

Housing Development Finance Corporation PLC

Financial Statements - 31 December 2025

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Housing Development Finance Corporation PLC

Report on the Audit of the Financial Statements

Our opinion

We have audited the financial statements of Housing Development Finance Corporation PLC (the "Company") which comprise the statement of financial position as at 31 December 2025, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements of the Company give a true and fair view of the financial position of the Company as at 31 December 2025, and of their financial performance and their cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
<p data-bbox="181 297 794 338">Impairment of loans and advances</p> <p data-bbox="181 376 794 454">Refer to the material accounting policy note 4.2.4 to the financial statements.</p> <p data-bbox="181 492 794 645">As at 31 December 2025, 77 % of the total assets of the Company consisted of loans and advances amounting to MVR 1.6 billion shown net of loss allowance of MVR 93.2 million.</p> <p data-bbox="181 683 794 952">The Company applies 3 stage model and allocates loans and advances to stage 1,2,3 using criteria in accordance with IFRS 9 and calculates expected credit loss (ECL) allowance by using following key inputs: probability of default (PD), loss given default (LGD) and exposure at default (EAD).</p> <p data-bbox="181 990 794 1608">PD is determined using historical collection trends, credit migration rate in the Markov chain approach. The data used to derive the PD is based on the Company’s own experience at the reporting date. The output PD is then adjusted to reflect macro-economic conditions of Maldives using score card approach. The LGD is estimated as percentage of expected loss after considering recoveries from borrowers including recoveries from collateral based on past history of the Company. The Company formulates and incorporates multiple forward looking scenarios reflecting management views of potential future economic developments into ECL estimates involve use of significant judgements.</p> <p data-bbox="181 1646 794 1798">Significant estimates and assumptions used by the management in such calculations and the basis for impairment allowance is disclosed in Note 4.2.4.</p>	<p data-bbox="815 297 1394 454">Specific work that we performed on the loss allowance on loans and advances recognised by management included the following:</p> <ul style="list-style-type: none"> <li data-bbox="863 533 1394 801">i) Tested the completeness of the loans and advances considered in the loss calculation by checking the mathematical accuracy of the listing obtained and matched the outstanding balances with the general ledger. <li data-bbox="863 840 1394 1037">ii) Tested the loans and advances in stage 1, 2 and 3 on a sample basis to verify they were classified to the appropriate stage in accordance with IFRS 9. <li data-bbox="863 1075 1394 1429">iii) Assessed the reasonableness of management’s estimated future recoveries of individual customer loans and advances including discount rates and valuation of collateral held by testing the key underlying assumptions and evaluating the process by which those were drawn up. <li data-bbox="863 1467 1394 1899">iv) Tested the accuracy and completeness of underlying information in loans and advances used in the expected financing activities loss allowance calculation, such as disbursed and undisbursed facility amounts, deposits, values of the collateral, aging and tenure periods by agreeing details with the respective customer statements and files on a sample basis.

The loss allowance in respect of loans and advances represent management's best estimate of the impairment loss incurred and expected within the loan's portfolio at the reporting date.

We have identified expected credit loss allowance for loans and advances as a key audit matter as the calculation of the loss allowance is a complex area and requires management to make significant assumptions and judgements.

v) Tested the methodology applied in the loss allowance calculation by checking compliance with the requirements of IFRS 9, Financial instruments; recognition and measurement, and also considered reasonableness of macro-economic and other factors used by the management by comparing them with publicly available data and information sources.

vi) Assessed the adequacy of the related financial statement disclosures as set out on Notes 4.2.4, 11, 17 and 30.1 for compliance with required IFRS 9 disclosures.

Other Matter

The financial statements of the Company for the year ended 31 December 2024 were audited by another firm of auditors whose report, dated 24 April 2025, expressed an unmodified opinion on those statements.

Other Information

Management is responsible for the other information. The other information comprises the Annual Report for the year ended 31 December 2025 but does not include the financial statements and our auditor's report thereon which is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the Company of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor’s report is Mohamed Siraj Muneer.

For and on behalf of DELOITTE PARTNERS

MALE`



Licensed Partner : Mohamed Siraj Muneer

License No : ICAM-IL-DZK

23 April 2026

HOUSING DEVELOPMENT FINANCE CORPORATION PLC
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
31 December 2025

Statement of comprehensive income

(All amounts in Maldivian Rufiyaa)

	Note	2025	2024
Interest income	6.1	131,091,637	136,633,636
Interest expense	6.3	(28,407,247)	(36,401,592)
Net interest income		102,684,390	100,232,044
Net income on shari'ah products	7	56,446,308	46,516,875
Fee income	8	4,561,382	4,119,215
Other income	9	1,836,467	1,974,796
Total operating income		165,528,547	152,842,930
Salaries and personnel expenses	10	(17,079,594)	(13,422,014)
Allowance for impairment loss on loans and advances	11	(19,873,439)	(13,186,794)
Reversal of modification loss on loans and advances	12	-	1,264,703
Other operating expenses	13	(11,476,106)	(9,746,028)
Profit before income tax		117,099,408	117,752,797
Income tax	14	(18,865,581)	(18,282,003)
Profit for the year		98,233,827	99,470,793
Basic earnings per share	15	6.16	6.24

The notes on pages 10 to 63 are integral part of these financial statements.

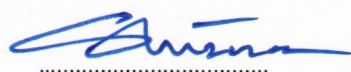


**HOUSING DEVELOPMENT FINANCE CORPORATION PLC
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
31 December 2025**

Statement of financial position
(All amounts in Maldivian Rufiyaa)

	Notes	As at 31 December 2025	As at 31 December 2024
ASSETS			
Cash and cash equivalents	16	67,862,079	152,877,412
Loans and advances	17	1,617,769,469	1,603,822,731
Financial assets at amortized cost	18	380,265,122	358,054,216
Property, plant and equipment	19	4,107,709	3,435,306
Right-of-use assets	20	3,210,747	2,975,248
Intangible assets	21	907,009	1,513,101
Other assets	22	6,767,907	6,557,191
Deferred income tax asset	14.4	13,987,687	11,301,829
Total assets		2,094,877,729	2,140,537,034
LIABILITIES			
Deposits from customers	23	85,281,909	87,555,131
Debt securities in issue	24	478,875,744	498,141,897
Other borrowed funds	25	242,032,961	350,167,133
Other liabilities	26	296,483,956	310,157,576
Lease liabilities	27	4,745,698	4,836,212
Current income tax liabilities	14.3	10,344,074	10,799,525
Total liabilities		1,117,764,342	1,261,657,474
SHAREHOLDERS' EQUITY			
Share capital	28	159,375,000	159,375,000
General reserve	28.4	15,000,000	15,000,000
Capital reserve	28.5	50,000,000	50,000,000
Retained earnings		752,738,387	654,504,560
Total shareholders' equity		977,113,387	878,879,560
Total equity and liabilities		2,094,877,729	2,140,537,034

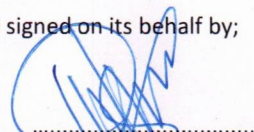
These financial statements were approved by the Board of Directors and signed on its behalf by;



Aishath Shizna
Chief Financial Officer



Ahmed Zeenad
Managing Director



Ahmed Asad Hashim
Audit and Risk Management
Committee Chairperson

The notes on pages 10 to 62 are integral part of these financial statements.

22 April 2026

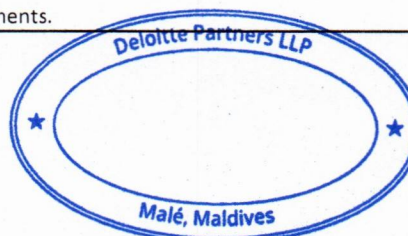


HOUSING DEVELOPMENT FINANCE CORPORATION PLC
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
31 December 2025

Statement of changes in equity
(All amounts in Maldivian Rufiyaa)

	Share capital	General reserve	Capital reserve	Retained earnings	Total Equity
Balance 1 January 2024	159,375,000	15,000,000	50,000,000	629,143,141	853,518,141
Profit for the year	-	-	-	99,470,794	99,470,794
Total comprehensive income for the year	-	-	-	99,470,794	99,470,794
Transaction with owners of the Company					
Dividends (Note 28.3)	-	-	-	(74,109,375)	(74,109,375)
Total transaction with owners of the Company	-	-	-	(74,109,375)	(74,109,375)
Balance as at 31 December 2024	159,375,000	15,000,000	50,000,000	654,504,560	878,879,560
Balance as at 1 January 2025	159,375,000	15,000,000	50,000,000	654,504,560	878,879,560
Profit for the year	-	-	-	98,233,827	98,233,827
Total comprehensive income for the year	-	-	-	98,233,827	98,233,827
Dividends (Note 28.3)	-	-	-	-	-
Total transaction with owners of the Company	-	-	-	-	-
Balance as at 31 December 2025	159,375,000	15,000,000	50,000,000	752,738,387	977,113,387

The notes on pages 10 to 63 are integral part of these financial statements.



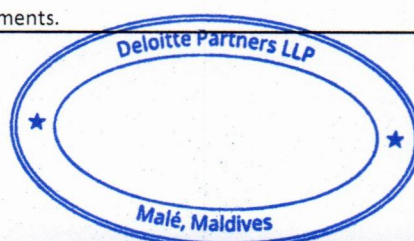
HOUSING DEVELOPMENT FINANCE CORPORATION PLC
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
31 December 2025

Statement of Cash flows

(All amounts in Maldivian Rufiyaa)

	2025	2024
Cash flows from operating activities		
Profit before tax	117,099,408	117,752,797
Adjustments for:		
Depreciation on property, plant and equipment	19 876,728	736,360
Depreciation on right-of-use assets	20 977,868	789,325
Amortization of intangible assets	21 606,092	606,092
Impairment losses on financial assets	11 17,826,516	13,186,794
Reversal of modification loss of loans and advances	12 -	(1,264,703)
Loss on disposal of property, plant and equipment	44,613	1,046
Reversal of the interest income of stage 3 customers	(156,232)	(120,421)
Interest expense on lease liabilities	6 389,691	488,061
Interest expenses & Amna investors' profit share	63,162,506	71,226,382
Interest income & income from shari'ah products	(220,402,064)	(204,154,032)
Cashflows from operating activities	<u>(19,574,874)</u>	<u>(752,299)</u>
Changes in working capital:		
Increase in loans and advances to customers	(42,871,093)	(17,023,499)
Increase in other assets	210,716	(490,029)
Increase / (decrease) in other liabilities	51,215,909	(11,799,721)
(Decrease) / increase in deposits from customers	(2,539,042)	5,418,037
Cash used in operating activities	<u>(13,558,384)</u>	<u>(24,647,511)</u>
Interest received	230,773,739	202,975,340
Interest paid	(64,744,959)	(74,257,738)
Income tax paid	14.3 (22,006,889)	(16,342,591)
Net cash generated from operating activities	<u>130,463,507</u>	<u>87,727,500</u>
Cash flows from investing activities		
Purchases of property, plant and equipment	19 (1,605,744)	(1,580,057)
Net Investment made in securities	(22,470,000)	(49,224,441)
Proceeds from disposal of property, plant and equipment	12,000	1,596
Net cash used in investing activities	<u>(24,063,744)</u>	<u>(50,802,902)</u>
Cash flows from financing activities		
Repayments of debt securities in issue	(42,280,301)	(38,697,346)
Proceeds from debt securities in issue	25,000,000	-
Repayments of other borrowed funds	(112,987,476)	(93,610,770)
Proceeds from other borrowed funds	5,000,000	749,618
Dividend paid	(64,889,529)	(36,568,570)
Repayment of lease liabilities	27 (1,257,790)	(951,938)
Net cash used in financing activities	<u>(191,415,096)</u>	<u>(169,079,006)</u>
Net decrease in cash and cash equivalents	(85,015,333)	(132,154,408)
Cash and cash equivalents at beginning of the year	152,877,412	285,031,820
Cash and cash equivalents at end of the year	16 <u>67,862,079</u>	<u>152,877,412</u>

The notes on pages 10 to 63 are integral part of these financial statements.



**HOUSING DEVELOPMENT FINANCE CORPORATION PLC
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS 31 December 2025**

1. REPORTING ENTITY

Housing Development Finance Corporation Public Limited Company (the “Company”) was incorporated and domiciled in the Republic of Maldives since 28th January 2004. Initially, the Company was incorporated as its own state enterprise (Housing Development Finance Corporation) on 28th January 2004, by a Presidential Decree and presently governed under the Companies Act No. 10 of 1996.

The Company was registered as a public limited company on 9th February 2006 and privatized on 23rd July 2008 by signing of a shareholders’ agreement between Government of Maldives, International Finance Corporation, Asian Development Bank, and HDFC Bank Limited (formerly HDFC Investments, India. The registered office of the Company is at 4th Floor, H. Mialani, Sosun Magu, Male', Republic of Maldives. The Company is engaged in granting housing loans for residential and commercial purposes.

2. BASIS OF PREPARATION

(a) Statement of Compliance

The financial statements have been prepared in accordance with IFRS Accounting Standards (“IFRSs”).

(b) Basis of Measurement

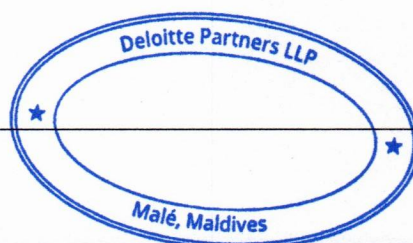
The financial statements have been prepared on the historical cost basis, except for assets and liabilities measured at fair value or amortized cost, as applicable.

(c) Functional and Presentation Currency

These financial statements are presented in Maldivian Rufiyaa, which is the Company’s functional currency. All financial information presented in Maldivian Rufiyaa has been rounded to the nearest rufiyaa.

(d) Use of Estimates and Judgements

The preparation of the financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized as income or expense in the period of revision and future periods affected.



**HOUSING DEVELOPMENT FINANCE CORPORATION PLC
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS 31 December 2025**

2. BASIS OF PREPARATION (Continued)

A. Judgements

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes.

- establishing the criteria for determining whether credit risk on the financial assets has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of ECL and selection and approval of models used to measure ECL. (Refer note 30.1.2)
- classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial assets are SPPI on the principal amount outstanding. (Refer note 4.2.4)

B. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31st December 2025 is included in the following notes.

- impairment of financial instruments: determination of inputs into the ECL measurement model, including key assumptions used in estimating recoverable cash flows and incorporation of forward-looking information. (Refer note 30.1.2.3)

C. Going Concern

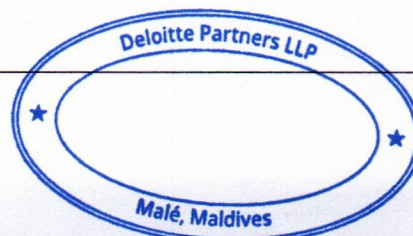
The Board has assessed the Company's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Board is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern, and it does not intend either to liquidate or to cease operations of the Company. Therefore, the financial statements continue to be prepared on the going concern basis.

3. CHANGES IN MATERIAL ACCOUNTING POLICIES

There were no material changes in accounting policies during the current reporting period.

4. MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by the Company except if mentioned otherwise in note 3 to the Financial Statements.



