

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 REGULATIONS 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 REGULATIONS 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 nor 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. The Issuer is an "Exempt Offeror" for the purposes of Article 13(1) of the Markets Law, Dubai International Financial Centre Law No. 1 of 2012 (as amended, the "**Markets Law 2012**") of the Dubai Financial Services Authority (the "**DFSA**"). Accordingly, this Base Offering Circular has not been approved by the DFSA for the purposes of Articles 14 and 15 of the Markets Law 2012. Application has been made to the DFSA for the Notes issued under this Programme during the period of 12 months from the date of this Base Offering Circular to be admitted to the official list of securities maintained by the DFSA (the "**DFSA Official List**") and to Nasdaq Dubai for admission to trading on Nasdaq Dubai.

The DFSA does not accept any responsibility for the content of the information included in this Base Offering Circular, including the accuracy or completeness of such information. The liability for the content of this Base Offering Circular lies with the Issuer and other persons, whose opinions are included in this Base Offering Circular with their consent. The DFSA has also not assessed the suitability of any Notes issued under this Programme to any particular investor or type of investor. If you do not understand the contents of this Base Offering Circular or are unsure whether any Notes issued under this Base Offering Circular are suitable for your individual investment objectives and circumstances, you should consult an authorised financial adviser.

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 (i) admitted to trading on the London Stock Exchange's Main Market and have been admitted to the Official List; and/or (ii) admitted to the DFSA Official List and have been admitted to trading on Nasdaq Dubai. 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)(13) 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 European Economic Area (the "**EEA**") 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.

**Abu Dhabi Commercial Bank
Citigroup
Goldman Sachs International
Mashreqbank psc**

Arrangers and Dealers
**BNP PARIBAS
Emirates NBD Capital
HSBC
Mizuho**

**BofA Securities
First Abu Dhabi Bank
J.P. Morgan
Standard Chartered Bank**

The date of this Base Offering Circular is 18 September 2023.

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.

The DFSA does not accept any responsibility for the content of the information included in this Base Offering Circular, including the accuracy or completeness of such information. The liability for the content of this Base Offering Circular lies with the Issuer and other persons, whose opinions are included in this Base Offering Circular with their consent. The DFSA has also not assessed the suitability of any Notes issued under this Programme to any particular investor or type of investor. If you do not understand the contents of this Base Offering Circular or are unsure whether any Notes issued under this Base Offering Circular are suitable for your individual investment objectives and circumstances, you should consult an authorised financial adviser.

This Base Offering Circular should be read and construed together with any supplements hereto and with any information incorporated by reference herein (see "*Documents Incorporated by Reference*") 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.

NOTICE TO RESIDENTS OF SINGAPORE

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 2001 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.

PROHIBITION ON SALES TO 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.

PROHIBITION ON SALES TO UK RETAIL INVESTORS

If the applicable 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 applicable 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:

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

CONTENTS

	Page
OVERVIEW OF THE PROGRAMME	1
RISK FACTORS	6
DOCUMENTS INCORPORATED BY REFERENCE	21
FORM OF THE NOTES	22
APPLICABLE PRICING SUPPLEMENT	25
TERMS AND CONDITIONS OF THE NOTES	37
USE OF PROCEEDS	79
DESCRIPTION OF THE UNITED ARAB EMIRATES.....	80
THE ECONOMY OF THE UNITED ARAB EMIRATES.....	92
BALANCE OF PAYMENTS AND FOREIGN TRADE.....	127
MONETARY AND FINANCIAL SYSTEM.....	137
PUBLIC FINANCE	155
BOOK-ENTRY CLEARANCE SYSTEMS	168
TAXATION	172
CERTAIN ERISA CONSIDERATIONS.....	179
SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS	182
GENERAL INFORMATION	193

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
BNP Paribas
Citigroup Global Markets Limited
Emirates NBD Bank PJSC
First Abu Dhabi Bank PJSC
Goldman Sachs International
HSBC Bank plc
J.P. Morgan Securities plc
Mashreqbank psc
Merrill Lynch International
Mizuho International plc
Standard Chartered Bank

and any other Dealers appointed in accordance with the Programme Agreement from time to time.

Principal Paying Agent: HSBC Bank plc.

Exchange Agent, Euro Registrar and Transfer Agent (in respect of Regulation S Global Notes): HSBC Bank plc.

Exchange Agent, U.S. Registrar and Transfer Agent (in respect of Regulation S Global Notes): HSBC Bank USA, National Association.

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:

- 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 published by the International Swaps and Derivatives Association, Inc. ("**ISDA**")), or the latest version of ISDA 2021 Interest Rate Derivatives Definitions, including each Matrix (as defined therein) (and any successor thereto), as specified in the relevant Pricing Supplement, each as published by ISDA (or any successor) on its website (<http://www.isda.org>), on the Issue Date of the first Tranche of the Notes of the relevant Series; or
- 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; (ii) for Notes issued under the Programme to be admitted to the DFSA Official List and admitted to trading on Nasdaq Dubai; or (iii) 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 (Etisalat Group) PJSC (rebranded as "e&" in 2022) ("**Etisalat**"). Other revenues accounted for 64.0 per cent. of revenues for the year ended 31 December 2022 and 55.0 per cent. of revenues for the annual federal budget for the year ending 31 December 2023. 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 24.2 per cent. of revenues for the year ended 31 December 2022 and 29.9 per cent. of revenues for the annual federal budget for the year ending 31 December 2023. Grants are primarily used to make up for any shortfalls in the budget to prevent a budget deficit. The amount of grants from the individual emirates is determined as part of the five-year budget strategy and reviewed on an annual basis by the Federal Government. The individual emirates are not obligated to increase their grants from year to year. Additionally, even though the individual emirates are constitutionally obligated to provide grants to the Federal Government, there are no assurances that grant revenue will remain the same or increase as part of the next five-year budget strategy or as part of future annual budgets. In addition, the UAE Constitution (the "**Constitution**") does not specify the amount of grant requirements for the emirates to provide financial support to the UAE with each emirate's wealth considered the sole property of that emirate. As a result, there is no requirement or assurance that each emirate will maintain their current levels of grants or support in future periods.

Taxes, primarily consisting of value added tax ("**VAT**") and excise tax, made up approximately 17.0 per cent. of revenues for the year ended 31 December 2022 and 15.2 per cent. of revenues for the annual federal budget for the year ending 31 December 2023. 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, contributed 30.3 per cent to the UAE's nominal GDP in 2022, 24.7 per cent. in 2021, 17.1 per cent. in 2020, 22.5 per cent. in 2019 and 25.6 per cent. in 2018. 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. The conflict in Ukraine which began at the end of February 2022 has resulted in greater volatility in oil prices and an elevated oil price environment generally. It is impossible to accurately predict future oil and gas price movements. There can be no assurance that these factors, in combination with others, will not result in a significant or prolonged volatility in the prices of oil.

Another reason for the 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. 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. On 5 October 2022, OPEC+ announced a cut of 2 million (2,000,000) barrels per day to its production target, starting from November 2022 for OPEC and non-OPEC participating countries. On 2 April 2023, OPEC+ announced that it would cut more than 1 million barrels a day, with the Kingdom of Saudi Arabia and the UAE reducing production by 500,000 barrels per day and 144,000 barrels per day, respectively. It was announced that such voluntary cuts from OPEC+ members will begin in May and last until the end of 2023. On 4 June 2023, Saudi Arabia announced that it would be reducing production by 1 million, barrels per day for July 2023 and OPEC+ announced that it would otherwise maintain production at current levels until the end of 2024. On 15 August 2023, the OPEC Reference Basket stood at \$87.82.

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, including the attempt in 2022. In March 2023, the bill was revived in Congress, but it is still unclear if the bill will be successful. It is also 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 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 30.3 per cent. of the UAE's constant GDP in 2022 (*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 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 the UAE Centennial Plan 2071 plan as well as introducing a federal corporate income tax, which became effective on 1 June 2023. The Federal Government is also working on a new set of goals for 2022-2026.

The implementation of these goals is actively monitored through key performance indicators and status updates at various levels. The implementation of these reforms, including programmes to support further economic growth, development and diversification, depends on significant and sustained political commitment and social consensus in favour of reforms. Notwithstanding significant progress in recent years and stated policies of implementing further reforms and supporting diversification of the economy, there can be no assurance that these and other economic and financial initiatives, and the reforms described in this Base Offering Circular, will continue, will not be reversed or will achieve their intended aims in a timely manner or at all, which could have a material adverse effect on the UAE's economy and financial position on both a federal level and an individual emirate level. In addition, some of these diversification programmes receive funding from hydrocarbon revenues, such that the programmes' funding could be negatively impacted if there was an increase in volatility in oil prices and a decrease in the UAE's hydrocarbon revenues. If the UAE's efforts to diversify its economy away from its reliance on oil are unsuccessful, or if non-oil growth does not increase as projected, the UAE will continue to be significantly exposed to economic downturns driven by oil price volatility. In addition, the transformation to a non-oil economy will initially 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, in March 2023, the UAE unblocked several Qatari-owned news sites. 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.

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 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. In addition, 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. 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 COVID-19 pandemic, the conflict between Russia and Ukraine, and the rapid rise in global interest rates since the start of 2022, 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 such as China, which has experienced a significant economic slowdown as a result of the COVID-19 pandemic, 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.

The UAE's rating was most recently reaffirmed by Moody's in May 2023. Moody's noted in its May 2023 report that upward pressure on the rating would develop if regional geopolitical tensions were to decline significantly and durably. Moody's also highlighted the UAE's high GDP per capita and relatively competitive and diversified economy, effective institutions supporting strong adjustment capacity in the face of shocks, a track record of domestic social and political stability, strong international relationships, and strong support from the government of Abu Dhabi and a very low debt burden of the Federal Government. Material improvements in policy transparency and data availability at both the federal and emirate level would also put upward pressure on the rating. Further, an upgrade of Abu Dhabi's rating may lead to an upgrade of the UAE's rating, given the strong interlinkages between the two. In turn, downward pressure on the rating would be likely to emerge from an escalation in regional political tensions that

significantly affected the UAE's ability to produce or export oil or develop its non-hydrocarbon sectors. Evidence of Abu Dhabi's weakening support for the Federal Government, including in the form of spending on behalf of the Federal Government, without a corresponding increase in self-sustaining revenue, would also lead to a more negative assessment of the Federal Government's creditworthiness. In addition, a downgrade of Abu Dhabi's rating may exert downward pressure on the UAE's rating.

The UAE's rating was most recently reaffirmed by Fitch in July 2023. In its rating report, Fitch cited moderate consolidated public debt level, strong net external asset position and high GDP per capita. Fitch also noted that a rating downgrade could be prompted by a deterioration in Abu Dhabi's sovereign credit profile, substantial erosion of the external position of the UAE 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, international and other regulatory guidance 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. Any such consequence could have a material adverse effect on any Notes linked to or referencing such a "benchmark".

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, among other things, applies to the provision of benchmarks and the use of a benchmark in the UK. Similarly, it prohibits the use in the UK by UK supervised entities of benchmarks of administrators that are not authorised by the FCA or registered on the FCA register (or, if non-UK based, not deemed to be equivalent or recognised or endorsed).

The EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, could have a material impact on any Notes linked to or referencing 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 and/or the UK Benchmarks Regulation, as applicable. 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".

In addition, the EU Benchmarks Regulation and/or the UK Benchmarks Regulation stipulates that each administrator of a "benchmark" regulated thereunder must be licensed by the competent authority of the member state where such administrator is located. There is a risk that administrators of certain

"benchmarks" will fail to obtain a necessary licence, preventing them from continuing to provide such "benchmarks". Other administrators may cease to administer certain "benchmarks" because of the additional costs of compliance with the EU Benchmarks Regulation and/or the UK Benchmarks Regulation and other applicable regulations, and the risks associated therewith.

More broadly, any of the international, national 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 following effects on certain "benchmarks": (i) discourage market participants from continuing to administer or contribute to the "benchmark"; (ii) trigger changes in the rules or methodologies used in the "benchmark"; or (iii) lead to the disappearance of the "benchmark". Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to or referencing the relevant "benchmark".

As an example of such "benchmark" reforms, on 21 September 2017, the European Central Bank announced that it would be part of a new working group tasked with the identification and adoption of a "risk free overnight rate" which can serve as a basis for an alternative to current "benchmarks" used in a variety of financial instruments and contracts in the Eurozone. On 13 September 2018, the working group on Euro risk-free rates recommended the new Euro short-term rate ("€STR") as the new risk-free rate for the Eurozone. €STR was published for the first time on 2 October 2019. Although EURIBOR has subsequently been reformed in order to comply with the terms of the EU Benchmarks Regulation, it remains uncertain as to how long it will continue in its current form, or whether it will be further reformed or replaced with €STR or an alternative "benchmark".

The elimination of EURIBOR or any other "benchmark", or changes in the manner of administration of any "benchmark", could require or result in an adjustment to the Rate of Interest provisions of the Condition 5.2(c) (*Interest on Floating Rate Notes — Benchmark Replacement*), or result in adverse consequences to holders of any Notes linked to such "benchmark". Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of Alternative Reference Rates and as to potential changes to such "benchmark" may adversely affect such "benchmark" during the term of the relevant Notes, the return on the relevant Notes and the trading market for securities (including the Notes) based on the same "benchmark".

The Conditions provide for certain fallback arrangements if a Benchmark Event (as defined in the Conditions) occurs. Such an event may be deemed to have occurred prior to the issue date for a Series of Notes. Such fallback arrangements include the possibility that the interest rate could be set by reference to a Successor Rate or an Alternative Reference Rate (without a requirement for the consent or approval of Noteholders) and that such Successor Rate or Alternative Reference Rate may be adjusted (if required) by an Adjustment Spread. Any such changes may result in the Notes performing differently (which may include payment of a lower interest rate) than if the original "benchmark" continued to apply. In certain circumstances the ultimate fallback for a particular Interest Period may result in the interest rate for the last preceding Interest Period being used. The consent or approval of the Noteholders shall not be required in connection with effecting a Successor Rate or an Alternative Reference Rate (as applicable) and/or (in either case) an Adjustment Spread or any of the other changes set out in Condition 5.2(c) (*Interest on Floating Rate Notes — Benchmark Replacement*).

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. In addition, due to the uncertainty concerning the availability of Successor Rates and Alternative Reference Rates and the involvement of an Independent Adviser (as defined in the Conditions), in certain circumstances the relevant fallback provisions may not operate as intended at the relevant time.

Any such consequences could have a material adverse effect on the value of and return on any such Notes.

Investors should consult their own independent advisers and make their own assessment about the potential risks arising from the possible cessation or reform of certain reference rates in making any investment decision with respect to any Notes linked to or referencing a "benchmark".

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 66 $\frac{2}{3}$ 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 depository (the "**Common Depository**") 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 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.

Under current UAE law, the UAE courts are unlikely to enforce an English court judgement without re-examining the merits of the claim, to which they may simply apply UAE law; thus ignoring the choice by the parties of English law as the governing law of the transaction. In the unlikely event that the parties' choice was respected, it is important to note that in the UAE, foreign law is required to be established as a question of fact. Therefore, the interpretation of English law by a court in the UAE may not accord with that of 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 which is contrary 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. In addition, court decisions in the UAE are generally not recorded. These factors create greater judicial uncertainty.

The Notes, the Deed of Covenant, the Agency Agreement and the Programme Agreement are governed by English law and the parties to such documents have agreed to refer any unresolved dispute in relation to such documents to arbitration under the Arbitration Rules of the London Court of International Arbitration with its seat in London (or, subject to the exercise of an option to litigate given to certain parties (other than the Issuer) the courts of England are stated to have jurisdiction to settle any disputes).

