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

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Quarterly Economic Review

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Disclaimer: The cut-off date of this report is mid-February 2026.

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List of Abbreviations

ADX	*Abu Dhabi Securities Market General Index*
AED	*United Arab Emirates Dirham*
AEs	*Advanced Economies*
CBUAE	*Central Bank of the UAE*
CDS	*Credit Default Swaps*
CPI	*Consumer Price Index*
DONIA	*Dirham Overnight Index Average*
DFM	*Dubai Financial Market*
EMDEs	*Emerging Markets and Developing Economies*
Fed	*Federal Reserve*
GCC	*Gulf Cooperation Council*
GDP	*Gross Domestic Product*
IMF	*International Monetary Fund*
M1	*Monetary Aggregate 1*
M2	*Monetary Aggregate 2*
M3	*Monetary Aggregate 3*
MGF	*Minimum Guarantee Fund*
NEER	*Nominal Effective Exchange Rate*
NPL	*Non-Performing Loans*
OMF	*Overnight Murabaha Facility*
OPEC	*Organization of Petroleum Exporting Countries*
PMI	*Purchasing Managers' Index*
pp	*percentage point*
REER	*Real Effective Exchange Rate*
UAE	*United Arab Emirates*
UK	*United Kingdom*
US	*United States of America*
USD	*United States Dollar*
WEO	*World Economic Outlook*
WPS	*Wages Protection System*
Y-o-Y	*Year-on-Year*

Executive Summary

The UAE economy has proved to be resilient amid continued global uncertainty, regional conflicts, and volatile oil prices. Output growth has outperformed both global and regional averages in recent years. The first three quarters of 2025 recorded robust GDP growth of 5.1% Y-o-Y, driven by rapid growth in the non-hydrocarbon sector, which grew by 6.1% Y-o-Y, and a strong recovery in hydrocarbon GDP in Q3 2025, which rose by 6.5% Y-o-Y.

The UAE's outlook remains strong, with real GDP growth estimated at 5.6% in 2025 and projected to remain broadly around the same rate in 2026. Growth is expected to be driven primarily by non-hydrocarbon sectors, particularly financial and insurance services, manufacturing, and construction, alongside an expected increase in oil production, aligning with OPEC+ quota adjustments.

Inflation in the UAE averaged 1.3% in 2025, with declines in transport costs and textile prices and favourable developments in food prices. The inflation outlook is expected to be contained in its moderate track, in the short to medium term, with the headline inflation projected at 1.8% in 2026 and 2.0% in 2027.

The global economy is projected to expand by 3.3% in 2026, a 0.2 percentage point upward revision from the IMF’s October 2025 estimate. Despite the upgrade, risks remain skewed to the downside, including a potential repricing of expectations for AI-led productivity gains and mounting pressures from wider fiscal deficits and elevated public debt that could push up long-term interest rates and tighten financial conditions. Across advanced economies, growth is expected to edge up from an estimated 1.7% in 2025 to 1.8% in 2026. In the US, output is forecast to accelerate to 2.4% in 2026, supported by a lower policy rate, ongoing fiscal stimulus, and the gradual waning of the drag from earlier trade barriers, before easing to 2.0% in 2027. Meanwhile, growth in emerging markets and developing economies is projected to moderate slightly to 4.2% in 2026, down from 4.4% in 2025, with outcomes remaining uneven across regions.

Global inflation continues to ease, supported by softer demand, lower energy prices, and improving supply conditions, although the pace of disinflation varies across regions. The IMF projects global headline inflation will fall from an estimated 4.1% in 2025 to 3.8% in 2026, before easing further to 3.4% in 2027. Despite the broadly downward trend, risks remain skewed to the upside, including renewed trade tensions, geopolitical disruptions, and associated swings in commodity prices and risk premia that could delay the return to durable price stability. In the US, headline CPI inflation eased to 2.4% in January 2026, helped by favourable base effects and reduced energy-price pressures. However, food and shelter inflation remain sticky, and disinflation in services is likely to be gradual. Against this backdrop of moderating inflation and resilient activity, the Fed held rates at its January meeting, maintaining the federal funds target range at 3.50%–3.75%, and emphasized a patient, data-dependent approach to the timing of any further adjustments amid firmer growth and labour-market data

Driven by consistent population growth, sustained global investor demand, and attractive rental yields, the UAE residential real estate market continued to exhibit solid performance throughout 2025, with Abu Dhabi and Dubai seeing an increased number of sales transactions across all major property types and segments.

In line with the Fed’s monetary policy, the CBUAE lowered the Base Rate to 3.65% in December 2025 and kept it unchanged in January 2026. Market interest rates in the UAE followed the Base Rate, with the Dirham Overnight Index Average (DONIA) down 18 basis points on average over December and down a further 7 bps over January.

The UAE banking sector demonstrated robust growth, with total assets rising by 17.1% Y-o-Y to AED 5.34 trillion at the close of 2025. The loan portfolio expanded by 17.9% Y-o-Y, while deposits grew by 16.2% Y-o-Y over the same period. Banks maintained solid capital positions, with the capital adequacy ratio standing at 17.1% in Q4 2025, alongside stronger asset quality, reflected in a net non-performing loans ratio of 1.6%.

The UAE insurance sector continued to grow, with gross written premiums and the number of insurance policies rising by 15.5% Y-o-Y and 3.3% Y-o-Y, respectively, in Q4 2025. Technical provisions and total equity increased by 7.6% and 3.8%, respectively, over the same period.

Capital markets recorded solid gains in Q4 2025, with the Dubai Financial Market’s share price index increasing by 22.9% Y-o-Y, while the Abu Dhabi Securities Market General Index rose by 6.6% Y-o-Y. Credit default swap spreads for Abu Dhabi and Dubai narrowed further, consistent with sustained investor confidence.

Chapter 1

International Economic Developments and UAE Foreign Trade

I.1. Global Economic Outlook

Global economic growth is projected to remain steady at 3.3% in 2026 before slowing to 3.2% in 2027	Advanced economies are forecast to grow steadily, while EMDEs are expected to slow to 4.2% and 4.1% in 2026 and 2027, respectively	Growth in the GCC is estimated at 4.3% in 2025 and expected to rebound to 4.8% in 2026 and soften to 4.1% in 2027

Global Economy

The global economy is projected to grow by 3.3% in 2026, in the IMF's January 2026 World Economic Outlook (WEO) Update, representing a 0.2 percentage point (pp) upward revision from the October 2025 estimates. The forecast for 2027 remains unchanged at 3.2%.

Risks to the outlook remain tilted to the downside. A repricing of expectations for AI-related productivity gains could weaken investment and prompt a significant reassessment in financial markets, with spillovers from AI-linked firms to broader market segments and adverse effects on household wealth. Trade tensions could re-escalate, prolonging uncertainty and weighing more heavily on activity. At the same time, wider fiscal deficits and elevated public debt could place upward pressure on long-term interest rates, tightening overall financial conditions. On the upside, an easing of trade frictions, advancing reforms and faster AI adoption translating into sustained efficiency gains and stronger corporate dynamism could lift global growth.

Advanced Economies

Following an estimated 1.7% growth in 2025, advanced economies are forecast to expand by 1.8% in 2026, before easing to 1.7% in 2027. The 2026 forecast has been revised up by 0.2 pp, while the 2027 projection remains unchanged. Growth dynamics, however, are uneven across countries.

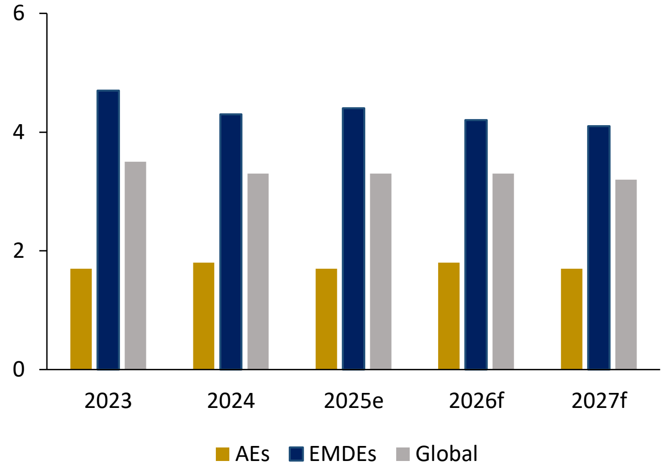
The output of the United States (US) is expected to increase to 2.4% in 2026, supported by fiscal stimulus, looser financial conditions, a lower policy rate and the gradual fading of higher trade barriers. This represents a 0.3 pp upward revision from the October 2025 forecast, reflecting a stronger-than-anticipated economic activity in Q3 2025 and the resolution of the federal government shutdown. Growth is projected at 2.0% in 2027, aided by near-term fiscal incentives for corporate investment under the One Big Beautiful Bill Act of 2025.

Across the euro area, growth is estimated at 1.4% in 2025 and is forecast to ease to 1.3% in 2026, before rising to 1.4% in 2027, in line with previous projections. The outlook is underpinned by higher public spending in Germany and sustained robust growth in Ireland and Spain.

In the United Kingdom, growth is forecast at 1.3% in 2026 and 1.5% in 2027, unchanged from October 2025 estimates, as the projected contraction in private investment in 2026 is expected to be partly offset by lower interest rates that support business spending in 2027.

Japan's economy is expected to slow from 1.1% in 2025 to 0.7% in 2026. This reflects a 0.1 pp upward revision from the October outlook, supported by the new government's fiscal stimulus package. Growth is projected to moderate further to 0.6% in 2027.

Figure 1.1 Global Real GDP Growth (%)



Source: International Monetary Fund, World Economic Outlook Update – January 2026.
Note: e=estimate, f=forecast, AEs= Advanced Economies, EMDEs= Emerging Markets and Developing Economies.

