



Maldives Islamic Bank

SECOND QUARTER REPORT 2022

April to June 2022

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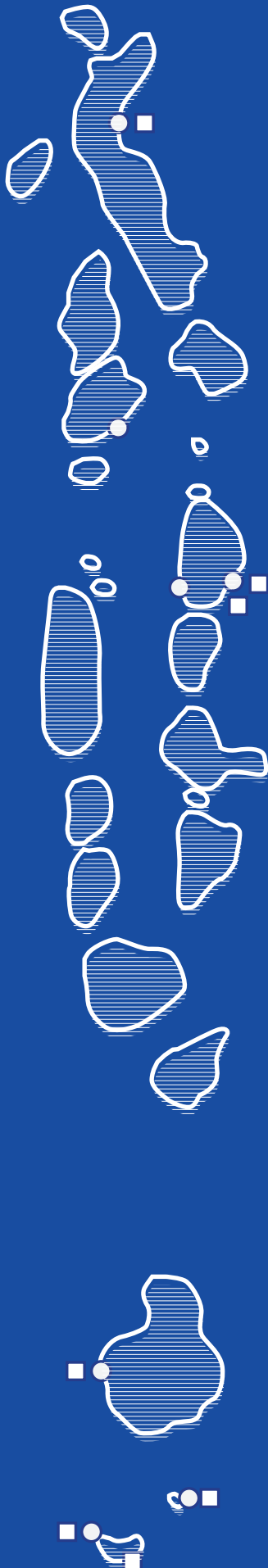
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MALDIVES ISLAMIC BANK PLC.

Maldives Islamic Bank PLC., the first and fully Shari'ah 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 Shari'ah. 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, 20% of the Bank's 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 a viable Islamic economics and financial system in the Maldives which adheres to the highest ethical standards and values.

MIB provides full range of Shari'ah compliant deposit products and financing solutions catering to the general public, both individuals and businesses. From a humble beginning, MIB currently provides its services through a branch network of 06 to meet the growing demand and to facilitate Islamic banking convenience throughout the country. In MIB's continuous effort to provide better access and convenience to our customers, the Bank has expanded our alternative distribution channels through Automated Teller Machines (ATM)s network, Point of Sale (POS) terminals at various merchant outlets and via our 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



OUR BRANCH ATM NETWORK

Haa Dhaalu Kulhudhuffushi
Branch & Atm

Baa Eydhafushi
Atm

Male', Male' City
Maldives Islamic Bank, Atm

Thilafushi
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

SUMMARY

As we reach the half year mark for 2022, our strategic aim of a more progressive growth approach was continued during last quarter. Better and improved strategies were implemented in delivering new and existing financial solutions to the market. A more aggressive approach adopted in enhancing the service standards across multiple channels of the Bank resulted in satisfactory results.

During the quarter, our Total Revenue grew to MVR 83.09 million from MVR 79.2 million recorded for the first quarter of the year. This is an increase of 4.87% from previous quarter, while an increase of 31.04% was recorded from the same quarter of 2021. Despite a slight increase of 3.50% in expenses (excluding net impairment losses on financial assets), Operating Profit for the quarter stood at MVR 45.95 million, from MVR 44.40 million recorded during Q1 of 2022. Despite the decline in Net Profit recorded for the quarter, the figure stood at MVR 30.30 million, which is 39.45% more than the same quarter of preceding year.

This quarter, our Balance Sheet value increased to MVR 5.92 billion from MVR 5.82 billion recorded for first quarter of the year. By June 2022, our Balance Sheet position is up by 16.41% from the same quarter of the preceding year. Our efforts in enhancing the financing asset portfolio have yielded a notable positive growth in financing activities and investments in other financial instruments. Though our cash flow declined to MVR 1.36 billion by the end of this quarter compared to Q1 of 2022, our cash position remains well ahead of regulatory requirements. The cashflow position when compared to the second quarter of 2021 improved by 6.69% this quarter.

The Bank was able to finish the quarter with healthy financial results and operational performance amid the economic challenges and global turmoil. Increasing interest rates globally and resultant higher inflation, coupled with the supply chain disruptions resulting from prolonged conflicts in Eastern Europe is likely to impact the performance in the near-term future. Despite this, we remain prepared to respond to both opportunities and challenges by leveraging our business strengths.

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

LOW-COST FINANCING FOR HAKATHARI LABELLED PRODUCTS

On 25th May 2022, MIB signed an agreement with Ministry of Environment, Climate Change and Technology for the establishment of a financing scheme to facilitate low-cost purchase of appliances with the “Hakathari” energy efficiency label. Hakathari Program is an energy efficiency labelling program introduced by the Ministry of Environment, Climate Change and Technology, aimed towards promoting the use of energy-efficient appliances and equipment.

