



# SECOND QUARTER REPORT

April to June 2020



**BANK OF MALDIVES**



Bank of Maldives (BML) is the leading financial institution in Maldives. We are a full-service bank engaging across the complete spectrum of personal, business and corporate financial services.

We are privileged to touch the lives of almost every citizen and business in Maldives through our extensive network of branches, agents, relationship managers 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 actively participate in community development and to create long-term value for our shareholders.

Our business is built on a clear and compelling strategy focused on 3 strategic pillars of Customer Service, Support for Business and Financial Inclusion. Our strategic foundations are People Excellence and Robust Risk Management.

We are firmly focused on being a professionally managed, customer-oriented organization which follows international best practices.

# ONE BANK IS INVESTING IN MALDIVES

**292,000 CUSTOMERS**

**38 BRANCHES IN ALL 20 ATOLLS**

**121 ATMs IN ALL 20 ATOLLS**

**200+ CASH AGENTS ON 165 ISLANDS**

**6,625 POS MERCHANTS**

**58 SELF SERVICE BANKING CENTRES**

**2,000 DHONI BANKING TRIPS**

**MVR 13.8 BILLION LOANS TO INDIVIDUALS & BUSINESSES**

**MVR 19.9 BILLION CUSTOMER DEPOSITS**

**MVR 1 BILLION GOVERNMENT LOAN SCHEMES**

**950 JOBS WITH 1/3 IN ATOLLS**

**99% OF STAFF ARE MALDIVIANS**



# THAT BANK IS BANK OF MALDIVES

# Our Business Strengths

## Solid Financial Platform

- Deposit base MVR 20 billion
- Assets MVR 29 billion
- Strong capital position well above regulatory requirement

## Strong Customer Base

- 292,000 customers
- Leading market share in Retail, Corporate and SME segments
- Market leader in Self Service Banking with largest number of online and ATM users

## Leadership in Innovation

- First to launch POS services in Maldives
- First to launch Internet and Mobile Banking
- First to launch cash and cheque deposit machines

## Leadership in Service Delivery

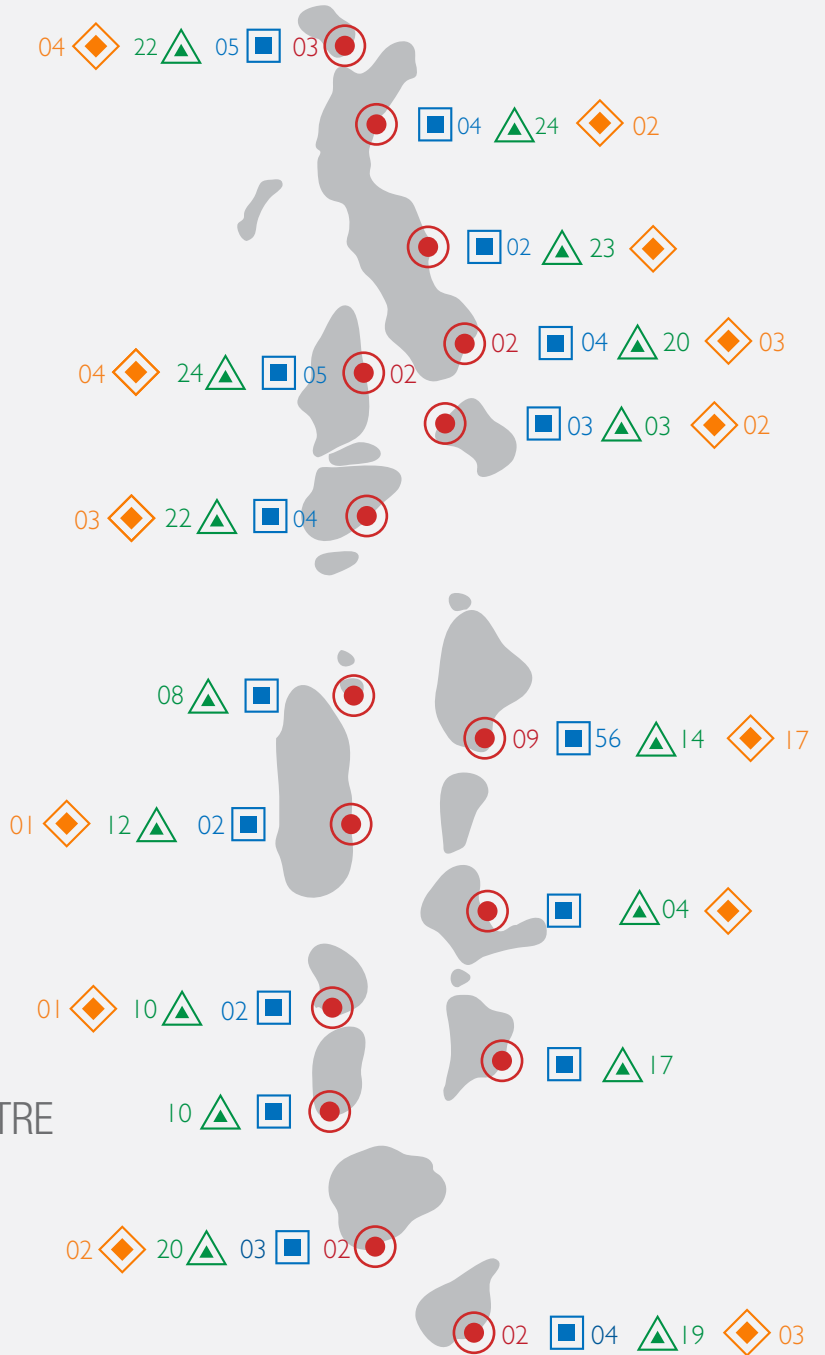
- Largest network of Branches, Agents, ATMs and POS terminals in Maldives
- Exclusive acquirer and issuer of American Express cards in Maldives
- Principal member in the Maldives for Visa and MasterCard