**HOUSING DEVELOPMENT FINANCE CORPORATION PLC
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS 31 December 2025**

4. MATERIAL ACCOUNTING POLICIES (Continued)

4.1. Transactions in Foreign Currency

Transactions in currencies other than Maldivian Rufiyaa are translated to Maldivian Rufiyaa at the exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in currencies other than Maldivian Rufiyaa are translated to Maldivian Rufiyaa at the exchange rate ruling at the reporting date. Foreign exchange differences arising from the translation of monetary assets and liabilities are recognized in profit or loss for the year.

Non-monetary assets and liabilities, which are measured at historical cost and denominated in currencies other than Maldivian Rufiyaa, are translated to Maldivian Rufiyaa at the exchange rate at the transaction date. Non monetary assets and liabilities, which are stated at fair value, denominated in currencies other than Maldivian Rufiyaa, are translated to Maldivian Rufiyaa at the exchange rates ruling at the dates the values were determined.

4.2. Financial assets and liabilities

4.2.1. Amortised cost and effective interest rate

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using effective interest rate method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

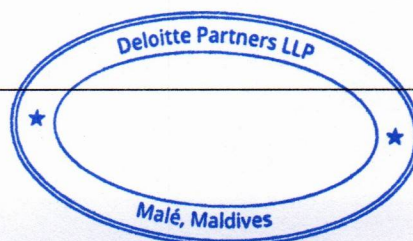
Effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortized cost before any impairment allowance) or to the amortized cost of a financial liability. The calculation does not consider expected credit losses and, the loan processing fees since the amount is immaterial. When the Company revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liabilities is adjusted to reflect actual and revised estimated cash flows. The adjustment is recognised in profit or loss as interest income or expense.

4.2.2. Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for the financial assets that have subsequently become credit-impaired (or stage 3), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision).

4.2.3. Initial recognition and measurement

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognized on trade dates, the date on which the Company commits to purchase or sell the asset.



**HOUSING DEVELOPMENT FINANCE CORPORATION PLC
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS 31 December 2025**

4. MATERIAL ACCOUNTING POLICIES (Continued)

4.2.3. Initial recognition and measurement (Continued)

At initial recognition, the Company measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at Fair value through profit or loss (FVTPL), transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognized for financial assets measured at amortized cost, as described in note 4.2.4, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference as follows:

- a) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.
- b) In all other cases, the difference is deferred, and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realized through settlement.

4.2.4. Financial assets

(i) Classification

The Company classifies its financial assets at amortized cost. The classification requirements for debt instruments are described below:

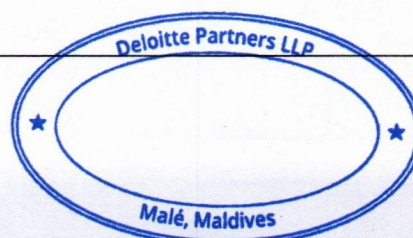
Debt instruments are those instruments that meet the definition of financial liability from the issuer's perspective, such as loans, government and corporate bonds.

Classification and subsequent measurement of debt instruments depend on :

- a) The Company 's business model for managing the asset; and
- b) The cash flow characteristics of the asset

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:



**HOUSING DEVELOPMENT FINANCE CORPORATION PLC
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS 31 December 2025**

4. MATERIAL ACCOUNTING POLICIES (Continued)

4.2.4. Financial assets (Continued)

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flow; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI").

Financial assets measured at amortised cost comprise receivables from Murabaha, Istisna's, Diminishing Musharaka, Education Financing, balances with Maldives Monetary Authority ("MMA"), cash in hand and balances with banks.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. Accordingly, the Company has irrevocably elected to present subsequent changes in fair value in OCI.

Financial assets designated at FVOCI comprise Company's investments in equity shares.

All other financial assets are classified as measured at FVTPL.

Financial assets measured at FVTPL comprise Company's money market placements and some Wakala and Mudharaba placements which do not meet SPPI criterion.

Business model assessment

The Company makes an assessment of the objective of a business model in which an asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. Whether management's strategy focuses on earning contractual profit revenue, maintaining a particular profit rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets.
- how the performance of the portfolio is evaluated and reported to the Company's management.
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed.
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and their expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realised.

**HOUSING DEVELOPMENT FINANCE CORPORATION PLC
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NOTES TO THE FINANCIAL STATEMENTS 31 December 2025**

4. MATERIAL ACCOUNTING POLICIES (Continued)

4.2.4. Financial assets (Continued)

Assessment of whether contractual cash flows are solely payments of principal and profit

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition.

'Profit' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin. In assessing whether the contractual cash flows are solely payments of principal and profit, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flow such that it would not meet this condition. In making assessment, The Company considers:

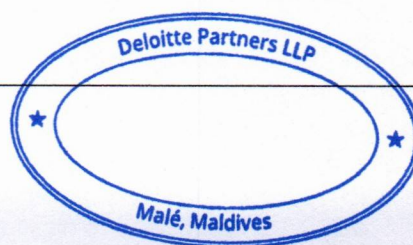
- contingent events that would change the amount and timing of cash flow.
- leverage features.
- prepayment and extension terms.
- terms that limit the Company 's claim to cash flows from specified assets (e.g. non-recourse financing facilities); and
- features that modify consideration of the time value of money (e.g. periodical reset of profit rates).

The Company holds a portfolio of long-term fixed rate financing facilities for which the Company has the option to propose revising the profit rate at periodic reset dates. These reset rights are limited to the market rate at the time of revision. The borrowers have the option to either accept the revised rate or redeem the finance facility subject to rebate policy of the Company. The Company has determined that the contractual cash flow of these financing facilities is solely payments of principal and profit because the option varies the profit rate in a way that is considered for the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

Equity instruments have contractual cash flows that do not meet the SPPI criterion. Accordingly, all such financial assets are measured at FVOCI.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.



**HOUSING DEVELOPMENT FINANCE CORPORATION PLC
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NOTES TO THE FINANCIAL STATEMENTS 31 December 2025**

4. MATERIAL ACCOUNTING POLICIES (Continued)

4.2.4. Financial assets (Continued)

(ii) Subsequent measurement

Financial assets measured at amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortized cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognized and measured as described in note 30.1.2 Interest income from these financial assets is included in 'Interest and similar income' using the effective interest rate method.

(iii) Impairment

The Company assesses on a forward-looking basis the expected credit loss (ECL) associated with its debt instrument assets carried at amortised cost with the exposure arising from loan commitments. The Company recognizes a loss allowance for such losses at each reporting date. The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes.

(i) The time value for money.

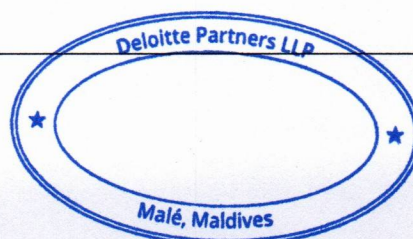
(ii) Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12 -month ECL:

- other financial instruments on which credit risk has not increased significantly since their initial recognition.

12-month ECL is the portion of lifetime ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which 12 - month ECL are recognized are referred to as 'Stage 1 financial instruments'. Financial instruments allocated to Stage 1 have not undergone a significant increase in credit risk since initial recognition and are not credit impaired.

Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument or the maximum contractual period of exposure. Financial instruments for which lifetime ECL are recognized but that are not credit -impaired are referred to as 'Stage 2 financial instruments'. Financial instruments allocated to Stage 2 are those that have experienced a significant increase in credit risk since initial recognition but are not credit impaired.



**HOUSING DEVELOPMENT FINANCE CORPORATION PLC
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4. MATERIAL ACCOUNTING POLICIES (Continued)

4.2.4. Financial assets (Continued)

Financial instruments for which lifetime ECL are recognised and that are credit-impaired are referred to as 'Stage 3 financial instruments'.

Measurement of ECL

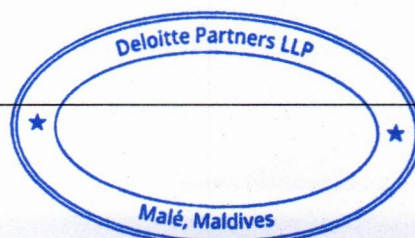
ECL are a probability -weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit -impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).
- financial assets that are credit-impaired at the reporting date: as the difference between the gross amount and the present value of estimated future cash flows.
- undrawn finance commitments: as the present value of the difference between the contractual cash flows that are due to the Company if the commitment is drawn down and the cash flows that the Company expects to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less than any amount that the Company expects to recover.
- When discounting future cash flows, the following discount rates are used:
 - financial assets other than purchased or originated credit -impaired (POCI) financial assets: the original effective profit rate or an approximation thereof.
 - POCI assets: a credit-adjusted effective profit rate.
 - undrawn finance commitments: the effective profit rate, or an approximation thereof, that will be applied to the financial asset resulting from the finance commitment; and
 - financial guarantee contracts issued: the rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows.

Restructured Financial Assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognized and ECL are measured as follows.

- if the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- if the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial assets that are discounted from the expected date of derecognition to the reporting date using the original effective profit rate if the existing financial asset.



**HOUSING DEVELOPMENT FINANCE CORPORATION PLC
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4. MATERIAL ACCOUNTING POLICIES (Continued)

4.2.4. Financial assets (Continued)

Credit -Impaired Financial Assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt financial assets carried at FVOCI are credit-impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'credit -impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit -impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a finance facility by the Company on terms that the Company would not consider otherwise
- it is becoming probable that the borrower will enter bankruptcy or other financial re cognition; or
- the disappearance of an active market for security because of financial difficulties.

A financing facility that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a financing facility is provided to an individual customer that is overdue for 90 days or more is considered credit -impaired which is in alignment with the regulatory definition of default.

Purchased or Originated Credit -Impaired (POCI) Financial Assets

Loss allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets.
- finance commitments and financial guarantee contracts: generally, as a provision.
- where a financial instrument includes both a drawn and an undrawn component, and the Company cannot identify the ECL on the finance commitment component separately from those on the drawn component: the Company presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.

Refer Note 30.1.2 for more details of how the expected credit loss allowance is measured.



**HOUSING DEVELOPMENT FINANCE CORPORATION PLC
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4. MATERIAL ACCOUNTING POLICIES (Continued)

4.2.4. Financial assets (Continued)

Write-off

Financing and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are recognised when cash is received and are included in 'impairment losses on financial instruments' in the statement of profit or loss and other comprehensive income.

Financial assets that are written off could still be subject to enforcement activities to comply with the Company's procedures for recovery of amounts due.

Loan commitments

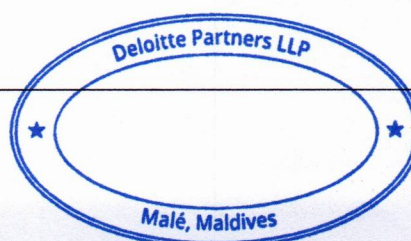
Loan commitments provided by the Company are measured as the amount of the loss allowance (calculated as described in note 30.1.2.3). The Company has not provided any commitment to providing loans at a below market interest rate, or that can be settled in cash or by delivering or issuing another financial instrument.

For loan commitments, the loss allowance is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment and the Company cannot separately identify the expected credit loss on the undrawn commitment component from those on the loan component, the expected credit loss on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined expected credit loss exceeds the gross carrying amount of the loan, the expected credit losses are recognized as a provision.

(iv) Modification of loans

The Company sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, The Company assesses whether or not the new terms are substantially different to the original terms. The Company does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Significant extension of loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.



**HOUSING DEVELOPMENT FINANCE CORPORATION PLC
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4. MATERIAL ACCOUNTING POLICIES (Continued)

4.2.4. Financial assets (Continued)

If the terms are substantially different, the Company derecognizes the original financial asset and recognizes a 'new' asset of fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred.

However, the Company also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was carried out by the debtor unable to make the originally agreed payments. Differences in the carrying amount are also recognized in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Company recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss.

The new gross carrying amount is recalculated by discounting the modified cash flow at the original effective interest rate.

(v) Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either

- i. the Company transfers substantially all the risks and rewards of the ownership, or
- ii. the Company neither transfers nor retains substantially all the risk and rewards of ownership and the Company has not retained the control .

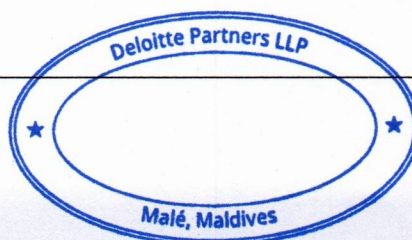
4.2.5. Financial liabilities

(i) Classification and subsequent measurement

In both the current and prior period, financial liabilities are classified and subsequently measured at amortized cost except for loan commitments.

Interest expenses

Interest expense is recorded using the Effective Interest Rate (EIR) method. EIR is the rate that estimated future cash flows through the expected life of the financial instruments or a shorter period, where appropriate, to the net carrying amount of the financial liability.



**HOUSING DEVELOPMENT FINANCE CORPORATION PLC
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4. MATERIAL ACCOUNTING POLICIES (Continued)

4.2.5. Financial liabilities (Continued)

(ii) Derecognition

Financial liabilities are derecognized when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expired). The exchange between the Company and its original lenders of debt instruments with substantially different terms, as well as substantial modification of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of term is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment.

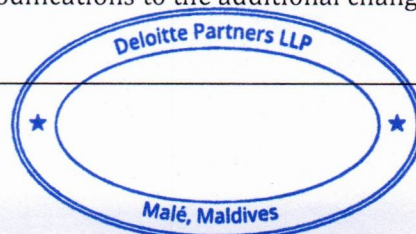
If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

(iii) Interest Rate Benchmark Reform

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortized cost changed as a result of interest rate benchmark reform, the Company updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Company first updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Company applied the policies on accounting for modifications to the additional changes.



**HOUSING DEVELOPMENT FINANCE CORPORATION PLC
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4. MATERIAL ACCOUNTING POLICIES (Continued)

4.3. Cash and cash equivalents

Cash and cash equivalents are items which are readily convertible to known amounts of cash, and which are subject to an insignificant risk of changes in value. Cash and cash equivalents include all Company placements with original maturities of less than three months as per IAS 7- Statement of Cash Flows.

Funds restricted for a period of more than three months on origination are excluded from cash and cash equivalents. Cash and cash equivalents are carried at amortised cost.

4.4. Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counter party.

4.5. Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to other operating expenses during the financial year in which they are incurred.

Depreciation is calculated using the straight -line method to allocate their cost to their residual values over their estimated useful lives, as follows:

- Leasehold improvements - lower of remaining lease tenure or 10 years.
- Furniture and fixtures - 5 years
- Computer equipment - 5 years
- Motor vehicles - 4 years
- Office equipment - 3 to 8 years

Leasehold improvements consist of partitions and fixtures on the leasehold properties. These assets are depreciated over the shorter length of their useful life or the lease term, unless the entity expects to use the assets beyond the lease term. The charge for the depreciation commences from the date on which the assets are available for use. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.



**HOUSING DEVELOPMENT FINANCE CORPORATION PLC
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4. MATERIAL ACCOUNTING POLICIES (Continued)

4.5. Property, plant and equipment (Continued)

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in other operating income or other operating expenses in the income statement.