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. In the absence of any other multilateral or bilateral enforcement convention, an arbitration award rendered in London should 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 is no established track record as to 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). This is reinforced by the lack of a system of binding judicial precedent in the UAE and the independent existence of different Emirates within the UAE, some with their own court systems, and whose rulings may have no more than persuasive force cross border. Although there are examples of foreign arbitral awards being enforced in the UAE under the New York Convention, there are other cases where the enforcement of foreign arbitral awards have been refused. Federal Decree-Law No. 42 of 2022 (the "**Federal Decree-Law No. 42 of 2022**") also governs the enforcement of foreign arbitral awards in the UAE. The Federal Decree-Law No. 42 of 2022 confirms that arbitral awards issued in a foreign state may be enforced in the UAE and that the conditions for enforcement of foreign arbitral awards set out in the New York Convention shall not be prejudiced by the Federal Decree-Law No. 42 of 2022. However, there is not established track record as to how the overlapping provisions of the New York Convention and the Federal Decree-Law No. 42 of 2022 will be interpreted and applied by the UAE courts in practice. There is also a risk that, notwithstanding the New York Convention, the Federal Decree-Law No. 42 of 2022 or the terms of any other applicable multilateral or bilateral enforcement convention, the UAE courts may in practice consider and apply the grounds for enforcement of domestic UAE arbitral awards set out in Federal Law No. 6 of 2018 (the "**UAE Arbitration Law**") to the enforcement of any non-UAE arbitral award. The UAE Arbitration Law and the Federal Decree-Law No. 42 of 2022 are both new and it is unclear how they will be applied by the UAE courts in practice. 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, Federal Decree-Law No. 42 of 2022 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 Federal Decree-Law No. 42 of 2022). 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.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents have previously been published or are published simultaneously with this Base Offering Circular and have been filed with the FCA:

- the Terms and Conditions of the Notes contained in the Base Offering Circular dated 30 September 2021 (the "**2021 Conditions**"), pages 34 to 72 (inclusive) (an electronic copy of which is available at:
https://docs.londonstockexchange.com/sites/default/files/documents/project_golden%E2%80%93base_offering_circular_%28final_v.135%29.pdf),

(the "**Documents Incorporated by Reference**").

The Documents Incorporated by Reference shall be incorporated in, and form part of, this Base Offering Circular, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Base Offering Circular to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Offering Circular. Those parts of the Documents Incorporated by Reference in this Base Offering Circular which are not specifically incorporated by reference in this Base Offering Circular are either not relevant for prospective investors in the Notes or the relevant information is included elsewhere in this Base Offering Circular. Any documents themselves incorporated by reference in the Documents Incorporated by Reference in this Base Offering Circular shall not form part of this Base Offering Circular.

Copies of the Documents Incorporated by Reference in this Base Offering Circular may be obtained from the registered office of the Principal Paying Agent during usual business hours.

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 Depository 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 Depository 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 any 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 relevant 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 relevant 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 18 September 2023 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.]

[Notification under Section 309B(1) of the Securities and Futures Act 2001 of Singapore (as modified or amended from time to time, the "SFA") - Solely for the purposes of its obligations pursuant to Sections 309B(1)(a) and 309B(1)(c) of 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 terms and conditions (the "**Conditions**") set forth in the base offering circular dated 18 September 2023 [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>.]

[Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions (the "**[2021] Conditions**") set forth in the base offering circular dated 30 September 2021. This document constitutes the Pricing Supplement of the Notes and must be read in conjunction with the base offering circular dated [] 2023 [and the supplemental base offering circular dated [date]] [which [together] constitute[s] a base offering circular (the "**Base Offering Circular**"), save in respect of the [2021] Conditions. The Base Offering Circular [and the Pricing Supplement]³ [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: | [•] |

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.

³ 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.

4. Aggregate Nominal Amount:
- (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 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]
- (If not applicable delete the remaining subparagraphs of this paragraph)*
- (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]
- (If not applicable delete the remaining sub-paragraphs of this paragraph)*
- (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: [Applicable/Not Applicable]
- (If not applicable delete the remaining sub-paragraphs of this paragraph)*
- Reference Rate: [•]
 - Interest Determination Date(s): [•]
 - Relevant Screen Page: [•]
 - Relevant Time: [•]
- (g) ISDA Determination: [Applicable/Not Applicable] *(If not applicable delete the remaining sub-paragraphs of this paragraph)*
- ISDA Definitions: [2006 ISDA Definitions/2021 ISDA Definitions]

(Note: Certain fallback events and fallback triggers applicable under the 2021 ISDA Definitions (i.e. "Administrator/Benchmark Event," "Generic Fallbacks" and "Calculation Agent Alternative Rate Determination") are not workable in a note issuance context without amendments to the Conditions to disapply those provisions and/or to include bespoke replacement provisions (and consequential amendments to the pro forma Pricing Supplement). The additional amendments may be included in a drawdown prospectus at the point of issue.)

- Floating Rate Option: [•] *(Ensure this is a Floating Rate Option included in the Floating Rate Matrix (as defined in the 2021 ISDA Definitions) if 2021 ISDA Definitions selected)*

- Designated Maturity: [•]
(A Designated Maturity period is not relevant where the relevant Floating Rate Option is a risk-free rate)

- Reset Date: [•]/[•]/[as specified in the ISDA Definitions]/[first date of the relevant Interest Period]

(Note: The fall-back provisions applicable to ISDA Determination under the ISDA Definitions are reliant upon the provision by reference banks of offered quotations, which, depending upon market circumstances, might not be available at the relevant time.)

- Compounding: [Applicable/Not Applicable] *(If not applicable delete the remaining sub-paragraphs of this paragraph)*

- Compounding Method: [Compounding with Lookback

Lookback: [[•] Applicable Business Days] / [As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]]

[Compounding with Observation Period Shift

Observation Period Shift: [[•] Observation Period Shift Business Days] / [As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]]

Observation Period Shift Additional Business Days: [[•]/[Not Applicable]]

[Compounding with Lockout

Lockout: [[•] Lockout Period Business Days] / [As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]

Lockout Period Business Days: [[•]/Applicable Business Days]

- Averaging: [Applicable/Not Applicable] *(If not applicable delete the remaining sub-paragraphs of this paragraph)*

- [Averaging Method: [Averaging with Lookback

Lookback: [[•] Applicable Business Days] / [As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]

[Averaging with Observation Period Shift

Observation Period Shift: [[•] Observation Period Shift Business Days] / [As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]

Observation Period Shift Additional Business Days: [•]/[Not Applicable]]

[Averaging with Lockout

Lockout: [[•] Lockout Period Business Days] / [As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]

Lockout Period Business Days: [•]/[Applicable Business Days]

- Index Provisions: [Applicable/Not Applicable] *(If not applicable delete the remaining sub-paragraphs of this paragraph)*

- Index Method: Compounded Index Method with Observation Period Shift

Observation Period Shift: [[•] Observation Period Shift Business Days] / [As specified in the Compounding/Averaging Matrix (as defined in the 2021 ISDA Definitions)]

- Observation Period Shift Additional Business Days: [[•] / [Not Applicable]]
- (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 (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]
- (If not applicable delete the remaining subparagraphs of this paragraph)*
- (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]
- (If not applicable delete the remaining subparagraphs of this paragraph)*
- (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]

(If not applicable delete the remaining sub-paragraphs of this paragraph)

- (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]
- (If not applicable delete the remaining sub-paragraphs of this paragraph)*
- (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] nor 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] nor 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: [•] 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: [•]
- (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:

- in relation to any Notes represented by a global Note (a "**Global Note**"), units of each Specified Denomination in the Specified Currency;
- any Global Note;
- any definitive Notes in bearer form ("**Bearer Notes**") issued in exchange for a Global Note in bearer form; and
- 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 amended and restated agency agreement (as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") dated 18 September 2023 and made between the Issuer, HSBC Bank plc as principal paying agent and the other agents named therein. The principal paying agent, the paying agents, the registrars, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the "**Principal Paying Agent**", the "**Paying Agents**" (which expression shall include the Principal Paying Agent), the "**Exchange Agents**" (which expression shall include the Principal Paying Agent), the "**Euro Registrar**" and the "**U.S. Registrar**" (together, the "**Registrars**" and each a "**Registrar**"), the "**Transfer Agents**" (which expression shall include the Registrars) and the "**Calculation Agent(s)**". The Principal Paying Agent, the Paying Agents, the Exchange Agents, the Registrars, the Transfer Agents and the Calculation Agents are together referred to as the "**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 an amended and restated deed of covenant (as amended and/or supplemented and/or restated from time to time, the "**Deed of Covenant**") dated 18 September 2023 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 relevant 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 relevant 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 relevant 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 T2 System) specified in the applicable Pricing Supplement;
- (2) if "T2 System" is specified as an Additional Business Centre in the applicable Pricing Supplement, a day on which the real time gross settlement system operated by the Eurosystem, or any successor system (the "**T2 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 T2 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 under an interest rate swap transaction if the Principal Paying Agent were acting as

Calculation Agent under an interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (A) if the Pricing Supplement specifies either "2006 ISDA Definitions" or "2021 ISDA Definitions" as the applicable ISDA Definitions:
 - (1) the Floating Rate Option is as specified in the relevant Pricing Supplement;
 - (2) the Designated Maturity, if applicable, is a period specified in the relevant Pricing Supplement;
 - (3) the relevant Reset Date, unless otherwise specified in the relevant Pricing Supplement, has the meaning given to it in the ISDA Definitions;
 - (4) if the specified Floating Rate Option is an Overnight Floating Rate Option, Compounding is specified to be applicable in the relevant Pricing Supplement and:
 - (i) if Compounding with Lookback is specified as the Compounding Method in the relevant Pricing Supplement then (a) Compounding with Lookback is the Overnight Rate Compounding Method and (b) Lookback is the number of Applicable Business Days specified in the relevant Pricing Supplement;
 - (ii) if Compounding with Observation Period Shift is specified as the Compounding Method in the relevant Pricing Supplement then (a) Compounding with Observation Period Shift is the Overnight Rate Compounding Method, (b) Observation Period Shift is the number of Observation Period Shift Business Days specified in the relevant Pricing Supplement and (c) Observation Period Shift Additional Business Days, if applicable, are the days specified in the relevant Pricing Supplement; or
 - (iii) if Compounding with Lockout is specified as the Compounding Method in the relevant Pricing Supplement then (a) Compounding with Lockout is the Overnight Rate Compounding Method, (b) Lockout is the number of Lockout Period Business Days specified in the relevant Pricing Supplement and (c) Lockout Period Business Days, if applicable, are the days specified in the relevant Pricing Supplement;
 - (5) if the specified Floating Rate Option is an Overnight Floating Rate Option, Averaging is specified to be applicable in the relevant Pricing Supplement and:
 - (i) if Averaging with Lookback is specified as the Averaging Method in the relevant Pricing Supplement then (a) Averaging with Lookback is the Overnight Rate Averaging Method and (b) Lookback is the number of Applicable Business Days specified in the relevant Pricing Supplement;

- (ii) if Averaging with Observation Period Shift is specified as the Averaging Method in the relevant Pricing Supplement then (a) Averaging with Overnight Period Shift is the Overnight Rate Averaging Method, (b) Observation Period Shift is the number of Observation Period Shift Business Days specified in the relevant Pricing Supplement and (c) Observation Period Shift Additional Business Days, if applicable, are the days specified in the relevant Pricing Supplement; or
 - (iii) if Averaging with Lockout is specified as the Averaging Method in the relevant Pricing Supplement then (a) Averaging with Lockout is the Overnight Rate Averaging Method, (b) Lockout is the number of Lockout Period Business Days specified in the relevant Pricing Supplement and (c) Lockout Period Business Days, if applicable, are the days specified in the relevant Pricing Supplement; and
 - (6) if the specified Floating Rate Option is an Index Floating Rate Option and Index Provisions are specified to be applicable in the relevant Pricing Supplement, the Compounded Index Method with Observation Period Shift shall be applicable and, (a) Observation Period Shift is the number of Observation Period Shift Business Days specified in the relevant Pricing Supplement and (b) Observation Period Shift Additional Business Days, if applicable, are the days specified in the relevant Pricing Supplement;
- (B) references in the ISDA Definitions to:
- (1) "**Calculation Period**" shall be references to the relevant Interest Period;
 - (2) "**Confirmation**" shall be references to the relevant Pricing Supplement;
 - (3) "**Effective Date**" shall be references to the Interest Commencement Date; and
 - (4) "**Termination Date**" shall be references to the Maturity Date;
- (C) if the applicable Pricing Supplement specifies "2021 ISDA Definitions" as being applicable:
- (1) "**Administrator/Benchmark Event**" shall be disapplied; and
 - (2) if the Temporary Non-Publication Fallback in respect of any specified Floating Rate Option is specified to be "Temporary Non-Publication Fallback – Alternative Rate" in the Floating Rate Matrix of the 2021 ISDA Definitions the reference to "Calculation Agent Alternative Rate Determination" in the definition of "Temporary Non-Publication Fallback – Alternative Rate" shall be replaced by "Temporary Non-Publication Fallback – Previous Day's Rate"; and
- (D) unless otherwise defined capitalised terms used in this Condition 6.2(b) shall have the meaning ascribed to them in the ISDA Definitions.

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

- (E) "**2006 ISDA Definitions**" means in relation to a Series of Notes, the 2006 ISDA Definitions (as supplemented, amended and updated as at the date of issue of the first Tranche of the Notes of such Series) as published by ISDA (copies of which may be obtained from ISDA at www.isda.org);
- (F) "**2021 ISDA Definitions**" means, in relation to a Series of Notes, the latest version of the 2021 ISDA Interest Rate Derivatives Definitions (including each Matrix (and any successor Matrix thereto), as defined in such 2021 ISDA Interest Rate Derivatives Definitions) as at the date of issue of the first Tranche of Notes of such Series, as published by ISDA on its website (www.isda.org);
- (G) "**ISDA**" means the International Swaps and Derivatives Association, Inc. (or any successor); and
- (H) "**ISDA Definitions**" means the 2006 ISDA Definitions or the 2021 ISDA Definitions, as specified in the applicable Pricing Supplement.

For the purposes of this Condition, "Floating Rate", "Calculation Agent", "Floating Rate Option", "Designated Maturity", "Reset Date", "Overnight Floating Rate Option", "Overnight Rate Compounding Method", "Compounding with Lookback", "Compounding with Observation Period Shift", "Compounding with Lockout", "Averaging with Lookback", "Averaging with Observation Period Shift", "Averaging with Lockout", "Compounded Index Floating Rate Option", "Index Method" and "Compounded Index Method with Observation Period Shift" shall have the meanings given to those terms in the ISDA Definitions.

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

In these Conditions:

"**Margin**" has the meaning given in the relevant Pricing Supplement;

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

"**Relevant Screen Page**" means the page, section or other part of a particular information service (including, without limitation, the Reuters Markets 3000 and the Bridge/Telerate Service) specified as the Relevant Screen Page in the relevant 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.

(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 on the Relevant Screen Page as a result of such benchmark ceasing to be calculated or administered;
- (ii) a public statement by the administrator of the relevant Reference Rate that it has ceased or that it will, by a specified future date (a **"Specified Future Date"**), 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);
- (iii) a public statement by the supervisor of the administrator of the relevant Reference Rate that the relevant Reference Rate has been or will, by a Specified Future Date, be permanently or indefinitely discontinued;
- (iv) a public statement by the supervisor of the administrator of the relevant Reference Rate as a consequence of which the relevant Reference Rate will, by

a Specified Future Date, be prohibited from being used either generally, or in respect of the Notes;

- (v) a public statement by the supervisor of the administrator of the relevant Reference Rate that, in the view of such supervisor, such Reference Rate is no longer representative of an underlying market or the methodology to calculate such Reference Rate has materially changed; or
- (vi) it has, or will by a specified date within the following six months, become unlawful for the Issuer to calculate any payments due to be made to any Noteholder using the relevant Reference Rate,

provided that, where the relevant Benchmark Event is a public statement within paragraphs (ii), (iii) or (iv) above and the Specified Future Date in the public statement is more than six months after the date of that public statement, the Benchmark Event shall not be deemed to occur until the date falling six months prior to such Specified Future Date;

"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:

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

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:

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

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:

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

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.

