

# FIRST QUARTER REPORT

January to March 2020

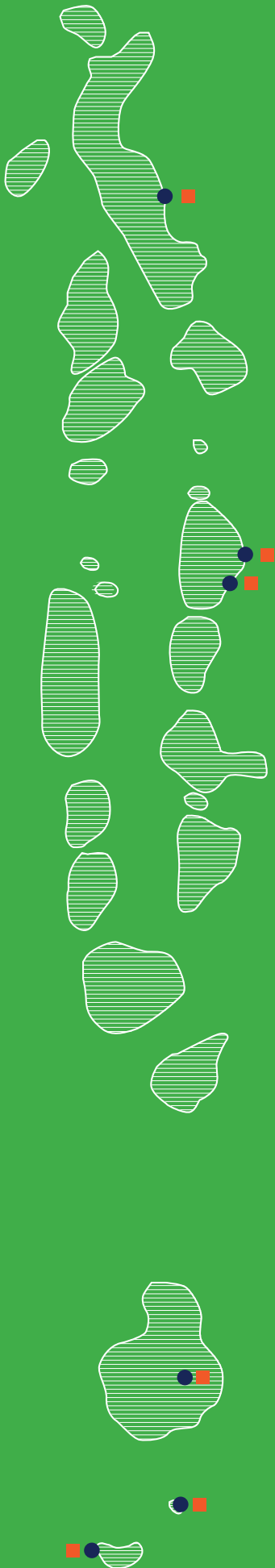


# MALDIVES ISLAMIC BANK PLC.

Maldives Islamic Bank PLC., the first and fully Shariah compliant bank in the Maldives is a collaboration between Islamic Corporation for the Development of the Private Sector (ICD), the private sector arm of the Islamic Development Bank Group (IsDB) and the Government of Maldives, represented by Ministry of Finance. The parties entered into an agreement on 04th October 2009 with a view to jointly develop and pioneer Islamic Banking services in the Maldives in line with principles of Shariah. MIB opened its' doors on the 7th of March 2011 with the opening of the main branch in Male', the capital of Maldives and quickly followed suit by expanding into all major population centres of the nation. MIB now operates with 6 branches in 5 atolls across the country. The Bank is listed on Maldives Stock Exchange as the only full-fledged Islamic bank in Maldives since November 2019. Today, the Bank's 31% of share capital is owned by the general public, in line with the Bank's principle of increasing public participation in the Bank's ownership.

Incorporated as a Private Limited Company, the Bank was brought to inception with the intention to provide an alternative to the public and businesses who wish to avail themselves to banking transactions and dealings in strict compliance to Islamic banking principles. The primary goal was to offer the people of Maldives the opportunity to be a part of the fast-growing Islamic banking community worldwide. MIB is an active participant in the development and promotion of an Islamic economic and financial system in the Maldives.

MIB provides full range of Shariah compliant deposit products and financing solutions catering to the general public, both individuals and businesses. From humble beginnings, MIB currently provides its service through a branch network of 06 to meet the growing demand and to facilitate Islamic banking convenience throughout the country in major population centres. In its continuous effort to provide better access and convenience to its customers, the Bank has expanded its alternative distribution channels through Automated Teller Machines (ATM)s network, Point of Sale (POS) terminals at various merchant outlets and via its online banking service, FaisaNet. MIB constantly strives to exceed customers' expectations by proactively developing long-term relationships and through constantly introducing modern banking services such as FaisaPay for online payments and FaisaMobile for mobile banking services.



# OUR BRANCH / ATM NETWORK

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**Haa Dhaalu Kulhudhuffushi**  
Branch & ATM

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**Male' , Male' City**  
Main Branch, Service Center & ATM

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**Hulhumale' , Male' City**  
Branch & ATM

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**Gaafu Dhaalu Thinadhoo**  
Branch & ATM

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**Gnaviyani Fuvahmulah**  
Branch & ATM

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**Hithadhoo , Addu City**  
Branch & ATM

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● BRANCH    ■ ATM

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## SUMMARY

Maldives Islamic Bank PLC. reported positive growth during the first quarter of 2020, with a net profit of MVR 31,526,316 for the quarter, an increase of MVR 1,892,191 from the last quarter. Despite the unprecedented setback in global economy during the recent months, the Bank was able to finish the quarter with satisfactory financial results and liquidity.

