



Maldives Islamic Bank

# FOURTH QUARTER REPORT 2020

October to December 2020



Maldives Islamic Bank

[www.mib.com.mv](http://www.mib.com.mv)

# MALDIVES ISLAMIC BANK PLC.

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

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

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



## OUR BRANCH/ ATM NETWORK

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Haa Dhaalu Kulhudhuffushi  
Branch & Atm

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Male', Male' City  
Maldives Islamic Bank, Atm

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Thilafushi  
Atm

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Hulhumale', Male' City  
Branch & Atm

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Gaafu Dhaalu Thinadhoo  
Baranch & Atm

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Gnaviyani Fuvahmulah  
Branch & Atm

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Addu City Hithadhoo  
Branch & Atm

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Addu City Feydhoo  
Atm

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● BRANCH    ■ ATM

# TABLE OF CONTENTS

SUMMARY	4
STATEMENT OF COMPLIANCE	5
BUSINESS DEVELOPMENTS	5
SHAREHOLDING STRUCTURE	6
BOARD AND GOVERNANCE	6
CORPORATE SOCIAL RESPONSIBILITY	7
FINANCIAL HIGHLIGHTS	8
FINANCIAL STATEMENTS	8
INVESTOR INFORMATION	11
SHARIAH COMPLIANCE REVIEW	11
EXTERNAL AUDITOR'S LIMITED REVIEW	11

## SUMMARY

As we reached the end of the year 2020, the effects of the pandemic continues. Many countries continue to keep its borders closed and strict controls are being imposed as the pandemic rages on. However, given the situation in Maldives, where the incidence of infections are low, the borders have been opened and the restrictions have been eased. Maldives as one of the very few countries where tourists are welcomed to visit, with certain precautions being in place, has encouraged large influx of visitors during the last quarter of 2020. This increase in tourist arrivals during the last quarter can be the precursor for quicker economic recovery than expected.

Our efforts to maintain the health and safety measures in line with the recommendations of the authorities has continued. Customers and employees' safety has been given utmost priority while business resumed on monitored schedules.

Despite the hardship in the economic activities during the pandemic, the Total Revenue during the fourth quarter has increased from MVR 61.3 million to MVR 69.2 million while the Operating Expenses increased from MVR 31.3 million to MVR 34.5 million compared to the third quarter. Combined with the effect of the moratorium provided to the financing customers and ageing of the existing impaired portfolio, the regulatory provision for the fourth quarter increased to MVR 17.7 million from MVR 5 million in the third quarter. The Customers' Deposit increased in the fourth quarter from MVR 3.16 billion to MVR 3.43 billion while the Financing portfolio of the Bank increased from MVR 2.17 billion to MVR 2.20 billion compared to the third quarter. The minimal growth in the Financing business is corresponding to our cautious approach during the pandemic.

With the effect of increased regulatory provisioning requirement in the fourth quarter, the Bank still recorded a Profit after tax of MVR 12.70 million.

## STATEMENT OF COMPLIANCE

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

## BUSINESS DEVELOPMENTS

### INTRODUCTION OF CHEQUE DEPOSIT SERVICE THROUGH ATMs

During the 4th quarter, MIB introduced fully automated Cheque deposit functionality through ATMs. With this function, customers can conduct cheque deposit transaction. Customers are given the choice to deposit Cheques using cards and card less cheque deposit transactions using mobile OTP, a service innovation that remain unique to MIB.

### INTRODUCTION OF A FIRST ATM AT THILAFUSHI

During the 4th quarter, MIB installed a new ATM in K. Thilafushi to cater to a population of more than 3,000. This is the first ATM that was installed in Thilafushi which was a most needed relief for the community that lives and works there.



