



SECOND QUARTER REPORT

April to June 2014



BANK OF MALDIVES



Bank of Maldives is proud to be the national bank of the Maldives. We touch the lives of almost every citizen of the country through our extensive network of branches, ATMs and online banking facilities. This privilege brings with it great responsibility which we take extremely seriously.

We understand that we play a pivotal role as an engine of growth and a partner for success for thousands of individuals, families and businesses. Our aim is to play an active role in community development and to create long-term value for our shareholders.

Our strategic pillars are Financial Inclusion, Customer Service and Support for Business. Our strategic foundations are People Excellence and Robust Risk Management.

We have embarked on a journey to transform our business to become a professionally managed, customer-oriented, financially robust organisation which follows international best practices.

Our Business Strengths

Solid Financial Platform

- Deposit base MVR 11.9 billion
- Assets MVR 15.2 billion
- Strong capital position well above regulatory requirement

Strong Customer Base

- Leading market share in Retail, Corporate and SME segments
- Over 249,000 customers
- Market leader in self-service banking with largest number of online banking and ATM users

Leadership in Innovation

- First to launch POS services in Maldives
- First to launch cash and cheque deposit machines
- First to launch Internet Banking
- First to launch AMEX and Visa Credit and Debit cards

Leadership in Service Delivery

- Largest network of branches, ATMs and Point of Sale terminals in Maldives
- Exclusive acquirer and issuer of American Express cards in Maldives
- Only principal member in the Maldives for Visa and MasterCard
- Worldwide network of foreign correspondent banking relationships

Experienced and Dedicated Team

- Largest employer in the banking sector with over 800 dedicated employees
- Over 99% of our workforce are locals
- Most of the executive leadership team are experienced local professionals
- Almost one third of our staff are employed in the Atolls

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1. SUMMARY

Financial results for the second quarter of 2014 showed continued positive performance with an Operating Profit of MVR 353 million, up 65% on the previous quarter. Income grew by 56% while expenses grew less proportionately by 28% - stripping out periodic costs such as Ramadan bonus, the latter were well controlled. Loan book quality maintained its positive trajectory, though the Bank continues to provide for bad debts in a prudent manner.

2. BUSINESS DEVELOPMENTS

- 31st Annual General Meeting was held on 29th May 2014, at which the highest dividend pay-out in the Bank's history of MVR 80.7 million was declared for 2013.
- At the AGM, the Bank's strategic plans for the next 3 years, including its strategic pillars of Financial Inclusion, Customer Service and Support for Business, were presented.
- In terms of Financial Inclusion, plans to provide banking services to 50 islands with no current access to banking facilities were announced. The Bank also removed its charges for ATM usage and for money transfers between BML branches. Visa Debit cards were re-introduced on Rufiyaa accounts.
- Mr. Moosa Nimal was appointed to the newly created position of Head of Customer Service. This appointment reflects the Bank's commitment to improve customer service levels.
- Plans to establish a new Business Banking Unit with dedicated relationship managers for small and medium-sized business were announced.
- BML partnered with Ministry of Fisheries and Agriculture to implement a concessionary loan scheme targeted at the Fisheries sector. Under the scheme it is proposed to disburse MVR 5.8 million for fish processing activities and MVR 8.8 million for completion of fishing vessels.

3. KEY FINANCIAL INFORMATION

Balance Sheet - Quarter ended 30 June 2014

Consolidated Statement of financial position (Unaudited)

(All amounts in MVR'000 unless otherwise stated)