## Experienced and Dedicated Team

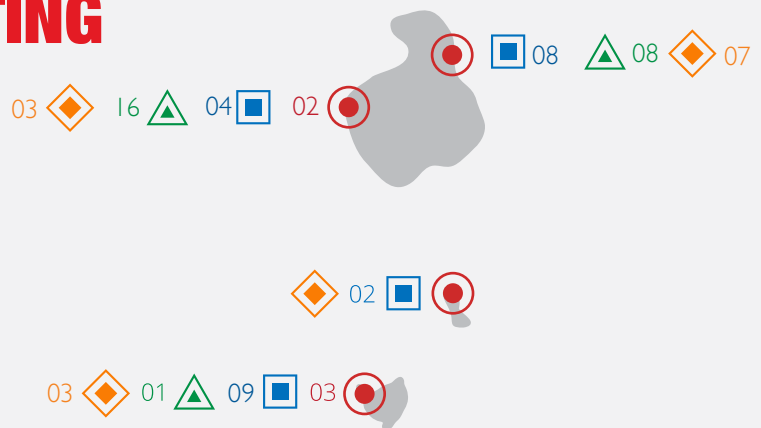
- Largest employer in the banking sector
- 99% of our employees are locals with almost one third employed in the atolls
- Strong executive leadership team with experience across many countries and banking markets

# OUR NETWORK

-  BRANCH
-  ATM
-  CASH AGENT
-  SELF SERVICE BANKING CENTRE



## ONE BANK IS INVESTING IN MALDIVES



## TABLE OF CONTENTS

06	SUMMARY	12	SHAREHOLDING STRUCTURE
06	BUSINESS DEVELOPMENTS	12	MATERIAL TRANSACTIONS
07	KEY FINANCIAL INFORMATION	13	CORPORATE SOCIAL RESPONSIBILITY
11	INVESTOR INFORMATION	13	CORPORATE GOVERNANCE COMPLIANCE
11	GOVERNANCE	13	REPORTING COMPLIANCE

# 1. SUMMARY

The banking sector globally has come under tremendous pressure on liquidity, profitability and on credit losses as a result of the global Covid-19 pandemic. As predicted, the Bank's business and income lines were impacted. Our Cards and other fee income lines however have shown some recovery in the month of June, and are expected to show further improvement as the economy re-opens. The Bank has adequate levels of liquidity, and has also secured a significant USD funding line from International Finance Corporation which will provide further support. During the quarter, the Bank supported customers with a 6-month loan and financing moratorium, working capital financing as well as short-term financing for businesses including those in the heavily impacted tourism sector. While the country was on lockdown from April, the Bank provided banking services online and through digital channels; and essential banking services continued without interruption under its business continuity plans.

# 2. BUSINESS DEVELOPMENTS

- As part of the government's recovery plan due to the COVID-19 outbreak, we partnered with the Ministry of Finance to support the implementation of the COVID-19 Recovery Scheme. This government scheme allows businesses financially affected by the COVID-19 pandemic to apply for financing. This is an unsecured facility provided at 6% interest per annum with a repayment period of 3 years.
- In April, we announced positive changes to support Maldivians living overseas during the pandemic. Customers using BML Debit cards at ATMs overseas were able to withdraw the equivalent of USD 1000 daily, an increase from the daily limit of USD 400 at a reduced fee.
- Also in April we introduced Self-Service Banking ATM Centres in GA. Maamendhoo and GA. Nilandhoo for cash withdrawals, deposits and transfers. Plans to install new ATMs in N. Kendhikulhudhoo, K. Guraidhoo, AA. Thoddo, and Th. Thimarafushi were announced in June. As part of our wider network expansion plans, additional Self-Service ATMs and banking services will be introduced in the coming months.
- The Bank also opened doors to the new ATM Centre in Male' located at M. Star Cloud (former Star Cinema building).