Please note that the financials mentioned below for Q1 of 2020 are pre-audited numbers. Financial relating to Quarter 4 of 2019 is an extract from audited financials of financial year 2019.

## STATEMENT OF COMPLIANCE

This report has been prepared in accordance with the Capital Market Development Authority's Circular on Minimum Criteria for Periodic Reporting for Listed Companies (MCPR) dated 19th September 2019.

## BUSINESS DEVELOPMENTS

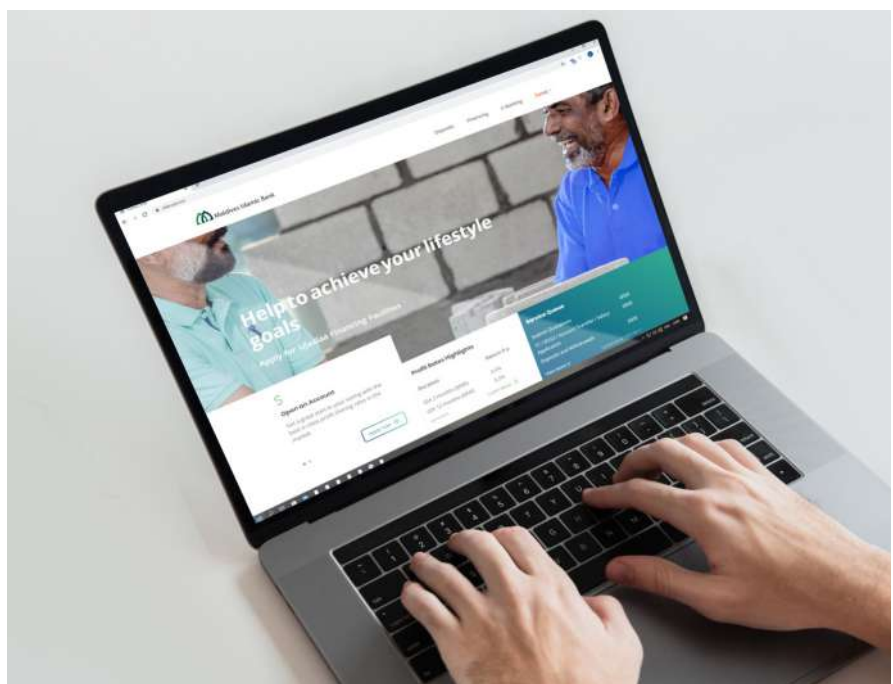
### CARD PAYMENT PROCESSING SYSTEM

Maldives Islamic Bank PLC. has completed and implemented a card payment processing system with state-of-the-art features to enable the Bank to leap forward. This was one of the largest technology upgrades that the Bank undertook, bringing the underlying technology for card payment processing and other related e-banking platforms to a much quicker and secure platform. With this, now the Bank can enable additional services, such as self-service banking, and paperless PIN and receipt services.

### WEBSITE AND ONLINE ACCOUNT OPENING

The Bank launched its' brand-new website in February 2020 with a unique interface and user experience that is engineered to be touch and mobile friendly. With the new website, customers can now apply online to open bank accounts.

The website is divided into logical sections with a clean layout to ease the navigation for customers seeking information about the Bank and its offerings.



## SHAREHOLDING STRUCTURE

During the reporting period, shareholding structure of the Bank remains unchanged compared to Quarter 04 of 2019. The current shareholding structure of the Bank is as follows.