4.6. Impairment of non-financial assets

Property, plant and equipment and intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value, less costs of disposal, and its value in use. For assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash - generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

4.7. Intangible assets

Costs associated with software are capitalised and amortised using the straight -line method over estimated useful life of four years. The carrying amount of intangible assets is reviewed annually and adjusted for permanent impairment where it is considered necessary. All other costs associated with computer software, e.g. its maintenance, are expensed when incurred.

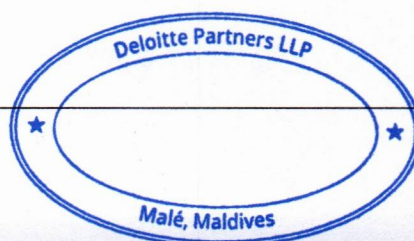
4.8. Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

Payments made under operating leases are recognized in profit or loss on accrual basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component based on its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non -lease components and account for the lease and non-lease components as a single lease component.



**HOUSING DEVELOPMENT FINANCE CORPORATION PLC
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4. MATERIAL ACCOUNTING POLICIES (Continued)

4.8. Leases (Continued)

The Company recognizes right-of-use assets and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use assets reflect that the Company will exercise a purchase option. In that case the right-of-use assets will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use assets are periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liabilities.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liabilities comprise the following:

- fixed payments, including in-substance fixed payments.
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liabilities are measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in the Company's estimate of the amount payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in substance fixed lease payment.

**HOUSING DEVELOPMENT FINANCE CORPORATION PLC
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4. MATERIAL ACCOUNTING POLICIES (Continued)

4.8. Leases (Continued)

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right -of-use asset or is recorded in profit or loss if the carrying amount of the right -of-use asset has been reduced to zero.

The Company presents right -of-use assets that do not meet the definition of investment property in "Right-of-Use Asset" and lease liability in "Lease Liability" in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight -line basis over the lease term.

4.9. Debt securities issue

Debt securities in issue include bonds and sukuk issued by the Company. Debt securities are stated at amortized cost. If the Company purchases its own debt securities in issue, they are derecognized from the statement of financial position and the difference between the carrying amount of the liability and the consideration paid is included in gains arising from early retirement of debt.

The obligation to make future payments of principal and interest to bondholders is carried at amortised cost until extinguished on maturity of the bonds.

4.10. Other borrowed funds

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs). and the redemption value is recognised in the income statement over the period of borrowing using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs to the extent that drawdown is probable. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of comprehensive income as other income or finance costs.



**HOUSING DEVELOPMENT FINANCE CORPORATION PLC
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS 31 December 2025**

4. MATERIAL ACCOUNTING POLICIES (Continued)

4.10. Other borrowed funds (Continued)

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

4.11. Customer deposits

Customer accounts are non-derivative liabilities owed to individuals, state or corporate customers and are carried at amortised cost.

4.12. Derivative financial instruments

Derivative financial instruments, including currency swaps, are carried out at their fair value. All derivative instruments are carried as assets when fair value is positive, and as liabilities when fair value is negative. Changes in the fair value of derivative instruments are included in profit or loss for the period (gains less losses on derivatives).

4.13. Provisions for liabilities and charges

Provisions for liabilities and charges are non-financial liabilities of uncertain timing or amount. They are accrued when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

4.14. Trade and other payables

Trade payables are accrued when the counterparty has fulfilled its obligations under the contract and are carried out at amortized cost.

4.15. Share Capital

Ordinary shares are classified as equity.

4.16. Dividends

Dividends on ordinary shares are recognized in equity in the period in which they are approved by the Company's shareholders.



**HOUSING DEVELOPMENT FINANCE CORPORATION PLC
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
NOTES TO THE FINANCIAL STATEMENTS 31 December 2025**

4. MATERIAL ACCOUNTING POLICIES (Continued)

4.17. Fiduciary Activities

The Company commonly acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of Ministry of Housing, Land and Urban Development (MHUD) formerly Ministry of Housing and Infrastructure (MHI). These assets and income arising thereon are excluded from these financial statements, as they are not assets of the Company.

4.18. Current and deferred tax

The tax expenses for the period comprise current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized directly in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax computation with respect to situations in which applicable tax regulation is subject to interpretation.

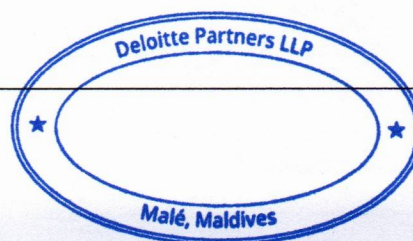
It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. The provisions for income tax are based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Income Tax Act.

The Company is liable to income tax at rate of 15% if the taxable profit of the year exceeds MVR 500,000 /-.

Deferred tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction effects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The recognized deferred tax asset represents income taxes recoverable through future deductions from taxable profits and is recorded in the statement of financial position. Deferred tax assets are recorded to the extent that realisation of the related tax benefit is probable.

The future taxable profits and the amount of tax benefits that are probable in the future are based on a medium-term business plan prepared by management and extrapolated results thereafter. The business plan is based on management expectations that are believed to be reasonable under the circumstances.



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4. MATERIAL ACCOUNTING POLICIES (Continued)

4.19. Fees, Commissions and other income and expenses

Fees, commissions and other income and expenses items are generally recorded on an accrual basis by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

4.20. Employee Benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions to a separate entity and will have no legal or constructive obligation to pay further amounts. The Company contributes 7% of members' salary into the scheme with an additional, minimum, 7% of salary being contributed by the members.

(ii) Short -term benefits

Short-term employee benefit obligations of the Company are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under a short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

4.21. Segment Reporting

As per IFRS 8, Segments are reported in a manner consistent with the internal reporting provided to the board of Directors of the Company. Segments whose revenue, results or assets are 10 percent or more of all the segments are reported separately.

4.22. Presentation of statement of financial position in order of liquidity

The Company does not have a clearly identifiable operating cycle and therefore does not present current and non-current assets and liabilities separately in the statement of financial position. Instead, analysis of assets and liabilities by their expected maturity is presented in Note 30.2.2



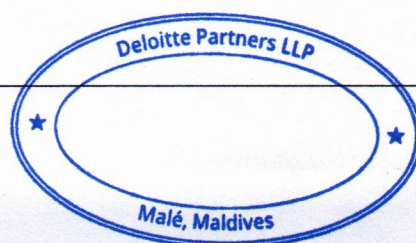
HOUSING DEVELOPMENT FINANCE CORPORATION PLC
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4. MATERIAL ACCOUNTING POLICIES (Continued)

4.22. Presentation of statement of financial position in order of liquidity (Continued)

31-Dec-25	Amounts expected to recovered or settled		
Assets	Within 12 months or reporting period (MVR)	After 12 months of reporting period (MVR)	Total (MVR)
Cash and cash equivalents	67,862,079	-	67,862,079
Financial assets at amortised cost	380,265,122	-	380,265,122
Loans and advances	144,901,947	1,472,867,522	1,617,769,469
Property, plant and equipment	-	4,107,709	4,107,709
Intangible assets	-	3,210,747	3,210,747
Right-of-use assets	-	907,009	907,009
Other assets	-	6,767,907	6,767,907
Deferred tax assets	-	13,987,687	13,987,687
Total assets	593,029,148	1,501,848,581	2,094,877,729

31-Dec-25	Amounts expected to recovered or settled		
Liabilities	Within 12 months or reporting period (MVR)	After 12 months of reporting period (MVR)	Total (MVR)
Deposits from customers	2,773,774	82,508,135	85,281,909
Debt securities in issue	37,919,048	440,956,696	478,875,744
Other borrowed funds	92,876,633	149,156,328	242,032,961
Other liabilities	-	296,483,956	296,483,956
Lease liabilities	1,387,428	3,358,270	4,745,698
Current tax liabilities	10,344,074	-	10,344,074
Total Liabilities	145,300,957	972,463,385	1,117,764,342



HOUSING DEVELOPMENT FINANCE CORPORATION PLC
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4. MATERIAL ACCOUNTING POLICIES (Continued)

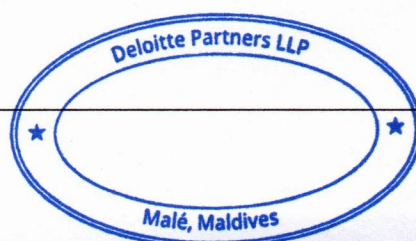
4.22. Presentation of statement of financial position in order of liquidity (Continued)

31 December 2024	Amounts expected to recovered or settled		
	Within 12 months or reporting period (MVR)	After 12 months of reporting period (MVR)	Total (MVR)
Assets			
Cash and cash equivalents	152,877,412	-	152,877,412
Financial assets at amortised cost	358,054,216	-	358,054,216
Loans and advances	116,681,997	1,487,140,733	1,603,822,731
Property, plant and equipment	-	3,435,306	3,435,306
Intangible assets	-	2,975,248	2,975,248
Right-of-use assets	-	1,513,101	1,513,101
Other assets	-	6,557,192	6,557,191
Deferred tax assets	-	11,301,829	11,301,829
Total assets	627,613,625	1,512,923,409	2,140,537,034

31 December 2024	Amounts expected to recovered or settled		
	Within 12 months or reporting period (MVR)	After 12 months of reporting period (MVR)	Total (MVR)
Liabilities			
Deposits from customers	11,733,153	75,821,978	87,555,131
Debt securities in issue	49,223,385	448,918,512	498,141,897
Other borrowed funds	97,789,593	252,377,540	350,167,133
Other liabilities	-	310,157,576	310,157,576
Lease liabilities	1,074,043	3,762,169	4,836,212
Current tax liabilities	10,799,525	-	10,799,525
Total Liabilities	188,467,332	1,073,190,142	1,261,657,474

5. ACCOUNTING STANDARDS EFFECTIVE BUT NOT YET EFFECTIVE

A number of amendments to International Accounting Standards are effective for annual periods beginning after 31 December 2025 and earlier adoption is permitted; however, the Company has not adopted or early adopted following amended standards in preparing these financial statements.



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5. ACCOUNTING STANDARDS EFFECTIVE BUT NOT YET EFFECTIVE (Continued)

New and amended accounting standards adopted by the Company:

- Amendments to IAS 21: The Effects of Changes in Foreign Exchange Rates titled Lack of Exchangeability

New and amended standards and interpretations issued but not yet effective:

- Amendments to IFRS 9 and IFRS 7: Amendments to the Classification and Measurement of Financial Instruments
- Annual Improvements to IFRS Accounting Standards - Volume 11 Amendments to IFRS 9 and IFRS 7: Contracts Referencing Nature-dependent Electricity
- IFRS 18: Presentation and Disclosures in Financial Statements
- IFRS 19: Subsidiaries without Public Accountability: Disclosures

The above amendments and interpretations are not expected to have a significant impact on the Company's financial statements.

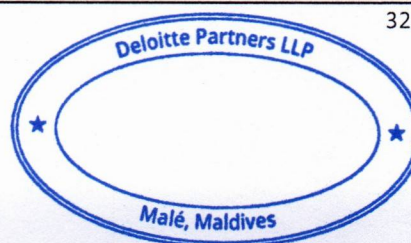


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(All amounts in Maldivian Rufiyaa)

6	NET INTEREST INCOME	2025	2024
	Interest income (Note 6.1)	131,091,637	136,633,636
	Less: interest expense (Note 6.3)	(28,407,247)	(36,401,592)
	Net interest income	102,684,390	100,232,044
6.1	Interest income calculated using effective interest rate method		
	Loans and advances (Note 6.2)	118,987,114	123,446,380
	Interest income from short term investments	12,104,523	13,187,256
		131,091,637	136,633,636
6.2	Interest income from loans and advances		
	Housing loans and advances	118,856,403	123,310,500
	Staff loans	130,711	135,880
		118,987,114	123,446,380
6.3	Interest expenses		
	Other borrowed funds	20,689,145	26,713,582
	Debt securities in issue	6,549,866	8,338,091
	Deposits from customers	778,545	861,857
	Interest on lease liabilities (Note 27)	389,691	488,061
		28,407,247	36,401,592
7	NET INCOME ON SHARI'AH PRODUCTS	2025	2024
	Revenue from housing facilities	82,773,709	72,603,258
	Revenue from short term investments	6,536,718	6,071,478
	Fee income	2,280,831	3,087,036
	Amna investors' profit share	(35,144,950)	(35,244,898)
		56,446,308	46,516,875
8	FEE INCOME	2025	2024
	Other fee income	935,881	471,129
	Management fees	3,625,501	3,648,086
		4,561,382	4,119,215
9	OTHER INCOME	2025	2024
	Penalty interest	1,171,923	1,750,318
	Insurance commissions	53,199	219,078
	Other Incomes	611,345	5,400
		1,836,467	1,974,796



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10 SALARIES AND PERSONNEL EXPENSES

	2025	2024
Salaries and allowances	14,887,047	11,726,698
Contribution to employees pension fund	640,930	510,422
Employee benefit expense amortization	136,580	144,910
Ramadan allowances and bonus	1,080,171	797,162
Staff medical insurance	334,866	242,822
	<u>17,079,594</u>	<u>13,422,014</u>

11 ALLOWANCE FOR IMPAIRMENT LOSS ON LOANS AND ADVANCES

	2025	2024
Allowance recognised during the year (Note 17.2)	<u>19,873,439</u>	<u>13,186,794</u>

12 MODIFICATION LOSS ON LOANS AND ADVANCES

The following table presents summary information for loans and advances whose cash flows were modified, if any.