Table 1.1 Real GDP Growth in Advanced Economies (%)

	2023	2024	2025e	2026f	2027f
Global	3.5	3.3	3.3	3.3	3.2
AEs	1.7	1.8	1.7	1.8	1.7
US	2.9	2.8	2.1	2.4	2.0
Euro area	0.4	0.9	1.4	1.3	1.4
UK	0.4	1.1	1.4	1.3	1.5
Japan	1.2	-0.2	1.1	0.7	0.6

Source: International Monetary Fund, World Economic Outlook Update - January 2026.
Note: e=estimate, f=forecast, AEs=Advanced Economies.

Emerging Markets and the GCC Economies

According to the IMF's WEO Update, economic growth in EMDEs is projected to ease slightly to 4.2% in 2026, from a 4.4% estimate in 2025, reflecting a 0.2 pp upward revision from the October 2025 forecasts. Growth is expected to moderate further to 4.1% in 2027, a 0.1 pp below previous projections. While EMDEs continue to outpace the global average, performance remains highly uneven across regions.

Across emerging and developing Asia, growth is forecast to slow from an estimated 5.4% in 2025 to 5.0% in 2026, 0.3 pp lower than earlier estimates, before easing to 4.8% in 2027.

China's 2026 growth forecast has been revised up by 0.3 pp to 4.5%, although it remains below the 2025 estimated rate, supported by lower-than-anticipated US effective tariff rates and domestic stimulus measures. Growth is projected to be 4.0% in 2027.

India's growth is expected to decelerate from 7.3% in 2025 to 6.4% in 2026, reflecting a 0.2 pp upward revision from the October 2025 estimates. Growth is projected to remain at 6.4% in 2027, with the slowdown from 2025 largely driven by fading cyclical and temporary factors.

In Latin America and the Caribbean, growth is projected to ease to 2.2% in 2026 from 2.4% in 2025, representing a modest 0.1 pp downward revision from October. Growth is expected to strengthen to 2.7% in 2027 as economies converge toward their potential from differing cyclical positions.

Following a deceleration to 2.0% in 2025, growth in emerging and developing Europe is projected to rise to 2.3% in 2026 and 2.4% in 2027. These projections represent a 0.1 pp upward revision to the 2026 forecast relative to October.

Economic activity across the GCC is estimated to have strengthened markedly, with growth rising from 2.5% in 2024 to 4.3% in 2025. The upturn has been driven largely by stronger expansion in the UAE and Saudi Arabia, particularly across non-hydrocarbon sectors. Financial services, manufacturing and wholesale and retail trade have remained resilient, supported by ongoing diversification efforts and higher oil production. Tourism and transportation, benefiting from large-scale infrastructure development and expanding connectivity, are also expected to play an increasingly important role in supporting the region's growth momentum. Growth is projected to accelerate further to 4.8% in 2026, underpinned by a rebound in oil output and sustained momentum in non-hydrocarbon activities. Non-hydrocarbon growth is anticipated to remain robust through 2027, supporting overall growth despite some softening in the growth of oil production due to base effects.

Table 1.2 Real GDP Growth in Selected Emerging Markets (%)

	2023	2024	2025e	2026f	2027f
EMDEs	4.7	4.3	4.4	4.2	4.1
Brazil	3.2	3.4	2.5	1.6	2.3
China	5.4	5.0	5.0	4.5	4.0
India	9.2	6.5	7.3	6.4	6.4

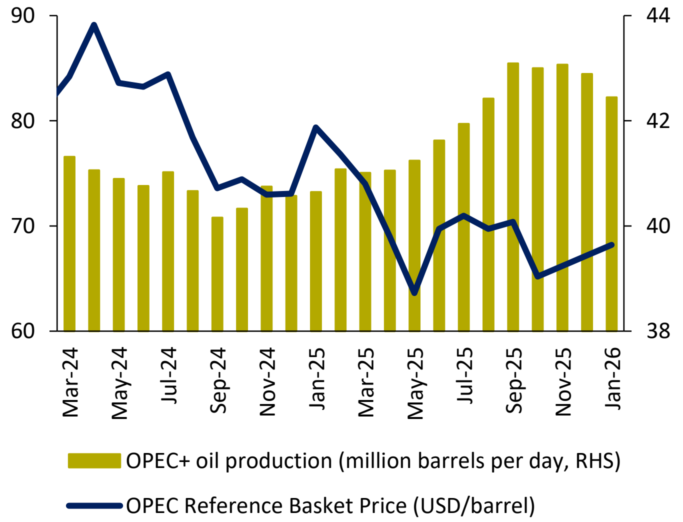
Source: International Monetary Fund, World Economic Outlook Update – January 2026.
Note: e=estimate, f=forecast, EMDEs=Emerging Markets and Developing Economies.

Table 1.3 Real GDP Growth in the GCC Economies (%)

	2023	2024	2025e	2026f	2027f
GCC	1.5	2.5	4.3	4.8	4.1
UAE	4.3	4.0	5.6	5.6	4.4
Saudi Arabia	0.5	2.6	4.3	4.5	3.6
Qatar	1.5	2.4	2.9	6.1	7.8
Kuwait	-1.7	-2.6	2.6	3.9	2.3
Oman	1.2	1.7	2.9	4.0	3.7
Bahrain	3.9	2.6	2.9	3.3	3.3

Source: CBUAE; International Monetary Fund, World Economic Outlook - October 2025 & January 2026 Update. For the UAE, the Federal Competitiveness and Statistics Centre (2022-24) and the CBUAE (2025-2027).
Note: e=estimate, f=forecast. The growth rate for the GCC is calculated as a weighted average of the growth rates of its member countries

Figure 1.2 OPEC+ Oil Production and Oil Prices



Source: Organization of Petroleum Exporting Countries.

I.2. Inflation and Monetary Policy Responses

Global inflation is projected to decline from 4.1% in 2025 to 3.8% in 2026 and to 3.4% in 2027	Advanced economies face persistent and uneven service inflation pressures	Central banks maintain cautious, data-dependent, and calibrated monetary policy stances

Global

According to the IMF's January 2026 WEO Update, global headline inflation is projected to decline from an estimated 4.1% in 2025 to 3.8% in 2026 and further to 3.4% in 2027, as softer demand and lower energy prices continue to exert downward pressure. Inflation is expected to return to target more slowly in the US than in other major economies, reflecting relatively stronger domestic demand and more persistent underlying price pressures. While the overall trajectory remains downward, risks are tilted to the upside, including renewed trade tensions, geopolitical disruptions, fiscal pressures in high-debt economies, and episodes of financial market volatility, especially in commodity markets, that could complicate the path toward durable price stability.

Advanced Economies

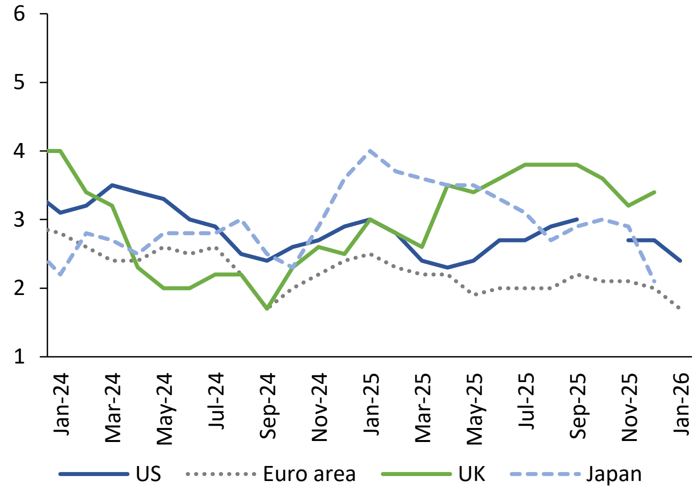
In the US, headline CPI inflation eased to 2.4% Y-o-Y in January 2026. The slowdown was driven in part by favourable base effects and a moderation in energy-price pressures, which offset still-sticky food and shelter inflation. At the same time, easing goods prices in some categories point to softer demand and improved supply conditions. Overall, the recent data suggests disinflation is continuing, but with persistence in key services costs likely to keep the return to target gradual. At its January meeting, the Fed maintained the federal funds rate range of 3.50%–3.75%, keeping an easing bias but signalling greater patience on the timing of further cuts in light of firmer growth and labour-market data.

Euro area inflation slowed to 1.7% Y-o-Y in January 2026, driven by easing food prices and lower energy costs. However, persistent services inflation near 3.2% led the European Central Bank (ECB) to keep interest rates unchanged at 2.0%. The divergence between moderating headline inflation and sticky service prices has reinforced the ECB's steady stance as it seeks durable convergence to its target.

UK inflation moderated to 3.4% Y-o-Y in December 2025. Services inflation remained elevated, though underlying pressures appeared to be easing gradually. With headline inflation expected to cool toward target this year but durability still uncertain, the Bank of England kept the Bank Rate at 3.75% in February, maintaining a cautious easing bias.

