

Housing Development Finance Corporation PLC.

QUARTERLY REPORT

02/2019



Housing Development Finance Corporation Plc.

www.hdfc.com.mv

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Development of the Company

PROGRESS

- **The Apollo Towers**, located in front of the Yacht Marina at the Hulhumale' beach front, is the latest luxury real estate project by Apollo Holdings. Split into two main towers, Apollo Towers, one 10 story in height and the other 9 story offer two levels of commercial space on both the ground floor and 1st floor. Residential apartments are located from the 2nd floor and above. The categories of apartments housed in Apollo Towers include; Semi-Deluxe apartments, Luxury apartments and Penthouse Apartments. Apollo towers offer thirteen different types of apartments, which include three-bedroom apartments, two-bedroom apartments and one-bedroom apartments. The two towers comprise of a total of 97 Units. Total Project Cost: MVR 361,109,400.00, Foundation create, 1st floor, to 9th floor slab and terrace are completed. Only 5% of the structural work is pending. 40% of the block works completed, 10% of plastering completed.

Project Start Date: 9 March 2017

Estimated completion Date: June 2020

- **Marina View Apartments** is a project under taken by Batch Construction. The Company signed an exclusive end-user finance project on 3rd August 2016. The 70 Marina View Apartments is located in Hulhumale' and is scheduled to be completed within two years. At the end of June 2019, Batch has completed structural works, masonry works, internal plastering, external plastering, electrical works, tv and telephone cabling work. 90% works done on installation of doors and windows. Cable works for security system is done. Work in progress includes, general area tiling, internal sewerage and drainage work for penthouse, 2,3, and 4.

Batch reported delays in the project during December 2018, due to the un-cleared shipments being held at Maldives Ports Limited harbour. HDFC extended the completion date up to end of July 2019. 95% of all works are completed. Water and electric connection are now ongoing. Handover of the apartment will commence in August 2019.

Project start date: 20 April 2017

Estimated completion date: 20 April 2019

Revised completion date: 31 July 2019

- **Hulhumale' AIRA Apartment** developed by Ensis Fisheries Private Ltd. And this project comprises of 2 towers of 8 story 100 residential units. As at June 2019, more that 95% of the formworks in the first floor is completed. Work in progress includes formworks, reinforcement works and concreting works, masonry and plastering works. 32.2 % of the overall project is completed.

Project Start Date: July 2017

Estimated Completion Date is extend: 30 June 2020.

- **Hulhuma Residence** is a 7-story building consisting of 14 residential units. This project is jointly developed by Ensis and Associated Business Agents Pvt. Ltd. As at 30 June 2019 more that 10% of the formworks, 20% of the Reinforcement and 10% of the placing works is done. Work in progress includes, formworks, reinforcement and concrete works. Overall 30.60% of the project is completed.

Project start date: June 2018

Estimated Completion Date extended: May 2020

- **Damas, One Avenue** comprise of two towers of 95 units. 100% of the concrete work is done. Work in progress includes finishing works, electrical, plumbing and fixtures. 97.57% of the total project has been completed as of 30 June 2019. Water and electricity installation work is in progress.

Project Start date: 20 April 2017

Project End date: 30 April 2019

Projected hand over – July 2019 (in progress)

- **Oceanfront Residence** is a lavish 13 story condominium situated in Fithuroanu Magu, Hulhumale. The condominium comprises of two towers which has a total of 145 units. Rainbow Construction Pvt. Ltd is the developer. The project is delayed by 149 days as of 30 June 2019. Completed works include, terrace kids pool, shuttering concreting of tower A and B. Ongoing works include floor screed of 7, 8 and 9 floors of both tower A and B. Overall 70% of the project is completed.

Project Start Date: 13th March 2017

Estimated completion Date: 17th November 2019

- **The Gardens** is a project of Jaah Investment Pvt. Ltd. (previously Jausa. This project will develop 73 mixed-use residential housing units in the reclaimed suburb of Hulhumale', It is proposed to build two 13 story towers, of which 2 stories' will be allocated for commercial purposes, with the top floor used as a multipurpose terrace equipped with a swimming pool. Works completed includes 5 level of structure, shuttering, GF, Slab and water proofing up to level six. Work in progress includes, dewatering, installation of temporary CCTV system, perimeter scaffolding and safety net fixing. As at June 2019, 46 % of the overall project is completed.