| | Group | | Bank | |
|--|-------------------|-------------------|-------------------|-------------------|
| | As at 30-June-14 | As at 31-Mar-14 | As at 30-June-14 | As at 31-Mar-14 |
| Cash, Short Term Funds & Balances with MMA | 8,965,714 | 7,300,741 | 8,961,938 | 7,295,175 |
| Loans and Advances | 5,123,674 | 5,771,677 | 5,654,045 | 6,302,048 |
| Assets held for Sale | 530,803 | 530,803 | - | - |
| Investment - Available for Sale | 319 | 319 | 319 | 319 |
| Investments in subsidiaries | - | - | 20 | 20 |
| Property, Plant and Equipment | 330,270 | 316,992 | 330,270 | 316,992 |
| Other Assets | 271,220 | 762,148 | 270,546 | 762,134 |
| TOTAL ASSETS | 15,222,000 | 14,682,681 | 15,217,137 | 14,676,689 |
| Deposits | 11,998,042 | 11,547,233 | 11,998,042 | 11,547,233 |
| Borrowings | 496,356 | 525,178 | 496,356 | 525,178 |
| Other liabilities | 730,931 | 724,216 | 729,488 | 723,448 |
| TOTAL LIABILITIES | 13,225,330 | 12,796,627 | 13,223,887 | 12,795,859 |
| Share Capital | 269,096 | 269,096 | 269,096 | 269,096 |
| Share Premium | 93,000 | 93,000 | 93,000 | 93,000 |
| Reserves | 1,634,540 | 1,523,933 | 1,631,154 | 1,518,734 |
| | 1,996,636 | 1,886,029 | 1,993,250 | 1,880,830 |
| Non-controlling interest | 34 | 25 | - | - |
| TOTAL SHAREHOLDERS' EQUITY | 1,996,670 | 1,886,054 | 1,993,250 | 1,880,830 |
| TOTAL EQUITY AND LIABILITIES | 15,222,000 | 14,682,681 | 15,217,137 | 14,676,689 |



Nandana Senevirathne
Chief Financial Officer



Andrew Healy
CEO & Managing Director



Ibrahim Mohamed
Chairperson, Audit & Risk
Management Committee

Income Statement - Quarter ended 30 June 2014

Consolidated Income Statement (Unaudited)

(All amounts in MVR'000 unless otherwise stated)

| | Group | | Bank | |
|--|----------------|----------------|----------------|----------------|
| | Q2 2014 | Q1 2014 | Q2 2014 | Q1 2014 |
| Gross Income | 524,589 | 372,417 | 521,505 | 369,333 |
| Interest Income and similar income | 264,697 | 203,337 | 264,697 | 203,337 |
| Interest Expense and similar charges | (42,304) | (38,635) | (42,304) | (38,635) |
| Net Interest Income | 222,394 | 164,702 | 222,394 | 164,702 |
| Fee and commission Income | 111,517 | 130,250 | 111,517 | 130,250 |
| Fee and commission expance | (40,524) | (50,580) | (40,524) | (50,580) |
| Net Fee and commission income | 70,993 | 79,670 | 70,993 | 79,670 |
| Other Operating Income | 148,375 | 38,830 | 145,291 | 35,746 |
| | 441,761 | 283,202 | 438,677 | 280,118 |
| Operating Expenses | (88,652) | (69,136) | (83,315) | (68,385) |
| Operating Profit (Profit before Provisions) | 353,109 | 214,066 | 355,363 | 211,733 |
| Provision for bad and doubtful debts | (219,146) | (116,661) | (219,146) | (116,661) |
| Profit before tax | 133,963 | 97,406 | 136,216 | 95,073 |
| Income tax expense | (33,716) | (24,118) | (34,054) | (23,768) |
| Net Profit / (Loss) for the quarter | 100,247 | 73,287 | 102,162 | 71,304 |
| Basic Earning per share (annualised) | 68.24 | 49.99 | 69.60 | 48.58 |

Cash Flow Statement - Quarter ended 30 June 2014

Consolidated Statement of cash flows (Unaudited)

(All amounts in MVR'000 unless otherwise stated)

| | Group | | Bank | |
|--|------------------|------------------|------------------|------------------|
| | Q2 2014 | Q1 2014 | Q2 2014 | Q1 2014 |
| Cash flows from operating activities | 1,573,163 | 1,286,302 | 1,573,163 | 1,241,935 |
| Cash flows from investing activities | (21,603) | (8,059) | (21,603) | (8,059) |
| Cash flows from financing activities | (28,822) | (13,518) | (28,822) | (6,376) |
| Net increase in cash and cash equivalents | 1,522,738 | 1,264,724 | 1,522,738 | 1,227,499 |
| Cash and cash equivalents at beginning of the quarter | 4,927,513 | 3,664,578 | 4,923,736 | 3,659,012 |
| Cash and cash equivalents at end of the quarter | 6,450,251 | 4,929,302 | 6,446,474 | 4,886,512 |