In these Conditions:

"**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 relevant 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 relevant 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 relevant 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 relevant 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 relevant 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 T2 System) specified in the applicable Pricing Supplement; and
 - (iii) if "T2 System" is specified as an Additional Financial Centre in the applicable Pricing Supplement, a day on which the T2 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 T2 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 relevant 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 relevant 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 relevant 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 Depository 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:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^y$$

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 relevant 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 relevant 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 relevant 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 relevant Registrar through Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, in such manner as the Principal Paying Agent, the relevant 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 $66\frac{2}{3}$ 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 $66\frac{2}{3}$ 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

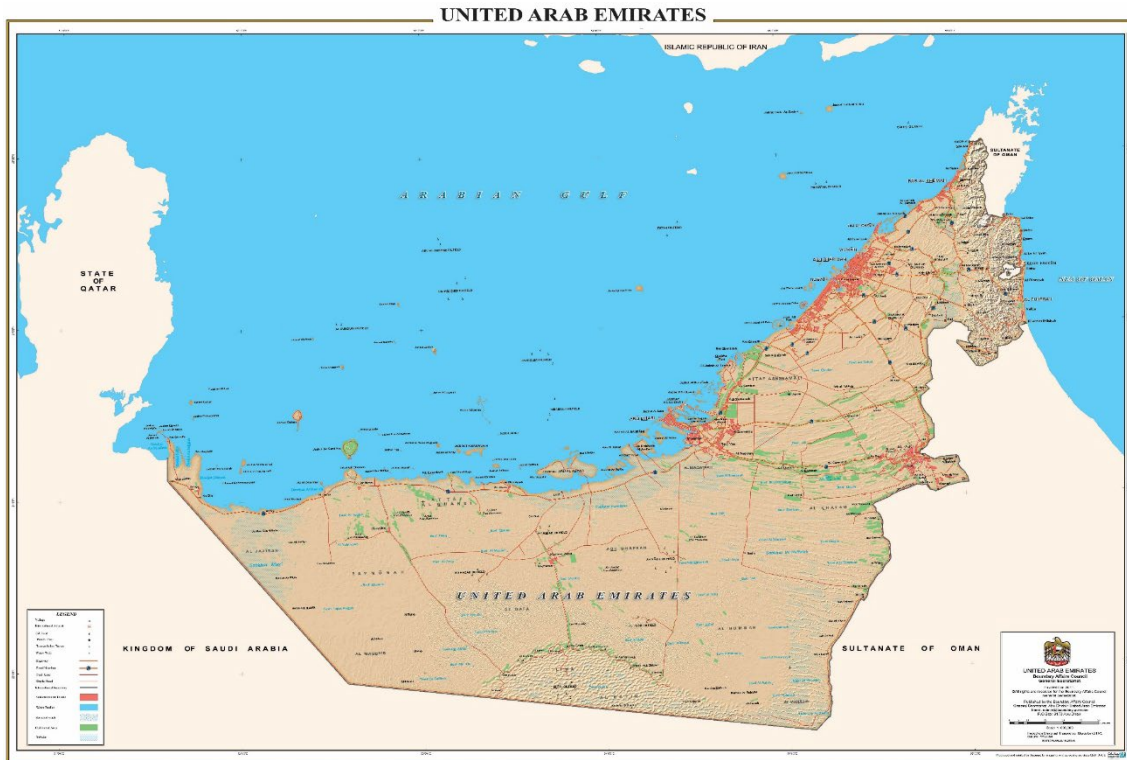
The net proceeds from each issue of Notes will be applied by the Issuer in compliance with the Public Debt Strategy (including, but not limited to, financing of infrastructure projects approved by the Cabinet (up to a maximum amount not exceeding 15 per cent. of the Issuer's direct and indirect outstanding 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 Mohamed 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. 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.

Population

According to the Federal Competitiveness and Statistics Centre (the "FCSC"), the UAE had a population of approximately 9.6 million in 2021.

	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
2021	9,557,867

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 one of two Vice Presidents of the UAE (each for renewable five-year terms). A second Vice President was appointed in March 2023 by Presidential decree, with the approval of the Supreme Council. 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 three Deputy Prime Ministers (H.H. Sheikh Saif bin Zayed Al Nahyan, H.H. Sheikh Mansour bin Zayed Al Nahyan and H.H. Sheikh Maktoum bin Mohammed bin Rashid Al Maktoum) 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**").

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 has 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.

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.

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.

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. The UAE held the rotating presidency of the UN Security Council for June 2023.

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 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.

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, in March 2023, the UAE unblocked several Qatari-owned news sites.

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.

Pursuant to the Al Ula Declaration, Qatar has committed to closing all pending cases against the UAE originating from the 2017 severance of relations, including the arbitration regarding the suspension of postal services before the Universal Postal Union, which was terminated in 2022, with Qatar having withdrawn its claim.

In June 2023 and based on the common desire to achieve their mutual interests and the prosperity of the two brotherly people, the UAE and Qatar has restored their diplomatic ties, which include the reopening of embassies and consulate in Dubai and the engagement is heading in a positive direction.

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 May 2023, the UAE withdrew from a United States-led maritime coalition.

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. 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.

In April 2022, Israel and the UAE concluded negotiations for a free trade agreement. The agreement includes 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. The agreement became effective on 1 April 2023.

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 with total trade in the amount of AED 58.1 billion in 2022. 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 billion. 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.

China

China is one of the UAE's key trading partners. China has been the top source of UAE imports by percentage of total imports based on value since 2018 and China is a large purchaser of gulf crude oil. The UAE has a comprehensive strategic partnership with China and in August 2023, the UAE conducted its first joint air exercise with China. The Port of Jebel Ali, Khalifa Port Container Terminal Phase II, and the China-UAE Industrial Capacity Cooperation Demonstration Zone as well as the Belt and Road Initiative are major projects whereby China and the UAE are achieving strong connectivity. There are more than 6,000 Chinese

companies presently operating in the UAE. A number of memoranda of understanding have been signed, which have initiated new partnerships in various areas.

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 2018 are discussed below.

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. 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 were changed from 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. 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.

On 21 November 2022, the IMF concluded the 2022 Article IV consultation with the UAE. The end of mission press release published in November 2022 noted that near-term economic growth in the UAE is strong, underpinned by a rebound in domestic activity, while elevated oil prices support high surpluses in the fiscal and external balances with inflationary pressures expected to moderate gradually. The IMF staff team noted that going forward the overall fiscal stance should remain prudent especially given the uncertainties from ongoing tightening in global and domestic financial conditions. It was also noted that major efforts had been advanced under the National AML/CFT Strategy and Action Plan and that reforms under the UAE 2050 Strategy should be sustained with a focus on diversification of the economy.

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 expected to host the World Trade Organisation Ministerial Conference in February 2024.

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, Jordan, 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).

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 2023. Moody's noted in its May 2023 report that upward pressure on the rating would develop if regional geopolitical tensions were to decline significantly and durably. Moody's also highlighted the UAE's high GDP per capita and relatively competitive and diversified economy, effective institutions supporting strong adjustment capacity in the face of shocks, a track record of domestic social and political stability, strong international relationships, and strong support from the government of Abu Dhabi and a very low debt burden of the Federal Government. Material improvements in policy transparency and data availability at both the federal and emirate level would also put upward pressure on the rating. Further, an upgrade of Abu Dhabi's rating may lead to an upgrade of the UAE's rating, given the strong interlinkages between the two. In turn, downward pressure on the rating would be likely to emerge from an escalation in regional political tensions that significantly affected the UAE's ability to produce or export oil or develop its non-hydrocarbon sectors. Evidence of Abu Dhabi's weakening support for the Federal Government, including in the form of spending on behalf of the Federal Government, without a corresponding increase in self-sustaining revenue, would also lead to a more negative assessment of the Federal Government's creditworthiness. In addition, a downgrade of Abu Dhabi's rating may exert downward pressure on the UAE's rating.

The UAE's rating was most recently reaffirmed by Fitch in July 2023. In its rating report, Fitch cited moderate consolidated public debt level, strong net external asset position and high GDP per capita. Fitch also noted that a rating downgrade could be prompted by a deterioration in Abu Dhabi's sovereign credit profile, substantial erosion of the external position of the UAE 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.

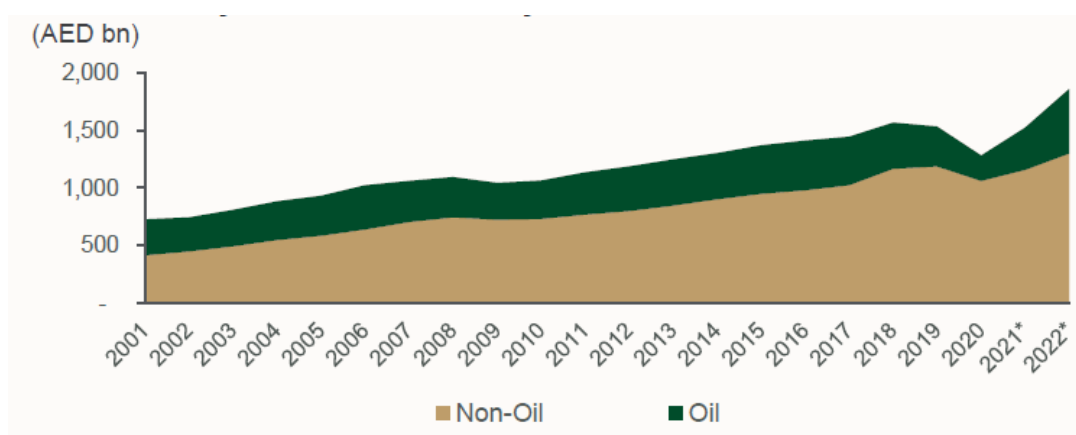
THE ECONOMY OF THE UNITED ARAB EMIRATES

Overview

The UAE has one of the largest economies in the MENA region, with a nominal GDP of approximately AED 1,862 billion in 2022. According to the FCSC, real GDP growth in the UAE was 1.3 per cent. in 2018, 1.1 per cent. in 2019, negative 4.9 per cent. in 2020, 4.3 per cent. in 2021 and 7.8 per cent in 2022.

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 30.3 per cent. of the UAE's constant GDP in 2022, 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 2022 is shown below with data for 2021 and 2022 being preliminary:



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				
	2018	2019	2020	2021*	2022**
Nominal GDP (AED Billions)	1,568.3	1,535.1	1,283.4	1,524.7	1,862.2
Real GDP growth rate (%)	1.31	1.11	(4.96)	4.35	7.85

* Economic Survey 2021

** Preliminary Estimation

Source: FCSC

According to the UAE Central Bank's 2022 Annual Report, real GDP in the UAE is estimated to have grown by 7.6 per cent. in 2022, despite global uncertainties and headwinds. Strong economic activity reflects a rise in oil production, as well as a significant improvement in the non-oil sector. The UAE Central Bank projects real output growth to slow to 3.9 per cent. in 2023, largely reflecting a decline in oil production partially offset by the strong performance of the non-oil sector. Growth is projected to increase to 4.3 per cent. in 2024, owing to a better performance in both the oil and non-oil sectors.

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	For the year ended 31 December				
	2018	2019	2020	2021*	2022**
	(AED Millions)				
Non-Financial Corporations	1,323,315	1,285,529	1,052,548	1,285,296	1,609,797
Agriculture, Forestry and Fishing	11,158	11,463	12,371	14,385	15,340
Mining and Quarrying (includes crude oil and natural gas)	401,830	345,830	222,430	367,043	563,806
Manufacturing	139,987	136,120	132,089	152,501	181,116
Electricity, gas, and Water Supply; Waste Management Activities	58,435	61,823	61,177	70,437	75,826
Construction	135,596	139,708	125,582	128,774	137,620
Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	199,426	205,737	175,530	194,524	213,490
Transportation and Storage	85,690	88,600	65,850	71,969	102,020
Accommodation and Food Service Activities	32,176	32,279	19,327	30,816	38,668
Information and Communication	44,735	46,733	45,810	47,121	50,129
Financial and Insurance Activities	124,932	128,913	108,130	114,296	123,765
Real Estate Activities	82,823	80,640	66,775	71,492	82,619
Professional, Scientific and Technical Activities and Administrative and Support Service Activities	76,164	79,663	69,300	74,475	80,783
Public Administration and Defence; Compulsory Social Security	109,947	109,824	112,142	114,445	117,013
Education	25,450	25,239	25,346	26,186	27,364
Human Health and Social Work Activities	19,934	21,947	23,010	26,877	31,592
Arts, Recreation and Other Service Activities	9,911	9,747	7,950	8,697	9,424
Activities of Households as Employers	10,145	10,801	10,620	10,707	11,617
Total GDP	1,568,339	1,535,067	1,283,440	1,524,744	1,862,192
Total Non-oil GDP	1,166,509	1,189,237	1,061,010	1,157,702	1,298,387

(*) Economic Survey 2021. (**) Preliminary Estimation. Source: FCSC

GDP by Economic Sectors at Constant (2010) Prices, 2018 – 2022

Economic Sectors/Activities	For the year ended 31 December				
	2018	2019	2020	2021*	2022**
	(AED Millions)				
Non-Financial Corporations	1,293,808	1,306,653	1,224,017	1,282,641	1,390,159
Agriculture, Forestry and Fishing	10,043	11,043	10,703	13,618	13,930
Mining and Quarrying (includes crude oil and natural gas)	442,042	430,344	414,175	409,817	448,902
Manufacturing	139,106	144,633	148,128	164,764	179,178
Electricity, gas, and Water Supply; Waste Management Activities	32,545	34,977	34,655	38,679	41,861
Construction	131,395	128,863	121,246	123,812	129,701
Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	190,574	197,035	184,132	197,635	206,080
Transportation and Storage	83,312	86,401	57,878	64,843	77,942
Accommodation and Food Service Activities	31,209	35,052	24,488	27,241	30,850
Information and Communication	42,484	42,401	43,921	45,443	47,696
Financial and Insurance Activities	118,250	121,514	118,532	123,329	133,710
Real Estate Activities	82,729	86,969	75,609	80,246	89,845
Professional, Scientific and Technical Activities and Administrative and Support Service Activities	64,034	61,857	60,256	61,925	65,470
Public Administration and Defence; Compulsory Social Security	80,567	79,650	89,936	89,309	89,073
Education	19,665	21,299	23,523	24,028	24,693
Human Health and Social Work Activities	15,934	17,103	18,076	22,973	25,950
Arts, Recreation and Other Service Activities	8,735	8,675	7,226	7,618	8,062
Activities of Households as Employers	8,497	9,941	10,038	10,063	10,574
Total GDP	1,501,121	1,517,759	1,442,523	1,505,341	1,623,517
Total Non-oil GDP	1,059,079	1,087,415	1,028,348	1,095,524	1,174,615

(*) Economic Survey 2021 (**) Preliminary Estimation Source: FCSC

Economic Indicators Per Capita, 2018-2022

Economic Sectors/Activities	For the year ended 31 December				
	2018	2019	2020	2021*	2022**
	(AED Thousands)				
Gross Domestic Product	167.4	138.3	138.2	162.8	197.2
GDP (At Constant 2010 Prices)	164.2	164.8	155.3	160.7	172.0
Gross National Income	168.0	162.3	137.5	162.5	197.3

Economic Sectors/Activities	For the year ended 31 December				
	2018	2019	2020	2021*	2022**
Net National Income	161.0	155.5	132.4	157.0	191.2
Disposable Income (net).....	142.9	137.2	111.2	135.1	168.0
Final Consumption Expenditure:.....	84.4	84.4	85.0	90.3	106.2
Government Final Consumption	20.9	21.1	21.0	23.8	22.8
Private Final Consumption	63.4	63.3	64.0	66.5	83.4
National Saving (net).....	58.5	52.7	26.2	44.7	61.8
Gross Fixed Capital Formation.....	36.6	38.9	32.3	42.0	47.0
Total Exports.....	156.9	156.5	138.6	166.7	206.3
Total Imports.....	110.4	118.2	117.6	136.3	162.2

(*) Data 2022 Preliminary

Source: FCSC

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

	For the year ended 31 December				
	2018	2019	2020	2021*	2022**
Real Petroleum GDP.....	4.45	(2.65)	(3.76)	(1.05)	9.54
Real Non Petroleum GDP	0.06	2.68	(5.43)	6.53	7.22
Real GDP	1.31	1.11	(4.96)	4.35	7.85

(*) Economic Survey 2021

(**) 2022 Preliminary Estimation

Source: FCSC

For the year ended 31 December 2022, nominal GDP increased by 22.1 per cent. compared to the year ended 31 December 2021. The oil sector is included in "mining and quarrying" in the calculation of GDP. In 2022, the various non-oil sectors accounted for 69.7 per cent. of nominal GDP, while the mining and quarrying sector accounted for 30.3 per cent. of nominal GDP. Aside from contributions from financial institutions, among the non-oil sectors, the "wholesale and retail trade: repair of motor vehicles and motorcycles" sector accounted for the largest share; 11.5 per cent. of nominal GDP, followed by "manufacturing", "construction" and "financial and insurance activities", which accounted for 9.7 per cent., 7.4 per cent. and 6.6 per cent. of GDP, respectively. GDP for oil depends on oil prices.

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.

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 30.3 per cent. of nominal GDP in 2022. Recent economic growth has been broad-based across multiple sectors. Most GDP sectors are controlled at the local level as opposed to the federal level.

