



Maldives Islamic Bank

THIRD QUARTER REPORT

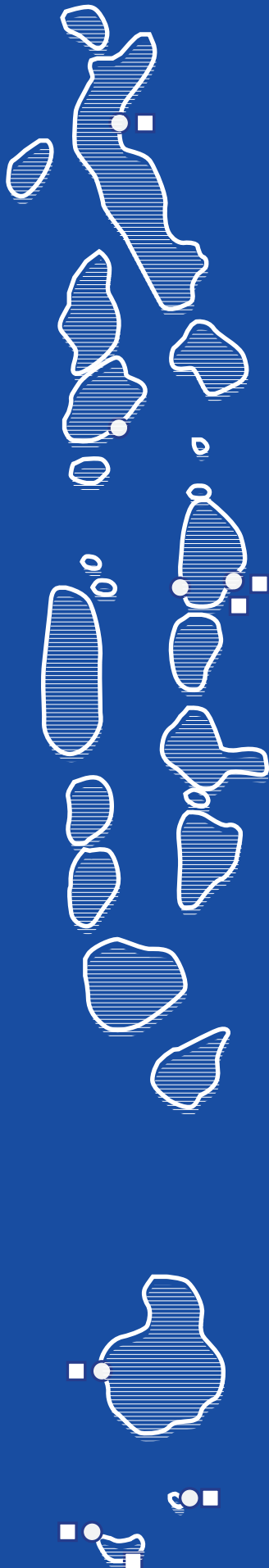
July to September 2022

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 FaisaPay for online payments and FaisaMobile for mobile banking services.



OUR BRANCH ATM NETWORK

Haa Dhaalu Kulhudhuffushi
Branch & 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

Baa Eydhafushi
Atm

■ BRANCH

● ATM

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SUMMARY

The Bank's performance this quarter reflects the strength of the Bank's business model. We have demonstrated operational resilience and financial strength with better and improved strategies. Coupled with enhanced service standards across multiple channels of the Bank, the progressive growth approach in place is being proved a success.

Total Revenue for the quarter stood at MVR 84.11 million compared to MVR 83.09 million recorded for Q2 of the year, registering 1.23% growth. Following our concerted efforts in improving the financing portfolio, we managed to improve the health of the portfolio reducing the provision requirement during the quarter. The profit after tax for the quarter was recorded at MVR 36.86 million compared to MVR 30.29 million recorded for Q2 2022. This is an increase of 21.70%. The Earnings Per Share increased by 21.48% compared to Q2 2022.

The Total Assets for the quarter was lower by 4.54% compared to the previous quarter. Deposits recorded a slight decline of 4.67% from previous quarter, however, our efforts in enhancing the financing asset portfolio have yielded a positive growth in financing activities during the quarter. We ended the quarter with a higher Net Assets per Share value at MVR 32.24 compared to MVR 30.60 of previous quarter. Despite the decline in cash flow position at the end of Q3 2022, we were able to maintain ample liquidity for both operational and capital requirements.

Despite the anticipation that the prolonged economic challenges and global turmoil might impact the performance of the businesses in the near-term future, our cautious and carefully laid out plans and strategies assisted us in finishing the quarter with healthy financial results and satisfactory operational performance. While the global and local challenges remain same, we remain better prepared to respond to both opportunities and challenges by leveraging on 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

VISA AAILEE CARD LAUNCHED

As an attractive benefit to our VISA cardholders, we launched VISA Aailee Cards on 04th September 2022. VISA Aailee Card is a Supplementary Card issued to the existing cardholders of MIB. Linked to the primary card holder's bank account, this supplementary card can be requested for primary card holder's parents, spouse and/or children who are above the age of 14.

VISA Aailee card comes with customizable and convenient spending limits for POS, ATM and e-commerce. All MIB VISA Everyday card holders and VISA Platinum card holders can request for Aailee cards and let the family enjoy benefits such as exclusive discounts at selected merchant outlets when they pay using the Aailee card.

