



مصرف الإمارات العربية المتحدة المركزي  
CENTRAL BANK OF THE U.A.E.

# ANNUAL REPORT

## 2025





**H.H. SHEIKH MOHAMED  
BIN ZAYED AL NAHYAN**

PRESIDENT OF THE UNITED ARAB EMIRATES



**H.H. SHEIKH MOHAMMED  
BIN RASHID AL MAKTOUM**

VICE PRESIDENT, PRIME MINISTER  
OF THE UAE AND RULER OF DUBAI



**H.H. SHEIKH MANSOUR  
BIN ZAYED AL NAHYAN**

VICE PRESIDENT  
DEPUTY PRIME MINISTER  
CHAIRMAN OF THE PRESIDENTIAL COURT

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# THE CBUAE'S BOARD OF DIRECTORS



**H.H. SHEIKH MANSOUR  
BIN ZAYED AL NAHYAN**  
CHAIRMAN



**H.E. Abdulrahman Al Saleh**  
Vice Chairman



**H.E. Jassem Mohammed  
Bu Atabah**  
Vice Chairman



**H.E. Khaled Mohamed Balama**  
Governor



**H.E. Younis Haji Al Khoori**  
Member



**H.E. Sami Dhaen Al Qamzi**  
Member



**H.E. Ali Mohammed  
Bakheet Al Rumaithi**  
Member

## MESSAGE FROM



### **H.H. SHEIKH MANSOUR BIN ZAYED AL NAHYAN**

VICE PRESIDENT  
DEPUTY PRIME MINISTER  
CHAIRMAN OF THE PRESIDENTIAL COURT  
CHAIRMAN OF THE BOARD OF DIRECTORS

The United Arab Emirates is firmly and confidently advancing its comprehensive and sustainable development model, guided by a forward-looking leadership vision, that has positioned its economy to be among the most resilient and diversified economies regionally and globally. In light of rapid global economic transitions, the UAE has demonstrated a solid ability to maintain stability and enhance growth momentum, reflecting the strength of its economic policies and the effectiveness of its national institutions. This has strengthened its position as a global financial hub that commands the confidence of investors and international partners.

The Central Bank of the United Arab Emirates (CBUAE) maintains a pivotal role in safeguarding monetary and financial stability, strengthening the resilience of the financial sector, and consolidating sustainable economic growth. The CBUAE is also leading advanced efforts to develop regulatory and supervisory frameworks, upgrade financial infrastructure, accelerate the pace of digital transformation in the financial system, and deepen partnerships and integration with regional and international financial institutions.

These policies are clearly reflected in strong macroeconomic performance, with real Gross Domestic Product (GDP) recording an estimated growth of approximately 5.6% in 2025, driven by qualitative expansion in the non-oil sectors, which have become the primary driver of economic diversification.

As the UAE confidently advances toward broader development prospects, the CBUAE will continue to fulfil its national mandate to preserve financial stability and reinforce confidence in the financial system, ensuring it remains a key pillar that enhances the progress and prosperity, and keeping pace with the UAE's ambitions to achieve sustainable development and a global competitive economy.

## MESSAGE FROM



### H.E. KHALED MOHAMED BALAMA

#### GOVERNOR

Guided by the vision and direction of His Highness Sheikh Mansour bin Zayed Al Nahyan, Vice President of the UAE, Deputy Prime Minister, Chairman of the Presidential Court, and Chairman of the Board of Directors of the CBUAE, the CBUAE continued to strengthen the pillars of financial and monetary stability, and to develop the supervisory and regulatory regulations needed to support the UAE economy's competitiveness and promote its leading position as a global financial hub.

The CBUAE also intensified efforts to develop highly efficient regulatory frameworks, improve consumer protection measures, and ensure the prudent management of foreign reserves, as essential elements to accomplishing our mandates and achieving our goals.

A key development during the year was the issuance of Federal Decree-Law No. (6) of 2025 Regarding the Central Bank and the Regulation of Financial Institutions, Activities and Insurance Business, promulgated by His Highness Sheikh Mohamed bin Zayed Al Nahyan, President of the UAE (May Allah Protect Him). This law has strengthened the CBUAE's ability to protect financial stability while further promoting its independence and proactive role in crisis management. It has also reinforced the CBUAE's institutional framework, clarified regulatory mandates and expanded its supervisory and regulatory powers to support confidence in the financial system.

In order to enhance supervisory and regulatory systems, the CBUAE continued to monitor and mitigate systemic risks through refinements to its macroprudential toolkit, focusing on a risk-based regulatory methodology, supported by flexible supervisory policies that are highly responsive to changes in the macroeconomic environment and financial markets. Progress was also made in strengthening the regulatory framework for virtual assets, including the issuance of stablecoin regulations, the integration of virtual asset payment services within licensed activities and enhanced supervisory oversight, supporting responsible innovation.

The CBUAE also played an active role in enhancing the UAE's position as a global hub for Islamic finance, as the Cabinet approved the "National Strategy for Islamic Finance and the Halal Industry", which aims to build a resilient and sustainable economy for the sector, spanning banking, Takaful insurance, and financial markets.

In line with rapid global developments in the adoption of digital solutions in the financial sector, the financial infrastructure programme has made significant progress in several areas, most notably the central bank digital currency initiatives through the "Jisr" platform, the Digital Dirham project through the launch of the national currency symbol in both physical and digital forms, and the development of an integrated and secure digital platform for the issuance and circulation of Digital Dirhams, in addition to advancing sovereign financial cloud infrastructure.

These efforts have resulted in a national achievement that reflects the UAE's leadership in adopting advanced payment solutions, as the first government financial transaction using the "Digital Dirham" was conducted, marking a strategic transformation that enables the use of the national digital currency across government and private sector transactions.

The CBUAE enhanced the Dirham Monetary Framework through the introduction of a Shari'ah-compliant Overnight Murabaha Facility and the expansion of open market operations. Foreign reserves increased by 23.4% to  $\text{AED} 1,048$  billion, reflecting sustained capital inflows.

The CBUAE also advanced national efforts to enhance financial health, including the launch of the National Financial Inclusion Strategy to broaden access to essential finance services.

Emiratisation remained a strategic priority, with the "Ethraa programme" achieving its goals by employing 10,300 UAE nationals across institutions, empowering them to lead the financial sector.

In conclusion, we will continue to deliver on our mandate and advance our strategic goals to be among the top central banks globally, contributing to the sustainability of the UAE's economy and supporting its global competitiveness. I extend my appreciation to the UAE's leadership for their guidance, and to the Board of Directors and all the CBUAE staff for their dedication and professionalism throughout the year.

# MESSAGES FROM CBUAE SENIOR LEADERSHIP



## H.E. Ebrahim Obaid Al Zaabi

Assistant Governor for Monetary Policy and Financial Stability

We have made significant progress in strengthening the effectiveness and depth of our monetary and financial stability framework. This progress was achieved against a challenging global backdrop. Despite these headwinds, the UAE's financial system remained resilient, underpinned by strong macroeconomic fundamentals and a well-capitalised banking sector. Collectively, these achievements reinforce the CBUAE's commitment to maintaining monetary stability and ensuring a robust and forward-looking financial system that supports economic growth and boosts confidence.



## H.E. Ahmed Saeed Al Qamzi

Assistant Governor for Banking and Insurance Supervision

During 2025, we sustained our efforts to strengthen the risk-based regulatory framework, to keep pace with rapid developments in the financial sector, and to support the ability of licensed financial institutions to adapt to changes with high resilience and efficiency. Through the development of regulatory technology, the adoption of advanced analytical tools, and the expansion of examination and risk monitoring activities, we supported the quality of financial institutions' assets, improved their liquidity levels, ensured capital adequacy across the financial sector, and contributed to the UAE's financial stability.



## H.E. Saif Humaid Al Dhaheri

Assistant Governor for Banking Operations and Support Services

The CBUAE is leading the digital future by establishing a comprehensive innovation ecosystem that reshapes the financial landscape in the UAE, guided by a forward-looking vision and grounded in responsiveness and readiness. Through the application of AI, the CBUAE is developing the world's first sovereign financial cloud services infrastructure, while strengthening the strategic pillars of financial technology to foster a financial environment characterised by resilience, seamless and inclusive interoperability. This approach supports the sustainability of financial stability and promotes global innovation.



## H.E. Ibraheem Al Sayed Mohamed Al Hashemi

Assistant Governor for Executive Office  
and Secretary General of the Board of Directors

In 2025, we advanced the development of the CBUAE's 2027–2029 strategy, embedding foresight, robust corporate governance, and institutional excellence at the core of our future direction. Through expanded domestic and international partnerships and strategic engagement, we have reinforced our governance and sustainability frameworks, enhanced the CBUAE's global recognition, driving our ambition to be recognised amongst the world's top central banks.



## H.E. Fatma Abdulla Al Jabri

Assistant Governor for Financial Crime,  
Market Conduct and Consumer Protection

In 2025, the CBUAE strengthened the UAE's financial crime and market conduct framework through efficient and effective, risk-based supervision and enhancing institutional capability. We reinforced alignment with international standards, advanced consumer and SME protections, improved judicial coordination, and formally integrated financial health as a core policy objective, promoting resilience, trust, and responsible financial decision-making across the system.

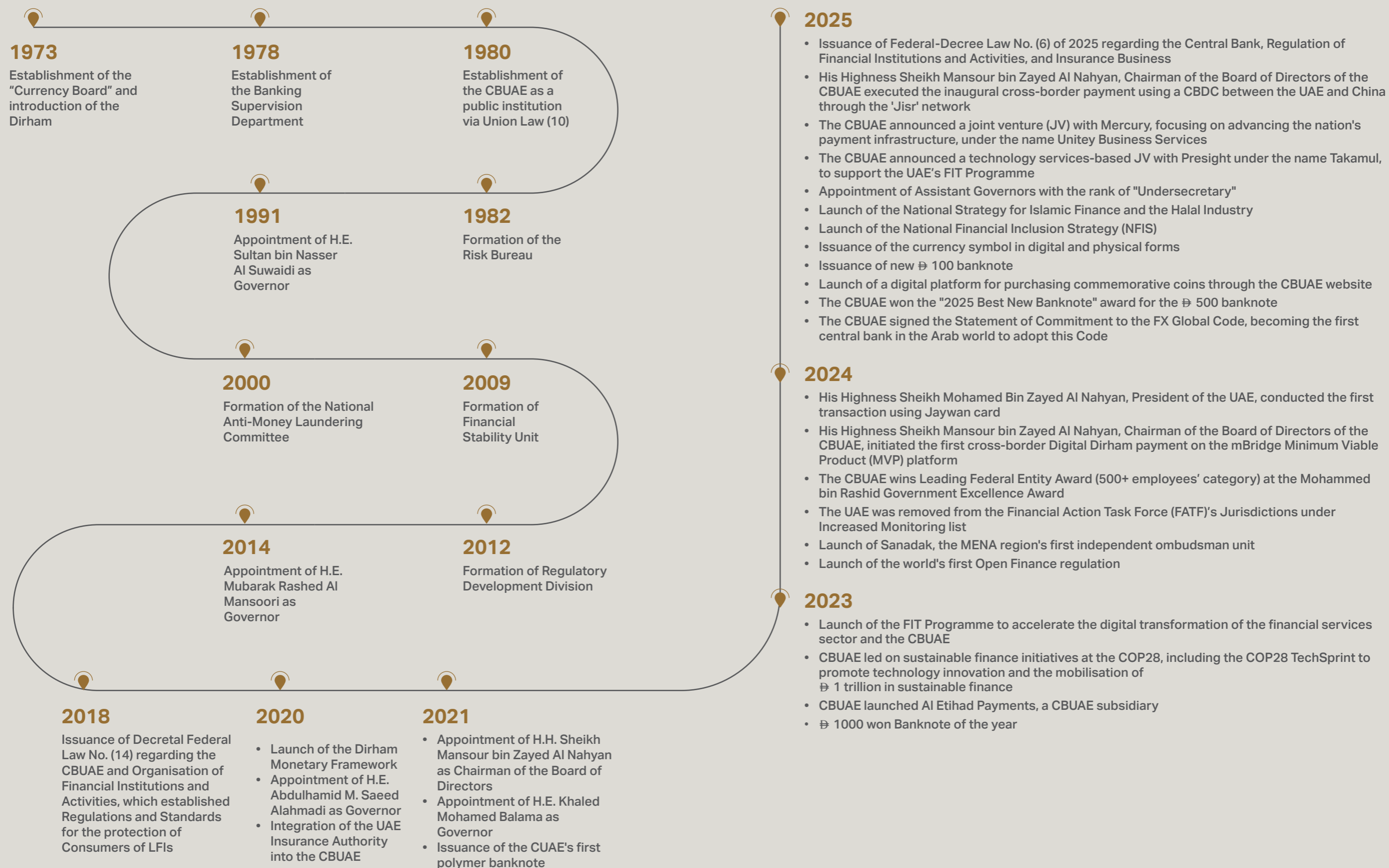


## PROMOTING FINANCIAL HEALTH AND INCLUSION

In line with the UAE's declaration of the **Year of Community**, the CBUAE launched the **National Financial Inclusion Strategy (NFIS) 2026–2030** in 2025. The Strategy outlines the CBUAE's commitment to enabling inclusive and sustainable economic growth that places people and communities at the centre of financial development. With financial health positioned as the overarching impact objective, it links access, usage, quality and consumer outcomes to sustainable well-being and economic productivity.

Priority areas include equitable access to financial services, accelerating digital inclusion, strengthening financial literacy and consumer protection. By aiming to broaden participation in the formal financial system while safeguarding monetary and financial stability, the CBUAE can contribute to both individual and collective economic empowerment, and long-term financial and socio-economic resilience, in alignment with UAE Vision 2031 and Centennial 2071.

## STRATEGIC MILESTONES: 1973 - 2025



## 7. THE CBUAE'S SUBSIDIARIES AND AFFILIATED BODIES

The CBUAE has a network of direct subsidiaries and related independent entities that operate to fulfil its mandate with oversight through Board representation or other reporting lines.

In 2025, the CBUAE conducted an extensive exercise to define and map the Ecosystem Oversight Framework to identify clear roles, responsibilities and governance, ensuring transparent and effective oversight of subsidiaries and affiliated bodies with the CBUAE mandate. The framework will be completed in Q1, 2026 and will classify the entities into different categories.

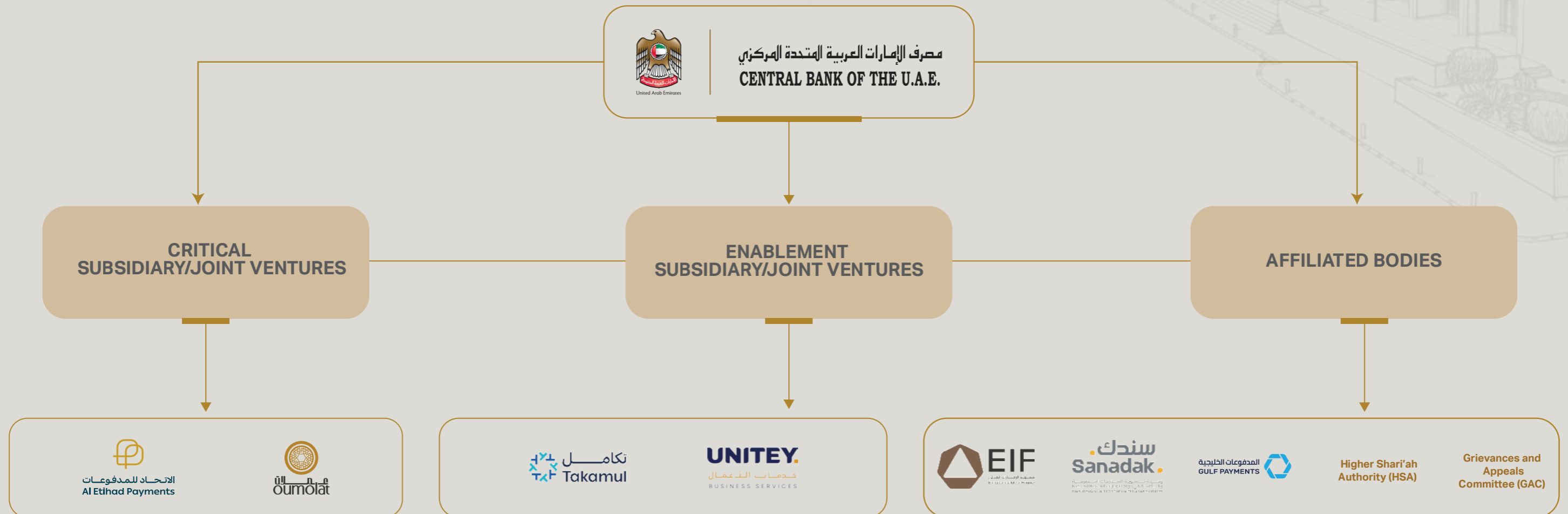
The critical subsidiaries and the enablement subsidiaries form part of Numuw Holding ("Numuw"), a holding company wholly owned by the CBUAE, under which all the subsidiaries / JVs are established. Numuw is chaired by H.E. Ebrahim Obaid Alzaabi, Assistant Governor.

**Critical Subsidiary/JVs:** Wholly or majority-owned entities that deliver essential financial, monetary, or public-good capabilities where disruption materially threatens financial stability, core operations, or national sovereignty. These include Al Etihad Payments (AEP) and Oumolat.

**Enablement Subsidiary/JVs:** Owned entities that provide shared or enabling services supporting operational or strategic functions. These include, Unitey and Takamul.

**Affiliated Bodies:** Independent entities linked through mandate, purpose, or strategic alignment, with governance participation but without ownership. These include Emirates Institute of Finance (EIF), Sanadak, Higher Shari'ah Authority (HSA), Gulf Payments (GPC), and Grievances and Appeals Committee (GAC).

Figure 1: The CBUAE's Subsidiaries and Affiliated Bodies



### CRITICAL SUBSIDIARIES



An entity which aims to support the digital transformation of the UAE's financial market infrastructure through the provision of innovative banking solutions with the objective of ensuring seamless, secure digital payment services. Its main mandate is to develop and operate best-in-class financial markets infrastructure for the UAE. AEP is chaired by H.E. Saif Humaid Aldhaferi, Assistant Governor.



Entity providing comprehensive security printing services locally and globally, including currency notes printing, using the latest technological advancements. Oumolat is currently diversifying its operational portfolio, offering other high-security products and services, Oumolat is chaired by H.E. Saif Humaid Aldhaferi, Assistant Governor.

### ENABLEMENT SUBSIDIARIES



JV signed with Presight focused on delivering and maintaining sovereign, AI-powered technological platforms relating to various critical financial market infrastructures. Takamul's mandate is to ensure the UAE's financial market infrastructure remains resilient, secure, efficient and future-ready, while also supporting the accelerated transformation of the financial sector. Takamul is chaired by H.E. Saif Humaid Aldhaferi, Assistant Governor.

#### UNITEY

JV signed with Mercury focused on strengthening the UAE's national financial market infrastructure and ensuring the business continuity of the related systems and platforms. Unitey aims to build a future-focused payments infrastructure. Unitey is chaired by H.E. Saif Humaid Aldhaferi, Assistant Governor.

### AFFILIATED BODIES



A training institute which aims to provide advanced educational programmes and training services in the areas of banking, financing, and insurance to enable UAE cadres and enhance Emiratisation across the financial sector. EIF is positioned as a leading training provider to achieve the goals of the Emiratisation agenda, with long-term plans offering self-certification programs to establish itself as a regional benchmark. EIF is chaired by H.E. Khaled Mohamed Balama, Governor of the CBUAE.



A complaint resolution authority established to enable independent and fair resolution to complaints by consumers of Licensed Financial Institutions (LFIs). Sanadak acts with impartiality, fairness, and transparency to resolve financial and insurance complaints between consumers or small to medium enterprises (SMEs), and LFIs, with the aim of safeguarding trust in the UAE's financial sector. Sanadak is chaired by H.E. Fatma Abdulla Aljabri, Assistant Governor.



The company was established following the Gulf Cooperation Council (GCC) Supreme Council's 2016 resolution to create a unified system linking payment networks across GCC countries. It supports the GCC charter's goal of enhancing coordination, cooperation, and economic integration by developing shared financial payment infrastructures across member states. H.E. Khaled Mohamed Balama, Governor of the CBUAE is the Vice Chair of GPC.

#### Grievances and Appeals Committee (GAC)

The GAC was formed pursuant to Cabinet Resolution No. (89) of 2021 Regarding the Formation and Terms of Reference of the Grievance and Appeals Committee. The GAC has sole and exclusive jurisdiction to decide on grievances and appeals against decisions related to financial and banking activities issued by the CBUAE, excluding regulations and supervisory decisions of a general nature.

#### Higher Shari'ah Authority (HSA)

The HSA was established, and its members appointed, in accordance with resolutions enacted by the UAE Cabinet. Decretal Federal Law No. (14) of 2018, regarding the Central Bank and organisation of financial institutions and activities and its amendments, reaffirmed HSA's establishment and provided further details of its mandate. The HSA's goal is to support the creation of a robust infrastructure that enables further development of the UAE's Islamic finance industry. HSA is chaired by His Eminence Sheikh Dr. Ahmed Abdelaziz Al Haddad.

## 8. PROGRESS DELIVERED AGAINST 2023-2026 STRATEGY



### Vision

To be among the top central banks globally in promoting monetary and financial stability and supporting the UAE's competitiveness.



### Mission

Enhancing monetary management, financial stability, and protecting consumers through effective supervision of LFIs, the prudent management of reserves, robust financial infrastructure and the adoption of digital technologies.



### Values



**Competitive**  
Our ambition is to be a global leader across various fields by investing in innovative technology grounded in best practices and research.



**Proactive**  
Establishing a proactive mindset that increases ownership, accountability, and innovation through empowering and enabling employees across all levels and facilitating effective decision-making.



**Transparent**  
Creating transparency and openness with the highest integrity across the organisation through effective communication and collaboration.



**Talent-centric**  
Building a caring, talent-centric organisation that rewards and recognises employees and emphasises their development.



## 9. KEY HIGHLIGHTS



In May 2025, the UAE Cabinet, chaired by His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai, approved the National Strategy for Islamic Finance and the Halal Industry to position the country as a global hub for these sectors. The CBUAE plays a central role, with its Governor chairing the committee responsible for implementing the strategy. This has contributed to maintaining the UAE's position among the top three countries globally in the Islamic Finance Development Indicator (IFDI) ranking.



The UAE's standalone Banking System Credit Rating, measured through Moody's Baseline Credit Assessment, continued to uphold stable rating at Baa2. This was also assessed against the CBUAE's internal comparison methodology with a similar list of 28 peer countries. The UAE's ranking remained in the top 10. The FIT Programme achieved key milestones, including issuance of the Open Finance Framework, execution of the first government transaction using the Digital Dirham and the cross-border launch of the Jisr platform. These initiatives further advanced innovation, trust, and strong governance across the financial ecosystem.



The continuous commitment to the nationwide Zero Bureaucracy Programme is demonstrated through a focus on key initiatives with significant industry impact. Zero Bureaucracy projects were advanced across multiple areas to enable and strengthen the sector, including Digital and Financial Infrastructure Transformation, Regulations, Innovation, Supervision, Compliance and Financial Stability, Consumer Protection and Market Conducts project, Monetary Policy, Capital Market, Currency Management and Service Improvements. These initiatives resulted in the activation of more than 70 Zero Bureaucracy initiatives by various LFIs, aimed at enhancing the user experience, facilitating onboarding processes, achieving technical excellence and increasing transparency.

The enactment of the new CBUAE Law marked a significant milestone in strengthening the CBUAE's institutional standing, expanding its mandate and reinforcing its operational independence.



The UAE advanced to 8<sup>th</sup> place (from 21<sup>st</sup> in the previous year) in the Global FinTech Centre Index, maintaining its position as the highest ranked FinTech jurisdiction in the Middle East.

The IMF's 2025 Article IV Consultation Report reaffirmed the robustness of the CBUAE's statistical framework, assigning a Grade A for Financial Soundness Indicators (FSIs) and a Grade B for Monetary and Financial Statistics



The IMF commended the CBUAE's progress in External Sector Statistics (ESS) production in the 2025 Article IV report and raised the UAE's Data Adequacy Assessment grade for ESS from D to C, reflecting significant improvements in data coverage and quality.



Surveys were conducted to measure satisfaction with the services provided by the CBUAE, targeting LFIs as well as banking and insurance consumers. Across both target groups, an increase in satisfaction was observed in relation to services delivered during 2024.



The CBUAE continued to advance the NFIS which seeks to promote financial health and position the UAE as a global leader in inclusive finance. The Strategy aims to ensure that individuals and enterprises have access to innovative financial services that enhance financial well-being and support sustainable growth.



The CBUAE conducted workshops with LFIs to gather feedback on enhancing its services. In addition, user experience (UX) capabilities were strengthened through the launch of dedicated UX initiatives. These efforts are reflected in the overachievement of the targets set by the Telecommunications and Digital Government Regulatory Authority (TDRA), with an approximate Y-o-Y increase of 19 percentage points.

## THE CBUAE NEW STRATEGY

In the presence of His Excellency the Governor, the 2025 Strategic Forum defined the CBUAE’s future priorities and long-term direction. The Forum provided a platform for constructive dialogue, cross-functional engagement, and collective reflection on the evolving role of central banking amid rapid financial, economic, and technological change.

The Forum further underscored foresight as a critical strategic capability, with leadership engaging in forward-looking discussions on the future of money and central banking, and on multiple long-term scenarios shaping the global financial system.

A key outcome of the Forum was leadership alignment on the core elements of the CBUAE’s 2027–2029 Strategy, including newly articulated Vision and Mission statements that will guide the institution through the next strategic cycle.

### Next Strategy Cycle Guiding Principles

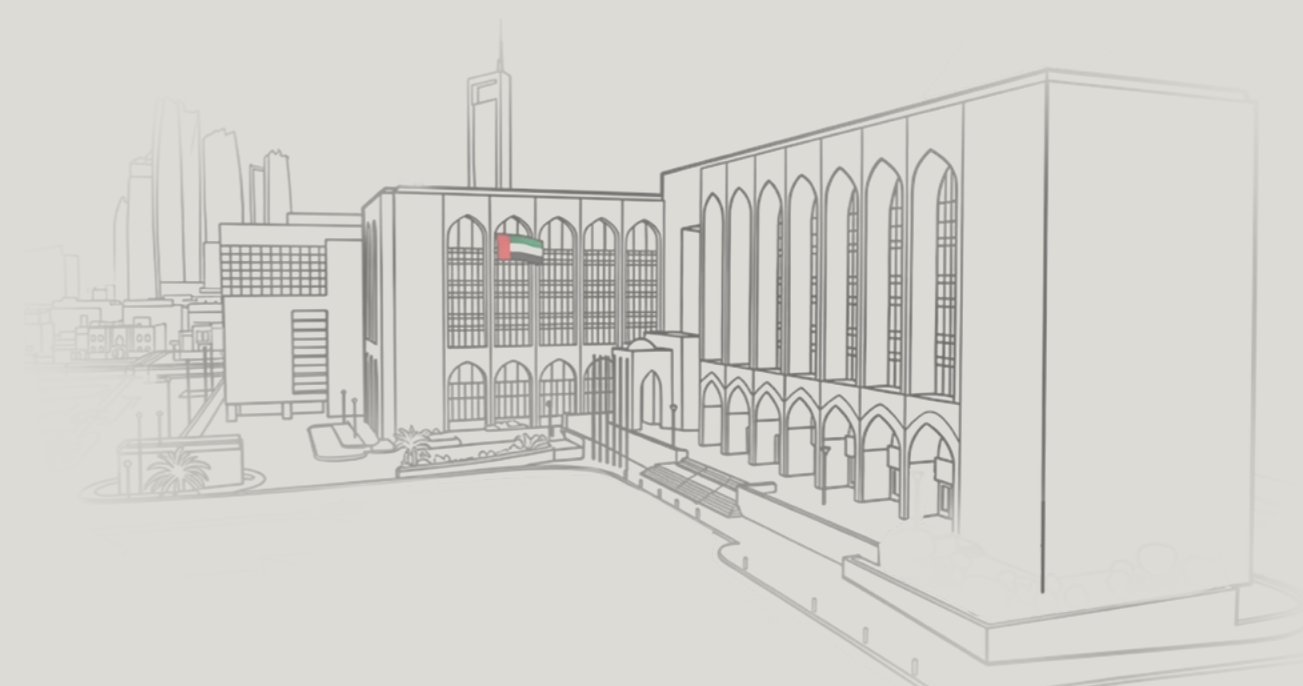


### Strategic Foresight at the CBUAE

As part of the strategy development process, the CBUAE launched a Strategic Foresight Programme / Future Hub to fully embed long-term preparedness and forward-looking decision-making initiatives across the organisation. The initiative strengthens the CBUAE’s ability to anticipate emerging opportunities and risks that may reshape money, finance, and the role of central banks, enabling more timely and informed strategic choices, particularly during periods of heightened uncertainty.