The UAE has a world leading position in hydrocarbons. The UAE had the world's fifth largest proven crude oil reserves and sixth largest proven natural gas reserves in 2022 according to the 2023 OPEC Annual Statistical Bulletin. According to the 2023 OPEC Annual Statistical Bulletin, in 2022, the UAE had 113,000 million barrels of proven crude oil reserves, 8,210 billion square cubic meters in natural gas reserves, 2.7 million barrels per day in crude oil exports and 7,280 million square cubic meters of natural gas exports. In addition, in 2020, oil companies in the UAE had a relatively low production cost, in terms of the average production cost per oil barrel, compared to oil companies in other countries.

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 to 5 million barrels per day by 2027 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. Non-oil trade reached U.S.\$337 billion in the first six months of 2023.

Mining and quarrying (includes crude oil and natural gas)

The mining and quarrying sector, which includes crude oil and natural gas, contributed 30.3 per cent to the UAE's nominal GDP in 2022, 24.7 per cent. in 2021, 17.1 per cent. in 2020, 22.5 per cent. in 2019 and 25.6 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 11.5 per cent. to the UAE's nominal GDP in 2022, 13.2 per cent. 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 wholesale and retail sector's contribution to the UAE's nominal GDP in 2022 increased compared to 2021 primarily due to lower trade activity in 2021.

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 2022, 10.0 per cent. in 2021, 10.3 per cent. in 2020, 8.8 per cent in 2019 and 8.8 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 2018 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.

The manufacturing sector's contribution to the UAE's nominal GDP increased in 2021 and 2022 compared to 2020 primarily due to a decline in the industrial producer price index in 2020.

Financial and insurance activities

The financial and insurance activities sector contributed 6.6 per cent. to the UAE's nominal GDP in 2022, 7.5 per cent. in 2021, 8.4 per cent. in 2020, 8.4 per cent in 2019 and 8.0 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.

The financial and insurance sector as a percentage of the UAE's nominal GDP decreased in 2022 compared to 2021 primarily due to an increase in the contribution of extractive industries to the UAE's nominal GDP in 2022 as a result of the increase in oil prices in 2022.

Construction

The construction sector contributed 7.4 per cent. to the UAE's nominal GDP in 2022, 8.4 per cent. in 2021, 9.8 per cent. in 2020, 9.1 per cent in 2019 and 8.6 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.

The construction sector's contribution to the UAE's nominal GDP in 2022 decreased compared to 2021 primarily due to an increase in the contribution of extractive industries to the UAE's nominal GDP in 2022 as a result of the increase in oil prices in 2022.

Public administration and defence (including compulsory social security)

The public administration and defence (including compulsory social security) sector contributed 6.3 per cent. to the UAE's nominal GDP in 2022, 7.5 per cent. in 2021, 8.7 per cent. in 2020, 7.2 per cent in 2019 and 7.0 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.

The public administration and defence (including compulsory social security) sector's contribution to the UAE's nominal GDP in 2022 decreased compared to 2021 primarily due to modest growth in this sector compared to the growth rates incurred by other non-oil activities.

Real estate activities

The real estate activities sector contributed 4.4 per cent. to the UAE's nominal GDP in 2022, 4.7 per cent. in 2021, 5.2 per cent. in 2020, 5.2 per cent in 2019 and 5.3 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 sector is an important contributor to the UAE's non-hydrocarbon economy, accounting for 8.2 per cent. of non-oil GDP in 2022. Despite the increase in interest rates, the UAE's real estate sector displayed strong performance. At the Emirate level, residential property sale prices in Abu Dhabi increased on average by 2.1 per cent. in 2022, compared to 1.7 per cent. in 2021, while rents increased by 0.1 per cent. over the same period compared to a 4.2 per cent. decline in 2021. The implied rental yield declined on average by 2.0 per cent. year-on-year in 2022. The performance of the Dubai property market in 2022 was strong with 2022 being the best-performing year in Dubai's history, with residential property prices increasing by 21.9 per cent., and rents increasing by 3.2 per cent.

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 1,139.9 billion in 2022 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.

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.

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.

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

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

Source: FCSC

According to the 2022 UAE Central Bank Annual Report, the UAE headline average inflation rate reached 4.8 per cent. in 2022. The consumer price index in the country continued to rise during 2022, in line with global trends, but remained far below the world average of 8.8 per cent. Prices during 2022 were affected by geopolitical developments taking place in several regions of the world, which put pressure on supply chains, driving up international commodity prices, particularly oil, raw materials and food prices. The largest price increases took place in transportation (23.0 per cent.), food and beverages (7.2 per cent.), recreation, sports and culture (13.1 per cent.), and restaurants and accommodation services (7.2 per cent.). Data at the Emirate-level indicate CPI inflation in Abu Dhabi and Dubai increased by 5.6 per cent. and 4.7 per cent., respectively. In 2023, inflation is projected to decelerate to 3.2 per cent. due to softer price increases in all categories, especially transport, and food and beverages. Imported inflation is expected to be modest, owing to the disinflation trend worldwide, while rents and wages are also expected to contribute moderately. In 2024, inflation is projected to slow further to 2.8 per cent.

The inflation rate for 2021 was 0.2 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 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-tradeable 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 was 2.0 per cent. This inflation level 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.

Economic Policy

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.

Federal Government 2022-2026 Goals

The Federal Government is working on a new set of goals for 2022-2026, which are focused on:

- innovation and future shaping (harnessing technology to serve humankind);
- sports (enhance the overall sports system in the UAE);
- human resources development and education (provide future generations with the necessary skills);
- government services and digital transformation (embedding the digital aspects into overall government strategies);
- science, technology & industry (enhance the overall industrial competitiveness of the UAE);
- environment & energy (increase the contribution of clean energy in the total energy mix);
- finance & economy (enhancing the business environment and the entrepreneurial mindset in the UAE along with achieving a strong partnership between the public and private sectors);
- health (improving the health of younger generations, achieving food security, and raising the quality of life and its sustainability);
- social affairs (enhancing people's wellbeing by promoting healthy and active lifestyles, promoting good mental health and adopting positive thinking);
- tourism (raise the sector's contribution to the GDP); and
- transport (develop and promote alternative modes of transportation).

Ministry of Finance's Strategic Plan 2023-2026

The Ministry of Finance's Strategic Plan 2023-2026 was announced in August 2023. It is a roadmap to accelerate government performance through financial empowerment, sustainability, innovation, and future foresight, financial leadership, and sustainable development. The strategy is aligned with the objectives of the UAE Centennial Plan 2071.

The Ministry of Finance's strategic plan is based on six values, which include building team spirit, achieving leadership and excellence, ensuring integrity and transparency, enhancing agility in financial work management, and achieving a high level of wellbeing, and equality in the work environment. There are also six other guidelines, including the internal and external factors impacting the ministry's performance, the results of customer satisfaction surveys, the basic qualifications of the ministry, the available strategic resources and capabilities, internal strengths, and weaknesses as well as opportunities and external risks, in addition to international best practices in financial resources management.

The Ministry of Finance's Strategic Plan 2023-2026 includes three strategic goals, which include the following:

- The first goal is to enable financial performance excellence within the Federal Government through two initiatives, which include designing a public finance roadmap and strengthening analytical capabilities, and ensuring sound financial management.
- The second goal is to ensure fiscal sustainability for an inclusive future. This will be driven by two initiatives, which include managing public debt, and designing balanced tax policies that are aligned with local and international developments.

- The third goal is to strengthen national financial resilience through two initiatives, which include designing a framework for emergency response and recovery in finance, and developing a programme for cooperation with international ministries of finance in the field of public finance.

In addition to the above, the Ministry of Finance's Strategic Plan 2023-2026 also has four additional goals, with periodic tasks to achieve such goals. These goals include developing a sustainable fiscal policy, fostering strong economic growth and a competitive business environment, promoting international economic and financial corporations, and enhancing trust and transparency.

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. A new Minister of State position has been created to oversee these projects. 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. As a result, the UAE established a National Agenda for Entrepreneurship and SMEs. The key themes of the National Agenda for Entrepreneurship and SMEs include the following:

- provide solutions to support SMEs and increase their efficiency;
- review and develop legislation and policies to facilitate doing business;
- provide various channels for financing start-ups and SMEs;

- enable SMEs to access different markets;
- stimulate innovation in priority economic sectors; and
- build a supportive environment and develop incentives that support digital transformation.

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 23rd in 2022 up from 31 in 2015);
- guild an effective food security governance model;
- establish and implement a national R&D Food Security agenda;
- develop a national food security database;
- build human capacity for food security functions;
- engage the community to shift food security notions and behaviours;
- 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 through the use of modern technology.

The UAE also achieved a ten place increase on the Global Food Security Index between 2012 and 2022, moving from a score of 61 to a score of 75.2.

Operation 300bn

Operation 300bn aims to develop the UAE’s industrial sector and enhance its role in stimulating the national economy. It aims to raise the industrial sector’s contribution to the GDP from AED 133 billion to AED 300 billion by 2031. The strategy is aligned with national goals and international commitments relating to advancing sustainable economic growth, deploying clean energy solutions, driving industrial innovation and promoting responsible consumption and production.

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 2022, the UAE ranked 12th overall in the IMD World Competitiveness Yearbook, 26th in the Human Development Report by the United Nations Development Programme in 2021 and ranked 37 out of 140 countries in the WJP Rule of Law Index 2022. In the IMD World Competitiveness Yearbook for 2022, out of over 60 countries, the UAE ranked 6th in economic efficiency, 3rd in government efficiency, 28th in business efficiency and 26th in infrastructure. In the 2022 Global Innovation Index, the UAE ranked 31 out of 132 economies. The Global Innovation Index also gave the UAE a regulatory quality ranking of 30, an information and communication technology ranking of 13 and a rule of law ranking of 34.

In 2021, in the World Bank Worldwide Governance Indicators, the UAE had a percentile rank of 89.9 in government effectiveness, a percentile rank of 77.4 in rule of law, a percentile rank of 82.2 in regulatory quality and a percentile rank of 84.1 in control of corruption.

According to the IMF World Economic Outlook database, the UAE's nominal GDP per capita at current values for 2022 was U.S.\$51,306; which was higher than Chile (U.S.\$15,095), Saudi Arabia (U.S.\$31,850), Kuwait (U.S.\$38,329) and Korea (U.S.\$32,250). The UAE had lower nominal GDP than Qatar and Israel in 2022, which had a nominal GDP per capita of U.S.\$84,415 and U.S.\$54,710 respectively.

On a quantitative basis, the UAE is stronger or on par with its peers on key economic metrics as shown below for 2022.

Economic Indicators	UAE	Chile	Saudi Arabia	Kuwait	Korea	Israel	Qatar
Real GDP Growth (% change).....	7.4%	2.4%	8.7%	8.2%	2.6%	6.4%	4.2%
Nominal GDP (U.S.\$ billion).....	507.5	300.7	1,108.2	184.6	1,665.3	522.5	225.5
Nominal GDP Per Capita (U.S.\$).....	51,306	15,095	31,850	38,329	32,250	54,710	84,425
Current Account Balance (% of GDP).....	11.7%	(9.0)%	13.8%	28.5%	1.8%	3.7%	26.0%
Net Lending and Borrowing (% of GDP).....	9.0%	1.3%	2.5%	11.6%	(0.9)%	0.1%	14.2%
Government Gross Debt (% of GDP).....	30.0%	38.0%	30.0%	2.9%	54.3%	60.9%	45.3%

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 2021 was 229,600 compared to 308,900 in 2020 and 168,284 in 2019. According to the World Bank, the unemployment rate for the UAE was 2.3 per cent. in 2019, 5.0 per cent. in 2020, 3.4 per cent. in 2021 and 2.8 per cent. in 2022. 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.

Economic Variables	For the year ended 31 December				
	2018	2019	2020	2021*	2022**
			(%)		
Gross National Income.....	8.9	(2.0)	(17.2)	19.2	22.4
Net National Income	8.9	(2.0)	(16.8)	19.7	22.7
Disposable Income (net).....	8.5	(2.6)	(20.8)	22.5	25.4
National Saving (net)	19.2	(8.6)	(51.5)	72.4	39.2
Wages And Salaries	4.2	3.8	(3.8)	6.1	5.2

(*) Economic Survey 2021

(**) 2022 Preliminary Estimation

Source: FCSC

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

Economic Variables	For the year ended 31 December				
	2018	2019	2020	2021*	2022**
			(AED Millions)		
Population (Millions).....	9.4	9.5	9.3	9.6	N/A
Gross National Income.....	1,573,570	1,542,640	1,276,540	1,522,040	1,862,390
Net National Income	1,507,730	1,477,640	1,229,070	1,470,600	1,804,790
Disposable Income	1,338,400	1,303,660	1,032,170	1,264,800	1,585,690
Compensation of Employees.....	517,174	536,714	516,151	547,858	576,426

(*) Economic Survey 2021

(**) 2022 Preliminary Estimation

Source: FCSC

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

Indicators	For the year ended 31 December				
	2018	2019	2020	2021*	2022**
			(AED Thousands)		
Gross National Income.....	168.0	162.3	137.5	162.5	197.3
Net National Income	161.0	155.5	132.4	157.0	191.2
Disposable Income.....	142.9	137.2	111.2	135.1	168.0

(*) Economic Survey 2021

(**) 2022 Preliminary Estimation

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								
	2018	% of total	2019	% of total	2020	% of total	2021	% of total
	(U.S.\$ Millions)	%	(U.S.\$ Millions)	%	(U.S.\$ Millions)	%	(U.S.\$ Millions)	%
Agriculture, Forestry and Fishing.....	1,057	0.8	1,081	0.7	1,113	0.8	1,279	0.9
Extractive Industries (includes crude oil and natural gas).....	5,563	4.0	5,527	3.8	5,714	4.1	6,844	4.6
Manufacturing	12,445	8.8	12,927	8.8	12,547	8.9	13,299	8.9
Electricity, Gas, Water and Waste Management Activities	2,192	1.6	2,597	1.8	2,863	2.0	3,010	2.0
Construction and Building	15,531	11.0	16,002	10.9	14,737	10.5	15,287	10.3
Wholesale and Retail Trade and Repair of Motor Vehicles and Motorcycles	18,715	13.3	19,384	13.3	18,619	13.3	20,718	13.9
Transport and Storage	12,006	8.5	11,523	7.9	9,948	7.1	10,164	6.8
Accommodation and Food Service Activities.....	4,828	3.4	5,251	3.6	4,047	2.9	4,677	3.1
Information and Communications.....	3,866	2.7	4,094	2.8	4,273	3.0	4,568	3.1
Financial Activities and Insurance Activities.....	6,630	4.7	6,605	4.5	6,477	4.6	6,484	4.4
Real Estate Activities.....	2,389	1.7	2,380	1.6	2,269	1.6	2,465	1.7
Professional, scientific and technical & Administrative and support services.....	13,084	9.3	13,825	9.5	12,733	9.1	12,819	8.6
Public Administration, Defence & Compulsory Social Security.....	27,208	19.3	29,332	20.1	29,951	21.3	30,909	20.8
Education.....	5,805	4.1	5,568	3.8	5,363	3.8	5,553	3.7
Activities of Human Health and Social Service	4,975	3.5	5,321	3.6	5,218	3.7	6,000	4.0
Arts, Entertainment, Promotion and Other Service Activities	1,766	1.3	1,787	1.2	1,677	1.2	1,812	1.2
Household Activities as Employer	2,762	2.0	2,941	2.0	2,892	2.1	2,915	2.0
Total.....	140,824	100.0	146,144	100.0	140,441	100.0	148,801	100.0

Source: FCSC, Economic Survey 2021

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).

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, Saturday and Sunday being the new weekend. The change came into effect on 1 January 2022.

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.

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, Saturday and Sunday being the new weekend. The change came into effect on 1 January 2022.

Emiratization in the Private Sector

To overcome the structural division in the labour market, the Federal Government launched the Emiratization (Tawteen in Arabic) campaign which promotes the inclusion of UAE nationals in the job sector, particularly in the private sector. Emiratization aims to increase the number of UAE nationals in the job market and their contribution to the economy. The goal of Emiratization 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. In 2023, AED 2.4 billion (3.8 per cent. of the total general budget) was allocated to infrastructure and economic resources 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 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. 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. Two of the world's top 50 container ports are in the UAE, with Dubai featuring among the top ten globally.

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.

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 2022, Dubai International Airport registered 66 million passengers. In the first quarter of 2023, Dubai International Airport registered a 55.8 per cent. increase in passenger traffic compared to the first quarter of 2022, reaching 95.6 per cent. of 2019 pre-COVID-19 levels. In the first quarter of 2023, Dubai International Airport registered 21.3 million passengers.

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.

In the fourth quarter of 2022, Abu Dhabi International Airport served 4.78 million passengers from 1 October 2022 to 31 December 2022. As of December 2022, Abu Dhabi International Airport serves more than 100 destinations and has a growing network of 28 airlines.

