate Notes**

(a) ***Interest Payment Dates***

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

(i) the Specified Interest Payment Date(s) in each year specified in the applicable Pricing Supplement; or

(ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Pricing Supplement, each date (each such date, together with each Specified Interest Payment Date, an "**Interest Payment Date**") which falls the number of months or other period specified as the Specified Period in the applicable Pricing Supplement after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period. In these Conditions, "**Interest Period**" means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date or the relevant payment date if the Notes become payable on a date other than an Interest Payment Date.

If a Business Day Convention is specified in the applicable Pricing Supplement and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

(A) in any case where Specified Periods are specified in accordance with subparagraph (ii) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (C) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (a) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (b) each subsequent Interest Payment Date shall be the last Business Day in the month which falls in the Specified Period after the preceding applicable Interest Payment Date occurred; or

(B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or

(C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

(D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions, "**Business Day**" means:

(1) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and each Additional Business Centre (other than the TARGET2 System) specified in the applicable Pricing Supplement;

(2) if "TARGET2 System" is specified as an Additional Business Centre in the applicable Pricing Supplement, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the "**TARGET2 System**") is open; and

(3) either (x) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (y) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

(b) ***Rate of Interest***

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Pricing Supplement.

(i) *ISDA Determination for Floating Rate Notes*

Where "ISDA Determination" is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any). For the purposes of this subparagraph (i), "**ISDA Rate**" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent or the

Calculation Agent, as applicable, under an interest rate swap transaction if the Principal Paying Agent or the Calculation Agent, as applicable, were acting as Calculation Agent (as defined in the ISDA Definitions (as defined below)) for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the "**ISDA Definitions**") and under which:

(A) the Floating Rate Option is as specified in the applicable Pricing Supplement;

(B) the Designated Maturity is a period specified in the applicable Pricing Supplement; and

(C) the relevant Reset Date is the day specified in the applicable Pricing Supplement.

For the purposes of this subparagraph (i), "**Floating Rate**", "**Floating Rate Option**", "**Designated Maturity**" and "**Reset Date**" have the meanings given to those terms in the ISDA Definitions.

(ii) *Screen Rate Determination for Floating Rate Notes*

Where "Screen Rate Determination" is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

(A) the offered quotation; or

(B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (as specified in the applicable Pricing Supplement) which appears or appear, as the case may be, on the Relevant Screen Page as at the Relevant Time on the Interest Determination Date in question plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), all as determined by the Principal Paying Agent or the Calculation Agent, as applicable. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Principal Paying Agent or the Calculation Agent, as applicable, for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (A) above, no such offered quotation appears or, in the case of (B) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

In these Conditions

"**Reference Rate**" means the benchmark rate in respect of the Specified Currency and period specified in the applicable Pricing Supplement;

"**Relevant Screen Page**" means the page, section or other part of a particular information service specified as the Relevant Screen Page in the applicable Pricing Supplement, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate; and

"**Relevant Time**" has the meaning given in the applicable Pricing Supplement;

(c) ***Benchmark Replacement***

Notwithstanding the other provisions of this Condition 5.2, if the Issuer determines that a Benchmark Event has occurred in relation to the relevant Reference Rate specified in the applicable Pricing Supplement when any Rate of Interest (or the relevant component part thereof) remains to be determined by such Reference Rate, then the following provisions shall apply:

(i) the Issuer shall use its reasonable endeavours to appoint, as soon as reasonably practicable, an Independent Adviser to determine no later than five Business Days prior to the relevant Interest Determination Date relating to the next succeeding Interest Period (the "**IA Determination Cut-Off Date**"), a Successor Rate or, alternatively, if there is no Successor Rate, an Alternative Reference Rate and, in either case, an Adjustment Spread for the purposes of determining the Rate of Interest (or the relevant component part thereof) applicable to the Notes;

(ii) if: (A) the Issuer is unable to appoint an Independent Adviser; or (B) the Independent Adviser appointed by the Issuer fails to determine a Successor Rate or, failing which, an Alternative Reference Rate and/or, in either case, an Adjustment Spread in accordance with this Condition 5.2(c) prior to the relevant IA Determination Cut-Off Date, then the Issuer (acting in good faith and in a commercially reasonable manner) may elect to determine the Successor Rate or, failing which, an Alternative Reference Rate (as applicable) and/or, in either case, an Adjustment Spread itself for the purposes of determining the Rate of Interest (or the relevant component part thereof) applicable to the Notes or, if applicable, any Benchmark Amendments, to ensure the proper operation of such Successor Rate or Alternative Reference Rate and/or (in either case) the applicable Adjustment Spread (with the relevant provisions in this Condition 5.2(c) applying *mutatis mutandis*) to allow such determinations to be made by the Issuer without consultation with the Independent Adviser;

(iii) if a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) is determined in accordance with the preceding provisions, such Successor Rate or, failing which, Alternative Reference Rate (as applicable) shall be the Reference Rate for each of the future Interest Periods in respect of such Notes (subject to the subsequent operation of, and to adjustment as provided in, this Condition 5.2(c));

(iv) the Adjustment Spread (or the formula or methodology for determining the Adjustment Spread), if any, shall be applied to the Successor Rate or the Alternative Reference Rate (as the case may be); and

(v) if any Successor Rate, Alternative Reference Rate or Adjustment Spread is determined in accordance with this Condition 5.2(c) and the Independent Adviser (following consultation with the Issuer) or the Issuer (acting in good faith and in a commercially reasonable manner), as applicable, determines: (A) that amendments to these Conditions (including, without limitation, amendments to the definitions of Day Count Fraction, Business Day, Business Day Convention, Interest Determination Date or Relevant Screen Page) are necessary to ensure the proper operation of such Successor Rate, Alternative Reference Rate and/or Adjustment Spread (such amendments, the "**Benchmark Amendments**"); and (B) the terms of the Benchmark Amendments, then, at the direction and expense of the Issuer and subject to delivery of a notice in accordance with Condition 5.2(c)(vi): (x) the Issuer shall vary these Conditions to give effect to such Benchmark Amendments with effect from the date specified in such notice; and (y) the Agents shall (at the Issuer's expense), without any requirement for the consent or sanction of the Noteholders, be obliged to concur with the Issuer in effecting such Benchmark Amendments. For the avoidance of doubt, no Agent shall be liable to the Noteholders or any other person for so acting or relying on such notice, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such Noteholder or person;

(vi) the Issuer shall promptly, following the determination of any Successor Rate or Alternative Reference Rate (as applicable) and the specific terms of any Benchmark Amendments, give notice to the Agents (such notice to be delivered not less than 10 Business Days prior to the date on which such Benchmark Amendments are due to come into effect) and, in accordance with Condition 14, the Noteholders confirming: (A) that a Benchmark Event has occurred; (B) the Successor Rate or Alternative Reference Rate (as applicable); (C) any applicable Adjustment Spread; and (D) the specific terms of the Benchmark Amendments (if any);

(vii) if, following the occurrence of a Benchmark Event and in relation to the determination of the Rate of Interest (or the relevant component thereof) on the immediately following Interest Determination Date, no Successor Rate or Alternative Reference Rate (as applicable) is determined pursuant to this provision, then the Rate of Interest (or the relevant component part thereof) shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period, in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Period). For the avoidance of doubt, this Condition 5.2(c)(vii) shall apply to the relevant immediately following Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of and to adjustment as provided in, this Condition 5.2(c); and

(viii) the Independent Adviser appointed pursuant to this Condition 5.2(c) shall act and make all determinations pursuant to this Condition 5.2(c) in good faith and the Independent Adviser shall act as an expert. In the absence of bad faith, wilful default or fraud, neither the Independent Adviser nor the Issuer shall have any liability whatsoever to the Principal Paying Agent, the Paying Agents, the Noteholders or the Couponholders in connection with any determination made by it or, in the case of the Independent Adviser, for any advice given to the Issuer in connection with any determination made by the Issuer pursuant to this Condition 5.2(c).

For the purposes of this Condition 5.2(c):

"**Adjustment Spread**" means either: (a) a spread (which may be positive, negative or zero); or (b) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Reference Rate (as the case may be) and is the spread, formula or methodology which:

(i) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the relevant Reference Rate with the Successor Rate by any Relevant Nominating Body; or

(ii) (if no such recommendation has been made, or in the case of an Alternative Reference Rate) the Independent Adviser (following consultation with the Issuer) determines is customarily applied to the relevant Successor Rate or the Alternative Reference Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the relevant Reference Rate; or

(iii) (if the Independent Adviser (following consultation with the Issuer) determines that no such spread, formula or methodology is customarily applied) the Independent Adviser (following consultation with the Issuer) determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the relevant Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate (as the case may be); or

(iv) (if the Independent Adviser (following consultation with the Issuer) determines that there is no such industry standard) the Independent Adviser (following consultation with the Issuer) or the Issuer (as applicable) determines (acting in good faith and in a commercially reasonable manner) in their sole discretion to be appropriate;

"**Alternative Reference Rate**" means an alternative benchmark or screen rate which the Independent Adviser (following consultation with the Issuer) determines, in accordance with this Condition 5.2(c), is customarily applied in international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Notes or, if the Independent Adviser or the Issuer (as applicable) determines that there is no such rate, such other rate as the Independent Adviser or the Issuer (as applicable) determines in their sole discretion is most comparable to the relevant Reference Rate;

"**Benchmark Event**" means: (i) the relevant Reference Rate ceasing to be published or ceasing to exist for at least five Business Days; or (ii) a public statement by the administrator of the relevant Reference Rate that the relevant Reference Rate is (or will be deemed by such administrator to be) no longer representative of its relevant underlying market; or (iii) a public statement by the administrator of the relevant Reference Rate that it has ceased or that it will cease publishing the relevant Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the relevant Reference Rate); or (iv) a public statement by the supervisor of the administrator of the relevant Reference Rate, that the relevant Reference Rate has been or will be permanently or indefinitely discontinued; or (v) a public statement by the supervisor of the administrator of the relevant Reference Rate as a consequence of which the relevant Reference Rate will be prohibited from being used either generally, or in respect of the Notes; or (vi) it has become unlawful for the Issuer, the Calculation Agent or any Paying Agent to calculate any payments due to be made to any Noteholder using the relevant Reference Rate, **provided that**, (x) in the case of (ii) above, the Benchmark Event shall occur on the date with effect from which the relevant Reference Rate will no longer be (or will be deemed by the relevant administrator to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement; and (y) in the case of (iii), (iv) and (v) above, the Benchmark Event shall occur on the date of the cessation of publication of the relevant Reference Rate, the discontinuation of the relevant Reference Rate, or the prohibition of use of the relevant Reference Rate, as the case may be, and, in each case, not the date of the relevant public statement;

"**Financial Stability Board**" means the organisation established by the Group of Twenty (G20) in April 2009;

"**Independent Adviser**" means an independent financial institution of international repute or an independent adviser with appropriate expertise appointed by the Issuer at the Issuer's expense;

"**Relevant Nominating Body**" means, in respect of a Reference Rate: (i) the central bank for the currency to which the Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the Reference Rate; or (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of: (A) the central bank for the currency to which the Reference Rate relates; (B) any central bank or other supervisory authority which is responsible for supervising the administrator of the Reference Rate; (C) a group of the aforementioned central banks or other supervisory authorities; or (D) the Financial Stability Board or any part thereof; and

"**Successor Rate**" means the rate that the Independent Adviser (in consultation with the Issuer) or the Issuer, as applicable, determines is a successor to or replacement of the relevant Reference Rate which is formally recommended by any Relevant Nominating Body.

(d) ***Minimum Rate of Interest and/or Maximum Rate of Interest***

If the applicable Pricing Supplement specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Pricing Supplement specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

Unless otherwise stated in the applicable Pricing Supplement the Minimum Rate of Interest shall be deemed to be zero.

(e) ***Determination of Rate of Interest and calculation of Interest Amounts***

The Principal Paying Agent or the Calculation Agent, as applicable, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. The Principal Paying Agent or the Calculation Agent, as applicable, will calculate the amount of interest (the "**Interest Amount**") payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

(i) in the case of Floating Rate Notes which are (i) represented by a Global Note, or (ii) Registered Notes in definitive form, the aggregate outstanding nominal amount of (A) the Notes represented by such Global Note or (B) such Registered Notes; or

(ii) in the case of Floating Rate Notes in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note which is a Bearer Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest in accordance with this Condition 5.2:

(i) if "**Actual/Actual (ISDA)**" or "**Actual/Actual**" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

(ii) if "**Actual/365 (Fixed)**" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365;

(iii) if "**Actual/365 (Sterling)**" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(iv) if "**Actual/360**" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 360;

(v) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \text{ x } (Y2 - Y1)] + [30 \text{ x } (M2 - M1)] + (D2 - D1)}{360}$$

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Interest Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"**M2**" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D1 will be 30; and

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

(vi) if "**30E/360**" or "**Eurobond Basis**" is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \text{ x } (Y2 - Y1)] + [30 \text{ x } (M2 - M1)] + (D2 - D1)}{360}$$

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Interest Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"**M2**" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D1 will be 30; and

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D2 will be 30; and

(vii) if "**30E/360 (ISDA)**" is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \text{ x } (Y2 - Y1)] + [30 \text{ x } (M2 - M1)] + (D2 - D1)}{360}$$

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Interest Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"**M2**" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30.

(f) ***Linear Interpolation***

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Pricing Supplement, the Rate of Interest for such Interest Period shall be calculated by the Principal Paying Agent or the Calculation Agent, as applicable, by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Pricing Supplement) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Pricing Supplement), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period **provided however that** if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Principal Paying Agent or the Calculation Agent, as applicable, shall determine such rate at such time and by reference to such sources as it determines appropriate.

"**Designated Maturity**" means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

(g) ***Notification of Rate of Interest and Interest Amounts***

The Principal Paying Agent or the Calculation Agent, as applicable, will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Principal Paying Agent and any stock exchange on which the relevant Floating Rate Notes are for the time being listed and notice thereof to be published in accordance with Condition 14 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will promptly be notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 14. For the purposes of this paragraph, the expression "**London Business Day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(h) ***Certificates to be final***

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5.2, whether by the Principal Paying Agent or the Calculation Agent, as applicable, shall (in the absence of manifest or proven error) be binding on the Issuer, the Agents and all Noteholders and Couponholders and (in the absence of manifest or proven error) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Principal Paying Agent or the Calculation Agent, as applicable, in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

5.3 **Accrual of interest**

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

(a) the date on which all amounts due in respect of such Note have been paid; and

(b) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Principal Paying Agent and notice to that effect has been given to the Noteholders in accordance with Condition 14.

6. **PAYMENTS**

6.1 **Method of payment**

Subject as provided below:

(a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and

(b) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8.

6.2 **Presentation of definitive Bearer Notes and Coupons**

Payments of principal in respect of definitive Bearer Notes will (subject as provided below) be made in the manner provided in Condition 6.1 only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Bearer Notes, and payments of interest in respect of definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

Fixed Rate Notes in definitive bearer form (other than Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of ten years after the Relevant Date (as defined in Condition 8) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note or Long Maturity Note in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A "**Long Maturity Note**" is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon **provided that** such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Bearer Note.

6.3 **Payments in respect of Bearer Global Notes**

Payments of principal and interest (if any) in respect of Notes represented by any Global Note in bearer form will (subject as provided below) be made in the manner specified above in relation to definitive Bearer Notes or otherwise in the manner specified in the relevant Global Note against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note by the Paying Agent to which it was presented.

6.4 **Payments in respect of Registered Notes**

Payments of principal (other than instalments of principal prior to the final instalment) in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Registrar (the "**Register**"): (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date; and (ii) where in definitive form, at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. For these purposes, "**Designated Account**" means the account (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by a holder with a Designated Bank and identified as such in the Register and "**Designated Bank**" means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest and payments of instalments of principal (other than the final instalment) in respect of each Registered Note (whether or not in global form) will be made by transfer on the due date to the Designated Account of the holder (or the first named of joint holders) of the Registered Note appearing in the Register: (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date; and (ii) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the "**Record Date**"). Payment of the interest due in respect of each Registered Note on redemption and the final instalment of principal will be made in the same manner as payment of the nominal amount of such Registered Note.

No commissions or expenses shall be charged to the holders by the Registrar in respect of any payments of principal or interest in respect of Registered Notes.

All amounts payable to DTC or its nominee as registered holder of a Registered Global Note in respect of Notes denominated in a Specified Currency other than U.S. dollars shall be paid by transfer by the Principal Paying Agent to an account in the relevant Specified Currency of the Exchange Agent for conversion into and payment in U.S. dollars unless the participant in DTC with an interest in the Notes has elected to receive any part of such payment in that Specified Currency, in the manner specified in the Agency Agreement and in accordance with the rules and procedures for the time being of DTC. All costs of any such conversion into U.S. dollars will be borne by the relevant Noteholder by deduction from any payments to be made to such Noteholder hereunder.

None of the Issuer or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

6.5 **General provisions applicable to payments**

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or DTC as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear, Clearstream, Luxembourg or DTC, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Bearer Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes may be made at the specified office of a Paying Agent in the United States if:

(a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Notes in the manner provided above when due;

(b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and

(c) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

6.6 **Payment Day**

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "**Payment Day**" means any day which (subject to Condition 9) is:

(a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:

    (i) in the case of Notes in definitive form only, the relevant place of presentation;

    (ii) each Additional Financial Centre (other than the TARGET2 System) specified in the applicable Pricing Supplement; and

(iii) if "TARGET2 System" is specified as an Additional Financial Centre in the applicable Pricing Supplement, a day on which the TARGET2 System is open;

(b) either: (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively); or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open; and

(c) in the case of any payment in respect of a Registered Global Note denominated in a Specified Currency other than U.S. dollars and registered in the name of DTC or its nominee and in respect of which an accountholder of DTC (with an interest in such Registered Global Note) has made no election and will receive any part of such payment in U.S. dollars, a day on which commercial banks are not authorised or required by law or regulation to be closed in New York City and London.

6.7 Interpretation of principal and interest

Any reference in these Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

(a) any additional amounts which may be payable with respect to principal under Condition 8;

(b) the Final Redemption Amount of the Notes;

(c) the Early Redemption Amount of the Notes;

(d) the Optional Redemption Amount(s) (if any) of the Notes;

(e) the Clean Up Call Optional Redemption Amount (if any) of the Notes; and

(f) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8.

7. REDEMPTION AND PURCHASE

7.1 Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Pricing Supplement in the relevant Specified Currency on the Maturity Date specified in the applicable Pricing Supplement.

7.2 Redemption at the option of the Issuer (Issuer Call)

If Issuer Call is specified as being applicable in the applicable Pricing Supplement, the Issuer may, having given not less than the minimum period nor more than the maximum period of notice specified in the applicable Pricing Supplement to the Noteholders in accordance with Condition 14 (which notice shall be irrevocable and shall specify the date fixed for redemption) and the Principal Paying Agent, redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the applicable Pricing Supplement together, if applicable, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount in each case as may be specified in the applicable Pricing Supplement. In the case of a partial redemption of Notes, the Notes to be redeemed ("**Redeemed Notes**") will: (i) in the case of Redeemed Notes represented by definitive Notes be selected individually by lot, not more than 30 days prior to the date fixed for redemption; and (ii) in the case of Redeemed Notes represented by a Global Note, be selected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg and/or DTC. In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 14 not less than 15 days prior to the date fixed for redemption.

7.3 **Redemption at the option of the Noteholders (Investor Put)**

If Investor Put is specified as being applicable in the applicable Pricing Supplement, upon the holder of any Note giving to the Issuer in accordance with Condition 14 not less than the minimum period nor more than the maximum period of notice specified in the applicable Pricing Supplement, the Issuer will, upon the expiry of such notice, redeem such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if applicable, with interest accrued to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of this Note the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) at any time during normal business hours of such Paying Agent or, as the case may be, the Registrar falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or, as the case may be, the Registrar (a "**Put Notice**") and in which the holder must specify a bank account to which payment is to be made under this Condition and, in the case of Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with the provisions of Condition 2.2. If this Note is in definitive bearer form, the Put Notice must be accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control.

If this Note is represented by a Global Note or is in definitive form and held through Euroclear, Clearstream, Luxembourg or DTC, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear, Clearstream, Luxembourg and DTC (which may include notice being given on his instruction by Euroclear, Clearstream, Luxembourg, DTC or any Common Depositary for Euroclear or Clearstream, Luxembourg to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear, Clearstream, Luxembourg and DTC from time to time.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear, Clearstream, Luxembourg and DTC by a holder of any Note pursuant to this Condition 7.3 shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and is continuing, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 7.3 and instead to give written notice to the Principal Paying Agent to declare such Note forthwith due and payable subject to, and in accordance with, Condition 10.

7.4 **Redemption at the Option of the Issuer (Clean Up Call Right)**

If Clean Up Call Right is specified as being applicable in the applicable Pricing Supplement and 75 per cent. or more of the aggregate nominal amount of the Notes then outstanding have been redeemed and/or purchased and cancelled pursuant to this Condition 7, the Issuer may having given not less than the minimum period nor more than the maximum period of notice specified in the applicable Pricing Supplement to the Noteholders in accordance with Condition 14 (which notice shall be irrevocable and shall specify the date fixed for redemption (the "**Clean Up Call Right Date**")) and the Principal Paying Agent redeem all, but not some only, of the Notes at the Clean Up Call Optional Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement together, if applicable, with interest accrued to (but excluding) the Clean Up Call Right Date.

7.5 **Early Redemption Amounts**

For the purpose of Condition 10:

(a) each Note (other than a Zero Coupon Note) will be redeemed at its Early Redemption Amount; and

(b) each Zero Coupon Note will be redeemed at its Early Redemption Amount calculated in accordance with the following formula:

Early Redemption Amount = RP x $(1 + AY)^y$

where:

"**RP**" means the Reference Price;

"**AY**" means the Accrual Yield expressed as a decimal; and

"**y**" is the Day Count Fraction specified in the applicable Pricing Supplement which will be either: (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360); or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360); or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365).

7.6 **Purchases**

The Issuer may at any time purchase Notes (**provided that**, in the case of definitive Bearer Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. All Notes so purchased will be surrendered to a Paying Agent or the Registrar for cancellation. The Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Condition 15.

7.7 **Cancellation**

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and the Notes purchased and cancelled pursuant to Condition 7.6 (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

7.8 **Late payment on Zero Coupon Notes**

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 7.1, 7.2, 7.3 or 7.4 or upon its becoming due and repayable as provided in Condition 10 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 7.5(b) as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

(a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and

(b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Principal Paying Agent and notice to that effect has been given to the Noteholders in accordance with Condition 14.

8. TAXATION

All payments of principal and interest in respect of the Notes and Coupons by or on behalf of the Issuer shall be made in the Specified Currency without set-off or counterclaim of any kind and free and clear of, and without withholding or deduction for or on account of, any Taxes of whatever nature imposed, levied, collected, withheld or assessed by, within or on behalf of a Relevant Jurisdiction, unless the withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as will result in receipt by the Noteholders or Couponholders of such amounts as would have been receivable by them, had no such withholding or deduction been required, except that no such additional amount shall be payable in respect of any Note or Coupon:

(a) held by or on behalf of a holder who is liable for such Taxes in respect of such Note or Coupon by reason of having some connection with a Relevant Jurisdiction other than the mere holding of the Note or Coupon; or

(b) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the relevant Noteholder or Couponholder would have been entitled to such additional amount if it presented the relevant Note or Coupon for payment on the last day of such period of 30 days, assuming that day to have been a Payment Day (as defined in Condition 6.6).

In these Conditions:

"**Relevant Jurisdiction**" means the UAE or any political subdivision or authority thereof or therein having the power to tax;

"**Relevant Date**" means, in relation to any payment, the date on which the payment in question first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Principal Paying Agent on or prior to such due date, it means the date on which, the full amount of such moneys has been so received or (if earlier) the date seven days after that on which notice is duly given to Noteholders in accordance with Condition 14 that, upon further presentation or surrender, as applicable, of the relevant Note or Coupon being made in accordance with these Conditions, such payment will be made, provided that payment is in fact made upon such presentation or surrender, as applicable; and

"**Taxes**" means any present or future taxes, levies, imposts, duties, fees, assessments or other charges of whatever nature, including any interest, additions to tax or penalties applicable thereto.

9. PRESCRIPTION

Notes (whether in bearer or registered form) and Coupons will become void unless presented for payment within a period of ten years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 8) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 6.2 or any Talon which would be void pursuant to Condition 6.2.

10. EVENTS OF DEFAULT

If any of the following events (each an "**Event of Default**") occurs and is continuing:

(a) default is made by the Issuer in the payment of the principal of, or any interest on, any of the Notes when due and the default continues for a period of 30 days; or

(b) the Issuer fails to perform or observe any one or more of its other obligations or undertakings in respect of the Notes and either such default is not capable of remedy or such default (if capable of remedy) is not remedied within 45 days after written notice of such default shall have been given to the Issuer by any Noteholder; or

(c) (i) the holders of any Relevant Indebtedness of the Issuer accelerate such Relevant Indebtedness or declare such Relevant Indebtedness to be due and payable or required to be prepaid (other than by a regularly scheduled required prepayment or pursuant to an option granted to the holders by the terms of such Relevant Indebtedness), prior to the stated maturity thereof; or (ii) the Issuer fails to pay in full any principal of, or interest on, any of its Relevant Indebtedness when due (after expiration of any applicable grace period) or any Guarantee of any Relevant Indebtedness of others; provided that the aggregate amount of the Relevant Indebtedness or Guarantee in respect of which one or more of the events mentioned above in this paragraph (c) shall have occurred equals or exceeds U.S.$75,000,000 (or its equivalent in any other currency or currencies); or

(d) the Issuer shall enter into an arrangement with its creditors generally for the rescheduling or postponement of its debts, or a moratorium on the payment of principal of, or interest on, all or any part of the Relevant Indebtedness of the Issuer shall be declared; or

(e) (i) the validity of the Notes is contested by the Issuer or the Issuer shall deny any of its obligations under the Notes; or (ii) as a result of any change in, or amendment to, the laws or regulations in the United Arab Emirates, which change or amendment takes place on or after the date on which agreement is reached to issue the first Tranche of the Notes: (A) it becomes unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or the Agency Agreement; or (B) any such obligations become unenforceable or invalid,

then the holders of not less than 25 per cent. in aggregate outstanding nominal amount of the Notes may, by notice in writing to the Issuer (with a copy to the Principal Paying Agent), declare all the Notes immediately due and payable, at their Early Redemption Amount together with accrued interest (if any), without further formality. Upon such declaration by the Noteholders, the Issuer shall give notice thereof to the holders of Notes in accordance with Condition 14 (with a copy to the Principal Paying Agent).

If the Issuer receives notice in writing from the holders of at least 50 per cent. in aggregate outstanding nominal amount of the Notes to the effect that the Event of Default or Events of Default giving rise to any above-mentioned declaration is or are cured following any such declaration and that such holders wish the relevant declaration to be withdrawn, the Issuer shall give notice thereof to the Noteholders (with a copy to the Principal Paying Agent) whereupon the relevant declaration shall be withdrawn and shall have no further effect but without prejudice to any other rights or obligations which may have arisen before the Issuer gives such notice.

"**Guarantee**" means, in relation to any specific Relevant Indebtedness of any Person, an explicit obligation of another Person to pay such Relevant Indebtedness, evidenced in writing in the form of a deed of guarantee (or other similar document) including:

(a) any obligation to purchase such Relevant Indebtedness;

(b) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Relevant Indebtedness;

(c) any indemnity against the consequences of a default in the payment of such Relevant Indebtedness; and

(d) any other agreement to be responsible for such Relevant Indebtedness;

11. REPLACEMENT OF NOTES, COUPONS AND TALONS

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent (in the case of Bearer Notes or Coupons) or the Registrar (in the case of Registered Notes) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

12. AGENTS

The names of the initial Agents and their initial specified offices are set out below. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the applicable Pricing Supplement.

The Issuer is entitled to vary or terminate the appointment of any Agent and/or appoint additional or other Agents and/or approve any change in the specified office through which any Agent acts, **provided that**:

(a) there will at all times be a Principal Paying Agent and a Registrar;

(b) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent (in the case of Bearer Notes) and a Transfer Agent (in the case of Registered Notes) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority; and

(c) so long as any of the Registered Global Notes payable in a Specified Currency other than U.S. dollars are held through DTC or its nominee, there will at all times be an Exchange Agent with a specified office in London.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 6.5. Notice of any variation, termination, appointment or change in Paying Agents will be given to the Noteholders in accordance with Condition 14.

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Noteholder or Couponholder. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

13. EXCHANGE OF TALONS

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 9.

14. NOTICES

All notices regarding the Bearer Notes will be deemed to be validly given if published in a leading English language daily newspaper of general circulation in London (which is expected to be the Financial Times) or published on the website of the London Stock Exchange through a regulatory information service, or, if in either case such publication is not practicable, in a leading English language newspaper having general circulation in Europe. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Bearer Notes are for the time being listed or by which they have been admitted to trading including publication on the website of the relevant stock exchange or relevant authority if required by those rules. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

All notices regarding the Registered Notes will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Registered Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published on the website of the relevant stock exchange or relevant authority and/or in a daily newspaper of general circulation in the place or places required by those rules.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg and/or DTC, be substituted for such publication in such newspaper(s) or such websites the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or DTC for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published on the website of the relevant stock exchange or relevant authority and/or in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg and/or DTC.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes). Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Principal Paying Agent or the Registrar through Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, in such manner as the Principal Paying Agent, the Registrar and Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, may approve for this purpose.

15. MEETINGS OF NOTEHOLDERS, MODIFICATION AND WAIVER

15.1 Convening Meetings of Noteholders; Conduct of Meetings of Noteholders; Written Resolutions

(a) The Issuer may convene a meeting of the Noteholders at any time in respect of the Notes in accordance with the Agency Agreement and will determine the time and place of the meeting. The Issuer will notify the Noteholders of the time, place and purpose of the meeting not less than 21 and not more than 45 days before the meeting.

(b) The Issuer or the Principal Paying Agent, on behalf of and under the instruction of the Issuer, will convene a meeting of Noteholders if the holders of at least 10 per cent. in nominal amount of the outstanding Notes (as defined in the Agency Agreement and described in Condition 15.9) have delivered a written request to the Issuer or the Principal Paying Agent (with a copy to the Issuer) setting out the purpose of the meeting. The Principal Paying Agent will agree the time and place of the meeting with the Issuer promptly. The Issuer or the Principal Paying Agent, as the case may be, will notify the Noteholders within ten days of receipt of such written request of the time and place of the meeting, which shall take place not less than 21 and not more than 45 days after the date on which such notification is given (in each case exclusive of the day on which the notice is given and the day on which the meeting is to be held).

(c) The Issuer (with the agreement of the Principal Paying Agent) will set out the procedures governing the conduct of any meeting in accordance with the Agency Agreement. If the Agency Agreement does not include such procedures, or additional procedures are required, the Issuer and the Principal Paying Agent will agree such procedures as are customary in the market and in such a manner as to facilitate any multiple series aggregation, if in relation to a Reserved Matter the Issuer proposes any modification to the terms and conditions of, or action with respect to, two or more series of debt securities issued by it.

(d) The notice convening any meeting will specify, *inter alia*;

   (i) the date, time and location of the meeting;

   (ii) the agenda and the text of any Extraordinary Resolution to be proposed for adoption at the meeting;

(iii) the record date for the meeting, which shall be no more than five business days before the date of the meeting;

(iv) the documentation required to be produced by a Noteholder in order to be entitled to participate at the meeting or to appoint a proxy to act on the Noteholder's behalf at the meeting;

(v) any time deadline and procedures required by any relevant international and/or domestic clearing systems or similar through which the Notes are traded and/or held by Noteholders;

(vi) whether Condition 15.2, Condition 15.3 or Condition 15.4 shall apply and, if relevant, in relation to which other series of debt securities it applies;

(vii) if the proposed modification or action relates to two or more series of debt securities issued by the Issuer and contemplates such series of debt securities being aggregated in more than one group of debt securities, a description of the proposed treatment of each such group of debt securities;

(viii) such information that is required to be provided by the Issuer in accordance with Condition 15.6;

(ix) the identity of the Aggregation Agent and the Claims Calculation Agent (each as defined in these Conditions), if any, for any proposed modification or action to be voted on at the meeting, and the details of any applicable methodology referred to in Condition 15.7; and

(x) any additional procedures which may be necessary and, if applicable, the conditions under which a multiple series aggregation will be deemed to have been satisfied if it is approved as to some but not all of the affected series of debt securities.

(e) In addition, the Agency Agreement contains provisions relating to Written Resolutions and Electronic Consents (as defined in Condition 15.12). All information to be provided pursuant to paragraph (d) above shall also be provided, *mutatis mutandis*, in respect of Written Resolutions and Electronic Consents.

(f) A "**record date**" in relation to any proposed modification or action means the date fixed by the Issuer for determining the Noteholders and, in the case of a multiple series aggregation, the holders of debt securities of each other affected series that are entitled to vote on a Multiple Series Single Limb Extraordinary Resolution or a Multiple Series Two Limb Extraordinary Resolution, or to sign a Multiple Series Single Limb Written Resolution or a Multiple Series Two Limb Written Resolution.

(g) An "**Extraordinary Resolution**" means any of a Single Series Extraordinary Resolution, a Multiple Series Single Limb Extraordinary Resolution and/or a Multiple Series Two Limb Extraordinary Resolution, as the case may be.

(h) A "**Written Resolution**" means any of a Single Series Written Resolution, a Multiple Series Single Limb Written Resolution and/or a Multiple Series Two Limb Written Resolution, as the case may be.

(i) Any reference to "**debt securities**" means any notes (including, without limitation, the Notes), bonds, debentures or other debt securities (which, for these purposes, shall be deemed to include any *sukuk* or other trust certificates representing the credit of the Issuer) issued directly or indirectly by the Issuer in one or more series with an original stated maturity of more than one year.

(j) "**Debt Securities Capable of Aggregation**" means those debt securities which include or incorporate by reference this Condition 15 and Condition 16 or provisions substantially in these terms which provide for the debt securities which include such provisions to be capable of being aggregated for voting purposes with other series of debt securities.

(k) "**business day**" shall mean a day on which banks are open for business in the city in which the specified office of the Principal Paying Agent is located.

15.2 **Modification of this Series of Notes only**

(a) Any modification of any provision of, or any action in respect of, the Notes, these Conditions, the Agency Agreement and/or the Deed of Covenant may be made or taken if approved by a Single Series Extraordinary Resolution or a Single Series Written Resolution as set out below.

(b) A "**Single Series Extraordinary Resolution**" means a resolution passed at a meeting of Noteholders duly convened and held in accordance with the procedures prescribed by the Issuer pursuant to Condition 15.1 by a majority of:

(i) in the case of a Reserved Matter, at least 75 per cent. of the aggregate nominal amount of the outstanding Notes; or

(ii) in the case of a matter other than a Reserved Matter, more than 50 per cent. of the aggregate nominal amount of the outstanding Notes.

(c) A "**Single Series Written Resolution**" means a resolution in writing signed or confirmed in writing by or on behalf of the holders of:

(i) in the case of a Reserved Matter, at least 75 per cent. of the aggregate nominal amount of the outstanding Notes; or

(ii) in the case of a matter other than a Reserved Matter, more than 50 per cent. of the aggregate nominal amount of the outstanding Notes.

Any Single Series Written Resolution may be contained in one document or several documents in the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders.

(d) Any Single Series Extraordinary Resolution duly passed or Single Series Written Resolution approved shall be binding on all Noteholders, whether or not they attended any meeting, whether or not they voted in favour thereof and whether or not they signed or confirmed in writing any such Single Series Written Resolution, as the case may be, and on all Couponholders.

15.3 **Multiple Series Aggregation – Single limb voting**

(a) In relation to a proposal that includes a Reserved Matter, any modification to the terms and conditions of, or any action with respect to, two or more series of Debt Securities Capable of Aggregation may be made or taken if approved by a Multiple Series Single Limb Extraordinary Resolution or by a Multiple Series Single Limb Written Resolution as set out below, **provided that** the Uniformly Applicable condition is satisfied.

(b) A "**Multiple Series Single Limb Extraordinary Resolution**" means a resolution considered at separate meetings of the holders of each affected series of Debt Securities Capable of Aggregation, duly convened and held in accordance with the procedures prescribed by the Issuer pursuant to Condition 15.1, as supplemented if necessary, which is passed by a majority of at least 75 per cent. of the aggregate nominal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate).

(c) A "**Multiple Series Single Limb Written Resolution**" means each resolution in writing (with a separate resolution in writing or multiple separate resolutions in writing distributed to the holders of each affected series of Debt Securities Capable of Aggregation, in accordance with the applicable bond documentation) which, when taken together, has been signed or confirmed in writing by or on behalf of the holders of at least 75 per cent. of the aggregate nominal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate). Any Multiple Series Single Limb Written Resolution may be contained in one document or several documents in substantially the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders or one or more holders of each affected series of Debt Securities Capable of Aggregation.

(d) Any Multiple Series Single Limb Extraordinary Resolution duly passed or Multiple Series Single Limb Written Resolution approved shall be binding on all Noteholders and holders of each other affected series of Debt Securities Capable of Aggregation, whether or not they attended any meeting, whether or not they voted in favour thereof, whether or not any other holder or holders of the same series voted in favour thereof and whether or not they signed or confirmed in writing any such Multiple Series Single Limb Written Resolution, as the case may be, and on all Couponholders and couponholders (where applicable) of each other affected series of Debt Securities Capable of Aggregation.

(e) The "**Uniformly Applicable**" condition will be satisfied if:

(i) the holders of all affected series of Debt Securities Capable of Aggregation are invited to exchange, convert, or substitute their debt securities, on the same terms, for: (i) the same new instrument or other consideration; or (ii) a new instrument, new instruments or other consideration from an identical menu of instruments or other consideration; or

(ii) the amendments proposed to the terms and conditions of each affected series of Debt Securities Capable of Aggregation would, following implementation of such amendments, result in the amended instruments having identical provisions (other than provisions which are necessarily different, having regard to different currency of issuance).

(f) It is understood that a proposal under paragraph (c) above will not be considered to satisfy the Uniformly Applicable condition if each exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation (or, where a menu of instruments or other consideration is offered, each exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation electing the same option from such menu of instruments).

(g) Any modification or action proposed under paragraph (a) above may be made in respect of some series only of the Debt Securities Capable of Aggregation and, for the avoidance of doubt, the provisions described in this Condition 15.3 may be used for different groups of two or more series of Debt Securities Capable of Aggregation simultaneously.

15.4 **Multiple Series Aggregation – Two limb voting**

(a) In relation to a proposal that includes a Reserved Matter, any modification to the terms and conditions of, or any action with respect to, two or more series of Debt Securities Capable of Aggregation may be made or taken if approved by a Multiple Series Two Limb Extraordinary Resolution or by a Multiple Series Two Limb Written Resolution as set out below.

(b) A "**Multiple Series Two Limb Extraordinary Resolution**" means a resolution considered at separate meetings of the holders of each affected series of Debt Securities Capable of Aggregation, duly convened and held in accordance with the procedures prescribed by the Issuer pursuant to Condition 15.1, as supplemented if necessary, which is passed by a majority of:

(i) at least 66⅔ per cent. of the aggregate nominal amount of the outstanding debt securities of affected series of Debt Securities Capable of Aggregation (taken in aggregate); and

(ii) more than 50 per cent. of the aggregate nominal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually).

(c) A "**Multiple Series Two Limb Written Resolution**" means each resolution in writing (with a separate resolution in writing or multiple separate resolutions in writing distributed to the holders of each affected series of Debt Securities Capable of Aggregation, in accordance with the applicable bond documentation) which, when taken together, has been signed or confirmed in writing by or on behalf of the holders of:

(i) at least 66⅔ per cent. of the aggregate nominal amount of the outstanding debt securities of all the affected series of Debt Securities Capable of Aggregation (taken in aggregate); and

(ii) more than 50 per cent. of the aggregate nominal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually).

Any Multiple Series Two Limb Written Resolution may be contained in one document or several documents in substantially the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders or one or more holders of each affected series of Debt Securities Capable of Aggregation.

(d) Any Multiple Series Two Limb Extraordinary Resolution duly passed or Multiple Series Two Limb Written Resolution approved shall be binding on all Noteholders and holders of each other affected series of Debt Securities Capable of Aggregation, whether or not they attended any meeting, whether or not they voted in favour thereof, whether or not any other holder or holders of the same series voted in favour thereof and whether or not they signed or confirmed in writing any such Multiple Series Two Limb Written Resolution, as the case may be, and on all Couponholders and couponholders (where applicable) of each other affected series of Debt Securities Capable of Aggregation.

(e) Any modification or action proposed under paragraph (a) above may be made in respect of some series only of the Debt Securities Capable of Aggregation and, for the avoidance of doubt, the provisions described in this Condition 15.4 may be used for different groups of two or more series of Debt Securities Capable of Aggregation simultaneously.

15.5 **Reserved Matters**

In these Conditions, "**Reserved Matter**" means any proposal:

(a) to change the date, or the method of determining the date, for payment of principal, interest or any other amount in respect of the Notes, to reduce or cancel the amount of principal, interest or any other amount payable on any date in respect of the Notes or to change the method of calculating the amount of principal, interest or any other amount payable in respect of the Notes on any date;

(b) to change the currency in which any amount due in respect of the Notes is payable or the place in which any payment is to be made;

(c) to change the majority required to pass an Extraordinary Resolution, a Written Resolution or any other resolution of Noteholders or the number or percentage of votes required to be cast, or the number or percentage of Notes required to be held, in connection with the taking of any decision or action by or on behalf of the Noteholders or any of them;

(d) to change this definition, or the definition of "Extraordinary Resolution", "Single Series Extraordinary Resolution", "Multiple Series Single Limb Extraordinary Resolution", "Multiple Series Two Limb Extraordinary Resolution", "Written Resolution", "Single Series Written Resolution", "Multiple Series Single Limb Written Resolution" or "Multiple Series Two Limb Written Resolution";

(e) to change the definition of "debt securities" or "Debt Securities Capable of Aggregation";

(f) to change the definition of "Uniformly Applicable";

(g) to change the definition of "outstanding" or to modify the provisions of Condition 15.9;

(h) to change: (A) the legal ranking of the Notes; or (B) to approve such other arrangement by way of Extraordinary Resolution of the Noteholders as referred to in Condition 4;

(i) to change any provision of the Notes describing circumstances in which Notes may be declared due and payable prior to their scheduled maturity date, set out in Condition 10(a);

(j) to change the law governing the Notes, the courts to the jurisdiction of which the Issuer has submitted in the Notes, any of the arrangements specified in the Notes to enable proceedings to be taken or the Issuer's waiver of immunity, in respect of actions or proceedings brought by any Noteholder, set out in Condition 21;

(k) to impose any condition on or otherwise change the Issuer's obligation to make payments of principal, interest or any other amount in respect of the Notes, including by way of the addition of a call option;

(l) to modify the provisions of this Condition 15.5;

(m) except as permitted by any related guarantee or security agreement, to release any agreement guaranteeing or securing payments under the Notes or to change the terms of any such guarantee or security; or

(n) to exchange or substitute all the Notes for, or convert all the Notes into, other obligations or securities of the Issuer or any other person, or to modify any provision of these Conditions in connection with any exchange or substitution of the Notes for, or the conversion of the Notes into, any other obligations or securities of the Issuer or any other person, which would result in these Conditions as so modified being less favourable to the Noteholders which are subject to the Conditions as so modified than:

   (i) the provisions of the other obligations or debt securities of the Issuer or any other person resulting from the relevant exchange or substitution or conversion; or

   (ii) if more than one series of other obligations or debt securities results from the relevant exchange or substitution or conversion, the provisions of the resulting series of debt securities having the largest aggregate nominal amount.

15.6 **Information**

(a) Prior to or on the date that the Issuer proposes any Extraordinary Resolution or Written Resolution pursuant to Condition 15.2, Condition 15.3 or Condition 15.4, the Issuer shall publish in accordance with Condition 14 (with a copy to the Principal Paying Agent) the following information:

   (i) a description of the Issuer's economic and financial circumstances which are, in the Issuer's opinion, relevant to the request for any potential modification or action, a description of the Issuer's existing debts and a description of its broad policy reform programme and provisional macroeconomic outlook;

   (ii) if the Issuer shall at the time have entered into an arrangement for financial assistance with multilateral and/or other major creditors or creditor groups and/or an agreement with any such creditors regarding debt relief, a description of any such arrangement or agreement. Where permitted under the information disclosure policies of the multilateral or such other creditors, as applicable, copies of the arrangement or agreement shall be provided;

(iii) a description of the Issuer's proposed treatment of external debt securities that fall outside the scope of any multiple series aggregation and its intentions with respect to any other debt securities and its other major creditor groups; and

(iv) if any proposed modification or action contemplates debt securities being aggregated in more than one group of debt securities, a description of the proposed treatment of each such group, as required for a notice convening a meeting of the Noteholders in Condition 15.1(d)(vii).

15.7 **Claims Valuation**

For the purpose of calculating the par value of the Notes and any affected series of debt securities which are to be aggregated with the Notes in accordance with Condition 15.3 and Condition 15.4, the Issuer may appoint a calculation agent (for the purposes of this Condition 15 and Condition 16, the "**Claims Calculation Agent**"). The Issuer shall, with the approval of the Aggregation Agent and any appointed Claims Calculation Agent, promulgate the methodology in accordance with which the Claims Calculation Agent will calculate the par value of the Notes and such affected series of debt securities. In any such case where a Claims Calculation Agent is appointed, the same person will be appointed as the Claims Calculation Agent for the Notes and each other affected series of debt securities for these purposes, and the same methodology will be promulgated for each affected series of debt securities.

15.8 **Manifest error, etc.**

The Notes, these Conditions and the provisions of the Agency Agreement may be amended by the Issuer without the consent of the Noteholders or the Couponholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders, to any such modification unless in the opinion of the Issuer, such modification is: (i) of a formal, minor or technical nature; or (ii) is made to correct a manifest error; or (iii) not materially prejudicial to the interests of the Noteholders and is other than in respect of a Reserved Matter.

15.9 **Notes controlled by the Issuer**

For the purposes of: (a) determining the right to attend and vote at any meeting of Noteholders, the right to give an Electronic Consent, or the right to sign or confirm in writing, or authorise the signature of, any Written Resolution; (b) this Condition 15; and (c) Condition 10, any Notes which are for the time being held by or on behalf of the Federal Government or any other public sector instrumentality of the Federal Government or by or on behalf of any Person which is owned or controlled directly or indirectly by the Federal Government or by any other public sector instrumentality of the Federal Government shall be disregarded and be deemed not to remain outstanding.

A Note will also be deemed to be not outstanding if, in accordance with these Conditions, the Note has previously been cancelled or delivered for cancellation or held for reissuance but not reissued, or, where relevant, the Note has previously been called for redemption in accordance with its terms or previously become due and payable at maturity or otherwise and the Issuer has previously satisfied its obligations to make all payments due in respect of the Note in accordance with its terms.

In advance of any meeting of Noteholders, or in connection with any Electronic Consent or Written Resolution, the Issuer shall provide to the Principal Paying Agent a copy of the certificate prepared pursuant to Condition 16.5, which includes information on the total number of Notes which are for the time being held by or on behalf of the Federal Government or any other public sector instrumentality of the Federal Government (as the case may be) or by or on behalf of any Person which is owned or controlled directly or indirectly by the Federal Government or by any other public sector instrumentality of the Federal Government (as the case may be) and, as such, such Notes shall be disregarded and deemed not to remain outstanding for the purposes of ascertaining the right to attend and vote at any meeting of Noteholders or the right to sign, or authorise the signature of, any Written Resolution in respect of any such meeting. The Principal Paying Agent shall make any such certificate available for inspection during normal business hours at its specified office and, upon reasonable request, will allow copies of such certificate to be taken.

In these Conditions:

"**public sector instrumentality**" means any agency, any other department or ministry of the Federal Government or any corporation, trust, financial institution or other entity owned or controlled by the Federal Government or any of the foregoing; and

"**control**" means the power, directly or indirectly, through the ownership of voting securities or other ownership interests or through contractual control or otherwise, to direct the management of or elect or appoint a majority of the board of directors or other Persons performing similar functions in lieu of, or in addition to, the board of directors of a corporation, trust, financial institution or other entity.

15.10 **Publication**

The Issuer shall publish all Extraordinary Resolutions and Written Resolutions which have been determined by the Aggregation Agent to have been duly passed in accordance with Condition 16.8.

15.11 **Exchange and Conversion**

Any Extraordinary Resolutions or Written Resolutions which have been duly passed and which modify any provision of, or action in respect of, these Conditions may be implemented at the Issuer's option by way of a mandatory exchange or conversion of the Notes and each other affected series of debt securities, as the case may be, into new debt securities containing the modified terms and conditions if the proposed mandatory exchange or conversion of the Notes is notified to Noteholders at the time notification is given to the Noteholders as to the proposed modification or action. Any such exchange or conversion shall be binding on all Noteholders and Couponholders.

15.12 **Written Resolutions and Electronic Consents**

A Written Resolution may be contained in one document or in several documents in like form, each signed by or on behalf of one or more of the Noteholders.

For so long as any Notes are in the form of a global Note held on behalf of one or more of Euroclear, Clearstream, Luxembourg, DTC or any other clearing system (the "**relevant clearing system(s)**"), then:

(a) approval of a resolution proposed by the Issuer given by way of electronic consent communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures: (i) by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders; or (ii) (where such holders have been given at least 21 days' notice of such resolution) by or on behalf of:

    (i) in respect of a proposal that falls within paragraphs (b) and (c) of Condition 15.2, the persons holding at least 75 per cent. of the aggregate nominal amount of the outstanding Notes in the case of a Reserved Matter or more than 50 per cent. of the aggregate nominal amount of the outstanding Notes, in the case of a matter other than a Reserved Matter;

    (ii) in respect of a proposal that falls within paragraphs (b) and (c) of Condition 15.3, the persons holding at least 75 per cent. of the aggregate nominal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate);

    (iii) in respect of a proposal that falls within paragraphs (b) and (c) of Condition 15.4, (x) the persons holding at least 66⅔ per cent. of the aggregate nominal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate); and (y) the persons holding more than 50 per cent. of the aggregate nominal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually),

(in the case of (i), (ii) and (iii), each an "**Electronic Consent**") shall, for all purposes (including Reserved Matters) take effect as (A) a Single Series Extraordinary Resolution (in the case of (i) above), (B) a Multiple Series Single Limb Extraordinary Resolution (in the case of (ii) above) or (C) a Multiple Series Two Limb Extraordinary Resolution (in the case of (iii) above), as applicable.

The notice given to Noteholders shall specify, in sufficient detail to enable Noteholders to give their consents in relation to the proposed resolution, the method by which their consents may be given (including, where applicable, blocking of their accounts in the relevant clearing system(s)) and the time and date (the "**Relevant Date**") by which they must be received in order for such consents to be validly given, in each case subject to and in accordance with the operating rules and procedures of the relevant clearing system(s).

If, on the Relevant Date on which the consents in respect of an Electronic Consent are first counted, such consents do not represent the required proportion for approval, the resolution shall, if the party proposing such resolution (the "**Proposer**") so determines, be deemed to be defeated. Alternatively, the Proposer may give a further notice to Noteholders that the resolution will be proposed again on such date and for such period as shall be agreed with the Issuer (unless the Issuer is the Proposer). Such notice must inform Noteholders that insufficient consents were received in relation to the original resolution and the information specified in the previous paragraph. For the purpose of such further notice, references to "**Relevant Date**" shall be construed accordingly.

An Electronic Consent may only be used in relation to a resolution proposed by the Issuer which is not then the subject of a meeting that has been validly convened above, unless that meeting is or shall be cancelled or dissolved.

(b) Where Electronic Consent has not been sought, for the purposes of determining whether a Written Resolution has been validly passed, the Issuer shall be entitled to rely on consent or instructions given in writing directly to the Issuer: (i) by accountholders in the relevant clearing system(s) with entitlements to any global Note; and/or (ii) where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder as the person for whom such entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer and the Agents shall be entitled to rely on any certificate or other document issued by, in the case of (i) above, the relevant clearing system(s) and, in the case of (ii) above, the relevant clearing system(s) and the accountholder identified by the relevant clearing system(s). Any such certificate or other document: (i) shall be conclusive and binding for all purposes; and (ii) may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. None of the Issuer or any Agent shall be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

All information to be provided pursuant to paragraph (d) of Condition 15.1 shall also be provided, *mutatis mutandis*, in respect of Written Resolutions and Electronic Consents.

A Written Resolution and/or Electronic Consent: (i) shall take effect as an Extraordinary Resolution; and (ii) will be binding on all Noteholders and Couponholders, whether or not they participated in such Written Resolution and/or Electronic Consent, even if the relevant consent or instruction proves to be defective.

16. AGGREGATION AGENT; AGGREGATION PROCEDURES

16.1 Appointment

The Issuer will appoint an aggregation agent (the "**Aggregation Agent**") to calculate whether a proposed modification or action has been approved by the required nominal amount outstanding of Notes, and, in the case of a multiple series aggregation, by the required nominal amount of outstanding debt securities of each affected series of debt securities. In the case of a multiple series aggregation, the same person will be appointed as the Aggregation Agent for the proposed modification of any provision of, or any action in respect of, these Conditions or the Agency Agreement in respect of the Notes and in respect of the terms and conditions or bond documentation in respect of each other affected series of debt securities. The Aggregation Agent shall be independent of the Issuer.

16.2 Extraordinary Resolutions

If an Extraordinary Resolution has been proposed at a duly convened meeting of Noteholders to modify any provision of, or action in respect of, these Conditions and other affected series of debt securities, as the case may be, the Aggregation Agent will, as soon as practicable after the time the vote is cast, calculate whether holders of a sufficient portion of the aggregate nominal amount of the outstanding Notes and, where relevant, each other affected series of debt securities, have voted in favour of the Extraordinary Resolution such that the Extraordinary Resolution is passed. If so, the Aggregation Agent will determine that the Extraordinary Resolution has been duly passed.

16.3 Written Resolutions

If a Written Resolution has been proposed under the terms of these Conditions to modify any provision of, or action in respect of, these Conditions and the terms and conditions of other affected series of debt securities, as the case may be, the Aggregation Agent will, as soon as reasonably practicable after the relevant Written Resolution has been signed or confirmed in writing, calculate whether holders of a sufficient portion of the aggregate nominal amount of the outstanding Notes and, where relevant, each other affected series of debt securities, have signed or confirmed in writing in favour of the Written Resolution such that the Written Resolution is passed. If so, the Aggregation Agent will determine that the Written Resolution has been duly passed.

16.4 Electronic Consents

If approval of a resolution proposed under the terms of these Conditions to modify any provision of, or action in respect of, these Conditions and the terms and conditions of other affected series of debt securities, as the case may be, is proposed to be given by way of Electronic Consent, the Aggregation Agent will, as soon as reasonably practicable after the relevant Electronic Consent has been given, calculate whether holders of a sufficient portion of the aggregate nominal amount of the outstanding Notes and, where relevant, each other affected series of debt securities, have consented to the resolution by way of Electronic Consent such that the resolution is approved. If so, the Aggregation Agent will determine that the resolution has been duly approved.

16.5 Certificate

For the purposes of Condition 16.2 and Condition 16.3, the Issuer will provide a certificate to the Aggregation Agent up to three days prior to, and in any case no later than, with respect to an Extraordinary Resolution, the date of the meeting referred to in Condition 15.2, Condition 15.3 or Condition 15.4, as applicable, and, with respect to a Written Resolution, the date arranged for the signing of the Written Resolution.

The certificate shall:

(a) list the total nominal amount of Notes and, in the case of a multiple series aggregation, the total nominal amount of each other affected series of debt securities outstanding on the record date; and

(b) clearly indicate the Notes and, in the case of a multiple series aggregation, debt securities of each other affected series of debt securities which shall be disregarded and deemed not to remain outstanding as a consequence of Condition 15.9 on the record date identifying the holders of the Notes and, in the case of a multiple series aggregation, debt securities of each other affected series of debt securities.

The Aggregation Agent may rely upon the terms of any certificate, notice, communication or other document believed by it to be genuine.

16.6 **Notification**

The Aggregation Agent will cause each determination made by it for the purposes of this Condition 16 to be notified to the Principal Paying Agent and the Issuer as soon as practicable after such determination. Notice thereof shall also promptly be given to the Noteholders.

16.7 **Binding nature of determinations; no liability**

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 16 by the Aggregation Agent and any appointed Claims Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Principal Paying Agent and the Noteholders and (subject as aforesaid) no liability to any such person will attach to the Aggregation Agent or the Claims Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

16.8 **Manner of publication**

The Issuer will publish all notices and other matters required to be published pursuant to this Condition 16, including any matters required to be published pursuant to Condition 10, Condition 15 and Condition 17:

(a) through the systems of Clearstream, Luxembourg, Euroclear, DTC and/or any other international or domestic clearing system(s) through which the Notes are for the time being cleared and otherwise in accordance with Condition 14;

(b) in such other places and in such other manner as may be required by applicable law or regulation; and

(c) in such other places and in such other manner as may be customary.

17. **NOTEHOLDERS' COMMITTEE**

17.1 **Appointment**

(a) Holders of at least 25 per cent. of the aggregate nominal amount of the outstanding debt securities of all series of affected debt securities (taken in aggregate) (the "**Relevant Securities**") may, by notice in writing to the Issuer (with a copy to the Principal Paying Agent), appoint any person or persons as a committee to represent the interests of such holders (as well as the interests of any holders of outstanding debt securities who wish to be represented by such a committee) if any of the following events has occurred:

(i) an Event of Default under Condition 10;

(ii) any event or circumstance which could, with the giving of notice, lapse of time, the issuing of a certificate and/or fulfilment of any other requirement provided for in Condition 10 become an Event of Default;

(iii) any public announcement by the Issuer, to the effect that the Issuer is seeking or intends to seek a rescheduling or restructuring of the Notes or any other Relevant Securities (whether by amendment, exchange offer or otherwise); or

(iv) with the agreement of the Issuer, at a time when the Issuer has reasonably reached the conclusion that its debt may no longer be sustainable whilst the Notes or any other Relevant Securities are outstanding.

(b) Upon receipt of a written notice that a committee has been appointed in accordance with paragraph (a) above, and a certificate delivered pursuant to Condition 17.4, the Issuer shall give notice of the appointment of such a committee to:

(i) all Noteholders in accordance with Condition 14; and

(ii) the holders of each series of Relevant Securities in accordance with the terms and conditions of such series of Relevant Securities, as soon as practicable after such written notice and such certificate are delivered to the Issuer.

17.2 **Powers**

Such committee in its discretion may, among other things:

(a) engage legal advisers and financial advisers to assist it in representing the interests of the holders of the Relevant Securities (including the Noteholders);

(b) adopt such rules as it considers appropriate regarding its proceedings;

(c) enter into discussions with the Issuer and/or other creditors of the Issuer; and

(d) designate one or more members of the committee to act as the main point(s) of contact with the Issuer and provide all relevant contact details to the Issuer.

Except to the extent provided in this Condition 17.2, such committee shall not have the ability to exercise any powers or discretions which the holders of all series of the Relevant Securities (including the Noteholders) could themselves exercise.

17.3 **Engagement with the committee and provision of information**

(a) The Issuer shall:

(i) subject to paragraph (b) below, engage with the committee in good faith;

(ii) provide the committee with information equivalent to that required under Condition 15.6 and related proposals, if any, in each case as the same become available, subject to any applicable information disclosure policies, rules and regulations; and

(iii) pay any properly documented fees and expenses of any such committee (including without limitation, the reasonable and properly documented fees and expenses of the committee's legal and financial advisers, if any) following receipt of detailed invoices and supporting documentation.

(b) If more than one committee has been appointed by holders of one or more series of Relevant Securities in accordance with the provisions of this Condition 17 and/or equivalent provisions set out in the terms and conditions of any such Relevant Securities, the Issuer shall not be obliged to engage with such committees separately. Such committees may appoint a single steering group (to be comprised of representatives from such committees), whereupon the Issuer shall engage with such steering group.

17.4 **Certification**

Upon the appointment of a committee, the person or persons constituting such a committee (the "**Members**") will provide a certificate to the Issuer and to the Principal Paying Agent signed by the authorised representatives of the Members, and the Issuer and the Principal Paying Agent may rely upon the terms of such certificate.

The certificate shall certify:

(a) that the committee has been appointed;

(b) the identity of the Members; and

(c) that such appointment complies with the terms and conditions of the relevant bond documentation.

Promptly after any change in the identity of the Members, a new certificate which each of the Issuer and the Principal Paying Agent may rely on conclusively, will be delivered to the Issuer and the Principal Paying Agent identifying the new Members. Each of the Issuer and the Principal Paying Agent will assume that the membership of the committee has not changed unless and until it has received a new certificate.

The provisions of this Condition 17.4 shall apply, *mutatis mutandis*, to any steering group appointed in accordance with Condition 17.3(b).

In appointing a person or persons as a committee to represent the interests of the Noteholders, the Noteholders may instruct a representative or representatives of the committee to form a separate committee or to join a steering group with any person or persons appointed for similar purposes by other affected series of debt securities.

18. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Noteholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue and so that the same shall be consolidated and form a single Series with the outstanding Notes; **provided that** any additional Notes having the same CUSIP, ISIN or other identifying number of outstanding Notes or any Series must be fungible with such outstanding Notes for U.S. federal income tax purposes if either the outstanding Notes or the additional Notes were or are issued under Rule 144A.

19. CURRENCY INDEMNITY

The Specified Currency is the sole currency of account and payment for all sums payable by the Issuer under or in connection with the Notes and the Coupons, including damages. Any amount received or recovered in a currency other than the Specified Currency (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction or otherwise) by any Noteholder or Couponholder, as the case may be, in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the amount of the Specified Currency which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that amount of Specified Currency is less than the amount of Specified Currency expressed to be due to the recipient under any Note or Coupon, the Issuer shall indemnify it against any loss sustained by it as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it will be sufficient for the Noteholder or Couponholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder or Couponholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or Coupon, as the case may be, or any other judgement or order.

20. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

21. GOVERNING LAW AND DISPUTE RESOLUTION

21.1 Governing law

The Agency Agreement, the Deed of Covenant, the Notes and the Coupons and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Deed of Covenant, the Notes and the Coupons are and shall be governed by, and construed in accordance with, English law.

21.2 Agreement to arbitrate

Subject to Condition 21.3, any dispute, claim, difference or controversy arising out of, relating to or having any connection with the Notes and/or the Coupons (including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with them) (a "**Dispute**") shall be referred to and finally resolved by arbitration under the Arbitration Rules of the London Court of International Arbitration (the "**Rules**"), which Rules (as amended from time to time) are incorporated by reference into this Condition. For these purposes:

(a) the seat of arbitration shall be London;

(b) there shall be three arbitrators, each of whom shall be an attorney experienced in international securities transactions. The claimant(s), irrespective of number, shall nominate jointly one arbitrator; the respondent(s), irrespective of number, shall nominate jointly the second arbitrator, and a third arbitrator (who shall act as presiding arbitrator) shall be nominated by the arbitrators nominated by or on behalf of the claimant(s) and respondent(s) or, in the absence of agreement on the third arbitrator within 30 days of the date of nomination of the later of the two party-nominated arbitrators to be nominated, the third arbitrator shall be chosen by the LCIA Court (as defined in the Rules); and

(c) the language of the arbitration shall be English.

21.3 Option to litigate

Notwithstanding Condition 21.2, any Noteholder or Couponholder may, in the alternative, and at its sole discretion, by notice in writing to the Issuer:

(a) within 28 days of service of a Request for Arbitration (as defined in the Rules); or

(b) in the event no arbitration is commenced,

require that a Dispute be heard by a court of law (a "**Notice to Litigate**"). If any Noteholder or Couponholder gives a Notice to Litigate, the Dispute to which such notice refers shall be determined in accordance with Condition 21.4 and any arbitration commenced under Condition 21.2 in respect of that Dispute will be terminated. Each person who gives such notice and the recipient of that notice will bear its own costs in relation to the terminated arbitration.

21.4 Effect of exercise of an option to litigate

In the event that a notice pursuant to Condition 21.3 is issued, the following provisions shall apply:

(a) subject to paragraph (c) below, the courts of England shall have exclusive jurisdiction to settle any Dispute and the Issuer submits to the exclusive jurisdiction of such courts;

(b) the Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary; and

(c) this Condition 21.4 is for the benefit of the Noteholders and the Couponholders only. As a result, and notwithstanding paragraphs (a) and (b) above, to the extent allowed by law, any Noteholder or Couponholder may take proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, any Noteholder or Couponholder may take concurrent Proceedings in any number of jurisdictions.

21.5 **Waiver of immunity**

To the extent that the Issuer may in any jurisdiction claim for itself or its assets or revenues ("**Sovereign Assets**") immunities from suit, execution, attachment (whether in aid of execution, before judgement or otherwise) or legal process, in all cases related to the Notes or the Coupons and to the extent that in any such jurisdiction there may be attributed to itself or its Sovereign Assets such immunity (whether or not claimed), the Issuer hereby irrevocably agrees for the benefit of the Noteholders and the Couponholders not to claim and hereby irrevocably waives such immunity to the fullest extent permitted by the laws of such jurisdiction.

Notwithstanding anything to the contrary in this Condition 21.5, such waiver of immunity shall not be deemed or interpreted to include any waiver of immunity in respect of: (i) present or future "**premises of the mission**" (as defined in the Vienna Convention on Diplomatic Relations signed in 1961); (ii) "**consular premises**" (as defined in the Vienna Convention on Consular Relations signed in 1963); (iii) any other property or assets used solely or mainly for governmental or public purposes in the UAE or elsewhere; (iv) military property or military assets or property or assets of the UAE related thereto; or (v) other procedural or substantive rights enjoyed by the Issuer by virtue of its sovereign status besides immunity from suit, attachment, and execution.

21.6 **Agent for Service of Process**

The Issuer has irrevocably appointed Maples and Calder at its registered office at 11th Floor, 200 Aldersgate Street, London, EC1A 4HD, United Kingdom to receive, for it and on its behalf, service of process in respect of any Proceedings or Disputes in England. Such service shall be deemed completed on delivery to such process agent (whether or not it is forwarded to and received by the Issuer). If for any reason such agent shall cease to be such agent for service of process, the Issuer shall forthwith appoint a new agent for service of process in England and notify the Noteholders of such appointment in accordance with Condition 14 within 30 days. Nothing herein shall affect the right to serve process in any other manner permitted by law.

21.7 **Other documents**

The Issuer has in the Agency Agreement and the Deed of Covenant submitted to the jurisdiction of the English courts and appointed an agent for service of process in terms substantially similar to those set out above.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the Issuer for its domestic budgetary purposes in compliance with the Public Debt Strategy (including, but not limited to, financing of infrastructure projects approved by the Cabinet (up to a maximum amount not exceeding 15 per cent. of the Issuer's direct and indirect outstanding non-UAE Dirham public debt) and/or for the purposes of investment by the EIA pursuant to the Public Debt Strategy). See "*Public Finance – Indebtedness – Federal Debt Management*".

DESCRIPTION OF THE UNITED ARAB EMIRATES

Introduction

The Federation of the United Arab Emirates (the "**Federation**" or the "**UAE**") is a federation of seven emirates along the eastern coast of the Arabian Peninsula. The Federation was established on 2 December 1971. On formation, the Federation comprised the following emirates: Abu Dhabi, Dubai, Sharjah, Ajman, Umm Al Quwain and Fujairah. Ras Al Khaimah joined in February 1972. Abu Dhabi is the capital city of the UAE**.** The President of the UAE is His Highness ("**H.H**.") Sheikh Khalifa bin Zayed Al Nahyan, who is also the ruler of Abu Dhabi, the capital city of the UAE.

Location

The UAE extends along the south-east coast of the Arabian Gulf, from Saudi Arabia to Ras Al Khaimah in the north and across parts of the Musandam peninsula to the Gulf of Oman in the east. The UAE covers an estimated area of 83,600 square kilometres in total. The UAE is bordered by Saudi Arabia to the west and south and by Oman to the east and northeast. Abu Dhabi is the largest emirate in the UAE, covering an estimated area of 67,340 square kilometres and occupying nearly 87 per cent. of the UAE's total area. Dubai is the second largest emirate covering an estimated area of 4,114 square kilometres, followed by Sharjah (2,590 square kilometres), Ras Al Khaimah (2,486 square kilometres), Fujairah (1,165 square kilometres), Umm Al Quwain (777 square kilometres) and Ajman (259 square kilometres). The climate of the UAE is generally very dry, with minimal rainfall during winter months. During those months, the temperature averages 26° Celsius, although in summer the temperature can reach the high forties Celsius with 90 per cent. humidity, particularly on the coast.

Emirate of Abu Dhabi

Abu Dhabi is the largest emirate in the UAE covering an estimated area of 67,340 square kilometres, and borders Saudi Arabia to the south and west, Oman to the east and Dubai to the northeast, with the Arabian Gulf forming its northern border. Sabkha (salt flats) line much of Abu Dhabi's coastline, but inland the emirate comprises sand and gravel desert. To the south, the dunes of the Rub al-Khali (Empty Quarter), the largest sand sea in the world, rise from the flats and stretch for hundreds of miles across Saudi Arabia. Mountainous terrain in the east of Abu Dhabi runs along the Oman border. There are more than 200 islands off Abu Dhabi's coastline, including the island on which Abu Dhabi City is located. The emirate's other principal city is Al Ain, which is based around seven oases on the Oman border.

Emirate of Dubai

Dubai is the second largest emirate in the UAE after Abu Dhabi, and is situated on the west coast of the UAE in the south-western part of the Arabian Gulf. It covers an area of 4,114 square kilometres and lies at a longitude of approximately 55 degrees east and a latitude of 25 degrees north. Except for an enclave in the Al Hajar Mountains in Hatta, the emirate comprises one contiguous block of territory. It shares its boundaries with Abu Dhabi in the south and Sharjah in the northeast. It shares its international border with Oman in the southeast. Dubai City is the capital of the emirate and is characterised by the historic creek, which divides the city into Deira in the north and Bur Dubai in the south. Dubai has several sandy beaches on its western side, a mangrove at the eastern end of the creek, many deserts in the interior and western regions and wadis in the Hatta region.

Emirate of Sharjah

Sharjah is the third-largest emirate in the UAE. Sharjah borders the Arabian Gulf to the west and shares land borders with all of the other six emirates. The emirate comprises a main territory, incorporating Sharjah City and the less densely populated Central Region, and three exclaves on the UAE's east coast (Khorfakkan, Dibba Al-Hisn and Kalba), which each provide access to the Arabian Sea and the Indian Ocean through the Gulf of Oman. The island of Sir Bu Nair also forms part of Sharjah. In total, Sharjah covers an area of 2,590 square kilometres, or 3.3 per cent. of the UAE's total area (excluding islands). The main city of Sharjah, Sharjah City, is situated between the emirates of Dubai and Ajman on the five kilometre deep salt strip running along the west coast. Sharjah City is located around 170 kilometres from the UAE's capital of Abu Dhabi. The length of the coastline falling under the emirate is approximately 30 kilometres in total, including a 16 kilometre continuous stretch on the Arabian Gulf around Sharjah City.

Emirate of Ras Al Khaimah

Ras Al Khaimah is the northernmost emirate of the UAE and is located on the Strait of Hormuz and close to the entrance of the Arabian Gulf and the Gulf of Oman. A creek divides the emirate into two parts, Ras Al Khaimah on the western side and Al Nakheel on the eastern side. The emirate has borders with the emirates of Umm Al Quwain, Fujairah and Sharjah as well as Oman. The emirate has a coastline of 64 kilometres and covers an area of 2,486 square kilometres, which makes it the fourth largest emirate in the UAE. The capital city of the emirate is Ras Al Khaimah City which is located at the foot of the Al Hajar Mountains.

Emirate of Fujairah

Fujairah is the only emirate that is located completely on the eastern coast of the UAE along the Gulf of Oman. The shores of Fujairah extend along the Gulf of Oman for about 70 kilometres, from the city of Fujairah in the south to the town of Dibba in the far north. The total area of the emirate of Fujairah is 1,165 square kilometres. It shares its boundaries with the emirates of Sharjah and Ras Al Khaimah on the west and the emirate of Sharjah to the south. On the north, it shares its international border with Oman.

Emirate of Umm Al Quwain

Umm Al Quwain is the second smallest and the least populated emirate in the UAE. It covers an area of approximately 777 square kilometres, which is equivalent to 1 per cent. of the UAE's total area. Umm Al Quwain is situated between Sharjah to the southwest and Ras Al Khaimah to the northeast. The city of Umm Al Quwain is built on a narrow peninsula called Khor Al Bidiyah. The emirate has rich coastal mangroves on the coast of the Arabian Gulf and many islands that lie to the east of the mainland.

Emirate of Ajman

Ajman is the smallest of the seven emirates measuring about 259 square kilometres. Ajman has a few sandy beaches but is mainly characterised by the rugged Al Hajar Mountains. Ajman lies on the coast of the Arabian Gulf, in the northern part of the UAE and shares its borders with the emirates of Sharjah and Umm Al Quwain.

History

The region in which the UAE is located has a long history. Stone tools from the Early Stone Age have been found along the edge of the Al Hajar Mountains. Prior to this, the earliest known human occupation for which there is significant evidence dated from the Neolithic period, 5,500 BC, when the climate was wetter and food resources were abundant.

By the end of the second millennium BC, the region had become more settled following the discovery of new irrigation techniques which made possible the extensive watering of agricultural areas.

By the first century AD, overland caravan traffic between Syria and cities in southern Iraq, followed by seaborne travel to the port of Omana (probably present-day Umm Al Quwain) and then to India, was an alternative to the Red Sea route used by the Romans.

The arrival of envoys from the Prophet Muhammad (PBUH) in 630 AD heralded the conversion of the region to Islam. The Portuguese arrival in the Gulf in the sixteenth century adversely affected the Arab residents of Julfar (Ras Al Khaimah) and east coast ports like Dibba, Bidiya, Khorfakkan and Kalba. However, while European powers competed for regional supremacy, a local power, the Qawasim, was gathering strength. At the beginning of the nineteenth century the Qawasim had built up a fleet of over 60 large vessels and could put nearly 20,000 sailors to sea, eventually provoking a British offensive to control the maritime trade routes between the Gulf and India.

Inland, the arc of villages at Liwa were the focus of economic and social activity for the Bani Yas tribe from before the sixteenth century. By the early 1790s, the town of Abu Dhabi had become such an important pearling centre that the political leader of all the Bani Yas groups, the Sheikh of the Al Bu Falah (Al Nahyan family) moved there from Liwa. Early in the nineteenth century, members of the Al Bu Falasah, a branch of the Bani Yas, settled by the Creek in Dubai and established the Maktoum family's rule in that emirate.

Following the defeat of the Qawasim, the British signed a series of agreements with the sheikhs of the individual emirates that, later augmented with treaties on preserving a maritime truce, resulted in the area becoming known as "The Trucial States".

The pearling industry thrived during the nineteenth and early twentieth centuries, providing both income and employment to the people of the Gulf coast. Many of the inhabitants were semi-nomadic, pearling in the summer months and tending to their date gardens in the winter. The First World War had a severe impact on the pearling industry, but it was the economic depression of the late 1920s and early 1930s, coupled with the Japanese invention of the cultured pearl, that damaged it irreparably. The industry eventually faded away just after the Second World War, when the newly independent government of India imposed heavy taxation on pearls imported from the Gulf. As a result, the population faced considerable hardship with little opportunity for education and no roads or hospitals.

In the 1930s and 1940s, oil was discovered in Kuwait, Qatar and Saudi Arabia, adding to that already found in Iran, Iraq and Bahrain. In 1958, oil was found off the shore of Abu Dhabi. The first UAE commercial oil discovery was made onshore at Bab in 1960 and the first cargo of crude oil was exported from Abu Dhabi in 1963.

The British remained in the area until their withdrawal in 1971. Steps were then taken by the rulers of the seven emirates, under the guidance of H.H. Sheikh Zayed bin Sultan Al Nahyan, to bring the individual sheikhdoms together into a single federation. This resulted in the formation by six of the seven emirates of the UAE in December 1971, with Ras Al Khaimah joining in February 1972.

Since 1971, the three Gulf islands of Abu Musa and Greater and Lesser Tunb have been occupied by Iranian forces. The UAE believes that the islands should be returned to Sharjah and Ras Al Khaimah, respectively, which claim sovereignty over them, and is seeking to resolve the dispute through bilateral negotiations or a reference to international arbitration. The UAE is also seeking, through negotiation, to resolve issues related to the 1974 provisional and, as yet, unratified agreement with Saudi Arabia on the border between the two countries.

In May 1976, the seven emirates agreed to merge their armed forces. In 1979, the ruler of Dubai, H.H. Sheikh Rashid bin Saeed Al Maktoum, became Prime Minister of the UAE. H.H. Sheikh Zayed bin Sultan Al Nahyan of Abu Dhabi served as President of the UAE from 1971 until his death in November 2004, when he was succeeded by his son, H.H. Sheikh Khalifa bin Zayed Al Nahyan, as ruler of Abu Dhabi and President of the UAE.

Population

According to the Federal Competitiveness and Statistics Centre (the "**FCSC**"), the UAE had a population of approximately 9.2 million in 2020.

	Total UAE population
1975	557,887
1980	1,042,099
1985	1,379,303
2005	4,106,247
2015	9,104,000
2019	9,503,738
2020	9,282,410

Source: FCSC; Government internal sources, official census data for 1975, 1980, 1985, 2005 and 2015.

The population of the UAE has grown significantly since 1975, reflecting an influx of foreign labour. The non-Emirati portion of the UAE's total population comprises expatriates from neighbouring states as well as significant numbers of expatriates from Asia (mostly from India, Pakistan, Bangladesh and the Philippines), Europe, the Americas and other countries around the world. The official language of the UAE is Arabic, although English is widely spoken.

Governance, Legislation and Judiciary

Federalism

The relationship between the Federal Government and the governments of each emirate is laid down in the constitution of the UAE (the "**Constitution**") and allows for a degree of flexibility in the distribution of authority. The Constitution states that each emirate shall exercise all powers not assigned to the Federation. Each emirate has its own local government, consisting of departments or authorities, so that each emirate retains significant political and financial autonomy.

The UAE Constitution

The original constitution of the UAE was provisional and established the legal framework for the Federation. The Constitution was made permanent pursuant to a constitutional amendment in May 1996 (which also confirmed Abu Dhabi as the permanent capital of the UAE).

Accordingly, pursuant to Articles 120 and 121 of the Constitution, the Federal Government has exclusive legislative and executive competence in relation to: foreign affairs; national security and defence; nationality and immigration; federal census matters and statistics; federal employee relations; electricity services; federal road management; finance, taxation and public borrowing of the Federal Government; education; public health; postal, telephone and other communications services; and air traffic control and the licensing of aircraft. The UAE's monetary and exchange rate policy is also managed on a Federal basis by the UAE Central Bank. See further "*Monetary and Financial System*" below.

Similarly, pursuant to Article 121 of the Constitution, the Federation has exclusive legislative (but not executive) competence in relation to, among other items, labour relations, banks, insurance, major codal legislation, intellectual property protection, the delimitation of territorial waters, the extradition of criminals and the establishment and regulation of free trade zones. In relation to these competencies, the implementation of the Federal legislation is left to the executive authorities of each emirate.

The major principle articulated by the Constitution in relation to the separation of powers between the Federation and the individual emirates is that, on specific legislative and executive matters (or solely legislative matters), competencies were conferred on the Federation, with each individual emirate remaining sovereign within its own territory on all residuary matters.

Outside of the foregoing powers granted to the Federation, the governments of the individual emirates have retained responsibility for the governance and management of their own emirates. Examples of the sectors for which the governments of individual emirates have retained responsibility include customs controls, local planning authorities and tourism. The natural resources and wealth in each emirate are considered to be the public property of that emirate.

Federal Supreme Council

The UAE is governed by the Supreme Council of the rulers of each of the emirates (the "**Supreme Council**"). This is the highest Federal governing body and consists of the rulers of the seven emirates. Pursuant to Article 46 of the Constitution, each emirate holds a single vote in the deliberations of the Supreme Council. The Supreme Council elects, from its own membership, the President and the Vice President of the UAE (each for renewable five-year terms). The Supreme Council is vested with legislative as well as executive powers. It ratifies Federal laws and decrees, plans general policy and approves the appointment, resignation or dismissal of the Prime Minister. Decisions by the Supreme Council on substantive matters are passed by a majority of five members (which are required to include the votes of the emirate of Abu Dhabi and the emirate of Dubai), while votes on procedural matters are passed by a majority vote only.

Federal Council of Ministers

The Federal Council of Ministers (the "**Cabinet**") is described in the Constitution as "the executive authority" for the Federation and is responsible for implementing policy decisions of the Supreme Council. The Cabinet is the principal executive body of the Federation. Based in Abu Dhabi, the Cabinet is headed by the Prime Minister (H.H. Sheikh Mohammed bin Rashid Al Maktoum) and consists of his two Deputy Prime Ministers (H.H. Sheikh Saif bin Zayed Al Nahyan and H.H. Sheikh Mansour bin Zayed Al Nahyan) and other ministers. These ministers are normally selected (for no fixed term) by the President of the Supreme Council on the recommendation of the Prime Minister. The Constitution defines the competencies of the Cabinet, which include the issuing of regulations, the preparation of draft laws and the drawing up of the annual federal budget (the "**Federal Budget**").

Federal National Council

The Federal National Council is a parliamentary body which comprises 40 members, all of whom are UAE nationals. Each emirate appoints members for a particular number of seats based on the emirate's population and geographical size. Abu Dhabi and Dubai have eight members each, Sharjah and Ras Al Khaimah have six members each and the other emirates have four members each. The nomination of representative members is left to the discretion of each emirate, and the members' legislative term is four calendar years. The members represent the UAE as a whole rather than their individual emirates.

Presided over by a speaker, or two deputy speakers, elected from amongst its members, the Federal National Council has both a legislative and a supervisory role under the Constitution. This means that it is responsible for examining and, as appropriate, amending or rejecting all proposed Federal legislation, and is empowered to summon and to question any Federal minister regarding ministry performance. One of the main duties of the Federal National Council is to discuss the annual budget of the UAE. Although the Federal National Council can monitor and debate government policy, it has no veto or amendment power and cannot initiate any legislation by itself, and its amendments to, or rejection of, draft legislation placed before it can ultimately be overridden by the Supreme Council.

In 2006, reforms were made with a view to enhancing public participation in indirect elections to the Federal National Council. Under these reforms, the ruler of each emirate selects an electoral college whose members should be at least 100 times the number of Federal National Council members for that emirate. The members of each college elect half of the Federal National Council members for their emirate, with the remainder being appointed by the relevant ruler.

Legal and Court System

There are three primary sources of law in the UAE, namely:

- Federal laws and decrees applicable in all seven emirates;
- local laws i.e. laws and regulations enacted by the emirates individually; and
- *Shari'a* (Islamic) law.

In accordance with Article 122 of the Constitution, in the absence of Federal legislation on areas specifically reserved to Federal authority, the ruler or local government of each emirate will apply his or its own rules, regulations and practices.

At a Federal level, the process for promulgating new legislation is set out in Article 110 of the Constitution. In accordance with Article 110, the Cabinet is responsible for the preparation of draft laws which are submitted to the Federal National Council for review. Following discussion by the Federal National Council, the draft laws are submitted to the President and the Supreme Council for review. On the approval of the Supreme Council, the President enacts the draft bill into law. In the event there is an urgency to promulgate law between the sessions, the Cabinet may promulgate the necessary laws in the form of decrees.

The Federal judiciary, whose independence is guaranteed under the Constitution, includes the Federal Supreme Court and Courts of First Instance of each emirate. The Federal Supreme Court consists of five judges appointed by the Supreme Council. The judges decide on the constitutionality of Federal laws and arbitrate on inter-emirate disputes and disputes between the Federal Government and the emirates.

In accordance with the Constitution, three of the seven emirates (Dubai, Abu Dhabi and Ras Al Khaimah) have elected to maintain their own court system, separate from that of the UAE, and these courts have sole jurisdiction to hear cases brought in the respective emirates.

The Federal judicial system is comprised of a Court of First Instance, a Court of Appeal and a Court of Cassation.

International Relations

The UAE's Position in the International Community

Pursuant to Article 120 of the Constitution, foreign policy and international relations are a Federal matter and, accordingly, each emirate has no ability to enter into direct agreements with foreign governments other than, under certain conditions, "limited agreements of a local and administrative nature" with neighbouring states.

The foreign policy of the UAE is based upon a set of guiding principles laid down by the UAE's first President, H.H. Sheikh Zayed bin Sultan Al Nahyan. He derived these principles from his belief in the need for justice in international dealings between states, including the necessity of adhering to the principle of non-interference in the internal affairs of others and the pursuit, wherever possible, of peaceful resolution of disputes, together with support for international institutions, such as the United Nations (the "**UN**"). The UAE provides the UN, the United States, the European Union and NATO access to its ports and territory as well as fly-over clearance and other logistical assistance. In addition, in June 2021, the UAE was elected by the 75th session of the UN General Assembly to serve as a non-permanent member of the UN Security Council for the 2022 to 2023 term.

Since the establishment of the UAE, the country has played an active role in the provision of financial aid to developing countries and has been a contributor of emergency relief to countries and areas affected by conflict and natural disasters. In 2017, the UAE formalised its foreign assistance policy and strategy based on six key principles: (1) Supporting partner governments and communities to achieve their sustainable development goals; (2) Collaborating with other donors and development organisations; (3) Addressing previously neglected issues and under-supported communities; (4) Building on the UAE's unique characteristics and capabilities by prioritising technical assistance; (5) Utilising sustainable approaches; and (6) Making aid transparent, accountable and focused on results.

As a global donor, UAE aid programming encompasses a wide geographic reach through its global thematic programmes, humanitarian assistance, support to multilateral organizations, and engagement of the private sector. The UAE is also an active participant in a number of multilateral aid-giving institutions, including the International Bank for Reconstruction and Development, the IMF, the International Development Agency and regional bodies such as OPEC, the Fund for International Development, the Arab Gulf Fund for the UN, the Arab Bank for Economic Development in Africa, the Abu Dhabi based Arab Monetary Fund and the Islamic Development Bank. In addition, the UAE is a member of various other international organisations including, *inter alia*, the GCC (as defined below), the UN, the Arab League, the Organisation of Islamic Countries, the WHO, the International Organisation for Industrial Development, the World Trade Organisation (the "**WTO**") and the Asia-Pacific Economic Co-operation.

Relations with Gulf Co-operation Council and Other Arab Countries

Within the Arabian Gulf region, and in the broader Arab world, the UAE has sought to enhance co-operation and to resolve disagreement through the pursuit of dialogue and diplomacy. Accordingly, one of the central features of the country's foreign policy has been the development of closer ties with its neighbours in the Arabian Peninsula. The Co-operation Council for the Arab States of the Gulf (colloquially known as the Gulf Co-operation Council) (the "**GCC**") region, which comprises the UAE, the State of Kuwait, Saudi Arabia, Bahrain, Qatar and Oman, was founded at a summit conference held in Abu Dhabi, in May 1981.

At the broader level of the Arab world as a whole, the UAE is committed to building a sense of common purpose and, to this end, has supported the strengthening of common regional institutions, such as the Arab League.

Saudi Arabia

The UAE and Saudi Arabia have enjoyed a strong relationship since the establishment of the Federation and are close allies on matters relating to foreign policy and geopolitical interests. The relationship was further strengthened in 2017 as the UAE and Saudi Arabia signed a cooperation agreement relating to the development of joint strategic projects in the UAE and in Saudi Arabia in sectors including renewable energy, petrochemicals, agriculture, artificial intelligence, military, food security, space and infrastructure.

In addition to their strategic alliance, the UAE and Saudi Arabia share a strong trade relationship, with imports from Saudi Arabia accounting for 3.0 per cent. of the UAE's total imports and exports to Saudi Arabia accounting for 10.0 per cent. of the UAE's total non-oil exports for the year ended 31 December 2020. See also "*Balance of Payments and Foreign Trade—Foreign Trade*" for further detail.

Qatar

In June 2017, Saudi Arabia, the UAE and Bahrain, as well as Egypt and Yemen severed diplomatic ties with Qatar, cut trade and transport links and imposed sanctions on Qatar after Qatar was accused of supporting terrorism. In 2017, the UAE issued multiple declarations related to dealing with a number of individuals and about a dozen entities that were Qatari, Qatar-based and/or linked to Qatar. Those declarations effectively criminalized monetary assistance to those individuals and entities. As the declarations were issued by the Federal Government, those individuals and entities could not operate in UAE free-zones, including, the DIFC and the ADGM.

In January 2021, diplomatic relations were restored with Qatar through the signing of the Al Ula Declaration during the 41st Gulf Cooperation Council Summit. Although the Al Ula Declaration is not public, the general understanding is that the participating states will not "infringe on the sovereignty, threaten the security or target the social fabric" of the other participating states. It remains unclear how the Al Ula Declaration will be implemented and although the UAE has announced the re-opening of its land, air and sea borders to Qatar it is still unclear if and when border controls will reach pre-June 2017 levels. In addition, Qatar has issued a number of claims against the UAE, Saudi Arabia, Egypt and Bahrain since the blockade. For example, in July 2020, Qatar Airways commenced proceedings against this bloc of countries, seeking damages of at least U.S.$5.0 billion. Other claims have been in relation to, amongst others, suspension of postal services and pharmaceutical investments as a result of the blockade against Qatar. It is not yet known whether Qatar will withdraw these claims against the UAE.

Relations with Other Countries and the European Union

Beyond the Arab world, the UAE has pursued a policy of seeking, wherever possible, to build friendly relations with other nations, both in the developing and in the industrialised world. The UAE has strong trade and diplomatic relationships with many countries, particularly major economies such as the United States, the UK, Russia, India and China and a number of states of the European Union, including Germany and France.

United States

The UAE and the United States have enjoyed a strong relationship since the establishment of the Federation, with the United States becoming only the third country to establish formal diplomatic relations with the UAE in 1971. Since then, the UAE and the United States have built a close alliance founded on a shared commitment to promote peace and security in the Middle East, improve growth in bilateral trade and economic cooperation and develop a future-oriented outlook of tolerance, gender equality, diversity, educational advances and the promotion of arts and culture.

The UAE and the United States work closely together to resolve security challenges in the region. As a result, the UAE is one of only three countries and the only Arab nation to participate with the United States in six military coalition actions over the last 25 years, including the 1990 Gulf War, in which the UAE was one of the first countries to support the United States. The UAE also joined the United States' military coalition actions in Somalia in 1992, in Afghanistan in 2004 and in Libya in 2011. In support of the two countries' cooperation on regional security, the UAE and United States militaries regularly collaborate on joint-training missions.

In addition, the UAE and the United States enjoy a strong trade relationship, with imports from the United States accounting for 7.7 per cent. of the UAE's total imports and exports to the United States accounting for 2.5 per cent. of the UAE's total non-oil exports for the year ended 31 December 2020. In 2020, the UAE was the largest export market in the Middle East for the United States for the twelfth year in a row. See also "*Balance of Payments and Foreign Trade—Foreign Trade*" for further detail.

Israel

On 13 August 2020, President Donald Trump of the United States, Prime Minister Benjamin Netanyahu of Israel and H.H. Sheikh Mohamed bin Zayed Al Nahyan, Crown Prince of Abu Dhabi and Deputy Supreme Commander of the UAE Armed Forces released a joint statement confirming that the UAE and Israel had agreed to normalise relations. In doing so, the UAE became the third Arab country, after Egypt in 1979 and the Hashemite Kingdom of Jordan in 1994, to agree to formally establish its relationship with Israel. The Abraham Accords Peace Agreement: Treaty of Peace, Diplomatic Relations and Full Normalisation between the United Arab Emirates and the State of Israel (the "**Abraham Accords**") was officially signed in Washington D.C. on 15 September 2020. In addition, Bahrain announced the establishment of diplomatic ties with Israel on 11 September 2020, and became the fourth Arab country to officially sign the Abraham Accords: Declaration of Peace, Cooperation, and Constructive Diplomatic and Friendly Relations to Normalise Diplomatic and Other Relations between the Kingdom of Bahrain and Israel.