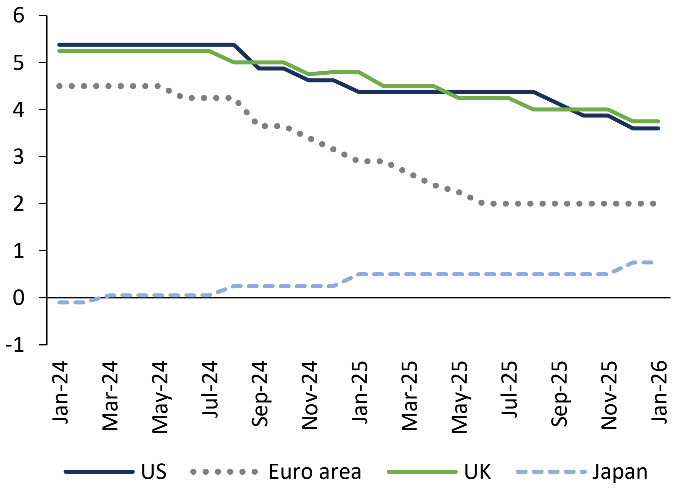
Japan's annual inflation rate eased to 2.1% Y-o-Y in December 2025, as base effects from last year's spike in fresh food prices and cuts to energy subsidies contributed to the slowdown. At its January meeting, the Bank of Japan kept its policy rate unchanged at 0.75%, maintaining its view that inflation will gradually return to the 2% target, while noting concerns that yen depreciation could influence price dynamics.

Figure 1.3 Headline Inflation in Selected Advanced Economies (Y-o-Y, %)



Source: Bloomberg.

Figure 1.4 Policy Rates in Selected Advanced Economies (%)



Source: Bloomberg.

Emerging and GCC Economies

China's inflation rate was 0.2% Y-o-Y in January 2026, easing from 0.8% in December, returning to the subdued levels seen in October. The moderation reflects still-fragile domestic demand and persistent disinflationary pressures, despite earlier signs of stabilisation. In response, the People's Bank of China kept the one-year Loan Prime Rate at 3.0% for the ninth consecutive month, underscoring a cautious policy stance aimed at supporting activity while monitoring price dynamics.

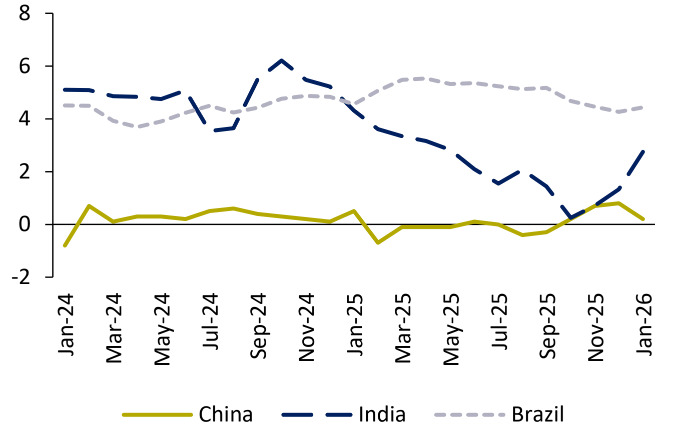
India's consumer inflation accelerated to 2.8% Y-o-Y in January 2026, up from 1.3% in December, reflecting a rebound in price pressures after several months of unusually low readings. Despite the pickup, inflation remains below the Reserve Bank of India's 4% midpoint target. The RBI kept the repo rate at 5.25% at its February meeting, maintaining a cautious stance even as inflation remains below target.

Brazil's inflation stood at 4.4% Y-o-Y in January 2026, broadly stable around November and December 2025 levels. While inflation has eased from recent peaks, it remains above target, with underlying pressures still evident. In January 2026, the Central Bank of Brazil kept its benchmark rate unchanged at 15.0% for the eighth consecutive month, maintaining a restrictive stance to anchor inflation expectations and preserve policy credibility amid lingering uncertainties.

Inflation across the GCC remained generally contained in December 2025, though trends varied by country. Saudi Arabia's inflation reached 2.1% Y-o-Y in December 2025, with higher food and services costs offset by easing housing inflation, before slowing to 1.8% in January 2026. Qatar's inflation rose to 2.0% Y-o-Y in December 2025, driven by increases in miscellaneous goods, clothing, education, and food. Kuwait's inflation eased to 2.1% Y-o-Y as price pressures softened in some categories, while food and services remained firm. Oman's inflation eased to 1.6% Y-o-Y in December 2025 on slower transport inflation alongside steady services costs. In Bahrain, inflation eased to 0.5% Y-o-Y in December 2025 as deeper declines in food and housing prices outweighed the continued increase in other service categories.

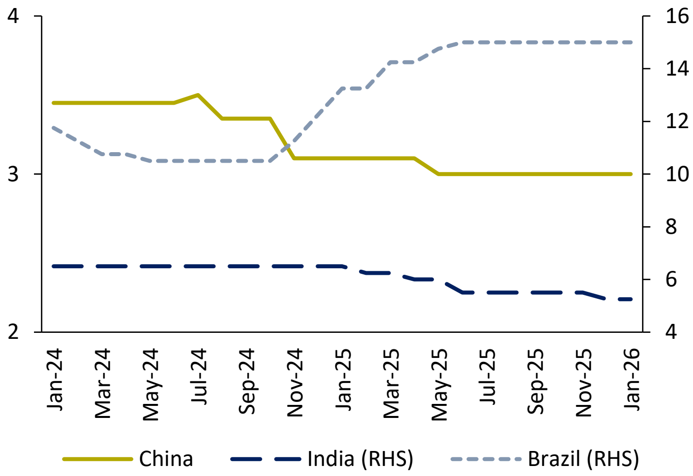
In December 2025, GCC central banks mirrored the Fed's rate reduction, adjusting policy rates in line with their monetary frameworks. The Saudi Central Bank cut its benchmark repo rate by 25 bps to 4.25%, while Qatar's Central Bank lowered its repo rate to 4.10%. Oman cut its repo rate by 25 bps to 4.25%, and Bahrain reduced its overnight deposit rate by 25 bps to 4.25%. The Central Bank of Kuwait also cut the discount rate by 25 bps to 3.50%. In January 2026, the Fed kept its policy rate unchanged, maintaining the target range for the federal funds rate at 3.50%–3.75%. Consistent with their monetary frameworks, GCC central banks also held policy rates steady.

Figure 1.5 Headline Inflation in Selected Emerging Economies (Y-o-Y, %)



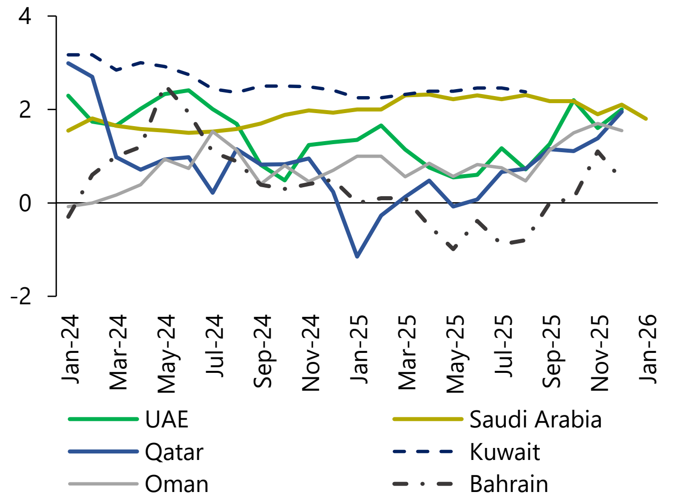
Source: Bloomberg.

Figure 1.6 Policy Rates in Selected Emerging Economies (%)



Source: Bloomberg.

Figure 1.7 Consumer Price Inflation in GCC Countries (Y-o-Y, %)



Source: Bloomberg, Federal Competitiveness and Statistics Centre.

I.3. Global Markets' Developments

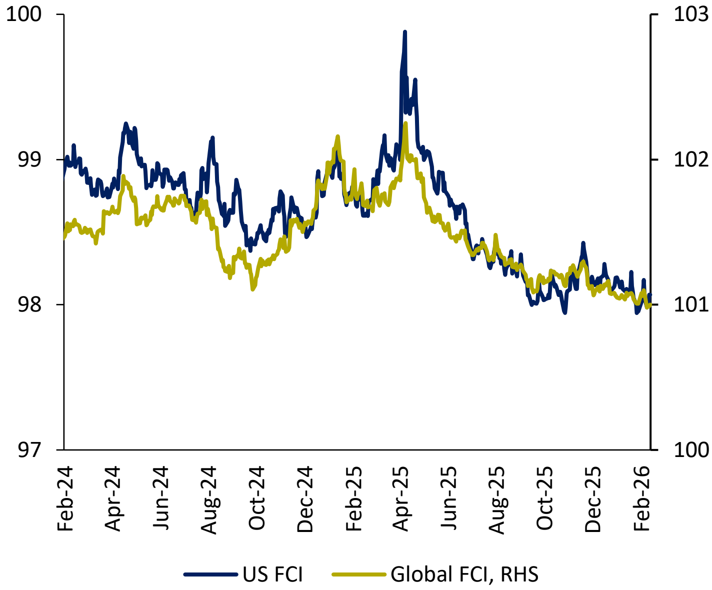
Global financial conditions remain broadly supportive, but vulnerable to shifts in risk sentiment and policy expectations	In early 2026, oil prices softened, natural gas and metals rose sharply, and food prices remained broadly stable	The UAE's non-oil foreign trade of goods rose by 24.5% Y-o-Y, reaching AED 2,530 billion in the first nine months of 2025

Global Financial Conditions

Global financial conditions have remained broadly accommodative, with elevated equity prices and tight credit spreads supported by expectations of further monetary easing. Benign financing conditions and subdued currency volatility have also underpinned portfolio inflows to emerging markets, contributing to strong sovereign issuance and steady inflows into local-currency debt markets. Equity volatility picked up in February amid growing questions about prospective returns in the AI sector. AI-related firms now represent a sizable share of market capitalisation and a large portion of capex growth, sharpening investor focus on whether revenue gains can validate elevated valuations.

Similarly, US financial conditions eased in February 2026 and remained broadly accommodative. Broader financial indicators continued to point to a supportive impulse, reflecting elevated equity valuations, compressed credit spreads, and generally contained volatility outside episodes of repricing in AI-related assets. However, elevated long-term yields and ongoing sensitivity to macroeconomic data releases suggest that conditions remain data dependent, and any reassessment of the inflation or labour market outlook could generate renewed tightening pressures.

