



Mr. Mufaddal Idris Khumri  
Managing Director & Chief Executive Officer

## MD & CEO'S STATEMENT

Return on common equity (ROE)

**20.63%**

Total Financing

**MVR 4.11 Billion**

Deposits

**MVR 6.83 Billion**

Growth in Balance Sheet

**33% Growth**

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*The year 2023 was a pivotal moment in MIB's demanding journey to become a systemically critical Bank in Maldives. There is an interesting saying "Set your life on fire. Seek those who fan your flames". For us, 2023 acted as that catalyst.*

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## Dear Shareholders,

When I joined the bank in late 2022, there was the looming threat of global recession and inflation. The “market” forecasted a mild recession, with financing costs peaking before they gradually come down. Across the world, the year 2023 was yet another year of significant challenges, from the terrible ongoing wars and violence in the Middle East and Ukraine to growing geopolitical tensions. Almost all nations felt the effects last year of global economic uncertainty, including higher energy and food prices, inflation rates and volatile markets. Financing costs have risen globally, to arrest the threat of a looming recession and it remains to be seen whether they would be pared down in 2024. The good news is that despite these uncertainties, the global GDP grew in 2023 and equity markets recovered significantly. Supply chains continue their recovery, businesses remain healthy and credit losses remain within manageable levels.

The Maldives economy continues to be buoyant, with consumer spending on the uphill. The growth of the real GDP by nearly 6.5% in 2023 paves the ground for a high single digit growth in 2024 and thereafter. The trajectory of increase is largely attributed to the double-digit growth in the tourism sector. Tourism and related services directly contribute to 40% of the economy, 80% of exports and 60% of exchange reserves. The expansion of Velana International Airport and related investments in the tourism sector are key factors bolstering this growth. 2023 witnessed nearly 1.878 million tourist arrivals, the highest for Maldives. The increasing trend of arrivals continued in the first quarter of 2024 as it witnessed a double digit increase in tourist arrivals compared to Q1 2023. We expect tourist levels to cross the much awaited 2 million mark in 2024.

However, high global commodity prices have continued to exert pressure on inflation and fiscal balances. The primary concerns for the Maldives, as with other countries in the region, include the potential escalation of conflict in the Middle East, leading to higher energy and food prices. The medium-term growth outlook remains positive, albeit with significant external debt vulnerabilities and fiscal challenges. The country is projected to face substantial external debt servicing in coming years with public debt being more than 100% of GDP. This, along with the current account deficit will continue to exert pressure on the balance of payments.

The Maldives, being a small island nation, is particularly vulnerable to climate-related disasters. The implications of these climate-related disasters extend beyond immediate physical damage and food security, with the potential to disrupt the critical tourism sector. Diversifying the economy beyond tourism and fishing, reforming public finance, controlling subsidies, and increasing employment opportunities are near-term challenges facing the government. While the economic outlook for the Maldives is optimistic, the potential risks highlight the need for vigorous policy measures to mitigate the above challenges.

## We journeyed 2023 with Ardor

I am glad to report that Maldives Islamic Bank (MIB) continued to make progress on its priorities in 2023. We remained focused on businesses where we generated appropriate risk adjusted returns, continued to strengthen our leadership team, whilst executing our strategic objectives and moved ahead with our risk control and regulatory agenda.

The Bank generated record revenue in each of our lines of business. We earned Total Income of MVR 566.52 Million, with return on equity (ROE) of 20.63%, reflecting strong underlying performance across our businesses. For 2022, we paid a dividend of MVR 1.75 per share resulting in a payout of 33%, while for 2023, dividend payout is proposed for 37%, with MVR 2.90 as per share dividend. We grew market share in all our businesses and continued to make substantial investments in products, process, people, and technology while exercising strict compliance & risk disciplines.

Over the last one year the Bank has assiduously worked on an agenda of sustained growth across all business verticals. Our deposits have increased by more than 30%, financing has increased by 45% and the overall balance sheet has grown by 33 % to touch MVR 8.2 billion. Our risk appetite has grown in a noticeably measured fashion as we have taken considerable exposure in the corporate sector, tourism, fishing and infrastructure. Our customer base has increased by more than 30% as we have onboarded new to bank retail & corporate customers. Our revenues have shot up by nearly 38% and costs have been maintained at reasonable levels with delinquency under control. We are on course to open additional sales and service centers across the country and have increased deployment of ECRMs. On the product front we have launched new consumer and corporate financing and payment options to facilitate account access. We remain at the forefront of helping finance individuals, small businesses, larger corporations and state-owned enterprises. We hold fast to our commitment to corporate responsibility, including helping to create a stronger, more inclusive economy by supporting financing affordable housing and small business enterprises, schools, hospitals and many more to help them achieve their ambitions. We believe Functionality and Trust will determine the future of banking and for this we will continue to collaborate with our stakeholders and grow together. This is the only mutually beneficial model, rather than working in isolation.