### 3. KEY FINANCIAL INFORMATION

#### Income Statement (Unaudited) - Quarter ended 30 June 2020

(All amounts in MVR'000 unless otherwise stated)

	Q2 2020	Q1 2020	Q4 2019	Q2 2019
<b>Gross Income</b>	<b>551,105</b>	<b>685,483</b>	<b>836,490</b>	<b>639,974</b>
Interest Income and Similar Income	436,461	439,541	563,724	406,511
Interest Expense and Similar Charges	(38,481)	(40,814)	(62,396)	(36,766)
<b>Net Interest Income</b>	<b>397,980</b>	<b>398,727</b>	<b>501,328</b>	<b>369,745</b>
Fee and Commission Income	94,759	216,094	236,332	192,583
Fee and Commission Expense	(39,189)	(80,560)	(96,742)	(76,276)
<b>Net Fee and Commission Income</b>	<b>55,570</b>	<b>135,534</b>	<b>139,590</b>	<b>116,307</b>
Other Operating Income	19,885	29,848	36,434	40,880
<b>Total Operating Income</b>	<b>473,435</b>	<b>564,109</b>	<b>677,352</b>	<b>526,932</b>
<b>Operating Expenses</b>	<b>(113,541)</b>	<b>(136,559)</b>	<b>(172,490)</b>	<b>(132,633)</b>
Personnel Expenses	(58,459)	(71,987)	(98,152)	(68,421)
Marketing and CSR Expenses	(1,340)	(4,236)	(7,600)	(4,824)
Other Operational and Administration Expenses	(53,742)	(60,336)	(66,738)	(59,388)
<b>Operating Profit (Profit before Provisions)</b>	<b>359,894</b>	<b>427,550</b>	<b>504,862</b>	<b>394,299</b>
Provision for Bad and Doubtful Debts	(214,302)	(28,695)	(149,243)	(49,341)
<b>Profit Before Tax</b>	<b>145,592</b>	<b>398,855</b>	<b>355,619</b>	<b>344,958</b>
Income Tax Expense	(39,310)	(107,691)	(69,393)	(93,139)
<b>Net Profit for Quarter</b>	<b>106,282</b>	<b>291,164</b>	<b>286,226</b>	<b>251,819</b>
<b>Basic Earnings Per Share (annualised)</b>	<b>79</b>	<b>216</b>	<b>213</b>	<b>187</b>
<b>Net Assets Per Share</b>	<b>1,339</b>	<b>1,319</b>	<b>1,265</b>	<b>1,185</b>
<b>Cash Flow Per Share</b>	<b>(1)</b>	<b>0.36</b>	<b>(50)</b>	<b>(216)</b>



**Statement of Financial Position (Unaudited)** - As at 30 June 2020

(All amounts in MVR'000 unless otherwise stated)

	30 Jun 2020	31 Mar 2020	31 Dec 2019 Audited
Cash, Short Term Funds & Balances with MMA	7,773,747	7,237,085	6,544,214
Loans and Advances	13,798,014	13,716,863	13,366,916
Financial Investments - FVOCI	209,688	209,688	209,426
Financial Investments - Amortized Cost	6,224,631	5,787,487	5,135,871
Property, Plant and Equipment	551,754	551,428	528,164
Right-of-use Assets	176,321	176,321	176,321
Other Assets	547,344	315,117	316,906
<b>Total Assets</b>	<b>29,281,499</b>	<b>27,993,989</b>	<b>26,277,818</b>
Deposits	19,916,426	18,656,291	17,343,942
Borrowings	746,356	948,264	988,406
Lease Liabilities	155,143	155,143	155,143
Other Liabilities	1,259,435	1,136,434	983,634
<b>Total Liabilities</b>	<b>22,077,360</b>	<b>20,896,132</b>	<b>19,471,125</b>
Share Capital	269,096	269,096	269,096
Share Premium	93,000	93,000	93,000
Retained Earnings	1,440,093	1,333,811	1,042,647
Other Reserves	5,401,950	5,401,950	5,401,950
<b>Total Shareholders' Equity</b>	<b>7,204,139</b>	<b>7,097,857</b>	<b>6,806,693</b>
<b>Total Equity and Liabilities</b>	<b>29,281,499</b>	<b>27,993,989</b>	<b>26,277,818</b>