## SHAREHOLDING STRUCTURE

Name	Q4 – 2020		Q3 - 2020	
	No. of shares	% of shareholding	No. of shares	% of shareholding
Islamic Corporation for the Development of the Private Sector (ICD)	8,100,000	36.00%	8,100,000	36.00%
Government of Maldives	6,300,000	28.00%	6,300,000	28.00%
Amana Takaful (Maldives) PLC.	1,125,000	5.00%	1,125,000	5.00%
Public Shareholders				
1. Maldives Pension Administration Office	2,369,370	10.53%	2,369,370	10.53%
2. Others	4,605,637	20.47%	4,605,637	20.47%
<b>Total</b>	<b>22,500,007</b>	<b>100%</b>	<b>22,500,007</b>	<b>100%</b>

## BOARD AND GOVERNANCE

### COMPOSITION OF THE BOARD AND BOARD COMMITTEES

As per the Articles of Association of the Bank, the Board Shall not be less than 7 (seven) Directors and shall include at least 4 (four) Nominee Directors, at least 1 (one) Elected Director and at least 2 (two) Executive Directors. The following are the Directors on the Board of the Bank:

Name	Designation	Committee	Date of Appointment / Re-appointment
Mr. Najmul Hassan <i>Nominee Director</i>	Chairman (Independent Non-Executive Director)	BRCC, BNRC	20/11/2018
Mr. Mohammed Ataur-Rahman Chowdhury <i>Nominee Director</i>	Independent Non-Executive Director	BAC, BNRC	08/10/2018
Mr. Nasser Mohammed Al-Thekair <i>Nominee Director</i>	Independent Non-Executive Director	BRCC	18/02/2019
Uz. Mohamed Naseem Ibrahim <i>Nominee Director</i>	Independent Non-Executive Director	BRCC, BNRC	23/07/2020
Mr. Ali Shareef <i>Nominee Director</i>	Independent Non-Executive Director	BAC, BNRC	23/07/2020
Mr. Ahmed Ali <i>Elected Director</i>	Independent Non-Executive Director	BAC	23/07/2020
Mr. A.E.A. Muhaimen <i>Executive Director</i>	Managing Director & CEO	-	27/06/2019
Mr. Ali Wasif <i>Executive Director</i>	Executive Director & CFO	-	27/06/2019

## FREQUENCY OF MEETINGS

	Q4 – 2020	Q3 – 2020
Board of Directors	03 (Three)	03 (Three)
Board Risk and Compliance Committee (BRCC)	02 (Two)	01 (One)
Board Audit Committee (BAC)	02 (Two)	01 (One)
Board Nomination and Remuneration Committee (BNRC)	Nil	01 (One)

## Significant Board Decisions

- Reviewed and approved Bank's Quarterly Report for Q3 2020.
- Approved the appointment of new Nominee Director subject to confirmation at the next Shareholders meeting of the Bank.
- Reviewed and approved the Bank's Budget and Business Plan for the year 2021.
- Reviewed and approved New Financing products of the Bank.

## Penalties Imposed by the Regulator

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

## Material Transactions with the Directors

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

## CORPORATE SOCIAL RESPONSIBILITY

The main activities and events conducted under the umbrella of Corporate Social Responsibility by the Bank during Q4 of 2020 are as follows.

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

## FINANCIAL HIGHLIGHTS

(All amounts in MVR'000 unless otherwise stated)

	Oct - Dec 2020	Jul - Sep 2020	12 Months 2020 Unaudited	12 Months 2019 Audited
Total Revenue	69,171	61,381	265,558	245,685
Total Expenses	(52,241)	(36,268)	(168,303)	(133,763)
Net Profit	12,697	18,835	72,941	84,014
Earnings Per Share	0.56	0.84	3.24	3.73
Nets Assets per Share	27.00	26.44	27.00	25.34
Cash Flow per Share	53.38	42.88	53.38	31.24

## FINANCIAL STATEMENTS

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

(All amounts in MVR'000 unless otherwise stated)