Our corporate orientation has moved to a sales culture with emphasis on corporate relationship management through teamwork. Retail and SME sectors continue to grow. In the coming years a sustained growth model is to be followed with an aggressive expansion strategy. Our focus areas have remained to grow a diversified asset base backed by solid and stable funding book. This strategy has been reinforced through active and measured cross sell and a strong risk cum credit culture backed by operational efficiencies in processing. In marketing, we have been increasingly visible and have run many campaigns across social media to popularize our

brand, product offerings and services. We continue to sponsor community-based activities, and we do many of them to ingrain ourselves across societies.

We have invested heavily in technology to enhance customer experience by digitizing customer onboarding for account opening, financing, and KYC authentication, by integrating with the national identity portal. Our digital initiative is not merely limited to front end alone, rather we have worked upon automating the back-end processes and further improve it through straight through processing (STP) initiatives. Customer access points have been enhanced with new developments in internet Banking, mobile banking, and instant payments to bank accounts across the country. Overall, we have worked to improve customer experience but much more needs to be done. Our goal is to make meaningful and adroit investments in businesses to endure our growth.

In 2023, we executed more than 100 initiatives across multiple businesses and support verticals. These encompassed, stable funding, asset diversification, enhanced distribution, augmenting payment options for issuing and acquiring businesses, strengthening our digital and technology stack, refining processes, enhancing customer centricity, improving our marketing and communication, and updating the documentation stack.

To ensure proper governance at the management level we have established various governance committees, including those focused on business, risk, asset liability management and information technology that assist us to carry out day to day administrative functions. We strongly believe that every employee during their daily functions creates risk and is responsible for managing them. All of us as employees must comply with applicable laws, regulations, and company policies.

Whilst we are conscious of the things we do correctly, we remain mindful of our mistakes. And when we do make mistakes, we own them up, learn from them and move on. The year 2023 was a pivotal moment in MIB's demanding journey to become a systemically critical Bank in Maldives. There is an interesting saying *"Set your life on fire. Seek those who fan your flames"*. For us, 2023 acted as that catalyst.

We did all we could in 2023 to set the pace for the coming years by demonstrating passion and commitment towards growth and stability. I quote a Persian proverb *"The lion is most handsome when looking for food."* This literally translates to *"you are at your best only when you're doing what you should"*. That is precisely what we did in 2023 and will continue to do so in the years to come.

### Human Capital Management:

At Maldives Islamic Bank we believe that the foundation of our success rests with our people as they remain integral for our long-term success. We remain committed to fostering a strong risk-focused culture and investing in our employees. These are the front line, both individually and as teams, serving our

customers and communities, building the technology, making the strategic decisions, managing the risks, determining our investments, and driving innovation. Any company's prosperity requires a great team of people with mettle, brains, integrity, enormous capabilities, and high standards of professional excellence to ensure its ongoing success. I remain proud of our company's suppleness and of what our hundreds of employees have achieved, collectively and individually. The changes that we brought about in the organization structure and leadership roles have benefited our business by providing an opportunity for talented staff members to display their business acumen.

We remain committed to a work culture that attracts, rewards, trains, empowers, and retains people. We listen to our employees and encourage feedback to enhance employee experience and drive improvements to our culture and processes. Many of the employee suggestions have been implemented, leading to efficiencies, innovations, and greater employee engagement. Together they all help us become a better company. We strive to maintain harmony between work and life.

Women comprise 58% of our workforce. They bring the much-needed semblance of cohesiveness and community feel amongst all employees. At leadership roles they aid decision making and their perspective on many business matters brings in a structured approach to the thought process. I admire them for their commitment, work ethos, dedication, and passion. We will keep demonstrating our diversity, equity, and inclusion efforts. Each year we have many new staff members who join us, and they come from diverse backgrounds. To all of them and to existing staff we provide equal treatment, equal opportunity, and equal access. We provide a fair chance for everyone to succeed regardless of their background. And we want to make sure everyone who works at our company feels welcome. Our mantra for employees is to embrace candor, do what's right for the Bank, learn and grow and build high performing teams that champion diversity and inclusion.

### Our priorities for 2024:

As part of our 5-year strategic plan we will focus on strengthening our foundation through multifarious tactical activities.