	2025	2024
Reversal of modification loss recognized during the year (Note 12.1)	-	(1,264,703)
	<u>-</u>	<u>(1,264,703)</u>

12.1 During the year ended 31st December 2025 the Company had no modification loss on loans and advances.

13 OTHER OPERATING EXPENSES

	2025	2024
Depreciation on right-of-use asset (Note 20)	977,868	789,325
Depreciation on property, plant and equipment (Note 19)	876,729	736,361
Amortization on intangible assets (Note 21)	606,092	606,092
Professional fees	1,477,355	1,515,141
Listing expenses	589,024	620,251
Amna expenses	981,583	609,337
Other expenses	2,102,836	1,183,754
Communication expenses	348,899	360,775
Premises, equipment and establishment expenses	467,476	461,750
IT expenses	1,105,890	1,077,877
Board remuneration and meeting expenses	1,010,246	890,551
Printing and stationary expenses	97,270	113,927
Advertising and marketing expenses	596,168	606,446
Bank charges	182,397	80,284
Business development expenses	11,660	93,110
Loss on disposal of Property, Plant and Equipment	44,613	1,046
	<u>11,476,106</u>	<u>9,746,028</u>



Notes to the financial statements

(All amounts in Maldivian Rufiyaa)

14 TAX EXPENSES	2025 MVR	2024 MVR
Income tax		
Income tax expense (Note 14.1)	21,551,439	20,617,471
Deferred tax		
Recognition of temporary differences (Note 14.4.1)	(2,685,858)	(2,335,468)
	<u>18,865,581</u>	<u>18,282,003</u>

14.1 Reconciliation between accounting profit and taxable income :

Profit before tax	117,099,408	117,752,797
Aggregate disallowable items	87,430,888	101,899,149
Aggregate allowable items	(60,354,037)	(81,702,139)
Tax free allowance	(500,000)	(500,000)
Taxable income for the year	<u>143,676,259</u>	<u>137,449,807</u>
	-	
Income tax expense at 15%	<u>21,551,439</u>	<u>20,617,471</u>
Effective income tax rate	15%	15%
Effective current tax rate (Note 14.2)	16%	16%

The taxable profits and income of the Company is liable at the rate of 15% in terms of provisions of the Income Tax Act No 25 of 2019 which is effective from 1st January 2020, relevant regulations and amendments thereto. (2024 : 15%)

14.2 Reconciliation of effective income tax rate

	2025		2024	
	%		%	
Profit before income tax		117,099,408		117,752,797
Income tax for the period	15%	17,564,911	15%	17,662,920
Impact from reconciliation of accounting profit to taxable income	3.40%	3,986,528	2.51%	2,954,551
Deferred taxation	-2.29%	(2,685,858)	-1.98%	(2,335,468)
Total income tax expense (Note 14)	16.11%	18,865,581	15.53%	18,282,003

14.3 Current tax liabilities

	31-Dec-25	31-Dec-24
Opening balance	10,799,525	6,524,645
Provisions made during the year (Note 14.1)	21,551,439	20,617,471
Payments made during the year	(22,006,889)	(16,342,591)
Closing balance	<u>10,344,075</u>	<u>10,799,525</u>

Notes to the financial statements

(All amounts in Maldivian Rufiyaa)

14 TAX EXPENSES (CONTINUED)

14.4 Net deferred tax asset

14.4.1 Deferred income tax is calculated on all difference under the liability method. The movement in deferred income tax asset account is as follows:

	31-Dec-25	31-Dec-24
Opening balance	11,301,829	8,966,361
Recognized in profit or loss		
Deferred tax asset recognized for the year (Note 14)	2,685,858	2,335,468
Closing balance	<u>13,987,687</u>	<u>11,301,829</u>

14.4.2 Movement in deferred tax balances

	Property, plant and equipment	Intangible asset	Allowance for impairment on loans and advances	Net deferred tax asset
Balance as at 31 st December 2024	117,008	(93,625)	11,278,446	11,301,829
Recognized in profit or loss	18,750	(30,304)	2,697,412	2,685,858
Balance as at 31 st December 2025	<u>135,758</u>	<u>(123,929)</u>	<u>13,975,858</u>	<u>13,987,687</u>

15 BASIC EARNINGS PER SHARE

The calculation of the basic earning per share is based on profit after tax attributable to the equity shareholders and the weighted average number of ordinary shares outstanding during the year.

	2025	2024
Profit attributable to the ordinary shareholders of the Company	98,233,827	99,470,793
Weighted average number of ordinary shares (Nos.)	15,937,500	15,937,500
Basic earning per share	<u>6.16</u>	<u>6.24</u>

The number of shares is 15,937,500 and the Earnings per share are MVR 6.16 shares (2024: MVR 6.24)



Notes to the financial statements

(All amounts in Maldivian Rufiyaa)

16 CASH AND CASH EQUIVALENTS

	2025	2024
Cash in hand	6,500	6,500
Balances with other banks	22,776,007	42,956,980
Investments in Conventional Securities classified as Cash(Note 16.2)	25,045,643	74,890,302
Investments in Shariah Compliant Securities Classified as Cash(Note 16.1)	20,033,929	35,023,630
Cash and cash equivalents for the purpose of statement of cash flows	67,862,079	152,877,412

	2025			2024		
	Conventional Investments	Shariah Compliant Securities	Total	Conventional Investments	Shariah Compliant Securities	Total
Opening balance	74,890,302	35,023,630	109,913,932	9,999,044	5,025,891	15,024,935
Investment made during the year	69,945,491	105,000,000	174,945,491	169,509,471	755,000,000	924,509,471
Interest income for the year	696,494	688,449	1,384,943	381,788	1,872,964	2,254,752
Interest received during the year	(767,289)	(678,150)	(1,445,439)	(292,125)	(1,875,225)	(2,167,350)
Investment matured during the year	(119,719,355)	(120,000,000)	(239,719,355)	(104,707,876)	(725,000,000)	(829,707,876)
Closing balance	25,045,643	20,033,929	45,079,572	74,890,302	35,023,630	109,913,932

16.1 Conventional investments with maturities of less than three months at the reporting date were MVR 25,045,643/- (2024: MVR 74,890,302), carrying interest rates between 3.5% and 3.87%.

16.2 Shariah Compliant investments with maturities of less than three months at the reporting date were MVR 20,033,929/- (2024 :MVR 35,023,630/-) for a period of 3 months and are entitled for a profit share in the range of 3% to 5% per annum. (2024 : 3% to 4%).

17 LOANS AND ADVANCES CARRIED AT AMORTISED COST

	2025	2024
Gross loans and advances (Note 17.1)	1,710,941,857	1,679,012,372
Less: impairment loss allowance (Note 17.2)	(93,172,388)	(75,189,641)
Net loans and advances	1,617,769,469	1,603,822,731

17.1 Loans and advances - Product wise Analysis

	2025	2024
Conventional housing loans to customers	954,888,601	1,019,232,665
Housing loans to staff	4,169,074	3,550,519
Diminishing Musharakah	540,755,195	393,689,520
Istisna & Murabaha	210,270,416	262,539,668
Unsecured	858,571	-
	1,710,941,857	1,679,012,372
Less: Impairment loss allowance (Note 17.2)	(93,172,388)	(75,189,641)
Net loans and advances	1,617,769,469	1,603,822,731

The Company has granted staff loans at 5% interest rate and the staff loan balances are measured at fair value.

17.2 Movement of allowance for impairment loss on loans and advances

	2025	2024
Opening balance	75,189,641	62,851,226
Allowance recognized during the year (Note 11)	20,029,670	13,186,794
Allowance recognized for unrecognized interest income on non-performing loans and advances for the year (Note 11)	(156,231.79)	(120,421)
Write-off specific allowance during the year	(1,890,691)	(727,958)
Closing balance	93,172,388	75,189,641

18 FINANCIAL ASSETS AT AMORTIZED COST

	2025	2024
Investments in Conventional Securities (Note 18.2)	282,328,135	216,225,063
Investments in Shariah Compliant Securities (Note 18.2)	97,936,987	141,829,153
	380,265,122	358,054,216



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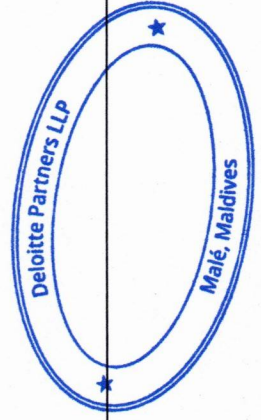
18 INVESTMENT SECURITIES MEASURED AT AMORTISED COST(Continued)

18.1 Movement during the year	2025			2024		
	Conventional Investments	Shariah Compliant Securities	Total	Conventional Investments	Shariah Compliant Securities	Total
Opening balance	216,225,063	141,829,153	358,054,216	309,347,786	201,615,753	510,963,539
Investment made during the year	495,543,946	362,000,000	857,543,946	414,007,370	275,000,000	689,007,370
Interest income for the year	11,312,882	5,940,062	17,252,944	12,869,907	4,361,664	17,231,571
Interest received during the year	(11,239,082)	(6,832,229)	(18,071,311)	(15,334,032)	(4,148,264)	(19,482,296)
Investment matured during the year	(429,514,673)	(405,000,000)	(834,514,673)	(504,665,968)	(335,000,000)	(839,665,968)
Closing balance	282,328,135	97,936,987	380,265,122	216,225,063	141,829,153	358,054,216

18.2 The Company has invested in both conventional and Shariah-compliant instruments amounting to MVR 282,328,135/- (2024: MVR 40,8/-) for periods ranging from three to twelve months, carrying interest/profit rates between 4.23% and 4.60% (2024: 4.23% to 4.60%).

18.3 As per the Company's policy, short-term investments with a maturity of 90 days or less are classified as cash and cash equivalents, while investments with a maturity of more than 90 days are classified as securities measured at amortized cost.

During the year, the Company decided to change its investment classification policy from using the remaining maturity at the reporting date to using the contractual maturity at initial recognition. Under the new policy, investments with an initial maturity of less than 90 days are classified as cash and cash equivalents, while those with longer maturities are classified as investment securities measured at amortized cost under conventional or Shariah-compliant categories. As a result, certain balances previously reported as investment securities were reclassified to cash and cash equivalents, and some previously shown as cash and cash equivalents were reclassified to investment securities. The change affects presentation only and had no impact on measurement, profit or equity, and prior-year comparatives have been restated accordingly.



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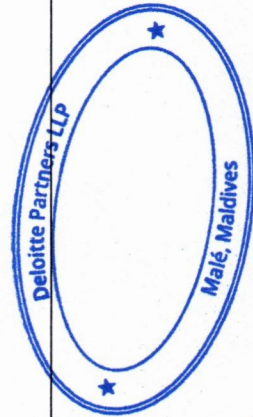
(All amounts in Maldivian Rufiyaa)

19 PROPERTY, PLANT AND EQUIPMENT

Cost	Office equipment	Computer equipment	Vehicles	Furniture and fixtures	Leasehold improvement	Work in progress	Total
Balance as at 01 st January 2025	1,194,725	5,576,225	66,250	1,015,271	871,653	949,872	9,673,996
Additions during the year	144,141	980,352	54,900	258,482	55,755	112,115	1,605,744
Transfer from work in progress	-	-	-	33,574	1,028,413	(1,061,987)	-
Disposals during the year	-	-	-	-	(117,130)	-	(117,130)
Balance as at 31st December 2025	1,338,866	6,556,577	121,150	1,307,327	1,838,691	-	11,162,610
Accumulated depreciation							
Balance as at 01 st January 2025	(796,161)	(3,697,903)	(66,250)	(865,288)	(813,088)	-	(6,238,690)
Charge for the year	(89,395)	(630,755)	(6,863)	(83,591)	(66,125)	-	(876,728)
Disposals during the year	-	-	-	-	60,517	-	60,517
Balance as at 31st December 2025	(885,556)	(4,328,658)	(73,113)	(948,879)	(818,696)	-	(7,054,901)
Net carrying amount							
Balance as at 31st December 2025	453,310	2,227,918	48,038	358,447	1,019,996	-	4,107,709

19.1 As of 31st December 2025, property, plant and equipment with a cost of MVR 4,748,621/- have been fully depreciated and continue to be in use by the Company.

19.2 Capital work in progress represents the costs incurred for the renovation and structural modifications of the office premises.



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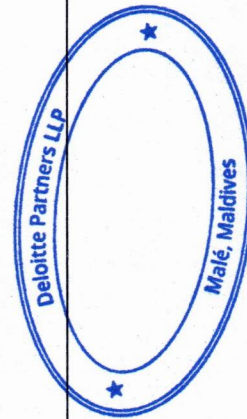
(All amounts in Maldivian Rufiyaa)

19 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Cost	Office equipment	Computer equipment	Vehicles	Furniture and fixtures	Leasehold improvement	Work in progress	Total
Balance as at 01 st January 2024	1,210,113	5,158,216	66,250	998,298	871,653	-	8,304,530
Additions during the year	98,488	418,009	-	113,688	-	949,872	1,580,057
Disposals during the year	(83,978)	-	-	(126,613)	-	-	(210,591)
Balance as at 31st December 2024	1,224,623	5,576,225	66,250	985,373	871,653	949,872	9,673,996
Accumulated depreciation							
Balance as at 01 st January 2024	(819,906)	(3,108,478)	(66,250)	(914,270)	(801,375)	-	(5,710,279)
Charge for the year	(88,834)	(589,425)	-	(46,388)	(11,713)	-	(736,360)
Disposal during the year	112,579	-	-	95,370	-	-	207,949
Balance as at 31st December 2024	(796,161)	(3,697,903)	(66,250)	(865,288)	(813,088)	-	(6,238,690)
Net carrying amount							
Balance as at 31st December 2024	428,462	1,878,322	-	120,085	58,565	949,872	3,435,306

19.3 As of 31st December 2024, property, plant and equipment with a cost of MVR 6,221,010/- have been fully depreciated and continue to be in use by the Company.

19.4 Capital work in progress represents the cost increment for the renovation and structural modifications of the office premises.



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(All amounts in Maldivian Rufiyaa)

20 RIGHT-OF-USE ASSETS

Right-of-Use assets related to leased properties that do not meet the definition of investment property. (See note 4.8).

	2025	2024
Cost		
Opening balance	8,940,868	9,452,650
Modification during the year (Note 27)	-	(511,782)
Additions	1,213,367	-
Closing balance	10,154,235	8,940,868
Accumulated depreciation		
Opening balance	5,965,620	5,176,295
Charge for the year	977,868	789,325
Closing balance	6,943,488	5,965,620
Net carrying amount	3,210,747	2,975,248

21 INTANGIBLE ASSETS

	2025	2024
Cost		
Opening balance	4,135,911	4,135,911
Additions during the year	-	-
Transferred during the year	-	-
Closing balance	4,135,911	4,135,911
Accumulated amortization		
Opening balance	2,622,810	2,016,718
Amortization for the year	606,092	606,092
Closing balance	3,228,902	2,622,810
Net carrying amount	907,009	1,513,101

21.1 Computer software's purchased by the Company were recognized as intangible assets and amortized over 4 years.

22 OTHER ASSETS

	2025	2024
Pre-payments	4,346,259	4,034,488
Staff loans	2,103,271	1,834,512
Accounts receivable	318,377	688,191
	6,767,907	6,557,191

23 DEPOSITS FROM CUSTOMERS

	2025	2024
Equated monthly installment deposits	82,315,068	79,218,454
Borrowers deposits	2,966,841	8,336,677
	85,281,909	87,555,131

Equated monthly installment deposits are held as contingency to settle the monthly installments in case the borrowers fail to pay. Equated monthly installment deposits carry fixed interest rate at 1% & 2.5 % per annum. (2024: 1% & 2.5%)



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24 DEBT SECURITIES IN ISSUE

	2025	2024
Listed corporate bonds (Note 24.1)	90,829,801	110,137,189
Listed sukuk (Note 24.2)	388,045,943	388,004,708
	<u>478,875,744</u>	<u>498,141,897</u>

Maturity analysis of debt securities in issue

	2025	2024
Payable within one year	37,919,048	49,222,991
Payable after one year	440,956,696	448,918,906
	<u>478,875,744</u>	<u>498,141,897</u>

	2025			2024		
	Listed bonds	Listed sukuk	Total	Listed bonds	Listed sukuk	Total
Opening balance	110,137,189	388,004,708	498,141,897	124,510,246	411,574,371	536,084,617
Borrowing during the year	25,000,000	-	25,000,000	-	-	-
Interest / profit during the year	6,953,240	30,307,257	37,260,498	8,338,092	30,921,935	39,260,027
Interest / profit paid during the year	(8,980,328)	(30,266,022)	(39,246,350)	(6,579,803)	(31,925,598)	(38,505,401)
Capital repayments during the year	(42,280,301)	-	(42,280,301)	(16,131,346)	(22,566,000)	(38,697,346)
Closing balance	<u>90,829,801</u>	<u>388,045,943</u>	<u>478,875,744</u>	<u>110,137,189</u>	<u>388,004,708</u>	<u>498,141,897</u>

24.1 Listed corporate bonds

Listed bonds of MVR 81,390,000/- was raised in July 2018. These bonds carry an interest rate of 7% per annum for 10 years from the allotment date. Interest payments are made every six months after the date of allotment, until the bond is fully redeemed. The cumulative redemption as at 31st december equals to MVR 55,533,703.56/-.