Name	Q1 – 2020		Q4 - 2019	
	No. of shares	% of shareholding	No. of shares	% of shareholding
<b>Islamic Corporation for the Development of the Private Sector</b>	8,100,000	36.00%	8,100,000	36.00%
<b>Government of Maldives</b>	6,300,000	28.00%	6,300,000	28.00%
<b>Amana Takaful (Maldives) PLC.</b>	1,125,000	5.00%	1,125,000	5.00%
<b>Public Shareholders</b>				
1. <b>Maldives Pension Administration Office</b>	2,369,370	10.53%	2,369,370	10.53%
2. <b>Others</b>	4,605,637	20.47%	4,605,637	20.47%
<b>Total</b>	<b>22,500,007</b>	<b>100%</b>	<b>22,500,007</b>	<b>100%</b>

## BOARD AND GOVERNANCE

### Composition of the Board and Board

Name	Designation	Committee	Date of Appointment / Re-appointment
Mr. Najmul Hassan	Chairman (Independent Non-Executive Director)	BRCC, BNRC	20/11/2018
Mr. Mohammed Ataur-Rahman Chowdhury	Independent Non-Executive Director	BAC, BNRC	08/10/2018
Mrs. Fathimath Shafeega	Independent Non-Executive Director	BAC	05/08/2019
Mr. Mohamed Azad	Independent Non-Executive Director	BAC, BNRC	23/04/2017
Mr. Osman Kassim	Independent Non-Executive Director	BRCC	23/04/2017
Mr. Nasser Mohammed Al-Thekair	Independent Non-Executive Director	BRCC	18/02/2019
Mr. A.E.A. Muhaimen	Managing Director & CEO	-	27/06/2019
Mr. Ali Wasif	Executive Director & CFO	-	27/06/2019

## Frequency of Meetings

	Q1-2020	Q4-2019
<b>Board of Directors</b>	<b>3 (Three)</b>	<b>3 (Three)</b>
<b>Board Risk and Compliance Committee (BRCC)</b>	<b>3 (Three)</b>	<b>1 (One)</b>
<b>Board Audit Committee (BAC)</b>	<b>3 (Three)</b>	<b>1 (One)</b>
<b>Board Nomination and Remunerations Committee (BNRC)</b>	<b>2 (Two)</b>	<b>0 (Zero)</b>

## Significant Board Decisions

- › Reviewed and Approved the Whistleblowing Policy of the Bank.
- › Reviewed and Approved the Bank's Quarterly Report for the Fourth Quarter of 2019.
- › Reviewed and Approved the Policy for Appointment of Directors.
- › Reviewed and Approved the Policy of Prohibition of Insider Trading.
- › Reviewed and Approved the Bank's Audited Financial Statements for the year ended 31st December 2019 and recommended it for the Annual General Meeting.
- › Reviewed and Approved the Shariah Board Annual Report for the year ended 31st December 2019.
- › Approved the Re-appointment of Shariah Board Members of the Bank and recommended to the Annual General Meeting.
- › Reviewed and Approved the payment of Dividend for 2019 and recommended to the Annual General Meeting.
- › Approved the appointment of External Auditor for the financial year ending 31st December 2020 and recommended to the Annual General Meeting.
- › Reviewed and Approved the Code of Ethics document for the Board of Directors.
- › Reviewed and Approved the proposal on Salary increment and payment of Annual bonus to staff.
- › Reviewed the Financial Performance of the Bank on a monthly basis.
- › Reviewed the Non-Performing Asset portfolio of the Bank on a monthly basis.
- › Approved a number of financing facilities during the period as per the recommendation of the management.
- › Approved to finance ventilators required urgently related to COVID-19.

## Penalties Imposed by the Regulator

There are no penalties imposed by the regulator during this quarter.

## Material Transactions with the Directors

There are no material transactions beyond ordinary course of business with directors, significant shareholders or associates during this quarter.

## CORPORATE SOCIAL RESPONSIBILITY

The main activities and events conducted under the umbrella of Corporate Social Responsibility by the Bank during Q1 of 2020 are as follows.