Figure 1.8 Financial Conditions Indices



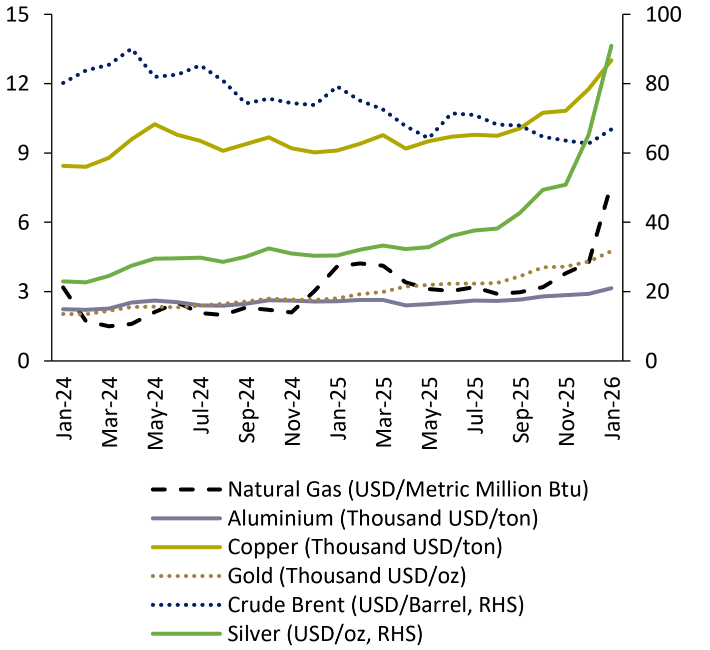
Source: Goldman Sachs.

Commodities

Brent crude spot price averaged USD 66.8 per barrel in January 2026, marking a 15.7% Y-o-Y decline, reflecting softer demand conditions and lingering supply-side uncertainties despite a recent monthly rebound. In contrast, US Henry Hub natural gas prices surged 87.8% Y-o-Y to USD 7.7 per MMBtu, primarily because an exceptionally cold winter sharply boosted heating and power demand just as supply growth slowed and export demand stayed strong.

Precious metals recorded broad-based gains. In January 2026, gold price averaged USD 4,753 per ounce, rising by 77.8% Y-o-Y, supported by sustained safe-haven demand and expectations of monetary easing amid ongoing global uncertainty. Silver posted an even stronger increase of 199.0% Y-o-Y, reflecting momentum-driven investor flows and tightening physical market conditions. Notably, the gold and silver prices briefly surpassed USD 5,500 and USD 121, respectively, before declining at the end of January. Meanwhile, copper and aluminium prices increased by 42.9% and 19.2% Y-o-Y, respectively, supported by resilient global demand, continued restocking activity, and investment momentum in technology and infrastructure sectors.

Figure 1.9 Commodity Prices



Source: Bloomberg.

In early 2026, food prices remained broadly stable amid adequate global supplies, although risks persist from shifting trade policies and weather-related uncertainties. The FAO Food Price Index declined by 0.6% Y-o-Y to 123.9 points in January, reflecting a modest easing compared to the same period last year. The moderation was driven by softer prices in cereals and dairy, while meat and sugar remained relatively firm, and vegetable oils posted selective gains.

UAE's International Trade

The UAE's non-oil foreign trade of goods recorded robust growth in the first nine months of 2025, increasing by 24.6% Y-o-Y to AED 2,530 billion. Non-oil exports rose markedly by 45.0% relative to the corresponding period in 2024, totalling AED 571.4 billion. The expansion was largely supported by higher exports of gold, jewellery, and aluminium. Switzerland was the leading destination for non-oil exports, accounting for 21.2% of the total, followed by India (12.9%) and Hong Kong SAR (11.6%). Gold continued to dominate non-oil exports, comprising 57.3% of total non-oil exports, with jewellery (5.0%) and aluminium (3.9%) as the second and third contributors by moderate shares.

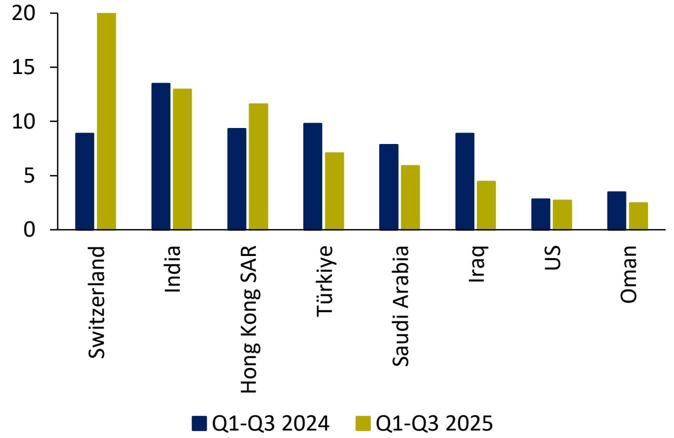
Re-exports also strengthened, rising by 13.0% to AED 514.9 billion in the first three quarters of 2025. Saudi Arabia remained the largest re-export market, accounting for 16.6%, followed by Iraq (10.1%) and India (6.5%). Telecommunications equipment represented the largest share of re-exports (21.8%), while diamonds (8.7%) and motor vehicles (7.3%) were also among the top categories.

Imports increased by 22.3% in the same period, reaching AED 1,443.4 billion. China remained the UAE's largest import source, with an 18.5% share, followed by India (6.8%) and the US (5.5%). Gold was the largest imported item, accounting for 28.0% of the total, while telecommunications equipment (9.6%) and motor vehicles (6.1%) ranked second and third, respectively.

Exchange Rate

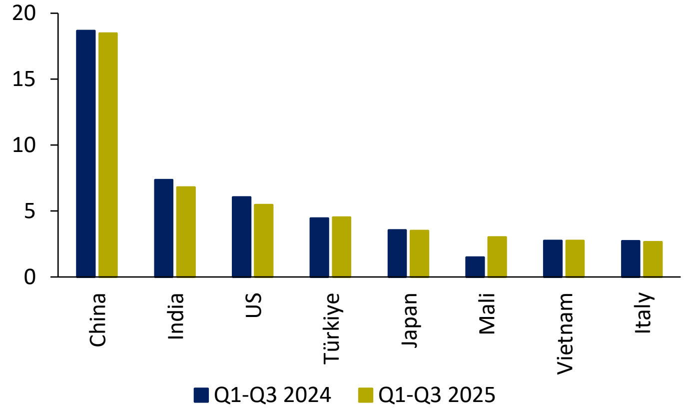
The nominal effective exchange rate (NEER), which compares the national currency against a basket of currencies of the UAE's key trading partners, depreciated by 2.4% Y-o-Y in December 2025, broadly reflecting the weakening of the US Dollar. The real effective exchange rate (REER), which adjusts for inflation differentials between the UAE and its trading partners, also declined by 2.4% over the same period.

Figure 1.10. UAE Non-Oil Exports to Major Trading Partners (% of Non-Oil Exports)



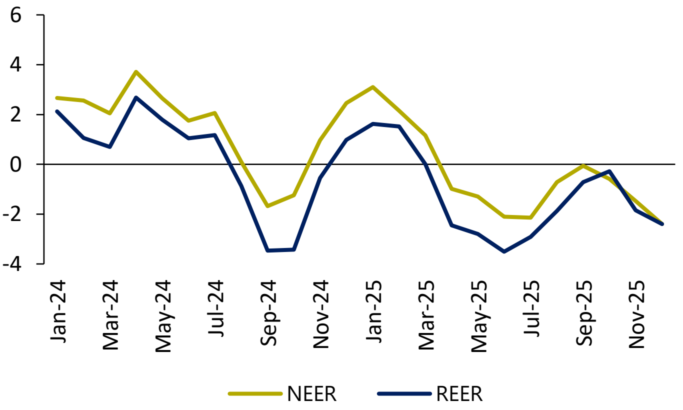
Source: Federal Competitiveness and Statistics Centre, preliminary data.

Figure 1.11. UAE Imports from Major Trading Partners (% of Imports)



Source: Federal Competitiveness and Statistics Centre, preliminary data.

Figure 1.12. Nominal and Real Effective Exchange Rates* (Y-o-Y, %)



Source: CBUAE.
* An increase means appreciation, and a decrease means depreciation.

Chapter 2

Domestic Economic Developments

II.1. Economic Growth

GDP growth is estimated at 5.6% for 2025 and 2026, driven by robust non-hydrocarbon and hydrocarbon growth	Strong rebound in oil production in Q3 and Q4 2025 following revised OPEC+ quotas	Non-hydrocarbon GDP growth is expected to remain strong over the medium term

Overall GDP

The UAE has demonstrated strong resilience amid global uncertainty, regional conflicts, and lower, more volatile oil prices. Output growth has outperformed both global and regional averages in recent years. The first three quarters of 2025 recorded strong real GDP growth of 5.1% Y-o-Y, driven by robust performance in non-hydrocarbon sectors, mainly in financial and insurance services, construction and manufacturing, which grew by 6.1% Y-o-Y. Growth was also supported by a strong recovery in hydrocarbon GDP in Q3 2025, which rose by 6.5%.

Hydrocarbon GDP

Oil production averaged 3.12 million barrels per day over 2025, representing a 6.9% increase compared to 2024. The rebound in oil production was driven by an accelerated adjustment in actual oil production following OPEC+ upward revisions to the UAE's quota. As a result, actual production surged by 10.5% Y-o-Y in Q3 and 16.6% Y-o-Y in Q4 of 2025. Meanwhile, domestic gas production continued its expansion in Q3 and Q4 2025 by 5.0% and 5.8% Y-o-Y, respectively, ending the year with an annual growth rate of 2.7%. This performance was supported by solid demand, with gas sales growing by 5.0% Y-o-Y in Q3 2025 and 3.9% over the full year.