The Abraham Accords seek to advance comprehensive Middle East peace, stability and prosperity. To that extent, the UAE and Israel have agreed to join with the United States to develop and launch a "Strategic Agenda for the Middle East" in order to expand regional diplomatic, trade, stability and other cooperation. The Abraham Accords also identify sectors in which the UAE and Israel have signed bilateral agreements, including finance and investment, civil aviation, healthcare, tourism, environment, education and agriculture and food security.

Since the announcement on 13 August 2020, the first direct commercial flight from Israel to the UAE landed in Abu Dhabi International Airport on 31 August 2020.

Switzerland

Switzerland recognised the UAE in 1971. In 1976, Switzerland opened a trade office in Abu Dhabi, which became an embassy in 1982. In 1987, a consulate opened up in Dubai, which has been converted to a consulate general responsible for trade relations with the UAE. A Swiss Business Hub opened in Dubai in 2005 and, currently, Switzerland has a defence attaché, a regional development advisor and a Swiss tourism representation in the UAE. Relations between the UAE and Switzerland are primarily of an economic nature. The two have engaged in high-level visits as well as bilateral agreements and memorandums of understanding and bilateral cooperation. The UAE signed a free trade agreement with Switzerland, the GCC and the other member states of the European Free Trade Association in June 2009. This agreement entered into force on 1 July 2014 and was fully implemented on 1 July 2015.

There are also a series of previous agreements governing the bilateral relations between the UAE and Switzerland, such as:

- a double taxation agreement (2011);
- a memorandum of understanding on waiving the visa requirement for the holders of diplomatic or service passports (2010);
- an investment protection agreement (1998); and

- an air traffic agreement (1999).

Switzerland is also one of the UAE's most important partners in terms of foreign trade. In December 2020, it was announced that following approximately AED 58.8 billion (U.S.$16.6 billion) Swiss investments in the UAE and an annual bilateral trade worth AED 77.1 billion (U.S.$21 billion), the UAE is Switzerland's largest trade partner in the MENA region. There are more than 200 Swiss companies in the UAE and precious metals and jewellery constitute the biggest part of trade between the two countries.

India

The UAE and the India have also enjoyed strong diplomatic relations since the UAE opened its Embassy in Delhi in 1972 and India opened its Embassy in Abu Dhabi in 1973, and the two countries have had strong trade ties for several decades. Indian nationals constitute approximately 30 per cent. of the UAE's population. In May 2020, the UAE sent seven tonnes of medical supplies to India to fight the COVID-19 pandemic. In 2020, relations between India and the UAE were further strengthened, as demonstrated by two high-level visits from External Affairs Minister S Jaishankar in November 2020 and Chief of Army Staff General MM Naravane in December 2020. The meetings focused on enhanced cooperation and building a strategic partnership including trade, investment, infrastructure, energy, food security and defence in the post-COVID-19 era. In addition, on 14 December 2020 it was announced that the International Federation of Indo-Israel Chambers of Commerce ("**IFIICC**") has been launched in the UAE to broaden the relationship between the Indian diaspora and Israel.

In 2020, the UAE import value with India was approximately AED 60.5 billion and the export value was approximately AED 19.7 billon. For the six months ended 30 June 2021, the value of the UAE's imports from India was approximately AED 18.1 billion and the export value was approximately AED 12.0 billion. 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 US) as exports and re-exports amounted to over U.S.$27 billion (approximately AED 99.2 billion) between 2018 and 2019. India was the third highest export destination for the UAE for the year ended 31 December 2020 with 7.8 per cent. of total non-oil exports being sent to India. 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 2020.

In addition, a consortium led by India's state-owned Oil and Natural Gas Corporation (ONGC) including Indian Oil and Bharat PetroResources, were awarded a 10 per cent. stake in the Lower Zakum Concession in February 2018. The deal marked the first time that Abu Dhabi had awarded a stake in a functioning oil field to an Indian group.

IMF

The IMF has comprehensive consultations with individual member countries, with discussions in between as needed. The consultations are known as "Article IV consultations" because they are required by Article IV of the IMF's Articles of Agreement. During an Article IV consultation, an IMF team of economists visits a country to assess economic and financial developments and discuss the country's economic and financial policies with government and central bank officials. The findings that the IMF has made during its Article IV consultations with the UAE for the periods under review since 2017 are discussed below.

In July 2017, the IMF issued its UAE 2017 Article IV consultation, which highlighted that the UAE was weathering the post-2014 oil shock well, with growth expected to recover in the coming years. However, policy reforms such as more credible medium-term fiscal policy, revenue diversification, sector development, and improved financial sector regulation and supervision would be required for the economy to adapt to the new oil market realities. The IMF also highlighted the need to continue improvements in gathering statistics to aid policy analysis and decision making.

In November 2018, the IMF issued its UAE 2018 Article IV consultation. The consultation highlighted that the UAE economy was starting to recover from the 2015–16 slowdown caused by a decline in oil prices with growth momentum expected to strengthen in the next few years with increased investment and private sector credit, improved prospects in trading partners, and a boost to tourism expected from Dubai Expo 2020.

In November 2019, the IMF issued the UAE 2019 Article IV consultation, which highlighted that activity was recovering and was likely to pick up more momentum in 2020, helped by Dubai Expo 2020 and existing fiscal stimulus. It was noted in the consultation that sustaining growth momentum over the medium-term and further diversifying the economy should remain key priorities by fostering growth of the non-oil private sector, including SMEs, and developing transparent, rules-based fiscal frameworks. The IMF recommended that the UAE establish a track record of enforcement under the AML/CFT Framework. The IMF also encouraged the UAE authorities to continue improving their understanding of money laundering and terrorism financing risks, including those related to non-resident financial flows, to make further refinements to the identification of the beneficial owners of deposits and loans and improve entity transparency of companies created in the UAE, and to swiftly process the backlog of suspicious reports.

The 2018 and 2019 IMF Article IV consultations each note the positive impact expected from Dubai Expo 2020. However, as a result of the COVID-19 outbreak and the corresponding restrictions imposed on travel, on 30 March 2020, Dubai Expo 2020's steering committee entered discussions with the Bureau International des Expositions ("**BIE**") to potentially delay Dubai Expo 2020 by one year (see "*Risk Factors—Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme—Risks relating to the Issuer—The COVID-19 pandemic has caused and is likely to continue to cause significant disruption to both the global economy and the UAE's economy"*). Following a vote of the BIE's member states, on 29 May 2020, the BIE General Assembly approved the postponement of Dubai Expo 2020 and as a result the dates of Dubai Expo 2020 have officially been changed to 1 October 2021 to 31 March 2022. In general, some risks that have historically been presented by the Article IV consultations include risks arising from large levels of public sector debt in Dubai, government-related entity ("**GRE**") debt levels and concentration risk in the UAE domestic banking sector loan book from the real estate sector and GREs.

During the course of 2020, the IMF mission team held informal meetings with policy makers to discuss the economic developments and challenges that were caused by the COVID-19 pandemic. The next IMF Article IV consultations are expected to be held with the UAE in September 2021. A report summarising those consultations is expected to be finalised in early 2022.

Trade Policy and Agreements

The UAE joined the WTO on 10 April 1996 to support its participation in international trade and utilise the new opportunities offered by the new international trading system.

The UAE pursues a policy of economic openness, free trade, an economy based on market factors and fair competition. Since joining the WTO, the UAE has experienced a gradual reduction of customs duties applied to exports in regional and global markets. The UAE has also developed national laws and regulations in a number of important areas such as intellectual property, trade in services, trade defence laws and procedures related to managing trade. These legislative and regulatory developments are in line with international standards and specifications. The changes to legislation, however, have presented a major challenge for the development and diversification of national exports.

The UAE is also a member of the GCC. The objective of the GCC was to create a common market with equal treatment of GCC nationals in terms of freedom to move, work, reside, own property and move capital. The regional cooperation brings an integration of all economic, social and cultural affairs, including trade, industry, investment, finance, transport, communication and energy. The GCC's common customs union consists of a tariff of five per cent. custom duty on goods produced outside of the GCC, while goods produced in other GCC countries will be treated as national products with no custom tax.

Along with all other GCC states, the UAE is also a member of Greater Arab Free Trade Agreement ("**GAFTA**"). As of 2005, there are no tariff or custom barriers between the 17 GAFTA member states. The principle entity for implementing GAFTA is the Economic and Social Council of the League of Arab States ("**LAS**"), which currently has 22 member states: Algeria, Bahrain, Comoros, Djibouti, Egypt, Iraq, Jordon, Kuwait, Lebanon, Libya, Mauritania, Morocco, Oman, the Palestinian Authority, Qatar, Saudi Arabia, Somalia, Sudan, Syria, Tunisia, UAE and Yemen.

As well as its strong regional ties, the UAE has continued to build solid trade relations internationally, negotiating bilateral agreements with the European Union, Japan, China, South Korea, Australia, New Zealand, Pakistan, India, Turkey and the Mercosur (an economic and political agreement among Argentina, Brazil, Paraguay, Uruguay, Venezuela and Bolivia).

COVID-19 Impact and Response Measures Adopted in the UAE

Overview

In December 2019, the emergence of a new strain of COVID-19 was reported in Wuhan, Hubei Province, China. In March 2020, the UAE, alongside the United States, certain EU countries and many other countries worldwide imposed restrictions on travel and on the freedom of movement of people as well as other restrictions intended to reduce in person interactions.

General and Epidemiological Response Measures

On 29 January 2020, the UAE reported its first case of the virus and cases increased significantly thereafter. As of 22 September 2021, total cases were 733,325 of which 725,254 have recovered and 2,078 have died (*source*: Ministry of Health and Prevention). The Federal Government has been continuously monitoring the situation relating to the spread of the COVID-19 pandemic and has taken significant steps to address the complex public health and economic impacts of the pandemic. At the heart of the UAE's efforts to combat the virus has been one of the world's most extensive testing programmes, with more than 81 million tests conducted by 22 September 2021 (*source*: Ministry of Health and Prevention). COVID-19 has now been detected in almost every country around the world.

To curb the spread and incidence of COVID-19 in the UAE, the Federal Government has coordinated across all levels of government institutions across the UAE and at the local emirate level. The National Disinfection Programme, which was announced on 26 March 2021, is tasked with sanitising all public facilities, streets and public transportation to ensure the highest levels of protection and prevention. The UAE also continues to work with the WHO to combat the virus and is also supporting countries in need, for example by donating testing kits and personal protective equipment.

On 14 July 2020, the Ministry of Health and Prevention introduced the laser-based Diffractive Phase Interferometry technology ("**DPI**") to detect COVID-19 cases. The DPI technology is based on laser technology using blood samples for examining the virus. It allows the health authorities to carry out large-scale screening within a few seconds. It serves as a first step to detect suspected cases of infections before they undergo a Polymerase Chain Reaction swab test. Laser-based DPI is based on optical-phase modulation which is able to give a signature of infection within a few seconds. It is user-friendly, non-invasive and low-cost.

The Ministry of Health and Prevention also launched a chatbot service titled Virtual Doctor for COVID-19. People can use the service to assess whether their symptoms could be associated with COVID-19. The chatbot in the Virtual Doctor service asks questions relating to the persons' travel history, if they have come in contact with someone who has travelled and is sick and if they have come in contact with someone known to have COVID-19. It also asks if the person is suffering from specific symptoms and about his/her health habits. Depending on the person's answers, the chatbot will deduce if he/she is at risk. It will connect him/her to a doctor through the same service.

The UAE has launched a second app as well called the ALHOSN UAE app, which is the official integrated digital platform for COVID-19 tests in the UAE through which individuals can receive COVID-19 test results on their smartphones. It can also detect if the user has been in close proximity to people who have had contact with others infected with the COVID-19 virus, provided that they too have the same app downloaded on their phones. This app is a joint venture between the Ministry of Health and Prevention, the Department of Health – Abu Dhabi and the Dubai Health Authority.

In 2020, the Federal Government allocated AED 1,302 million from the Federal Budget to the Ministry of Health and Prevention to respond to the COVID-19 pandemic. As a result, other government entities had their budget allocations cut in order to maintain a balanced budget.

On 14 September 2020, the UAE announced the emergency approval for the use of the COVID-19 vaccine and on 3 November 2020, the Prime Minister of the UAE, H.H. Sheikh Mohammed bin Rashid Al Maktoum, received a COVID-19 vaccine developed by China's Sinopharm Group. As of August 2021, there are four vaccines in the UAE for use on eligible individuals: Sinopharm, Pfizer-BioNTech, Sputnik V and Oxford AstraZeneca. The UAE is offering these vaccines to its citizens and residents free of charge and on an optional basis after ensuring that the person has no condition or symptom that makes it inadvisable. On 28 March 2021, the UAE launched COVID-19 vaccine production with China's Sinopharm vaccine. In May 2021, the Ministry of Health and Prevention approved the emergency use of the Pfizer-

BioNTech vaccine for children between the ages of 12 and 15. The UAE started vaccinations on 12 December 2020 and, as of 22 September 2021, 19,549,263 vaccine doses have been given and 92.34 per cent. of the UAE's population has now received the first dose of the vaccine and 81.55 per cent. of the UAE's population is now fully vaccinated.

Social and Economic Response Measures

During the course of 2020, the Federal Government enacted several measures to limit the spread of the virus, including closure of schools, nurseries, shopping malls, parks, dine-in restaurants, and various tourist attractions. The Federal Government implemented a six month suspension of work permit fees to cut the cost of doing business, support SMEs and accelerate major infrastructure projects. As part of their National Epidemic Control Plan, the Federal Government also imposed wide-ranging travel restrictions (including grounding of flights and halting visa issuance), which had an adverse impact on tourism, suspended prayers at mosques and other large gatherings, and enacted teleworking arrangements in government offices. On 5 April 2020, some emirates announced a 24-hour curfew. Alongside this, the Federal Government increased testing and scaled up disinfection efforts, established a dedicated task force to ensure uninterrupted supply of consumer goods and prevent manipulative pricing practices, and launched remote learning initiatives to ensure continuity of education. The Federal Government closed private and public sector offices, and employees were encouraged to work from home. As a response, the Ministry of Human Resources and Emiratisation published Ministerial Resolution No. 281 of 2020 regulating remote working whereby employers were obliged to provide the necessary technical tools to perform work remotely. The Federal Government also launched an "Early Leave" initiative for all expatriate private sector employees.

On 24 April 2020, the Federal Government began the gradual reopening of shopping centres and other businesses, subject to social distancing requirements, and began facilitating repatriation of expatriate workers wishing to return to their home countries. Several airlines resumed a limited number of regular passenger flights. Curfews were also shortened across the individual emirates. Most government employees returned to work as of mid-June 2020. Dubai reopened to international tourists on 7 July 2020. On 29 July 2020, restaurants, coffee shops, cafes and other licensed food outlets in Abu Dhabi were allowed to operate at 80 per cent. capacity. On 30 August 2021, the UAE started issuing tourist visas to fully vaccinated people from all countries, provided that they are fully vaccinated with one of the WHO-approved COVID-19 vaccines. Passengers arriving in Dubai and Abu Dhabi are required to have a negative COVID-19 test 48 to 72 hours prior to arrival, depending on the country the passenger is travelling from. Mask-wearing is still compulsory and social distancing rules are still in place. Hotels are now allowed to be fully occupied and live entertainment and activities are permitted in restaurants, cafes and shopping malls.

The UAE economy has also been affected by the spread of COVID-19 as well as the sharp decline in oil prices. An extensive economic stimulus package for UAE businesses was introduced first in March 2020 and later in July 2020 to support services hit by the decline of revenue. In March 2020, the Federal Government announced an AED 16 billion fiscal stimulus programme. The programme included reducing operational costs for businesses through fee reductions and exemptions. For example, water and electricity bills were reduced by 20 per cent. for shopping malls, commercial shops and hotels. There was also a 20 per cent. to 50 per cent. reduction on work permits and contractual arrangements and fees were reduced by 30 per cent. to 95 per cent. for company registration. The Federal Government also refunded 50 per cent. of the cash guarantees paid by individuals and business in coordination with the Ministry of Human Resources and Emiratisation and the Federal Authority for Identity and Citizenship. 68 per cent. of the stimulus programme went to the completion of ongoing infrastructure projects as part of the UAE's ongoing commitment to the UAE Vision 2021.

As of June 2021, the Federal Government, UAE Central Bank and individual emirates have cumulatively committed a total of AED 289.1 billion in financial support packages to combat the economic and social effects of the COVID-19 pandemic since March 2020. Of the AED 289.1 billion that was provided, AED 256 billion was monetary support by the UAE Central Bank, AED 17.1 billion was monetary support by the individual emirates and AED 16 billion was monetary support by the Federal Government.

Some of the measures that were put into place in 2020 included: (i) AED 16.0 billion approved by the Federal Government to support the private sector by reducing various government fees and accelerating existing infrastructure projects; (ii) AED 6.5 billion in measures by the government of Dubai to reduce government fees, provide additional water and electricity subsidies, and simplify business procedures; and (iii) AED 9 billion announced by the government of Abu Dhabi as part of the ongoing "Ghadan-21" fiscal stimulus program. Abu Dhabi, Dubai and Ras Al Khaimah have also announced measures to support the tourism sector by reducing or suspending various government fees and penalties, as well as a rebate on commercial lease payments in the tourism and hospitality sectors. The other individual emirates also implemented a number of COVID-19 measures. For example, in 2020, Umm Al Quwain businesses were exempted from fees and fines, Sharjah launched its own stimulus package, the Ras Al Khaimah Economic Zone Authority introduced an economic relief package of AED 50 million for SMEs and industrial companies as well as announced several initiatives to support tourism development and the Ajman government adopted a relief package. Dubai also announced a three-month stimulus package amounting to AED 1.5 million that incorporated specific measures to support the tourism sector which includes a 50 per cent. reduction of the municipality fee on hotel sales. Dubai has also cancelled certain fines and implemented a reduction of fees, implemented tax and fee reimbursements to the leisure sector and renewed commercial licenses without the renewal of lease contracts.

Additional initiatives for 2021 have also been put into place. Some examples of these initiatives include providing for water and electricity subsidies as well as credit guarantees and liquidity support to SMEs. As of May 2020, Abu Dhabi scaled up its existing Ghadan-21 stimulus package to include an additional AED 5 billion subsidy for utilities for citizens and commercial and industrial activities, an additional AED 3 billion allocation to the SME credit-guarantee scheme, as well as waivers and exemptions from government fees including vehicle registration, traffic tariffs and industrial land leasing.

The COVID-19 pandemic has also had a significant impact on supply chain, logistics and transportation. In response to this, the Emirates Food Security Council developed mechanisms to ensure a steady and sustainable food supply to the UAE and increased the total food inventory by 30 per cent. Additionally, the Ministry of Community Development and the Ministry of Economy have collaborated to launch the Al Meer Initiative to provide essential food supplies to 12,000 vulnerable and foreign workers.

The Ministry of Human Resources and Emiratisation created a 'virtual labour market' to facilitate the provision of job opportunities for suspended employees while the Ministry of Education activated virtual learning for nearly 1.2 million students from various educational institutions, with service providers offering free mobile internet connection to families without home internet services in order to assist with students remote learning needs. As of the date of this Base Offering Circular, students have physically returned to schools and employees in the public sector are no longer working remotely. Private sector employers have embraced remote working with some employers allowing their employees to physically return to the office and others allowing their employees to continue working from home. In addition, the UAE Cabinet announced a waiver of administrative fines for violations of the services for nationality and identity and in April 2020 the UAE Federal Tax Authority extended the tax period for excise tax registrants and the deadline for VAT filing and payments.

Financial Sector Response Measures

Effective from 15 March 2020, the UAE Central Bank implemented the Temporary Economic Support Scheme (the "**TESS**"), which includes a range of measures aimed at mitigating the economic effects of COVID-19 within the UAE. Such measures include allowing banks operating in the UAE access to loans and advances extended from the UAE Central Bank at zero cost against collateral to be used by the banks to grant temporary loan deferral relief to private sector corporate and SME customers and retail clients. In addition (subject to the terms of the TESS), banks are allowed to tap into the capital conservation buffer up to a maximum of 60 per cent. without supervisory consequences and the domestic systemically important banks (the "**D-SIBs**") are allowed to use 100 per cent. of their D-SIB buffer without supervisory consequences (in each case, until 15 March 2021). Furthermore, on 7 April 2020, the UAE Central Bank effectively more than doubled the size of the TESS from AED 100 billion to AED 256 billion and allowed banks and finance companies in the UAE to extend deferrals of principal and interest. The UAE Central Bank has reduced its policy interest rate twice by a combined 125 basis points in 2020.

In total, the UAE Central Bank announced AED 256 billion (approximately 22 per cent. of GDP in 2019) TESS measures which comprised of: (i) halving of banks' required reserve requirements from 14 per cent. to 7 per cent.; (ii) zero-interest rate collateralised loans to banks (AED 50 billion); (iii) allowing the use of banks' excess capital buffers (AED 50 billion); (iv) 15 to 25 per cent. reduction in provisioning for SME loans; (v) increase of loan-to-value ratio for first-time home buyers by 5 percentage points; (vi) limiting bank fees for SMEs; (vii) waiver of all payment service fees charged by the UAE Central Bank for six months; (viii) raising the limit on banks' exposure to the real estate sector to 30 per cent. of risk-weighted assets, subject to adequate provisioning; and (ix) allowing banks to defer loan repayments until the end of 2020.

On 8 August 2020, the UAE Central Bank announced further measures to facilitate banks' lending to the economy and the relaxation of the Net Stable Funding Ratio and the Advances to Stable Resources Ratio effective through the end of 2021 (*source*: IMF – Policy Responses to COVID-19). On 16 November 2020, the UAE Central Bank announced the TESS would be extended until 30 June 2021 to continue to support individuals and businesses affected by COVID-19. In April 2021, the UAE Central Bank announced that a number of measures will be extended until 31 December 2021 and in some instances 30 June 2022. As of the third quarter of 2021, approximately one third of the TESS deferral programme utilisation and the cost drawdown of the zero-cost collateralised liquidity facility have been utilised. In 2020 the TESS programme benefitted more than 320,000 bank clients out of which up to 310,000 were retail customers, 10,000 were SMEs and up to 2,000 private sector corporates. For more information on TESS see "*Monetary and Financial System—Banking and Financial Services—Banking System Support—Targeted Economic Support Scheme ("TESS")"*. In addition, see "*Risk Factors—Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme—Risks relating to the Issuer—The COVID-19 pandemic has caused and is likely to continue to cause significant disruption to both the global economy and the UAE's economy*".

Expected Impact of the COVID-19 Pandemic

While the economic and fiscal cost of COVID-19 is difficult to predict, the Federal Government anticipates a time-limited negative impact of the pandemic on the economy. There is considerable uncertainty in respect to the further development of the pandemic (including any additional "waves" and "variants") and its macroeconomic consequences, as well as any related shocks in the financial markets. However, the UAE Central Bank expects that GDP will return to 2019 levels by 2022. For the second half of 2020 and the first half of 2021, revenue has improved and to date the Federal Government has not been required to make budget cuts in 2021 as a result of COVID-19. The COVID-19 pandemic also encouraged the Federal Government to merge a number of entities and reduce costs. For example, an overall plan has been developed to merge 50 per cent. of Federal agencies into other agencies in order to reduce the overall number of agencies as well as the merger of the energy and infrastructure ministries under a single portfolio and the placement of national water, electric, post, transport and real estate entities under the EIA. In addition, in the long-term, the UAE expects COVID-19 to have a positive effect on the economy given that it has encouraged a greater focus on digitalisation, diversification, structural reforms and a move towards a knowledge and high-value added activity based economy.

Ratings

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 2021. In its rating report, Moody's noted that the UAE's fiscal strength remains robust, which is supported by the relatively muted impact of the pandemic on the Federal Government's fiscal strength, in part the result of an effective government policy response to the pandemic. Moody's anticipates strong progress on vaccinations to support the UAE's economic recovery, limiting the impact of the pandemic on the UAE's credit metrics, with the pace of the recovery in key sectors expected to vary. Moody's also noted that the limited institutional transparency and the absence of public data on the composition of offshore assets and some aspects of the emirates' public finances remain the UAE's main credit constraints. The UAE's fiscal reliance on hydrocarbons and regional geopolitical tensions also weigh on its credit profile. Moody's indicated that a downgrade of Abu Dhabi's rating would most likely result in a downgrade of the UAE's rating, along with any escalation in domestic or regional political risk that threatens to disrupt international trade.

The UAE's rating was most recently reaffirmed by Fitch in November 2020. 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 and 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.

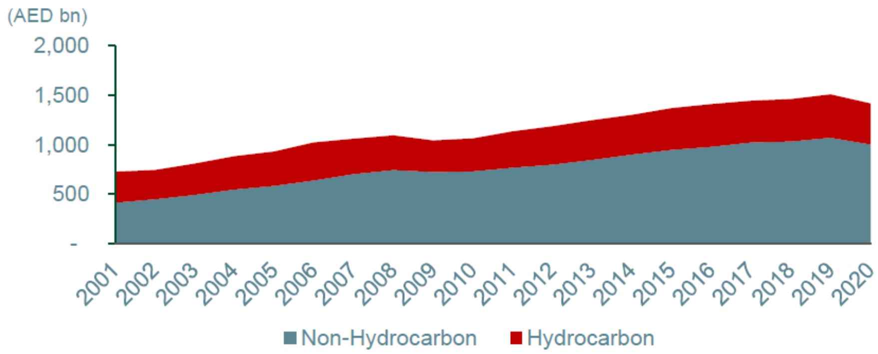
THE ECONOMY OF THE UNITED ARAB EMIRATES

Overview

The UAE has one of the largest economies in the MENA region, with a nominal GDP of approximately AED 1,317.9 billion in 2020. According to the FCSC, real GDP growth in the UAE was 2.4 per cent. in 2017, 1.2 per cent. in 2018, 3.4 per cent. in 2019 and negative 6.1 per cent. in 2020. For the first half of 2021, real GDP growth was 2.4 per cent. as compared to the comparable period in 2020 and nominal GDP was approximately AED 1,481 billion.

Since the discovery of oil, the economy has been influenced mainly by the following sectors: mining and quarrying (includes crude oil and natural gas), wholesale and retail trade; 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.

The UAE's policy of economic diversification has led to development in key sectors such as tourism, air transport, trade, financial services, manufacturing and alternative energy. The UAE has made progress towards ending its economic dependence on hydrocarbons. The mining and quarrying sector, which includes crude oil and natural gas, accounted for approximately 29.1 per cent. of the UAE's constant GDP in 2020, down from 79 per cent. of GDP in 1980. The historic evolution in non-oil GDP contributions to the UAE's constant GDP for the years ended 31 December 2001 to 31 December 2020 is shown below:



Gross Domestic Product

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

	For the year ended 31 December					
	2015	2016	2017	2018	2019	2020
	(AED Billions)					
Nominal GDP	1,315	1,311	1,416	1,551	1,532	1,318
Real GDP growth rate (%)	-	3.0	2.4	1.2	3.4	-6.1

Economic activity in the UAE continued its recovery from the end of 2020 in the first quarter of 2021. For the year 2021, the UAE Central Bank forecasts real GDP growth to reach 2.4 per cent., with real non-hydrocarbon GDP growth projected to increase by 3.8 per cent. However, these projections include a high level of uncertainty amidst the potential repercussions of the COVID-19 pandemic. See "*Risk Factors—Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme—Risks relating to the Issuer—The COVID-19 pandemic has caused and is likely to continue to cause significant disruption to both the global economy and the UAE's economy*".

The non-oil sector continued to improve in the first quarter of 2021, benefitting from an increase in travel, which benefited from the UAE's efforts to contain the spread of COVID-19. At the end of March 2021, according to the FCSC, the UAE ranked first worldwide in the number of tests and second worldwide in the administration of the vaccines for COVID-19 per capita, with 37.6 million tests and 8.3 million vaccines administered, which corresponded to over 405 tests performed and 89 vaccines administered per 100 citizens respectively. Tourism and hospitality data in Dubai in the first quarter of 2021 showed a recovery in hotel occupancy to 64 per cent., close to the 69 per cent. recorded during the same period in 2020, due to the resumption of international travel.

The UAE's oil production fell by 17.6 per cent. year on year in 2020 while increasing by 4.3 per cent. quarter on quarter in line with the agreement with OPEC+. Real oil GDP is projected to contract in 2021 by 1.0 per cent. corresponding to an average oil production of 2.75 million barrels per day for the year as a whole. The real non-oil GDP growth forecast for the year 2021 has been revised to 3.8 per cent. from 3.6 per cent. previously. The UAE Central Bank, however, projects overall real GDP to grow by 2.4 per cent. based on the UAE's realised production in the first four months of the year, OPEC+ announcements and the anticipated output schedule (*source*: UAE Central Bank Annual Report 2020). In the long-term, the UAE Central Bank expects GDP to increase due to the continued diversification of the UAE's economy away from hydrocarbons and towards a more knowledge-based economy, manufacturing and other high-value add activities.

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	2015	2016	2017	2018	2019	2020*
	For the year ended 31 December					
			(AED Millions)			
Non-Financial Corporations	**1,106,290**	**1,090,929**	**1,182,780**	**1,313,507**	**1,291,543**	**1,085,802**
Agriculture, Forestry and Fishing	9,746	10,176	10,912	11,145	11,448	12,107
Mining and Quarrying (includes crude oil and natural gas)	286,970	253,148	289,986	402,935	347,387	227,136
Manufacturing	116,180	117,808	129,640	135,420	134,639	127,627
Electricity, gas, and Water Supply; Waste Management Activities	46,471	48,719	55,448	58,402	61,804	61,160
Construction	127,693	123,820	127,840	132,529	137,392	122,678
Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	160,969	170,458	188,309	190,491	202,405	178,723
Transportation and Storage	89,983	80,434	84,730	86,895	89,705	68,747
Accommodation and Food Service Activities	32,402	31,631	31,831	32,117	32,553	26,100
Information and Communication	37,929	40,162	42,460	43,338	46,087	44,853
Financial and Insurance Activities	125,221	131,646	133,948	132,219	135,750	129,783
Real Estate Activities	81,184	89,357	90,410	82,718	80,380	72,993
Professional, Scientific and Technical Activities	40,783	42,238	43,436	46,114	47,845	44,489
Administrative and Support Service Activities	27,377	29,814	28,655	29,611	31,953	30,650
Public Administration and Defence; Compulsory Social Security	83,740	88,673	99,408	104,858	104,931	102,361
Education	16,487	18,312	21,398	21,984	25,838	26,557
Human Health and Social Work Activities	16,879	18,162	18,644	19,821	21,521	22,809
Arts, Recreation and Other Service Activities	7,012	7,836	9,601	9,843	9,785	9,000
Activities of Households as Employers	8,225	8,854	9,480	10,145	10,801	10,171
Total GDP	**1,315,251**	**1,311,248**	**1,416,136**	**1,550,585**	**1,531,224**	**1,317,946**
Total Non-oil GDP	**1,028,280**	**1,058,101**	**1,126,150**	**1,147,650**	**1,184,838**	**1,090,809**

(*) Data 2020 Preliminary.
Source: FCSC

GDP by Economic Sectors at Constant (2010) Prices, 2015 – 2019

Economic Sectors/Activities	2015	2016	2017	2018	2019	2020*
	For the year ended 31 December					
			(AED Millions)			
Non-Financial Corporations	**1,177,591**	**1,213,012**	**1,244,535**	**1,264,663**	**1,314,131**	**1,223,651**
Agriculture, Forestry and Fishing	8,899	9,204	9,508	10,022	10,403	11,118
Mining and Quarrying (includes crude oil and natural gas)	421,382	432,360	418,524	428,781	439,836	413,282
Manufacturing	108,776	114,054	123,381	122,330	125,007	125,247
Electricity, gas, and Water Supply; Waste Management Activities	40,131	42,316	41,956	42,183	43,460	42,802
Construction	123,467	121,140	124,291	127,275	130,726	117,150
Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	160,040	165,792	181,798	184,359	195,917	170,250
Transportation and Storage	77,310	74,417	80,050	81,693	85,316	72,098
Accommodation and Food Service Activities	26,704	28,533	30,838	32,312	33,841	25,861
Information and Communication	36,815	39,330	41,896	43,115	44,300	46,185
Financial and Insurance Activities	116,073	120,492	122,140	119,051	119,544	116,008
Real Estate Activities	73,888	79,028	82,013	79,322	81,973	77,247
Professional, Scientific and Technical Activities	34,851	36,293	36,916	38,342	39,856	38,385
Administrative and Support Service Activities	23,227	25,360	24,038	24,317	26,292	25,713
Public Administration and Defence; Compulsory Social Security	75,485	77,553	77,874	78,023	77,929	79,216
Education	11,746	13,025	14,926	14,776	19,315	19,849
Human Health and Social Work Activities	16,283	16,894	17,043	18,108	19,561	20,874
Arts, Recreation and Other Service Activities	6,532	7,208	8,841	8,838	8,831	8,516

Economic Sectors/Activities	2015	2016	2017	2018	2019	2020*
	For the year ended 31 December					
	(AED Millions)					
Activities of Households as Employers	7,541	8,059	8,517	8,889	9,497	9,073
Total GDP	**1,369,148**	**1,411,057**	**1,444,549**	**1,461,737**	**1,511,605**	**1,418,875**
Total Non-oil GDP	**947,766**	**978,697**	**1,026,025**	**1,032,956**	**1,071,769**	**1,005,592**

(*) Data 2020 Preliminary
Source: *FCSC*

Economic Indicators Per Capita, 2015-2019

Economic Sectors/Activities	2015	2016	2017	2018	2019	2020*
	For the year ended 31 December					
	(AED Millions)					
Gross Domestic Product	**144.5**	**143.8**	**152.2**	**165.5**	**161.2**	**142.0**
GDP (At Constant 2010 Prices)	**150.4**	**154.7**	**155.3**	**156.1**	**159.1**	**152.9**
Gross National Income	**145.2**	**144.6**	**153.3**	**166.1**	**162.0**	**141.8**
Net National Income	**139.1**	**138.6**	**147.4**	**159.7**	**155.6**	**135.7**
Disposable Income	**123.1**	**122.9**	**131.1**	**141.6**	**137.3**	**118.5**
Final Consumption Expenditure:	**69.1**	**70.0**	**76.9**	**83.0**	**83.1**	**75.5**
Government Final Consumption	18.0	18.0	20.1	19.6	19.8	20.0
Private Final Consumption	51.2	52.0	56.8	63.4	63.3	55.5
National Saving	**54.0**	**52.8**	**54.2**	**58.6**	**54.2**	**43.0**
Gross Fixed Capital Formation	**37.0**	**37.4**	**38.5**	**38.9**	**36.2**	**31.5**
Total Exports	**145.7**	**145.2**	**151.6**	**154.0**	**156.1**	**132.6**
Total Imports	**139.3**	**141.1**	**136.4**	**130.9**	**134.3**	**116.2**

(*) Data 2020 Preliminary
Source: FCSC

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

	For the year ended 31 December						For the six months ended June
	2015	2016	2017	2018	2019	2020	2021
			(AED Billions)				
Gross National Income Per Capita .	145	145	153	166	162	142	155

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						For the six months ended
	2015	2016	2017	2018	2019	2020	2021
			(%)				
Real Petroleum GDP	-	2.6	(3.2)	2.5	2.6	(6.0)	(1.0)
Real Non Petroleum GDP	-	3.2	4.8	0.7	3.8	(6.2)	3.8
Real GDP	-	3.0	2.4	1.2	3.4	(6.1)	2.4

For the year ended 31 December 2020, nominal GDP decreased by 13.9 per cent. compared to the year ended 31 December 2019. This decrease in nominal GDP in 2020 was primarily the result of the contraction in the oil economy and varying degrees of unemployment and supply chain disruptions across various sectors, particularly tourism and trade, as a result of the COVID-19 pandemic. The oil sector is included in "mining and quarrying" in the calculation of GDP. In 2020, the various non-oil sectors accounted for 82.8 per cent. of nominal GDP, while the mining and quarrying sector accounted for 17.2 per cent. of nominal GDP. Among the non-oil sectors, the "wholesale and retail trade: repair of motor vehicles and motorcycles" sector accounted for the largest share; 13.6 per cent. of nominal GDP, followed by "financial and insurance activities", "construction" and "manufacturing", which accounted for 9.8 per cent., 9.3 per cent. and 9.7 per cent. of GDP, respectively. GDP for oil depends on oil prices.

For the year ended 31 December 2019, nominal GDP decreased by 1.2 per cent. compared to the year ended 31 December 2018. This decrease in nominal GDP in 2019 was primarily the result of a decrease in mining and quarrying GDP as a result of a decline in oil prices in 2019 compared to 2018. In 2019, the various non-oil sectors accounted for 77.4 per cent. of nominal GDP, while the "mining and quarrying" sector accounted for 22.6 per cent. of nominal GDP. Among the non-oil sectors, the "wholesale and retail trade: repair of motor vehicles and motorcycles" sector accounted for the largest share; 13.2 per cent. of nominal GDP, followed by "construction", "manufacturing" and "financial and insurance activities", which accounted for 9.0 per cent., 8.8 per cent. and 8.9 per cent. of GDP, respectively.

For the year ended 31 December 2018, nominal GDP increased by 9.5 per cent. compared to the year ended 31 December 2017. This growth in nominal GDP in 2018 was due to growth in the "mining and quarrying" sector as a result of an increase in oil prices from 2017 to 2018, as well as growth in the non-oil sectors except for "real estate activities" and "financial and insurance activities". In 2018, the various non-oil sectors accounted for 74.0 per cent. of GDP, while the "mining and quarrying" sector accounted for 26 per cent. of nominal GDP. Among the non-oil sectors, the "wholesale and retail trade: repair of motor vehicles and motorcycles" sector accounted for the largest share; 12.3 per cent. of nominal GDP, followed by the "financial and insurance activities", "manufacturing" and "construction" sectors, which accounted for 8.5 per cent., 8.7 per cent. and 8.5 per cent. of GDP, respectively.

For the year ended 31 December 2017, nominal GDP rose by 8.0 per cent. in 2017 compared to the year ended 31 December 2016. This was primarily the result of the growth of the UAE's economic performance in general, which primarily was the result of successful economic diversification policies adopted by the UAE, expanding the economy's productive base and the initiatives to increase reliance on non-oil sectors and enhancing their contribution to the GDP of the UAE. In 2017, GDP for the non-oil sectors of the economy amounted to about AED 1,126.2 million, an increase of 6.4 per cent. compared to 2016, representing 79.5 per cent. of nominal GDP. In 2017, the "mining and quarrying" sector amounted to AED 289,986 million representing 20.5 per cent. of nominal GDP.

Principal Sectors of the Economy

The UAE's economy is well diversified with its biggest sector, mining and quarrying (including oil and natural gas) contributing 17.2 per cent. of nominal GDP in 2020. Recent economic growth has been broad-based across multiple sectors. Most GDP sectors are controlled at the local level as opposed to the federal level.

The UAE has a world leading position in hydrocarbons. Currently, the UAE ranks 8th globally for proven reserves of oil (97.8 billion barrels) and natural gas (210 trillion cubic feet) and produces approximately 3.7 million barrels per day of petroleum and other liquids and produces 14.7 million barrels per day of dry natural gas. Additionally, the UAE exports approximately 3.4 million barrels per day of petroleum and other liquids.

In 2020, Abu Dhabi's Supreme Petroleum Council approved a U.S.$122 billion capital spending plan for oil and natural gas over the next five years. The plan aims to lift production capacity by 5 million barrels per day by 2030 and expand the downstream sector to support the development of ADNOC's refining and petrochemicals capacity. Despite, the hydrocarbon sector of the economy still growing, the UAE has tried to diversify and grow its non-oil sector of the economy.

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, contributed 17.2 per cent. to the UAE's nominal GDP in 2020, 22.6 per cent. in 2019 and 26.0 per cent. in 2018. The mining and quarrying sector's contribution to GDP reflected the decline in oil prices in 2020 resulting from the COVID-19 pandemic, partially offset by increased production. Changes in the rates of growth of the hydrocarbon sector principally reflect oil and gas production increases over the period as adjusted by the GDP deflator for the year concerned, which is calculated by weighting inflation in different sectors of the economy. The Federal Government does not have control over this sector of the economy and mining and quarrying is controlled by the individual emirates.

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

The wholesale and retail trade sector contributed 13.6 per cent. to the UAE's nominal GDP in 2020, 13.2 per cent. in 2019 and 12.3 per cent. in 2018. The sector's growth in 2019 was primarily driven by the growth in the UAE's economy and population as well as an increase in the number of new malls and the number of expatriates choosing to reside in the UAE. Wholesale and retail trade decreased in 2020 primarily due to the decrease in tourism, supply chain disruptions and a decrease in demand as a result of the COVID-19 pandemic, which was partially offset by an increase in e-commerce. The wholesale and retail trade sector was 16.9 per cent. of non-real hydrocarbon GDP in 2020.

The UAE is also a base for wholesalers due to its attractive tax environment and connections to the MENA region. With no domestic manufacturing industry, the repair of motor vehicles and motorcycles aspect of this sector focuses on the import for local sale and re-export of vehicles and the associated sub-sectors of auto parts and accessories supply; vehicle maintenance and repair; trading, maintenance and repair of motorcycles and auto finance.

Manufacturing

The manufacturing sector contributed 9.7 per cent. to the UAE's nominal GDP in 2020, 8.8 per cent. in 2019 and 8.7 per cent. in 2018. The UAE's manufacturing sector is dominated by refining and petrochemical production which both experience volatility in demand and output. The most significant sub-sectors include cement, glass, petrochemicals, paint, dried food and household goods. Additionally, the Khalifa Industrial Zone (KIZAD) has attracted a range of companies in the aluminium, engineered metals, glass, paper, petrochemical, chemical product, high technology, food and beverage and trade and logistics sectors. The positive growth rates between 2017 and 2019 reflected growth in the export of manufactured products such as chemicals, machinery, transport and communication equipment during these periods. However, the manufacturing sector decreased by 2.5 per cent. in 2020 compared to 2019 primarily as a result of the COVID-19 pandemic. Manufacturing was one of the most impacted sectors as a result of COVID-19 due to low domestic consumption, limited access of manufacturing firms to affordable finance and business, supply chain and demand disruptions.

Financial and insurance activities

The financial and insurance activities sector contributed 9.8 per cent. to the UAE's nominal GDP in 2020, 8.9 per cent. in 2019 and 8.5 per cent. in 2018. This sector principally reflects the financial activities of banks within the UAE as well as financial intermediation activities, insurance activities, insurance intermediation activities and the activities of the UAE Central Bank. The growth in this sector principally reflected the effect of generally good economic conditions in the UAE banking sector. The growth rate of the financial and economic sector is dependent on the movement in the other economic sectors. The positive rate of growth in 2019 reflected the positive growth rates in the other economic sectors. Financial and insurance activities decreased in 2020 primarily as a result of the COVID-19 pandemic. Insurance activities were the most affected due to restrictions on meeting in person, which reduced the contact and marketing opportunities that brokers were able to have with individual insurance clients and/or potential clients in 2020. In addition, the Insurance Authority decreased motor vehicle insurance tariffs in response to COVID-19, which had a further impact on insurance activities overall. For more information please see "*Monetary and Financial System - Banking and Financial Services*".

Construction

The construction sector contributed 9.3 per cent. to the UAE's nominal GDP in 2020, 9.0 per cent. in 2019 and 8.5 per cent. in 2018. The construction sector is largely driven by activity in the private real estate market and by public projects to construct infrastructure and government buildings. The UAE conducts construction activities on a federal level, which are independent from the individual emirates. The construction sector GDP growth in 2018 and 2019 reflected real estate demand and public sector expansion. The construction sector decreased by 10.7 per cent. in 2020 compared to 2019. The negative rates of growth in the construction sector in 2020 reflected job losses due to the COVID-19 pandemic, a decline in real estate prices, which in turn, resulted in delayed or cancelled construction projects, rent deferrals and waivers and the delay of Dubai Expo 2020, which adversely affected developers who were contracted to work on the site of Dubai Expo 2020.

Public administration and defence (including compulsory social security)

The public administration and defence (including compulsory social security) sector contributed 7.8 per cent. to the UAE's nominal GDP in 2020, 6.9 per cent. in 2019 and 6.8 per cent. in 2018. This sector includes government services such as basic healthcare and education for UAE nationals, defence and foreign policy initiatives, UAE-wide police and civil defence initiatives, the postal services, a large public works programme which covers infrastructure and housing as well as business licensing and policing.

Real estate activities

The real estate activities sector, contributed 5.5 per cent. to the UAE's nominal GDP in 2020, 5.2 per cent. in 2019 and 4.5 per cent. in 2018. The real estate activities sector primarily consists of real estate sales and leasing. The longer-term decline in nominal real estate activities GDP reflects decreases in the average prices of the UAE housing market accompanied by a fall in rents as well as the negative impacts of COVID-19 in 2020.

The 2021 residential real estate market in the UAE continues to suffer from an oversupply of new properties. Demand-side constraints are also a factor. In particular, the state of the UAE labour market, particularly in the higher income levels that would typically be able to afford the minimum deposit of 20 per cent. (15 per cent. for nationals), is likely slowing the rebalancing of the market despite the gradual tightening of the new housing supply. In addition, not being able to conduct property viewings as a result of COVID-19 and weakened investor confidence is also likely to have had a negative impact on the housing market. As a response to the weakened housing market, the Abu Dhabi government removed all real estate fees for all industries until the end of 2020 and removed requirements/fees related to the real estate sector such as the suspension of bid bonds, a 25 per cent. reduction in land leasing, industrial and commercial fees. In addition, Federal initiatives have been put in place to aid recovery, such as the Higher Committee for Real Estate, long-term residence visas, the reduction in real estate fees and changes in foreign ownership rules, including freehold ownership in certain areas of Abu Dhabi. The real estate market in Dubai has also shown signs of recovery, with 27,202 real estate transactions recorded in the first half of 2021 as compared to 15,401 transactions recorded in the first half of 2020.

Individual Emirates' GDP and Principal Economic Sectors

The UAE is made up of seven individual emirates, each of which produce GDP and principal economic sectors data.

Emirate of Abu Dhabi

Abu Dhabi had a nominal GDP of approximately AED 731.4 billion in 2020 based on preliminary estimates (55.5 per cent. of emirates' GDP for the year ended 31 December 2020). The hydrocarbon sector is the largest sector of GDP for Abu Dhabi. Abu Dhabi is the federal capital of the UAE and is continuing to diversify its economy and reduce its reliance on the hydrocarbon sector. Abu Dhabi invests in infrastructure, tourism, transport, health and education in line with the Abu Dhabi government's 2030 economic plan, which was announced in 2009. For example, Abu Dhabi has invested in new luxury resorts and business hotels and has become a centre for sporting events such as the Abu Dhabi Golf Championship and the Formula One Abu Dhabi Grand Prix.

Emirate of Dubai

Dubai had a nominal GDP of approximately AED 393.2 billion in 2020 based on preliminary estimates (29.8 per cent. of emirates' GDP for the year ended 31 December 2020). One of the principal economic sectors for Dubai is tourism. For example, Dubai has invested in hotels, entertainment and shopping centres. Dubai is also heavily reliant on trade and its services and finance sectors. Real estate, logistics and financial services are also key economic sectors in Dubai.

Emirate of Sharjah

Sharjah had a nominal GDP of approximately AED 112.6 billion in 2020 based on preliminary estimates (8.5 per cent. of emirates' GDP for the year ended 31 December 2020). Sharjah's principal economic sectors are manufacturing and entrepreneurship and innovation. There are also almost 45,000 SMEs in Sharjah that contribute to Sharjah's real estate, gas and tourism sectors.

Emirate of Ras Al Khaimah

Ras Al Khaimah had a nominal GDP of approximately AED 29.3 billion in 2020 based on preliminary estimates (2.2 per cent. of emirates' GDP for the year ended 31 December 2020). Its principal economic sectors are pharmaceuticals and cement. Ras Al Khaimah also has its own economic zone, the Ras Al Khaimah Economic Zone (RAKEZ), which offers solutions to free zone and non-free zone businesses in over 50 industries.

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 emirates' GDP for the year ended 31 December 2020). Its principal economic sector is tourism which is aided by the Ajman Port and Ajman Free Zone. In 2014, Ajman unveiled Ajman Vision 2021 for the emirate's development, a strategy that is in harmony with the UAE Vision 2021.

Emirate of Fujairah

Fujairah had a nominal GDP of approximately AED 20.3 billion in 2020 based on preliminary estimates (1.5 per cent. of emirates' GDP for the year ended 31 December 2020). The Fujairah Free Zone, surrounding the port of Fujairah contributes to the emirates' foreign investment in banking and trade. The emirate's principal economic sectors are fishing, agriculture, mining and stone crushing.

Emirate of Umm Al Quwain

Umm Al Quwain had a nominal GDP of approximately AED 3.5 billion in 2020 based on preliminary estimates (0.3 per cent. of emirates' GDP for the year ended 31 December 2020). The construction of Ahmed Bin Rashid Port and the Free Trade Zone are contributing to the emirate's commercial and investment base. The principal economic sectors are fishing and tourism.

Inflation

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

	For the year ended 31 December					
Economic Variables	**2015**	**2016**	**2017**	**2018**	**2019**	**2020***
			(AED Millions)			
C.P.I (2014 = 100)	**104.1**	**105.8**	**107.8**	**111.1**	**109.0**	**106.7**
Inflation	**4.1**	**1.6**	**2.0**	**3.1**	**(1.9)**	**(2.1)**

*Data 2020 Preliminary
Source: *FCSC*

The inflation rate for the first half of 2021 was -1.1 per cent. Based on the UAE Central Bank projections, average CPI inflation for 2021 will remain negative, at about -0.3 per cent. as a result of the subdued real estate and food markets and potential negative effects of the COVID-19 pandemic including the effects of the Delta variant, offset by increases in oil prices. The expectation is that inflation may remain negative in 2022. The negative inflation will prevail especially in the first half of the year in view of the subdued real estate market and private consumption but will improve in the second half of the year. The UAE Central Bank believes that inflation could move to a positive number if the real estate and food markets improved.

The UAE experienced a decrease in CPI in 2020 by 2.1 per cent., compared to a drop of 1.9 per cent. in 2019. This was the result of a fall of 3.3 per cent. in the price of non-tradables - goods and services that are not traded across borders. The price of non-tradeables are mainly determined by domestic supply and demand conditions, which were negatively impacted by COVID-19. Meanwhile, prices of tradables rose by 0.3 per cent. Tradables' prices, accounting for 34 per cent. of the CPI consumption basket, increased due to the rise in the price of food and soft drinks, beverages and tobacco, and textile, clothing and footwear, which was likely due to the disruptions in the global supply chains during the year. The decline in the housing component by 3.7 per cent., transportation by 5.8 per cent., and recreation and culture by 17.3 per cent. were the drivers of the significant drop in the non-tradables prices. (*source*: UAE Central Bank Annual

Report 2020). Tradeables include the following categories of goods and services: food and soft drinks; beverages and tobacco; textiles, clothing and footwear; furniture and household goods; transportation; and miscellaneous goods and services. Non-tradeables include the following categories of goods and services: housing; medical care; transportation; communications; recreation and culture; education; restaurants and hotels; and miscellaneous goods and services.

The CPI in the UAE declined by 1.9 per cent. in 2019, which was the first negative annual change in CPI inflation since the CPI index was first reported by the FCSC in 2009. Deflation was driven by the continued decline in rents and utilities prices, which represent 34 per cent. of the consumption basket, the appreciating UAE Dirham (in nominal terms) and the fading effect of the VAT introduced at the beginning of 2018. Moreover, the CPI was influenced by the drop in oil prices, which was transmitted to the domestic fuel prices through the transportation prices, assumed to be split equally between the tradeable and non-tradeable. Inflation in tradable prices reversed from 6.9 per cent. in the previous year to a deflation of 1.5 per cent. in 2019. Similarly, non-tradable prices decreased by 2.2 per cent. in 2019 compared to an increase by 1.2 per cent. in 2018.

In 2018, annual inflation in the UAE rose to 3.1 per cent. in 2018 compared to 2.0 per cent. in the previous year. The rise in inflation occurred despite the continued decline in housing prices due to the implementation of VAT at the beginning of 2018. Moreover, CPI inflation was influenced by the increase in oil prices in 2018, which was transmitted to the domestic fuel prices through the transportation prices, split equally between tradeable and non-tradeable prices. Therefore, inflation in tradeable prices rose from 3.0 per cent. in 2017 to 6.9 per cent. in 2018. In contrast, non-tradeable price inflation decreased to 1.2 per cent. in 2018 compared to 1.8 per cent. in 2017. The rise in the tradeable prices in 2018 was mainly due to the base year effect of the implementation of the VAT, as well as the excise tax in October 2017. For example, the prices of beverages and tobacco rose by 57 per cent. in 2018 compared to the 18.3 per cent. increase in 2017. In addition, prices of food and soft drinks increased as compared to 2017 due to the implementation of the VAT as well as the increase in prices of agricultural commodities in international markets. Non-tradeable prices continued declining in 2018, similar to its 2017 trend, owing to the decline in housing cost by 3.1 per cent. as rents continued their downward trajectory throughout 2018. The housing group accounted for 34 per cent. of the UAE standard consumption basket, of which around 26 per cent. represented the actual rents paid by tenants.

Inflation in 2017 and 2016 was 2.0 per cent. and 1.6 per cent. respectively. These inflation levels reflected increases in tradeables reflecting the recovery of oil prices offset by the drop in non-tradeable price inflation. Non-tradeables accounted for 66 per cent. of the standard consumption basket in the UAE in 2017, of which housing and utilities costs cover around 52 per cent. Housing excess supply and slower employment growth in the labour market exerted a downward pressure on rental prices in both the emirates of Dubai and Abu Dhabi in 2017 and 2016.

Economic Policy

UAE Vision 2021

The UAE launched its first national strategy in 2007 and since then has launched a number of strategies with the aim of strengthening the UAE's economic position globally. In 2010, the Federal Government launched the UAE Vision 2021, which charts the next stage of the UAE's journey until the year 2021. The vision aims to position the UAE among the best countries in the world by the Golden Jubilee of the Federation in 2021.

In 2014, H.H. Sheikh Mohammed bin Rashid Al Maktoum launched a seven-year National Agenda in order to guide efforts towards UAE Vision 2021. The National Agenda was the result of a series of workshops attended by over 300 officials from 90 federal and UAE local government entities, participants from civil society organizations and the private sector and experts from academia and research institutions.

The National Agenda specifies a wide-ranging work programme centred around six national priorities, as the key focus of government strategy in the coming years, and 52 National Key Performance Indicators ("**NKPIs**") in the sectors of education, healthcare, economy, police and security, justice, society, housing, infrastructure and government services. The six national priorities are:

- cohesive society and preserved identity;
- safe public and fair judiciary;

- competitive knowledge economy;
- first-rate education system;
- world-class healthcare; and
- sustainable environment and infrastructure.

The NKPIs are long-term, measurable performance outcomes in each of the national priorities and generally compare the UAE against global benchmarks. The NKPIs for UAE Vision 2021 include revenue budget execution, expenditure budget execution and budget accuracy. The Federal Government is continuing to work on the NKPIs with all of the relevant entities in all relevant sectors. These objectives will be continued after 2021 as part of the UAE Centennial Plan 2071 and a new set of objectives for the Federal Government's strategy for 2022 to 2026. The Federal Government expects to announce the objectives for 2022 to 2026 by the end of 2021 or the start of 2022.

UAE Centennial Plan 2071

The UAE Centennial Plan 2071 was announced in October 2017. This is a long-term plan that will replace UAE Vision 2021 and will extend for five decades after 2021. The objectives of the Federal Government under the UAE Centennial Plan 2071 include establishing the government of the UAE as the best government in the world, with a long-term vision and inspirational leadership that anticipates and prepares for the future. Other government objectives include achieving happiness in society and spreading positive messages internally and to the world and developing mechanisms for monitoring long-term variables in various sectors. Some objectives include creating a more cohesive society and promoting women's participation in all sectors.

The UAE Centennial Plan 2071 also outlines various education and economic goals. In terms of education, the UAE Centennial Plan 2071 highlights the importance of education in advanced science, technology, space science, engineering innovation and health sciences. The plan seeks to encourage education institutions to be centres of entrepreneurship, innovation and international research centres. The plan has a number of economic objectives which include increasing the productivity of the national economy, supporting national companies, investing in science research and other sectors, focusing on innovation, entrepreneurship and advanced industries, diversifying imports and exports by relying less on oil and developing a national strategy to shape the future of the UAE's economy and industry with a view to place the UAE among international important economies.

UAE's 50 Projects Initiative

In September 2021, the UAE announced that it plans to launch 50 new economic initiatives to boost the country's competitiveness and attract AED 550 billion in FDI over the next nine years. The projects are founded on the following principles:

- strengthening of the union, its institutions, legislations, capacity and budgets;
- building a competitive and dynamic economy;
- using foreign policy as a tool that aims to serve the UAE's economic interests;
- developing the educational system, attracting talent and retaining specialists;
- developing stable and positive economic, political and social relationships;
- creating one unified nation;
- encouraging digital, technical and scientific excellence;
- encouraging openness and tolerance;
- providing foreign humanitarian aid; and
- resolving political disputes.

Initially, AED 5 billion from the Emirates Development Bank is expected to be allocated to support projects by Emiratis in new economic sectors. Another AED 5 billion is expected to be allocated to reform the industrial sector towards the Fourth Industrial Revolution over the next five years. Teenagers will also be able to work from the age of 15 for the first time.

UAE Strategy for the Fourth Industrial Revolution

In September 2017, the Federal Government launched the UAE Strategy for the Fourth Industrial Revolution. The UAE Strategy for the Fourth Industrial Revolution aims to strengthen the UAE's position as a global hub for the Fourth Industrial Revolution and to increase its contribution to the national economy by means of advancing innovation and future technologies. The strategy also outlines the path to achieve the future experience of government services by providing intelligent and interactive government services around the clock to achieve customer happiness and to position the UAE as a model for interactive cities using artificial intelligence to achieve sustainability.

The UAE Strategy for the Fourth Industrial Revolution focuses on a number of key fields; some of them are innovative education, artificial intelligence, intelligent genomic medicine and robotic healthcare:

- innovative education will provide a smart and enhanced learning experience to develop advanced technologies such as science, nanotechnology and artificial intelligence;
- the adoption of intelligent and personal genomic medicine will lead to personalised medical technologies, improved health care levels and boost the UAE's position as a global centre for healthcare; and
- the adoption of robotic healthcare and research in nanotechnology will facilitate the application of telemedicine and introduce cutting-edge medical solutions such as wearable and implantable technologies.

The plan also aims to:

- achieve future security of water and food supply by using bioengineering sciences and advanced renewable energy technologies;
- enhance economic security by adopting digital economy and blockchain technologies in financial transactions and services;
- optimise the utilisation of satellite data in planning future cities; and
- develop advanced defence industries by developing national industries in the field of robotics and autonomous vehicle technologies.

Investment in these projects is ongoing and these projects contribute to the UAE's plan to move towards a knowledge-based economy. These projects include, among others, moving to a digital economy and developing artificial intelligence and remote working applications. Half of the Federal Government service centres are set to be converted to digital platforms in the short to medium-term. The Advanced Technology Research Council is the overarching advanced technology body in Abu Dhabi and the UAE. The Advanced Technology Research Council has been established to further research and development in the UAE and is responsible for consolidating funds for efficient investment and policy in the UAE's scientific community.

Islamic Economic Sector

The Federal Government has recognised the importance of the Islamic economic sector, driven by the increase in the global Muslim population that numbers approximately 1.6 billion. For example, Dubai was the first to establish Islamic banks worldwide with the opening of Dubai Islamic Bank (DIB) in the 1970s, in addition to having the Dubai Financial Market, which is the first global *Shari'a* compliant exchange.

According to the 2020-2021 Global Islamic Economy Indicator report, which measures the strength of the Islamic economy for 73 countries, across supply and demand drivers, governance, awareness and social considerations, the UAE was ranked third overall and ranked first in the modest fashion and media and recreation indicators and second in the Muslim-friendly travel and pharmaceutical and cosmetics indicators.

The UAE's post-oil strategy

In 2015, the Federal Government implemented a AED 300 billion programme to foster a knowledge economy, driven by innovation to prepare the UAE for a world after oil. The Emirates Science, Technology and Innovation Higher Policy launched 100 initiatives with major investments in education, health, energy, transport, space and water. It includes fields such as robotics, solar power, developing intellectual property, stem cell research and biotechnology. As part of the UAE Centennial Plan 2071, the UAE plans to continue to support these programmes to work towards a knowledge-based economy and encourage innovation.

The UAE retreat on post-oil phase was held in January 2016. Federal and UAE local government officials took part in the retreat and discussed ideas and initiatives that would contribute in diversifying the UAE's economy and ensuring its sustainability with an emphasis on human capital, knowledge and innovation.

The UAE's strategy to decrease reliance on hydrocarbon revenue includes promoting a knowledge-based economy, strengthening the competitiveness of the current economic sectors such as manufacturing and gradually introducing new high-value added sectors related to, among others, SMEs and start-up businesses. The Federal Government believes this will drive improvements in the UAE's economy with the ultimate goal of achieving a nominal GDP of AED 3 trillion by 2031.

The UAE Soft Power Strategy

The Soft Power Council reports directly to the Cabinet and is in charge of the National Agenda. In September 2017, the Soft Power Council launched the UAE Soft Power Strategy, which aims to increase the country's global reputation abroad by highlighting its identity, heritage, culture and the contributions of the UAE to the world. The integrated national strategy is based on four main objectives:

- to develop a unified direction for various sectors including the economy, humanities, tourism media and science;
- to promote the UAE's position as a gateway to the region;
- to establish the UAE as a regional capital for culture, art and tourism; and
- to establish the UAE's reputation as a modern and tolerant country that welcomes people from across the world.

Global Comparison

The UAE has a track record of improvement in rankings with an intention to remain one of the most business-friendly nations in the world. In 2020, the UAE ranked 9th in the IMD World Competitiveness Yearbook, 31st in the Human Development Report by the United Nations Development Programme and a rule of law percentile rank of 77.88. In the World Bank Doing Business Report for 2020 the UAE came in the top 10 globally in four out of 10 topics: dealing with construction permits; getting electricity; registering property; and enforcing contracts. In the IMD World Competitiveness Yearbook for 2020 the UAE scored 93.505, which was higher than most countries in the MENA region. The UAE is in the top five globally in the following six sub-factors (out of 20): labour market; attitude and values; tax policy; international trade; employment; and public finance. In addition, according to the UAE's Worldwide Governance Indicators, the UAE now ranks in the 86th percentile in Moody's rated universe in terms of government effectiveness, which reflects a perceived improvement in the quality of public services, the independence of civil services to political influence, and the credibility of government policies. Rule of law and control of corruption have also been on an upward trend since 2010 and in 2019 the UAE ranked in the 83.7 percentile for control of corruption, the 88.9 percentile for government effectiveness and the 78.4 percentile for regulatory quality.

The UAE is also well positioned as compared to its peers. In 2020, the UAE ranked 34 out of 131 in the Global Innovation Index and in 2019 the UAE ranked 25 out of 141 in global competitiveness, 31 out of 141 in business dynamism and second out of 141 for information and communications and technology adoption. Theses rankings were either better or similar to its peers of Chile, Saudi Arabia, Kuwait, Korea and Israel. The UAE's nominal GDP per capita for 2020 was U.S.$40,542 billion, which was higher than Chile (U.S.$12,829 billion), Saudi Arabia (U.S.$19,775 billion), Kuwait (U.S.$25,388 billion), Korea (U.S.$31,257 billion) and broadly in line with Israel (U.S.$43,642 billion). In 2020, overall, on a quantitative basis, the UAE was positioned stronger than a number of its peers across key economic indicators as shown in the table below.

Economic Indicators	UAE	Chile	Saudi Arabia	Kuwait	Korea	Israel	Qatar
Real GDP Growth (% change)	(5.9%)	(5.8%)	(4.1%)	(8.0%)	(1.0%)	(2.0%)	(3.0%)
Nominal GDP (U.S.$ billions)	354.3	252.8	701.5	107.9	1,630.9	402.6	146.1
Current Account Balance (% change)	3.1%	1.4%	(2.1%)	0.8%	4.6%	4.9%	(3.4%)
Fiscal Balance (% change)	(7.4%)	(7.1%)	(11.1%)	(9.4%)	(2.8%)	(11.8%)	(1.3%)
Government Gross Debt (% of GDP)	38.3%	32.5%	32.4%	11.5%	48.7%	73.0%	71.8%

Employment and Wages

The labour market in the UAE encompasses three main local markets: Abu Dhabi, Dubai and the remaining emirates. Based on FCSC data, the UAE workforce increased in 2019 to 7.56 million workers from 7.38 million workers in 2018. Of those employed in 2019, approximately 5.23 million workers were employed in the private sector. These figures reflect the number of people employed and unemployed. The number of people working in all economic sectors also increased to 7.34 million in 2019 compared to 7.22 million in 2018. The total number of workers unemployed in 2019 was 168,284. The rate of unemployment decreased from 2.5 per cent. in 2017 to 2.2 per cent. in 2018. According to the World Bank, the unemployment rate for the UAE in 2019 was 2.3 per cent. and the unemployment rate for 2020 was 5.0 per cent. The rate of unemployment data reflects the number of UAE nationals who are unemployed in either the public or private sector as opposed to the rate of unemployment for both UAE nationals and expatriates. In September 2021, the UAE announced subsidies and a salary support scheme for certain Emirati groups working in the private sector.

The total private sector employment in the UAE at the end of 2019 was 5.1 million of which 27 per cent. were based in Abu Dhabi, 52 per cent. were in Dubai and 21 per cent. were in the remainder of the emirates. Overall, at the aggregate level, employment in the UAE rose by 2 per cent. in 2019 with growth in employment in all three local markets, compared to a decline of 0.9 per cent. in the previous year. (*source*: UAE Central Bank Annual Report 2019).

Unemployment benefits are payable to UAE nationals only and the responsibility for the payment lies with the Federal Government. Expatriates who are unemployed lose their working visas and do not remain in the UAE, although the "golden visa" and reformed visa system described further below is expected to encourage longer-term residence.

The table below shows the growth rate of national income and wages in the UAE for the periods shown.

	For the year ended 31 December					
Economic Variables	2015	2016	2017	2018	2019	2020
			(%)			
Gross National Income	(10.9)	(0.2)	8.1	9.1	(0.1)	(14.5)
Net National Income	(11.5)	(0.1)	8.5	9.1	(1.1)	(14.8)
Disposable Income	(15.6)	0.0	8.9	8.7	(1.6)	(15.7)
National Saving	(21.8)	(1.9)	4.7	8.8	(6.2)	(22.5)
Wages And Salaries	5.7	2.7	11.0	4.2	2.9	(6.3)

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

	For the year ended 31 December					
Economic Variables	2015	2016	2017	2018	2019	2020*
			(AED Millions)			
Population (Millions)	9.1	9.1	9.3	9.4	9.5	9.3
Gross National Income	1,321,651	1,318,948	1,426,336	1,555,815	1,539,824	1,316,246
Net National Income	1,266,228	1,264,439	1,371,436	1,495,613	1,478,685	1,260,019
Disposable Income	1,120,628	1,120,839	1,220,136	1,326,283	1,305,085	1,100,319
Compensation of Employees	430,447	441,936	490,616	511,204	526,072	493,093

* Preliminary Data

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

Indicators	For the year ended 31 December 2015	2016	2017	2018	2019	2020*
			(AED Thousands)			
Gross National Income	145.2	144.6	153.3	166.1	162.0	141.8
Net National Income	139.1	138.6	147.4	159.7	155.6	135.7
Disposable Income	123.1	122.9	131.1	141.6	137.3	118.5

* Preliminary Data

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

	For the year ended 31 December 2017	% of total	2018	% of total	2019	% of total	2020	% of total
	(U.S.$ Millions)	*%*	*(U.S.$ Millions)*	*%*	*(U.S.$ Millions)*	*%*	*(U.S.$ Millions)*	*%*
Agriculture, Forestry and Fishing	1,032	0.8	1,057	0.8	1,079	0.8	1,125	0.8
Extractive Industries (includes crude oil and natural gas)	5,288	3.9	5,563	4.0	5,539	3.9	5,189	3.9
Manufacturing	12,451	9.3	12,279	9.0	12,781	8.9	12,206	9.1
Electricity, Gas, Water and Waste Management Activities	2,021	1.5	2,266	1.6	2,679	1.9	2,677	2.0
Construction and Building	14,575	10.9	15,368	11.0	16,073	11.2	14,859	11.1
Wholesale and Retail Trade and Repair of Motor Vehicles and Motorcycles	18,544	13.8	18,781	13.5	19,507	13.6	17,623	13.1
Transport and Storage	11,521	8.6	12,011	8.6	11,573	8.1	9,253	6.9
Accommodation and Food Service Activities	4,588	3.4	4,779	3.4	5,272	3.7	4,381	3.3
Information and Communications	3,573	2.7	3,846	2.8	4,101	2.9	3,916	2.9
Financial Activities and Insurance Activities	6,965	5.2	6,806	4.9	6,770	4.7	6,539	4.9
Real Estate Activities	2,371	1.8	2,430	1.8	2,421	1.7	2,217	1.7
Professional, Scientific and Technical Activities	7,276	5.4	8,231	5.9	8,263	5.8	7,771	5.8
Administrative and Support Services Activities	4,533	3.4	4,758	3.4	5,554	3.9	5,386	4.0
Public Administration, Defence & Compulsory Social Security	24,656	18.5	26,065	18.7	25,974	18.1	25,345	18.9
Education	5,186	3.6	5,299	3.8	5,538	3.9	5,663	4.2
Activities of Human Health and Social Service	4,769	3.6	5,118	3.7	5,253	3.7	5,542	4.1
Arts, Entertainment, Promotion and Other Service Activities	1,662	1.2	1,778	1.3	1,927	1.3	1,803	1.3
Household Activities as Employer	2,581	1.9	2,762	2.0	2,941	2.1	2,770	2.1
Total	**133,592**	**100.0**	**139,198**	**100.0**	**143,246**	**100.0**	**134,266**	**100.0**

Source: *FCSC*, Preliminary Figures, 2020.

Negative macroeconomic developments during 2020 as a result of the COVID-19 pandemic were reflected in the labour market as the total wages for employees decreased by 6.3 per cent. as compared to 2019. All sectors except agriculture, forestry and fishing and education recorded a decrease in average wages during the period indicated. Public administration, defence and compulsory social security, wholesale and retail trade and repair of motor vehicles and motorcycles and construction and building made up approximately 43.1 per cent. of wages in the UAE for 2020. Employment in public administration, defence and compulsory social security wages decreased by 2.4 per cent. in 2020 compared to 2019. Employment in wholesale and retail trade and repair of motor vehicles and motorcycles decreased by 9.7 per cent. in 2020 compared to 2019. Construction and building decreased by 7.6 per cent. in 2020 as compared to 2019. The decrease in employment across the non-oil sectors of the economy in 2020 compared to 2019 was primarily the result of disruptions in international travel and tourism, regional and global trade and supply chains as a result of the COVID-19 pandemic.

Positive macroeconomic developments during 2019 were reflected in the labour market as total wages by sector increased by 1.2 per cent. as compared to 2018. All sectors except information and communications and construction and building recorded an increase in wages. Wages related to public administration, defence and compulsory social security, wholesale and retail trade and repair of motor vehicles and motorcycles and construction and building together made up approximately 43 per cent. of wages in the UAE for 2019. Wages for public administration, defence and compulsory social security wages increased by 0.4 per cent. in 2019 compared to 2018. Employment wages in wholesale and retail trade and repair of motor vehicles and motorcycles increased by 2.1 per cent. in 2019 compared to 2018. Construction and building wages decreased by 0.7 per cent. in 2019 as compared to 2018. This primarily was the result of decreased demand for construction projects.

In November 2018, the Ministry of Human Resources and Emiratisation launched the National Employment Strategy 2031.

The strategy aims to support the Federal Government's efforts to build a knowledge-based economy by:

- empowering labour productivity and providing national human resources with the skills required for the labour market;
- increasing the number of research and development personnel;
- promoting entrepreneurship;
- promoting lifelong learning programmes;
- supporting training on future skills and skill development programmes; and
- focusing on attracting talent by enhancing knowledge and cultural diversity.

The strategy also seeks to increase the participation of the UAE nationals in the labour market by enhancing women's participation and increasing Emiratisation rates in value-added economic sectors such as:

- energy;
- communications;
- technology;
- transport;
- storage sectors;
- financial, health and educational sectors;
- artificial intelligence;
- space;
- digital transactions; and
- advanced science.

In 2019, the UAE implemented a new system for long-term residence visas known as the "golden visa" system. The new system enables foreigners to live, work and study in the UAE without the need of a national sponsor. These visas will be issued for five or 10 years and will be renewed automatically. Investors with assets worth more than AED 5 million (who will qualify for the five year visa) and AED 10 million (who will qualify for the 10 year visa) as well as those who work in key specialist professions and exceptional students will qualify for the new visa system. The Federal Government expects that the total national force working in the government and private sectors will grow to about 610,000 by 2031.

In August 2021, the UAE announced a new resident visa category called the "green visa". The green visa allows residents to sponsor their parents and children up to 25 years old. The green visa will not be linked to any work permits from companies and aims to attract highly-skilled, people investors, entrepreneurs, students and graduates. Green visa holders will also be given 90 to 180 days' grace period when their visas expire, as opposed to the current system of 30 days' grace period. Another category of visa called the "freelance visa" was also announced to attract highly-skilled people. These visas were announced as part of the UAE's 50 Projects Initiative.

The Federal Government also introduced a retirement visa which effectively allows expatriates to remain resident in the UAE even after retiring if they have sufficient resources (property worth more than AED 2 million or financial savings worth AED 1 million or an active income of AED 20,000 per month).

Pensions

In September 1999, UAE nationals working for private companies became entitled to the same social security and pension benefits as those working for the Federal Government. Under the Federal Government's national pension and social security scheme, nationals who have contributed to the scheme will be eligible for retirement benefits, disability benefits and compensation on death. The General Pension and Social Security Authority ("**GPSSA**"), an independent entity of the Federal Government, which invests employer and employee contributions to fund the social security programme, was established to operate the scheme. Separate social security provision is made for all members of the military and the police force.

Federal Law No. 7 of 1999 Concerning the Issuance of the Law on Pensions and Social Security as amended by Federal Law No. 7 of 2007 applies to UAE and GCC nationals (men and women) working in the government and private sectors (the "**Pensions and Social Security Law**").

The Pensions and Social Security Law also covers the following categories of people working in the UAE:

- Emirati employers; and
- UAE nationals who are self-employed.

The retirement age for UAE nationals is 49 and the retirement age for expatriate residents is 60. Expatriates who are older than 60 are allowed to work up to the age of 65 after obtaining approval of the Minister of Human Resources and Emiratisation or the Undersecretary. After the age of 60, labour cards are renewed annually.

UAE nationals working in government and private sectors are eligible for pensions and other retirement benefits after reaching the retirement age of 49 or after serving for a minimum of 20 years. Contributions that the Federal Government is required to make for pensions and other retirement benefits are reflected in the social benefits line item of the Federal Budget. See "*Public Finance—Federal Budget*". GCC nationals employed in the UAE are entitled for pension in accordance with the schemes established in their home countries. Expatriate workers are not entitled to pension but are entitled to end-of-service benefits also known as gratuity or severance pay.

The entitlement of the insured to the pension commences on the day that follows the termination of service and ceases upon death provided the deceased has no beneficiaries. If the deceased has beneficiaries the entitlement to the pension shall be transferred in accordance with the provisions of the Pensions and Social Security Law. The entitlement of the beneficiaries of the insured or the pensioner commences as of the month that follows the date of death. Article 16 of the Pensions and Social Security Law provides for the cases in which insured nationals are entitled for pensions.

At the federal level, the GPSSA is the federal body responsible for administering the pensions for all of the UAE national working force in the federal ministries and entities and local governments in Dubai, Sharjah, Ras Al Khaimah, Ajman, Umm Al Quwain and Fujairah emirates.

Once a UAE national is registered with GPSSA, funds are deposited in his or her account as follows:

- both employee and employer share in contributing to the pension fund which is eventually used as an end of service benefit for the employee;
- if the employer is a government entity, the insured employee contributes an amount equal to 5 per cent. of the employee's monthly salary;
- in parallel the employer contributes 15 per cent. of the employee's salary; and
- if the employer is a privately owned company, the employer contributes 12.5 per cent. of the employee's salary and the government contributes 2.5 per cent.

UAE nationals who are ineligible for pension scheme will receive end of service benefits in accordance with the provisions of Articles 38 to 42 of the Pensions and Social Security Law. In these circumstances, the benefit will amount to a salary of one and a half months for every year of the first five years of employment, and it will increase to a salary of two months for every year of the following five years, and to a salary of three months for any additional year thereafter.

Abu Dhabi pensions

In Abu Dhabi, the Abu Dhabi Retirement Pensions and Benefits Fund manages pensions on behalf of Abu Dhabi-based and employed UAE nationals. However, it does not manage pensions for GCC nationals and this responsibility lies with GPSSA. In addition, Abu Dhabi has a separate pension law relating to Abu Dhabi and UAE nationals; Law No. 2 of 2000 regarding Civil Retirement Pensions and Benefits in the emirate of Abu Dhabi.

Retirement rules of Dubai Government

H.H. Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai, has issued Decree No. 21 of 2017 approving the retirement and pension procedures applicable to Dubai government employees. The decree aims to ensure equal opportunities for Dubai government employees and further protect the rights of pensioners.

According to the Decree, the Dubai Government Human Resources Department ("**DGHR**") will form a committee to evaluate the retirement requests of employees. A representative of DGHR will chair the committee. The committee is composed of representatives from Dubai's Department of Finance, the General Secretariat of the Dubai Executive Council and the General Secretariat of Dubai's Supreme Legislation Committee.

The Decree also defines retirement procedures. Pursuant to the Decree, Dubai government entities must refer their employees' retirement requests to DGHR. The application must clarify the reasons for retirement and provide all the required information and documents and meet any other requirements set by the committee. The government entity is responsible for completing the application, satisfying the requirements and completing the documents prior to submission to the committee.

DGHR is responsible for following up the committee's recommendations, including referring its recommendations to the General Secretariat of Dubai's Supreme Legislation Committee to issue the required legislation prior to submission to H.H. Sheikh Mohammed bin Rashid Al Maktoum for final approval.

Pension for GCC nationals

GCC nationals employed in the UAE are entitled for pension in accordance with the schemes established in their home countries. GCC nationals who are working in any GCC member country outside their home country are entitled to a pension. The employers in the UAE are liable to mandatory subscriptions for their GCC employees according to the social security law in their home countries in terms of registration and subscriptions, provided that the same may not exceed the subscription share designated for the employers to UAE nationals.

Social Security Funds

There is a social security regime in the UAE that applies to qualifying UAE and other GCC national employees only. Non-GCC nationals are not subject to social security in the UAE. The majority of the UAE nationals who qualify for the social security regime are members of the military.

For UAE national employees, social security contributions are calculated at a rate of 17.5 per cent. of the employee's gross remuneration as stated in the employee's local employment contract. Social security obligations also apply to employees of companies and branches registered in a free trade zone. Out of the 17.5 per cent., 5 per cent. is payable by the employee and the remaining 12.5 per cent. is payable by the employer. A higher rate of 20 per cent. is applied in the emirate of Abu Dhabi (where the contribution of the employer is 15 per cent.). For other GCC nationals working in the UAE, social security contributions are determined in accordance with the social security regulations of their home country. The employer is responsible for withholding and remitting employee social security contributions.

Social security funds are paid directly by the employer to the GPSSA and all social security payments are made by the GPSSA. The GPSSA is not part of the Federal Budget.

Labour

The Ministry of Human Resources and Emiratisation ("**MoHRE**"), known before as the Ministry of Labour, is responsible for overseeing the employer-employee relations and maintaining labour rights for the private sector. Federal Law No. 8 of 1980 (as amended) (the "**Labour Law**"), governs the labour rights of employees in the private sector.

The Labour Law handles matters related to working hours, vacation and public holidays, sick leave, employing juveniles, maternity leave, employee records, safety standards, termination of employment and end of service gratuity payments. According to Article 3 of the Labour Law, it applies to all employees working in the UAE, whether UAE nationals or expatriates. However, there are certain categories of employees who are exempt from the law and may have to follow another set of regulations.

The provisions listed in the Labour Law do not apply to the following categories:

- employees and workers of the Federal Government and the UAE local governmental departments;
- employees and workers in public entities and institutions, whether federal or local, and employees and workers appointed for governmental, federal and local projects;
- members of the armed forces, police and security;
- domestic servants in private households and similar occupations; and
- workers in farms or pastures with the exception of persons working in agricultural institutions processing the products thereof or the persons permanently operating or repairing mechanical machines required for agriculture.

Emiratisation in the Private Sector

To overcome the structural division in the labour market, the Federal Government launched the Emiratisation (Tawteen in Arabic) campaign which promotes the inclusion of UAE nationals in the job sector, particularly in the private sector. Emiratisation aims to increase the number of UAE nationals in the job market and their contribution to the economy. The goal of Emiratisation is to promote development-oriented policies that support productive activities and job creation as well as increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, certain jobs and entrepreneurship.

The UAE encourages the public and private sectors to implement Emiratisation policies at all levels through the establishment of a special department, quota and incentives.

Pursuant to the Labour Law, as amended, MoHRE has established a special department dedicated to finding adequate job opportunities for UAE nationals. The department assists employers in finding national workers to meet their needs.

Ministerial Orders 41, 42 and 43 of 2005 impose on private sector employers a quota system, whereby every company with more than 100 employees is obliged to employ UAE nationals at an annual rate of 2 per cent. of total employees in order to ensure participation of UAE nationals in the workforce.

Following a strategic plan to promote Emiratisation, MoHRE decided to localise more jobs in the private sector. Starting from 2017, companies that are registered with the Tas'heel online application services and that employ over 1,000 workers are required to hire UAE nationals for data entry positions. For example, MoHRE requires all construction facilities with a workforce of 500 or more employees to appoint at least one Emirati occupational health and safety officer from 2017.

Social Protection

The Ministry of Community Development oversees the UAE's social welfare system and makes specific allocations to the country's women's organisations to ensure that all those in need, particularly women in rural areas, have access to both an economic safety net and assistance.

In addition, the Federal Government supports social welfare and rehabilitation centres that provide assistance to the needy and disabled.

According to Federal Law No. 2 of 2001, monthly assistance is provided to the following categories of UAE nationals residing within the UAE: widows, divorcees, disabled or those with special needs, elderly, orphans, children from unknown parents, medically unfit persons, married students, families of prisoners, financially unfit, abandoned women and UAE national women married to expatriate men who cannot earn a living for reasons beyond their control.

The Law stipulates that only UAE nationals residing in UAE can receive the social assistance provided by the Ministry of Community Development subject to certain limited exceptions.

In addition to the above, Cabinet Decision No. 22 for 2008 provides monetary compensation to UAE nationals for their losses because of personal or natural disasters which include fire and drowning besides other calamities. The compensation amounts range from 50 to 80 per cent. of the total estimate of losses in money and properties resulting from the disasters. The Ministry of Community Development is also tasked with providing urgent aid such as food and shelter needed immediately after any disaster. Article 2 of the Law provides that the Ministry of Community Development will provide within two days of notification about the disaster, an urgent cash relief of AED 300 per person affected per day.

Housing and land benefits for UAE nationals

At the federal level, the Ministry of Energy and Infrastructure is responsible for organising the housing sector. The Federal Government provides free housing, housing loans and/or residential facilities and maintenance to certain UAE nationals. The Federal Government also established the Sheikh Zayed Housing Programme ("**SZHP**") in 1999. The programme provides interest-free loans repayable over a 25-year period, grants and non-reimbursable assistance to UAE nationals with low incomes. The programme is principally financed through the Emirates Development Bank but the Federal Government also provides grants for the housing programme as a part of the Federal Budget with a total fixed cap of AED 200 million per year. This is in addition to budgeting approximately AED 168 million for operating costs within the Ministry of Energy and Infrastructure. The SZHP gives priority to orphans, widows, aged people and people with special needs.

Infrastructure

Infrastructure development is considered to be a key component for the UAE's future expansion, economic growth and social connectivity. The Federal Government has committed approximately AED 3.75 billion to infrastructure over the five year period of 2015 to 2020. Approximately AED 751 million was allocated to infrastructure projects in 2020 and 2021, in line with the five-year budget cycle. Infrastructure projects at the federal level include projects related to security, education, health, federal roads, maintenance projects such as projects for highways and bridges, and housing schemes. In addition to infrastructure projects on the federal level, the individual emirates are also responsible for a number of infrastructure projects and maintenance on a local level.

Roads and Highways

The Federal Government is responsible for building and maintaining inter-emirate highways, notably the E11 and the E311 discussed below, on which major upgrade programmes have recently been completed, including widening of busy portions of the route and junction enhancements to create increased traffic flow. According to the Global Competitiveness Report issued by the World Economic Forum for the year 2019, the UAE occupies the seventh position in the index of road quality. The Ministry of Interior Development finished replacing traditional lights with power-saving LED lamps on all federal roads spanning 710 kilometres in 2019. The LEDs are considered environmentally friendly as they have a longer life and save 50 per cent. of consumed energy compared to the traditional lights.

The UAE continues to construct and maintain roads in accordance with international standards, using the best technology that fits the country's environmental conditions. The UAE's roads' projects aim to improve efficiency of traffic and connect parts of the country with a modern road network. The Federal Government is responsible for the following road networks, which connects different emirates with each other:

- E11 is the longest road in the UAE totalling 558 kilometres; it stretches from Al Silah in the emirate of Abu Dhabi and ends in the emirate of Ras Al Khaimah. It has various alternate names: Sheikh Maktoum Road in Abu Dhabi, Sheikh Zayed Road in Dubai and Sheikh Muhammad bin Salem Road in Ras Al Khaimah;

- E311 or Sheikh Mohammed bin Zayed Road, known as Emirates Road, links Dubai to the rest of the emirates. It is approximately 140 kilometres long;

- E611 or Emirates Bypass road is 110 kilometres long. It provides an alternative route to the E11 and E311 for drivers from the emirates of Ras Al Khaimah, Umm Al Quwain, Ajman and Sharjah, heading to Abu Dhabi without having to go through downtown Dubai;

- Sheikh Khalifa highway, which links the emirates of Dubai and Fujairah; shortening the distance by 20 to 30 kilometres as opposed to older routes;

- Sheikh Khalifa bin Zayed road, which links villages in the eastern region;

- Dubai-Fujairah road, which passes through the Hatta Mountain range and goes through the emirates of Dubai, Sharjah and Ras Al Khaimah;

- Dubai-Al Ain road, which links Dubai with Al Ain City; and

- Sheikh Zayed Bridge, which is 842 metres long and 64 metres high. It is the third traffic route connecting the mainland to the island of Abu Dhabi.

Railways

Etihad Rail was established in June 2009 by Federal Decree to manage the development, construction and operation of the Federation's national freight and passenger railway network.

The railway network is being built in stages to international standards and will link the principal centres of trade, industry, manufacturing, production, logistics, population and all the major import and export points of the UAE as well as form an integral part of the GCC railway network.

Stage one has been fully operational since January 2016, transporting up to 22,000 tonnes of granulated sulphur each day from Habshan and Shah to Ruwais on behalf of ADNOC. Important milestones have now been achieved on Stage two with full funding agreed, agreements signed with ports and industrial complexes, and design and build contracts awarded for the packages from Ghuweifat to Fujairah. Stage two will extend across the UAE from the border with Saudi Arabia at Ghuweifat, connecting the emirates via Abu Dhabi, the Khalifa Industrial Zone (KIZAD), Khalifa Port, Jebel Ali Port, Dubai, Sharjah, Ras al-Khaimah and thence to Fujairah on the UAE's east coast. Construction of the second stage of the project began in January 2020 and it is expected that the project will be followed by future route additions to complete the network. The second stage of the project is tentatively expected to be completed in 2023 or 2024.

Ports

The UAE's seaports are international and regional hubs and an essential factor in driving economic growth and facilitating economic diversification. The country's sea transportation sector is developing steadily in terms of ports, operating ships, maintaining and constructing dry docks in accordance with the international standards on maritime safety and protection of the marine environment.

The UAE has several seaports. According to the World Shipping Council, two of the world's top 50 container ports are in the UAE, with Dubai featuring among the top ten.

Overall, approximately 61 per cent. of cargo destined for GCC states arrived via the UAE's seaports as of August 2020. The UAE has 12 commercial trading ports, other than oil ports. These ports contained 310 berths, with cargo tonnage of 80 million tonnes as of August 2020.

Major seaports in the UAE include:

- Mina Rashid and Jebel Ali Port - These ports in Dubai City are operated by DP World and play a pivotal role in the trade in the UAE. Jebel Ali Port deploys the largest quayside cranes in operation in the world.

- Zayed Port - This port in Abu Dhabi City was the emirate's main general cargo port for 40 years. The port handles general cargo, container, roll-on and roll-off as well as break-bulk activities.

- Khor Fakkan Container Terminal - This port in Sharjah is the only natural deep water port in the region, with a strategic geographical position for deep sea container trade.
- Mina Saqr – This port is in Ras Al Khaimah.
- Fujairah Port - This is a multi-purpose port which is strategically located on the Gulf of Oman.
- Khalifa Port – This is in the Al Taweelah area in Abu Dhabi.

International Airports and Aviation

There are a number of airports across the UAE which operate domestically and internationally. Civil aviation in the UAE is regulated by the General Civil Aviation Authority (the "**GCAA**") which was created in 1996 by Federal Law (No. 4) of 1996. The GCAA provides designated aviation services with a view to the safety and security of the aviation industry within the UAE and is the sole body responsible for regulating, certification and oversight of domestic and international airports in the UAE.

<u>Dubai International Airport</u>

Dubai International Airport was established in 1959 and is operated by the Dubai Airports Corporation ("**DAC**"). Dubai International Airport covers over 25 square kilometres, with a total built up area of 2.1 million square metres, and was ranked first globally in terms of total international passenger traffic and fourth globally in terms of international freight traffic handled in 2019, according to data published by Airports Council International, an airports association established in 1991 (and the only global trade representative of the world's airports) which has 668 members operating in 1,979 airports in 176 countries as at January 2020.

Dubai International Airport handled approximately 86.4 million passengers in 2019, a decrease of 3.1 per cent. compared to the 89.1 million passengers handled in 2018. The total volume of cargo handled at the airport during 2019 was 2.51 million tonnes, a decrease of 4.8 per cent. from 2.64 million tonnes in 2018. During 2019, Dubai International Airport handled an average of approximately 1,022 aircraft movements and 237,000 passengers per day. The number of aircraft movements at Dubai International Airport decreased by 8.6 per cent. in 2019 compared to 2018, primarily due to the closure of the southern runway from 16 April 2019 until 30 May 2019. According to GCAA data, the aircraft movements for Dubai International Airport for 2020 was 181,581, which was an average of 496 flights per day. Aircraft movements between 1 January 2021 and 31 August 2021 was 135,650, which is an average of 558 flights per day.

As a result of the COVID-19 pandemic, passenger numbers at Dubai International Airport significantly decreased in 2020 as compared to 2019. Transportation has been one of the worst affected sectors by the COVID-19 pandemic with the national airline carriers of Emirates and Etihad both grounding flights in March 2020. Airline bookings from Dubai to London in the fourth quarter of 2020 were reported to be 74 per cent. down year-on-year according to travel analytics firm ForwardKeys, and overall arrivals were down 69 per cent. between the first and third quarter of 2020. Furthermore, passenger volumes at the two Dubai airports declined by 70 per cent. in 2020 to 26 million from 88 million in 2019. In 2021, passenger volumes have increased compared to 2020 but continue to be lower than pre-COVID-19 levels.

Dubai International Airport serves more than 100 airlines, connecting to over 240 destinations worldwide and currently comprises three terminals, four concourses, two runways and a number of support facilities. Its current annual passenger capacity is 90 million, increased from 75 million following the opening of the Concourse D in February 2016. Dubai International Airport is the world's number one airport in terms of the number of A380 contact stands, with a total of 37 Code F aircraft gates.

<u>Abu Dhabi International Airport</u>

Abu Dhabi International Airport is located in Khalifa City A, Abu Dhabi. Abu Dhabi International Airport handled more than 21 million passengers in 2019 and served 85 destinations. Abu Dhabi Airports Company PJSC is undertaking a multi-billion dirham project to develop a new 742,000 m^2 Midfield Terminal Building. This project is expected to nearly double the airport's capacity, to 45 million, when it is completed. Completion of Abu Dhabi's airport expansion project is also expected to facilitate increased tourism in the emirate. The aim of the expansion project is to increase the annual passenger capacity to 45 million passengers. This is intended to further strengthen Abu Dhabi International Airport's position as a leading global transportation hub, and to contribute to the emirate's development as a destination for business and tourism.