Designed as a list based financing scheme, customers can purchase 3, 4 or 5-star Hakathari labelled products at the rate of 10% per annum. A range of household appliances including air conditioners, refrigerators and washing machines are covered under this scheme.

This financing scheme is one of the lowest cost financing schemes in the country.

NEW DEPOSIT ATM AT GDH. THINADHOO

As part of ensuring our customers across the country have access to convenient self-service banking, we inaugurated self-service banking at GDh. Thinadhoo during the quarter. A new deposit ATM was opened on 05th June 2022, featuring automated cash and cheque deposit functionality. Through this ATM, customers can conduct deposit and withdrawal using an OTP sent to their mobile phones, without using their cards.

This self-service banking centre when combined with the ApplyNow portal service and the Internet/Mobile Banking service provides customers with an extensive pathway through which they can conduct their transactions and apply for and receive financing solutions.



MARKETING ACTIVITIES

During Q2 of 2022, MIB conducted the following marketing campaigns aimed towards increasing deposit and utilization.

SAVE WITH MIB PROMOTION

Launched during June 2022, our annual “Save with MIB” promotion this year is dedicated to customers who open and operate Kaamiyaabu Kids account and Kids Saving Account. Under this promotion, customers who make a new deposit of MVR 30,000 during the promotion period and retain it until the end of the promotion will be eligible for the grand prize of 3-Nights Family Trip to Lego Land Malaysia. This promotion will run until the end of 2022.

Our annual “Save with MIB” campaign is a regular promotion that has gained popularity amongst the Bank’s customer base.

INFORMATION SESSIONS & CUSTOMER ONBOARDING ACTIVITIES

During the quarter, special information sessions were conducted for Maldives Police Service (MPS), Male’ Water and Sewerage Company (MWSC) and Majeediyya School. These sessions were oriented towards providing marketing and product information on the housing financing schemes offered by the Bank.

Additionally, we also conducted customer onboarding events at various locations within Greater Male’ region during the quarter. Account opening sessions were organized at Maldives Transport and Contracting Company (MTCC), Public Service Media (PSM), MWSC, Maldives Police Service and K. Maafushi Prison.

SHAREHOLDING STRUCTURE

During the reporting period, shareholding structure of the Bank remains unchanged compared to Quarter 01 of 2022. The current shareholding structure of the Bank is as follows.

	Q2 – 2022		Q1 - 2022	
	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.	1,131,372	5.03%	1,131,372	5.03%
Public Shareholders				
1. Maldives Pension Administration Office	2,369,370	10.53%	2,369,370	10.53%
2. Others	4,599,265	20.44%	4,599,265	20.44%
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 9 (nine) Directors and shall include at least 4 (four) Nominee Directors, at least 1 (one) Elected Director, at least 2 (two) Independent Directors and at least 2 (two) Executive Directors.

Following the AGM held on 30th May 2022, the Board consists of 10 Directors including 01 newly appointed Director. The following are the Directors on the Board of the Bank:

Name	Designation	Committee	Date of Appointment / Re-appointment
Mr. Najmul Hassan <i>Nominee Director</i>	Chairman (Non-Executive Director)	BNRC	30/05/2022
Mr. Nasser Mohammed Al-Thekair <i>Nominee Director</i>	Non-Executive Director	BRCC	30/05/2022
Uz. Mohamed Naseem Ibrahim <i>Nominee Director</i>	Non-Executive Director	BRCC	23/07/2020
Mr. Ali Shareef <i>Nominee Director</i>	Non-Executive Director	BRCC, BNRC	23/07/2020
Mr. Ahmed Ali <i>Elected Director</i>	Independent Non-Executive Director	BAC, BNRC	23/07/2020
Mr. Hassan Mohamed <i>Nominee Director</i>	Non-Executive Director	BAC, BNRC	31/05/2021
Mr. Rajiv Nandlal Dvivedi <i>Independent Director</i>	Independent Non-Executive Director	BNRC	28/10/2021
Mr. Kazi Abu Muhammad Majedur Rahman <i>Independent Director</i>	Independent Non-Executive Director	BRCC	28/10/2021
Mr. Moez Baccar * <i>Nominee Director</i>	Non-Executive Director	-	30/05/2022
Mr. Ali Wasif <i>Executive Director</i>	CFO	-	27/06/2022

* Mr. Moez Baccar was appointed in place of Mr. Mohameed Ataur-Rahman Chowdhury who completed his tenure by 12th AGM of the Bank held on 30th May 2022.