	Oct - Dec 2020	Jul - Sep 2020	12 Months 2020 Unaudited	12 Months 2019 Audited
<b>Gross Income</b>				
Income from Financing and Similar Income	75,973	67,735	291,235	260,454
Profit Paid on Customer Accounts and Similar Charges	(15,034)	(12,235)	(50,849)	(44,139)
<b>Net Fund based Income</b>	<b>60,939</b>	<b>55,500</b>	<b>240,386</b>	<b>216,315</b>
Fee and Commission Income	8,289	5,837	25,468	30,020
Fee and Commission Expense	(282)	(126)	(838)	(778)
<b>Net Fee and Commission Income</b>	<b>8,007</b>	<b>5,711</b>	<b>24,630</b>	<b>29,242</b>
Other Operating Income	225	170	542	128
<b>Total Operating Income</b>	<b>69,171</b>	<b>61,381</b>	<b>265,558</b>	<b>245,685</b>
Loss on Fair Valuation of Financial Instruments Mandatorily Measured at FVTPL	-	-	-	(1,439)
Personnel Expenses	(17,145)	(16,639)	(66,648)	(61,821)
General and Administrative Expenses	(10,111)	(8,979)	(35,168)	(37,378)
Depreciation and Amortization	(7,240)	(5,643)	(24,078)	(20,547)
Total Operating Expenses excluding Provision	(34,496)	(31,261)	(125,894)	(121,185)
<b>Operating Profit (Profit before Provisions)</b>	<b>34,675</b>	<b>30,120</b>	<b>139,664</b>	<b>124,500</b>
Provision for Bad and Doubtful Debts	(17,745)	(5,007)	(42,409)	(12,578)
<b>Profit Before Tax</b>	<b>16,930</b>	<b>25,113</b>	<b>97,255</b>	<b>111,922</b>
Income Tax Expense	(4,233)	(6,278)	(24,314)	(27,908)
<b>Net Profit for Quarter</b>	<b>12,697</b>	<b>18,835</b>	<b>72,941</b>	<b>84,014</b>
<b>Basic Earnings Per Share</b>	<b>0.56</b>	<b>0.84</b>	<b>3.24</b>	<b>3.73</b>

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

(All amounts in MVR'000 unless otherwise stated)

	31-Dec-20	30-Sep-20	31-Dec-2019 Audited
<b>Assets</b>			
Cash, Short Term Funds & Balances with MMA	1,201,029	964,880	702,973
Minimum Reserve Requirement with MMA	253,710	232,531	290,040
Investments in Equity Securities	57,300	57,300	57,300
Investments in Other Financial Instruments	482,123	475,947	404,201
Net Receivables from Financing Activities	2,197,691	2,173,406	2,131,991
Property, Plant and Equipment	60,328	59,364	56,056
Right-of-Use Assets	87,415	89,287	96,601
Other Assets	57,768	54,735	69,851
<b>Total Assets</b>	<b>4,397,364</b>	<b>4,107,450</b>	<b>3,809,013</b>
<b>Liabilities</b>			
Customers' Accounts	3,432,834	3,163,351	2,974,646
Lease Liabilities	88,381	89,239	94,362
Other liabilities	268,582	259,990	169,941
<b>Total Liabilities</b>	<b>3,789,797</b>	<b>3,512,580</b>	<b>3,238,949</b>
<b>Shareholders' Equity</b>			
Share Capital	337,500	337,500	337,500
Retained Earnings	119,784	110,261	100,516
Statutory Reserve	132,166	128,992	113,931
Other Reserves	18,117	18,117	18,117
<b>Total Shareholders' Equity</b>	<b>607,567</b>	<b>594,870</b>	<b>570,064</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>4,397,364</b>	<b>4,107,450</b>	<b>3,809,013</b>



Ali Wasif  
Chief Financial Officer



A.E.A. Muhaimen  
Managing Director & CEO



Ahmed Ali  
Chairman/ BAC

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

(All amounts in MVR'000 unless otherwise stated)