### **Contribution towards improving the space for prayers at Hiriya School.**

With over 1500 students, Hiriya School is considered a large government school in Male' City. With the current policy on adopting single session practice in public schools which requires students to remain in school for longer hours, the school management decided to create an appropriate space for Zuhr Prayers for all students while at school.

MIB participated in the project under our CSR to provide financial assistance towards purchase and installation of appropriate mats in a dedicated section of the school hall which could accommodate the school population.

### **Islamic Finance education sessions in R. Hulhudhuffaar School for students & general public**

A team from Maldives Islamic Bank visited R. Hulhudhuffaar from 4<sup>th</sup> to 7<sup>th</sup> of March 2020 to conduct Islamic Finance Education sessions together with marketing sessions for the students of R. Hulhudhuffaar School. The education session covered topics such as Islamic Finance together with an overview of the governing shariah principles and general knowledge on banking and the importance of saving towards the future. Multiple sessions were conducted from students of different grades.



Picture from the sessions held at the R. Hulhudhuffaar School





Pictures from the sessions held at the R. Hulhudhuffaaruu School

The team also introduced and marketed our offerings to the parents as well as the general public providing on how they could best take advantage of our savings, general investment accounts and most importantly Kaamiyaabu Kids Account to plan and manage their financial future. Additional sessions were conducted for staff of government institutions, local government offices, and other state employers as well. The sessions were divided to cover all major segments of the population covering up to 70% of the entire population.

In addition to the information session the team collected forms for account opening and provided consultation sessions for investment products such as GIA and Kaamiyaabu Kids accounts for everyone who was interested.

## MAJOR MARKETING EVENTS & ACTIVITIES

### Information and Marketing Session at Maldives Customs Service.

A special information session in conjunction with Amana Takaful (Maldives) PLC was conducted for the Maldives Customs Service on the 3rd of February 2020. The session was oriented towards providing marketing and product information on the range of consumer products and services offered. They include Family Support Cover, a takaful launched in partnership with Amana Takaful exclusively for MIB customers, Kaamiyaabu Kids the children's education savings and investment products, as well as the current account, savings account and general investment accounts products offered by MIB.



From the information session at Maldives Customs Service

The event which was attended by over 50 officers from Maldives Customs Services also provided information on our e-banking platform services and gave demonstrations on how to use our FaisaMobile to make transactions and monitor the investment accounts.

The session ended with a question and answer segment during which we received many questions from the audience together with positive comments on our offerings.

## **Information and Marketing Session at Maldives National Defence Force Headquarter (Bandaara Koshi)**



Q&A session following the presentation at MNDF Bandaara Koshi

A special information session in conjunction with Amana Takaful (Maldives) PLC was conducted for most high-ranking officers of the Maldives National Defence Force on the 9<sup>th</sup> of March 2020.

The session was oriented towards providing marketing and product information on the range of consumer products and services offered. They include Family Support Cover, a takaful launched in partnership with Amana Takaful exclusively for MIB customers, Kaamiyaabu Kids the children's education savings and investment products, Ujaalaa Dhiriulhun consumer financing offerings as well as the current account, savings account and general investment accounts products offered by MIB.

The session with an audience of 60 officers consisting of senior ranking officers was highly interactive and ended. With request from the organizing unit for us to open booths within their premises to provide account openings services, application for Ujaalaa Dhiriulhun consumer financing and account opening for Kaamiyaabu Kids the children's savings and investment account, we plan to open such booths as soon as conditions allow.

## COVID-19 RESPONSE AND SUPPORT SCHEME

Recognizing the severe economic impact from the COVID-19 pandemic spreading across the world, Maldives Islamic Bank took the bold initiative to support the Government's relief and moratorium agenda by becoming the first bank in the Maldives to announce COVID Support Scheme for its eligible customers affected by the pandemic, as on 31st March 2020. We believe in the philosophy of providing solutions that actually work for our customers both in the short and long term.

Additionally, considering the health of our MIB family as our highest priority, we have adopted proactive measures to ensure the safety and welfare of our staff members. MIB has also been graciously financing medical supplies needed by institutions in relation to COVID-19.