The Programme identified several structural developments with long-term implications for central banks, including:

- The evolution of money and payments through tokenisation, programmable money, and the coexistence of public and private digital currencies.
- The increasing importance of cross-border financial infrastructures and real-time settlement in a more fragmented global system.
- The impact of advanced technologies, including AI and data-driven supervision on regulatory models and institutional capabilities; and rising expectations around resilience, trust, and sustainability in how central banks safeguard stability and support economic growth.



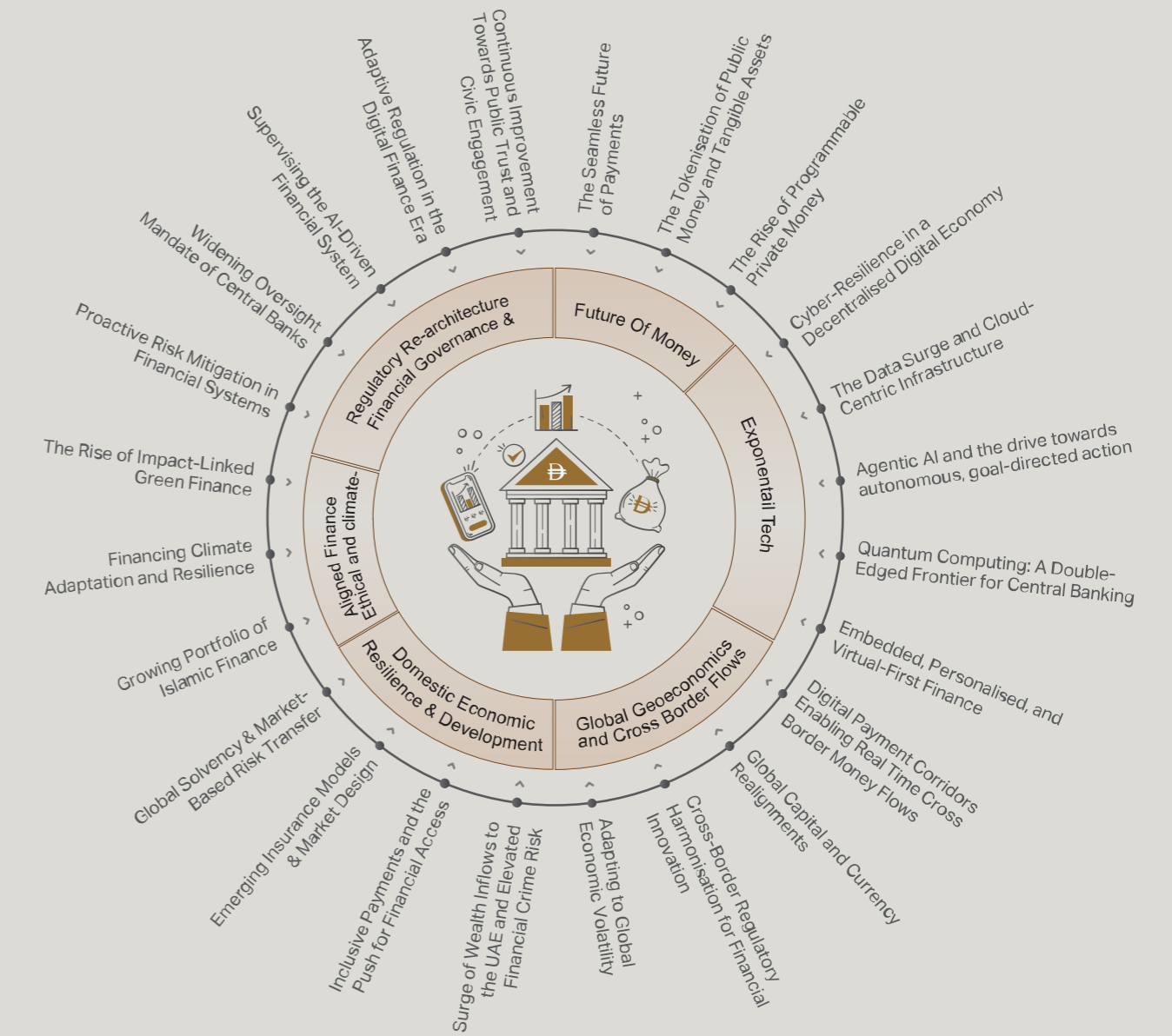
The Future Hub Programme (Figure 2) initiative identified trends through an extensive horizon-scanning via a Strategic Foresight Radar (SFR), complemented by an AI-enabled tool that provides a continuously updated view of key trends and signals shaping the future of central banking and their implications. In parallel, the SFR explored how mandates, tools, and operating models may evolve over provocative scenarios with a long-term horizon of 15 years and beyond. A pilot scenario on the future of financial systems and institutions applied foresight methods to translate medium-term uncertainty into actionable insights.

**Figure 2**  
The Future Hub Programme



The Programme laid the foundations for integrating foresight as a recurring input into the CBUAE's strategy and planning cycles, instilling long-term thinking to remain agile, resilient, and forward-looking, while reinforcing its role as a regional and global benchmark in preparing for an uncertain future.

**Figure 3**  
Emerging Themes of Strategic Foresight Tool and an Interactive Foresight Radar Offers Tailored Analysis Across 24 Trends



## REINFORCING EXCELLENCE THROUGH INTERNATIONAL CERTIFICATION

In 2025, the CBUAE achieved ISO certification against ISO 45001:2018 (Occupational Health and Safety Management Systems) and ISO 56002:2019 (Innovation Management System – Guidance), in addition to the previously certified seven standards. This internationally recognised certification underscores the CBUAE’s commitment to providing a safe and healthy workplace, strengthening risk prevention for its staff and fostering a culture of innovation. This milestone also demonstrates the CBUAE’s alignment with global best practices, continuous improvement, and institutional excellence in support of its strategic mandate and long-term sustainability.

**Figure 4**

Integrated Management System (IMS) Standards



In a testament to the CBUAE’s commitment to leading by example, the CBUAE has been formally awarded the prestigious certification – BS 13500: Effective Governance Management Systems, following a comprehensive audit by the British Standards Institute. This certification confirms that the CBUAE’s governance practices meet stringent global criteria. It reinforces the CBUAE’s position as a benchmark within the financial sector and enhances its reputation as a world-class central bank operating at the highest levels of integrity.

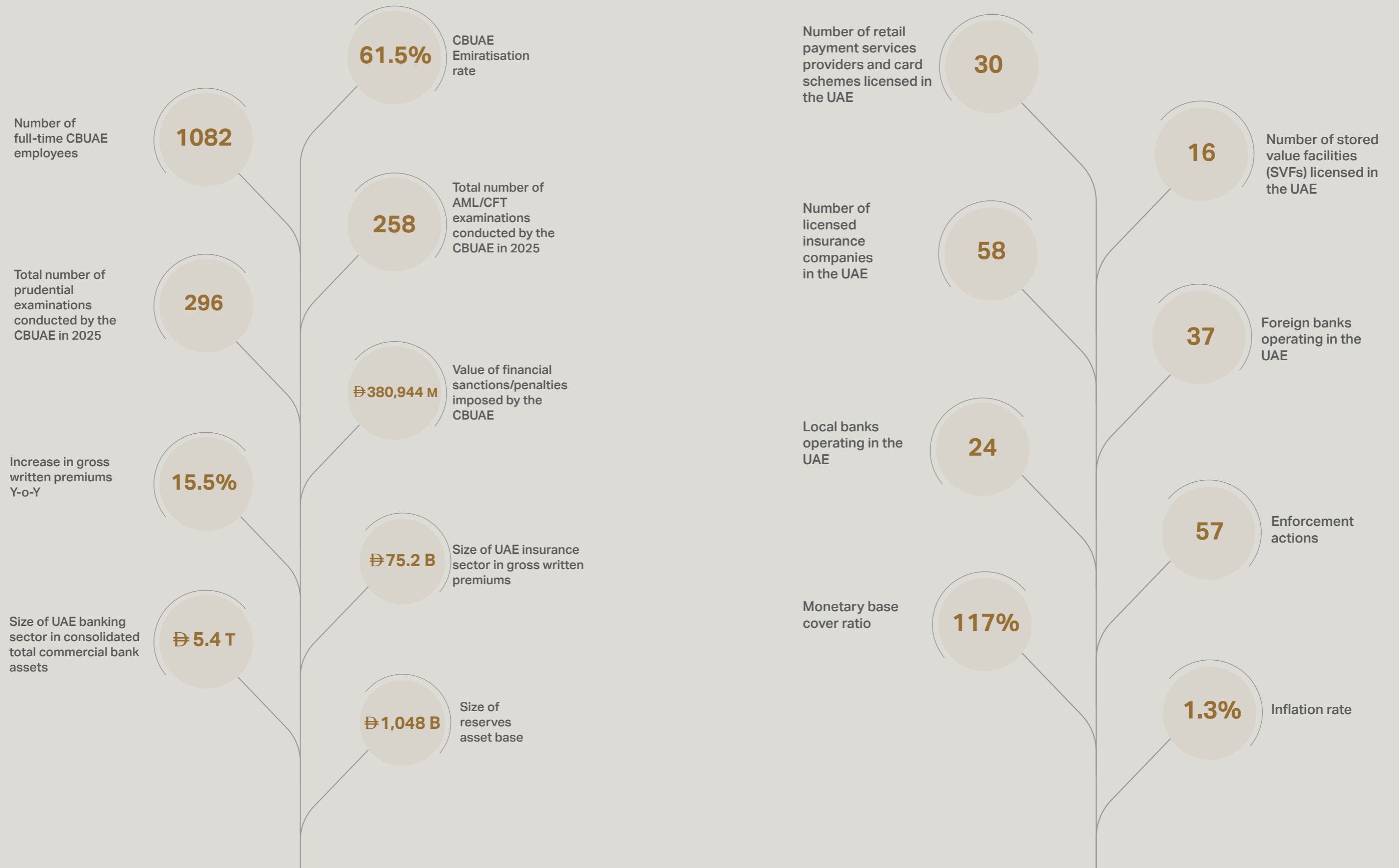
As part of its commitment to maintaining the highest standards of quality and compliance, the CBUAE’s Internal Audit was recognised in “Full Conformance” with the Global Internal Audit Standards (GIAS). The CBUAE also attained the UAE Quality Assessment Award from the UAE Internal Audit Association.

Achieving the Internal Audit Quality Assessment Award has strengthened internal audit practices, increased stakeholder confidence, and enhanced reliance on audit outcomes. of internal audit practices, leading to increased stakeholder confidence and greater reliance on audit outcomes. Moreover, it has enhanced the quality and consistency of audit engagement activities.

The new 500 Dirham Note was awarded Best New Banknote Issue for 2025 in the Europe, Middle East and Africa region during the “High Security Printing EMEA” conference in Basel, Switzerland. This recognition reflects the CBUAE’s implementation of the latest technical specifications and advanced security features. This achievement establishes the UAE as the first country in the Middle East to issue banknotes featuring the region’s largest surface-applied foil stripe.



## 2025 AT A GLANCE



# ECONOMIC DEVELOPMENTS

10



## 10. ECONOMIC DEVELOPMENTS

### Global Developments

Global growth remained robust at 3.3% Y-o-Y in 2025 despite persistent geopolitical challenges, including continued trade uncertainty. Economic performance remained uneven across regions, with advanced economies lagging behind emerging market and developing economies. Resilience was underpinned by broadly accommodative financial conditions and a strong expansion in technology and AI-related investment, particularly in the United States and parts of Asia, which helped mitigate structural weaknesses in other regions and partly offset weaker growth dynamics elsewhere. Trade tensions also moderated over the course of the year, following a period of heightened friction and uncertainty earlier in 2025, which helped to stabilise sentiment around cross-border trade.

Global headline inflation continued to ease in 2025, supported by declining energy prices and softening goods inflation. However, core inflation remained persistent in several advanced economies, reflecting still-elevated services price pressures and previously tight labour market conditions, although signs of moderation emerged toward the end of the year. As inflationary pressures gradually receded and inflation expectations remained broadly anchored, some central banks continued with monetary policy easing. By contrast, inflation developments across emerging markets were more heterogeneous, with renewed pressures in some economies mainly from exchange-rate movements and localised supply shocks.

In 2025, the average price of Brent crude declined to USD 69 per barrel, down from USD 81 per barrel in 2024, reflecting ample supply conditions in global markets. By contrast, gold and other precious metals rose sharply, supported by sustained central bank demand and heightened geopolitical uncertainty.

### UAE Economic Developments

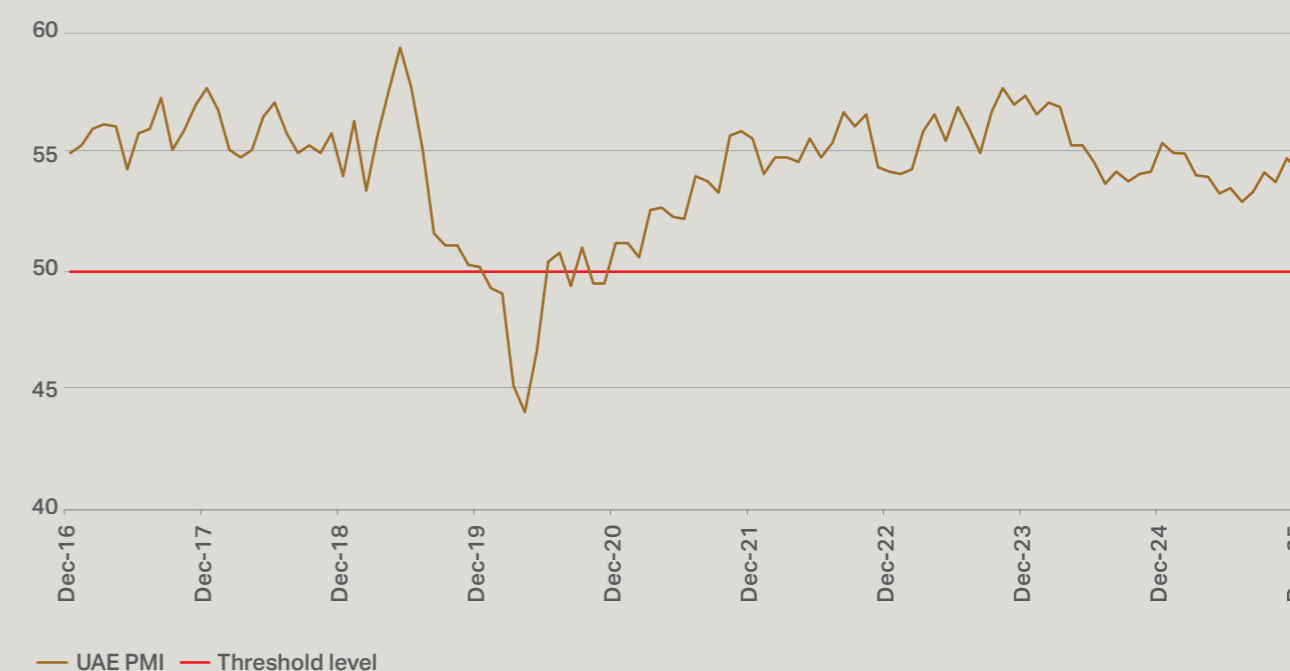
The UAE maintained robust economic growth in 2025, estimated at 5.6%, amid global uncertainty, geopolitical developments, and lower and more volatile oil prices, supported by sustained domestic demand. Economic activity gained further momentum toward the end of 2025, with the Purchasing Managers' Index (PMI) reaching 54.2 points in December 2025, indicating economic expansion. Overall business confidence remains robust, driven by solid market conditions and structural reform initiatives.

The first three quarters of 2025 recorded a steady rise<sup>1</sup> in real non-hydrocarbon GDP growth. The top five sectors driving this growth include financial and insurance services, manufacturing, construction, wholesale, retail and real estate activities. Oil production averaged 3.12 million barrels per day over 2025, representing a 6.9% increase compared to 2024. The rebound in oil production is driven by an accelerated adjustment in actual production following upward revisions to the UAE's quota. Meanwhile, domestic gas production expanded by 2.7% in 2025, supported by solid demand, with gas sales growing by 3.9% during the same year.

The UAE's outlook remains strong, with real GDP growth estimated at 5.6% in 2026. Growth is expected to be driven primarily by non-hydrocarbon sectors, particularly financial and insurance services, manufacturing and construction, alongside a rebound in hydrocarbon GDP following the most recent OPEC+ quota increase. A projected moderation in oil GDP in 2027, alongside continuous, sustained growth in non-oil activities, could lead to overall GDP growth of around 4.4%.

**Figure 5**

The UAE Purchasing Managers' Index (PMI)



Source: S&P Global

UAE's headline inflation moderated to 1.3% in 2025, reflecting lower energy and food prices, down from 1.7% in 2024. Inflation is projected to remain stable at around 1.8% in 2026 and 2.0% in 2027, with rent prices and external factors expected to be the primary source of upward inflationary pressures.

<sup>1</sup> 5.3% Y-o-Y in Q1 2025, 6.1% Y-o-Y in Q2 2025 and 7.0% in Q3 2025.

**Table 1**

Real GDP Growth and Inflation in the UAE (%)

	2022	2023	2024	2025 Estimate	2026 Forecast	2027 Forecast
Overall GDP	7.5	4.3	4.0	5.6	5.6	4.4
Non-hydrocarbon GDP	7.0	7.0	5.0	6.1	5.1	5.0
Hydrocarbon GDP	8.9	-3.0	1.0	4.1	7.3	2.6
Headline Inflation	4.8	1.6	1.7	1.3	1.8	2.0

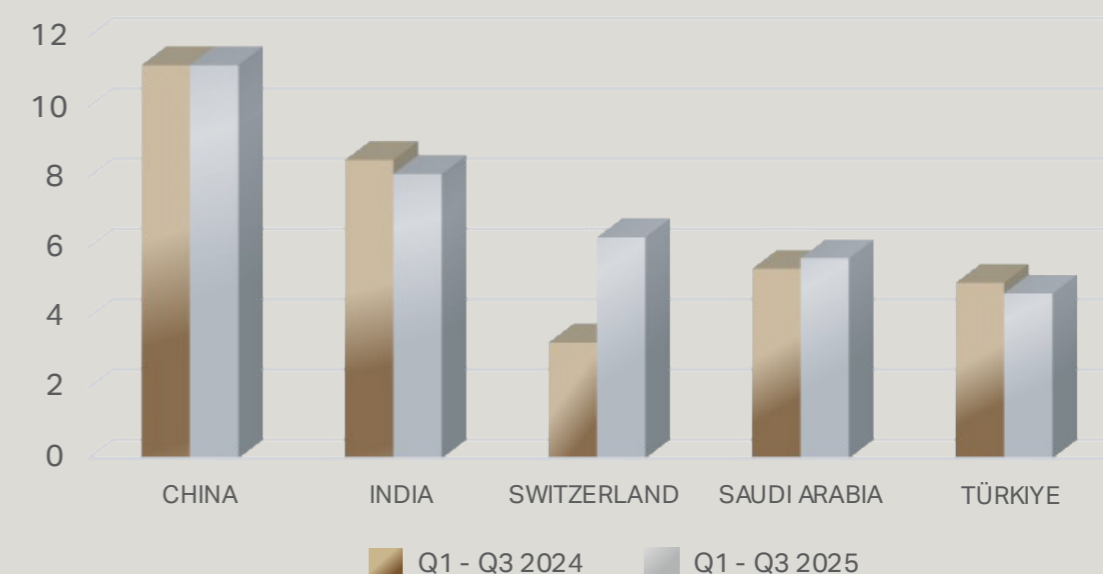
Source: Federal Competitiveness and Statistics Centre for 2022-2024, CBUAE: 2025-2027

The UAE fiscal position remains favourable, supported by stable government revenue generation and a budget surplus. General government revenue during January-September 2025 rose by 1.3% Y-o-Y to  $\text{₹}408.5$  billion, driven by a 24.4% Y-o-Y increase in non-tax revenue streams. Expenditures increased by 12.8% Y-o-Y to  $\text{₹}346.8$  billion, reflecting 26.0% increase in capital spending, 15.5% in goods and services, and 5.6% in public wages. As a result, the fiscal surplus reached  $\text{₹}61.7$  billion during the same period.

The UAE's non-oil foreign trade of goods during the first nine months of 2025 rose by 24.6% Y-o-Y to  $\text{₹}2,530$  billion, reflecting continued progress in economic diversification and an expanding network of Comprehensive Economic Partnership Agreements (CEPAs). Non-oil exports and re-exports increased by 45.0% and 13.0% Y-o-Y, respectively, while imports rose by 22.3%. China remained the UAE's largest trading partner, accounting for 11.2% of non-oil trade, followed by India 8.1% and Switzerland 6.3%. Gold, telecommunication equipment, and motor vehicles were the most traded goods. Nominal and real effective exchange rates depreciated by 0.4% and 1.3%, respectively, in 2025, supporting trade competitiveness.

**Figure 6**

UAE's Major Trading Partners (% of Total Non-Oil Trade)

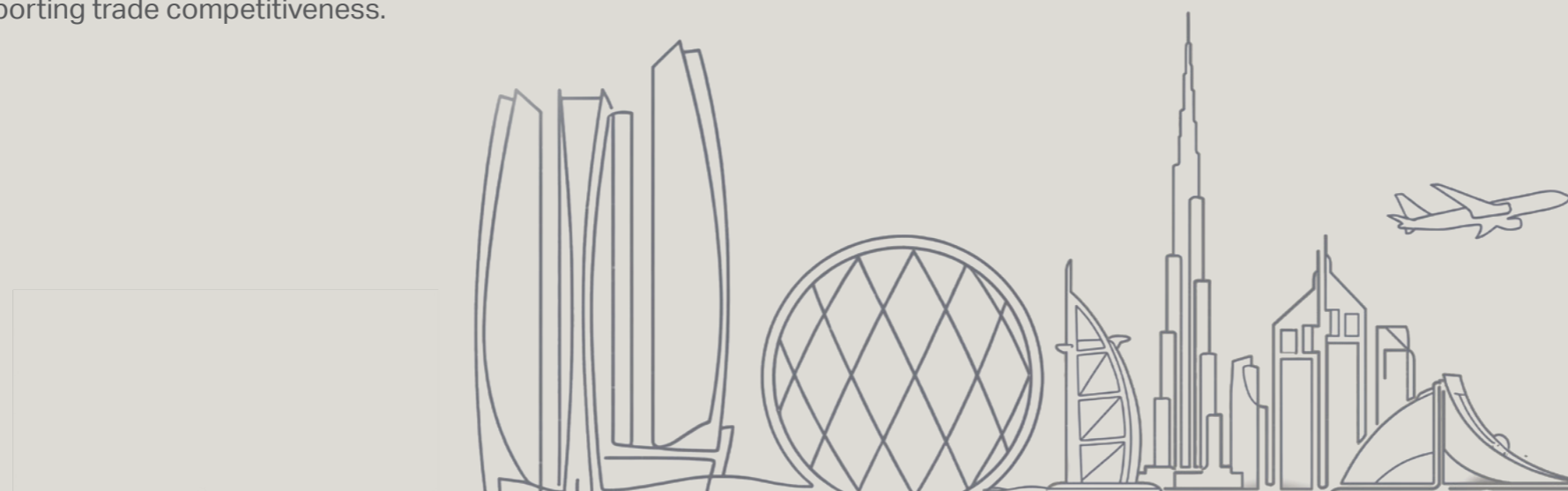


Source: Federal Competitiveness and Statistics Centre

The real estate sector experienced continued growth during 2025. The volume of residential sales transactions in Abu Dhabi and Dubai in 2025 is estimated to have increased by 22.0% Y-o-Y, supported by sustained demand across market segments.

Tourism activity also remained strong in 2025. Hotel establishments hosted 23.3 million guests during the first nine months of 2025, representing a 4.9% Y-o-Y increase.

Average hotel occupancy rose to 79.2%, while air travel indicators remained robust, with more than 108 million passengers transiting through UAE airports in the first three quarters of 2025.



## Key Financial Metrics

In line with the change in the US Federal Reserve's Interest on Reserve Balances (IORB) rate, the CBUAE cut the Base Rate three times during 2025, amounting to a cumulative reduction of 75 basis points (bps) from 4.40% at the end of 2024 to 3.65% by the end of 2025. The average gap between the Dirham Overnight Index Average (DONIA) and the Base Rate narrowed by 15 bps between 2024 and 2025. In 2025, the DONIA rate averaged 5 bps below the Base Rate, compared with an average of 20 bps in 2024. This narrowing was largely due to the introduction of the Overnight Murabaha Facility (OMF) on 26 March 2025, as well as the impact of structural Open Market Operations (OMOs) conducted by the CBUAE through the issuance of Monetary Bills (M-Bills) and Islamic Certificates of Deposit (ICDs).

A negative DONIA-Base Rate gap reflects the persistent system-wide excess reserves.

The UAE banking sector remained resilient, supported by adequate capital, funding and liquidity buffers. Total banking sector assets reached  $\text{AED}5.4$  trillion by the end of 2025, amid a favourable domestic economic and financial environment. The lending portfolio grew by 17.9% Y-o-Y during 2025, driven by sustained growth of credit to private retail and corporate sectors. Funding and liquidity conditions remained robust, supported by strong deposit growth of 16.2% Y-o-Y. Lending capacity remained strong, with a loan-to-value ratio of 77.7%. The credit sentiment remained positive for both retail and corporates, underpinned by favourable economic conditions and outlook.

The UAE insurance sector continued to expand in 2025. Gross Written Premiums (GWP) increased by 15.5% Y-o-Y, amounting to  $\text{AED}75.2$  billion, while Gross Paid Claims rose by 11.0% Y-o-Y to  $\text{AED}46.2$  billion. Retention ratio reached 56.6%, technical provisions increased by 7.6% Y-o-Y to  $\text{AED}99.2$  billion, and the total sector assets rose by 7.2% to  $\text{AED}166.7$  billion.



## 11. EXPANDING THE MANDATE OF THE CBUAE

As part of the ongoing efforts to advance the legislative and regulatory framework of the financial sector, Federal Decree Law No. (6) of 2025 regarding the Central Bank, Regulation of Financial Institutions and Activities, and Insurance Business (the "CBUAE Law") was approved and signed by His Highness Sheikh Mohamed bin Zayed Al Nahyan, President of the United Arab Emirates, on 8 September 2025.

The CBUAE Law marks a significant transformation in the UAE's financial regulatory and supervisory regime by ensuring a unified legislative framework that merges the former Central Bank of the UAE Law with the Insurance Law.

### Objectives of the Unified Financial Regulatory Framework

The CBUAE Law has been introduced to achieve the following key objectives:



**Unification of Regulation:** Establish a single legislative framework governing all financial institutions licensed by the CBUAE.



**Adherence to International Best Practice:** Ensure the UAE's continued alignment with globally recognised standards, particularly those relating to transparency, institutional and market infrastructure, statistical frameworks and emerging technologies in banking and insurance.



**Strengthening Global Competitiveness:** Enhance stability and resilience as the UAE advances its position as a leading and competitive hub in global monetary and financial markets.

### Strengthening the CBUAE's Independence and Crisis Management

The CBUAE Law reinforces the Central Bank's independence and strengthens its capacity to safeguard monetary and financial stability. It introduces four core pillars designed to enhance effectiveness in times of financial stress and crisis:



**Systemic Risk Monitoring and Macroprudential Policy:**

Proactive identification, monitoring and analysis of systemic risks to detect vulnerabilities at an early stage and application of macroprudential instruments to mitigate those risks.



**Operational Continuity Measures:**

Enhanced authority for the CBUAE to implement measures ensuring the continuity of operations of FLIs during periods of liquidity stress or exceptional economic conditions.



**Early Intervention:**

Activation of early intervention mechanisms enabling the CBUAE to address emerging issues within LFIs before they pose broader systemic risks, thereby ensuring customer protection and market confidence.



