

# Business Divisions continued

## Treasury and Investments

In 2024, EDB's Treasury and Investments (T&I) division played a critical role in sustaining the Bank's strong financial position while enabling long-term growth. By managing liquidity, optimising investments, and diversifying funding sources, T&I strengthened EDB's ability to deliver impact while navigating an evolving financial landscape.

The division delivered an interest income of AED 506 million, including earnings from the excess cash in the amount of AED 2.715 billion received midyear as part of the Home Finance portfolio sale. Excluding proceeds from this sale, underlying interest income stood at AED 430 million. Operating income was strong at AED 250 million, driven by a surge in dividend income — with T&I contributing over 40% of the Bank's total operating income for the year.

**The division delivered an interest income of AED 506 million, including earnings from the excess cash in the amount of AED 2.715 billion received midyear as part of the Home Finance portfolio sale.**

There was a like-for-like 8% growth in interest income, bolstered by AED 40 million generated from the strategic divestment of AED 1.4 billion into Monetary Bills (M-Bills) at the Central Bank of the UAE, which commenced in March 2024. The division also recorded an improvement of 23 basis points in the average annual yield across the bonds and sukuks portfolio, reflecting prudent portfolio management.

Fee income from Financial Markets Solutions — including interest rate hedging and FX cash transactions — rose by approximately 50%, while rental income from the Bank's real estate portfolio also increased. On average, T&I managed assets totalling AED 10.6 billion by year-end 2024 (including Home Finance sale proceeds) and approximately AED 9.2 billion excluding the incremental funds.

**AED**  
**250**<sub>mn</sub>  
operating income

**50%**  
increase in fee income  
from Financial Markets  
Solutions

## Fixed income portfolio

Throughout 2024, T&I maintained a disciplined, high-quality fixed income strategy — carefully balancing risk, stability, and long-term value. The Bank’s portfolio was conservatively positioned, with 60% of investments allocated to UAE names (AED 898 million) and the remaining 40% to GCC names (AED 602 million).

This conservative approach allowed EDB to successfully navigate a year marked by rising interest rates, shielding the Bank’s investment book from mark-to-market (MTM) volatility and preserving value for the future.

**...a disciplined, high-quality fixed income strategy — carefully balancing risk, stability, and long-term value.**

Every instrument in the portfolio was classified as Held-to-Maturity (HTM), ensuring that investment decisions aligned with EDB’s long-term view and steady growth ambitions. The portfolio carried an average credit rating of BBB+, reflecting a strong commitment to credit quality and risk management.

Sector exposures were deliberately focused, led by Financials (33%), Sovereigns (21%), and Utilities (13%) —offering defensive characteristics and stable returns through market cycles.

**Sector exposures were focused offering stable returns:**

**33%** Financials

**21%** Sovereigns

**13%** Utilities

# Business Divisions continued

## Treasury and Investments continued

### Strategy

The division made steady progress in growing liabilities and diversifying funding sources, attracting new term deposits from corporate clients while expanding the reach of EDB's enhanced cash management solutions. These efforts supported the Bank's broader strategy of maintaining a strong, balanced funding base to support industrial lending and economic development priorities.

As custodian of EDB's cash and liquid assets, T&I managed a diverse portfolio of high-quality investments, with a clear focus on long-term, stable returns, including the active management of treasury liability products, securing competitive-cost deposits that provided a reliable platform for funding EDB's lending activities while strengthening relationships with clients and partners.

The Bank's strategic commitment to national development was reaffirmed at the ACT Middle East Treasury Summit 2024, where EDB highlighted its patient approach to debt — offering long-tenor financing and competitive pricing to

support transformative projects that contribute meaningfully to the UAE's economic growth.

Throughout the year, T&I upheld the Bank's conservative investment philosophy, carefully managing exposures across sector, geography, duration, and credit rating. Despite a sharp rise in interest rates, the Bank's hold-to-maturity strategy proved its strength, insulating the investment book from significant mark-to-market (MTM) volatility and preserving value for the long term.



### Fixed income Issuances

In March 2024, EDB successfully managed the maturity of a bond issuance, using proceeds from the Ministry of Finance loan to meet the repayment in full.

Despite a sharp rise in interest rates, EDB's strategy proved its strength, insulating the investment book and preserving value for the long term.

## Real estate

In 2024, EDB’s real estate strategy delivered strong operational gains, underpinned by a deliberate focus on maximising occupancy and enhancing asset value.

into maintenance, refurbishments, and administrative upgrades, EDB was able to increase the long-term value of its real estate portfolio — an impact already reflected in year-end asset valuations.



Residential occupancy levels reached new highs — peaking at 97% in December and averaging 93% for the year — a significant improvement compared to 2023. Commercial occupancy also saw notable growth, with Port Saeed reaching 46% occupancy and Al Garhoud rising to 80% — a marked advancement from the previous year, when only a single ground-floor unit in Port Saeed had been leased.