Listed bonds of MVR 80,000,000/- were issued in December 2019. These bonds carry an interest rate of 7% per annum for 10 years from the allotment date. Interest payments are made every six months after the date of allotment, until the bond is fully redeemed. The cumulative redemption as at 31st december 2025 equals to MVR 41,307,286.93/-.

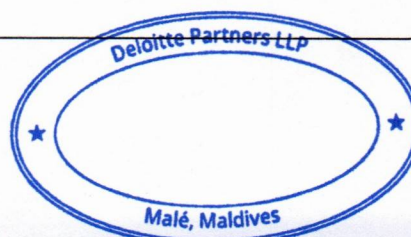
The Company has issued corporate bonds to Allied Insurance Company of the Maldives Private Limited of MVR 15,000,000/- with two years maturity and carry an interest rate of 6.50% per annum during the period ended 31st December 2025.

The Company has issued corporate bonds to Allied Insurance Company of the Maldives Private Limited of MVR 10,000,000/- with one year maturity and carry an interest rate of 5.5% per annum during the period ended 31st December 2025.

24.2 Listed Sukuk

- (i) On 27th January 2014, the Company has allotted Mudarabah Sukuk amounting to MVR 22,566,000/- (45,132 Sukuk at a price of MVR 500/- per sukuk) for ten (10) years. Profit is paid every six months from the allotment date until maturity date. The sukuk was matured and fully redeemed on 27th January 2024.
- (ii) On 25th October 2017, the Company has allotted Mudarabah Sukuk No. 2, amounting to MVR 89,036,000/- (89,036 Sukuk at a price of MVR 1,000/- per sukuk) for ten (10) years. The profit is paid every six months after the date of allotment, until the maturity date.
- (iii) On 5th December 2019, the Company has allotted Mudarabah Sukuk No. 3, amounting to MVR 126,931,000/- (126,931 Sukuk at a price of MVR 1,000/- per sukuk) for ten (10) years. The profit is paid every six months after the date of allotment, until the maturity date.
- (iv) On 2nd December 2021, the Company has issued Mudarabah Sukuk No. 4, amounting to MVR 168,403,000/- (168,403 Sukuk at a price of MVR 1,000/- per sukuk) for ten (10) years. The profit is paid every six months after the date of allotment, until the maturity date.

The funds received from Mudarabah Sukuk No 1, 2, 3 & 4 are utilized in order to fund shari'ah compliant mortgage housing finance operations under principles and rules of Shari'ah. The profit is shared between Sukuk holder (Rabb al Mal) and the Company (Mudarib) at a rate of 65% and 35% respectively.



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25 OTHER BORROWED FUNDS

	2025	2024
Opening balance	350,167,133	446,628,834
Borrowings during the year	5,000,000	749,618
Interest / profit charged during the year	24,839,188	31,104,498
Interest / profit paid during the year	(24,985,884)	(34,705,047)
Capital repayments during the year	(112,987,476)	(93,610,770)
Closing balance	242,032,961	350,167,133

25.1 Sources of finance

	2025	2024
Bank of Ceylon Male' Branch (Note 25.2)	62,528,527	91,933,878
Bank of Maldives PLC (Note 25.3)	139,192,761	166,170,235
Wakala facilities (Note 25.4)	35,600,000	66,200,000
Pension benefit scheme fund (Note 25.5)	4,711,674	4,857,014
State Bank of India Limited (Note 25.6)	-	21,006,006
	242,032,962	350,167,133

Maturity analysis of other borrowed funds

	2025	2024
Payable within one year	92,876,633	115,637,957
Payable after one year	149,156,329	234,529,176
	242,032,962	350,167,133

25.2 Bank of Ceylon - Male' Branch

The Company maintains a loan facility of MVR 150 million with Bank of Ceylon PLC under an agreement dated 20 June 2021 to finance its mortgage housing loans portfolio. This facility carries interest at the 1-month treasury bill rate plus 2.3% per annum during the grace period, currently equivalent to 5.8% per annum, and at the 6-month treasury bill rate plus 2.3% per annum thereafter, currently 6.53% per annum, subject to a floor rate of 5.5% per annum. Repayments are made in semi-annual instalments beginning one year after initial drawdown, with the final instalment due in December 2027. The Company is required to maintain a minimum security coverage ratio of 150% at all times. The borrowing is denominated in Maldivian Rufiyaa.

25.3 Term loans from Bank of Maldives PLC

The Company has multiple term loan facilities with Bank of Maldives PLC, which are utilized for providing mortgage housing loans. These include a facility of MVR 100 million under an agreement dated March 2019, carrying interest at 8.5% per annum, repayable in monthly instalments until March 2029. In addition, the Company maintains a facility of MVR 150 million under an agreement dated December 2020, which bears interest at 9% per annum and is repayable in monthly instalments until November 2030. Additional disbursements under this facility were received in April and June 2021. These borrowings are secured by the mortgage portfolio generated using these funds and are denominated in Maldivian Rufiyaa.

25.4 Wakala facilities

During 2015 and 2016 Maldives Hajj Corporation Limited has invested MVR 60,000,000/- with the Company with a target yield of 10% - 11% per annum for 5 years. After the end of the initial investment period, such facilities have been renewed for another 5 years.

Ayady Takaful invested MVR 5,000,000/- with the Company in April 2023 for two years with a target yield of 7% and the Company has renewed this facility on 5th April 2025 for another two years.

25.5 Pension Benefit Scheme Fund

The Company has an arrangement with the Maldives Pension Administration Office (MPAO) to facilitate the collateralization of members' Retirement Savings Accounts (RSA) in connection with housing finance provided to eligible borrowers. Under this arrangement, the accumulated savings in the RSA are pledged as security to enhance the borrower's eligibility for a mortgage facility, but are not disbursed or used as a down payment. Interest accrues at 4.9% per annum and is payable semi-annually to MPAO. Amounts received under this scheme are repaid to MPAO over the tenure of each related end-user loan in line with the agreed terms.

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25 OTHER BORROWED FUNDS(Continued)

25.6 State Bank of India (SBI)

The Company holds a term loan facility of MVR 150 million with the State Bank of India under an agreement dated 5 October 2017, which is utilized to provide mortgage housing loans. This facility bears interest at a fixed rate of 8% per annum and is repayable in semi-annual instalments over an eight-year term. The loan is secured by the underlying mortgage portfolio created from the proceeds of this facility and is denominated in Maldivian Rufiyaa. This facility was fully settled during the period.

26 OTHER LIABILITIES	2025	2024
Ministry of Housing and Infrastructure - GED Islamic fund (Note 26.1)	5,606,784	3,822,970
Ministry of Housing and Infrastructure - MHI Islamic fund (Note 26.2)	17,457,870	31,269,764
Ministry of Housing and Infrastructure - MHUD Conventional fund (Note 26.3)	11,819,190	9,211,300
Ministry of Housing and Infrastructure 704 - Conventional fund (Note 26.4)	129,427,171	95,474,146
Ministry of Housing and Infrastructure CMEC - Housing funds (Note 26.5)	17,705,607	11,137,754
Ministry of Housing and Infrastructure GED Con - Housing funds (Note 26.6)	68,158,093	67,580,491
Ministry of Housing and Infrastructure Fire Scheme (Note 26.7)	20,395,598	-
Other payables	139,547	83,512
Credit card payable	7,557	-
Insurance premium payable	7,071,577	6,691,711
Amounts received from customers in advance	14,541,827	15,294,698
Accruals and other liabilities	4,153,135	4,701,701
Dividends payable	-	64,889,529
	<u>296,483,956</u>	<u>310,157,576</u>

26.1 Ministry of Housing and Infrastructure - GED Islamic fund

In accordance with the agreement dated 16th February 2014, the Company manages and administers loan schemes under which the Company, as a custodian receives funds from the Ministry of Housing, Land and Urban Development (MHUD) formerly Ministry of Housing and Infrastructure (MHI). The purpose of the fund is to construct houses in islands under the Company Amna's Islamic outreach program. The initial Islamic Housing Fund approved for this program was MVR 100,000,000/- treated as a revolving grant for investment with a profit share of 65% to the Company and 35% to the Islamic Housing Finance Scheme Fund. The fee income earned from the fund is included in Net income on shari'ah products.

26.2 Ministry of Housing and Infrastructure - MHI Islamic fund

- (i) The Company has been appointed as the sole representative to act on behalf of the Ministry of Housing, Land and Urban Development (MHUD) formerly Ministry of Housing and Infrastructure (MHI) in matters related to the scheme as a collecting agent. the Company to use their best effort to obtain monthly instalments due under the Islamic financing facility and all records of collections should be maintained separately. The accumulated fund after deducting the agency fee shall be released to the Ministry upon receiving written request from the Ministry.
- (ii) The Company has started managing new housing loans / facilities during December 2017. The Company was appointed as the sole representative to act on behalf Housing, Land and Urban Development (MHUD) formerly Ministry of Housing and Infrastructure (MHI) in matters related to the scheme as a collecting agent. the Company to use their best effort to obtain monthly instalments due and all records of collections should be maintained separately. The accumulated fund after deducting the agency fee shall be released to the Ministry upon receiving written request from the Ministry. This scheme is for 25 years period.

26.3 Ministry of Housing and Infrastructure - MHUD Conventional fund

Since 2008, the Company manages and administers conventional loan scheme under which the Company, as a custodian received funds from the Ministry of Housing, Land and Urban Development (MHUD) formerly Ministry of Housing and Infrastructure (MHI). The Company receives a management fee of 1.75% per annum on the outstanding balance of the loan at the end of every month.

26.4 Ministry of Housing and Infrastructure - 704 - Conventional fund

The Company has been appointed as the sole representative to act on behalf of the Ministry of Housing, Land and Urban Development (MHUD) formerly Ministry of Housing and Infrastructure (MHI) in matters related to the scheme as a collecting agent. the Company to use their best effort to obtain monthly instalments due under the facility and all records of collections should be maintained separately. The accumulated fund after deducting the agency fee shall be released to the Ministry upon receiving written request from the Ministry.



Notes to the financial statements

(All amounts in Maldivian Rufiyaa)

26 OTHER LIABILITIES(Continued)

26.5 Ministry of Housing and Infrastructure - CMEC - Conventional fund

The Company has been appointed as the sole representative to act on behalf of the Ministry of Housing, Land and Urban Development (MHUD) formerly Ministry of Housing and Infrastructure (MHI) in matters related to the scheme as a collecting agent. The Company to use their best effort to obtain monthly instalments due under the facility and all records of collections should be maintained separately. The accumulated fund after deducting the agency fee shall be released to the Ministry upon receiving written request from the Ministry.

26.6 Ministry of National Planning, Housing and Infrastructure - GED, MHUD, 704 Flat & MHI

The Ministry of Housing, Land and Urban Development (MHUD) formerly Ministry of National Planning, Housing and Infrastructure ("MNPHI"), on behalf of the Government of Maldives, has decided to offer an affordable limited loan scheme under the name, "Gedhoruveriya Loan". In accordance with the agreement dated 8th August 2021, the Company has received funds amounting to MVR 175,000,000/-. The Company has to manage and administrate each loan granted under this loan scheme. The management fee of MVR 250/- will be charged per active account on monthly basis.

26.7 Ministry of Housing and Infrastructure Fire Scheme

In accordance with the agreement dated 2nd September 2024, the Ministry has decided to utilize government funds held with HDFC to finance the reconstruction of homes for five families affected by the 2019 fire incident at H. Thilafushi House. HDFC has been appointed as the sole agent and representative of the Ministry under the Shariah principle of Wakala to execute and implement the Social Housing Scheme. A maximum facility of MVR 5.5 million has been allocated per household for construction purposes. HDFC will receive a management fee of MVR 500 per facility, which will be drawn from the allocated funds and accounted for as part of the Net Income from Shariah-compliant products.

27 LEASE LIABILITIES

	2025	2024
Opening balance	4,836,212	6,299,932
Additions	1,213,367	-
Interest expense for the year (Note 6.3)	389,691	488,061
Modification during the year	-	(511,782)
Principal repayment during the year	(1,257,790)	(951,938)
Interest payment during the year	(435,782)	(488,061)
Closing balance	4,745,698	4,836,212

27.1 Extension options

Some property leases contain extension options exercisable by the Company up to one to ten years before the end of the non-cancellable contract period. The extensions held are exercisable only when both parties mutually agreed. The Company assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Company reassesses whether it is reasonably certain to exercise the option if there is a significant event or significant changes in circumstances within control.

27.2 Maturity analysis

	2025	2024
Current liability		
Lease liabilities	1,387,428	1,440,000
Non current liability		
Lease Liabilities	3,358,271	3,811,000
<i>Amounts recognized in Statement of Comprehensive Income</i>		
- Depreciation on right of used assets	977,868	789,325
- Interest on lease liabilities	389,691	488,061
<i>Amounts recognized in Statement of Cash Flows</i>	1,693,572	1,439,999

27.3 Analysis of undiscounted cash flows and interest

	Future minimum lease		Interest		Total undiscounted cashflow	
	As at 31 December 2025	As at 31 December 2024	As at 31 December 2025	As at 31 December 2024	As at 31 December 2025	As at 31 December 2024
Less than one year	1,387,428	1,440,000	352,572	365,957	1,740,000	1,805,957
Between one and five years	3,358,271	3,811,000	356,729	513,921	3,715,000	4,324,921
More than five year	-	-	-	-	-	-
	4,745,698	5,251,000	709,302	879,878	5,455,000	6,130,878

Notes to the financial statements

(All amounts in Maldivian Rufiyaa)

28 SHARE CAPITAL

28.1 Authorized share capital

The authorized share capital comprises of 32,125,000 ordinary shares of MVR. 10/- each (2024: 32,125,000 ordinary shares of MVR. 10/- each).

28.2 Issued and fully Paid

Issued and fully paid share capital comprises 15,937,500 of MVR 10/- each as at 31 December 2025. (2024 : 15,937,500 of MVR 10/-).

28.3 Dividends and voting rights

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings of the Company.

No dividend has been declared during the year ended 31st December 2025.

28.4 General reserves

General reserve represents the amount set aside from the Company's profits to meet future (known or unknown) obligations. The general reserve are not used to declare dividends.

28.5 Capital reserve

Capital Reserve represents the amount set in accordance with the Regulation on Finance Business (2021/R-132) issued by the Maldives Monetary Authority (MMA) which is MVR 50,000,000/- as the minimum capital reserve. The company maintains an equal amount to the licensee's minimum required capital.

29 SEGMENT ANALYSIS

Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the Board of Directors, and for which discrete financial information is available.