Non-Hydrocarbon GDP

The first nine months of 2025 recorded strong real non-hydrocarbon GDP growth, averaging 6.1% Y-o-Y. The top five sectors driving this growth include financial and insurance services, contributing 1.2 percentage points (pp) to growth, construction (1.0), manufacturing (0.9), real estate activities (0.6), and wholesale and retail (0.6). The remaining eleven sectors, with a share of 36.6% of the total non-hydrocarbon GDP, contributed 1.8 pp.

GDP Outlook

The UAE's outlook remains strong, with real GDP growth estimated at 5.6% in 2025 and projected to remain broadly steady at the same rate 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 growth in 2027, together with sustained growth in non-oil activities, could lead to overall GDP growth of around 4.4%.

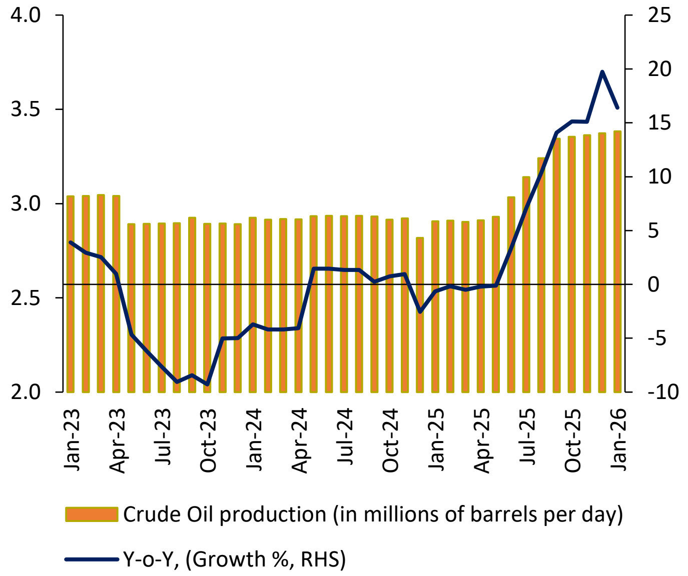
In the medium term, prospects appear broadly balanced, underpinned by resilient non-hydrocarbon expansion, continued adoption of AI with the scope to raise productivity, and generally supportive global financial conditions. Nonetheless, a moderation in external demand or renewed volatility in global financial and energy markets could weigh on economic activity. Strong domestic fundamentals, however, are expected to mitigate the impact of these risks.

Table 2.1 Real GDP Growth in the UAE (%)

	2022	2023	2024	2025e	2026f	2027f
Overall GDP	7.5	4.3	4.0	5.6	5.6	4.4
Hydrocarbon GDP	8.9	-3.0	1.0	4.1	7.3	2.6
Non-hydrocarbon GDP	7.0	7.0	5.0	6.1	5.1	5.0

Source: Federal Competitiveness and Statistics Centre (2022-2024), CBUAE (2025-2027).
Note: e=estimate, f=forecast.

Figure 2.1 UAE Crude Oil Production



Source: Organization of Petroleum Exporting Countries.

Table 2.2 Top Five Contributing Sectors to Non-Hydrocarbon GDP in the first three quarters of 2025

Sectors	Shares of non-hydrocarbon GDP (%)*	Growth (Y-o-Y, %)	Contributions to real non-hydrocarbon GDP growth (pp)
Financial and insurance activities	13.2	9.0	1.2
Construction	11.6	8.7	1.0
Manufacturing	13.8	6.9	0.9
Real Estate Activities	7.8	7.9	0.6
Wholesale and Retail Trade	16.5	3.5	0.6
The remaining 11 sectors	36.6	5.0	1.8
Non-hydrocarbon GDP	**100.0**	**6.1**	**6.1**

Source: FCSC and CBUAE calculations.
*: Shares are of 2024.

Purchasing Managers' Index (PMI)

Economic activity in the UAE's non-hydrocarbon private sector strengthened in January, with the Purchasing Managers' Index (PMI) rising to 54.9 in January 2026 from 54.2 in December 2025, marking an 11-month high. The reading remained well above the neutral 50 threshold and above recent averages, signalling a solid pace of expansion. The improvement was driven by a faster increase in new orders and stronger overall demand, supporting continued growth in business activity. In Dubai, business conditions improved further, with the PMI increasing to 55.9 in January from 54.3 in the previous month, reaching its highest level since March 2024. The expansion was supported by a sharp rise in new sales, while output growth remained strong overall.

Employment and Wages

As of December 2025, the number of employees covered by the CBUAE Wages Protection System (WPS)[1] increased by 14.8% Y-o-Y, while the average wage increased marginally by 0.1% Y-o-Y[2]. Overall, these labour market developments with increased employment, mainly in the lower-paying production and operations workforce, and stable average wages may suggest favourable macroeconomic conditions with stronger business activity and non-inflationary growth.

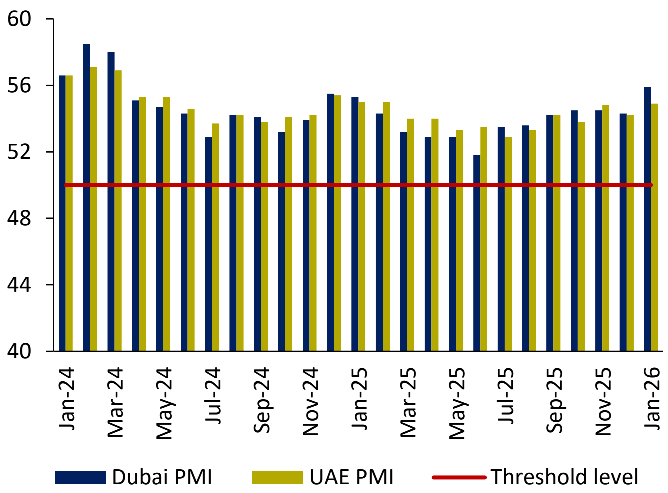
Government Revenue and Expenditure

The UAE continued to demonstrate fiscal discipline through the first three quarters of 2025, maintaining a general government budget surplus of 4.4% of GDP. While this represents a moderation from the 7.1% recorded during the same period in the previous year, the fiscal position remains positive. This narrowing of the surplus is attributed to increased public expenditure alongside stable revenue generation.

Total revenue increased by 1.4% Y-o-Y but fell slightly as a share of GDP, from 30.1% to 29.0%. Tax revenue declined by 9.7% Y-o-Y (from 20.3% to 17.4% of GDP), partly offset by rising social contributions (+7.9%) and a strong increase in other revenues (+26.1%), suggesting that non-tax and diversified revenue sources played a more prominent stabilising role.

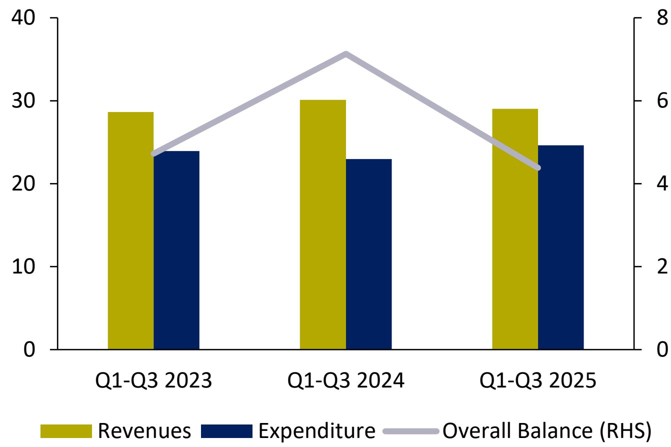
Total expenditure rose by 12.8% Y-o-Y, increasing from 23.0% to 24.6% of GDP. Higher spending was recorded across several categories, including compensation of employees (+5.6%), use of goods and services (+15.5%), social benefits (+7.7%), interest payments (+3.4%), and capital expenditure (+26.0%), indicating both operational and developmental spending priorities. At the same time, subsidies experienced a substantial decline (-47.7%), while other expenses rose sharply (+177.4%), contributing to the overall increase in total expenditure.

Figure 2.2 UAE PMI (above 50 means expansion)



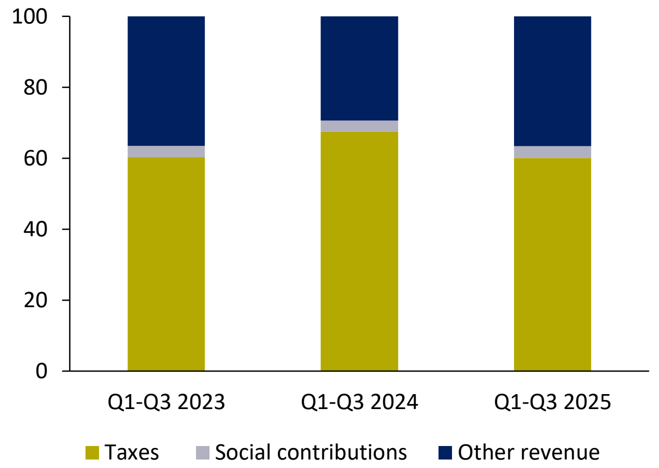
Source: S&P Global.

Figure 2.3 Consolidated Fiscal Balance (% of GDP)



Source: UAE Ministry of Finance; Federal Competitiveness and Statistics Centre; CBUAE.

Figure 2.4 UAE Fiscal Revenue Structure as a Share of Total Revenue (%)



Source: UAE Ministry of Finance and CBUAE.