Project Start Date: November 2017

Project completion Date: 31st December 2019

- **FW construction** encompasses the development of a 14-story mixed use residential development of 95 units in Hulhumale' Phase-1. The project includes 2 units of 1 Bedroom, 2 units of 2 Bed Room, 42 units of 2+1 Bedroom, 49 units of 3 Bedroom apartments (which includes 4 units of Pent houses). The project is undertaken by FW Constructions. Completed works include super structure concrete works up to 10th floor. Work in progress includes masonry works. As at 30 June 2019, 40% of the project is completed.

Project start date: 5th Oct 2017

Estimated completion date: 30th Nov 2019

EMPLOYMENT DATA

<i>1 April 2019– 30 June 2019</i>	<i>Local</i>	<i>Expatriate</i>	<i>Total</i>
No. of staff at beginning	37	-	37
No. of staff resigned/terminated	01	-	01
No. of staff employed	0	-	0
No. of staff at end of the quarter	36	-	36

1 STAFF TERMINATED – UNSUCCESSFUL PROBATION

STAFF DEVELOPMENT

- All staff -Takaful Islamic Insurance information session – By Ayadi Insurance
- 1 staff – integrated report writing – By Maldives Capacity Development and Governance Institute
- Management and staff - Dhares (Knowledge Sharing)– by Mr. Shafeeq
- 5 staff- Information session - by Accounts Department
- 15 staff- official letter writing skill- by Mr. Musthafa Mohamed
- All staff- Fire awareness training- Maldives National Defence Force

Administration

BOARD ACTIVITIES

<i>1 April -30 June 2019</i>	<i>No. of Meeting</i>	<i>Date</i>
Board Meeting	One	18 May 2019
Annual General Meeting	One	18 May 2019

CHANGES IN THE MEMBERS OF THE BOARD

No change was made to the Board of Directors

MAJOR DECISIONS MADE BY THE BOARD

- Appointment of KPMG as Shariah (compliance) Audit for 2019 and finalisation of the remuneration
- Finalisation of Dividend for the year 2018
- Endorsement of the Annual Report for the year 2018

MAJOR DECISIONS MADE AT THE AGM

- Approval and adoption of the Audited Financial statements for the year ended 31 December, 2018
- Approval and adoption of the Annual Report for the year ended 31 December 2018
- Declaration of the dividend for the year 2018
- Approval of external and internal auditors and finalization of their remuneration
- Announcement in change in directorship
- Appointment of the chairman

Company's Share Structure

SHAREHOLDERS

Housing Development Finance Corporation PLC.'s main shareholders include, Government of Maldives (GOM) with 49% shares, Asian Development Bank (ADB) 18%; International Finance Corporation (IFC) 18% and HDFC Investments Ltd. of India with 15% along with 10 initial shareholders including the MD. The Company's Shareholding structure is as follows.

SHAREHOLDING STRUCTURE

	<i>Name</i>	<i>Capacity</i>	<i>No. of Share(s) held</i>	<i>Face Value of a share in MVR</i>	<i>Value of share(s) held in MVR</i>
1.	Government of Maldives 49%	Shareholder	780,928	100	78,092,800.00
2.	International Finance Corporation 18%	Shareholder	286,875	100	28,687,500.00
3.	Asian Development Bank 18%	Shareholder	286,875	100	28,687,500.00
4.	HDFC Investments Ltd. (India) 15%	Shareholder	239,062	100	23,906,200.00
5.	Mr. Ibrahim Naeem	Shareholder	1	100	100.00
6.	Ms. Raheema Saleem	Shareholder	1	100	100.00
7.	Mr. Hamid Yoosuf	Shareholder	1	100	100.00
8.	Mr. Mohamed Shahudy	Shareholder	1	100	100.00
9.	Ms. Aishath Rasheeda	Shareholder	1	100	100.00
10.	Mr. Mohamed Fathy	Shareholder	1	100	100.00
11.	Mr. Mohamed Hamdan Fahumy	Shareholder	1	100	100.00
12.	Mr. Ahmed Anwar	Shareholder	1	100	100.00
13.	Mr. Nahid Idrees	Shareholder	1	100	100.00
14.	Expat MD (if any)		1	100	100.00
		TOTAL	1,593,750		159,375,000.00