NEW DEPOSIT ATM AT HDH. KULHUDHUFFUSHI

We continuously strive to fulfill our mandate of providing customers with ease of access to banking, with greater emphasis on enhancing customer service experience. During last quarter, we opened a new deposit ATM at HDh. Kulhudhuffushi. This machine comes equipped with automated cash and cheque deposit functionality among others, allowing customers to conduct deposit and withdrawals using an OTP sent to their mobile phones, without using their cards.

This self-service banking option when combined with our ApplyNow portal 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 at the convenience of their own locations.

MARKETING ACTIVITIES

During Q3 of 2022, MIB conducted the following marketing campaigns aimed towards increasing deposit and utilization.

SAVE WITH MIB PROMOTION

Launched during Q2 2022, this year's "Save with MIB" promotion is dedicated to customers who open and operate Kaamiyaabu Kids account and Kids Saving Account with MIB. Customers who fulfill the prerequisite of making 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, we organized special banking day events for multiple SOEs, government offices, companies and schools. These sessions were oriented towards customer onboarding and awareness towards Islamic banking products. Account opening sessions were conducted at offices including Ministry of Finance, Auditor General's Office, Department of National Registration, Maldives Ports Limited, State Electric Company Limited and Radio Building. Similar sessions were conducted at various schools, private companies such as ADK and Medianet and some islands in greater Male' region.

Additionally, special information sessions were conducted for employees of Male' Water and Sewerage Company Limited (MWSC) and Majeediyya School during last quarter. These sessions were oriented towards providing marketing and product information on the housing financing schemes offered by the Bank.

SHAREHOLDING STRUCTURE

During the reporting period, shareholding structure of the Bank changed compared to Quarter 02 of 2022. The current shareholding structure of the Bank is as follows.

	Q3 – 2022		Q2 – 2022	
	No. of shares	% of shareholding	No. of shares	% of shareholding
Islamic Corporation for the Development of the Private Sector (ICD)	7,425,000	33.00%	8,100,000	36.00%
Government of Maldives	6,300,000	28.00%	6,300,000	28.00%
Amana Takaful (Maldives) PLC.	1,806,372	8.03%	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. 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	BAC	30/05/2022
Mr. Ali Wasif <i>Executive Director</i>	CFO	-	27/06/2022

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

FREQUENCY OF MEETINGS

	Q3 – 2022	Q2 – 2022
Board of Directors	03 (Three)	03 (Three)
Board Risk and Compliance Committee (BRCC)	02 (Two)	03 (Three)
Board Audit Committee (BAC)	01 (One)	02 (Two)
Board Nomination and Remuneration Committee (BNRC)	01 (One)	04 (Four)

SIGNIFICANT BOARD DECISIONS

- Reviewed and approved the Bank's Quarterly Report for the Second Quarter of 2022.
- Reviewed and approved the offer letter to the new CEO candidate.
- Reviewed and approved the updated Terms of Reference of Board Audit Committee.
- Reviewed and approved the updated Liquidity Risk Management Policy.

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

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

Under the umbrella of Corporate Social Responsibility, we also made some aid-in-kind donations during the quarter.

FINANCIAL HIGHLIGHTS

(All amounts in MVR'000 unless otherwise stated)

	Jul - Sep 2022	Apr - June 2022	Jul - Sep 2021
Total Revenue	84,111	83,086	67,865
Total Expenses	(34,959)	(42,699)	(35,836)
Net Profit	36,864	30,290	24,022
Earnings Per Share	1.64	1.35	1.07
Net Assets per Share	32.24	30.60	29.32
Cash Flow per Share	47.46	60.52	57.31

FINANCIAL STATEMENT

Income Statement (Unaudited) - Quarter ended 30 September 2022

(All amounts in MVR'000 unless otherwise stated)