The Bank's overall Results of Q1-2020 are better than Q4-2019 as shown in the Financial Highlights below. However, it is to be noted that the performance of the Bank going forward is most likely to get affected due to COVID-19 pandemic and its impact on the macro-economic situation in Maldives. Maldives Islamic Bank is committed to provide continued support to the customers and businesses across segments and communities where we are present, whilst following the guidelines provided by the Regulators from time to time, during this challenging times. Updates on how the Bank is impacted, as part of the Banking Industry, due to the global pandemic will be informed as the situation unfolds to the shareholders in the quarterly report of Q2, 2020.

## FINANCIAL HIGHLIGHTS

(All amounts in MVR'000 unless otherwise stated)

	Jan - Mar 2020	Oct - Dec 2019
Total Revenue	72,200	70,970
Total Expenses	(29,900)	(32,228)
Net Profit	31,725	29,634
Earnings Per Share	1.41	1.32
Nets Assets per Share	26.75	25.34
Cash Flow per Share	1.54	1.50

# FINANCIAL STATEMENTS

## Income Statement (Unaudited) - Quarter ended 31 March 2020

(All amounts in MVR'000 unless otherwise stated)

	Jan - Mar 2020	Oct - Dec 2019 (Audited)
<b>Gross Income</b>		
Income from Financing and Similar Income	77,460	74,127
Profit Paid on Customer Accounts and Similar Charges	(11,974)	(11,423)
<b>Net Fund based Income</b>	<b>65,486</b>	<b>62,705</b>
Fee and Commission Income	6,921	8,417
Fee and Commission Expense	(256)	(153)
<b>Net Fee and Commission Income</b>	<b>6,665</b>	<b>8,264</b>
Other Operating Income	50	2
<b>Total Operating Income</b>	<b>72,200</b>	<b>70,970</b>
Loss on Fair Valuation of Financial Instruments Mandatorily Measured at FVTPL	-	-
Personnel Expenses	(16,446)	(14,629)
General and Administrative Expenses	(8,434)	(12,252)
Depreciation and Amortization	(5,623)	(5,740)
Total Operating Expenses excluding Provision	(30,503)	(32,620)
<b>Operating Profit (Profit before Provisions)</b>	<b>41,698</b>	<b>38,350</b>
Provision for Bad and Doubtful Debts	603	392
<b>Profit Before Tax</b>	<b>42,300</b>	<b>38,742</b>
Income Tax Expense	(10,575)	(9,108)
<b>Net Profit for Quarter</b>	<b>31,725</b>	<b>29,634</b>
<b>Basic Earnings Per Share</b>	<b>1.41</b>	<b>1.32</b>

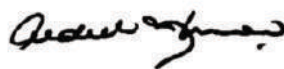
## Statement of Financial Position (Unaudited) - As at 31 March 2020

(All amounts in MVR'000 unless otherwise stated)

	31-Mar-20	31-Dec-2019 (Audited)
<b>Assets</b>		
Cash, Short Term Funds & Balances with MMA	911,959	702,074
Minimum Reserve Requirement with MMA	305,901	290,940
Investments in Equity Securities	57,300	57,300
Investments in Other Financial Instruments	464,767	404,201
Net Receivables from Financing Activities	2,241,581	2,131,991
Property, Plant and Equipment	55,415	56,057
Right-of-Use Assets	94,141	96,601
Other Assets	80,436	69,851
<b>Total Assets</b>	<b>4,211,500</b>	<b>3,809,014</b>
<b>Liabilities</b>		
Customers' Accounts	3,123,324	2,974,647
Lease Liabilities	92,645	94,362
Other liabilities	393,740	169,941
<b>Total Liabilities</b>	<b>3,609,710</b>	<b>3,238,950</b>
<b>Equity</b>		
Share Capital	337,500	337,500
Retained Earnings	124,310	100,516
Statutory Reserve	121,862	113,931
Other Reserves	18,117	18,117
<b>Total Equity</b>	<b>601,790</b>	<b>570,065</b>
<b>Total Liabilities and Equity</b>	<b>4,211,500</b>	<b>3,809,014</b>