**Designation as Resolution Authority:**

Establishment of the CBUAE as the exclusive Resolution Authority enabling orderly, timely and effective action to preserve financial stability.



## Key New Provisions in the Federal Decree Law

The law introduces a number of new regulatory provisions that expand and clarify the scope of the CBUAE's oversight. These include:



**Supervision of LFIs:** New requirements governing controlling or significant shareholdings to strengthen regulatory oversight, transparency and accountability.



**Legal Form of LFIs:** New requirement for the incorporation of insurance companies, which now mandates an incorporating law or decree as a condition for its incorporation. However, branches of foreign banks, specialised banks, and branches of foreign (Re)insurance companies are exempted from this provision. LFIs are not permitted to take the form of sole establishments.



**Financial Technology and Virtual Assets:** Inclusion of virtual asset payment services and open finance within the scope of licensed financial activities, reflecting global advancements in financial innovation.



**Higher Shari'ah Authority:** Development of the Higher Shari'ah Authority's role, with clearer responsibilities to ensure compliance with Islamic Shari'ah principles. Expansion of its mandate to support the domestic financial market and reinforce the UAE's strategic ambition of becoming a global centre for Islamic finance.



**Currency Exchange Procedures:** Updated mechanisms for the redemption of torn, mutilated, or lost banknotes and coins, subject to specific conditions. Payment for the value of torn, mutilated, lost or destroyed banknotes and coins is now made to the LFI instead of the individual bearer, aligning with international practices.



**Financial Inclusion:** Establishment of a comprehensive legal framework requiring LFIs to provide accessible and appropriate financial and banking services to all segments of society. Introduction of national financial awareness programmes in collaboration with the financial sector and social institutions, supporting the UAE's digital transformation agenda.



**Sanadak – Unified Dispute Resolution:** Creation of a unified structure for resolving banking and insurance customer disputes under the independent "Sanadak" Unit. Formation of specialised judicial committees whose decisions on disputes arising from financial activities up to AED 100,000 are final, binding and enforceable on LFIs.



**Settlement Authority:** Granting the CBUAE the authority to settle violations and fines with individuals prior to the issuance of a final judgment by the Federal Supreme Court, subject to defined procedures.

# OPERATIONAL HIGHLIGHTS

12



## 12. OPERATIONAL HIGHLIGHTS

### 12.1 MONETARY POLICY AND DOMESTIC MARKETS

#### Dirham Monetary Framework (DMF)

Implementation of the DMF progressed in 2025, as the CBUAE further strengthened its monetary policy toolkit and maintained parity between conventional and Shari'ah-compliant LFIs. Progress focused on completing liquidity management facilities, enhancing the efficiency of structural Open Market Operations (OMOs), and improving the of monetary effectiveness policy transmission.

#### Shari'ah-Compliant Liquidity Management Enhancements

A key development in 2025 was the launch of the OMF, the Shari'ah-compliant equivalent of the Overnight Deposit Facility (ODF). The facility uses an automated, API-enabled commodity Murabaha structure, enabling Islamic financial institutions to place excess reserves overnight at a profit rate linked to the Base Rate, adjusted for commodity transaction costs.

In 2025, the OMF recorded average daily utilisation of ₪12.4 billion, equivalent to approximately 10% of average daily placements in the conventional ODF (₪ 127.1 billion). The OMF strengthened short-term liquidity management for Islamic banks and contributed to narrowing the spread between the Base Rate and the DONIA, indicating effective monetary policy transmission.

The rollout of the Tahawwut Master Agreement enhanced the governance and efficiency of Shari'ah-compliant fine-tuning operations, including FX swaps. The standardised contractual arrangement for eligible counterparties aligns Islamic liquidity operations with international market practices.

#### Strengthening Monetary Policy Implementation and Completing the DMF

In 2025, the CBUAE further enhanced the operational framework of the DMF by refining its monetary policy instruments and supporting market infrastructure. The CBUAE completed the design of the remaining fine-tuning OMOs, with implementation scheduled for 2026. The forthcoming Term Lending Facility (TLF) and Matched Transaction of Securities (MTS), together with the existing FX Swap Facility (FXSF), will provide additional tools to manage short-term fluctuations in banking sector liquidity. These instruments will complete the operational structure of the DMF and reinforce monetary policy implementation.

To strengthen policy transmission, CBUAE staff recalibrated the internal surplus liquidity target, enabling more precise absorption of excess liquidity. This adjustment improved the pass-through of the Base Rate to domestic financing conditions.

A comprehensive review of the Emirates Interbank Offered Rate (EIBOR) methodology was concluded in 2025. The revised framework aims to reduce volatility in short-term money market rates and ensure the benchmark remains robust, representative, and transaction-based.

#### Enhancing Transparency and Market Communication

In 2025, the CBUAE further strengthened transparency by expanding its published daily liquidity indicators to include an estimated short-term yield curve based on secondary M-Bill market prices and detailed data on outstanding M-Bills across tenors. These data are publicly available on the CBUAE website and provide market participants with clearer visibility on liquidity conditions and monetary policy operations.



## Monetary Bills (M-Bills) and Government Securities

In 2025, the CBUAE increased its bi-weekly issuance of M-Bills in response to a sustained structural Liquidity Surplus. The surplus reflected ₪180 billion in net foreign exchange inflows, supported by strong regional economic growth and macro-financial stability. As a result, the stock of outstanding M-Bills reached ₪239 billion at end-2025, a Y-o-Y increase of ₪26 billion.

The M-Bills programme remains core to the CBUAE's open market operations and a key component of domestic debt market development. M-Bills provide a risk-free Dirham benchmark for instruments with maturities of up to one year. Higher issuance levels also expanded the pool of high-quality collateral available for the CBUAE's standing credit facilities, strengthening market resilience.

In 2025, the CBUAE also conducted a structured review of primary dealer performance for Monetary Bills (M-Bills) to support domestic money and capital market development. The annual assessment ensures compliance with the M-Bills Dealer Code and promotes secondary market activity. The review enhanced pricing efficiency, improved auction participation, and supported broader distribution of M-Bills.

The CBUAE continued to support the UAE Ministry of Finance's Treasury Sukuk (T-Sukuk) programme. By end-2025, outstanding T-Sukuk reached ₪24.8 billion, up from ₪17.1 billion at end-2024. The total outstanding stock of T-Bond and T-Sukuk securities issued on behalf of the Ministry of Finance stood at ₪26.9 billion, compared with ₪23.5 billion the year before.

Issuance of M-Bills and government-related securities supports the effectiveness of the DMF and contributes to further development of the domestic capital markets. These instruments help establish Dirham risk-free pricing benchmarks across tenors and expand the supply of high-quality Dirham-denominated assets.

## Sustainable Islamic M-Bills (M-Sukuk) Programme

As part of its commitment to advancing the national agenda on sustainable finance and supporting the development of Islamic money markets, the CBUAE made further progress in designing the structure of a Sustainable Islamic M-Bills (M-Sukuk) Programme in 2025. The initial phase of the Programme focused on a comprehensive market study and feasibility analysis, completed in the first half of 2025. The findings confirmed sufficient availability of eligible assets in the domestic market to explore the next steps towards the launch of the Programme.

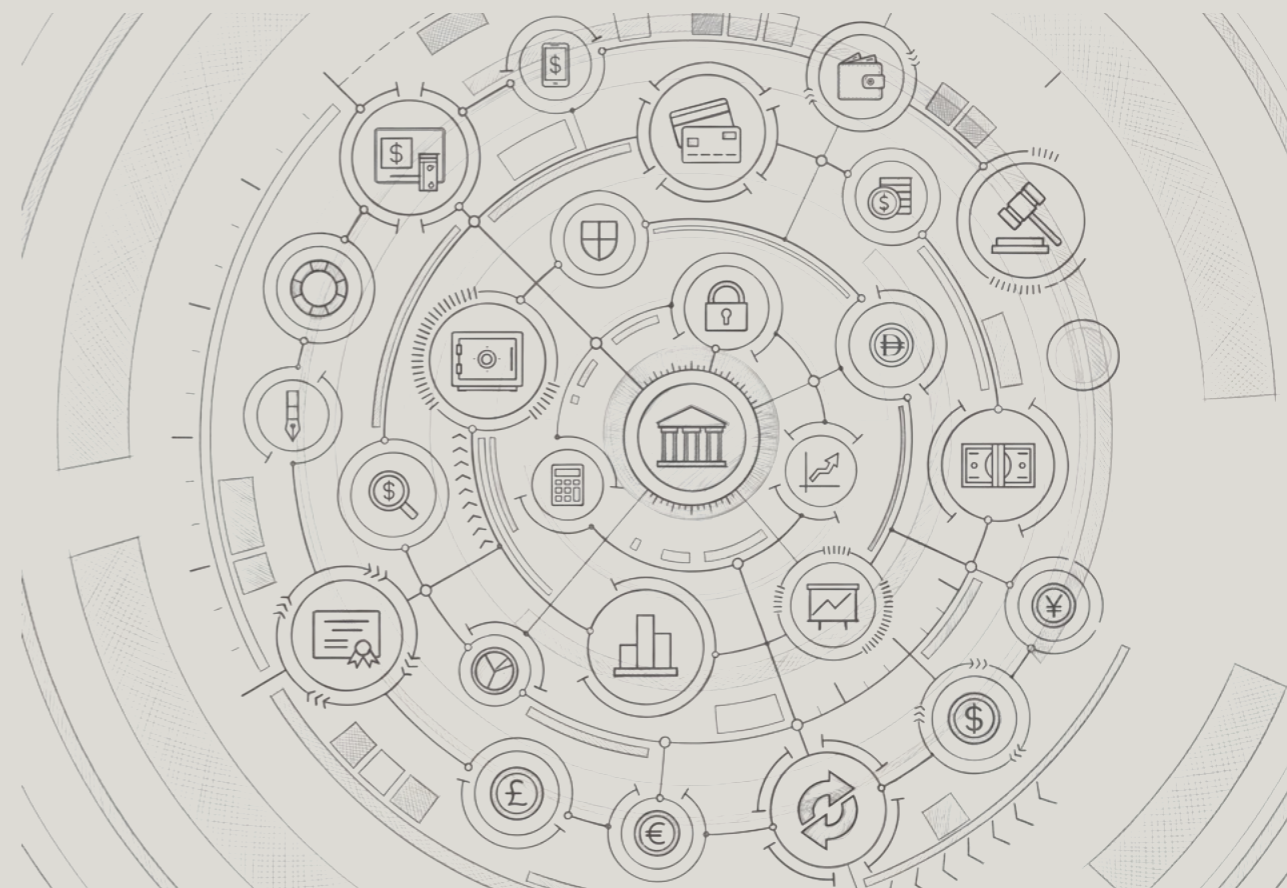
## Market Surveillance and Analytics

Last year, the CBUAE expanded its market surveillance and analytical capabilities to strengthen monitoring of international and regional financial developments and assess their implication for liquidity in the domestic banking and capital market sectors.

The function produces regular internal assessments that support policy deliberation and institutional coordination. The analysis incorporates quantitative and qualitative indicators, including engagement with major UAE banks to inform market intelligence. Advanced analytical methods, including econometric modelling and machine learning tools, are utilised to enhance data analysis.

During the year, the CBUAE established an inter-departmental working group to develop frameworks for assessing the monetary policy stance and conducted a stress test on the CBUAE's balance sheet. Additional initiatives included enhanced monitoring of primary and secondary M-Bills markets, analysis of market participant behaviour, and examination of options to integrate climate considerations into monetary policy operations, in line with the CBUAE's participation in the Network for Greening the Financial System (NGFS).

The CBUAE also conducted empirical studies on monetary policy transmission channels and assessed appropriate level of structural liquidity in the banking system. Textual analytics, including natural language processing techniques, were applied to large data sets to support policy analysis.

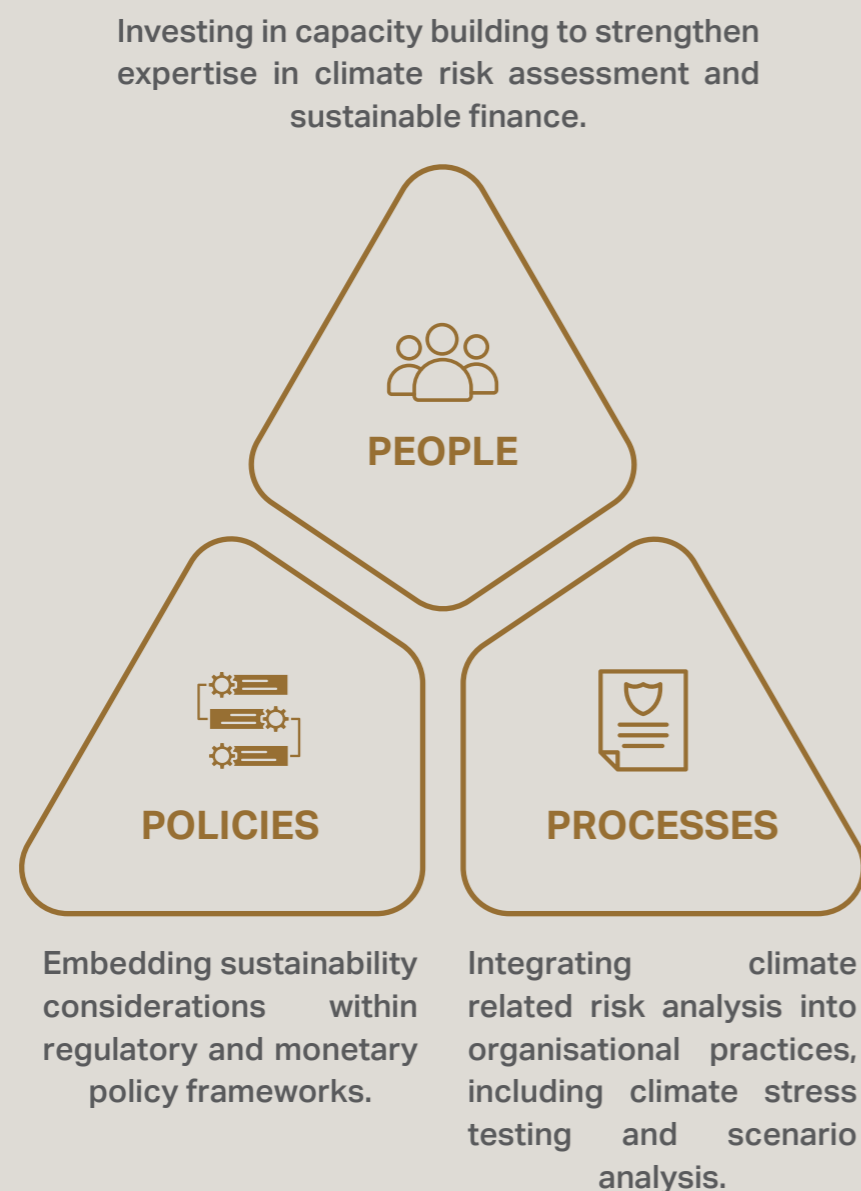


## Extending the CBUAE Climate Action Footprint

In 2025, the CBUAE Climate Forum supported national efforts to strengthen sustainable finance and climate-related risk management, with a focus on three priority areas.

**Figure 7**

Climate Change Trilogy



## 12.2 FINANCIAL STABILITY

The global macro-financial environment in 2025 remained challenging amid persistent geopolitical tensions, rising risks of trade fragmentation, and renewed concerns about sovereign debt sustainability in several advanced economies. Despite these external headwinds, the UAE financial system remained resilient, supported by solid domestic macroeconomic fundamentals and a sound banking sector. System-wide resilience was further supported by an integrated framework comprising macroprudential policy, financial system surveillance, and stress testing.



### Macroprudential Policy

In 2025, the CBUAE continued to strengthen its macroprudential policy framework, with enhanced monitoring of systemic risks in an evolving macro-financial environment and continued support for the development of the UAE's Financial Stability Council.

As part of its annual review, the CBUAE designated five D-SIBs: First Abu Dhabi Bank, Emirates NBD, Abu Dhabi Commercial Bank, Dubai Islamic Bank, and Mashreq, which was newly added in 2025. These institutions are required to maintain additional capital buffers ranging from 0.5% to 2% of risk-weighted assets, calibrated to reflect their systemic importance.

To strengthen resilience against potential adverse scenarios, the CBUAE introduced a cycle-neutral Countercyclical Capital Buffer (CCyB) of 0.5% on private sector credit exposures in the UAE. This forward-looking measure entered a 12-month phase-in period on 1 January 2025 and became fully operational on 1 January 2026.

In addition, the CBUAE conducted an external review of its macroprudential framework in 2025. The assessment confirmed close alignment with international best practice and noted the strength of the institutional framework and policy implementation.



### Financial System Surveillance

The CBUAE maintained comprehensive surveillance of the financial system throughout the year, assessing vulnerabilities and resilience across both banking and non-banking sectors. Monthly, quarterly, and annual reports analysed financial soundness indicators, thematic developments, risk exposures, and mitigating measures.

The UAE financial system remained resilient in 2025, with improvements across most financial soundness indicators. The banking sector recorded stronger asset quality, reflecting a decline in non-performing loans (NPLs), as a result of both the CBUAE's and banks' actions. The CBUAE also assessed emerging global, regional, and domestic risks to evaluate their potential implications for financial stability. Guided by the Financial Stability Policy Committee, these efforts support forward-looking monitoring and strengthen preparedness to mitigate systemic risks. The annual Financial Stability Report elaborates in more detail the developments in and resilience of the UAE financial system.



## 2025 Stress Testing Exercise

In 2025, the CBUAE conducted a comprehensive stress testing exercise to assess the resilience of the UAE banking sector to potential macro-financial shocks and emerging risks. The objective was to evaluate whether banks held sufficient capital and liquidity buffers to absorb severe but plausible stress scenarios, while continuing to support credit provision to the domestic economy.

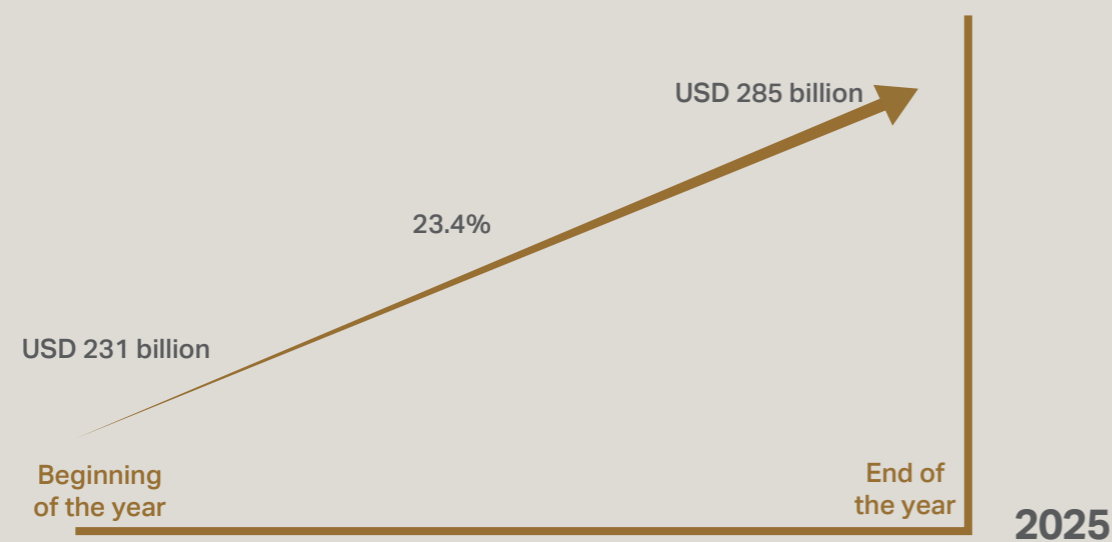
The adverse scenario was based on a geo-economic confrontation and global trade disruption, leading to a synchronised global recession, supply-chain dislocations, and elevated inflation. In addition, a separate climate-related physical risk scenario assessed vulnerabilities associated with extreme weather events.

Results indicated that all participating banks met minimum capital requirements under the severe global recession scenario. The CBUAE also conducted regular top-down stress tests during the year to assess the systemic impact of thematic risks, including potential stresses in the real estate sector. In parallel, banks completed bottom-up climate physical risk assessments, evaluating the sensitivity of real estate collateral to flooding and storm surges, as well as the potential impact of heat stress risks on lending portfolios.

## 12.3 RESERVE AND MONETARY MANAGEMENT

### Reserve Growth Driven by Domestic Market Growth

In 2025, the CBUAE's net foreign currency reserves increased from USD 231 billion at the beginning of the year to USD 285 billion at year-end, representing a growth of 23.4%.



## Implementation of the 2025-2029 Strategic Asset Allocation

During the year, the CBUAE implemented its 2025-2029 Strategic Asset Allocation (SAA), as approved by the Board of Directors. The revised SAA introduced additional investment tranches to enhance liquidity management and broaden asset diversification.

Allocations to international government bonds increased alongside measured exposure to developed-market equities, in line with long-term portfolio objectives and risk management parameters. These adjustments aimed to strengthen diversification while maintaining liquidity and capital preservation.

## Global Market Environment

Financial markets in 2025 were influenced by evolving macroeconomic and geopolitical developments. In the United States (US), inflation stabilised at an elevated level, labour market growth moderated, and consumption remained resilient. The Federal Reserve maintained its policy stance until the third quarter, when it implemented three consecutive 25 basis points rate cuts.

Adjustments to the US tariff policy in April led to temporary global market volatility. As macroeconomic conditions softened, policy positions moderated and financial markets stabilised. These developments contributed to a broader reassessment of global trade dynamics geopolitical risks. AI investment remained a prominent theme in 2025. Market attention focused on its long-term economic implications. Unlike the speculative nature of the late 1990s technology cycle, current investments are being driven by companies with strong balance sheets and substantial income streams. Nonetheless, valuations reflect expectations of sustained technological transformation, with sectoral outcomes likely to vary.

In fixed income markets, US short-term yields declined while longer-term rates remained broadly stable, resulting in a steeper yield curve. Fiscal policy easing under the One Big and Beautiful Bill Act contributed to this shift.

Precious metals outperformed amid global uncertainty, with silver appreciating by nearly 160% and gold by 65%. Gold holdings supported gains on the CBUAE's balance sheet, complemented by improvements in fixed income pricing and narrower corporate bond spreads.

## Building External Management Portfolio and SRI Integration

Building on the momentum from 2024, the CBUAE increased allocations to existing external managers in 2025. It also appointed new managers to support the additional asset classes introduced under the revised SAA for 2025-2029, initially through passive strategies. A significant share of the new mandates was benchmarked against indices incorporating Socially Responsible Investment (SRI) screening criteria, consistent with the integration of sustainability considerations into reserve management.

## Monetary Management (Monetary Operations and Domestic Capital Markets)

The CBUAE continued to manage effective liquidity conditions in the banking system while supporting domestic capital market development. Through the issuance of M-Bills and ICDs, the CBUAE strengthened the Dirham yield curve. As at 31 December 2025, the outstanding balances amounted to ₪239 billion for M-Bills and ₪50 billion of ICDs.

The CBUAE also managed the issuance of UAE Ministry of Finance's T-Bonds and T-Sukuk, conducting nine auctions during the year. The total outstanding stock reached ₪24.8 billion at year-end 2025.

## 12.4 SUPERVISION

### 12.4.1 Prudential Supervision of Financial Institutions

The CBUAE continued to strengthen its prudential supervisory approach in 2025, deploying a robust and forward-looking risk-based supervisory framework to reinforce the resilience of LFIs. This core mandate is supported by the integration of supervisory technologies, the expansion and upskilling of examination teams, and targeted training programmes for supervisors. These efforts support the assessment of business model sustainability, governance, asset quality, liquidity, operational resilience, and capital adequacy, thereby safeguarding depositors' funds and supporting overall financial stability.

The CBUAE maintains continuous oversight of all LFIs through the application of forward-looking risk-rating tools. These tools support consistent supervision by assessing institutions' operations and business models, together with relevant macroeconomic and domestic conditions, enabling the identification of vulnerabilities. This integrated supervisory approach supports timely identification of emerging risks and appropriate supervisory action, contributing to the resilience of the UAE's financial sector.



**The scope of supervisory activities for the reported year was extensive:**

**Table 2**

**Examination Type Details**

Examination Type	Quantity	Focus & Purpose
Full-scope, Limited-Scope & Follow-up	171	Targeted "health checks" and validation of risk mitigation actions.
Thematic	61	In-depth reviews of systemic risks across peer groups, with a material focus on cyber security risk management.

The CBUAE expanded the breadth of its supervisory coverage through a series of targeted examinations across key segments of the financial sector. These included 11 finance companies, 5 FinTech entities, and 29 exchange houses, reflecting a comprehensive supervisory approach to safeguarding stability across the wider financial ecosystem.



The prudential supervisory framework is anchored in a set of core tools designed to ensure effective and continuous oversight:

- **Full-Scope Examinations:** Comprehensive on-site examinations provide a detailed assessment of an LFI’s overall risk profile and the effectiveness of its risk management practices. These reviews form a central component of the supervisory framework and support the timely identification of emerging vulnerabilities.
- **Off-Site Surveillance and Reporting:** The CBUAE maintains an extensive off-site surveillance process, supported by continuous regulatory reporting and supervisory intelligence. This includes daily banking sector updates, monthly analytical reports, institution-specific Passport Reports, and consolidated Dashboard Reports that translate supervisory assessments into quantifiable indicators. This multi-layered framework enhances situational awareness and supports proportionate supervisory action.

**Supervision of Virtual Assets and Cyber-Related Risks**

In response to the growing role of digital assets and an evolving cyber-risk landscape, the CBUAE intensified its supervisory focus on institutions’ digital asset activities and related exposures. Specialist expertise and enhanced supervisory methodologies were deployed to conduct regular supervisory engagements, aligned with international standards.

This approach supports high standards of cyber resilience and digital-asset risk management across LFIs, contributing to the integrity and stability of the UAE’s financial system.

**Table 3**

**Prudential Examinations Conducted in 2025**

	2023	2024	2025
Bank Baselines / Full Scope	3	1	1
Bank Limited Scope / Follow-up	30	110	125
Bank-Thematic Examinations-Banks Covered	117	97	61
Finance Companies	8	10	11
FinTech Companies	-	-	5
Exchange Houses	39	4	29
Insurance Company Baselines	2	5	3
Insurance Company Limited Scope	10	12	15
Insurance Company Thematic Examinations	8	17	18
Insurance Related Professions	30	35	28
<b>Total</b>	<b>247</b>	<b>291</b>	<b>296</b>

**Table 4**

**Total Number of Licensees by Type in 2025**

	Total as of 2024	Total as of 2025
Banks	62	61
Finance Companies	18	20
Exchange Businesses	73	64
Representative Offices of Banks	59	56
FinTech Companies* (including SVF, PT, RPS)	37	48
Insurance Companies	59	58
Insurance Brokers	163	161
Insurance Agents	22	22
Insurance Consultants	52	56
Loss and Damage Adjusters	146	155
Actuaries	74	78
Third-Party Administrator Companies "TPA"	22	20
Insurance Policies Price Comparison Websites	16	23
Hawala Providers	37	34
<b>Total</b>	<b>841</b>	<b>856</b>

\*FinTech companies include Stored Valued Facilities, Retail Payment Servicers Providers and Payment Token Services.

## Foreign Operations of Local Banks

In 2025, the CBUAE strengthened its unified, risk based supervisory framework across the international operations of locally incorporated banks. With a focus on consolidated financial stability, the CBUAE enhanced regulatory cooperation with international counterparts to ensure that overseas branches and subsidiaries of UAE banks operate under consistent supervisory standards

### Overseas Examinations:

In line with its risk-based supervisory plan, the CBUAE conducted overseas examinations, providing direct supervisory assurance over foreign operations and supporting consolidated oversight.

### Enhancement of Long Form Audit Reports (LFAR):

The LFAR was further refined as a supervisory tool to deepen insight into cross-border banking activities. The enhanced LFAR supports:



Through these measures, the CBUAE maintained consolidated oversight of the international operations of UAE banks, supporting prudential soundness in a complex global environment.

## Commercial Credit System

The CBUAE continued to work with the banking sector to strengthen data architecture and quality of the Commercial Credit System. The system enhances lenders' visibility over system-wide financial obligations of existing and prospective borrowers,

supporting informed credit decisions and financial stability. Ongoing improvements in data quality and supervisory continued oversight remained central to this initiative.