[1] Data as of February 17, 2026.
[2] Employment and average wage growth rates were calculated using 3-month moving average.

II.2. Sectoral Analysis

UAE residential real estate sector demonstrates resilient transactions' growth, supported by sustained local and global investor demand	Aviation and tourism sectors remain key engines of UAE diversification, with record passenger volumes	Dubai welcomed 19.6 million overnight visitors in January-September 2025, a 5% Y-o-Y increase

Residential Real Estate

The UAE residential real estate market continued its upward trajectory throughout 2025, with both Abu Dhabi and Dubai reporting increased transactional volumes. This expansion was supported by consistent population growth and sustained demand from both residents and international investors. Additionally, the UAE's competitive rental yields, which continue to outperform those of other primary global markets, remain a key driver of capital inflows.

Total residential sales transactions in Abu Dhabi in 2025 rose by 54.6% Y-o-Y, with increased activity across all property types and sales segments. The last quarter of 2025 saw a record level of residential sales transactions, primarily driven by a 110.9% Y-o-Y increase in off-plan sales. In the apartments sector in 2025, off-plan and ready unit sales increased by 70.0% Y-o-Y and 37.4% Y-o-Y, respectively. Villa sales transactions rose in both off-plan and ready units' segments, by 64.0% Y-o-Y and 18.6% Y-o-Y, respectively.

Dubai maintained strong growth momentum in 2025, with total real estate sales value increasing by 30.7% Y-o-Y. Transaction volumes expanded across key segments, primarily driven by apartment sales, which rose by 20.3% Y-o-Y, while villa transactions value increased by 13.5% Y-o-Y. The off-plan segment remained a significant contributor to overall market activity, recording a 24.6% Y-o-Y increase, amid sustained investor confidence and continued demand across the emirate.

Figure 2.5 Number of Residential Sales Transactions in Abu Dhabi (in thousands)

Source: Abu Dhabi Real Estate Centre (ADREC).

Figure 2.6 Number of Residential Sales Transactions in Dubai (in thousands)

Source: Dubai Land Department (DLD).

Tourism and Hospitality

The tourism and hospitality sectors continue to play a key role in supporting the UAE's non-hydrocarbon economy, benefiting from ongoing initiatives under the UAE Tourism Strategy 2031. Dubai's tourism sector sustained its strong performance throughout 2025, welcoming 19.6 million international overnight visitors, a 5% increase compared to 2024. This solid growth highlights Dubai's position as a leading global tourism destination.

The hospitality sector also recorded a positive year, with average hotel occupancy reaching 80.7% in 2025, up from 78.2% in 2024. The improvement in occupancy, alongside stable revenue performance, reflects continued demand across major market segments and the success of efforts aimed at enhancing visitor experiences. Overall, these developments reaffirm tourism's important contribution to non-oil economic growth.

Air Transportation

Abu Dhabi's aviation sector continued its strong performance in 2025, with total passenger traffic exceeding 33 million across the emirate's five airports, marking the highest annual level on record. Zayed International Airport (AUH) remained the main driver of this growth, accounting for around 98% of total passenger traffic. In the fourth quarter alone, AUH handled 8.59 million passengers, a 13.8% increase compared to the same period in 2024. The expansion was supported by stronger international connectivity, with 39 new routes launched and seven airlines added to the network, strengthening Abu Dhabi's position as a growing aviation hub across key markets in EMEA and Asia.

Dubai International Airport (DXB) maintained its strong momentum in 2025, welcoming 95.2 million passengers, a 3.1% increase Y-o-Y and the highest annual traffic on record. This solid performance was supported by sustained growth throughout the year, with the fourth quarter alone handling 25.1 million passengers, up 5.9% compared to the same period in 2024. December marked the busiest month, with 8.7 million travellers, a 6.1% annual increase. Flight activity also remained robust, with 118,000 aircraft movements in Q4, bringing the annual total to 454,800 flights, up 3.3% Y-o-Y.

The UAE's aviation and tourism sectors continue to play an important role in driving non-hydrocarbon growth. Strong passenger volumes and rising visitor arrivals highlight the impact of efforts to enhance connectivity, expand route networks, and further develop hospitality offerings. The sustained performance of these sectors is contributing to wider economic activity and reinforcing the country's diversification agenda.

Figure 2.7 Accommodation Supply and Demand in Dubai (3-Month Cumulative)

Categories	Establishment Nos.	Total Available Rooms [Supply]	Average Occupancy
2024 December	832 Establishments	154,016	78%
	-1%	0%	
2025 December	827 Establishments	154,264	81%

Source: Dubai Department of Economy and Tourism.

II.3. Inflation

UAE inflation averaged 1.3% in 2025. The CBUAE maintained its projections for 2026 and 2027 at 1.8% and 2.0%, respectively	Easing food, transportation and textile inflation offset the rise in housing inflation	UAE headline inflation accelerated to 1.9% Y-o-Y in Q4, up from 1.1% Y-o-Y in Q3 2025

Headline Inflation

Inflation in the UAE averaged 1.3% in 2025, driven primarily by deflation in transport costs and textile prices, as well as favourable developments in food prices. At the emirate level, Abu Dhabi recorded an average rate of 0.3%, while Dubai's inflation averaged 2.8% in 2025.

With respect to price developments during the last quarter of 2025, the UAE's headline inflation accelerated to 1.9% Y-o-Y, up from 1.1% in the previous quarter. The increase was mainly due to transport prices moving out of outright deflation, alongside persistent rising housing prices and price pressures in furniture and household goods.

The housing, water, electricity, gas, and other utilities component, accounting for 35.1% of the consumer basket, rose 3.9% Y-o-Y in Q4 2025, slightly higher than the 3.7% Y-o-Y increase recorded in Q3 2025. Transportation sector costs rose by 1.2% Y-o-Y, compared with an average decline of 4.0% Y-o-Y in the previous quarter, thereby reinforcing the overall acceleration in inflation.

For food and beverages, the third-largest category in the consumer basket, inflation rose slightly in Q4 2025 to 0.8%, up from -0.2% in Q3 2025. Meanwhile, textiles, clothing, and footwear components continued to decline significantly, falling by 4.3% in Q4 2025.

Other categories, which carry relatively small weights in the consumer basket, recorded mixed price movements and made only a limited contribution to headline inflation in the last quarter of 2025.

Table 2.3 UAE CPI Inflation (Y-o-Y, %)

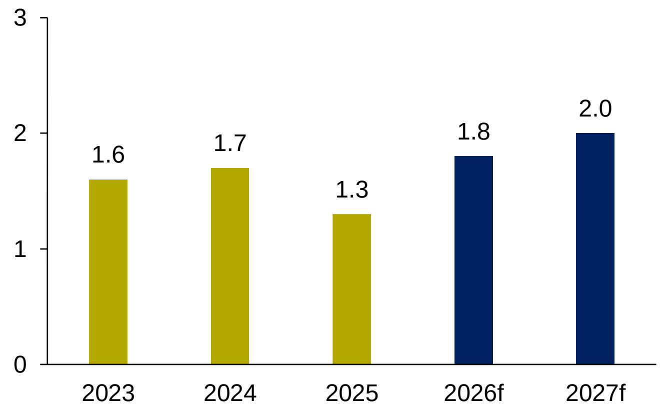
	Weights	Q1 2025	Q2 2025	Q3 2025	Q4 2025
All Items	100.0	1.4	0.6	1.1	1.9
Housing, water, electricity, and gas	35.1	3.9	4.1	3.7	3.9
Transportation	12.7	-3.3	-9.5	-4.0	1.2
Food and beverages	12.0	0.4	0.1	-0.2	0.8
Education	7.6	1.6	1.5	1.6	1.5
Information and communication	5.9	-0.6	-0.6	0.0	0.2
Textiles, Clothing and Footwear	5.2	-0.2	-0.4	-2.7	-4.3
Furniture and Household Goods	5.1	-1.8	-0.1	1.9	2.7
Miscellaneous Goods and Services	4.9	2.8	2.9	2.3	2.2
Restaurants and Hotels	4.6	0.5	1.4	1.1	1.5
Recreation and Culture	3.1	6.7	6.4	0.9	2.2
Medical Care	2.2	0.4	0.4	0.2	0.2
Insurance and Financial Services	1.3	4	5.1	3.2	2.8
Tobacco	0.2	1.5	1.4	1.8	1.7

Source: Federal Competitiveness and Statistics Centre

Inflation Outlook

The CBUAE maintained its 2026 inflation forecast at 1.8%, remaining well below the global average. The outlook reflects the gradual fading of favourable base effects alongside contained imported price pressures amid broadly stable global commodity markets. In 2027, inflation is projected to slightly increase but stay broadly contained around 2.0%, supported by sustained strength in domestic demand and evolving external conditions, including potential shifts in global cost dynamics that may add to imported inflation.

Figure 2.8 UAE Inflation Outlook (CPI, %)



Source: Federal Competitiveness and Statistics Centre (2023-2025), CBUAE (2026 and 2027).
Note: f=forecast.

Chapter 3

Monetary and Financial Markets Developments

III.1. Money Supply and Interest Rates

Monetary aggregates M1, M2 and M3 in Q4 2025 increased by 13.2%, 19.0% and 17.2% Y-o-Y, respectively	The CBUAE lowered the Base Rate to 3.65% in Q4, following the Federal Reserve's cutting cycle	DONIA-Base Rate gap edged into slightly positive territory at 2 bps in Q4 2025 amid low transaction volumes

Monetary Aggregates

Money supply continued to grow at a solid pace in Q4 2025. M1 increased by 13.2% Y-o-Y, reaching AED 1,072 billion by the end of December 2025. This reflected a 13.1% Y-o-Y increase in Monetary Deposits, which account for 85.8% of M1, and a 14.0% Y-o-Y rise in Currency-in-Circulation Outside Banks, which constitutes 14.2% of M1. M2 grew by 19.0% Y-o-Y to AED 2,755 billion, with Quasi-Monetary Deposits rising by 23.0% Y-o-Y, representing 61.1% of M2. Additionally, M3 expanded by 17.2% Y-o-Y, reaching AED 3,255 billion, aided by a 8.5% Y-o-Y increase in Government Deposits, representing 15.4% of M3.