Abu Dhabi Airports Company PJSC is undertaking a multi-billion dirham project to develop a new 742,000 m² Midfield Terminal Building, which is expected to open in December 2023. 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.

In April 2023, it was announced that talks among officials to expand Al Maktoum International Airport were ongoing.

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 50.12 per cent. by the Federal Government (through the EIA), 10.06 per cent. by Mamoura Diversified Global Holding PJSC (formerly known as Mubadala Development Company PJSC), 19.70 per cent. by Emirates Telecommunications and Technologies Company LLC and 20.12 per cent. by other public shareholders.

According to the TRDA, as at March 2023, there were approximately 2.0 million fixed lines (including ISDN fixed lines) in operation in the UAE, with 20.4 million active mobile subscribers and 3.7 million 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.

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. In July 2023, the Cabinet adopted amendments to the federal law on private education, in line with the new structure of the UAE's education sector and defined new education institutions, including the UAE Federal Agency for Early Education and the National Centre for Education Quality, and new roles in the Ministry of Education and local educational institutions. The Cabinet also adopted a new framework for governing federal bodies of higher education institutions to ensure the quality of local and international educational services in the UAE. The UAE also has a Quality of Education Centre which will be responsible for endorsing educational goals and targets across all levels of education in the UAE and approving the overarching framework, policies, strategies, educational systems and legislation for educational institutions in 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 2023 budget, AED 9.8 billion (15.5 per cent. of the total general budget) was allocated to public and university education programmes. This is an increase of AED 0.2 billion compared to the 2022 budget.

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;
- Shatjah 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.

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

According to the 2022 UAE Central Bank Annual Report, the UAE hospitality sector displayed strong performance during 2022. Data up to November 2022 suggests that a relaxation of COVID-19 restrictions led to an increase in arrivals into the UAE. Dubai received 12.8 million overnight visitors between January and November 2022. While this remains below pre-COVID-19 levels, it represents a more than doubling over the same period in 2021. The shortfall with respect to pre-COVID-19 levels is likely related to continued lockdown measures in China. In Abu Dhabi, the occupancy rate increased to 69 per cent. in the first 11 months of 2022 (up from 66 per cent. in the same period in 2021) and average daily room rates increased by 29 per cent. to U.S.\$ 119. Many hotels in both Dubai and Abu Dhabi reported full occupancy towards the end of 2022 as demand notably increased on the back of the Formula 1 event in Abu Dhabi and the FIFA World Cup in Qatar.

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.

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

Source: FCSC

The UAE has launched several initiatives to continue to boost the travel and tourism sector.

UAE Tourism Strategy 2031

The UAE Tourism Strategy 2031 aims to:

- raise the tourism sector's contribution to the GDP to AED 450 billion, with an annual increase of AED 27 billion;
- strengthen the position of the UAE as one of the best destinations in the world for tourism;
- boost competitiveness by attracting AED 100 billion as additional tourism investments; and
- welcome 40 million hotel guests.

The strategy includes 25 initiatives and policies to support the development of the UAE's 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's Vision for Tourism 2022-25

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.

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 2019, 2020, 2021, 2022 and 2023 from the Federal Budgets for those periods.

	For the year ended 31 December				
	2019	2020	2021	2022	2023
Budget allocated (AED billions)	4.4	4.7	4.7	4.9	4.8
Percentage of Federal Budget allocated to health (%)	7.3	7.5	8.2	8.4	7.6

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.

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 UAE announced 2023 as the "Year of Sustainability" under the theme "Today for Tomorrow", which will focus on initiatives, activities and events that draw upon the UAE's values of sustainability, environmental sustainability by inspiring collective action through a nationwide commitment towards sustainable practices and to showcase the UAE's commitment towards fostering global collaboration in seeking innovative solutions.

The 28th UN Climate Change Conference of the Parties ("**COP 28**") will take place from 30 November to 12 December 2023 in Dubai. The UAE expects hosting COP 28 will position the UAE as an important player in climate finance and climate technologies. The UAE has a Four Pillar Action Plan for COP 28, which includes, among other things, fast-tracking the transition to a low CO₂ world and focusing on people, lives and livelihoods. In addition, during COP 28, governments will conduct for the first time, a "global stocktake" that will set out the progress countries have made on their emissions reduction commitments,

known as nationally determined contributions. As such, all countries will be required to submit updated nationally determined contributions in September 2023. The UAE has submitted a revision to its nationally determined contribution, with emissions reductions of 40 per cent. compared to baseline metrics.

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.

As per the "Third Update of the Second NDC" under the Paris Agreement, the UAE aims to reduce greenhouse gas emissions to 182 million metric tonnes of carbon dioxide equivalent by 2030. In addition, in July 2023, the Cabinet approved a national policy on electric vehicles, which aims to develop cooperation with federal and local partners as well as the private sector to build a national network of electric vehicle chargers in the UAE. The policy is expected to contribute to reducing energy consumption in the transport sector by 20 per cent. by 2050. In July 2023, the Cabinet also approved the National Hydrogen Strategy to support low carbon industries, contribute to achieving carbon neutrality and enhance the UAE's position among the largest producers of low-carbon hydrogen by 2031.

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.

In addition, the Mohammed bin Rashid Al Maktoum Solar Park in Dubai is the largest single-site solar park in the world based on the Independent Power Producer model. It has a planned production capacity of 5,000 megawatts by 2030, with investments totalling AED 50 billion. When completed, it is expected to save over 6.5 million tons of carbon emissions annually. The Mohammed bin Rashid Al Maktoum Solar Park contributed to the Dubai Electricity and Water Authority winning the Best Sustainable Project of the Year in the UAE at the 2014 MEED Quality Awards. This is the first time this award was given to a renewable energy project in the Middle East and North Africa.

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.

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. In July 2023, updates to the UAE Energy Strategy 2050 were approved. The strategy will work on strengthening the country's capacity to provide clean and sustainable energy, raising its global competitiveness in the energy sector, and consolidating its position as country that attracts innovation and investment in the sector. The strategy provides new investment opportunities in renewable energy, supports efforts to strengthen cooperation with international partners to achieve sustainability goals in the energy sector, and constitutes a long-term national programme to balance meeting energy needs with ensuring the sustainability of natural resources for future generations. The strategy aims to triple the contribution of renewable energy by 2030, to reduce the effects of climate change and achieve climate neutrality. The strategy's objective is to achieve up to AED100 billion financial savings by 2030 and increase national energy investments between AED 150 billion to AED 200 billion until 2030, in addition to raising the share of clean energy in the total energy mix to 30 per cent. by 2031.

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, on 11 July 2023, the UAE submitted its third update of the second nationally determined contribution to the United Nations Framework Convention on Climate Change with targets to reduce greenhouse gas emissions by 40 per cent. for 2030, increase clean power capacity by 19.8 gigawatts and to plant more than 100 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

The value of FDI to the UAE in 2021 was approximately U.S.\$20.7 billion compared to U.S.\$19.9 billion in 2020 with a growth rate of 4.0 per cent. This is an increase compared to 2019 and 2018 when the value of FDI to the UAE was U.S.\$17.0 billion and U.S.\$10.4 billion, respectively.

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 2021, FDI contributions made up approximately 5.0 per cent. of GDP compared to the year ended 31 December 2020 when FDI contributions made up approximately 5.7 per cent. of GDP. FDI contributions made up approximately 3.3 per cent. of GDP for the year ended 31 December 2019.

According to the UNCTAD World Investment Report 2022, the UAE had U.S.\$ 20,667 million in FDI inflows in 2021 and U.S.\$ 22,546 million in FDI outflows.

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.

In addition, in 2023, BlackRock Inc. and KKR & Co. sold their 40 per cent. stake in ADNOC's oil pipeline network, which was originally acquired in 2019, to the Abu Dhabi sovereign wealth fund, ADQ.

ADNOC also accessed the equity capital markets 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, U.S.\$2 billion in Borouge plc, U.S.\$2.5 billion in ADNOC Gas in March 2023 and U.S.\$769 million in ADNOC Logistics & Services in June 2023.

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 hectares 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 2022, the DIFC's combined revenue exceeded AED 1 billion for the first time and there were 4,377 active registered companies.

Recent Developments

Regulatory Developments

Key aspects of the UAE's regulatory framework for banks, insurance companies and financial institutions were advanced during 2022. The main focus was on corporate governance and risk management of insurance companies, the expansion and development of banking licence types, model management in banks, lending standards, the capital assessment process, and recovery and resolution.

A significant development was the finalisation of two major regulations and accompanying standards for the UAE insurance sector following the UAE Central Bank's merger with the UAE Insurance Authority. The new Corporate Governance Regulation and Risk Management and Internal Controls Regulation advanced the regulatory environment for insurance companies and related professions operating in the UAE.

The Corporate Governance Regulation sets out the core duties and responsibilities of insurance company boards and senior management and established minimum requirements for insurance company internal structures and processes, including the composition of boards, senior management and key control functions. The Risk Management and Internal Controls Regulation set requirements for board and senior management oversight and the management of risk in insurance companies, as well as clear standards for implementing risk, compliance and internal audit functions. The functions of the Chief Risk Officer Head of Compliance and Head of Internal Audit are given prominence in the risk management structures of insurance companies and such roles are subject to UAE Central Bank approval. The objectives of both

regulations are to enhance the governance and risk management culture within the insurance sector and place clear responsibility and accountability on boards and senior management.

Establishment of the Ministry of Investment and Financial Stability Council

In July 2023, the Cabinet approved the establishment of the Ministry of Investment, and appointed H.E. Mohamed Hassan Al Suwaidi as the minister.

The Ministry of Investment will support the UAE's business objectives, and investments policies as well as promote the UAE as a global platform to attract investments in various sectors.

The ministry will be responsible for proposing the general investment policies of the UAE in coordination with the relevant authorities, in addition to preparing strategies, legislation, plans, projects and national programmes to promote the investment environment in the country and enhance its competitiveness.

The Cabinet also approved a federal law establishing the Financial Stability Council, which aims to promote financial stability in the country, monitor associated risks, tackle and prevent financial crises, and develop proactive measures to manage and protect economic, financial and monetary systems in the UAE.

Regulation of UAE Virtual Assets

Over the course of the last few years, the UAE has progressively and proactively sought to position itself as the regional hub for technology and is now putting in place the necessary measures with the objective of becoming a pioneer for blockchain innovation.

The country is host to several cryptocurrency exchange and trading platforms and has issued regulations governing them and established authorities such as the Virtual Assets Regulatory Authority ("**VARA**"), specifically designed to monitor and supervise dealings concerning virtual assets (including cryptocurrencies), in Dubai.

In furtherance of this objective, the UAE made several announcements and developed additional regulations including the establishment of the RAK Digital Assets Oasis, which is the first and only free zone in the world exclusively designated for digital and virtual asset companies. According to a report issued by the Dubai Chamber of Digital Economy in February 2023, the establishment of the RAK Digital Assets Oasis is expected to significantly contribute to the growth of the national digital economy.

In February 2023, VARA issued its Full Market Product ("**FMP**") Regulations. The FMP Regulations encompass a host of regulations applicable to all virtual asset providers, including in relation to market conduct and licensing.

In February 2023, the SCA, the UAE's federal securities regulator, took over the regulation and supervision of the cryptocurrency sector. With effect from 17 April 2023, the SCA also started accepting applications from companies intending to provide cryptocurrency services within the country. The UAE Central Bank will continue to regulate any crypto payments. In May 2023, the UAE Central Bank supplemented its existing regulations by issuing anti-money laundering and counter-terrorism financing guidance for financial institutions when dealing with virtual assets, such as cryptocurrencies and non-fungible tokens.

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.

Economic Variables	For the year ended 31 December					For the seven months ended 31 July
	2018	2019	2020	2021	2022	2023
UAE Central Bank Policy Rate (%)(at period end).....	2.1	2.5	0.4	0.7	4.9	5.4

*Source: UAE Central Bank

Balance of Payments

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

	For the year ended 31 December														
	2018	% change	% GDP	2019	% change	% GDP	2020	% change	% GDP	2021	% change	% GDP	2022	% change	% GDP
Current Account Balance	151.5	50.0	9.9	137.1	-9.5	8.9	77.5	-43.5	5.9	177.9	129.6	11.7	329.5	85.3	17.7
Trade Balance (FOB)	314.6	27.4	20.5	295.5	-6.1	19.3	221.6	-25.0	17.4	287.8	29.9	18.9	337.2	17.2	18.1
Trade Balance (CIF)	218.6	49.4	14.3	200.3	-8.4	13.1	135.1	-32.5	10.9	187.4	38.7	12.3	213.0	13.7	11.4
Total Exports of Hydrocarbon	247.2	15.8	16.1	220.8	-10.7	14.4	135.1	-38.8	10.7	230.8	70.8	15.1	341.2	47.8	18.3
Crude Oil Exports.....	117.5	2.2	7.7	109.1	-7.2	7.1	65.9	-39.6	5.2	110.5	67.7	7.2	177.7	60.8	9.5
Petroleum Products Exports.....	95.0	33.9	6.2	83.4	-12.3	5.4	49.2	-41.0	4.0	90.0	82.9	5.9	128.7	43.0	6.9
Gas Exports.....	34.6	25.9	2.3	28.3	-18.3	1.8	20.0	-29.3	1.5	30.3	51.5	2.0	34.8	14.9	1.9
Total Exports of Non-Hydrocarbon	410.6	4.9	26.8	415.0	1.1	27.1	394.5	-4.9	30.1	415.0	5.2	27.2	438.8	5.7	23.6
Free Zone Exports.....	261.3	15.9	17.1	264.1	1.1	17.2	251.8	-4.7	19.2	259.9	3.2	17.0	274.8	5.7	14.8
Other Exports ¹	149.3	-10.1	9.7	150.9	1.1	9.8	142.7	-5.4	10.9	155.1	8.7	10.2	164.0	5.7	8.8
Re Exports²	521.2	-4.6	34.0	516.6	-0.9	33.7	469.9	-9.0	35.6	545.4	16.1	35.8	674.6	23.7	36.2
Total Exports & Re Exports (FOB)	1179.0	2.4	76.9	1152.4	-2.3	75.2	999.5	-13.3	76.5	1,191.2	19.2	78.1	1,454.6	22.1	78.1
Total Imports (FOB)	-864.4	-4.5	-56.4	-856.9	-0.9	-55.9	-778.0	-9.2	-59.0	-903.4	16.1	(59.3)	-1,117.4	23.7	(60.0)
Total Imports (CIF)	-960.4	-4.5	-62.7	-952.1	-0.9	-62.1	-864.4	-9.2	-65.6	-1,003.8	16.1	(65.8)	-1,241.6	23.7	(66.7)
Other Imports ³	-600.6	-13.2	-39.2	-595.7	-0.8	-38.9	-536.1	-10.0	-40.9	-648.2	20.9	(42.5)	-776.9	19.9	(41.7)
Free Zone Imports.....	-347.0	-22.6	-14.9	-343.5	-1.0	-22.4	-318.3	-7.3	-23.9	-343.5	7.9	(22.5)	-449.7	30.9	(24.1)
Imports (gas).....	-12.8	11.7	-0.8	-12.9	0.5	-0.8	-10.0	-22.5	-0.8	-12.1	21.0	(0.8)	-15.0	24.0	(0.8)
Services (NET)	0.9	-119.6	0.1	7.6	711.1	0.5	59.7	685.6	4.7	98.6	65.1	6.5	211.2	114.3	11.3
Credits	321.2	24.1	21.0	331.5	3.2	21.6	286.9	-13.5	17.4	378.1	31.8	24.8	567.1	50.0	30.5
Travel ⁴	135.9	75.7	8.9	141.1	3.8	9.2	90.4	-35.9	6.9	126.5	39.9	8.3	226.7	79.2	12.2
Transport	104.0	1.5	6.8	106.7	2.6	7.0	60.0	-43.8	4.6	90.9	51.5	6.0	143.9	58.3	7.7
Air & Ports.....	103.4	1.5	6.7	106.0	2.6	6.9	59.3	-44.1	4.6	90.1	51.9	5.9	143.0	58.7	7.7
Postal.....	0.7	2.5	0.0	0.7	6.0	0.0	0.7	0.0	0.1	0.8	14.3	0.1	0.9	12.5	0.0
Government Services.....	3.5	2.9	0.2	3.6	2.9	0.2	3.2	-11.1	0.2	3.7	15.6	0.2	3.9	5.4	0.2
Freight & Insurance	-	-	-	-	-	-	55.0	0.0	-	69.4	26.2	4.6	86.2	24.2	4.6
Other services.....	77.8	2.7	5.1	80.1	3.0	5.2	78.3	-2.2	5.6	87.6	11.8	5.7	106.4	21.5	5.7
Construction.....	9.8	2.4	0.6	10.1	3.1	0.7	6.6	-34.7	0.6	9.1	37.9	0.6	9.7	6.6	0.5
Intellectual property.....	13.6	2.5	0.9	14.1	3.3	0.9	11.2	-20.6	0.9	12.0	7.1	0.8	12.6	5.0	0.7
Information-Computer-Telecommunication.....	24.7	4.2	1.6	25.4	2.7	1.7	24.6	-3.1	2.2	27.2	10.6	1.8	29.4	8.1	1.6
Computer.....	18.0	3.9	1.2	18.5	2.5	1.2	18.6	0.5	1.7	20.2	8.6	1.3	22.0	8.9	1.2
Information & Telecom.....	6.7	5.0	0.4	6.9	3.2	0.5	6.0	-13.0	0.5	7.0	16.7	0.5	7.4	5.7	0.4
Health Services	-	-	-	-	-	-	8.5	0.0	-	10.4	22.7	0.7	11.8	13.2	0.6
Cultural and Creative Industry services	-	-	-	-	-	-	1.5	0.0	-	1.8	22.7	0.1	3.3	79.3	0.2
Other ⁵	29.6	1.8	1.9	30.5	2.9	2.0	25.9	-15.1	2.0	27.0	4.2	1.8	39.6	46.7	2.1
Debits	-320.3	21.5	-20.9	-323.9	1.1	-21.1	-227.2	-29.9	-16.7	-279.5	23.0	(18.3)	-355.9	27.3	(19.1)
Travel.....	-120.8	86.4	-7.9	-122.6	1.5	-8.0	-58.4	-52.4	-4.2	-80.0	37.0	(5.2)	-102.0	27.5	(5.5)
Transport.....	-54.9	3.8	-3.6	-56.0	2.0	-3.7	-32.5	-42.0	-2.3	-45.8	40.9	(3.0)	-58.4	27.5	(3.1)
Air & Ports.....	-54.5	3.8	-3.6	-55.5	1.9	-3.6	-32.0	-42.3	-2.3	-45.3	41.6	(3.0)	-57.8	27.6	(3.1)
Postal.....	-0.4	0.0	0.0	-0.5	13.6	0.0	-0.5	0.0	0.0	-0.5	0.0	(0.0)	-0.6	20.0	(0.0)
Government Services.....	-4.8	5.6	-0.3	-4.9	3.2	-0.3	-5.0	2.0	-0.4	-5.0	0.0	(0.3)	-5.2	4.0	(0.3)
Freight & Insurance³	-96.0	-4.5	-6.3	-95.2	-0.9	-6.2	-86.4	-9.2	-6.6	-100.4	16.1	(6.6)	-124.2	23.7	(6.6)
Other services	-43.8	6.9	-2.9	-45.2	3.2	-2.9	-44.8	-0.8	-3.2	-48.3	7.8	(3.2)	-66.1	36.8	(3.5)