## Supervisory Review and Evaluation Process

In 2025, the CBUAE completed ten Supervisory Review and Evaluation Processes (SREP). These included all D-SIBs (Domestic Systemically Important Banks), as well as several other large national banks identified for enhanced monitoring by the SREP Steering Committee. Each SREP was conducted at the consolidated group level, ensuring a comprehensive and risk-sensitive assessment of institutional resilience.

## Fitness and Propriety Assessments

The CBUAE continued to apply Fitness and Propriety standards to individuals appointed to key positions within authorised LFIs, consistent with international supervisory expectations. By end-2025, 782 assessments had been completed, and 138 appointment requests were declined, supporting governance standards across the financial sector.

## Regulatory Cooperation

Cooperation with domestic and international authorities remained a core element of the CBUAE's home-host supervisory framework. Activities included responding to requests for information from UAE and foreign regulators, federal ministries, and law enforcement agencies. The CBUAE also sought information from international regulators to support its supervisory activities.

In 2025, the CBUAE hosted two Global Supervisory Colleges and participated in four supervisory colleges organised by foreign authorities. Examinations were conducted in coordination with relevant overseas regulators where required, reinforcing consolidated supervision. The supervision team also conducted on-site supervisory visits in coordination with host authorities during the year.

**Table 5**  
Banks by Category

	National	Foreign
Commercial	21	26
Restricted	1	11
Specialised	2	-
<b>Total</b>	<b>24</b>	<b>37</b>

**Table 6**

## Banks by Emirate

	Abu Dhabi	Dubai	Sharjah	Ajman	Umm Al Quwain	Ras Al-Khaimah	Fujairah
Commercial	14	26	4	1	1	1	1
Restricted	6	5	-	-	-	-	-
Specialised	1	-	-	1	-	-	-
<b>Total</b>							<b>61</b>

**Insurance Supervision**

The CBUAE continued to enhance its supervisory framework in 2025 to maintain the safety and soundness of the UAE's insurance sector.

**A. NEW LICENSES**

The number of licensed entities increased by 2.5% from 560 in 2024 to 574 in 2025.

**Table 7**

## Number of Licensed Companies

	2024	2025
Licensed Insurance Companies	59	58
Related Insurance Professions	501	516
<b>Total</b>	<b>560</b>	<b>574</b>

**B. KEY FINANCIAL DATA****Table 8**

## Key Financial Data

Key Financial Data	Total	
	2024	2025
₹ Billions		
Gross Written Premiums	65.1	75.2
Gross Paid Claims	41.6	46.2

**Gross Written Premiums (GWP)**

The insurance sector maintained growth in 2025. GWP increased by 15.5% year-on-year to ₹75.2 billion, while the number of written insurance policies rose to 17.8 million.

Gross paid claims increased by 11% to ₹46.2 billion. The retention ratio improved to 56.6%, and technical provisions reached ₹99.2 billion, reflecting higher underwriting activity and balance sheet strength.

**Paid Claims**

Gross paid claims increased from ₹ 41.6 billion in 2024 to ₹ 46.2 billion in 2025.

**Total Assets**

Total assets of insurance companies increased to ₹166.7 billion at the end of 2025, compared with ₹ 155.5 billion at the end of 2024, reflecting continued balance sheet expansion and higher investable assets across the sector.

## Onsite Inspection Visits

A core component of the supervisory framework is the conduct of risk-based onsite examinations to assess licensed insurance entities' risk management practices and ensure the protection of policyholders' rights.

In 2025, the CBUAE conducted 64 onsite inspections covering insurance companies and related professions.

## Internal Controls over Financial Reporting (ICFR)

The CBUAE continued to monitor insurers' ICFR in 2025. Recent submissions indicate improvement in reporting quality, supported by enhanced requirements under the CBUAE Annual Reporting Notice and reinforced through industry workshops.

Building on the 2024 requirement for internal audit review and Board approval, an additional measure was introduced in 2025 requiring external auditors to issue a Management Letter on the Management Assessment of ICFR. This letter must be presented to, and discussed with, the relevant Board committee. This measure strengthens governance, accountability, and financial reporting reliability.

## Industry Consultations and Communications








Throughout 2025, the CBUAE held a series of interactive workshops with insurance companies, actuaries, external auditors, and related professions, to communicate regulatory updates, discuss emerging sector developments, and clarify supervisory expectations.

## Licensing

The CBUAE processes new licensing applicants and regulatory requests submitted by existing licensees. Existing licensees are categorised by service type and licence classification, including banks, insurance companies, exchange houses, representative offices, SVF issuers, retail payment services providers, and payment token issuers.



## In 2025, the CBUAE processed applications across the following categories:

-  Issuance of new licences
-  Licence modifications
-  Licence renewals (not applicable to banks)
-  Branch-related licences and approvals, including opening, relocation, closure, and amendments to operating hours
-  Electronic Banking Service Unit (EBSU) licences and approvals, including opening, relocation, closure, and amendments to operating hours
-  Installation and deactivation of Automated Teller Machines (ATMs)
-  Pay Office licences and approvals, including opening, relocation, closure, and amendments to operating hours

The licenses of Payment Token Services Regulations (PTSR) ensure support oversight of issuance, reserves, redemption, and operational activities.

The table below presents the total number of licensees by licence type as at 31 December 2025, compared with figures reported as end-2024.

### Total Number of Licensees by their Licence Type

Type of License	Total as of 2025	Total as of 2024	% Change
Bank	61	62	-2%
Finance Company	20	18	11%
Exchange Business	64	73	-12%
Representative Office	56	59	-5%
SVF	16	13	23%
Retail Payment Services	30	23	30%
Payment Token Issuer	2	1	100%
<b>Total</b>	<b>249</b>	<b>249</b>	<b>0%</b>

During 2025, a notable number of new FinTech companies were granted licences to operate in the UAE. Growth was primarily driven by SVF issuers, which increased by 23%, Retail Payment Service Providers by 30%, and Dirham Payment Token Issuers by 100%. These efforts are consistent with the CBUAE's strategy to support the digitalisation of payments.

### 12.4.2 Financial Crime Supervision

The CBUAE advanced a sustained programme of reforms in 2025 to strengthen the national framework for combating money laundering, terrorism financing, and proliferation financing (AML/CFT/CPF). Building on progress recognised in 2024, when the FATF removed the UAE from the list of jurisdictions under increased monitoring, the CBUAE further enhanced risk-based supervision, enforcement processes, and preventive controls across the financial system.

The CBUAE remained central to the implementation of the AML/CFT/CPF framework, applying a risk-based supervisory model that integrated licensing, supervision, and enforcement to ensure that supervised entities demonstrate sustained effectiveness over time. During 2025, the framework was further strengthened through more targeted testing of LFIs' AML/CFT/CPF controls, supporting consistent supervisory standards.

The CBUAE's supervisory coverage expanded in 2025, in both scope and depth, with increasingly risk-based engagements across banks, exchange houses, registered hawala providers, stored value facilities, retail service providers, finance companies, and insurance companies. Higher-risk institutions received enhanced supervisory attention through onsite examinations, targeted reviews, strengthened monitoring and risk mitigation plans.

Supervisory attention was also directed towards emerging risks associated with digital financial services, including Payment Token Service Providers. During the year, CBUAE enhanced its offsite monitoring tools and thematic review capabilities to strengthen the detection of money mule activity across the sector. In parallel, offsite monitoring and testing of sanctions screening frameworks were undertaken to evaluate institutions' ability to identify and appropriately manage partial and confirmed matches against the UAE Local Terrorist List and relevant United Nations Security Council sanctions lists.

The Skilled Persons Review Programme was embedded as a core supervisory tool to support deep-dive assessments of governance, control frameworks and effectiveness of AML/CFT/CPF risk mitigation, providing additional supervisory assurance during the year. In 2025, 181 onsite AML/CFT examinations were completed.

Sustained level of supervisory activity in 2025 supported broader coverage and more risk-focused allocation of supervisory resources. Findings issued during the year indicated continued improvement in compliance maturity, reflected in a reduction in the volume and severity of deficiencies identified. Where material weaknesses persisted, the CBUAE applied supervisory and enforcement measures, including remedial action programmes, third-party reviews, business restrictions, and enforcement measures, as appropriate.

In 2025, guidance and industry engagement were further strengthened to support effective AML/CFT/CPF supervision. Outreach initiatives reinforced senior management accountability, clarified regulatory expectations, and addressed recurring control weaknesses, including updates relating to virtual assets, CDD/KYC, and record-keeping. Key requirements and guidance were issued, including implementation of the UAE's Virtual Assets Travel Rule and best practices relating to training, institutional risk assessments, and correspondent banking.

Operational cooperation with the UAE Financial Intelligence Unit and law enforcement authorities was further enhanced to support early identification of emerging risks and timely intervention in higher-risk cases. This coordination supports proportionate and effective enforcement action.

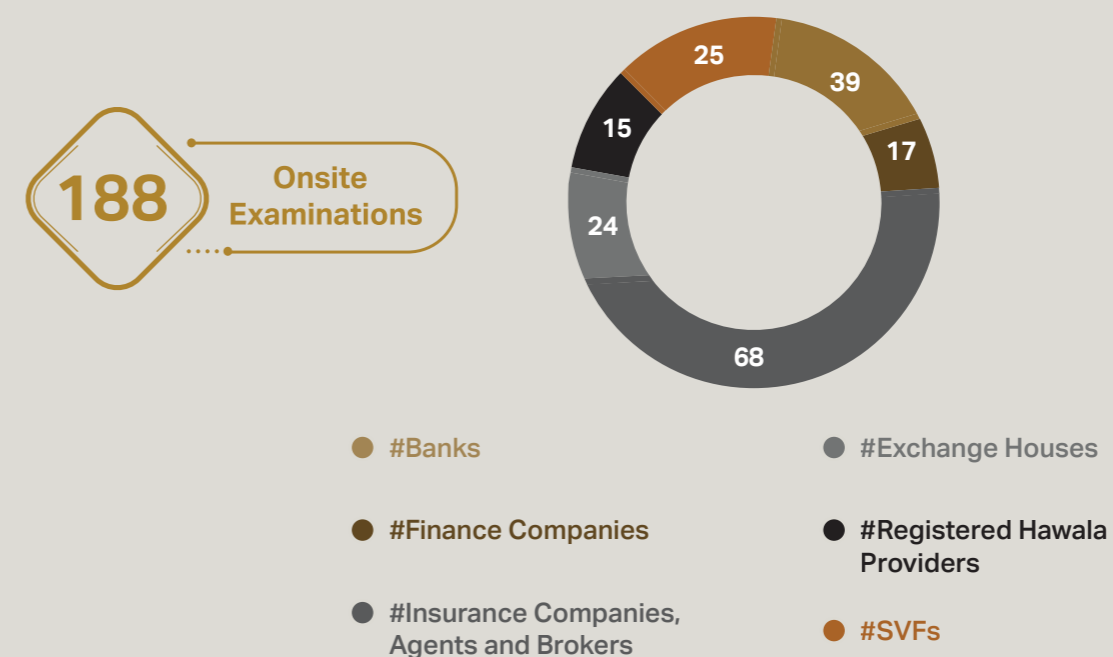
Domestically, coordination among competent authorities continued through the Supervisory Sub-Committee of the National AML/CFT Committee, chaired by the CBUAE. This forum supports alignment of supervisory strategies, coordination of supervisory activities, and joint development of policies and guidance.

During the year, targeted thematic reviews and internal assessments of supervisory practices were conducted to support consistency, effectiveness, and alignment with international standards. These initiatives also supported preparation for upcoming international assessments, including the next FATF evaluation cycle.

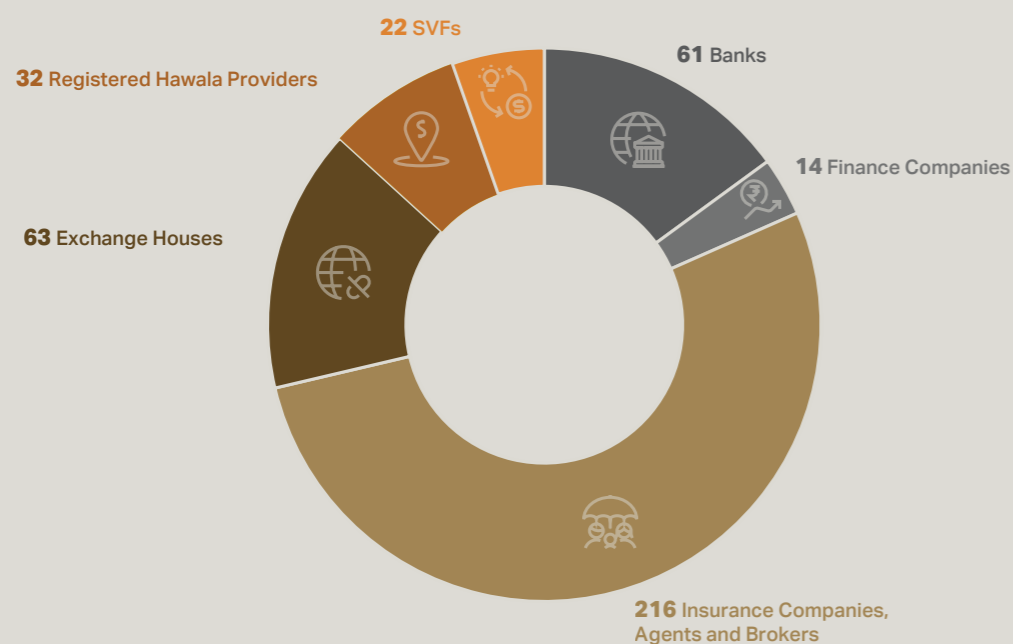
These supervisory efforts have contributed to measurable improvements in both the volume and quality of Suspicious Transaction Reports (STRs) submitted by LFIs, with observed enhancements in the timeliness of reporting, adequacy of supporting narratives, and the use of financial intelligence to support law enforcement outcomes. Suspicious transaction reporting increased by approximately 28% in 2025 compared to the previous year, reflecting enhanced detection capabilities and improved reporting practices across LFIs.

### Supervisory Efforts

Figure 8



**Figure 9**  
Offsite AML/CFT Data Returns



**Table 10**  
AML/CFT/CPF Supervision Outreach Programme

Subject	No. of Attendees
Virtual outreach session on "Suspicious Transaction Reporting and Suspicious Activity Reporting"	1500
Virtual outreach session on "Best Practices for LFIs on Implementing a Risk-Based Approach and Conducting Risk-Based Institutional Risk Assessments"	5693
Virtual outreach session on "Transaction Monitoring"	6124
Virtual outreach session on "Guidance for LFIs on Correspondent Banking"	2241
1 <sup>st</sup> Compliance Officers Forum of 2025	1178
STR/SAR Compliance Awareness Workshop for RHPs - English	15
STR/SAR Compliance Awareness Workshop for RHPs - Arabic	16
Virtual outreach session on "Financial Crime Risk Assessment"	3016
Virtual outreach session on "Sanctions"	6456
Virtual outreach session on "Best Practices for LFIs on Implementing Role-Based AML/CFT/CPF Training"	5327

2025 AML/CFT Data Collection / Banks	332
2025 AML/CFT Data Collection / Exchange Houses	125
2025 AML/CFT Data Collection / Finance Companies	31
2025 AML/CFT Data Collection / Insurance Companies	10
2025 AML/CFT Data Collection / Registered Hawala Providers	12
2025 AML/CFT Data Collection /SVF and RPSCS	55
Virtual outreach session regarding the UAE Common Reporting Standard (CRS) and Foreign Account Tax Compliance Act (FATCA) regulations, related obligations and audit observation of LFIs	418
Virtual outreach session on "Guidance for LFIs on CDD/KYC & Record Keeping"	5200
Virtual outreach session on "Guidance for LFIs on Risks Related to Proliferation Finance (PF)"	3821
Outreach Session on Regulatory Exceptions Concerning Data Reporting Quality / Finance Companies	14
Outreach Session on Regulatory Exceptions Concerning Data Reporting Quality / SVF, RPS, CSP	31
2nd Compliance Officers Forum of 2025	1794
Outreach Session on "Regulatory Exceptions Concerning Data Reporting Quality" / Insurance Companies	52
Outreach Session on "Regulatory Exceptions Concerning Data Reporting Quality" / Selected Banks	48
Virtual outreach session on "Guidance for LFIs on Trade-Based Money Laundering (TBML) and Transshipment"	4200
Outreach Session on "Regulatory Exceptions Concerning Data Reporting Quality" / Selected Exchange Houses	38



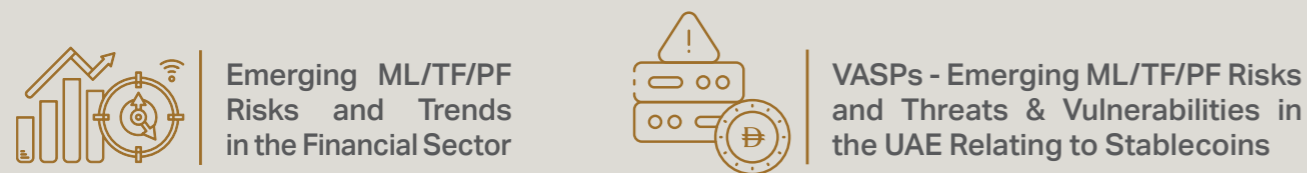
**Figure 11**

AML/CFT/CPF Notices and Guidance Issued On:



**Figure 12**

Risk-Based Supervisory Guidance and Typology Papers Published in 2025



**12.4.3 Market Conduct and Consumer Protection**

Reinforcing the credibility, stability and integrity of the financial system, the CBUAE continued to apply a risk-based and forward-looking approach to market conduct supervision, with a core focus on consumer protection. Supervisory priorities in 2025 remained aligned with broader regulatory objectives.

**Risk-Based Supervision (RBS) Framework**

The enhanced RBS framework strengthens supervision of the banking and insurance sectors. The updated framework is designed to reinforce institutional resilience and support financial stability by requiring entities to accurately assess, monitor, and manage risks effectively. Adoption of the strengthened RBS framework aligns supervisory practices with international regulatory counterparts.

**Enhancing Judicial Integration and Strengthening Operational Controls**

In 2025, the Market Conduct Supervision continued efforts to enhance coordination between financial and judicial processes by expanding the CBUAE Court Case Management System. Enhancements included the addition of further judicial departments covering additional emirates, improved payment integration, and customised platform upgrades to support operational efficiency and transparency.

**Returning Funds to Consumers**

Onsite examinations across 11 LFI resulted in AED17,924,301 being refunded directly to consumers. In addition, AED168 million was secured through supervisory interventions requiring LFI to allocate provisions and strengthen reserves to protect customer interests.

**Skilled Persons Review (SPR) Programme**

A strengthened framework was implemented, comprising more than 40 examinations conducted through eight specialised firms. These reviews supported improvements in compliance practices and governance standards.

**Regulatory Enhancements: Domestically & Internationally**

Enhancements were made to the SME Customer Protection Regulation, introducing revised requirements for banks and finance companies to act in the best interests of SME clients. The CBUAE contributed to international policy development initiatives, including engagement with the OECD.

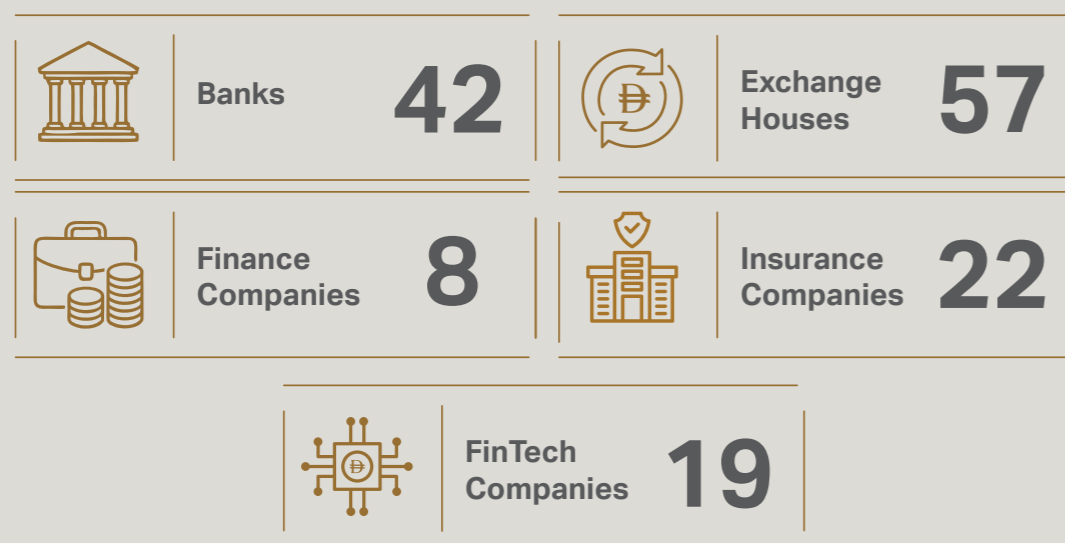
Sectoral Surveillance and stakeholder engagement were maintained to support compliance standards. Detection of Unlicensed Activities: Enhanced surveillance supported the early detection of non-compliant and unlicensed activities, enabling timely supervisory action.

Knowledge-sharing initiatives with international partners continued to support alignment with evolving market conduct supervisory practices.

### Supervisory Engagements Overview

During 2025, the Market Conduct and Financial Consumer Protection Supervision division undertook a range of supervisory activities across various licensed entities. The approach was anchored in the enhanced RBS framework, which strengthens oversight of the banking and insurance sectors and aligns supervisory practices with international standards.

**Table 10**  
Supervised Entities



### Supervisory Stance

Supervisory stance reflects the level of intervention and oversight applied to each entity, determined by risk assessment and subject to adjustment throughout the year:

**Table 11**  
Supervisory Stance

Supervisory Stance	Total
High Supervision	8
Medium Supervision	22
Medium-Low Supervision	71
Low Supervision	22
Special Examination	4

### Types of Supervisory Engagements

The division conducted several types of supervisory engagements, each tailored to specific objectives:



### Clarity on Supervisory Engagements

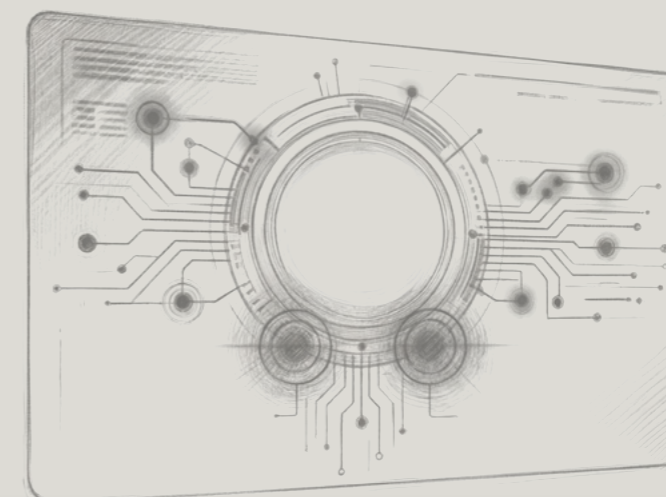
- **Full Scope Examinations** provide a holistic assessment and are typically scheduled as part of the regular supervisory cycle.
- **Thematic Examinations** allow the CBUAE to address sector-wide risks or regulatory priorities efficiently.
- **Targeted Examinations** are agile and responsive, enabling the supervisor to address specific issues as they arise.
- **Special Examinations** are reserved for exceptional circumstances requiring immediate attention.

Supervisory stance determines the intensity and frequency of engagement, ranging from annual full-scope inspections and regular meetings (high) to reporting-based oversight with action only on trigger events (low). Additional tools such as mystery shopping or targeted reviews are applied as required.

## 12.4.4 Regulatory Development

### Advancements in the Regulatory Framework

In 2025, the CBUAE continued to enhance its regulatory framework to strengthen governance, risk management, consumer protection, and transformation. At the same time, the CBUAE advanced exploratory work on AI to support regulatory development, benchmarking, and supervisory tools.



#### Insurance Sector: Strengthened Risk & Group Supervision

The CBUAE continued to develop the regulatory framework for the insurance sector. A key component is the Enterprise Risk Management (ERM) framework, which requires insurance companies to identify, assess and manage material risks. Another milestone was the issuance of the Insurance Group Supervision Regulation, reinforcing supervision of insurance groups at the consolidated level.

#### Dormant Accounts & Unclaimed Funds Regulation

The regulation on dormant accounts and unclaimed funds was enhanced and expanded to cover all LFIs. It requires institutions to undertake and document reasonable efforts to contact rightful beneficiaries. Where beneficiaries cannot be identified or contacted, funds must be transferred to the CBUAE, where they remain safeguarded until claimed.

#### Climate-related Financial Risk Management

To support national climate commitments, the CBUAE introduced requirements for banks and insurers to integrate climate-related financial risks into governance, strategy, and capital planning. Boards and senior management must ensure these risks are addressed within risks management frameworks.

#### Emiratization Compliance and Penalties

The CBUAE further developed regulations regarding Emiratization compliance, prohibiting the circumvention of Emiratization targets, including through inaccurate reporting or fictitious appointments of UAE nationals. LFIs are required to maintain accurate records and notify the CBUAE of material changes affecting Emiratization status. The CBUAE may impose administrative and financial penalties for non-compliance and mandate corrective actions, including the training and upskilling initiatives. These measures aim to promote transparency and accountability in Emiratization programmes.

#### Exchange Business Regulation

As part of ongoing regulatory development in payment services, the CBUAE issued an amended Exchange Business Regulation, strengthening requirements relating to corporate governance, operational risk management, AML/CFT, consumer protection, digitalisation and reporting. The revised regulation introduces a fourth licensing category enabling fully digital remittance services. This forms part of broader efforts to harmonise the regulatory framework for payment services, with further development expected in coming years.

#### Open Finance Regulation

Enhancements to the regulation established a framework for the licensing and supervision of the API Hub. The hub provides a trusted infrastructure enabling secure cross-sectoral data sharing and transaction initiation.

#### Operational Risk and Operational Resilience

In 2025, the CBUAE developed a new regulation on Operational Risk Management applicable to all LFIs. The regulation introduces requirements to address increasing exposures to operational risk, including threats to operational resilience, data protection risk, and reliance on third-party service providers in a highly digitalised environment. The new regulation supports harmonisation of supervisory standards across."

#### Other Developments

Additional regulatory enhancements are expected to be published in 2026, including further measures relating to insurance, licensing, and health insurance third-party administrators.

 **Supervisory Education**

The Supervisory Education Initiative outlines a comprehensive set of initiatives designed to strengthen supervisory capacity, enhance regulatory awareness, and promote continuous professional development among supervisors and industry stakeholders. These initiatives include:

 **Executive Certificate for Risk-Based Supervision Professionals**

The accredited Risk-Based Supervision Certificate programme continued in 2025, with 30 supervisors certified during the year. This brings the total to 75 Executive Certificate holders and 63 Advanced Certificate holders, supporting the development of risk-based supervisory expertise.

 **Insurance Sector Roundtable**

An insurance roundtable was held for selected insurance CEOs providing updates on key regulatory and legislative developments affecting the UAE insurance sector. Strategic considerations relating to resilience and competitiveness, in line with international best practices, were also discussed.

 **Regulatory Update Series**

The Regulatory Update Series continued to brief internal and external stakeholders on new regulatory issuances, enhancing understanding of the evolving regulatory framework and supporting effective compliance.