(a) Description of products and services from which each reportable segment is identified

The Company is organized on the basis of two main business segments:

- (i) Conventional financing service – representing conventional housing finance services; and
- (ii) Islamic services – representing Amna housing related scheme and sukuk and other shari'ah compliant services.

(b) Factors that management used to identify the reportable segments

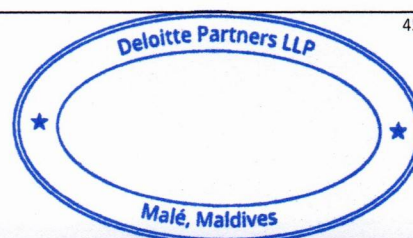
The Company's segments are strategic business units that focus on different customers. They are managed separately because each business unit requires different strategies and service level.

(c) Measurement of operating segment profit or loss, assets and liabilities

The Board of Directors review financial information prepared based on the requirements of internal reporting. Such financial information differs in certain aspects from International Financial Reporting Standards:

- (i) funds are generally allocated between segments;
- (ii) income taxes are not allocated to segments;
- (iii) loan provisions are recognized based on management judgement and availability of information, and based on the expected credit loss model prescribed in IFRS 9;
- (iv) commission income relating to lending is recognized immediately rather than deferred using the effective interest method; and

The board of directors evaluate the performance of each segment based on the net income before administrative expenses and tax.



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29 SEGMENT ANALYSIS(Continued)

(d) Information about reportable segment profit or loss, assets and liabilities

Segment information for the reportable segments for the period then ended on 31st December is set out below:

	Conventional	AMNA	Unallocated	Total
	'000	'000	'000	000
As at 31st December 2025				
ASSETS				
Cash and cash equivalents	42,435	25,427	-	67,862
Loans and advances	905,410	713,796	-	1,619,206
Financial assets at amortized cost	282,328	97,937	-	380,265
Property, plant and equipment	-	-	4,108	4,108
Right-of-use assets	-	-	3,211	3,211
Intangible assets	-	-	907	907
Other assets	-	-	5,934	5,934
Deferred income tax asset	-	-	13,498	13,498
Total asset	1,230,173	837,160	27,657	2,094,990
LIABILITIES				
Deposits from customers	51,308	33,974	-	85,282
Debt securities in issue	90,830	388,046	-	478,876
Other borrowed funds	206,433	35,600	-	242,033
Other liabilities	247,506	23,065	25,795	296,366
Lease liabilities	-	-	4,746	4,746
Current income tax liabilities	-	-	10,369	10,369
Total liabilities	596,077	480,684	40,910	1,117,671

Capital expenditure represents additions to non-current assets other than financial instruments and deferred tax assets.

	Conventional	AMNA	Unallocated	Total
	000	000	'000	'000
For the year ended 31st December 2025				
External revenues:				
- Interest / profit share	131,092	89,310	-	220,402
- Fee and commission income	4,561	2,281	-	6,842
- Other operating income	1,836	-	-	1,836
Total revenues	137,489	91,591	-	229,081
Interest expense / profit share	(28,407)	(35,145)	-	(63,552)
Allowance for impairment loss on loans and advances	23,493	(35,847)	-	(12,354)
Depreciation and amortization	-	-	(1,483)	(1,483)
Administrative and other operating	(25,109)	(1,964)	-	(27,073)
Income tax expense	-	-	(18,866)	(18,866)
Profit for the period	107,466	18,636	(20,348)	105,753

Segment information for the reportable segments for the year and then ended on 31st December 2024 is set out below:

	Conventional	AMNA	Unallocated	Total
	'000	'000	'000	'000
As at 31st December 2024				
ASSETS				
Cash and cash equivalents	117,854	35,024	-	152,877
Loans and advances	981,684	622,139	-	1,603,823
Financial assets at amortized cost	216,225	141,829	-	358,054
Property, plant and equipment	-	-	3,435	3,435
Right-of-use assets	-	-	2,975	2,975
Intangible assets	-	-	1,513	1,513
Other assets	-	-	6,557	6,557
Deferred tax asset	-	-	11,302	11,302
Total asset	1,315,763	798,992	25,782	2,140,537



Notes to the financial statements

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29 SEGMENT ANALYSIS (CONTINUED)

LIABILITIES	Conventional	AMNA	Unallocated	Total
Deposits from customers	53,961	33,594	-	87,555
Debt securities in issue	110,137	388,005	-	498,141
Other borrowed funds	283,967	66,200	-	350,167
Other liabilities	183,404	35,093	91,661	310,157
Lease liabilities	-	-	4,836	4,836
Current tax liabilities	-	-	10,800	10,800
Total liabilities	631,468	522,892	107,297	1,261,657

	Conventional	AMNA	Unallocated	Total
	'000	'000	'000	'000
For the year ended 31st December 2024				
External revenues:				
- Interest / profit share	136,634	78,675	-	215,308
- Fee and commission income	4,119	3,087	-	7,206
- Other operating income	1,975	-	-	1,975
Total revenues	142,728	81,762	-	224,489

	Conventional	AMNA	Unallocated	Total
	'000	'000	'000	'000
For the year ended 31 December 2024				
Interest expense / profit share	(36,402)	(35,245)	-	(71,646)
Allowance for impairment loss on loans and advances	(20,514)	7,327	-	(13,187)
Reversal of modification loss on loans and advances	-	1,265	-	1,265
Depreciation and amortization	-	-	(1,342)	(1,342)
Administrative and other operating expenses	(20,289)	(1,537)	-	(21,826)
Income tax	-	-	(18,282)	(18,282)
Profit for the year	65,523	53,572	(19,624)	99,471

30 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(i) Overview

The Company has exposure to the following risks from its use of financial instruments:

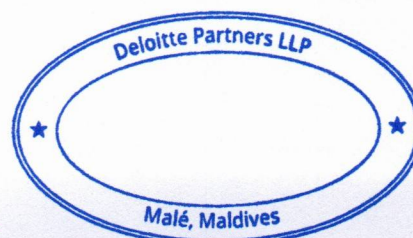
- Credit risk
- Liquidity risk
- Market risk

The Company's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Company's aim is therefore to achieve an appropriate balance between risk and return and minimize potential adverse effects on the Company's financial performance.

The Company's risk management policies are designed to identify and analyze these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Company regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

(ii) Risk management framework

Risk management is carried out by the Company under policies approved by the Board of Directors. The Company identifies and evaluates financial risks in close co-operation with the Company's operating unit. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as credit risk and liquidity risk. In addition, internal audit is responsible for the independent review of risk management and the control environment. The most important types of risk are credit risk, liquidity risk, market risk and other operational risk. Market risk includes currency risk and interest rate risks.



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30 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

30.1 Credit risk

The Company takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss for the Company by failing to discharge an obligation. Credit risk is the most important risk for the Company's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally in lending activities that lead to loans and advances. There is also credit risk in off-balance sheet financial instruments, such as loan commitments.

Credit policies were formulated covering the Company's credit activities and establishment of individual limits of authority for initiating, reviewing and approving credit.

A credit Committee comprising the Managing Director, Operations Director, Head of Finance, Senior Manager Credit, Senior Manager Islamic Finance and Senior Manager IT meets regularly to discuss credit proposals in line with credit policies. The credit Committee also reviews non-performing assets, documentation and other credit related issues.

30.1.1 Credit risk measurement

Loans and advances (including loan commitments)

The estimation of credit exposure for risk management purpose is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Company measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). This is similar to the approach used for purposes of measuring Expected Credit Loss (ECL) under IFRS 9.

30.1.2 Expected credit loss measurement

IFRS 9 outlines a 'three-stage' model for impairment based on change in credit quality since initial recognition as summarized below:

A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Company.

If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. Please refer to note 30.1.2.1 for a description of how the Company determines when a significant increase in credit risk has occurred.

- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'. Please refer to note 30.1.2.2 description of how the Company defines credit-impaired and default.

- Financial instruments in stage 1 have their ECL measured at an amount equal to the proportion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stage 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. Please refer to note 30.1.2.3 for a description of inputs, assumptions and estimation techniques used in measuring the ECL.

- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information. Note 30.1.2.4 includes an explanation of how the Company has incorporated this in its ECL models.

Further explanation is also provided of how the Company determines appropriate grouping when ECL is measured on a collective basis (refer note 30.1.2.5).

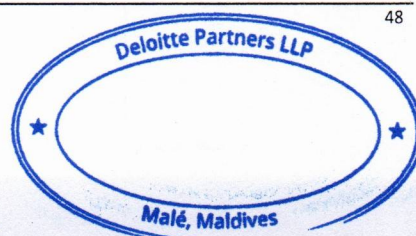
The following diagram summarizes the impairment requirements under IFRS 9:

Change in credit quality since initial recognition		
Stage 1	Stage 2	Stage 3
(Initial recognition)	(Significant increase in credit risk since the initial recognition)	(credit impaired assets)
12 months expected credit	Lifetime expected credit losses	Lifetime expected credit losses

The key judgements and assumptions adopted by the Company in addressing the requirements of the standard are discussed below:

30.1.2.1 Significant increase in credit risk

The Company considers loans and receivables have experienced significant increase in credit risk when the arrears are past due for more than 30 days.



Notes to the financial statements

(All amounts in Maldivian Rufiyaa)

30 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

30.1.2.2 Definition of default and credit-impaired assets

The Company defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired when the borrower is more than 90 days past due states on its contractual payments.

The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD) throughout the Company's expected loss calculations.

30.1.2.3 Measuring the ECL - explanation of inputs, assumptions and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or lifetime basis depending on whether a significant increase in credit risk has occurred since the initial recognition on whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default(PD), Exposure at Default(EAD), and Loss Given Default(LGD), defined as follows:

The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired" above), either over the next 12 months (12M PD), or over the remaining lifetime (Life time PD) of the obligation. PIT PD (Point-in-time Probability of Default) is calculated using duration or hazard rate approach (Makov chain approach) and TTC PD (Through-the-Cycle Probability of Default) is derived from average empirical matrix from 2015 to 2025.

EAD is based on the amounts the Company expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). For example, for a revolving commitment, the Company includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.

Loss Given Default (LGD) is determined based on factors that influence recoveries following a default. As there is limited historical default data for facilities in Malé, LGD has been estimated using projected collateral values, historical discounts between market/book values and forced-sale prices, estimated time to repossession, and observed recovery costs. In estimating the present value of post-default cash flows, the Company applies a 35% haircut to the collateral's market value and discounts it for 8 years to approximate its forced-sale value and uses a minimum LGD rate of 25% across all facilities.

The ECL is determined by projecting the PD, LGD and EAD for each future year and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future year, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets. This is supported by historical analysis.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by the product type. For amortizing loans, this is based on the contractual repayments owed by the borrower over a 12 month or lifetime basis. For the loan commitments, the EAD is predicted by taking current drawn balance and adding a " credit conversion factor" which allows for the expected drawdown of the remaining limit by the time of default.

Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. Refer note 30.1.2.4 for an explanation of forward-looking information and its inclusion in ECL calculations.

30.1.2.4 Forward looking information incorporated in ECL models

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. the Company has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for the loan portfolio.

The Company has used a score card approach for further refining the ECL model in order to obtain a more realistic default rate. The score card incorporates qualitative and quantitative macro-economic factors which are selected based on the relevancy and appropriateness. Each factor is assigned a weightage based on the relative interdependence with the default rate. Quantitative factors include GDP growth rate, inflation, unemployment rate and qualitative factors include management outlook on loan portfolio, regulatory impact, government policies and industry and business. Quantitative factors are based on economic data and forecasts published by IMF or world bank where available before utilizing other sources.

Notes to the financial statements

(All amounts in Maldivian Rufiyaa)

30 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

30.1.2.4 Forward looking information incorporated in ECL models (continued)

Economic variable assumptions

The most significant period end assumptions used for ECL estimate as at 31st december 2025 are set out below.

	2026	2027	2028	2029	2030
GDP growth rate	4.34%	4.10%	4.00%	4.00%	4.00%
Inflation	4.00%	2.00%	2.00%	2.00%	2.00%
Unemployment rate	4.20%	4.20%	4.20%	4.20%	4.20%

Source for GDP and Inflation : IMF WEO Database

Source for Unemployment: Trading Economics

The weightage assigned for each economic scenario at 31st December 2025 as follows:

	Best	Base	Worst
All portfolios	11%	68%	21%

Set out below are changes to ECL as at 31st december 2025 that would result from reasonably possible changes in these parameters from actual assumptions used in the Company's economic variable assumptions.

	-1%	No change	+1%
GDP growth rate	93,264,228	93,172,388	93,080,332
Inflation	91,050,228	93,172,388	95,173,488
Unemployment	98,340,819	93,172,388	98,340,819

30.1.2.5 Grouping of instruments for losses measured on a collective basis

For expected credit losses provision modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within the group are homogeneous. Both conventional and Amna assets are pooled together as primarily the products are same and considering the size of portfolio.

30.1.3 Loss allowance

The loss allowance recognized in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL;
- Additional allowances for new financial instruments recognized during the period, as well as releases for financial instruments derecognized in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- Impacts on the measurement of ECL due to changes made to models and assumptions;
- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis;
- Financial assets derecognized during the period and write-offs of allowances related to assets that were written off during the period.

The following table explain the changes in the loss allowance between the beginning and end of the annual period due to these factors:

Loss allowance	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Life time ECL	Life time ECL	
Loss allowance as at 1st January 2025	17,700,924	12,113,161	45,375,556	75,189,641
Transfers	-	-	-	-
Transfer from Stage 1 to Stage 2	(1,015,338)	1,015,338	-	-
Transfer from Stage 1 to Stage 3	(578,397)	-	578,397	-
Transfer from Stage 2 to Stage 1	9,112,236	(9,112,236)	-	-
Transfer from Stage 2 to Stage 3	-	(2,030,054)	2,030,054	-
Transfer from Stage 3 to Stage 1	1,230,329	-	(1,230,329)	-
Transfer from Stage 3 to Stage 2	-	3,447,886	(3,447,886)	-
New financial assets originated	1,295,124	-	8,785,134	10,080,258
Financial assets derecognized	(1,013,829)	(85,187)	(8,203,870)	(9,302,886)
Other movements	(11,247,144)	5,364,693	24,978,517	19,096,066
Write off	-	-	(1,890,691)	(1,890,691)
Loss allowance as at 31 December 2025	15,483,905	10,713,601	66,974,882	93,172,388

Notes to the financial statements

(All amounts in Maldivian Rufiyaa)

30 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

30.1.3 Loss allowance (continued)

The unwind of interest on Stage 3 financial assets is reported within 'Interest income' so that interest income recognized on the amortized cost (after deducting the ECL allowance).