For the year ended 31 December

	2018	% change	% GDP	2019	% change	% GDP	2020	% change	% GDP	2021	% change	% GDP	2022	% change	% GDP
Reserve Position with IMF & SDR	2.9	11.5	0.2	3.2	10.3	0.2	3.8	18.8	0.3	15.1	297.4	1.0	14.5	-4.0	0.8
Reserve Position with IMF.....	2.1	16.7	0.1	2.4	14.3	0.2	3.0	25.0	0.2	2.9	-3.3	0.2	2.9	0.0	0.2
SDR Holding.....	0.8	0.0	0.1	0.8	0.0	0.1	0.8	0.0	0.1	12.2	1,425.0	0.8	11.6	-4.9	0.6
Foreign Liabilities (including the IMF).....	7.0	34.6	0.5	3.7	-47.1	0.2	10.8	191.9	0.8	15.4	42.6	1.0	31.5	104.5	1.7
SDR Allocation	2.9	-3.3	0.2	2.9	0.0	0.2	3.0	3.4	0.2	14.3	376.7	0.9	13.6	-4.9	0.7
Foreign Liabilities of the Central Bank.....	4.1	86.4	0.3	0.8	-80.5	0.1	7.8	875.0	0.6	1.1	-85.9	0.1	17.9	1527.3	1.0
Net Foreign Assets (including the IMF).....	358.5	3.9	23.4	394.2	10.0	25.7	381.1	-3.3	29.0	466.1	22.3	30.6	476.9	2.3	25.6
Net Foreign Assets at the Central Bank (Excluding the IMF).....	358.5	3.8	23.4	393.9	9.9	25.7	380.3	-3.5	29.0	465.3	22.4	30.5	476.0	2.3	25.6
Change in Net Foreign Assets (including the IMF).....	13.4	-63.0	0.9	35.7	166.4	2.3	-13.1	-136.7	-1.0	85.0	-748.9	5.6	10.8	-87.3	0.6
Change in Net Foreign Assets at the Central Bank (Excluding the IMF).....	13.0	-64.4	0.8	35.4	172.3	2.3	-13.6	-138.4	-1.0	85.0	-725.0	5.6	10.7	-87.4	0.6
Change in Reserve Position with IMF + SDR.....	0.4	-233.3	0.0	0.3	-25.0	0.0	0.5	66.7	0.0	-	-100.0	-	0.1	-	0.0

(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.

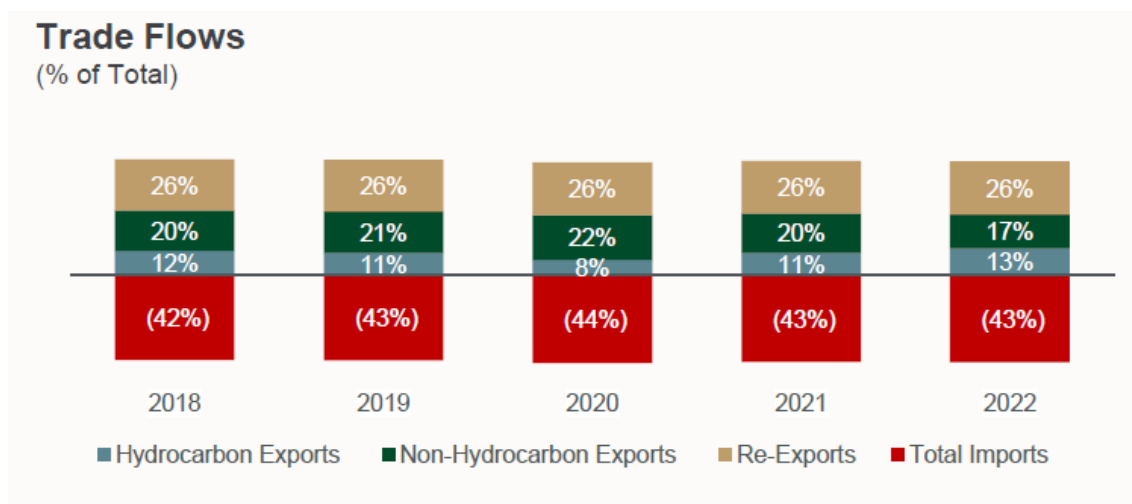
(**) Negative numbers of international reserves indicate an increase, positive numbers indicate a decrease.

(***) 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 10.5 per cent., 15.1 per cent. and 18.3 per cent. of nominal GDP in 2020, 2021 and 2022, 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 52.1 per cent. of total exports of hydrocarbon in 2022.

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 2022 from 2021

The current account surplus increased from AED 177.9 billion (11.7 per cent. of GDP) in 2021 to AED 329.5 billion in 2022 (17.7 per cent. of GDP). The increase in the current account surplus in 2022 is mainly attributable to the increase in trade balance (FOB) by AED 49.4 billion and an increase in total exports of hydrocarbon by 110.4 billion.

In 2022, the hydrocarbon exports increased by 47.8 per cent., or AED 110.4 billion, compared to 2021, primarily due to the increase in the price of crude oil and other petroleum products. Non-hydrocarbon exports in 2022 increased by 5.7 per cent. (or AED 23.8 billion). This was mainly attributable to an increase in global demand and economic activity. Hydrocarbon exports were 18.3 per cent. of nominal GDP in 2022.

Meanwhile, total imports (FOB), i.e., excluding the cost of insurance and freight for the transport of the goods from the importing partners, increased by AED 214.0 billion or 23.7 per cent. in 2022.

Service balance recorded an increase in the travel and transport accounts, which led to an increase in both the credit and debit sides of the services balance, where the accounts of travel and transport items (combined) represent 65.4 per cent. of credits and 45.0 per cent. of debits in 2022, in line with the increase in inbound tourism to the UAE during 2022.

Net investment income recorded an inflow of AED 0.2 billion in 2022, compared to an outflow of AED 2.7 billion in 2021, mainly due to the increase in income earned by the public sector. Transfers, however, recorded net outflow of AED 219.1 billion as compared to outflows of AED 205.8 billion in 2021. The deficit of the financial account in 2022 was AED 313.2 billion compared to a deficit of AED 96.8 billion in 2021. The change in 2022 was mainly due to the significant increase in net outflow from the banking sector.

The overall balance of payments was recorded at a surplus of AED 329.5 billion in 2022. This was primarily the result of the increases in the current account. The net foreign assets of the UAE Central Bank (including the IMF) increased by AED 10.8 billion as compared to 2021. Foreign assets increased primarily due to an increase in current account balances and deposits with banks abroad and foreign securities as well as a decrease in IMF reserves and position and SDR holdings.

Changes in the balance of payments to 2021 from 2020

The current account surplus increased from AED 77.5 billion (6.0 per cent. of GDP) in 2020 to AED 177.9 billion in 2021 (11.7 per cent. of GDP). The increase in the current account surplus in 2021 is mainly attributable to the increase in trade balance (FOB) by AED 49.4 billion.

In 2021, the hydrocarbon exports increased by 70.8 per cent., or AED 95.7 billion, compared to 2020, primarily due to the increase in the price of crude oil and other petroleum products. Non-hydrocarbon exports in 2021 increased by 5.2 per cent. (or AED 20.5 billion). This was mainly attributable to an increase in global demand and economic activity. Hydrocarbon exports were 15.1 per cent. of nominal GDP in 2021.

Meanwhile, total imports (FOB), i.e., excluding the cost of insurance and freight for the transport of the goods from the importing partners, increased by AED 125.4 billion or 16.1 per cent. in 2021.

Service balance recorded an increase in the travel and transport accounts, which led to an increase in both the credit and debit sides of the services balance, where the accounts of travel and transport items (combined) represent 57.5 per cent. of credits and 45.0 per cent. of debits in 2021, in line with the increase in inbound tourism to the UAE during 2021.

Net investment income recorded outflow of AED 2.2 billion in 2021, compared to an outflow of AED 6.9 billion in 2020, mainly due to the increase in income earned by the public sector. Transfers, however, recorded net outflow of AED 205.8 billion as compared to outflows of AED 196.9 billion in 2020. The deficit of the financial account in 2021 was AED 97.1 billion compared to a deficit of AED 96.8 billion in 2020.

The overall balance of payments was recorded at a surplus of AED 85.0 billion in 2021. This was primarily the result of the increases in the current account. The net foreign assets of the UAE Central Bank (including the IMF) increased by AED 85.0 billion as compared to 2020, primarily as the result of the increase of foreign assets and decrease in foreign liabilities. Foreign assets in 2021 increased primarily due to an increase in foreign securities investment, offset by the decrease in current account balances and deposits with banks abroad.

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 77.5 billion in 2020 (6.0 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 73.9 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 38.8 per cent., or AED 85.7 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 10.5 per cent. of nominal 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 78.9 billion or 9.2 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 52.4 per cent. of credits and 40.0 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 6.9 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 22.7 billion. Transfers, however, recorded net outflow of AED 196.9 billion as compared to outflows of AED 173.6 billion in 2019. The deficit of the financial account in 2020 was AED 97.1 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 a decrease by AED 3.0 billion in investments by private non-banking institutions.

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 12.8 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.

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.

Item	For the year ended 31 December					For the six months ended 30 June
	2018	2019	2020	2021	2022	2023*
	<i>(AED Millions)</i>					
Gross International Reserves.....	365,426	397,950	391,857	481,528	508,402	606,870
Current Account Balances and Deposits with						
Banks Abroad	294,058	365,680	348,204	280,385	313,814	363,265
Foreign Securities.....	55,701	9,294	4,012	135,875	134,543	165,420
IMF Reserves Position and SDR Holdings.....	2,875	3,220	3,802	15,081	14,526	14,755
Other Foreign Assets	12,792	19,756	35,839	50,187	45,519	63,430

Item	For the year ended 31 December					For the six months ended 30 June
	2018	2019	2020	2021	2022	2023*
Foreign Liabilities.....	6,984	3,732	10,812	15,388	31,513	16,913
Net International Reserves.....	358,442	394,218	381,045	466,140	476,889	589,957

(*) 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 increased to approximately AED 476.9 billion at the end of 2022 compared to AED 466.1 billion at the end of 2021. The Net International Reserve Position further increased to AED 590.0 billion for the first five six months of 2023. 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 was 91.9 per cent. at the end of 2022. 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**").

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 2022, the overall balance of payments registered a surplus of AED 10.8 billion compared to 2021, where the overall balance of payments registered a surplus of AED 85.0 billion, equal to 5.6 per cent. of the UAE's nominal GDP in that year. The decrease in surplus in the balance of payments in 2022 was primarily due to the increase in foreign assets by AED 26.9 billion and the increase in foreign liabilities by AED 16.1 billion in 2022 compared to 2021.

In 2021, the overall balance of payments registered a surplus of AED 85.0 billion compared to 2020, where the overall balance of payments registered a deficit of AED 13.1 billion, equal to 1.0 per cent. of the UAE's nominal GDP in that year. The increase in the balance of payments was primarily due to the increase in foreign assets by AED 89.7 billion, and an increase in foreign liabilities by AED 4.6 billion in 2021 compared to 2020.

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, 2020, 2021 and 2022 the net deficit in the financial account was AED 134.7 billion, AED 90.4 billion, AED 97.1 billion, AED 96.8 billion and AED 313.2 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 221.6 billion in 2020. The surplus in the trade balance (FOB) increased in 2021 and 2022 to AED 287.8 billion and AED 337.2 billion, respectively. 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. The increase in the surplus in the trade balance (FOB) in 2021 and 2022 related to the higher value of exported hydrocarbons in all categories compared to previous years.

Total exports and re-exports (FOB) decreased from AED 1,179.0 billion in 2018 to 1,152.4 billion in 2019 to AED 999.5 billion in 2020. Total exports and re-exports (FOB) increased in 2021 and 2022 to AED 1,191.2 billion and AED 1,454.6 billion, respectively.

According to data from the UAE Central Bank, as at 31 December 2018, 31 December 2019, 31 December 2020, 31 December 2021, 31 December 2022 and 30 June 2023, the UAE's foreign asset holdings (including the IMF) amounted to AED 362.6 billion, AED 394.7 billion, AED 388.1 billion, AED 466.5 billion, AED 493.9 billion and AED 592.1 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.

Top UAE export destinations, percentage of total non-oil exports (export + re-export) based on value ⁽¹⁾	For the year ended 31 December			
	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%

	For the year ended 31 December			
Top categories of UAE non-oil exports, percentage of total exports based on value	2018	2019	2020	2021
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%

	For the year ended 31 December			
Top categories of UAE non-oil re-exports, percentage of total re-exports based on value	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%

	For the year ended 31 December			
Top categories of UAE imports, percentage of total imports based on value	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.

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 for the periods indicated.