**12.4.5 Sustainable Finance**

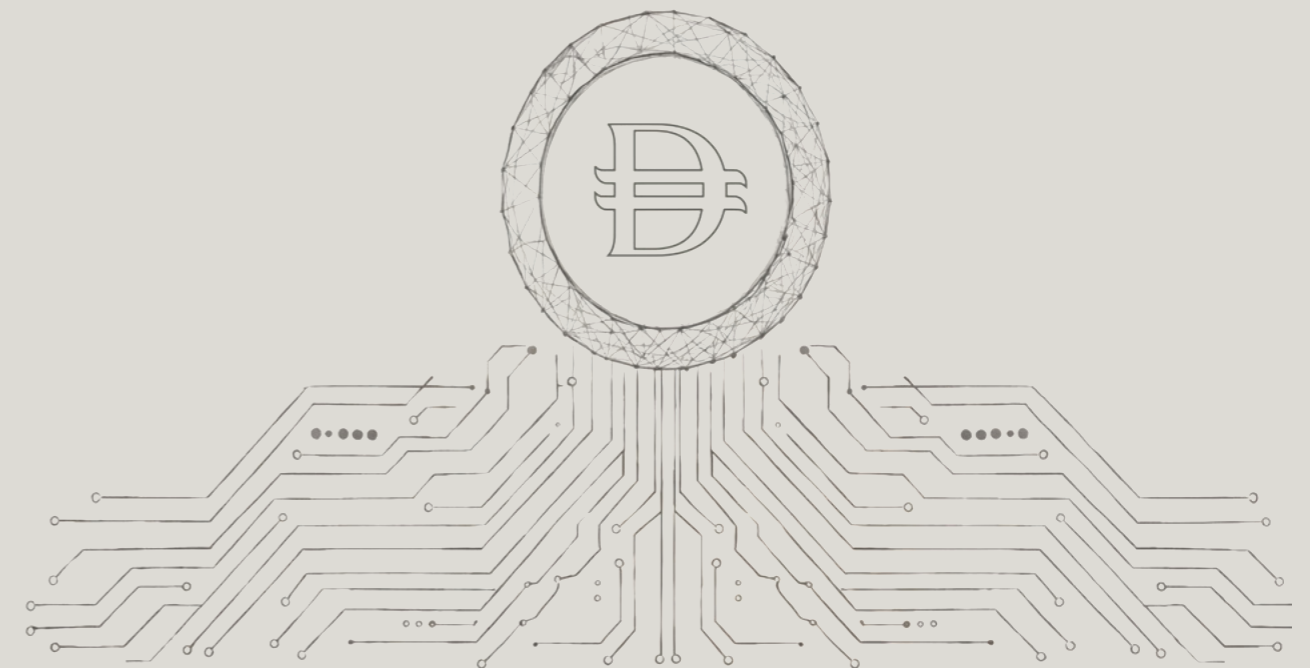
Sustainability remains a key pillar of the CBUAE’s mandate to support a resilient and forward-looking financial system. Last year, the CBUAE advanced implementation of sustainable finance initiatives, further integrating embedding sustainability within the regulatory and supervisory frameworks governing the UAE’s financial sector.

A key milestone was the issuance of the Climate-related Financial Risk Management Regulation, which establishes a framework requiring banks and insurance companies to maintain effective governance and risk management processes for climate-related financial risks. The regulation requires institutions to integrate such risks into strategy, governance, risk management frameworks, capital and liquidity planning, and scenario analysis, strengthening resilience to climate-related risks.

The CBUAE continued its participation in the UAE Sustainable Finance Working Group (SFWG), contributing to the development of the national sustainable finance framework. Building on the Principles for the Effective Management of Climate-related Financial Risks (2023) and the Principles for Sustainability-related Disclosures (2024), the CBUAE introduced the Principles for Climate Transition Planning under the SFWG framework.

These principles emphasise integration of transition planning into governance frameworks, scenario analysis, and risk management processes, and highlight the role of boards and senior management in ensuring accountability and oversight of climate-related considerations.

These initiatives support the development of sustainable finance in alignment with national strategies, including the UAE Green Agenda 2015–2030, the National Climate Change Plan 2017–2050, and the UAE Net Zero by 2050 Strategic Initiative.



### 12.4.6 Enforcement

Targeted, proportionate and effective regulatory action remained central to the CBUAE’s mandate to protect consumers and uphold the integrity of the financial services sector. This approach strengthened compliance, addressed misconduct, and ensured adherence to domestic and international regulatory obligations, including AML/CFT and FATCA/CRS. In 2025, enforcement measures were taken against more than 30 entities across the banking, finance, insurance, and exchange houses, as well as one individual, for breaches of applicable laws, regulations and supervisory requirements. Financial sanctions were applied in accordance with the prevailing legal framework. The total value of financial sanctions imposed amounted to more than **₹ 200,000,000**.



**Table 13**

Number and Type of Enforcement Actions Finalised During 2025 vs. Types of Entities and Type of Violations

Entity Type	Type of Violation	Type of Action	Number of Entities
Bank	CBUAE Law	2 Financial Sanctions, including 1 Administrative Sanction - Suspension of Activity	<b>13</b>
	Market Conduct	2 Financial Sanction	
	CRS/FATCA	5 Financial Sanctions	
	Emiratization	4 Financial Sanctions	
Finance Company	Market Conduct	1 Financial Sanction	<b>1</b>
Insurance Company	Insurance Law	3 Administrative Sanctions (1 Revocation/1 License Suspension / 1 Activity Suspension) Market Conduct	<b>14</b>
	CRS/FATCA	2 Financial Sanctions	
	Emiratization	2 Financial Sanctions	
Insurance-Related Profession	Insurance Law	1 Administrative Sanction (Revocation)	<b>2</b>
	Emiratization	1 Financial Sanction	
<b>Total Enforcement Actions</b>			<b>30</b>

**Table 14**

Enforcement Actions Imposed in 2025 for AML/CFT Breaches

Enforcement Action Type	
Number of entities subject to sanctions	5
Warnings issued	3
Number of fines issued	2
Number of other sanctions issued	1
<b>Total amount of fines (₹)</b>	<b>200,500,000</b>

**Table 15**

Classification of Violations and Value of Financial Sanctions Imposed in 2025 in ₹

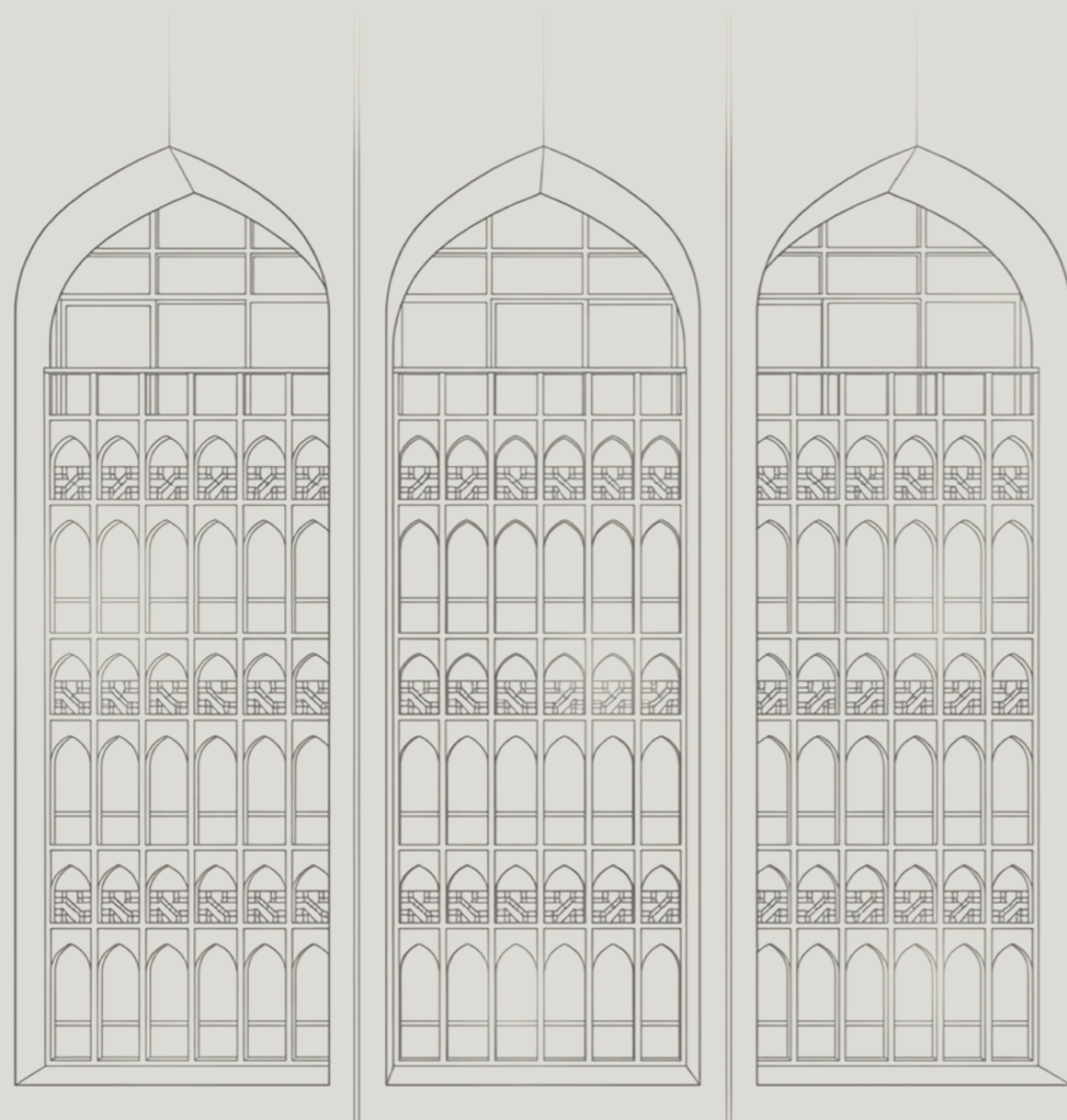
Type of Violation	Financial Sanctions Value Imposed in 2025 in ₹
CBUAE Law	6,502,214
AML/CFT	200,500,000
Market Conduct	1,740,000
Emiratization	3,721,489.29
CRS/FATCA	2,621,000
<b>Total</b>	<b>214,544,703.29</b>

### Enforcement Actions Taken in 2025

During 2025, the CBUAE applied its enforcement toolkit to address regulatory breaches in a targeted and proportionate manner. In addition to financial sanctions, the CBUAE exercised administrative powers and issued supervisory directives, including licence revocations, suspensions, prohibitions/restrictions on licensed activities, and warnings

### Enhancing the Enforcement Framework

The CBUAE concluded a strategic review of its enforcement approach, policies, and procedures supported by baseline assessment, benchmarking, and gap analysis in efforts to align with global standards and best practices. Implementation of identified enhancements is planned for 2026, alongside updates to the revised enforcement policy.



**Table 16**

Historic Enforcement Actions

CBUAE	2021	2022	2023	2024	2025
Number of entities subject to sanctions	23	7	38	5	5
Warnings issued	5	0	0	0	3
Number of fines issued	17	6	36	4	2
Number of other sanctions issued	0	0	0	0	1
<b>Total amount of fines (AED)</b>	<b>65,892,666</b>	<b>17,127,191</b>	<b>109,447,333</b>	<b>119,400,000</b>	<b>200,500,000</b>

### 12.4.7 Advancing Financial Inclusion, Financial Literacy and Financial Health

In 2025, the CBUAE advanced financial inclusion, financial literacy, and financial health through national policy development and enhanced international engagement. This work supported a more outcome-focused approach to financial health, aligned with international practice and national development priorities.

#### Strategic Policy Development and National Frameworks

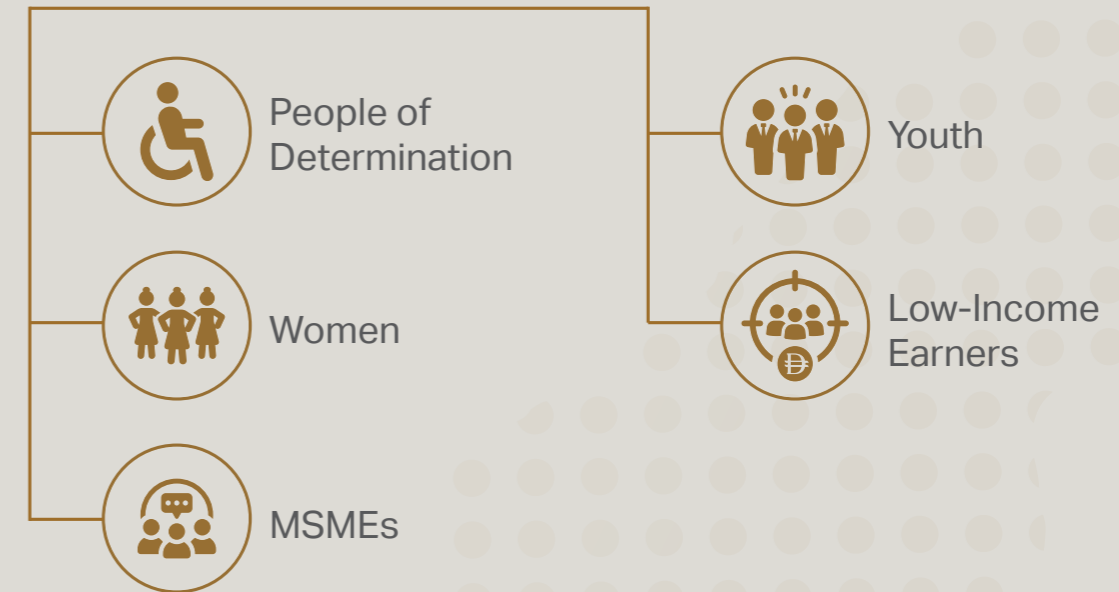
A key milestone was the CBUAE-led launch of the UAE NFIS 2026-2030, which sets a national vision for equitable access to, and responsible use of, quality financial services that strengthen financial resilience and wellbeing for individuals and businesses. The NFIS was developed through an evidence-based process combining regulatory benchmarking and gap analysis, supply-side assessment of financial services and infrastructure, and a national demand-side diagnostic covering individuals and micro, small and medium-sized enterprises (MSMEs). This enabled targeted prioritisation for low-income earners, youth, women, people of determination, and MSMEs.

The NFIS is anchored around five pillars: protective and enabling regulation; access and responsible usage; digital financial services; financial capability; and data, monitoring, and insights. These are supported by cross-cutting enablers including digital public infrastructure, innovation, measurement and research, and stakeholder engagement. In 2025, the CBUAE also formally integrated financial health as a policy objective, shifting emphasis beyond access and usage towards resilience and improved financial decision-making.

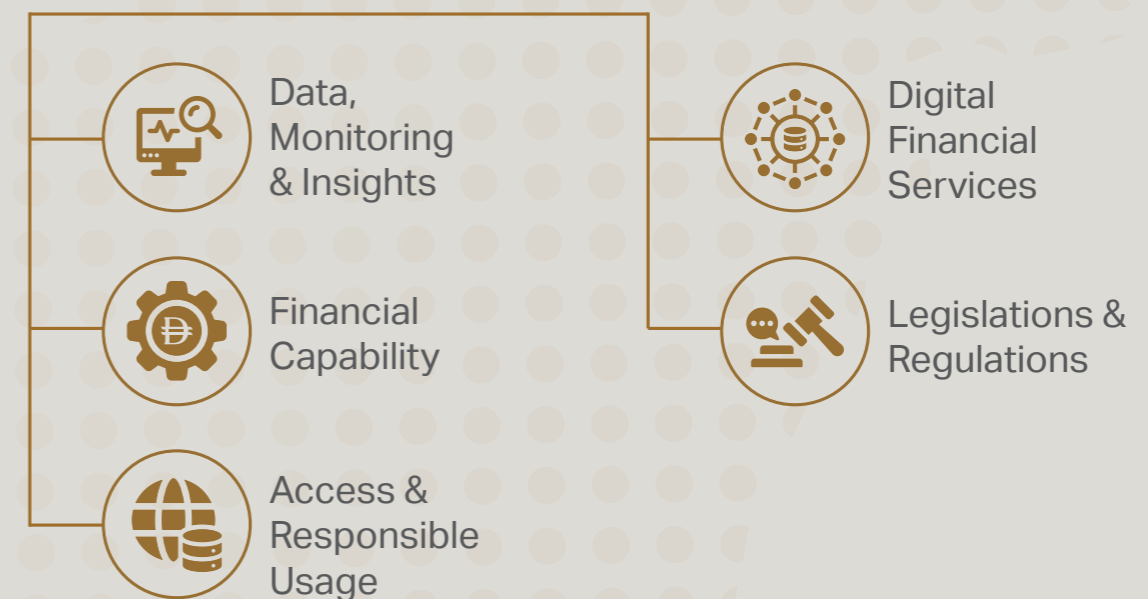
In parallel, the CBUAE progressed the development of the National Financial Literacy Strategy using an evidence-first approach, prioritising diagnostics to address demonstrated capability gaps and align interventions with inclusion and financial health objectives. Delivery readiness was strengthened through enhanced international partnerships, including a formal advisory agreement with the World Bank to support diagnostics, monitoring frameworks, and implementation planning.

### General Framework of the National Financial Inclusion Strategy

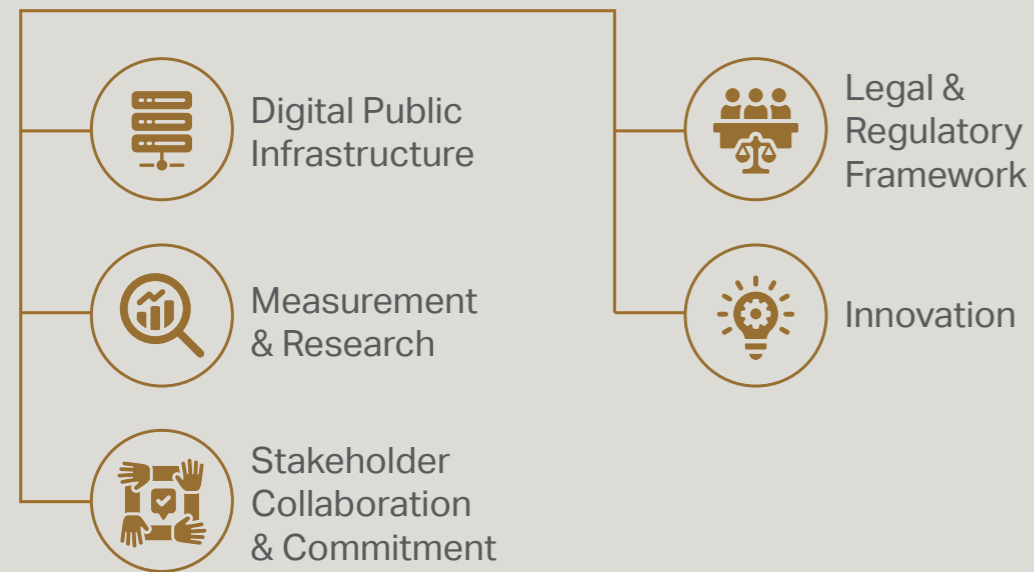
#### Target Segments



#### Strategic Pillars



## Strategic Enablers



### Major Convenings and National Leadership

The CBUAE convened a high-level Financial Inclusion Middle East and North Africa (MENA) Leaders' Summit, bringing together more than 300 senior policymakers, regulators, international organisations, and industry leaders. The Summit advanced dialogue on financial health and responsible digital finance and strengthened engagement with international institutions.

### Global Engagement and International Representation

Throughout 2025, the CBUAE represented the UAE in key multilateral platforms, including the Global Partnership for Financial Inclusion (GPMI) under the South African G20 presidency, contributing perspectives on digital inclusion, consumer protection, and financial health measurement.

### Institutional Coordination and Ecosystem Delivery

Implementation was supported through structured coordination under the National Framework for Financial Inclusion and Literacy governance arrangements. The CBUAE established thematic task forces aligned to the five NFIS pillars. These task forces bring together public authorities and other stakeholders to translate strategic priorities into actionable initiatives and support coordinated delivery.

### Partnership with the Centre for Financial Inclusion

The CBUAE entered a strategic partnership with the Centre for Financial Inclusion (CFI) for Virtual Financial Inclusion Week, which attracted more than 3,000 participants and 300 speakers from regulatory authorities, international organisations, financial institutions, FinTechs, and academia.

### Positioning the UAE as a Financial Health Leader

By the end of 2025, the CBUAE had further positioned the UAE's role in advancing financial inclusion, financial literacy, and financial health policy. The shift towards financial health, supported by strategy, stakeholder engagement, international cooperation and data, reflects alignment with evolving global approaches to consumer outcomes and financial resilience.

### 12.4.8 Fraud Prevention and Mitigation

During 2025, the CBUAE continued to strengthen the national framework for preventing, detecting, and mitigating fraud risks affecting both consumers and the financial sector. These efforts support financial stability and consumer protection, while also reinforcing trust in the financial system.

As part of this proactive approach, the CBUAE began establishing the Central Bank Anti-Fraud Operations Center (CAFOC). The Center will serve as a central operational and intelligence hub, enabling real-time monitoring of fraudulent activities, timely incident response, and enhanced collaboration with LFIs and other relevant stakeholders. Its advanced track-and-trace capabilities, operational escalation mechanisms, and sector-wide coordination will support an intelligence-led approach to combating fraud. Additionally, CAFOC will consolidate fraud insights to inform supervisory activities and policy development.



#### Reinforcing Resilience of the Financial System

In 2025, the CBUAE strengthened its supervisory approach to fraud risk by introducing a structured fraud risk assessment data-collection framework. This initiative enhances supervisory oversight over fraud typologies and emerging risks across LFIs, supporting more risk-based and targeted supervisory interventions.

The CBUAE also reinforced regulatory expectations relating to consumer fraud prevention. Institutions are required to adopt stronger authentication controls, with reduced reliance on single-factor mechanisms such as SMS OTP, reflecting evolving fraud patterns and digital risks.

Supervisory engagement with LFIs during the year supported consistent implementation of these measures.



## 12.5 ISLAMIC FINANCE

### 12.5.1 The Cabinet's Approval for the UAE Islamic Finance and Halal Industry Strategy

The CBUAE played a central role in coordinating federal and local entities to support the integration of Islamic finance and the halal industry into the UAE's national economic agenda. In May 2025, the UAE Cabinet approved the UAE Islamic Finance and Halal Industry Strategy, aimed at diversifying the economy by capturing global growth opportunities in Islamic finance and halal-related industries.

**Figure 13**

The Islamic Finance and Halal Industry Strategy at a Glance

#### Vision

For the UAE to be a global hub for Islamic finance and halal industry at the forefront in impact and advanced innovation

#### Mission

Capturing the OIC through establishing a robust ecosystem that facilitates global Islamic financial transactions, investments, and trade of halal products; produces high-value halal industry products; and enhances social and environmental impacts for sustainable development

#### Strategic Objectives

- To build a globally competitive Islamic finance industry
- Strengthen local production and re-export of halal industry products
- Expand the role of Islamic philanthropy in supporting sustainable development

#### Time Period

**2025-2031**

#### Strategic Initiatives

- Developing large-scale and competitive Islamic financial institutions and promote internationalisation.
- Catalysing the integration between Islamic finance and the halal industry.
- Fostering the global ecosystem for sukuk market, money market, and Islamic funds in the UAE.
- Nurturing an environment to drive innovation in the Islamic finance industry.
- Creating a mechanism for impactful Islamic sustainable finance through international collaboration.
- Creating a supportive ecosystem to scale up local production of high-value halal products.
- Establishing a halal traceability system to boost re-export of halal products.
- Fostering an enabling environment for scaling up local SMEs and technology startups in the halal industry.
- Developing a foundation for strengthening halal tourism, modest fashion, and Islamic-themed media
- Catalysing the adoption of a waqf mechanism in philanthropic activities across public private sectors.
- Establish solutions that enable transparent monitoring when impacts of Islamic philanthropy

#### Focus Areas

Islamic Finance

Halal Industry

Islamic Philanthropy

#### Federal Entities

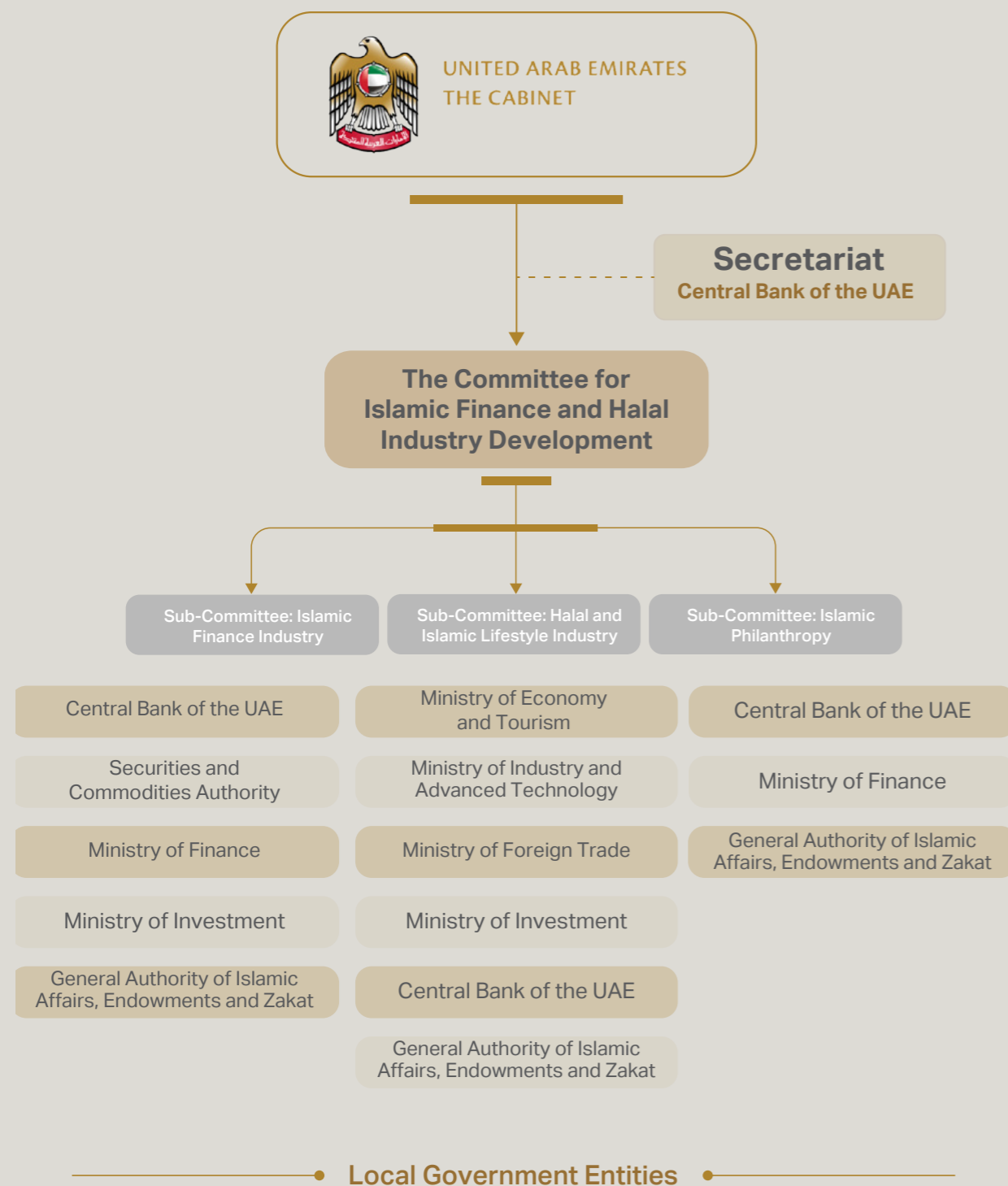


#### Strategic Indicators

- The size of the UAE's Islamic finance assets
- The UAE's ranking in the Islamic Finance Development Indicator (IFDI)
- The size of the UAE's cash waqf assets
- The size of the UAE's domestic exports and re-exports of halal industry products
- The number of OIC tourist visits to the UAE
- The UAE's ranking in the Global Islamic Economy Indicator (GIEI)

**Figure 14**

**The Islamic Finance and Halal Industry Strategy Governance**



**12.5.2.2 The Establishment of the Committee for CEOs of Banks**

In addition, a Committee of CEOs of Banks was established in 2025 under the Islamic Finance and Halal Industry Development Committee. Membership includes the CEOs of banks in the UAE, including Islamic banks and conventional banks with Islamic windows.

The Committee’s primary objective is to support implementation of the Strategy within the banking sector, in coordination with relevant government entities.