Rental income grew by nearly 10% year-on-year, driven by higher occupancy rates and the deferred sale strategy. While revenue growth remained modest in 2024, the significant gains in occupancy set the stage for strong future performance: rental income is forecast to double in 2025, and increase 2.5 times by 2026, as occupancy stabilises at higher levels and rental rates are optimised.

### Residential occupancy levels reached new highs — peaking at 97% in December and averaging 93% for the year.

This improvement was the result of a strategic shift implemented by the Treasury & Investments (T&I) team, prioritising leasing vacant properties over immediate sale. By focusing on sustained revenue generation, while reinvesting rental income

Additionally, revised pricing on new leases for Al Maha units in 2025, alongside the 5% rent increase applied in 2024 (taking effect from 2025), is expected to further accelerate revenue growth in the years ahead.

# Business Divisions continued

## Treasury and Investments continued

### Governance

In 2024, strong governance remained a cornerstone of EDB's financial management strategy — ensuring that risk, liquidity, and balance sheet dynamics were actively and prudently overseen throughout a dynamic economic environment.

The Bank's Asset and Liability Committee (ALCO) convened 14 times during the year, providing critical oversight of balance sheet management, interest rate risk, and liquidity risk. These sessions played a central role in preserving financial stability and optimising EDB's risk management framework in a shifting market landscape.

**ALCO convened  
14 times in  
2024**

To further strengthen oversight, EDB established an independent Balance Sheet Management (BSM) function within the Finance department. This newly created unit is tasked with:

- Implementing and managing the Funds Transfer Pricing (FTP) policy
- Administering management incentive structures linked to financial performance
- Overseeing Interest Rate Risk in the Banking Book (IRRBB) and Foreign Exchange Net Open Position (FX NOP) reporting through dedicated Management Information Systems (MIS)
- Leading forward planning for structural hedging and Net Interest Income (NII) forecasting

Beyond risk management, the BSM team will also support broader strategic planning — including the development of the Bank's funding mix strategy, the formulation of the High-Quality Liquid Assets (HQLA) framework, and regular reviews of the Contingency Funding Plan and liquidity projections.

Together, these initiatives ensure EDB maintains a strong liquidity profile and remains resilient against external shocks. Another key element of BSM's work in 2025 will be the governance of Risk-Adjusted Return on Capital (RAROC) calculations, establishing robust methodologies and tools to assess profitability through a risk-adjusted lens.

In line with evolving regulatory expectations, the Market Risk team implemented the IRRBB policy in 2024, with regular updates on the Bank's Earnings at Risk (EaR) and Economic Value of Equity (EVE) discussed during ALCO meetings, ensuring continuous monitoring of interest rate exposures.

During the year, EDB also took a notable step forward in its balance sheet strategy by converting its fixed-rate debt into floating rate obligations for the first time — a move aligned with Basel III Guidelines on supervisory standards.

**To further strengthen oversight, EDB established an independent Balance Sheet Management (BSM) function within the Finance department.**

## Supporting customers

EDB's Treasury and Investments division continued to strengthen its support for business teams and clients — helping manage risk, enhance liquidity, and improve transaction efficiency across the Bank.

The Financial Markets (FM) Solutions team played a central role, providing tailored support in three critical areas:

- 1 Interest rate hedging to protect clients against market volatility
- 2 Foreign exchange (FX) cash transactions to facilitate international trade
- 3 Term deposits to help optimise client liquidity management

FM Solutions also partnered closely with the Cash Management division to revitalise EDB's Liabilities strategy, leveraging CASA-based offerings to improve funding efficiency and support the Bank's broader balance sheet objectives.

Meanwhile, the Financial Institutions Group (FIG) introduced a revised limit structure, allocating specific unfunded bank limits to facilitate and streamline trade finance transactions for EDB clients.

Operationally, the team strengthened cross-bank relationships by establishing Relationship Management Agreements (RMAs) with key counterparties, ensuring seamless transaction processing and improving execution efficiency across multiple channels.

**STANDARD  
& POOR'S**

credit rating  
upgraded to AA

**... the only bank in the  
MENA region to achieve  
such an upgrade in 2024.**

In December 2024, EDB further enhanced its global transaction banking capabilities by opening a new Nostro account with a USD clearing bank — enhancing the Bank's ability to process US dollar transactions more efficiently and supporting its growing base of internationally active clients.

## Exceptional ratings

In 2024, EDB's strong financial performance and strategic national role were recognised by global rating agencies.

S&P Global Ratings (SPGR) upgraded EDB's credit rating from AA- to AA with a stable outlook — making EDB the only bank in the Middle East and Africa to achieve such an upgrade during the year.