Al Maktoum International Airport

Al Maktoum International Airport, which is located in the Jebel Ali area in Dubai, was officially opened in June 2010 and commenced passenger operations in October 2013. In 2018, the airport's annual passenger capacity was increased to 26 million, following the opening of the Passenger Terminal Building. Al Maktoum International Airport forms the foundation of the Government's strategy to develop Dubai South (formerly known as Dubai World Central), a 145 square kilometres master-planned city and integrated regional logistics hub that will be linked to the Jebel Ali Port.

During 2019, Al Maktoum International Airport handled 911,571 tonnes of cargo, a decrease of 7.7 per cent. compared to 987,986 tonnes recorded in 2018. Al Maktoum International Airport recorded a total of 35,643 aircraft movements in 2019, an increase of 27.9 per cent. from 29,955 recorded in 2018. In 2019, passenger traffic at Al Maktoum International Airport was 1.6 million, an increase of 70.1 per cent. from 2018. The increase in aircraft movements and passenger traffic in 2019 was primarily attributable to the closure of the southern runway at Dubai International Airport from 16 April 2019 until 30 May 2019. Aircraft movements for 2020 was 18,415, which is an average of 50 flights per day. From 1 January 2021 to 31 August 2021 there were 13,806 aircraft movements, which is an average of 57 flights per day.

Al Bateen Executive Airport

Al Bateen Executive Airport is situated on the Abu Dhabi island. It is a world-class executive facility, providing services to chartered flights.

Delma Airport

Delma Airport is located on the Delma island in the emirate of Abu Dhabi. It essentially serves the 6,000 residents of this 45 square kilometre island by connecting them to the city of Abu Dhabi with a 45-minute flight.

Sir Bani Yas Airport

Operating since 2008, Sir Bani Yas Airport caters mainly to the tourists visiting Sir Bani Yas island. It is located 250 kilometres southwest of Abu Dhabi coast in the western region of Al Dhafrah.

Al Ain International Airport

Al Ain International Airport is located in the Al Ain City of the emirate of Abu Dhabi. It is located 18 kilometres northwest of Al Ain City. It has been operating since 1994 and serves nine destinations. The airport was originally built to serve 1,000 passengers per peak hour. It has a 4,000-metre runway and a parallel 4,000-metre taxiway that can double as a runway as needed.

Sharjah International Airport

Sharjah International Airport is home to Air Arabia. It is located 13 kilometres southeast of the emirate of Sharjah.

Ras Al Khaimah International Airport

Air Arabia operates a few flights from Ras Al Khaimah International Airport; mainly to Bangladesh, Egypt, Nepal, Pakistan, Qatar, Saudi Arabia and Oman.

Fujairah International Airport

Fujairah International Airport is the UAE's only airport on the east coast. It became operational on 29 October 1987.

Telecommunications

The UAE has well-developed, technologically-advanced telecommunications infrastructure and has high mobile telephone penetration. Since 1976, the majority Federal Government-owned telecommunications corporation, Etisalat, has operated, maintained and developed the national and international fixed-line network, mobile telephony, internet access and cable TV services.

In mid-2004, the Federal Government announced plans to end the monopoly of Etisalat. A regulator, the Telecommunications and Digital Government Regulatory Authority ("**TRDA**") was formed to oversee the process and, in 2006, it granted a licence to Emirates Integrated Telecommunications Company, a new telecom provider (known in the market as "**Du**"), owned 39.5 per cent. by the Federal Government (through the EIA), 20.1 per cent. by Mamoura Diversified Global Holding PJSC, 20 per cent. by Emirates Telecommunications and Technology Ltd. and 20.9 per cent. by the public.

According to the TRDA, as at March 2021, there were approximately 2,115,353 fixed lines (including ISDN fixed lines) in operation in the UAE, with 17,075,288 active mobile subscribers and 3,269,359 broadband internet subscribers.

In May 2019, the TRDA published a new "Internet of Things" ("**IoT**") regulatory framework including a new policy and procedures framework and new data protection rules. The TRDA regulates the provision of IoT services in the UAE by individuals, companies or public authorities, who are required to comply with the new framework, whether they are located in the UAE or outside of the UAE. New data protection provisions draw on international best practice, placing stricter obligations on those processing and controlling personal data (including collecting, storing and using personal data).

Utilities (Electricity and Water)

Public utilities in the UAE are managed by the individual emirates of Abu Dhabi, Dubai and Sharjah as opposed to on the federal level. The Abu Dhabi Distribution Company is responsible for providing public utility services in Abu Dhabi City and its surroundings, while Al Ain Distribution Company provides electricity and water services in Al Ain City and its surroundings. The Dubai Electricity and Water Authority is responsible for the supply of water and electricity to consumers within the borders of the emirate of Dubai. The Sharjah Electricity and Water Authority is responsible for supplying and operating water, electricity and gas services for consumers within the borders of the emirate of Sharjah. The Federal Electric and Water Authority provides electricity and water connection services to the housing units in the northern emirates.

In 2009, the Emirates Nuclear Energy Corporation ("**ENEC**") was established. The UAE has also developed a nuclear power programme and is working closely with the International Atomic Energy Agency. ENEC is working with a South Korean consortium to build four commercial nuclear power plant reactors. ENEC's first nuclear power plant, the Barakah Nuclear Power Plant, was connected to the power grid in August 2020 and began operations in August 2021. Two out of the four reactors at the Barakah Nuclear Power Plant are currently online.

The UAE Water Security Strategy 2036

In September 2017, the Ministry of Energy and Industry unveiled the UAE Water Security Strategy 2036, which aims to ensure sustainable access to water during both normal and emergency conditions in line with local regulations, standards of the WHO, and the UAE's vision to achieve prosperity and sustainability.

The overall objectives of the strategy are to reduce total demand for water resources by 21 per cent., increase the water productivity index to U.S.$110 per cubic meter, reduce the water scarcity index by three degrees, increase the reuse of treated water to 95 per cent. and increase national water storage capacity up to two days.

The strategy focuses on three main programmes: the Water Demand Management Programme, the Water Supply Management Programme and the Emergency Production and Distribution Programme. The strategy also tackles policy development, legislation, water conservation awareness campaigns, use of advanced technologies, innovation and building national capabilities in the field of water security.

The UAE Water Security Strategy 2036 aims to reduce average consumption per capita by half as well as focus on sustainable practices. The strategy seeks to develop a storage capacity for the water supply system that lasts for two days under normal conditions, which would be equivalent to a capacity of 16 days in emergencies and enough to supply water for more than 45 days in extreme emergencies.

The strategy also includes the establishment of six connecting networks between water and electricity entities across the UAE. Water networks will be required to be capable of producing 91 litres of water per person per day in cases of emergency, or 30 litres per person per day in cases of extreme emergencies. Once implemented, the UAE Water Security Strategy 2036 is expected to achieve savings of AED 74 billion and reduce the emissions of carbon dioxide associated with the water desalination process, by 100 million metric tons.

Education

The education system of the UAE is relatively new. In 1952, there were few formal schools in the country. In the 1960s and 1970s, a school building programme expanded the education system. Now, education at the primary and secondary level is universal. The public schools are Federal Government-funded and the curriculum is created to match the UAE development's goals and values. The medium of instruction in the public school is Arabic and English as a second language is emphasised. There are also many private schools which are internationally accredited. Public schools in the country are free for UAE nationals, while the fees for private schools vary. Education at primary and secondary levels is universal and compulsory up to age of 14.

The Ministry of Education is moving forward to complete the process of developing and comprehensively and radically changing educational frameworks in line with a modern educational philosophy as part of the federation's overall strategy. The Ministry of Education initiated this philosophy with the launch of the Emirati School, which is based on the best international systems and pioneering and successful experiences within a national framework with all leading government and private educational institutions across the UAE. The Cabinet approved an education budget of AED 10.4 billion for the public and higher education sectors in 2020 to develop the educational system in the country and make it compatible with the requirements of the future by instilling the concept of sustainable education as part of the Ministry of Education Strategic Plan 2017-2021. The Cabinet approved an education budget of approximately AED 10 billion as part of the 2021 Federal Budget for the ongoing development of the UAE's education sectors in line with the UAE's goals to become a more knowledge-based economy.

The UAE has a wide range of universities, both public and private. UAE nationals can attend government institutions free of charge. The UAE public universities include:

- UAE University;
- Zayed University; and
- Higher Colleges of Technology.

Some of the key private institutions include:

- American Universities of Sharjah and Dubai;
- Sharjah University;
- Ajman University of Science and Technology;
- Abu Dhabi University;
- Al Hosn University; and
- Khalifa University of Science and Technology.

In addition to the above, the Centre of Excellence for Applied Research and Training was founded in 1997. This is the commercial arm of the Higher Colleges of Technology and provides education, training and applied technology instruction.

While the Federal Government provides basic education for UAE nationals, the UAE local governments often supplement this with their own initiatives and funding in order to enhance the Federal provision. The Constitution also permits individual emirates to elect to maintain their own competencies in certain sectors. Based on this flexibility, Abu Dhabi and Dubai have elected to assume responsibility for their own education and education reforms. In Sharjah, education is overseen by the Education Council, a centralised department of the Sharjah government, which has implemented a "model school" programme, providing equipment, facilities and pedagogic support according to international best practice, initially for a number of pilot schools, but now being rolled out more widely.

Ministry of Education Strategic Plan 2017-2021

The Ministry of Education has put a strategic plan in place in order to develop an innovative education system for a knowledge-based and globally competitive society, that includes all age groups to meet future labour market demand, by ensuring quality of the ministry of education outputs, and provision of best services. The Ministry of Education Strategic Plan 2017-2021 is as follows:

- Ensure inclusive quality education including pre-school education;
- Achieve excellent leadership and educational efficiency;
- Ensure quality, efficiency and good governance of educational and institutional performance, including the delivery of teaching;
- Ensure safe, conducive and challenging learning environments;
- Attract and prepare students to enrol in higher education internally and externally, in light of labour market needs;
- Strengthen the capacity for scientific research and innovation in accordance with the quality, efficiency and transparency standards;
- Provision of quality, efficient and transparent administrative services, in accordance with the quality, efficiency and transparency standards; and
- Establish a culture of innovation in an institutional working environment.

Education continues to be a key strategic priority for the Federal Government and will continue to be a part of the Federal Government's strategy for 2021-2026.

Education 2020 Strategy

The Ministry of Education has developed an Education 2020 strategy, which is a series of ambitious five-year plans designed to bring significant qualitative improvement in the education system, especially in the way teachers teach and students learn. Smart learning programmes, new teachers' codes, licensing and evaluations systems, as well as curriculum revision, including teaching math and science through English, are all part of the strategy. A key area of focus has been to transform K-12 programmes, to ensure that students are fully prepared to attend universities around the world and compete in the global marketplace.

National Strategy for Higher Education 2030

In September 2017, the Ministry of Education launched the National Strategy for Higher Education 2030. The strategy sets out to build and achieve the highest scientific and professional education standards to serve the UAE's future generations.

The strategy seeks to provide future generations with the necessary technical and practical skills to drive the economy in both public and private sectors. It also aims to prepare a generation of Emirati professionals to sustain growth in vital sectors such as knowledge, economy, entrepreneurship and the overall development of the UAE's labour market.

The Federal Government set four main pillars to achieve this strategy: quality, efficiency, innovation and harmonisation. The strategy also identified 33 key initiatives to support the implementation phase. These include:

- the National Quality Framework initiative aims to develop assessment-based standards capable of taking into account the different local needs while applying an effective quality control system;
- the Transparent Classification of Outputs initiative seeks to establish clear classification mechanisms that apply to all institutions and to publish quality reports to ensure transparency;

- the Expanded Professional Experience initiative will provide a variety of career training programmes to students such as on-campus work, job shadowing, joint ventures and vocational trainings;

- the Investment in Knowledge initiative aims to increase the number of Ph.D. students by increasing support for postgraduate funding and creating incentives to pursue higher education by ensuring attractive job opportunities; and

- the Competitive Research Funding initiative will create a platform to provide funding for research in vital sectors and stimulate the collaboration between higher education institutions and the private sector.

Tourism

The total contribution of the travel and tourism sector to the UAE's GDP in 2020 was AED 159.1 billion (U.S.$43.3 billion) which is 12.1 per cent. of GDP. It is forecast to rise by 4.9 per cent per annum to AED 264.5 billion (U.S.$72 billion) which would be 12.4 per cent of GDP, in 2027. In 2019, the Federal Government introduced the multi-entry five year tourist visa to encourage tourism and passenger travel into the UAE. Tourism continues to increase in 2021 compared to 2020 but remains below pre-COVID levels. Tourism is expected to further increase in 2021 as a result of Dubai Expo 2020.

Dubai re-opened its borders for travel in July 2020. As of August 2021, the UAE has started opening tourist visas to vaccinated people from all countries provided that they are fully vaccinated with one of the WHO-approved COVID-19 vaccines. All passengers arriving into Dubai must present a negative PCR test 48 to 72 hours prior to arrival depending on the country the passenger is travelling from. Mask-wearing is still compulsory and social distancing rules are still in place. Hotels are now allowed to be fully occupied and live entertainment and activities are permitted in restaurants, cafes and shopping malls.

In 2020, the travel and tourism sector directly supported 317,500 jobs in the UAE which is 5.4 per cent. of total employment. This is expected to rise by 2.4 per cent. per annum to 410,000 jobs which would be 5.9 per cent. of total employment in 2027. The total contribution of the travel and tourism sector to employment, including jobs indirectly supported by the industry, was 10.4 per cent. of total employment which was 617,500 jobs. This is expected to rise by 2 per cent. per annum to 770,000 jobs in 2027 which would be 11.2 per cent. of total employment. Investment in the travel and tourism sector was AED 26.2 billion (U.S.$7.1 billion) which amounted to 7 per cent. of the total investments made in the UAE. Investment in the travel and tourism sector is forecast to rise by 11 per cent. per annum over the next 10 years to AED 74.5 billion (U.S.$20.3 billion) in 2027 which would be 11.2 per cent. of the total investments. (*source*: UAE Government website – Tourism and Economy).

The two major tourist destinations in the UAE are Dubai and Abu Dhabi. Despite international travel suffering a significant decline in 2020 due to the COVID-19 pandemic, Dubai's share of the global market for travel in 2020 rose by 0.3 per cent. as compared to 2019, which is the only city to register a positive increase when international tourism globally decreased by approximately 74 per cent. In addition, Dubai was able to hold two major trade events during the second half of 2020 and the first half of 2021 with its GITEX Technology Week at the end of 2020 and Gulfood in 2021. The total number of international tourists arriving in Dubai from January 2021 to May 2021 was approximately 2.06 million. The top ten source markets for visitors to Dubai during this period were: India, Russia, France, United States, Egypt, Pakistan, Germany, Ukraine, Kazakhstan and the United Kingdom. The number of occupied hotel rooms per night increased in 2021 from an average of 9.08 million occupied rooms per night in 2020 to an average of 11.77 million occupied rooms per night for January 2021 to May 2021. (*source*: Dubai Tourism website).

In November 2013, Dubai was announced as the host city for the 2020 World Expo ("**Dubai Expo 2020**"). The event was originally scheduled to be held from 20 October 2020 to 10 April 2021; however, in May 2020, in response to the COVID-19 pandemic, the member states of the Bureau International des Expositions voted to confirm a one-year postponement to Dubai Expo 2020. Dubai Expo 2020 will retain its name but will now run from 1 October 2021 to 31 March 2022, a delay that was intended to allow all participants to safely navigate the impact of COVID-19. Dubai Expo 2020 will be the first World Expo to be held in the MENA and South Asia region. The World Expo is a registered exposition taking place every five years for a maximum of six months and is intended for the global community to promote innovations in the service of human progress. The World Expo attracts millions of visitors attending exhibitions and cultural events staged by hundreds of participants including nations, international and civil society organisations and companies. Dubai Expo 2020 will be held under the theme "Connecting Minds, Creating the Future", representing future aspirations of Dubai's society and uniting people from across the globe to share in a common project. The Dubai Expo 2020 will showcase a number of initiatives in the areas of sustainability, mobility of people and ideas and opportunities to unlock future potential. Dubai Expo 2020 is expected to attract 25 million visitors from overseas, as well as create 94,400 jobs during the course of the event, more than half of which are expected to be in the hospitality sector.

In January 2021, the Cabinet approved the formation of Emirates Tourism Council with an aim to strengthen the tourism portfolio by drafting a tourism strategy in line with the nation's aspirations and the UAE Centennial Plan 2071 and local tourism initiatives. In August 2021, it was announced that a coordination system had been adopted at the federal and local levels to develop new and integrated initiatives and solutions for the tourism sector. The Emirates Tourism Council also approved the steps for joint planning of an upcoming tourism campaign and agreed on the process to support the gathering of tourism data in order to promote proactive tourism development efforts. In particular, the Emirates Tourism Council approved a joint action plan of the Ministry of Economy and local tourism departments. The joint initiative aims to increase the inflow of international tourists to the UAE as well as open new tourism markets to attract tourists. The plan includes large-scale promotional campaigns targeting a number of destinations that could encourage tourists to visit the UAE, introducing the long-term and multiple-entry tourist visas and promoting the UAE's distinctive tourism destinations, recreational activities and services.

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

	For the year ended 31 December					
Indicators	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Actual Guest Arrivals (No.)	21,417,611	22,868,489	24,633,790	25,548,966	27,138,846	14,882,258
Guest Nights (No.)	69,766,747	73,854,531	78,179,269	80,343,014	84,963,118	54,322,945
Length of Stay (Avg)	3.26	3.23	3.17	3.14	3.13	3.65
Rooms (No.)	148,632	155,704	162,225	173,086	183,193	180,257
Occupancy room Rate (%)	75%	75%	76%	73%	74%	55%

Source: *FCSC*

The UAE has launched several initiatives to continue to boost the travel and tourism sector.

Sustainable tourism development in Abu Dhabi

Tourism plays a central role in the emirate of Abu Dhabi's plan to diversify its economy. The Department of Culture and Tourism in Abu Dhabi is mandated with preserving, protecting, managing and promoting the cultural heritage of, and achieving tourism development in the emirate. The Department of Culture and Tourism in Abu Dhabi works towards the sustainable tourism development of the emirate. This involves:

- preparing the annual sustainability report;
- launching and implementing 'green' tourism and hotel initiatives; and
- holding environment-related exhibitions and conferences.

Dubai Tourism Strategy 2020

The Dubai Tourism Strategy 2020 was launched in 2013. It was a strategic roadmap with the key objective of attracting 25 million visitors per year by 2020. The strategy focuses on making Dubai the 'first choice' for the international leisure and business traveller.

This involves broadening Dubai's offering in events, attractions, infrastructure, services and packages and making it appealing to a wider audience. The strategy focuses on three key objectives:

- maintaining market share in existing source markets;
- increasing market share in markets with high growth potential; and
- increasing the number of repeat visits.

In addition, Dubai has announced its tourism targets post-2020 and has declared its ambition to be the world's most-visited city by 2025. In October 2018, Dubai's Department of Tourism and Commerce Marketing announced Dubai's Vision for Tourism 2022-25 ("**Vision 2022-25**"), which is a strategic roadmap with the key target of attracting 21 to 23 million visitors to Dubai per year by 2022, growing to 23 to 25 million visitors by 2025. The initiatives under Vision 2022-25 include 71 key projects to be delivered across a number of categories, with each category assigned a target incremental increase in visitors to Dubai and contribution to Dubai's GDP. Vision 2022-25 envisages achieving its targets by focusing on five key objectives: (i) maintaining Dubai's leadership position in its core tourist markets across the Middle East and South Asia, investing and growing its share in high-volume tourist markets, including Western Europe, Russia and China, diversifying into high-potential markets in Eastern Europe, Central Asia and Africa, and capitalising on transit traffic through Dubai to capture greater share in long-distance markets including the Americas and Australia; (ii) offering "only in Dubai" experiences that are tailored to Dubai's core tourist segments, including millennials, families, retirees and business travellers; (iii) developing deep and granular customer insights through personalised, intelligent data-driven marketing; (iv) enhancing global attractiveness as a business hub for multinationals, SMEs and start-ups, as well as events; and (v) delivering an agile and responsive tourist ecosystem through active knowledge sharing and collaborative idea generation.

Sharjah Tourism Vision 2021

The Sharjah Tourism Vision 2021 aimed to attract more than 10 million tourists by the year 2021.

Sharjah Commerce and Tourism Development Authority, in collaboration with partners in the tourism sector, has adopted four strategic pillars. They are:

- promoting Sharjah as an ideal family tourism destination by offering distinct packages and offers specially designed for families;
- adopting an innovative tourism approach to improve the tourist experience through the provision of innovative solutions;
- enhancing efficiencies in the tourism sector through partnership and collaborative action to provide world-class tourism facilities and capabilities; and
- promoting the cultural and heritage elements among families to build Sharjah as an international cultural hub.

Notwithstanding the possible challenges arising from any extended impact from COVID-19, the Sharjah government remains committed to its goal to attract 10 million visitors in 2021, increasing from a total of 7.7 million visitors to Sharjah in 2019.

Health

Healthcare is provided for all UAE nationals, as mandated by Article 19 in the Constitution. The Federal Government allocates a significant share of the Federal Budget for the healthcare sector every year in order to provide quality medical services. The following are the amounts allocated for the healthcare sector for the years 2017, 2018, 2019 and 2020 from the Federal Budgets for those periods.

	For the year ended 31 December				For the six months ended 30 June
	2017	**2018**	**2019**	**2020***	**2021***
Budget allocated (AED billions)	4.2	4.5	4.4	4.7	4.7
Percentage of Federal Budget allocated to health (%)	8.6	7.4	7.3	7.5	8.2

* Data Preliminary

The Ministry of Health and Prevention ("**MoHAP**") is the federal health authority which provides comprehensive healthcare to all UAE nationals and residents through its preventive and curative health services. Subsequent to the establishment of individual emirate-based health care authorities by Abu Dhabi and Dubai in 2007, the focus of the MoHAP has shifted to the Northern Emirates (Sharjah, Ajman, Umm Al Quwain, Ras Al Khaimah and Fujairah). The emirates of Abu Dhabi and Dubai have health authorities that work towards the vision of MoHAP by regulating and developing the healthcare sector. Even though the emirates have their own mandates for regulating the healthcare sector, they can still contribute to and take advantage of the Federal Government's healthcare initiatives.

The Federal Government is working in collaboration with all health authorities in the country to have all public and private hospitals accredited according to clear national and international quality standards of medical services and staff. Furthermore, the National Agenda emphasises the importance of preventive medicine and seeks to reduce cancer and lifestyle related diseases such as diabetes and cardiovascular diseases to ensure a longer, healthy life for UAE nationals. In addition, the National Agenda aims to reduce the prevalence of smoking and increase the healthcare system's readiness to deal with epidemics and health risks. To achieve such goals, the Federal Government is improving its ranking in 11 indices relating to healthcare and protection. For information related to MoHAP's response to COVID-19 see "*Description of the United Arab Emirates – COVID-19 Impact and Response Measures Adopted in the UAE – General and Epidemiological Response Measures".*

Environment

Climate change is one of the most important environmental issues at the national and global levels, given its economic, social and environmental impacts. This issue has received considerable and early attention in the UAE and the country has focused efforts to address the effects of climate change and to adapt to its potential impacts on ecosystems and economic sectors. In line with these efforts, the UAE has adopted important policies, including, amongst others, the economic diversification policy, focusing on the green economy, on energy sources diversification policy, renewable and clean energy and promoting energy efficiency, on sustainable transport policy and sustainable urban planning.

The Ministry of Climate Change and Environment, in collaboration with its partners in the public and private sectors, is working to bolster efforts to deal with climate change, in terms of mitigation and adaptation, through the National Climate Change Plan 2050, adopted by the Cabinet in June 2017, and the National Climate Change Adaptation Programme, adopted at the first annual meeting of the Federal Government in September 2017, in addition to other relevant policies and programmes.

By virtue of UAE Vision 2021, the UAE is striving to diversify its income resources by moving away from oil. In January 2012, H.H. Sheikh Mohammed bin Rashid Al Maktoum launched the Green Economy initiative under the slogan: A green economy for sustainable development. Under this initiative, the UAE seeks to become a global hub and a successful model of the new green economy, to enhance the country's competitiveness and sustainability and preserve its environment for future generations.

Through this initiative, the UAE aims to become one of the world leaders in this area as well as a centre for the export and re-export of green products and technologies, and to maintain a sustainable environment to support long-term economic growth. The initiative includes a range of programmes and policies in the areas of energy, agriculture, investment and sustainable transport in addition to new environmental and constructional policies.

H.H. Sheikh Mohammed bin Rashid Al Maktoum aims to build an economy that protects the environment as well as an environment that supports the growth of the economy.

The Green Economy initiative includes six major fields covering a wide range of legislation, policies, programmes and projects which are:

- the first field of green energy aims to promote the production and use of renewable energy;
- the second field includes Federal Government policies aimed to encourage investments in the green economy and to facilitate the production, import, export and re-export of green products and technologies;
- the third field relates to developing urban planning policies that preserve the environment and to raise the efficiency of housing and buildings environmentally;
- the fourth field consists of means for dealing with the effects of climate change, promote organic agriculture, maintain biodiversity and protect the ecological balance;

- the fifth field aims at rationalising the use of water resources, electricity and natural resources and recycling waste; and

- the sixth field includes development and promotion of green technology**.**

UAE Energy Strategy 2050

In 2017, the UAE launched its Energy Strategy 2050, which is considered the first unified energy strategy in the country that is based on supply and demand. The strategy aims to increase the contribution of clean energy in the total energy mix from 25 per cent. to 50 per cent. by 2050 and reduce the carbon footprint of power generation by 70 per cent., thus saving AED 700 billion by 2050. It also seeks to increase consumption efficiency of individuals and corporates by 40 per cent.

The strategy targets an energy mix that combines renewable, nuclear and clean energy sources to meet the UAE's economic requirements and environmental goals as follows:

- 44 per cent. clean energy;

- 38 per cent. gas;

- 12 per cent. clean coal; and

- 6 per cent. nuclear.

The Federal Government aims to invest AED 600 billion by 2050 to meet the growing energy demand and ensure a sustainable growth for the country's economy. In addition, at the end of 2020, the UAE submitted its second nationally determined contribution to the United Nations Framework Convention on Climate Change with targets to reduce greenhouse gas emissions by 23.5 per cent. for 2030, increase clean power capacity by 14 gigawatts and to plant more than 30 million mangrove seedlings to enhance carbon sinks.

National Climate Change Plan of the UAE 2017–2050

The National Climate Change Plan of the UAE 2017–2050 (the "**Climate Change Plan**") is the UAE's comprehensive framework to address the causes and impacts of climate change, plan the transition into a climate resilient green economy and achieve a better quality of life. The primary objectives of the Climate Change Plan are to:

- Manage greenhouse gas ("**GHG**") emissions while sustaining economic growth - the UAE's total GHG emissions are expected to continue rising with the projected economic and population growth. However, the Climate Change Plan aims to manage emissions and ensure that climate action supports achievement of the economic goals.

- Minimise risks and improve capacity of adaptation to climate change - promoting a climate-resilient economy is a prerequisite for the UAE to realise the transformation outlined in the UAE Vision 2021. A systematic and scientific assessment of climate risks and vulnerabilities is at the heart of the Climate Change Plan. It emphasises the need to protect the economy, infrastructure, people and ecosystems from climate-related impacts.

- Enhance the UAE's economic diversification agenda through innovative solutions - as the UAE continues to invest in non-oil sectors with high growth potential, the Climate Change Plan will facilitate a stronger growth momentum in key emerging sectors. This will be achieved by deploying innovative measures to generate high added value for the emerging industries, encouraging job creation in green businesses and leveraging the relationship between climate action and economic diversification.

The Climate Change Plan gathers all local efforts on one platform and establishes a unified framework to measure emissions and provide reports. It seeks to establish an integrated system for monitoring, reporting and verifying the application of world's best practices. A national system of climate information will be created to use emission data in scientific research and climate change forecasts at the national level.

The private sector will play a critical role in advancing the UAE's economic diversification agenda by enhancing the market of environmental goods and services. Businesses can be a source of innovation in addressing sustainability challenges, and they have huge potential to provide the necessary resources to advance the diversification agenda. To fulfil this priority, the Federal Government is required to provide an enabling environment for the private-sector through a combination of regulations and incentives.

Foreign Direct Investment and Free Zones

Foreign Direct Investment

According to the UAE's Economic Report 2020, the UAE was ranked 24th globally in 2019 (up by 3 positions from 2018), in terms of its ability to attract FDI. The value of FDI to the UAE in 2020 was approximately U.S.$19.9 billion compared to U.S.$17.9 billion in 2019 with a growth rate of 11.3 per cent.

The FDI in the UAE is mainly in the sectors of:

- wholesale and retail trade;
- real estate activities;
- financial services and insurance;
- manufacturing; and
- mining and quarry exploitation.

The main investors in the UAE historically have been Switzerland, the United Kingdom, India, the United States, France, Austria, Japan, Saudi Arabia, Kuwait and the Netherlands. In recent years, the main investors have been the United Kingdom, India, China, the British Virgin Islands, Saudi Arabia, the United States, France, Austria, Japan and Kuwait.

The share of FDI contribution to GDP at current prices is expected to increase over time reflecting the UAE's policy of diversifying income sources and its vision of building a diverse economy based on knowledge, research and innovation with a secure economic environment, encouraging the business and investment climate, and new projects in the sectors of infrastructure, industry, new and renewable energy, tourism, aviation and space and the adoption of the UAE policy in the fields of science, technology and innovation, which includes 100 national initiatives in the education and health sectors, energy, transport, space and water. For the year ended 31 December 2020, FDI contributions made up approximately 5.5 per cent. of GDP compared to the year ended 31 December 2019 when FDI contributions made up approximately 3.27 per cent. of GDP.

In 2019, the UAE ranked first in the West Asia region in the FDI attraction index, as it accounted for 49.4 per cent. of the total foreign investment inflows to the West Asia region, despite the decrease of FDI inflows to the West Asia region by 7.5 per cent. The UAE ranked first in the MENA region in the index of FDI attraction to the region, accounting for 31 per cent. of the total inflows to the region for 2019. The UAE ranked first on the level of the MENA region in the index of FDI outflows, accounting for 43 per cent. of the total outflows for 2019. The UAE was the largest FDI recipient in the West Asia region in 2019 with inflows of almost U.S.$14 billion, growing by a third from the previous year. This was largely due to major investment deals in oil and gas, primarily in Abu Dhabi. For example, BlackRock and KKR Global Infrastructure acquired a 40 per cent. ownership interest in the oil pipeline assets of ADNOC and Eni SpA acquired a 20 per cent. stake in Abu Dhabi Oil Refining Company. In 2019, Abu Dhabi launched the Abu Dhabi Investment Office under the Ghadan-21 programme, a broad-based initiative to enhance the commercial ecosystem, including by cultivating an attractive and diversified environment for FDI.

ADNOC signed a number of FDI deals in 2020, with an aggregate value of U.S.$12.8 billion. For example, a consortium consisting of Global Infrastructure Partners, Brookfield Asset Management Inc., Ontario Teachers' Pension Plan, NH Investment & Securities and Snam S.p.A., collectively acquired a 49 per cent. stake in ADNOC Gas Pipeline Assets LLC, a newly formed subsidiary of ADNOC with lease rights to 38 pipelines covering a total of 982.3 kilometres. ADNOC holds a 51 per cent. majority stake in ADNOC Gas Pipeline Assets LLC and, under the terms of the agreement with the consortium, ADNOC has agreed to lease its ownership interest in the assets to ADNOC Gas Pipeline Assets LLC to the consortium for 20 years in return for a volume-based tariff subject to a floor and a cap. In addition, ADNOC also entered into a long-term partnership agreement with a consortium of investment institutions led by Apollo Global Management. The partnership allows ADNOC to benefit from the rental returns of a range of its real estate assets under a lease agreement for 24 years and in return Apollo Global Management acquired a 49 per cent. stake in ADNOC's subsidiary, Abu Dhabi Real Estate Leasing Holding Company Limited. In addition, on 25 May 2021, ADNOC announced the award of a contract worth AED 2.7 billion to develop the fields located in the offshore "Balbazem" concession area through a joint venture between ADNOC's Al Yasat Petroleum Operations Company and the China National Petroleum Corporation.

Recent Reforms of Foreign Ownership in the UAE

The UAE has taken various steps in recent years to ease foreign ownership restrictions applicable to onshore companies in the UAE, with the aim of incentivising foreign investment in the UAE.

Historically, Federal Law No. 2 of 2015 on Commercial Companies (the "**CCL**") required a company established in the UAE to have one or more Emirati partners (or a company wholly owned by Emirati nationals) holding at least 51 per cent. of the company's capital (effectively capping the level of foreign ownership in any onshore company at 49 per cent.).

In 2018, the UAE issued Federal Decree Law No. 19 of 2018 regarding Foreign Direct Investment (the "**FDI Law**"), which was followed by Cabinet Decision No. 16 of 2020 (together with the FDI Law, the "**FDI Regime**"). The FDI Regime effectively created an exception to the foreign ownership restrictions under the CCL by permitting foreign investors to own up to 100 per cent. of onshore companies doing business in any of the economic sectors and activities approved by the Cabinet pursuant to its "Positive List". The FDI Regime also included a "Negative List" of economic sectors and activities requiring Emirati ownership. The FDI Regime also established the Foreign Direct Investment Unit (as part of the Ministry of Economy), to oversee FDI policies, compile a comprehensive database of investment data and information and create an attractive environment for FDI.

The FDI Regime was subsequently repealed by Federal Decree Law No. 26 of 2020 (the "**CCL Amendment Law**"), which substantially amended the existing CCL and came into force in various stages between January 2021 and June 2021. One of the most significant amendments introduced by the CCL Amendment Law was to amend Article 10 of the CCL to abolish the default requirement for at least 51 per cent. Emirati ownership in a UAE onshore company. Pursuant to the CCL Amendment Law, all onshore companies may now be 100 per cent. owned by foreign nationals, unless they are engaged in an activity that has a "strategic impact" on the UAE economy.

The list of activities with "strategic impact" was set forth in Cabinet Decision No. 55 of 2021 on the Determination of the List of Strategic Impact Activities, which came into force on 1 June 2021. The list comprises (i) security, defence and military activities; (ii) banks, money-changing establishments, finance companies, and insurance activities; (iii) currency printing; (iv) communications; (v) Hajj and Umrah services; (vi) Quran centres; and (vii) fisheries-related services. Except for the category of fisheries-related services, which does not permit any foreign investor participation, each of the activities described above allow for foreign investor and UAE national participation in a company's capital as determined by the applicable regulatory authority.

Several emirates have also since published lists of business activities that are available for up to 100 per cent. foreign ownership within their jurisdictions (the "**Green Lists**"). The Green List published by the Abu Dhabi Department of Economic Development sets out over 1,100 commercial and industrial activities that include, among other things, retail and wholesale trading, the provision of repair and maintenance services and manufacturing across various sectors and industries. In June 2021, Dubai Economy also announced a Green List of over 1,000 commercial and industrial activities open for 100 per cent. foreign ownership, which includes a wide range of activities across many sectors and industries. Other emirates have either published similar lists or are expected to do so in due course.

Free Zones

Free zones have been established in each of the emirates of the UAE. A free zone is a defined geographical area within each emirate where certain taxes or restrictions on business, employment or trade do not apply in the same way as the rest of the emirate that the free zone is located in. There are many incentives for foreign corporate entities to set up in one of the free zones in the UAE. Foreign corporate entities can operate in the free zones, and free zone incorporated entities can be 100 per cent. foreign owned. The ability to import into the free zones and to export without any import duties, taxes or currency restrictions being levied on the free zone entity has been a key driver for foreign corporate entities that are registered in the free zones. There are currently 48 free zones across the UAE.

Major free zones in the UAE include:

- The Jebel Ali Free Zone ("**Jafza**"), which is located in the western end of Dubai. Jafza currently supports approximately 135,000 jobs and has customers from 140 countries and attracts 23.9 per cent. of Dubai's FDI.

- The Abu Dhabi Global Market ("**ADGM**"), which was established by Federal Decree No. (15) of 2013 and Cabinet Resolution No. (4) of 2013 and opened at the end of October 2015. ADGM's jurisdiction extends across the entire 114 hectacres of Al Maryah Island. The ADGM has three independent authorities: the Registration Authority; the Financial Services Regulatory Authority; and the ADGM courts.

- The Dubai International Financial Centre ("**DIFC**"), which was launched in accordance with Federal Decree No. 35 of 2004 as part of Dubai's strategic vision to diversify its economic resources and attract capital and investments in the region. There are three independent authorities that have been established in DIFC: the DIFC Authority, the DFSA and the DIFC Courts. In 2021, there are 2,919 registered companies and 26,773 people working in DIFC.

Recent Developments

Legal Reforms

In November 2020, the UAE announced that it would be introducing new legal reforms in order to promote tolerance and multiculturalism in the UAE. As part of these reforms, the UAE plans to criminalise "honour killings", lift the ban on unmarried couples living together and lift certain restrictions on the purchase of alcohol. Under the new laws, expatriates will also be able to follow their home country's laws on divorce and inheritance instead of being required to follow UAE legislation based on *Shari'a* law.

In January 2021, the UAE announced that, for the first time, under certain circumstances, expatriate investors, professionals, special talents and their families will be allowed to acquire Emirati nationality and passports. Each individual would have to meet a set of criteria within their profession to qualify for citizenship. For example, investors would have to own property in the UAE, doctors would need to be specialised in high demand areas and inventors would be required to have a patent approved by the UAE in order to be considered for citizenship. There will be no application process and instead individuals will be nominated for citizenship by Rulers and Crown Princes Courts, Executive Councils and the Cabinet. It is expected that those granted UAE citizenship will have access to most, if not all, of the benefits that are granted by the Federal Government to UAE nationals.

Appointment of New Cabinet

On 25 September 2021, H.H. Sheikh Khalifa bin Zayed Al Nahyan, approved the new Cabinet.

The Cabinet will form ten sectoral transformation teams which will decide on the first ten major projects of the Federal Government for the coming years. A new mechanism for Federal Government work was also put in place and includes the following five pillars:

- Federal Government work will be led by major transformational projects, not just long-term strategic plans;

- the transformational projects will be flexible and rapid (from six months to two years), in contrast to the previous strategic programmes which ranged from five to 10 years;

- sectoral priorities will be identified, followed by the development of clear transformational projects. Ministerial work teams will be formed to implement these projects;

- moving from the sole responsibility of ministries to the joint responsibility of field work teams, contracts will be signed as part of transformational projects and will be reviewed by the Cabinet; and

- incentives and promotions will be approved by the Cabinet and based on the performance of the executive teams and their ability to implement and deliver on the transformational projects.

BALANCE OF PAYMENTS AND FOREIGN TRADE

The UAE has traditionally pursued a free-trade policy for deeper integration into the global trading system. The UAE pursues a free-trade policy by liberalising its trade regime through free-trade agreements ("**FTAs**") with other countries and organisations (including FTAs with Singapore, the European Free-trade Area and New Zealand in 2009). Being a member of the GCC, the UAE's trade policy is closely linked to the trade policy of the other GCC member countries on account of, amongst other things, the GCC Economic Agreement of 2002, which calls for a "collective negotiation strategy" in the conduct of FTAs with major trading partners, and the establishment of the GCC Customs Union in 2003, which was aimed at enhancing economic unity amongst the member states and allowing the member states to engage in FTA negotiations as a unified trading bloc. Data on non-trade flows into and out of the UAE is not complete and is routinely subject to revision, reflecting, in part, weaknesses of the central statistical bodies and, in part, the operations of the large free zones. In general, however, the UAE tends to have a non-trade balance deficit reflecting services outflows underlining the UAE's dependence on foreign services for the development of its industrial and services sectors. In addition, there are significant levels of current transfers out of the UAE principally reflecting expatriate workers' remittances.

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

	For the year ended 31 December					
Economic Variables	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
UAE Central Bank Policy Rate (%)(at period end)	**1.0**	**1.0**	**1.4**	**2.1**	**2.5**	**0.4**

* *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																	
	2015	**% change**	**% GDP**	**2016**	**% change**	**% GDP**	**2017**	**% change**	**% GDP**	**2018**	**% change**	**% GDP**	**2019**	**% change**	**% GDP**	**2020**	**% change**	**% GDP**
									(AED Billions)									
Current Account Balance........	**64.8**	-59.4	4.6	**48.5**	-170.5	3.4	**101.0**	108.3	7.1	**151.5**	50.0	9.9	**137.1**	-9.5	8.9	**77.1**	-43.8	5.8
Trade Balance (FOB)	**232.8**	-31.3	16.4	**202.4**	-267.5	14.3	**246.9**	22.0	17.4	**314.6**	27.4	20.5	**295.5**	-6.1	19.3	**228.9**	-22.5	17.4
Trade Balance (CIF)...............	**136.1**	-46.5	9.6	**104.5**	-185.1	7.4	**146.3**	40.1	10.3	**218.6**	49.4	14.3	**200.3**	-8.4	13.1	**142.9**	-28.7	10.8
Total Exports of Hydrocarbon	**225.8**	-44.9	15.9	**170.6**	-268.7	12.0	**213.5**	25.1	15.1	**247.2**	15.8	16.1	**220.8**	-10.7	14.4	**140.9**	-36.2	10.7
Crude Oil Exports	115.9	-65.2	8.2	92.4	-172.0	6.5	115.0	24.5	8.1	117.5	2.2	7.7	109.1	-7.2	7.1	68.4	-37.3	5.2
Petroleum Products Exports.......	81.8	149.4	5.8	56.1	106.2	4.0	71.0	26.6	5.0	95.0	33.9	6.2	83.4	-12.3	5.4	52.5	-37.1	4.0
Gas Exports..............................	28.1	-36.4	2.0	22.1	(21)	1.6	27.5	24.4	1.9	34.6	25.9	2.3	28.3	-18.3	1.8	20.0	-29.3	1.5
Total Exports of Non-Hydrocarbon	**382.5**	47.0	27.0	**380.0**	-3154.2	26.8	**391.5**	3.0	27.6	**410.6**	4.9	26.8	**415.0**	1.1	27.1	**394.5**	-4.9	29.9
Free Zone Exports	221.3	51.4	15.6	211.4	5876.8	14.9	225.5	6.7	15.9	261.3	15.9	17.1	264.1	1.1	17.2	251.8	-4.7	19.1
Other Exports[1]..........................	161.2	41.4	11.4	168.6	-1155.1	11.9	166.0	-1.5	11.7	149.3	-10.1	9.7	150.9	1.1	9.8	142.7	-5.4	10.8
Re Exports[2].............................	**495.2**	15.5	35.0	**532.9**	4849.5	37.6	**546.5**	2.6	38.6	**521.2**	-4.6	34.0	**516.6**	-0.9	33.7	**467.6**	-9.5	35.5
Total Exports & Re Exports (FOB)......................................	**1103.5**	0.4	77.9	**1083.5**	-1153.9	76.5	**1151.5**	6.3	81.3	**1179.0**	2.4	76.9	**1152.4**	-2.3	75.2	**1003.0**	-13.0	76.1
Total Imports (FOB)[3].............	**-870.7**	14.6	-61.5	**-881.1**	4793.8	-62.2	**-904.7**	2.7	-63.9	**-864.4**	-4.5	-56.4	**-856.9**	-0.9	-55.9	**-774.1**	-9.7	-58.7
Total Imports (CIF)................	**-967.4**	14.6	-68.3	**-979.0**	4793.8	-69.1	**-1005.2**	2.7	-71.0	**-960.4**	-4.5	-62.7	**-952.1**	-0.9	-62.1	**-860.1**	-9.7	-65.3
Other Imports[4]..........................	-676.4	12.2	-47.8	-694.9	6032.1	-49.1	-691.6	-0.5	-48.8	-600.6	-13.2	-39.2	-595.7	-0.8	-38.9	-536.1	-10.0	-40.7
Free Zone Imports	-275.9	24.6	-19.5	-274.0	2823.3	-19.3	-302.1	10.3	-21.3	-347.0	14.9	-22.6	-343.5	-1.0	-22.4	-314.0	-8.6	-23.8
Imports (gas)............................	-15.1	-25.2	-1.1	-10.1	-1545.0	-0.7	-11.5	13.7	-0.8	-12.8	11.7	-0.8	-12.9	0.5	-0.8	-10.0	-22.5	-0.8
Services (NET)........................	**-28.8**	-70.8	-2.0	**-18.0**	-131.0	-1.3	**-4.8**	-73.5	-0.3	**0.9**	-119.6	0.1	**7.6**	711.1	0.5	**9.6**	26.4	0.7
Credits	**224.7**	266.6	15.9	**240.9**	76.9	17.0	**258.9**	7.5	18.3	**321.2**	24.1	21.0	**331.5**	3.2	21.6	**228.2**	-31.2	17.3
Travel[***]..................................	64.2	89.9	4.5	71.6	587.3	5.1	77.3	8.0	5.5	135.9	75.7	8.9	141.1	3.8	9.2	90.4	-35.9	6.9
Transport................................	**86.0**	246.8	6.1	**93.6**	62.2	6.6	**102.5**	9.5	7.2	**104.0**	1.5	6.8	**106.7**	2.6	7.0	**60.8**	-43.0	4.6
Air & Ports...............................	85.4	(1)	6.0	93.0	9	6.6	101.8	9.5	7.2	103.4	1.5	6.7	106.0	2.6	6.9	60.1	-43.3	4.6
Postal	0.6	0	0.0	0.6	2	0.0	0.6	5.0	0.0	0.7	2.5	0.0	0.7	6.0	0.0	0.7	0.0	0.1
Government Services	3.2	18.5	0.2	3.3	3206.5	0.2	3.4	2.8	0.2	3.5	2.9	0.2	3.6	2.9	0.2	3.2	-11.1	0.2
Other services...........................	**71.3**	3	5.0	**72.4**	4	5.1	**75.7**	4.6	5.3	**77.8**	2.7	5.1	**80.1**	3.0	5.2	**73.8**	-7.9	5.6
Construction.............................	9.0	2	0.6	9.2	2	0.6	9.6	4.0	0.7	9.8	2.4	0.6	10.1	3.1	0.7	7.6	-24.8	0.6
Intellectual property	12.4	3	0.9	12.8	3	0.9	13.3	4.0	0.9	13.6	2.5	0.9	14.1	3.3	0.9	11.2	-20.6	0.8
Information-Computer-Telecommunication..................	**21.0**	3	1.5	**22.4**	7	1.6	**23.7**	6.0	1.7	**24.7**	4.2	1.6	**25.4**	2.7	1.7	**29.1**	14.6	2.2
Computer	16.0	3	1.1	16.7	4	1.2	17.4	4.0	1.2	18.0	3.9	1.2	18.5	2.5	1.2	21.9	18.4	1.7
Information & Telecom	5.0	2	0.4	5.7	14	0.4	6.4	11.7	0.4	6.7	5.0	0.4	6.9	3.2	0.5	7.2	4.3	0.5
Other[5]......................................	28.9	2	2.0	28.0	2	2.0	29.1	4.0	2.1	29.6	1.8	1.9	30.5	2.9	2.0	25.9	-15.1	2.0
Debits......................................	**-253.5**	58.6	-17.9	**-258.9**	231.1	-18.3	**-263.7**	1.8	-18.6	**-320.3**	21.5	-20.9	**-323.9**	1.1	-21.1	**-218.6**	-32.5	-16.6
Travel	-61.1	35.5	-4.3	-62.9	725.0	-4.4	-64.8	3.0	-4.6	-120.8	86.4	-7.9	-122.6	1.5	-8.0	-55.4	-54.8	-4.2
Transport..................................	**-50.5**	85.0	-3.6	**-51.9**	63.6	-3.7	**-52.9**	2.0	-3.7	**-54.9**	3.8	-3.6	**-56.0**	2.0	-3.7	**-30.5**	-45.5	-2.3
Air & Ports...............................	-50.1	(16)	-3.5	-51.5	3	-3.6	-52.5	2.0	-3.7	-54.5	3.8	-3.6	-55.5	1.9	-3.6	-30.0	-45.9	-2.3
Postal	-0.4	0	0.0	-0.4	3	0.0	-0.4	3.0	0.0	-0.4	4.0	0.0	-0.5	13.6	0.0	-0.5	0.0	0.0
Government Services	-4.4	46.7	-0.3	-4.3	1333.3	-0.3	-4.5	4.7	-0.3	-4.8	5.6	-0.3	-4.9	3.2	-0.3	-5.0	2.0	-0.4
Freight & Insurance[3]..............	**-96.7**	14.6	-6.8	**-97.9**	4793.8	-6.9	**-100.5**	2.7	-7.1	**-96.0**	-4.5	-6.3	**-95.2**	-0.9	-6.2	**-86.0**	-9.7	-6.5
Other services..........................	**-40.8**	8	-2.9	**-41.9**	6	-3.0	**-41.0**	-2.3	-2.9	**-43.8**	6.9	-2.9	**-45.2**	3.2	-2.9	**-41.7**	-7.7	-3.2
Construction.............................	-11.1	8	-0.8	-11.4	3	-0.8	-9.0	-21.3	-0.6	-9.6	6.5	-0.6	-9.9	3.3	-0.6	-7.4	-25.3	-0.6
Intellectual property	-8.7	8	-0.6	-9.1	5	-0.6	-9.5	4.8	-0.7	-10.2	7.3	-0.7	-10.6	3.6	-0.7	-6.9	-34.9	-0.5
Information-Computer-Telecommunication	**-10.1**	8	-0.7	**-11.4**	13	-0.8	**-11.9**	4.8	-0.8	**-12.7**	6.6	-0.8	**-13.1**	2.9	-0.9	**-15.8**	20.6	-1.2
Computer	-2.0	6	-0.1	-2.3	15	-0.2	-2.4	4.8	-0.2	-2.6	6.3	-0.2	-2.6	1.5	-0.2	-5.8	123.1	-0.4
Information & Telecom	-8.1	9	-0.6	-9.1	12	-0.6	-9.5	4.8	-0.7	-10.2	6.6	-0.7	-10.5	3.2	-0.7	-10.0	-4.8	-0.8
Other[5]......................................	-10.9	9	-0.8	-10.0	3	-0.7	-10.5	4.8	-0.7	-11.2	7.3	-0.7	-11.6	3.2	-0.8	-11.6	0.0	-0.9
Investment Income (NET).......	**6.4**	1137.9	0.5	**7.7**	1000.0	0.5	**10.2**	32.5	0.7	**5.2**	-48.7	0.3	**7.6**	45.2	0.5	**-1.7**	-122.4	-0.1
Banking System[6]......................	-6.0	20.0	-0.4	-6.8	2166.7	-0.5	-7.1	4.0	-0.5	-6.9	-2.5	-0.5	-5.1	-26.0	-0.3	-2.8	-45.1	-0.2
Private non-banks.....................	-5.0	-18.3	-0.4	-4.9	-5000.0	-0.3	-5.0	2.5	-0.4	-4.8	-3.5	-0.3	-6.0	23.8	-0.4	-3.0	-50.0	-0.2

For the year ended 31 December

(AED Billions)

	2015	% change	% GDP	2016	% change	% GDP	2017	% change	% GDP	2018	% change	% GDP	2019	% change	% GDP	2020	% change	% GDP
Enterprises of Public Sector	30.0	19.8	2.1	31.3	10333.3	2.2	34.5	10.2	2.4	35.3	2.2	2.3	35.6	0.9	2.3	15.9	-55.3	1.2
Official Debt Services (Interest)	-5.1	32.0	-0.4	-5.3	2550.0	-0.4	-5.4	1.9	-0.4	-6.5	20.4	-0.4	-6.6	1.5	-0.4	-3.4	-48.5	-0.3
Foreign Hydrocarbon Companies in UAE	-7.5	-21.5	-0.5	-6.6	-925.0	-0.5	-6.8	3.0	-0.5	-11.8	73.5	-0.8	-10.3	-12.7	-0.7	-8.4	-18.4	-0.6
Transfers (NET)	**-145.6**	80.0	-10.3	**-143.6**	2059.4	-10.1	**-151.3**	5.4	-10.7	**-169.3**	11.9	-11.1	**-173.6**	2.5	-11.3	**-159.7**	-8.0	-12.1
Public	**-32.3**	107.1	-2.3	**-22.2**	2511.6	-1.6	**-22.0**	-0.9	-1.6	**-28.6**	30.1	-1.9	**-34.0**	18.8	-2.2	**-32.0**	-5.9	-2.4
Inflows	0.0		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Outflows	-32.3		-2.3	-22.2	(31)	-1.6	-22.0	-0.9	-1.6	-28.6	30.1	-1.9	-34.0	18.8	-2.2	-32.0	-5.9	-2.4
Private	-113.3	73.5	-8.0	-121.4	1993.1	-8.6	-129.3	6.5	-9.1	-140.7	8.8	-9.2	-139.6	-0.8	-9.1	-127.7	-8.5	-9.7
Inflows	36.2		2.6	39.4	9	2.8	35.1	-10.9	2.5	28.5	-18.7	1.9	25.5	-10.6	1.7	22.3	-12.5	1.7
Outflows	-149.5		-10.6	-160.8	8	-11.4	-164.4	2.2	-11.6	-169.2	2.9	-11.0	-165.1	-2.5	-10.8	-150.0	-9.1	-11.4
Financial Account	**-11.8**	-89.4	-0.8	**-71.0**	1145.3	-5.0	**-62.6**	-11.9	-4.4	**-134.7**	115.2	-8.8	**-90.4**	-32.9	-5.9	**-78.5**	-13.2	-6.0
Capital Account **Financial Account**	**-11.8**	-89.4	-0.8	**-71.0**	1145.3	-5.0	**-62.6**	-11.9	-4.4	**-134.7**	115.2	-8.8	**-90.4**	-32.9	-5.9	**-78.5**	-13.2	-6.0
a. Private capital	**41.7**	4788.6	2.9	**-68.0**	1316.3	-4.8	**-59.6**	-12.4	-4.2	**-118.0**	98.0	-7.7	**-75.0**	-36.4	-4.9	**-67.8**	-9.6	-5.1
a-1 Direct Investment	**-28.9**	-258.8	-2.0	**-14.7**	153.4	-1.0	**-13.6**	-7.5	-1.0	**-17.2**	26.4	-1.1	**-12.3**	-28.4	-0.8	**3.4**	-127.6	0.3
a-1-1 Outward	-61.3	666.3	-4.3	-50.0	367.3	-3.5	-51.6	3.2	-3.6	-55.3	7.3	-3.6	-77.9	40.8	-5.1	-69.5	-10.8	-5.3
a-1-2 Inward[***]	32.4	23.7	2.3	35.3	620.4	2.5	38.0	7.6	2.7	38.2	0.4	2.5	65.6	71.9	4.3	72.9	11.1	5.5
a-2 Portfolio Investment	4.0	60.0	0.3	4.4	780.0	0.3	4.7	7.5	0.3	4.0	-15.4	0.3	4.1	2.5	0.3	4.0	-2.4	0.3
a-3 Banks	**91.6**	3235.8	6.5	**-39.7**	-4068.2	-2.8	**-33.2**	-16.3	-2.3	**-76.5**	130.4	-5.0	**-31.5**	-58.8	-2.1	**-42.4**	34.6	-3.2
a-3-1 Securities	-12.4	650.6	-0.9	-11.7	-33.1	-0.8	-12.3	5.1	-0.9	-20.1	63.2	-1.3	-63.8	217.8	-4.2	-34.2	-46.4	-2.6
a-3-1 Other investment (loans, deposits)	104.0	2264.7	7.3	-28.0	-251.3	-2.0	-20.9	-25.3	-1.5	-56.4	169.9	-3.7	32.3	-157.3	2.1	-8.2	-125.4	-0.6
a-4 Private nonbanks	-25.0	10.7	-1.8	-18.0	3500.0	-1.3	-17.5	-2.8	-1.2	-28.3	61.7	-1.8	-35.3	24.7	-2.3	-32.8	-7.1	-2.5
b. Enterprises of Public Sector	-53.5	-52.2	-3.8	-3.0	233.3	-0.2	-3.0	0.0	-0.2	-16.7	456.7	-1.1	-15.4	-7.8	-1.0	-10.7	-30.5	-0.8
Errors and omissions	**3.2**	-109.2	0.2	**-3.6**	-111.9	-0.3	**-1.9**	-46.5	-0.1	**-3.8**	97.2	-0.2	**-11.3**	196.7	-0.7	**-12.2**	7.9	-0.9
Overall balance	**56.2**	297.1	4.0	**-27.4**	-38.2	-1.9	**36.2**	-232.1	2.6	**13.4**	-63.0	0.9	**35.7**	166.4	2.3	**-13.1**	-136.7	-1.0
Change in Reserves at the Central Bank[**]	**-56.2**	297.1	-4.0	**26.1**	-41.1	1.8	**-36.5**	-239.8	-2.6	**-13.0**	-64.4	-0.8	**-35.4**	172.3	-2.3	**13.6**	-138.4	1.0
Change in Reserve Position with IMF & SDR[**]	**0.3**	-155.7	0.0	**1.3**	215.5	0.1	**0.3**	-76.9	0.0	**-0.4**	-233.3	0.0	**-0.3**	-25.0	0.0	**-0.5**	66.7	0.0
Total change in International Reserves[**]	**-55.9**	280.8	-3.9	**27.4**	-38.8	1.9	**-36.2**	-232.1	-2.6	**-13.4**	-63.0	-0.9	**-35.7**	166.4	-2.3	**13.1**	-136.7	1.0
UAE Central Bank																		
Foreign Assets (*including the IMF*)	345.1	152.6	24.4	313.6	731.5	22.1	350.3	11.7	24.7	365.5	4.3	23.9	397.9	8.9	26.0	391.9	-1.5	29.7
Foreign Assets of the Central Bank	**341.1**	157.8	24.1	**310.9**	718.8	22.0	**347.7**	11.8	24.6	**362.6**	4.3	23.7	**394.7**	8.9	25.8	**388.1**	-1.7	29.4
Reserve Position with IMF & SDR	**4.0**	-6.5	0.3	**2.7**	-1158.8	0.2	**2.6**	-3.7	0.2	**2.9**	11.5	0.2	**3.2**	10.3	0.2	**3.8**	18.8	0.3
Reserve Position with IMF	1.3	0.9	0.1	1.9	-2633.3	0.1	1.8	-5.3	0.1	2.1	16.7	0.1	2.4	14.3	0.2	3.0	25.0	0.2
SDR Holding	2.8	-9.6	0.2	0.8	-542.0	0.1	0.8	0.0	0.1	0.8	0.0	0.1	0.8	0.0	0.1	0.8	0.0	0.1
Foreign Liabilities (including the IMF)	8.9	55.7	0.6	4.7	2.2	0.3	5.2	10.6	0.4	7.0	34.6	0.5	3.7	-47.1	0.2	10.8	191.9	0.8
SDR Allocation	336.2	156.9	23.7	2.8	-91.5	0.2	3.0	7.1	0.2	2.9	-3.3	0.2	2.9	0.0	0.2	3.0	3.4	0.2
Foreign Liabilities of the Central Bank	332.1	162.4	23.5	1.9	-94.3	0.1	2.2	15.8	0.2	4.1	86.4	0.3	0.8	-80.5	0.1	7.8	875.0	0.6
Net Foreign Assets (*including the IMF*)	**8.9**	55.7	0.6	**308.9**	6616.7	21.8	**345.1**	11.7	24.4	**358.5**	3.9	23.4	**394.2**	10.0	25.7	**381.1**	-3.3	28.9
Net Foreign Assets at the Central Bank (Excluding the IMF)	**55.9**	280.8	3.9	**309.0**	-790.7	21.8	**345.5**	11.8	24.4	**358.5**	3.8	23.4	**393.9**	9.9	25.7	**380.3**	-3.5	28.9
Change *in Net Foreign Assets (including the IMF)*	***56.2***	297.1	4.0	***-27.4***	-38.2	-1.9	***36.2***	-232.1	2.6	***13.4***	-63.0	0.9	***35.7***	166.4	2.3	***-13.1***	-136.7	-1.0
Change *in Net Foreign Assets at the Central Bank (Excluding the IMF)*	***-0.3***	-155.7	0.0	***-26.1***	6235.0	-1.8	***36.5***	-239.8	2.6	***13.0***	-64.4	0.8	***35.4***	172.3	2.3	***-13.6***	-138.4	-1.0

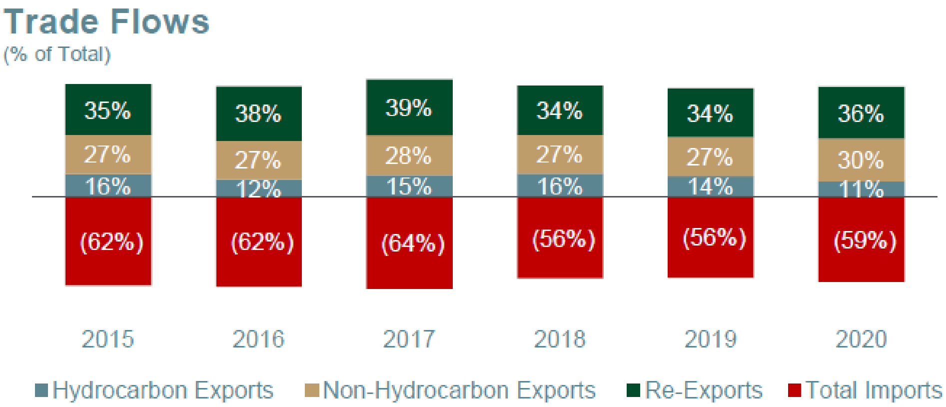
	For the year ended 31 December																	
	2015	**% change**	**% GDP**	**2016**	**% change**	**% GDP**	**2017**	**% change**	**% GDP**	**2018**	**% change**	**% GDP**	**2019**	**% change**	**% GDP**	**2020**	**% change**	**% GDP**
									(AED Billions)									
Change in Reserve Position with IMF + SDR		16	0.0	-1.3	341	-0.1	-0.3	-76.9	0.0	0.4	-233.3	0.0	0.3	-25.0	0.0	0.5	66.7	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% to 10% 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.
(*) Preliminary Estimates Subject to Revision.
(**) Negative numbers of international reserves indicate an increase, positive numbers indicate a decrease.
(***) *Source: FCSC.*

The UAE positive trade balances in each of the periods above reflect the importance of its hydrocarbon exports, its more recent successful diversification into other export industries and its significant volumes of re-exports. The UAE's hydrocarbon exports accounted for 16.1 per cent., 14.4 per cent. and 10.7 per cent. of GDP in 2018, 2019 and 2020, respectively.

The value of the UAE's hydrocarbon exports, the vast majority of which are made by Abu Dhabi, can be volatile as they depend on prevailing oil prices and the prevailing OPEC production quotas policy. Crude oil makes up the largest part of the UAE's hydrocarbon exports, accounting for 48.5 per cent. in 2020.

Abu Dhabi's hydrocarbon exports has been, and remains, a key contributor to the UAE's trade flows as shown below.



Changes in the balance of payments to 2020 from 2019

The current account surplus decreased from AED 137.1 billion (8.9 per cent. of GDP) in 2019 to AED 77.1 billion in 2020 (5.8 per cent. of GDP). The decrease in the current account surplus in 2020 is mainly attributable to the decline in trade balance (FOB) by AED 66.6 billion as oil prices declined from an average of U.S.$64.3 per barrel in 2019 to U.S.$42.7 per barrel in 2020, which decreased exports and resulted in a lower trade balance surplus.

In 2020, the hydrocarbon exports decreased by 36.2 per cent., or AED 79.9 billion, compared to 2019, primarily due to the decrease in the price of crude oil and other petroleum products. Non-hydrocarbon exports in 2020 decreased by 4.9 per cent. (or AED 20.5 billion). This was mainly attributable to a decrease in global demand and economic activity as a result of the COVID-19 pandemic. Hydrocarbon exports were 10.7 per cent. of GDP in 2020.

Meanwhile, total imports (FOB), i.e., excluding the cost of insurance and freight for the transport of the goods from the importing partners, decreased by AED 82.8 billion or 9.7 per cent. in 2020, contributing to the decrease in the trade balance in FOB prices.

Service balance recorded a decrease in the travel and transport accounts, which led to a narrower increase in both the credit and debit sides of the services balance, where the accounts of travel and transport items (combined) represent 66.3 per cent. of credits and 39.3 per cent. of debits in 2020, in line with the decrease in inbound tourism to the UAE during 2020.

Net investment income recorded outflow of AED 1.7 billion in 2020, compared to an inflow of AED 7.6 billion in 2019, mainly due to a decrease in the outflow of public sector enterprises by AED 19.7 billion. Transfers, however, recorded net outflow of AED 159.7 billion as compared to outflows of AED 173.6 billion in 2019. The deficit of the financial account in 2020 was AED 78.5 billion in 2020 compared to a deficit of AED 90.4 billion in 2019. The change in 2020 was mainly due to an increase in inward FDI by AED 7.3 billion and an increase by AED 2.5 billion in investments by private non-banking institutions abroad.

The overall balance of payments was recorded at a deficit of AED 13.1 billion in 2020. This was primarily the result of the decreases in the current account. The net foreign assets of the UAE Central Bank (including the IMF) decreased by AED 13.1 billion as compared to 2019, primarily as the result of the decrease of foreign assets and an increase in foreign liabilities. Foreign assets decreased primarily due to a decrease in current account balances and deposits with banks abroad and foreign securities, partially offset by the increase in IMF reserves and position and SDR holdings and other foreign assets.

Changes in the balance of payments to 2019 from 2018

The current account surplus decreased from AED 151.5 billion (9.9 per cent. of GDP) in 2018 to AED 137.1 billion in 2019 (8.9 per cent. of GDP). The decrease in the current account surplus in 2019 is mainly attributable to lower oil prices, which decreased from an average of U.S.$71 per barrel in 2018 to an average of U.S.$64 per barrel in 2019, for Brent crude. The decrease in the trade balance surplus was complemented by a wider deficit in the services and transfers balances, despite an increase in the surplus of the investment income.

In 2019, the hydrocarbon exports decreased by 10.7 per cent., or AED 26.4 billion, compared to 2018, primarily due to the decrease in the price of crude oil and other products. Meanwhile, non-hydrocarbon exports in 2019 increased by 1.1 per cent. (or AED 4.4 billion). The relatively slow growth in non-hydrocarbon exports in 2019 was mainly attributed to the slowdown in global economic growth, including in major exporting destinations of the UAE. Hydrocarbon exports were 14.4 per cent. of GDP in 2019.

Meanwhile, total imports (FOB), i.e., excluding the cost of insurance and freight for the transport of the goods from the importing partners, decreased by AED 7.5 billion or 4.5 per cent. in 2019, primarily reflecting the decrease in exports.

The service balance recorded a marginal increase in 2019, primarily reflecting a narrower increase in both the credit and debit sides of the services balance, where the accounts of travel and transport items (combined) represent 74.8 per cent. of credits and 55.1 per cent. of debits in 2019, in line with the increase in inbound tourism in the UAE during 2019.

Net investment income recorded inflow of AED 7.6 billion in 2019, compared to AED 5.2 billion in 2018, mainly due to lower interest rates that resulted in lower outflow in investment income. Transfers, however, recorded net outflow of AED 173.6 billion as compared to AED 169.3 billion in 2018. The deficit of the financial account in 2019 narrowed noticeably by AED 44.3 billion, compared to 2018, reaching AED 90.4 billion in 2019 or 5.9 per cent. of GDP. The change in 2019 was mainly due to the increase in banks' investments abroad.

The combined effects of contraction in the current account surplus and a narrower deficit in the financial account, resulted in larger surplus in the overall balance of payments that was recorded at AED 35.7 billion in 2019 (2.3 per cent. of estimated GDP).

The net foreign assets of the UAE Central Bank, including the reserve position with the IMF, increased by AED 32.4 billion as compared to 2018 reaching AED 397.9 billion.

Changes in the balance of payments to 2018 from 2017

The current account surplus increased from AED 101.0 billion (7.1 per cent. of GDP) in 2017 to AED 151.5 billion in 2018 (9.9 per cent. of GDP). The increase in the current account surplus in 2018 was attributed to the increase in the trade balance associated mainly with the oil price evolution, which increased from an average of U.S.$54 per barrel in 2017 to an average of U.S.$71 per barrel in 2018. The increase in the trade balance surplus was complemented with narrower deficit in the services balance, however the surplus of investment income decreased and the deficit in the transfers balance widened.

In 2018, the hydrocarbon exports increased by 15.8 per cent. or AED 33.7 billion compared to 2017, due to the increase in the price of crude oil and other products. This increase was accompanied by a rise in non-hydrocarbon exports by 4.9 per cent. or AED 19.1 billion. Meanwhile, re-exports of imported goods decreased by 4.6 per cent. (AED 25.4 billion). As a result, total exports and re-exports (FOB, in free-on-board prices) increased by AED 27.5 billion or 2.4 per cent. Hydrocarbon exports were 16.1 per cent. of GDP for 2018.

Total imports (FOB), i.e., excluding the cost of insurance and freight for the transport of the goods from the importing partners, decreased by AED 40.3 billion or 4.5 per cent. in 2018, contributing to the substantial increase in the trade balance.

Services balances recorded a decrease, where the travel and transport accounts led to a narrower increase in both the credit and debit sides of the services balance, the sub-accounts of travel and transport items represented 74.7 per cent. of credits and 54.9 per cent. of debits in 2018. Even though inbound tourism in the UAE continued to increase in 2018 the travel account grew at a slower pace due to a decrease in estimated spending per traveller.

Net investment income recorded inflow of AED 5.2 billion in 2018, compared to an inflow of AED 10.2 in 2017, mainly due to higher interest rates and higher oil prices. Transfers, however, recorded net outflow of AED 169.3 billion (increased by AED 18.0 billion).

The deficit of the financial account in 2018 widened noticeably by AED 72.1 billion compared to 2017, reaching AED 134.7 billion or 8.8 per cent. of GDP. The change in 2018 was mainly due to the increase in banks' investments abroad. In addition, the financial outward flows by the public sector entities and private non-banks increased by AED 13.7 billion and AED 10.8 billion, respectively.

The combined effects of expansion in the current account surplus and a wider deficit in the financial account (almost doubled), resulted in smaller surplus in the overall balance of payments that was recorded at AED 13.4 billion in 2018 (0.9 per cent. of estimated GDP).

The net foreign assets of the UAE Central Bank, including the reserve position with the IMF, increased during the same period by AED 15.2 billion reaching AED 365.5 billion.

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 Special Drawing Rights ("**SDR**") holdings for the periods shown.

	For the year ended 31 December				
Item	**2016**	**2017**	**2018**	**2019**	**2020***
			(AED Million)		
Gross International Reserves	**313,610**	**350,260**	**365,426**	**397,950**	**391,857**
Current Account Balances and Deposits with Banks Abroad	147,856	256,600	294,058	365,680	348,204
Foreign Securities	149,771	84,961	55,701	9,294	4,012
IMF Reserves Position and SDR Holdings	2,696	2,594	2,875	3,220	3,802
Other Foreign Assets	13,287	6,105	12,792	19,756	35,839
Foreign Liabilities	**4,715**	**5,133**	**6,984**	**3,732**	**10,812**
Net International Reserves	**308,895**	**345,127**	**358,442**	**394,218**	**381,045**

(*) 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 Reserve Position of the UAE Central Bank decreased to approximately AED 381.0 billion at the end of 2020 compared to AED 394.2 billion at the end of 2019.

The Net International Reserve Position of UAE Central Bank increased to AED 394.2 billion at the end of 2019 compared to AED 358.4 billion at the end of 2018. As a ratio of the monetary base, the International Reserve Position increased during this period, from 96.2 per cent. to 97.2 per cent.. The high ratio is 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 (the "**2018 Banking Law**").

The Net International Reserve Position at the UAE Central Bank, increased to AED 358.4 billion at end of 2018 as compared to AED 345.1 billion at the end of 2017. As a ratio of the monetary base, the International Reserve Position increased from 92.8 per cent. to 96.2 per cent.

In 2017, the Net International Reserve Position, amounted to AED 345.1 billion at the end of 2017 as compared to AED 308.9 billion at the end of 2016. As a ratio of the monetary base, the International Reserve balance remained at 92.8 per cent., i.e. the same level as of the end of 2016.

Capital Account

In general, the size of the UAE's trade and current account surpluses, coupled with the limited capacity of the local economy to absorb capital, ensures that net foreign capital flows have almost always been outward, entrenching the UAE's position as a net international creditor and foreign investor.

Most capital outflows have been directed towards the U.S. and European capital markets although more recently there has also been an increase in direct investment in Europe, Asia, Africa and the wider Middle East. This has included entities wholly or partially owned by the governments of certain emirates purchasing significant stakes in foreign companies as well as major corporations, such as Etisalat, making significant acquisitions in order to boost their regional and international presence.

In 2020, the overall balance of payments registered a deficit of AED 13.1 billion compared to 2019, where the overall balance of payments registered a surplus of AED 35.7 billion, equal to 2.3 per cent. of the UAE's nominal GDP in that year. The decrease in the balance of payments was primarily due to a contraction in exports and net investment income. In 2018, 2019 and 2020, the net deficit in the financial account was AED 134.7 billion, AED 90.4 billion and AED 78.5 billion, respectively.

The surplus in the trade balance (FOB) decreased from AED 314.6 billion in 2018 to AED 295.5 billion in 2019 and 228.9 billion in 2020. Total exports and re-exports (FOB) decreased from AED 1,179.0 billion in 2018 to 1,152.4 billion in 2019 to AED 1,003.0 billion in 2020. The reduction in the surplus in the trade balance (FOB) in 2020 was primarily the result of the contraction in global activities worldwide. 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.

According to data from the UAE Central Bank, as at 31 December 2018, 31 December 2019 and 31 December 2020, the UAE Central Bank's foreign asset holdings (including the IMF) amounted to AED 365.5 billion, AED 397.9 billion and AED 391.9 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, 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 based on value	**2018**	**2019**	**2020**
Saudi Arabia	15.3%	13.4%	10.0%
India	8.7%	10.4%	7.8%
Switzerland	3.9%	9.0%	11.5%
Oman	8.4%	7.0%	4.8%
Kuwait	5.1%	4.3%	2.9%
Iraq	4.4%	4.0%	3.0%
Turkey	5.2%	3.8%	7.2%
China	2.5%	3.6%	6.7%
United States of America	3.9%	3.2%	2.5%
Singapore	1.8%	2.3%	1.2%

	For the year ended 31 December		
Top sources of UAE imports, percentage of total imports based on value	**2018**	**2019**	**2020**
China	15.5%	16.4%	18.4%
India	9.4%	10.7%	7.7%
United States of America	8.5%	8.0%	7.7%
Japan	5.6%	5.1%	4.4%
Germany	4.5%	4.0%	3.4%
United Kingdom	3.1%	2.9%	2.7%
Vietnam	3.1%	2.9%	2.7%
Saudi Arabia	3.1%	2.7%	3.0%
France	2.7%	2.7%	2.2%
Italy	2.7%	2.6%	2.6%

Top categories of UAE non-oil exports, percentage of total exports based on value	For the year ended 31 December		
	2018	2019	2020
Pearls, Stones, Precious Metals and Its Articles	31.0%	32.9%	43.9%
Base Metals and Articles of Base Metal	24.0%	21.0%	16.6%
Foodstuffs, Beverages, Spirits and Tobacco	9.6%	9.4%	8.9%
Mineral Products	5.2%	9.3%	5.1%
Plastics, Rubber and Articles Thereof	7.7%	7.5%	8.2%
Machinery, Sound Recorders, Reproducers and Parts	5.4%	5.3%	4.2%
Products of The Chemical or Allied Industries	4.8%	4.8%	4.2%
Pulp of Wood, Waste, Scrap and Articles of Paper	2.3%	1.9%	2.0%
Articles of Stone, Mica; Ceramic Products and Glass	1.8%	1.5%	1.1%
Live Animals and Their Products	1.6%	1.3%	1.0%

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
Machinery, Sound Recorders, Reproducers and Parts	35.7%	36.8%	42.6%
Pearls, Stones, Precious Metals and Its Articles	24.2%	21.8%	14.7%
Vehicles of Transport	14.1%	12.0%	11.9%
Mineral Products	2.4%	5.5%	4.3%
Products of The Chemical or Allied Industries	4.6%	4.5%	5.8%
Textiles and Textile Articles	3.3%	3.2%	3.2%
Base Metals and Articles of Base Metal	2.6%	2.8%	2.5%
Photographic, Medical, Musical Instruments & Parts	2.6%	2.6%	2.5%
Plastics, Rubber and Articles Thereof	2.2%	2.4%	2.7%
Foodstuffs, Beverages, Spirits and Tobacco	2.2%	1.9%	2.5%

Top categories of UAE imports, percentage of total exports based on value	For the year ended 31 December		
	2018	2019	2020
Machinery, Sound Recorders, Reproducers and Parts	25.7%	26.0%	28.2%
Pearls, Stones, Precious Metals and Its Articles	22.1%	23.5%	24.5%
Vehicles of Transport	11.5%	9.9%	8.2%
Mineral Products	6.9%	7.2%	5.6%
Products of The Chemical or Allied Industries	6.0%	6.3%	6.3%
Base Metals and Articles of Base Metal	7.0%	6.0%	6.1%
Textiles and Textile Articles	2.9%	2.8%	2.8%
Plastics, Rubber and Articles Thereof	2.7%	2.6%	2.7%
Foodstuffs, Beverages, Spirits and Tobacco	2.8%	2.6%	2.9%
Vegetable Products	2.5%	2.5%	3.0%

Source: FCSC

The UAE has diverse export routes. The UAE's exports have principally been to Saudi Arabia, India and Switzerland. Together, these countries accounted for 27.9 per cent. of the UAE's total non-oil exports based on value in 2018, 32.8 per cent. in 2019 and 29.3 per cent. in 2020.

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 and 33.8 per cent. in 2020.

The UAE's principal non-oil export product types are (i) pearls, stones, precious metals and its articles; and (ii) base metals and articles of base metal. Together these product types accounted for 55 per cent. of non-oil export product types in 2018, 53.9 per cent. in 2019 and 60.5 per cent. in 2020.

The UAE's principal non-oil re-export product types are (i) machinery, sound recorders, reproducers and parts; (ii) pearls, stones, precious metals and its articles; and (iii) vehicles of transport. Together these product types accounted for 74.0 per cent. of non-oil re-export product types in 2018, 70.6 per cent. in 2019 and 69.2 per cent. in 2020.

The UAE's principal import broad product types are (i) machinery, sound recorders, reproducers and parts; (ii) pearls, stones, precious metals and its articles; and (iii) vehicles of transport. Together these three product types accounted for 59.3 per cent. of imports in 2018, 59.4 per cent. in 2019 and 60.9 per cent. in 2020.

MONETARY AND FINANCIAL SYSTEM

Monetary and Exchange Rate Policy

The UAE's monetary and exchange rate policy is managed by the UAE Central Bank. The predecessor of the UAE Central Bank was the Currency Board which was established as per Union Law No. (2) of 1973. The Currency Board issued the UAE Dirham which replaced the Bahraini Dinar and the Qatari and Dubai Riyal currencies which were in use at the time. The UAE Central Bank was established as a public institution in 1980. The UAE Central Bank promotes financial and monetary stability, efficiency and resilience in the financial system and the protection of consumers through effective supervision intended to support economic growth for the benefit of the UAE and its people. It has powers to issue and manage the currency, manage the UAE's credit policy, develop and manage the banking system in the UAE and is the UAE's representative to international institutions such as the IMF, the World Bank and the Arab Monetary Fund. In addition, the UAE Central Bank has other regulatory tools at its disposal including macro prudential policies, reserve requirements, leverage caps, laws and reforms to strengthen financial stability and supervise the banking system. The UAE Central Bank supervises the UAE banking system through its Banking Supervision and Examination Department.

The objective of the UAE's monetary policy is to facilitate the fixed exchange rate regime and maintaining a stable and convertible currency is a key policy objective. In common with many other GCC countries, and reflecting the fact that oil and gas revenues are priced in U.S. Dollars, the UAE Dirham is pegged to the U.S. Dollar. In the case of the UAE, the exchange rate has been maintained at AED 3.6725 = U.S.$1.00 since 22 November 1980. There are no exchange controls in the UAE and the UAE Dirham is freely convertible. Monetary policy beyond the policy rate has focused on removing excess liquidity from oil revenues. The UAE Central Bank closely follows the U.S. Federal rate (due to its peg), maintaining the UAE's interest rate in line with rate cuts in the U.S.

The UAE's monetary policy has been focused on protecting its banking sector and a number of measures have been announced by the UAE Central Bank and Federal authorities in this regard. For example, following the 2008/2009 global financial crisis, the UAE Central Bank took a number of steps to reduce the sector's vulnerability to crises, including lending restrictions, revised mortgage caps and retail lending limitations.

Liquidity and Money Supply

The following table sets out certain liquidity indicators for the UAE as at 31 December in each of the years indicated.

	For the year ended 31 December						For the six months ended 30 June
Item	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
				(AED Billions)			
Net International Reserves	**246.4**	**258.8**	**328.4**	**418.0**	**485.3**	**514.6**	**525.2**
Central Bank (Net)	**336.2**	**308.9**	**345.2**	**358.4**	**394.2**	**381.1**	**402.4**
Gross International Reserves	345	314	350.3	365.4	397.9	391.9	406.8
Foreign Liabilities	9	5	5.1	7	3.7	10.8	4.4
Banks (Net)	**(89.8)**	**(50.1)**	**(16.8)**	**59.6**	**91.1**	**133.5**	**122.8**
Foreign Assets	497	547	579	679.6	771.1	849.1	871.9
Foreign Liabilities	586	597	595.8	620	680	715.6	749.1
Net Domestic Assets	**940.4**	**966.6**	**947.7**	**890.2**	**927.9**	**964.1**	**963.3**
Claims on Private Sector	1,040	1,100	1,107.7	1,151.8	1,159.1	1,128.4	1,133.8
Net Claims on Government	68	56	64.5	-4.7	51.1	86.7	144.3
Claims on Official Entities	205	225	212.3	209.2	223.6	261.8	262.8
Claims on Nonbank Financial Institutions	49	30	31.4	32.1	25.9	28.2	24.3
Capital and Reserves	(307)	(329)	(359.5)	(378.5)	(417.9)	(419.4)	(410.4)
Other Items (net)	(116)	(115)	(108.7)	(119.7)	(113.9)	(121.6)	(191.5)
Money Supply M_1	**456.9**	**474.1**	**492.4**	**485.7**	**515**	**600**	**659.5**
Currency in Circulation Outside Banks	58	62	67.7	70.5	78.2	94.7	95.8
Monetary Deposits	399	412	424.7	415.2	436.8	505.3	563.7
Money Supply M_2	**1,187**	**1,226**	**1,276.2**	**1,308.4**	**1,413.1**	**1,478.5**	**1,488.6**
Quasi - Money	**729.9**	**751.4**	**783.8**	**822.7**	**898.1**	**878.5**	**829.1**
Foreign Currency Deposits	245	271	270.7	304.3	322.5	331.2	310.9
Dirham Deposits	485	481	513.1	518.4	575.6	547.3	518.2
Money Supply M_3	**1,343**	**1,411**	**1,487.1**	**1,602.3**	**1,717.4**	**1,769.3**	**1,772.7**
Government Deposits	**156**	**186**	**210.9**	**293.9**	**304.3**	**290.8**	**284.1**

Source: UAE Central Bank

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 600 billion as at 31 December 2020 to AED 659.5 billion as at 30 June 2021. This was primarily due to a rise in monetary deposits by 11.6 per cent. to reach AED 563.7 billion and an increase in currency in circulation outside banks by 1.2 per cent. to reach AED 95.8 billion.

Money supply M1 increased from AED 515 billion as at 31 December 2019 to AED 600 billion as at 31 December 2020. This was primarily due to the rise in monetary deposits by 15.7 per cent. to reach AED 505.3 billion and an increase in currency in circulation outside banks by 21.1 per cent. to reach AED 94.7 billion.

Money supply M1 decreased from AED 492.4 billion as at 31 December 2017, to AED 485.7 billion as at 31 December 2018, but increased to AED 515.0 billion as at 31 December 2019. These changes reflected fluctuations in monetary deposits from AED 424.7 billion as at 31 December 2017 and AED 415.2 billion as at 31 December 2018 to AED 436.8 billion as at 31 December 2019. However, currency in circulation outside of banks increased from AED 67.7 billion as at 31 December 2017 to AED 70.5 billion as at 31 December 2018, and AED 78.2 billion as at 31 December 2019. The increases reflected both the changes in money supply M1 as well as growth in quasi-monetary deposits in each period.

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 1,478.5 billion as at 31 December 2020 to AED 1,488.6 billion as at 30 June 2021 due to the rise in money supply M1 and a corresponding rise in quasi-monetary deposits as the rise in money supply M1 was partially offset by a decrease in quasi-monetary deposits.

Money supply M2 increased from AED 1,413.1 billion as at 31 December 2019 to AED 1,478.5 billion as at 31 December 2020 as the rise in money supply in M1 was partially offset by a decrease in quasi-monetary deposits. This was primarily the result of low interest rates making term deposits less attractive.

Money supply M2 increased from AED 1,276.2 billion as at 31 December 2017 to AED 1,308.4 billion as at 31 December 2018, and AED 1,413.1 billion as at 31 December 2019. Generally, median money supply M2 is considered the best indicator for the availability of liquidity in the economy, as it comprises currency in circulation outside banks, in addition to various deposits of all the resident sectors except the government sector in the UAE.

Money supply M3 (which consists of money supply M2, plus government deposits at banks and at the UAE Central Bank) increased to AED 1,772.7 billion as at 30 June 2021 compared to AED 1,769.3 billion in 2020. The increase reflects increases in money supply M2 between 31 December 2020 and 30 June 2021.

Money supply M3 increased from AED 1,487.1 billion as at 31 December 2017 to AED 1,602.3 billion as at 31 December 2018, to AED 1,717.4 billion in 2019 to AED 1,769.3 billion in 2020. The increases reflected both increases in money supply M2 as well as increases in government deposits in all annual periods (excluding 2020).

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						For the six months ended 30 June
	2015	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
				(%)			
Loans to Assets	59.6	59.9	58.7	57.7	57.0	55.8	55.1
Loans to Deposits.......................	99.6	99.4	97.1	94.3	94.1	94.4	92.7

Gross Bank Assets

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

	For the year ended 31 December						For the six months ended 30 June
	2015	2016	2017	2018	2019	2020	2021(*)
				(AED Billions)			
Gross Bank Assets	**2,458.9**	**2,592.5**	**2,693.8**	**2,868.5**	**3,082.9**	**3,188.0**	**3,208.8**
Total Banks' Reserves at the Central Bank	**291.3**	**260.0**	**291.4**	**293.3**	**315.2**	**316.2**	**331.7**
Reserve Requirements	112	117	121.4	120.6	129.7	89.4	94.9
Current Accounts of Banks	40	35	34.9	34.5	25.3	97.5	86.2
Certificates of Deposit held by Banks	140	108	135.1	138.2	160.2	129.3	150.6
of which: Islamic Certificates of Deposit	21	20	38.3	36.3	37.5	45.3	58.9
Gross Credit	**1,465.8**	**1,553.7**	**1,580.3**	**1,656.2**	**1,758.6**	**1,779.0**	**1,769.4**
Domestic Credit	1,362	1,433	1,452.7	1,509.4	1,592.6	1,596.7	1,595.6
Government	167	172	175.4	191.5	257.4	251.9	245.7
Public Sector (GREs)	171	187	172.3	167.9	185.3	219.9	223.6
Private Sector	999	1,055	1,086.4	1,130	1,134.6	1,108.3	1,112.8
Business & Industrial Sector Credit(1)	688	728	748.9	792.6	802.2	778.8	776.3
Individual	311	326	337.5	337.4	332.4	329.5	336.5
Non-Banking Financial Institutions	25	19	18.6	20	15.3	16.6	13.5
Foreign Credit(2)	104	120	127.6	146.8	166	182.3	173.8
of which: Loans & Advances to Non-Residents in AED	9	15	15.6	20.4	16.7	15.5	14.5
Total Investments by Banks	**250.1**	**288.9**	**311.1**	**332.8**	**399.0**	**455.8**	**523.1**
Debt securities	146	186	206.2	210.9	246.1	290.5	304.2
Equities	14	12	11.3	10.1	10.8	9.2	12.0
Held to maturity securities	62	60	62.5	81.2	99.1	111.4	160.8
Other Investments	28	30	31.1	30.6	43	44.7	46.1
Other Assets	**451.7**	**489.9**	**511.0**	**586.2**	**610.1**	**637.0**	**584.6**
Due from Head Office/Own Branches/Banking Subsidiaries	84	102	104.4	160.6	154.6	156.0	152.5
Due from Other Banks	205	209	204.1	215	210.6	207.9	229.9
Other Items(3)	162	179	202.5	210.6	244.9	273.1	202.2
NPLs	**73.7**	**78.8**	**82.4**	**91.4**	**111.6**	**142.4**	**142.3**
Specific provisions & Interest in Suspense	**72**	**79**	**79.7**	**90.4**	**99.3**	**116.6**	**123.4**
General provisions	**27**	**29**	**29.7**	**31.2**	**33.1**	**38.3**	**36.4**

(*) Data June 2021 Preliminary.
(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 six months ended 30 June 2021, the UAE's Central Bank's gross assets were AED 3,208.8 billion compared to AED 3,188.0 billion for the year ended 31 December 2020. This primarily was the result of increases in total banks' reserves at the central bank (AED 15.5 billion increase) and investments (AED 67.3 billion increase), partially offset by decreases of AED 9.6 billion in gross credit and a decrease of AED 52.4 billion in other assets. Total banks' reserves at the UAE Central Bank amounted to AED 331.7 billion an increase of AED 15.5 billion compared to 31 December 2020. Gross credit amounted to AED 1,769.4 billion, a decrease of AED 9.6 billion compared to 31 December 2020. Total investments by banks amounted to AED 523.1 billion, an increase in AED 67.3 billion compared to 31 December 2020. Other assets amounted to AED 584.6 billion, a decrease of AED 52.4 billion compared to 31 December 2020.

For the year ended 31 December 2020, the UAE Central Bank's gross assets were AED 3,188.0 billion compared to AED 3,082.9 billion for the year ended 31 December 2019. This was primarily the result of increases in total banks' reserves at the central bank (AED 1.0 billion increase), gross credit (AED 20.4 billion increase), investments (AED 56.8 billion increase) and other assets (AED 26.9 billion increase). Total banks' reserves at the UAE Central Bank amounted to AED 316.2 billion, an increase of AED 1.0 billion as compared to 2019. Gross credit amounted to AED 1,779.0 billion, an increase of AED 20.4 billion as compared to 2019. Total investments by banks amounted to AED 455.8 billion, an increase of AED 56.8

billion compared to 2019. Other assets amounted to AED 637.0 billion, an increase of AED 26.9 billion compared to 2019.

For the year ended 31 December 2019, the UAE Central Bank's gross bank assets were AED 3,082.9 billion compared to AED 2,868.5 billion for the year ended 31 December 2018. This was primarily the result of increases of total banks' reserves at the central bank (AED 21.9 billion increase), gross credit (AED 102.4 billion increase), investments (AED 66.2 billion increase) and other assets (AED 23.9 billion increase). Total banks' reserves at the UAE Central Bank amounted to AED 315.2 billion, an increase of AED 21.9 billion compared to 2018. Gross credit amounted to AED 1,758.6 billion, an increase of AED 102.4 billion compared to 2018. Total investments by banks amounted to AED 399.0 billion, an increase of AED 66.2 billion compared to 2018. Other assets amounted to AED 610.1 billion, an increase of AED 23.9 billion compared to 2018.

For the year ended 31 December 2018, the UAE Central Bank's gross bank assets were AED 2,868.5 billion compared to AED 2,693.8 billion for the year ended 31 December 2017. This was primarily the result of an increase in total banks' reserves at the central bank (AED 1.9 billion increase), gross credit (AED 75.9 billion increase), investments (AED 21.7 billion increase) and other assets (AED 75.2 billion increase). Total banks' reserves at the UAE Central Bank amounted to AED 293.3 billion, an increase of AED 1.9 billion compared to 2017. Gross credit amounted to AED 1,656.2 billion, an increase of AED 75.9 billion compared to 2017. Total investments by banks amounted to AED 332.8 billion, an increase of AED 21.7 billion compared to 2017. Other assets amounted to AED 586.2 billion, an increase of AED 75.2 billion compared to 2017.