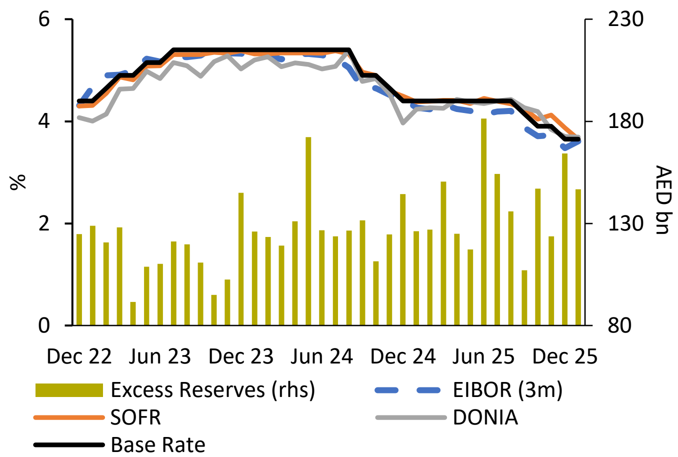
Interest Rates

In line with the US Federal Reserve's monetary policy, the CBUAE lowered its key policy rate (Base Rate) by 50 basis points in Q4 to 3.65% and maintained this rate in January. Overnight interest rates followed the path of the Base Rate, with the Dirham Overnight Index Average (DONIA) averaging 2 basis points above the Base Rate through the quarter. 3-month EIBOR – a key benchmark for floating rate loans and derivatives – also drifted lower, finishing the quarter 40 bps lower.

Banks' Aggregate Balance increased by AED 65.3 bn in Q4, reaching AED 427 billion at the end of the quarter, indicative of abundant system-wide liquidity. This was primarily driven by large Net Foreign Asset inflows, which added AED 71.1 billion to the Aggregate Balance. This was only partly offset by net issuances of M-Bills and Islamic Certificates of Deposit (ICDs), detracting 11.7 billion. An AED 9.7 billion increase in the State Account Balance and an AED 8.7 billion increase in Currency-In-Circulation also helped to offset some of the increase from Net Foreign Assets.

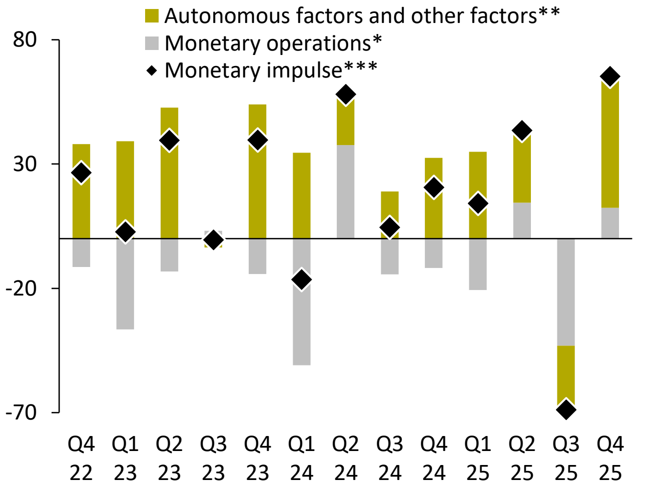
M-Bill yields declined along the curve from Q3 to Q4, in line with movements in US Treasury Bill yields. This was consistent with the reduction in the US Federal Funds rate target band, as well as expectations of continued monetary policy easing. However, shifting expectations of future interest rate cuts saw M-Bills yields slightly higher across the curve in January. Outstanding M-Bills volumes decreased to AED 242.3 billion at the end of December, down from AED 262.7 billion at the end of September. This followed the maturity of a large M-Bill in October. In contrast, outstanding Islamic Certificates of Deposit increased to AED 50.1 bn by the end of Q4 (from AED 41.3 bn).

Figure 3.1. UAE Rates and Excess Reserves in the Banking System



Source: Bloomberg, CBUAE.

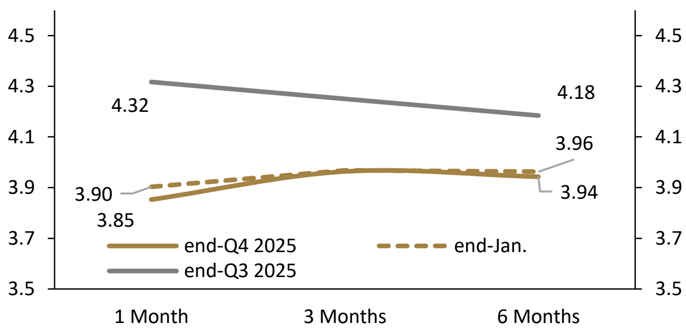
Figure 3.2 Monetary Impulse (AED billions)



Source: CBUAE.

Note: */ Structural and fine-tuning monetary operations (monetary bills, Islamic certificates of deposit, FX swaps); **/ Autonomous factors (comprise currency in circulation, state account balance, net capital flows, and other factors); ***/ The monetary impulse reflects the net change of the aggregate balance of the banking sector, equal to the sum of net flows from the autonomous factors and monetary operations.

Figure 3.3 Monetary Bills Yield Curve (%)



Source: CBUAE.

III.2. Banking Developments

Banking system's lending grew by 17.9% Y-o-Y, primarily driven by loans to the retail and private corporate sectors	Favourable funding and liquidity conditions were backed by robust deposit growth of 16.2% Y-o-Y	Improvement in the banking system asset quality ratios, driven by a decline in the stock of NPL

Banking System Assets and Structure

The total assets of the UAE banking system rose by 17.1% year-on-year to AED 5,340 billion by the end of Q4 2025, surpassing the AED 5 trillion milestone during the year. The sector included 61 banks, comprising 23 UAE national banks and 38 branches of foreign banks operating in the country.

Banking System Credit and Deposits

The UAE banking system loan portfolio grew by 17.9% Y-o-Y, reflecting the UAE's favourable economic environment and funding conditions. The main drivers in the UAE banks' domestic loan portfolio were retail and private corporate credit, which increased by 16.2% and 7.7%, respectively.

The UAE banks maintained robust deposit growth of 16.2% Y-o-Y, contributing to sustained favourable funding conditions and their strong lending capacity. The main drivers of banks' resident deposits in the UAE were private corporate and retail deposits, which increased by 24.2% and 14.9% Y-o-Y, respectively.

Financial Soundness Indicators

The UAE banking system's capital ratios remained adequate and above the minimum requirements. The Capital Adequacy Ratio (CAR) reached 17.1% in Q4 2025, slightly lower than last year. The moderation in the capital ratio was primarily due to the higher growth of the banking sector relative to capital growth.

The UAE banking system continued to maintain strong funding and liquidity levels throughout 2025. The Eligible Liquid Asset Ratio reached 20.1% during the year. The loan-to-deposit ratio remained low, signalling ample credit capacity, although it increased slightly to 77.7% compared to the previous year.

The UAE banking system's asset quality ratios continued to improve in 2025, supported by a 16.2% year-on-year reduction in the NPL stock and an increase in total loans. The headline net NPL ratio improved to 1.6%, while the overall NPL ratio declined to 3.3%.

Table 3.1 Assets and Credit (AED billion)

	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
Total Assets	**4,559**	**4,719**	**4,973**	**5,200**	**5,340**
(Y-o-Y change)	12.0%	10.9%	15.4%	18.1%	17.1%
Gross Credit	**2,181**	**2,240**	**2,334**	**2,479**	**2,570**
(Y-o-Y change)	9.5%	9.4%	11.1%	14.7%	**17.9%**
Domestic Credit	**1,843**	**1,869**	**1,911**	**2,012**	**2,049**
(Y-o-Y change)	6.0%	5.2%	5.2%	8.2%	11.2%
Foreign Credit	**338**	**371**	**424**	**467**	**521**
(Y-o-Y change)	33.1%	37.3%	48.9%	54.5%	54.3%

Source: CBUAE.
Note: Data as end of the period.

Table 3.2 Total Deposits (AED billion)

	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
Bank Deposits	**2,847**	**2,936**	**3,046**	**3,186**	**3,307**
(Y-o-Y change)	12.9%	10.5%	13.1%	15.4%	16.2%
Resident Deposits	**2,601**	**2,688**	**2,789**	**2,891**	**3,009**
(Y-o-Y change)	12.1%	10.3%	12.9%	13.5%	15.7%
Non-Resident Deposits	**246**	**249**	**257**	**295**	**298**
(Y-o-Y change)	21.9%	12.5%	16.0%	38.0%	21.2%

Source: CBUAE
Note: Data as of end of period.

Table 3.3 UAE Financial Soundness Indicators

	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
Capital Adequacy					
Capital Adequacy Ratio	17.8%	17.6%	17.3%	17.4%	17.1%
Tier 1 Capital Ratio	16.4%	16.2%	16.0%	16.2%	15.9%
Common Equity Tier 1 Ratio	14.7%	14.7%	14.6%	14.8%	14.4%
Liquidity and Funding					
Advances to Stable Resources Ratio	72.2%	72.8%	73.8%	75.1%	73.7%
Loan-to-deposit Ratio	76.6%	76.3%	76.6%	77.8%	77.7%
Eligible Liquid Assets Ratio	21.3%	21.4%	20.6%	19.0%	20.1%
Asset Quality					
Net Non-Performing Loans Ratio	2.0%	1.8%	1.7%	1.6%	1.6%
Non-Performing Loans Ratio	4.7%	4.3%	3.9%	3.6%	3.3%

Source: CBUAE
Note: Data as of end of period.