**12.5.3 Overview of UAE Islamic Finance Industry**

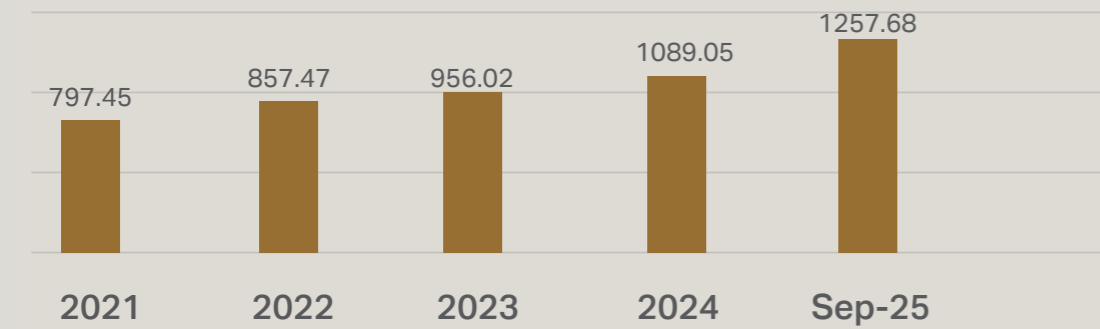
The UAE’s Islamic finance sector continued to expand in 2025, reflecting sustained growth in both Islamic banking assets and takaful activity. Total assets of Islamic banks reached  $\text{AED}1,257.68$  billion as at 30 September 2025, extending the upward trend observed in recent years. Islamic banking assets have increased steadily since 2021, reflecting continued demand for Shari’ah-compliant financial services across retail, corporate, and investment segments. In the insurance sector, gross written contributions of takaful insurance reached  $\text{AED}6.4$  billion in 2025, representing an 18.5% increase compared to 2024. The Takaful segment accounted for 8.5% of the UAE’s total insurance market. These developments indicate continued depth and scale within the Islamic financial services segment of the UAE’s broader financial system.

**Figure 15**

**Takaful Insurance Market Share**



**Figure 16**  
Total Assets of the UAE's Islamic Banking Industry



\* Islamic Assets include Gross assets of Islamic banks, Islamic Finance companies and Islamic windows of conventional banks

**Regulatory Collaboration and Stakeholder Engagement**

The CBUAE continued collaboration with relevant authorities, including the Capital Market Authority (CMA), Dubai Financial Services Authority (DFSA), Abu Dhabi Global Market (ADGM), and the UAE Banks Federation (UBF), to support development of Islamic finance across governance, sustainability, and awareness dimensions.

Following the issuance of Federal Decree-Law No. (6) of 2025 regarding the Central Bank, Regulation of Financial Institutions and Activities, and Insurance Business, the CBUAE conducted high-level stakeholder engagements in 2025 to advance Islamic finance development. Discussions included Shari'ah governance and virtual assets.

The CBUAE also continued engagement with international regulators to promote standardisation and development of Islamic finance practices, including hosting knowledge-sharing events and facilitating technical discussions.

**12.6 EMIRATISATION**

Emiratization remained a key priority in 2025, supporting national employment objectives and increasing the representation of UAE nationals across LFIs. Sector-wide performance exceeded applicable targets during the year, with aggregate achievement reaching **159.75%**.

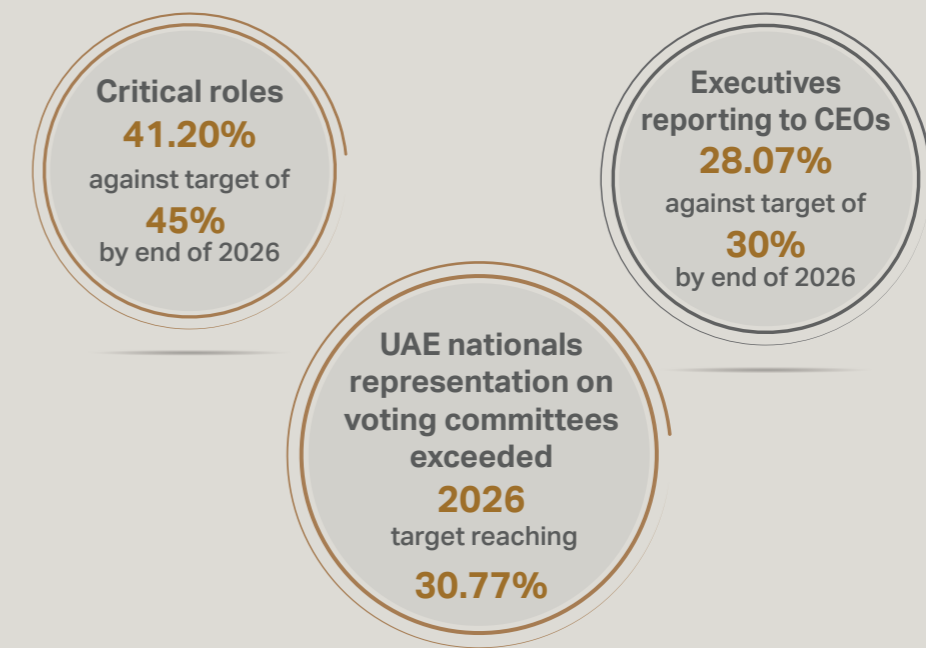
Emiratization in critical roles increased by **13.90%** compared with 2024, reaching 41.20% by end-December 2025, against a sector target of 45% by end-2026. At the leadership level, Emiratization among executives reporting directly to CEOs rose by 19.09% compared to the previous year, moving closer to the 30% target set for 2026. Representation of UAE nationals on internal decision-making and voting committees reached **30.77%**, exceeding the 2026 target.

Progress was observed across segments of the financial sector. In the insurance sector, Emiratization in critical roles reached **35.36%**, reflecting continued integration of UAE nationals into key functions.

Five banks committed to recruit **1,700 UAE nationals** in the Al Ain region over 2025–2026. By end-2025, 632 appointments had been completed, with a further 238 expected to join in early 2026. In addition, **252 UAE nationals** were recruited across other LFIs, primarily within exchange houses and insurance companies.

At the sector level, LFIs exceeded the cumulative hiring target of **10,300 UAE nationals**, advancing progress ahead of the 2027 deadline. The Ethraa programme continued to support placements in critical roles through structured training pathways, with **3,614 UAE nationals** participating by year-end.

**12.6.1 Emiratization Targets**



## 12.6.2 Building National Workforce Capabilities



### Digital Enablement

Digital enhancements were implemented to support monitoring and reporting. Upgrades to the Tawteen smart services system included deployment of an AI-enabled assistant to improve data analytics. API integration between the Tawteen system and LFIs was completed to enhance data accuracy and streamline reporting.



### Supervisory Enhancements

A risk-based assessment dashboard was developed to monitor compliance and detect potential misreporting to fraudulent Emiratisation practices.



### Recruitment Strategy

Engagement with LFIs supported the relocation of selected roles to regions with higher concentrations of UAE national jobseekers.



### Partnerships and Collaboration

Collaboration continued with national partners to support workforce development objectives. Participation in the Nafis Award Cycle 2023–2024 was undertaken in coordination with the Emirati Talent Competitiveness Council (Nafis). Joint initiatives with Nafis and the Ministry of Human Resources and Emiratisation (MOHRE) supported broader labour market priorities. Cooperation with the Emirates Institute of Finance and the Higher Colleges of Technology also progressed, including initiatives supporting the actuarial education programmes.



## 12.7 PAYMENTS INFRASTRUCTURE

### 12.7.1 Payments Infrastructure and Financial Market Integration

#### The CBUAE's Operations and Payment Systems

During the year, the CBUAE continued to enhance the resilience, efficiency, and integrity of the national payment ecosystem, consistent with its mandate to safeguard financial stability and support economic activity.

Priority areas included strengthening cross-border payment arrangements, modernising core infrastructure, and advancing digital transformation across payment systems. These initiatives aim to improve settlement efficiency, reduce operational and liquidity risks, and ensure a secure and interoperable payments architecture.

Regional integration progressed through continued participation in AFAQ, the GCC (RTGS), and BUNA (Arab Regional Payment System), supporting cross-border settlement efficiency within the region.

#### Resilient Payment Infrastructure

##### Infrastructure Enhancements:

New cross-border payments processing and settlement arrangements were implemented to support faster and more cost-effective international transactions with selected partner jurisdictions.

##### Interoperability and Standards:

Alignment with international messaging and data standards was advanced to facilitate interoperability with regional and global payment platforms.

##### Risk Management and Compliance:

Oversight of cross-border payment flows was strengthened through enhanced sanctions screening, AML/CFT controls, and operational risk frameworks, ensuring that efficiency gains are accompanied by robust safeguards.

##### Regional and International Cooperation:

Engagement continued with peer central banks and international institutions to explore participation in regional payment corridors and multi-currency settlement models.

#### Digitalisation of Payment Systems

Digital transformation remained central to the CBUAE's strategy to modernising the domestic national payment ecosystem. Engagement with payment system participants supported enhancements to the Domestic domestic RTGS system, with the objective of evolving it into a modern, real-time settlement infrastructure.

##### Support for Digital Payments

Continued expansion of electronic and instant payment instruments, strengthening interoperability between banks and payment service providers.

##### System Modernisation

Upgrades to legacy platforms using modular, API-enabled architectures to support real-time processing and future integration.

##### Adoption of latest and best practices in the industry

The CBUAE adopted leading industry best practices, including capabilities to cater to the operational requirements of SWIFT ISO 20022 standards.

##### Data and Analytics

Deployment of enhanced reporting and monitoring tools to improve visibility over transaction flows and systemic risk indicators.

##### Cybersecurity and Resilience

Reinforcement of cybersecurity frameworks and regular system testing to safeguard operational continuity.

##### Launch of a new cross-border instant payment rail

Integration between the Instant Payment Instruction (IPI) system and China's Internet Banking Payment System, enabling faster retail cross-border transactions.

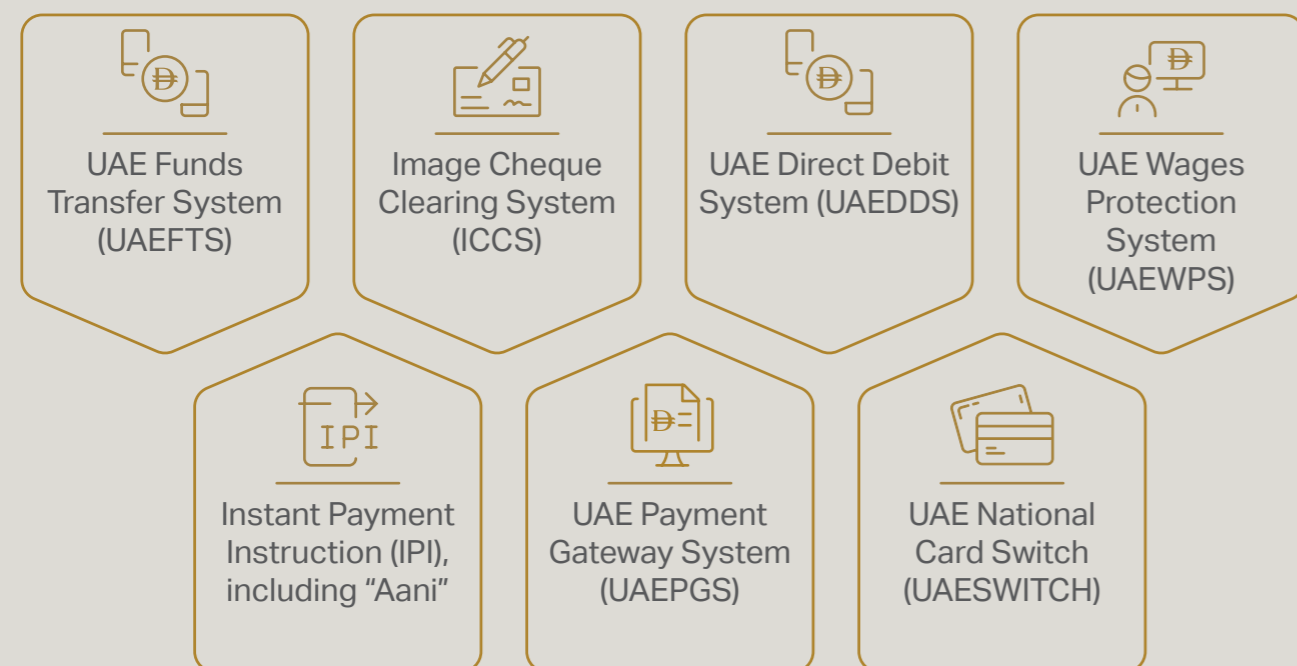
#### Payment Systems Governance

Oversight of payment systems remained aligned with international best practices, including the Principles for Financial Market Infrastructures (PFMI). During 2025, the CBUAE payment system providers' management of operational, credit, liquidity, and cyber risks risks continued, to strengthen compliance with PFMI standards.

## Key Highlights:

### Operational Capacity of UAE Payment Systems

The UAE payment systems continued to demonstrate high operational capacity and scalability across key infrastructures:



## Key System Performance:

### ICCS

Processed 23.78 million cheques valued at ₪1.5 trillion in 2025, representing a 1.42% increase in volume and 8.55% in value compared with 2024.

### UAEFTS

Retail transfers reached 114.9 million transactions valued at ₪9.9 trillion in 2025 (a 17.76% increase in volume and 19.93% increase in value).

Institutional transfers totaled 865,708 transactions valued at ₪14.5 trillion in 2025 (4.7% increase in volume and 33.05% increase in value).

### IPI

Processed 33.8 million transactions valued at ₪168.8 billion in 2025. While volumes declined compared with 2024, activity shifted to Aani transactions following its expanded rollout in 2025.

### UAEWPS

Registered employees increased from 6.06 million in 2024 to 7.26 million in 2025.

Salary volumes increased to ₪79.5 million transactions, with total value rising to ₪409 billion compared to a volume of ₪67.5 million with a value of ₪341 billion in 2024.

Registered employers increased by 15% to 368,448 in 2025 from 321,007 in 2024.

### UAEDDS

Processed 16.3 million transactions valued at ₪140.3 billion (3.76% increase in volume; 22.88% increase in value).

### UAESWITCH

UAESWITCH processed a total of 663 million transactions, between ATM and POS transactions

#### ATM Transactions

Processed 102.9 million ATM transactions valued at AED 160.8 billion (9.05% increase in volume; 7.99% increase in value).

#### POS Transactions

POS transactions totalled 560.7 million. This consisted of 38,117,501 transactions on PrePaid Card and 522,617,882 transactions on Debit Card. The Debit Card transactions on PoS had a 4% increase in count

### UAEPGS

Processed 1.8 million transactions worth ₪ 7.84 billion (2% decline in volume; 20% increase in value).

## 12.7.2 CURRENCY MANAGEMENT

### Issuance of ₪100 polymer banknote

In March 2025, the CBUAE issued a new polymer-based ₪100 banknote as part of the Third Issuance of the National Currency Project. The new banknote incorporates advanced security features, including SPARK Flow® DIMENSIONS, and KINEGRAM COLORS®, to enhance durability and mitigate counterfeiting risks.



### Minting and Issuance of Commemorative Coins

The commemorative coin sales platform continued to support digital service delivery, enabling secure authentication through UAE Pass and improving user accessibility.

Commemorative coins issued in 2025:

#### Zayed and Rashid



Commemorative gold and silver coins were issued to mark the 'Zayed and Rashid' campaign, honouring the legacy of the UAE's founding leaders.

#### Dubai Islamic Bank



Silver commemorative coins were issued to mark the 50<sup>th</sup> anniversary of Dubai Islamic Bank, recognising its contribution to the UAE's banking sector.

#### Sultan Bin Ali Al Owais



Silver commemorative coins were issued to mark the centenary of poet Sultan Bin Ali Al Owais, in recognition of his cultural legacy.

## 12.8 DIGITALISATION AND INNOVATION

### 12.8.1 Progress in FIT Initiatives

#### Jisr

In 2025, the CBUAE advanced its Central Bank Digital Currency (CBDC) initiatives as part of broader financial infrastructure modernisation. The focus remained on strengthening payment efficiency, resilience, and compliance across domestic and cross-border transactions.

The Jisr platform was launched to support cross-border settlement using CBDC through direct bilateral connectivity between participating jurisdictions. The first cross-border CBDC transaction between the UAE and China was executed during the year, demonstrating the operational feasibility of cross-jurisdictional settlement using central bank digital currency.

Jisr also introduced CBDC functionality into the domestic wholesale market, beginning with government related payments. The first live government transaction using the Digital Dirham was executed in 2025.



Further enhancements to Jisr are planned, including liquidity management tools, programmable settlement capabilities, and foreign exchange functionality.

#### Digital Dirham

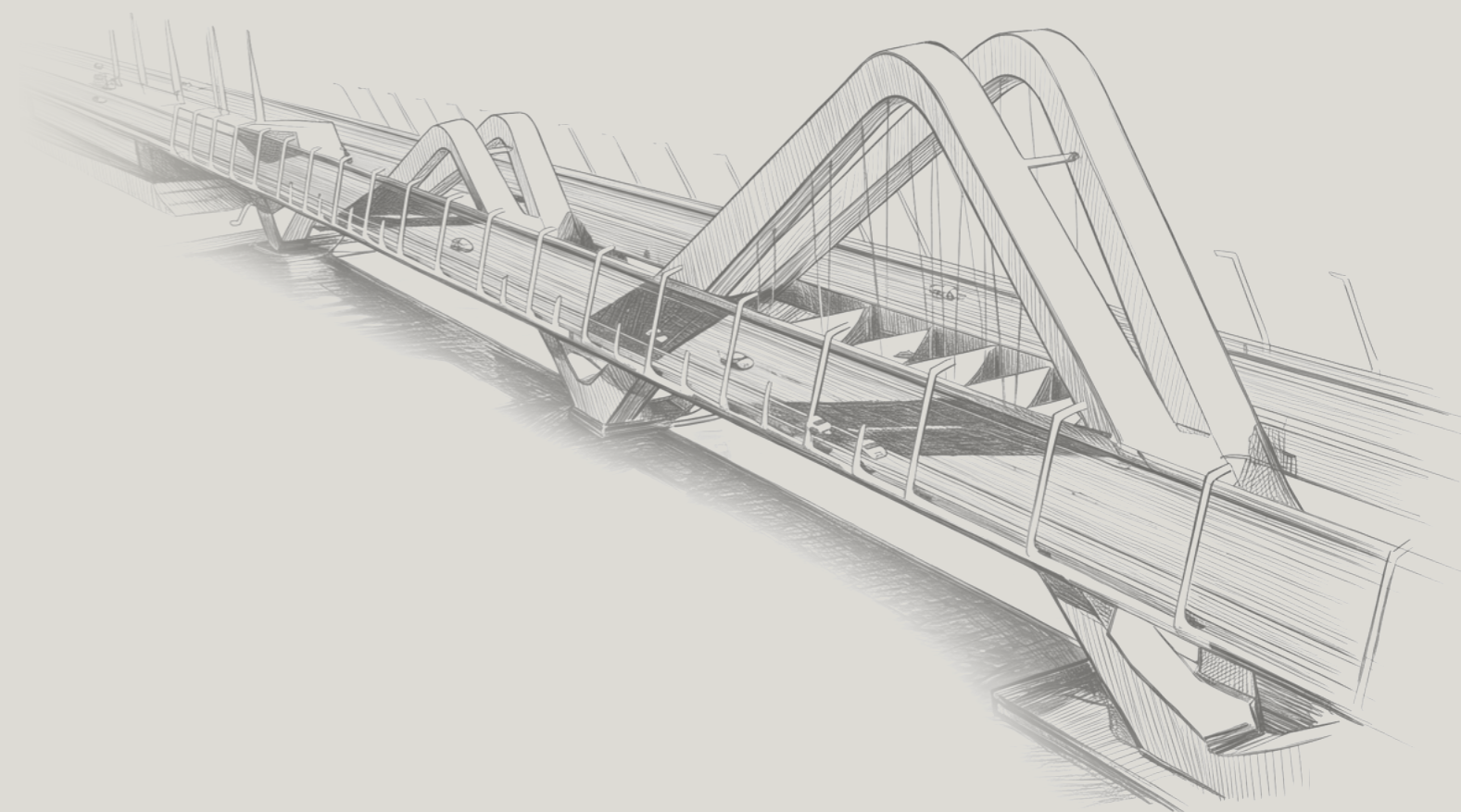
The Digital Dirham, established as legal tender under Federal Decree-Law No. (54) of 2023, progressed through implementation milestones during 2025. The CBUAE introduced the official Dirham symbol for both physical and digital forms and developed a Digital Dirham wallet to support retail and wholesale use cases.

The Digital Dirham forms part of the FIT Programme and is intended to complement existing payment instruments within a regulated framework.

#### Central Securities Depository (CSD) Hub

The CBUAE initiated establishment of a domestic Central Securities Depository to support issuance and settlement of M-Bills. The initiative aims to enhance operational control and strengthen domestic post-trade infrastructure.

The CSD will support digital securities settlement to facilitate integration with multiple trading venues across asset classes. The infrastructure is designed to improve market efficiency and support cross-border custodial connectivity.



The UAE's Open Finance initiative, Al Tareq, went live in 2025. Two banks and two Third-Party Providers (TPPs) met regulatory operational requirements to provide services using Open Banking APIs. The centralised infrastructure was launched, enabling Nebras Open Finance to begin operations.

**Functionality includes:**



The CBUAE maintained oversight of operational readiness throughout the roll out. The UAE also participated in the Bank of International Settlement (BIS) "Project Aperta", which examined interoperability and alignment across open finance ecosystems, including cross-border data sharing and payment initiation.

**Sovereign Financial Cloud Infrastructure**

The CBUAE partnered with Core42 to develop a sovereign financial cloud services infrastructure, the world's first dedicated financial cloud ecosystem, as part of its FIT programme. The platform provides a secure, centralised and isolated environment that ensures data sovereignty, enhances resilience, and supports the continuous availability of critical financial services. Leveraging advanced AI and analytics, it enables more efficient operations, real-time insights, and improved decision-making across the financial sector. The infrastructure also offers a unified framework for managing multi-cloud services, supporting innovation and the delivery of next-generation financial solutions

**12.8.2 Digital Oversight Enhancement**

Under the FIT Programme, the CBUAE continued development of Supervisory Technology (SupTech) capabilities to enhance supervisory efficiency. Phase one of the central data management platform was completed, enabling integrated data collection and analysis supported by strengthened governance controls. AI and analytics tools are being deployed to support risk monitoring. AML/CFT compliance, and resource allocation within risk-based supervision frameworks.

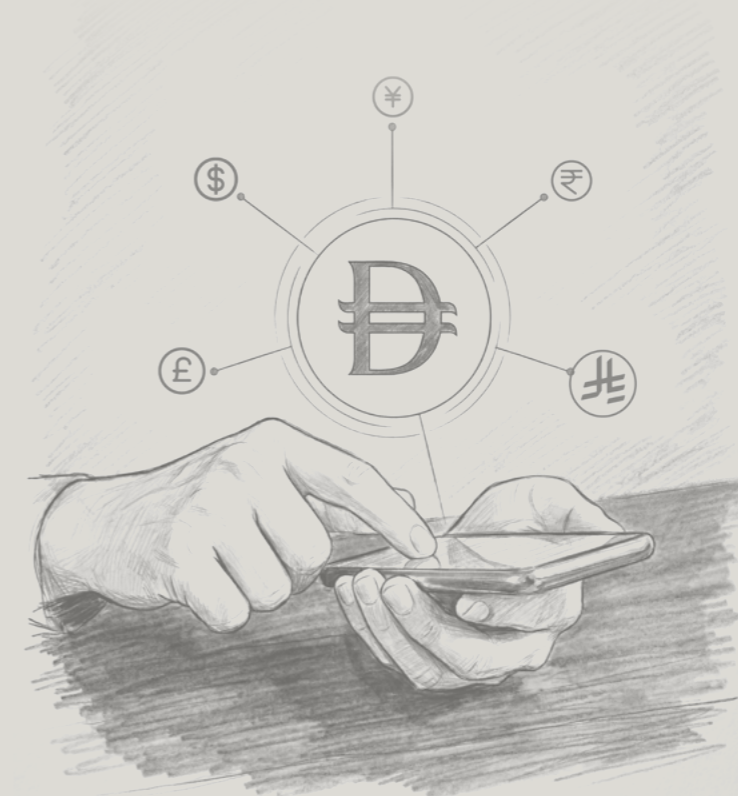
**e-KYC**

Executive regulations governing the national electronic Know Your Customer (e-KYC) entity were finalised in 2025. These regulations define governance arrangements, access frameworks, and data protection requirements.

Development of the e-KYC platform progressed through organisational and technical design phases. The platform is intended to streamline onboarding processes within a secure regulatory framework.

**Payment Token Services**

Two Dirham-backed payment token issuers were licensed under the PTSR framework in 2025. These licences subject token issuance, reserve management, redemption, and operational requirements to regulatory oversight. Licensed Dirham-backed payment tokens may support selected domestic and cross-border payment use cases within a regulated environment.



### 12.8.3 Advancing the UAE’s Fintech Agenda

In 2025, the CBUAE continued to advancing the nation’s FinTech agenda and strengthening the UAE’s position as one of the leading global hubs for financial innovation. More than 60 FinTech companies were either licensed or granted in-principle approval by the CBUAE in 2025. The number of fully licensed entities reached 36 as of January 2026, compared to 18 in 2024.

These firms operate across a wide range of FinTech verticals, including open finance providers, buy-now-pay-later services, digital wallet operators, merchant acquiring platforms, payment aggregators, stablecoin-related activities, and a number of other emerging financial technology services that are transforming the financial services landscape.

The CBUAE progressed the expansion of sandbox environments, including both regulatory sandboxes and technical testing environments, designed to allow innovators to safely test cutting-edge technologies before broader market deployment. Through these sandboxes, firms are able to validate business models, demonstrate the safe use of new technologies, and refine solutions within a controlled regulatory framework.

Testing activities within these environments have included innovations in Generative AI and advanced AI models applied to banking and financial services, covering areas such as compliance automation, customer engagement, risk management, operational efficiency and supervisory technology. At the same time, the sandbox has supported experimentation in advanced InsurTech models, enabling innovation in underwriting, claims processing, digital insurance distribution and customer onboarding.

In parallel, the CBUAE has continued to support innovation in the blockchain and digital asset space, including initiatives focused on the tokenisation of real-world assets, tokenised securities, and broader digital asset infrastructure.

### 12.8.4 Data Advancements

#### Advancing Central Banking with Analytics and AI

In 2025, the CBUAE expanded its data governance framework, issuing 18 policies and procedures covering data management, classification, and stewardship.

Real-time dashboards were deployed to improve visibility across supervisory and operational functions. A market data management platform was introduced to centralise inventory of market data products.

Enterprise Data Management (EDM) implementation progressed across licensing, operational risk, financial risk, and payments modules. A data architecture blueprint was approved, covering 36 domains and supporting integration and standardisation across functions.

AI and machine learning pilots were initiated across multiple use cases, including licensing automation, market surveillance, and anomaly detection.

