



Maldives Islamic Bank

THIRD QUARTER REPORT 2020

JULY TO SEPTEMBER 2020



Maldives Islamic Bank

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 economics 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

Haa Dhaalu Kulhudhuffushi
Branch & ATM

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

Hulhumale', Male' City
Branch & ATM

Gaafu Dhaalu Thinadhoo
Branch & ATM

Gnaviyani Fuvahmulah
Branch & ATM

Addu City Hithadhoo
Branch & ATM

Addu City Feydhoo
ATM

■ BRANCH ■ ATM

TABLE OF CONTENTS

SUMMARY	4
STATEMENT OF COMPLIANCE	5
BUSINESS DEVELOPMENTS	5
SHAREHOLDING STRUCTURE	6
BOARD AND GOVERNANCE	7
CORPORATE SOCIAL RESPONSIBILITY	9
FINANCIAL HIGHLIGHTS	10
FINANCIAL STATEMENTS	10
INVESTOR INFORMATION	13
SHARIAH COMPLIANCE REVIEW	13
EXTERNAL AUDITOR'S LIMITED REVIEW	13

SUMMARY

The impact of Covid-19 pandemic has continued in the third quarter affecting most of the businesses and individuals across the globe. The economic implications of the pandemic have continued, and governments and institutions are actively engaged in efforts to contain the financial impact resulting from this unprecedented socio-economic hardship.

Our efforts to maneuver the Bank alongside the policy level changes in the industry has eased the financial impact of the pandemic. The moratorium guidelines of the MMA eased the provision requirement of the Bank starting from the second quarter of the year. Further instructions has been issued during the third quarter allowing banks to extend the moratorium extension from 6 months to 9 months while the window to avail the payment holidays has been extended till 31 December 2020.

The Bank has continued to maintain the health and safety measures as advised by the authorities and the Business Continuity measures are deployed from branch operations to the systems and infrastructure maintenance. Customer safety as well as staff health care has been considered at highest priority while providing services. Alternative Distribution channels via digital platforms has assisted the Bank to cater for the requirement of our customers on the virtual fronts.

Financially, the third quarter has proved effective in terms of sustaining the business of the Bank. Although incremental growth momentum of both mobilizing deposits and financing has reduced, the Bank was able to maintain the liquidity and the current book with minimal impact. The deposit level of the Bank has been continued at MVR3.1 billion while the Financing portfolio was maintained at MVR2.1 billion. Due to rescheduling resulted from the moratorium, the operating revenue has reduced from MVR 62.8 million in the second quarter to MVR 61.4 million in the third quarter. Our concerted efforts in maintaining the operating costs, the Bank has managed to save some of the budgeted costs for the year. Despite the challenges both operationally and financially, the Bank has recorded a Profit before tax of MVR 25.1 million in the third quarter compared to MVR 12.9 million in the second quarter. We are committed to enhance the financial performance of the Bank strategically while maintaining the liquidity and health of our balance sheet.

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

INTRODUCTION OF STATE-OF-THE-ART ATMs

As part of enhancing the digital services, Maldives Islamic Bank started the operation of state-of-the-art ATM with cash deposit services for the public during Q3 of 2020. The first machine is installed in the ATM lobby of the Main Branch in Medhuziyaarai Magu. Subsequently additional two ATMs with cash deposit services were installed in our Baazaar Service Center in Orchid Magu and the ATM kiosk at the Maldives National University in Ameenee Magu. The Bank is also working towards operationalizing additional machines in the next quarter.

With the help of the new ATM machines, customers can conduct deposit transactions without using their cards, by using an OTP sent to the mobile phone of the person conducting the deposit transaction, a service innovation that remain unique to MIB.

CASHBACK PROMOTION

Due to popular demand of our Ramadan #StayHome Promotion, a new cashback campaign was launched on 1st of June 2020. The campaign is designed to run from 1st of June 2020 for up to 3 months, ending on 31st August 2020.

The promotion was well received by our customers with a considerable amount of merchant giving additional discounts to attract customers and increase spending through MIB accounts.



MIB CASHBACK Promotion

Grand prize MVR 10,000.00 & Earn 2% Cashback

By paying for your shopping with your MIB account

ALSO WIN 4 SPECIAL CASH PRIZES OF MVR 2,500.00 FOR 4 WINNERS

T&C: mib.shor.tn/TnC
Promotion from 1st June to 30th June

SHAREHOLDING STRUCTURE

During the reporting period, shareholding structure of the Bank remains unchanged compared to Quarter 02 of 2020. The current shareholding structure of the Bank is as follows.