4. INVESTOR INFORMATION

| | In MVR |
|-------------------------------|-------------|
| Highest Traded Price | 110 |
| Lowest Traded Price | 100 |
| Weighted Average Traded Price | 107.1 |
| Market Capitalization | 538,192,000 |
| Price Earnings - Ratio | 1.44 |
| Dividend Yield | N/A |

5. GOVERNANCE

Frequency of Board Meetings

The number of meetings held by the Board of Directors and its sub-committees during the 02nd quarter of 2014 were as follows:

| | No. of Meetings |
|--|-----------------|
| Board of Directors | 04 (Four) |
| Board Credit Committee | 01 (One) |
| Audit & Risk Management Committee | 09 (Nine) |
| Appointment, Nomination & Remuneration Committee | 08 (Eight) |

5.1 Activities carried out by the Board & Board Committees

- 31st Annual General Meeting was held on 29th May 2014
- Payment of final dividend for the year 2013
- Appointed Ernst & Young as the External Auditors of the Bank for the year 2014/2015
- Recruited Mr. Afzal Ahmed as the Chief Internal Auditor of the Bank
- Approval of Delegation of Authority, Procurement, and Fixed Asset Management Policies
- Approval of Payment of Annual Performance-Based Bonus for the year 2013

- Reviewed and approved BML Base rates for MVR and USD as well as amendments to ATM and Inter Branch fees and savings interest rates
- Formation of Board Credit Committee and reconstitution of Board's Audit and Risk Management Committee and Appointment, Nomination and Remuneration Committee.

5.2 Changes in the Board of Directors

As per the Articles of Association of the Bank, the Board shall consist of 11 members, which includes 08 Nominee Directors and 03 Public Elected Directors. At present 02 Nominee Director positions are vacant. The following are the 09 Directors on the Board.

| | Name of Director | Category | Designation | Respective Committee |
|----|--|---------------------------------|--|--------------------------|
| 01 | Mr. Andrew Healy Nominee Director (CEO & MD) | Non-Independent & Executive | Director | BCC |
| 02 | Mr. Mohamed Shareef Nominee Director | Non-Independent & Executive | Director | BCC |
| 03 | Mr. Ibrahim Mohamed Elected Director | Independent & Non-Executive | Director Chairperson of ARM Committee | BCC, ANR & ARM Committee |
| 04 | Mr. Mohamed Abdul Sattar Elected Director | Independent & Non-Executive | Director Chairperson of ANR Committee | BCC, ANR & ARM Committee |
| 05 | Mr. Murthala Mohamed Didi Nominee Director | Independent & Non-Executive | Director | BCC & ANR Committee |
| 06 | Mr. Abdul Haris Nominee Director | Non-Independent & Non-Executive | Director | BCC & ANR Committee |
| 07 | Mr. Mohamed Luveiz Nominee Director | Independent & Non-Executive | Director | BCC, ANR & ARM Committee |
| 08 | Mr. Ismail Mukhthaba Elected Director | Independent & Non-Executive | Director | ARM Committee |
| 09 | Mr. Mohamed Umar Nominee Director | Non-Independent & Non-Executive | Director | ARM Committee |

At present, the post of Chairman of the Board is vacant. The Articles of Association provide that any Director who is to chair the Board meetings needs to be a Nominee Director. Further the Chairman has to be an Independent Director as per the Corporate Governance Code issued by CMDA. Board meetings have been carried out by the Bank in accordance with these requirements.

6. CORPORATE GOVERNANCE COMPLIANCE

The Bank is committed to achieving high standards of corporate conduct, and in this regard recognizes the importance of having in place a set of well-defined corporate governance practices and processes to enhance corporate performance and accountability in the Bank. During the quarter, the Bank worked as always to achieve compliance with the provisions of its Corporate Governance Code which articulates best corporate governance practices. The 31st Annual General Meeting of the Bank was held during the quarter within the regulatory time frame. The Bank also complied with the provisions of its internal policies and procedures which govern its day to day operations.

7. REPORTING COMPLIANCE

This report has been prepared taking into account the CMDA Circular on Minimum Quarterly Reporting Requirement for Listed Companies.