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

	For the year ended 31 December					
	2015	**2016**	**2017**	**2018**	**2019**	**2020**
Assets % of GDP (at period end).......	187%	198%	190%	185%	201%	242%
Net Interest Margin	69.6%	68.9%	66.5%	71.5%	67.9%	68.5%

As at 30 June 2021, net interest margin was 64.5 per cent.

Foreign Reserves

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

	As at 31 December					
	2015	**2016**	**2017**	**2018**	**2019**	**2020**
	(AED Billions)					
Foreign Assets of the Central Bank	341.1	310.9	347.7	362.6	394.7	388.1

Source: UAE Central Bank Balance of Payments

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					
	2015	**2016**	**2017**	**2018**	**2019**	**2020**
	(Months of imports)					
CBUAE Gross FX Reserves....................	8.4	11.2	10.3	12.2	13.1	16

The UAE Central Bank's gross international reserves are principally held in deposit accounts with banks outside the UAE or are invested in securities and treasury bills issued by non-UAE issuers. The official reserves figure, however, excludes the stock of publicly controlled foreign assets held in other accounts in investment bodies controlled by individual emirates as well as the EIA.

Foreign currency reserves increased between 2017 and 2020, notwithstanding the lower international oil price environment since mid-2014 and the volatility of oil prices over the last few years.

The credibility of the fixed peg arrangement requires the UAE Central Bank to hold sufficient foreign currency reserves. To this end, Article 63 of the 2018 Banking Law, states that the market value of the balance of foreign reserves "shall not, at any time, be less than seventy percent (70 per cent.) of the value of the monetary base." Article 62 of the 2018 Banking Law defines Reserves of Foreign Assets as follows:

- gold bullion and other precious metals;
- cash, deposits and other monetary and payment instruments denominated in foreign currencies, freely convertible in global markets; and
- securities denominated in foreign currencies and issued or guaranteed by foreign governments and their related companies, entities, institutions, and agencies, by international monetary and financial institutions, or by multinational corporations, and are tradable in global markets.

The UAE Central Bank's foreign assets decreased by 1.7 per cent. in 2020 to reach AED 388 billion due to a decrease of current account balances and deposits with banks abroad and foreign securities by 4.8 per cent. and 56.8 per cent. respectively, partially offset by the increase in other foreign assets by 81.4 per cent. The UAE Central Bank's foreign assets increased by 8.9 per cent. in 2019 to reach AED 395 billion, due mostly to an increase in current account balances and deposits at banks abroad by AED 71.7 billion. The balance of foreign assets at the UAE Central Bank increased from AED 348 billion at the end of 2017 to AED 363 billion at the end of 2018. The balance of foreign assets held at the UAE Central Bank increased from AED 311 billion at end of 2016 to AED 348 billion at end of 2017 owing to an increase by AED 108.7 billion in current account balances and deposits at banks abroad, while held-to-maturity foreign securities declined.

Banking and Financial Services

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 as at 31 December for the years presented and as at 30 June 2021.

	For the year ended 31 December						For the six months ended 30 June
	2015	**2016**	**2017**	**2018**	**2019**	**2020**	**2021[1]**
				(AED Millions)			
Total assets	2,478,225	2,613,611	2,693,807	2,868,516	3,082,934	3,188,014	3,208,761
Foreign assets	496,450	546,890	578,989	679,647	771,092	849,077	871,879
Foreign assets to total assets (%)	20.0%	20.9%	21.5%	23.7%	25.0%	26.6%	27.2%
Foreign liabilities	586,270	596,969	595,831	619,990	679,979	715,606	749,090
Foreign liabilities to total liabilities (%)	23.7%	22.8%	22.1%	21.6%	22.1%	22.4%	23.3%
Deposits[2]	1,471,618	1,562,949	1,627,277	1,755,650	1,870,184	1,884,545	1,908,655
Residents	1,300,126	1,363,899	1,435,600	1,542,237	1,648,812	1,682,102	1,682,944
of which: Corporate	563,100	592,181	604,435	590,877	607,023	606,207	623,640
Non-residents	171,492	199,050	191,677	213,413	221,372	202,443	225,711
of which: Corporate	72,807	88,352	88,310	91,889	87,964	72,250	80,330
Bank credit (domestic)	1,381,181	1,454,414	1,452,696	1,509,437	1,592,609	1,596,786	1,595,582
of which: credit to private sector[3]	1,043,202	1,094,632	1,105,007	1,150,018	1,149,953	1,124,913	1,126,340
Total number of national banks and branches	1024	978	880	832	741	619	605
Total number of foreign banks and branches	161	154	147	140	140	134	134
Number of employees in banks (UAE)[4]	**40,159**	**36,971**	**34,675**	**36,629**	**35,637**	**33,444**	**32,623**

(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						For the six months ended 30 June
	2015	**2016**	**2017**	**2018**	**2019**	**2020**	**2021(*)**
				(AED Billions)			
Bank Deposits	**1,471.6**	**1,562.9**	**1,627.3**	**1,755.6**	**1,870.2**	**1,884.5**	**1,908.6**
Resident Deposits	1,300	1,364	1,435.6	1,542.2	1,648.8	1,682.1	1,682.9
Government Sector	157	187	212.0	290.3	301.3	287.3	281.6
GREs (Govt. ownership of more than 50%)	191	168	191.5	207.1	245.3	254.8	227.2
Private Sector	924	981	1,001.0	1,009.3	1,057.9	1,100.1	1,133.5
Non-Banking Financial Institutions	28	28	31.1	35.5	44.3	39.9	40.6
Non-Resident Deposits	172	199	191.7	213.4	221.4	202.4	225.7
Average Cost on Bank Deposits(1)	***1.0%***	***1.2%***	***1.3%***	***1.8%***	***1.6%***	***1.0%***	***0.9%***
Average Yield on Credit(2)	***5.0%***	***5.0%***	***5.1%***	***5.5%***	***5.0%***	***3.8%***	***3.7%***
Capital & Reserves(3)	**286**	**308**	**337.3**	**355.2**	**392.9**	**392.8**	**384.5**
Specific provisions & Interest in Suspense	**72**	**79**	**79.7**	**90.4**	**99.3**	**116.6**	**123.4**
General provisions	**27**	**29**	**29.7**	**31.2**	**33.1**	**38.3**	**36.4**
Lending to Stable Resources Ratio(4)	***87.1%***	***86.2%***	***84.5%***	***82.3%***	***81.0%***	***77.6%***	***77.7%***
Eligible Liquid Assets Ratio (ELAR)(5)	***17.4%***	***16.2%***	***18.3%***	***17.5%***	***18.1%***	***18.4%***	***18.3%***
Capital Adequacy Ratio - (Tier 1 + Tier 2)(6)	***18.3%***	***18.9%***	***18.1%***	***17.5%***	***17.7%***	***18.1%***	***17.5%***
of which: Tier 1 Ratio	***16.6%***	***17.3%***	***16.6%***	***16.2%***	***16.5%***	***17.0%***	***16.4%***
Common Equity Tier 1(CET 1) Capital Ratio	-	-	***14.6%***	***14.3%***	***14.7%***	***14.9%***	***14.5%***

(*) 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 following Basel II Guidelines.

Supervision of Banks

The UAE Central Bank, established in 1980, is the governing body that regulates and supervises all banks operating in the UAE. The UAE Central Bank has supervisory responsibility for all banking institutions in the UAE. Supervision is carried out through on-site and off-site inspections and review of periodic submissions from the banks. The frequency of inspection follows a risk-based approach and is determined by an impact and inherent risk matrix. Inspections for most banks occur at least once every 18 months. Returns are made daily, weekly, fortnightly, monthly, quarterly, semi-annually or annually, depending on the nature of the information they are required to contain.

The UAE Central Bank has adopted a Risk Based Supervision ("**RBS**") approach to bank supervision. This approach is forward-looking and is designed to identify, assess, measure, monitor and control key risks that licensed institutions in the UAE banking and financial markets are exposed to. Under the RBS approach, the Enforcement Division of the UAE Central Bank assesses the risk management policies and practices that licensed institutions use to control, reduce and mitigate risk. The Enforcement Division specifically focuses on risk areas that pose the greatest risk to the banks' safety and institutional soundness.

The UAE Central Bank's activities are currently dictated by the 2018 Banking Law, which came into force in the UAE on 30 September 2018. The 2018 Banking Law repealed two of the UAE's older banking laws including the Federal Law No. 10 of 1980 concerning the status of the UAE Central Bank and its roles managing the currency and supervising the activities of banks and finance companies. The second was the Federal Law No. 6 of 1986 in relation to Islamic banking activities. The 2018 Banking Law reconfirms the

UAE Central Bank's role in supervising the banking system in the UAE, directing monetary policy and ensuring economic stability through adequate fiscal policies and consumer protection mechanisms. The 2018 Banking Law also extends the scope of authority of the UAE Central Bank through changes designed to modernise the framework for the licensing and supervision of financial services activities in the state to bring regulation in line with international best practice.

Although the UAE Central Bank is responsible for regulating all banks, exchange houses, investment companies and other financial institutions in the UAE, the DFSA regulates all banking and financial services activities in the DIFC except for onshore activities which are still regulated by the UAE Central Bank. Similarly, in the ADGM, the FSRA regulates activity in the financial services sector except for onshore activities.

Since 1999, regulated banks in the UAE have been required to report in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

Characteristics of the Banking System

The UAE banks are predominantly focused on the domestic market. With much of the economy directly or indirectly dependent on the oil sector, the UAE banks are vulnerable during long periods of low oil prices. In particular, oil revenues tend to drive levels of liquidity. There is a high degree of state involvement in the UAE banking sector, with the five-largest banks having some degree of ownership by the governments and/or ruling families of individual emirates.

Additionally, a number of banks have developed in the Islamic world, including in the UAE, to serve customers who wish to observe *Shari'a* principles, including the prohibition on the charging of interest on any financial transaction. These institutions offer a range of products, which broadly correspond to conventional banking transactions but are structured to ensure that all relevant *Shari'a* principles are complied with.

Anti-Money Laundering Legislation and Measures

The UAE Central Bank is also responsible for regulating anti-money laundering activities in the UAE. It has established a Financial Intelligence Unit and hosted teams from the Financial Action Task Force ("**FATF**") and the IMF which reviewed, discussed and tested existing UAE laws and regulations. The FATF is an independent inter-governmental body that develops and promotes policies to protect the global financial system against money laundering, terrorist financing and the financing of proliferation of weapons of mass destruction. The FATF Recommendations are recognised as the global anti-money laundering ("**AML**") and counter-terrorist financing ("**CTF**") standard.

The UAE takes an active part in the fight against money laundering and the financing of terrorism. The crimes of money laundering and financing of terrorism and the financing of illegal organisations are covered under federal criminal statutes and the federal penal code. Federal legislation and the implementation of regulations to combat these crimes are in force throughout the UAE, including the Free Zones and their implementation and enforcement are the responsibility of the relevant regulatory and supervisory authorities in either the federal or local jurisdictions.

The principal AML and CTF legislation within the UAE is Federal Decree Law No. (20) of 2018 on Anti-Money Laundering and Combatting the Financing of Terrorism and Financing of Illegal Organisations and implementing regulation, Cabinet Decision No. (10) of 2019 Concerning the Implementing Regulation of Decree Law No. (20) of 2018 on Anti-Money Laundering and Combating the Financing of Terrorism and Illegal Organisations. The legislative and regulatory framework of the UAE is part of a larger international AML/CTF legislative and regulatory framework made up of a system of intergovernmental legislative bodies and international and regional regulatory organisations.

In 2019, the supervisory authorities of the UAE published Anti-Money Laundering and Combatting the Financing of Terrorism and the Financing of Illegal Organisations for Financial Institutions ("**Guidelines**"), to provide guidance and assistance to supervised financial institutions such as the UAE Central Bank and aid their understanding and effective performance of their statutory obligations under the legal and regulatory framework in force in the UAE. These Guidelines do not constitute additional legislation or regulation and are not intended to set legal, regulatory or judicial precedent. They are intended instead to be read in conjunction with the relevant laws, cabinet decisions, regulations and regulatory rulings which are currently in force in the UAE and their respective Free Zones. The Guidelines apply to all financial institutions established and/or operating in the UAE and their respective Free Zones, whether they establish or maintain a business relationship with a customer, or engage in any of the financial activities and/or transactions or the trade and/or business activities outlined in Articles (2) and (3) of Cabinet Decision No. (10) of 2019 Concerning the Implementing Regulation of Decree Law No. (20) of 2019 on Anti-Money Laundering and Combating the Financing of Terrorism and Illegal Organisations. These Guidelines are also applicable to the members of these financial institutions' boards of directors, management and employees.

Specifically, they are applicable to all such natural and legal persons in the following categories:

- banks, finance companies, exchange houses, money service business (including *hawaladar* or other monetary value transfer services);
- insurance companies, agencies and brokers;
- securities and commodities brokers, dealers, advisors, investment managers; and
- other financial institutions not mentioned above.

From 1 July 2019 to 18 July 2019, the FATF conducted an on-site visit in the UAE in which it analysed the UAE's level of compliance with FATF 40 Recommendations and the level of effectiveness of the UAE's AML and CTF policies. The FATF concluded in its "Mutual Evaluation Report" in April 2020 that the UAE has taken some significant steps in strengthening its AML and CTF framework since its last evaluation in 2008. Most notably the UAE had undertaken a National Risk Assessment and enacted an AML Law in 2018 and AML By-Law in 2019. The FATF noted that the elements of an effective AML and CTF system are in place but given that the required framework is relatively new it was not possible to determine the overall effectiveness of the system but that terrorist financing offences and activities are investigated and prosecuted to a large extent, and the role of the terrorist financier is generally identified. However, the FATF also noted that fundamental and major improvements are needed across the UAE in order to demonstrate that the system cannot be used for money laundering, terrorism financing and the financing of proliferation of weapons of mass destruction.

Structure of the Banking System

Banking institutions in the UAE fall into a number of categories. Domestic commercial banks, of which there were 21 as at 30 June 2021, are required to be public shareholding companies with a minimum share capital of AED 40 million. These domestic commercial banks held 87.4 per cent. of the UAE's total banking assets as at 30 June 2021.

Licensed foreign commercial banks, of which there were 37 as at 30 June 2021, need to demonstrate that at least AED 40 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).

Since 2019, a number of banks in the UAE have announced increases in their foreign ownership limits, including First Abu Dhabi Bank (from 25 per cent. to 40 per cent.), Dubai Islamic Bank (from 25 per cent. to 40 per cent.), Abu Dhabi Islamic Bank (from 25 per cent. to 40 per cent.), Emirates NBD (from 5 per cent. to 20 per cent.) and Mashreqbank (from 25 per cent. to 49 per cent.). Along with the recent reforms of foreign ownership requirements in the UAE (as further described under "*The Economy of the United Arab Emirates—Foreign Direct Investment and Free Zones—Recent Reforms of Foreign Ownership in the UAE*"), these changes appear to signal a broader trend for UAE companies to seek foreign investment.

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

	For the year ended 31 December						**For the six months ended 30 June**
	2015	**2016**	**2017**	**2018**	**2019**	**2020**	**2021(*)**
	(AED Billions)						
Banks Operating in the UAE							

	For the year ended 31 December						For the six months ended 30 June
	2015	2016	2017	2018	2019	2020	2021(*)
				(AED Billions)			
National Banks	23	23	22	22	21	21	21
Foreign Banks	26	26	27	38	38	37	37
of which GCC banks(1)	6	6	6	7	7	7	7
Share of Foreign Banks in Total Assets	***15.8%***	***14.5%***	***13.4%***	***12.3%***	***12.8%***	***12.6%***	***12.5%***
Conventional Banks	41	41	41	52	51	48	48
Islamic Banks	8	8	8	8	8	10	10
Share of Islamic Banks in Total Assets	***18.9%***	***19.5%***	***20.4%***	***20.3%***	***18.6%***	***18.9%***	***18.7%***

(*) Preliminary data subject to revision.
(1) Representing one branch each from Saudi Arabia, Bahrain, Oman and Qatar and two branches from Kuwait.

Banking System Support

The UAE Central Bank has three different facilities available to banks which are described in more detail below.

*Interim Marginal Lending Facility ("**IMLF**")*

Historically, the UAE Central Bank has not acted as a lender of last resort, a role which has tended to fall on the individual emirates. However, the introduction by the UAE Central Bank in 2014 of IMLF enables non-Islamic UAE banks to use certain rated or Federal Government entity issued assets as collateral to access UAE Central Bank liquidity overnight in order to help their liquidity management. Initially, the IMLF was used for testing purposes but as a result of COVID-19, the IMLF is being used more often.

*Collateralized Murabahah Facility ("**CMF**")*

In addition to the IMLF, the UAE Central Bank established the CMF for Islamic banks in the UAE. The CMF is a *Shari'a*-compliant facility, which accepts the UAE Central Bank's Islamic Certificate of Deposits as collateral and was introduced to allow Islamic UAE banks to access UAE Central Bank liquidity overnight.

*Targeted Economic Support Scheme ("**TESS**")*

Effective from 15 March 2020, the UAE Central Bank implemented TESS which includes a range of measures aimed at mitigating the economic effects of COVID-19. Such measures include allowing banks operating in the UAE access to loans and advances extended at zero cost against collateral by the UAE Central Bank, to be used to grant temporary relief to private sector corporate and SME customers and retail clients. The loan book of the UAE banking system consists of the following: private sector business and industrial (43.8 per cent.); private sector individual (18.5 per cent.); public sector government (14.2 per cent.); public sector GREs (12.4 per cent.); foreign credit (10.2 per cent.); and non-banking financial institutions (0.9 per cent.). In addition (subject to the terms of the TESS), banks are allowed to tap into their capital conservation buffer up to a maximum of 60 per cent. without supervisory consequences and D-SIBs are allowed to use 100 per cent. of their D-SIB buffer without supervisory consequences (in each case, until 31 December 2021). The requirement to maintain a minimum LCR (as defined below) has been reduced from 100 per cent. to 70 per cent. and the reserve requirement for banks to maintain 14 per cent. of customer deposits with the UAE Central Bank has been reduced to 7 per cent. and these measures are expected to free up additional liquidity. In addition, in view of the expected volatility resulting from COVID-19, the UAE Central Bank has issued a requirement for banks to apply a prudential filter to expected credit losses provisions, which is aimed at minimising the effect of IFRS 9 provisions on regulatory capital. The filter allows for any increase in provisioning compared to the position as at 31 December 2019 to be partially added back to a bank's regulatory capital, which has the effect of improving such bank's capital position and providing improved consistency. IFRS 9 provisions are intended to be gradually phased-in during the five year period ending on 31 December 2024.

The majority of measures under TESS are expected to remain in effect until 30 June 2022. Measures related to capital buffers and liquidity requirements relief under TESS are expected to remain in place until 31 December 2021.

Capital Adequacy

All banks are required to follow the principles of the Basel accord in calculating their capital adequacy ratios. Basel II was introduced effective 17 November 2009 by way of UAE Central Bank Circular No. 27/2009. Since 1993, the UAE Central Bank had imposed a 10 per cent. minimum total capital ratio on all UAE banks. In a circular dated 30 August 2009, the UAE Central Bank announced amendments to its capital adequacy requirements, such that UAE banks were required to have a total capital adequacy ratio of at least 11 per cent., with a Tier 1 ratio of not less than 7 per cent., by 30 September 2009. Furthermore, the UAE Central Bank required banks operating in the UAE to increase their Tier 1 capital adequacy ratio to at least 8 per cent., with a minimum total capital adequacy ratio of at least 12 per cent., by 30 June 2010. Thereafter, through its circular dated 17 November 2009 introducing Basel II, the UAE Central Bank stated that it was expected that the main banks in the UAE would move to the Foundation Internal Rating Based approach under Basel II in due course. Through this circular, the UAE Central Bank reiterated that all banks operating in the UAE were required to maintain a minimum capital adequacy ratio of 11 per cent. at all times, increasing to 12 per cent. by 30 June 2010 and also laid out its expectations in relation to Pillar II and Pillar III of the Basel II framework. Profits for the current period, goodwill, other intangibles, unrealised gains on investments and any shortfall in loan loss provisions were deducted from regulatory capital.

Whilst the calculation of capital adequacy ratios in the UAE follows the Bank of International Settlements guidelines, claims on or guaranteed by GCC central governments and central banks are risk-weighted at zero per cent. and claims on GCC government non-commercial public sector entities are risk-weighted at 50 per cent. Under the 2018 Banking Law, the UAE Central Bank may determine reserve requirements for UAE banks. All dividends paid by UAE banks have to be authorised in advance by the UAE Central Bank.

The Basel Committee put forward a number of fundamental reforms to the regulatory capital framework for internationally active banks. On 16 December 2010 and on 13 January 2011, the Basel Committee issued the Basel III reforms, constituting guidance on the eligibility criteria for Tier 1 and Tier 2 capital instruments as part of a package of new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards for credit institutions. The implementation of the Basel III reforms began on 1 January 2013. However, the requirements are subject to a series of transitional arrangements and will be phased in over a period of time. The Basel Committee's press release dated 13 January 2011 entitled "Minimum requirements to ensure loss absorbency at the point of non-viability" (the "**January 2011 Press Release**") included an additional Basel III requirement (the "**Non-Viability Requirement**") as follows:

"The terms and conditions of all non-common Tier 1 and Tier 2 instruments issued by an internationally active bank must have a provision that requires such instruments, at the option of the relevant authority, to either be written off or converted into common equity upon the occurrence of the trigger event unless:

(a) the governing jurisdiction of the bank has in place laws that:

    (a) require such Tier 1 and Tier 2 instruments to be written off upon such event; or

    (b) otherwise require such instruments to fully absorb losses before tax payers are exposed to loss;

(b) a peer group review confirms that the jurisdiction conforms with clause (a); and

(c) it is disclosed by the relevant regulator and by the issuing bank, in issuance documents going forward, that such instruments are subject to loss under clause (a).

The trigger event is the earlier of: (1) a decision that a write-off, without which the firm would become non-viable, is necessary, as determined by the relevant authority; and (2) the decision to make a public sector injection of capital, or equivalent support, without which the firm would have become non-viable, as determined by the relevant authority."

The January 2011 Press Release stated that instruments issued after 1 January 2013 must meet the Non-Viability Requirement in order to be recognised as Tier 1 or Tier 2 instruments for regulatory capital purposes. The recognition of instruments issued before 1 January 2013 which do not meet these requirements will be phased out from 1 January 2013.

On 3 February 2017, the UAE Central Bank published regulations, which introduced Basel III requirements for all banks operating in the UAE (the "**February 2017 Regulations**"). The February 2017 Regulations are intended to ensure that the capital adequacy of all banks operating in the UAE is in line with the Basel III requirements, whilst implementing the measures contained in the UAE Central Bank's May 2016 published consultation document. The February 2017 Regulations are supported by the accompanying standards (which were published by the UAE Central Bank on 17 January 2018 and which elaborate on the supervisory expectations of the UAE Central Bank with respect to the relevant Basel III capital adequacy requirements) and by the Standard re Tier Capital Instruments (which requires that a periodic distribution on an additional tier 1 instrument should be cancelled if the relevant UAE bank does not have sufficient "Distributable Items" on the relevant date for payment of (i) such periodic distribution and (ii) certain other payment obligations). While the February 2017 Regulations and the accompanying standards confirm that the Non-Viability Requirement is a pre-requisite for any capital instruments issued by UAE banks to achieve regulatory capital classification from the UAE Central Bank, the Non-Viability Requirement must be provided for contractually in the absence of a statutory loss absorption framework in the UAE.

In November 2020, the UAE Central Bank issued the "Regulations re Capital Adequacy" standards (the "**November 2020 Regulations**"). The following standards of the November 2020 Regulations are effective as of August 2021: Tier Capital Supply, Tier Capital Instruments, Pillar 2 - ICAAP, Credit Risk, Market Risk and Operational Risk.

The standards on credit risk, market risk, operational risk and other remaining capital standards were initially issued on 7 January 2020 and were supposed to become effective on 30 June 2020 but have been postponed due to COVID-19. The UAE Central Bank decided to implement the remaining capital standards in a phased-in approach instead, starting with the standards on credit market and operational risk, which became effective in the second quarter of 2021. Starting in the fourth quarter of 2021, the standards on Counterparty Credit Risk, Equity Investment in Funds, Securitisations, Leverage Ratio and Pillar 3 (except for Credit Value Adjustment ("**CVA**")) will become effective. The standard on CVA and Pillar 3 for CVA will become effective in the second quarter of 2022. This will complete the Basel III implementation in the UAE.

As part of the TESS, D-SIB banks are able to utilise 100 per cent. of their D-SIB buffer and 60 per cent. of their capital conservation buffer without supervisory consequences until 31 December 2021. In addition, the UAE Central Bank will allow banks to apply a prudential filter to IFRS 9 expected loss provisions. The prudential filter will allow any increase in IFRS 9 provisioning compared to 31 December 2019 to be partially added back to regulatory capital. This will allow IFRS 9 provisions to be gradually phased-in over a five year period until 31 December 2024.

The following table sets out the capital adequacy ratio of all UAE national banks as at 31 December of each of the years presented and as at 30 June 2021.

	As at 31 December				For the six months ended 30 June
	2017	2018	2019	2020	2021*
			(per cent.)		
Total capital adequacy ratio	18.1	17.5	17.7	18.1	17.5
Tier I capital adequacy ratio	16.6	16.2	16.5	17.0	16.4

* Preliminary data subject to revision.
Source: UAE Central Bank

Liquidity

The UAE Central Bank closely monitors the level of liquidity in the banking system. It also requires that banks have in place adequate systems and controls to manage their liquidity positions, as well as contingency funding plans to cope with periods of liquidity stress.

Banks must also adhere to a maximum loan to deposit ratio of 100 per cent. set by the UAE Central Bank. In this context, loans comprise loans and advances to customers and inter-bank assets maturing after three months.

UAE banks are mostly funded through on demand or time based customer deposits made by private individuals or private sector companies based in the UAE. According to preliminary data made available by the UAE Central Bank, resident deposits constituted approximately 89.3 per cent. of total deposits of the UAE banking sector (excluding inter-bank deposits and bank drafts but including commercial prepayments and borrowings under repurchase agreements) as at 30 June 2020. Of these, government and GRE deposits constituted approximately 36.9 per cent. of total resident deposits within the UAE banking sector (excluding inter-bank deposits but including commercial prepayments and borrowings under repurchase agreements) as at 30 June 2020. Non-resident sources constituted approximately 10.7 per cent. of total deposits within the UAE banking sector (excluding inter-bank deposits but including commercial prepayments and borrowings under repurchase agreements) as at the same date (*source*: UAE Central Bank Statistical Bulletin June 2020).

In response to the global 2008 financial crisis, the UAE Central Bank announced a number of measures aimed at ensuring that adequate liquidity is available to banks operating in the UAE. In September 2008, the UAE Central Bank established an AED 50 billion liquidity facility which banks can draw upon subject to posting eligible debt securities as collateral. The liquidity facility is available only for the purpose of funding existing commitments. New lending is required to be based on growth in the customer deposit base. The UAE Central Bank also established a certificates of deposit ("**CD**") repurchase facility under which banks can use CDs as collateral for UAE Dirham or U.S. Dollar funding from the UAE Central Bank. Further, banks can access funds through the IMLF.

In addition to these measures, the Federal Government also provided AED 50.0 billion in deposits to UAE banks (as part of a larger AED 70.0 billion package) which, at the option of the banks, can be converted into Tier II capital in order to enhance capital adequacy ratios. A number of banks in the UAE exercised this option and converted the Federal Government deposits made with them into Tier II capital.

The UAE Central Bank is expected to tighten regulations on how banks in the UAE manage liquidity through the introduction of new qualitative, quantitative and reporting requirements on liquidity risk management. In line with Basel III requirements, the UAE Central Bank has issued UAE Central Bank Notice No. 33/2015 on liquidity requirements (which was issued by the UAE Central Bank on 27 May 2015 and which entered into force with effect from 1 July 2015, replacing Central Bank Notice No. 30/2012) (the "**Liquidity Notice**") which includes a set of qualitative and quantitative liquidity requirements for UAE banks. The qualitative requirements set out in the Liquidity Notice elaborate on the responsibilities of a UAE bank's board of directors and senior management as well as the overall liquidity risk framework. The regulations are intended to ensure that liquidity risks are well managed at banks operating in the UAE and are in line with the Basel Committee's recommendations and international best practices.

The quantitative requirements set out in the Liquidity Notice are intended to ensure that each UAE bank holds a minimum level of liquid assets which allow it to sustain a short-term liquidity stress (in circumstances both specific to that bank and market wide). In particular, the requirements include two interim ratios which are intended to apply until the Basel III LCR and NSFR (each as defined in the table below) come into effect. These include the following:

	Ratio	**Applicability Period**
Interim ratios:	Liquid Asset Ratio (LAR > =10%)	1 January 2013 – 30 June 2015
	Eligible Liquid Assets Ratio (ELAR > = 10%)	1 July 2015 – December 2017
	Advances to Stable Resources Ratio (ASRR < 100%)	1 June 2013 – December 2017
Basel III ratios:	Liquidity Coverage Ratio (LCR > 100%)	January 2018 onwards
	Net Stable Funding Ratio (NSFR < 100%)	January 2018 onwards

The liquid asset ratio (the "**LAR**") was an interim ratio designed to apply until the LCR comes into effect (as described below). Following the entering into force of the Liquidity Notice on 1 July 2015, the LAR was replaced with the eligible liquid assets ratio (the "**ELAR**"). Under the ELAR, UAE banks were required to hold an amount equivalent to at least 10 per cent. of their liabilities in high-quality liquid assets (including cash held with the UAE Central Bank, the UAE Central Bank CDs and certain UAE local government and public sector entity publicly traded instruments).

The Liquidity Notice also included the option for UAE banks to apply to the UAE Central Bank to move to assessment of bank liquidity as against the LCR, in addition to the ELAR, with effect from 1 January 2016. Any UAE banks taking up this option were required to comply only with the ELAR until 1 January 2016, after which date they were required to move to a dual-compliance regime as to liquidity as against the ELAR and the LCR (subject to receipt of UAE Central Bank approval).

The liquidity coverage ratio (the "**LCR**") represents a 30-day stress scenario with combined assumptions covering both bank-specific and market-wide stresses. These assumptions are applied to contractual data representing the main liquidity risk drivers at banks to determine cash outflows within the 30-day stress scenario. The LCR requires that UAE banks should always be able to cover the net cash outflow with high quality liquid assets at the minimum LCR determined by the UAE Central Bank. The Basel III accord requires that this minimum is 100 per cent. The Liquidity Notice describes in detail high quality liquid assets for this purpose.

The advances to stable resources ratio (the "**ASRR**") is an interim ratio that recognises both the actual uses as well as the likely uses of funds in terms of contractual maturity and behavioural profile of the sources of funds available to the bank, in order to ensure that there are limited maturity mismatches and cliff effects.

The net stable funding ratio (the "**NSFR**") is a structural ratio that aims to ensure that banks have adequate stable funding to fund the assets on their balance sheets. It also requires an amount of stable funding to cover a portion of the relevant UAE bank's contingent liabilities. The NSFR mirrors the Basel III NSFR standard. The NSFR identifies the key uses of funds and the different types of funding sources used by the UAE banks. It assigns available stable funding ("**ASF**") factors to the sources of funds and required stable funding (usage) factors to asset classes and off balance sheet contingent exposures. The assigned ASF factor depends on the terms of funding and the perceived stability of the funding sources. The assigned ASF factor will depend on the liquidity of the asset being funded under a market-wide stress. Both factors will follow the Basel III NSFR standard.

To mitigate the repercussions of the COVID-19 pandemic, the UAE Central Bank has decided to reduce—from 14 per cent. to 7 per cent.—the reserve requirements for demand deposits for all banks. Banks participating in TESS will be able to use a third of their current regulatory liquidity buffers (approximately AED 95 billion reduction in liquidity buffer requirements). Banks will have the flexibility to maintain a minimum LCR of 70 per cent. and a minimum ELAR of 7 per cent. This liquidity can be used to compensate for the effect of posting collateral required by TESS. This is expected to remain in place until 31 December 2021. The planned implementation of certain Basel III capital standards has been postponed due to the COVID-19 pandemic. The implementation of the Basel III capital standards started in the second quarter of 2021 with the implementation of the standard on credit, market and operational risk. The UAE Central Bank expects to implement the remaining capital standards in the fourth quarter of 2021 and the second quarter of 2022.

Provisions for Loan Losses

The UAE Central Bank stipulates that non-performing credits should be classified as either substandard, doubtful or loss, depending on the likelihood of recovery, with provisions charged at a minimum of 25 per cent., 50 per cent. and 100 per cent. on the relevant amount (net of any eligible credit protection), respectively. Any retail and consumer loans with either interest or principal in arrears by more than 90 days must be placed on a non-accrual basis and classified as non-performing. In addition, pursuant to Circular 28/2010 concerning regulations for classification of loans and their provisions issued by the UAE Central Bank on 11 November 2010, all banks in the UAE were required to make general provisions for unclassified loans and advances equal to 1.5 per cent. of their risk-weighted assets by 2014. In practice, several banks operate more stringent policies and place loans on a non-accrual basis as soon as their recovery is in doubt.

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					
	2015	**2016**	**2017**	**2018**	**2019**	**2020**
			(per cent.)			
Non-performing loan ratio	5.0	5.1	5.2	5.5	6.3	8.0
Net non-performing loan ratio	1.5	1.5	1.8	1.8	2.4	3.5

UAE banks generally do not write off non-performing loans from their books until all legal avenues of recovery have been exhausted. This factor tends to inflate the level of impaired loans and/or financings carried on the balance sheets of UAE banks when compared to banks operating in other economies.

In response to COVID-19, the UAE Central Bank has reduced the amount of capital banks have to hold for their loans to SMEs by 15 to 25 per cent. which will facilitate the banking sector's access to financing. This is expected to remain in place until 31 December 2021.

Large Exposures

The UAE Central Bank defines large exposures as any funded or unfunded exposures (less provisions, cash collaterals and deposits under lien) to a single borrower or group of related borrowers exceeding prescribed limits. On 11 November 2013, the UAE Central Bank published a notice amending certain of the large exposure limits (the "**Large Exposure Notice**"). The Large Exposure Notice was published in the Official Gazette on 30 December 2013 and entered into force on 30 January 2014. The Large Exposure Notice introduced new limits of 100 per cent. of the bank's capital base for all lending to UAE local governments and their non-commercial entities, together with a 25 per cent. limit to any single such non-commercial entity. Exposures above these limits are subject to approval by the UAE Central Bank. Set out below is a table showing a summary of the changes introduced by the Large Exposure Notice (defined as a percentage of the bank's capital base calculated under Basel II):

	New Limit		**Old Limit**	
	Individual	**Aggregate**	**Individual**	**Aggregate**
Federal Government and its non-commercial entities..	Exempt	Exempt	Exempt	Exempt
UAE local government and its non-commercial entities	No cap for UAE local government; 25% for each non-commercial entity	100%	Exempt	Exempt`
Commercial entities of Federal Government and UAE local government	25%	100%	25%	None
Commercial or other (non-commercial) private sector entities and individuals	25% max	None	7%	None
Shareholders who own 5 per cent. or more of the bank's capital and related entities..	20%	50%	7%	None
Exposure to bank's subsidiaries and affiliates.............	10%	25%	20%	60%
Board members	5%	25%	5%	25%

Mortgage Cap Regulation and Consumer Loan Regulation

The UAE Central Bank introduced regulations regarding bank loans and other services offered to individual customers by way of a circular dated 23 February 2011 on retail banking (the "**Retail Circular**") and Notice No. 31/2013 dated 28 October 2013 (the "**Mortgage Regulations**"). These regulations, amongst other things, limit the fees and interest rates which banks in the UAE can charge to retail customers and impose maximum loan/income and loan to value ratios for retail products such as residential mortgage loans. For example, the Retail Circular requires that the amount of any personal consumer loan shall not exceed 20 times the salary or total income of the borrower with the repayment period not exceeding 48 months.

The Mortgage Regulations provide that the amount of mortgage loans for non-nationals should not exceed 75 per cent. of the property value for a first purchase of a home with a value of less than AED 5 million and, for a first purchase of a home with a value greater than AED 5 million, should not exceed 65 per cent. of the property value. For the purchase of a second or subsequent home, the limit for non-nationals is set at 60 per cent. of the property value (irrespective of the value of the property in question). The corresponding limits for UAE nationals are set at 80 per cent. in respect of a first purchase of a home with a value less than or equal to AED 5 million, 70 per cent. for a first home with a value greater than AED 5 million and 65 per cent. of the property value for a second or subsequent purchase (irrespective of the value of the property).

In response to COVID-19, through the TESS facility, the UAE Central Bank now allows for banks to defer expected payments from their clients to a later date. The TESS facility allows banks to draw down on funds provided by the UAE Central Bank at no cost. The funds can then be substituted for payments the banks are expecting from their clients. The UAE Central Bank has directed banks to actively offer their retail clients affected by COVID-19 the opportunity to defer payments of principal and interest on existing loans. In addition, the UAE Central Bank increased the loan-to-value ratios for first time buyers by five percentage points. There has also been an increase in the maximum exposure banks can have to the real estate sector from 20 per cent. to 30 per cent. with banks being required to hold additional capital if they surpass the 20 per cent. threshold. Interest rates were cut by 125 basis points. These policy responses will be effective until 31 December 2021.

On 27 March 2020, the UAE Central Bank issued its statement that the majority of workforce in banks, financial institutions and exchange houses under their supervision should work remotely with the exception of 30 per cent. of those working in critical positions. The UAE Central Bank also introduced a remote working priority system for employees to protect those most vulnerable. In 2021, most banks have adopted a hybrid model for their staff, which allows for more flexibility to work from home as necessary to ensure the safety and well-being of bank employees. Most banks who have implemented this new policy are operating as usually and many banks are still operating under a "Group A and B" structure, in which each group splits and alternates weeks between working from the office and working at home.

Reserve Requirements

Reserve requirements are used by the UAE Central Bank as a means of prudential supervision and to control credit expansion. The reserve requirements are 1 per cent. for term deposits and 14 per cent. for all other customer balances.

In response to COVID-19, the UAE Central Bank from 7 April 2020 cut the reserve requirements for banks by 50 per cent., from 14 per cent. to 7 per cent. This measure is intended to inject liquidity of about AED 61 billion, which can be used to support banks' lending to the UAE economy. This is a temporary measure that is expected to continue until 31 December 2021.

Position of Depositors

There is no formal deposit protection scheme in the UAE. While no bank has, so far, been permitted to fail, during the 1980s and early 1990s a number were restructured by the relevant government authorities. In October 2008, in response to the global financial crisis, the Federal Government announced that it intended to guarantee the deposits of all UAE banks and foreign banks with core operations in the UAE. Following therefrom, in May 2009, the Federal National Council approved a draft law guaranteeing federal deposits. However, until such time as the law is passed, there is no guaranteed government support.

Establishment of a Credit Bureau in the UAE

Al Etihad Credit Bureau ("**AECB**") is a Federal Government company specialised in providing UAE based credit reports and other financial information. AECB commenced operations in 2014 upon receiving formal approval from the Cabinet of its regulations and its charges for producing credit reports. AECB has approached all UAE based banks to sign data sharing agreements to enable the provision of customer credit information, with the majority having entered into such agreements and/or made successful initial data submissions to AECB by the time AECB commenced operations.

Fintech Initiatives

The UAE Banking Federation ("**UBF**"), through its digital banking and information security committees, is playing a leading role in the expansion of fintech solutions into the UAE's banking sector. Key initiatives from the UBF include the introduction of blockchain technology to enhance KYC processes, boosting cybersecurity, the use of artificial intelligence in areas such as customer service, data analysis and decision-making, and Emirates Digital Wallet – a company owned by 16 shareholding banks and fully sponsored by the UBF, which aims to facilitate a society-wide transformation from physical money to digital transactions. In April 2018, the Federal Government launched the Emirates Blockchain Strategy 2021 and the Dubai Blockchain Strategy. The Emirates Blockchain Strategy 2021 aims for 50 per cent. of government transactions to be effected on a blockchain platform by the end of 2021.

In 2014, the UAE's first bitcoin exchanged launched in Dubai and, in July 2021, it was announced that the UAE Central Bank had an interest in issuing a central bank digital currency (the "**CBDC**"). The launch of the CBDC was announced a part of the UAE Central Banks' 2023-2026 strategy. The UAE Central Bank also intends to promote digital transformation in the UAE's financial services sector and increase financial inclusion through the use of digital IDs and artificial intelligence to improve monitoring and compliance.

Shari'a compliance

The 2018 Banking Law entered into force with effect from 23 September 2018 and requires *Shari'a* compliant financial institutions licensed by the UAE Central Bank to operate their business activities in compliance with the rules, standards and general principles established by the Higher Shari'a Authority and, in certain circumstances, requires such financial institutions to obtain the consent of the Higher Shari'a Authority before undertaking certain licensed financial activities.

Capital Markets

The capital markets in the UAE are regulated by a number of entities including the Securities and Commodities Authority (the "**SCA**"), which licenses intermediaries to trade on the Dubai Financial Market (the "**DFM**") and the Abu Dhabi Securities Exchange ("**ADX**"). The SCA is a Federal Government organisation but has financial, legal and administrative independence.

The other significant stock exchange in the UAE is Nasdaq Dubai (formerly known as the Dubai International Financial Exchange or DIFX) which commenced operations in September 2005 and, as an entity based in the DIFC, is separately regulated by the DFSA.

In May 2018, the SCA issued Chairman Decision No. 20/R.M. of 2018 on the Offering or Issuance of Islamic Securities (the "**ISRs**"), in order to add an additional layer of disclosure and transparency to the UAE's sukuk market and strengthen investor protection. The ISRs apply to (i) domestic issuers of *Shari'a*-compliant securities seeking to offer those securities either within or outside the UAE, and (ii) foreign issuers of certain *Shari'a*-compliant securities seeking to offer those securities into the UAE. The ISRs outline a number of key disclosure requirements that must be included in the offering document, a number of specific requirements in respect of the fatwa as well as the continuing obligations that apply to *Shari'a*-compliant securities, including the provision of an annual *Shari'a* report.

In February 2019, the SCA introduced new rules allowing UAE public joint stock companies to use technology to streamline governance procedures, including enabling shareholders to attend and vote in general meetings electronically and allowing public joint stock companies to call general meetings using text messages or emails. The rules also enhance rules on insider trading, directors' conflicts of interests and independence.

In March 2019, the SCA, the DFSA and the FSRA (the ADGM's financial services regulator) announced new fund passporting rules enabling UAE-wide promotion of investment funds licensed by the three financial markets regulators (both onshore and in the financial free zones of DIFC and ADGM), without the need for further authorisation or approval by any authority.

In October 2020, the operational and executive power of the SCA was transferred to local licensed stock markets.

On 1 June 2014, the UAE was included in MSCI Inc.'s ("**MSCI**") Emerging Markets Index which captures large and mid-cap representation across 26 emerging market countries. The MSCI Emerging Markets Index is based on the MSCI Global Investable Indexed Methodology – a comprehensive and consistent approach to index construction that allows for meaningful global views and cross regional comparisons across all market capitalisation size, sector and style segments and combinations.

Dubai Financial Market

The DFM, which is now, along with Nasdaq Dubai, owned by Borse Dubai, was established by the Government of Dubai in 2000 as an independent entity and operates as a market for the listing and trading of shares, bonds and investment units issued by companies, investment funds and other local or foreign financial institutions that conform to its listing requirements.

The DFM was upgraded to the MSCI Emerging Markets Index with effect from 1 June 2014, which has led to an increase in interest and investment from international institutional investors in Dubai. The DFM is regulated by the SCA.

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			
	2017	**2018**	**2019**	**2020**
Number of traded shares (billions)	82.5	45.4	40.0	65.5
Value of traded shares (AED billions)	115.1	59.7	53.1	65.6
Number of trades (millions)	1.1	0.6	0.6	0.9
Market capitalisation (AED billions)(period end)	394.0	343.3	375.5	341.5
DFM Index year-end index closing price (period end)	3,370	2,530	2,765	2,420

Sources: Dubai Statistics Centre, DFM.

Nasdaq Dubai

Nasdaq Dubai (formerly known as the Dubai International Financial Exchange or DIFX) commenced operations in September 2005. On 22 December 2009, DFM announced that it had made an offer to Borse Dubai Limited and the NASDAQ OMX Group to acquire Nasdaq Dubai. The offer was valued at U.S.$121 million and comprised U.S.$102 million in cash and 40 million DFM shares. The merger was approved by Borse Dubai Limited and the OMX Group and was completed on 11 July 2010. Subsequent to the transaction, both Nasdaq Dubai and DFM are operating as two distinct markets that are subject to different regulatory frameworks. Nasdaq Dubai is regulated by the DFSA.

Nasdaq Dubai's standards are comparable to those of leading international exchanges in New York, London and Hong Kong. Nasdaq Dubai allows regional and international issuers access to regional and international investors through primary or dual listings. Investors can access Nasdaq Dubai through a unique mix of regional and international brokers.

Nasdaq Dubai currently lists equities, equity derivatives, Dubai gold securities, structured products, sukuk and conventional bonds. As of November 2020, the total value of sukuk listed in Dubai was U.S.$74.05 billion, maintaining its position as one of the world's largest exchanges for sukuk by value.

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) in each of the years 2017, 2018, 2019 and 2020:

	For the year ended 31 December			
	2017	**2018**	**2019**	**2020**
Trading volume (millions)	273	165	151	189
Trading value (AED millions)	4,884	4,234	5,921	5,746
Number of transactions	29,518	26,882	40,724	16,345
Market capitalisation (AED millions)	82,822	57,496	44,220	3,436
FTSE Nasdaq Dubai UAE 20 year-end closing price	3,289	3,074	3,184	3,062

Sources: Dubai Statistics Centre, Nasdaq Dubai.

Abu Dhabi Securities Exchange

ADX was established by the Federal Government in November 2000 as an independent entity and operates as a market for trading securities, including shares issued by public joint stock companies, bonds or sukuks issued by governments or corporations, exchange traded funds, and any other financial instruments approved by the SCA.

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			
	2017	**2018**	**2019**	**2020**
Number of traded shares (millions)	28,241	15,408	31,052	21,831
Value of traded shares (AED millions)	48,089	39,642	113,636	72,771
Number of executed transactions	347,329	275,357	775,381	513,080

Sources: ADX.

ADX is classified an 'Emerging Market' by each of MSCI index (Morgan Stanley Capital International), S&P Dow Jones, FTSE, S&P and Russell Investments.

ADX has the authority to establish centres and branches outside the emirate of Abu Dhabi. To date it has done so in the emirates of Fujairah, Ras al Khaimah and Sharjah.

Insurance

The insurance sector plays an important role in the UAE economy, not only through its direct contribution to the economy but also by facilitating the operation of other sectors such as logistics, services, health and transport. The investment of premiums by the insurance sector in the UAE economy supports economic development and maintains positive competitiveness between insurance companies.

The insurance sector in the UAE is overseen by the Insurance Authority, which was established by Federal Law No. 6 of 2007 Regarding the Establishment of the Insurance Authority and Regulation of Insurance Operations (the "**Insurance Law**") as an independent authority with responsibility to organise and regulate the UAE insurance sector and to ensure implementation of international best standards in the insurance market. The Insurance Authority also monitors the solvency of insurance companies by applying laws and regulations aimed at protecting the rights of the beneficiaries of insurance policies. In September 2019, the Ministry of Justice issued a resolution forming a committee to investigate the potential merger of the Insurance Authority into the SCA, to form a single financial services regulator. The committee was responsible for identifying the implications of the merger and submitting its recommendations to the Cabinet, along with the proposed legislation. The merger between the two took place in July 2020.

In January 2015, the Insurance Authority issued new regulations governing the financial, technical, investment, and accounting operations of insurers operating in the UAE. The regulations aim to protect the rights of policyholders and shareholders of insurance companies, as well as protecting insurance companies from potential risks by monitoring the solvency of insurance companies and the integrity of their financial procedures. The regulations are also intended to promote the establishment of modern and advanced regulatory principles for the UAE insurance market in accordance with the best international practices.

Federal Law No. 3 of 2018 (the "**Insurance Law Amendment**") was issued in 2018 to amend certain provisions of the existing Insurance Law. It grants the Insurance Authority increased regulatory issuing powers and inspection powers, prohibits entities from combining life insurance and property and liability insurance operations and establishes the Emirates Insurance Association, a professional union that will regulate professional aspects of the insurance sector.

In July 2019, the Insurance Authority issued a resolution pursuant to the Insurance Law, providing for a system for settlement of insurance claims in the UAE. Pursuant to the resolution, new specialist insurance disputes committees were established with effect from October 2019, with the authority to settle and resolve insurance disputes between insureds, beneficiaries, and interested parties against insurers. In March 2020, the Insurance Authority issued a further resolution clarifying the jurisdiction of the disputes committees.

In November 2019, the Insurance Authority issued new regulations for life insurance and family takaful insurance. The new regulations are in line with international standards and improve disclosure and transparency for customers on the terms and conditions of life insurance policies. The new regulations also provide for a 30-day cooling-off period for customers as well as a cap on commissions payable to financial advisers, amongst other changes. The new regulations came into force on 16 October 2020.

In October 2020, the powers and responsibilities of the Insurance Authority were assumed by the UAE Central Bank. The UAE Central Bank now has the power to regulate and supervise the insurance sector as well as propose and implement legislation to regulate it. The UAE Central Bank is responsible for protecting the rights of the insured and monitoring the solvency of the UAE's insurance companies.

According to the UAE Central Bank, written premiums of all types of insurance amounted to AED 42.5 billion in 2020, a decrease of 3.5 per cent. compared to AED 44.0 billion in 2019.

As at 31 December 2020, there were 62 insurance companies operating in the UAE (comprising 35 national insurance companies and 27 foreign insurance companies) with a total employee count of 8,655, as well as 22 insurance agents, 166 insurance brokers (comprising 161 national brokers and five foreign brokers), 21 insurance consultants, 46 loss adjusters, 65 actuaries, 24 third-party administrators and two insurance policies price comparison websites.

The following table sets out the UAE total written premiums by value for each of the years 2017 to 2020:

	As at 31 December			
	2017	**2018**	**2019**	**2020**
		(AED Millions)		
General insurance premiums	33,079	31,748	32,535	32,166
Life insurance premiums	11,745	11,971	11,495	10,331
Total premiums	44,824	43,718	44,021	42,497

Source: UAE Central Bank

UAE Bankruptcy Law

In September 2016, Federal Decree Law No. 9 of 2016 Concerning Bankruptcy (the "**Bankruptcy Law**") was issued implementing new measures to safeguard the rights of creditors and debtors. The Bankruptcy Law offers creditors and debtors increased flexibility in dealing with financial distress, while ensuring certainty and security for business owners and investors. It primarily regulates commercial companies and traders. The Bankruptcy Law also sets out the procedures of bankruptcy aimed at assisting a debtor to reach reconciliation with its creditors pursuant to a plan of bankruptcy under the supervision of a court and assistance of a justice of the peace appointed in accordance with the provisions of the Bankruptcy Law.

In March 2018, pursuant to Cabinet Resolution No. 4 of 2018, the Financial Restructuring Committee was established, which is responsible for overseeing the implementation of the Bankruptcy Law. Among other things, the Financial Restructuring Committee is responsible for supervising out-of-court restructuring processes for licensed financial institutions, approving and managing the role of experts and trustees to oversee bankruptcy processes, and maintaining registers of disqualified directors and bankrupt companies inspected under the Bankruptcy Law.

UAE Insolvency Law

In November 2019, Federal Decree Law No. 19 of 2019 (the "**Insolvency Law**") came into effect. The Insolvency Law provides protections to individuals that are in financial distress and unable to settle their debts (as opposed to the Bankruptcy Law, which regulates commercial companies and sole traders). The Insolvency Law introduces the "voluntary settlement" process, which protects the debtor from insolvency by putting in place a settlement plan, while enabling the debtor to continue to have control over managing its estate and to carry out its activities during the settlement process. The Insolvency Law also provides streamlined insolvency procedures, which can either be initiated by the court (if it rejects or orders the voluntary settlement plan to be void), the insolvent debtor or creditors with claims amounting to AED 200,000 or more. Once the court issues an order to commence the insolvency proceedings, all debts, whether secured or not, become due and payable. The court may order, upon its discretion or based on the request of the debtor, the suspension of all criminal proceedings pertaining to any bounced cheques issued by the debtor and suspension of all enforcement and legal claims filed against the debtor. Proceeds of the liquidation of assets are distributed to creditors pursuant to their ranking.

PUBLIC FINANCE

Federal Government Finance

Government Financial Policy Coordination Council

The Government Financial Policy Coordination Council (the "**FPCC**") was formed by Cabinet Decision No. 39 of 2008. The FPCC coordinates the financial policies at the federal level. Members of the FPCC consist of the Undersecretary to the Ministry of Finance, representatives from the UAE local governments and a representative of the UAE Central Bank. The FPCC collects and prepares government financial statements at the state level and consolidates them in line with international standards. The FPCC also coordinates with the IMF, World Bank and other international financial institutions on applying standards and consolidating financial statements and also implements recommendations issued by the IMF on coordinating financial policies at the state level. Annual reports of work undertaken by the FPCC are submitted to the Cabinet.

The main tasks and responsibilities of the FPCC are as follows:

- overseeing the collection of government financial data and reports at state level;
- overseeing the preparation of government financial policies;
- seeking a mutual consultation on the balance sheet and budget at the state level;
- coordinating on policies related to increasing revenues and tax policies;
- coordinating on the identification of project financing mechanisms (lending or bond issuance);
- coordinating on the sovereign credit rating of the Federal Government and UAE local governments;
- seeking mutual consultation on emerging financial matters pertaining to the UAE's economy; and
- coordinating on requirements of Global Competitiveness Indicators and state-level government efficiency.

Federal Budget and Financial Information

The process for preparing the Federal Budget

The general budget is the financial programme of the Federal Government used to achieve economic and social development. This is accomplished through the optimal distribution and efficient use of resources within the framework of the federal strategy on the expected spending by federal authorities during the coming fiscal year, provided that income and expenditure are balanced.

According to the Federal Decree Law No. 26 of 2019, a separate budget for federal service authorities may be earmarked, and submitted to the Ministry of Finance for approval within budget law. Also, all federal authorities may - by virtue of a Cabinet resolution - be assigned to prepare a draft medium-term budget. The Cabinet resolution shall determine the budget's terms in years provided that it includes annual estimates for both income and expenditure as approved by the Ministry of Cabinet Affairs.

The Minister of Finance issues a circular that specifies the necessary steps for the preparation of the next year's draft budget during the third month of the present fiscal year. The circular includes a budget cap, approved strategic objectives, financial indicators, revenue forecast and the fixed deadline for submitting a draft budget to the Ministry of Finance. The Minister of Finance then issues another circular on closure of accounts and preparing the final account of the previous fiscal year.

Based on the general strategic objectives of the Federal Government (UAE Vision 2021), all ministries and federal authorities prepare plans for their annual budgets, under the supervision of the Cabinet. This is to ensure that these plans are in line with the overall vision of the country as a reference for sectoral plans and programmes. Each federal authority determines its programmes, plans and key performance indicators according to the strategic plan approved by the Cabinet within the budget cap. All authorities must also submit their initial forecasts for revenue and expenses allocated to chapters, line items, programmes and activities agreed upon, along with performance measures and efficiency indicators according to the circular issued by the Minister, which specifies submission deadlines. Based on the circular, the Ministry of Finance prepares an annual draft budget law and a draft resolution of the medium-term plan and submits it to the Ministry of Cabinet Affairs. The Ministry of Cabinet Affairs discusses and prepares both drafts for final approval which gets submitted to the Federal National Council. The Federal National Council then discusses and provides feedback on the draft and submits this to the Supreme Council for approval. The Supreme Council reviews the draft law along with the Federal National Council's feedback and notifies the Ministry of Finance on the readiness of its budget law. The budget law is then submitted to the Ministry of Finance which in turn informs all federal authorities regarding their allocations.

Five-year Federal Budget

The Federal Budget follows a medium-term budget cycle. The budget cycle lasts for five years and consists of a five-year budget strategy (the "**Five-year Federal Budget**"). Every five years the Five-year Federal Budget is reviewed and the strategy is amended based on the needs of the Federation.

In October 2016, the Cabinet approved the Five-year Federal Budget draft for 2017-2021, with an estimated spending of AED 247.3 billion over five years, making the UAE the first Arab country to prepare a periodic five-year budget. In coordination with the Ministry of Cabinet Affairs, the Ministry of Finance has cooperated with all federal entities to ensure that the developed plans and programmes are in line with the strategic plan for 2017-2021. Previously, the Cabinet term of the budget plan was three years but this was extended to five years for the 2017-2021 budget. The next budget will also be five years and will be from 2022-2026. The objectives of the Federal budgeting system are to identify main and complementary services for each Federal Government entity, compare similar activities in various government authorities, enhance performance efficiency and maximise the use of government spending and to promote the principles of transparency and the open data approach.

This Five-year Federal Budget is in line with the directives of Vice President and Prime Minister of the UAE and Ruler of Dubai, H.H. Sheikh Mohammed bin Rashid Al Maktoum, to prepare a budget draft with plans for every five years to improve the level of social services, and upgrade the smart services of the government with the aim of increasing UAE national satisfaction regarding the Federal Government's efforts to enhance the welfare, prosperity, happiness and security of community members.

The Annual Federal Budget

For each year during the five-year period, annual budgets are prepared by the Federal Government that are in line with the five-year strategy. The annual Federal Budget is prepared before the start of the next fiscal year. The fiscal year is composed of 12 months, starting from January 1 and ending on December 31 of each year. The Federal Government has measures in place to proactively review expenditures and direct them to strategic sectors, such as healthcare and education.

Federal Budget

The table below shows the Federal Government's annual Federal Budget for 2021 as well 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 as opposed to out of the Federal Budget. The below table shows revenues and expenditures for each of the years ended 31 December 2016, 2017, 2018, 2019 and 2020 as well as the budgeted revenues and expenditures for 2021. The 2021 Federal Budget (as defined below) data is as of 1 January 2021.

	For the year ended 31 December					
	2016	2017	2018	2019	2020	2021B[1]
	(AED Millions)					
Revenues and Grants						
Total revenues and grants	**47,494**	**48,501**	**52,290**	**65,416**	**49,947**	**53,103**
Taxes	5	4	2	14,321	8,290	8,102
Other revenues	29,999	30,459	34,250	37,707	31,201	26,697
Grants	17,490	18,038	18,038	13,388	10,456	18,304
Expenditures						
Total expenditures	**47,604**	**48,572**	**51,513**	**55,322**	**52,880**	**58,000**
Current expenditure	**46,829**	**47,922**	**50,346**	**51,317**	**51,117**	**55,857**
Wages and Benefits	16,564	17,260	17,752	16,918	16,847	22,601
Goods and Services	13,168	13,349	13,585	14,350	15,051	14,670
Interest	-	-	-	-	24	300
Subsidies	2,740	2,880	2,887	2,897	2,945	3,052
Grants	7,828	7,466	7,457	9,508	9,052	1,115
Social Benefits	4,113	4,375	4,469	4,581	4,625	4,644
Other Expenses	565	771	2,428	1,279	939	7,555
Assets	1,851	1,821	1,768	1,783	1,658	1,921
Investment expenditure	**775**	**650**	**1,167**	**4,006**	**1,763**	**2,143**
Surplus/Deficit	**(110)**	**(71)**	**777**	**10,093**	**(2,933)**	**(4,897)**

(1) Approved Budget 2021.

Federal Government Revenues

Since 2018, the Federal Government has worked towards diversifying and expanding its revenue base as well as reviewing its fee structures and other opportunities for revenue in order to maintain a sustainable revenue structure that aims to support the Federal Government's budget without burdening businesses and individuals. At the federal level, for the year ended 31 December 2020, revenue mainly consisted of other revenues (62.5 per cent.) (principally comprising dividend revenue from the EIA), grants (20.9 per cent.) and taxes (16.6 per cent.). Emirate contributions and grants, primarily from Abu Dhabi and Dubai, make up 30 to 35 per cent. of gross revenues in the Federal Budget. For the year ended 31 December 2020, contributions from Abu Dhabi were approximately AED 9.3 billion (18.6 per cent. of revenues) and contributions from Dubai were approximately AED 1.2 billion (2.4 per cent. of revenues). These figures reflect cash contributions received by Abu Dhabi and Dubai. In addition to the AED 9.3 billion in cash contributions from Abu Dhabi to the Federal Government, Abu Dhabi also provides direct funding for a number of Federal Government initiatives, which consist of, among other things, contributions to the UAE's defence, military and infrastructure projects. Abu Dhabi does not provide this funding to the Federal Budget but instead provides resources and/or funding directly to the Federal Government programmes or departments, as applicable. For the year ended 31 December 2020, Abu Dhabi provided an aggregate of AED 96.3 billion in contributions to the Federal Government, including both the cash grants to the Federal Budget discussed above as well as the direct funding of Federal Government initiatives that are not reflected in the Federal Budget.

Dividends and royalties (included within "other revenues"), are the largest source of revenues with tax revenues being the second largest. The dividends and royalties that the Federal Government receives are primarily from Etisalat. The introduction of the 5 per cent. VAT tax (approximately AED 25 billion), the introduction of a 50 per cent. excise tax on carbonated drinks and a 100 per cent. excise tax on tobacco products in 2019 has broadened the Federal Government's tax base, with the Federal Government retaining 30 per cent. of collected revenues from each of these taxes, with the remainder of the revenue being allocated among the relevant emirates.

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 and AED 777 million in 2019 and 2018, respectively.

Other Revenues

Other revenues consists primarily of dividends and royalties from EIA investments, principally, Etisalat. See "*—Federal Government Investments"*. Other revenues also consists of visas, fees, fines and other charges such as licensing charges, property income and the sale of goods and services.

Taxes

Given the introduction of Value Added Tax in 2018 (see "—*Taxation*" below), the UAE in 2020 saw a significant increase in taxes as a source of revenue.

In April and May 2020, in response to the COVID-19 pandemic, the Federal Government put a number of measures in place to reduce taxes on individuals and businesses. For example, in April 2020 the UAE Federal Tax Authority extended the tax period for excise tax registrants and extended deadlines for VAT filing and payments. In May 2020, the Federal Tax Authority extended the decision on banning the supply, transfer and storage of waterpipe tobacco and electrically heated cigarettes in the UAE that do not carry Digital Tax Stamps and the Ministry of Finance announced reduced fees for federal entities across the UAE. Most recently, in January 2021, the Cabinet issued Cabinet Decision No. 9/12 of 2020 concerning the temporary application of VAT at 0 per cent. on certain supplies and imports of medical equipment. The medical equipment refers to temporary zero-rating rules for personal protective equipment used for the protection of COVID-19 that was supplied or imported between 1 September 2020 to 28 February 2021. This was extended in April 2021 until 31 December 2021. In 2021, the Ministry of Finance has also reduced the administrative penalties for violations of tax laws in the UAE and extended the timeline for tax notification from 10 to 40 working days. The Federal Government does not expect these tax measures to impact revenues for 2021.

Grants

The Federal Government is partially funded by grants primarily from two of the largest emirates: Abu Dhabi (AED 9.3 billion; 18.6 per cent. of 2020 revenue from grants) and Dubai (AED 1.2 billion; 2.4 per cent. of 2020 revenue from grants) although each individual emirate is constitutionally obligated to provide grants to the Federal Government under Article 126 of the Constitution. A portion of Abu Dhabi's revenue helps the Federal Government cover security and defence expenditures as described above. These grants are set every five years as part of the five-year budget cycle. When preparing the five-year budget cycle, if it is anticipated that expenditures are expected to exceed revenues, the Federal Government engages in discussions with local emirates and asks for contributions to cover the shortfall. This is reviewed on an annual basis and if needed more money may be contributed in grants. These contributions are also reviewed on an annual basis as well in order to help maintain a balanced budget. If the emirates cannot provide enough grant funding to help maintain a balanced budget, the Federal Government reviews and adjusts expenditures. These grants have remained stable in recent years, except for when VAT was introduced. At this point, Abu Dhabi decreased the amount of grants it was providing to the Federal Government and that revenue was simultaneously replaced with VAT income. Dubai's contribution to grant revenue has been relatively stable for the most recent five-year period. For the next five-year period, grant revenue is expected to remain stable or increase based on budget requirements related to strategic Federal Government programmes.

Federal Government Expenditures

The Federal Government has prioritised expenditures related to public expenditures with a strong focus on key sectors such as health and education. The Ministry of Finance has reduced utilities (water and electricity tariffs) and fuel subsidies over time to contain spending. The Federal Government also has capital transfers to Federal Government related entities and aid payments. These grants include current or capital transfers from the Federal Government to government authorities, international organisations and foreign governments. International organisations that receive government grants include, amongst others, the International Fund for Economic Development, the OPEC Fund for International Development, the IMF, the International Bank for Reconstruction and Development and the Islamic Development Bank. The key Federal Government expenditures are wages and benefits and goods and services.

Wages and benefits consist of basic salaries, allowances and other related benefits for Federal Government employees.

Goods and services consist of current expenses which include, amongst other things, repairs and maintenance of Federal Government land and property, fuels, oils and energy for Federal Government property and other buildings services such as cleaning and gardening. Goods and services also covers, amongst other things, transport and spare parts for the maintenance of Federal Government vehicles, supplies and services for public support services, Federal Government telecommunications and computing, payments for tools and equipment for Federal Government use, federal agriculture expenses, education and training for Federal Government employees, tourism, insurance and defence security expenses.

The Federal Budget for the fiscal year 2021

The UAE has approved an annual Federal Budget of AED 53.1 billion for the fiscal year 2021 (the "**2021 Federal Budget**"). This amount reflects a decrease of 13.4 per cent. compared to the AED 61.35 billion budget of the fiscal year 2020. The 2021 Federal Budget has not been balanced at the outset and has higher expenditures than revenues. This reflects expenditures related to certain infrastructure projects, which will be funded by the amounts issued under the Programme (see "*Use of Proceeds*"). The expected proceeds to the Federal Budget from amounts issued under the Programme in 2021 and interest expense associated with any notes issued under the Programme have not been reflected in the 2021 Federal Budget but, going forward, in future years' budgets, the interest expense associated with notes issued pursuant to the Programme will be accounted for in the Federal Budget. The 2021 Federal Budget continues to focus on both social and economic development. The budget aims to expand development plans and projects to raise the standard of living for Emiratis and residents. A large share of the 2021 Federal Budget will be allocated to social development including social welfare, health and education. The 2021 Federal Budget is prepared on a cash basis. The 2021 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.

2021 Budgeted Revenues

For the year ending 31 December 2021, the Federal Government has budgeted AED 53,103 million for total revenues and grants. Within total revenues and grants, the Federal Government has budgeted AED 8,102 million related to tax revenues (15.3 per cent.), AED 26,697 million related to other revenues (which consists primarily of property income, sales of goods and services and other miscellaneous items) (50.3 per cent.) and AED 18,304 related to grants (34.0 per cent.). Other revenues is expected to decrease by AED 4,504 million in 2021 compared to 2020 where other revenues were AED 31,201 million (62.5 per cent. of revenues). Grants is expected to increase by AED 7,848 million in 2021 compared to 2020 where grants were AED 10,456 (20.9 per cent. of revenues).

In the six months ended 30 June 2021, the Federal Government had received AED 31,318 million in revenues.

2021 Budgeted Expenditures

For the year ending 31 December 2021, the Federal Government has budgeted for total expenditures in the amount of AED 58,000 million. The increase in expenditures compared to the year ended 31 December 2020 is primarily due to an expected increase in revenue sources and a greater number of tax collection intervals. Within the total expenditures, AED 55,857 million is budgeted for current expenditure and AED 2,143 million is budgeted for investment expenditure. The three largest contributions to current expenditure budget are from wages and benefits, goods and services and grants. Wages and benefits accounted for the largest total share of current expenditures in the budget (39.0 per cent.) followed by goods and services (25.3 per cent.) and other expenses (13.0 per cent.). Wages and benefits is budgeted at AED 22,601 million which would represent a 34.2 per cent. increase compared to 2020 primarily as a result of an expansion in employees and employee benefits. Goods and services is budgeted at AED 14,670 million, which would represent a 2.5 per cent. decrease compared to 2020. Grants for expenditure for 2021 are expected to be AED 1,115 million. The change in the amount of grant expenditures from 2020 to the expected amount in the 2021 Federal Budget was primarily the result of certain grant expenditures being reclassified into other expenditures line items in the 2021 Federal Budget, primarily the expenditures line items wages and benefits and other expenses. As a result of COVID-19, some expenditures for government programmes, particularly in relation to events, transportation and other administrative costs, have been reduced to try to maintain a balanced budget.

In the six months ended 30 June 2021, the Federal Government incurred AED 23,321 million in expenditures.

Federal Government Revenues and Expenditures for the fiscal years 2018-2020

For the year ended 31 December 2020, total revenues and grants on the Federal Government level amounted to AED 49,947 million. For the year ended 31 December 2019, total revenues and grants on the Federal Government level amounted to AED 65,416 million. For the year ended 31 December 2018, total revenues and grants on the Federal Government level amounted to AED 52,290 million.

Other revenues decreased by AED 6,506 million in 2020 compared to 2019 where other revenues were AED 37,707 (57.6 per cent. of revenues). This was primarily the result of the COVID-19 pandemic. Other revenues increased by AED 3,457 million in 2019 compared to 2018 where other revenues were AED 34,250 million (65.5 per cent. of revenues). This was primarily as a result of revenues from the Federal Authority for Identity and Citizenship ("**ICA**") being re-assigned to a new revenue class as well as tax revenues from 2018 and 2019. On average, the ICA provides AED 7.2 billion to AED 7.8 billion in revenue to the Federal Government per year.

Grants decreased by AED 2,932 million in 2020 compared to 2019 where grants were AED 13,388 million (20.5 per cent. of revenues). Grants also decreased by AED 4,650 million in 2019 compared to 2018 where grants were AED 18,038 (35.6 per cent. of revenues). The decrease in grants between 2018 and 2020 was primarily the result of a decrease in the cash contribution received by Abu Dhabi in response to the increase in VAT revenue received by the Federal Government.

For the year ended 31 December 2020, total expenditures on the Federal Government level amounted to AED 52,880 million. For the year ended 31 December 2019, total expenditures on the Federal Government level amounted to AED 55,322 million. For the year ended 31 December 2018, total expenditures on the Federal Government level amounted to AED 51,513 million.

Wages and benefits decreased by 0.4 per cent. in 2020 compared to 2019 due to a suspension of promotions and employee benefits as a result of the COVID-19 pandemic. Wages and benefits in 2019 decreased by 4.7 per cent. compared to 2018.

Goods and services increased by 4.9 per cent. in 2020 compared to 2019 due to an increase in medical expenses as a result of COVID-19. Medical expenses included management of therapeutic services, medical supplies, medical drugs and laboratory tools. Goods and services in 2019 increased by 5.6 per cent. compared to 2018.

Social benefits increased by 1.0 per cent. in 2020 compared to 2019 due to an increase in pensions and compensation paid to military personnel as well as an increase in the number of UAE nationals who are entitled to receive social benefits. Social benefits in 2019 increased by 2.5 per cent. compared to 2018.

Grants for expenditures include current or capital transfers from the Federal Government to government authorities, international organisations and foreign governments. In 2020, grants for expenditures decreased by 4.8 per cent. compared to 2019 due to a decrease in actual cash grants from Abu Dhabi and a decrease in expenditures as a result of COVID-19. Instead, Abu Dhabi increased funding to service grants outside the Federal Budget, which were provided directly from the Abu Dhabi Department of Finance to Federal entities. The funding was used to help implement Federal strategic programmes. Grants for expenditures in 2019 increased by 27.5 per cent. compared to 2018 as a result of the inclusion of grant payments to the Federal Authority for Identity and Citizenship being reflected in the "grants for expenditures" line item in 2019.

Other expenses in 2019 decreased by 47.3 per cent. compared to 2018. This primarily due to the reclassification of EIA payments from the "other expenses" line item to the "investment expenditure" line item in 2019.

Federal Government Investments

The Emirates Investment Authority ("**EIA**") is an integral part of the Federal Government and was established through Federal Decree Law No. 4 of 2007 as amended by Federal Decree Law No. 13 of 2009 and Federal Decree Law No. 11 of 2018. Its primary directive is to manage the sovereign wealth of the UAE by investing in a diversified portfolio of assets in key economic sectors and industries with the aim of delivering sustained financial gains and long-term value for the UAE. The EIA also supports and advises the Federal Government in matters pertaining to economic and industry policy.

The EIA is the only sovereign wealth fund of the Federal Government of the UAE and is the sole authority responsible for the investment and reinvestment of funds allocated by the Cabinet for investment purposes in order to generate viable returns that contribute to the provision of adequate resources for the Federal Budget. As a custodian of the federal assets of the UAE, the EIA is mandated to strategically invest funds allocated by the Federal Government to create long-term value for the UAE and contribute to the future prosperity of the country. The EIA's annual budget is presented by its Board of Directors to the Cabinet for approval. The Federal Government exercises oversight over the EIA through a Board of Directors. An executive committee approves all investment decisions and meets bi-monthly. The following general investment principles are designed to establish a framework for the operation of the EIA:

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

The Cabinet allocates appropriate funds to the EIA for investment, in strict accordance with its mandate and directives. The EIA's portfolio includes a number of key regional players across sectors, leaders in their respective industries. Two of the EIA's most notable investments are significant holdings in Etisalat (60 per cent.) and Du (50.12 per cent.), two of the more prominent telecommunications companies in the MENA region. The portfolio is diverse with a number of equity stakes across sectors and ranges from majority to strong-minority shareholding. For example, the EIA has invested in Al Masaraf (42.28 per cent.), Emirates Transport (100 per cent.) and Emirates Post (100 per cent.). Historically, the EIA has contributed the dividends from its portfolio companies to the Federal Budget. The two most significant dividend contributors historically have been Etisalat and Du. For more information related to the Federal Budget see "*Public Finance – Federal Budget*". Even though the EIA has contributed these dividends to the Federal Budget in the past, the EIA is under no legal obligation to do so and, if the EIA's funding model were to change, there would be no guarantee that the EIA would contribute these dividends to the annual Federal Budget.

The EIA's investment strategy and approach has developed and evolved significantly since its establishment in 2007. Given its mandate, asset base, and funding sources, the EIA is able to implement a truly long-term investment approach when allocating capital to its portfolio. This ability to invest for the long-term allows the EIA to operate using a different set of investment criteria from other investors. Backed by a strong and growing investment team, the EIA is able to identify and assess emerging investment opportunities, looking beyond short-term cycles to focus on more fundamental, long-term economic trends.

The investment team at the EIA works hand-in-hand with portfolio companies to support their respective growth plans and to improve their performance. The institution:

- actively participates as a member to the board of directors;
- assists in improving accountability, corporate governance and organisational oversight; and
- seeks to support and enhance management investment and decision-making skills and capabilities.

In doing so, the EIA contributes to the development of the portfolio companies, in order to protect and enhance value to achieve growth.

The EIA invests in listed equities, fixed income, private equity and other alternative investments. In particular, the EIA seeks to invest in strategic assets and endowments. The EIA has a right to subscribe to any new public joint-stock company incorporated in the UAE as per Article 127 of the CCL. The EIA's long-term objectives are to prudently grow the assets entrusted to it by the Ministry of Finance and to achieve a competitive return in line with its peers and its capital markets benchmarks. The EIA's two main pillars are (i) strategic assets, which are holdings in public and private corporations including Etisalat and Du; and (ii) asset management, which is the accumulated cash funding received from the Ministry of Finance.

The below table shows the EIA's asset allocation framework:

Asset Class	Minimum	Maximum
Public Equities	15%	35%
Fixed Income	10%	30%
Hedge Funds	5%	25%
Private Equity	10%	25%
Real Estate	3%	12%
Multi-Asset	5%	30%
Cash	0%	10%
Risk Hedging	0%	20%

The EIA's strategic assets ("**Portfolio Companies**") consist of small, medium and large equity stakes in several important companies and businesses across a mix of industrial and economic sectors. Currently, the EIA's strategic asset allocation is 58 per cent. alternatives, 29 per cent. equities, 12 per cent. fixed income and 1 per cent. cash. As an investment manager, the EIA has developed its own variety of ownership and investment models and frameworks. For example, the EIA is a 100 per cent. shareholder of certain strategic federal assets while in others it is a strong minority-shareholder alongside other investor(s). The EIA continuously builds on its established operating model. As such, the EIA operates in accordance with an active shareholder approach, in which the Portfolio Companies are classified and monitored based on the level of involvement required to maximise value creation from the assets. The EIA is a long-term shareholder in the Portfolio Companies. In all its shareholdings, the EIA aims to ensure that each investment reaches its maximum potential and returns.

The EIA's asset management portfolio is a globally diversified portfolio utilising the so-called endowment model. As a result, the EIA invests in multiple asset classes including equities, fixed income, and other alternatives. The expected return is determined by the returns of its underlying benchmarks and the capital markets it invests in. As of 31 December 2020, the 10-year annualised return of the EIA's portfolio, calculated on a time-weighted return basis, is 11.07 per cent. Having undertaken prudent investment strategies in accordance with global best practice, the EIA has built a now highly diversified investment portfolio, spread broadly across a variety of asset classes and investment instruments. All investments are carefully and thoroughly managed to ensure superior risk-adjusted returns and to deliver long-term and sustainable financial value and returns to the Federal Government. The EIA has a clearly defined and structured investment and risk management framework which includes a strategic asset allocation programme with a seven to 10 years' time horizon. Each year, the EIA formulates a policy portfolio designed to best capture current market trends and take advantage of the EIA's unique position as a truly long-term investor and source of capital. As such, the EIA follows an asset allocation approach that is intended to be in line with top-performing endowments globally. The EIA combines asset classes in such a way as to provide the highest expected return for a given level of risk.

The Ministry of Finance may apply up to 85 per cent. of the proceeds from Notes issued under the Programme for the purposes of investment by the EIA. For more information see "*Use of Proceeds*".

Taxation

The Constitution specifically reserves to the Federal Government the right to raise taxes on a federal basis for the purpose of funding its budget. The UAE does not levy income tax on individuals. However, it levies corporate tax on oil companies and foreign banks. Excise tax is levied on specific goods which are typically harmful to human health or the environment.

Excise Tax

Excise tax was introduced across the UAE in 2017. Excise tax is a form of indirect tax levied on specific goods which are typically harmful to human health or the environment. These goods are referred to as "excise goods". From 1 December 2019, the excise tax is levied on the following goods:

- carbonated drinks;
- energy drinks;
- tobacco and tobacco products;
- electronic smoking devices and tools;

- liquids used in such devices and tools; and
- sweetened drinks.

According to Cabinet Decision No. 52 of 2019 on Excise Goods, Excise Tax Rates and the Methods of Calculating the Excise Price, the rate of excise tax is as follows:

- 50 per cent. on carbonated drinks;
- 100 per cent. on tobacco products;
- 100 per cent. on energy drinks;
- 100 per cent. on electronic smoking devices;
- 100 per cent. on liquids used in such devices and tools; and
- 50 per cent. on any product with added sugar or other sweeteners.

The Federal Government levies an excise tax to reduce consumption of unhealthy and harmful commodities while also raising revenues for the Federal Government that can be spent on beneficial public services.

Under the Federal Decree Law No. 7 of 2017 on Excise Tax, registering for excise tax is the responsibility of any business engaged in:

- the import of excise goods into the UAE;
- the production of excise goods where they are released for consumption in the UAE;
- the stockpiling of excise goods in the UAE in certain cases; and
- anyone who is responsible for overseeing an excise warehouse or designated zone i.e. a warehouse keeper.

Value Added Tax

Pursuant to Federal Decree Law No. 8 of 2017 on Value Added Tax (the "**VAT Law**"), and in accordance with the consensus reached in November 2016 between the GCC states through the Common VAT Agreement of the States of the Gulf Cooperation Council, VAT on certain goods and services became effective across the UAE as of 1 January 2018. The VAT Law outlines, among other things, the tax rate, responsibility for tax and taxable goods and services.

The Federal Tax Authority is the authority responsible for managing and collecting VAT and related fines, distributing tax generated revenues and applying tax related procedures in force in the UAE.

Pursuant to the VAT Law, the VAT rate is currently fixed at 5 per cent. and the VAT Law also outlines specifically exempted sectors, zero-rated services and exempted designated zones. The VAT Law contemplates that the specific details relating to the application of VAT will be prescribed in supplementary implementing regulations issued from time to time. One such implementing regulation, issued by Cabinet Decision No. 59 of 2017, relates to the clarification of exempted designated free zones. These are fenced free zones with special controls on goods and services in which VAT will not apply and include seven free zones in Dubai: (1) Jebel Ali Free Zone (North-South); (2) Dubai Cars and Automotive Zone; (3) Dubai Textile City; (4) Free Zone Area in Al Quoz; (5) Free Zone Area in Al Qusais; (6) Dubai Aviation City; and (7) Dubai Airport Free Zone.

In January 2018, the Cabinet announced that distribution of the UAE's VAT revenues would be split on a 70:30 ratio between the UAE's local and federal governments. 70 per cent. of total VAT revenues would be distributed among the local governments and would primarily be used for facilitating services supporting UAE residents and enhancing community development. In 2020, the largest share of VAT revenues distributed to the individual emirates was allocated to Abu Dhabi (84 per cent. of the 70 per cent. allocated to the individual emirates) and Dubai (59 per cent. of the 70 per cent. allocated to the individual emirates). The balance of VAT revenues are used by the UAE Federal Government as part of the Federal Budget. In 2019, the Federal Government received 30 per cent. of VAT collections which amounted to AED 8 billion.

In 2020, the Federal Government received 30 per cent. of VAT collections which amounted to AED 6.2 billion. The decrease between 2020 and 2019 was the result of the 2018 VAT being collected in 2019.

Income Tax

The UAE does not levy income tax on individuals.

Corporate Tax

The UAE levies corporate tax on oil companies and foreign banks only. It has not yet applied corporate tax on other industries.

Businesses registered in the free zones are exempt from corporate tax for a certain time and such time can be extended. Rules and regulations of independent free zones apply.

Double Taxation

The UAE has 94 agreements in place with other nations to avoid double taxation on investments overseas. The agreements on the avoidance of double taxation are aimed to:

- promote the country's development goals and diversify its sources of national income;
- eliminate double taxation as well as additional, indirect taxes and tax evasion;
- eliminate any obstacles related to cross-border trade and investment flows;
- provide protection to taxpayers from double taxation, whether direct or indirect; and
- promote the exchange of goods and services and the free movement of capital.

Taxes in tourist facilities

Restaurants, hotels, hotel apartments, resorts etc. in the UAE might charge one or more of the following taxes:

- 10 per cent. room rate;
- 10 per cent. service charge;
- 10 per cent. municipality fees;
- city tax (ranging from 6 to 10 per cent.); and
- 6 per cent. tourism fee.

In Dubai, hotels charge "Tourism Dirham Fee" per room per night of occupancy (for a maximum of 30 consecutive nights) ranging from AED 7 to AED 20 depending on the category/grade of the hotel. In May 2016, it was announced that hotels in Abu Dhabi would charge a new additional fee of 4 per cent. of hotel stay bill and AED 15 charges per room per night. In Ras Al Khaimah, hotels charge AED 15 tourism fee per room per night. Revenue from these emirate-level taxes does not go to the Federal Government.

Relationship with the Individual Emirates

Despite a lack of financial flows, each of the emirates benefits significantly from a range of public services provided at the federal level including:

- basic education for UAE nationals;
- healthcare for UAE nationals;
- defence and foreign policy initiatives;
- some UAE-wide police and civil defence initiatives; and

- postal services.

In addition, the Federal Government maintains a large public works programme, which covers, in particular, infrastructure and housing.

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					
	2015	**2016**	**2017**	**2018**	**2019**	**2020***
			(AED Millions)			
Revenue	**281,261**	**403,295**	**401,164**	**477,735**	**476,472**	**367,865**
Taxes	160,031	108,588	162,253	213,034	228,540	151,184
Taxes on income, profits, and capital gains	10,478	11,796	13,781	15,060	13,122	6,983
Taxes on goods and services	138,278	86,095	138,711	189,501	206,653	137,003
Taxes on international trade and transactions	11,180	10,228	9,343	7,996	8,090	6,728
Other taxes	96	469	418	478	675	471
Social contributions	**4,297**	**4,730**	**4,622**	**4,836**	**4,584**	**12,908**
Other revenue	116,932	289,976	234,289	259,865	243,348	203,773
Property income	44,885	211,083	146,811	148,713	156,635	127,914
Interest	1,517	2,493	5,848	5,760	5,121	5,343
Dividends	18,145	196,964	132,281	133,648	142,328	112,152
Rent	25,223	11,625	8,682	9,306	9,187	10,419
Sales of goods and services	59,301	62,136	59,826	64,726	70,459	60,030
Fines, penalties, and forfeits	5,606	6,688	6,673	6,194	5,302	4,333
Transfers not elsewhere classified	7,140	10,069	20,978	40,231	10,952	11,495
Expense	**335,334**	**393,109**	**358,471**	**388,209**	**383,041**	**353,023**
Compensation of employees	63,010	65,225	76,069	83,235	107,722	109,995
Use of goods and services	59,800	62,272	90,930	86,608	119,428	105,210
Consumption of fixed capital	4,591	5,940	5,027	4,645	5,305	6,498
Interest	2,791	1,989	1,926	3,663	4,533	3,827
Subsidies	12,286	8,791	21,850	32,931	26,922	36,404
Grants	8,771	17,595	9,859	13,303	16,291	3,976
Social benefits	42,595	35,263	41,225	65,760	74,631	64,933
Other expense	141,490	196,033	111,587	98,065	28,209	22,180
Net operating balance	**(54,073)**	**10,186**	**42,693**	**89,526**	**93,430**	**14,842**

* Preliminary Data.

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

At the UAE level, the proportion of hydrocarbon revenues has declined significantly from 67.8 per cent. in 2014 to 42.4 per cent. of gross revenues in 2019. One change to note is that social contributions increased to AED 12,908 million in 2020 from AED 4,584 in 2019 due to the addition of Abu Dhabi pension fund coverage to the line item in 2020.

Between the years 2001 and 2008, UAE level revenues were characterised as a period of saving with strong oil prices and surplus used to build reserves. Between the years 2016 and 2020 aggregated UAE revenues were characterised by a period of fiscal adjustment, increasing non-oil revenues and fiscal stimulus to grow the economy.

In recent years, aggregated UAE expenditures have been controlled to offset low oil revenues, with a focus on key development projects. Recurrent expenditures comprise wages and salaries as well as payments for goods and services used by the various government departments. Government subsidies and capital transfers to related entities include government spending on wellbeing of the national population, subsidies, payments to other emirates, foreign aid payments and grants to wholly owned companies. Principal line items for social benefits and capital expenditures include housing and community centres, transport and communications and general administration. There are also a number of loan advances and equity participation payments that are provided to wholly owned companies on a UAE level. Aggregated UAE expenditures are characterised as being pro-cyclical spending in line with revenues and oil prices.

Indebtedness

Currently, the Federal Government has no indebtedness but the individual emirates do. The aggregate debt of the emirates is less than 30 per cent. of the UAE's GDP. The Federal Government does not guarantee or otherwise have any obligation in respect of this debt.

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 161.2 billion as at 31 December 2020, Sharjah's indebtedness which was approximately AED 41.3 billion as at 31 December 2020 and Dubai's indebtedness, which was AED 123.5 billion as at 30 June 2020.

Federal Debt Management

In October 2018, Federal Decree Law No. 9 of 2018 Concerning Public Debt (the "**Public Debt Law**") was issued. The Public Debt Law permits the Federal Government to issue sovereign debt through the sale of bonds or other debt instruments, which is intended to support the UAE Central Bank in liquidity management in the UAE banking system and is intended to help the UAE banking sector meet international liquidity rules, provide another level of funding for the Federal Government in achieving a diversified financing strategy, provide a Federal mechanism for financing infrastructure projects, cover governmental financial guarantees and emergency financial obligations and support, and develop financial markets in the UAE. The Public Debt Law further established that the total amount of outstanding UAE federal public debt shall not, at any time, exceed the amount determined by the Cabinet, at a maximum of 250 per cent. of the Federal Government's revenue. In addition, the Public Debt Law is intended to enable banks operating in the UAE to purchase government bonds in AED or foreign currencies, which is intended to help them comply with Basel III requirements. The Public Debt Law also expressly permits the Federal Government to provide guarantees on behalf of Federal Government authorities and corporations which are wholly owned by the Federal Government. Public debt that can be allocated for infrastructure projects cannot exceed 15 per cent. of the total outstanding public debt at any time.

The Public Debt Law further established a federal Public Debt Management Office in 2019, which has various support roles within the Ministry of Finance, including the following:

- responsibility for proposing public debt management strategies and policies in coordination with the UAE Central Bank, implementing the strategies and policies approved by the Cabinet, and providing recommendations on issuance of public debt instruments;

- monitoring financial risks as well as other risks associated with issuing and trading any public debt instruments, and proposing solutions to manage and control these risks;

- advising the Minister of Finance on investments involving any public debt surplus, identifying risk levels on borrowing or issuing any guarantees for government projects as well as playing an important role in the development of policies and procedures created to manage and reduce risks in the public debt portfolio;

- working closely with the UAE Central Bank with regard to the management of the issuance and sale operations of government bonds, treasury bills, and any other public debt instruments;

- setting short and long-term objectives for the UAE's public debt management;

- issuing reports on the management and implementation of public debt;

- preparing the annual debt issuance plan; and

- coordinating with UAE local governments in each emirate to support and develop a highly efficient primary and secondary financial market by issuing public debt instruments in the state, in which each UAE local government shall establish a public debt office if local public debt instruments are issued.

Decretal Law No. 11 of 2021 on Issuing Foreign Public Debt of the Federal Government further authorises the Minister of Finance to determine the purposes and terms of public debt to be issued in accordance with the public debt strategy of the Federal Government approved by the Cabinet for the years 2021-2023 (the "**Public Debt Strategy**").

As of the date of this Base Offering Circular, the Federal Government has not issued any debt under the Public Debt Law.

BOOK-ENTRY CLEARANCE SYSTEMS

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear or Clearstream, Luxembourg (together, the "**Clearing Systems**") currently in effect. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.*

Book-entry Systems

DTC

DTC has advised the Issuer that it is a limited purpose trust company organised under the New York Banking Law, a member of the Federal Reserve System, a "banking organization" within the meaning of the New York Banking Law, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to Section 17A of the Exchange Act. DTC holds securities that its participants ("**Direct Participants**") deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerised book-entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("**DTCC**"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to The Depository Trust Company System ("**DTC System**") is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**" and, together with Direct Participants, "**Participants**"). More information about DTC can be found at www.dtcc.com and www.dtc.org, but such information is not incorporated by reference in and does not form part of this Base Offering Circular.

Under the rules, regulations and procedures creating and affecting DTC and its operations (the "**DTC Rules**"), DTC makes book-entry transfers of Registered Notes among Direct Participants on whose behalf it acts with respect to Notes accepted into DTC's book-entry settlement system ("**DTC Notes**") as described below and receives and transmits distributions of principal and interest on DTC Notes. The DTC Rules are on file with the Securities and Exchange Commission. Direct Participants and Indirect Participants with which beneficial owners of DTC Notes ("**Owners**") have accounts with respect to the DTC Notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Notes through Direct Participants or Indirect Participants will not possess Registered Notes, the DTC Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest in respect of the DTC Notes.

Purchases of DTC Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Notes on DTC's records. The ownership interest of each actual purchaser of each DTC Note ("**Beneficial Owner**") is in turn to be recorded on the Direct Participant's and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Notes, except in the event that use of the book-entry system for the DTC Notes is discontinued.

To facilitate subsequent transfers, all DTC Notes deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorised representative of DTC. The deposit of DTC Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Notes; DTC's records reflect only the identity of the Direct

Participants to whose accounts such DTC Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the DTC Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to DTC Notes unless authorised by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an omnibus proxy to the Issuer as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Notes are credited on the record date (identified in a listing attached to the omnibus proxy).

