

BDB posts positive results, ups SME support by 179%

● Reports a net profit of BHD 563K

● The bank significantly stepped up its financing activity to support SMEs with total disbursements increasing by 179% to BHD 106 million

● The bank also continued offering financing under the "BDB-Riyadat scheme".

● BDB grew its financing portfolio to BHD 162 m

TDT | Manama

Bahrain Development Bank (BDB), the Kingdom's premier SME Bank, announced that it has achieved positive results and strong growth again in 2020, posting a net profit of BHD 563K despite the years' challenging economic and credit environment, During the year, the bank

The performance of the Bank during 2020 was the result of significant efforts, the ability of the bank to successfully adapt its strategies during this extraordinary period, and the continued invaluable support of the Ministry of Finance and National Economy (MOFNE), the Central Bank of Bahrain (CBB) and Tamkeen

SANJEEV PAUL, CHIEF EXECUTIVE OFFICER

significantly stepped up its financing activity to support SMEs with total disbursements increasing by 179% to BHD 106 million (2019 BHD 37.9 m). The Bank was also a focal point for assisting SMEs under the Government's Liquidity Support Scheme.

With the support of Tamkeen, the bank also continued offering financing under the "BDB-Riyadat scheme".

The scheme aims to support women-owned enterprises and help them grow. During the year, an amount of BHD 1.067 m was disbursed under the scheme while total disbursements from the initiation of the scheme till the end of 2020 stood at BHD

5.723 m. BDB grew its financing portfolio to BHD 162 m while substantially improving the quality of its financing portfolio and maintaining a healthy Capital Adequacy Ratio (CAR) of 64%.

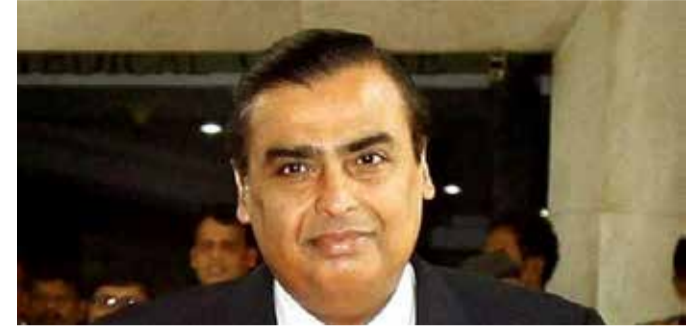
The year also saw the bank ramp up its digitalization efforts. In line with BDB's digital transformation, the group launched the digital transformation program Ru'ya where the bank has selected the front-to-back digital offering, TCS BaNCS Global Banking Platform enabled with APIs and cognitive tools such as AI and analytics facilitating the launch of one of the region's first digital state-of-the-art SaaS-based core

banking system on the Cloud. Ru'ya will further strengthen BDB's position as Bahrain's premier SME Bank, streamlining the bank's offering of innovative products and services to the SME community through a state of the art omnichannel platform.

Commenting on the Bank's performance, Sanjeev Paul, Chief Executive Officer of BDB Group, said: "The performance of the Bank during 2020 was the result of significant efforts, the ability of the bank to successfully adapt its strategies during this extraordinary period, and the continued invaluable support of the Ministry of Finance and National Economy (MOFNE), the Central Bank of Bahrain (CBB) and Tamkeen."

"During 2020, we focused our efforts to provide the optimum support, both in terms of financing and support services, to the SME sector, considering it to be one of the most vulnerable sectors impacted by the crisis. In addition to providing SME's with funding to support liquidity, businesses were also provided with relief in the form of deferred loan instalments and waivers of rent for businesses utilizing the bank's incubator centres."

India's Reliance partners with Google, Facebook for digital payment network bid: ET



Reliance Industries Chairman and Managing Director Mukesh Ambani

Reuters | New Delhi

India's conglomerate Reliance Industries has partnered with Facebook Inc, Google and fintech player Infibeam to set up a national digital payment network, Economic Times newspaper reported yesterday, citing unnamed sources.

Last year, India's central bank invited companies to forge new umbrella entities (NUES) to create a payments network that would rival the system operated by the National Payments Council of India (NPCI), as it seeks to reduce concentration risks in the space.

Set up in 2008, NPCI is a not-for-profit company, which as of March 2019 counted dozens of banks as its shareholders, including the State Bank of India, Citibank and HSBC. It processes billions of dollars in payments daily via services

that include inter-bank fund transfers, ATM transactions and digital payments.

Citing three unnamed sources, India's leading business daily Economic Times said that the group led by Reliance and Infibeam was in the advanced stages of submitting their proposal to the Reserve Bank of India.

A spokesperson for Infibeam declined comment on the report, saying the company was bound by the confidentiality of process, while Reliance, Google and Facebook did not immediately respond to a request for comment.

Digital payments in India could rise to \$135.2 billion in 2023, according to an Assocham-PWC India study in 2019.

Facebook and Google are already partnered with Reliance and own stakes in Jio Platforms - the unit which houses Reliance's music, movie apps and telecoms venture.



CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at 31 December 2020

	2020 BD '000	2019 BD '000
ASSETS		
Cash and balances with Central Bank of Bahrain	2,568	1,976
Placements with banks and other financial institutions	3,722	14,850
Islamic financing and loans to customers	146,630	76,731
Investment securities	56,364	41,447
Investment in associates	374	322
Investment properties	11,071	11,527
Property and equipment	1,926	1,991
Other assets	3,288	2,416
TOTAL ASSETS	226,483	151,260
LIABILITIES AND EQUITY		
Liabilities		
Term loans	35,304	42,293
Deposits	118,030	34,918
Other liabilities	4,444	4,723
Total liabilities	157,778	81,934
Equity		
Share capital	65,000	65,000
Statutory reserve	1,186	1,186
Other capital contribution	4,048	4,048
Other reserves	1,146	654
Accumulated losses	(2,656)	(1,544)
Equity attributable to owners of the Bank	68,724	69,344
Non-controlling interest	(19)	(18)
Total equity	68,705	69,326
TOTAL LIABILITIES AND EQUITY	226,483	151,260

CONSOLIDATED STATEMENT OF PROFIT OR LOSS For the year ended 31 December 2020

	2020 BD '000	2019 BD '000
Income		
Islamic financing and interest income	8,536	8,234
Islamic financing and interest expense	(1,213)	(1,588)
Net Islamic financing and interest income	7,323	6,646
Fee and commission income	452	357
Investment income	(416)	(288)
Rental income	1,054	1,706
Other income	280	194
Total operating income	8,693	8,615
Expenses		
Staff costs	(4,749)	(4,170)
Other operating expenses	(3,321)	(3,472)
Total operating expenses before allowance for expected credit losses	(8,070)	(7,642)
Allowance for expected credit losses / provision - net	(112)	1
Total expected credit losses / impairment	(112)	1
Net operating income	511	974
Share of profit from associates	52	63
Net profit for the year	563	1,037
Net profit for the year attributable to:		
- Owners of the Bank	563	1,036
- Non-controlling interest	-	1
	563	1,037

CONSOLIDATED STATEMENT OF CASH FLOWS For the year ended 31 December 2020

	2020 BD '000	2019 BD '000
OPERATING ACTIVITIES		
Net profit for the year	563	1,037
Adjustments for:		
Depreciation	1,114	854
Allowance for expected credit losses / provision - net	669	440
Changes in fair value of investments classified as FVTPL	416	348
Changes in revaluation of loans and deposits classified as FVTPL	(61)	-
Dividend income	-	(77)
Share of profit from associates	(52)	(63)
Loss on foreign currency translation	14	17
Operating profit before changes in operating assets and liabilities	2,663	2,556
Changes in operating assets and liabilities:		
Placements with banks and other financial institutions having original maturities of more than 90 days	6,825	2,272
Islamic financing and loans to customers	(84,812)	9,908
Other assets	(1,607)	277
Deposits	96,094	(83)
Other liabilities	(143)	(618)
Net cash flow from operating activities	19,020	14,312
INVESTING ACTIVITIES		
Additions to property and equipment	(610)	(1,217)
Purchase of investment securities	(60,658)	(54,830)
Proceeds from sale of investment securities	45,402	44,970
Dividend income received	-	77
Liquidation of Investment Securities	55	8
Net cash flow used in investing activities	(15,811)	(10,992)
FINANCING ACTIVITY		
Repayment of term loans	(6,989)	(8,314)
Net cash flow used in financing activity	(6,989)	(8,314)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,780)	(4,994)
Cash and cash equivalents at beginning of the year	7,759	12,753
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	3,980	7,759
Additional information:		
Islamic financing and interest received	7,991	8,038
Islamic financing and interest paid	1,247	1,667

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME For the year ended 31 December 2020

	2020 BD '000	2019 BD '000
Net income for the year	563	1,037
Other comprehensive income:		
Items that will not be reclassified to profit or loss in subsequent periods:		
Changes in fair value through other comprehensive income reserve - equity instruments	(5)	(25)
Items that will be reclassified to profit or loss in subsequent periods:		
Net unrealized gains in cash flow hedges	411	-
Changes in fair value of investments classified as fair value through other comprehensive income - debt instruments	86	829
Total comprehensive income for the year	1,055	1,841
Total comprehensive income attributable to:		
- Owners of the Bank	1,055	1,840
- Non-controlling interest	-	1
	1,055	1,841

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For the year ended 31 December 2020

	Equity attributable to owners of the Bank						Non-controlling interest	Total equity
	Share capital	Statutory reserve	Other capital contribution	Other reserves	Accumulated losses	Total		
	BD '000	BD '000	BD '000	BD '000	BD '000	BD '000	BD '000	BD '000
As at 1 January 2020	65,000	1,186	4,048	654	(1,544)	69,344	(18)	69,326
Total comprehensive income for the year	-	-	-	492	563	1,055	-	1,055
Recognition of modification loss net of government grant	-	-	-	-	(1,675)	(1,675)	-	(1,675)
Minority interest movement	-	-	-	-	-	-	(1)	(1)
As at 31 December 2020	65,000	1,186	4,048	1,146	(2,656)	68,724	(19)	68,705
	Equity attributable to owners of the Bank						Non-controlling interest	Total equity
	Share capital	Statutory reserve	Other capital contribution	Other reserves	Accumulated losses	Total		
	BD '000	BD '000	BD '000	BD '000	BD '000	BD '000	BD '000	BD '000
As at 1 January 2019	65,000	1,186	4,048	(150)	(2,580)	67,504	(13)	67,491
Total comprehensive income for the year	-	-	-	804	1,036	1,840	1	1,841
Minority interest movement	-	-	-	-	-	-	(6)	(6)
As at 31 December 2019	65,000	1,186	4,048	654	(1,544)	69,344	(18)	69,326

*The addition to property and equipment and other liabilities of BD 44 thousand (31 December 2019: BD 714 thousand) is a non-cash item.

These statements have been extracted from the consolidated financial statements for the year ended 31 December 2020 which were reviewed by Ernst & Young who expressed an unqualified opinion on 22 February 2021

Khalid Al Rumaihi
Chairman

Sanjeev Paul
Group Chief Executive Officer