Financial Statements

INCOME STATEMENT (UNAUDITED) FOR THE QUARTER ENDED 30 JUNE 2019

	YTD June 2019	Quarter 2	Quarter 1 Revised
(all amounts are in MVR)	30-Jun-19	30-Jun-19	31-Mar-19
Gross income	94,362,516	47,932,657	46,429,859
Interest income	76,831,140	38,782,348	38,048,792
Interest expense	(27,142,523)	(13,524,869)	(13,617,655)
Net interest income	49,688,617	25,257,479	24,431,137
Net income on Shari'ah products	15,019,456	7,781,972	7,237,484
Fee income	1,532,814	683,695	849,118
Other income	979,107	684,642	294,464
Operating income	67,219,993	34,407,789	32,812,204
Provision for Impairment loss on loans and advances (made)/ Reversal	1,667,261	(2,416,242)	4,083,503
Personnel expenses	(5,324,556)	(2,713,020)	(2,611,535)
Other operating expenses	(3,209,604)	(1,381,631)	(1,827,973)
Profit before tax	60,353,094	27,896,896	32,456,199
Tax expense	(8,583,983)	(4,453,800)	(4,130,183)
Profit for the period	51,769,111	23,443,096	28,326,016
Earnings Per Share - basic	32.48	14.71	17.77



Mohamed Shafeeq

Assistant General Manager (Finance)



Raheema Saleem

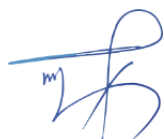
Managing Director

STATEMENT OF FINANCIAL POSITION

(UNAUDITED) FOR THE QUARTER ENDED 30 JUNE

2019

	YTD June 2019	Quarter 2	Quarter 1 Revised
(all amounts are in MVR)	30-Jun-19	30-Jun-19	31-Mar-19
ASSETS			
Cash and short term funds	69,930,139	69,930,139	115,509,620
Financial Assets Held to Maturity	99,892,918	99,892,918	77,969,223
Loans and Advances to Customers	1,716,891,129	1,716,891,129	1,676,085,530
Property, Plant and Equipment	1,159,215	1,159,215	1,257,817
Intangible assets	513,700	513,700	567,774
Deferred tax asset	3,125,228	3,125,228	3,125,228
Other assets	6,466,053	6,466,053	6,937,071
TOTAL ASSETS	1,897,978,382	1,897,978,382	1,881,452,263
LIABILITIES			
Deposits from customers	91,272,097	91,272,097	90,045,773
Borrowings	956,259,671	956,259,671	981,184,030
Other liabilities	282,902,127	282,902,127	266,121,069
Total Liabilities	1,330,433,895	1,330,433,895	1,337,350,872
EQUITY			
Share capital	159,375,000	159,375,000	159,375,000
Retained earnings	393,169,487	393,169,487	369,726,391
General Reserve	15,000,000	15,000,000	15,000,000
Total shareholders' equity	567,544,487	567,544,487	544,101,391
TOTAL EQUITY AND LIABILITIES	1,897,978,382	1,897,978,382	1,881,452,263



Mohamed Shafeeq

Assistant General Manager (Finance)



