

Business

Divisions

Micro, Small and Medium Enterprises (mSMEs)

In 2023, the Micro, Small and Medium Enterprises division (mSME) delivered exceptional results across all its key performance indicators, encompassing developmental impact score, GDP impact and new job creation. It spearheaded the introduction of strategic new offerings in the Renewables and Agritech sectors, while also forging stronger alliances with UAE banks to introduce an innovative club deal financing option for its clientele.

mSMEs provided customers across all five focus areas with a full portfolio of lending facility (direct and indirect), including greenfield and brownfield project finance, long-term CAPEX finance, trade finance, and credit guarantees, as well as specialized financing solutions in advanced technology adoption finance, digitalization finance, and renewable power and energy efficiency finance. The objective, akin to that of the Bank as a whole, is to facilitate companies in optimizing their operational efficiency, thereby bolstering their contribution to the overarching national economic development objectives.

Performance

In 2023, there was a massive 81% growth in mSME financing to a record AED 3.52 billion. Mid-cap lending was particularly strong, achieving a 26% increase in financing.

In 2023, mSME approved AED 1.6 billion in direct financing – meeting its 2023 target – and AED 506 million in indirect financing through EDB’s credit guarantee scheme with partner commercial banks for small and mid-cap companies. In 2023, the scheme was enhanced to support these borrowers with

larger loan amounts and longer tenures. As well, a new portfolio guarantee scheme was introduced to support small microloan product portfolios.

Supporting Sustainability

The theme of sustainability runs through all the division’s accomplishments, as the Bank aligned with the UAE “Year of Sustainability” in 2023 and the successful hosting of COP28 in Dubai. Not only did the division finance several renewable energy projects to support customers’ renewable energy and sustainability projects, but it also introduced the new Solar Energy Financing solution.

This product provides up to 100% financing of the project value with a loan tenor of up to eight years for the purchase and installation of solar panels. Other features include a six-month grace period and medium- to long-term loan amounts up to AED 5 million.

Also, during the year, in support of the UAE-led “COP28 Food and Agriculture Agenda” and the UAE’s “National Food Security Strategy 2051”, the Bank’s AgriTech Loans Program and financing solutions was met with great interest. It provides much-needed financing support to SMEs and start-ups operating within the farming sector and related industries.

Committing AED 100 million in financing support to the country’s vital food security sector, the program offers green-and brownfield project financing, CAPEX and working capital financing, and medium-term loans or working capital amounts of up to AED 5 million and up to 90% project financing. The new product aims to empower farms, local growers and food suppliers by supporting their adaptation and modernization efforts.



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mSMEs (continued)

Growing Portfolio

Reflecting its commitment to provide mSMEs with the solutions they need to thrive, the Bank added a number of products and services, including supply chain financing and medical receivables financing, letters of credit, US dollar lending, US dollar deposits, and access to the UAE's Monetary Bill (M-Bill) alternative to certificates of deposit.

Multi-Lateral Financing

Alongside these new themed products, mSME also introduced a new solution for medium-sized companies. The new multi-lateral financing program committed AED 300 million to help these companies access loans with lower pricing, larger financing amounts (up to AED 10 million), and longer tenors (up to 10 years), each tailored to the distinctive requisites of the respective business models.

To enable this, EDB signed agreements with several local banks in the country, facilitating these multilateral, co-lending and portfolio financing options, alongside the existing credit guarantee scheme. In all, partnership lending during the year exceeded AED 1 billion.

FinTech Developments

As part of its agenda, EDB is looking at supporting growth of FinTechs and build a seamless integration journey for all customers and FinTechs within its ecosystem.

The popular term loan product offered in collaboration with peer-to-peer lender Beehive was enhanced to allow unsecured loans of up to AED 5 million. Also added to the Beehive offering was the Bank's AgriTech and Solar Financing products, as well as invoice discounting, working capital and term loan financing.

Reflecting the longer-term vision to offer SME customers a range of FinTech solutions on the EDB app platform, a new provider, Trade Capital Partners, was onboarded during the year. They will offer supply-chain financing and working capital solutions to SMEs in the UAE.

Working on a partnership model, EDB is constantly on the lookout for innovative FinTech solutions to give a seamless banking experience to customers. In the lending space, potential partnerships are being explored to enhance the product suite with additional direct-financing solutions within priority sectors. Additionally, ongoing discussions are taking place with multiple service providers to offer comprehensive Beyond Banking capabilities to customers including money transfers and spend management, invoicing, payment acceptance, and spend analytics.

Enhancing Customer Service

During the year, the division continued to enhance its internal processes to further improve turnaround times, a key benefit for customers. By restructuring several back-office data processing systems, the division was able to speed delivery of various services, thereby improving the customer journey and ensuring customers could manage accounts more efficiently.

Non-Financial Solutions

In addition to providing financing, the Bank also continued to support SMEs via a range of non-financial products and services.

The mSME division remains committed to backing FDI in both greenfield and brownfield projects within priority sectors.



Award Winning

EDB was named the 2023 'MENA SME Bank of the Year' at the MEED Banking Excellence Award. The Bank was recognized for excellence in providing innovative and effective financing solutions to SMEs, customer satisfaction, and contribution to the development of the SME sector in the region.

products and services, while also supporting foreign direct investment (FDI) and fostering private company growth within the UAE.

The mSME division remains committed to backing FDI in both greenfield and brownfield projects within priority sectors. This support extends specifically to ventures aiming to introduce innovative concepts or existing businesses seeking commercialization opportunities within the UAE market.

Tech forward

The division will continue to help startups and micro-SMEs establish business accounts and provide support beyond standard banking services and lending solutions. Key to this is enhancing the onboarding journey with streamlined processes for a superior user experience.

EDB will connect startups and FinTechs on a seamless digital platform through the provision of advanced identity verification. Digital e-KYC (Know Your Customer) program will also be implemented to improve the process.

A range of new digital services will be offered to customers, including e-bill payment, the introduction of debit card payment. In addition, value-added services such as payroll management and e-invoicing, which are part of the digital ecosystem, will be provided.

The Business Lab

The Business Lab is an online platform that provides free essential resources and content to help entrepreneurs at various stages of their business development. Entrepreneurs can receive practical professional tips on credit worthiness and financial literacy on how to address common business challenges delivered through short films to enhance their financial literacy. Business Lab provides entrepreneurs and companies at a pre-financing, pre-banking stage with financial literacy training and advisory to help get them become credit worthy and banking ready.

EDB Business Banking App

The EDB Business Banking App represents the division's increasingly digital-first approach to customer empowerment and service. Launched in 2021, the app is powered by UAE FinTech Yap. Through the Business Banking App, customers can complete their applications in seconds, receive a bank IBAN number in minutes, and begin transacting on their account in as little as 48 hours. The EDB Business Banking app also features a lending service that allows SMEs to apply for loans of up to AED 5 million directly through it and receive approval or feedback within five days.

The Year Ahead

The year 2024 will mark the third of the bank's five-year strategy and will focus on **four initiatives**. These are to build the **cash management function** to support working capital and trade transactions, enhancing the **trade finance proposition** to provide end-to-end solutions to customers, **developing the new FDI proposition** and enhancing the **private sector penetration**. These initiatives are designed to make it easier for new customers to access EDB's