Principal and interest payments on the DTC Notes will be made to Cede & Co., or such other nominee as may be requested by an authorised representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the relevant agent (or such other nominee as may be requested by an authorised representative of DTC), on the relevant payment date in accordance with their respective holdings shown in DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not of DTC or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct Participants and Indirect Participants.

Under certain circumstances, including if there is an Event of Default under the Notes, DTC will exchange the DTC Notes for definitive Registered Notes, which it will distribute to its Participants in accordance with their proportionate entitlements and which will be legended as set forth under "*Subscription and Sale and Transfer and Selling Restrictions*".

A Beneficial Owner shall give notice to elect to have its DTC Notes purchased or tendered, through its Participant, to the relevant agent, and shall effect delivery of such DTC Notes by causing the Direct Participant to transfer the Participant's interest in the DTC Notes, on DTC's records, to the relevant agent. The requirement for physical delivery of DTC Notes in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the DTC Notes are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered DTC Notes to the relevant agent's DTC account.

DTC may discontinue providing its services as depositary with respect to the DTC Notes at any time by giving reasonable notice to the Issuer or the relevant agent. Under such circumstances, in the event that a successor depositary is not obtained, DTC Note certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depositary). In that event, DTC Note certificates will be printed and delivered to DTC.

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Owner desiring to pledge DTC Notes to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Notes, will be required to withdraw its Registered Notes from DTC as described below.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective accountholders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an accountholder of either system.

Book-entry Ownership of and Payments in respect of DTC Notes

The Issuer may apply to DTC in order to have any Tranche of Notes represented by a Registered Global Note accepted in its book-entry settlement system. Upon the issue of any such Registered Global Note, DTC or its custodian will credit, on its internal book-entry system, the respective nominal amounts of the individual beneficial interests represented by such Registered Global Note to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealer. Ownership of beneficial interests in such a Registered Global Note will be limited to Direct Participants or Indirect Participants, including, in the case of any Regulation S Global Note, the respective depositaries of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in a Registered Global Note accepted by DTC will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments in U.S. dollars of principal and interest in respect of a Registered Global Note accepted by DTC will be made to the order of DTC or its nominee as the registered holder of such Note. In the case of any payment in a currency other than U.S. dollars, payment will be made to the Exchange Agent on behalf of DTC or its nominee and the Exchange Agent will (in accordance with instructions received by it) remit all or a portion of such payment for credit directly to the beneficial holders of interests in the Registered Global Note in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into U.S. dollars and credited to the applicable Participants' account.

The Issuer expects DTC to credit accounts of Direct Participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC unless DTC has reason to believe that it will not receive payment on such payment date. The Issuer also expects that payments by Participants to beneficial owners of Notes will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not the responsibility of DTC, the Principal Paying Agent, the Registrar or the Issuer. Payment of principal, premium, if any, and interest, if any, on Notes to DTC is the responsibility of the Issuer.

Transfers of Notes Represented by Registered Global Notes

Transfers of any interests in Notes represented by a Registered Global Note within DTC, Euroclear and Clearstream, Luxembourg will be effected in accordance with the customary rules and operating procedures of the relevant Clearing System clearing system. The laws in some States within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Notes represented by a Registered Global Note to such persons may depend upon the ability to exchange such Notes for Notes in definitive form. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Notes represented by a Registered Global Note accepted by DTC to pledge such Notes to persons or entities that do not participate in the DTC system or otherwise to take action in respect of such Notes may depend upon the ability to exchange such Notes for Notes in definitive form. The ability of any holder of Notes represented by a Registered Global Note accepted by DTC to resell, pledge or otherwise transfer such Notes may be impaired if the proposed transferee of such Notes is not eligible to hold such Notes through a Direct Participant or Indirect Participant in the DTC system.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described under "*Subscription and Sale and Transfer and Selling Restrictions*", cross-market transfers between DTC, on the one hand, and directly or indirectly through Clearstream, Luxembourg or Euroclear accountholders, on the other, will be effected by the relevant Clearing System in accordance with its rules and through action taken by the Registrar, the Principal Paying Agent and any custodian ("**Custodian**") with whom the relevant Registered Global Notes have been deposited.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Clearstream, Luxembourg and Euroclear and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Clearstream, Luxembourg or Euroclear and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream, Luxembourg and Euroclear, on the other, transfers of interests in the relevant Registered Global Notes will be effected through the Registrar, the Principal Paying Agent and the Custodian receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

DTC, Clearstream, Luxembourg and Euroclear have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Registered Global Notes among participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Issuer, the Agents or any Dealer will be responsible for any performance by DTC, Clearstream, Luxembourg or Euroclear or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations nor will the Issuer, any Agent or any Dealer have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial interests.

TAXATION

General

Prospective purchasers of Notes are advised to consult their tax advisers as to the consequences, under the tax laws of the countries of their respective citizenship, residence, ordinary residence or domicile, of a purchase of Notes, including, but not limited to, the consequences of receipt of payments under the Notes and their disposal or redemption. This summary is based upon the law as in effect on the date of this Base Offering Circular and is subject to any changes in law that might take effect after such date.

UAE Taxation

The following summary of the anticipated tax treatment in the UAE in relation to the payments on the Notes is based on the taxation law and practice in force at the date of this Base Offering Circular and does not constitute legal or tax advice and prospective investors should be aware that the relevant fiscal rules and practice and their interpretation may change. Prospective investors should consult their own professional advisers on the implications of subscribing for, buying, holding, selling, redeeming or disposing of Notes and the receipt of any payments with respect to such Notes under the laws of the jurisdictions in which they may be liable to taxation.

Under current legislation, there is no requirement for withholding or deduction for or on account of UAE taxation in respect of payments of interest or principal on debt securities (including the Notes). If any such withholding or deduction is required to be made, the Issuer has undertaken to gross-up any payments (subject to certain limited exceptions).

The Constitution specifically reserves to the Federal Government of the UAE the right to raise taxes on a federal basis for purposes of funding its budget. It is not known whether this right will be exercised in the future.

U.S. Federal Income Taxation

The following is a summary of certain U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes by a U.S. Holder (as defined below). This summary deals only with purchasers of Registered Notes that are U.S. Holders, acquire such Registered Notes at initial issuance and will hold the Registered Notes as capital assets (generally, property held for investment).

The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Notes by particular investors. In particular, this summary does not discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (including, without limitation: (i) financial institutions; (ii) insurance companies; (iii) dealers or traders in stocks, securities, or currencies or notional principal contracts; (iv) regulated investment companies; (v) real estate investment trusts; (vi) tax-exempt organisations; (vii) partnerships, pass-through entities, or persons that hold Notes through pass-through entities; (viii) investors that hold Notes as part of a straddle, hedge, conversion, constructive sale or other integrated transaction for U.S. federal income tax purposes; (ix) U.S. Holders that have a functional currency other than the U.S. Dollar; (x) persons required to accelerate the recognition of any item of gross income with respect to the Notes as a result of such income being recognised on an applicable financial statement; and (xi) U.S. expatriates and former long-term residents of the United States) all of whom may be subject to tax rules that differ significantly from those summarised below. This summary does not address U.S. federal estate, gift or alternative minimum tax considerations, Medicare contribution tax on net investment income considerations, or non-U.S., state or local tax considerations.

As used herein, the term "**U.S. Holder**" means a beneficial owner of Registered Notes that is for U.S. federal income tax purposes: (i) a citizen or individual resident of the United States, (ii) a corporation created or organised in or under the laws of the United States or any state thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source, or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust.

If a partnership (or any other entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds Notes, the tax treatment of a partner in such partnership generally will depend upon the status of the partner and the activities of the partnership. Any such partner or partnership should consult their tax advisers as to the U.S. federal income tax consequences to them of the acquisition, ownership and disposition of Notes.

This summary is based on the tax laws of the United States including the Internal Revenue Code of 1986 (the "**Code**"), its legislative history, existing and proposed regulations promulgated thereunder, published rulings and court decisions, all as currently in effect where applicable and all of which are subject to change at any time, possibly with retroactive effect. No rulings have been or will be sought from the U.S. Internal Revenue Service (the "**IRS**") with respect to any of the matters discussed below, and no assurance can be given that the views of the IRS or a court with respect to those matters will not differ from those described below.

INVESTORS SHOULD CONSULT THEIR TAX ADVISERS TO DETERMINE THE TAX CONSEQUENCES TO THEM OF ACQUIRING, OWNING AND DISPOSING OF REGISTERED NOTES, INCLUDING THE APPLICATION TO THEIR PARTICULAR SITUATION OF THE U.S. FEDERAL INCOME TAX CONSIDERATIONS DISCUSSED BELOW.

The Issuer generally intends to treat Notes issued under the Programme as debt, unless otherwise indicated in the supplemental U.S. federal income tax disclosure provided in a prospectus supplement or otherwise.

Payment of Interest

General

Interest on a Note held by a U.S. Holder, including the payment of any additional amounts with respect thereto whether payable in U.S. dollars or a currency other than U.S. dollars ("**foreign currency**" interest on a "**Foreign Currency Note**"), other than interest on a "Discount Note" that is not "qualified stated interest" (each as defined below under "*Original Issue Discount — General*"), will be taxable to such U.S. Holder as ordinary income at the time it is received or accrued, in accordance with the U.S. Holder's method of accounting for tax purposes. Interest paid by the Issuer on the Notes and original issue discount ("**OID**"), if any, accrued with respect to the Notes (as described below under "—*Original Issue Discount — General*") and payments of any additional amounts with respect thereto generally will constitute income from sources outside the United States subject to the rules regarding the foreign tax credit allowable to a U.S. Holder (and the limitations imposed thereon). Prospective purchasers should consult their tax advisers concerning the foreign tax credit implications of the payment of any foreign taxes with respect to the Notes (if applicable).

Pre-Issuance Accrued Interest

If a portion of the price paid for a Note is allocable to interest that accrued prior to the date the Note is issued ("**pre-issuance accrued interest**"), the Issuer intends to take the position that, on the first interest payment date, a portion of the interest received in an amount equal to any pre-issuance accrued interest will be treated as a return of the pre-issuance accrued interest and not as a payment of interest on the Note. Amounts treated as a return of pre-issuance accrued interest should not be taxable when received. The remainder of this discussion assumes that in determining the issue price of a Note and the amount paid for a Note, there will be excluded an amount equal to the pre-issuance accrued interest. U.S. Holders should consult their tax advisers with regard to the tax treatment of the pre-issuance accrued interest on a Note.

Original Issue Discount

General

The following is a summary of certain U.S. federal income tax consequences to a U.S. Holder of the ownership of Notes issued with OID. The following summary does not discuss Notes that are characterised as contingent payment debt instruments for U.S. federal income tax purposes ("**CPDIs**"). If Notes are issued that are characterized as CPDIs, supplemental U.S. federal income tax disclosure may be separately provided in a prospectus supplement or otherwise.

A Note, other than a Note with a term of one year or less (a "**Short-Term Note**"), will be treated as issued with OID (a "**Discount Note**") if the excess of the Note's "stated redemption price at maturity" (as defined below) over its issue price is at least a *de minimis* amount (generally, 0.25 per cent. of the Note's stated redemption price at maturity multiplied by the number of complete years to its maturity). An obligation that provides for the payment of amounts other than qualified stated interest before maturity (an "**instalment obligation**") generally will be treated as a Discount Note if the excess of the Note's stated redemption price at maturity over its issue price is equal to or greater than 0.25 per cent. of the Note's stated redemption price at maturity multiplied by the weighted average maturity of the Note. A Note's weighted average maturity is the sum of the following amounts determined for each payment on a Note (other than a payment of qualified stated interest): (i) the number of complete years from the issue date until the payment is made multiplied by (ii) a fraction, the numerator of which is the amount of the payment and the denominator of which is the Note's stated redemption price at maturity. Generally, the "**issue price**" of a Note under the applicable Pricing Supplement will be the first price at which a substantial amount of such Notes included in the issue of which the Note is a part is sold to persons other than bond houses, brokers, or similar persons or organisations acting in the capacity of underwriters, placement agents, or wholesalers. The "**stated redemption price**" at maturity of a Note is the total of all payments provided by the Note that are not payments of "qualified stated interest". A "**qualified stated interest**" payment generally is any one of a series of stated interest payments on a Note that are unconditionally payable in cash or in property (other than in debt instruments of the Issuer) at least annually at a single fixed rate, or a single qualifying variable rate, applied to the outstanding nominal amount of the Note. Solely for the purposes of determining whether a Note has OID, the Issuer will be deemed to exercise any call option that has the effect of decreasing the yield on the Note, and the U.S. Holder will be deemed to exercise any put option that has the effect of increasing the yield on the Note. Talk to your own advisers about the applicability of these rules to a particular Note.

If a Note has *de minimis* OID, a U.S. Holder must include the *de minimis* amount in income as stated principal payments are made on the Note, unless the U.S. Holder makes the election described below under "*—Election to Treat All Interest as Original Issue Discount*". A U.S. Holder can determine the includible amount with respect to each such payment by multiplying the total amount of the Note's *de minimis* OID by a fraction equal to the amount of the principal payment made divided by the stated nominal amount of the Note.

U.S. Holders of Discount Notes must include OID in income calculated on a constant yield method before the receipt of cash attributable to the income, and generally will have to include in income increasingly greater amounts of OID over the life of the Discount Notes. The amount of OID includible in income by a U.S. Holder of a Discount Note is the sum of the daily portions of OID with respect to the Discount Note for each day during the taxable year or the portion of the taxable year in which the U.S. Holder holds the Discount Note ("**accrued OID**"). The daily portion is determined by allocating to each day in any accrual period a *pro rata* portion of the OID allocable to that accrual period. Accrual periods with respect to a Note may be of any length selected by the U.S. Holder and may vary in length over the term of the Notes as long as (i) no accrual period is longer than one year and (ii) each scheduled payment of interest or principal on the Note occurs on either the final or first day of an accrual period. The amount of OID allocable to an accrual period equals the excess of (a) the product of the Discount Note's adjusted issue price at the beginning of the accrual period and the Discount Note's yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (b) the sum of the payments of qualified stated interest on the Note allocable to the accrual period. The "**adjusted issue price**" of a Discount Note at the beginning of any accrual period is the issue price of the Note increased by (x) the amount of accrued OID for each prior accrual period and decreased by (y) the amount of any payments previously made on the Note that were not qualified stated interest payments.

Acquisition Premium

A U.S. Holder that purchases a Discount Note for an amount less than or equal to the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, but in excess of its adjusted issue price (any such excess being "**acquisition premium**") and that does not make the election described below under "*— Election to Treat All Interest as Original Issue Discount*", is permitted to reduce the daily portions of OID by a fraction of such daily portion of OID, the numerator of which is the excess of the U.S. Holder's adjusted basis in the Note immediately after its purchase over the Note's adjusted issue price, and the denominator of which is the excess of the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, over the Note's adjusted issue price.

Election to Treat All Interest as Original Issue Discount

A U.S. Holder may elect to include in gross income all interest that accrues on a Note using the constant yield method described above under *"— General*", with certain modifications. For purposes of this election, interest includes stated interest, OID, *de minimis* OID, market discount, *de minimis* market discount and unstated interest, as adjusted by any amortisable bond premium (described below under "*Notes Purchased at a Premium*") or acquisition premium. If a U.S. Holder makes this election for the Note, then, when the constant yield method is applied, the issue price of the Note will equal the U.S. Holder's adjusted basis immediately after its acquisition of the Note, the issue date of the Note will be the date of acquisition, and no payments on the Note will be treated as payments of qualified stated interest. This election generally will apply only to the Note with respect to which it is made and may not be revoked without the consent of the IRS. However, if the Note has amortisable bond premium, the U.S. Holder will be deemed to have made an election to apply amortisable bond premium against interest for all debt instruments with amortisable bond premium, other than debt instruments the interest on which is excludible from gross income, held as of the beginning of the taxable year to which the election applies or any taxable year thereafter. If the election to apply the constant yield method to all interest on a Note is made with respect to a Market Discount Note, the electing U.S. Holder will be treated as having made the election discussed below under "— *Market Discount*" to include market discount in income currently over the life of all debt instruments with market discount held or thereafter acquired by the U.S. Holder. U.S. Holders should consult their tax advisers concerning the propriety and consequences of this election.

Short-Term Notes

In general, an individual or other cash basis U.S. Holder of a Short-Term Note is not required to accrue OID (calculated as set forth below for the purposes of this paragraph) for U.S. federal income tax purposes unless it elects to do so (but should be required to include any stated interest in income as the interest is received). Accrual basis U.S. Holders and certain other U.S. Holders are required to accrue OID on Short-Term Notes on a straight line basis or, if the U.S. Holder so elects, under the constant yield method (based on daily compounding). In the case of a U.S. Holder not required and not electing to include OID in income currently, any gain realised on the sale or other disposition of the Short-Term Note will be ordinary income to the extent of the OID accrued on a straight line basis (or a constant yield basis if an election is made to accrue the OID under the constant yield method) through the date of sale or other disposition. U.S. Holders who are not required and do not elect to accrue OID on Short-Term Notes will be required to defer deductions for interest on borrowings allocable to Short-Term Notes in an amount not exceeding the deferred income until the deferred income is realised.

For purposes of determining the amount of OID subject to these rules, all interest payments on a Short-Term Note are included in the Short-Term Note's stated redemption price at maturity. A U.S. Holder may elect to determine OID on a Short-Term Note as if the Short-Term Note had been originally issued to the U.S. Holder at the U.S. Holder's purchase price for the Short-Term Note. This election shall apply to all obligations with a maturity of one year or less acquired by the U.S. Holder on or after the first day of the first taxable year to which the election applies, and may not be revoked without the consent of the IRS.

Market Discount

A Note, other than a Short-Term Note, generally will be treated as purchased at a market discount (a "**Market Discount Note**") if the Note's stated redemption price at maturity or, in the case of a Discount Note, the Note's revised issue price, exceeds the amount for which the U.S. Holder purchased the Note by at least 0.25 per cent. of the Note's stated redemption price at maturity or revised issue price, respectively, multiplied by the number of complete years to the Note's maturity (or, in the case of a Note that is an instalment obligation, the Note's weighted average maturity). If this excess is not sufficient to cause the Note to be a Market Discount Note, then the excess constitutes *de minimis* market discount. For this purpose, the revised issue price of a Note generally equals its issue price, increased by the amount of any OID that has accrued on the Note and decreased by the amount of any payments previously made on the Note that were not qualified stated interest payments.

Any gain recognised on the maturity or disposition of a Market Discount Note (including any payment on a Note that is not qualified stated interest) will be treated as ordinary income to the extent that the gain does not exceed the accrued market discount on the Note. Alternatively, a U.S. Holder of a Market Discount Note may elect to include market discount in income currently over the life of the Note. This election shall apply to all debt instruments with market discount acquired by the electing U.S. Holder on or after the first day of the first taxable year to which the election applies. This election may not be revoked without the consent of the IRS.

Market discount will accrue on a straight line basis unless the U.S. Holder elects to accrue the market discount on a constant yield method. This election applies only to the Market Discount Note with respect to which it is made and is irrevocable.

Notes Purchased at a Premium

A U.S. Holder that purchases a Note for an amount in excess of its nominal amount, or for a Discount Note, its stated redemption price at maturity, may elect to treat the excess as "amortisable bond premium", in which case the amount required to be included in the U.S. Holder's income each year with respect to interest on the Note will be reduced by the amount of amortisable bond premium allocable (based on the Note's yield to maturity) to that year. Any election to amortise bond premium shall apply to all bonds (other than bonds the interest on which is excludable from gross income for U.S. federal income tax purposes) held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and is irrevocable without the consent of the IRS. See also "*Election to Treat All Interest as Original Issue Discount*" above. A U.S. Holder that does not elect to take bond premium (other than acquisition premium) into account currently will recognise a capital loss when the Note matures.

Sale or Other Disposition of Notes

Generally

A U.S. Holder's tax basis in a Note generally will be its cost, increased by the amount of any OID or market discount included in the U.S. Holder's income with respect to the Note reduced by (i) the amount of any payments other than qualified stated interest payments, and (ii) the amount of any amortisable bond premium applied to reduce interest on the Note.

A U.S. Holder generally will recognise gain or loss on the sale or other disposition of a Note equal to the difference between the amount realised on the sale or other disposition and the tax basis of the Note. Except to the extent described above under "*—Market Discount*" or "*—Short-Term Notes*" or attributable to accrued but unpaid qualified stated interest or changes in exchange rates (as discussed below), gain or loss recognised on the sale or other disposition of a Note will be capital gain or loss and generally will be treated as from U.S. sources for purposes of the U.S. foreign tax credit limitation. In the case of a U.S. Holder that is an individual, estate or trust, the maximum marginal federal income tax rates applicable to capital gain are currently lower than the maximum marginal rates applicable to ordinary income if the Notes have been held for more than one year at the time of the sale or other disposition. The deductibility of capital losses is subject to significant limitations.

Benchmark Amendments

If the reform or elimination of any benchmark rate requires the manner of which interest is calculated on a note to be altered, that may result in a deemed exchange of old notes for new notes, which may be taxable to U.S. Holders, and may affect the calculation of OID. Recently proposed Treasury regulations provide additional circumstances under which the replacement of a benchmark rate would not be treated as a deemed exchange and would not affect the calculation of OID, provided certain conditions are met. It cannot be determined at this time whether the final Treasury regulations on this issue will contain the same standards as the proposed Treasury regulations. U.S. Holders should consult with their tax advisers regarding the potential consequences of a Benchmark Event.

Foreign Currency Notes

Interest and OID

If an interest payment is denominated in, or determined by reference to, a foreign currency, the amount of income recognised by a cash basis U.S. Holder will be the U.S. dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars. An accrual basis U.S. Holder may determine the amount of income recognised with respect to a Foreign Currency Note in accordance with either of two methods.

Under the first method, the amount of income accrued will be based on the average exchange rate in effect during the interest accrual period (or, in the case of an accrual period that spans two taxable years of a U.S.

Holder, the part of the period within the taxable year). Under the second method, the U.S. Holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year). Additionally, if the last day of the accrual period is within five business days of the date of receipt of the accrued interest, a U.S. Holder that has made such election may translate accrued interest using the spot rate of exchange in effect on the date of receipt. The above election will apply to all debt obligations held by such U.S. Holder and may not be changed without the consent of the IRS. A U.S. Holder will recognize, as ordinary income or loss, foreign currency exchange gain or loss with respect to accrued interest income on the date the interest is actually or constructively received, reflecting fluctuations in currency exchange rates between the spot rate of exchange used to determine the accrued interest income for the relevant accrual period and the spot rate of exchange on the date such interest is actually or constructively received.

OID for each accrual period on a Discount Note that is denominated in, or determined by reference to, a foreign currency, will be determined in the foreign currency and then translated into U.S. dollars in the same manner as stated interest accrued by an accrual basis U.S. Holder, as described above. Upon receipt of an amount attributable to OID (whether in connection with a payment of interest or the sale or other disposition of the Note), a U.S. Holder may recognise foreign exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

Market Discount

Market discount on a Note that is denominated in, or determined by reference to, a foreign currency, will be accrued in the foreign currency. If the U.S. Holder elects to include market discount in income currently, the accrued market discount will be translated into U.S. dollars at the average exchange rate for the accrual period (or portion thereof within the U.S. Holder's taxable year). Upon the receipt of an amount attributable to accrued market discount, the U.S. Holder may recognise U.S. source exchange gain or loss (which will be taxable as ordinary income or loss) determined in the same manner as for accrued interest or OID. A U.S. Holder that does not elect to include market discount in income currently will recognise, upon the disposition or maturity of the Note, the U.S. dollar value of the amount accrued, calculated at the spot rate on that date, and no part of this accrued market discount will be treated as exchange gain or loss.

Bond Premium

Bond premium (including acquisition premium) on a Note that is denominated in, or determined by reference to, a foreign currency, will be computed in units of the foreign currency, and any such bond premium that is taken into account currently will reduce interest income in units of the foreign currency.

On the date bond premium offsets interest income, a U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the amount of offset multiplied by the difference between the spot rate in effect on that date, and the spot rate in effect on the date the Notes were acquired by the U.S. Holder. A U.S. Holder that does not elect to take bond premium (other than acquisition premium) into account will generally recognise a capital loss to the extent of the bond premium when the Note matures.

Sale or Other Disposition of Notes

A U.S. Holder's tax basis in a Foreign Currency Note will be determined by reference to the U.S. dollar cost of the Note.

The amount realised on the sale, exchange, redemption or retirement of a Note denominated in a Foreign Currency is treated as currency exchange gain or loss to the extent attributable to fluctuations in exchange rates between the time the Note was acquired and the date of disposition. This exchange gain or loss will equal the difference between the U.S. dollar value of the nominal amount of the Notes on the date of disposition or receipt of redemption proceeds, as applicable, and the U.S. dollar value of the nominal amount on the date the U.S. Holder acquired the Note. This exchange gain or loss will be realised only to the extent of the total gain or loss realised by a U.S. Holder on the disposition or retirement of the Note and will be treated as ordinary income or loss. Aggregate gain or loss in excess of exchange gain or loss on a Note will generally be treated as U.S. source capital gain or loss.

Foreign Tax Credit Considerations

If UAE-taxes were to be imposed on payments with respect to the Notes, see "*Taxation—UAE Taxation*", subject to applicable limitations and holding period requirements, a U.S. Holder may be eligible to elect to claim a credit against its U.S. federal income tax liability for any such UAE taxes. A U.S. Holder that does not claim a U.S. foreign tax credit generally may instead claim a deduction for any such UAE taxes, but only for any taxable year in which such U.S. Holder elects to do so with respect to all non-U.S. income taxes. The rules relating to foreign tax credits are very complex, and each U.S. Holder should consult its own tax advisers regarding the application of such rules and the creditability or deductibility of any UAE taxes.

Backup Withholding and Information Reporting

Information returns may be filed with the IRS in connection with payments of interest and accrued OID in respect of the Notes and the proceeds from sale, exchange or disposition of the Notes held by a U.S. Holder unless the U.S. Holder establishes, if required, that it is exempt from the information reporting rules, for example by properly establishing that it is a corporation. If the U.S. Holder does not establish that it is exempt from these rules, the U.S. Holder may be subject to backup withholding on these payments if it fails to provide a taxpayer identification number or otherwise comply with the backup withholding rules.

The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the U.S. Holder's U.S. federal income tax liability and may entitle the U.S. Holder to a refund, **provided that** the required information is timely furnished to the IRS.

U.S. Holders should consult their advisers regarding any tax reporting or filing requirements they may have as a result of the acquisition, ownership or disposition of the Notes. Failure to comply with certain reporting or filing obligations could result in the imposition of substantial penalties.

The proposed financial transactions tax (FTT)

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including: (a) by transacting with a person established in a participating Member State; or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU member states may decide to participate.

Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

CERTAIN ERISA CONSIDERATIONS

General

The U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), imposes requirements on "employee benefit plans" within the meaning of Section 3(3) of ERISA that are subject to Title I of ERISA, such as pension plans, profit-sharing plans, collective investment funds and separate accounts whose underlying assets include the assets of such employee benefit plans (each, an "**ERISA Plan**"), and on those persons who are fiduciaries with respect to ERISA Plans. ERISA also imposes limits on transactions between ERISA Plans and the ERISA Plan's service providers or other related parties.

Each fiduciary of an ERISA Plan should consider ERISA and the regulations and guidance thereunder when considering an investment in the Notes. Fiduciaries of ERISA Plans, as well as other "plans" and arrangements within the meaning of Section 4975(e)(1) of the Code that are subject to Section 4975 of the Code, such as individual retirement accounts or "Keogh" plans (together with ERISA Plans, "**Plans**"), should also consider, among other items, the issues described below when deciding whether to invest in the Notes.

THIS BASE OFFERING CIRCULAR IS NOT WRITTEN FOR ANY PARTICULAR PROSPECTIVE INVESTOR, AND IT DOES NOT ADDRESS THE NEEDS OF ANY PARTICULAR PROSPECTIVE INVESTOR. NONE OF THE ISSUER, THE ARRANGERS, THE DEALERS, THE AGENTS OR THEIR RESPECTIVE AFFILIATES HAS UNDERTAKEN TO PROVIDE IMPARTIAL INVESTMENT ADVICE OR TO GIVE ADVICE IN A FIDUCIARY CAPACITY, AND NONE OF THESE PARTIES HAS OR SHALL PROVIDE ANY ADVICE OR RECOMMENDATION WITH RESPECT TO THE MANAGEMENT OF ANY INVESTMENT OR THE ADVISABILITY OF ACQUIRING, HOLDING, DISPOSING OR EXCHANGING OF SUCH INVESTMENT. THE FOLLOWING DISCUSSION IS GENERAL IN NATURE, IS NOT INTENDED TO BE ALL INCLUSIVE AND SHOULD NOT BE CONSTRUED AS LEGAL ADVICE. EACH FIDUCIARY OF A PLAN SHOULD TALK TO ITS LEGAL ADVISER ABOUT THE CONSIDERATIONS DISCUSSED IN THIS SECTION BEFORE INVESTING IN THE NOTES. APPLICABLE LAWS GOVERNING THE INVESTMENT AND MANAGEMENT OF THE ASSETS OF GOVERNMENTAL, CERTAIN CHURCH OR NON-U.S. PLANS MAY ALSO CONTAIN FIDUCIARY AND PROHIBITED TRANSACTION REQUIREMENTS. ACCORDINGLY, FIDUCIARIES OF SUCH PLANS, IN CONSULTATION WITH THEIR ADVISERS, SHOULD CONSIDER THE IMPACT OF SUCH LAWS ON AN INVESTMENT IN THE NOTES.

Fiduciary Duty of Investing ERISA Plans

Under ERISA, a person who exercises discretionary authority or control regarding the management or disposition of an ERISA Plan's assets is generally considered a fiduciary of such ERISA Plan. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, which should be taken into account with regards to each ERISA Plan's particular facts and circumstances. In considering an investment of an ERISA Plan's assets in the Notes, the ERISA Plan's fiduciary should determine, particularly in light of the risks and limited liquidity inherent in an investment in the Notes, whether the investment would: (i) satisfy the diversification requirements of Section 404(a)(1)(C) of ERISA; (ii) be in accordance with the documents and instruments governing the ERISA Plan pursuant to Section 404(a)(1)(D) of ERISA; and (iii) be prudent with respect to the Programme's structure and the nature of its proposed investments. When evaluating the prudence of an investment, the ERISA Plan's fiduciary should consider the U.S. Department of Labor (the "**DOL**") regulation on investment duties, which can be found at 29 C.F.R. § 2550.404a-1.

ERISA requires an ERISA Plan's fiduciary to maintain indicia of ownership for the ERISA Plan's assets within the jurisdiction of the U.S. Federal District Courts. Fiduciaries of ERISA Plans should also consider ERISA's rules relating to delegation of control, and whether an investment in the Notes might constitute or give rise to a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code.

Administrators of ERISA Plans that invest in the Notes may be required to report compensation, including indirect compensation, paid in connection with the ERISA Plan's investment in the Notes on Schedule C of Form 5500 (Annual Return/Report of Employee Benefit Plan). The descriptions in this Base Offering Circular of fees and compensation, including the fees paid to the Dealers, are intended to satisfy the disclosure requirement for "eligible indirect compensation", for which an alternative reporting procedure on Schedule C of Form 5500 may be available.

Prohibited Transaction

Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of a Plan and persons and their affiliates that have certain relationships to the Plan, including the Plan's fiduciaries and other service providers (referred to as "parties in interest" under Section 3(14) of ERISA and "disqualified persons" under Section 4975 of the Code, and collectively, "**Parties in Interest**"). Regardless of whether the underlying assets of the Issuer are deemed to include the assets of a Plan, an investment in the Notes by a Plan with respect to which any of the Issuer, the Arrangers, the Dealers, the Agent or their respective affiliates (each, a "**Transaction Party**") is considered a Party in Interest may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA or Section 4975 of the Code, unless a statutory or administrative exemption is applicable to the transaction.

The Transaction Parties may be Parties in Interest with respect to many Plans. The applicability of any exemption to the prohibited transaction rules will depend in part on the type of fiduciary making the decision to invest in the Notes and the circumstances under which such decision is made. Included among the exemptions are the statutory exemption of Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code (relating to purchase and sale of securities and related lending transactions, provided that neither the issuer of the securities nor its affiliate has or exercises any discretionary authority or control or renders any investment advice with respect to the assets of any Plan involved in the transaction (in other words, not a fiduciary) and provided further that the Plan pays no more than, and receives no less than, "adequate consideration" in connection with the transaction) and the administrative exemptions of Prohibited Transaction Class Exemption ("**PTCE**") 91-38 (relating to investments made by bank collective investment funds), PTCE 84-14 (relating to transactions effected by independent "qualified professional asset managers"), PTCE 95-60 (relating to transactions involving insurance company general accounts), PTCE 90-1 (relating to investments by insurance company pooled separate accounts) and PTCE 96-23 (relating to transactions determined by certain "in-house asset managers"). Each fiduciary of a Plan that proposes to invest in the Notes should consider, among other things, whether such investment would involve: (i) a direct or indirect extension of credit to a Party in Interest; (ii) a sale or exchange of any property between a Plan and a Party in Interest; or (iii) a transfer to, or use by or for the benefit of, a Party in Interest of the Plan's assets. In this regard, there can be no assurance that any of these or other exemptions will be available with respect to any particular transaction involving an investment in the Notes. Most of the exemptions do not provide relief from some or all of the self-dealing prohibitions under Section 406 of ERISA or Section 4975 of the Code.

Each fiduciary of a Plan that has engaged in a prohibited transaction may be required to, among other potential actions: (i) restore to the Plan any profit realized on the transaction; (ii) reimburse the Plan for any losses suffered by the Plan as a result of the transaction; or (iii) unwind the transaction. Under Section 4975 of the Code, a Party in Interest may be required to pay excise taxes based on the amount involved in the transaction (including a 100% excise tax if the transaction is not corrected within a certain time period).

The Plan Asset Regulation

Under the DOL regulation at 29 C.F.R. § 2510.3-101, as modified by Section 3(42) of ERISA (the "**Plan Asset Regulation**"), when a Plan invests in an "equity interest" of an entity (which is defined as an interest other than an instrument that is treated as indebtedness under applicable local law and which has no substantial equity features) that is neither a publicly offered security nor a security issued by an investment company registered under the U.S. Investment Company Act of 1940, the Plan's assets include both the equity interest and an undivided interest in each of the entity's underlying assets unless it is established that the entity is an "operating company" or that equity participation by "Benefit Plan Investors" is not "significant".

Under the Plan Asset Regulation, an "operating company" is defined as an entity that is primarily engaged, directly or through a majority owned subsidiary or subsidiaries, in the production or sale of a product or service other than the investment of capital. A "**Benefit Plan Investor**" includes: (i) a Plan; or (ii) any person or entity whose underlying assets include, or are deemed to include under the Plan Asset Regulation or otherwise for purposes of Title I of ERISA or Section 4975 of the Code, "plan assets" by reason of a Plan's investment in the person or entity. Equity participation by Benefit Plan Investors in an entity is "significant" under the Plan Asset Regulation if, immediately after the most recent acquisition of any equity interest in the entity, 25% or more of the value of any class of equity interests in the entity is held by Benefit Plan Investors, excluding for purposes of this calculation the value of equity interests held by: (i) persons, other than Benefit Plan Investors, that have discretionary authority or control over the assets of the entity, or that provide investment advice with respect to such assets for a fee, directly or indirectly; or

(ii) "affiliates" of the foregoing (i) persons (with respect to the Issuer's assets, a "**Controlling Person**"). For these purposes, an "affiliate" of a person, as defined in paragraph (f)(3) of the Plan Asset Regulation, includes any person, directly or indirectly, through one or more intermediaries, "controlling", "controlled" by, or under common "control" with the person, and "control", with respect to a person other than an individual, means the power to exercise a controlling influence over the management or policies of such person. It must be true immediately after each acquisition, transfer or disposition of the Notes that less than 25% of the value of any class of equity interests in the Issuer is held by Benefit Plan Investors (excluding any holdings by Controlling Persons) in order for the assets of the Issuer to not be treated as "plan assets".

Similar Plans

"Governmental plans" within the meaning of Section 3(32) of ERISA, "church plans" within the meaning of Section 3(33) of ERISA that have made no election under Section 410(d) of the Code and non-U.S. plans described in Section 4(b)(4) of ERISA, while not subject to the fiduciary responsibility and prohibited transaction provisions of Title I of ERISA and Section 4975 of the Code, may nevertheless be subject to a U.S. federal, state, local or non-U.S. law or regulation that contains one or more provisions that are similar to the foregoing provisions of ERISA and the Code ("**Similar Law**").

Representations and Warranties

[Each prospective investor in the Notes will be required to acknowledge, represent and agree (and in the case of a Registered Global Note deemed to have acknowledged, represented and agreed) that either: (a) it is not a Benefit Plan Investor or a plan subject to any Similar Law; or (b) its acquisition, holding and disposition of the Notes will not result in or constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation of any applicable Similar Law.

Each prospective investor in the Notes that is a Benefit Plan Investor will be required to acknowledge, represent and agree (and in the case of a Registered Global Note deemed to have acknowledged, represented and agreed) that: (x) none of the Transaction Parties has provided any investment recommendation or investment advice to the Benefit Plan Investor, or any fiduciary or other person investing on behalf of the Benefit Plan Investor or who otherwise has discretion or control over the investment and management of "plan assets" ("**Plan Fiduciary**"), on which either the Benefit Plan Investor or Plan Fiduciary has relied in connection with the decision to invest in the Notes; (y) the Transaction Parties are not otherwise acting as a "fiduciary", as that term is defined in Section 3(21) of ERISA or Section 4975(e)(3) of the Code, to the Benefit Plan Investor or Plan Fiduciary in connection with the Benefit Plan Investor's investment in the Notes; and (z) the Plan Fiduciary is exercising its own independent judgment in evaluating the transaction.][3]

The foregoing discussion is general in nature and is not intended to be all-inclusive. Whether or not the underlying assets of the Issuer are deemed to be "plan assets", an investment in the Notes by a Benefit Plan Investor is subject to Title I of ERISA or Section 4975 of the Code. Accordingly, Plan Fiduciaries should consult their own counsel as to the consequences under ERISA and the Code of an investment in the Notes. Fiduciaries of other plans, in consultation with their advisors, should consider the impact of their applicable Similar Laws on an investment in the Notes and the considerations discussed above.

[3] Unless otherwise indicated in the supplemental U.S. federal income tax disclosure provided in a prospectus supplement or otherwise (if the Issuer will not treat the Notes as debt for U.S. federal income tax purposes).

SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS

The Dealers have, in a programme agreement (the "**Programme Agreement**") dated 30 September 2021, agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes*". In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and, subject to the terms of the Programme Agreement, to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

Transfer Restrictions

As a result of the following restrictions, purchasers of Notes in the United States are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Notes

Each purchaser of Registered Notes (other than a person purchasing an interest in a Registered Global Note with a view to holding it in the form of an interest in the same Global Note) or person wishing to transfer an interest from one Registered Global Note to another or from global to definitive form or *vice versa*, will be required to acknowledge, represent and agree, and each person purchasing an interest in a Registered Global Note with a view to holding it in the form of an interest in the same Global Note will be deemed to have acknowledged, represented and agreed, as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

(a) that either: (i) it is a QIB, purchasing the Notes for its own account or for the account of one or more QIBs and it is aware, and any person on whose account it is acting has been advised, that any sale to it is being made in reliance on Rule 144A; or (ii) it is outside the United States;

(b) that it, and each account for which it is purchasing, will hold and transfer at least the minimum denomination of Notes;

(c) that the Notes are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered, sold, pledged or otherwise transferred except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;

(d) [that either: (i) it is not a Benefit Plan Investor or a plan subject to any Similar Law; or (ii) its acquisition, holding and disposition of the Notes will not result in or constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation of any applicable Similar Law;

(e) that: (i) none of the Transaction Parties has provided any investment recommendation or investment advice to the Benefit Plan Investor or its Plan Fiduciary, on which either the Benefit Plan Investor or Plan Fiduciary has relied in connection with the decision to invest in the Notes; (ii) the Transaction Parties are not otherwise acting as a "fiduciary", as that term is defined in Section 3(21) of ERISA or Section 4975(e)(3) of the Code, to the Benefit Plan Investor or Plan Fiduciary in connection with the Benefit Plan Investor's investment in the Notes; and (iii) the Plan Fiduciary is exercising its own independent judgment in evaluating the transaction;][4]

(f) that, unless it holds an interest in a Regulation S Global Note and is a person located outside the United States, if in the future it decides to resell, pledge or otherwise transfer the Notes or any beneficial interests in the Notes, it will do so prior to the expiration of the applicable required holding period determined pursuant to Rule 144 of the Securities Act from the later of the last Issue Date for the Series and the last date on which the Issuer or an affiliate of the Issuer was the owner of such Notes, only: (i) to the Issuer or any affiliate thereof, (ii) inside the United States to a person whom the seller and any person acting on its behalf reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, (iii) outside the United States in compliance with Rule 903 or Rule 904 of Regulation S under the Securities Act, (iv) pursuant to the exemption from registration provided by Rule 144 under the

[4] Unless otherwise indicated in the supplemental U.S. federal income tax disclosure provided in a prospectus supplement or otherwise (if the Issuer will not treat the Notes as debt for U.S. federal income tax purposes).

Securities Act (if available) or (v) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable securities laws of any state or other jurisdiction of the United States;

(g) it will, and will require each subsequent holder to, notify any purchaser or transferee, as applicable, of the Notes from it of the resale and transfer restrictions referred to in paragraph (f) above, if then applicable;

(h) that Notes initially offered and sold in the United States to QIBs in reliance on Rule 144A will be represented by one or more Rule 144A Global Notes and that Notes offered and sold outside the United States in reliance on Regulation S will be represented by one or more Regulation S Global Notes;

(i) it understands that before any interest in Notes represented by a Rule 144A Global Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in a Regulation S Global Note, it will be required to provide to each of the Principal Paying Agent and the Registrar a written confirmation substantially in the form set out in the Agency Agreement, amended as appropriate to the effect that such offer, sale, pledge or other transfer is being made in accordance with Regulation S;

(j) that the Notes in registered form, other than the Regulation S Global Notes, will bear a legend to the following effect, subject as provided in Condition 2.5 (*Transfers of Registered Notes – Transfers of interests in Legended Notes*):

"THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER: (A) REPRESENTS THAT IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING THIS SECURITY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS; (B) AGREES THAT IT WILL NOT RESELL, PLEDGE OR OTHERWISE TRANSFER THIS SECURITY EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND PRIOR TO THE EXPIRATION OF THE APPLICABLE REQUIRED HOLDING PERIOD DETERMINED PURSUANT TO RULE 144 OF THE SECURITIES ACT FROM THE LATER OF THE LAST ISSUE DATE FOR THE SERIES AND THE LAST DATE ON WHICH THE ISSUER OR AN AFFILIATE OF THE ISSUER WAS THE OWNER OF SUCH SECURITIES, OTHER THAN (1) TO THE ISSUER OR ANY AFFILIATE THEREOF, (2) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (4) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION; AND (C) IT AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 OF THE SECURITIES ACT FOR RESALES AND OTHER TRANSFERS OF THIS SECURITY.

THIS SECURITY AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE AGENCY AGREEMENT REFERRED TO HEREIN) MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF, BUT UPON NOTICE TO, THE HOLDERS OF SUCH SECURITIES SENT TO THEIR REGISTERED ADDRESSES, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES

FOR RESALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO RESALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS SECURITY SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING ON THE HOLDER HEREOF AND ALL FUTURE HOLDERS OF THIS SECURITY AND ANY SECURITIES ISSUED IN EXCHANGE OR SUBSTITUTION THEREFOR, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON)."

[EACH PROSPECTIVE INVESTOR IN THE NOTES WILL BE REQUIRED TO ACKNOWLEDGE, REPRESENT AND AGREE (AND IN THE CASE OF A REGISTERED GLOBAL NOTE DEEMED TO HAVE ACKNOWLEDGED, REPRESENTED AND AGREED) THAT EITHER: (A) IT IS NOT (I) AN "EMPLOYEE BENEFIT PLAN" WITHIN THE MEANING OF SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), THAT IS SUBJECT TO TITLE I OF ERISA, (II) A "PLAN" WITHIN THE MEANING OF SECTION 4975(e)(1) OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"), THAT ARE SUBJECT TO SECTION 4975 OF THE CODE, (III) ANY PERSON OR ENTITY WHOSE UNDERLYING ASSETS INCLUDE, OR ARE DEEMED TO INCLUDE UNDER THE U.S. DEPARTMENT OF LABOR REGULATION AT 29 C.F.R. § 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA, OR OTHERWISE FOR PURPOSES OF TITLE I OF ERISA OR SECTION 4975 OF THE CODE, "PLAN ASSETS" BY REASON OF AN EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE PERSON OR ENTITY (EACH OF (I)-(III), A "**BENEFIT PLAN INVESTOR**") OR (IV) A PLAN SUBJECT TO ANY U.S. FEDERAL, STATE, LOCAL OR NON-U.S. LAW OR REGULATION THAT CONTAINS ONE OR MORE PROVISIONS THAT ARE SIMILAR TO THE FIDUCIARY RESPONSIBILITY AND PROHIBITED TRANSACTION PROVISIONS OF TITLE I OF ERISA AND SECTION 4975 OF THE CODE ("**SIMILAR LAW**"); OR (B) ITS ACQUISITION, HOLDING AND DISPOSITION OF THE NOTES WILL NOT RESULT IN OR CONSTITUTE A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR A VIOLATION OF ANY APPLICABLE SIMILAR LAW.

EACH PROSPECTIVE INVESTOR IN THE NOTES THAT IS A BENEFIT PLAN INVESTOR WILL BE REQUIRED TO ACKNOWLEDGE, REPRESENT AND AGREE (AND IN THE CASE OF A REGISTERED GLOBAL NOTE DEEMED TO HAVE ACKNOWLEDGED, REPRESENTED AND AGREED) THAT: (X) NONE OF THE ISSUER, THE ARRANGERS, THE DEALERS, THE AGENTS OR THEIR RESPECTIVE AFFILIATES (EACH, A "**TRANSACTION PARTY**") HAS PROVIDED ANY INVESTMENT RECOMMENDATION OR INVESTMENT ADVICE TO THE BENEFIT PLAN INVESTOR, OR ANY FIDUCIARY OR OTHER PERSON INVESTING ON BEHALF OF THE BENEFIT PLAN INVESTOR OR WHO OTHERWISE HAS DISCRETION OR CONTROL OVER THE INVESTMENT AND MANAGEMENT OF "PLAN ASSETS" ("**PLAN FIDUCIARY**"), ON WHICH EITHER THE BENEFIT PLAN INVESTOR OR PLAN FIDUCIARY HAS RELIED IN CONNECTION WITH THE DECISION TO INVEST IN THE NOTES; (Y) THE TRANSACTION PARTIES ARE NOT OTHERWISE ACTING AS A "FIDUCIARY", AS THAT TERM IS DEFINED IN SECTION 3(21) OF ERISA OR SECTION 4975(E)(3) OF THE CODE, TO THE BENEFIT PLAN INVESTOR OR PLAN FIDUCIARY IN CONNECTION WITH THE BENEFIT PLAN INVESTOR'S INVESTMENT IN THE NOTES; AND (Z) THE PLAN FIDUCIARY IS EXERCISING ITS OWN INDEPENDENT JUDGMENT IN EVALUATING THE TRANSACTION.][5]";

(k) if it is outside the United States, that if it should resell or otherwise transfer the Notes, it shall do so in accordance with all applicable U.S. State securities laws; and it acknowledges that the Regulation S Global Notes will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE

5 Unless otherwise indicated in the supplemental U.S. federal income tax disclosure provided in a prospectus supplement or otherwise (if the Issuer will not treat the Notes as debt for U.S. federal income tax purposes).

SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND PURSUANT TO AN EXEMPTION FROM, OR A TRANSACTION NOT SUBJECT TO, REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT."

[EACH PROSPECTIVE INVESTOR IN THE NOTES WILL BE REQUIRED TO ACKNOWLEDGE, REPRESENT AND AGREE (AND IN THE CASE OF A REGISTERED GLOBAL NOTE DEEMED TO HAVE ACKNOWLEDGED, REPRESENTED AND AGREED) THAT EITHER: (A) IT IS NOT (I) AN "EMPLOYEE BENEFIT PLAN" WITHIN THE MEANING OF SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), THAT IS SUBJECT TO TITLE I OF ERISA, (II) A "PLAN" WITHIN THE MEANING OF SECTION 4975(e)(1) OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"), THAT ARE SUBJECT TO SECTION 4975 OF THE CODE, (III) ANY PERSON OR ENTITY WHOSE UNDERLYING ASSETS INCLUDE, OR ARE DEEMED TO INCLUDE UNDER THE U.S. DEPARTMENT OF LABOR REGULATION AT 29 C.F.R. § 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA, OR OTHERWISE FOR PURPOSES OF TITLE I OF ERISA OR SECTION 4975 OF THE CODE, "PLAN ASSETS" BY REASON OF AN EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE PERSON OR ENTITY (EACH OF (I)-(III), A "**BENEFIT PLAN INVESTOR**") OR (IV) A PLAN SUBJECT TO ANY U.S. FEDERAL, STATE, LOCAL OR NON-U.S. LAW OR REGULATION THAT CONTAINS ONE OR MORE PROVISIONS THAT ARE SIMILAR TO THE FIDUCIARY RESPONSIBILITY AND PROHIBITED TRANSACTION PROVISIONS OF TITLE I OF ERISA AND SECTION 4975 OF THE CODE ("**SIMILAR LAW**"); OR (B) ITS ACQUISITION, HOLDING AND DISPOSITION OF THE NOTES WILL NOT RESULT IN OR CONSTITUTE A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR A VIOLATION OF ANY APPLICABLE SIMILAR LAW.

EACH PROSPECTIVE INVESTOR IN THE NOTES THAT IS A BENEFIT PLAN INVESTOR WILL BE REQUIRED TO ACKNOWLEDGE, REPRESENT AND AGREE (AND IN THE CASE OF A REGISTERED GLOBAL NOTE DEEMED TO HAVE ACKNOWLEDGED, REPRESENTED AND AGREED) THAT: (X) NONE OF THE ISSUER, THE ARRANGERS, THE DEALERS, THE AGENTS OR THEIR RESPECTIVE AFFILIATES (EACH, A "**TRANSACTION PARTY**") HAS PROVIDED ANY INVESTMENT RECOMMENDATION OR INVESTMENT ADVICE TO THE BENEFIT PLAN INVESTOR, OR ANY FIDUCIARY OR OTHER PERSON INVESTING ON BEHALF OF THE BENEFIT PLAN INVESTOR OR WHO OTHERWISE HAS DISCRETION OR CONTROL OVER THE INVESTMENT AND MANAGEMENT OF "PLAN ASSETS" ("**PLAN FIDUCIARY**"), ON WHICH EITHER THE BENEFIT PLAN INVESTOR OR PLAN FIDUCIARY HAS RELIED IN CONNECTION WITH THE DECISION TO INVEST IN THE NOTES; (Y) THE TRANSACTION PARTIES ARE NOT OTHERWISE ACTING AS A "FIDUCIARY", AS THAT TERM IS DEFINED IN SECTION 3(21) OF ERISA OR SECTION 4975(E)(3) OF THE CODE, TO THE BENEFIT PLAN INVESTOR OR PLAN FIDUCIARY IN CONNECTION WITH THE BENEFIT PLAN INVESTOR'S INVESTMENT IN THE NOTES; AND (Z) THE PLAN FIDUCIARY IS EXERCISING ITS OWN INDEPENDENT JUDGMENT IN EVALUATING THE TRANSACTION.][6]"; and

(l) that the Issuer, each Agent, each Manager and their affiliates or, as the case may be, the relevant Dealer and its affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer and the Managers or, as the case may be, the relevant Dealer; and if it is acquiring any Notes as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

6 Unless otherwise indicated in the supplemental U.S. federal income tax disclosure provided in a prospectus supplement or otherwise (if the Issuer will not treat the Notes as debt for U.S. federal income tax purposes).

No sale of Legended Notes in the United States to any one purchaser will be for less than U.S.$200,000 (or its foreign currency equivalent) nominal amount and no Legended Note will be issued in connection with such a sale in a smaller nominal amount. If the purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least U.S.$200,000 (or its foreign currency equivalent) of Registered Notes.

Selling Restrictions

United States

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Notes in bearer form having a maturity of more than one year (taking into account any unilateral right to extend or rollover the term) are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 (the "**Code**") and Treasury regulations promulgated thereunder.

In respect of Bearer Notes where TEFRA D is specified in the applicable Pricing Supplement each Dealer will be required to represent, undertake and agree (and each additional Dealer appointed under the Programme will be required to represent, undertake and agree) that:

(a) except to the extent permitted under U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D) (or any substantially identical successor United States Treasury regulation issued for the purposes of Section 4701 of the Code) (the "**D Rules**"), (i) that it has not offered or sold, and during the restricted period it will not offer or sell, Bearer Notes to a person who is within the United States or its possessions or to a United States person, and (ii) that it has not delivered and it will not deliver within the United States or its possessions definitive Notes in bearer form that are sold during the restricted period;

(b) it has and throughout the restricted period it will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Bearer Notes are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;

(c) if it is a United States person, it is acquiring Bearer Notes for purposes of resale in connection with their original issuance and if it retains Bearer Notes for its own account, it will only do so in accordance with the requirements of U.S. Treas. Reg. Section l.163-5(c)(2)(i)(D)(6) (or any substantially identical successor regulations issued for the purposes of Section 4701 of the Code);

(d) with respect to each affiliate that acquires Bearer Notes from a Dealer for the purpose of offering or selling such Notes during the restricted period, such Dealer either: (i) repeats and confirms the representations and agreements contained in subparagraphs (a), (b) and (c) on such affiliate's behalf; or (ii) agrees that it will obtain from such affiliate for the benefit of the Issuer the representations and agreements contained in subparagraphs (a), (b) and (c); and

(e) it will obtain from any distributor (within the meaning of U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D)(4)(ii) or any substantially identical successor United States Treasury regulation issued for the purposes of Section 4701 of the Code) that purchases any Bearer Notes from it pursuant to a written contract with such Dealer (except a distributor that is one of its affiliates or is another Dealer), for the benefit of the Issuer and each other Dealer, the representations contained in, and such distributor's agreement to comply with, the provisions of subparagraphs (a), (b), (c) and (d) of this paragraph insofar as they relate to the D Rules, as if such distributor were a Dealer hereunder.

Terms used in this paragraph have the meanings given to them by the Code and Treasury regulations promulgated thereunder, including the D Rules.

In addition, to the extent that the Pricing Supplement or the subscription agreement relating to one or more Tranches of Bearer Notes specifies that the applicable TEFRA exemption is TEFRA C, such Notes must be issued and delivered outside the United States and its possessions in connection with their original issuance. In relation to each such Tranche, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered, sold or delivered, and shall not offer, sell or deliver, directly or indirectly, such Notes within the United States or its possessions in connection with their original issuance. Further, in connection with the original issuance of such Notes, it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if either such purchaser or it is within the United States or its possessions, or otherwise involve its U.S. office in the offer or sale of such Notes. Terms used in this paragraph have the meanings given to them by the Code and regulations promulgated thereunder, including TEFRA C.

Until 40 days after the commencement of the offering of any Tranche of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering of such Tranche of Notes) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Accordingly, the Notes are being offered and sold only outside the United States in offshore transactions in reliance on, and in compliance with, Regulation S.

Dealers may directly or through their respective U.S. broker-dealer affiliates arrange for the resale of Notes to QIBs pursuant to Rule 144A and each such purchaser of Notes is hereby notified that the Dealers may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A.

This Base Offering Circular has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States and for the resale of the Notes in the United States. The Issuer and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Base Offering Circular does not constitute an offer to any person in the United States, other than any QIB to whom an offer has been made directly by one of the Dealers or its U.S. broker-dealer affiliate.

Prohibition of Sales to EEA Retail Investors

Unless the applicable Pricing Supplement in respect of any Notes specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Offering Circular as completed by the applicable Pricing Supplement in relation thereto to any retail investor in the EEA. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

    (i) a retail client as defined in point (11) of Article 4(1) of EU MiFID II; or

    (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II; and

(b) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the applicable Pricing Supplement in respect of any Notes specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each member state of the EEA (each, a "**Relevant State**"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Offering Circular as completed by the applicable Pricing Supplement in relation thereto to the public in that Relevant State except that it may make an offer of such Notes to the public in that Relevant State:

(a) ***Qualified investors***: at any time to any legal entity which is a qualified investor as defined in the EU Prospectus Regulation;

(b) ***Fewer than 150 offerees***: at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the EU Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(c) ***Other exempt offers***: at any time in any other circumstances falling within Article 1(4) of the EU Prospectus Regulation,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the EU Prospectus Regulation, or supplement a prospectus pursuant to Article 23 of the EU Prospectus Regulation.

For the purposes of this provision, the expression an "**offer of Notes**" in relation to any Notes in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

United Kingdom

Unless the Pricing Supplement in respect of any Notes incudes the legend "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the UK. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

 (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or

 (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; and

(b) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the Pricing Supplement in respect of any Notes does not include the legend "Prohibition of Sales to UK Retail Investors", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Offering Circular as completed by the Pricing Supplement in relation thereto to the public in the UK except that it may make an offer of such Notes to the public in the UK:

(a) ***Qualified investors***: at any time to any legal entity which is a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA;

(b) ***Fewer than 150 offerees***: at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA) in the UK subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(c) ***Other exempt offers***: at any time in any other circumstances falling within Section 86 of the FSMA,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression "**an offer of Notes**" in relation to any Notes means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Other UK regulatory restrictions

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that:

(a) ***No deposit-taking:*** in relation to any Notes having a maturity of less than one year:

(i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and

(ii) it has not offered or sold and will not offer or sell any Notes other than to persons:

(A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or

(B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,

where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer; and

(b) ***General compliance***: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the UK.

Switzerland

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that neither this Base Offering Circular nor any other offering or marketing material relating to the Notes constitutes a prospectus pursuant to the Swiss Financial Services Act ("**FinSA**") and no application has or will be made to admit the Notes to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programne will be required to represent and agree, that: (i) the Notes may not be publicly offered, sold or advertised by it, directly or indirectly, in or from Switzerland; and (ii) neither this Base Offering Circular nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available by it in Switzerland.

Kingdom of Bahrain

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold, and will not offer or sell, any Notes: except on a private placement basis, to persons in the Kingdom of Bahrain who are "**accredited investors**".

For this purpose, an "**accredited investor**" means:

(a) an individual holding financial assets (either singly or jointly with a spouse) of U.S.$1,000,000 or more (excluding that person's principal place of residence);

(b) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than U.S.$1,000,000; or

(c) a government, supranational organisation, central bank or other national monetary authority or a state organisation whose main activity is to invest in financial instruments (such as a state pension fund).

Sultanate of Oman

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) this Base Offering Circular has not been filed with or registered as a prospectus with the Capital Market Authority of Oman pursuant to Article 3 of the Capital Market Authority Law SD 80/98 (Article 3), will not be offered or sold as an offer of securities in Oman as contemplated by the

Commercial Companies Law) or Article 3, nor does it constitute a sukuk offering pursuant to the Sukuk Regulation issued by the Capital Market Authority of Oman (CMA Decision 3/2016); and

(b) the Notes have not been and will not be offered, sold or delivered, and no invitation to subscribe for or to purchase the Notes has been or will be made, directly or indirectly, nor may any document or other material in connection therewith be distributed in Oman to any person in Oman other than by an entity duly licensed by the Capital Market Authority of Oman to market non-Omani securities in Oman and then only in accordance with all applicable laws and regulations, including Article 139 of the Executive Regulations of the Capital Markets Law (Decision No. 1/2009, as amended).

Kingdom of Saudi Arabia

No action has been or will be taken in the Kingdom of Saudi Arabia that would permit a public offering of the Notes. Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a "**Saudi Investor**") who acquires any Notes pursuant to an offering should note that the offer of Notes is a private placement under Article 9 or Article 10 of the "Rules on the Offer of Securities and Continuing Obligations" as issued by the Board of the Capital Market Authority resolution number 3-123-2017 dated 27 December 2017, as amended (the "**KSA Regulations**"), made through a person authorised by the Capital Market Authority ("**CMA**") to carry on the securities activity of arranging and following a notification to the CMA under Article 11 of the KSA Regulations.

The Notes may thus not be advertised, offered or sold to any person in the Kingdom of Saudi Arabia other than to "sophisticated investors" under Article 9 of the KSA Regulations or by way of a limited offer under Article 10 of the KSA Regulations. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that any offer of Notes to a Saudi Investor will be made in compliance with Article 9 or Article 10 of the KSA Regulations.

Each offer of Notes shall not therefore constitute a "public offer", an "exempt offer" or a "parallel market offer" pursuant to the KSA Regulations, but is subject to the restrictions on secondary market activity under the KSA Regulations. Any Saudi Investor who has acquired Notes pursuant to a private placement under the KSA Regulations may not offer or sell those Notes to any person unless the offer or sale is otherwise in compliance with the KSA Regulations.

UAE (excluding the Abu Dhabi Global Market and the Dubai International Financial Centre)

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes have not been and will not be offered, sold or publicly promoted or advertised by it in the UAE other than in compliance with any laws applicable in the UAE governing the issue, offering or sale of securities.

Abu Dhabi Global Market

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered and will not offer the Notes to any person in the ADGM unless such offer is:

(a) an "Exempt Offer" in accordance with the Markets Rules (MKT) Module of the Financial Services Regulatory Authority ("**FSRA**") Rulebook; and

(b) made only to persons who meet the Professional Client criteria set out in Rule 2.4.1 of the Conduct of Business (COBS) Module of the FSRA Rulebook.

Dubai International Financial Centre

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered and will not offer the Notes to any person in the DIFC unless such offer is:

(a) an "Exempt Offer" in accordance with the Markets Rules (MKT) Module of the DFSA Rulebook; and

(b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the Conduct of Business (COB) Module of the DFSA Rulebook.

State of Kuwait

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes to be issued have not been and will not be offered, sold, promoted or advertised by it in the State of Kuwait other than in compliance with Decree Law No. 31 of 1990 and the implementing regulations thereto, as amended, and Law No. 7 of 2010 and the bylaws thereto, as amended governing the issue, offering and sale of securities.

No private or public offering of the Notes is being made in the State of Kuwait, and no agreement relating to the sale of the Notes will be concluded in the State of Kuwait. No marketing or solicitation or inducement activities are being used to offer or market the Notes in the State of Kuwait.

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes (except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap.571) of Hong Kong (the "**SFO**")) other than: (i) to "professional investors" as defined in the SFO and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than: (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Malaysia

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) this Base Offering Circular has not been registered as a prospectus with the Securities Commission of Malaysia (the "**SC**") under the Capital Markets and Services Act 2007 of Malaysia (the "**CSMA**"); and

(b) accordingly, the Notes have not been and will not be offered or sold, and no invitation to subscribe for or purchase the Notes has been or will be made, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia, other than to persons falling within any one of the categories of persons specified under Part 1 of Schedule 6 (or Section 229(1)(b)) and Part 1 of Schedule 7 (or Section 230(1)(b)) read together with Schedule 9 (or Section 257(3)) of the CSMA, subject to any law, order, regulation or official directive of the Central Bank of Malaysia, the SC and/or any other regulatory authority from time to time.

General

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will (to the best of its knowledge and belief) comply in all material respects with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any of the other Dealers shall have any responsibility therefor.

Neither the Issuer nor any of the Dealers represents and agrees that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

GENERAL INFORMATION

Authorisation

The establishment of the Programme was duly authorised and the issuance of Notes under the Programme is duly authorised by Decretal Law No. (11) of 2021 on Issuing Foreign Public Debt of the Federal Government and Ministerial Resolution No. (85) of 2021 on the Management of Public Debt Instruments.

Listing of Notes

It is expected that each Tranche of Notes which is to be admitted to the Official List and to trading on the Main Market of the London Stock Exchange will be admitted separately as and when issued, subject only to the issue of one or more Global Notes initially representing the Notes of such Tranche. Application has been made to the FCA for Notes issued under the Programme to be admitted to the Official List and to trading on the Main Market of the London Stock Exchange.

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer and the relevant Dealer(s). Unlisted Notes may also be issued pursuant to the Programme.

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code, International Securities Identification Number (ISIN), the Financial Instrument Short Name (FISN) and Classification of Financial Instruments (CFI) code (as applicable) for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Pricing Supplement. In addition, the Issuer may make an application for any Notes in registered form to be accepted for trading in book-entry form by DTC. The CUSIP and/or CINS numbers for each Tranche of such Registered Notes, together with the relevant ISIN and (if applicable) common code, will be specified in the applicable Pricing Supplement. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Pricing Supplement.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels. The address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of DTC is 55 Water Street, New York, New York 10041, United States of America.

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 2020.

Litigation

The Issuer is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Base Offering Circular which may have or has had in the recent past significant effects on the financial position of the Issuer.

Documents Available

For the period of 12 months following the date of this Base Offering Circular, copies of the following documents will, when published, be made available for inspection at the specified office of the Principal Paying Agent:

(a) a copy of this Base Offering Circular;

(b) the Agency Agreement;

(c) the Deed of Covenant; and

(d) any future supplements to this Base Offering Circular.

The applicable Pricing Supplement for Notes that are listed on the Official List and admitted to trading on the Main Market of the London Stock Exchange will be published on the website of the Regulatory News Service operated by the London Stock Exchange at http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html.

Issuer's Legal Entity Identifier

The Issuer's Legal Entity Identifier ("**LEI**") code is 98450060C643D82DF808.

Third-Party Information

Where information in this Base Offering Circular has been sourced from third parties, this information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from the information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.

Dealer not acting for any prospective or actual holders of Notes

None of the Arrangers or the Dealers is acting for any actual or prospective holders of Notes, and are neither advising nor treating as a client any other person and will not be responsible to any actual or prospective holders of Notes and will not be responsible to anyone other than the Issuer for providing the protections afforded to its clients nor for providing the services in relation to the offering described in this Base Offering Circular and / or the relevant Pricing Supplement or any transaction or arrangement referred to herein or therein. None of the Arrangers, the Dealers nor any of their respective affiliates has authorised the content of, or any part of, this Base Offering Circular and/or the applicable Pricing Supplement.

Dealers transacting with the Federal Government

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in various financial advisory, investment banking and/or commercial banking transactions with, and may perform services for, the Federal Government and its affiliates (including any other public sector instrumentality, as defined in the Conditions) in the ordinary course of business for which they have received, and for which they may in the future receive, fees and expenses. In particular, certain of the Dealers are lenders to the Federal Government and its affiliates (including any other public sector instrumentality). In connection with any offering under the Programme the Dealers may purchase and sell Notes in the open market.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and instruments of the Federal Government and its affiliates (including any other public sector instrumentality and including the Notes). The Dealers and/or their affiliates may receive allocations of Notes (subject to customary closing conditions), which could affect future trading of the Notes. Certain of the Dealers or their affiliates that have a lending relationship with the Federal Government and its affiliates (including any other public sector instrumentality) routinely hedge their credit exposure to the Federal Government and its affiliates (including any other public sector instrumentality) consistent with their customary risk management policies.

Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such short positions could adversely affect future trading prices of the Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long or short positions in such securities and instruments.

Issuer's Website

The Issuer's website is https://www.mof.gov.ae/. Unless specifically incorporated by reference into this Base Offering Circular, the information contained on this website is not incorporated by reference into, or otherwise included in, this Base Offering Circular.

THE ISSUER

Federal Government of the United Arab Emirates, acting through the Ministry of Finance
Ministry of Finance
P.O. Box 433
Abu Dhabi
United Arab Emirates

PRINCIPAL PAYING AGENT, EXCHANGE AGENT, REGISTRAR AND TRANSFER AGENT

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SUPPLEMENT NUMBER 1 DATED 23 JUNE 2022 TO THE BASE OFFERING CIRCULAR DATED 30 SEPTEMBER 2021

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 30 September 2021 (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 ("**EUWA**") (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 (the "**DFSA**") 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 Arranger, the Dealers or the Agents or their respective affiliates have independently verified the information contained herein. Accordingly, none of the Arranger, 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.

1. AMENDMENTS TO THE RISK FACTORS

1.1 On page 6 of the Base Offering Circular, the subsection entitled "*Risks relating to the Issuer*" shall be deemed deleted and replaced with the following:

Risks relating to the Issuer

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

The Federal Government is primarily reliant 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 is reliant 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 63.5 per cent. of revenues for the year ended 31 December 2021 and 51.4 per cent. of revenues for the annual federal budget for the year ending 31 December 2022. If Etisalat or any other EIA investments experienced a decrease in revenues or an increase in expenses this could have a negative effect on the disbursement of dividends which would decrease the amount of 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 is also reliant 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 19.6 per cent. of revenues for the year ended 31 December 2021 and 32.4 per cent. of revenues for the annual federal budget for the year ending 31 December 2022. 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 16.9 per cent. of revenues for the year ended 31 December 2021 and 16.2 per cent. of revenues for the annual federal budget for the year ending 31 December 2022. VAT is relatively new in the UAE, having been introduced in 2018, which presents certain risks. For example, the implementation of VAT is a complex process and is reliant on businesses registering with the Federal Government and applying the VAT correctly. Additionally, it may be difficult for the Federal Government to accurately forecast tax revenue given the limited historical data around its collection.

The annual federal budget is set with no deficit, but if the UAE is unsuccessful in collecting the expected level of revenues for any year it may need to reduce budgeted expenditures so the budget is balanced. This could lead to public discontent and/or social unrest as the UAE may have 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 accounted for approximately 27.7 per cent. of the UAE's constant GDP in 2021 as compared to 28.7 per cent. in 2020, 25.0 per cent. in 2019, 26.0 per cent. in 2018 and 20.5 per cent. in 2017. 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.

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. Oil prices partially recovered in 2021 with the monthly OPEC Reference Basket price being U.S.$85.24 per barrel for January 2022. More recently, global oil prices have risen sharply primarily due to the conflict between Russia and Ukraine. The monthly OPEC Reference Basket price for May 2022 was U.S.$113.87.

One of the reasons for increased volatility in oil prices in early 2020 was the increased oil supply in the market and uncertainty surrounding production output levels. On 6 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. As a result, OPEC removed all limits on production, thereby prompting both the Kingdom of Saudi Arabia ("**Saudi Arabia**") and the largest of the UAE's oil-producing individual emirates, Abu Dhabi, along with other producers, to increase production, with Abu Dhabi National Oil Company ("**ADNOC**") pledging to increase supply to over 4 million barrels of crude oil (including condensates) per day. These events, combined with the significant decrease in demand for oil due to the economic slowdown posed by the COVID-19 pandemic, caused a sharp drop in oil prices. A series of meetings took place on 9 and 12 April 2020 between OPEC and non-OPEC oil producing countries, which culminated in an agreement to reduce their overall oil production in stages between 1 May 2020 and 30 April 2022. During the initial two-month period beginning 1 May 2020, it was agreed that production would be reduced by a total of 9.70 million barrels a day, followed by a six-month period starting 1 July 2020 where production would be reduced by a total of 7.68 million barrels a day, followed by a final 16-month period between 1 January 2021 and 30 April 2022 where production would be reduced by a total of 5.76 million barrels a day. In December 2020, OPEC +, which comprises OPEC and its allies, agreed on a compromise to increase oil output slightly from January 2021. As demand improved, OPEC+ agreed to partially ease cuts from May 2021 onward. In July 2021, an agreement was reached among OPEC+ members to increase Abu Dhabi's production from 3.176 million barrels a day to 3.65 million barrels a day starting in April 2022. In addition, it was agreed that the OPEC+ group would increase supply by a further 2 million barrels a day from August 2021 until December 2021 and that it aims to fully phase out cuts by around September 2022. In April 2022, OPEC pumped 28.58 million barrels a day which is an increase of 40,000 barrels per day from March 2022 but short of the 254,000 barrels per day increase called for under the supply deal. In May 2022, the OPEC+ group agreed to leave its production plan unchanged despite increased volatility as a result of the Russia and Ukraine conflict. On 2 June 2022, OPEC+ members agreed to add 648,000 barrels a day of crude oil to the market in July 2022 and August 2022.

In addition, in 2022, a bill in the United States was proposed called the No Oil Producing and Exporting Cartels bill, which is intended to protect United States consumers and businesses from engineered spikes in the cost of gasoline and heating oil. Numerous iterations of this bill have been proposed to the United States Congress since 1999, but all attempts have so far been unsuccessful. It is unclear the exact affect that this bill could have on oil prices but there are concerns that such a bill, if passed, could disrupt the established system of oil production, which could result in oil prices increasing by as much as 300 per cent.

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, are also dependent on other countries that are also reliant on oil. Potential investors should note that many of the UAE's other economic sectors are in part dependent 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 UAE local governments 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. As fiscal spending on infrastructure and investment projects drives credit to public sector entities and private contractors and bank credit for personal lending is driven by public sector wages, if this spending is cut and public sector wages come under pressure, this could, potentially, increase levels of non-performing loans held by banks. In addition, the 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 are dependent 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;
- 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 COVID-19 pandemic has caused and is likely to continue to cause significant disruption to both the global economy and the UAE's economy

In December 2019, the respiratory illness caused by the novel coronavirus SARS-CoV-2, now referred to as COVID-19, was reported to the World Health Organisation (the "**WHO**") by the Chinese public health authorities. The initial outbreak of COVID-19 spread rapidly across the world and was ultimately declared a global pandemic by the WHO on 11 March 2020. As a result of the outbreak, many governments, including the Federal Government, implemented a series of measures in an attempt to slow the spread of COVID-19, including closing major transit hubs, reducing public transportation, closing schools and launching e-learning programmes, requiring nationals and residents to remain at home and practice social distancing, and closing borders to non-nationals. Even though global restrictions as a result of COVID-19 are in the process of being eliminated, COVID-19 has severely disrupted the global economy, causing high levels of volatility in the financial markets, high levels of unemployment, a reduction in international trade and investment and a significant decrease in oil prices. These developments have adversely impacted the UAE economy, including the UAE's tourism industry.

The COVID-19 pandemic has adversely affected investment sentiment, resulting in volatility in global capital markets, reducing international trade and impacting commodity prices. In addition, COVID-19 has resulted in restrictions on travel and public transport, restrictions on trade and transportation of goods, prolonged closures of workplaces, and contributed to declines in global bond and stock valuations, which may continue to have a material adverse effect on the global economy and the UAE. In addition, to the extent that the effects of the COVID-19 pandemic have a significant adverse effect on the Federal Government's systemically important entities or any of the individual emirates, the Federal Government is not required to but may decide to continue to provide significant financial support to such entities or emirates, which support could be significant in the context of the UAE's annual budget and entail substantial fiscal outflows.

The COVID-19 pandemic is ongoing and the long-term effects of the pandemic on the global economy are still unclear. As a result of the effects of COVID-19, the Federal Government may not effectively diversify its economy and may rely more heavily on hydrocarbon revenue which could continue to be volatile due to, among other things, the COVID-19 pandemic. There can be no assurance that COVID-19 will not have a prolonged adverse effect on the UAE's economy and its financial position.

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

The UAE's economy is highly dependent on the oil 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 and reduce its dependence on the oil sector. However, there can be no assurance that the UAE's efforts to diversify its economy and reduce its dependence on oil will be completely successful. The mining and quarrying sector (which includes crude oil and natural gas) constituted approximately 27.7 per cent. of the UAE's constant GDP in 2021 (*source*: FCSC). 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 as part of its UAE Vision 2021 plan including the introduction of VAT, liberalisation of foreign direct investment ("**FDI**") rules and changes in visa requirements. Additionally, the UAE has been working towards implementing a seven year national agenda which is expected to conclude in 2021 and the initiatives will be continued as part of the UAE Centennial Plan 2071 as well as the introduction of a federal corporate income tax on or after 1 June 2023. The Federal Government is working on a new set of goals for 2022-2026. 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 be reliant 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, Iraq, Libya, Morocco, 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 those in Afghanistan, Yemen, Syria, Iraq and Libya. In 2015, under the request of the legitimate Yemeni Government, the UAE, along with a number of other Arab states, participated in the military intervention in Yemen. After having successfully accomplished its objectives, the UAE withdrew its troops from Yemen as part of a United Nations-led peace process in July 2019. In addition, in June 2017, Saudi Arabia, the UAE and Bahrain, as well as Egypt and Yemen, severed diplomatic ties with the State of Qatar ("**Qatar**"), cut trade and transport links and imposed sanctions on Qatar. In January 2021, diplomatic relations were restored with Qatar through the signing of the Al Ula Declaration. It remains unclear how the Al Ula Declaration will be implemented and, although the UAE has announced the re-opening of its land, air and sea borders to Qatar, it is still unclear if and when border controls will reach pre-June 2017 levels. In addition, Qatar has issued a number of claims against the UAE, Saudi Arabia, Egypt and Bahrain since the blockade. For example, in July 2020, Qatar Airways commenced proceedings against this bloc of countries seeking damages of at least U.S.$5.0 billion. Other claims have been in relation to, amongst others, suspension of postal services and pharmaceutical investments as a result of the blockade against Qatar. It is not yet known whether Qatar will withdraw these claims against the UAE.

Heightened tensions between the United States and Iran have resulted in increased provocations by Iran and acts of violence against the United States and its interests in the MENA region. In particular, on 17 January 2022, Iran supported missile attacks on ADNOC facilities in Abu Dhabi. Three attacks occurred in subsequent weeks, the most recent of which, on 3 February 2022, was claimed by an Iraqi militia group. The attacks were followed by air strikes by UAE armed forces across targets in Yemen. In addition, in August 2021, armed personnel backed by Iran were suspected of seizing an oil tanker off of the coast of the UAE. Iran has denied involvement. Although the UAE continues to exercise de-escalation diplomacy and self-restraint, any continuation of, or increase in, international or regional tensions with Iran, including further attacks on or seizures of oil tankers that disrupt international trade and impair trade flows through the Strait of Hormuz, or any military action, may have a destabilising impact on the MENA region. In addition, a sixth round of talks regarding the revival of the 2015 Joint Comprehensive Plan of Action regarding Iran (and the United States' potential re-joining of the 2015 Joint Comprehensive Plan of Action), brokered by the EU, concluded on 20 June 2021 with no agreement reached and, as a result, there is uncertainty regarding the impact of the potential lifting of sanctions on Iran. 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*".)

These recent and ongoing developments may contribute to instability in the region and may have a material adverse effect, or may be perceived to have a material adverse effect, on the UAE's security, attractiveness for foreign investment and capital, its ability to engage in international trade and, consequently, its economy and financial position.

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 is also dependent 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 ongoing COVID-19 pandemic, and the conflict between Russia and Ukraine, each of which have 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.

Additionally, according to the "Mutual Evaluation Report" published by the Financial Action Task Force ("**FATF**") in April 2020, the UAE has elements of an effective anti-money laundering and counter-terrorism financing system in place but given that the required framework is relatively new it is not possible to determine the overall effectiveness of the system and fundamental and major improvements are still needed across the UAE in order to demonstrate that its system cannot be used for money laundering or terrorism financing. The UAE submitted a progress report in November 2020 in relation to the FATF's 2020 findings, which was reviewed by the FATF in early 2022. In March 2022, the FATF announced that the UAE was added to its "grey list" of high-risk jurisdictions noting that the UAE has made significant progress in relation to anti-money laundering and counter-terrorism financing since May 2020 but is still expected to make improvements in several areas including in relation to financial crime investigations. This grey list designation means that even though the UAE is under increased monitoring by the FATF, the UAE has committed to resolve the identified strategic deficiencies within agreed time frames.

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 in the Far East, 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 both 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 uncertainties in any of the UAE's key trading partners, including as a result of the Russia/Ukraine conflict and upward trends in 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 materially 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 are 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. Potential 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 reserve 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.

Moody's noted in its April 2022 report that 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 both. A prolonged period of low oil prices, potentially resulting in a long-lasting deterioration in credit metrics that the Federal Government was unable to reverse, would also put downward pressure on the rating, as well as any downgrade of Abu Dhabi's rating.

Fitch noted in its November 2021 ratings report 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 and 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.

2. AMENDMENTS TO DESCRIPTION OF THE UNITED ARAB EMIRATES

2.1 On page 74 of the Base Offering Circular, the subsection headed "*Introduction*" shall be deemed deleted and replaced with the following:

The Federation of the United Arab Emirates (the "**Federation**" or the "**UAE**") is a federation of seven emirates along the eastern coast of the Arabian Peninsula. The Federation was established on 2 December 1971. On formation, the Federation comprised the following emirates: Abu Dhabi, Dubai, Sharjah, Ajman, Umm Al Quwain and Fujairah. Ras Al Khaimah joined in February 1972. Abu Dhabi is the capital city of the UAE**.** The President of the UAE is His Highness ("**H.H.**") Sheikh Mohamed bin Zayed Al Nahyan, who is also the ruler of Abu Dhabi, the capital city of the UAE.

2.2 On page 76 of the Base Offering Circular, the last paragraph of the subsection headed "*History*" shall be deemed deleted and replaced with the following:

In May 1976, the seven emirates agreed to merge their armed forces. In 1979, the ruler of Dubai, H.H. Sheikh Rashid bin Saeed Al Maktoum, became Prime Minister of the UAE. H.H. Sheikh Zayed bin Sultan Al Nahyan of Abu Dhabi served as President of the UAE from 1971 until his death in November 2004. He was succeeded by his son, H.H. Sheikh Khalifa bin Zayed Al Nahyan, as ruler of Abu Dhabi and President of the UAE until his death in May 2022. H.H. Sheikh Khalifa bin Zayed Al Nahyan was succeeded by H.H. Sheikh Mohamed bin Zayed Al Nahyan in May 2022.

2.3 On page 80 of the Base Offering Circular, the subsection headed "*Saudi Arabia*" under the section headed "*Relations with Gulf Co-Operation Council and Other Arab Countries*" shall be deemed deleted and replaced with the following:

Saudi Arabia

The UAE and Saudi Arabia have enjoyed a strong relationship since the establishment of the Federation and are close allies on matters relating to foreign policy and geopolitical interests. The relationship was further strengthened in 2017 as the UAE and Saudi Arabia signed a cooperation agreement relating to the development of joint strategic projects in the UAE and in Saudi Arabia in sectors including renewable energy, petrochemicals, agriculture, artificial intelligence, military, food security, space and infrastructure.

In addition to their strategic alliance, the UAE and Saudi Arabia share a strong trade relationship, with imports from Saudi Arabia accounting for 2.9 per cent. of the UAE's total imports, and exports to Saudi Arabia accounting for 11.2 per cent. of the UAE's total non-oil exports for the year ended 31 December 2021. Imports and exports from Saudi Arabia accounted for 6.5 per cent. of the UAE's total imports and exports for the first quarter of 2022. See also "*Balance of Payments and Foreign Trade—Foreign Trade*" for further detail.

2.4 On page 80 of the Base Offering Circular, the subsection headed "*United States*" under the section headed "*Relations with Other Countries and the European Union*" shall be deemed deleted and replaced with the following:

The UAE and the United States have enjoyed a strong relationship since the establishment of the Federation, with the United States becoming only the third country to establish formal diplomatic relations with the UAE in 1971. Since then, the UAE and the United States have built a close alliance founded on a shared commitment to promote peace and security in the Middle East, improve growth in bilateral trade and economic cooperation and develop a future-oriented outlook of tolerance, gender equality, diversity, educational advances and the promotion of arts and culture.

The UAE and the United States work closely together to resolve security challenges in the region. As a result, the UAE is one of only three countries and the only Arab nation to participate with the United States in six military coalition actions over the last 25 years, including the 1990 Gulf War, in which the UAE was one of the first countries to support the United States. The UAE also joined the United States' military coalition actions in Somalia in 1992, in Afghanistan in 2004 and in Libya in 2011. In support of the two countries' cooperation on regional security, the UAE and United States militaries regularly collaborate on joint-training missions.

In addition, the UAE and the United States enjoy a strong trade relationship, with imports from the United States accounting for 6.1 per cent. of the UAE's total imports, and exports to the United States accounting for 4.0 per cent. of the UAE's total non-oil exports for the year ended 31 December 2021. Imports and exports from the United States accounted for 5.2 per cent. of the UAE's total imports and exports for the first quarter of 2022. In 2021, the UAE was the largest export market in the Middle East for the United States for the thirteenth year in a row. See also "*Balance of Payments and Foreign Trade—Foreign Trade*" for further detail.

2.5 On page 81 of the Base Offering Circular, the subsection headed "*Israel*" under the section headed "*Relations with Other Countries and the European Union*" shall be deemed deleted and replaced with the following:

On 13 August 2020, President Donald Trump of the United States, Prime Minister Benjamin Netanyahu of Israel and H.H. Sheikh Mohamed bin Zayed Al Nahyan, Crown Prince of Abu Dhabi and Deputy Supreme Commander of the UAE Armed Forces released a joint statement confirming that the UAE and Israel had agreed to normalise relations. In doing so, the UAE became the third Arab country, after Egypt in 1979 and the Hashemite Kingdom of Jordan in 1994, to agree to formally establish its relationship with Israel. The Abraham Accords Peace Agreement: Treaty of Peace, Diplomatic Relations and Full Normalisation between the United Arab Emirates and the State of Israel (the "**Abraham Accords**") was officially signed in Washington D.C. on 15 September 2020. In addition, Bahrain announced the establishment of diplomatic ties with Israel on 11 September 2020, and became the fourth Arab country to officially sign the Abraham Accords: Declaration of Peace, Cooperation, and Constructive Diplomatic and Friendly Relations to Normalise Diplomatic and Other Relations between the Kingdom of Bahrain and Israel.

The Abraham Accords seek to advance comprehensive Middle East peace, stability and prosperity. To that extent, the UAE and Israel have agreed to join with the United States to develop and launch a "Strategic Agenda for the Middle East" in order to expand regional diplomatic, trade, stability and other cooperation. The Abraham Accords also identify sectors in which the UAE and Israel have signed bilateral agreements, including finance and investment, civil aviation, healthcare, tourism, environment, education and agriculture and food security.

Since the announcement on 13 August 2020, the first direct commercial flight from Israel to the UAE landed in Abu Dhabi International Airport on 31 August 2020.

In April 2022, Israel and the UAE concluded negotiations for a free trade agreement. The agreement included that 95 per cent. of traded products would be customs free either immediately or gradually including on products such as food, agriculture, medicine and medical equipment. The agreement also included certain regulations, customs, services, government procurement and electronic trade that will gradually come into effect, although no express timetable for these measures has been released yet.

2.6 On page 81 of the Base Offering Circular, the subsection headed "*Switzerland*" under the section headed "*Relations with Other Countries and the European Union*" shall be deemed deleted and replaced with the following:

Switzerland recognised the UAE in 1971. In 1976, Switzerland opened a trade office in Abu Dhabi, which became an embassy in 1982. In 1987, a consulate opened up in Dubai, which has been converted to a consulate general responsible for trade relations with the UAE. A Swiss Business Hub opened in Dubai in 2005 and, currently, Switzerland has a defence attaché, a regional development advisor and a Swiss tourism representation in the UAE. Relations between the UAE and Switzerland are primarily of an economic nature. The two have engaged in high-level visits as well as bilateral agreements and memorandums of understanding and bilateral cooperation. The UAE signed a free trade agreement with Switzerland, the GCC and the other member states of the European Free Trade Association in June 2009. This agreement entered into force on 1 July 2014 and was fully implemented on 1 July 2015.

There are also a series of previous agreements governing the bilateral relations between the UAE and Switzerland, such as:

- a double taxation agreement (2011);
- a memorandum of understanding on waiving the visa requirement for the holders of diplomatic or service passports (2010);
- an investment protection agreement (1998); and
- an air traffic agreement (1999).

Switzerland is also one of the UAE's most important partners in terms of foreign trade. In December 2020, it was announced that following approximately AED 58.8 billion (U.S.$16.6 billion) Swiss investments in the UAE and an annual bilateral trade worth AED 77.1 billion (U.S.$21 billion), the UAE is Switzerland's largest trade partner in the MENA region. There are more than 200 Swiss companies in the UAE and precious metals and jewellery constitute the biggest part of trade between the two countries.

2.7 On page 82 of the Base Offering Circular, the subsection headed "*India*" under the section headed "*Relations with Other Countries and the European Union*" shall be deemed deleted and replaced with the following:

The UAE and the India have also enjoyed strong diplomatic relations since the UAE opened its Embassy in Delhi in 1972 and India opened its Embassy in Abu Dhabi in 1973, and the two countries have had strong trade ties for several decades. Indian nationals constitute approximately 30 per cent. of the UAE's population. In May 2020, the UAE sent seven tonnes of medical supplies to India to fight the COVID-19 pandemic. In 2020, relations between India and the UAE were further strengthened, as demonstrated by two high-level visits from External Affairs Minister S Jaishankar in November 2020 and Chief of Army Staff General MM Naravane in December 2020. The meetings focused on enhanced cooperation and building a strategic partnership including trade, investment, infrastructure, energy, food security and defence in the post-COVID-19 era. In addition, on 14 December 2020 it was announced that the International Federation of Indo-Israel Chambers of Commerce ("**IFIICC**") has been launched in the UAE to broaden the relationship between the Indian diaspora and Israel.

In 2020, the UAE import value with India was approximately AED 60.5 billion and the export value was approximately AED 19.7 billon. For the six months ended 30 June 2021, the value of the UAE's imports from India was approximately AED 18.1 billion and the export value was approximately AED 12.0 billion. 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 US) 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 year ended 31 December 2021 with 10.2 per cent. of total non-oil exports being sent to India. In addition, India is also one of the top sources of the UAE's imports. The UAE received 8.5 per cent. of total imports based on value from India for the year ended 31 December 2021.

In addition, a consortium led by India's state-owned Oil and Natural Gas Corporation (ONGC) including Indian Oil and Bharat PetroResources, were awarded a 10 per cent. stake in the Lower Zakum Concession in February 2018. The deal marked the first time that Abu Dhabi had awarded a stake in a functioning oil field to an Indian group.

On 18 February 2022, the UAE signed a Comprehensive Economic Partnership Agreement ("**CEPA**") with India. The agreement entered into force on 1 May 2022 and is expected to result in simpler customs procedures, clear and transparent rules on trade, greater information and guidance for SMEs, lower tariffs, enhanced market access and government procurement opportunities between the two countries.

2.8 On page 83 of the Base Offering Circular, the last paragraph under the subsection headed "*IMF*" shall be deemed deleted and replaced with the following:

During the course of 2020, the IMF mission team held informal meetings with policy makers to discuss the economic developments and challenges that were caused by the COVID-19 pandemic. On 22 November 2021, the IMF concluded the 2021 Article IV consultation with the UAE. The report summarising this consultation was published on 17 February 2022. The 2021 consultation summary commended the UAE on its successful COVID-19 vaccination programme and swift response to the COVID-19 pandemic, noting that there were still risks to the UAE's macro-economic stability as a result of the pandemic. The IMF team welcomed the UAE's ambitious structural reform agenda, including recent initiatives to support private sector development that could help lift productivity and potential growth and facilitate economic diversification. The main policy recommendations included ensuring the recovery and protecting the most vulnerable, safeguarding financial stability, strengthening fiscal policy frameworks, and fostering economic diversification and higher productivity growth.

2.9 On page 84 of the Base Offering Circular, the subsection headed "*COVID-19 Impact and Response Measures Adopted in the UAE*" shall be deemed deleted and replaced with the following:

Overview

In December 2019, the emergence of a new strain of COVID-19 was reported in Wuhan, Hubei Province, China. In March 2020, the UAE, alongside the United States, certain EU countries and many other countries worldwide imposed restrictions on travel and on the freedom of movement of people as well as other restrictions intended to reduce in person interactions.

General and Epidemiological Response Measures

On 29 January 2020, the UAE reported its first case of the virus and cases increased significantly thereafter. As of 7 June 2022, total cases were 912,086 of which 895,099 have recovered and 2,305 have died (source: Ministry of Health and Prevention). The Federal Government has been continuously monitoring the situation relating to the spread of the COVID-19 pandemic and has taken significant steps to address the complex public health and economic impacts of the pandemic. At the heart of the UAE's efforts to combat the virus has been one of the world's most extensive testing programmes, with more than 163 million tests conducted by 7 June 2022 (source: Ministry of Health and Prevention). COVID-19 has now been detected in almost every country around the world.