Item	For the year ended 31 December					For the six months
	2018	2019	2020	2021	2022*	ended 30 June 2023**
	<i>(AED Billions)</i>					
Net International Reserves.....	418.0	485.3	514.6	620.8	861.0	996.3
Central Bank (Net).....	358.4	394.2	381.1	466.1	476.9	590.0
Gross International Reserves.....	365.4	397.9	391.9	481.5	508.4	606.9
Foreign Liabilities.....	7	3.7	10.8	15.3	31.5	16.9
Banks (Net).....	59.6	91.1	133.5	154.7	384.1	406.4
Foreign Assets.....	679.6	771.1	849.1	933.2	1,191.0	1,220.7
Foreign Liabilities.....	620	680	715.6	778.5	806.9	814.4
Net Domestic Assets.....	890.2	927.9	964.1	942.2	842.7	859.0
Claims on Private Sector.....	1,151.8	1,159.1	1,128.4	1,145.8	1,193.6	1,243.7
Net Claims on Government.....	-4.7	51.1	86.7	77.0	(46.7)	(68.9)
Claims on Official Entities.....	209.2	223.6	261.8	277.9	287.0	298.9
Claims on Nonbank Financial Institutions..	32.1	25.9	28.2	26.6	25.7	23.5
Capital and Reserves.....	(378.5)	(417.9)	(419.4)	(428.61)	(439.5)	(460.5)
Other Items (net).....	(119.7)	(113.9)	(121.6)	(156.54)	(177.5)	(177.7)
Money Supply M₁.....	485.7	515	600	701.9	737.6	784.0
Currency in Circulation Outside Banks.....	70.5	78.2	94.7	94.1	101.9	115.9
Monetary Deposits.....	415.2	436.8	505.3	607.8	635.6	668.2
Money Supply M₂.....	1,308.4	1,413.1	1,478.5	1,563.0	1,703.6	1,855.3
Quasi – Money.....	822.7	898.1	878.5	861.2	966.0	1,071.3
Foreign Currency Deposits.....	304.3	322.5	331.2	340.4	429.6	468.6
Dirham Deposits.....	518.4	575.6	547.3	520.8	536.5	602.7
Money Supply M₃.....	1,602.3	1,717.4	1,769.3	1,856.9	2,100.7	2,283.4
Government Deposits.....	293.9	304.3	290.8	293.9	397.1	428.1

Source: UAE Central Bank

* Revised to account for year-end amendments.

**Preliminary

Money supply M1 (which consists of currency in circulation outside of banks (i.e. currency issued less cash at banks) plus monetary deposits in local currency with banks) increased from AED 701.9 billion as at 31 December 2021 to AED 737.6 billion as at 31 December 2022. This was primarily due to a rise in monetary deposits by 4.6 per cent. to reach AED 635.6 billion and a corresponding increase in currency in circulation outside banks by 8.3 per cent. to AED 101.9 billion. Money supply M1 further increased in the first six months of 2023 to AED 784.0 billion due to a corresponding increase in currency in circulation outside banks and monetary deposits.

Money supply M1 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 increased from AED 485.7 billion as at 31 December 2018 to AED 515.0 billion as at 31 December 2019. This change reflected fluctuations in monetary deposits from 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 70.5 billion as at 31 December 2018 to AED 78.2 billion as at 31 December 2019. The increase 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 1,703.6 billion as at 31 December 2022 due to the rise in money supply M1 and in quasi-monetary deposits. Money supply M2 further increased in the first six months of 2023 to AED 1,855.3 billion due to a corresponding increase money supply M1 and 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 1,308.4 billion as at 31 December 2018 to 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 2,100.7 billion as at 31 December 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 31 December 2022. Money supply M3 further increased in the first six months of 2023 to AED 2,283.4 billion due to an increase in money supply M2 between 31 December 2022 and 30 June 2023.

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 1,602.3 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				
	2018	2019	2020	2021	2022
Loans to Assets	57.7	57.0	(%) 55.8	54.0	51.2
Loans to Deposits	94.3	94.1	94.4	89.9	84.6

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*
	2018	2019	2020	2021	2022	2023
	(AED Billions)					
Gross Bank Assets	2,868.5	3,082.9	3,188.0	3,321.5	3,667.6	3,873.1
Total Banks' Reserves at the Central Bank	293.3	315.2	316.2	371.5	398.1	484.9
Reserve Account	120.6	129.7	89.4	104.0	99.6	170.3
Current Accounts and Overnight Deposits of Banks	34.5	25.3	97.5	102.8	133.8	108.9
Monetary Bills & Islamic Certificates of Deposit held by Banks	138.2	160.2	129.3	164.7	164.7	205.7
of which: Islamic Certificates of Deposit	36.3	37.5	45.3	49.1	52.5	49.2
Gross Credit	1,656.2	1,758.6	1,779.0	1,794.0	1,879.4	1,944.8
Domestic Credit	1,509.4	1,592.6	1,596.7	1,618.9	1,650.9	1,717.2
Government	191.5	257.4	251.9	236.0	211.7	218.8
Public Sector (GREs)	167.9	185.3	219.9	245.4	253.3	264.4
Private Sector	1,130	1,134.6	1,108.3	1,120.7	1,173.0	1,221.7
Business & Industrial Sector Credit ⁽¹⁾	792.6	802.2	778.8	773.1	798.2	825.9
Individual	337.4	332.4	329.5	347.6	374.8	395.8
Non-Banking Financial Institutions	20	15.3	16.6	16.8	12.9	12.3
Foreign Credit ⁽²⁾	146.8	166	182.3	175.1	228.5	227.6
of which: Loans & Advances to Non-Residents in AED	20.4	16.7	15.5	14.1	18.3	19.1
Total Investments by Banks	332.8	399.0	455.8	473.2	527.4	574.3
Debt securities	210.9	246.1	290.5	295.7	258.4	248.5
Equities	10.1	10.8	9.2	17.1	11.8	12.1
Held to maturity securities	81.2	99.1	111.4	117.8	208.9	263.3
Other Investments	30.6	43	44.7	42.6	48.3	50.4
Other Assets	586.2	610.1	637.0	628.8	862.7	891.1
Due from Head Office/Own Branches/Banking Subsidiaries	160.6	154.6	156.0	190.1	225.4	189.4
Due from Other Banks	215	210.6	207.9	243.5	316.8	338.2
Other Items ⁽³⁾	210.6	244.9	273.1	249.2	320.5	341.5
NPLs	91.4	111.6	142.4	139.6	133.8	131.2
Specific provisions & Interest in Suspense	90.4	99.3	116.6	121.5	119.9	123.0
General provisions	31.2	33.1	38.3	34.8	36.7	39.1

*Preliminary data subject to revision.

⁽¹⁾ Includes lending to (Resident): Trade Bills Discounted and Insurance Companies.

⁽²⁾ Includes lending to (Non Resident): Loans to Non-Banking Financial Institutions, Trade Bills Discounted and Loans & Advances Government & Public Sector, Private Sector (corporate and Individuals) in Local and Foreign Currency.

⁽³⁾ Includes Cash in Hand, Fixed Assets, Inter-Branch Position, Positive Fair Value of Derivatives and Other Accounts Receivables.

For the six months ended 30 June 2023, the UAE's Central Bank's gross assets were AED 3,873.1 billion compared to AED 3,449.2 billion for the six months ended 30 June 2022. Total banks' reserves at the UAE Central Bank amounted to AED 484.9 billion an increase of AED 132.8 billion compared to 30 June 2022. Gross credit amounted to AED 1,944.8 billion, an increase of AED 78.7 billion compared to 30 June 2022. Total investments by banks amounted to AED 574.3 billion, an increase of AED 87.9 billion compared to 30 June 2022. Other assets amounted to AED 891.1 billion, an increase of AED 146.5 billion compared to 30 June 2022.

For the year ended 31 December 2022, the UAE's Central Bank's gross assets were AED 3,667.6 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 398.1 billion an increase of AED 26.6 billion compared to 31 December 2021. Gross credit amounted to AED 1,879.4 billion, an increase of AED 85.4 billion compared to 31 December 2021. Total investments by banks amounted to AED 527.4 billion, an increase of AED 54.2 billion compared to 31 December 2021. Other assets amounted to AED 862.7 billion, an increase of AED 233.9 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.

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				
	2018	2019	2020	2021	2022
Assets % of GDP (at period end).....	185%	200.8%	248.4%	217.8%	196.9%
Net Interest Margin	71.5%	67.9%	68.5%	62.7%	68.2%

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					As at 30
	2018	2019	2020	2021	2022	2023*
	(AED Billions)					
Foreign Assets of the Central Bank.....	362.6	394.7	388.1	466.5	493.9	592.1

Source: UAE Central Bank Balance of Payments

* Preliminary data

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

	For the year ended 31 December				
	2017	2018	2019	2020	2021
			<i>(Months of imports)</i>		
CBUAE Gross FX Reserves.....	10.3	12.2	13.1	15.3	16.3

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 increased by 5.9 per cent. in 2022 to reach AED 493.9 billion due to an increase in current account balances and deposits with banks abroad. 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.

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 for the periods indicated.

	As at 31 December					As at
	2018	2019	2020	2021	2022	30 June
			<i>(AED Millions)</i>			2023 ⁽¹⁾
Total assets.....	2,868,516	3,082,934	3,188,014	3,321,488	3,667,611	3,873,060
Foreign assets.....	679,647	771,092	849,077	933,169	1,191,027	1,220,740
Foreign assets to total assets (%).....	23.7%	25.0%	26.6%	28.1%	32.5%	31.5%
Foreign liabilities.....	619,990	679,979	715,606	778,461	806,943	814,389
Foreign liabilities to total liabilities (%).....	21.6%	22.1%	22.4%	23.4%	22.0%	21.0%
Deposits ⁽²⁾	1,755,650	1,870,184	1,884,545	1,996,527	2,222,226	2,381,999
Residents.....	1,542,237	1,648,812	1,682,102	1,765,533	2,009,696	2,170,851
of which: Corporate.....	590,877	607,023	606,207	671,422	790,086	863,558
Non-residents.....	213,413	221,372	202,443	230,994	212,530	211,148
of which: Corporate.....	91,889	87,964	72,250	82,170	103,101	111,929
Bank credit (domestic).....	1,509,437	1,592,609	1,596,786	1,618,957	1,650,937	1,717,116
of which: credit to private sector ⁽³⁾	1,150,018	1,149,953	1,124,913	1,137,528	1,185,901	1,233,964
Total number of national banks and branches....	832	741	619	596	586	583

Total number of foreign banks and branches.....	140	140	134	133	134	133
Number of employees in banks (UAE)⁽⁴⁾	36,629	35,637	33,444	33,491	35,830	36,314

(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*
	2018	2019	2020	2021	2022	2023
	<i>(AED Billions)</i>					
Bank Deposits	1,755.6	1,870.2	1,884.5	1,966.5	2,222.2	2,382.1
Resident Deposits.....	1,542.2	1,648.8	1,682.1	1,765.5	2,009.7	2,171.0
Government Sector.....	290.3	301.3	287.3	288.2	396.8	425.7
GREs (Govt. ownership of more than 50%)	207.1	245.3	254.8	247.9	216.9	214.0
Private Sector	1,009.3	1,057.9	1,100.1	1,191.3	1,349.5	1,481.6
Non-Banking Financial Institutions	35.5	44.3	39.9	38.1	46.5	49.7
Non-Resident Deposits.....	213.4	221.4	202.4	231.0	212.5	211.1
Average Cost on Bank Deposits⁽¹⁾	1.8%	1.6%	1.0%	0.8%	2.0%	2.3%
Average Yield on Credit⁽²⁾...	5.5%	5.0%	3.8%	3.6%	6.0%	6.6%
Capital & Reserves⁽³⁾	355.2	392.9	392.8	402.5	428.6	447.8
Specific provisions & Interest in Suspense	90.4	99.3	116.6	121.5	119.9	123.0
General provisions.....	31.2	33.1	38.3	34.8	36.7	39.1
Lending to Stable Resources Ratio⁽⁴⁾	82.3%	81.0%	77.6%	77.3%	75.6%	73.8%
Eligible Liquid Assets Ratio (ELAR)⁽⁵⁾	17.5%	18.1%	18.4%	19.6%	19.1%	20.8%
Capital Adequacy Ratio - (Tier 1 + Tier 2)⁽⁶⁾	17.5%	17.7%	18.1%	17.2%	17.4%	18.2%
of which: Tier 1 Ratio.....	16.2%	16.5%	17.0%	16.1%	16.2%	17.0%
Common Equity Tier 1 (CET 1) Capital Ratio	14.3%	14.7%	14.9%	14.2%	14.4%	15.3%

(*) 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 Combatting 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. For example, in January 2023, the UAE Central Bank issued new guidance on money laundering and terrorism.

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 2022, are required to be public shareholding companies with a minimum share capital of AED 40 million. These domestic commercial banks held 88.0 per cent. of the UAE's total banking assets as at 31 December 2022.

Licensed foreign commercial banks, of which there were 39 as at 31 December 2022, 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
	2018	2019	2020	2021	2022	2023
Banks Operating in the UAE						
National Banks.....	22	21	21	22	22	22
Foreign Banks.....	38	38	37	37	39	39
of which GCC banks ⁽¹⁾	7	7	7	7	7	7
Share of Foreign Banks in Total Assets	12.3%	12.8%	12.6%	12.5%	12.0%	11.7%
Conventional Banks.....	52	51	48	49	53	53
Islamic Banks.....	8	8	10	10	8	8
Share of Islamic Banks in Total Assets	20.3%	18.6%	18.9%	17.8%	17.2%	17.2%

⁽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.

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. 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:

- 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;
- a peer group review confirms that the jurisdiction conforms with clause (a); and
- 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 became effective in 2022 (phase 3) and completed the Basel III implementation in the UAE.

In response to COVID-19, UAE Central Bank allowed 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 for each of the periods presented.

	As at 31 December					As at 30
	2018	2019	2020	2021	2022	June
						2023
						(%)
Total capital adequacy ratio.....	17.5	17.7	18.2	17.2	17.4	18.2
Tier I capital adequacy ratio.....	16.2	16.5	17.1	16.1	16.2	17.0

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 90.4 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 December 2022 and 91.1 per cent. of total deposits as at 30 June 2023. Of these, government and GRE deposits constituted approximately 30.5 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 December 2022. As at 30 June 2023, government and GRE deposits constituted approximately 29.5 per cent. of total resident deposits within the UAE banking sector (excluding inter-bank deposits but including commercial prepayments and borrowings under repurchase agreements).

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.

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				
	2018	2019	2020	2021	2022
Non-performing loans ratio	5.3	6.0	(%) 7.6	7.3	6.6
Net non-performing loans ratio	1.6	2.3	3.1	2.8	2.6

* 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.

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).

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. In February 2023, the UAE increased its base rate by a further 25 basis points. Rates further increased in May 2023 when the UAE Central Bank announced that it would raise the base rate by 25 basis points to 5.15 per cent. from 4.90 per cent. The decision followed the United States Federal Reserve Board's announcement to increase interest rates by a quarter of a percentage point. In July 2023, the United States Federal Reserve Board announced another interest rate increase, increasing to base rate to 5.25 per cent. As a result, the UAE Central Bank also increased its base rate to 5.4 per cent. in July 2023.

In July 2023, in order to reduce the burden of higher interest rates on home loans for UAE nationals, the UAE Central Bank implemented a number of measures, which included, among others, the extension of the mortgage repayment period tenor and a cap of 50 per cent. of income to customer payments.

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.

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.

Between 2019 and 2022, the SCA introduced a number of new rules including, among others, 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, new fund passporting rules and rules related to the listing of Special Purpose Acquisition Companies ("SPACs") in the UAE.

In addition, there has been a significant increase in volume of initial public offerings ("IPOs") in the UAE since the start of 2022. Middle East IPOs raised more than U.S.\$23 billion in 2022 from 48 listings, compared with U.S.\$7.5 billion raised from 20 offerings in the previous year. Abu Dhabi accounted for 13 per cent. of all listings worldwide in the first quarter of 2023 with U.S.\$3 billion worth of listing proceeds.

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				
	2018	2019	2020	2021	2022
Number of traded shares (billions)	45.4	40.0	65.5	50	38.5
Value of traded shares (AED billions).....	59.7	53.1	65.6	72.3	90
Number of trades (millions)	0.6	0.6	0.9	0.8	1.4
Market capitalisation (AED billions)(period end)	343.3	375.5	341.5	410	582
DFM Index year-end index closing price (period end).....	2,530	2,765	2,492	3,196	3,336

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.

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

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

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				
	2018	2019	2020	2021	2022
Number of traded shares (millions).....	15,408	31,052	21,831	60,796	80,666

	For the year ended 31 December				
	2018	2019	2020	2021	2022
Value of traded shares (AED millions).....	39,642	113,636	72,771	369,513	450,584
Number of executed transactions	275,357	775,381	513,080	1,386,313	2,860,002

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 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 increased by 6.5 per cent. in 2022 to AED 47.2 billion in 2022 based on preliminary estimates. Gross written premiums amounted to AED 44.6 billion in 2021, 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 December 2022, there were 62 insurance companies operating in the UAE (comprising 23 national insurance companies, 23 national takaful insurance companies and 27 foreign insurance companies), with 491 total related insurance professions, including 168 insurance broker companies, 29 insurance agents companies, 51 insurance consultants, 136 loss and damage adjusters, 74 actuaries, 20 third-party administrators and 13 insurance policies price comparison websites.