Note: The position of MD & CEO was vacant as at the quarter ending 30th June 2022. However, the job functions of CEO are undertaken by the Acting CEO Mr. Ahmed Riza.

FREQUENCY OF MEETINGS

	Q2 – 2022	Q1 – 2022
Board of Directors	03 (Three)	04 (Four)
Board Risk and Compliance Committee (BRCC)	03 (Three)	01 (One)
Board Audit Committee (BAC)	02 (Two)	02 (Two)
Board Nomination and Remuneration Committee (BNRC)	04 (Four)	01 (One)

SIGNIFICANT BOARD DECISIONS

- Reviewed and approved the Bank’s Quarterly Report for the First Quarter of 2022.
- Reviewed and approved the Dividend for the year 2021 and recommended to the AGM.
- Reviewed and approved the proposed resolutions for the 12th AGM of the Bank.
- Approved to nominate Directors as Alternate Chairman at the 12th AGM of the Bank.
- Reviewed and approved the Bank’s Audited Financial Statements for the year ended 31st December 2021 and recommended it to the AGM.
- Reviewed and approved the Directors Report for the year ended 31st December 2021.
- Approved the Book closure date for the 12th AGM of the Bank.
- Approved the appointment/re-appointment of nominee Directors and recommended the names to the AGM.
- Approved the renewal of term of Executive Director and recommended to the AGM.
- Reviewed and approved the Notice of the 12th AGM of the Bank.
- Approved to renew the contract of Shari’ah Committee members.

PENALTIES IMPOSED BY THE REGULATOR

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

MATERIAL TRANSACTIONS WITH THE DIRECTORS/SUBSTANTIAL SHAREHOLDERS

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

CORPORATE SOCIAL RESPONSIBILITY

In our ongoing efforts to support the education sector of the country, the Bank donated computer systems and some much needed equipment to various schools based on their requirements.

Additionally, we sponsored part of the printing cost of a book written by Dr. Mohamed Shaheem Ali Saeed on the subject of Zakath. This book was approved by the Ministry of Islamic Affairs. With the financial support we rendered, 250 copies of the book were printed during the quarter.

We remain steadfast in supporting the educational sector which is a core-part of our CSR agenda.

FINANCIAL HIGHLIGHTS

(All amounts in MVR'000 unless otherwise stated)

	Apr - June 2022	Jan - Mar 2022	Apr - Jun 2021
Total Revenue	83,086	79,224	63,406
Total Expenses	(42,699)	(35,230)	(34,444)
Net Profit	30,290	32,995	21,721
Earnings Per Share	1.35	1.47	0.97
Net Assets per Share	30.60	30.75	28.26
Cash Flow per Share	60.52	65.34	56.73

FINANCIAL STATEMENTS

Income Statement (Unaudited) - Quarter ended 30 June 2022

(All amounts in MVR'000 unless otherwise stated)

	Apr - Jun 2022	Jan - Mar 2022	Apr - Jun 2021
Gross Income			
Income from Financing and Similar Income	86,831	84,239	72,688
Profit Paid on Customer Accounts and Similar Charges	(12,908)	(14,604)	(16,169)
Net Fund based Income	73,923	69,635	56,519
Fee and Commission Income	10,084	10,118	7,153
Fee and Commission Expense	(951)	(654)	(418)
Net Fee and Commission Income	9,133	9,464	6,735
Other Operating Income	30	125	152
Total Operating Income	83,086	79,224	63,406
Loss on Fair Valuation of Financial Instruments Mandatorily Measured at FVTPL	-	-	-
Personnel Expenses	(17,852)	(16,777)	(18,367)
General and Administrative Expenses	(11,938)	(10,682)	(8,565)
Depreciation and Amortization	(7,345)	(7,367)	(6,763)
Total Operating Expenses excluding Provision	(37,135)	(34,826)	(33,695)
Operating Profit (Profit before Provisions)	45,951	44,398	29,711
Net Impairment Losses on Financial Assets	(5,564)	(404)	(749)
Profit / (Loss) Before Tax	40,387	43,994	28,962
Income Tax Expense	(10,097)	(10,999)	(7,241)
Net Profit	30,290	32,995	21,721
Basic Earnings Per Share	1.35	1.47	0.97

Statement of Financial Position (Unaudited) - As at 30 June 2022

(All amounts in MVR'000 unless otherwise stated)