In 2020, the Federal Government allocated AED 1,302 million from the Federal Budget to the Ministry of Health and Prevention to respond to the COVID-19 pandemic. As a result, other government entities had their budget allocations cut in order to maintain a balanced budget.

On 14 September 2020, the UAE announced the emergency approval for the use of the COVID-19 vaccine and on 3 November 2020, the Prime Minister of the UAE, H.H. Sheikh Mohammed bin Rashid Al Maktoum, received a COVID-19 vaccine developed by China's Sinopharm Group. As of August 2021, there are four vaccines in the UAE for use on eligible individuals: Sinopharm, Pfizer-BioNTech, Sputnik V and Oxford AstraZeneca. The UAE is offering these vaccines to its citizens and residents free of charge and on an optional basis after ensuring that the person has no condition or symptom that makes it inadvisable. On 28 March 2021, the UAE launched COVID-19 vaccine production with China's Sinopharm vaccine. In May 2021, the Ministry of Health and Prevention approved the emergency use of the Pfizer-BioNTech vaccine for children between the ages of 12 and 15. The UAE started vaccinations on 12 December 2020 and, as of 7 June 2022, 24,922,054 vaccine doses have been given. In May 2022, Bloomberg announced that the UAE had ranked fifth on its COVID-19 resilience ranking.

Social and Economic Response Measures

During the course of 2020, the Federal Government enacted several measures to limit the spread of the virus, including closure of schools, nurseries, shopping malls, parks, dine-in restaurants, and various tourist attractions. The Federal Government implemented a six month suspension of work permit fees to cut the cost of doing business, support SMEs and accelerate major infrastructure projects. As part of their National Epidemic Control Plan, the Federal Government also imposed wide-ranging travel restrictions (including grounding of flights and halting visa issuance), which had an adverse impact on tourism, suspended prayers at mosques and other large gatherings, and enacted teleworking arrangements in government offices. On 5 April 2020, some emirates announced a 24-hour curfew. Alongside this, the Federal Government increased testing and scaled up disinfection efforts, established a dedicated task force to ensure uninterrupted supply of consumer goods and prevent manipulative pricing practices, and launched remote learning initiatives to ensure continuity of education. The Federal Government closed private and public sector offices, and employees were encouraged to work from home. As a response, the Ministry of Human Resources and Emiratisation published Ministerial Resolution No. 281 of 2020 regulating remote working whereby employers were obliged to provide the necessary technical tools to perform work remotely. The Federal Government also launched an "Early Leave" initiative for all expatriate private sector employees.

On 24 April 2020, the Federal Government began the gradual reopening of shopping centres and other businesses, subject to social distancing requirements, and began facilitating repatriation of expatriate workers wishing to return to their home countries. Several airlines resumed a limited number of regular passenger flights. Curfews were also shortened across the individual emirates. Most government employees returned to work as of mid-June 2020. Dubai reopened to international tourists on 7 July 2020. On 29 July 2020, restaurants, coffee shops, cafes and other licensed food outlets in Abu Dhabi were allowed to operate at 80 per cent. capacity. On 30 August

2021, the UAE started issuing tourist visas to fully vaccinated people from all countries, provided that they are fully vaccinated with one of the WHO-approved COVID-19 vaccines. On 25 February 2022, the National Emergency Crisis and Disasters Management Authority, in coordination with its main partners, announced updating the COVID-19 countermeasures from 26 February 2022. In the UAE, mask-wearing is mandatory in public indoor spaces and optional outdoors. However, there are no longer quarantine requirements for individuals who come into contact with someone infected with COVID-19. Those working in the state sectors are required to have a PCR test daily for five days after coming in contact with someone who is infected. Those who have COVID-19 are still required to isolate. At the local level, each emirate has the flexibility to determine the duration of the quarantine period and PCR tests in their respective sectors and professions.

The UAE economy has also been affected by the spread of COVID-19 as well as the sharp decline in oil prices. An extensive economic stimulus package for UAE businesses was introduced first in March 2020 and later in July 2020 to support services hit by the decline of revenue. In March 2020, the Federal Government announced an AED 16 billion fiscal stimulus programme. The programme included reducing operational costs for businesses through fee reductions and exemptions. For example, water and electricity bills were reduced by 20 per cent. for shopping malls, commercial shops and hotels. There was also a 20 per cent. to 50 per cent. reduction on work permits and contractual arrangements and fees were reduced by 30 per cent. to 95 per cent. for company registration. The Federal Government also refunded 50 per cent. of the cash guarantees paid by individuals and business in coordination with the Ministry of Human Resources and Emiratisation and the Federal Authority for Identity and Citizenship. 68 per cent. of the stimulus programme went to the completion of ongoing infrastructure projects as part of the UAE's ongoing commitment to the UAE Vision 2021.

As of June 2021, the Federal Government, UAE Central Bank and individual emirates have cumulatively committed a total of AED 289.1 billion in financial support packages to combat the economic and social effects of the COVID-19 pandemic since March 2020. Of the AED 289.1 billion that was provided, AED 256 billion was monetary support by the UAE Central Bank, AED 17.1 billion was monetary support by the individual emirates and AED 16 billion was monetary support by the Federal Government.

Some of the measures that were put into place in 2020 included: (i) AED 16.0 billion approved by the Federal Government to support the private sector by reducing various government fees and accelerating existing infrastructure projects; (ii) AED 6.5 billion in measures by the government of Dubai to reduce government fees, provide additional water and electricity subsidies, and simplify business procedures; and (iii) AED 9 billion announced by the government of Abu Dhabi as part of the ongoing "Ghadan-21" fiscal stimulus program. Abu Dhabi, Dubai and Ras Al Khaimah have also announced measures to support the tourism sector by reducing or suspending various government fees and penalties, as well as a rebate on commercial lease payments in the tourism and hospitality sectors. The other individual emirates also implemented a number of COVID-19 measures. For example, in 2020, Umm Al Quwain businesses were exempted from fees and fines, Sharjah launched its own stimulus package, the Ras Al Khaimah Economic Zone Authority introduced an economic relief package of AED 50 million for SMEs and industrial companies as well as announced several initiatives to support tourism development and the Ajman government adopted a relief package. Dubai also announced a three-month stimulus package amounting to AED 1.5 million that incorporated specific measures to support the tourism sector which includes a 50 per cent. reduction of the municipality fee on hotel sales. Dubai has also cancelled certain fines and implemented a reduction of fees, implemented tax and fee reimbursements to the leisure sector and renewed commercial licenses without the renewal of lease contracts.

Additional initiatives for 2021 included providing for water and electricity subsidies as well as credit guarantees and liquidity support to SMEs. As of May 2020, Abu Dhabi scaled up its existing Ghadan-21 stimulus package to include an additional AED 5 billion subsidy for utilities for citizens and commercial and industrial activities, an additional AED 3 billion allocation to the SME credit-guarantee scheme, as well as waivers and exemptions from government fees including vehicle registration, traffic tariffs and industrial land leasing.

The COVID-19 pandemic has also had a significant impact on supply chain, logistics and transportation. In response to this, the Emirates Food Security Council developed mechanisms to ensure a steady and sustainable food supply to the UAE and increased the total food inventory by 30 per cent. Additionally, the Ministry of Community Development and the Ministry of Economy have collaborated to launch the Al Meer Initiative to provide essential food supplies to 12,000 vulnerable and foreign workers.

The Ministry of Human Resources and Emiratisation created a 'virtual labour market' to facilitate the provision of job opportunities for suspended employees while the Ministry of Education activated virtual learning for nearly 1.2 million students from various educational institutions, with service providers offering free mobile internet connection to families without home internet services in order to assist with students remote learning needs. As of the date of this Base Offering Circular, students have physically returned to schools and employees in the public sector are no longer working remotely. Private sector employers have embraced remote working with some employers allowing their employees to physically return to the office and others allowing their employees to continue working from home.

Financial Sector Response Measures

Effective from 15 March 2020, the UAE Central Bank implemented the Temporary Economic Support Scheme (the "**TESS**"), which includes a range of measures aimed at mitigating the economic effects of COVID-19 within the UAE. Such measures include allowing banks operating in the UAE access to loans and advances extended from the UAE Central Bank at zero cost against collateral to be used by the banks to grant temporary loan deferral relief to private sector corporate and SME customers and retail clients. In addition (subject to the terms of the TESS), banks are allowed to tap into the capital conservation buffer up to a maximum of 60 per cent. without supervisory consequences and the domestic systemically important banks (the "**D-SIBs**") are allowed to use 100 per cent. of their D-SIB buffer without supervisory consequences (in each case, until 15 March 2021). Furthermore, on 7 April 2020, the UAE Central Bank effectively more than doubled the size of the TESS from AED 100 billion to AED 256 billion and allowed banks and finance companies in the UAE to extend deferrals of principal and interest. The UAE Central Bank has reduced its policy interest rate twice by a combined 125 basis points in 2020.

In total, the UAE Central Bank announced AED 256 billion (approximately 22 per cent. of GDP in 2019) TESS measures which comprised of: (i) halving of banks' required reserve requirements from 14 per cent. to 7 per cent.; (ii) zero-interest rate collateralised loans to banks (AED 50 billion); (iii) allowing the use of banks' excess capital buffers (AED 50 billion); (iv) 15 to 25 per cent. reduction in provisioning for SME loans; (v) increase of loan-to-value ratio for first-time home buyers by 5 percentage points; (vi) limiting bank fees for SMEs; (vii) waiver of all payment service fees charged by the UAE Central Bank for six months; (viii) raising the limit on banks' exposure to the real estate sector to 30 per cent. of risk-weighted assets, subject to adequate provisioning; and (ix) allowing banks to defer loan repayments until the end of 2020.

On 8 August 2020, the UAE Central Bank announced further measures to facilitate banks' lending to the economy and the relaxation of the Net Stable Funding Ratio and the Advances to Stable Resources Ratio effective through the end of 2021 (source: IMF – Policy Responses to COVID-19). On 16 November 2020, the UAE Central Bank announced the TESS would be extended until 30 June 2021 to continue to support individuals and businesses affected by COVID-19. In April 2021, the UAE Central Bank announced that a number of measures will be extended until 31 December 2021 and in some instances 30 June 2022. The measures that have been extended to 30 June 2022 include temporary lowering of the capital conservation buffer and the capital buffer for systemically important domestic banks as well as temporary prudential relief with respect to the liquidity coverage ratio, eligible liquid assets ratio, net stable funding ratio, and advances to stable resources ratio. The programme to support new lending and financing will also continue until 30 June 2022. As of the third quarter of 2021, approximately one third of the TESS deferral programme utilisation and the cost drawdown of the zero-cost collateralised liquidity facility have been utilised. As of April 2021, more than 320,000 customers, including individual clients, SMEs and other private entities benefited from TESS. For more information on TESS see "*Monetary and Financial System—Banking and Financial Services—Banking System Support—Targeted Economic Support Scheme ("TESS")*". In addition, see "*Risk Factors—Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme—Risks relating to the Issuer—The COVID-19 pandemic has caused and is likely to continue to cause significant disruption to both the global economy and the UAE's economy*".

Expected Impact of the COVID-19 Pandemic

While the economic and fiscal cost of COVID-19 is difficult to predict, the Federal Government anticipates a time-limited negative impact of the pandemic on the economy. There is considerable uncertainty in respect to the further development of the pandemic (including any additional "waves" and "variants") and its macroeconomic consequences, as well as any related shocks in the financial markets. The Federal Government did not make budget cuts in 2021 as a result of COVID-19. The Federal Budget for the cycle 2022-2026, has been approved, which is the largest budget in the UAE's history. The COVID-19 pandemic also encouraged the Federal Government to merge a number of entities and reduce costs. For example, an overall plan has been developed to merge 50 per cent. of Federal agencies into other agencies in order to reduce the overall number of agencies as well as the merger of the energy and infrastructure ministries under a single portfolio and the placement of national water, electric, post, transport and real estate entities under the EIA. In addition, in the long-term, the UAE expects COVID-19 to have a positive effect on the economy given that it has encouraged a greater focus on digitalisation, diversification, structural reforms and a move towards a knowledge and high-value added activity based economy.

Ratings

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 April 2022. Moody's noted in its April 2022 report that upward pressure on the rating would develop if regional geopolitical tensions were to decline significantly and durably. 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 both. A prolonged period of low oil prices, potentially resulting in a long-lasting deterioration in credit metrics that the Federal Government was unable to reverse, would also put downward pressure on the rating, as well as any downgrade of Abu Dhabi's rating.

The UAE's rating was most recently reaffirmed by Fitch in November 2021. 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 and 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.

3. **AMENDMENTS TO THE ECONOMY OF THE UNITED ARAB EMIRATES**

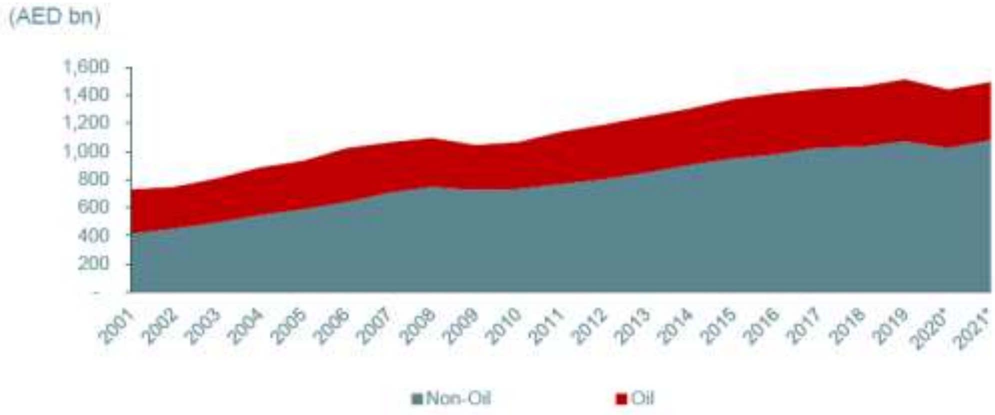
3.1 On page 88 of the Base Offering Circular, the entirety of the subsection headed "*Economy of the United Arab Emirates*" shall be deemed deleted and replaced with the following:

Overview

The UAE has one of the largest economies in the MENA region, with a nominal GDP of approximately AED 1,489 billion in 2021. According to the FCSC, real GDP growth in the UAE was 2.4 per cent. in 2017, 1.2 per cent. in 2018, 3.4 per cent. in 2019, negative 4.8 per cent. in 2020 and 3.8 per cent. in 2021.

Since the discovery of oil, the economy has been influenced mainly by the following sectors: mining and quarrying (includes crude oil and natural gas), wholesale and retail trade; 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.

The UAE's policy of economic diversification has led to development in key sectors such as tourism, air transport, trade, financial services, manufacturing and alternative energy. The UAE has made progress towards ending its economic dependence on hydrocarbons. The mining and quarrying sector, which includes crude oil and natural gas, accounted for approximately 27.7 per cent. of the UAE's constant GDP in 2021, down from 79 per cent. of GDP in 1980. The historic evolution in non-oil GDP contributions to the UAE's constant GDP for the years ended 31 December 2001 to 31 December 2021 is shown below:



Gross Domestic Product

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

	For the year ended 31 December						
	2015	**2016**	**2017**	**2018**	**2019**	**2020***	**2021***
				(AED Billions)			
Nominal GDP................................	1,315	1,311	1,416	1,551	1,532	1,312	1,489
Real GDP growth rate (%)	-	3.0	2.4	1.2	3.4	(4.8)	3.8

(*) Data 2020 and 2021 Preliminary
Source: *FCSC*

Economic activity in the UAE continued its recovery in 2021. The FCSC estimates that real GDP grew by 3.8 per cent. during 2021. In its fourth quarter 2021 economic review, the Central Bank projected real GDP growth of 4.2 per cent. in 2022 with the non-oil real GDP and real oil GDP increasing by 3.9 per cent. and 5.0 per cent. respectively. However, these projections include a high level of uncertainty amidst the potential repercussions of the COVID-19 pandemic and ongoing conflict between Russia and Ukraine. See "*Risk Factors—Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme—Risks relating to the Issuer—The COVID-19 pandemic has caused and is likely to continue to cause significant disruption to both the global economy and the UAE's economy*".

The non-oil sector continued to improve in 2021 largely reflecting increased spending and tourism related to the delayed Expo 2020. According to the IMF, real GDP growth is projected to rise to 3.5 per cent. in 2022. Non-oil growth is expected to accelerate to 3.4 per cent. in 2022, boosted by Expo 2020 and reform momentum, and to improve further over the medium-term with increased foreign investment and the benefit of announced structural reforms. Oil GDP is expected to grow by 3.5 percent on average in the medium-term as production increases to meet the authorities' plans of producing 5.0 mb/d by 2030. The adjusted non-oil primary deficit is expected to improve, albeit gradually, to 22.1 per cent. of non-oil GDP in 2026 from 26.7 per cent. of non-oil GDP in 2021. In the long-term, the UAE Central Bank expects GDP to increase due to the continued diversification of the UAE's economy away from hydrocarbons and towards a more knowledge-based economy, manufacturing and other high-value add activities.

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	2015	2016	2017	2018	2019	2020*	2021*
	For the year ended 31 December						
	(AED Millions)						
Non-Financial Corporations......................	**1,106,290**	**1,090,929**	**1,182,780**	**1,313,507**	**1,291,543**	**1,076,030**	**1,251,876**
Agriculture, Forestry and Fishing................	9,746	10,176	10,912	11,145	11,448	12,107	13,036
Mining and Quarrying (includes crude oil and natural gas)...	286,970	253,148	289,986	402,935	347,387	217,780	356,429
Manufacturing	116,180	117,808	129,640	135,420	134,639	136,222	151,036
Electricity, gas, and Water Supply; Waste Management Activities	46,471	48,719	55,448	58,402	61,804	61,058	67,637
Construction	127,693	123,820	127,840	132,529	137,392	131,186	118,977
Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles........................	160,969	170,458	188,309	190,491	202,405	178,715	195,777
Transportation and Storage..........................	89,983	80,434	84,730	86,895	89,705	60,869	63,760
Accommodation and Food Service Activities	32,402	31,631	31,831	32,117	32,553	23,607	27,456
Information and Communication.................	37,929	40,162	42,460	43,338	46,087	45,672	45,684
Financial and Insurance Activities...............	125,221	131,646	133,948	132,219	135,750	119,056	120,055
Real Estate Activities	81,184	89,357	90,410	82,718	80,380	79,373	79,982
Professional, Scientific and Technical Activities and Administrative and Support Service Activities......................................	86,160	72,052	72,091	75,752	79,798	71,274	71,426
Public Administration and Defence; Compulsory Social Security.....................	83,740	88,673	99,408	104,858	104,931	106,153	106,523
Education...	16,487	18,312	21,398	21,984	25,838	26,618	26,672
Human Health and Social Work Activities...	16,879	18,162	18,644	19,821	21,521	23,677	26,269
Arts, Recreation and Other Service Activities	7,012	7,836	9,601	9,843	9,785	7,196	7,707
Activities of Households as Employers	8,225	8,854	9,480	10,145	10,801	10,646	10,625
Total GDP	**1,315,251**	**1,311,248**	**1,416,136**	**1,550,585**	**1,531,224**	**1,311,885**	**1,489,080**
Total Non-oil GDP......................................	**1,028,280**	**1,058,101**	**1,126,150**	**1,147,650**	**1,184,838**	**1,094,105**	**1,132,651**

(*) Data 2020 and 2021 Preliminary.
Source: FCSC

GDP by Economic Sectors at Constant (2010) Prices, 2015 – 2021

Economic Sectors/Activities	2015	2016	2017	2018	2019	2020*	2021*
	For the year ended 31 December						
	(AED Millions)						
Non-Financial Corporations..................................	**1,177,591**	**1,213,012**	**1,244,535**	**1,264,663**	**1,314,131**	**1,231,138**	**1,280,537**
Agriculture, Forestry and Fishing.............................	8,899	9,204	9,508	10,022	10,403	11,249	13,594
Mining and Quarrying (includes crude oil and natural gas)	421,382	432,360	418,524	428,781	439,836	413,148	412,866
Manufacturing..	108,776	114,054	123,381	122,330	125,007	128,032	137,651
Electricity, gas, and Water Supply; Waste Management Activities...	40,131	42,316	41,956	42,183	43,460	43,286	45,888
Construction..	123,467	121,140	124,291	127,275	130,726	120,911	113,970
Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles....................................	160,040	165,792	181,798	184,359	195,917	185,566	211,684
Transportation and Storage	77,310	74,417	80,050	81,693	85,316	62,906	65,856
Accommodation and Food Service Activities	26,704	28,533	30,838	32,312	33,841	26,227	31,786
Information and Communication..............................	36,815	39,330	41,896	43,115	44,300	43,606	43,162
Financial and Insurance Activities	116,073	120,492	122,140	119,051	119,544	118,642	123,030
Real Estate Activities	73,888	79,028	82,013	79,322	81,973	84,201	89,002

Economic Sectors/Activities	2015	2016	2017	2018	2019	2020*	2021*
	For the year ended 31 December						
			(AED Millions)				
Professional, Scientific and Technical Activities and Administrative and Support Service Activities	58,078	61,653	60,954	62,659	66,148	62,265	61,956
Public Administration and Defence; Compulsory Social Security	75,485	77,553	77,874	78,023	77,929	79,358	79,683
Education	11,746	13,025	14,926	14,776	19,315	19,710	19,656
Human Health and Social Work Activities	16,283	16,894	17,043	18,108	19,561	21,516	24,494
Arts, Recreation and Other Service Activities	6,532	7,208	8,841	8,838	8,831	8,516	8,973
Activities of Households as Employers	7,541	8,059	8,517	8,889	9,497	9,299	9,390
Total GDP	**1,369,148**	**1,411,057**	**1,444,549**	**1,461,737**	**1,511,605**	**1,438,437**	**1,492,639**
Total Non-oil GDP	**947,766**	**978,697**	**1,026,025**	**1,032,956**	**1,071,769**	**1,025,289**	**1,079,774**

(*) Data 2020 and 2021 Preliminary

Source: *FCSC*

Economic Indicators Per Capita, 2015-2021

Economic Sectors/Activities	2015	2016	2017	2018	2019	2020*	2021*
	For the year ended 31 December						
			(AED Thousands)				
Gross Domestic Product	**144.5**	**143.8**	**152.2**	**165.5**	**161.2**	**141.3**	**155.8**
GDP (At Constant 2010 Prices)	**150.4**	**154.7**	**155.3**	**156.1**	**159.1**	**155.0**	**156.1**
Gross National Income	**145.2**	**144.6**	**153.3**	**166.1**	**162.0**	**140.6**	**154.5**
Net National Income	**139.1**	**138.6**	**147.4**	**159.7**	**155.6**	**134.5**	**148.6**
Disposable Income	**123.1**	**122.9**	**131.1**	**141.6**	**137.3**	**113.3**	**127.1**
Final Consumption Expenditure:	**69.1**	**70.0**	**76.9**	**83.0**	**83.1**	**76.5**	**87.0**
Government Final Consumption	18.0	18.0	20.1	19.6	19.8	21.0	23.5
Private Final Consumption	51.2	52.0	56.8	63.4	63.3	55.5	63.5
National Saving	**54.0**	**52.8**	**54.2**	**58.6**	**54.2**	**36.8**	**40.1**
Gross Fixed Capital Formation	**37.0**	**37.4**	**38.5**	**38.9**	**36.2**	**34.1**	**39.0**
Total Exports	**145.7**	**145.2**	**151.6**	**154.0**	**156.1**	**139.0**	**163.3**
Total Imports	**139.3**	**141.1**	**136.4**	**130.9**	**134.3**	**108.3**	**133.5**

(*) Data 2020 and 2021 Preliminary

Source: FCSC

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

	2015	2016	2017	2018	2019	2020*	2021*
	For the year ended 31 December						
			(%)				
Real Petroleum GDP	-	2.6	(3.2)	2.5	2.6	(6.1)	(0.1)
Real Non Petroleum GDP	-	3.2	4.8	0.7	3.8	(4.3)	5.3
Real GDP	-	3.0	2.4	1.2	3.4	(4.8)	3.8

(*) Data 2020 and 2021 Preliminary

Source: FCSC

For the year ended 31 December 2021, nominal GDP increased by 13.5 per cent. compared to the year ended 31 December 2020. This increase in nominal GDP in 2021 was primarily the result of the recovery in the oil economy and increases in the various sectors, particularly tourism and trade compared to 2020, which was negatively impacted by the COVID-19 pandemic. The oil sector is included in "mining and quarrying" in the calculation of GDP. In 2021, the various non-oil sectors accounted for 76.1 per cent. of nominal GDP, while the mining and quarrying sector accounted for 23.9 per cent. of nominal GDP. Among the non-oil sectors, the "wholesale and retail trade: repair of motor vehicles and motorcycles" sector accounted for the largest share; 13.1 per cent. of nominal GDP, followed by "manufacturing", "financial and insurance activities" and "construction", which accounted for 10.1 per cent., 8.1 per cent. and 8.0 per cent. of GDP, respectively. GDP for oil depends on oil prices.

For the year ended 31 December 2020, nominal GDP decreased by 14.4 per cent. compared to the year ended 31 December 2019. This decrease in nominal GDP in 2020 was primarily the result of the contraction in the oil economy and varying degrees of unemployment and supply chain disruptions across various sectors, particularly tourism and trade, as a result of the COVID-19 pandemic. In 2020, the various non-oil sectors accounted for 83.5 per cent. of nominal GDP, while the mining and quarrying sector accounted for 16.6 per cent. of nominal GDP. Among the non-oil sectors, the "wholesale and retail trade: repair of motor vehicles and motorcycles" sector accounted for the largest share; 13.6 per cent. of nominal GDP, followed by "manufacturing", "construction" and "financial and insurance activities", which accounted for 10.4 per cent., 10.0 per cent. and 9.1 per cent. of GDP, respectively.

For the year ended 31 December 2019, nominal GDP decreased by 1.2 per cent. compared to the year ended 31 December 2018. This decrease in nominal GDP in 2019 was primarily the result of a decrease in mining and quarrying GDP as a result of a decline in oil prices in 2019 compared to 2018. In 2019, the various non-oil sectors accounted for 77.4 per cent. of nominal GDP, while the "mining and quarrying" sector accounted for 22.6 per cent. of nominal GDP. Among the non-oil sectors, the "wholesale and retail trade: repair of motor vehicles and motorcycles" sector accounted for the largest share; 13.2 per cent. of nominal GDP, followed by "construction", "manufacturing" and "financial and insurance activities", which accounted for 9.0 per cent., 8.8 per cent. and 8.9 per cent. of GDP, respectively.

For the year ended 31 December 2018, nominal GDP increased by 9.5 per cent. compared to the year ended 31 December 2017. This growth in nominal GDP in 2018 was due to growth in the "mining and quarrying" sector as a result of an increase in oil prices from 2017 to 2018, as well as growth in the non-oil sectors except for "real estate activities" and "financial and insurance activities". In 2018, the various non-oil sectors accounted for 74.0 per cent. of GDP, while the "mining and quarrying" sector accounted for 26 per cent. of nominal GDP. Among the non-oil sectors, the "wholesale and retail trade: repair of motor vehicles and motorcycles" sector accounted for the largest share; 12.3 per cent. of nominal GDP, followed by the "financial and insurance activities", "manufacturing" and "construction" sectors, which accounted for 8.5 per cent., 8.7 per cent. and 8.5 per cent. of GDP, respectively.

For the year ended 31 December 2017, nominal GDP rose by 8.0 per cent. in 2017 compared to the year ended 31 December 2016. This was primarily the result of the growth of the UAE's economic performance in general, which primarily was the result of successful economic diversification policies adopted by the UAE, expanding the economy's productive base and the initiatives to increase reliance on non-oil sectors and enhancing their contribution to the GDP of the UAE. In 2017, GDP for the non-oil sectors of the economy amounted to about AED 1,126.2 million, an increase of 6.4 per cent. compared to 2016, representing 79.5 per cent. of nominal GDP. In 2017, the "mining and quarrying" sector amounted to AED 289,986 million representing 20.5 per cent. of nominal GDP.

Principal Sectors of the Economy

The UAE's economy is well diversified with its biggest sector, mining and quarrying (including oil and natural gas) contributing 23.9 per cent. of nominal GDP in 2021. Recent economic growth has been broad-based across multiple sectors. Most GDP sectors are controlled at the local level as opposed to the federal level.

The UAE has a world leading position in hydrocarbons. According to OPEC's 2021 Statistical Bulletin, the UAE has the fifth largest proven oil reserves (107 billion barrels) and seventh largest natural gas reserves (273 trillion scf).

In 2020, Abu Dhabi's Supreme Petroleum Council approved a U.S.$122 billion capital spending plan for oil and natural gas over the next five years. The plan aims to lift production capacity by 5 million barrels per day by 2030 and expand the downstream sector to support the development of ADNOC's refining and petrochemicals capacity. Despite, the hydrocarbon sector of the economy still growing, the UAE has tried to diversify and grow its non-oil sector of the economy.

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, contributed 23.9 per cent. to the UAE's nominal GDP in 2021, 16.6 per cent. in 2020, 22.6 per cent. in 2019 and 26.0 per cent. in 2018. The mining and quarrying sector's contribution to GDP reflected the decline in oil prices in 2020 resulting from the COVID-19 pandemic, partially offset by increased production. Changes in the rates of growth of the hydrocarbon sector principally reflect oil and gas production increases over the period as adjusted by the GDP deflator for the year concerned, which is calculated by weighting inflation in different sectors of the economy. The Federal Government does not have control over this sector of the economy and mining and quarrying is controlled by the individual emirates.

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

The wholesale and retail trade sector contributed 13.2 per cent. to the UAE's nominal GDP in 2021, 13.6 per cent. in 2020, 13.2 per cent. in 2019 and 12.3 per cent. in 2018. The sector's growth in 2019 was primarily driven by the growth in the UAE's economy and population as well as an increase in the number of new malls and the number of expatriates choosing to reside in the UAE. Wholesale and retail trade decreased in 2020 primarily due to the decrease in tourism, supply chain disruptions and a decrease in demand as a result of the COVID-19 pandemic, which was partially offset by an increase in e-commerce. The wholesale and retail trade sector was 13.6 per cent. of non-real hydrocarbon GDP in 2020.

The UAE is also a base for wholesalers due to its attractive tax environment and connections to the MENA region. With no domestic manufacturing industry, the repair of motor vehicles and motorcycles aspect of this sector focuses on the import for local sale and re-export of vehicles and the associated sub-sectors of auto parts and accessories supply; vehicle maintenance and repair; trading, maintenance and repair of motorcycles and auto finance.

Manufacturing

The manufacturing sector contributed 10.1 per cent. to the UAE's nominal GDP in 2021, 10.4 per cent. in 2020, 8.8 per cent. in 2019 and 8.7 per cent. in 2018. The UAE's manufacturing sector is dominated by refining and petrochemical production which both experience volatility in demand and output. The most significant sub-sectors include cement, glass, petrochemicals, paint, dried food and household goods. Additionally, the Khalifa Industrial Zone (KIZAD) has attracted a range of companies in the aluminium, engineered metals, glass, paper, petrochemical, chemical product, high technology, food and beverage and trade and logistics sectors. The positive growth rates between 2017 and 2019 reflected growth in the export of manufactured products such as chemicals, machinery, transport and communication equipment during these periods. However, the manufacturing sector decreased by 1.2 per cent. in 2020 compared to 2019 primarily as a result of the COVID-19 pandemic. Manufacturing was one of the most impacted sectors as a result of COVID-19 due to low domestic consumption, limited access of manufacturing firms to affordable finance and business, supply chain and demand disruptions.

Financial and insurance activities

The financial and insurance activities sector contributed 8.1 per cent. to the UAE's nominal GDP in 2021, 9.1 per cent. in 2020, 8.9 per cent. in 2019 and 8.5 per cent. in 2018. This sector principally reflects the financial activities of banks within the UAE as well as financial intermediation activities, insurance activities, insurance intermediation activities and the activities of the UAE Central Bank. The growth in this sector principally reflected the effect of generally good economic conditions in the UAE banking sector. The growth rate of the financial and economic sector is dependent on the movement in the other economic sectors. The positive rate of growth in 2019 reflected the positive growth rates in the other economic sectors. Financial and insurance activities decreased in 2020 primarily as a result of the COVID-19 pandemic. Insurance activities were the most affected due to restrictions on meeting in person, which reduced the contact and marketing opportunities that brokers were able to have with individual insurance clients and/or potential clients in 2020. In addition, the Insurance Authority decreased motor vehicle insurance tariffs in response to COVID-19, which had a further impact on insurance activities overall. For more information please see "*Monetary and Financial System - Banking and Financial Services*". The financial and insurance sector as a percentage of the UAE's nominal GDP decreased in 2021, however, this sector increased overall in 2021 as a result of improved economic conditions in the banking sector and positive growth rates in the other economic sectors compared to 2020.

Construction

The construction sector contributed 8.0 per cent. to the UAE's nominal GDP in 2021, 10.0 per cent. in 2020, 9.0 per cent. in 2019 and 8.5 per cent. in 2018. The construction sector is largely driven by activity in the private real estate market and by public projects to construct infrastructure and government buildings. The UAE conducts construction activities on a federal level, which are independent from the individual emirates. The construction sector GDP growth in 2018 and 2019 reflected real estate demand and public sector expansion. The construction sector decreased by 4.5 per cent. in 2020 compared to 2019. The negative rates of growth in the construction sector in 2020 reflected job losses due to the COVID-19 pandemic, a decline in real estate prices, which in turn, resulted in delayed or cancelled construction projects, rent deferrals and waivers and the delay of Dubai Expo 2020, which adversely affected developers who were contracted to work on the site of Dubai Expo 2020. The construction sector further decreased in 2021, primarily as a result of reduced spending on construction projects in 2021.

Public administration and defence (including compulsory social security)

The public administration and defence (including compulsory social security) sector contributed 7.2 per cent. to the UAE's nominal GDP in 2021, 8.1 per cent. in 2020, 6.9 per cent. in 2019 and 6.8 per cent. in 2018. This sector includes government services such as basic healthcare and education for UAE nationals, defence and foreign policy initiatives, UAE-wide police and civil defence initiatives, the postal services, a large public works programme which covers infrastructure and housing as well as business licensing and policing.

Real estate activities

The real estate activities sector, contributed 5.4 per cent. to the UAE's nominal GDP in 2021, 6.1 per cent. in 2020, 5.2 per cent. in 2019 and 4.5 per cent. in 2018. The real estate activities sector primarily consists of real estate sales and leasing. The longer-term decline in nominal real estate activities GDP reflects decreases in the average prices of the UAE housing market accompanied by a fall in rents as well as the negative impacts of COVID-19 in 2020.

As a response to the weakened housing market, the Abu Dhabi government removed all real estate fees for all industries until the end of 2020 and removed requirements/fees related to the real estate sector such as the suspension of bid bonds, a 25 per cent. reduction in land leasing, industrial and commercial fees. In addition, Federal initiatives have been put in place to aid recovery, such as the Higher Committee for Real Estate, long-term residence visas, the reduction in real estate fees and changes in foreign ownership rules, including freehold ownership in certain areas of Abu Dhabi. The real estate market in Dubai has also shown signs of recovery, with 84,772 transactions recorded in 2021. S&P Global reported that there was a strong demand for residential real estate in 2021 compared to 2020 as transaction numbers surged by 60% with record pre-sales for developers. According to the real estate data platform, Property Monitor, the Dubai property market recorded its strongest ever start to the year in 2022 with 12,119 sales transactions as of 26 March 2022. S&P expects that there will be an ongoing rise in property transaction volumes in 2022 and a strong demand for off-plan properties.

Individual Emirates' GDP and Principal Economic Sectors

The UAE is made up of seven individual emirates, each of which produce GDP and principal economic sectors data.

Emirate of Abu Dhabi

Abu Dhabi had a nominal GDP of approximately AED 840.5 billion in 2021 based on preliminary estimates. The hydrocarbon sector is the largest sector of GDP for Abu Dhabi. Abu Dhabi is the federal capital of the UAE and is continuing to diversify its economy and reduce its reliance on the hydrocarbon sector. Abu Dhabi invests in infrastructure, tourism, transport, health and education in line with the Abu Dhabi government's 2030 economic plan, which was announced in 2009. For example, Abu Dhabi has invested in new luxury resorts and business hotels and has become a centre for sporting events such as the Abu Dhabi Golf Championship and the Formula One Abu Dhabi Grand Prix.

Emirate of Dubai

Dubai had a nominal GDP of approximately AED 393.2 billion in 2020 based on preliminary estimates (29.8 per cent. of emirates' GDP for the year ended 31 December 2020). One of the principal economic sectors for Dubai is tourism. For example, Dubai has invested in hotels, entertainment and shopping centres. Dubai is also heavily reliant on trade and its services and finance sectors. Real estate, logistics and financial services are also key economic sectors in Dubai.

Emirate of Sharjah

Sharjah had a nominal GDP of approximately AED 112.6 billion in 2020 based on preliminary estimates (8.5 per cent. of emirates' GDP for the year ended 31 December 2020). Sharjah's principal economic sectors are manufacturing and entrepreneurship and innovation. There are also almost 45,000 SMEs in Sharjah that contribute to Sharjah's real estate, gas and tourism sectors.

Emirate of Ras Al Khaimah

Ras Al Khaimah had a nominal GDP of approximately AED 29.3 billion in 2020 based on preliminary estimates (2.2 per cent. of emirates' GDP for the year ended 31 December 2020). Its principal economic sectors are pharmaceuticals and cement. Ras Al Khaimah also has its own economic zone, the Ras Al Khaimah Economic Zone (RAKEZ), which offers solutions to free zone and non-free zone businesses in over 50 industries.

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 emirates' GDP for the year ended 31 December 2020). Its principal economic sector is tourism which is aided by the Ajman Port and Ajman Free Zone. In 2014, Ajman unveiled Ajman Vision 2021 for the emirate's development, a strategy that is in harmony with the UAE Vision 2021.

Emirate of Fujairah

Fujairah had a nominal GDP of approximately AED 22.0 billion in 2021 based on preliminary estimates. The Fujairah Free Zone, surrounding the port of Fujairah contributes to the emirates' foreign investment in banking and trade. The emirate's principal economic sectors are fishing, agriculture, mining and stone crushing.

Emirate of Umm Al Quwain

Umm Al Quwain had a nominal GDP of approximately AED 3.5 billion in 2020 based on preliminary estimates (0.3 per cent. of emirates' GDP for the year ended 31 December 2020). In 2014, The construction of Ahmed Bin Rashid Port and the Free Trade Zone are contributing to the emirate's commercial and investment base. The principal economic sectors are fishing and tourism.

Inflation

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

	For the year ended 31 December						
Economic Variables	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
			(AED Millions)				
C.P.I (2014 = 100)	**104.1**	**105.8**	**107.8**	**111.1**	**109.0**	**106.7**	**106.9**
Inflation	**4.1**	**1.6**	**2.0**	**3.1**	**(1.9)**	**(2.1)**	**2.3**

The inflation rate for 2021 was 2.3 per cent. This was the result of an increase in price of both tradeables and non-tradeables, particularly in the transportation tradeable basket as a result of the increase in oil prices in the fourth quarter of 2021. The UAE Central Bank projects the average headline CPI inflation for 2022 to be around 2.7 per cent., for which the main drivers are expected to be the increase in energy prices, imported inflation that is expected to increase, rising wages, and the continuation of the declining trend of rents. These drivers may be further exacerbated by the war in Ukraine, with potential disruption in the oil markets and supply chains, in addition to higher food prices.

The UAE experienced a decrease in CPI in 2020 by 2.1 per cent., compared to a drop of 1.9 per cent. in 2019. This was the result of a fall of 3.3 per cent. in the price of non-tradables - goods and services that are not traded across borders. The price of non-tradeables are mainly determined by domestic supply and demand conditions, which were negatively impacted by COVID-19. Meanwhile, prices of tradables rose by 0.3 per cent. Tradables' prices, accounting for 34 per cent. of the CPI consumption basket, increased due to the rise in the price of food and soft drinks, beverages and tobacco, and textile, clothing and footwear, which was likely due to the disruptions in the global supply chains during the year. The decline in the housing component by 3.7 per cent., transportation by 5.8 per cent., and recreation and culture by 17.3 per cent. were the drivers of the significant drop in the non-tradables prices. (*source*: UAE Central Bank Annual Report 2020). Tradeables include the following categories of goods and services: food and soft drinks; beverages and tobacco; textiles, clothing and footwear; furniture and household goods; transportation; and miscellaneous goods and services. Non-tradeables include the following categories of goods and services: housing; medical care; transportation; communications; recreation and culture; education; restaurants and hotels; and miscellaneous goods and services.

The CPI in the UAE declined by 1.9 per cent. in 2019, which was the first negative annual change in CPI inflation since the CPI index was first reported by the FCSC in 2009. Deflation was driven by the continued decline in rents and utilities prices, which represent 34 per cent. of the consumption basket, the appreciating UAE Dirham (in nominal terms) and the fading effect of the VAT introduced at the beginning of 2018. Moreover, the CPI was influenced by the drop in oil prices, which was transmitted to the domestic fuel prices through the transportation prices, assumed to be split equally between the tradeable and non-tradeable. Inflation in tradable prices reversed from 6.9 per cent. in the previous year to a deflation of 1.5 per cent. in 2019. Similarly, non-tradable prices decreased by 2.2 per cent. in 2019 compared to an increase by 1.2 per cent. in 2018.

In 2018, annual inflation in the UAE rose to 3.1 per cent. in 2018 compared to 2.0 per cent. in the previous year. The rise in inflation occurred despite the continued decline in housing prices due to the implementation of VAT at the beginning of 2018. Moreover, CPI inflation was influenced by the increase in oil prices in 2018, which was transmitted to the domestic fuel prices through the transportation prices, split equally between tradeable and non-tradeable prices. Therefore, inflation in tradeable prices rose from 3.0 per cent. in 2017 to 6.9 per cent. in 2018. In contrast, non-tradeable price inflation decreased to 1.2 per cent. in 2018 compared to 1.8 per cent. in 2017. The rise in the tradeable prices in 2018 was mainly due to the base year effect of the implementation of the VAT, as well as the excise tax in October 2017. For example, the prices of beverages and tobacco rose by 57 per cent. in 2018 compared to the 18.3 per cent. increase in 2017. In addition, prices of food and soft drinks increased as compared to 2017 due to the implementation of the VAT as well as the increase in prices of agricultural commodities in international markets. Non-tradeable prices continued declining in 2018, similar to its 2017 trend, owing to the decline in housing cost by 3.1 per cent. as rents continued their downward trajectory throughout 2018. The housing group accounted for 34 per cent. of the UAE standard consumption basket, of which around 26 per cent. represented the actual rents paid by tenants.

Inflation in 2017 and 2016 was 2.0 per cent. and 1.6 per cent. respectively. These inflation levels reflected increases in tradeables reflecting the recovery of oil prices offset by the drop in non-tradeable price inflation. Non-tradeables accounted for 66 per cent. of the standard consumption basket in the UAE in 2017, of which housing and utilities costs cover around 52 per cent. Housing excess supply and slower employment growth in the labour market exerted a downward pressure on rental prices in both the emirates of Dubai and Abu Dhabi in 2017 and 2016.

Economic Policy

UAE Vision 2021

The UAE launched its first national strategy in 2007 and since then has launched a number of strategies with the aim of strengthening the UAE's economic position globally. In 2010, the Federal Government launched the UAE Vision 2021, which charts the next stage of the UAE's journey until the year 2021. The vision aims to position the UAE among the best countries in the world by the Golden Jubilee of the Federation in 2021.

In 2014, H.H. Sheikh Mohammed bin Rashid Al Maktoum launched a seven-year National Agenda in order to guide efforts towards UAE Vision 2021. The National Agenda was the result of a series of workshops attended by over 300 officials from 90 federal and UAE local government entities, participants from civil society organizations and the private sector and experts from academia and research institutions.

The National Agenda specifies a wide-ranging work programme centred around six national priorities, as the key focus of government strategy in the coming years, and 52 National Key Performance Indicators ("**NKPIs**") in the sectors of education, healthcare, economy, police and security, justice, society, housing, infrastructure and government services. The six national priorities are:

- cohesive society and preserved identity;
- safe public and fair judiciary;
- competitive knowledge economy;
- first-rate education system;
- world-class healthcare; and
- sustainable environment and infrastructure.

The NKPIs are long-term, measurable performance outcomes in each of the national priorities and generally compare the UAE against global benchmarks. The NKPIs for UAE Vision 2021 include revenue budget execution, expenditure budget execution and budget accuracy. The Federal Government is continuing to work on the NKPIs with all of the relevant entities in all relevant sectors. These objectives will be continued after 2021 as part of the UAE Centennial Plan 2071 and a new set of objectives for the Federal Government's strategy for 2022-2026. The Federal Government is working on a new set of goals for 2022-2026.

UAE Centennial Plan 2071

The UAE Centennial Plan 2071 was announced in October 2017. This is a long-term plan that will replace UAE Vision 2021 and will extend for five decades after 2021. The objectives of the Federal Government under the UAE Centennial Plan 2071 include establishing the government of the UAE as the best government in the world, with a long-term vision and inspirational leadership that anticipates and prepares for the future. Other government objectives include achieving happiness in society and spreading positive messages internally and to the world and developing mechanisms for monitoring long-term variables in various sectors. Some objectives include creating a more cohesive society and promoting women's participation in all sectors.

The UAE Centennial Plan 2071 also outlines various education and economic goals. In terms of education, the UAE Centennial Plan 2071 highlights the importance of education in advanced science, technology, space science, engineering innovation and health sciences. The plan seeks to encourage education institutions to be centres of entrepreneurship, innovation and international research centres. The plan has a number of economic objectives which include increasing the productivity of the national economy, supporting national companies, investing in science research and other sectors, focusing on innovation, entrepreneurship and advanced industries, diversifying imports and exports by relying less on oil and developing a national strategy to shape the future of the UAE's economy and industry with a view to place the UAE among international important economies.

UAE's 50 Projects Initiative

In September 2021, the UAE announced that it plans to launch 50 new economic initiatives to boost the country's competitiveness and attract AED 550 billion in FDI over the next nine years. The projects are founded on the following principles:

- strengthening of the union, its institutions, legislations, capacity and budgets;
- building a competitive and dynamic economy;
- using foreign policy as a tool that aims to serve the UAE's economic interests;
- developing the educational system, attracting talent and retaining specialists;

- developing stable and positive economic, political and social relationships;
- creating one unified nation;
- encouraging digital, technical and scientific excellence;
- encouraging openness and tolerance;
- providing foreign humanitarian aid; and
- resolving political disputes.

Initially, AED 5 billion from the Emirates Development Bank is expected to be allocated to support projects by Emiratis in new economic sectors. Another AED 5 billion is expected to be allocated to reform the industrial sector towards the Fourth Industrial Revolution over the next five years. Teenagers will also be able to work from the age of 15 for the first time.

UAE Strategy for the Fourth Industrial Revolution

In September 2017, the Federal Government launched the UAE Strategy for the Fourth Industrial Revolution. The UAE Strategy for the Fourth Industrial Revolution aims to strengthen the UAE's position as a global hub for the Fourth Industrial Revolution and to increase its contribution to the national economy by means of advancing innovation and future technologies. The strategy also outlines the path to achieve the future experience of government services by providing intelligent and interactive government services around the clock to achieve customer happiness and to position the UAE as a model for interactive cities using artificial intelligence to achieve sustainability.

The UAE Strategy for the Fourth Industrial Revolution focuses on a number of key fields; some of them are innovative education, artificial intelligence, intelligent genomic medicine and robotic healthcare:

- innovative education will provide a smart and enhanced learning experience to develop advanced technologies such as science, nanotechnology and artificial intelligence;
- the adoption of intelligent and personal genomic medicine will lead to personalised medical technologies, improved health care levels and boost the UAE's position as a global centre for healthcare; and
- the adoption of robotic healthcare and research in nanotechnology will facilitate the application of telemedicine and introduce cutting-edge medical solutions such as wearable and implantable technologies.

The plan also aims to:

- achieve future security of water and food supply by using bioengineering sciences and advanced renewable energy technologies;
- enhance economic security by adopting digital economy and blockchain technologies in financial transactions and services;
- optimise the utilisation of satellite data in planning future cities; and
- develop advanced defence industries by developing national industries in the field of robotics and autonomous vehicle technologies.

Investment in these projects is ongoing and these projects contribute to the UAE's plan to move towards a knowledge-based economy. These projects include, among others, moving to a digital economy and developing artificial intelligence and remote working applications. Half of the Federal Government service centres are set to be converted to digital platforms in the short to medium-term. The Advanced Technology Research Council is the overarching advanced technology body in Abu Dhabi and the UAE. The Advanced

Technology Research Council has been established to further research and development in the UAE and is responsible for consolidating funds for efficient investment and policy in the UAE's scientific community.

Islamic Economic Sector

The Federal Government has recognised the importance of the Islamic economic sector, driven by the increase in the global Muslim population that numbers approximately 1.6 billion. For example, Dubai was the first to establish Islamic banks worldwide with the opening of Dubai Islamic Bank (DIB) in the 1970s, in addition to having the Dubai Financial Market, which is the first global *Shari'a* compliant exchange.

According to the 2021-22 Global Islamic Economy Indicator report, which measures the strength of the Islamic economy for 81 countries, across supply and demand drivers, governance, awareness and social considerations, the UAE was ranked third overall. .

The UAE's post-oil strategy

In 2015, the Federal Government implemented a AED 300 billion programme to foster a knowledge economy, driven by innovation to prepare the UAE for a world after oil. The Emirates Science, Technology and Innovation Higher Policy launched 100 initiatives with major investments in education, health, energy, transport, space and water. It includes fields such as robotics, solar power, developing intellectual property, stem cell research and biotechnology. As part of the UAE Centennial Plan 2071, the UAE plans to continue to support these programmes to work towards a knowledge-based economy and encourage innovation.

The UAE retreat on post-oil phase was held in January 2016. Federal and UAE local government officials took part in the retreat and discussed ideas and initiatives that would contribute in diversifying the UAE's economy and ensuring its sustainability with an emphasis on human capital, knowledge and innovation.

The UAE's strategy to decrease reliance on hydrocarbon revenue includes promoting a knowledge-based economy, strengthening the competitiveness of the current economic sectors such as manufacturing and gradually introducing new high-value added sectors related to, among others, SMEs and start-up businesses. The Federal Government believes this will drive improvements in the UAE's economy with the ultimate goal of achieving a nominal GDP of AED 3 trillion by 2031.

The UAE Soft Power Strategy

The Soft Power Council reports directly to the Cabinet and is in charge of the National Agenda. In September 2017, the Soft Power Council launched the UAE Soft Power Strategy, which aims to increase the country's global reputation abroad by highlighting its identity, heritage, culture and the contributions of the UAE to the world. The integrated national strategy is based on four main objectives:

- to develop a unified direction for various sectors including the economy, humanities, tourism media and science;
- to promote the UAE's position as a gateway to the region;
- to establish the UAE as a regional capital for culture, art and tourism; and
- to establish the UAE's reputation as a modern and tolerant country that welcomes people from across the world.

National Food Security Strategy 2051

The National Food Security Strategy 2051 aims to implement resilient agricultural practices that increase productivity and production that help maintain ecosystems. The strategy is geared by five strategic goals focusing on:

- facilitating the global food trade;
- diversifying food import sources; and
- identifying an alternative supply scheme, covering three to five sources for each major food category.

By launching this strategy, the UAE aims to:

- make the UAE the world's best in the Global Food Security Index by 2051 (the UAE was ranked 9 in 2021 up from 31 in 2015);
- enhance local production;
- develop international partnerships to diversify food sources;
- activate legislation and policies that contribute to improving nutrition;
- activate legislation and policies to reduce waste; and
- develop a national system based on enabling sustainable food production though the use of modern technology.

The UAE also achieved a ten place increase on the Global Food Security Index between 2012 and 2021, moving from a score of 61 to a score of 71.

Global Comparison

The UAE has a track record of improvement in rankings with an intention to remain one of the most business-friendly nations in the world. In 2021, the UAE ranked 10th overall in the IMD World Competitiveness Yearbook, 31st in the Human Development Report by the United Nations Development Programme in 2020 and ranked 37 out of 139 countries in the WJP Rule of Law Index 2021. In the IMD World Competitiveness Yearbook for 2021, the UAE was in the top five among the 64 countries surveyed in the following sub factors: international experience; foreign highly-skilled personnel; management of cities; net flow of international students; immigration laws; wireless broadband; internet users attitudes towards globalization; opportunities and threats in relation to business agility; use of big data and analytics; agility of companies; and future readiness for cyber security.

In 2021, the UAE ranked 33 in the Global Innovation Index out of 132 countries. The Global Innovation Index also gave the UAE a regulatory quality ranking of 36, an information and communication technology ranking of 12 and a rule of law ranking of 33.

In 2020, in the World Bank World Wide Governance Indicators, the UAE had a percentile rank of 88.0 in government effectiveness, a percentile rank of 79.3 in rule of law, a percentile rank of 82.7 in regulatory quality and a percentile rank of 83.2 in control of corruption.

In 2019, in the Global Competitiveness Index, out of 141 countries, the UAE ranked 25 in global competitiveness, second in information and communications technology adaptation and 31 in business dynamism.

The UAE's nominal GDP per capita for 2021 was U.S.$42,884, which was higher than Chile (U.S.$16,070), Saudi Arabia (U.S.$23,507), Kuwait (U.S.$28,579) and Korea (U.S.$34,801). The UAE had a lower nominal GDP per capita than Qatar and Israel in 2021, which had a nominal GDP per capita of U.S.$65,581 and U.S.$51,416, respectively. On a quantitative basis, the UAE is stronger or on par with its peers on key economic metrics as shown below for 2021.

Economic Indicators	**UAE**	**Chile**	**Saudi Arabia**	**Kuwait**	**Korea**	**Israel**	**Qatar**
Real GDP Growth (% change)	2.3%	11.7%	3.2%	1.3%	4.0%	8.2%	1.5%
Nominal GDP (U.S.$ billion)	410.0	316.9	833.5	135.4	1,798.5	481.6	179.6
Nominal GDP Per Capita (U.S.$)	42,884	16,070	23,507	28,579	34,801	51,416	65,581
Current Account Balance (% of GDP)	11.7%	(6.7)%	6.6%	16.1%	4.9%	4.6%	14.7%
Fiscal Balance (% of GDP)	0.3%	(7.5%)	(2.4%)	(0.5%)	(0.6%)	(4.2%)	4.1%
Government Gross Debt (% of GDP)	38.3%	36.3%	30.0%	8.7%	49.8%	68.9%	58.4%

Employment and Wages

The labour market in the UAE encompasses three main local markets: Abu Dhabi, Dubai and the remaining emirates. Based on FCSC data, in 2020, the UAE had 6,886,484 people employed. Of those employed in 2020, 4,450,828 workers were employed in the private sector. The number of people working in all economic sectors was 2,435,656 and the number of unemployed individuals was 306,789.

The UAE workforce increased in 2019 to 7.56 million workers from 7.38 million workers in 2018. Of those employed in 2019, approximately 5.23 million workers were employed in the private sector of which 27 per cent. were based in Abu Dhabi, 52 per cent. were in Dubai and 21 per cent. were in the remainder of the emirates. These figures reflect the number of people employed and unemployed. The number of people working in all economic sectors also increased to 7.34 million in 2019 compared to 7.22 million in 2018. The total number of workers unemployed in 2019 was 168,284. The rate of unemployment decreased from 2.5 per cent. in 2017 to 2.2 per cent. in 2018. According to the World Bank, the unemployment rate for the UAE was 2.3 per cent. in 2019, 5.0 per cent. in 2020 and 3.4 per cent. in 2021. The rate of unemployment data reflects the number of UAE nationals who are unemployed in either the public or private sector as opposed to the rate of unemployment for both UAE nationals and expatriates. In September 2021, the UAE announced subsidies and a salary support scheme for certain Emirati groups working in the private sector.

Unemployment benefits are payable to UAE nationals only and the responsibility for the payment lies with the Federal Government. Expatriates who are unemployed lose their working visas and do not remain in the UAE, although the "golden visa" and reformed visa system described further below is expected to encourage longer-term residence.

The table below shows the growth rate of national income and wages in the UAE for the periods shown.

	For the year ended 31 December						
Economic Variables	**2015**	**2016**	**2017**	**2018**	**2019**	**2020***	**2021***
			(%)				
Gross National Income	(10.9)	(0.2)	8.1	9.1	(0.1)	(15.3)	13.2
Net National Income	(11.5)	(0.1)	8.5	9.1	(1.1)	(15.5)	13.8
Disposable Income	(15.6)	0.0	8.9	8.7	(1.6)	(19.4)	15.5
National Saving	(21.8)	(1.9)	4.7	8.8	(6.2)	(33.7)	12.4
Wages And Salaries[1]	5.7	2.7	11.0	4.2	2.9	(6.3)	-

[*] Data 2020 and 2021 Preliminary
[1] 2021 data for wages and salaries is not available.
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	**2015**	**2016**	**2017**	**2018**	**2019**	**2020***	**2021***
			(AED Millions)				
Population (Millions)	9.1	9.1	9.3	9.4	9.5	9.3	9.6
Gross National Income	1,321,651	1,318,948	1,426,336	1,555,815	1,539,824	1,304,985	1,476,800
Net National Income	1,266,228	1,264,439	1,371,436	1,495,613	1,478,685	1,248,759	1,420,573
Disposable Income	1,120,628	1,120,839	1,220,136	1,326,283	1,305,085	1,051,859	1,214,773
Compensation of Employees	430,447	441,936	490,616	511,204	526,072	493,093	-

(*) Data 2020 and 2021 Preliminary
[1] 2021 data for compensation of employees is not available.
Source: FCSC

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

	For the year ended 31 December						
Indicators	**2015**	**2016**	**2017**	**2018**	**2019**	**2020***	**2021***
			(AED Thousands)				
Gross National Income	145.2	144.6	153.3	166.1	162.0	140.6	154.5
Net National Income	139.1	138.6	147.4	159.7	155.6	134.5	148.6

Indicators	For the year ended 31 December 2015	2016	2017	2018	2019	2020*	2021*
Disposable Income	123.1	122.9	131.1	141.6	137.3	113.3	127.1

(*) Data 2020 and 2021 Preliminary
Source: FCSC

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

	For the year ended 31 December							
	2017	**% of total**	**2018**	**% of total**	**2019**	**% of total**	**2020**	**% of total**
	(U.S.$ Millions)	*%*	*(U.S.$ Millions)*	*%*	*(U.S.$ Millions)*	*%*	*(U.S.$ Millions)*	*%*
Agriculture, Forestry and Fishing	1,032	0.8	1,057	0.8	1,079	0.8	1,125	0.8
Extractive Industries (includes crude oil and natural gas)	5,288	3.9	5,563	4.0	5,539	3.9	5,189	3.9
Manufacturing	12,451	9.3	12,279	9.0	12,781	8.9	12,206	9.1
Electricity, Gas, Water and Waste Management Activities	2,021	1.5	2,266	1.6	2,679	1.9	2,677	2.0
Construction and Building	14,575	10.9	15,368	11.0	16,073	11.2	14,859	11.1
Wholesale and Retail Trade and Repair of Motor Vehicles and Motorcycles	18,544	13.8	18,781	13.5	19,507	13.6	17,623	13.1
Transport and Storage	11,521	8.6	12,011	8.6	11,573	8.1	9,253	6.9
Accommodation and Food Service Activities	4,588	3.4	4,779	3.4	5,272	3.7	4,381	3.3
Information and Communications	3,573	2.7	3,846	2.8	4,101	2.9	3,916	2.9
Financial Activities and Insurance Activities	6,965	5.2	6,806	4.9	6,770	4.7	6,539	4.9
Real Estate Activities	2,371	1.8	2,430	1.8	2,421	1.7	2,217	1.7
Professional, Scientific and Technical Activities	7,276	5.4	8,231	5.9	8,263	5.8	7,771	5.8
Administrative and Support Services Activities	4,533	3.4	4,758	3.4	5,554	3.9	5,386	4.0
Public Administration, Defence & Compulsory Social Security	24,656	18.5	26,065	18.7	25,974	18.1	25,345	18.9
Education	5,186	3.6	5,299	3.8	5,538	3.9	5,663	4.2
Activities of Human Health and Social Service	4,769	3.6	5,118	3.7	5,253	3.7	5,542	4.1
Arts, Entertainment, Promotion and Other Service Activities	1,662	1.2	1,778	1.3	1,927	1.3	1,803	1.3
Household Activities as Employer	2,581	1.9	2,762	2.0	2,941	2.1	2,770	2.1
Total	**133,592**	**100.0**	**139,198**	**100.0**	**143,246**	**100.0**	**134,266**	**100.0**

Source: *FCSC*, Preliminary Figures, 2020.

Negative macroeconomic developments during 2020 as a result of the COVID-19 pandemic were reflected in the labour market as the total wages for employees decreased by 6.3 per cent. as compared to 2019. All sectors except agriculture, forestry and fishing and education recorded a decrease in average wages during the period indicated. Public administration, defence and compulsory social security, wholesale and retail trade and repair of motor vehicles and motorcycles and construction and building made up approximately 43.1 per cent. of wages in the UAE for 2020. Employment in public administration, defence and compulsory social security wages decreased by 2.4 per cent. in 2020 compared to 2019. Employment in wholesale and retail trade and repair of motor vehicles and motorcycles decreased by 9.7 per cent. in 2020 compared to 2019. Construction and building decreased by 7.6 per cent. in 2020 as compared to 2019. The decrease in employment across the non-oil sectors of the economy in 2020 compared to 2019 was primarily the result of disruptions in international travel and tourism, regional and global trade and supply chains as a result of the COVID-19 pandemic.

Positive macroeconomic developments during 2019 were reflected in the labour market as total wages by sector increased by 1.2 per cent. as compared to 2018. All sectors except information and communications and construction and building recorded an increase in wages. Wages related to public administration, defence and compulsory social security, wholesale and retail trade and repair of motor vehicles and motorcycles and construction and building together made up approximately 43 per cent. of wages in the UAE for 2019. Wages for public administration, defence and compulsory social security wages increased by 0.4 per cent. in 2019 compared to 2018. Employment wages in wholesale and retail trade and repair of motor vehicles and motorcycles increased by 2.1 per cent. in 2019 compared to 2018. Construction and building wages decreased by 0.7 per cent. in 2019 as compared to 2018. This primarily was the result of decreased demand for construction projects.

In November 2018, the Ministry of Human Resources and Emiratisation launched the National Employment Strategy 2031.

The strategy aims to support the Federal Government's efforts to build a knowledge-based economy by:

- empowering labour productivity and providing national human resources with the skills required for the labour market;
- increasing the number of research and development personnel;
- promoting entrepreneurship;
- promoting lifelong learning programmes;
- supporting training on future skills and skill development programmes; and
- focusing on attracting talent by enhancing knowledge and cultural diversity.

The strategy also seeks to increase the participation of the UAE nationals in the labour market by enhancing women's participation and increasing Emiratisation rates in value-added economic sectors such as:

- energy;
- communications;
- technology;
- transport;
- storage sectors;
- financial, health and educational sectors;
- artificial intelligence;
- space;
- digital transactions; and
- advanced science.

In 2019, the UAE implemented a new system for long-term residence visas known as the "golden visa" system. The new system enables foreigners to live, work and study in the UAE without the need of a national sponsor. The visas will be issued for five or 10 years and will be renewed automatically. In April 2022, the Cabinet approved further changes to the "golden visa" system, expanding the key specialist professions and exceptional students that can qualify for the new visa system, as well as reducing the investment thresholds. In addition, the Cabinet introduced various new categories of visas, including a job exploration entry visa and a business entry visa, to encourage visitors and foreign workers to the UAE. The Federal Government expects that the total national force working in the government and private sectors will grow to about 610,000 by 2031.

In August 2021, the UAE announced a new resident visa category called the "green visa". The green visa allows residents to sponsor their parents and children up to 25 years old. The green visa will not be linked to any work permits from companies and aims to attract highly-skilled, people investors, entrepreneurs, students and graduates. Green visa holders will also be given 90 to 180 days' grace period when their visas expire, as opposed to the current system of 30 days' grace period. Another category of visa called the "freelance visa" was also announced to attract highly-skilled people. These visas were announced as part of the UAE's 50 Projects Initiative.

The Federal Government also introduced a retirement visa which effectively allows expatriates to remain resident in the UAE even after retiring if they have sufficient resources (property worth more than AED 2 million or financial savings worth AED 1 million or an active income of AED 20,000 per month).

Pensions

In September 1999, UAE nationals working for private companies became entitled to the same social security and pension benefits as those working for the Federal Government. Under the Federal Government's national pension and social security scheme, nationals who have contributed to the scheme will be eligible for retirement benefits, disability benefits and compensation on death. The General Pension and Social Security Authority ("**GPSSA**"), an independent entity of the Federal Government, which invests employer and employee contributions to fund the social security programme, was established to operate the scheme. Separate social security provision is made for all members of the military and the police force.

Federal Law No. 7 of 1999 Concerning the Issuance of the Law on Pensions and Social Security as amended by Federal Law No. 7 of 2007 applies to UAE and GCC nationals (men and women) working in the government and private sectors (the "**Pensions and Social Security Law**").

The Pensions and Social Security Law also covers the following categories of people working in the UAE:

- Emirati employers; and
- UAE nationals who are self-employed.

The retirement age for UAE nationals is 49 and the retirement age for expatriate residents is 60. Expatriates who are older than 60 are allowed to work up to the age of 65 after obtaining approval of the Minister of Human Resources and Emiratisation or the Undersecretary. After the age of 60, labour cards are renewed annually.

UAE nationals working in government and private sectors are eligible for pensions and other retirement benefits after reaching the retirement age of 49 or after serving for a minimum of 20 years. Contributions that the Federal Government is required to make for pensions and other retirement benefits are reflected in the social benefits line item of the Federal Budget. See "*Public Finance—Federal Budget*". GCC nationals employed in the UAE are entitled for pension in accordance with the schemes established in their home countries. Expatriate workers are not entitled to pension but are entitled to end-of-service benefits also known as gratuity or severance pay.

The entitlement of the insured to the pension commences on the day that follows the termination of service and ceases upon death provided the deceased has no beneficiaries. If the deceased has beneficiaries the entitlement to the pension shall be transferred in accordance with the provisions of the Pensions and Social Security Law. The entitlement of the beneficiaries of the insured or the pensioner commences as of the month that follows the date of death. Article 16 of the Pensions and Social Security Law provides for the cases in which insured nationals are entitled for pensions.

At the federal level, the GPSSA is the federal body responsible for administering the pensions for all of the UAE national working force in the federal ministries and entities and local governments in Dubai, Sharjah, Ras Al Khaimah, Ajman, Umm Al Quwain and Fujairah emirates.

Once a UAE national is registered with GPSSA, funds are deposited in his or her account as follows:

- both employee and employer share in contributing to the pension fund which is eventually used as an end of service benefit for the employee;
- if the employer is a government entity, the insured employee contributes an amount equal to 5 per cent. of the employee's monthly salary;
- in parallel the employer contributes 15 per cent. of the employee's salary; and

- if the employer is a privately owned company, the employer contributes 12.5 per cent. of the employee's salary and the government contributes 2.5 per cent.

UAE nationals who are ineligible for pension scheme will receive end of service benefits in accordance with the provisions of Articles 38 to 42 of the Pensions and Social Security Law. In these circumstances, the benefit will amount to a salary of one and a half months for every year of the first five years of employment, and it will increase to a salary of two months for every year of the following five years, and to a salary of three months for any additional year thereafter.

Abu Dhabi pensions

In Abu Dhabi, the Abu Dhabi Retirement Pensions and Benefits Fund manages pensions on behalf of Abu Dhabi-based and employed UAE nationals. However, it does not manage pensions for GCC nationals and this responsibility lies with GPSSA. In addition, Abu Dhabi has a separate pension law relating to Abu Dhabi and UAE nationals; Law No. 2 of 2000 regarding Civil Retirement Pensions and Benefits in the emirate of Abu Dhabi.

Retirement rules of Dubai Government

H.H. Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai, has issued Decree No. 21 of 2017 approving the retirement and pension procedures applicable to Dubai government employees. The decree aims to ensure equal opportunities for Dubai government employees and further protect the rights of pensioners.

According to the Decree, the Dubai Government Human Resources Department ("**DGHR**") will form a committee to evaluate the retirement requests of employees. A representative of DGHR will chair the committee. The committee is composed of representatives from Dubai's Department of Finance, the General Secretariat of the Dubai Executive Council and the General Secretariat of Dubai's Supreme Legislation Committee.

The Decree also defines retirement procedures. Pursuant to the Decree, Dubai government entities must refer their employees' retirement requests to DGHR. The application must clarify the reasons for retirement and provide all the required information and documents and meet any other requirements set by the committee. The government entity is responsible for completing the application, satisfying the requirements and completing the documents prior to submission to the committee.

DGHR is responsible for following up the committee's recommendations, including referring its recommendations to the General Secretariat of Dubai's Supreme Legislation Committee to issue the required legislation prior to submission to H.H. Sheikh Mohammed bin Rashid Al Maktoum for final approval.

Pension for GCC nationals

GCC nationals employed in the UAE are entitled for pension in accordance with the schemes established in their home countries. GCC nationals who are working in any GCC member country outside their home country are entitled to a pension. The employers in the UAE are liable to mandatory subscriptions for their GCC employees according to the social security law in their home countries in terms of registration and subscriptions, provided that the same may not exceed the subscription share designated for the employers to UAE nationals.

Social Security Funds

There is a social security regime in the UAE that applies to qualifying UAE and other GCC national employees only. Non-GCC nationals are not subject to social security in the UAE. The majority of the UAE nationals who qualify for the social security regime are members of the military.

For UAE national employees, social security contributions are calculated at a rate of 17.5 per cent. of the employee's gross remuneration as stated in the employee's local employment contract. Social security obligations also apply to employees of companies and branches registered in a free trade zone. Out of the 17.5 per cent., 5 per cent. is payable by the employee and the remaining 12.5 per cent. is payable by the employer. A higher rate of 20 per cent. is applied in the emirate of Abu Dhabi (where the contribution of the employer is 15 per cent.). For other GCC nationals working in the UAE, social security contributions are determined in accordance with the social security regulations of their home country. The employer is responsible for withholding and remitting employee social security contributions.

Social security funds are paid directly by the employer to the GPSSA and all social security payments are made by the GPSSA. The GPSSA is not part of the Federal Budget.

Labour

The Ministry of Human Resources and Emiratisation ("**MoHRE**"), known before as the Ministry of Labour, is responsible for overseeing the employer-employee relations and maintaining labour rights for the private sector. Federal Law No. 8 of 1980 (as amended) (the "**Labour Law**"), governs the labour rights of employees in the private sector.

The Labour Law handles matters related to working hours, vacation and public holidays, sick leave, employing juveniles, maternity leave, employee records, safety standards, termination of employment and end of service gratuity payments. According to Article 3 of the Labour Law, it applies to all employees working in the UAE, whether UAE nationals or expatriates. However, there are certain categories of employees who are exempt from the law and may have to follow another set of regulations.

The provisions listed in the Labour Law do not apply to the following categories:

- employees and workers of the Federal Government and the UAE local governmental departments;
- employees and workers in public entities and institutions, whether federal or local, and employees and workers appointed for governmental, federal and local projects;
- members of the armed forces, police and security;
- domestic servants in private households and similar occupations; and
- workers in farms or pastures with the exception of persons working in agricultural institutions processing the products thereof or the persons permanently operating or repairing mechanical machines required for agriculture.

Emiratisation in the Private Sector

To overcome the structural division in the labour market, the Federal Government launched the Emiratisation (Tawteen in Arabic) campaign which promotes the inclusion of UAE nationals in the job sector, particularly in the private sector. Emiratisation aims to increase the number of UAE nationals in the job market and their contribution to the economy. The goal of Emiratisation is to promote development-oriented policies that support productive activities and job creation as well as increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, certain jobs and entrepreneurship.

The UAE encourages the public and private sectors to implement Emiratisation policies at all levels through the establishment of a special department, quota and incentives.

Pursuant to the Labour Law, as amended, MoHRE has established a special department dedicated to finding adequate job opportunities for UAE nationals. The department assists employers in finding national workers to meet their needs.

Ministerial Orders 41, 42 and 43 of 2005 impose on private sector employers a quota system, whereby every company with more than 100 employees is obliged to employ UAE nationals at an annual rate of 2 per cent. of total employees in order to ensure participation of UAE nationals in the workforce.

Following a strategic plan to promote Emiratisation, MoHRE decided to localise more jobs in the private sector. Starting from 2017, companies that are registered with the Tas'heel online application services and that employ over 1,000 workers are required to hire UAE nationals for data entry positions. For example, MoHRE requires all construction facilities with a workforce of 500 or more employees to appoint at least one Emirati occupational health and safety officer from 2017.

To further develop the localisation in the private sector, MoHRE announced the launch of the "Nafis" programme in September 2021. The "Nafis" programme aims to improve the capacity and capability of Emiratis seeking employment in the private sector by offering training and mentoring services across various sectors and incentivises private sector employment by way of salary support schemes and increased pension programmes. The aim of the "Nafis" programme is to enable Emiratis to occupy 75,000 jobs in the private sector by 2026.

Social Protection

The Ministry of Community Development oversees the UAE's social welfare system and makes specific allocations to the country's women's organisations to ensure that all those in need, particularly women in rural areas, have access to both an economic safety net and assistance.

In addition, the Federal Government supports social welfare and rehabilitation centres that provide assistance to the needy and disabled.

According to Federal Law No. 2 of 2001, monthly assistance is provided to the following categories of UAE nationals residing within the UAE: widows, divorcees, disabled or those with special needs, elderly, orphans, children from unknown parents, medically unfit persons, married students, families of prisoners, financially unfit, abandoned women and UAE national women married to expatriate men who cannot earn a living for reasons beyond their control.

The Law stipulates that only UAE nationals residing in UAE can receive the social assistance provided by the Ministry of Community Development subject to certain limited exceptions.

In addition to the above, Cabinet Decision No. 22 for 2008 provides monetary compensation to UAE nationals for their losses because of personal or natural disasters which include fire and drowning besides other calamities. The compensation amounts range from 50 to 80 per cent. of the total estimate of losses in money and properties resulting from the disasters. The Ministry of Community Development is also tasked with providing urgent aid such as food and shelter needed immediately after any disaster. Article 2 of the Law provides that the Ministry of Community Development will provide within two days of notification about the disaster, an urgent cash relief of AED 300 per person affected per day.

In May 2022, the UAE announced that all workers in the public and private sector will have unemployment insurance from 2023. The Cabinet approved the unemployment insurance scheme to provide unemployed individuals with income support for a set period of time while they look for another job. The insurance regime will apply to workers of all nationalities working in the UAE but will not apply to investors, domestic workers, workers with temporary contracts, retired persons with a pension and people under the age of 18 years old. Employees will also be required to contribute a small amount of money for the unemployment insurance scheme through insurance companies on a yearly basis. The scheme is expected to include paying 60 per cent. of an individual's previous basic salary for a certain period of time but the duration of that period has not yet been specified.

Housing and land benefits for UAE nationals

At the federal level, the Ministry of Energy and Infrastructure is responsible for organising the housing sector. The Federal Government provides free housing, housing loans and/or residential facilities and maintenance to certain UAE nationals. The Federal Government also established the Sheikh Zayed Housing Programme ("**SZHP**") in 1999. The programme provides interest-free loans repayable over a 25-year period, grants and non-reimbursable assistance to UAE nationals with low incomes. The programme is principally financed through the Emirates Development Bank but the Federal Government also provides grants for the housing programme as a part of the Federal Budget with a total fixed cap of AED 200 million per year. This is in addition to budgeting approximately AED 168 million for operating costs within the Ministry of Energy and Infrastructure. The SZHP gives priority to orphans, widows, aged people and people with special needs.

Infrastructure

Infrastructure development is considered to be a key component for the UAE's future expansion, economic growth and social connectivity. The Federal Government has committed approximately AED 3.75 billion to infrastructure over the five year period of 2015 to 2020. Approximately AED 751 million was allocated to infrastructure projects in 2020 and 2021, in line with the five-year budget cycle and in 2022, approximately AED 751.5 million was allocated for energy and infrastructure projects at the federal level. Infrastructure projects at the federal level include projects related to security, education, health, federal roads, maintenance projects such as projects for highways and bridges, and housing schemes. In addition to infrastructure projects on the federal level, the individual emirates are also responsible for a number of infrastructure projects and maintenance on a local level.

Roads and Highways

The Federal Government is responsible for building and maintaining inter-emirate highways, notably the E11 and the E311 discussed below, on which major upgrade programmes have recently been completed, including widening of busy portions of the route and junction enhancements to create increased traffic flow. According to the Global Competitiveness Report issued by the World Economic Forum for the year 2019, the UAE occupies the seventh position in the index of road quality. The Ministry of Interior Development finished replacing traditional lights with power-saving LED lamps on all federal roads spanning 710 kilometres in 2019. The LEDs are considered environmentally friendly as they have a longer life and save 50 per cent. of consumed energy compared to the traditional lights.

The UAE continues to construct and maintain roads in accordance with international standards, using the best technology that fits the country's environmental conditions. The UAE's roads' projects aim to improve efficiency of traffic and connect parts of the country with a modern road network. The Federal Government is responsible for the following road networks, which connects different emirates with each other:

- E11 is the longest road in the UAE, with a total length of 558 kilometres; it stretches from Al Silah in the emirate of Abu Dhabi and ends in the emirate of Ras Al Khaimah. It has various alternate names: Sheikh Maktoum Road in Abu Dhabi, Sheikh Zayed Road in Dubai and Sheikh Muhammad bin Salem Road in Ras Al Khaimah;
- E311 or Sheikh Mohammed bin Zayed Road, known as Emirates Road, links Dubai to the rest of the emirates. It is approximately 140 kilometres long;
- E611 or Emirates Bypass road is approximately 110 kilometres long. It provides an alternative route to the E11 and E311 for drivers from the emirates of Ras Al Khaimah, Umm Al Quwain, Ajman and Sharjah, heading to Abu Dhabi without having to go through downtown Dubai;
- Sheikh Khalifa highway, which links the emirates of Dubai and Fujairah;
- Sheikh Khalifa bin Zayed road, which links villages in the eastern region;
- Dubai-Fujairah road, which passes through the Hatta Mountain range and goes through the emirates of Dubai, Sharjah and Ras Al Khaimah;
- Dubai-Al Ain road, which links Dubai with Al Ain City; and
- Sheikh Zayed Bridge, which is 842 metres long and 64 metres high. It is the third traffic route connecting the mainland to the island of Abu Dhabi.

Railways

Etihad Rail was established in June 2009 by Federal Decree to manage the development, construction and operation of the Federation's national freight and passenger railway network.

The railway network is being built in stages to international standards and will link the principal centres of trade, industry, manufacturing, production, logistics, population and all the major import and export points of the UAE as well as form an integral part of the GCC railway network.

Stage one has been fully operational since January 2016, transporting up to 22,000 tonnes of granulated sulphur each day from Habshan and Shah to Ruwais on behalf of ADNOC. Important milestones have now been achieved in Stage two with full funding agreed, agreements signed with ports and industrial complexes, and design and build contracts awarded for the packages from Ghuweifat to Fujairah. Stage two will extend across the UAE from the border with Saudi Arabia at Ghuweifat, connecting the emirates via Abu Dhabi, the Khalifa Industrial Zone (KIZAD), Khalifa Port, Jebel Ali Port, Dubai, Sharjah, Ras al-Khaimah and to Fujairah on the UAE's east coast. Construction of the second stage of the project began in January 2020 and it is expected that the project will be followed by future route additions to complete the network. The second stage of the project is tentatively expected to be completed in 2023 or 2024.

Ports

The UAE's seaports are international and regional hubs and an essential factor in driving economic growth and facilitating economic diversification. The country's sea transportation sector is developing steadily in terms of ports, operating ships, maintaining and constructing dry docks in accordance with the international standards on maritime safety and protection of the marine environment.

The UAE has several seaports. According to the World Shipping Council, two of the world's top 50 container ports are in the UAE, with Dubai featuring among the top ten.

Overall, approximately 61 per cent. of cargo destined for GCC states arrived via the UAE's seaports as of November 2021. The UAE has 12 commercial trading ports, other than oil ports. These ports contained 310 berths, with cargo tonnage of 80 million tonnes as of November 2021.

Major seaports in the UAE include:

- Mina Rashid and Jebel Ali Port – These ports in Dubai City are operated by DP World and play a pivotal role in the trade in the UAE. Jebel Ali Port deploys the largest quayside cranes in operation in the world.
- Zayed Port – This port in Abu Dhabi City was the emirate's main general cargo port for 40 years. The port handles general cargo, container, roll-on and roll-off as well as break-bulk activities.
- Khor Fakkan Container Terminal – This port in Sharjah is the only natural deep water port in the region, with a strategic geographical position for deep sea container trade.
- Mina Saqr – This port is in Ras Al Khaimah.
- Fujairah Port – This is a multi-purpose port which is strategically located on the Gulf of Oman.
- Khalifa Port – This is in the Al Taweelah area in Abu Dhabi.

International Airports and Aviation

There are a number of airports across the UAE which operate domestically and internationally. Civil aviation in the UAE is regulated by the General Civil Aviation Authority (the "**GCAA**") which was created in 1996 by Federal Law (No. 4) of 1996. The GCAA provides designated aviation services with a view to the safety and security of the aviation industry within the UAE and is the sole body responsible for regulating, certification and oversight of domestic and international airports in the UAE.

Dubai International Airport

Dubai International Airport was established in 1959 and is operated by the Dubai Airports Corporation ("**DAC**"). Dubai International Airport covers over 25 square kilometres, with a total built up area of 2.1 million square metres. Dubai International Airport serves more than 100 airlines, connecting to over 240 destinations worldwide and currently comprises three terminals, four concourses, two runways and a number of support facilities. Its current annual passenger capacity is 90 million, increased from 75 million following the opening of the Concourse D in February 2016. Dubai International Airport is the world's number one airport in terms of the number of A380 contact stands, with a total of 37 Code F aircraft gates.

As a result of the COVID-19 pandemic, passenger numbers at Dubai International Airport significantly decreased in 2020 as compared to 2019. Transportation has been one of the worst affected sectors by the

COVID-19 pandemic with the national airline carriers of Emirates and Etihad both grounding flights in March 2020. Airline bookings from Dubai to London in the fourth quarter of 2020 were reported to be 74 per cent. down year-on-year according to travel analytics firm ForwardKeys, and overall arrivals were down 69 per cent. between the first and third quarter of 2020. Furthermore, passenger volumes at the two Dubai airports declined by 70 per cent. in 2020 to 26 million from 88 million in 2019.

In 2021, Dubai International Airport handled approximately 29.1 million passengers, a year on year growth of 12.7 per cent. The total number of flight movements in 2021 was 233,375, a year on year growth of 28.1 per cent. The annual freight volume in 2021 was 2,319,185 tonnes, which was a year on year increase of 20 per cent.

In May 2022, Dubai International Airport reported that it handled over 13.6 million passengers in the first three months of 2022, compared to 5.7 million passengers in the same period of 2020. The quarter's passenger count represents the airport's busiest since the start of the COVID-19 pandemic.

Abu Dhabi International Airport

Abu Dhabi International Airport is located in Khalifa City A, Abu Dhabi. Abu Dhabi International Airport handled approximately 5.26 million passengers in 2021. The airport recorded 74,176 flights during 2021 compared to 61,034 in 2020, an increase of 21.5 per cent. Abu Dhabi International Airport handled 711,715 tonnes of freight in 2021 an increase of 31.8 per cent. compared to the 540,144 tonnes handled in 2020.

Abu Dhabi Airports Company PJSC is undertaking a multi-billion dirham project to develop a new 742,000 m^2 Midfield Terminal Building. This project is expected to nearly double the airport's capacity, to 45 million, when it is completed. Completion of Abu Dhabi's airport expansion project is also expected to facilitate increased tourism in the emirate. The aim of the expansion project is to increase the annual passenger capacity to 45 million passengers. This is intended to further strengthen Abu Dhabi International Airport's position as a leading global transportation hub, and to contribute to the emirate's development as a destination for business and tourism.

Al Maktoum International Airport

Al Maktoum International Airport, which is located in the Jebel Ali area in Dubai, was officially opened in June 2010 and commenced passenger operations in October 2013. In 2018, the airport's annual passenger capacity was increased to 26 million, following the opening of the Passenger Terminal Building. Al Maktoum International Airport forms the foundation of the Government's strategy to develop Dubai South (formerly known as Dubai World Central), a 145 square kilometres master-planned city and integrated regional logistics hub that will be linked to the Jebel Ali Port.

During 2019, Al Maktoum International Airport handled 911,571 tonnes of cargo, a decrease of 7.7 per cent. compared to 987,986 tonnes recorded in 2018. Al Maktoum International Airport recorded a total of 35,643 aircraft movements in 2019, an increase of 27.9 per cent. from 29,955 recorded in 2018. In 2019, passenger traffic at Al Maktoum International Airport was 1.6 million, an increase of 70.1 per cent. from 2018. The increase in aircraft movements and passenger traffic in 2019 was primarily attributable to the closure of the southern runway at Dubai International Airport from 16 April 2019 until 30 May 2019. Aircraft movements for 2021 was 32,040, which is an average of 88 flights per day. From 1 January 2022 to 30 April 2022 there were 12,398 aircraft movements, which is an average of 104 flights per day.

Al Bateen Executive Airport

Al Bateen Executive Airport is situated on the Abu Dhabi island. It is a world-class executive facility, providing services to chartered flights.

Delma Airport

Delma Airport is located on the Delma island in the emirate of Abu Dhabi. It essentially serves the 6,000 residents of this 45 square kilometre island by connecting them to the city of Abu Dhabi with a 45-minute flight.

Sir Bani Yas Airport

Operating since 2008, Sir Bani Yas Airport caters mainly to the tourists visiting Sir Bani Yas island. It is located 250 kilometres southwest of Abu Dhabi coast in the western region of Al Dhafrah.

Al Ain International Airport

Al Ain International Airport is located in the Al Ain City of the emirate of Abu Dhabi. It is located 18 kilometres northwest of Al Ain City. It has been operating since 1994 and serves nine destinations. The airport was originally built to serve 1,000 passengers per peak hour. It has a 4,000-metre runway and a parallel 4,000-metre taxiway that can double as a runway as needed.

Sharjah International Airport

Sharjah International Airport is home to Air Arabia. It is located 13 kilometres southeast of the emirate of Sharjah.

Ras Al Khaimah International Airport

Air Arabia operates a few flights from Ras Al Khaimah International Airport; mainly to Bangladesh, Egypt, Nepal, Pakistan, Qatar, Saudi Arabia and Oman.

Fujairah International Airport

Fujairah International Airport is the UAE's only airport on the east coast. It became operational on 29 October 1987.

Telecommunications

The UAE has well-developed, technologically-advanced telecommunications infrastructure and has high mobile telephone penetration. Since 1976, the majority Federal Government-owned telecommunications corporation, Etisalat (rebranded as "e&" in 2022), has operated, maintained and developed the national and international fixed-line network, mobile telephony, internet access and cable TV services.

In mid-2004, the Federal Government announced plans to end the monopoly of Etisalat. A regulator, the Telecommunications and Digital Government Regulatory Authority ("**TRDA**") was formed to oversee the process and, in 2006, it granted a licence to Emirates Integrated Telecommunications Company, a new telecom provider (known in the market as "**du**"), owned 39.5 per cent. by the Federal Government (through the EIA), 20.1 per cent. by Mamoura Diversified Global Holding PJSC (formerly known as Mubadala Development Company), 20 per cent. by Emirates Telecommunications and Technology Ltd. and 20.9 per cent. by the public.

According to the TRDA, as at March 2021, there were approximately 2,115,353 fixed lines (including ISDN fixed lines) in operation in the UAE, with 17,075,288 active mobile subscribers and 3,269,359 broadband internet subscribers.

In May 2019, the TRDA published a new "Internet of Things" ("**IoT**") regulatory framework including a new policy and procedures framework and new data protection rules. The TRDA regulates the provision of IoT services in the UAE by individuals, companies or public authorities, who are required to comply with the new framework, whether they are located in the UAE or outside of the UAE. New data protection provisions under the Federal Data Protection Law came into effect in September 2021 and draw on international best practice, placing stricter obligations on those processing and controlling personal data (including collecting, storing and using personal data).

Utilities (Electricity and Water)

Public utilities in the UAE are managed by the individual emirates of Abu Dhabi, Dubai and Sharjah as opposed to on the federal level. The Abu Dhabi Distribution Company is responsible for providing public utility services in Abu Dhabi City and its surroundings, while Al Ain Distribution Company provides electricity and water services in Al Ain City and its surroundings. Dubai Electricity and Water Authority PJSC is responsible for the supply of water and electricity to consumers within the borders of the emirate of Dubai. The Sharjah Electricity and Water Authority is responsible for supplying and operating water, electricity and gas services for consumers within the borders of the emirate of Sharjah. Etihad Water and Electricity (formerly known as the Federal Electricity and Water Authority) provides electricity and water connection services to the housing units in the northern emirates.

In 2009, the Emirates Nuclear Energy Corporation ("**ENEC**") was established. The UAE has also developed a nuclear power programme and is working closely with the International Atomic Energy Agency. ENEC is working with a South Korean consortium to build four commercial nuclear power plant reactors. ENEC's first nuclear power plant, the Barakah Nuclear Power Plant, was connected to the power grid in August 2020 and began operations in August 2021. Two out of the four reactors at the Barakah Nuclear Power Plant are currently online.

The UAE Water Security Strategy 2036

In September 2017, the Ministry of Energy and Industry unveiled the UAE Water Security Strategy 2036, which aims to ensure sustainable access to water during both normal and emergency conditions in line with local regulations, standards of the WHO, and the UAE's vision to achieve prosperity and sustainability.

The overall objectives of the strategy are to reduce total demand for water resources by 21 per cent., increase the water productivity index to U.S.$110 per cubic meter, reduce the water scarcity index by three degrees, increase the reuse of treated water to 95 per cent. and increase national water storage capacity up to two days.

The strategy focuses on three main programmes: the Water Demand Management Programme, the Water Supply Management Programme and the Emergency Production and Distribution Programme. The strategy also tackles policy development, legislation, water conservation awareness campaigns, use of advanced technologies, innovation and building national capabilities in the field of water security.

The UAE Water Security Strategy 2036 aims to reduce average consumption per capita by half as well as focus on sustainable practices. The strategy seeks to develop a storage capacity for the water supply system that lasts for two days under normal conditions, which would be equivalent to a capacity of 16 days in emergencies and enough to supply water for more than 45 days in extreme emergencies.

The strategy also includes the establishment of six connecting networks between water and electricity entities across the UAE. Water networks will be required to be capable of producing 91 litres of water per person per day in cases of emergency, or 30 litres per person per day in cases of extreme emergencies. Once implemented, the UAE Water Security Strategy 2036 is expected to achieve savings of AED 74 billion and reduce the emissions of carbon dioxide associated with the water desalination process, by 100 million metric tons.

Education

The education system of the UAE is relatively new. In 1952, there were few formal schools in the country. In the 1960s and 1970s, a school building programme expanded the education system. Now, education at the primary and secondary level is universal. The public schools are Federal Government-funded and the curriculum is created to match the UAE development's goals and values. The medium of instruction in the public school is Arabic and English as a second language is emphasised. There are also many private schools which are internationally accredited. Public schools in the country are free for UAE nationals, while the fees for private schools vary. Education at primary and secondary levels is universal and compulsory up to age of 14.

The Ministry of Education is moving forward to complete the process of developing and comprehensively and radically changing educational frameworks in line with a modern educational philosophy as part of the federation's overall strategy. The Ministry of Education initiated this philosophy with the launch of the Emirati School, which is based on the best international systems and pioneering and successful experiences within a national framework with all leading government and private educational institutions across the UAE. The Cabinet approved an education budget of AED 10.4 billion for the public and higher education sectors in 2020 to develop the educational system in the country and make it compatible with the requirements of the future by instilling the concept of sustainable education as part of the Ministry of Education Strategic Plan 2017-2021. For the 2022 budget, AED 9.6 billion (16.3 per cent. of the total general budget) was allocated to public and university education programmes, AED 6.1 billion (10.4 per cent. of the total general budget) was allocated to public education programmes and AED 3.5 billion (5.9

per cent. of the total general budget) was allocated to university education for the ongoing development of the UAE's education sectors in line with the UAE's goals to become a more knowledge-based economy.