The following table sets out the UAE total written premiums by value for each of the years 2018 to 2022:

	As at 31 December				
	2018	2019	2020	2021	2022
			(AED Millions)		
General insurance premiums	31,748	32,526	32,166	32,940	37,282
Life insurance premiums	11,971	11,495	10,331	11,377	10,140
Total premiums	43,718	44,021	42,497	44,317	47,422

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, 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 current budget cycle is 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. For the 2022-2026 budget cycle specifically, the objective is to strengthen the Federal Government in pursuit of its developmental, economic, and social goals.

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 2023 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 2019, 2020, 2021 and 2022 as well as the budgeted revenues and expenditures for 2023.

	For the year ended 31 December				
	2019	2020	2021	2022	2023 B ⁽¹⁾
	<i>(AED Millions)</i>				
Revenues and Grants					
Total revenues and grants	65,416	49,947	54,543	56,639	63,613
Taxes.....	14,321	8,290	9,219	9,649	9,653
Other revenues	37,707	31,201	34,645	36,259	34,959
Grants.....	13,388	10,456	10,679	13,731	19,001
Expenditures					
Total expenditures	55,323	52,880	51,964	53,938	63,066
Current expenditure	51,317	51,117	49,821	51,545	60,959
Wages and Benefits.....	16,918	16,847	21,869	21,764	23,292
Goods and Services.....	14,350	15,051	15,945	16,101	15,729
Interest ⁽²⁾	-	24	71	555	1,516
Subsidies.....	2,897	2,945	3,057	3,306	3,292
Grants.....	9,508	9,052	1,150	1,450	2,319
Social Benefits	4,581	4,625	4,709	4,914	5,069
Other Expenses	1,280	915	1,163	1,742	7,631
Assets.....	1,783	1,658	1,857	1,712	2,111
Investment expenditure	4,006	1,763	2,143	2,393	2,107
Surplus/Deficit	10,093	(2,933)	2,579	5,701	547

⁽¹⁾ Approved Budget 2023.

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

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 2022, revenue mainly consisted of the category referred to as "other revenues" (64.0 per cent.) (principally comprising dividend revenue from the EIA), grants (24.2 per cent.) and taxes (17.0 per cent.). For the year ended 31 December 2022, contributions from Abu Dhabi were approximately AED 12.4 billion (21 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, which includes the direct funding Abu Dhabi provides 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 2022, contributions from Abu Dhabi were approximately AED 12.4 billion (21 per cent. of revenues) and contributions from Dubai were approximately AED 1.2 billion (2 per cent. of revenues). 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. The introduction of the federal corporate income tax for fiscal years starting on or after 1 June 2023, is also expected to broaden the Federal Government's tax base.

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 5,701 million, AED 2,579 million and AED 10,093 million in 2022, 2021 and 2019, respectively. It is also expected that the Federal Government will have a surplus of AED 547 million in 2023.

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

Since the introduction of Value Added Tax in 2018 (see "*Taxation*" below), the UAE has seen 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.

On 31 January 2022, the Ministry of Finance announced that a federal corporate income tax ("**CIT**") would be introduced in the UAE. The CIT applies for fiscal years starting on or after 1 June 2023.

Grants

The Federal Government is partially funded by grants primarily from two of the largest emirates: Abu Dhabi (AED 12.4 billion; 21 per cent. of 2022 revenues) and Dubai (AED 1.2 billion; 2 per cent. of 2022 revenues), 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 2023

The UAE has approved an annual Federal Budget of AED 63.6 billion for the fiscal year 2023 (the "**2023 Federal Budget**"). This amount reflects an increase of 12.2 per cent. compared to the AED 56.7 billion budget of the fiscal year 2022. The largest share of the 2023 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 2023 Federal Budget is prepared on a cash basis. The 2023 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.

2023 Budgeted Revenues

For the year ending 31 December 2023, the Federal Government has budgeted AED 63,613 million for total revenues and grants. Within total revenues and grants, the Federal Government has budgeted AED 9,653 million related to tax revenues (15.2 per cent.), AED 34,959 million related to other revenues (55.0 per cent.) and AED 19,001 million related to grants (29.9 per cent.). Other revenues is expected to decrease by AED 1,300 million in 2023 compared to 2022 where other revenues were AED 36,259 million (64.0 per cent. of revenues) due to a decrease in government service fees. Grants is expected to increase by AED 5,270 million in 2023 compared to 2022 where grants were AED 13,731 million (24.2 per cent. of revenues).

2023 Budgeted Expenditures

For the year ending 31 December 2023, the Federal Government has budgeted for total expenditures in the amount of AED 63,066 million. The increase in expenditures compared to the year ended 31 December 2022 is primarily due to an increase in wages and benefits, interest and other expenses (which primarily includes social benefits, goods and services and grants). The increase in expenditures is expected due to increased expenditures on wages and benefits across the federal government of the UAE due to the appointment of new employees, cyclical promotions and other related reasons, as well as increased expenditure associated with issuing new bonds increased the interest and expense. Within the total expenditures, AED 60,959 million is budgeted for current expenditure and AED 2,107 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 (36.9 per cent.) followed by goods and services (24.9 per cent.) and other expenses (12.1 per cent.). Wages and benefits is budgeted at AED 23,292 million which would represent a 7.0 per cent. increase compared to 2022. Goods and services is budgeted at AED 15,729 million, which would represent a 2.3 per cent. decrease compared to 2022. Grants for expenditure for 2023 are expected to be AED 2,319 million.

Federal Government Revenues and Expenditures for the fiscal years 2019-2022

For the year ended 31 December 2022, total revenues and grants on the Federal Government level amounted to AED 56,639 million. 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.

Other revenues increased by AED 1,614 million to AED 36,259 million in 2022 compared to 2021 where revenues were AED 34,645 (63.5 per cent. of revenues). 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.

Grants increased by AED 3,052 million to AED 13,731 million in 2022 compared to 2021 where grants were AED 10,679 million (19.6 per cent. of revenues). Grants decreased by AED 223 million to AED 10,649 in 2021 compared to 2020 where grants 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). The decrease in grants between 2019 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 2022, total expenditures on the Federal Government level amounted to AED 53,938 million. 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.

Wages and benefits decreased by 0.5 per cent. in 2022 compared to 2021. 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.

Goods and services increased by 1.0 per cent. in 2022 compared to 2021. 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.

Social benefits increased by 4.4 per cent. in 2022 compared to 2021 primarily as a result of an increase in pension payments made in 2022 of AED 2.86 billion compared to AED 2.65 billion in 2021 due to an increase in the number of retired military citizens. 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.

Grants for expenditures include current or capital transfers from the Federal Government to government authorities, international organisations and foreign governments. In 2022, grants for expenditures increased by 26.1 per cent. compared to 2021 primarily as a result of the increase in funding granted by the Telecommunication Regulatory Authority to the information and communication technology fund "ICTFUND" with an amount of AED 362 million in 2022 compared to AED 83 million in 2021. 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 2022 increased by 49.8 per cent. compared to 2021 primarily as a result of the payments made to settle Ministry of Foreign Affairs loans with an amount of AED 475 million, based on the Cabinet Decision no. 9 of 2021. 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. 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 2022, the 10-year annualised return of the EIA's portfolio, calculated on a time-weighted return basis, was 14.47 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. In 2022, the Federal Government received 30 per cent. of VAT collections, which amounted to AED 8.7 billion.

Income Tax

The UAE does not levy income tax on individuals.

Corporate Tax

On 31 January 2022, the Ministry of Finance announced that a federal corporate income tax ("CIT") would be introduced in the UAE. The CIT applies for fiscal years starting on or after 1 June 2023. The CIT applies 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 except if that individual or entity is a UAE government entity, a UAE government-controlled entity, a person engaged in an extractive business in the UAE, a person engaged in a non-extractive natural resource business in the UAE, a qualifying public benefit entity, a qualifying investment fund, a public pension or social security fund that is subject to regulatory oversight, a juridical person incorporated in the Emirate that is wholly owned and controlled by certain exempt persons and any other person as may be determined in a decision issued by the Cabinet at the suggestion of the minister. Corporate tax incentives currently offered to free zone businesses will remain in place. The three 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				
	2018	2019	2020	2021	2023
	<i>(AED Millions)</i>				
Revenue	477,735	476,472	367,865	463,869	611,253
Taxes.....	213,034	228,540	151,184	198,566	325,235
Taxes on income, profits and capital gains.....	196,826	173,236	112,695	154,895	274,095
Taxes on goods and services.....	7,476	46,539	31,291	34,934	41,045
Taxes on international trade and transactions.....	7,996	8,090	6,728	8,081	9,271
Other taxes.....	736	675	471	657	824
Social contributions	4,836	4,584	12,908	13,546	14,923
Other revenue.....	259,865	243,348	203,773	251,757	271,095
Property income:.....	148,713	156,635	127,914	170,952	164,416
Interest.....	5,760	5,121	5,343	4,302	8,759
Dividends.....	133,648	142,328	112,152	157,391	144,702
Rent.....	9,306	9,187	10,419	9,259	10,955
Sales of goods and services.....	64,726	70,459	60,030	62,549	86,566
Fines, penalties and forfeits.....	6,194	5,302	4,333	6,509	5,958
Expense	388,209	383,041	353,023	382,395	388,234

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

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

At the aggregated 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. The increase in interest between 2021 and 2022 is due primarily to the increase in government bonds issued at the emirate level. The increase in the taxes on income, profits and capital gains between 2021 and 2022 is due primarily from oil and gas producers as a result of the rise in global oil prices.

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 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 July 2022, the Federal Government issued U.S.\$3.0 billion across two tranches: (i) U.S.\$ 1.75 billion 4.050 per cent. due 2032; and (ii) U.S.\$ 1.25 billion 4.951 per cent. notes due 2052.

In addition, in May 2022, the Federal Government (through the Ministry of Finance), established a UAE dirham Treasury Bonds Programme ("**T-Bond**").

In addition, in May 2023, the Federal Government established a UAE dirham Treasury Sukuk Programme ("**T-Sukuk**"). Following its most recent auction of T-Sukuk in August 2023, the Federal Government currently has AED 14.5 billion in aggregate amount of outstanding debt under its T-Bonds and T-Sukuk programmes, across two-, three- and five-year tenors.

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 168.2 billion as at 31 December 2022, Sharjah's indebtedness which was approximately AED 60.2 billion as at 31 December 2022 and Dubai's indebtedness which was AED 138.3 billion as at 31 May 2023.

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 2018, 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 authorised 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. This law was followed by Federal Decree Law No. 2 of 2023 on External Public Debt of the Federal Government which determines 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 2023-2024 (the "**Public Debt Strategy**").

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 depository 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 depository 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 depository). 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 depository 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 account holder 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 depositories 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 relevant Exchange Agent on behalf of DTC or its nominee and the relevant 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 relevant 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 account holders, on the other, will be effected by the relevant Clearing System in accordance with its rules and through action taken

by the relevant 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 relevant 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, as amended (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, as described below under "*—Foreign Tax Credit Considerations*"). 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 by 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. 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. 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 recognize 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 recognize 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 recognize, 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 recognize 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 recognize 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 realized 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 realized only to the extent of the total gain or loss realized 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 recent changes to these rules introduced additional requirements and limitations. 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.⁴

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.

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).

SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS

The Dealers have, in an amended and restated programme agreement dated 18 September 2023 (the "**Programme Agreement**"), 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):

- 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;
- that it, and each account for which it is purchasing, will hold and transfer at least the minimum denomination of Notes;
- 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;
- 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;
- 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;⁵
- 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 Securities Act (if available) or (v) pursuant

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).

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;

- 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;
- 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;
- 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 relevant 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;
- 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 REALES 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.]⁶;

- 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 SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED

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).

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.]⁷; and

- 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.

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,

⁷ 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).

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:

- 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;
- 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;
- 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 1.163-5(c)(2)(i)(D)(6) (or any substantially identical successor regulations issued for the purposes of Section 4701 of the Code);
- 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
- 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, 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.

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:

- ***Qualified investors***: at any time to any legal entity which is a qualified investor as defined in the EU Prospectus Regulation;
- ***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
- ***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 applicable Pricing Supplement in respect of any Notes includes 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, 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.

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:

- **Qualified investors:** at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;
- **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 the UK Prospectus Regulation) in the UK subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- **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:

- **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

- **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 Programme 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:

- 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);
- a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than U.S.\$1,000,000;
- 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); or
- any other entity which is an "accredited investor" as defined in the Central Bank of Bahrain Rulebook.

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:

- 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
- 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 any 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 8 of the "Rules on the Offer of Securities and Continuing Obligations" as issued by the Board of the CMA resolution number 3-123-2017 dated 9/4/1439H (corresponding to 27 December 2017), as amended by CMA resolution number 8-5-2023 dated 25/6/1444H (corresponding to 18 January 2023) (the "**KSA Regulations**"), made through a capital market institution licensed to carry out arranging activities by the CMA and following a notification to the CMA under Article 10 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 "institutional and qualified clients" under Article 8(a)(1) of the KSA Regulations or by way of a limited offer under Article 9 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 by it to a Saudi Investor will be made in compliance with Article 10 and either Article 8(a)(1) or Article 9 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 Article 14 of 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 Abu Dhabi Global Market unless such offer is:

- an "Exempt Offer" in accordance with the Financial Services Regulatory Authority (the "**FSRA**") Financial Services and Markets Regulations 2015 (the "**FSMR**") and the FSRA Markets Rules;
- made only to persons who meet the Professional Client criteria set out in Rule 2.4.1 of the FSRA Conduct of Business Rules; and
- made only in circumstances in which section 18(1) of the FSMR does not apply.

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:

- an "Exempt Offer" in accordance with the Markets Rules (MKT) Module of the DFSA Rulebook; and
- 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 have not been and will not be offered, marketed and/or sold by it in Kuwait, except through a licensed person duly authorised to undertake such activity pursuant to Law No. 7 of 2010 Concerning the Establishment of the Capital Markets Authority and Regulating of Securities Activities and its executive bylaws (each as amended) (the "**CML Rules**") and unless all necessary approvals from the CMA pursuant to the CML Rules, together with the various resolutions, regulations, directives and instructions issued pursuant thereto or in connection therewith (regardless of nomenclature or type), or any other applicable law or regulation in Kuwait, have been given in respect of the offering, marketing and/or sale of Notes.

Hong Kong

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 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
- 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

This Base Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore under the SFA. 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:

- to an institutional investor (as defined in Section 4A of the SFA pursuant to Section 274 of the SFA);
- 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
- 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 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
- 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:
 - (i) 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)(c)(ii) of the SFA;
 - (ii) where no consideration is or will be given for the transfer;
 - (iii) where the transfer is by operation of law;

- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Malaysia

This Base Offering Circular has not been registered as a prospectus with the Securities Commission of Malaysia under the Capital Markets and Services Act 2007 of Malaysia (the "CMSA"). Accordingly, 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 delivered, and no invitation to subscribe for or purchase the Notes has been or will be made, directly or indirectly, by it 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 I of Schedule 6 or Section 229(1)(b), Part I of Schedule 7 or Section 230(1)(b) and Schedule 8 or Section 257(3), read together with Schedule 9 or Section 257(3), of the CMSA, subject to any law, order, regulation or official directive of the Central Bank of Malaysia, the Securities Commission of Malaysia and/or any other regulatory authority from time to time.

Residents of Malaysia may be required to obtain relevant regulatory approvals including approval from the Controller of Foreign Exchange to purchase any Notes. The onus is on the Malaysian residents concerned to obtain such regulatory approvals and none of the Dealers is responsible for any invitation, offer, sale or purchase of any Notes as aforesaid without the necessary approvals being in place.

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 update of the Programme was duly authorised and the issuance of Notes under the Programme is duly authorised by Decree Law No. (2) of 2023 on Issuing External Public Debt of the Federal Government and Ministerial Resolution No. (216) of 2023 on the Management of External 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.

Application has also been made to the DFSA for certain Notes issued under the Programme during the period of 12 months from the date of this Base Offering Circular to be admitted to the DFSA Official List and to Nasdaq Dubai for such Notes to be admitted to trading on Nasdaq Dubai.

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 2022.

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 copy of this Base Offering Circular;

- the Agency Agreement;
- the Deed of Covenant; and
- 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> and on the website of Nasdaq Dubai at <https://www.nasdaqdubai.com/trading/disclosures>.

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

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