Raheema Saleem

Managing Director

CASH FLOW STATEMENT (UNAUDITED) FOR THE QUARTER ENDED 30 JUNE 2019

(all amounts are in MVR)	YTD June 2019	Quarter 2	Quarter 1 Revised
	30-Jun-19	30 June 2019	31 March 2019
Cash Flow from Operating Activities			
Operating Profit	51,769,111	23,443,096	28,326,016
Add:			
Increase/(Decrease) Impaired losses on loans and advances	(1,667,261)	2,135,319	(4,077,476)
Depreciation	317,535	158,268	159,267
Retained earnings adjustment due to change from IAS 39 to IFRS 9	(274,896)	-	-
(Increase)/Decrease in loans and advances to customers	(97,570,274)	(42,940,918)	(54,629,357)
(Increase)/Decrease in Other assets	890,253	471,018	419,235
(Increase)/Decrease in Financial Assets held to maturity	(54,916,822)	(21,923,695)	(32,993,127)
Increase/(Decrease) in due to customers	8,848,789	1,226,324	7,622,465
Increase/(Decrease) in other liabilities	26,353,697	16,781,059	9,572,638
Net Cash Flow from Operating Activities	(66,249,868)	(20,649,529)	(45,600,337)
Cash Flow from Investing Activities			
(Purchase)/sale of Property, Plant and Equipment	(44,553)	(5,593)	(38,959)
Net Cash Flow from Investing Activities	(44,553)	(5,593)	(38,959)
Cash Flow from Financing Activities			
Proceeds from borrowed funds and debt securities	207,077,127	38,651,451	168,425,676
Repayment of borrowed funds and debt securities	(107,662,441)	(63,575,810)	(44,086,631)
Dividends paid	(39,843,700)	-	(39,843,700)
Net Cash flow Financing Activities	59,570,986	(24,924,359)	84,495,344
Net Increase in Cash and Cash Equivalent	(6,723,435)	(45,579,481)	38,856,048
Cash and Cash Equivalents at the beginning of the period	76,653,573	115,509,620	76,653,573
Cash and Cash Equivalents at the end of the period	69,930,138	69,930,139	115,509,620



Mohamed Shafeeq

Assistant General Manager (Finance)



Raheema Saleem

Managing Director

AMNA PERFORMANCE - ISLAMIC WINDOW (UNAUDITED) FOR THE QUARTER ENDED 30 JUNE 2019

Income Statement (Unaudited) For the Quarter ended 30 June 2019

	YTD June 2019	Quarter 2	Quarter 1 Revised
	30 June 2019	30 June 2019	31 March 2019
(all amounts are in MVR)			
Gross income	26,478,880	13,779,729	12,699,150
Revenue	25,847,277	13,459,900	12,387,377
Investment Charges	(10,969,342)	(5,605,561)	(5,363,781)
Net investment income	14,877,935	7,854,339	7,023,596
Fees and commissions	631,602	319,829	311,773
Operating Income	15,509,537	8,174,168	7,335,369
Staff Costs	(319,727)	(144,299)	(175,428)
Administration & Operating Expen:	(565,005)	(248,498)	(316,508)
Bank Charges	(18,613)	(7,327)	(11,286)
Depreciation	(76,208)	(37,984)	(38,224)
Net Operating Expenses	(979,553)	(438,107)	(541,446)
Net Profit	14,529,984	7,736,061	6,793,923

Statement of Financial Position (Unaudited) For the Quarter ended 30 June 2019

	YTD June 2019	Quarter 2	Quarter 1 Revised
	30 June 2019	30 June 2019	31 March 2019
(all amounts are in MVR)			
Cash and Short term funds	63,117,127	63,117,127	88,207,964
Mortgage facilities	435,666,580	435,666,580	402,785,049
Non - Current Assets	401,500	401,500	438,142
Other Assets	50,569	50,569	80,470
Total Assets	499,235,776	499,235,776	491,511,624
Customer deposits	26,273,673	26,273,673	26,985,923
Wakalah Facilities	178,000,000	178,000,000	178,000,000
Sukuk	111,602,000	111,602,000	111,602,000
Other liabilities	100,637,431	100,637,431	99,937,090
	416,513,104	416,513,104	416,525,014
Equity	82,722,672	82,722,672	74,986,611
Total Equity and Liabilities	499,235,776	499,235,776	491,511,624



Mohamed Shafeeq

Assistant General Manager (Finance)



Raheema Saleem

Managing Director

Corporate Governance Compliance

	<i>Provision</i>	<i>Compliance Status</i>	<i>Details</i>
<i>Effective Board</i>	1.1	Complied	The Board comprises of 6 Directors, of which 5 are Independent Non- Executive Directors with one Executive Director (with no voting power).
<i>Composition of the BOD</i>	1.2	Complied	There is two female Directors on HDFC PLC.'s Board. None of the Directors hold Directorship in more than 3 public Companies.
<i>Nomination/re- election of Directors</i>	1.3	Complied	GOM have appointed two Alternate Directors, while ADB has appointed one Alternate Director. GOM representations on the Board are informed by the Ministry of Finance and Treasury. There is no Public Director on the Board of HDFC PLC. Since HDFC's shares are not listed.
<i>Separation of Chairman and MD</i>	1.4	Complied	The Chairman and the MD are two separate individuals in the Company.
<i>Roles of the Chairman and MD</i>	1.5	Complied	The roles of the Chairman and the MD are separated. The Chairman is appointed for a period of 1 year on rotation.
<i>Duties of the Board</i>	1.6	Complied	Board Directors roles are stated separately in the charter.
<i>Training</i>	1.7	Complied	Director & Company Secretary participated in trainings organized by CMDA in 2018 and IFRS9 sessions were conducted for Board of Directors
<i>Committees</i>	1.8	Complied	Board Committees are; <ul style="list-style-type: none"> • Audit Committee • Nomination & Remuneration Committee • Credit Risk Management Committee
<i>Remuneration policy</i>	2.1	Complied	The Company has a remuneration policy in place.
<i>Evaluation of the BOD Performance</i>	2.2	Complied	Evaluation of the Board is done by respective Shareholders.
<i>Board remuneration Disclosure</i>	2.3	Complied	The Board sitting fee and top management remuneration are disclosed in the company's Annual Report.