- Continue to build and implement a risk and control infrastructure appropriate for the size and nature of our businesses.
- Leverage our competitive strength, whilst utilizing technology and digital solutions to provide differentiated experience and value to our client base to power businesses over the longer term. Our goal remains to transform our business model to one driven by technology platforms and enhanced by physical distribution. This will drive scalable growth, higher productivity and intensify customer engagement.
- Leverage new age tech such as AI/ML, cloud native architecture, API driven banking and continue to pioneer industry first initiatives. We will consciously launch on a small scale, listen to customer feedback, make enhancements, build acceptance through word of mouth prior to scaling up.

- Apply data through analytics to offer differentiation and tailored customer experience and solutions.
- Continue to monitor digital frauds particularly targeting the vulnerable section of our customers. We remain committed to helping safeguard customers by way of increasing awareness amongst customers and improving our security and fraud monitoring tools.
- Establish clear priorities to remain focused on simplifying processes to enable effective and efficient operations. We will carry out business process reengineering to improve TAT.
- Growing the transaction accounts portfolio through business accounts & salary transfers is the key to deposit mobilization whilst lowering the cost of funds.
- Reach out to more atolls by establishing sales and service outlets. Physical set ups are the fulcrum of customer relationship that bolster our Phygital approach backed by our payment penetration to capture a higher share of the wallet and to ensure that customers transact with us regularly.
- Build a contagious culture across the bank to deliver service excellence. Our aim remains to be a respected brand that unceasingly engages with customers and other stakeholders. We will strive to better our net promoter score.
- We will be guided to doing what is right for our customer, who remains at the center of everything we do. I dedicate a proverb of the Persian poet Hafez to illustrate the relationship between the Bank (Sun) and the customer (earth).  
- *"Even after all this time the sun never says to the earth, 'You owe me.' Look what happens with a love and dedication to serve like that, it lights the whole sky."*
- An increasing customer base needs to be engaged and managed. Our digital marketing and communication over social media will continue as we aim to reach out to both existing and new customers.
- Our core enabling functions of credit, collections, risk and compliance, legal and internal audit will continue to be integral to the health and growth of the Bank.
- The strengthening of our balance sheet is critical as we need to inject fresh capital to support our growth plans, take larger exposures in infrastructure projects and tourism industry, thereby meaningfully participating in nation building. The additional capital will enable us to maintain desired capital adequacy and liquidity levels well above regulatory norms. It will further fortify the regulatory stress tests and enable us to absorb portfolio shocks on account of economic dishevels.
- Remain cognizant of regulations and follow them judiciously to maintain the strength of the bank as both the guardians of the financial system and the engine that finances the economic machine.
- Create a leaner and fitter organization. A Bank differentiated by innovation, bespoke product offerings, and backed by orderly risk management.
- With a warming world making the threat of climate change a reality, there is a continual need for banks to foster and nurture carbon neutrality in their business. We will make ESG an integral part of our assessment and enhance awareness amongst borrowers. We will continue to finance responsibly and remain committed to being socially responsible citizens through our CSR activities.
- Organization culture and conscience are vital catalysts to

good corporate governance. Long term sustainability of the organization is only possible through cultivating an unwavering commitment to compliance and assurance functions. We will continue to strengthen the checks and balances through them to sustain growth and stability.

My vision is to see Islamic Banking becoming mainstream in Maldives and for us to acquire majority market share. For this to happen we need to become an intermediary bank for all government and corporate transactions. Public and private partnership is a key to growth for Maldives. Islamic banking must facilitate this by becoming an intermediary for domestic and foreign investments to be routed across infrastructure and developmental projects. Hence, it is an imperative that we run a lively, purpose driven and responsible Islamic Bank with ethics and values embedded across all our businesses.

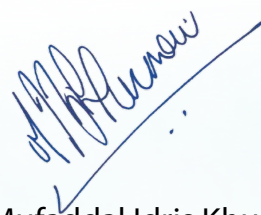
We will make 2024 a "Carpe Diem" moment for us.

### To Conclude

I wish to express my earnest gratitude to our Board members and the Shariah Supervisory committee for their continuous guidance, motivation, and supervision. They have been the catalyst in our progress through their unwavering support and belief in our abilities to deliver.

And to my wonderful colleagues in the Bank, I would like to express my deep thankfulness and appreciation. Each one of them has contributed to our success and to the new evolution of a dynamic Bank that supports the aspirations and ambitions of the nation. They have demonstrated a passion and determination to pick up the gauntlet and deliver across all businesses and support functions.

Finally, salutations to all our customers who have stood by the Bank and given us their business. Thank you for your business.



**Mr. Mufaddal Idris Khumri**  
Managing Director & Chief Executive Officer