The following table further explains changes in the gross carrying amount of the mortgage portfolio to help explain their significance to the changes in the loss allowance for the same portfolio as discussed above:

Loans and advances	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Life time ECL	Life time ECL	
Gross carrying amount as at 1st January 2025	1,505,278,219	57,554,952	116,183,126	1,679,016,298
Transfers				-
Transfer from Stage 1 to Stage 2	(48,165,543)	48,165,543		-
Transfer from Stage 1 to Stage 3	(25,429,421)		25,429,421	-
Transfer from Stage 2 to Stage 1	40,999,561	(40,999,561)		-
Transfer from Stage 2 to Stage 3		(10,997,830)	10,997,830	-
Transfer from Stage 3 to Stage 1	3,325,686		(3,325,686)	-
Transfer from Stage 3 to Stage 2		6,973,976	(6,973,976)	-
New financial assets originated	123,604,455	-	14,307,789	137,912,244
Financial assets derecognized	(54,332,176)	(1,284,695)	(25,342,378)	(80,959,250)
Other movements	(26,406,704)	(2,741,847)	4,110,668	(25,037,883)
Written Off				-
Gross carrying amount as at 31st december 2025	1,518,874,077	56,670,537	135,386,795	1,710,931,409

Loans and advances	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Life time ECL	Life time ECL	
Loss allowance as at 1 January 2024	2,272,341	16,702,709	43,876,176	62,851,226
Transfer from stage 1 to stage 2	(71,687)	3,501,332	-	3,429,645
Transfer from stage 1 to stage 3	(25,849)	-	1,498,565	1,472,716
Transfer from stage 2 to stage 1	1,523,470	(10,779,416)	-	(9,255,946)
Transfer from stage 2 to stage 3	-	(4,270,318)	11,670,932	7,400,614
Transfer from stage 3 to stage 1	713,550	-	(8,500,725)	(7,787,175)
Transfer from stage 3 to stage 2	-	7,108	(64,329)	(57,221)
New financial assets originated	1,099,885	2,535,157	811,820	4,446,862
Financial assets settled during the year	(35,901)	(338,387)	-	(374,288)
Unrecognized interest on stage 3 assets	-	-	(120,422)	(120,422)
Write off	-	-	(727,958)	(727,958)
Other movements	8,694,802	4,754,976	461,810	13,911,588
Loss allowance at 31st December 2024	14,170,611	12,113,161	48,905,869	75,189,641

Loans and advances	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Life time ECL	Life time ECL	
Gross carrying amount as at 1 January 2024	1,401,788,188	166,045,533	90,592,527	1,658,426,248
Transfers:				
Transfer from stage 1 to stage 2	(38,120,648)	36,499,232	-	(1,621,416)
Transfer from stage 1 to stage 3	(20,302,463)	-	20,958,751	656,288
Transfer from stage 2 to stage 1	109,018,001	(114,701,468)	-	(5,683,467)
Transfer from stage 2 to stage 3	-	(28,287,155)	29,256,408	969,253
Transfer from stage 3 to stage 1	27,099,972	-	(27,881,856)	(781,884)
Transfer from stage 3 to stage 2	-	79,806	(122,021)	(42,215)
New financial assets originated	137,567,497	5,796,811	1,391,754	144,756,062
Financial assets settled during the year	(70,114,219)	(5,011,639)	-	(75,125,858)
Write off	-	-	(727,958)	(727,958)
Other movements	(41,662,036)	(2,866,168)	2,715,521	(41,812,683)
Gross carrying amount as at 31st December 2024	1,505,274,292	57,554,952	116,183,126	1,679,012,370



Notes to the financial statements

(All amounts in Maldivian Rufiyaa)

30 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

30.1.4 Write-off policy

The Company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the Company's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

30.1.5 Modification of financial assets

The Company sometimes modifies the terms of loans provided to customers due to commercial renegotiations with a view to maximizing recovery.

Such restructuring activities include extended payment term arrangements, payment holidays and payment forgiveness. Restructuring policies and practices are based on indicators or criteria which, in the judgement of management, indicate that payment will most likely continue. These policies are kept under continuous review.

The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original asset. The Company monitors the subsequent performance of modified assets. The Company may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL).

30.1.6 Risk limit control and mitigation policies

The Company manages, limits and controls concentrations of credit risk wherever they are identified in particular, to individual counterparties and groups, and to corporates. The Company structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to corporates. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary.

Some other specific control and mitigation measures are outlined below.

(a) Collateral

The Company employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for the housing loans, which is a common practice. The Company implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for housing loans are mortgage over housing unit that is financed by the Company.

The Company's policy is to sell the repossessed assets at the earliest possible opportunity and the Company's policies regarding obtaining collateral have not significantly changed during the reporting period. There has been no significant change in the overall quality of the collateral held by the Company since the prior period. The Company closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Company will take possession of collateral to mitigate potential credit losses.

The valuation technique used for housing properties is based on the construction and other cost to completion that would be incurred by a market participant. Accordingly, the fair value measurement of collateral was classified to level 3.

Collateral information

As at 31st December 2025

Loans collateralized by:

- house property

Total loans and advances

Customer loans	Staff loans	AMNA assets	Total
955,747,172	4,169,074	751,025,611	1,710,941,857
955,747,172	4,169,074	751,025,611	1,710,941,857

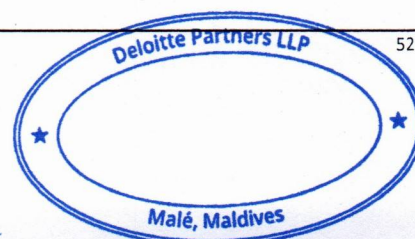
As at 31st December 2024

Loans collateralized by:

- house property

Total loans and advances

Customer loans	Staff loans	AMNA assets	Total
1,019,232,665	3,550,519	656,229,188	1,679,012,372
1,019,232,665	3,550,519	656,229,188	1,679,012,372



Notes to the financial statements

(All amounts in Maldivian Rufiyaa)

30 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

30.1.6 Risk limit control and mitigation policies (Continued)

The financial effect of collateral is presented by disclosing collateral values separately for (i) those assets where collateral and other credit enhancements are equal to or exceed carrying value of the asset (over-collateralized assets) and (ii) those assets where collateral and other credit enhancements are less than the carrying value of the asset ("under-collateralized assets"). The effect of collateral is as follows:

As at 31 December 2025

LTV ratio	Over-collateralized assets		Under-collateralized assets		
	Carrying value of the assets	Fair value of collateral	Carrying value of the assets	Fair value of collateral	
Customer loans	13%	956,303,402	7,554,177,168	858,571	-
Staff loans	9%	3,525,102	41,180,595	-	-
Amna assets	25%	749,240,513	3,017,254,895	-	-
Total loans and advances		1,709,069,017	10,612,612,658	858,571	-

As at 31st December 2024

LTV ratio	Over-collateralized assets		Under-collateralized assets		
	Carrying value of the assets	Fair value of collateral	Carrying value of the assets	Fair value of collateral	
Customer loans	28%	1,019,232,665	3,666,790,797	-	-
Staff loans	23%	3,550,519	15,292,322	-	-
Amna assets	38%	656,229,187	1,736,703,134	-	-
Total loans and advances		1,679,012,371	5,418,786,253	-	-

(b) Credit-related commitments

Commitments to extend credit represent unused portions of authorizations to extend credit in the form of loans. With respect to credit risk on commitments to extend credit, the Company is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is negligible than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards and since generally these exposures are secured against adequate collateral. the Company monitors the term to maturity of credit commitments.

30.1.7 Impairment and provisioning policies

Impairment provisions are recognized for financial reporting purposes based on expected credit losses calculated based on historical default rates and forward looking information.

30.1.8 Maximum exposure to credit risk before collateral held or other credit enhancements

Maximum exposure before collateral equals to the net carrying value of all the assets in the Statement of financial position except cash and bank balances representing a worse case scenario of credit risk exposure to the Company at 31 December 2025 and 31 December 2024, without taking account of any collateral held.

Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the Company resulting from its loan portfolio and based on the following:

- All the housing loans are backed by collateral.
- 87.58% of the loans and advances portfolio are considered to be neither past due nor impaired (31st December 2024 : 93.69%);

30.1.9 Concentration of risks of financial assets with credit risk exposure

(a) Geographical sectors

the Company's lending activities are limited to Maldives.

(b) Sectors



Notes to the financial statements

(All amounts in Maldivian Rufiyaa)

30 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

30.1.9 Concentration of risks of financial assets with credit risk exposure (Continued)

The following table breaks down the Company's main credit exposure at their gross carrying amounts, as categorized by the sectors of our counterparties.

	As at 31 December 2025	As at 31 December 2024
Residential - Conventional	959,916,246	1,022,783,184
Residential - AMNA	751,025,611	656,229,187
Total	1,710,941,857	1,679,012,371

30.1.10 Credit risk of financial assets at amortized cost

The Company has invested in Conventional and Islamic treasury bills issued by the Ministry of Finance on behalf of the Government of Maldives and measured at amortized cost. The Company analyses credit quality of debt securities at amortized cost as at the reporting date based on the credit ratings and determine whether any adjustment is required for allowance for impairment loss on the carrying amount. The latest sovereign credit rating issued and published on 12 June 2025 for the Maldives was CC by the Fitch ratings. Since the debt securities were issued by the Government and short term with no history of defaults, the Company has determined that the credit risk is considered to be very negligible.

30.2 Market risk

the Company takes on exposure to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate and currency, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads and foreign exchange rates.

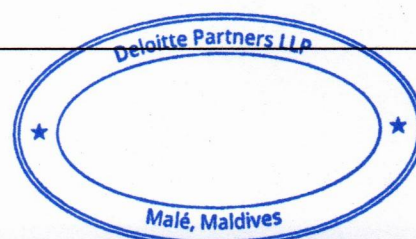
Non-trading portfolios primarily arise from the interest rate management of the Company's housing and cost of funds. The market risks arising from non-trading activities are managed by the Company's Assets and Liabilities Management Committee (ALCO).

30.2.1 Foreign exchange risk

All the transactions except transactions carried out in local currency, Maldivian Rufiyaa (MVR), are carried out mainly in United States Dollars (US\$) for which exchange rate was pegged. However, with effect from 10 April 2011, the government declared a managed float of the currency within a 20% band (1 US\$ = MVR 10.28 to MVR 15.42). The Corporation takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows.

	As at 31 December 2025 US\$	As at 31 December 2024 US\$
Assets		
Cash and balances with	110,183	19,348
Total assets	110,183	19,348
Liabilities		
Borrowings	-	-
Total liabilities	-	-
Net on-balance sheet	110,183	19,348
Net	110,183	19,348

The following table presents sensitivities of profit or loss and equity to reasonably possible changes in exchange rates applied at the end of the reporting period relative to the functional currency of the Company, with all other variables held constant.



Notes to the financial statements

(All amounts in Maldivian Rufiyaa)

30 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

30.2.1 Foreign exchange risk (Continued)

	As at 31st December 2025		As at 31st December 2024	
	Impact on profit or loss	Impact on equity	Impact on profit or loss	Impact on equity
	US\$	US\$	US\$	US\$
US Dollar strengthening by 10%	11,018	-	193	-
US Dollar weakening by 10%	(11,018)	-	(193)	-

30.2.2 Interest rate risk

The extent of the interest rate risk depends on the value and period of the maturity mismatch between interest bearing assets and liabilities and the ability and speed of the Company in re-pricing them. Assets and Liability Committee ("ALCO") regularly reviews these gaps to ensure that they are within acceptable norms. The Company regularly monitors the market behavior and products are appropriately re-priced when necessary.

The Company does not carry a trading portfolio or does not generally invest in stocks or shares other than Government treasury bills, for which investments are generally less than 3 months and hold to collect. Therefore the Company is not open to any price fluctuation risks.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Company takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on cash flow risks. Interest margins may increase / decrease as a result of such changes but may reduce losses in the event that unexpected movements arise.

Exposure to Interest rate risk - Loans and advances

Sensitivity analysis of net interest income	As at 31 December 2025		As at 31 December 2024	
	1% increase	1% decrease	1% increase	1% decrease
	MVR '000	MVR '000	MVR '000	MVR '000
Average for the period	10,268	(10,268)	10,023	(10,023)

Fundamental reform of major interest rate benchmarks is being undertaken globally, replacing some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). As at 31 December 2025, there are no any financial instruments that contractually reference an IBOR benchmark planned to transition to a risk-free rate, and have a contractual maturity date beyond the planned IBOR cessation date.

30.3.1 Liquidity risk management process

The Company's liquidity management process, as carried out within the Company and monitored by the senior management in the Company, includes:

- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or are borrowed by customers;
- Maintaining a portfolio of deposits with bank and treasury bills that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- Monitoring balance sheet liquidity ratios against internal requirements; and
- Managing the concentration and profile of debt maturities.

Monitoring and reporting take the form of cash flow measurement and projections for the next week and month respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

The Company also monitors unmatched medium-term assets, the level and type of undrawn lending commitments and undrawn borrowings.



HOUSING DEVELOPMENT FINANCE CORPORATION PLC
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
31 December 2025

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30 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

30.3.2 Funding approach

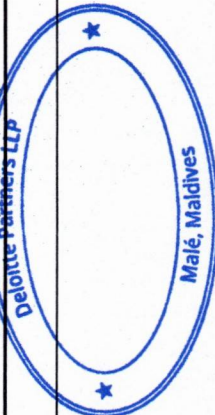
Sources of liquidity are regularly reviewed by the ALCO.

30.2.2 Interest rate risk (continued)

The table below summarises the Company's exposure to interest rate risks. It includes the Company's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	As at 31st December 2025	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non- interest bearing	Total
Financial assets								
Cash and cash equivalents	42,816,436	25,045,644	-	-	-	-	-	67,862,080
Financial assets at amortized cost	44,948,545	105,094,954	230,221,623	-	-	-	-	380,265,122
Loans and advances	34,897,691.92	21,351,567.72	88,652,687.65	491,521,415.73	981,335,657.98	-	-	1,617,759,021
Other financial assets	-	-	-	-	-	-	2,421,648	2,421,648
Total financial assets	122,662,672	151,492,166	318,874,311	491,521,416	981,335,658	2,421,648	2,421,648	2,068,307,871
Financial liabilities								
Deposits from customers	131,861	281,899	2,360,014	36,158,157	46,349,978	-	-	85,281,909
Debt securities in issue	1,098,718	1,780,375	35,039,954	440,956,696	-	-	-	478,875,744
Other borrowed funds	28,221,652	14,793,465	49,861,516	144,748,538	4,407,791	-	-	242,032,962
Other financial liabilities	-	-	-	-	-	-	281,802,582	281,802,582
Lease liabilities	111,143	224,676	1,051,609	3,358,271	-	-	-	4,745,698
Total financial liabilities	29,563,374	17,080,414	88,313,094	625,221,662	50,757,769	281,802,582	281,802,582	1,092,738,895
Total interest repricing gap	93,099,299	134,411,751	230,561,217	(133,700,247)	930,577,889	(279,386,934)	2,421,648	975,568,975

Deloitte Partners LLP



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Notes to the financial statements

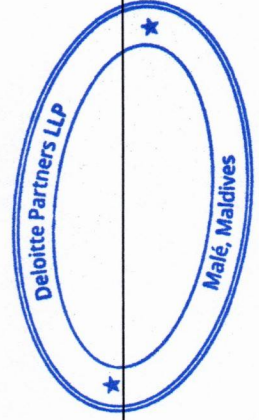
(All amounts in Maldivian Rufiyaa)

30 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

30.2.2 Interest rate risk (continued)

As at 31st December 2024	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non- interest bearing	Carrying amount
Financial assets							
Cash and balances with banks	29,827,419	123,049,993	-	-	-	-	152,877,412
Financial assets at amortized cost	-	23,903,454	334,150,763	-	-	-	358,054,216
Loans and advances	9,322,998	18,924,002	88,434,997	453,283,982	1,033,856,751	-	1,603,822,730
Other financial assets	-	-	-	-	-	1,834,512	1,834,512
Total financial assets	39,150,417	165,877,449	422,585,760	453,283,982	1,033,856,751	1,834,512	2,116,588,870
Financial liabilities							
Deposits from customers	935,120	1,868,560	8,929,320	20,835,630	54,986,501	-	87,555,131
Debt securities in issue	6,943,520	9,999,804	32,279,668	280,515,442	168,403,464	-	498,141,897
Other borrowed funds	2,240,500	22,410,492	90,986,965	189,506,928	45,022,248	-	350,167,133
Other financial liabilities	-	-	-	-	-	225,188,136	225,188,136
Lease liabilities	93,000	283,000	886,000	3,574,212	-	-	4,836,212
Total financial liabilities	10,212,139	34,561,856	133,081,953	494,432,212	268,412,213	225,188,136	1,165,888,509
Total interest repricing gap	28,938,278	131,315,593	289,503,807	(41,148,230)	765,444,538	(223,353,624)	950,700,361

Additionally, the Company is confident that it has sufficient interest margins to absorb any adverse impacts due to interest fluctuations on any unmatched positions. Further the Company has the option of changing the interest offered to customers per the sanction letters issued to the customers.