	30-Jun-22	Jan – Mar 2022	Apr – Jun 2021
Assets			
Cash, Short Term Funds & Balances with MMA	1,361,702	1,470,231	1,276,325
Minimum Reserve Requirement with MMA	422,577	406,448	352,121
Investments in Equity Securities	53,100	53,100	64,200
Investments in Other Financial Instruments	1,157,847	1,116,412	906,409
Net Receivables from Financing Activities	2,619,134	2,448,383	2,245,894
Property, Plant and Equipment	65,261	63,009	63,158
Right-of-Use Assets	101,479	104,686	84,633
Other Assets	136,009	154,651	90,116
Total Assets	5,917,109	5,816,920	5,082,856
Liabilities			
Customers' Accounts	4,849,640	4,772,274	4,004,401
Lease Liabilities	95,502	97,303	86,730
Other liabilities	283,364	255,550	355,938
Total Liabilities	5,228,506	5,125,127	4,447,069
Equity			
Share Capital	337,500	337,500	337,500
Retained Earnings	172,787	181,303	97,242
Statutory Reserve	150,000	150,000	144,818
Other Reserves	28,316	22,990	56,227
Total Equity	688,603	691,793	635,787
Total Liabilities and Equity	5,917,109	5,816,920	5,082,856



Ali Wasif
Chief Financial Officer



Ahmed Riza
Acting CEO



Ahmed Ali
Chairman / BAC

Statement of changes in Equity (Unaudited) - Quarter ended 30 June 2022

(All amounts in MVR'000 unless otherwise stated)

	Share Capital	Retained Earnings	Statutory Reserve	Other Reserves	Total Equity
Balance as at 01 October 2021	337,500	114,108	150,000	58,201	659,809
Net profit for the quarter	-	7,314	-	-	7,314
Equity Instruments at FVOCI - change in fair value	-	-	-	(11,100)	(11,100)
Recognition of deferred tax impact on fair value change	-	-	-	2,775	2,775
Dividends to equity holders	-	-	-	-	-
Transferred to reserves	-	-	-	-	-
Transferred to Non-Distributable Capital Reserve	-	24,899	-	(24,899)	-
Issue of Shares	-	-	-	-	-
Balance as at 31 December 2021	337,500	146,321	150,000	24,977	658,798
Net profit for the quarter	-	32,995	-	-	32,995
Dividends to equity holders	-	-	-	-	-
Transferred to reserves	-	-	-	-	-
Transferred to Non-Distributable Capital Reserve	-	1,987	-	(1,987)	-
Issue of Shares	-	-	-	-	-
Balance as at 31 March 2022	337,500	181,303	150,000	22,990	691,793
Net profit for the quarter	-	30,290	-	-	30,290
Dividends to equity holders	-	(33,480)	-	-	(33,480)
Transferred to reserves	-	-	-	-	-
Transferred to Non-Distributable Capital Reserve	-	(5,326)	-	5,326	-
Issue of Shares	-	-	-	-	-
Balance as at 30 June 2022	337,500	172,787	150,000	28,316	688,603

Statement of Cash Flows (Unaudited) - Quarter ended 30 June 2022

(All amounts in MVR'000 unless otherwise stated)

	Apr - Jun 2022	Jan - Mar 2022	Apr - Jun 2021
Cash Flows from Operating Activities	41,397	41,948	29,128
Changes in Operating Assets and Liabilities	(93,889)	116,459	443,957
Cash Flows from Investing Activities	(55,262)	(238,267)	(539,101)
Cash Flows from Financing Activities	(775)	8,900	(18,686)
Net increase/ (used) in Cash and Cash Equivalents	(108,529)	(70,960)	(84,702)
Cash and Cash Equivalents at beginning of the period	1,470,231	1,541,191	1,361,027
Cash and Cash Equivalents at end of the period	1,361,702	1,470,231	1,276,325

INVESTOR INFORMATION

Highest Traded Price	MVR 45.00
Lowest Traded Price	MVR 35.00
Last Traded Price	(on 30 th Jun 2022) MVR 40.00
Weighted Average Traded Price	MVR 38.10
Number of Securities Traded	2,802
Value of Securities Traded	MVR 106,767.00
Market Capitalization	MVR 857,250,266.70
Dividend Yield	3.91%
Price Earnings Ratio *	6.77
Total No. of Shareholders at the end of Quarter	16,163

* *annualised*

SHARI'AH COMPLIANCE REVIEW

Maldives Islamic Bank PLC. is the only full-fledged Shari'ah compliant bank in the Maldives. The business of the Bank remains Shari'ah compliant as per the regulation on Shari'ah Screening of Equity Securities of Capital Market Development Authority since its inception. The level of Shari'ah compliance during the quarter remains unchanged compared to Quarter 01 of 2022.

EXTERNAL AUDITOR'S LIMITED REVIEW

The financials stated above are management accounts (unaudited) and are subject to changes after full year audit by the External Auditor.