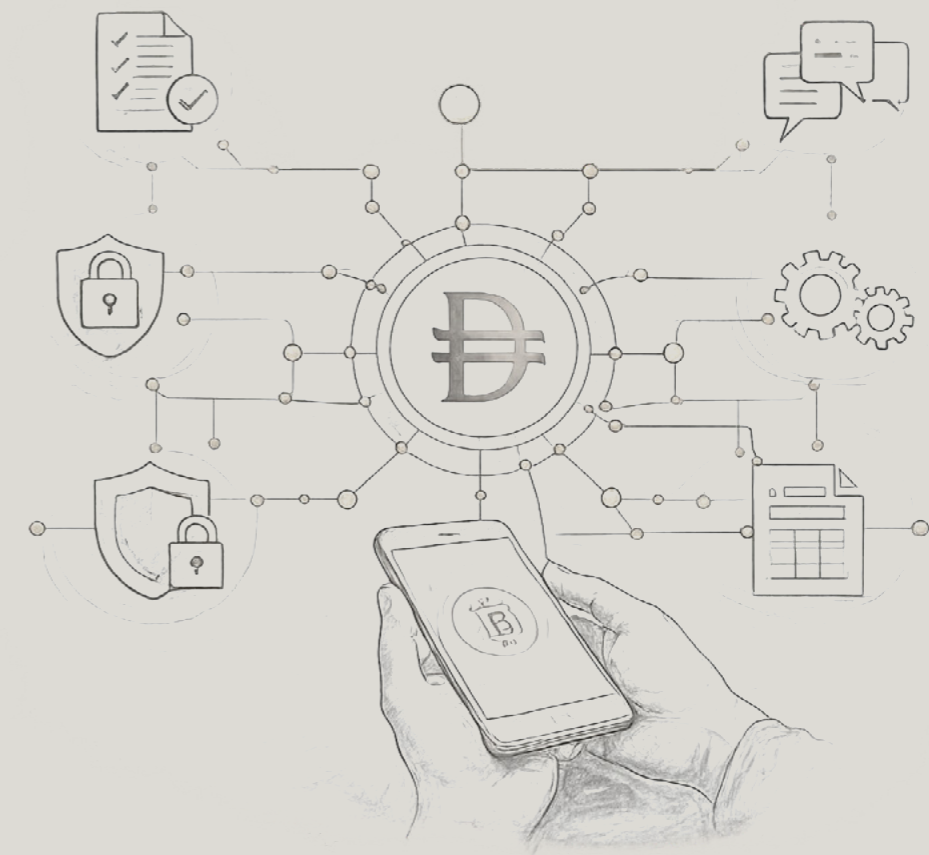
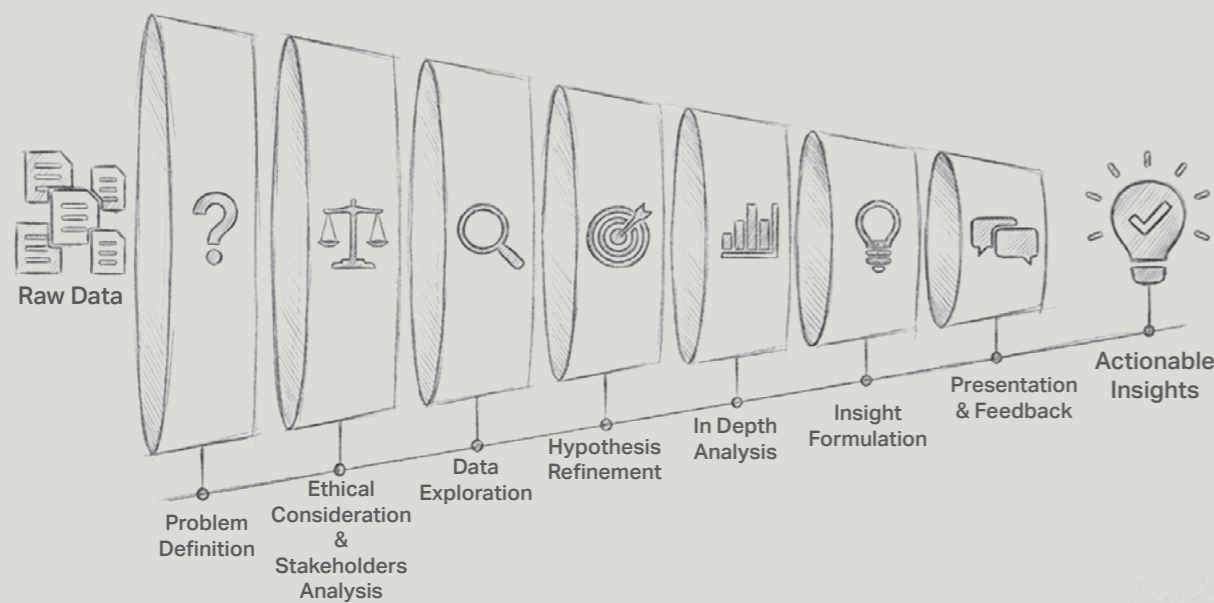
More than 80 use cases were identified at various stages of evaluation. Deployment prioritises model validation, transparency, and alignment with supervisory objectives.

**18**  
Policies

**36**  
Domains

**80+**  
Use Cases

From Raw Data to Actionable Insights: Central Bank Analytics Process



## Innovation Hub

In 2025, the Innovation Hub progressed into programme delivery phase, supporting collaboration between the CBUAE, financial institutions, and technology providers.

The Hub advanced exploratory initiatives in biometric payments, digitisation of bank guarantees, applied AI use cases. Engagement activities included hackathons and technical workshops to assess emerging technologies within regulatory boundaries.

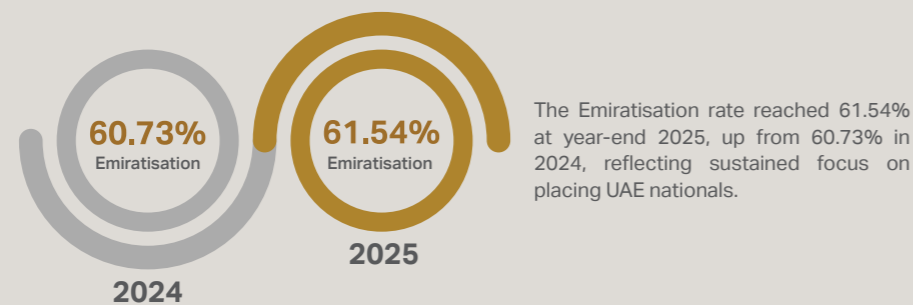
These activities are aligned with financial stability, operational resilience, and supervisory objectives.

## 12.9 HUMAN CAPITAL

### Talent Acquisition & Emiratisation

In 2025, the CBUAE's talent acquisition efforts strengthened organisational capability and future readiness. External hiring increased by 24% compared to 2024, supporting evolving business demands and organisational growth.

The Emiratisation rate reached 61.54% at year-end 2025, up from 60.73% in 2024, reflecting sustained focus on placing UAE nationals in critical and specialist roles in line with the CBUAE's vision and mission. Strategic workforce planning, employer branding, and proactive talent sourcing improved the CBUAE's ability to attract high-calibre and diverse talent aligned with its long-term objectives.



### Talent Management and Succession Planning:

The CBUAE advanced its comprehensive approach to talent management and succession framework. Capability assessments have now been conducted for more than 800 employees using Mercer Talent Enterprise psychometric tools and structured feedback surveys.

### Future Forward Leadership Programme:

The six-month Future Forward Leadership Programme represents a strategic investment in leadership capability to support institutional success. The programme includes eight days of training, including in-person workshops, group coaching, and sessions led by Financial Times experts, alongside more than 1,700 hours of team coaching and business projects addressing organisational priorities. A total of 140 leaders are currently enrolled in the programme, with 30 individuals commencing their journey in October 2025.



### Leadership Development:

Leadership development remains central to the CBUAE's transformation journey. In 2025, bespoke leadership programmes were delivered across all leadership levels to strengthen the leadership pipeline and equip current and future leaders to drive meaningful change.



### Executive Coaching Programme:

The CBUAE continued to invest in its Executive Coaching Programme, providing tailored coaching support to 83 employees across Senior Leadership, Successors, and identified Talent groups.



### Graduate Development Programmes:

The Graduate Development Programme, established in 2023, continued to provide a structured pathway for early-career professionals maintaining a 93% retention rate. In 2025, 46 graduates successfully completed the programme and joined various business areas across the CBUAE.



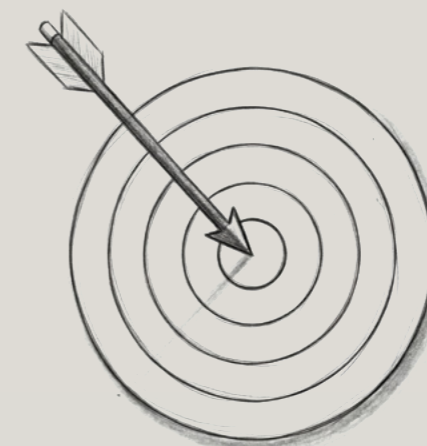
### Staff Development Overview:

Employee development remained a priority, with staff completing a collective total of 57,000 total learning hours across physical and digital platforms, averaging 70 learning hours per person. This includes training delivered under the CBUAE Graduate Development Programmes for young national talent.



### Beyond Boundaries Leadership Programme:

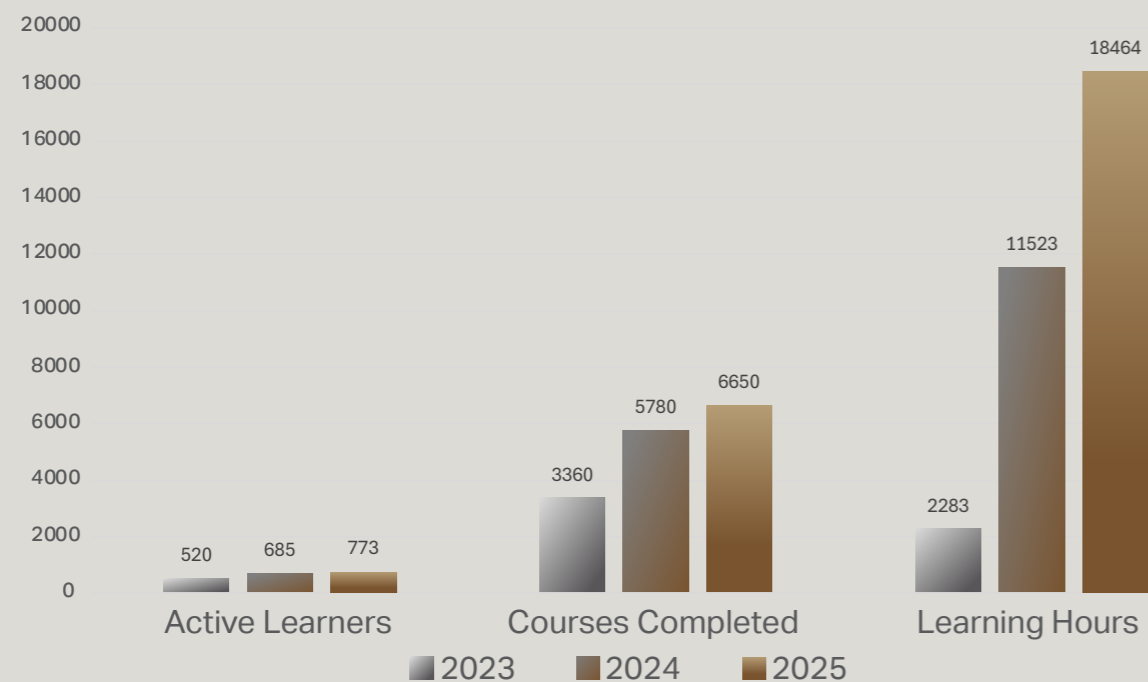
Launched in 2025, the "Beyond Boundaries Leadership Programme" is a three-month initiative focused on emerging leaders.



## Digital Learning

**Figure 17**

Digital Learning Platforms Utilisation



**Aura Academy:** In response to rapid advancements in AI, the CBUAE launched AURA Academy (Artificial Intelligence Upskilling for Resource Advancement) to equip employees with practical AI competencies to enhance supervision, risk management, compliance, and operational efficiency, while fostering a culture of innovation and continuous learning.

**Professional Certifications:** The CBUAE continued to prioritise professional certification as a core pillar of employee development. During the year, more than 180 employees pursued industry-recognised certifications across a wide range of disciplines, strengthening institutional expertise and technical capability.

**Career Pathway Initiative:** The Career Pathway Initiative expanded beyond Banking and Insurance Supervision to staff in Financial Crime and Market Conduct Supervision. The skills-based framework clarifies role-specific competency requirements and career trajectories, with particular emphasis on progression from individual contributor roles to middle management.

**Summer Internships:** Nine interns were onboarded in 2025, as part of the CBUAE’s ongoing commitment to cultivating a strong learning culture, strengthening its position as an employer of choice.

**Wellbeing Initiatives:** A comprehensive Wellbeing and Engagement Strategy was approved, reinforcing the CBUAE’s commitment to supporting employees across physical, mental, social and professional dimensions.

## 12.10 OUTREACH

### 12.10.1 Communications

#### Strengthening Stakeholder Communications



In 2025, the CBUAE expanded its stakeholder outreach efforts through timely communication of policy updates, regulatory updates and supervisory information via its website, media, and social media platforms. Tailored engagement programmes ensured consumers and international stakeholders remained well informed.

The CBUAE continued to publish authoritative assessments of financial and economic developments, including the Annual Report, Financial Stability Report, Quarterly Economic Reviews, Quarterly Credit Sentiment Surveys, and Quarterly Reviews of UAE Monetary Banking and Financial Markets Developments.

#### Disseminating Monetary and Banking Data According to International Standards



In 2025, the CBUAE continued to compile and disseminate a comprehensive suite of monetary, banking, and financial statistics in line with internationally recognised standards and methodologies. Regular releases provided timely and reliable insights into key developments within the UAE financial system.

Under the National UAE Balance of Payments (BoP) Project, the CBUAE compiled and disseminated 2023 and 2024 BoP data, as well as prepared internal analysis for 2025, applying the latest IMF Balance of Payments and International Investment Position Manual standards, Sixth Edition.

#### Increased Visibility and Brand Development



Institutional communications were further strengthened through proactive media engagement, integrated campaigns, and high-profile milestone events. Media presence expanded across local, regional and international outlets.

**Figure 18**

**Media Reach**



The CBUAE issued 86 press releases in 2025, compared with 58 in 2024, reflecting a 48.3% increase. This expanded output contributed to a significant rise in media reach, which grew to 18.4 million in 2025 from 3.2 million in 2024, representing an increase of 462%.

**Social Media Output**

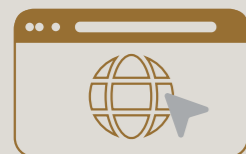


Social media output increased to 1,687 posts, representing a 34.7% year-on-year rise. The follower base expanded by 46.9%, reaching 216,000 by the end of 2025 compared with 147,000 at year-end 2024.

**Followers Growth**



**Digital Outreach**



Digital outreach was enhanced through improved website accessibility and user experience, contributing to sustained growth.

**THE CBUAE ALSO HOSTED A SERIES OF HIGH-LEVEL EVENTS TO DEEPEN REGIONAL AND GLOBAL ENGAGEMENT.**

**The CBUAE Climate Forum**



In June 2025, the CBUAE hosted its inaugural Climate Forum, under the patronage of H.H. Sheikh Mansour bin Zayed Al Nahyan, Vice President, Deputy Prime Minister, Chairman of the Presidential Court, and Chairman of the CBUAE. As the first event of its kind in the region, the Forum examined the intersection of climate change with financial stability and monetary policy. Held alongside a technical meeting of the NGFS, the CBUAE Climate Forum reaffirmed the UAE’s regional leadership in sustainable finance.

The CBUAE’s “Climate Change Trilogy,” which focuses on people, policies, and processes guided the Forum reflecting the CBUAE’s ambition to move from awareness to implementation. Efforts include capacity building, enhanced engagement with global platforms, climate risk integration into supervision and reserve management frameworks, climate stress testing and progress toward Sustainable Islamic Monetary Bills.

The NGFS paper on “Greening Monetary Policy Operations: Exploring Additional Options,” published in January 2026, was led by the CBUAE staff.

**MENA Leaders’ Summit on Financial Inclusion**



In partnership with the Arab Monetary Fund (AMF) and the World Bank (WB), the CBUAE hosted the MENA Leaders’ Summit on Financial Inclusion in Abu Dhabi. Major announcements included:

- Launch of the UAE NFIS 2026–2030
- Release of the Arab regional edition of the Global Findex Database
- Announcement of the UAE’s hosting of Global Money Week 2026

**Central Banking Data Leaders and Professionals Conference**



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**11.10.1 Communications**

### 19<sup>th</sup> Annual Conference of the International Operational Risk Working Group (IORWG)



The 19<sup>th</sup> Annual Conference of the International Operational Risk Working Group gathered leaders from around 100 countries focusing on themes such as integrated risk management, vendor and third-party risks, and individual risk.

### Zero Bureaucracy Initiative



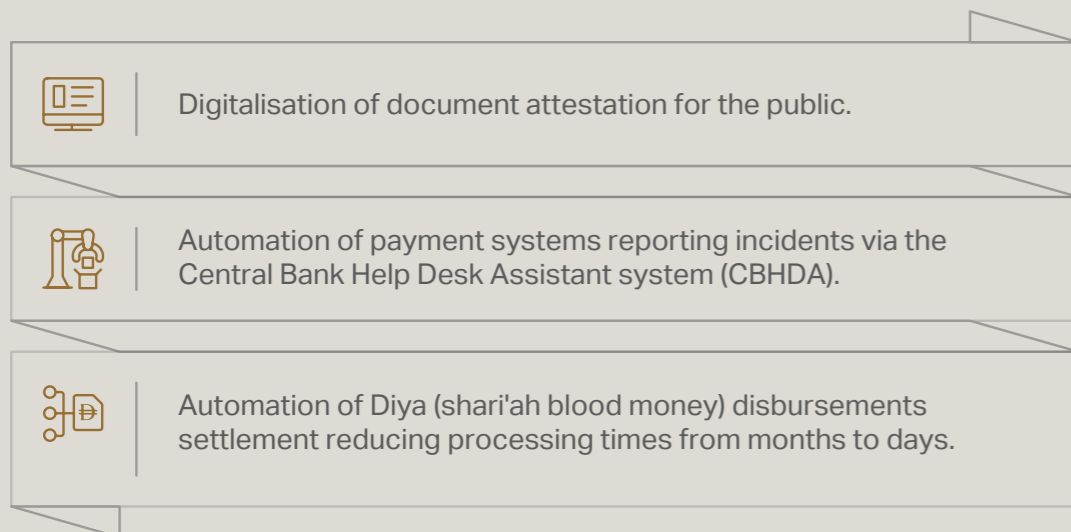
Aligned with the UAE Government’s directives to eliminate bureaucracy, the CBUAE has launched the ‘Zero Bureaucracy’ programme for the financial sector. Developed in collaboration with the Prime Minister’s Office, federal and local government entities, and LFIs, the programme streamlines processes across several strategic pillars: CBUAE operations and services, digital transformation, financial infrastructure, and regulatory frameworks, including supervision, compliance, and financial stability. It further enhances consumer protection, market conduct, monetary policy, and capital markets.

These efforts have delivered over 70 initiatives across the CBUAE and LFIs, designed to accelerate service delivery through digital-first solutions. Whilst maintaining a full commitment to regulatory compliance, these measures enhance operational efficiency and elevate the service quality provided to both individual and business consumers.

A key milestone is the automation of financial judicial orders issued by the UAE courts, enabling consumers to expedite transactions, reduce costs, and significantly enhance satisfaction levels.

Figure 19

2025 ZGB Achievements



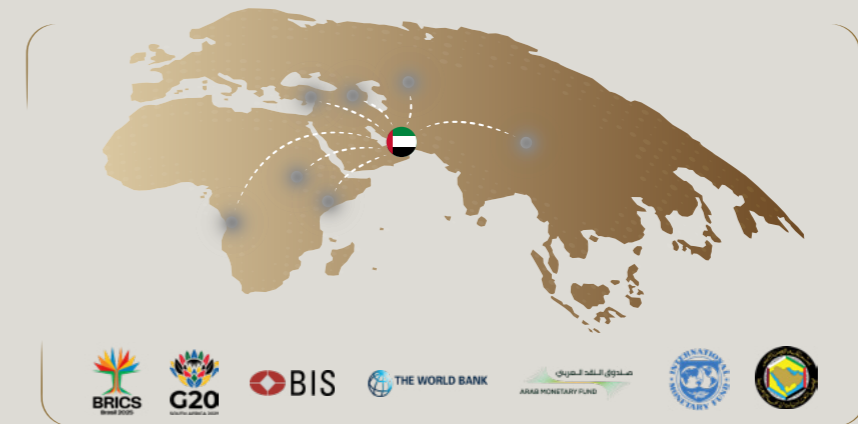
### 12.11 INTERNATIONAL RELATIONS

The CBUAE launched a comprehensive International Relations Strategy to enhance global engagement and align with national priorities. The strategy is designed to support the expansion of partnerships, identify and engage with additional multilateral institutions, and promote a forward-looking approach for international cooperation.

Memoranda of Understanding (MoUs) were signed with several central banks, including Azerbaijan, China, Kazakhstan, Kenya, South Sudan and Türkiye, strengthening policy and payment systems collaboration. MoUs and cooperation agreements were also signed with key national stakeholders, contributing to the advancement of supervisory cooperation and capacity building.

The CBUAE was also present at prominent regional and international forums, including GCC Governors’ meetings, IMF and the WB meetings. Additionally CBUAE participated in AMF engagements, G20-related activities, BIS meetings, and BRICS summit, therefore re-enforcing the UAE’s participation in key global financial platforms.

In parallel, the CBUAE successfully hosted and coordinated a series of high-level official visits and technical missions from international organisations, including the IMF, the WB, and other multilateral partners, providing valuable platforms for strategic dialogue, policy coordination, and technical knowledge exchange. The CBUAE further contributed to strengthening the UAE’s international economic integration by leading and supporting negotiations on financial services and financial cooperation chapters under the CEPAs and other bilateral and multilateral frameworks. These efforts facilitated greater market access and regulatory cooperation.



In 2025, the CBUAE became an Associate Member of ICMA, strengthening the UAE’s role as a regional capital market hub and advancing debt markets, repo activity, and sustainable finance.

Furthermore, the CBUAE continued to advance knowledge transfer and institutional capacity building by organising and participating in multiple technical assistance programmes, workshops, and training initiatives in collaboration with national partners such as EIF, and other international partners.

## 12.12 ADVANCED FORECASTING AND ANALYTICAL CAPABILITIES

In collaboration with the IMF, the CBUAE further enhanced its integrated macroeconomic framework by incorporating the banking sector, strengthening forecasting consistency across the existing real, fiscal, monetary and external sectors.

The CBUAE continued to publish its Quarterly Economic Review alongside monthly surveillance briefings and weekly economic reports to support informed decision-making. Enhanced monitoring tools were developed for the real estate and insurance sectors, providing deeper insights into non-hydrocarbon sector dynamics and implications for financial and price stability. Internal research forums and policy papers addressed key themes, including inflation drivers, financial stability implications of the CBDCs, and the broader economic impact of climate change on inflation in the GCC.



## 12.13 ACHIEVING OPERATIONAL EFFICIENCY

The CBUAE strengthened operational resilience, business continuity and institutional efficiency through initiatives including the launch of an integrated facilities management system, establishment of a state-of-the-art data centre and implementation of a space management system with 100% end-to-end asset tracking and clear user assignment. An initiative monitoring electricity and water consumption in real-time supported ESG objectives.

### Advancing Technology

In 2025, the CBUAE advanced its technology agenda in line with its strategy. Technology remains a core enabler of the CBUAE’s mandate to safeguard monetary and financial stability, strengthen regulatory effectiveness and support the UAE’s position as a leading global financial centre.

Initiatives during the year were anchored to five key technology imperatives:



#### Resilient Digital Platforms

Continued modernisation and integration of regulatory and supervisory systems to enhance interoperability across and service continuity.



#### Trusted Data and Analytics

Strengthened data governance, quality, analytics, and AI capabilities to support proactive risk identification.



#### AI Adoption and Workforce Readiness

Deployment of enterprise AI infrastructure and predictive analytics to enhance operational resilience.



#### Secure and Scalable Architecture

Transition to a service-oriented technology architecture, aligned with national digital priorities and data sovereignty requirements.



#### Cyber Resilience and Digital Trust

Enhanced cyber defence capabilities, governance frameworks and monitoring mechanisms to safeguard critical information assets.

## 12.14 YOUTH

### Youth Council Governance

In 2015, the Youth Council commenced a new cycle under enhanced governance frameworks including a formal Charter, clearer reporting lines and a mandate aligned with strategic priorities.



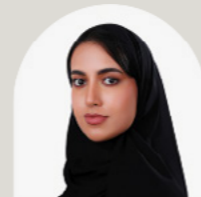
**Sultan Almansoori**  
Chairperson



**Saleha Aljaberi**  
Vice Chairperson



**Alya Alkhzaimi**  
General Coordinator



**Meera Alhammadi**  
Media Officer



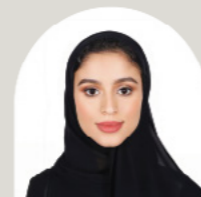
**Ameena Alhosani**  
Data Administrator



**Hamed Almukhaiti**  
Member



**Asma Khalil**  
Member



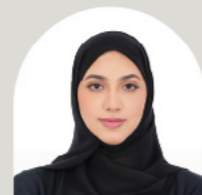
**Hadil Alremeithi**  
Member



**Hamdan Almulla**  
Member



**Hamdan Alkatheeri**  
Member



**Rodha Alnuaimi**  
Member



**Abdulla Alhashmi**  
Member

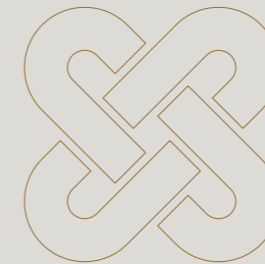


**Aysha Alqemzi**  
Member

### Youth Engagement, Wellbeing, and Community Initiatives

The Youth Council advanced employee engagement and wellbeing through initiatives designed to foster community and participation:

- The Second Central Bank Youth Forum convened more than 180 youth participants for dialogue and team building.
- The CBUAE Run promoted health and active participation.



- A Sports Committee was established to expand physical activity initiatives.
- Ramadan tournament and competitions strengthened employees' engagement and family inclusion.

### Cultural, National Identity and Social Cohesion Activities

Initiatives promoting heritage and national identity included a National Day event, featuring an Emirati author along with heritage sessions; a Mid-Sha'ban (Haq Al Laila) celebration; and a summer festival to foster collaboration and team spirit.

### Innovation, Capability Building, and Knowledge Development

Initiatives such as 'Play for Innovation' sessions, and 'Professional Workplace Etiquette' and 'Train the Trainer' programmes supported creativity and professional development, with financial literacy outreach to more than 150 individuals.

### Social Responsibility and Community Engagement

Initiatives included a weekly Ramadan challenge with educational messages and interactive quizzes, Iftar meals distribution in collaboration with Emirates Red Crescent, and Workers' Day appreciation activities.

### External Representation and Strategic Participation

Youth Council members represented the CBUAE at international and national events such as the Saint Petersburg International Economic Forum and the National Youth Councils Forum at Expo City Dubai. The Council also supported graduate recruitment through career fairs, strengthening engagement with emerging national talent.

# OVERSIGHT AND DISCLOSURES



## 13. OVERSIGHT AND DISCLOSURES

### 13.1 GOVERNANCE

#### Corporate Governance

The CBUAE is committed to upholding the highest standards of corporate governance as part of its vision to rank among the world’s top leading central banks. As the custodian of the UAE’s monetary policy, financial stability, and regulatory framework, the CBUAE leads by example, setting the benchmark for LFIs nationwide.

The CBUAE maintains a continuous improvement approach and voluntarily adopts internationally recognised standards that uphold transparency, accountability and innovation. Its governance framework reflects its unique mandate and embeds governance principles into the organisation’s daily operations, thereby enhancing organisational integrity, strengthening stakeholder confidence and aligning with global best practices.

The framework also ensures that the principles of accountability, fairness, equality and transparency are embedded into every layer of the CBUAE’s operations through clear reporting lines, defined decision-making protocols and robust oversight mechanisms.