Name	Q3 – 2020		Q2 - 2020	
	No. of shares	% of shareholding	No. of shares	% of shareholding
Islamic Corporation for the Development of the Private Sector (ICD)	8,100,000	36.00%	8,100,000	36.00%
Government of Maldives	6,300,000	28.00%	6,300,000	28.00%
Amana Takaful (Maldives) PLC.	1,125,000	5.00%	1,125,000	5.00%
Public Shareholders				
1. Maldives Pension Administration Office	2,369,370	10.53%	2,369,370	10.53%
2. Others	4,605,637	20.47%	4,605,637	20.47%
Total	22,500,007	100%	22,500,007	100%

BOARD AND GOVERNANCE

COMPOSITION OF THE BOARD AND BOARD COMMITTEES

As per the Articles of Association of the Bank, the Board Shall not be less than 7 (seven) Directors and shall include at least 4 (four) Nominee Directors, at least 1 (one) Elected Director and at least 2 (two) Executive Directors. The quarter began with a total of 8 Directors in the Board. The following were the 8 Directors on the Board until the 10th Annual General Meeting (AGM) held on 23rd July 2020:

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

* Mrs. Fathimath Shafeega, Mr. Mohamed Azad and Mr. Osman Kassim completed their term as Directors on 23rd July 2020.

Following the 10th AGM held on 23rd July 2020, the Board consists of 08 Directors including 03 newly appointed Directors:

Name	Designation	Committee	Date of Appointment / Re-appointment
Mr. Najmul Hassan <i>Nominee Director</i>	Chairman (Independent Non-Executive Director)	BRCC, BNRC	20/11/2018
Mr. Mohammed Ataur-Rahman Chowdhury <i>Nominee Director</i>	Independent Non-Executive Director	BAC, BNRC	08/10/2018
Mr. Nasser Mohammed Al-Thekair <i>Nominee Director</i>	Independent Non-Executive Director	BRCC	18/02/2019

Uz. Mohamed Naseem Ibrahim* <i>Nominee Director</i>	Independent Non-Executive Director	BRCC, BNRC	23/07/2020
Mr. Ali Shareef* <i>Nominee Director</i>	Independent Non-Executive Director	BAC, BNRC	23/07/2020
Mr. Ahmed Ali* <i>Elected Director</i>	Independent Non-Executive Director	BAC	23/07/2020
Mr. A.E.A. Muhaimen <i>Executive Director</i>	Managing Director & CEO	-	27/06/2019
Mr. Ali Wasif <i>Executive Director</i>	Executive Director & CFO	-	27/06/2019

* Uz. Mohamed Naseem Ibrahim, Mr. Ali Shareef and Mr. Ahmed Ali were appointed to the Board on 23rd July 2020.

Frequency of Meetings

	Q3 – 2020	Q2 – 2020
Board of Directors	03 (Three)	03 (Three)
Board Risk and Compliance Committee (BRCC)	01 (One)	02 (Two)
Board Audit Committee (BAC)	01 (One)	01 (One)
Board Nomination and Remuneration Committee (BNRC)	01 (One)	01 (One)

Significant Board Decisions

- › Reviewed and approved the Directors Report for the year ended 31st December 2019.
- › Reviewed and approved Bank's Quarterly Report for Q2 2020.
- › Reviewed and approved the COVID-19 Impact Assessment Report of the Bank.
- › Approved the appointment of new Nominee Director subject to confirmation at the AGM of the Bank.
- › Approved Ordinary Resolutions proposed to be passed at the 10th AGM of the Bank.
- › Reconstituted the Subcommittees of the Board of Directors.
- › Approved the Deferment of declared dividends to all investors till 2021.

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 Q3 are as follows.

MIB has awarded and continues to provide funding including tuition fees and living allowance to 4 scholars studying at Islamic University of Maldives (IUM). These scholarships are towards reading for undergraduate degree in Islamic Finance at IUM.

FINANCIAL HIGHLIGHTS

(All amounts in MVR'000 unless otherwise stated)

	Jul - Sep 2020	Apr - Jun 2020
Total Revenue	61,381	62,806
Total Expenses	(36,268)	(49,895)
Net Profit	18,835	9,683
Earnings Per Share	0.84	0.43
Nets Assets per Share	26.44	27.18
Cash Flow per Share	1.14	1.44

FINANCIAL STATEMENTS

Income Statement (Unaudited) - Quarter ended 30 September 2020

(All amounts in MVR'000 unless otherwise stated)