The UAE has a wide range of universities, both public and private. UAE nationals can attend government institutions free of charge. The UAE public universities include:

- UAE University;
- Zayed University; and
- Higher Colleges of Technology.

Some of the key private institutions include:

- American Universities of Sharjah and Dubai;
- Sharjah University;
- Ajman University of Science and Technology;
- Abu Dhabi University;
- Al Hosn University; and
- Khalifa University of Science and Technology.

In addition to the above, the Centre of Excellence for Applied Research and Training was founded in 1997. This is the commercial arm of the Higher Colleges of Technology and provides education, training and applied technology instruction.

While the Federal Government provides basic education for UAE nationals, the UAE local governments often supplement this with their own initiatives and funding in order to enhance the Federal provision. The Constitution also permits individual emirates to elect to maintain their own competencies in certain sectors. Based on this flexibility, Abu Dhabi and Dubai have elected to assume responsibility for their own education and education reforms. In Sharjah, education is overseen by the Education Council, a centralised department of the Sharjah government, which has implemented a "model school" programme, providing equipment, facilities and pedagogic support according to international best practice, initially for a number of pilot schools, but now being rolled out more widely.

<u>Ministry of Education Strategic Plan 2017-2021</u>

The Ministry of Education has put a strategic plan in place in order to develop an innovative education system for a knowledge-based and globally competitive society, that includes all age groups to meet future labour market demand, by ensuring quality of the ministry of education outputs, and provision of best services. The Ministry of Education Strategic Plan 2017-2021 is as follows:

- Ensure inclusive quality education including pre-school education;
- Achieve excellent leadership and educational efficiency;
- Ensure quality, efficiency and good governance of educational and institutional performance, including the delivery of teaching;
- Ensure safe, conducive and challenging learning environments;
- Attract and prepare students to enrol in higher education internally and externally, in light of labour market needs;
- Strengthen the capacity for scientific research and innovation in accordance with the quality, efficiency and transparency standards;

- Provision of quality, efficient and transparent administrative services, in accordance with the quality, efficiency and transparency standards; and

- Establish a culture of innovation in an institutional working environment.

Education continues to be a key strategic priority for the Federal Government and will continue to be a part of the Federal Government's strategy for 2021-2026.

Education 2020 Strategy

The Ministry of Education has developed an Education 2020 strategy, which is a series of ambitious five-year plans designed to bring significant qualitative improvement in the education system, especially in the way teachers teach and students learn. Smart learning programmes, new teachers' codes, licensing and evaluations systems, as well as curriculum revision, including teaching math and science through English, are all part of the strategy. A key area of focus has been to transform K-12 programmes, to ensure that students are fully prepared to attend universities around the world and compete in the global marketplace.

National Strategy for Higher Education 2030

In September 2017, the Ministry of Education launched the National Strategy for Higher Education 2030. The strategy sets out to build and achieve the highest scientific and professional education standards to serve the UAE's future generations.

The strategy seeks to provide future generations with the necessary technical and practical skills to drive the economy in both public and private sectors. It also aims to prepare a generation of Emirati professionals to sustain growth in vital sectors such as knowledge, economy, entrepreneurship and the overall development of the UAE's labour market.

The Federal Government set four main pillars to achieve this strategy: quality, efficiency, innovation and harmonisation. The strategy also identified 33 key initiatives to support the implementation phase. These include:

- the National Quality Framework initiative aims to develop assessment-based standards capable of taking into account the different local needs while applying an effective quality control system;

- the Transparent Classification of Outputs initiative seeks to establish clear classification mechanisms that apply to all institutions and to publish quality reports to ensure transparency;

- the Expanded Professional Experience initiative will provide a variety of career training programmes to students such as on-campus work, job shadowing, joint ventures and vocational trainings;

- the Investment in Knowledge initiative aims to increase the number of Ph.D. students by increasing support for postgraduate funding and creating incentives to pursue higher education by ensuring attractive job opportunities; and

- the Competitive Research Funding initiative will create a platform to provide funding for research in vital sectors and stimulate the collaboration between higher education institutions and the private sector.

Tourism

The total contribution of the travel and tourism sector to the UAE's GDP in 2020 was AED 159.1 billion (U.S.$43.3 billion), which is 12.1 per cent. of GDP. It is forecast to rise by 4.9 per cent per annum to AED 264.5 billion (U.S.$72 billion) which would be 12.4 per cent of GDP, in 2027. In 2019, the Federal Government introduced the multi-entry five year tourist visa to encourage tourism and passenger travel into the UAE. Tourism continued to increase in 2021 compared to 2020 but remains below pre-COVID levels.

Dubai re-opened its borders for travel in July 2020. From 26 February 2022, passengers travelling to Dubai from all countries must fulfil one of the following requirements:

- present a valid vaccination certificate reflecting that a passenger is fully vaccinated against COVID-19 with a vaccine approved by the WHO or the UAE and includes a QR code;

- present a valid negative COVID-19 PCR test certificate issued within 48 hours after the sample was collected and issued by an approved health service provider with a QR code; or

- present a valid medical certificate issued by the relevant authorities that the passenger has recovered from COVID-19 within one month from the date of recovery to the date of arrival.

In 2020, the travel and tourism sector directly supported 317,500 jobs in the UAE which is 5.4 per cent. of total employment. This is expected to rise by 2.4 per cent. per annum to 410,000 jobs which would be 5.9 per cent. of total employment in 2027. The total contribution of the travel and tourism sector to employment, including jobs indirectly supported by the industry, was 10.4 per cent. of total employment which was 617,500 jobs. This is expected to rise by 2 per cent. per annum to 770,000 jobs in 2027 which would be 11.2 per cent. of total employment. Investment in the travel and tourism sector was AED 26.2 billion (U.S.$7.1 billion) which amounted to 7 per cent. of the total investments made in the UAE. Investment in the travel and tourism sector is forecast to rise by 11 per cent. per annum over the next 10 years to AED 74.5 billion (U.S.$20.3 billion) in 2027 which would be 11.2 per cent. of the total investments. (*source*: UAE Government website – Tourism and Economy).

The two major tourist destinations in the UAE are Dubai and Abu Dhabi. Despite international travel suffering a significant decline in 2020 due to the COVID-19 pandemic, Dubai's share of the global market for travel in 2020 rose by 0.3 per cent. as compared to 2019, which is the only city to register a positive increase when international tourism globally decreased by approximately 74 per cent. According to the latest data published by Dubai's Department of Economy and Tourism, international visits to Dubai were over 7 million in 2021, which means that Dubai has reached 74 per cent. of its total pre-pandemic tourist arrivals for the fourth quarter of 2019. The total number of international tourists arriving in Dubai from January 2022 to March 2022 was approximately 3.97 million compared to 1.27 million for the same period in 2021. The top ten source markets for visitors to Dubai during this period were: Oman, India, Saudi Arabia, the United Kingdom, Russia, France, the United States, Germany, Pakistan and Iran. The number of occupied hotel rooms per night increased during this period in 2022202 from an average of 7.19 million occupied rooms per night in 2021 to an average of 10.22 million occupied rooms per night for January 2022 to March 2022. (*source*: Dubai Tourism website).

In November 2013, Dubai was announced as the host city for the 2020 World Expo ("**Dubai Expo 2020**"). The event was originally scheduled to be held from 20 October 2020 to 10 April 2021; however, in May 2020, in response to the COVID-19 pandemic, the member states of the Bureau International des Expositions voted to confirm a one-year postponement to Dubai Expo 2020. Dubai Expo 2020 ran from 1 October 2021 to 31 March 2022. Dubai Expo 2020 was the first World Expo to be held in the MENA and South Asia region. The World Expo is a registered exposition taking place every five years for a maximum of six months and is intended for the global community to promote innovations in the service of human progress. The World Expo attracts millions of visitors attending exhibitions and cultural events staged by hundreds of participants including nations, international and civil society organisations and companies. Dubai Expo 2020 was held under the theme "Connecting Minds, Creating the Future", representing future aspirations of Dubai's society and uniting people from across the globe to share in a common project. The Dubai Expo 2020 showcased a number of initiatives in the areas of sustainability, mobility of people and ideas and opportunities to unlock future potential. Over its 182 days, Dubai Expo 2020 recorded 24,102,967 visits. Visitors from 178 countries were reported and one in every three visitors came from overseas.

In January 2021, the Cabinet approved the formation of Emirates Tourism Council with an aim to strengthen the tourism portfolio by drafting a tourism strategy in line with the nation's aspirations and the UAE Centennial Plan 2071 and local tourism initiatives. In August 2021, it was announced that a coordination system had been adopted at the federal and local levels to develop new and integrated initiatives and solutions for the tourism sector. The Emirates Tourism Council also approved the steps for joint planning of an upcoming tourism campaign and agreed on the process to support the gathering of tourism data in order to promote proactive tourism development efforts. In particular, the Emirates Tourism Council approved a joint action plan of the Ministry of Economy and local tourism departments. The joint initiative aims to increase the inflow of international tourists to the UAE as well as open new tourism markets to attract tourists. The plan includes large-scale promotional campaigns targeting a number of destinations that could encourage tourists to visit the UAE, introducing the long-term and multiple-entry tourist visas and promoting the UAE's distinctive tourism destinations, recreational activities and services.

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

	For the year ended 31 December						
Indicators	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
Actual Guest Arrivals (No.)	21,417,611	22,868,489	24,633,790	25,548,966	27,138,846	14,882,258	19,237,022
Guest Nights (No.)	69,766,747	73,854,531	78,179,269	80,343,014	84,963,118	54,322,945	77,014,648
Length of Stay (Avg)	3.26	3.23	3.17	3.14	3.13	3.65	4
Rooms (No.)	148,632	155,704	162,225	173,086	183,193	180,257	193,913
Occupancy room Rate (%)	75%	75%	76%	73%	74%	55%	67%

Source: *FCSC*

The UAE has launched several initiatives to continue to boost the travel and tourism sector.

Sustainable tourism development in Abu Dhabi

Tourism plays a central role in the emirate of Abu Dhabi's plan to diversify its economy. The Department of Culture and Tourism in Abu Dhabi is mandated with preserving, protecting, managing and promoting the cultural heritage of, and achieving tourism development in the emirate. The Department of Culture and Tourism in Abu Dhabi works towards the sustainable tourism development of the emirate. This involves:

- preparing the annual sustainability report;
- launching and implementing 'green' tourism and hotel initiatives; and
- holding environment-related exhibitions and conferences.

Dubai Tourism Strategy 2020

The Dubai Tourism Strategy 2020 was launched in 2013. It was a strategic roadmap with the key objective of attracting 25 million visitors per year by 2020. The strategy focuses on making Dubai the 'first choice' for the international leisure and business traveller.

This involves broadening Dubai's offering in events, attractions, infrastructure, services and packages and making it appealing to a wider audience. The strategy focuses on three key objectives:

- maintaining market share in existing source markets;
- increasing market share in markets with high growth potential; and
- increasing the number of repeat visits.

In addition, Dubai has announced its tourism targets post-2020 and has declared its ambition to be the world's most-visited city by 2025. In October 2018, Dubai's Department of Tourism and Commerce Marketing announced Dubai's Vision for Tourism 2022-25 ("**Vision 2022-25**"), which is a strategic roadmap with the key target of attracting 21 to 23 million visitors to Dubai per year by 2022, growing to 23 to 25 million visitors by 2025. The initiatives under Vision 2022-25 include 71 key projects to be delivered across a number of categories, with each category assigned a target incremental increase in visitors to Dubai and contribution to Dubai's GDP. Vision 2022-25 envisages achieving its targets by focusing on five key objectives: (i) maintaining Dubai's leadership position in its core tourist markets across the Middle East and South Asia, investing and growing its share in high-volume tourist markets, including Western Europe, Russia and China, diversifying into high-potential markets in Eastern Europe, Central Asia and Africa, and capitalising on transit traffic through Dubai to capture greater share in long-distance markets including the Americas and Australia; (ii) offering "only in Dubai" experiences that are tailored to Dubai's core tourist segments, including millennials, families, retirees and business travellers; (iii) developing deep and granular customer insights through personalised, intelligent data-driven marketing;

(iv) enhancing global attractiveness as a business hub for multinationals, SMEs and start-ups, as well as events; and (v) delivering an agile and responsive tourist ecosystem through active knowledge sharing and collaborative idea generation.

Sharjah Tourism Vision 2021

The Sharjah Tourism Vision 2021 aimed to attract more than 10 million tourists by the year 2021.

Sharjah Commerce and Tourism Development Authority, in collaboration with partners in the tourism sector, has adopted four strategic pillars. They are:

- promoting Sharjah as an ideal family tourism destination by offering distinct packages and offers specially designed for families;
- adopting an innovative tourism approach to improve the tourist experience through the provision of innovative solutions;
- enhancing efficiencies in the tourism sector through partnership and collaborative action to provide world-class tourism facilities and capabilities; and
- promoting the cultural and heritage elements among families to build Sharjah as an international cultural hub.

Notwithstanding the possible challenges arising from any extended impact from COVID-19, the Sharjah government remains committed to its goal to attract 10 million visitors in 2021, increasing from a total of 7.7 million visitors to Sharjah in 2019.

Health

Healthcare is provided for all UAE nationals, as mandated by Article 19 in the Constitution. The Federal Government allocates a significant share of the Federal Budget for the healthcare sector every year in order to provide quality medical services. The following are the amounts allocated for the healthcare sector for the years 2017, 2018, 2019, 2020, 2021 and 2022 from the Federal Budgets for those periods.

	For the year ended 31 December					
	2017	**2018**	**2019**	**2020***	**2021***	**2022***
Budget allocated (AED billions)	4.2	4.5	4.4	4.7	4.7	4.9
Percentage of Federal Budget allocated to health (%)..................	8.6	7.4	7.3	7.5	8.2	8.4

* Data Preliminary

The Ministry of Health and Prevention ("**MoHAP**") is the federal health authority which provides comprehensive healthcare to all UAE nationals and residents through its preventive and curative health services. Subsequent to the establishment of individual emirate-based health care authorities by Abu Dhabi and Dubai in 2007, the focus of the MoHAP has shifted to the Northern Emirates (Sharjah, Ajman, Umm Al Quwain, Ras Al Khaimah and Fujairah). The emirates of Abu Dhabi and Dubai have health authorities that work towards the vision of MoHAP by regulating and developing the healthcare sector. Even though the emirates have their own mandates for regulating the healthcare sector, they can still contribute to and take advantage of the Federal Government's healthcare initiatives.

The Federal Government is working in collaboration with all health authorities in the country to have all public and private hospitals accredited according to clear national and international quality standards of medical services and staff. Furthermore, the National Agenda emphasises the importance of preventive medicine and seeks to reduce cancer and lifestyle related diseases such as diabetes and cardiovascular diseases to ensure a longer, healthy life for UAE nationals. In addition, the National Agenda aims to reduce the prevalence of smoking and increase the healthcare system's readiness to deal with epidemics and health risks. To achieve such goals, the Federal Government is improving its ranking in 11 indices relating to healthcare and protection. For information related to MoHAP's response to COVID-19 see "*Description of the United Arab Emirates – COVID-19 Impact and Response Measures Adopted in the UAE – General and Epidemiological Response Measures".*

Environment

Climate change is one of the most important environmental issues at the national and global levels, given its economic, social and environmental impacts. This issue has received considerable and early attention in the UAE and the country has focused efforts to address the effects of climate change and to adapt to its potential impacts on ecosystems and economic sectors. In line with these efforts, the UAE has adopted important policies, including, amongst others, the economic diversification policy, focusing on the green economy, on energy sources diversification policy, renewable and clean energy and promoting energy efficiency, on sustainable transport policy and sustainable urban planning.

The Ministry of Climate Change and Environment, in collaboration with its partners in the public and private sectors, is working to bolster efforts to deal with climate change, in terms of mitigation and adaptation, through the National Climate Change Plan 2050, adopted by the Cabinet in June 2017, and the National Climate Change Adaptation Programme, adopted at the first annual meeting of the Federal Government in September 2017, in addition to other relevant policies and programmes.

By virtue of UAE Vision 2021, the UAE is striving to diversify its income resources by moving away from oil. In January 2012, H.H. Sheikh Mohammed bin Rashid Al Maktoum launched the Green Economy initiative under the slogan: A green economy for sustainable development. Under this initiative, the UAE seeks to become a global hub and a successful model of the new green economy, to enhance the country's competitiveness and sustainability and preserve its environment for future generations.

Through this initiative, the UAE aims to become one of the world leaders in this area as well as a centre for the export and re-export of green products and technologies, and to maintain a sustainable environment to support long-term economic growth. The initiative includes a range of programmes and policies in the areas of energy, agriculture, investment and sustainable transport in addition to new environmental and constructional policies.

H.H. Sheikh Mohammed bin Rashid Al Maktoum aims to build an economy that protects the environment as well as an environment that supports the growth of the economy.

The Green Economy initiative includes six major fields covering a wide range of legislation, policies, programmes and projects which are:

- the first field of green energy aims to promote the production and use of renewable energy;
- the second field includes Federal Government policies aimed to encourage investments in the green economy and to facilitate the production, import, export and re-export of green products and technologies;
- the third field relates to developing urban planning policies that preserve the environment and to raise the efficiency of housing and buildings environmentally;
- the fourth field consists of means for dealing with the effects of climate change, promote organic agriculture, maintain biodiversity and protect the ecological balance;
- the fifth field aims at rationalising the use of water resources, electricity and natural resources and recycling waste; and
- the sixth field includes development and promotion of green technology.

<u>UAE Energy Strategy 2050</u>

In 2017, the UAE launched its Energy Strategy 2050, which is considered the first unified energy strategy in the country that is based on supply and demand. The strategy aims to increase the contribution of clean energy in the total energy mix from 25 per cent. to 50 per cent. by 2050 and reduce the carbon footprint of power generation by 70 per cent., thus saving AED 700 billion by 2050. It also seeks to increase consumption efficiency of individuals and corporates by 40 per cent.

The strategy targets an energy mix that combines renewable, nuclear and clean energy sources to meet the UAE's economic requirements and environmental goals as follows:

- 44 per cent. clean energy;
- 38 per cent. gas;
- 12 per cent. clean coal; and
- 6 per cent. nuclear.

The Federal Government aims to invest AED 600 billion by 2050 to meet the growing energy demand and ensure a sustainable growth for the country's economy. In addition, at the end of 2020, the UAE submitted its second nationally determined contribution to the United Nations Framework Convention on Climate Change with targets to reduce greenhouse gas emissions by 23.5 per cent. for 2030, increase clean power capacity by 14 gigawatts and to plant more than 30 million mangrove seedlings to enhance carbon sinks.

National Climate Change Plan of the UAE 2017–2050

The National Climate Change Plan of the UAE 2017–2050 (the "**Climate Change Plan**") is the UAE's comprehensive framework to address the causes and impacts of climate change, plan the transition into a climate resilient green economy and achieve a better quality of life. The primary objectives of the Climate Change Plan are to:

- Manage greenhouse gas ("**GHG**") emissions while sustaining economic growth – the UAE's total GHG emissions are expected to continue rising with the projected economic and population growth. However, the Climate Change Plan aims to manage emissions and ensure that climate action supports achievement of the economic goals.
- Minimise risks and improve capacity of adaptation to climate change – promoting a climate-resilient economy is a prerequisite for the UAE to realise the transformation outlined in the UAE Vision 2021. A systematic and scientific assessment of climate risks and vulnerabilities is at the heart of the Climate Change Plan. It emphasises the need to protect the economy, infrastructure, people and ecosystems from climate-related impacts.
- Enhance the UAE's economic diversification agenda through innovative solutions – as the UAE continues to invest in non-oil sectors with high growth potential, the Climate Change Plan will facilitate a stronger growth momentum in key emerging sectors. This will be achieved by deploying innovative measures to generate high added value for the emerging industries, encouraging job creation in green businesses and leveraging the relationship between climate action and economic diversification.

The Climate Change Plan gathers all local efforts on one platform and establishes a unified framework to measure emissions and provide reports. It seeks to establish an integrated system for monitoring, reporting and verifying the application of world's best practices. A national system of climate information will be created to use emission data in scientific research and climate change forecasts at the national level.

The private sector will play a critical role in advancing the UAE's economic diversification agenda by enhancing the market of environmental goods and services. Businesses can be a source of innovation in addressing sustainability challenges, and they have huge potential to provide the necessary resources to advance the diversification agenda. To fulfil this priority, the Federal Government is required to provide an enabling environment for the private-sector through a combination of regulations and incentives.

Foreign Direct Investment and Free Zones

Foreign Direct Investment

According to the UAE's Economic Report 2020, the UAE was ranked 24th globally in 2019 (up by 3 positions from 2018), in terms of its ability to attract FDI. The value of FDI to the UAE in 2020 was approximately U.S.$19.9 billion compared to U.S.$17.9 billion in 2019 with a growth rate of 11.3 per cent.

The FDI in the UAE is mainly in the sectors of:

- wholesale and retail trade;
- real estate activities;
- financial services and insurance;
- manufacturing; and
- mining and quarry exploitation.

The main investors in the UAE historically have been Switzerland, the United Kingdom, India, the United States, France, Austria, Japan, Saudi Arabia, Kuwait and the Netherlands. In recent years, the main investors have been the United Kingdom, India, China, the British Virgin Islands, Saudi Arabia, the United States, France, Austria, Japan and Kuwait.

The share of FDI contribution to GDP at current prices is expected to increase over time reflecting the UAE's policy of diversifying income sources and its vision of building a diverse economy based on knowledge, research and innovation with a secure economic environment, encouraging the business and investment climate, and new projects in the sectors of infrastructure, industry, new and renewable energy, tourism, aviation and space and the adoption of the UAE policy in the fields of science, technology and innovation, which includes 100 national initiatives in the education and health sectors, energy, transport, space and water. For the year ended 31 December 2020, FDI contributions made up approximately 5.5 per cent. of GDP compared to the year ended 31 December 2019 when FDI contributions made up approximately 3.27 per cent. of GDP.

According to the UNCTAD World Investment Report 2021, the value of foreign direct investment inflows to the UAE increased in 2020 by AED 7.38 billion, at a growth rate of 11.24 per cent. The total inflows of foreign investment in 2020 amounted AED 73.04 billion, compared to AED 65.66 billion. In 2020, the UAE ranked first in the West Asia region in terms of FDI, accounting for 54.4 per cent. of the total FDI inflow to the region. The inflows to the region increased by 9.4 per cent. compared to 2019. The UAE ranked first in the Middle East and North Africa region, accounting for 40.2 per cent. of the total FDI inflow to the region. The UAE also ranked 15th globally in terms of FDI inflows and 13th globally in terms of FDI outflows in 2020. ADNOC signed a number of FDI deals in 2020, with an aggregate value of U.S.$12.8 billion. For example, a consortium consisting of Global Infrastructure Partners, Brookfield Asset Management Inc., Ontario Teachers' Pension Plan, NH Investment & Securities and Snam S.p.A., collectively acquired a 49 per cent. stake in ADNOC Gas Pipeline Assets LLC ("**ADNOC Gas Pipelines**"), a newly formed subsidiary of ADNOC with lease rights to 38 pipelines covering a total of 982.3 kilometres. ADNOC holds a 51 per cent. majority stake in ADNOC Gas Pipelines and, under the terms of the agreement with the consortium, ADNOC has agreed to lease its ownership interest in the assets to ADNOC Gas Pipelines to the consortium for 20 years in return for a volume-based tariff subject to a floor and a cap. In addition, ADNOC also entered into a long-term partnership agreement with a consortium of investment institutions led by Apollo Global Management. The partnership allows ADNOC to benefit from the rental returns of a range of its real estate assets under a lease agreement for 24 years and in return Apollo Global Management acquired a 49 per cent. stake in ADNOC's subsidiary, Abu Dhabi Real Estate Leasing Holding Company Limited. In addition, on 25 May 2021, ADNOC announced the award of a contract worth AED 2.7 billion to develop the fields located in the offshore "Balbazem" concession area through a joint venture between ADNOC's Al Yasat Petroleum Operations Company and the China National Petroleum Corporation.

ADNOC also accessed the equity capital markets in 2021 and 2022, successfully attracting local and international investment in initial public offerings of minority stakes in several subsidiaries and joint ventures, including U.S.$1.1 billion in October 2021 in ADNOC Drilling Company PJSC, U.S.$750 million in October 2021 in Fertiglobe plc and U.S.$2 billion in Borouge plc.

Recent Reforms of Foreign Ownership in the UAE

The UAE has taken various steps in recent years to ease foreign ownership restrictions applicable to onshore companies in the UAE, with the aim of incentivising foreign investment in the UAE.

Historically, Federal Law No. 2 of 2015 on Commercial Companies (the "**2015 CCL**") required a company established in the UAE to have one or more Emirati partners (or a company wholly owned by Emirati nationals) holding at least 51 per cent. of the company's capital (effectively capping the level of foreign ownership in any onshore company at 49 per cent.).

In 2018, the UAE issued Federal Decree Law No. 19 of 2018 regarding Foreign Direct Investment (the "**FDI Law**"), which was followed by Cabinet Decision No. 16 of 2020 (together with the FDI Law, the "**FDI Regime**"). The FDI Regime effectively created an exception to the foreign ownership restrictions under the 2015 CCL by permitting foreign investors to own up to 100 per cent. of onshore companies doing business in any of the economic sectors and activities approved by the Cabinet pursuant to its "Positive List". The FDI Regime also included a "Negative List" of economic sectors and activities requiring Emirati ownership. The FDI Regime also established the Foreign Direct Investment Unit (as part of the Ministry of Economy), to oversee FDI policies, compile a comprehensive database of investment data and information and create an attractive environment for FDI.

The FDI Regime was subsequently repealed by Federal Decree Law No. 26 of 2020 (the "**2020 CCL Amendment Law**"), which substantially amended the 2015 CCL and came into force in various stages between January 2021 and June 2021. One of the most significant amendments introduced by the 2020 CCL Amendment Law was to amend Article 10 of the 2015 CCL to abolish the default requirement for at least 51 per cent. Emirati ownership in a UAE onshore company. Pursuant to the 2020 CCL Amendment Law, all onshore companies were permitted to be 100 per cent. owned by foreign nationals, unless they are engaged in an activity that has a "strategic impact" on the UAE economy.

The list of activities with "strategic impact" was set forth in Cabinet Decision No. 55 of 2021 on the Determination of the List of Strategic Impact Activities, which came into force on 1 June 2021. The list comprises (i) security, defence and military activities; (ii) banks, money-changing establishments, finance companies, and insurance activities; (iii) currency printing; (iv) communications; (v) Hajj and Umrah services; (vi) Quran centres; and (vii) fisheries-related services. Except for the category of fisheries-related services, which does not permit any foreign investor participation, each of the activities described above allow for foreign investor and UAE national participation in a company's capital as determined by the applicable regulatory authority.

Several emirates have also since published lists of business activities that are available for up to 100 per cent. foreign ownership within their jurisdictions (the "**Green Lists**"). The Green List published by the Abu Dhabi Department of Economic Development sets out over 1,100 commercial and industrial activities that include, among other things, retail and wholesale trading, the provision of repair and maintenance services and manufacturing across various sectors and industries. In June 2021, Dubai Economy also announced a Green List of over 1,000 commercial and industrial activities open for 100 per cent. foreign ownership, which includes a wide range of activities across many sectors and industries. Other emirates have either published similar lists or are expected to do so in due course.

The 2015 CCL (as amended by the 2020 CCL Amendment Law) was replaced in its entirety by Federal Decree Law No. 32 of 2021 on Commercial Companies (the "**2021 CCL**"), which was issued in September 2021 and came into force in January 2022. The 2021 CCL reiterates the principle of relaxation of foreign ownership restrictions initially introduced under the 2020 CCL Amendment Law.

Free Zones

Free zones have been established in each of the emirates of the UAE. A free zone is a defined geographical area within each emirate where certain taxes or restrictions on business, employment or trade do not apply in the same way as the rest of the emirate that the free zone is located in. There are many incentives for foreign corporate entities to set up in one of the free zones in the UAE. Foreign corporate entities can operate in the free zones, and free zone incorporated entities can be 100 per cent. foreign owned. The ability to import into the free zones and to export without any import duties, taxes or currency restrictions being levied on the free zone entity has been a key driver for foreign corporate entities that are registered in the free zones. There are more than 40 multidisciplinary free zones across the UAE.

Major free zones in the UAE include:

- The Jebel Ali Free Zone ("**Jafza**"), which is located in the western end of Dubai. Jafza currently supports more than 130,000 jobs and has customers from over 130 countries.

- The Abu Dhabi Global Market ("**ADGM**"), which was established by Federal Decree No. (15) of 2013 and Cabinet Resolution No. (4) of 2013 and opened at the end of October 2015. ADGM's jurisdiction extends across the entire 114 hectacres of Al Maryah Island. The ADGM has three independent authorities: the Registration Authority; the Financial Services Regulatory Authority; and the ADGM courts.

- The Dubai International Financial Centre ("**DIFC**"), which was launched in accordance with Federal Decree No. 35 of 2004 as part of Dubai's strategic vision to diversify its economic resources and attract capital and investments in the region. There are three independent authorities that have been established in DIFC: the DIFC Authority, the DFSA and the DIFC Courts. There are over 2,500 registered companies and 25,000 people working in DIFC.

Recent Developments

Legal Reforms

In November 2020, the UAE announced that it would be introducing new legal reforms in order to promote tolerance and multiculturalism in the UAE. As part of these reforms, the UAE plans to criminalise "honour killings", lift the ban on unmarried couples living together and lift certain restrictions on the purchase of alcohol. Under the new laws, expatriates will also be able to follow their home country's laws on divorce and inheritance instead of being required to follow UAE legislation based on *Shari'a* law.

In January 2021, the UAE announced that, for the first time, under certain circumstances, expatriate investors, professionals, special talents and their families will be allowed to acquire Emirati nationality and passports. Each individual would have to meet a set of criteria within their profession to qualify for citizenship. For example, investors would have to own property in the UAE, doctors would need to be specialised in high demand areas and inventors would be required to have a patent approved by the UAE in order to be considered for citizenship. There will be no application process and instead individuals will be nominated for citizenship by Rulers and Crown Princes Courts, Executive Councils and the Cabinet. It is expected that those granted UAE citizenship will have access to most, if not all, of the benefits that are granted by the Federal Government to UAE nationals.

In November 2021, the UAE announced further legislative reforms of the country's legal system. In the largest legal reform in the UAE's history, over 40 new laws and legislative amendments were approved by the President. The new laws aim to develop the legislative structure in various sectors, including investment, trade and industry, as well as commercial company, regulation and protection of industrial property, copyright, trademarks, commercial register, electronic transactions and trust services. The new legislative changes were implemented after a five-month consultation process involving Federal and local emirate authorities, alongside over 100 private sector organisations.

Social Reforms

In December 2021, the UAE announced that all government entities would adopt a new work-week schedule consisting of four and a half days with Friday afternoon, Sunday and Saturday being the new weekend. The change came into effect on 1 January 2022.

In May 2022, the UAE announced that all workers in the public and private sector will have unemployment insurance from 2023. The Cabinet approved the unemployment insurance scheme to provide unemployed individuals with income support for a set period of time while they look for another job. The insurance regime will apply to workers of all nationalities working in the UAE but will not apply to investors, domestic workers, workers with temporary contracts, retired persons with a pension and people under the age of 18 years old. Employees will also be required to contribute a small amount of money for the unemployment insurance scheme through insurance companies on a yearly basis. The scheme is expected to include paying 60 per cent. of an individual's previous basic salary for a certain period of time but the duration of that period has not yet been specified.

Monetary Policy Reforms

On 12 December 2021, the Central Bank signed a memorandum of understanding with the Central Bank of Iraq to enhance co-operation in banking supervision and set out an enhanced framework to supervise bank exposures to the real estate sector. The new standards cover all types of on-balance-sheet loans and investments and all off-balance-sheet exposures to the real estate sector and entered into effect on 31 December 2021, starting with a one-year observation period.

On 4 May 2022, the UAE Central Bank announced that it would increase its base rate by 50 basis points to 2.25 per cent. effective 5 May 2022 in response to inflationary pressures.

On 15 June 2022, the UAE Central Bank announced that it decided to raise its base rate by 75 basis points effective from 16 June 2022. This decision was taken following the United States Federal Reserve Board's announcement on 15 June 2022 to increase the interest on reserve balances by 75 basis points. The UAE Central Bank also announced that it decided to maintain the rate applicable to borrowing short-term liquidity from the UAE Central Bank through all standing credit facilities at 50 basis points above the base rate.

Appointment of New Cabinet

On 25 September 2021, the late H.H. Sheikh Khalifa bin Zayed Al Nahyan, the then President of the UAE, approved the new Cabinet.

The Cabinet will form ten sectoral transformation teams which will decide on the first ten major projects of the Federal Government for the coming years. A new mechanism for Federal Government work was also put in place and includes the following five pillars:

- Federal Government work will be led by major transformational projects, not just long-term strategic plans;
- the transformational projects will be flexible and rapid (from six months to two years), in contrast to the previous strategic programmes which ranged from five to 10 years;
- sectoral priorities will be identified, followed by the development of clear transformational projects. Ministerial work teams will be formed to implement these projects;
- moving from the sole responsibility of ministries to the joint responsibility of field work teams, contracts will be signed as part of transformational projects and will be reviewed by the Cabinet; and
- incentives and promotions will be approved by the Cabinet and based on the performance of the executive teams and their ability to implement and deliver on the transformational projects.

4. AMENDMENTS TO THE BALANCE OF PAYMENTS AND FOREIGN TRADE

4.1 On page 121 of the Base Offering Circular, the entirety of the subsection headed "*Balance of Payments and Foreign Trade*" shall be deemed deleted and replaced with the following:

The UAE has traditionally pursued a free-trade policy for deeper integration into the global trading system. The UAE pursues a free-trade policy by liberalising its trade regime through free-trade agreements ("**FTAs**") with other countries and organisations (including FTAs with Singapore, the European Free-trade Area and New Zealand in 2009). Being a member of the GCC, the UAE's trade policy is closely linked to the trade policy of the other GCC member countries on account of, amongst other things, the GCC Economic Agreement of 2002, which calls for a "collective negotiation strategy" in the conduct of FTAs with major trading partners, and the establishment of the GCC Customs Union in 2003, which was aimed at enhancing economic unity amongst the member states and allowing the member states to engage in FTA negotiations as a unified trading bloc. Data on non-trade flows into and out of the UAE is not complete and is routinely subject to revision, reflecting, in part, weaknesses of the central statistical bodies and, in part, the operations of the large free zones. In general, however, the UAE tends to have a non-trade balance deficit reflecting services outflows underlining the UAE's dependence on foreign services for the development of its industrial and services sectors. In addition, there are significant levels of current transfers out of the UAE principally reflecting expatriate workers' remittances.

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

Economic Variables	For the year ended 31 December 2015	2016	2017	2018	2019	2020	2021
UAE Central Bank Policy Rate (%)(at period end)	**1.0**	**1.0**	**1.4**	**2.1**	**2.5**	**0.4**	**0.65**

**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																	
	2015	**% change**	**% GDP**	**2016**	**% change**	**% GDP**	**2017**	**% change**	**% GDP**	**2018**	**% change**	**% GDP**	**2019**	**% change**	**% GDP**	**2020**	**% change**	**% GDP**
									(AED Billions)									
Current Account Balance	**64.8**	-59.4	4.6	**48.5**	-170.5	3.4	**101.0**	108.3	7.1	**151.5**	50.0	9.9	**137.1**	-9.5	8.9	**77.1**	-43.8	5.9
Trade Balance (FOB)	**232.8**	-31.3	16.4	**202.4**	-267.5	14.3	**246.9**	22.0	17.4	**314.6**	27.4	20.5	**295.5**	-6.1	19.3	**228.9**	-22.5	17.4
Trade Balance (CIF)	**136.1**	-46.5	9.6	**104.5**	-185.1	7.4	**146.3**	40.1	10.3	**218.6**	49.4	14.3	**200.3**	-8.4	13.1	**142.9**	-28.7	10.9
Total Exports of Hydrocarbon	**225.8**	-44.9	15.9	**170.6**	-268.7	12.0	**213.5**	25.1	15.1	**247.2**	15.8	16.1	**220.8**	-10.7	14.4	**140.9**	-36.2	10.7
Crude Oil Exports	115.9	-65.2	8.2	92.4	-172.0	6.5	115.0	24.5	8.1	117.5	2.2	7.7	109.1	-7.2	7.1	68.4	-37.3	5.2
Petroleum Products Exports	81.8	149.4	5.8	56.1	106.2	4.0	71.0	26.6	5.0	95.0	33.9	6.2	83.4	-12.3	5.4	52.5	-37.1	4.0
Gas Exports	28.1	-36.4	2.0	22.1	(21)	1.6	27.5	24.4	1.9	34.6	25.9	2.3	28.3	-18.3	1.8	20.0	-29.3	1.5
Total Exports of Non-Hydrocarbon	**382.5**	47.0	27.0	**380.0**	-3154.2	26.8	**391.5**	3.0	27.6	**410.6**	4.9	26.8	**415.0**	1.1	27.1	**394.5**	-4.9	30.1
Free Zone Exports	221.3	51.4	15.6	211.4	5876.8	14.9	225.5	6.7	15.9	261.3	15.9	17.1	264.1	1.1	17.2	251.8	-4.7	19.2
Other Exports[1]	161.2	41.4	11.4	168.6	-1155.1	11.9	166.0	-1.5	11.7	149.3	-10.1	9.7	150.9	1.1	9.8	142.7	-5.4	10.9
Re Exports[2]	**495.2**	15.5	35.0	**532.9**	4849.5	37.6	**546.5**	2.6	38.6	**521.2**	-4.6	34.0	**516.6**	-0.9	33.7	**467.6**	-9.5	35.6
Total Exports & Re Exports (FOB)	**1103.5**	0.4	77.9	**1083.5**	-1153.9	76.5	**1151.5**	6.3	81.3	**1179.0**	2.4	76.9	**1152.4**	-2.3	75.2	**1003.0**	-13.0	76.5
Total Imports (FOB)[3]	**-870.7**	14.6	-61.5	**-881.1**	4793.8	-62.2	**-904.7**	2.7	-63.9	**-864.4**	-4.5	-56.4	**-856.9**	-0.9	-55.9	**-774.1**	-9.7	-59.0
Total Imports (CIF)	**-967.4**	14.6	-68.3	**-979.0**	4793.8	-69.1	**-1005.2**	2.7	-71.0	**-960.4**	-4.5	-62.7	**-952.1**	-0.9	-62.1	**-860.1**	-9.7	-65.6
Other Imports[4]	-676.4	12.2	-47.8	-694.9	6032.1	-49.1	-691.6	-0.5	-48.8	-600.6	-13.2	-39.2	-595.7	-0.8	-38.9	-536.1	-10.0	-40.9
Free Zone Imports	-275.9	24.6	-19.5	-274.0	2823.3	-19.3	-302.1	10.3	-21.3	-347.0	14.9	-22.6	-343.5	-1.0	-22.4	-314.0	-8.6	-23.9
Imports (gas)	-15.1	-25.2	-1.1	-10.1	-1545.0	-0.7	-11.5	13.7	-0.8	-12.8	11.7	-0.8	-12.9	0.5	-0.8	-10.0	-22.5	-0.8
Services (NET)	**-28.8**	-70.8	-2.0	**-18.0**	-131.0	-1.3	**-4.8**	-73.5	-0.3	**0.9**	-119.6	0.1	**7.6**	711.1	0.5	**9.6**	26.4	0.7
Credits	**224.7**	266.6	15.9	**240.9**	76.9	17.0	**258.9**	7.5	18.3	**321.2**	24.1	21.0	**331.5**	3.2	21.6	**228.2**	-31.2	17.4
Travel[***]	64.2	89.9	4.5	71.6	587.3	5.1	77.3	8.0	5.5	135.9	75.7	8.9	141.1	3.8	9.2	90.4	-35.9	6.9
Transport	**86.0**	246.8	6.1	**93.6**	62.2	6.6	**102.5**	9.5	7.2	**104.0**	1.5	6.8	**106.7**	2.6	7.0	**60.8**	-43.0	4.6
Air & Ports	85.4	(1)	6.0	93.0	9	6.6	101.8	9.5	7.2	103.4	1.5	6.7	106.0	2.6	6.9	60.1	-43.3	4.6
Postal	0.6	0	0.0	0.6	2	0.0	0.6	5.0	0.0	0.7	2.5	0.0	0.7	6.0	0.0	0.7	0.0	0.1
Government Services	3.2	18.5	0.2	3.3	3206.5	0.2	3.4	2.8	0.2	3.5	2.9	0.2	3.6	2.9	0.2	3.2	-11.1	0.2
Other services	**71.3**	3	5.0	**72.4**	4	5.1	**75.7**	4.6	5.3	**77.8**	2.7	5.1	**80.1**	3.0	5.2	**73.8**	-7.9	5.6
Construction	9.0	2	0.6	9.2	2	0.6	9.6	4.0	0.7	9.8	2.4	0.6	10.1	3.1	0.7	7.6	-24.8	0.6
Intellectual property	12.4	3	0.9	12.8	3	0.9	13.3	4.0	0.9	13.6	2.5	0.9	14.1	3.3	0.9	11.2	-20.6	0.9
Information-Computer-Telecommunication	**21.0**	3	1.5	**22.4**	7	1.6	**23.7**	6.0	1.7	**24.7**	4.2	1.6	**25.4**	2.7	1.7	**29.1**	14.6	2.2
Computer	16.0	3	1.1	16.7	4	1.2	17.4	4.0	1.2	18.0	3.9	1.2	18.5	2.5	1.2	21.9	18.4	1.7
Information & Telecom	5.0	2	0.4	5.7	14	0.4	6.4	11.7	0.4	6.7	5.0	0.4	6.9	3.2	0.5	7.2	4.3	0.5
Other[5]	28.9	2	2.0	28.0	2	2.0	29.1	4.0	2.1	29.6	1.8	1.9	30.5	2.9	2.0	25.9	-15.1	2.0
Debits	**-253.5**	58.6	-17.9	**-258.9**	231.1	-18.3	**-263.7**	1.8	-18.6	**-320.3**	21.5	-20.9	**-323.9**	1.1	-21.1	**-218.6**	-32.5	-16.7
Travel	-61.1	35.5	-4.3	-62.9	725.0	-4.4	-64.8	3.0	-4.6	-120.8	86.4	-7.9	-122.6	1.5	-8.0	-55.4	-54.8	-4.2
Transport	**-50.5**	85.0	-3.6	**-51.9**	63.6	-3.7	**-52.9**	2.0	-3.7	**-54.9**	3.8	-3.6	**-56.0**	2.0	-3.7	**-30.5**	-45.5	-2.3
Air & Ports	-50.1	(16)	-3.5	-51.5	3	-3.6	-52.5	2.0	-3.7	-54.5	3.8	-3.6	-55.5	1.9	-3.6	-30.0	-45.9	-2.3
Postal	-0.4	0	0.0	-0.4	3	0.0	-0.4	3.0	0.0	-0.4	4.0	0.0	-0.5	13.6	0.0	-0.5	0.0	0.0
Government Services	-4.4	46.7	-0.3	-4.3	1333.3	-0.3	-4.5	4.7	-0.3	-4.8	5.6	-0.3	-4.9	3.2	-0.3	-5.0	2.0	-0.4
Freight & Insurance[3]	**-96.7**	14.6	-6.8	**-97.9**	4793.8	-6.9	**-100.5**	2.7	-7.1	**-96.0**	-4.5	-6.3	**-95.2**	-0.9	-6.2	**-86.0**	-9.7	-6.6
Other services	**-40.8**	8	-2.9	**-41.9**	6	-3.0	**-41.0**	-2.3	-2.9	**-43.8**	6.9	-2.9	**-45.2**	3.2	-2.9	**-41.7**	-7.7	-3.2
Construction	-11.1	8	-0.8	-11.4	3	-0.8	-9.0	-21.3	-0.6	-9.6	6.5	-0.6	-9.9	3.3	-0.6	-7.4	-25.3	-0.6
Intellectual property	-8.7	8	-0.6	-9.1	5	-0.6	-9.5	4.8	-0.7	-10.2	7.3	-0.7	-10.6	3.6	-0.7	-6.9	-34.9	-0.5
Information-Computer-Telecommunication	**-10.1**	8	-0.7	**-11.4**	13	-0.8	**-11.9**	4.8	-0.8	**-12.7**	6.6	-0.8	**-13.1**	2.9	-0.9	**-15.8**	20.6	-1.2
Computer	-2.0	6	-0.1	-2.3	15	-0.2	-2.4	4.8	-0.2	-2.6	6.3	-0.2	-2.6	1.5	-0.2	-5.8	123.1	-0.4
Information & Telecom	-8.1	9	-0.6	-9.1	12	-0.6	-9.5	4.8	-0.7	-10.2	6.6	-0.7	-10.5	3.2	-0.7	-10.0	-4.8	-0.8
Other[5]	-10.9	9	-0.8	-10.0	3	-0.7	-10.5	4.8	-0.7	-11.2	7.3	-0.7	-11.6	3.2	-0.8	-11.6	0.0	-0.9
Investment Income (NET)	**6.4**	1137.9	0.5	**7.7**	1000.0	0.5	**10.2**	32.5	0.7	**5.2**	-48.7	0.3	**7.6**	45.2	0.5	**-1.7**	-122.4	-0.1
Banking System[6]	-6.0	20.0	-0.4	-6.8	2166.7	-0.5	-7.1	4.0	-0.5	-6.9	-2.5	-0.5	-5.1	-26.0	-0.3	-2.8	-45.1	-0.2
Private non-banks	-5.0	-18.3	-0.4	-4.9	-5000.0	-0.3	-5.0	2.5	-0.4	-4.8	-3.5	-0.3	-6.0	23.8	-0.4	-3.0	-50.0	-0.2

	For the year ended 31 December																	
	2015	% change	% GDP	2016	% change	% GDP	2017	% change	% GDP	2018	% change	% GDP	2019	% change	% GDP	2020	% change	% GDP
									(AED Billions)									
Enterprises of Public Sector.......	30.0	19.8	2.1	31.3	10333.3	2.2	34.5	10.2	2.4	35.3	2.2	2.3	35.6	0.9	2.3	15.9	-55.3	1.2
Official Debt Services (Interest).	-5.1	32.0	-0.4	-5.3	2550.0	-0.4	-5.4	1.9	-0.4	-6.5	20.4	-0.4	-6.6	1.5	-0.4	-3.4	-48.5	-0.3
Foreign Hydrocarbon Companies in UAE....................	-7.5	-21.5	-0.5	-6.6	-925.0	-0.5	-6.8	3.0	-0.5	-11.8	73.5	-0.8	-10.3	-12.7	-0.7	-8.4	-18.4	-0.6
Transfers (NET)......................	**-145.6**	80.0	-10.3	**-143.6**	2059.4	-10.1	**-151.3**	5.4	-10.7	**-169.3**	11.9	-11.1	**-173.6**	2.5	-11.3	**-159.7**	-8.0	-12.2
Public	**-32.3**	107.1	-2.3	**-22.2**	2511.6	-1.6	**-22.0**	-0.9	-1.6	**-28.6**	30.1	-1.9	**-34.0**	18.8	-2.2	**-32.0**	-5.9	-2.4
Inflows	0.0		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Outflows....................................	-32.3		-2.3	-22.2	(31)	-1.6	-22.0	-0.9	-1.6	-28.6	30.1	-1.9	-34.0	18.8	-2.2	-32.0	-5.9	-2.4
Private.....................................	-113.3	73.5	-8.0	-121.4	1993.1	-8.6	-129.3	6.5	-9.1	-140.7	8.8	-9.2	-139.6	-0.8	-9.1	-127.7	-8.5	-9.7
Inflows	36.2		2.6	39.4	9	2.8	35.1	-10.9	2.5	28.5	-18.7	1.9	25.5	-10.6	1.7	22.3	-12.5	1.7
Outflows....................................	-149.5		-10.6	-160.8	8	-11.4	-164.4	2.2	-11.6	-169.2	2.9	-11.0	-165.1	-2.5	-10.8	-150.0	-9.1	-11.4
Financial Account	**-11.8**	-89.4	-0.8	**-71.0**	1145.3	-5.0	**-62.6**	-11.9	-4.4	**-134.7**	115.2	-8.8	**-90.4**	-32.9	-5.9	**-78.5**	-13.2	-6.0
Capital Account																		
Financial Account....................	**-11.8**	-89.4	-0.8	**-71.0**	1145.3	-5.0	**-62.6**	-11.9	-4.4	**-134.7**	115.2	-8.8	**-90.4**	-32.9	-5.9	**-78.5**	-13.2	-6.0
a. Private capital	**41.7**	4788.6	2.9	**-68.0**	1316.3	-4.8	**-59.6**	-12.4	-4.2	**-118.0**	98.0	-7.7	**-75.0**	-36.4	-4.9	**-67.8**	-9.6	-5.2
a-1 Direct Investment	**-28.9**	-258.8	-2.0	**-14.7**	153.4	-1.0	**-13.6**	-7.5	-1.0	**-17.2**	26.4	-1.1	**-12.3**	-28.4	-0.8	**3.4**	-127.6	0.3
a-1-1 Outward	-61.3	666.3	-4.3	-50.0	367.3	-3.5	-51.6	3.2	-3.6	-55.3	7.3	-3.6	-77.9	40.8	-5.1	-69.5	-10.8	-5.3
a-1-2 Inward***	32.4	23.7	2.3	35.3	620.4	2.5	38.0	7.6	2.7	38.2	0.4	2.5	65.6	71.9	4.3	72.9	11.1	5.6
a-2 Portfolio Investment	4.0	60.0	0.3	4.4	780.0	0.3	4.7	7.5	0.3	4.0	-15.4	0.3	4.1	2.5	0.3	4.0	-2.4	0.3
a-3 Banks	**91.6**	3235.8	6.5	**-39.7**	-4068.2	-2.8	**-33.2**	-16.3	-2.3	**-76.5**	130.4	-5.0	**-31.5**	-58.8	-2.1	**-42.4**	34.6	-3.2
a-3-1 Securities.........................	-12.4	650.6	-0.9	-11.7	-33.1	-0.8	-12.3	5.1	-0.9	-20.1	63.2	-1.3	-63.8	217.8	-4.2	-34.2	-46.4	-2.6
a-3-1 Other investment (loans, deposits)....................................	104.0	2264.7	7.3	-28.0	-251.3	-2.0	-20.9	-25.3	-1.5	-56.4	169.9	-3.7	32.3	-157.3	2.1	-8.2	-125.4	-0.6
a-4 Private nonbanks..................	-25.0	10.7	-1.8	-18.0	3500.0	-1.3	-17.5	-2.8	-1.2	-28.3	61.7	-1.8	-35.3	24.7	-2.3	-32.8	-7.1	-2.5
b. Enterprises of Public Sector ...	-53.5	-52.2	-3.8	-3.0	233.3	-0.2	-3.0	0.0	-0.2	-16.7	456.7	-1.1	-15.4	-7.8	-1.0	-10.7	-30.5	-0.8
Errors and omissions..............	**3.2**	-109.2	0.2	**-3.6**	-111.9	-0.3	**-1.9**	-46.5	-0.1	**-3.8**	97.2	-0.2	**-11.3**	196.7	-0.7	**-12.2**	7.9	-0.9
Overall balance.......................	**56.2**	297.1	4.0	**-27.4**	-38.2	-1.9	**36.2**	-232.1	2.6	**13.4**	-63.0	0.9	**35.7**	166.4	2.3	**-13.1**	-136.7	-1.0
Change in Reserves at the Central Bank**	**-56.2**	297.1	-4.0	**26.1**	-41.1	1.8	**-36.5**	-239.8	-2.6	**-13.0**	-64.4	-0.8	**-35.4**	172.3	-2.3	**13.6**	-138.4	1.0
Change in Reserve Position with IMF & SDR**	**0.3**	-155.7	0.0	**1.3**	215.5	0.1	**0.3**	-76.9	0.0	**-0.4**	-233.3	0.0	**-0.3**	-25.0	0.0	**-0.5**	66.7	0.0
Total change in International Reserves**	**-55.9**	280.8	-3.9	**27.4**	-38.8	1.9	**-36.2**	-232.1	-2.6	**-13.4**	-63.0	-0.9	**-35.7**	166.4	-2.3	**13.1**	-136.7	1.0
UAE Central Bank																		
Foreign Assets (*including the IMF*)..	345.1	152.6	24.4	313.6	731.5	22.1	350.3	11.7	24.7	365.5	4.3	23.9	397.9	8.9	26.0	391.9	-1.5	29.9
Foreign Assets of the Central Bank..	**341.1**	157.8	24.1	**310.9**	718.8	22.0	**347.7**	11.8	24.6	**362.6**	4.3	23.7	**394.7**	8.9	25.8	**388.1**	-1.7	29.6
Reserve Position with IMF & SDR	**4.0**	-6.5	0.3	**2.7**	-1158.8	0.2	**2.6**	-3.7	0.2	**2.9**	11.5	0.2	**3.2**	10.3	0.2	**3.8**	18.8	0.3
Reserve Position with IMF.........	1.3	0.9	0.1	1.9	-2633.3	0.1	1.8	-5.3	0.1	2.1	16.7	0.1	2.4	14.3	0.2	3.0	25.0	0.2
SDR Holding............................	2.8	-9.6	0.2	0.8	-542.0	0.1	0.8	0.0	0.1	0.8	0.0	0.1	0.8	0.0	0.1	0.8	0.0	0.1
Foreign Liabilities (including the IMF)..	8.9	55.7	0.6	4.7	2.2	0.3	5.2	10.6	0.4	7.0	34.6	0.5	3.7	-47.1	0.2	10.8	191.9	0.8
SDR Allocation	336.2	156.9	23.7	2.8	-91.5	0.2	3.0	7.1	0.2	2.9	-3.3	0.2	2.9	0.0	0.2	3.0	3.4	0.2
Foreign Liabilities of the Central Bank............................	332.1	162.4	23.5	1.9	-94.3	0.1	2.2	15.8	0.2	4.1	86.4	0.3	0.8	-80.5	0.1	7.8	875.0	0.6
Net Foreign Assets (*including the IMF*)..................................	**8.9**	55.7	0.6	**308.9**	6616.7	21.8	**345.1**	11.7	24.4	**358.5**	3.9	23.4	**394.2**	10.0	25.7	**381.1**	-3.3	29.0
Net Foreign Assets at the Central Bank (Excluding the IMF)	**55.9**	280.8	3.9	**309.0**	-790.7	21.8	**345.5**	11.8	24.4	**358.5**	3.8	23.4	**393.9**	9.9	25.7	**380.3**	-3.5	29.0
Change *in Net Foreign Assets (including the IMF)*.................	***56.2***	297.1	4.0	***-27.4***	-38.2	-1.9	***36.2***	-232.1	2.6	***13.4***	-63.0	0.9	***35.7***	166.4	2.3	***-13.1***	-136.7	-1.0
Change *in Net Foreign Assets at the Central Bank (Excluding the IMF)*	***-0.3***	-155.7	0.0	***-26.1***	6235.0	-1.8	***36.5***	-239.8	2.6	***13.0***	-64.4	0.8	***35.4***	172.3	2.3	***-13.6***	-138.4	-1.0

	For the year ended 31 December																	
	2015	**% change**	**% GDP**	**2016**	**% change**	**% GDP**	**2017**	**% change**	**% GDP**	**2018**	**% change**	**% GDP**	**2019**	**% change**	**% GDP**	**2020**	**% change**	**% GDP**
									(AED Billions)									
Change in Reserve Position with IMF + SDR...............................		16	0.0	-1.3	341	-0.1	-0.3	-76.9	0.0	0.4	-233.3	0.0	0.3	-25.0	0.0	0.5	66.7	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% to 10% 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.

(*) Preliminary Estimates Subject to Revision.

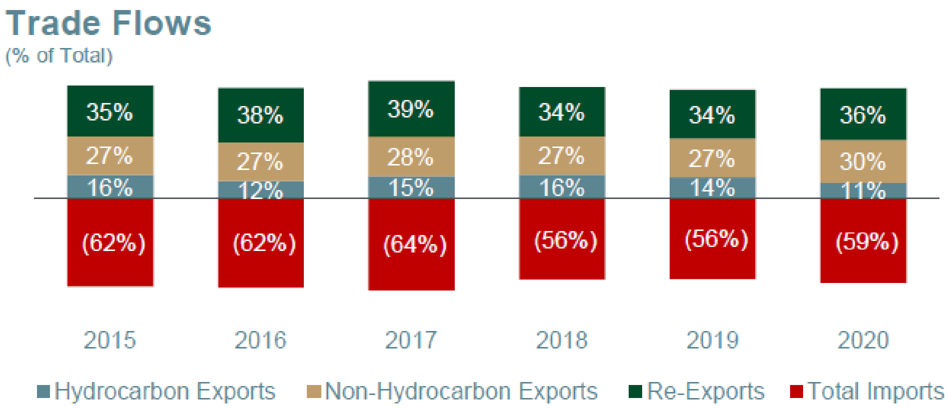
(**) Negative numbers of international reserves indicate an increase, positive numbers indicate a decrease.

(***) Source: FCSC.

The UAE positive trade balances in each of the periods above reflect the importance of its hydrocarbon exports, its more recent successful diversification into other export industries and its significant volumes of re-exports. The UAE's hydrocarbon exports accounted for 16.1 per cent., 14.4 per cent. and 10.7 per cent. of GDP in 2018, 2019 and 2020, respectively.

The value of the UAE's hydrocarbon exports, the vast majority of which are made by Abu Dhabi, can be volatile as they depend on prevailing oil prices and the prevailing OPEC production quotas policy. Crude oil makes up the largest part of the UAE's hydrocarbon exports, accounting for 48.5 per cent. in 2020.

Abu Dhabi's hydrocarbon exports has been, and remains, a key contributor to the UAE's trade flows as shown below.



Changes in the balance of payments to 2020 from 2019

The current account surplus decreased from AED 137.1 billion (8.9 per cent. of GDP) in 2019 to AED 77.1 billion in 2020 (5.8 per cent. of GDP). The decrease in the current account surplus in 2020 is mainly attributable to the decline in trade balance (FOB) by AED 66.6 billion as oil prices declined from an average of U.S.$64.3 per barrel in 2019 to U.S.$42.7 per barrel in 2020, which decreased exports and resulted in a lower trade balance surplus.

In 2020, the hydrocarbon exports decreased by 36.2 per cent., or AED 79.9 billion, compared to 2019, primarily due to the decrease in the price of crude oil and other petroleum products. Non-hydrocarbon exports in 2020 decreased by 4.9 per cent. (or AED 20.5 billion). This was mainly attributable to a decrease in global demand and economic activity as a result of the COVID-19 pandemic. Hydrocarbon exports were 10.7 per cent. of GDP in 2020.

Meanwhile, total imports (FOB), i.e., excluding the cost of insurance and freight for the transport of the goods from the importing partners, decreased by AED 82.8 billion or 9.7 per cent. in 2020, contributing to the decrease in the trade balance in FOB prices.

Service balance recorded a decrease in the travel and transport accounts, which led to a narrower increase in both the credit and debit sides of the services balance, where the accounts of travel and transport items (combined) represent 66.3 per cent. of credits and 39.3 per cent. of debits in 2020, in line with the decrease in inbound tourism to the UAE during 2020.

Net investment income recorded outflow of AED 1.7 billion in 2020, compared to an inflow of AED 7.6 billion in 2019, mainly due to a decrease in the outflow of public sector enterprises by AED 19.7 billion. Transfers, however, recorded net outflow of AED 159.7 billion as compared to outflows of AED 173.6 billion in 2019. The deficit of the financial account in 2020 was AED 78.5 billion in 2020 compared to a deficit of AED 90.4 billion in 2019. The change in 2020 was mainly due to an increase in inward FDI by AED 7.3 billion and an increase by AED 2.5 billion in investments by private non-banking institutions abroad.

The overall balance of payments was recorded at a deficit of AED 13.1 billion in 2020. This was primarily the result of the decreases in the current account. The net foreign assets of the UAE Central Bank (including the IMF) decreased by AED 13.1 billion as compared to 2019, primarily as the result of the decrease of foreign assets and an increase in foreign liabilities. Foreign assets decreased primarily due to a decrease in current account balances and deposits with banks abroad and foreign securities, partially offset by the increase in IMF reserves and position and SDR holdings and other foreign assets.

Changes in the balance of payments to 2019 from 2018

The current account surplus decreased from AED 151.5 billion (9.9 per cent. of GDP) in 2018 to AED 137.1 billion in 2019 (8.9 per cent. of GDP). The decrease in the current account surplus in 2019 is mainly attributable to lower oil prices, which decreased from an average of U.S.$71 per barrel in 2018 to an average of U.S.$64 per barrel in 2019, for Brent crude. The decrease in the trade balance surplus was complemented by a wider deficit in the services and transfers balances, despite an increase in the surplus of the investment income.

In 2019, the hydrocarbon exports decreased by 10.7 per cent., or AED 26.4 billion, compared to 2018, primarily due to the decrease in the price of crude oil and other products. Meanwhile, non-hydrocarbon exports in 2019 increased by 1.1 per cent. (or AED 4.4 billion). The relatively slow growth in non-hydrocarbon exports in 2019 was mainly attributed to the slowdown in global economic growth, including in major exporting destinations of the UAE. Hydrocarbon exports were 14.4 per cent. of GDP in 2019.

Meanwhile, total imports (FOB), i.e., excluding the cost of insurance and freight for the transport of the goods from the importing partners, decreased by AED 7.5 billion or 4.5 per cent. in 2019, primarily reflecting the decrease in exports.

The service balance recorded a marginal increase in 2019, primarily reflecting a narrower increase in both the credit and debit sides of the services balance, where the accounts of travel and transport items (combined) represent 74.8 per cent. of credits and 55.1 per cent. of debits in 2019, in line with the increase in inbound tourism in the UAE during 2019.

Net investment income recorded inflow of AED 7.6 billion in 2019, compared to AED 5.2 billion in 2018, mainly due to lower interest rates that resulted in lower outflow in investment income. Transfers, however, recorded net outflow of AED 173.6 billion as compared to AED 169.3 billion in 2018. The deficit of the financial account in 2019 narrowed noticeably by AED 44.3 billion, compared to 2018, reaching AED 90.4 billion in 2019 or 5.9 per cent. of GDP. The change in 2019 was mainly due to the increase in banks' investments abroad.

The combined effects of contraction in the current account surplus and a narrower deficit in the financial account, resulted in larger surplus in the overall balance of payments that was recorded at AED 35.7 billion in 2019 (2.3 per cent. of estimated GDP).

The net foreign assets of the UAE Central Bank, including the reserve position with the IMF, increased by AED 32.4 billion as compared to 2018 reaching AED 397.9 billion.

Changes in the balance of payments to 2018 from 2017

The current account surplus increased from AED 101.0 billion (7.1 per cent. of GDP) in 2017 to AED 151.5 billion in 2018 (9.9 per cent. of GDP). The increase in the current account surplus in 2018 was attributed to the increase in the trade balance associated mainly with the oil price evolution, which increased from an average of U.S.$54 per barrel in 2017 to an average of U.S.$71 per barrel in 2018. The increase in the trade balance surplus was complemented with narrower deficit in the services balance, however the surplus of investment income decreased and the deficit in the transfers balance widened.

In 2018, the hydrocarbon exports increased by 15.8 per cent. or AED 33.7 billion compared to 2017, due to the increase in the price of crude oil and other products. This increase was accompanied by a rise in non-hydrocarbon exports by 4.9 per cent. or AED 19.1 billion. Meanwhile, re-exports of imported goods decreased by 4.6 per cent. (AED 25.4 billion). As a result, total exports and re-exports (FOB, in free-on-board prices) increased by AED 27.5 billion or 2.4 per cent. Hydrocarbon exports were 16.1 per cent. of GDP for 2018.

Total imports (FOB), i.e., excluding the cost of insurance and freight for the transport of the goods from the importing partners, decreased by AED 40.3 billion or 4.5 per cent. in 2018, contributing to the substantial increase in the trade balance.

Services balances recorded a decrease, where the travel and transport accounts led to a narrower increase in both the credit and debit sides of the services balance, the sub-accounts of travel and transport items represented 74.7 per cent. of credits and 54.9 per cent. of debits in 2018. Even though inbound tourism in the UAE continued to increase in 2018 the travel account grew at a slower pace due to a decrease in estimated spending per traveller.

Net investment income recorded inflow of AED 5.2 billion in 2018, compared to an inflow of AED 10.2 in 2017, mainly due to higher interest rates and higher oil prices. Transfers, however, recorded net outflow of AED 169.3 billion (increased by AED 18.0 billion).

The deficit of the financial account in 2018 widened noticeably by AED 72.1 billion compared to 2017, reaching AED 134.7 billion or 8.8 per cent. of GDP. The change in 2018 was mainly due to the increase in banks' investments abroad. In addition, the financial outward flows by the public sector entities and private non-banks increased by AED 13.7 billion and AED 10.8 billion, respectively.

The combined effects of expansion in the current account surplus and a wider deficit in the financial account (almost doubled), resulted in smaller surplus in the overall balance of payments that was recorded at AED 13.4 billion in 2018 (0.9 per cent. of estimated GDP).

The net foreign assets of the UAE Central Bank, including the reserve position with the IMF, increased during the same period by AED 15.2 billion reaching AED 365.5 billion.

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 Special Drawing Rights ("**SDR**") holdings for the periods shown.

	For the year ended 31 December						For the two months ended 28 February
Item	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
	(AED Million)						
Gross International Reserves	**313,610**	**350,260**	**365,426**	**397,950**	**391,857**	**481,528**	**490,416**
Current Account Balances and Deposits with Banks Abroad	147,856	256,600	294,058	365,680	348,204	280,385	297,548
Foreign Securities	149,771	84,961	55,701	9,294	4,012	135,875	138,259
IMF Reserves Position and SDR Holdings	2,696	2,594	2,875	3,220	3,802	15,081	15,030
Other Foreign Assets	13,287	6,105	12,792	19,756	35,839	50,187	39,579
Foreign Liabilities	**4,715**	**5,133**	**6,984**	**3,732**	**10,812**	**15,388**	**25,319**
Net International Reserves	**308,895**	**345,127**	**358,442**	**394,218**	**381,045**	**466,140**	**465,097**

(*) 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 Reserve Position of the UAE Central Bank decreased to approximately AED 465.1 billion at the end of the first two months of 2022 compared to AED 466.1 billion at the end of 2021. The Net International Reserve Position of the UAE Central Bank increased to approximately AED 466.1 billion at the end of 2021 compared to AED 381.0 billion at the end of 2020. The Net International Reserve Position of the UAE Central Bank decreased to approximately AED 381.0 billion at the end of 2020 compared to AED 394.2 billion at the end of 2019.

The Net International Reserve Position of UAE Central Bank increased to AED 394.2 billion at the end of 2019 compared to AED 358.4 billion at the end of 2018. As a ratio of the monetary base, the International Reserve Position increased during this period, from 96.2 per cent. to 97.2 per cent.. The high ratio is 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 (the "**2018 Banking Law**").

The Net International Reserve Position at the UAE Central Bank, increased to AED 358.4 billion at end of 2018 as compared to AED 345.1 billion at the end of 2017. As a ratio of the monetary base, the International Reserve Position increased from 92.8 per cent. to 96.2 per cent.

In 2017, the Net International Reserve Position, amounted to AED 345.1 billion at the end of 2017 as compared to AED 308.9 billion at the end of 2016. As a ratio of the monetary base, the International Reserve balance remained at 92.8 per cent., i.e. the same level as of the end of 2016.

Capital Account

In general, the size of the UAE's trade and current account surpluses, coupled with the limited capacity of the local economy to absorb capital, ensures that net foreign capital flows have almost always been outward, entrenching the UAE's position as a net international creditor and foreign investor.

Most capital outflows have been directed towards the U.S. and European capital markets although more recently there has also been an increase in direct investment in Europe, Asia, Africa and the wider Middle East. This has included entities wholly or partially owned by the governments of certain emirates purchasing significant stakes in foreign companies as well as major corporations, such as Etisalat, making significant acquisitions in order to boost their regional and international presence.

In 2020, the overall balance of payments registered a deficit of AED 13.1 billion compared to 2019, where the overall balance of payments registered a surplus of AED 35.7 billion, equal to 2.3 per cent. of the UAE's nominal GDP in that year. The decrease in the balance of payments was primarily due to a contraction in exports and net investment income. In 2018, 2019 and 2020, the net deficit in the financial account was AED 134.7 billion, AED 90.4 billion and AED 78.5 billion, respectively.

The surplus in the trade balance (FOB) decreased from AED 314.6 billion in 2018 to AED 295.5 billion in 2019 and 228.9 billion in 2020. Total exports and re-exports (FOB) decreased from AED 1,179.0 billion in 2018 to 1,152.4 billion in 2019 to AED 1,003.0 billion in 2020. The reduction in the surplus in the trade balance (FOB) in 2020 was primarily the result of the contraction in global activities worldwide. 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.

According to data from the UAE Central Bank, as at 31 December 2018, 31 December 2019 and 31 December 2020, the UAE Central Bank's foreign asset holdings (including the IMF) amounted to AED 365.5 billion, AED 397.9 billion and AED 391.9 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, 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[(1)]	**2018**	**2019**	**2020**	**2021**
Saudi Arabia	15.3%	13.4%	10.0%	11.2%
India	8.7%	10.4%	7.8%	10.2%
Switzerland	3.9%	9.0%	11.5%	6.6%
Oman	8.4%	7.0%	4.8%	4.1%
Kuwait	5.1%	4.3%	2.9%	3.9%
Iraq	4.4%	4.0%	3.0%	7.7%
Turkey	5.2%	3.8%	7.2%	-
China	2.5%	3.6%	6.7%	3.1%
United States of America	3.9%	3.2%	2.5%	4.0%
Singapore	1.8%	2.3%	1.2%	-

(1) 2021 data for Turkey and Singapore is not currently available and as a result this table reflects the top eight non-oil exports (export and re-export) destinations only as opposed to the top 10.

Top sources of UAE imports, percentage of total imports based on value[(1)]	For the year ended 31 December 2018	2019	2020	2021
China	15.5%	16.4%	18.4%	17.7%
India	9.4%	10.7%	7.7%	8.5%
United States of America	8.5%	8.0%	7.7%	6.1%
Japan	5.6%	5.1%	4.4%	3.8%
Germany	4.5%	4.0%	3.4%	2.6%
United Kingdom	3.1%	2.9%	2.7%	-
Vietnam	3.1%	2.9%	2.7%	2.5%
Saudi Arabia	3.1%	2.7%	3.0%	2.9%
France	2.7%	2.7%	2.2%	2.5%
Italy	2.7%	2.6%	2.6%	2.6%

(1) 2021 data for the United Kingdom is not currently available and as a result this table reflects the top nine import destinations only as opposed to the top 10.

Top categories of UAE non-oil exports, percentage of total exports based on value	For the year ended 31 December 2018	2019	2020	2021
Gold Including Gold Plated With Platinum Unwrought or In Semi-manufactured forms, or In Powder form	25.7%	29.0%	41.5%	36.5%
Unwrought Aluminium	9.1%	6.8%	4.8%	7.1%
Cigars, Cheroots, Cigarillos and Cigarettes, of tobacco or of tobacco Substitutes	5.4%	5.6%	4.6%	4.1%
Petroleum Oils and Oils Obtained from Bituminous Minerals, Other than Crude	2.7%	7.2%	3.5%	4.0%
Articles of Jewellery and Parts thereof.	5.1%	3.8%	2.1%	3.4%
Polyethylene	4.0%	3.3%	3.6%	3.4%
Copper Wire	4.5%	3.6%	2.6%	3.1%
Polymers of Propylene or of Other Olefins, In Primary forms	1.2%	1.9%	2.5%	2.4%
Structures and Parts of Structures eg., Bridges and Bridge Sections, Lock Gates, towers, Lattice Masts, Roofs, Roofing Framework	1.6%	1.8%	1.4%	1.3%
Diamonds	0.1%	0%	0.001%	0.005%

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
Telephones for Cellular Networks	16.0%	17.2%	20.7%	19.2%
Diamonds	11.5%	9.3%	8.8%	13.1%
Motor cars and other motor vehicles	7.3%	6.1%	6.0%	5.4%
Articles of Jewellery and Parts thereof	10.9%	11.3%	4.9%	5.3%
Automatic data processing machines and units thereof	3.5%	3.4%	5.4%	4.9%
Petroleum Oils and Oils Obtained from Bituminous Minerals, Other than Crude	2.3%	5.3%	4.2%	4.1%
Parts and accessories of motor vehicles	2.0%	1.9%	2.4%	2.3%
Parts of Aircraft	3.3%	2.3%	1.8%	1.5%
Perfumes and toilet waters	0.7%	0.7%	0.9%	1.0%
Medicaments Consisting of Products for therapeutic or Prophylactic Uses	0.7%	0.7%	1.1%	0.9%

Top categories of UAE imports, percentage of total imports based on value	For the year ended 31 December 2018	2019	2020	2021
Gold (Unwrought Or In Semi-Manufactured Forms)	11.3%	12.9%	17.4%	17.8%
Telephones For Cellular Networks	8.2%	8.9%	9.5%	10.2%
Diamonds	4.9%	4.4%	4.0%	5.5%
Cars	6.3%	5.6%	4.8%	4.7%
Articles Of Jewellery And Parts Thereof	5.5%	6.0%	2.9%	3.7%
Petroleum Oils Other Than Crude	4.7%	5.0%	3.9%	3.3%
Automatic data processing machines and units thereof	2.5%	2.3%	3.2%	3.1%
Turbojets, Turbo Propellers And Other Gas Turbines	2.6%	2.4%	1.9%	1.6%
Medicaments	1.3%	1.3%	1.6%	1.3%
Refined Copper And Copper Alloys, Unwrought	1.1%	1.1%	1.1%	1.2%

Source: FCSC

The UAE has diverse export routes. The UAE's exports have principally been to Saudi Arabia, India and Switzerland. Together, these countries accounted for 27.9 per cent. of the UAE's total non-oil exports based on value in 2018, 32.8 per cent. in 2019, 29.3 per cent. in 2020 and 28.0 per cent. in 2021.

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 and 32.3 per cent. in 2021.

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 and 47.7 per cent. in 2021.

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 and 32.3 per cent. in 2021.

The UAE's principal import broad 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, 27.4 per cent. in 2019, 31.7 per cent. in 2020 and 32.7 per cent. in 2021.

4. AMENDMENTS TO THE MONETARY AND FINANCIAL SYSTEM

4.1 On page 130 of the Base Offering Circular, the entirety of the subsection headed "*Monetary and Financial System*" shall be deemed deleted and replaced with the following:

Monetary and Exchange Rate Policy

The UAE's monetary and exchange rate policy is managed by the UAE Central Bank. The predecessor of the UAE Central Bank was the Currency Board which was established as per Union Law No. (2) of 1973. The Currency Board issued the UAE Dirham which replaced the Bahraini Dinar and the Qatari and Dubai Riyal currencies which were in use at the time. The UAE Central Bank was established as a public institution in 1980. The UAE Central Bank promotes financial and monetary stability, efficiency and resilience in the financial system and the protection of consumers through effective supervision intended to support economic growth for the benefit of the UAE and its people. It has powers to issue and manage the currency, manage the UAE's credit policy, develop and manage the banking system in the UAE and is the UAE's representative to international institutions such as the IMF, the World Bank and the Arab Monetary Fund. In addition, the UAE Central Bank has other regulatory tools at its disposal including macro prudential policies, reserve requirements, leverage caps, laws and reforms to strengthen financial stability and supervise the banking system. The UAE Central Bank supervises the UAE banking system through its Banking Supervision and Examination Department.

The objective of the UAE's monetary policy is to facilitate the fixed exchange rate regime and maintaining a stable and convertible currency is a key policy objective. In common with many other GCC countries, and reflecting the fact that oil and gas revenues are priced in U.S. Dollars, the UAE Dirham is pegged to the U.S. Dollar. In the case of the UAE, the exchange rate has been maintained at AED 3.6725 = U.S.$1.00 since 22 November 1980. There are no exchange controls in the UAE and the UAE Dirham is freely convertible. Monetary policy beyond the policy rate has focused on removing excess liquidity from oil revenues. The UAE Central Bank closely follows the U.S. Federal rate (due to its peg), maintaining the UAE's interest rate in line with rate cuts in the U.S.

The UAE's monetary policy has been focused on protecting its banking sector and a number of measures have been announced by the UAE Central Bank and Federal authorities in this regard. For example, following the 2008/2009 global financial crisis, the UAE Central Bank took a number of steps to reduce the sector's vulnerability to crises, including lending restrictions, revised mortgage caps and retail lending limitations.

Liquidity and Money Supply

The following table sets out certain liquidity indicators for the UAE as at 31 December in each of the years indicated.

Item	For the year ended 31 December							For the two months ended 28 February
	2015	2016	2017	2018	2019	2020	2021	2022
	(AED Billions)							
Net International Reserves	**246.4**	**258.8**	**328.4**	**418.0**	**485.3**	**514.6**	**620.8**	**623.0**
Central Bank (Net)	**336.2**	**308.9**	**345.2**	**358.4**	**394.2**	**381.1**	**466.1**	**465.1**
Gross International Reserves	345	314	350.3	365.4	397.9	391.9	481.5	490.4
Foreign Liabilities	9	5	5.1	7	3.7	10.8	15.3	25.3
Banks (Net)	**(89.8)**	**(50.1)**	**(16.8)**	**59.6**	**91.1**	**133.5**	**154.7**	**157.9**
Foreign Assets	497	547	579	679.6	771.1	849.1	933.2	886.9
Foreign Liabilities	586	597	595.8	620	680	715.6	778.5	729.0
Net Domestic Assets	**940.4**	**966.6**	**947.7**	**890.2**	**927.9**	**964.1**	**942.2**	**947.3**
Claims on Private Sector	1,040	1,100	1,107.7	1,151.8	1,159.1	1,128.4	1,145.8	1,147.5
Net Claims on Government	68	56	64.5	-4.7	51.1	86.7	77.0	57.4
Claims on Official Entities	205	225	212.3	209.2	223.6	261.8	277.9	286.6
Claims on Nonbank Financial Institutions	49	30	31.4	32.1	25.9	28.2	26.6	28.5
Capital and Reserves	(307)	(329)	(359.5)	(378.5)	(417.9)	(419.4)	(428.61)	(422.5)
Other Items (net)	(116)	(115)	(108.7)	(119.7)	(113.9)	(121.6)	(156.54)	(150.3)
Money Supply M_1	**456.9**	**474.1**	**492.4**	**485.7**	**515**	**600**	**701.9**	**712.1**
Currency in Circulation Outside Banks	58	62	67.7	70.5	78.2	94.7	94.1	98.7
Monetary Deposits	399	412	424.7	415.2	436.8	505.3	607.8	613.4
Money Supply M_2	**1,187**	**1,226**	**1,276.2**	**1,308.4**	**1,413.1**	**1,478.5**	**1,563.0**	**1,570.3**
Quasi – Money	**729.9**	**751.4**	**783.8**	**822.7**	**898.1**	**878.5**	**861.2**	**858.2**
Foreign Currency Deposits	245	271	270.7	304.3	322.5	331.2	340.4	332.1
Dirham Deposits	485	481	513.1	518.4	575.6	547.3	520.8	526.1
Money Supply M_3	**1,343**	**1,411**	**1,487.1**	**1,602.3**	**1,717.4**	**1,769.3**	**1,856.9**	**1,867.8**
Government Deposits	**156**	**186**	**210.9**	**293.9**	**304.3**	**290.8**	**293.9**	**297.5**

Source: UAE Central Bank

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 701.9 billion as at 31 December 2020 to AED 712.1 billion as at 28 February 2022. This was primarily due to a rise in monetary deposits by 0.9 per cent. to reach AED 613.4 billion partly offset and a corresponding increase in currency in circulation outside banks by 4.9 per cent. to AED 98.7 billion.

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 600 billion as at 31 December 2020 to AED 701.9 billion as at 31 December 2021. This was primarily due to a rise in monetary deposits by 20.3 per cent. to reach AED 607.8 billion partly offset by a decrease in currency in circulation outside banks by 0.6 per cent. to AED 94.1 billion.

Money supply M1 increased from AED 515 billion as at 31 December 2019 to AED 600 billion as at 31 December 2020. This was primarily due to the rise in monetary deposits by 15.7 per cent. to reach AED 505.3 billion and an increase in currency in circulation outside banks by 21.1 per cent. to reach AED 94.7 billion.

Money supply M1 decreased from AED 492.4 billion as at 31 December 2017, to AED 485.7 billion as at 31 December 2018, but increased to AED 515.0 billion as at 31 December 2019. These changes reflected fluctuations in monetary deposits from AED 424.7 billion as at 31 December 2017 and AED 415.2 billion as at 31 December 2018 to AED 436.8 billion as at 31 December 2019. However, currency in circulation outside of banks increased from AED 67.7 billion as at 31 December 2017 to AED 70.5 billion as at 31 December 2018, and AED 78.2 billion as at 31 December 2019. The increases reflected both the changes in money supply M1 as well as growth in quasi-monetary deposits in each period.

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 1,563.0 billion as at 31 December 2021 to AED 1,570.3 billion as at 28 February 2022 due to the rise in money supply M1 partially offset by a decrease in quasi-monetary deposits.

Money supply M2 increased from AED 1,478.5 billion as at 31 December 2020 to AED 1,563.0 billion as at 31 December 2021 due to the rise in money supply M1 partially offset by a decrease in quasi-monetary deposits.

Money supply M2 increased from AED 1,413.1 billion as at 31 December 2019 to AED 1,478.5 billion as at 31 December 2020 as the rise in money supply in M1 was partially offset by a decrease in quasi-monetary deposits. This was primarily the result of low interest rates making term deposits less attractive.

Money supply M2 increased from AED 1,276.2 billion as at 31 December 2017 to AED 1,308.4 billion as at 31 December 2018, and AED 1,413.1 billion as at 31 December 2019. Generally, median money supply M2 is considered the best indicator for the availability of liquidity in the economy, as it comprises currency in circulation outside banks, in addition to various deposits of all the resident sectors except the government sector in the UAE.

Money supply M3 (which consists of money supply M2, plus government deposits at banks and at the UAE Central Bank) increased to AED 1,867.8 billion as at 28 February 2022 compared to AED 1,856.9 billion as at 31 December 2021. The increase reflects increases in money supply M2 between 31 December 2021 and 28 February 2022.

Money supply M3 increased to AED 1,856.9 billion as at 31 December 2021 compared to AED 1,769.3 billion in 2020. The increase reflects increases in money supply M2 between 31 December 2020 and 31 December 2021.

Money supply M3 increased from AED 1,487.1 billion as at 31 December 2017 to AED 1,602.3 billion as at 31 December 2018, to AED 1,717.4 billion in 2019 to AED 1,769.3 billion in 2020. The increases reflected both increases in money supply M2 as well as increases in government deposits in all annual periods (excluding 2020).

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						
	2015	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
				(%)			
Loans to Assets	59.6	59.9	58.7	57.7	57.0	55.8	54.0
Loans to Deposits.......................	99.6	99.4	97.1	94.3	94.1	94.4	89.9

Gross Bank Assets

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

	For the year ended 31 December							For the three months ended 31 March
	2015	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
				(AED Billions)				
Gross Bank Assets...................	**2,458.9**	**2,592.5**	**2,693.8**	**2,868.5**	**3,082.9**	**3,188.0**	**3,321.5**	**3,282.1**
Total Banks' Reserves at the Central Bank	**291.3**	**260.0**	**291.4**	**293.3**	**315.2**	**316.2**	**371.5**	**364.1**
Reserve Requirements	112	117	121.4	120.6	129.7	89.4	104.0	85.6
Current Accounts of Banks.......	40	35	34.9	34.5	25.3	97.5	102.8	115.1
Certificates of Deposit held by Banks	140	108	135.1	138.2	160.2	129.3	164.7	163.4
of which: Islamic Certificates of Deposit.................................	21	20	38.3	36.3	37.5	45.3	49.1	44.8
Gross Credit	**1,465.8**	**1,553.7**	**1,580.3**	**1,656.2**	**1,758.6**	**1,779.0**	**1,794.0**	**1,831.9**
Domestic Credit.......................	1,362	1,433	1,452.7	1,509.4	1,592.6	1,596.7	1,618.9	1,639.2
Government	167	172	175.4	191.5	257.4	251.9	236.0	226.8
Public Sector (GREs)................	171	187	172.3	167.9	185.3	219.9	245.4	263.9
Private Sector...........................	999	1,055	1,086.4	1,130	1,134.6	1,108.3	1,120.7	1,133.0
Business & Industrial Sector Credit[(1)]	688	728	748.9	792.6	802.2	778.8	773.1	776.2
Individual.................................	311	326	337.5	337.4	332.4	329.5	347.6	356.8
Non-Banking Financial Institutions	25	19	18.6	20	15.3	16.6	16.8	15.5
Foreign Credit[(2)].......................	104	120	127.6	146.8	166	182.3	175.1	192.7

	For the year ended 31 December							For the three months ended 31 March
	2015	2016	2017	2018	2019	2020	2021	2022
	(AED Billions)							
of which: Loans & Advances to Non-Residents in AED..........	9	15	15.6	20.4	16.7	15.5	14.1	13.8
Total Investments by Banks**.....**	**250.1**	**288.9**	**311.1**	**332.8**	**399.0**	**455.8**	**473.2**	**472.7**
Debt securities	146	186	206.2	210.9	246.1	290.5	295.7	275.2
Equities....................................	14	12	11.3	10.1	10.8	9.2	17.1	16.9
Held to maturity securities........	62	60	62.5	81.2	99.1	111.4	117.8	135.7
Other Investments.....................	28	30	31.1	30.6	43	44.7	42.6	44.9
Other Assets	**451.7**	**489.9**	**511.0**	**586.2**	**610.1**	**637.0**	**628.8**	**667.7**
Due from Head Office/Own Branches/Banking Subsidiaries..........................	84	102	104.4	160.6	154.6	156.0	190.1	136.7
Due from Other Banks.............	205	209	204.1	215	210.6	207.9	243.5	262.2
Other Items[(3)]...........................	162	179	202.5	210.6	244.9	273.1	249.2	268.8
NPLs	**73.7**	**78.8**	**82.4**	**91.4**	**111.6**	**142.4**	**139.6**	**138.9**
Specific provisions & Interest in Suspense..........................	**72**	**79**	**79.7**	**90.4**	**99.3**	**116.6**	**121.5**	**121.7**
General provisions.................	**27**	**29**	**29.7**	**31.2**	**33.1**	**38.3**	**34.8**	**35.5**

(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 three months ended 31 March 2022, the UAE's Central Bank's gross assets were AED 3,282.1 billion compared to AED 3,321.5 billion for the year ended 31 December 2021. Total banks' reserves at the UAE Central Bank amounted to AED 364.1 billion a decrease of AED 7.4 billion compared to 31 December 2021. Gross credit amounted to AED 1,831.9 billion, an increase of AED 37.9 billion compared to 31 December 2021. Total investments by banks amounted to AED 472.7 billion, a decrease of AED 0.5 billion compared to 31 December 2021. Other assets amounted to AED 667.7 billion, an increase of AED 38.9 billion compared to 31 December 2021.

For the year ended 31 December 2021, the UAE's Central Bank's gross assets were AED 3,321.5 billion compared to AED 3,188.0 billion for the year ended 31 December 2020. This primarily was the result of increases in total banks' reserves at the central bank (AED 55.3 billion increase) and investments (AED 17.4 billion increase), partially offset by a decrease of AED 8.8 billion in other assets. Total banks' reserves at the UAE Central Bank amounted to AED 371.5 billion an increase of AED 55.3 billion compared to 31 December 2020. Gross credit amounted to AED 1,794.0 billion, an increase of AED 15.0 billion compared to 31 December 2020. Total investments by banks amounted to AED 473.2 billion, an increase in AED 17.4 billion compared to 31 December 2020. Other assets amounted to AED 628.8 billion, a decrease of AED 8.8 billion compared to 31 December 2020.

For the year ended 31 December 2020, the UAE Central Bank's gross assets were AED 3,188.0 billion compared to AED 3,082.9 billion for the year ended 31 December 2019. This was primarily the result of increases in total banks' reserves at the central bank (AED 1.0 billion increase), gross credit (AED 20.4 billion increase), investments (AED 56.8 billion increase) and other assets (AED 26.9 billion increase). Total banks' reserves at the UAE Central Bank amounted to AED 316.2 billion, an increase of AED 1.0 billion as compared to 2019. Gross credit amounted to AED 1,779.0 billion, an increase of AED 20.4 billion as compared to 2019. Total investments by banks amounted to AED 455.8 billion, an increase of AED 56.8 billion compared to 2019. Other assets amounted to AED 637.0 billion, an increase of AED 26.9 billion compared to 2019.

For the year ended 31 December 2019, the UAE Central Bank's gross bank assets were AED 3,082.9 billion compared to AED 2,868.5 billion for the year ended 31 December 2018. This was primarily the result of increases of total banks' reserves at the central bank (AED 21.9 billion increase), gross credit (AED 102.4 billion increase), investments (AED 66.2 billion increase) and other assets (AED 23.9 billion increase). Total banks' reserves at the UAE Central Bank amounted to AED 315.2 billion, an increase of AED 21.9 billion compared to 2018. Gross credit amounted to AED 1,758.6 billion, an increase of AED 102.4 billion compared to 2018. Total investments by banks amounted to AED 399.0 billion, an increase of AED 66.2

billion compared to 2018. Other assets amounted to AED 610.1 billion, an increase of AED 23.9 billion compared to 2018.

For the year ended 31 December 2018, the UAE Central Bank's gross bank assets were AED 2,868.5 billion compared to AED 2,693.8 billion for the year ended 31 December 2017. This was primarily the result of an increase in total banks' reserves at the central bank (AED 1.9 billion increase), gross credit (AED 75.9 billion increase), investments (AED 21.7 billion increase) and other assets (AED 75.2 billion increase). Total banks' reserves at the UAE Central Bank amounted to AED 293.3 billion, an increase of AED 1.9 billion compared to 2017. Gross credit amounted to AED 1,656.2 billion, an increase of AED 75.9 billion compared to 2017. Total investments by banks amounted to AED 332.8 billion, an increase of AED 21.7 billion compared to 2017. Other assets amounted to AED 586.2 billion, an increase of AED 75.2 billion compared to 2017.

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

	For the year ended 31 December						
	2015	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
Assets % of GDP (at period end).......	187%	198%	190%	185%	201%	243%	223.1%
Net Interest Margin	69.6%	68.9%	66.5%	71.5%	67.9%	68.5%	62.7%

Foreign Reserves

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

	As at 31 December						
	2015	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
	(AED Billions)						
Foreign Assets of the Central Bank...............	341.1	310.9	347.7	362.6	394.7	388.1	466.5

Source: UAE Central Bank Balance of Payments

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						
	2015	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
	(Months of imports)						
CBUAE Gross FX Reserves..............	8.4	11.2	10.3	12.2	13.1	16	15

The UAE Central Bank's gross international reserves are principally held in deposit accounts with banks outside the UAE or are invested in securities and treasury bills issued by non-UAE issuers. The official reserves figure, however, excludes the stock of publicly controlled foreign assets held in other accounts in investment bodies controlled by individual emirates as well as the EIA.

Foreign currency reserves increased between 2017 and 2020, notwithstanding the lower international oil price environment since mid-2014 and the volatility of oil prices over the last few years.

The credibility of the fixed peg arrangement requires the UAE Central Bank to hold sufficient foreign currency reserves. To this end, Article 63 of the 2018 Banking Law, states that the market value of the balance of foreign reserves "shall not, at any time, be less than seventy percent (70 per cent.) of the value of the monetary base." Article 62 of the 2018 Banking Law defines Reserves of Foreign Assets as follows:

- gold bullion and other precious metals;
- cash, deposits and other monetary and payment instruments denominated in foreign currencies, freely convertible in global markets; and
- securities denominated in foreign currencies and issued or guaranteed by foreign governments and their related companies, entities, institutions, and agencies, by international monetary and financial institutions, or by multinational corporations, and are tradable in global markets.