III.3. Insurance Developments

In Q4 2025, gross written premiums, number of insurance policies and gross paid claims increased by 15.5%, 3.3%, and 11.0%, respectively

Total technical provisions and total equity showed an increase of 7.6% and 3.8%, respectively, in Q4 2025

The insurance sector remained well capitalised in Q4 2025, with healthy capital adequacy and return on average assets

Insurance Sector Structure and Activity

The insurance sector continued to grow in Q4 2025 in terms of written premiums, technical provisions, claims paid and equity. The sector remained healthy, with robust capital adequacy ratios and return on assets.

The number of licensed insurance companies stood at 58, consisting of 22 traditional national, 10 takaful national companies, and 26 branches of foreign insurance companies operating in the country. [3] The number of insurance-related professions increased to 516.

Key Performance Indicators

The Gross Written Premiums increased by 15.5% Y-o-Y to AED 75.2 billion in Q4 2025, driven primarily by growth in property and liability insurance premiums by 19.2% Y-o-Y to AED 31.4 billion, health insurance premiums by 13.5% Y-o-Y to AED 35.5 billion, and insurance of persons and fund accumulation premiums by 11.2% Y-o-Y to AED 8.3 billion, resulting primarily from an increase in group life insurance premiums.

Gross paid claims of all types of insurance plans increased by 11.0% Y-o-Y to AED 46.2 billion in Q4 2025, comprising property and liability insurance claims to AED 16.4 billion, health insurance claims to AED 27.4 billion, and insurance of persons and fund accumulation claims to AED 2.4 billion.

In Q4 2025, the total technical provisions[4] increased by 7.6% Y-o-Y to AED 99.2 billion. The volume of invested assets in insurance rose to AED 88.4 billion (53.0% of total assets) compared with AED 84.9 billion (54.6% of total assets) during the same period in 2024. The retention ratio[5] of written insurance premiums was 56.6% (AED 42.6 billion) in Q4 2025, compared to 54.9% (AED 35.7 billion) in the previous year.

Insurance Soundness Indicators

The UAE insurance sector remained well-capitalised. With regard to the various capital adequacy ratios, the own funds[6] to Minimum Capital Requirement ratio increased to 423.3% in Q4 2025, up from 381.9%% in Q4 2024, driven by higher own funds eligible to meet minimum capital requirements. The own funds to Solvency Capital Requirement ratio also increased, reaching 256.9% in Q4 2025 compared to 195.7% in Q4 2024. Similarly, the own funds to Minimum Guarantee Fund ratio rose 336.8% in Q4 2025, up from 272.8% a year earlier.

In terms of profitability, the net total profit to net written premiums ratio reached 7.2% in Q4 2025. The return on average assets ratio was 0.5% in Q4 2025, compared with 0.3% in Q4 of the previous year.

Table 3.4 Key Indicators of the Insurance Sector (AED billions)

	2024				2025*			
	Q1	H1 (Q1+Q2)	Q1-Q3 (Q1 +Q2 +Q3)	2024	Q1	H1 (Q1+Q2)	Q1-Q3 (Q1 +Q2 +Q3)	2025
1- Gross Written Premiums	**21.0**	**35.7**	**50.8**	**65.1**	**23.9**	**40.9**	**57.8**	**75.2**
• Property & Liability	7.9	13.8	20.9	26.3	9.0	16.3	24.0	31.4
• Health Insurance	11.3	18.3	24.4	31.3	12.9	20.7	27.8	35.5
• Persons and Fund Accumulation	1.8	3.6	5.5	7.5	2.0	4.0	6.0	8.3
2- Gross Claims Paid	**9.3**	**18.9**	**29.9**	**41.6**	**11.0**	**21.5**	**32.3**	**46.2**
• Property & Liability	2.6	5.7	9.5	13.7	4.5	8.0	11.7	16.4
• Health Insurance	5.2	10.7	16.5	22.8	6.0	12.3	18.9	27.4
• Persons and Fund Accumulation	1.5	2.5	3.9	5.1	0.5	1.2	1.7	2.4
3- Technical Provisions	**84.3**	**94.2**	**97.2**	**92.2**	**95.5**	**100.1**	**99.4**	**99.2**
4- Total Invested Assets	**78.5**	**78.7**	**83.2**	**84.9**	**82.0**	**84.4**	**86.4**	**88.4**
5- Total Assets	**146.4**	**154.8**	**159.6**	**155.5**	**142.1**	**147.4**	**149.2**	**166.7**
6- Total Equity	**28.6**	**28.0**	**30.1**	**31.6**	**31.1**	**31.4**	**32.4**	**32.8**

Source: CBUAE.
Note: * Preliminary data, accumulative at end of period

Table 3.5 Insurance Soundness Indicators (%)

Description	2024				2025*			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1- Reinsurance ratio								
Retention ratio	53.0	53.1	53.8	54.9	50.8	52.5	51.9	56.6
2- Capital Adequacy Ratios								
Own funds to Minimum Capital Requirement (MCR)	365.8	376.0	389.2	381.9	393.2	423.4	434.9	423.3
Own Funds to Solvency Capital Requirement (SCR)	193.8	185.8	198.5	195.7	204.1	229.5	241.7	256.9
Own Funds to Minimum Guarantee Fund (MGF)	297.5	286.7	288.9	272.8	294.7	328.9	331.9	336.8
3- Earnings Ratios								
Net total profit to net written premiums	7.6	6.0	7.1	7.3	7.3	10.5	11.6	7.2
Return on average assets	0.6	0.7	0.5	0.3	0.8	0.9	0.9	0.5

Source: CBUAE.
Note: * Estimated data.

[3] One foreign company practice reinsurance only.
[4] Technical provisions are the amounts that insurers set aside and deduct to meet the insured's accrued financial liabilities as per Law's stipulations and financial regulations for insurance and Takaful companies.
[5] The retention ratio is calculated as the ratio of net written premium to gross written premium.
[6] Own funds consist of the capital that an insurance company has available to meet solvency requirements, which includes admissible assets less liabilities.

III.4. Financial Developments

In Q4 2025, share prices rose by 22.9% Y-o-Y in Dubai and by 6.6% Y-o-Y in Abu Dhabi	In Q4 2025, both Abu Dhabi's and Dubai's CDS premiums declined, continuing to reflect low sovereign risk	The CBUAE Credit Sentiment Survey in Q4 2025 revealed solid credit conditions reflecting ongoing confidence in the UAE economy

Equity Markets

The Abu Dhabi Securities Market General Index (ADX) rose by 6.6% Y-o-Y in Q4 2025. Market capitalisation reached an average of AED 3.1 trillion, driven by a rise in share prices of some major companies, which constitute 25% of the total freely tradeable shares.

The Dubai Financial Market (DFM) General Index increased by 22.9% Y-o-Y in Q4 2025. Market capitalisation reached an average of AED 0.9 trillion, with continued contributions from newly added entities, including the Dubai Residential REIT, the largest real estate investment trust in the GCC, Emaar Development, DEWA, and Salik. The noticeable increase in market liquidity and activity further supported these gains.

Credit Default Swaps (CDS)

The CDS spreads for the government of Abu Dhabi fell further from 30.1 bps in Q3 2025 to 28.7 bps in Q4 2025. Abu Dhabi's CDS levels remain very low, reflecting its low-risk economic profile, strong fiscal position, and substantial buffers held by sovereign wealth funds. Abu Dhabi continues to maintain one of the lowest CDS premiums in the Middle East and Africa region. Dubai's CDS also declined from 55 bps in Q3 2025 to 50.6 bps in Q4 2025, and remains at comparatively low levels.

The CBUAE Credit Sentiment Survey

Solid credit conditions persisted through Q4, with demand indicators remaining well above their long-run averages for both households and corporates. On the supply side, financial institutions continued to report a robust appetite to extend credit. Favourable economic conditions, higher household incomes, a supportive investment environment, and increased government expenditure continued to underpin credit activity, reflecting ongoing confidence in the strength and outlook of the UAE economy. Looking forward, recent credit conditions are expected to persist, maintaining momentum in both demand for and supply of credit.

Table 3.6 UAE Equity Markets

			Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
Abu Dhabi Securities Market	Share Price Index*	Y-o-Y, %	-1.8	1.9	8.1	8.7	6.6
	Market Capitalisation*	AED bn.	2931	2959	3007	3128	3104
		Y-o-Y, %	1.7	3.3	9.2	9.4	5.9
	Traded Value**	AED bn.	75	83	96	80	126
		Y-o-Y, %	13.8	23.9	59.7	3.8	67.8
Dubai Financial Market	Share Price Index*	Y-o-Y, %	22.4	22.6	35.6	37.9	22.9
	Market Capitalisation*	AED bn.	821	912	953	1014	980
		Y-o-Y, %	22.2	26.1	38.9	38.3	19.4
	Traded Value**	AED bn.	33	40	43	43	37
		Y-o-Y, %	51.4	64.9	99.1	76.0	11.9

Source: Securities and Commodities Authority.
Note: * Denotes averages for the period, ** Denotes end-of-period values.

Table 3.7 UAE – Sovereign Credit Default Swaps (Quarterly averages, bps)

	2024	2025			
	Q4	Q1	**Q2**	**Q3**	**Q**
Abu Dhabi	42.5	39.3	39.3	30.1	28.7
Dubai	62.4	59.3	58.4	55.0	50.6

Source: Bloomberg.

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