To advance effective implementation of international best practices, the CBUAE conducted comprehensive self-assessments in the areas of corporate governance and sustainability. These exercises were benchmarked against international standards including BS13500, King IV, OECD, NGFS, Sustainable Banking and Finance Network (SBFN), Green Central Banking (GCB), United Nations Environment Programme Finance Initiative (UNEP FI)

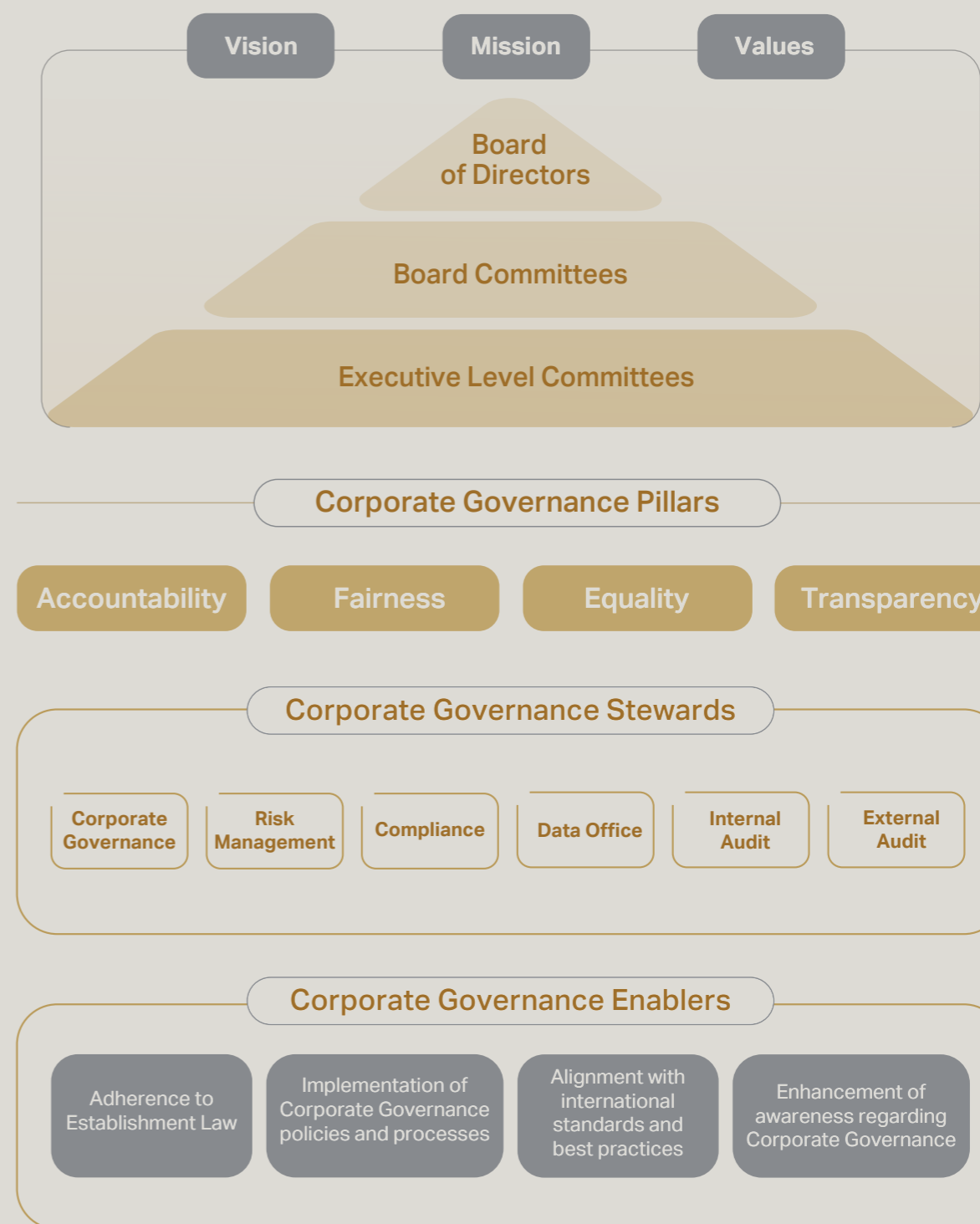
These assessments enabled a structured evaluation of current capabilities and identified strengths along with defining a roadmap for continuous improvements in governance and sustainability. The roadmap aims to identify priority initiatives and supports a disciplined and forward-looking approach to enhance governance and sustainability practices across the CBUAE enhancements.

In 2025, the corporate governance and sustainability framework was also extended to the CBUAE’s subsidiaries to ensure group-wide consistency. This included conducting maturity assessments to evaluate current practices and identify priority areas for improvements, followed by the development of tailored policies to support effective implementation and alignment with the CBUAE’s overarching governance and sustainability standards.

In line with the UAE’s vision for government integration and excellence, the CBUAE also participated in a federal benchmarking exercise on governance practices. This peer review strengthened knowledge and reinforced alignment within the federal government. Through these initiatives, the CBUAE reaffirmed its commitment to continuous improvement and to maintaining robust, innovative governance aligned with national strategic objectives.

Figure 20

The CBUAE Corporate Governance Framework



## Board Level Committees

### Board Risk Committee

Responsible for risk management frameworks and defining risk categories associated with all the CBUAE departments. These include risk measurement, risk appetite, risk limit definitions and risk management policies. In addition, it monitors and reviews the CBUAE's information security and risk management processes while making recommendations to the Board of Directors.

**Chairman:**

H.E. Dr. Ali Mohammed Bakhit  
Al Madawi Al Rumaithi

**Member:**

H.E. Younis Haji Abdulla  
Hussain Al Khoori

**Member:**

Mr. Abdulaziz  
Abdulla Al Khoori

### Board Audit Committee

Monitors the integrity of the CBUAE's financial statements by evaluating its financial reporting and disclosure processes. Reviews and recommends the external auditor's terms of engagement, selection, appointment and fees. It is also responsible for overseeing the CBUAE's internal audit function.

**Chairman:**

H.E. Younis Haji Abdulla  
Hussain Al Khoori

**Member:**

H.E. Sami Ahmad  
Dhaen Al Qamzi

**Member:**

Mr. Abdulaziz  
Abdulla Al Khoori

### Board Human Capital Committee

Reviews the CBUAE's organisational structure and HR policies, approves the selection criteria for Heads of Departments and recommends any required changes to the Board of Directors.

**Chairman:**

H.E. Sami Ahmad  
Dhaen Al Qamzi

**Member:**

H.E. Dr. Ali Mohammed Bakhit  
Al Madawi Al Rumaithi

**Member:**

Ms. Suaad  
Abdulla Al Hammadi

## Executive Level Committees

### Executive and Strategy Committee (ESC)

The ESC oversees all operational matters and support functions to ensure the effective resource utilisation. The committee reviews business unit strategies, government requirements and key strategic and operational initiatives. It serves as the Governor's forum on strategic initiatives and monitors implementation of the CBUAE Transformation Plan. The ESC also reviews and approves the CBUAE's digital innovation and FinTech initiatives. The committee meets at least six times annually.

### Financial Stability Policy Committee (FSPC)

The FSPC is responsible for identifying threats to financial and economic stability environments through macro-surveillance. It mitigates systemic risk by proposing macro-prudential policies and crisis management measures for the banking and insurance sectors. The committee meets at least four times annually.

### Monetary and Reserve Management Committee (MRMC)

The MRMC manages monetary stability through the design and use of monetary management tools, reserve management through investment policy and optimisation of tactical reserve asset allocation and investment guidelines. The committee meets at least four times annually.

### Supervisory and Regulatory Committee (SRC)

The SRC oversees the safety and soundness of LFIs. It proposes and implements prudential regulations, licensing regulations, consumer protection, market conduct, and financial crime regulations, in addition to payment systems oversight and enforcement actions. The committee meets at least twelve times annually.

### Risk and Compliance Policy Committee (RCPC)

The RCPC recommends the Enterprise Risk Management Framework (ERMF) to the Board Risk Committee. It ensures implementation of effective risk management and compliance policies and processes across the CBUAE and its subsidiaries. The committee meets at least three times annually.

### Board Human Capital Committee (BHCC)

The BHCC reviews and recommends HR policies and frameworks concerning organisational structure, compensation, departmental mandates, and Emiratisation to the Board Human Resources Committee. The committee meets at least four times annually.

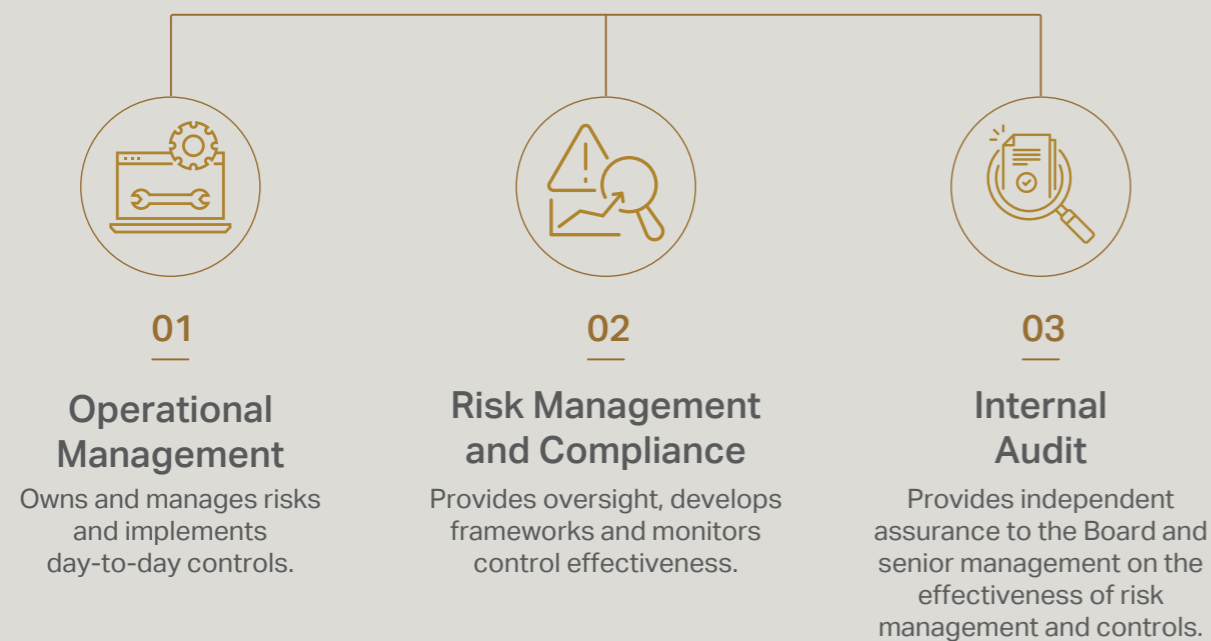
## 13.2 AUDIT AND RISK PROFILE

### Internal Audit

The CBUAE’s Internal Audit function provides independent and objective assurance and advisory services designed to assess the effectiveness of governance, risk management and internal controls in accordance with the international standards.

### Three Lines Model

The CBUAE operates a robust internal control system based on the internationally recognised Three Lines Model. This framework clarifies roles and responsibilities in risk management, control and assurance:



This model ensures clear accountability and an integrated risk management approach.

### Empowered Independence

Internal Audit operates under a Charter approved by the Board Audit Committee (BAC), ensuring authority and independence. It reports functionally to the BAC and administratively to the Governor of the CBUAE. The BAC conducted four meetings in 2025 to review Internal and External Audit activities, strengthening internal controls systems and reporting integrity.

### Agile Assurance

The CBUAE applies an agile assurance model to address emerging risks and evolving strategic priorities. Agile planning, iterative audit execution, and continuous stakeholder engagement enable timely, risk-focused insights.



#### Comprehensive Reviews:

34 reviews were completed covering head office functions, branches, and subsidiaries /affiliates, delivering actionable insights that enhanced controls, mitigated risks, and supported strategic decision-making.



#### Operational Enhancements:

Management implemented timely corrective actions, strengthening internal controls.

### Integrated Assurance

An integrated assurance framework aligns with assurance providers, reduces duplication of efforts and optimises resources. Management receives a consolidated view of risk and control coverage.



#### Group Internal Audit:

A Group Internal Audit Maturity Framework was established to align capabilities with professional standards and strengthen consolidated oversight.



#### Regulatory Liaison:

Effective coordination with the UAE Accountability Authority enhanced public sector assurance and resource safeguarding.

## Maintaining Audit Standards

A robust Quality Assurance and Improvement Programme (QAIP) supports the CBUAE's Internal Audit services. Ongoing internal quality reviews and independent assessments confirm conformance with Global Internal Audit Standards and enhance stakeholder confidence.

## Strategic Progress

The continuous support of the CBUAE's leadership has accelerated the delivery of the Internal Audit Strategy (2023-2026) which included 13 initiatives that supported the CBUAE achieving its strategic objectives.

## Risk

The CBUAE maintains a robust and comprehensive risk management framework aligned with its statutory, strategic, and operational mandates. This evolving framework is overseen by the Board of Directors and Senior Management to ensure institutional resilience.

## Overview

Risks are classified into financial and non-financial categories, under a granular risk taxonomy. The Risk Appetite Policy defines acceptable risk thresholds.

The Risk Appetite Statement uses quantitative metrics and qualitative measures assessments to ensure exposures remain within predefined boundaries. The CBUAE maintains a conservative risk posture, particularly regarding reputational or statutory risks.

## Enterprise Risk Management Framework (ERMF)

The ERMF provides the overarching structure and ensures that risk management is integrated into strategic planning and operations.

## Key Objectives:



Embed risk management into strategic planning and statutory responsibilities.



Strengthening Board of Directors and Senior Management oversight.



Maintain stakeholder confidence.



Foster a risk-aware organisational culture.

## Continuous Improvement

Principal risks are regularly reviewed and updated to reflect changes in evolving conditions.

Independent reviews and training initiatives reinforce a strong risk culture and organisational resilience.

## Principal Risks

**Financial Risks:** The CBUAE manages financial risks arising from its foreign reserves and monetary operations through dedicated oversight committees and a comprehensive risk management framework.

**Credit Risk:** Arises from counterparty defaults on deposits, investments and/or collateralised operations. Managed credit risk is actively monitored and measured through limits, eligibility criteria, margin requirements and quantitative analysis.

**Market Risk:** Results from adverse movements in prices, interest rates and foreign exchange rates of financial assets impacting the CBUAE's reserves portfolio. Managed through a dedicated framework and measured using metrics such as duration, volatility, tracking error and stress testing. Exposure remains low due to high-quality short-duration fixed income instruments.

**Liquidity Risk:** Arises if the reserve assets portfolio cannot be mobilised on short notice at acceptable costs. It is managed through a dedicated framework that defines methodologies and compliance monitoring rules. The CBUAE's assets predominantly comprise investments in foreign currency-denominated High Quality Liquid Assets (HQLA), and risk remains low. ESG risk factors are increasingly integrated into financial reporting.



## Portfolio Performance:

Reserve performance is measured independently by the Risk Management in line with best practices to ensure transparency and consistency.

### Non-Financial Risks



#### Operational Risk:

Managed through an integrated framework using Risk and Control Self-Assessment (RCSA), control testing, risk indicators, and root-cause analysis, supported by a centralised Governance, Risk and Compliance (GRC) platform. In 2025, ERM and Operational Risk Management (ORM) were further integrated, methodologies standardised and AI-enabled reporting deployed, enhancing efficiency and real-time risk visibility.



#### Operational Resilience:

The CBUAE strengthened business continuity and resilience through governance enhancements and implementation of NCEMA 7000:2021 and ISO 22301:2019. A Business Continuity awareness programme, including a Resilience Awareness Month, enhanced internal preparedness.

A national Cross-Entity Incident Coordination Framework for payment systems was operationalised, supporting sectorwide crisis coordination and simulation exercises.



#### Information Security:

Information Security remains a core capability. Governance, ISMS, and Payment Card Industry Data Security Standard (PCI DSS) compliance frameworks support national cyber resilience. The CBUAE led the BRICS Cross-Border Cyber Drill (Cyber-BRICS 2025) and conducted advanced cyber wargaming exercises, in collaboration with the UAE Cyber Security Council strengthening, sector-wide resilience.



#### Compliance:

The compliance function strengthened oversight and aligned with global best practices. It supported implementation of Federal Decree-Law No. (6) of 2025.

The CBUAE maintained ISO 37301:2021 (Compliance Management Systems) and ISO 37001:2016 (Anti-Bribery Management Systems) certifications, and reinforced ethical standards of integrity, governance and regulatory compliance.



#### Model Risk:

In 2025, the CBUAE significantly enhanced its risk oversight capabilities with the implementation of a comprehensive Model Risk Management (MRM) Policy.

It establishes a rigorous governance framework for conventional and AI applications ensuring that decision-making is accurate, transparent, and resilient.

The MRM Policy adopts a holistic approach to managing the risks inherent in model design and usage.

#### Other Non-Financial Risk:

ESG risks are embedded across financial and non-financial categories. In 2025, the CBUAE conducted an internal ESG maturity assessment aligned with NGFS, SBFN, GCB, UNEPFI and peer central banks practices. The exercise strengthened ESG integration while maintaining prudent risk controls. Risk and Compliance collaborated with Corporate Governance and Sustainability to identify ESG risks for monitoring through the centralised GRC platform.

# FINANCIAL STATEMENTS

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## 14.1 FINANCIAL GOVERNANCE AND AUTONOMY

Federal Decree-Law No. (6) of 2025 on the Central Bank, Regulation of Financial Institutions and Activities, and Insurance Business establishes the Central Bank of the UAE (CBUAE) as a federal public institution with its own legal personality and full financial and managerial autonomy. The Decree-Law provides a comprehensive statutory framework governing the Bank's capital structure, including paid-up capital, the General Reserve, mechanisms for recapitalisation and distribution of net annual profits, supporting balance-sheet resilience and the effective discharge of its mandate. Budgetary arrangements, including the preparation, approval, and execution of the annual budget are governed by the same Decree-Law. The Board of Directors approves the annual budget, the financial statements, and the allocation of net annual profits, ensuring effective oversight and financial autonomy.

The CBUAE prepares consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board, with credit risk provisions recognised using expected credit loss methodologies under IFRS 9. The financial statements are audited by independent external auditor appointed by the Board, who issued an unqualified audit opinion for the year ended 31 December 2025, and are supported by internal controls over financial reporting (ICOFR) based on the Committee of Sponsoring Organizations of the Treadway Commission, consistent with advanced transparency standards articulated by the International Monetary Fund. The external auditor has concluded that CBUAE maintains effective ICOFR as at 31 December 2025.



## 14.2 FINANCIAL STATEMENTS

**Table 17**

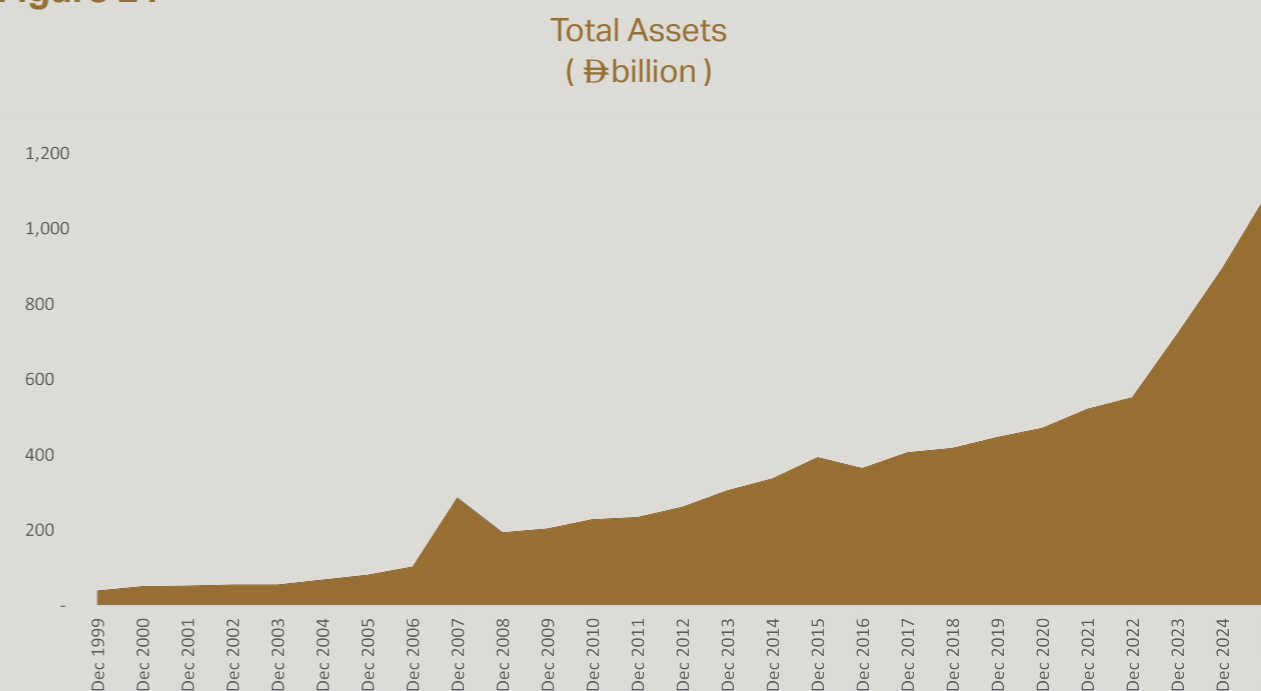
The CBUAE's Balance Sheet as at 31 December (in  $\text{AED}$  million)

ASSETS	2025	2024
Cash and balances with banks	242,881	456,230
Deposits placed with banks	108,768	148,273
Derivative financial instruments	8,610	17,659
Loans and advances	800	895
Investments at fair value through profit or loss	82,254	23,950
Investments at fair value through other comprehensive income	577,792	194,962
Investment at amortised cost	26,705	26,706
Gold bullion	37,902	22,982
Property and equipment	1,058	913
Other assets	6,854	3,225
<b>TOTAL ASSETS</b>	<b>1,093,624</b>	<b>895,795</b>
<b>LIABILITIES AND EQUITY</b>		
LIABILITIES		
Monetary bills and certificates of deposit	288,972	251,458
Deposits and current accounts	541,438	431,290
Derivative financial instruments	2,702	123
Deferred grant	250	266
Currency issued	174,334	152,749
Other liabilities	13,621	22,549
<b>TOTAL LIABILITIES</b>	<b>1,021,317</b>	<b>858,435</b>
EQUITY		
Fully paid-up capital	20,000	20,000
Reserves	52,307	17,360
<b>TOTAL EQUITY</b>	<b>72,307</b>	<b>37,360</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,093,624</b>	<b>895,795</b>

## Financial Highlights

In 2025, the CBUAE's total assets surpassed one trillion dirhams, marking a significant institutional milestone that reflects the strength, scale, and credibility of the CBUAE's balance sheet while maintaining a prudent approach to reserve management that safeguards monetary and financial stability. The reserves asset base grew to  $\text{AED}$  1,048 billion (or USD 285 billion) reflecting strong UAE net capital inflows.

**Figure 21**



Y-o-Y asset growth of 22% was driven by increased net US dollar-denominated inflows in the local economy. The CBUAE's assets predominantly comprise investments in foreign currency-denominated HQLAs.

The monetary base cover ratio stood at its highest ever level of 117% at the end of 2025. The monetary base comprises of interest or profit-bearing instruments, aligned to the Federal Reserve System for market liquidity absorption. These include monetary bills, Islamic certificates of deposits, and the overnight deposit and Murabaha facilities. Non-interest-bearing components of the monetary base are comprised of reserve requirements as well as currency issued by the CBUAE. The CBUAE's equity level is at its highest historical level, following improved global valuations.

# APPENDIX

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LIST OF ABBREVIATIONS	
AI	ARTIFICIAL INTELLIGENCE
ADGM	Abu Dhabi Global Market
AED	ARAB EMIRATES DIRHAM

LIST OF ABBREVIATIONS	
AEP	AL ETIHAD PAYMENTS
AFAQ	THE AFAQ PAYMENTS SYSTEM IS OPERATED BY THE GULF PAYMENTS COMPANY AND OWNED BY GCC CENTRAL BANKS
API	APPLICATION PROGRAMMING INTERFACE
AMF	ARAB MONETARY FUND
AML/ CFT/ CPF	ANTI-MONEY LAUNDERING/ COUNTERING FINANCING OF TERRORISM/ COUNTER PROLIFERATION FINANCING
BIS	BANK OF INTERNATIONAL SETTLEMENT
BoP	BALANCE OF PAYMENTS
BUNA	ARAB REGIONAL PAYMENTS SYSTEM
CAFOC	CENTRAL BANK ANTI-FRAUD OPERATIONS CENTER
CBDC	CENTRAL BANK DIGITAL CURRENCY
CBUAE	CENTRAL BANK OF THE UAE
CCyB	COUNTERCYCLICAL CAPITAL BUFFER
CEPA	COMPREHENSIVE ECONOMIC PARTNERSHIP AGREEMENTS
CMA	CAPITAL MARKET AUTHORITY
CRS	COMMON REPORTING STANDARD
DFSA	DUBAI FINANCIAL SERVICES AUTHORITY
DMF	DIRHAM MONETARY FRAMEWORK
DONIA	DIRHAM OVERNIGHT INTEREST AVERAGE
D-SIBs	DOMESTIC SYSTEMICALLY IMPORTANT BANKS
EIF	EMIRATES INSTITUTE OF FINANCE
EDM	ENTERPRISE DATA MANAGEMENT
eKYC	ELECTRONIC KNOW YOUR CUSTOMER
ERMF	ENTERPRISE RISK MANAGEMENT FRAMEWORK

LIST OF ABBREVIATIONS	
ESC	EXECUTIVE AND STRATEGY COMMITTEE
ESG	ENVIRONMENT, SOCIAL AND GOVERNANCE
ESS	EXTERNAL SECTOR STATISTICS
FATF	FINANCIAL ACTION TASK FORCE
FIT	FINANCIAL INFRASTRUCTURE TRANSFORMATION
FSPC	FINANCIAL STABILITY POLICY COMMITTEE
HSA	HIGHER SHARI'AH AUTHORITY
ISMS	INFORMATION SECURITY MANAGEMENT SYSTEM
G20	GROUP OF TWENTY
GAC	GRIEVANCES AND APPEALS
GCB	GREEN CENTRAL BANKING
GCC	GULF COOPERATION COUNCIL
GDP	GROSS DOMESTIC PRODUCT
GPC	GULF PAYMENTS COMPANY
GRC	GOVERNANCE RISK AND COMPLIANCE
GWP	GROSS WRITTEN PREMIUMS
HCC	HUMAN CAPITAL COMMITTEE
HQLA	HIGH-QUALITY LIQUID ASSETS
ICCS	IMAGE CHEQUE CLEARING SYSTEM
ICD	ISLAMIC CERTIFICATES OF DEPOSIT
ICFR	INTERNAL CONTROLS OVER FINANCIAL REPORTING
IFRS	INTERNATIONAL FINANCIAL REPORTING STANDARDS
IMF	INTERNATIONAL MONETARY FUND
IORB	INTEREST ON RESERVE BALANCES

LIST OF ABBREVIATIONS	
IPI	INSTANT PAYMENT INSTRUCTION
JV	JOINT VENTURE
LFAR	LONG FORM AUDIT REPORT
LFI	LICENSED FINANCIAL INSTITUTION
M-BILLS	MONETARY BILLS
MENA	MIDDLE EAST AND NORTH AFRICA
MOHRE	MINISTRY OF HUMAN RESOURCES AND EMIRATISATION
MoUs	MEMORANDA OF UNDERSTANDING
MRMC	MONETARY AND RESERVE MANAGEMENT COMMITTEE
MVP	MINIMUM VIABLE PRODUCT
NAFIS	EMIRATI TALENT COMPETITIVENESS COUNCIL
NFIS	NATIONAL FINANCIAL INCLUSION STRATEGY
NGFS	NETWORK OF CENTRAL BANKS AND SUPERVISORS FOR GREENING THE FINANCIAL SYSTEM
NPL	NON-PERFORMING LOANS
ODF	OVERNIGHT DEPOSIT FACILITY
OIC	ORGANISATION OF ISLAMIC COOPERATION
OMF	OVERNIGHT MURABAHA FACILITY
OPEC	ORGANISATION OF PETROLEUM EXPORTING COUNTRIES
ORM	OPERATIONAL RISK MANAGEMENT
PFMI	PRINCIPLES FOR FINANCIAL MARKET INFRASTRUCTURES
PTSR	PAYMENT TOKEN SERVICES REGULATIONS
RBS	RISK BASED SUPERVISION
RCPC	RISK AND COMPLIANCE POLICY COMMITTEE

LIST OF ABBREVIATIONS	
RCSA	RISK AND CONTROL SELF-ASSESSMENT
RHP	REGISTERED HAWALA PROVIDER
RTGS	REAL-TIME GROSS SETTLEMENT
SAA	STRATEGIC ASSET ALLOCATION
SBFN	SUSTAINABLE BANKING AND FINANCE NETWORK
SFWG	SUSTAINABLE FINANCE WORKING GROUP
SPR	SKILLED PERSONS REVIEW
SRC	SUPERVISORY AND REGULATORY COMMITTEE
SRI	SOCIALLY RESPONSIBLE INVESTMENT
SupTech	SUPERVISORY TECHNOLOGY
SREP	SUPERVISORY REVIEW AND EVALUATION PROCESS
SVF	STORED VALUE FACILITIES
TPP	THIRD-PARTY PROVIDERS
UAEDDS	UAE DIRECT DEBIT SYSTEM
UAEFTS	UAE FUNDS TRANSFER SYSTEM
UAEPGS	UAE PAYMENT GATEWAY SYSTEM
UAESWITCH	UAE NATIONAL CARD SWITCH
UAEWPS	UAE WAGES PROTECTION SYSTEM
UBF	UAE BANKS FEDERATION
VASP	VIRTUAL ASSETS SERVICE PROVIDERS
WB	WORLD BANK
Y-o-Y	YEAR-ON-YEAR
ZGB	ZERO GOVERNMENT BUREAUCRACY

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Road, P. O. Box 768  
Fujairah  
United Arab Emirates



**Sharjah**

King Abdul Aziz  
Street, Sharjah  
Industrial Area,  
P. O. Box 645  
Sharjah  
United Arab Emirates

**Al Ain**

Ali Bin Abi Talib Street  
P. O. Box 1414  
Al Ain  
United Arab Emirates

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