Meanwhile, Fitch Ratings reaffirmed EDB's AA- rating, maintaining a stable outlook and underscoring the Bank's strong financial position, strategic relevance to the UAE's diversification efforts, and the high level of government support backing its long-term mission.



# Business Divisions continued

## Treasury and Investments continued

### Funding and liabilities

At the start of 2024, the division continued its strategy of generating liabilities through term deposits, building on the momentum established the previous year. However, as market conditions evolved, EDB made a strategic mid-year pivot.

In April, the focus shifted toward addressing the Bank's Cost of Funds challenge — redirecting efforts to secure lower-cost deposits from commercial corporates. This recalibration reflected a deliberate move to strengthen funding efficiency and align the Bank's liability structure with its long-term growth ambitions.

While the strategy resulted in a temporary reduction in corporate deposit volumes, it marked an important step towards creating a more sustainable, cost-effective funding base to support EDB's expanding industrial finance portfolio.

### Funding diversification

In 2024, EDB continued to make significant strides in broadening and strengthening its funding base. A major milestone was achieved when the Bank secured its cheapest long-term funding to date — a AED 2.8 billion bilateral borrowing from the Ministry of Finance.

To manage interest rate exposure and maintain financial flexibility, this fixed-rate loan was immediately converted into a floating-rate obligation through an interest rate swap, neutralising the associated risk. Liquidity surged mid-year following the sale of the Home Finance portfolio, providing EDB with a temporary influx of funds.

The division responded strategically, shifting its focus to optimising the deployment of these surplus funds, balancing near-term opportunities with the Bank's broader long-term growth and funding objectives.

### Looking ahead

As EDB moves into 2025, the Treasury and Investments division will continue to anchor its strategy around four core priorities: funding diversification, investment optimisation, operational efficiency, and ethical banking.

### Funding diversification

The division will explore a range of funding channels — including bilateral borrowings, standby and revolving credit facilities, repurchase transactions, public issuances, and private placements — to create a well-balanced portfolio of long- and short-term instruments. The objective remains clear: to ensure a sustainable, efficient funding base with a strong alignment between assets and liabilities.

To further optimise the investment portfolio, T&I has secured approval to partially divest selected private equity holdings, having already gauged market appetite for these assets. A revised strategy — including an authorisation request for a Sell Mandate — will be proposed to the Board by June 2025.

In parallel, T&I is considering the opportunistic monetisation of gains from the Bank's listed equity portfolio through partial sales, with plans to reinvest proceeds into more lucrative opportunities aligned with EDB's risk-return objectives.

The Bank has secured Board approval to invest AED 1.25 billion into a shorter-duration portfolio (~1.4 years), with deployment already underway and expected to be completed by Q1 2025.

Throughout the year, the division will maintain its focus on extending the maturity profile of short-term funds where possible, optimising bank limits, and leveraging higher-yielding Monetary Bills (M-Bills), strengthening the Bank's liquidity position and preparing it for future growth.

## Building liabilities

Strengthening the liabilities side of the balance sheet remains one of EDB's highest strategic priorities for 2025, particularly to support the continued growth of the Industrial Finance portfolio.

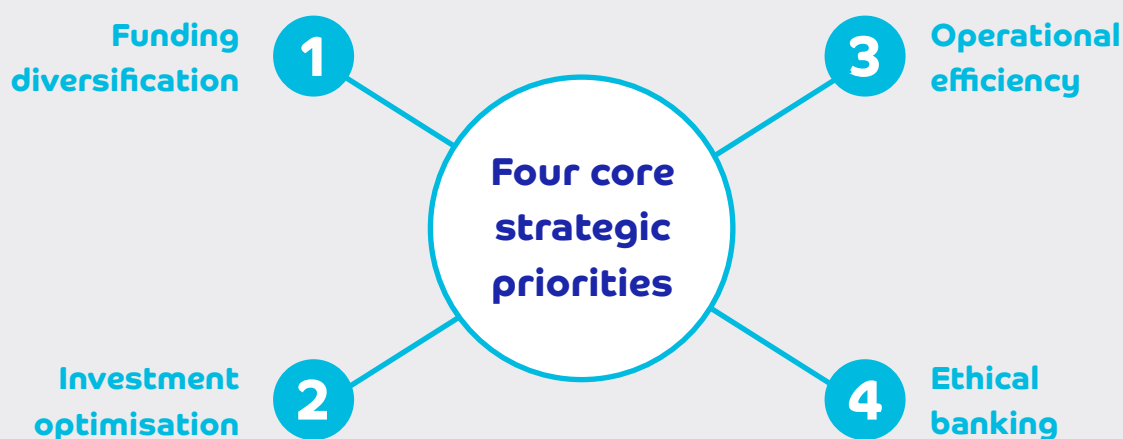
The strategy also aims to unlock new sources of liabilities through the Bank's expanding mSME platform, providing a natural bridge between transaction banking and longer-term funding.