	Share Capital	Retained Earnings	Statutory Reserve	Other Reserves	Total Equity
<b>Balance as at 01 January 2020</b>	<b>337,500</b>	<b>100,516</b>	<b>113,931</b>	<b>18,117</b>	<b>570,065</b>
Net profit for the quarter	-	31,725	-	-	31,725
Dividends to equity holders	-	-	-	-	-
Transferred to reserves	-	(7,931)	7,931	-	-
Issue of Shares	-	-	-	-	-
<b>Balance as at 31 March 2020</b>	<b>337,500</b>	<b>124,311</b>	<b>121,862</b>	<b>18,117</b>	<b>601,790</b>
Net profit for the quarter	-	9,683	-	-	9,683
Dividends to equity holders	-	-	-	-	-
Transferred to reserves	-	(2,421)	2,421	-	-
Issue of Shares	-	-	-	-	-
<b>Balance as at 30 June 2020</b>	<b>337,500</b>	<b>131,573</b>	<b>124,283</b>	<b>18,117</b>	<b>611,473</b>
Net profit for the quarter	-	18,835	-	-	18,835
Dividends to equity holders	-	(35,438)	-	-	(35,438)
Transferred to reserves	-	(4,709)	4,709	-	-
Issue of Shares	-	-	-	-	-
<b>Balance as at 30 September 2020</b>	<b>337,500</b>	<b>110,261</b>	<b>128,992</b>	<b>18,117</b>	<b>594,870</b>
Net profit for the quarter	-	12,697	-	-	12,697
Dividends to equity holders	-	-	-	-	-
Transferred to reserves	-	(3,174)	3,174	-	-
Issue of Shares	-	-	-	-	-
<b>Balance as at 31 December 2020</b>	<b>337,500</b>	<b>119,784</b>	<b>132,166</b>	<b>18,117</b>	<b>607,567</b>

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

(All amounts in MVR'000 unless otherwise stated)

	Q4 2020	Q3 2020	12 Months 2020 Unaudited	12 Months 2019 Audited
Cash Flows from Operating Activities	33,291	25,636	130,157	83,008
Changes in Operating Assets and Liabilities	229,793	(150,649)	403,354	(428,404)
Cash Flows from Investing Activities	(26,935)	5,232	(35,456)	392,040
Cash Flows from Financing Activities	-	-	-	132,120
<b>Net increase/ (used) in Cash and Cash Equivalents</b>	<b>236,149</b>	<b>(119,781)</b>	<b>498,056</b>	<b>178,764</b>
Cash and Cash Equivalents at beginning of Quarter	964,880	1,084,661	702,973	524,209
<b>Cash and Cash Equivalents at end of Quarter</b>	<b>1,201,029</b>	<b>964,880</b>	<b>1,201,029</b>	<b>702,973</b>

## INVESTOR INFORMATION

Highest Traded Price	MVR 42.00
Lowest Traded Price	MVR 32.00
Last Traded Price	(on 30 <sup>th</sup> Dec 2020) MVR 39.00
Weighted Average Traded Price	MVR 37.28
Number of Securities Traded	3,822
Value of Securities Traded	MVR 142,494.00
Market Capitalization	MVR 838,858,189
Dividend Yield	4.22%
Price Earnings Ratio	11.50
Total No. of Shareholders at the end of Quarter	16,149

## SHARIAH COMPLIANCE REVIEW

Maldives Islamic Bank PLC. is the only full-fledged Shariah compliant bank in the Maldives. The business of the Bank remains Shariah compliant as per the regulation on Shariah Screening of Equity Securities of Capital Market Development Authority since its inception. The level of Shariah compliance during the quarter remains unchanged compared to Quarter 03 of 2020.

## EXTERNAL AUDITOR'S LIMITED REVIEW

The financials stated above are management accounts (unaudited) and are subject to changes after full year audit by the External Auditor. We draw your attention to the fact that the regulatory provisioning requirement as reported in the 4th quarter financial statements can be different from our impairment computation under IFRS 9. The impairment calculation under IFRS 9 is currently under review by the external auditor and will be reported in the audited financial statements for the year ended 31 December 2020.