Ali Wasif  
Chief Financial Officer



A.E.A. Muhaimen  
Managing Director & CEO



Fathimath Shafeega  
Chairperson / BAC

## Statement of changes in Equity (Unaudited) - Quarter ended 31 March 2020

(All amounts in MVR'000 unless otherwise stated)

	Share Capital	Retained Earnings	Statutory Reserve	Other Reserves	Total Equity
Balance as at 01 Oct 2019	337,500	78,291	106,522	18,117	540,431
Net profit for the quarter	-	29,634		-	29,634
Dividends to equity holders	-	-		-	-
Transferred to reserves	-	(7,409)	7,409	-	-
Issue of Shares	-	-		-	-
<b>Balance as at 31 December 2019 (Audited)</b>	<b>337,500</b>	<b>100,516</b>	<b>113,931</b>	<b>18,117</b>	<b>570,065</b>
Net profit for the quarter	-	31,725		-	31,725
Dividends to equity holders	-	-		-	-
Transferred to reserves	-	(7,931)	7,931	-	-
Issue of Shares	-	-		-	-
<b>Balance as at 31 March 2020</b>	<b>337,500</b>	<b>124,310</b>	<b>121,862</b>	<b>18,117</b>	<b>601,790</b>

## Statement of Cash Flows (Unaudited) - Quarter ended 31 March 2020

(All amounts in MVR'000 unless otherwise stated)

	Q1 2020	Q4 2019 (Audited)
Cash Flows from Operating Activities	34,608	33,668
Changes in Operating Assets and Liabilities	243,073	(275,284)
Cash Flows from Investing Activities	(72,086)	222,808
Cash Flows from Financing Activities	-	-
<b>Net increase/ (used) in Cash and Cash Equivalents</b>	<b>205,595</b>	<b>(18,808)</b>
Cash and Cash Equivalents at beginning of Quarter	702,074	720,882
<b>Cash and Cash Equivalents at end of Quarter</b>	<b>907,669</b>	<b>702,074</b>

## INVESTOR INFORMATION

<b>Highest Traded Price</b>	<b>MVR 50.00</b>
<b>Lowest Traded Price</b>	MVR 44.00
<b>Last Traded Price</b>	MVR 50.00 (on 05th March 2020)
<b>Weighted Average Traded Price</b>	MVR 44.54
<b>Number of Securities Traded</b>	1,620
<b>Value of Securities Traded</b>	MVR 72,150.00
<b>Market Capitalization</b>	MVR 1,002,083,645
<b>Dividend Yield</b>	3.54% *
<b>Price Earnings Ratio</b>	31.59

\* This is based on the dividend recommended by the Board of Directors in its meeting held on 16th March 2020 and is subject to approval of the shareholders at the forthcoming Annual General Meeting of the Bank.

\* Whilst the Bank has declared dividend, MMA has restricted the Bank from declaring the dividend for the year 2019 as a prudent measure amid COVID-19 pandemic. However, the Bank is in discussion with the relevant authorities regarding dividend issue and the shareholders of the Bank will be informed of the decision in due course.

## SHARIAH COMPLIANCE REVIEW

Maldives Islamic Bank PLC. is the only full-fledged Shariah compliant bank in the Maldives. The business of the Bank remains Shariah compliant as per the regulation on Shariah Screening of Equity Securities of Capital Market Development Authority since its inception. The level of Shariah compliance during the quarter remains unchanged compared to Quarter 04 of 2019.

## EXTERNAL AUDITOR'S LIMITED REVIEW

The financials stated above for Quarter 01 of 2020 are management accounts (unaudited) and are subject to changes after audit by the External Auditor. Financials relating to Quarter 4 of 2019 is an extract from audited financials of financial year 2019.