## Strengthening the liabilities side of the balance sheet remains one of EDB's highest strategic priorities.

The Bank's approach will focus on securing term deposits from both existing and new corporate clients, as well as expanding relationships with Non-Banking Financial Institutions (NBFIs) and government-related entities.

To further broaden its offering, EDB is actively developing an Islamic banking framework, with plans to introduce Wakala deposits and Islamic CASA products. This will provide Sharia-compliant financial solutions for investors seeking ethical alternatives, and position the Bank to better serve a growing and important segment of the UAE's financial ecosystem.

Alongside this, EDB will leverage its newly launched Cash Management solutions to grow Current Account & Call Account (institutional CASA) balances, offering clients more integrated banking solutions while optimising the Bank's funding structure.



# Business Divisions continued

## Treasury and Investments continued

### Looking ahead continued

#### Investment optimization

Over the coming year, EDB will continue to focus on maximising the value of its liquidity resources to support sustainable growth and funding stability. A key priority will be the retention and effective utilisation of short-term Money Market (MM) lines, extended by financial institutions in early 2024.

These lines — totalling more than AED 1 billion — provide a vital, flexible source of liquidity, enabling the Bank to optimise its funding strategy while maintaining the agility needed to respond to evolving market conditions.

**A key priority will be the retention and effective utilisation of short-term Money Market lines, extended by financial institutions in early 2024.**



#### Repo framework

As part of its broader strategy to strengthen liquidity management and operational resilience, EDB is developing a comprehensive Repurchase Agreement (Repo) framework.

In 2024, the Bank began negotiating Global Master Repurchase Agreements (GMRAs) with counterparties, laying the foundation for more sophisticated collateral-based funding solutions.

In parallel, EDB is establishing a dedicated collateral management unit within the Operations team — a move designed to ensure efficient allocation and tracking of pledged assets under both Credit Support Annexes (CSAs) and GMRAs.

To support these capabilities, the Bank plans to integrate Bloomberg's Collateral Management [MARS] module into its T24 core banking system, creating a structured, technology-driven environment for managing collateral and secured funding operations.

#### Public or private issuance

In 2025, EDB is actively exploring opportunities to further diversify its funding sources through a potential public or private issuance — in either UAE dirhams (AED) or US dollars (USD).

To identify the most strategic path forward, the Bank has begun engaging with financial institutions, assessing a range of issuance structures and options that align with its long-term funding needs and liquidity management strategy.

While EDB maintains ample liquidity and has no immediate refinancing pressure — with its next bond maturity scheduled for June 2026 — the Bank is closely monitoring market conditions.

Should opportunities arise, EDB may choose to issue earlier to capitalise on the current tightening of GCC credit spreads, optimising funding costs and strengthening its balance sheet ahead of future growth.

## Real estate

The Treasury & Investments division will advance a structured real estate strategy designed to unlock value and strengthen long-term financial sustainability.

The division plans to propose the targeted sale of selected land plots, with the aim of monetising gains, eliminating recurring holding costs, and reducing the carrying burden of underutilised assets.

Proceeds from these strategic sales will be reinvested into annuity-generating assets, ensuring that the portfolio continues to contribute stable, recurring income while supporting the Bank's broader objective of building a resilient, future-ready balance sheet.

## Operational efficiency

In 2024, EDB took important steps to strengthen its operational infrastructure while maintaining a sharp focus on cost efficiency and execution quality.

The Bank initially engaged an external vendor to lead the integration of Bloomberg's Trade Order Management System (TOMS) and Risk & Derivatives Management modules (from MARS) into its core platforms — T24 and Oracle.

However, after completing the initial deliverables, it became clear that the project's scope, complexity, and associated costs would be better managed internally. EDB transitioned the integration to in-house resources, ensuring greater control, efficiency, and alignment with long-term technology goals.

The revised timeline targets completion by Q2 2026, positioning the Bank to enhance operational resilience and strengthen treasury and trading capabilities once fully implemented.

## Ethical banking

Over the next year, EDB will take decisive steps to expand its ethical and sustainable banking initiatives.

The Bank is working to establish a Green Financing Framework and obtain the necessary certification to support sustainable fundraising activities — both for the year ahead and as part of its long-term financing strategy.

This framework will enable EDB to better align its funding activities with global environmental standards while providing new opportunities to finance projects that contribute to the UAE's Net Zero ambitions.

At the same time, the Treasury & Investments division will support the expansion of EDB's product portfolio by developing Sharia-compliant financial solutions, opening new avenues for trade finance, cash management, and risk management instruments tailored to investors and businesses seeking ethical, Sharia-aligned offerings.