Board Member Remuneration Disclosure	2.4	Complied	There is no fixed remuneration given to the individual board director. HDFC gives a sitting fee to each member who attends the Board and its Committees, which is disclosed as a total for the year in the Annual Report.
Management constituents	3.1	Complied	Members who comprise the management team are Managing Director, AGM -Finance, AGM-IT, AGM -Credit, AGM Admin and Manager Islamic Finance
Roles and Responsibilities of the Management	3.2	Complied	The HR department has drawn job descriptions for each employee of the Company. The Board provides the management constant advice and guidance. Further, the Board has given performance goals to the MD, which are cascaded down to the management.
Internal Audit	4.1	Complied	Internal Audit findings are reported directly to the Audit Committee. KPMG is the current Internal
External Audit	4.2	Complied	The Audit Committee makes recommendations on selecting an External Auditor to the Company, which is taken to the AGM for the Shareholders approval. PWC was appointed as Auditor for 2019 at the last AGM
Internal Controls	4.3	Complied	The Internal Auditors review the internal controls set within the Company and reports directly to the Audit Committee of the Board.
Company Secretary	5	Complied	The Company Secretary maintains a schedule of the compliances signed by the responsible staff. The compliances are reported to the Board.
Shareholders	6.1	Complied	Shareholders rights are informed through quarterly reports, the Company's website and the AGM.
Shareholder Communication	6.2	Complied	Shareholder communication is conveyed through notices, press releases, press conferences, monthly reports, quarterly reports, semi-annual reports, annual reports and AGM.
General Meetings	6.3	Complied	The Company's AGM is held annually to inform the company's performance of the past year.
Voting Rights	6.4	Complied	Shareholders are informed on their voting rights by email and letters. Shareholders are permitted to vote in-absentia through proxy voting.

Financial Statements	7.1	Complied	The Company's Financial Statements are prepared in accordance with the International Financial Reporting Standards (IFRS), Audited Balance Sheet And Profit and Loss statements are reviewed and signed by the Chairman, MD and AGM- Finance. Monthly, Quarterly and Semi-annually reports are signed by the MD and AGM-Finance.
Non-Financial Statements	7.2	Complied	HDFC ensures the disclosure of current/potential conflicts of interests (if any) and interested third party transactions by the Directors and the Management through its annual report.
Systems to raise concerns	8	Complied	The Board and Management ensure that appropriate processes are in place to enable employees and management to raise their concerns as communicated to the staff, and disclosed in the annual report. Additionally customers and other stakeholder concerns can be raised through the suggestion box placed at the information counter of HDFC's Office, and also by writing to the Appeal and Grievance committee that comprises of two local directors and the MD. A Whistle blower policy has been established and adapted.
Investor and Media Relationship	9.1	Complied	HDFC maintains a close relationship with the media and investors and acts as a responsible Corporate Citizen at all times.
Quarterly Newsletter	9.2	Complied	HDFC discloses its business and other undertakings and events through its quarterly reports.
Sustainability Reporting	10	Complied	HDFC publishes its Sustainability Report as part of the Annual Report. Environmental Impact Assessment Reports are submitted Annually to ADB and other multilateral funding partners.

The Company has no pending tax to MIRA at the end of 2nd Quarter 2019

Reporting Compliance

This report is prepared in compliance with the Minimum Quarterly Reporting Requirements set in CMDA circular for Listed Companies.