The UAE Central Bank's foreign assets decreased by 20.2 per cent. in 2021 to reach AED 466.5 billion due to a decrease of current account balances and deposits with banks abroad by 19.5 per cent. The UAE Central Bank's foreign assets decreased by 1.7 per cent. in 2020 to reach AED 388 billion due to a decrease of current account balances and deposits with banks abroad and foreign securities by 4.8 per cent. and 56.8 per cent. respectively, partially offset by the increase in other foreign assets by 81.4 per cent. The UAE Central Bank's foreign assets increased by 8.9 per cent. in 2019 to reach AED 395 billion, due mostly to an increase in current account balances and deposits at banks abroad by AED 71.7 billion. The balance of foreign assets at the UAE Central Bank increased from AED 348 billion at the end of 2017 to AED 363 billion at the end of 2018. The balance of foreign assets held at the UAE Central Bank increased from AED 311 billion at end of 2016 to AED 348 billion at end of 2017 owing to an increase by AED 108.7 billion in current account balances and deposits at banks abroad, while held-to-maturity foreign securities declined.

Banking and Financial Services

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 as at 31 December for the years presented and as at 28 February 2022.

	As at 31 December							As at 28 February
	2015	2016	2017	2018	2019	2020	2021	2022[(1)]
	(AED Millions)							
Total assets	2,478,225	2,613,611	2,693,807	2,868,516	3,082,934	3,188,014	3,321,488	3,282,069
Foreign assets	496,450	546,890	578,989	679,647	771,092	849,077	933,169	886,890
Foreign assets to total assets (%)	20.0%	20.9%	21.5%	23.7%	25.0%	26.6%	28.1%	27.0%
Foreign liabilities	586,270	596,969	595,831	619,990	679,979	715,606	778,461	728,988
Foreign liabilities to total liabilities (%)	23.7%	22.8%	22.1%	21.6%	22.1%	22.4%	23.4%	22.2%
Deposits[(2)]	1,471,618	1,562,949	1,627,277	1,755,650	1,870,184	1,884,545	1,996,527	1,988,354
Residents	1,300,126	1,363,899	1,435,600	1,542,237	1,648,812	1,682,102	1,765,533	1,770,864
of which: Corporate	563,100	592,181	604,435	590,877	607,023	606,207	671,422	678,487
Non-residents	171,492	199,050	191,677	213,413	221,372	202,443	230,994	217,490
of which: Corporate	72,807	88,352	88,310	91,889	87,964	72,250	82,170	86,540
Bank credit (domestic)	1,381,181	1,454,414	1,452,696	1,509,437	1,592,609	1,596,786	1,618,957	1,620,032
of which: credit to private sector[(3)]	1,043,202	1,094,632	1,105,007	1,150,018	1,149,953	1,124,913	1,137,528	1,140,334
Total number of national banks and branches	1024	978	880	832	741	619	596	596
Total number of foreign banks and branches	161	154	147	140	140	134	133	133
Number of employees in banks (UAE)[(4)]	**40,159**	**36,971**	**34,675**	**36,629**	**35,637**	**33,444**	**33,491**	**33,491**

(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							For the three months ended 31 March
	2015	2016	2017	2018	2019	2020	2021	2022
	(AED Billions)							
Bank Deposits	**1,471.6**	**1,562.9**	**1,627.3**	**1,755.6**	**1,870.2**	**1,884.5**	**1,966.5**	**2,006.2**
Resident Deposits	1,300	1,364	1,435.6	1,542.2	1,648.8	1,682.1	1,765.5	1,791.4
Government Sector	157	187	212.0	290.3	301.3	287.3	288.2	291.4
GREs (Govt. ownership of more than 50%)	191	168	191.5	207.1	245.3	254.8	247.9	239.3
Private Sector	924	981	1,001.0	1,009.3	1,057.9	1,100.1	1,191.3	1,219.8

	For the year ended 31 December							For the three months ended 31 March
	2015	2016	2017	2018	2019	2020	2021	2022
	(AED Billions)							
Non-Banking Financial Institutions	28	28	31.1	35.5	44.3	39.9	38.1	40.9
Non-Resident Deposits	172	199	191.7	213.4	221.4	202.4	231.0	214.8
Average Cost on Bank Deposits[(1)]	***1.0%***	***1.2%***	***1.3%***	***1.8%***	***1.6%***	***1.0%***	***0.8%***	**0.8%**
Average Yield on Credit[(2)]	***5.0%***	***5.0%***	***5.1%***	***5.5%***	***5.0%***	***3.8%***	***3.6%***	**3.8%**
Capital & Reserves[(3)]	**286**	**308**	**337.3**	**355.2**	**392.9**	**392.8**	**402.5**	**395.5**
Specific provisions & Interest in Suspense	**72**	**79**	**79.7**	**90.4**	**99.3**	**116.6**	**121.5**	**121.7**
General provisions	**27**	**29**	**29.7**	**31.2**	**33.1**	**38.3**	**34.8**	**35.5**
Lending to Stable Resources Ratio[(4)]	***87.1%***	***86.2%***	***84.5%***	***82.3%***	***81.0%***	***77.6%***	***77.3%***	**79.4%**
Eligible Liquid Assets Ratio (ELAR)[(5)]	***17.4%***	***16.2%***	***18.3%***	***17.5%***	***18.1%***	***18.4%***	***19.6%***	**19.0%**
Capital Adequacy Ratio - (Tier 1 + Tier 2)[(6)]	***18.3%***	***18.9%***	***18.1%***	***17.5%***	***17.7%***	***18.1%***	***17.2%***	**17.1%**
of which: Tier 1 Ratio	***16.6%***	***17.3%***	***16.6%***	***16.2%***	***16.5%***	***17.0%***	***16.1%***	**16.0%**
Common Equity Tier 1(CET 1) Capital Ratio	-	-	***14.6%***	***14.3%***	***14.7%***	***14.9%***	***14.2%***	**14.2%**

(*) 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 following Basel II Guidelines.

Supervision of Banks

The UAE Central Bank, established in 1980, is the governing body that regulates and supervises all banks operating in the UAE. The UAE Central Bank has supervisory responsibility for all banking institutions in the UAE. Supervision is carried out through on-site and off-site inspections and review of periodic submissions from the banks. The frequency of inspection follows a risk-based approach and is determined by an impact and inherent risk matrix. Inspections for most banks occur at least once every 18 months. Returns are made daily, weekly, fortnightly, monthly, quarterly, semi-annually or annually, depending on the nature of the information they are required to contain.

The UAE Central Bank has adopted a Risk Based Supervision ("**RBS**") approach to bank supervision. This approach is forward-looking and is designed to identify, assess, measure, monitor and control key risks that licensed institutions in the UAE banking and financial markets are exposed to. Under the RBS approach, the Enforcement Division of the UAE Central Bank assesses the risk management policies and practices that licensed institutions use to control, reduce and mitigate risk. The Enforcement Division specifically focuses on risk areas that pose the greatest risk to the banks' safety and institutional soundness.

The UAE Central Bank's activities are currently dictated by the 2018 Banking Law, which came into force in the UAE on 30 September 2018. The 2018 Banking Law repealed two of the UAE's older banking laws including the Federal Law No. 10 of 1980 concerning the status of the UAE Central Bank and its roles managing the currency and supervising the activities of banks and finance companies. The second was the Federal Law No. 6 of 1986 in relation to Islamic banking activities. The 2018 Banking Law reconfirms the UAE Central Bank's role in supervising the banking system in the UAE, directing monetary policy and ensuring economic stability through adequate fiscal policies and consumer protection mechanisms. The 2018 Banking Law also extends the scope of authority of the UAE Central Bank through changes designed to modernise the framework for the licensing and supervision of financial services activities in the state to bring regulation in line with international best practice.

Although the UAE Central Bank is responsible for regulating all banks, exchange houses, investment companies and other financial institutions in the UAE, the DFSA regulates all banking and financial services activities in the DIFC except for onshore activities which are still regulated by the UAE Central Bank. Similarly, in the ADGM, the FSRA regulates activity in the financial services sector except for onshore activities.

Since 1999, regulated banks in the UAE have been required to report in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

Characteristics of the Banking System

The UAE banks are predominantly focused on the domestic market. With much of the economy directly or indirectly dependent on the oil sector, the UAE banks are vulnerable during long periods of low oil prices. In particular, oil revenues tend to drive levels of liquidity. There is a high degree of state involvement in the UAE banking sector, with the five-largest banks having some degree of ownership by the governments and/or ruling families of individual emirates.

Additionally, a number of banks have developed in the Islamic world, including in the UAE, to serve customers who wish to observe *Shari'a* principles, including the prohibition on the charging of interest on any financial transaction. These institutions offer a range of products, which broadly correspond to conventional banking transactions but are structured to ensure that all relevant *Shari'a* principles are complied with.

Anti-Money Laundering Legislation and Measures

The UAE Central Bank is also responsible for regulating anti-money laundering activities in the UAE. It has established a Financial Intelligence Unit and hosted teams from the Financial Action Task Force ("**FATF**") and the IMF which reviewed, discussed and tested existing UAE laws and regulations. The FATF is an independent inter-governmental body that develops and promotes policies to protect the global financial system against money laundering, terrorist financing and the financing of proliferation of weapons of mass destruction. The FATF Recommendations are recognised as the global anti-money laundering ("**AML**") and counter-terrorist financing ("**CTF**") standard.

The UAE takes an active part in the fight against money laundering and the financing of terrorism. The crimes of money laundering and financing of terrorism and the financing of illegal organisations are covered under federal criminal statutes and the federal penal code. Federal legislation and the implementation of regulations to combat these crimes are in force throughout the UAE, including the Free Zones and their implementation and enforcement are the responsibility of the relevant regulatory and supervisory authorities in either the federal or local jurisdictions.

The principal AML and CTF legislation within the UAE is Federal Decree Law No. (20) of 2018 on Anti-Money Laundering and Combatting the Financing of Terrorism and Financing of Illegal Organisations and implementing regulation, Cabinet Decision No. (10) of 2019 Concerning the Implementing Regulation of Decree Law No. (20) of 2018 on Anti-Money Laundering and Combating the Financing of Terrorism and Illegal Organisations. The legislative and regulatory framework of the UAE is part of a larger international AML/CTF legislative and regulatory framework made up of a system of intergovernmental legislative bodies and international and regional regulatory organisations.

In 2019, the supervisory authorities of the UAE published Anti-Money Laundering and Combatting the Financing of Terrorism and the Financing of Illegal Organisations for Financial Institutions ("**Guidelines**"), to provide guidance and assistance to supervised financial institutions such as the UAE Central Bank and aid their understanding and effective performance of their statutory obligations under the legal and regulatory framework in force in the UAE. These Guidelines do not constitute additional legislation or regulation and are not intended to set legal, regulatory or judicial precedent. They are intended instead to be read in conjunction with the relevant laws, cabinet decisions, regulations and regulatory rulings which are currently in force in the UAE and their respective Free Zones. The Guidelines apply to all financial institutions established and/or operating in the UAE and their respective Free Zones, whether they establish or maintain a business relationship with a customer, or engage in any of the financial activities and/or transactions or the trade and/or business activities outlined in Articles (2) and (3) of Cabinet Decision No. (10) of 2019 Concerning the Implementing Regulation of Decree Law No. (20) of 2019 on Anti-Money

Laundering and Combating the Financing of Terrorism and Illegal Organisations. These Guidelines are also applicable to the members of these financial institutions' boards of directors, management and employees.

Specifically, they are applicable to all such natural and legal persons in the following categories:

- banks, finance companies, exchange houses, money service business (including *hawaladar* or other monetary value transfer services);
- insurance companies, agencies and brokers;
- securities and commodities brokers, dealers, advisors, investment managers; and
- other financial institutions not mentioned above.

From 1 July 2019 to 18 July 2019, the FATF conducted an on-site visit in the UAE in which it analysed the UAE's level of compliance with FATF 40 Recommendations and the level of effectiveness of the UAE's AML and CTF policies. The FATF concluded in its "Mutual Evaluation Report" in April 2020 that the UAE has taken some significant steps in strengthening its AML and CTF framework since its last evaluation in 2008. Most notably the UAE had undertaken a National Risk Assessment and enacted an AML Law in 2018 and AML By-Law in 2019. The FATF noted that the elements of an effective AML and CTF system are in place but given that the required framework is relatively new it was not possible to determine the overall effectiveness of the system but that terrorist financing offences and activities are investigated and prosecuted to a large extent, and the role of the terrorist financier is generally identified. However, the FATF also noted that fundamental and major improvements are needed across the UAE in order to demonstrate that the system cannot be used for money laundering, terrorism financing and the financing of proliferation of weapons of mass destruction. In March 2022, the FATF announced that the UAE was added to its "grey list" of high-risk jurisdictions noting that the UAE has made significant progress in relation to anti-money laundering and counter-terrorism financing since May 2020 but is still expected to make improvements in several areas including in relation to financial crime investigations. This grey list designation means that even though the UAE is under increased monitoring by the FATF, the UAE has committed to resolve the identified strategic deficiencies within agreed time frames.

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 2021, are required to be public shareholding companies with a minimum share capital of AED 40 million. These domestic commercial banks held 87.5 per cent. of the UAE's total banking assets as at 31 December 2021.

Licensed foreign commercial banks, of which there were 37 as at 31 December 2021, need to demonstrate that at least AED 40 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).

Since 2019, a number of banks in the UAE have announced increases in their foreign ownership limits, including First Abu Dhabi Bank (from 25 per cent. to 40 per cent.), Dubai Islamic Bank (from 25 per cent. to 40 per cent.), Abu Dhabi Islamic Bank (from 25 per cent. to 40 per cent.), Emirates NBD (from 5 per cent. to 20 per cent.) and Mashreqbank (from 25 per cent. to 49 per cent.). Along with the recent reforms of foreign ownership requirements in the UAE (as further described under "*The Economy of the United Arab Emirates—Foreign Direct Investment and Free Zones—Recent Reforms of Foreign Ownership in the UAE*"), these changes appear to signal a broader trend for UAE companies to seek foreign investment.

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

	For the year ended 31 December						
	2015	2016	2017	2018	2019	2020	2021
	(AED Billions)						
Banks Operating in the UAE							
National Banks	23	23	22	22	21	21	22
Foreign Banks	26	26	27	38	38	37	37
of which GCC banks[(1)]	6	6	6	7	7	7	7
Share of Foreign Banks in Total Assets	***15.8%***	***14.5%***	***13.4%***	***12.3%***	***12.8%***	***12.6%***	***12.5%***
Conventional Banks	41	41	41	52	51	48	49
Islamic Banks	8	8	8	8	8	10	10
Share of Islamic Banks in Total Assets	***18.9%***	***19.5%***	***20.4%***	***20.3%***	***18.6%***	***18.9%***	***17.8%***

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

Banking System Support

The UAE Central Bank has three different facilities available to banks which are described in more detail below.

*Interim Marginal Lending Facility ("**IMLF**")*

Historically, the UAE Central Bank has not acted as a lender of last resort, a role which has tended to fall on the individual emirates. However, the introduction by the UAE Central Bank in 2014 of IMLF enables non-Islamic UAE banks to use certain rated or Federal Government entity issued assets as collateral to access UAE Central Bank liquidity overnight in order to help their liquidity management. Initially, the IMLF was used for testing purposes but as a result of COVID-19, the IMLF is being used more often.

*Collateralized Murabahah Facility ("**CMF**")*

In addition to the IMLF, the UAE Central Bank established the CMF for Islamic banks in the UAE. The CMF is a *Shari'a*-compliant facility, which accepts the UAE Central Bank's Islamic Certificate of Deposits as collateral and was introduced to allow Islamic UAE banks to access UAE Central Bank liquidity overnight.

*Targeted Economic Support Scheme ("**TESS**")*

Effective from 15 March 2020, the UAE Central Bank implemented TESS which included a range of measures aimed at mitigating the economic effects of COVID-19. Such measures include allowing banks operating in the UAE access to loans and advances extended at zero cost against collateral by the UAE Central Bank, to be used to grant temporary relief to private sector corporate and SME customers and retail clients. The loan book of the UAE banking system consists of the following: private sector business and industrial (43.8 per cent.); private sector individual (18.5 per cent.); public sector government (14.2 per cent.); public sector GREs (12.4 per cent.); foreign credit (10.2 per cent.); and non-banking financial institutions (0.9 per cent.). In addition (subject to the terms of the TESS), banks were allowed to tap into their capital conservation buffer up to a maximum of 60 per cent. without supervisory consequences and D-SIBs were allowed to use 100 per cent. of their D-SIB buffer without supervisory consequences (in each case, these measures ended on 31 December 2021). The requirement to maintain a minimum LCR (as defined below) was also reduced from 100 per cent. to 70 per cent. and the reserve requirement for banks to maintain 14 per cent. of customer deposits with the UAE Central Bank has been reduced to 7 per cent. and these measures are expected to free up additional liquidity. In addition, in view of the expected volatility resulting from COVID-19, the UAE Central Bank has issued a requirement for banks to apply a prudential filter to expected credit losses provisions, which is aimed at minimising the effect of IFRS 9 provisions on regulatory capital. The filter allows for any increase in provisioning compared to the position as at 31 December 2019 to be partially added back to a bank's regulatory capital, which has the effect of improving such bank's capital position and providing improved consistency. IFRS 9 provisions are intended to be gradually phased-in during the five year period ending on 31 December 2024.

The majority of measures under TESS are expected to remain in effect until 30 June 2022. Measures related to capital buffers and liquidity requirements relief under TESS ended on 31 December 2021.

Capital Adequacy

All banks are required to follow the principles of the Basel accord in calculating their capital adequacy ratios. Basel II was introduced effective 17 November 2009 by way of UAE Central Bank Circular No. 27/2009. Since 1993, the UAE Central Bank had imposed a 10 per cent. minimum total capital ratio on all UAE banks. In a circular dated 30 August 2009, the UAE Central Bank announced amendments to its capital adequacy requirements, such that UAE banks were required to have a total capital adequacy ratio of at least 11 per cent., with a Tier 1 ratio of not less than 7 per cent., by 30 September 2009. Furthermore, the UAE Central Bank required banks operating in the UAE to increase their Tier 1 capital adequacy ratio to at least 8 per cent., with a minimum total capital adequacy ratio of at least 12 per cent., by 30 June 2010. Thereafter, through its circular dated 17 November 2009 introducing Basel II, the UAE Central Bank stated that it was expected that the main banks in the UAE would move to the Foundation Internal Rating Based approach under Basel II in due course. Through this circular, the UAE Central Bank reiterated that all banks operating in the UAE were required to maintain a minimum capital adequacy ratio of 11 per cent. at all times, increasing to 12 per cent. by 30 June 2010 and also laid out its expectations in relation to Pillar II and Pillar III of the Basel II framework. Profits for the current period, goodwill, other intangibles, unrealised gains on investments and any shortfall in loan loss provisions were deducted from regulatory capital.

Whilst the calculation of capital adequacy ratios in the UAE follows the Bank of International Settlements guidelines, claims on or guaranteed by GCC central governments and central banks are risk-weighted at zero per cent. and claims on GCC government non-commercial public sector entities are risk-weighted at 50 per cent. Under the 2018 Banking Law, the UAE Central Bank may determine reserve requirements for UAE banks. All dividends paid by UAE banks have to be authorised in advance by the UAE Central Bank.

The Basel Committee put forward a number of fundamental reforms to the regulatory capital framework for internationally active banks. On 16 December 2010 and on 13 January 2011, the Basel Committee issued the Basel III reforms, constituting guidance on the eligibility criteria for Tier 1 and Tier 2 capital instruments as part of a package of new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards for credit institutions. The implementation of the Basel III reforms began on 1 January 2013. However, the requirements are subject to a series of transitional arrangements and will be phased in over a period of time. The Basel Committee's press release dated 13 January 2011 entitled "Minimum requirements to ensure loss absorbency at the point of non-viability" (the "**January 2011 Press Release**") included an additional Basel III requirement (the "**Non-Viability Requirement**") as follows:

"The terms and conditions of all non-common Tier 1 and Tier 2 instruments issued by an internationally active bank must have a provision that requires such instruments, at the option of the relevant authority, to either be written off or converted into common equity upon the occurrence of the trigger event unless:

(a) the governing jurisdiction of the bank has in place laws that:

  (a) require such Tier 1 and Tier 2 instruments to be written off upon such event; or

  (b) otherwise require such instruments to fully absorb losses before tax payers are exposed to loss;

(b) a peer group review confirms that the jurisdiction conforms with clause (a); and

(c) it is disclosed by the relevant regulator and by the issuing bank, in issuance documents going forward, that such instruments are subject to loss under clause (a).

The trigger event is the earlier of: (1) a decision that a write-off, without which the firm would become non-viable, is necessary, as determined by the relevant authority; and (2) the decision to make a public sector injection of capital, or equivalent support, without which the firm would have become non-viable, as determined by the relevant authority."

The January 2011 Press Release stated that instruments issued after 1 January 2013 must meet the Non-Viability Requirement in order to be recognised as Tier 1 or Tier 2 instruments for regulatory capital purposes. The recognition of instruments issued before 1 January 2013 which do not meet these requirements will be phased out from 1 January 2013.

On 3 February 2017, the UAE Central Bank published regulations, which introduced Basel III requirements for all banks operating in the UAE (the "**February 2017 Regulations**"). The February 2017 Regulations are intended to ensure that the capital adequacy of all banks operating in the UAE is in line with the Basel III requirements, whilst implementing the measures contained in the UAE Central Bank's May 2016 published consultation document. The February 2017 Regulations are supported by the accompanying standards (which were published by the UAE Central Bank on 17 January 2018 and which elaborate on the supervisory expectations of the UAE Central Bank with respect to the relevant Basel III capital adequacy requirements) and by the Standard re Tier Capital Instruments (which requires that a periodic distribution on an additional tier 1 instrument should be cancelled if the relevant UAE bank does not have sufficient "Distributable Items" on the relevant date for payment of (i) such periodic distribution and (ii) certain other payment obligations). While the February 2017 Regulations and the accompanying standards confirm that the Non-Viability Requirement is a pre-requisite for any capital instruments issued by UAE banks to achieve regulatory capital classification from the UAE Central Bank, the Non-Viability Requirement must be provided for contractually in the absence of a statutory loss absorption framework in the UAE.

In November 2020, the UAE Central Bank issued the "Regulations re Capital Adequacy" standards (the "**November 2020 Regulations**"). The following standards of the November 2020 Regulations are effective as of August 2021: Tier Capital Supply, Tier Capital Instruments, Pillar 2 - ICAAP, Credit Risk, Market Risk and Operational Risk.

The standards on credit risk, market risk, operational risk and other remaining capital standards were initially issued on 7 January 2020 and were supposed to become effective on 30 June 2020 but were postponed due to COVID-19. The UAE Central Bank decided to implement the remaining capital standards in a phased-in approach instead, starting with the standards on credit, market and operational risk, which became effective in the second quarter of 2021 (phase 1). The standards on counterparty credit risk, equity investment in funds, securitisations, leverage ratio and Pillar 3 (except for credit value adjustment ("**CVA**")) became effective in the fourth quarter of 2021 (phase 2). The remaining standard on CVA and Pillar 3 for CVA is expected to become effective in the second quarter of 2022 (phase 3). This will complete the Basel III implementation in the UAE.

As part of the TESS, D-SIB banks were able to utilise 100 per cent. of their D-SIB buffer and 60 per cent. of their capital conservation buffer without supervisory consequences until 31 December 2021. In addition, the UAE Central Bank will allow banks to apply a prudential filter to IFRS 9 expected loss provisions. The prudential filter will allow any increase in IFRS 9 provisioning compared to 31 December 2019 to be partially added back to regulatory capital. This will allow IFRS 9 provisions to be gradually phased-in over a five year period until 31 December 2024.

The following table sets out the capital adequacy ratio of all UAE national banks as at 31 December of each of the years presented.

	As at 31 December				
	2017	**2018**	**2019**	**2020**	**2021***
			(per cent.)		
Total capital adequacy ratio.................................	18.1	17.5	17.7	18.2	17.2
Tier I capital adequacy ratio................................	16.6	16.2	16.5	17.1	16.1

* Preliminary data subject to revision.
Source: UAE Central Bank

Liquidity

The UAE Central Bank closely monitors the level of liquidity in the banking system. It also requires that banks have in place adequate systems and controls to manage their liquidity positions, as well as contingency funding plans to cope with periods of liquidity stress.

Banks must also adhere to a maximum loan to deposit ratio of 100 per cent. set by the UAE Central Bank. In this context, loans comprise loans and advances to customers and inter-bank assets maturing after three months.

UAE banks are mostly funded through on demand or time based customer deposits made by private individuals or private sector companies based in the UAE. According to preliminary data made available by the UAE Central Bank, resident deposits constituted approximately 89.3 per cent. of total deposits of the UAE banking sector (excluding inter-bank deposits and bank drafts but including commercial prepayments and borrowings under repurchase agreements) as at 31 March 2022. Of these, government and GRE deposits constituted approximately 26.5 per cent. of total resident deposits within the UAE banking sector (excluding inter-bank deposits but including commercial prepayments and borrowings under repurchase agreements) as at 31 March 2022.

In response to the global 2008 financial crisis, the UAE Central Bank announced a number of measures aimed at ensuring that adequate liquidity is available to banks operating in the UAE. In September 2008, the UAE Central Bank established an AED 50 billion liquidity facility which banks can draw upon subject to posting eligible debt securities as collateral. The liquidity facility is available only for the purpose of funding existing commitments. New lending is required to be based on growth in the customer deposit base. The UAE Central Bank also established a certificates of deposit ("**CD**") repurchase facility under which banks can use CDs as collateral for UAE Dirham or U.S. Dollar funding from the UAE Central Bank. Further, banks can access funds through the IMLF.

In addition to these measures, the Federal Government also provided AED 50.0 billion in deposits to UAE banks (as part of a larger AED 70.0 billion package) which, at the option of the banks, can be converted into Tier II capital in order to enhance capital adequacy ratios. A number of banks in the UAE exercised this option and converted the Federal Government deposits made with them into Tier II capital.

The UAE Central Bank is expected to tighten regulations on how banks in the UAE manage liquidity through the introduction of new qualitative, quantitative and reporting requirements on liquidity risk management. In line with Basel III requirements, the UAE Central Bank has issued UAE Central Bank Notice No. 33/2015 on liquidity requirements (which was issued by the UAE Central Bank on 27 May 2015 and which entered into force with effect from 1 July 2015, replacing Central Bank Notice No. 30/2012) (the "**Liquidity Notice**") which includes a set of qualitative and quantitative liquidity requirements for UAE banks. The qualitative requirements set out in the Liquidity Notice elaborate on the responsibilities of a UAE bank's board of directors and senior management as well as the overall liquidity risk framework. The regulations are intended to ensure that liquidity risks are well managed at banks operating in the UAE and are in line with the Basel Committee's recommendations and international best practices.

The quantitative requirements set out in the Liquidity Notice are intended to ensure that each UAE bank holds a minimum level of liquid assets which allow it to sustain a short-term liquidity stress (in circumstances both specific to that bank and market wide). In particular, the requirements include two interim ratios which are intended to apply until the Basel III LCR and NSFR (each as defined in the table below) come into effect. These include the following:

	Ratio	**Applicability Period**
Interim ratios:	Liquid Asset Ratio (LAR > =10%)	1 January 2013 – 30 June 2015
	Eligible Liquid Assets Ratio (ELAR > = 10%)	1 July 2015 – December 2017
	Advances to Stable Resources Ratio (ASRR < 100%)	1 June 2013 – December 2017
Basel III ratios:	Liquidity Coverage Ratio (LCR > 100%)	January 2018 onwards
	Net Stable Funding Ratio (NSFR < 100%)	January 2018 onwards

The liquid asset ratio (the "**LAR**") was an interim ratio designed to apply until the LCR comes into effect (as described below). Following the entering into force of the Liquidity Notice on 1 July 2015, the LAR was replaced with the eligible liquid assets ratio (the "**ELAR**"). Under the ELAR, UAE banks were required to hold an amount equivalent to at least 10 per cent. of their liabilities in high-quality liquid assets (including cash held with the UAE Central Bank, the UAE Central Bank CDs and certain UAE local government and public sector entity publicly traded instruments).

The Liquidity Notice also included the option for UAE banks to apply to the UAE Central Bank to move to assessment of bank liquidity as against the LCR, in addition to the ELAR, with effect from 1 January 2016. Any UAE banks taking up this option were required to comply only with the ELAR until 1 January 2016, after which date they were required to move to a dual-compliance regime as to liquidity as against the ELAR and the LCR (subject to receipt of UAE Central Bank approval).

The liquidity coverage ratio (the "**LCR**") represents a 30-day stress scenario with combined assumptions covering both bank-specific and market-wide stresses. These assumptions are applied to contractual data representing the main liquidity risk drivers at banks to determine cash outflows within the 30-day stress scenario. The LCR requires that UAE banks should always be able to cover the net cash outflow with high quality liquid assets at the minimum LCR determined by the UAE Central Bank. The Basel III accord requires that this minimum is 100 per cent. The Liquidity Notice describes in detail high quality liquid assets for this purpose.

The advances to stable resources ratio (the "**ASRR**") is an interim ratio that recognises both the actual uses as well as the likely uses of funds in terms of contractual maturity and behavioural profile of the sources of funds available to the bank, in order to ensure that there are limited maturity mismatches and cliff effects.

The net stable funding ratio (the "**NSFR**") is a structural ratio that aims to ensure that banks have adequate stable funding to fund the assets on their balance sheets. It also requires an amount of stable funding to cover a portion of the relevant UAE bank's contingent liabilities. The NSFR mirrors the Basel III NSFR standard. The NSFR identifies the key uses of funds and the different types of funding sources used by the UAE banks. It assigns available stable funding ("**ASF**") factors to the sources of funds and required stable funding (usage) factors to asset classes and off balance sheet contingent exposures. The assigned ASF factor depends on the terms of funding and the perceived stability of the funding sources. The assigned ASF factor will depend on the liquidity of the asset being funded under a market-wide stress. Both factors will follow the Basel III NSFR standard.

To mitigate the repercussions of the COVID-19 pandemic, the UAE Central Bank temporarily reduced from 14 per cent. to 7 per cent. the reserve requirements for demand deposits for all banks. Banks participating in TESS were able to use a third of their current regulatory liquidity buffers (approximately AED 95 billion reduction in liquidity buffer requirements). Banks also had the flexibility to maintain a minimum LCR of 70 per cent. and a minimum ELAR of 7 per cent. This is expected This temporary measure ended on 31 December 2021. The planned implementation of certain Basel III capital standards was postponed due to the COVID-19 pandemic. The implementation of the Basel III capital standards started in the second quarter of 2021 with the implementation of the standard on credit, market and operational risk. In the fourth quarter of 2021, phase 2 of the implementation was completed. The remaining standards, which is phase 3 of the implementation are expected to become effective in the second quarter of 2022.

Provisions for Loan Losses

The UAE Central Bank stipulates that non-performing credits should be classified as either substandard, doubtful or loss, depending on the likelihood of recovery, with provisions charged at a minimum of 25 per cent., 50 per cent. and 100 per cent. on the relevant amount (net of any eligible credit protection), respectively. Any retail and consumer loans with either interest or principal in arrears by more than 90 days must be placed on a non-accrual basis and classified as non-performing. In addition, pursuant to Circular 28/2010 concerning regulations for classification of loans and their provisions issued by the UAE Central Bank on 11 November 2010, all banks in the UAE were required to make general provisions for unclassified loans and advances equal to 1.5 per cent. of their risk-weighted assets by 2014. In practice, several banks operate more stringent policies and place loans on a non-accrual basis as soon as their recovery is in doubt.

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							For the three months ended 31 March
	2015	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
			(per cent.)					
Non-performing loans ratio	5.0	5.1	5.3	5.6	6.5	8.1	7.9	7.7
Net non-performing loans ratio	1.5	1.5	1.8	1.8	2.6	3.6	3.3	3.2

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

UAE banks generally do not write off non-performing loans from their books until all legal avenues of recovery have been exhausted. This factor tends to inflate the level of impaired loans and/or financings carried on the balance sheets of UAE banks when compared to banks operating in other economies.

In response to COVID-19, the UAE Central Bank reduced the amount of capital banks were required hold for their loans to SMEs by 15 to 25 per cent. This temporary measure concluded on 31 December 2021.

Large Exposures

The UAE Central Bank defines large exposures as any funded or unfunded exposures (less provisions, cash collaterals and deposits under lien) to a single borrower or group of related borrowers exceeding prescribed limits. On 11 November 2013, the UAE Central Bank published a notice amending certain of the large exposure limits (the "**Large Exposure Notice**"). The Large Exposure Notice was published in the Official Gazette on 30 December 2013 and entered into force on 30 January 2014. The Large Exposure Notice introduced new limits of 100 per cent. of the bank's capital base for all lending to UAE local governments and their non-commercial entities, together with a 25 per cent. limit to any single such non-commercial entity. Exposures above these limits are subject to approval by the UAE Central Bank. Set out below is a table showing a summary of the changes introduced by the Large Exposure Notice (defined as a percentage of the bank's capital base calculated under Basel II):

	New Limit		Old Limit	
	Individual	**Aggregate**	**Individual**	**Aggregate**
Federal Government and its non-commercial entities..	Exempt	Exempt	Exempt	Exempt
UAE local government and its non-commercial entities	No cap for UAE local government; 25% for each non-commercial entity	100%	Exempt	Exempt`
Commercial entities of Federal Government and UAE local government	25%	100%	25%	None
Commercial or other (non-commercial) private sector entities and individuals	25% max	None	7%	None
Shareholders who own 5 per cent. or more of the bank's capital and related entities.......................................	20%	50%	7%	None
Exposure to bank's subsidiaries and affiliates.............	10%	25%	20%	60%
Board members	5%	25%	5%	25%

Mortgage Cap Regulation and Consumer Loan Regulation

The UAE Central Bank introduced regulations regarding bank loans and other services offered to individual customers by way of a circular dated 23 February 2011 on retail banking (the "**Retail Circular**") and Notice No. 31/2013 dated 28 October 2013 (the "**Mortgage Regulations**"). These regulations, amongst other things, limit the fees and interest rates which banks in the UAE can charge to retail customers and impose maximum loan/income and loan to value ratios for retail products such as residential mortgage loans. For example, the Retail Circular requires that the amount of any personal consumer loan shall not exceed 20 times the salary or total income of the borrower with the repayment period not exceeding 48 months.

The Mortgage Regulations provide that the amount of mortgage loans for non-nationals should not exceed 75 per cent. of the property value for a first purchase of a home with a value of less than AED 5 million and, for a first purchase of a home with a value greater than AED 5 million, should not exceed 65 per cent. of the property value. For the purchase of a second or subsequent home, the limit for non-nationals is set at 60 per cent. of the property value (irrespective of the value of the property in question). The corresponding limits for UAE nationals are set at 80 per cent. in respect of a first purchase of a home with a value less than or equal to AED 5 million, 70 per cent. for a first home with a value greater than AED 5 million and 65 per cent. of the property value for a second or subsequent purchase (irrespective of the value of the property).

In response to COVID-19, through the TESS facility, the UAE Central Bank allowed for banks to defer expected payments from their clients to a later date. The TESS facility allowed banks to draw down on funds provided by the UAE Central Bank at no cost. The funds could then be substituted for payments the banks are expecting from their clients. The UAE Central Bank directed banks to actively offer their retail clients affected by COVID-19 the opportunity to defer payments of principal and interest on existing loans. In addition, the UAE Central Bank increased the loan-to-value ratios for first time buyers by five percentage points. There was also an increase in the maximum exposure banks could have to the real estate sector from 20 per cent. to 30 per cent. with banks being required to hold additional capital if they surpass the 20 per cent. threshold. Interest rates were cut by 125 basis points. These temporary policy measures concluded on

31 December 2021. On 4 May 2022, the UAE Central Bank announced that it would increase its base rate by 50 basis points to 2.25 per cent. effective 5 May 2022 in response to inflationary pressures.

On 27 March 2020, the UAE Central Bank issued its statement that the majority of workforce in banks, financial institutions and exchange houses under their supervision should work remotely with the exception of 30 per cent. of those working in critical positions. The UAE Central Bank also introduced a remote working priority system for employees to protect those most vulnerable. In 2021, most banks adopted a hybrid model for their staff, which allows for more flexibility to work from home as necessary to ensure the safety and well-being of bank employees.

Reserve Requirements

Reserve requirements are used by the UAE Central Bank as a means of prudential supervision and to control credit expansion. The reserve requirements are 1 per cent. for term deposits and 14 per cent. for all other customer balances.

In response to COVID-19, the UAE Central Bank from 7 April 2020 cut the reserve requirements for banks by 50 per cent., from 14 per cent. to 7 per cent. This temporary measure ended on 31 December 2021.

Position of Depositors

There is no formal deposit protection scheme in the UAE. While no bank has, so far, been permitted to fail, during the 1980s and early 1990s a number were restructured by the relevant government authorities. In October 2008, in response to the global financial crisis, the Federal Government announced that it intended to guarantee the deposits of all UAE banks and foreign banks with core operations in the UAE. Following therefrom, in May 2009, the Federal National Council approved a draft law guaranteeing federal deposits. However, until such time as the law is passed, there is no guaranteed government support.

Establishment of a Credit Bureau in the UAE

Al Etihad Credit Bureau ("**AECB**") is a Federal Government company specialised in providing UAE based credit reports and other financial information. AECB commenced operations in 2014 upon receiving formal approval from the Cabinet of its regulations and its charges for producing credit reports. AECB has approached all UAE based banks to sign data sharing agreements to enable the provision of customer credit information, with the majority having entered into such agreements and/or made successful initial data submissions to AECB by the time AECB commenced operations.

Fintech Initiatives

The UAE Banking Federation ("**UBF**"), through its digital banking and information security committees, is playing a leading role in the expansion of fintech solutions into the UAE's banking sector. Key initiatives from the UBF include the introduction of blockchain technology to enhance KYC processes, boosting cybersecurity, the use of artificial intelligence in areas such as customer service, data analysis and decision-making, and Emirates Digital Wallet – a company owned by 16 shareholding banks and fully sponsored by the UBF, which aims to facilitate a society-wide transformation from physical money to digital transactions. In April 2018, the Federal Government launched the Emirates Blockchain Strategy 2021 and the Dubai Blockchain Strategy. The Emirates Blockchain Strategy 2021 aims for 50 per cent. of government transactions to be effected on a blockchain platform. This process is ongoing.

In 2014, the UAE's first bitcoin exchanged launched in Dubai and, in July 2021, it was announced that the UAE Central Bank had an interest in issuing a central bank digital currency (the "**CBDC**"). The launch of the CBDC was announced a part of the UAE Central Banks' 2023-2026 strategy. The UAE Central Bank also intends to promote digital transformation in the UAE's financial services sector and increase financial inclusion through the use of digital IDs and artificial intelligence to improve monitoring and compliance.

Shari'a compliance

The 2018 Banking Law entered into force with effect from 23 September 2018 and requires *Shari'a* compliant financial institutions licensed by the UAE Central Bank to operate their business activities in compliance with the rules, standards and general principles established by the Higher Shari'a Authority and, in certain circumstances, requires such financial institutions to obtain the consent of the Higher Shari'a Authority before undertaking certain licensed financial activities.

Capital Markets

The capital markets in the UAE are regulated by a number of entities including the Securities and Commodities Authority (the "**SCA**"), which licenses intermediaries to trade on the Dubai Financial Market (the "**DFM**") and the Abu Dhabi Securities Exchange ("**ADX**"). The SCA is a Federal Government organisation but has financial, legal and administrative independence.

The other significant stock exchange in the UAE is Nasdaq Dubai (formerly known as the Dubai International Financial Exchange or DIFX) which commenced operations in September 2005 and, as an entity based in the DIFC, is separately regulated by the DFSA.

On 1 June 2014, the UAE was included in MSCI Inc.'s ("**MSCI**") Emerging Markets Index which captures large and mid-cap representation across 26 emerging market countries. The MSCI Emerging Markets Index is based on the MSCI Global Investable Indexed Methodology – a comprehensive and consistent approach to index construction that allows for meaningful global views and cross regional comparisons across all market capitalisation size, sector and style segments and combinations.

In May 2018, the SCA issued Chairman Decision No. 20/R.M. of 2018 on the Offering or Issuance of Islamic Securities (the "**ISRs**"), in order to add an additional layer of disclosure and transparency to the UAE's sukuk market and strengthen investor protection. The ISRs apply to (i) domestic issuers of Shari'a-compliant securities seeking to offer those securities either within or outside the UAE, and (ii) foreign issuers of certain Shari'a-compliant securities seeking to offer those securities into the UAE. The ISRs outline a number of key disclosure requirements that must be included in the offering document, a number of specific requirements in respect of the fatwa as well as the continuing obligations that apply to Shari'a-compliant securities, including the provision of an annual Shari'a report.

In February 2019, the SCA introduced new rules allowing UAE public joint stock companies to use technology to streamline governance procedures, including enabling shareholders to attend and vote in general meetings electronically and allowing public joint stock companies to call general meetings using text messages or emails. The rules also enhance rules on insider trading, directors' conflicts of interests and independence.

In March 2019, the SCA, the DFSA and the FSRA (the ADGM's financial services regulator) announced new fund passporting rules enabling UAE-wide promotion of investment funds licensed by the three financial markets regulators (both onshore and in the financial free zones of DIFC and ADGM), without the need for further authorisation or approval by any authority.

In October 2020, the operational and executive power of the SCA was transferred to local licensed stock markets.

In March 2021, the SCA approved Board Resolution No. (08/R.M) of 2020 concerning amendment to the Corporate Governance Guide for Public Joint Stock Companies. As a result, it is now mandatory for Public Joint Stock Companies listed on ADX or DFM to appoint at least one female member to their respective boards.

In January 2022, the SCA issued Chairman of the Board Resolution No. 1 of 2022 on the Regulations for Special Purpose Acquisition Companies ("**SPACs**"), which enables SPACs to now list on a securities market in the UAE (namely, the ADX or the DFM). Under the SPAC framework, the broad admission criteria for a SPAC listing includes minimum market capitalisation, public float requirements and other regulations seeking to protect investors and set minimum standards for sponsors and SPACs. These rules are largely similar to the obligations imposed by SPAC frameworks in other jurisdictions.

Dubai Financial Market

The DFM, which is now, along with Nasdaq Dubai, owned by Borse Dubai, was established by the Government of Dubai in 2000 as an independent entity and operates as a market for the listing and trading of shares, bonds and investment units issued by companies, investment funds and other local or foreign financial institutions that conform to its listing requirements.

The DFM was upgraded to the MSCI Emerging Markets Index with effect from 1 June 2014, which has led to an increase in interest and investment from international institutional investors in Dubai. The DFM is regulated by the SCA.

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				
	2017	**2018**	**2019**	**2020**	**2021**
Number of traded shares (billions)	82.5	45.4	40.0	65.5	50
Value of traded shares (AED billions)	115.1	59.7	53.1	65.6	72.3
Number of trades (millions)	1.1	0.6	0.6	0.9	0.8
Market capitalisation (AED billions)(period end)	394.0	343.3	375.5	341.5	410
DFM Index year-end index closing price (period end)	3,370	2,530	2,765	2,492	3,196

Sources: Dubai Statistics Centre, DFM.

Nasdaq Dubai

Nasdaq Dubai (formerly known as the Dubai International Financial Exchange or DIFX) commenced operations in September 2005. On 22 December 2009, DFM announced that it had made an offer to Borse Dubai Limited and the NASDAQ OMX Group to acquire Nasdaq Dubai. The offer was valued at U.S.$121 million and comprised U.S.$102 million in cash and 40 million DFM shares. The merger was approved by Borse Dubai Limited and the OMX Group and was completed on 11 July 2010. Subsequent to the transaction, both Nasdaq Dubai and DFM are operating as two distinct markets that are subject to different regulatory frameworks. Nasdaq Dubai is regulated by the DFSA.

Nasdaq Dubai's standards are comparable to those of leading international exchanges in New York, London and Hong Kong. Nasdaq Dubai allows regional and international issuers access to regional and international investors through primary or dual listings. Investors can access Nasdaq Dubai through a unique mix of regional and international brokers.

Nasdaq Dubai currently lists equities, equity derivatives, Dubai gold securities, structured products, sukuk and conventional bonds. As of November 2020, the total value of sukuk listed in Dubai was U.S.$74.05 billion, maintaining its position as one of the world's largest exchanges for sukuk by value.

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) in each of the years 2017, 2018, 2019, 2020 and 2021:

	For the year ended 31 December				
	2017	**2018**	**2019**	**2020**	**2021**
Trading volume (millions)	273	165	151	189	35
Trading value (AED millions)	4,884	4,234	5,921	5,746	78,057
Number of transactions	29,518	26,882	40,724	16,345	1,518
Market capitalisation (AED millions)	82,822	57,496	44,220	3,436	2,990
FTSE Nasdaq Dubai UAE 20 year-end closing price	3,289	3,074	3,184	3,062	4,285

Sources: Dubai Statistics Centre, Nasdaq Dubai.

Abu Dhabi Securities Exchange

ADX was established by the Federal Government in November 2000 as an independent entity and operates as a market for trading securities, including shares issued by public joint stock companies, bonds or sukuks issued by governments or corporations, exchange traded funds, and any other financial instruments approved by the SCA.

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				
	2017	**2018**	**2019**	**2020**	**2021**
Number of traded shares (millions)	28,241	15,408	31,052	21,831	60,796
Value of traded shares (AED millions)	48,089	39,642	113,636	72,771	369,513
Number of executed transactions	347,329	275,357	775,381	513,080	1,386,313

Sources: ADX.

ADX is classified an 'Emerging Market' by each of MSCI index (Morgan Stanley Capital International), S&P Dow Jones, FTSE, S&P and Russell Investments.

ADX has the authority to establish centres and branches outside the emirate of Abu Dhabi. To date it has done so in the emirates of Fujairah, Ras al Khaimah and Sharjah.

Insurance

The insurance sector plays an important role in the UAE economy, not only through its direct contribution to the economy but also by facilitating the operation of other sectors such as logistics, services, health and transport. The investment of premiums by the insurance sector in the UAE economy supports economic development and maintains positive competitiveness between insurance companies.

The insurance sector in the UAE was originally overseen by the Insurance Authority, which was established by Federal Law No. 6 of 2007 Regarding the Establishment of the Insurance Authority and Regulation of Insurance Operations (the "**Insurance Law**") as an independent authority with responsibility to organise and regulate the UAE insurance sector and to ensure implementation of international best standards in the insurance market and to monitor the solvency of insurance companies by applying laws and regulations aimed at protecting the rights of the beneficiaries of insurance policies. In September 2019, the Ministry of Justice issued a resolution forming a committee to investigate the potential merger of the Insurance Authority into the SCA, to form a single financial services regulator. The committee was responsible for identifying the implications of the merger and submitting its recommendations to the Cabinet, along with the proposed legislation. The merger between the two took place in July 2020.

In January 2015, the Insurance Authority issued new regulations governing the financial, technical, investment, and accounting operations of insurers operating in the UAE. The regulations aim to protect the rights of policyholders and shareholders of insurance companies, as well as protecting insurance companies from potential risks by monitoring the solvency of insurance companies and the integrity of their financial procedures. The regulations are also intended to promote the establishment of modern and advanced regulatory principles for the UAE insurance market in accordance with the best international practices.

Federal Law No. 3 of 2018 (the "**Insurance Law Amendment**") was issued in 2018 to amend certain provisions of the existing Insurance Law. It grants the Insurance Authority increased regulatory issuing powers and inspection powers, prohibits entities from combining life insurance and property and liability insurance operations and establishes the Emirates Insurance Association, a professional union that will regulate professional aspects of the insurance sector.

In July 2019, the Insurance Authority issued a resolution pursuant to the Insurance Law, providing for a system for settlement of insurance claims in the UAE. Pursuant to the resolution, new specialist insurance disputes committees were established with effect from October 2019, with the authority to settle and resolve insurance disputes between insureds, beneficiaries, and interested parties against insurers. In March 2020, the Insurance Authority issued a further resolution clarifying the jurisdiction of the disputes committees.

In November 2019, the Insurance Authority issued new regulations for life insurance and family takaful insurance. The new regulations are in line with international standards and improve disclosure and transparency for customers on the terms and conditions of life insurance policies. The new regulations also provide for a 30-day cooling-off period for customers as well as a cap on commissions payable to financial advisers, amongst other changes. The new regulations came into force on 16 October 2020.

In October 2020, the powers and responsibilities of the Insurance Authority were assumed by the UAE Central Bank. The UAE Central Bank now has the power to regulate and supervise the insurance sector as well as propose and implement legislation to regulate it. The UAE Central Bank is responsible for protecting the rights of the insured and monitoring the solvency of the UAE's insurance companies.

According to the UAE Central Bank, gross written premiums of all types of insurance amounted to AED 44.6 billion in 2021 based on preliminary estimates, an increase of 4.9 per cent. compared to AED 42.5 billion in 2020. Gross written premiums of all types of insurance amounted to AED 44.0 billion in 2019.

As at 31 March 2022, there were 62 insurance companies operating in the UAE (comprising 35 national insurance companies and 27 foreign insurance companies), with 481 total related insurance professions, including 169 insurance broker companies, 30 insurance agents companies, 46 insurance consultants, 136 loss and damage adjusters, 69 actuaries, 21 third-party administrators and 10 insurance policies price comparison websites.

As at 31 December 2021, there were 62 insurance companies operating in the UAE (comprising 35 national insurance companies and 27 foreign insurance companies), with 465 total related insurance professions, including 168 insurance broker companies, 30 insurance agents companies, 46 insurance consultants, 129 loss and damage adjusters, 67 actuaries, 21 third-party administrators and four insurance policies price comparison websites.

As at 31 December 2020, there were 62 insurance companies operating in the UAE (comprising 35 national insurance companies and 27 foreign insurance companies) with a total employee count of 8,655, as well as 22 insurance agents, 166 insurance brokers (comprising 161 national brokers and five foreign brokers), 21 insurance consultants, 46 loss adjusters, 65 actuaries, 24 third-party administrators and two insurance policies price comparison websites.

The following table sets out the UAE total written premiums by value for each of the years 2017 to 2021:

	As at 31 December				
	2017	**2018**	**2019**	**2020**	**2021**
	(AED Millions)				
General insurance premiums	33,079	31,748	32,535	32,166	33,277
Life insurance premiums	11,745	11,971	11,495	10,331	11,418
Total premiums	44,824	43,718	44,021	42,497	44,695

Source: UAE Central Bank

UAE Bankruptcy Law

In September 2016, Federal Decree Law No. 9 of 2016 Concerning Bankruptcy (the "**Bankruptcy Law**") was issued implementing new measures to safeguard the rights of creditors and debtors. The Bankruptcy Law offers creditors and debtors increased flexibility in dealing with financial distress, while ensuring certainty and security for business owners and investors. It primarily regulates commercial companies and traders. The Bankruptcy Law also sets out the procedures of bankruptcy aimed at assisting a debtor to reach reconciliation with its creditors pursuant to a plan of bankruptcy under the supervision of a court and assistance of a justice of the peace appointed in accordance with the provisions of the Bankruptcy Law.

In March 2018, pursuant to Cabinet Resolution No. 4 of 2018, the Financial Restructuring Committee was established, which is responsible for overseeing the implementation of the Bankruptcy Law. Among other things, the Financial Restructuring Committee is responsible for supervising out-of-court restructuring processes for licensed financial institutions, approving and managing the role of experts and trustees to oversee bankruptcy processes, and maintaining registers of disqualified directors and bankrupt companies inspected under the Bankruptcy Law.

UAE Insolvency Law

In November 2019, Federal Decree Law No. 19 of 2019 (the "**Insolvency Law**") came into effect. The Insolvency Law provides protections to individuals that are in financial distress and unable to settle their debts (as opposed to the Bankruptcy Law, which regulates commercial companies and sole traders). The Insolvency Law introduces the "voluntary settlement" process, which protects the debtor from insolvency by putting in place a settlement plan, while enabling the debtor to continue to have control over managing its estate and to carry out its activities during the settlement process. The Insolvency Law also provides streamlined insolvency procedures, which can either be initiated by the court (if it rejects or orders the voluntary settlement plan to be void), the insolvent debtor or creditors with claims amounting to AED 200,000 or more. Once the court issues an order to commence the insolvency proceedings, all debts, whether secured or not, become due and payable. The court may order, upon its discretion or based on the request of the debtor, the suspension of all criminal proceedings pertaining to any bounced cheques issued by the debtor and suspension of all enforcement and legal claims filed against the debtor. Proceeds of the liquidation of assets are distributed to creditors pursuant to their ranking.

5. AMENDMENTS TO PUBLIC FINANCE

5.1 On page 149 of the Base Offering Circular, the entirety of the subsection headed "*Public Finance*" shall be deemed deleted and replaced with the following:

Federal Government Finance

Government Financial Policy Coordination Council

The Government Financial Policy Coordination Council (the "**FPCC**") was formed by Cabinet Decision No. 39 of 2008. The FPCC coordinates the financial policies at the federal level. Members of the FPCC consist of the Undersecretary to the Ministry of Finance, representatives from the UAE local governments and a representative of the UAE Central Bank. The FPCC collects and prepares government financial statements at the state level and consolidates them in line with international standards. The FPCC also coordinates with the IMF, World Bank and other international financial institutions on applying standards and consolidating financial statements and also implements recommendations issued by the IMF on coordinating financial policies at the state level. Annual reports of work undertaken by the FPCC are submitted to the Cabinet.

The main tasks and responsibilities of the FPCC are as follows:

- overseeing the collection of government financial data and reports at state level;
- overseeing the preparation of government financial policies;
- seeking a mutual consultation on the balance sheet and budget at the state level;
- coordinating on policies related to increasing revenues and tax policies;
- coordinating on the identification of project financing mechanisms (lending or bond issuance);
- coordinating on the sovereign credit rating of the Federal Government and UAE local governments;
- seeking mutual consultation on emerging financial matters pertaining to the UAE's economy; and
- coordinating on requirements of Global Competitiveness Indicators and state-level government efficiency.

Federal Budget and Financial Information

The process for preparing the Federal Budget

The general budget is the financial programme of the Federal Government used to achieve economic and social development. This is accomplished through the optimal distribution and efficient use of resources within the framework of the federal strategy on the expected spending by federal authorities during the coming fiscal year, provided that income and expenditure are balanced.

According to the Federal Decree Law No. 26 of 2019, a separate budget for federal service authorities may be earmarked, and submitted to the Ministry of Finance for approval within budget law. Also, all federal authorities may - by virtue of a Cabinet resolution - be assigned to prepare a draft medium-term budget. The Cabinet resolution shall determine the budget's terms in years provided that it includes annual estimates for both income and expenditure as approved by the Ministry of Cabinet Affairs.

The Minister of Finance issues a circular that specifies the necessary steps for the preparation of the next year's draft budget during the third month of the present fiscal year. The circular includes a budget cap, approved strategic objectives, financial indicators, revenue forecast and the fixed deadline for submitting a draft budget to the Ministry of Finance. The Minister of Finance then issues another circular on closure of accounts and preparing the final account of the previous fiscal year.

Based on the general strategic objectives of the Federal Government (UAE Vision 2021), all ministries and federal authorities prepare plans for their annual budgets, under the supervision of the Cabinet. This is to ensure that these plans are in line with the overall vision of the country as a reference for sectoral plans and programmes. Each federal authority determines its programmes, plans and key performance indicators according to the strategic plan approved by the Cabinet within the budget cap. All authorities must also submit their initial forecasts for revenue and expenses allocated to chapters, line items, programmes and activities agreed upon, along with performance measures and efficiency indicators according to the circular issued by the Minister, which specifies submission deadlines. Based on the circular, the Ministry of Finance prepares an annual draft budget law and a draft resolution of the medium-term plan and submits it to the Ministry of Cabinet Affairs. The Ministry of Cabinet Affairs discusses and prepares both drafts for final approval which gets submitted to the Federal National Council. The Federal National Council then discusses and provides feedback on the draft and submits this to the Supreme Council for approval. The Supreme Council reviews the draft law along with the Federal National Council's feedback and notifies the Ministry of Finance on the readiness of its budget law. The budget law is then submitted to the Ministry of Finance which in turn informs all federal authorities regarding their allocations.

Five-year Federal Budget

The Federal Budget follows a medium-term budget cycle. The budget cycle lasts for five years and consists of a five-year budget strategy (the "**Five-year Federal Budget**"). Every five years the Five-year Federal Budget is reviewed and the strategy is amended based on the needs of the Federation.

In October 2016, the Cabinet approved the Five-year Federal Budget draft for 2017-2021, with an estimated spending of AED 247.3 billion over five years, making the UAE the first Arab country to prepare a periodic five-year budget. In coordination with the Ministry of Cabinet Affairs, the Ministry of Finance has cooperated with all federal entities to ensure that the developed plans and programmes are in line with the strategic plan for 2017-2021. Previously, the Cabinet term of the budget plan was three years but this was extended to five years for the 2017-2021 budget. The next budget will also be five years and will be from 2022-2026. The objectives of the Federal budgeting system are to identify main and complementary services for each Federal Government entity, compare similar activities in various government authorities, enhance performance efficiency and maximise the use of government spending and to promote the principles of transparency and the open data approach.

This Five-year Federal Budget is in line with the directives of Vice President and Prime Minister of the UAE and Ruler of Dubai, H.H. Sheikh Mohammed bin Rashid Al Maktoum, to prepare a budget draft with plans for every five years to improve the level of social services, and upgrade the smart services of the government with the aim of increasing UAE national satisfaction regarding the Federal Government's efforts to enhance the welfare, prosperity, happiness and security of community members.

The Annual Federal Budget

For each year during the five-year period, annual budgets are prepared by the Federal Government that are in line with the five-year strategy. The annual Federal Budget is prepared before the start of the next fiscal year. The fiscal year is composed of 12 months, starting from January 1 and ending on December 31 of each year. The Federal Government has measures in place to proactively review expenditures and direct them to strategic sectors, such as healthcare and education.

Federal Budget

The table below shows the Federal Government's annual Federal Budget for 2022 as well 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 as opposed to out of the Federal Budget. The below table shows revenues and expenditures for each of the years ended 31 December 2016, 2017, 2018, 2019, 2020 and 2021 as well as the budgeted revenues and expenditures for 2022.

	For the year ended 31 December						
	2016	**2017**	**2018**	**2019**	**2020**	**2021**	**2022 B[(1)]**
				(AED Millions)			
Revenues and Grants							
Total revenues and grants	**47,494**	**48,501**	**52,290**	**65,416**	**49,947**	**54,543**	**56,707**
Taxes	5	4	2	14,321	8,290	9,219	9,164
Other revenues	29,999	30,459	34,250	37,707	31,201	34,645	29,142
Grants	17,490	18,038	18,038	13,388	10,456	10,679	18,401
Expenditures							
Total expenditures	**47,604**	**48,572**	**51,513**	**55,322**	**52,880**	**51,964**	**58,931**
Current expenditure	**46,829**	**47,922**	**50,346**	**51,317**	**51,117**	**49,822**	**56,551**
Wages and Benefits	16,564	17,260	17,752	16,918	16,847	21,869	22,224
Goods and Services	13,168	13,349	13,585	14,350	15,051	15,945	14,799
Interest	-	-	-	-	24	71	559
Subsidies	2,740	2,880	2,887	2,897	2,945	3,057	3,256
Grants	7,828	7,466	7,457	9,508	9,052	1,150	1,706
Social Benefits	4,113	4,375	4,469	4,581	4,625	4,709	4,839
Other Expenses	565	771	2,428	1,279	939	1,165	7,405
Assets	1,851	1,821	1,768	1,783	1,658	1,857	1,763
Investment expenditure	**775**	**650**	**1,167**	**4,006**	**1,763**	**2,143**	**2,380**
Surplus/Deficit	**(110)**	**(71)**	**777**	**10,093**	**(2,933)**	**2,579**	**(2,224)**

(1) Approved Budget 2022.

Federal Government Revenues

Since 2018, the Federal Government has worked towards diversifying and expanding its revenue base as well as reviewing its fee structures and other opportunities for revenue in order to maintain a sustainable revenue structure that aims to support the Federal Government's budget without burdening businesses and individuals.

At the federal level, for the year ended 31 December 2021, revenue mainly consisted of the category referred to as "other revenues" (63.5 per cent.) (principally comprising dividend revenue from the EIA), grants (19.6 per cent.) and taxes (16.9 per cent.). For the year ended 31 December 2021, contributions from Abu Dhabi were approximately AED 9.3 billion (17 per cent. of revenues) and contributions from Dubai were approximately AED 1.2 billion (2 per cent. of revenues). These figures reflect cash contributions received by Abu Dhabi and Dubai. In addition to the AED 9.3 billion in cash contributions from Abu Dhabi to the Federal Government, Abu Dhabi also provides direct funding for a number of Federal Government initiatives, which consist of, among other things, contributions to the UAE's defence, military and infrastructure projects. Abu Dhabi does not provide this funding to the Federal Budget but instead provides resources and/or funding directly to the Federal Government programmes or departments, as applicable. In 2020, emirate contributions and grants, primarily from Abu Dhabi and Dubai, made up 30 to 35 per cent. of gross revenues in the Federal Budget. For the year ended 31 December 2020, Abu Dhabi provided an aggregate of AED 96.3 billion in contributions to the Federal Government, including both the cash grants to the Federal Budget as well as the direct funding of Federal Government initiatives that are not reflected in the Federal Budget.

Dividends and royalties (included within "other revenues"), are the largest source of revenues with tax revenues being the second largest. The dividends and royalties that the Federal Government receives are primarily from Etisalat. The introduction of the 5 per cent. VAT tax (approximately AED 25 billion), the introduction of a 50 per cent. excise tax on carbonated drinks and a 100 per cent. excise tax on tobacco products in 2019 has broadened the Federal Government's tax base, with the Federal Government retaining 30 per cent. of collected revenues from each of these taxes, with the remainder of the revenue being allocated among the relevant emirates.

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 2,579 million, AED 10,093 million and AED 777 million in 2021, 2019 and 2018, respectively.

Other Revenues

Other revenues consists primarily of dividends and royalties from EIA investments, principally, Etisalat. See "*—Federal Government Investments*". Other revenues also consists of visas, fees, fines and other charges such as licensing charges, property income and the sale of goods and services.

Taxes

Given the introduction of Value Added Tax in 2018 (see "*—Taxation*" below), the UAE in 2020 and 2021 saw a significant increase in taxes as a source of revenue.

In April and May 2020, in response to the COVID-19 pandemic, the Federal Government put a number of measures in place to reduce taxes on individuals and businesses. For example, in April 2020 the UAE Federal Tax Authority extended the tax period for excise tax registrants and extended deadlines for VAT filing and payments. In May 2020, the Federal Tax Authority extended the decision on banning the supply, transfer and storage of waterpipe tobacco and electrically heated cigarettes in the UAE that do not carry Digital Tax Stamps and the Ministry of Finance announced reduced fees for federal entities across the UAE. In January 2021, the Cabinet issued Cabinet Decision No. 9/12 of 2020 concerning the temporary application of VAT at 0 per cent. on certain supplies and imports of medical equipment. The medical equipment refers to temporary zero-rating rules for personal protective equipment used for the protection of COVID-19 that was supplied or imported between 1 September 2020 to 28 February 2021. This was extended in April 2021 until 31 December 2021. In 2021, the Ministry of Finance has also reduced the administrative penalties for violations of tax laws in the UAE and extended the timeline for tax notification from 10 to 40 working days. These tax measures were intended to offer relief and flexibility to tax payers and the business community. These tax measures did not impact revenues for 2021.

Grants

The Federal Government is partially funded by grants primarily from two of the largest emirates: Abu Dhabi (AED 9.3 billion; 17 per cent. of 2021 revenue from grants) and Dubai (AED 1.2 billion; 2 per cent. of 2021 revenue from grants), although each individual emirate is constitutionally obligated to provide grants to the Federal Government under Article 126 of the Constitution. A portion of Abu Dhabi's revenue helps the Federal Government cover security and defence expenditures as described above. These grants are set every five years as part of the five-year budget cycle. When preparing the five-year budget cycle, if it is anticipated that expenditures are expected to exceed revenues, the Federal Government engages in discussions with local emirates and asks for contributions to cover the shortfall. This is reviewed on an annual basis and if needed more money may be contributed in grants. These contributions are also reviewed on an annual basis as well in order to help maintain a balanced budget. If the emirates cannot provide enough grant funding to help maintain a balanced budget, the Federal Government reviews and adjusts expenditures. These grants have remained stable in recent years, except for when VAT was introduced. At this point, Abu Dhabi decreased the amount of grants it was providing to the Federal Government and that revenue was simultaneously replaced with VAT income. Dubai's contribution to grant revenue has been relatively stable for the most recent five-year period. For the next five-year period, grant revenue is expected to remain stable or increase based on budget requirements related to strategic Federal Government programmes.

Federal Government Expenditures

The Federal Government has prioritised expenditures related to public expenditures with a strong focus on key sectors such as health and education. The Ministry of Finance has reduced utilities (water and electricity tariffs) and fuel subsidies over time to contain spending. The Federal Government also has capital transfers to Federal Government related entities and aid payments. These grants include current or capital transfers from the Federal Government to government authorities, international organisations and foreign governments. International organisations that receive government grants include, amongst others, the International Fund for Economic Development, the OPEC Fund for International Development, the IMF, the International Bank for Reconstruction and Development and the Islamic Development Bank. The key Federal Government expenditures are wages and benefits and goods and services.

Wages and benefits consist of basic salaries, allowances and other related benefits for Federal Government employees.

Goods and services consist of current expenses which include, amongst other things, repairs and maintenance of Federal Government land and property, fuels, oils and energy for Federal Government property and other buildings services such as cleaning and gardening. Goods and services also covers, amongst other things, transport and spare parts for the maintenance of Federal Government vehicles, supplies and services for public support services, Federal Government telecommunications and computing, payments for tools and equipment for Federal Government use, federal agriculture expenses, education and training for Federal Government employees, tourism, insurance and defence security expenses.

The Federal Budget for the fiscal year 2022

The UAE has approved an annual Federal Budget of AED 56.7 billion for the fiscal year 2022 (the "**2022 Federal Budget**"). This amount reflects an increase of 6.8 per cent. compared to the AED 53.1 billion budget of the fiscal year 2021 but is still well below revenue of AED 65.4 billion recorded in the fiscal year 2019. Even though the general principle is that the Federal Government budget should be balanced, the 2022 Federal Budget has not been balanced at the outset and has higher expenditures than revenues. The largest share of the 2022 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 2022 Federal Budget is prepared on a cash basis. The 2022 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.

2022 Budgeted Revenues

For the year ending 31 December 2022, the Federal Government has budgeted AED 56,707 million for total revenues and grants. Within total revenues and grants, the Federal Government has budgeted AED 9,164 million related to tax revenues (16.2 per cent.), AED 29,142 million related to other revenues (which consists primarily of property income, sales of goods and services and other miscellaneous items) (51.4 per cent.) and AED 18,401 related to grants (32.4 per cent.). Other revenues is expected to decrease by AED 5,503 million in 2022 compared to 2021 where other revenues were AED 34,645 million (63.5 per cent. of revenues). Grants is expected to increase by AED 7,722 million in 2022 compared to 2021 where grants were AED 10,679 (19.6 per cent. of revenues).

2022 Budgeted Expenditures

For the year ending 31 December 2022, the Federal Government has budgeted for total expenditures in the amount of AED 58,931 million. The increase in expenditures compared to the year ended 31 December 2021 is primarily due to an increase in grants and other expenses. Within the total expenditures, AED 56,551 million is budgeted for current expenditure and AED 2,380 million is budgeted for investment expenditure. The three largest contributions to current expenditure budget are from wages and benefits, goods and services and other expenses. Wages and benefits accounted for the largest total share of current expenditures in the budget (39.3 per cent.) followed by goods and services (26.2 per cent.) and other expenses (13.1 per cent.). Wages and benefits is budgeted at AED 22,224 million which would represent a 1.6 per cent. increase compared to 2021. Goods and services is budgeted at AED 14,799 million, which would represent a 7.2 per cent. decrease compared to 2021. Grants for expenditure for 2022 are expected to be AED 1,706 million.

Federal Government Revenues and Expenditures for the fiscal years 2018-2021

For the year ended 31 December 2021, total revenues and grants on the Federal Government level amounted to AED 54,543 million. For the year ended 31 December 2020, total revenues and grants on the Federal Government level amounted to AED 49,947 million. For the year ended 31 December 2019, total revenues and grants on the Federal Government level amounted to AED 65,416 million. For the year ended 31 December 2018, total revenues and grants on the Federal Government level amounted to AED 52,290 million.

Other revenues increased by AED 3,444 million to AED 34,645 in 2021 compared to 2020 where other revenues were AED 31,201 (62.5 per cent. of revenues). This was primarily the result of higher dividend and royalty revenue from telecommunication companies. Other revenues decreased by AED 6,506 million in 2020 compared to 2019 where other revenues were AED 37,707 (57.6 per cent. of revenues). This was primarily the result of the COVID-19 pandemic. Other revenues increased by AED 3,457 million in 2019 compared to 2018 where other revenues were AED 34,250 million (65.5 per cent. of revenues). This was primarily as a result of revenues from the Federal Authority for Identity and Citizenship ("**ICA**") being re-assigned to a new revenue class as well as tax revenues from 2018 and 2019. On average, the ICA provides AED 7.2 billion to AED 7.8 billion in revenue to the Federal Government per year.

Grants decreased by AED 223 million to AED 10,649 in 2021 compared to 2020 where other revenues were AED 10,456 million (20.9 per cent. of revenues). Grants decreased by AED 2,932 million in 2020 compared to 2019 where grants were AED 13,388 million (20.5 per cent. of revenues). Grants also decreased by AED 4,650 million in 2019 compared to 2018 where grants were AED 18,038 (35.6 per cent. of revenues). The decrease in grants between 2018 and 2020 was primarily the result of a decrease in the cash contribution received by Abu Dhabi in response to the increase in VAT revenue received by the Federal Government.

For the year ended 31 December 2021, total expenditures on the Federal Government level amounted to AED 51,964 million. For the year ended 31 December 2020, total expenditures on the Federal Government level amounted to AED 52,880 million. For the year ended 31 December 2019, total expenditures on the Federal Government level amounted to AED 55,322 million. For the year ended 31 December 2018, total expenditures on the Federal Government level amounted to AED 51,513 million.

Wages and benefits increased by 29.8 per cent. in 2021 compared to 2020. The increase was due to certain grant expenditures being reclassified into wages and benefits in 2021 and the suspension of promotions and new hiring in 2020 due to COVID-19. Wages and benefits decreased by 0.4 per cent. in 2020 compared to 2019 due to a suspension of promotions and employee benefits as a result of the COVID-19 pandemic. Wages and benefits in 2019 decreased by 4.7 per cent. compared to 2018.

Goods and services increased by 5.9 per cent. in 2021 compared to 2020. Goods and services increased by 4.9 per cent. in 2020 compared to 2019 due to an increase in medical expenses as a result of COVID-19. Medical expenses included management of therapeutic services, medical supplies, medical drugs and laboratory tools. Goods and services in 2019 increased by 5.6 per cent. compared to 2018.

Social benefits increased by 1.8 per cent. in 2021 compared to 2020. Social benefits increased by 1.0 per cent. in 2020 compared to 2019 due to an increase in pensions and compensation paid to military personnel as well as an increase in the number of UAE nationals who are entitled to receive social benefits. Social benefits in 2019 increased by 2.5 per cent. compared to 2018.

Grants for expenditures include current or capital transfers from the Federal Government to government authorities, international organisations and foreign governments. In 2021, grants for expenditures decreased by 87.3 per cent. compared to 2020. The change in the amount of grant expenditures from 2020 to the 2021 was primarily the result of certain grant expenditures being reclassified into other expenditures line items in 2021, primarily the expenditures line items wages and benefits and other expenses. In 2020, grants for expenditures decreased by 4.8 per cent. compared to 2019 due to a decrease in actual cash grants from Abu Dhabi and a decrease in expenditures as a result of COVID-19. Instead, Abu Dhabi increased funding to service grants outside the Federal Budget, which were provided directly from the Abu Dhabi Department of Finance to Federal entities. The funding was used to help implement Federal strategic programmes. Grants for expenditures in 2019 increased by 27.5 per cent. compared to 2018 as a result of the inclusion of grant payments to the Federal Authority for Identity and Citizenship being reflected in the "grants for expenditures" line item in 2019.

Other expenses in 2021 increased by 24.1 per cent. compared to 2020. One reason for the increase was certain grant expenditures being reclassified into other expenses in 2021. Other expenses in 2020 decreased by 26.6 per cent. compared to 2019. Other expenses in 2019 decreased by 47.3 per cent. compared to 2018. This primarily due to the reclassification of EIA payments from the "other expenses" line item to the "investment expenditure" line item in 2019.

Federal Government Investments

The Emirates Investment Authority ("**EIA**") is an integral part of the Federal Government and was established through Federal Decree Law No. 4 of 2007 as amended by Federal Decree Law No. 13 of 2009 and Federal Decree Law No. 11 of 2018. Its primary directive is to manage the sovereign wealth of the UAE by investing in a diversified portfolio of assets in key economic sectors and industries with the aim of delivering sustained financial gains and long-term value for the UAE. The EIA also supports and advises the Federal Government in matters pertaining to economic and industry policy.

The EIA is the only sovereign wealth fund of the Federal Government of the UAE and is the sole authority responsible for the investment and reinvestment of funds allocated by the Cabinet for investment purposes in order to generate viable returns that contribute to the provision of adequate resources for the Federal Budget. As a custodian of the federal assets of the UAE, the EIA is mandated to strategically invest funds allocated by the Federal Government to create long-term value for the UAE and contribute to the future prosperity of the country. The EIA's annual budget is presented by its Board of Directors to the Cabinet for approval. The Federal Government exercises oversight over the EIA through a Board of Directors. An executive committee approves all investment decisions and meets bi-monthly. The following general investment principles are designed to establish a framework for the operation of the EIA:

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

The Cabinet allocates appropriate funds to the EIA for investment, in strict accordance with its mandate and directives. The EIA's portfolio includes a number of key regional players across sectors, leaders in their respective industries. Two of the EIA's most notable investments are significant holdings in Etisalat (60 per cent.) and du (50.12 per cent.), two of the more prominent telecommunications companies in the MENA region. The portfolio is diverse with a number of equity stakes across sectors and ranges from majority to strong-minority shareholding. For example, the EIA has invested in Al Masaraf (42.28 per cent.), Emirates Transport (100 per cent.) and Emirates Post (100 per cent.). Historically, the EIA has contributed the dividends from its portfolio companies to the Federal Budget. The two most significant dividend contributors historically have been Etisalat and du. For more information related to the Federal Budget see "*Public Finance – Federal Budget*". Even though the EIA has contributed these dividends to the Federal Budget in the past, the EIA is under no legal obligation to do so and, if the EIA's funding model were to change, there would be no guarantee that the EIA would contribute these dividends to the annual Federal Budget.

The EIA's investment strategy and approach has developed and evolved significantly since its establishment in 2007. Given its mandate, asset base, and funding sources, the EIA is able to implement a truly long-term investment approach when allocating capital to its portfolio. This ability to invest for the long-term allows the EIA to operate using a different set of investment criteria from other investors. Backed by a strong and growing investment team, the EIA is able to identify and assess emerging investment opportunities, looking beyond short-term cycles to focus on more fundamental, long-term economic trends.

The investment team at the EIA works hand-in-hand with portfolio companies to support their respective growth plans and to improve their performance. The institution:

- actively participates as a member to the board of directors;
- assists in improving accountability, corporate governance and organisational oversight; and
- seeks to support and enhance management investment and decision-making skills and capabilities.

In doing so, the EIA contributes to the development of the portfolio companies, in order to protect and enhance value to achieve growth.

The EIA invests in listed equities, fixed income, private equity and other alternative investments. In particular, the EIA seeks to invest in strategic assets and endowments. The EIA has a right to subscribe to any new public joint-stock company incorporated in the UAE as per Article 127 of the 2021 CCL. The EIA's long-term objectives are to prudently grow the assets entrusted to it by the Ministry of Finance and to achieve a competitive return in line with its peers and its capital markets benchmarks. The EIA's two main pillars are (i) strategic assets, which are holdings in public and private corporations including Etisalat and du; and (ii) asset management, which is the accumulated cash funding received from the Ministry of Finance.

The below table shows the EIA's asset allocation framework:

Asset Class	Minimum	Maximum
Public Equities	15%	35%
Fixed Income	10%	30%
Hedge Funds	5%	25%
Private Equity	10%	25%
Real Estate	3%	12%
Multi-Asset	5%	30%
Cash	0%	10%
Risk Hedging	0%	20%

The EIA's strategic assets ("**Portfolio Companies**") consist of small, medium and large equity stakes in several important companies and businesses across a mix of industrial and economic sectors. Currently, the EIA's strategic asset allocation is 58 per cent. alternatives, 29 per cent. equities, 12 per cent. fixed income and 1 per cent. cash. As an investment manager, the EIA has developed its own variety of ownership and investment models and frameworks. For example, the EIA is a 100 per cent. shareholder of certain strategic federal assets while in others it is a strong minority-shareholder alongside other investor(s). The EIA continuously builds on its established operating model. As such, the EIA operates in accordance with an active shareholder approach, in which the Portfolio Companies are classified and monitored based on the level of involvement required to maximise value creation from the assets. The EIA is a long-term shareholder in the Portfolio Companies. In all its shareholdings, the EIA aims to ensure that each investment reaches its maximum potential and returns.

The EIA's asset management portfolio is a globally diversified portfolio utilising the so-called endowment model. As a result, the EIA invests in multiple asset classes including equities, fixed income, and other alternatives. The expected return is determined by the returns of its underlying benchmarks and the capital markets it invests in. As of 31 December 2021, the 10-year annualised return of the EIA's portfolio, calculated on a time-weighted return basis, is 15.20 per cent. Having undertaken prudent investment strategies in accordance with global best practice, the EIA has built a now highly diversified investment portfolio, spread broadly across a variety of asset classes and investment instruments. All investments are carefully and thoroughly managed to ensure superior risk-adjusted returns and to deliver long-term and sustainable financial value and returns to the Federal Government. The EIA has a clearly defined and structured investment and risk management framework which includes a strategic asset allocation programme with a seven to 10 years' time horizon. Each year, the EIA formulates a policy portfolio designed to best capture current market trends and take advantage of the EIA's unique position as a truly long-term investor and source of capital. As such, the EIA follows an asset allocation approach that is intended to be in line with top-performing endowments globally. The EIA combines asset classes in such a way as to provide the highest expected return for a given level of risk.

The Ministry of Finance may apply up to 85 per cent. of the proceeds from Notes issued under the Programme for the purposes of investment by the EIA. For more information see "*Use of Proceeds*".

Taxation

The Constitution specifically reserves to the Federal Government the right to raise taxes on a federal basis for the purpose of funding its budget. The UAE does not levy income tax on individuals. However, it levies corporate tax on oil companies and foreign banks. Excise tax is levied on specific goods which are typically harmful to human health or the environment.

Excise Tax

Excise tax was introduced across the UAE in 2017. Excise tax is a form of indirect tax levied on specific goods which are typically harmful to human health or the environment. These goods are referred to as "excise goods". From 1 December 2019, the excise tax is levied on the following goods:

- carbonated drinks;

- energy drinks;
- tobacco and tobacco products;
- electronic smoking devices and tools;
- liquids used in such devices and tools; and
- sweetened drinks.

According to Cabinet Decision No. 52 of 2019 on Excise Goods, Excise Tax Rates and the Methods of Calculating the Excise Price, the rate of excise tax is as follows:

- 50 per cent. on carbonated drinks;
- 100 per cent. on tobacco products;
- 100 per cent. on energy drinks;
- 100 per cent. on electronic smoking devices;
- 100 per cent. on liquids used in such devices and tools; and
- 50 per cent. on any product with added sugar or other sweeteners.

The Federal Government levies an excise tax to reduce consumption of unhealthy and harmful commodities while also raising revenues for the Federal Government that can be spent on beneficial public services.

Under the Federal Decree Law No. 7 of 2017 on Excise Tax, registering for excise tax is the responsibility of any business engaged in:

- the import of excise goods into the UAE;
- the production of excise goods where they are released for consumption in the UAE;
- the stockpiling of excise goods in the UAE in certain cases; and
- anyone who is responsible for overseeing an excise warehouse or designated zone i.e. a warehouse keeper.

Value Added Tax

Pursuant to Federal Decree Law No. 8 of 2017 on Value Added Tax (the "**VAT Law**"), and in accordance with the consensus reached in November 2016 between the GCC states through the Common VAT Agreement of the States of the Gulf Cooperation Council, VAT on certain goods and services became effective across the UAE as of 1 January 2018. The VAT Law outlines, among other things, the tax rate, responsibility for tax and taxable goods and services.

The Federal Tax Authority is the authority responsible for managing and collecting VAT and related fines, distributing tax generated revenues and applying tax related procedures in force in the UAE.

Pursuant to the VAT Law, the VAT rate is currently fixed at 5 per cent. and the VAT Law also outlines specifically exempted sectors, zero-rated services and exempted designated zones. The VAT Law contemplates that the specific details relating to the application of VAT will be prescribed in supplementary implementing regulations issued from time to time. One such implementing regulation, issued by Cabinet Decision No. 59 of 2017, relates to the clarification of exempted designated free zones. These are fenced free zones with special controls on goods and services in which VAT will not apply and include seven free zones in Dubai: (1) Jebel Ali Free Zone (North-South); (2) Dubai Cars and Automotive Zone; (3) Dubai Textile City; (4) Free Zone Area in Al Quoz; (5) Free Zone Area in Al Qusais; (6) Dubai Aviation City; and (7) Dubai Airport Free Zone.

In January 2018, the Cabinet announced that distribution of the UAE's VAT revenues would be split on a 70:30 ratio between the UAE's local and federal governments. 70 per cent. of total VAT revenues would be distributed among the local governments and would primarily be used for facilitating services supporting UAE residents and enhancing community development. In 2021, the largest share of VAT revenues distributed to the individual emirates was allocated to Abu Dhabi (32 per cent. of the 70 per cent. allocated to the individual emirates) and Dubai (52 per cent. of the 70 per cent. allocated to the individual emirates). The balance of VAT revenues are used by the UAE Federal Government as part of the Federal Budget. In 2019, the Federal Government received 30 per cent. of VAT collections which amounted to AED 8 billion. In 2020, the Federal Government received 30 per cent. of VAT collections which amounted to AED 6.2 billion. The decrease between 2020 and 2019 was the result of the 2018 VAT being collected in 2019. In 2021, the Federal Government received 30 per cent. of VAT collections, which amounted to AED 7.7 billion.

Income Tax

The UAE does not levy income tax on individuals.

Corporate Tax

The UAE levies corporate tax on oil companies and foreign banks only. It has not yet applied corporate tax on other industries. On 31 January 2022, the Ministry of Finance announced that a federal corporate income tax ("**CIT**") is expected to be introduced in the UAE. The CIT is expected to apply for fiscal years starting on or after 1 June 2023. The CIT regime is expected to apply to all businesses in the UAE except for the extraction of natural resources, which will remain subject to taxation at an emirate-level. The CIT will also apply to individuals to the extent they hold a business license or permit to carry out professional business activities in the UAE as well as to banking operations in the UAE. However, corporate tax incentives currently offered to free zone businesses will remain in place. The three proposed rates are as follows:

- 0 per cent. rate on taxable income up to AED 375,000;
- 9 per cent. rate on taxable income above AED 375,000; and
- a different rate (which has not been announced yet) for large multinationals that generate consolidated global revenues above approximately AED 3.15 billion in line with the Pillar Two of the OECD Base Erosion and Profit Shifting project.

Businesses registered in the free zones are exempt from corporate tax for a certain time and such time can be extended. Rules and regulations of independent free zones apply.

Double Taxation

The UAE has 94 agreements in place with other nations to avoid double taxation on investments overseas. The agreements on the avoidance of double taxation are aimed to:

- promote the country's development goals and diversify its sources of national income;
- eliminate double taxation as well as additional, indirect taxes and tax evasion;
- eliminate any obstacles related to cross-border trade and investment flows;
- provide protection to taxpayers from double taxation, whether direct or indirect; and
- promote the exchange of goods and services and the free movement of capital.

Taxes in tourist facilities

Restaurants, hotels, hotel apartments, resorts etc. in the UAE might charge one or more of the following taxes:

- 10 per cent. room rate;
- 10 per cent. service charge;

- 10 per cent. municipality fees;
- city tax (ranging from 6 to 10 per cent.); and
- 6 per cent. tourism fee.

In Dubai, hotels charge "Tourism Dirham Fee" per room per night of occupancy (for a maximum of 30 consecutive nights) ranging from AED 7 to AED 20 depending on the category/grade of the hotel. In May 2016, it was announced that hotels in Abu Dhabi would charge a new additional fee of 4 per cent. of hotel stay bill and AED 15 charges per room per night. In Ras Al Khaimah, hotels charge AED 15 tourism fee per room per night. Revenue from these emirate-level taxes does not go to the Federal Government.

Relationship with the Individual Emirates

Despite a lack of financial flows, each of the emirates benefits significantly from a range of public services provided at the federal level including:

- basic education for UAE nationals;
- healthcare for UAE nationals;
- defence and foreign policy initiatives;
- some UAE-wide police and civil defence initiatives; and
- postal services.

In addition, the Federal Government maintains a large public works programme, which covers, in particular, infrastructure and housing.

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					
	2015	**2016**	**2017**	**2018**	**2019**	**2020**
			(AED Millions)			
Revenue	**281,261**	**403,295**	**401,164**	**477,735**	**476,472**	**367,865**
Taxes	160,031	108,588	162,253	213,034	228,540	151,184
Taxes on income, profits, and capital gains	10,478	11,796	13,781	15,060	13,122	6,983
Taxes on goods and services	138,278	86,095	138,711	189,501	206,653	137,003
Taxes on international trade and transactions	11,180	10,228	9,343	7,996	8,090	6,728
Other taxes	96	469	418	478	675	471
Social contributions	**4,297**	**4,730**	**4,622**	**4,836**	**4,584**	**12,908**
Other revenue	116,932	289,976	234,289	259,865	243,348	203,773
Property income	44,885	211,083	146,811	148,713	156,635	127,914
Interest	1,517	2,493	5,848	5,760	5,121	5,343
Dividends	18,145	196,964	132,281	133,648	142,328	112,152
Rent	25,223	11,625	8,682	9,306	9,187	10,419
Sales of goods and services	59,301	62,136	59,826	64,726	70,459	60,030
Fines, penalties, and forfeits	5,606	6,688	6,673	6,194	5,302	4,333
Transfers not elsewhere classified	7,140	10,069	20,978	40,231	10,952	11,495
Expense	**335,334**	**393,109**	**358,471**	**388,209**	**383,041**	**353,023**
Compensation of employees	63,010	65,225	76,069	83,235	107,722	109,995
Use of goods and services	59,800	62,272	90,930	86,608	119,428	105,210
Consumption of fixed capital	4,591	5,940	5,027	4,645	5,305	6,498
Interest	2,791	1,989	1,926	3,663	4,533	3,827
Subsidies	12,286	8,791	21,850	32,931	26,922	36,404
Grants	8,771	17,595	9,859	13,303	16,291	3,976
Social benefits	42,595	35,263	41,225	65,760	74,631	64,933
Other expense	141,490	196,033	111,587	98,065	28,209	22,180
Net operating balance	**(54,073)**	**10,186**	**42,693**	**89,526**	**93,430**	**14,842**

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

At the UAE level, the proportion of hydrocarbon revenues has declined significantly from 67.8 per cent. in 2014 to 42.4 per cent. of gross revenues in 2019. One change to note is that social contributions increased to AED 12,908 million in 2020 from AED 4,584 in 2019 due to the addition of Abu Dhabi pension fund coverage to the line item in 2020.

Between the years 2001 and 2008, UAE level revenues were characterised as a period of saving with strong oil prices and surplus used to build reserves. Between the years 2016 and 2020 aggregated UAE revenues were characterised by a period of fiscal adjustment, increasing non-oil revenues and fiscal stimulus to grow the economy.

In recent years, aggregated UAE expenditures have been controlled to offset low oil revenues, with a focus on key development projects. Recurrent expenditures comprise wages and salaries as well as payments for goods and services used by the various government departments. Government subsidies and capital transfers to related entities include government spending on wellbeing of the national population, subsidies, payments to other emirates, foreign aid payments and grants to wholly owned companies. Principal line items for social benefits and capital expenditures include housing and community centres, transport and communications and general administration. There are also a number of loan advances and equity participation payments that are provided to wholly owned companies on a UAE level. Aggregated UAE expenditures are characterised as being pro-cyclical spending in line with revenues and oil prices.

Indebtedness

The Federal Government (through the Ministry of Finance) established the Programme in September 2021. In October 2021, the Federal Government issued U.S.$4.0 billion in principal amount of the Notes under the Programme across three tranches: (i) U.S.$1.0 billion 2.000 per cent. Notes due 2031; (ii) U.S.$1.0 billion 2.875 per cent. Notes due 2041; and (iii) U.S.$2.0 billion 3.250 per cent. Notes due 2061.

In addition, in May 2022, the Federal Government (through the Ministry of Finance), established a UAE dirham Treasury Bonds Programme ("**T-Bond**") under which the Federal Government has issued AED 1.5 billion T-Bonds in two and three year tenors. The Federal Government anticipates undertaking primary market auctions of T-Bonds on a periodic basis, with a total of AED 9 billion T-Bonds expected to be issued in 2022.

In addition to debt at the Federal Government level, the individual emirates incur their own debt. The aggregate debt of the emirates is less than 30 per cent. of the UAE's GDP. The Federal Government does not guarantee or otherwise have any obligation in respect of this debt.

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 161.2 billion as at 31 December 2020, Sharjah's indebtedness which was approximately AED 41.3 billion as at 31 December 2020 and Dubai's indebtedness which was AED 123.5 billion as at 30 June 2020.

Federal Debt Management

In October 2018, Federal Decree Law No. 9 of 2018 Concerning Public Debt (the "**Public Debt Law**") was issued. The Public Debt Law permits the Federal Government to issue sovereign debt through the sale of bonds or other debt instruments, which is intended to support the UAE Central Bank in liquidity management in the UAE banking system and is intended to help the UAE banking sector meet international liquidity rules, provide another level of funding for the Federal Government in achieving a diversified financing strategy, provide a Federal mechanism for financing infrastructure projects, cover governmental financial guarantees and emergency financial obligations and support, and develop financial markets in the UAE. The Public Debt Law further established that the total amount of outstanding UAE federal public debt shall not, at any time, exceed the amount determined by the Cabinet, at a maximum of 250 per cent. of the Federal Government's revenue. In addition, the Public Debt Law is intended to enable banks operating in the UAE to purchase government bonds in AED or foreign currencies, which is intended to help them comply with Basel III requirements. The Public Debt Law also expressly permits the Federal Government to provide guarantees on behalf of Federal Government authorities and corporations which are wholly owned by the Federal Government. Public debt that can be allocated for infrastructure projects cannot exceed 15 per cent. of the total outstanding public debt at any time.

The Public Debt Law further established a federal Public Debt Management Office in 2019, which has various support roles within the Ministry of Finance, including the following:

- responsibility for proposing public debt management strategies and policies in coordination with the UAE Central Bank, implementing the strategies and policies approved by the Cabinet, and providing recommendations on issuance of public debt instruments;
- monitoring financial risks as well as other risks associated with issuing and trading any public debt instruments, and proposing solutions to manage and control these risks;
- advising the Minister of Finance on investments involving any public debt surplus, identifying risk levels on borrowing or issuing any guarantees for government projects as well as playing an important role in the development of policies and procedures created to manage and reduce risks in the public debt portfolio;
- working closely with the UAE Central Bank with regard to the management of the issuance and sales operations of government bonds, treasury bills, and any other public debt instruments;
- setting short and long-term objectives for the UAE's public debt management;
- issuing reports on the management and implementation of public debt;
- preparing the annual debt issuance plan; and
- coordinating with UAE local governments in each emirate to support and develop a highly efficient primary and secondary financial market by issuing public debt instruments.

Decretal Law No. 11 of 2021 on Issuing Foreign Public Debt of the Federal Government further authorises the Minister of Finance to determine the purposes and terms of foreign public debt to be issued in accordance with the public debt strategy of the Federal Government approved by the Cabinet for the years 2021-2023 (the "**Public Debt Strategy**").

6. NO SIGNIFICANT CHANGE

On page 187 of the Base Offering Circular, the subsection headed "*No Significant Change*" under the section headed "*General Information*" shall be deemed to be deleted and replaced with the following:

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 2021.