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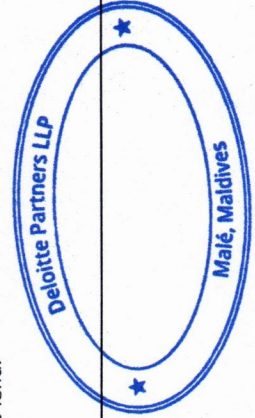
30 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

30.3 Liquidity risk

30.3.3 The table below presents the cash flows payable by the Company under non-derivative financial liabilities by remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Company manages the inherent liquidity risk based on expected undiscounted cash inflows.

	As at 31st December 2025	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total	Carrying amount
Financial assets								
Cash and balances with banks		42,848,244	25,241,644	-	-	-	68,089,888	67,862,080
Financial assets at amortized cost		45,002,671	105,692,948	234,249,811	-	-	384,945,430	380,265,122
								1,617,759,021
Loans and advances		-	-	-	-	-	-	2,421,648
Other financial assets		-	-	-	2,421,648	-	2,421,648	2,421,648
Total financial assets		87,850,915	130,934,592	234,249,811	2,421,648	-	455,456,966	2,068,307,871
Financial liabilities								
Deposits from customers		131,861	284,528	2,423,547	38,784,375	54,337,665	95,961,977	85,281,909
Debt securities in issue		1,098,718	3,575,731	65,661,700	551,152,706	-	621,488,856	478,875,744
Other borrowed funds		30,136,731	17,084,410	60,839,309	164,697,810	4,917,058	277,675,318	242,032,962
Other financial liabilities		-	-	281,802,582	-	-	281,802,582	281,802,582
Lease liabilities		145,000	290,000	1,305,000	3,715,000	-	5,455,000	4,745,698
Total financial liabilities		31,512,310	21,234,669	412,032,139	758,349,891	59,254,723	1,282,383,732	1,092,738,895
Net gap		56,338,606	109,699,923	(177,782,328)	(755,928,243)	(59,254,723)	(826,926,766)	975,568,975

Liquidity risk is the risk that the Company is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfil commitments to lend.



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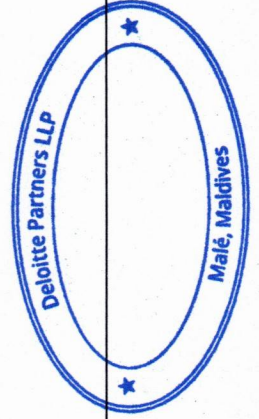
30 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

30.3 Liquidity risk (continued)

30.3.3 Contractual maturities of undiscounted cash flows of financial assets and financial liabilities (Continued)

As at 31ST December 2024	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total	Carrying amount
Financial assets							
Cash and balances with banks	29,827,419	123,049,993	-	-	-	152,877,412	152,877,412
Financial assets at amortized cost	-	23,903,454	334,150,763	-	-	358,054,216	358,054,216
Loans and advances	24,430,002	48,871,005	218,388,021	998,196,094	1,628,705,153	2,918,590,275	1,603,822,730
Other financial assets	-	-	2,522,703	-	-	-	1,834,512
Total financial assets	54,257,421	195,824,451	555,061,486	998,196,094	1,628,705,153	3,429,521,903	2,116,588,870
Financial liabilities							
Deposits from customers	958,001	1,913,001	9,151,006	22,617,014	61,879,100	96,518,122	87,555,131
Debt securities in issue	5,727,395	3,588,475	49,926,034	318,590,220	357,163,396	734,995,520	498,141,897
Other borrowed funds	4,481,142	23,957,076	103,367,033	333,134,105	43,013,756	507,953,112	350,167,133
Other financial liabilities	-	-	-	-	-	-	225,188,136
Lease liabilities	131,003	392,008	1,175,024	4,583,092	223,006	6,504,133	4,836,212
Total financial liabilities	11,297,541	29,850,560	163,619,097	678,924,431	462,279,258	1,345,970,887	1,165,888,509
Net gap	42,959,880	165,973,891	391,442,389	319,271,663	1,166,425,895	2,083,551,016	950,700,361

Assets available to meet all of the liabilities and to cover outstanding loan commitments include cash, deposits with banks, financial asset at amortized cost and housing loan repayment from customers. The Company would also be able to meet unexpected net cash outflows by discounting treasury bills, other investments and utilizing the undrawn borrowing facilities.



Notes to the financial statements

(All amounts in Maldivian Rufiyaa)

30 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

30.4 Capital management

the Company's capital as managed by its management comprises of share capital, retained earnings and reserves created by appropriations of retained earnings and current year earnings.

The risk-weighted assets are measured by means of a hierarchy of five risk weights classified according to the nature of – and reflecting an estimate of credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-balance sheet exposure, with some adjustments to reflect the more contingent nature of the potential losses.

The table below summarizes the composition of capital and the ratios of the Company as at 31 December 2025 and 31st December 2024. the Company complied with all of the externally imposed capital requirements to which they are subjected.

	As at 31 December 2025	As at 31 December 2024
Capital		
Share capital	159,375,000	159,375,000
Retained earnings	752,738,387	654,504,560
Reserves	65,000,000	65,000,000
Total qualifying Capital	977,113,387	878,879,560
Total capital	977,113,387	878,879,560
Risk-weighted assets		
On-balance sheet	2,170,851,684	2,113,168,945
Total risk-weighted assets	897,016,562	968,659,652
Basel ratio	109%	91%
Risk-weighted	As at 31 December 2025	
	Unweighted Value	Weighted Value
Cash	6,500	-
Balances with other banks	22,776,007	4,555,201
Investments with other banks	126,039,034	25,207,807
Investments with Government of	299,305,660	-
Loans and advances	1,710,941,857	855,470,929
Prepayments and deposits	6,767,907	6,767,907
Property, plant and equipment and Intangible assets	5,014,718	5,014,718
	2,170,851,684	897,016,562
Risk-weighted assets	As at 31 December 2024	
	Unweighted value	Weighted Value
Cash	6,500	-
Balances with other banks	42,956,980	10,111,847
Investments with other banks	295,982,993	11,411,484
Investments with Government of	171,985,156	-
Loans and advances	1,679,012,372	938,524,230
Prepayments and deposits	6,557,191	7,312,015
Property, plant and equipment and	4,948,407	1,300,076
	2,113,168,945	968,659,652

The Company's objectives when managing capital, which is a broader concept than the 'equity' on the face of statement of financial position, are:

- To comply with the capital requirements set by the lenders;
- To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored regularly by the Company's management, employing techniques based on the guidelines developed by the Basel I Committee, for supervisory purposes.



Notes to the financial statements

(All amounts in Maldivian Rufiyaa)

31 ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS

As at 31 December 2025

	Amortized cost	Total
Financial assets		
Cash and cash equivalents	67,862,079	67,862,079
Financial assets at amortized cost	380,265,122	380,265,122
Loans and advances	1,617,769,469	1,617,769,469
Other financial assets	2,421,648	2,421,648
Total financial assets	2,068,318,318	2,068,318,318

	Amortized cost	Total
Financial liabilities		
Debt securities in issue	478,875,744	478,875,744
Other borrowed funds	242,032,961	242,032,961
Deposits from customers	85,281,909	85,281,909
Other financial liabilities	281,802,582	281,802,582
Lease liabilities	4,745,698	4,745,698
Total financial liabilities	1,092,738,894	1,092,738,894

As at 31 December 2024

	Amortized cost	Total
Financial assets		
Cash and cash equivalents	152,877,412	152,877,412
Financial assets at amortized cost	358,054,216	358,054,216
Loans and advances	1,603,822,731	1,603,822,731
Other financial assets	-	-
Total financial assets	2,114,754,359	2,114,754,359

	Amortized cost	Total
Financial liabilities		
Debt securities in issue	498,141,897	498,141,897
Other borrowed funds	350,167,133	350,167,133
Deposits from customers	87,555,131	87,555,131
Other financial liabilities	-	-
Lease liabilities	4,836,212	4,836,212
Total liabilities	940,700,373	940,700,373

32 FAIR VALUE MEASUREMENT

The fair value of financial assets and liabilities, together with the carrying amount shown in the statement of financial position, are as follows:

	As at 31 December 2025		As at 31 December 2024	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets carried at amortized cost				
Cash and cash equivalents	67,862,079	67,862,079	152,877,412	152,877,412
Financial asset at amortized cost	380,265,122	380,265,122	358,054,216	358,054,216
Loans and advances to customers	1,617,769,469	1,617,769,469	1,603,822,731	1,603,822,731
Other financial assets	2,421,648	2,421,648	-	-
	2,068,318,318	2,068,318,318	2,114,754,359	2,114,754,359
Liabilities carried at amortized cost				
Deposits from customers	85,281,909	85,281,909	87,555,131	87,555,131
Debt securities in issue	478,875,744	478,875,744	498,141,897	498,141,897
Other borrowed funds	242,032,961	242,032,961	350,167,133	350,167,133
Other financial liabilities	281,802,582	281,802,582	-	-
	1,087,993,196	1,087,993,196	935,864,161	935,864,161



Notes to the financial statements

(All amounts in Maldivian Rufiyaa)

32 FAIR VALUE MEASUREMENT (CONTINUED)

Assets for which fair value approximates carrying value

Cash and cash equivalents : the Company's cash and cash equivalents includes cash on hand and deposits in banks. Due to their short-term nature, the carrying amount reported in the financial statements approximate the fair value of the cash and cash equivalents.

Financial asset at amortized cost: the Company's financial assets at amortized cost include government treasury bills and short term investments with banks. Due to their short-term nature, the carrying amount reported in the financial statements approximate the fair value of the financial assets at amortized cost.

Loans and advances to customers, Deposits from customer, Debt securities in issue and other borrowed funds : carries interest at market rate. Therefore non derivative cash flows arising out of principal repayment and interest if discounted by the respective interest rate the fair value will be approximate to the carrying amount.

33 CONTINGENCIES

There were no material contingent liabilities or assets which require disclosure in the Financial Statements as at the reporting date.

34 CAPITAL COMMITTEMENTS

There were no material capital commitments as at the reporting date which require disclosure in the Financial Statements as at the reporting date.

35 COMMITTEMENTS

	As at 31 December 2025	As at 31 December 2024
Undisbursed loans and other facilities	195,585,890	153,841,853

36 RELATED PARTY TRANSACTIONS

36.1 The Company carried out transactions in the ordinary course of business at commercial rates with parties who are defined as Related Parties as per the International Accounting Standard – IAS 24 on "Related Party Disclosures". The Company has identified Ministry of Finance and Ministry of Housing and Infrastructure as related parties and disclosed balances in the notes 18 and 26 of this financial statements.

36.2 The Company has transactions with entities directly or indirectly controlled by the Government of Maldives through its authorities, agencies, affiliations and other organizations, collectively referred to as government entities. The Company has transactions with other government related entities including but not limited to investments, granting loans and fund managements.

Assets	As at 31 December 2025	As at 31 December 2024
Financial assets at amortized cost		
Opening balance	367,278,558	319,319,477
Investment made during the year	682,489,437	1,288,516,841
Interest / profit income for the year	12,965,990	16,550,936
Interest / profit received during the year	(14,194,296)	(17,734,853)
Investment matured during the year	(749,234,029)	(1,239,373,843)
Closing Balance	299,305,661	367,278,558
Liabilities		
Social Scheme Funds		
Opening balance	218,496,427	232,085,095
Collections	88,448,802	64,927,221
Fees charged	(7,154,937)	(5,371,635)
Facilities granted	(29,219,979)	(73,144,255)
Closing balance	270,570,313	218,496,426
Incomes		
Interest income	12,965,990	16,036,703
Fees charged	7,154,937	5,371,635
Total Income	20,120,927	21,408,338



Notes to the financial statements

(All amounts in Maldivian Rufiyaa)

36 RELATED PARTY TRANSACTIONS (CONTINUED)

36.3 Transactions with key management personnel of the Company

The Company enters into transactions, arrangements and agreements with key management personnel in the ordinary course of business and on substantially the same terms, including interest/ commission rates and security, as for comparable transactions with persons of similar standing, or where applicable, with other employees.

Assets	As at 31 December 2025	As at 31 December 2024
Loans and advance		
Opening balance	2,750,955	2,907,584
New loans granted during the for the period/ year	-	-
Interest charged during the for the period/ year	133,809	141,822
Payments made during the year	(298,452)	(298,452)
Closing balance	2,586,311	2,750,955
	Year 2025	
	2025	2024
Incomes and expenses		
Interest income	133,809	141,822

Key management compensation	Year 2025	
	2025	2024
Executive management salaries	4,540,851	3,864,606

Remuneration to Board of Directors	Year 2025	
	2025	2024
Board remuneration and committee sitting fees	659,965	344,570

36.6 Shareholding structure

The Company's shareholding structure are as follows:

Shareholder	%	Number of shares	Value of shares
Government of Maldives	49%	7,809,280	78,092,800
International Finance Corporation	18%	2,868,750	28,687,500
Asian Development Bank	18%	2,868,750	28,687,500
HDFC Bank Limited	15%	2,390,620	23,906,200
Other shareholders	0%	100	1,000
		15,937,500	159,375,000

37 Comparative Figures

Comparative figures of the financial statements have been reclassified to conform with current year's classifications, whenever necessary.

38 EVENTS AFTER THE REPORTING PERIOD

On 22 January 2026, the directors proposed and approved an interim dividend of MVR 2.45 per share. In accordance with IAS 10, this dividend has not been recognised as a liability at the reporting date.

No other circumstances have arisen since the reporting date that require adjustment to, or disclosure in, the financial statements.