	Jul - Sep 2020	Apr - Jun 2020
Gross Income		
Income from Financing and Similar Income	67,735	70,068
Profit Paid on Customer Accounts and Similar Charges	(12,235)	(11,606)
Net Fund based Income	55,500	58,462
Fee and Commission Income	5,837	4,420
Fee and Commission Expense	(126)	(174)
Net Fee and Commission Income	5,711	4,246
Other Operating Income	170	98
Total Operating Income	61,381	62,806
Loss on Fair Valuation of Financial Instruments Mandatorily Measured at FVTPL	-	-
Personnel Expenses	(16,639)	(16,419)
General and Administrative Expenses	(8,979)	(7,644)
Depreciation and Amortization	(5,643)	(5,571)
Total Operating Expenses excluding Provision	(31,261)	(29,634)
Operating Profit (Profit before Provisions)	30,120	33,172
Provision for Bad and Doubtful Debts	(5,007)	(20,261)
Profit Before Tax	25,113	12,911
Income Tax Expense	(6,278)	(3,228)
Net Profit for Quarter	18,835	9,683
Basic Earnings Per Share	0.84	0.43

Statement of Financial Position (Unaudited) - As at 30 September 2020

(All amounts in MVR'000 unless otherwise stated)

	30-Sep-20	30-Jun-20
Assets		
Cash, Short Term Funds & Balances with MMA	964,880	1,084,661
Minimum Reserve Requirement with MMA	232,531	228,966
Investments in Equity Securities	57,300	57,300
Investments in Other Financial Instruments	475,947	481,982
Net Receivables from Financing Activities	2,173,406	2,167,156
Property, Plant and Equipment	59,364	57,642
Right-of-Use Assets	89,287	91,739
Other Assets	54,735	55,092
Total Assets	4,107,450	4,224,538
Liabilities		
Customers' Accounts	3,163,351	3,159,462
Lease Liabilities	89,239	90,982
Other liabilities	259,990	362,621
Total Liabilities	3,512,580	3,613,065
Equity		
Share Capital	337,500	337,500
Retained Earnings	110,261	131,573
Statutory Reserve	128,992	124,283
Other Reserves	18,117	18,117
Total Equity	594,870	611,473
Total Liabilities and Equity	4,107,450	4,224,538


 Ali Wasif
 Chief Financial Officer


 A.E.A. Muhaimen
 Managing Director & CEO


 Ahmed Ali
 Chairman / BAC

Statement of changes in Equity (Unaudited) - Quarter ended 30 September 2020

(All amounts in MVR'000 unless otherwise stated)

	Share Capital	Retained Earnings	Statutory Reserve	Other Reserves	Total Equity
Balance as at 31 March 2020	337,500	124,311	121,862	18,117	601,790
Net profit for the quarter	-	9,683	-	-	9,683
Dividends to equity holders	-	-	-	-	-
Transferred to reserves	-	(2,421)	2,421	-	-
Issue of Shares	-	-	-	-	-
Balance as at 30 June 2020	337,500	131,573	124,283	18,117	611,473
Net profit for the quarter	-	18,835	-	-	18,835
Dividends to equity holders	-	(35,438)	-	-	(35,438)
Transferred to reserves	-	(4,709)	4,709	-	-
Issue of Shares	-	-	-	-	-
Balance as at 30 September 2020	337,500	110,261	128,992	18,117	594,870

Statement of Cash Flows (Unaudited) - Quarter ended 30 September 2020

(All amounts in MVR'000 unless otherwise stated)

	Q3 2020	Q2 2020
Cash Flows from Operating Activities	25,636	32,332
Changes in Operating Assets and Liabilities	(150,649)	82,037
Cash Flows from Investing Activities	5,232	58,333
Cash Flows from Financing Activities	-	-
Net increase/ (used) in Cash and Cash Equivalents	(119,781)	172,702
Cash and Cash Equivalents at beginning of Quarter	1,084,661	911,959
Cash and Cash Equivalents at end of Quarter	964,880	1,084,661

INVESTOR INFORMATION

Highest Traded Price	MVR 45.00
Lowest Traded Price	MVR 35.00
Last Traded Price	(on 30 th Sep 2020) MVR 38.00
Weighted Average Traded Price	MVR 39.36
Number of Securities Traded	1,610
Value of Securities Traded	MVR 63,370.00
Market Capitalization	MVR 885,605,866
Dividend Yield	4.00%
Price Earnings Ratio *	11.03
Total No. of Shareholders at the end of Quarter	16,149

* Annualised.

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 02 of 2020.

EXTERNAL AUDITOR'S LIMITED REVIEW

The financials stated above for Quarter 02 and 03 of 2020 are management accounts (unaudited) and are subject to changes after audit by the External Auditor.