	Jul - Sep 2022	Apr - June 2022	Jul - Sep 2021
Gross Income			
Income from Financing and Similar Income	88,813	86,831	73,410
Profit Paid on Customer Accounts and Similar Charges	(13,058)	(12,908)	(14,056)
Net Fund based Income	75,755	73,923	59,354
Fee and Commission Income	10,063	10,084	8,849
Fee and Commission Expense	(1,806)	(951)	(645)
Net Fee and Commission Income	8,257	9,133	8,204
Other Operating Income	99	30	307
Total Operating Income	84,111	83,086	67,865
Loss on Fair Valuation of Financial Instruments Mandatorily Measured at FVTPL	-	-	-
Personnel Expenses	(18,847)	(17,852)	(18,589)
General and Administrative Expenses	(11,554)	(11,938)	(9,432)
Depreciation and Amortization	(7,446)	(7,345)	(6,671)
Total Operating Expenses excluding Provision	(37,847)	(37,135)	(34,692)
Operating Profit (Profit before Provisions)	46,264	45,951	33,173
Net Impairment Losses on Financial Assets	2,888	(5,564)	(1,144)
Profit / (Loss) Before Tax	49,152	40,387	32,029
Income Tax Expense	(12,288)	(10,097)	(8,007)
Net Profit	36,864	30,290	24,022
Basic Earnings Per Share	1.64	1.35	1.07

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

(All amounts in MVR'000 unless otherwise stated)

	30-Sep-22	30-Jun-22	30-Sep-21
Assets			
Cash, Short Term Funds & Balances with MMA	1,067,885	1,361,702	1,289,400
Minimum Reserve Requirement with MMA	410,260	422,577	362,085
Investments in Equity Securities	53,100	53,100	64,200
Investments in Other Financial Instruments	1,157,765	1,157,847	906,435
Net Receivables from Financing Activities	2,676,926	2,619,134	2,315,242
Property, Plant and Equipment	70,002	65,261	63,664
Right-of-Use Assets	98,366	101,479	82,319
Other Assets	114,224	136,009	100,539
Total Assets	5,648,528	5,917,109	5,183,884
Liabilities			
Customers' Accounts	4,623,069	4,849,640	4,122,485
Lease Liabilities	93,768	95,502	85,083
Other liabilities	206,224	283,364	316,507
Total Liabilities	4,923,061	5,228,506	4,524,075
Equity			
Share Capital	337,500	337,500	337,500
Retained Earnings	190,763	172,787	114,108
Statutory Reserve	150,000	150,000	150,000
Other Reserves	47,204	28,316	58,201
Total Equity	725,467	688,603	659,809
Total Liabilities and Equity	5,648,528	5,917,109	5,183,884



Ali Wasif
Chief Financial Officer



Ahmed Riza
Acting CEO



Ahmed Ali
Chairman / BAC

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

(All amounts in MVR'000 unless otherwise stated)

	Share Capital	Retained Earnings	Statutory Reserve	Other Reserves	Total Equity
Balance as at 01 January 2022	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
Net profit for the quarter	-	36,864	-	-	36,864
Dividends to equity holders	-	-	-	-	-
Transferred to reserves	-	-	-	-	-
Transferred to Non-Distributable Capital Reserve	-	(18,888)	-	18,888	-
Issue of Shares	-	-	-	-	-
Balance as at 30 September 2022	337,500	190,763	150,000	47,204	725,467

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

(All amounts in MVR'000 unless otherwise stated)

	Jul - Sep 2022	Apr - Jun 2022	Jul - Sep 2021
Cash Flows from Operating Activities	43,006	41,397	31,170
Changes in Operating Assets and Liabilities	(352,925)	(93,889)	10,148
Cash Flows from Investing Activities	10,916	(55,262)	(8,493)
Cash Flows from Financing Activities	5,186	(775)	(19,750)
Net increase/ (used) in Cash and Cash Equivalents	(293,817)	(108,529)	13,075
Cash and Cash Equivalents at beginning of the period	1,361,702	1,470,231	1,276,325
Cash and Cash Equivalents at end of the period	1,067,885	1,361,702	1,289,400

INVESTOR INFORMATION

Highest Traded Price	MVR 45.00
Lowest Traded Price	MVR 34.00
Last Traded Price	(on 21 st Sep 2022) MVR 41.00
Weighted Average Traded Price	MVR 35.03
Number of Securities Traded	679,355
Value of Securities Traded	MVR 23,800,411.00
Market Capitalization	MVR 788,175,245.21
Dividend Yield *	4.25%
Price Earnings Ratio *	5.90
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 02 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.