**Nandana Senevirathne**  
Chief Financial Officer



**Timothy Sawyer**  
CEO & Managing Director



**Ibrahim Mohamed**  
Chairperson, Audit & Risk  
Management Committee

**Statement of Changes in Equity (Unaudited)** - Quarter ended 30 June 2020

(All amounts in MVR'000 unless otherwise stated)

	Share Capital	Retained Earnings	Other Reserves	Total
<b>Balances as at 1 October 2019</b>	<b>362,096</b>	<b>1,726,015</b>	<b>4,382,800</b>	<b>6,470,911</b>
(+) Net profit for the quarter	-	286,226	-	286,226
Transfer to general reserve	-	(973,115)	973,115	-
Movement in other reserves	-	3,520	46,035	49,555
<b>Balances as at 31 December 2019</b>	<b>362,096</b>	<b>1,042,647</b>	<b>5,401,950</b>	<b>6,806,693</b>
(+) Net profit for the quarter	-	291,164	-	291,164
<b>Balances as at 31 March 2020</b>	<b>362,096</b>	<b>1,333,811</b>	<b>5,401,950</b>	<b>7,097,857</b>
(+) Net profit for the quarter	-	106,282	-	106,282
<b>Balances as at 30 June 2020</b>	<b>362,096</b>	<b>1,440,093</b>	<b>5,401,950</b>	<b>7,204,139</b>

**Statement of Cash Flows (Unaudited)** - Quarter ended 30 June 2020

(All amounts in MVR'000 unless otherwise stated)

	Q2 2020	Q1 2020	Q4 2019	Q2 2019
Cash Flows from Operating Activities	365,598	481,965	399,295	258,156
Changes in Operating Assets and Liabilities	284,483	234,123	(225,293)	(1,340,762)
Cash Flows from Investing Activities	(453,952)	(687,076)	(398,872)	(34,490)
Cash Flows from Financing Activities	(201,909)	(27,085)	(43,549)	(43,563)
<b>Net increase/ (decrease) in Cash and Cash Equivalents</b>	<b>(5,780)</b>	<b>1,927</b>	<b>(268,419)</b>	<b>(1,160,659)</b>
Cash and Cash Equivalents at beginning of Quarter	1,756,304	1,754,377	2,022,796	2,492,904
<b>Cash and Cash Equivalents at end of Quarter</b>	<b>1,750,524</b>	<b>1,756,304</b>	<b>1,754,377</b>	<b>1,332,245</b>

## 4. INVESTOR INFORMATION

There were no shares traded during the reporting period.

## 5. GOVERNANCE

### 5.1 Frequency of Board Meetings

The number of meetings held by the Board of Directors and its sub-committees during the second quarter of 2020 were as follows:

	<b>No. of Meetings</b>
Board of Directors	06 (Six)
Board Credit Committee	03 (Three)
Audit & Risk Management Committee	03 (Three)
Appointment & Remuneration Committee	01 (One)
Nomination Committee	01 (One)
Corporate Governance Committee*	01 (One)

\*New Committee formed on 28th June 2020

### 5.2 Key Activities carried out by the Board & Board Committees

- Reviewed and approved the Bank's financial statements for Quarter 1 2020.
- Reviewed the Risk Management Report for Quarter 1 2020.
- Reviewed and renewed the Bank's Insurance Policies.
- Reviewed the External Auditor's Management Letter 2019 and Report on Reliability of Internal Controls.
- Reviewed proposal received for appointment of External Auditors for the year 2020.
- Reviewed the Custodian Compliance Report 2019.
- Reviewed and discussed Board evaluation results.
- Reviewed the Non-Performing Assets and Loan Portfolio Report for Quarter 1 2020.
- Reviewed AR, NC and ARM Committee Report for Quarter 1 2020.
- Reviewed and discussed the remedial actions taken by the Bank in terms of Business Continuity Plans, Liquidity and Credit Management due to the global Covid-19 pandemic.
- Reviewed and discussed Nominee Directors and Public Directorship Candidates.
- Reviewed and approved the Fraud Risk Management Policy.
- Reviewed and discussed moratorium for BML Islamic facilities.
- Established a new Sub-Committee of the Board of Directors, named Corporate Governance Committee and appointed Mr. Ahmed Mohamed as Chairperson of the Committee.

### 5.3 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 Elected Directors. Following the 36th AGM held on 30th July 2019, the newly appointed Board now consists of 09 Directors with 02 Nominee Director position being vacant.

	Name of Director	Category	Designation	Respective Committee
01	<b>Mr. Timothy Sawyer</b> Nominee Director	Executive & Non-Independent	CEO & MD	BCC
02	<b>Ms. Sana Mansoor</b> Nominee Director	Non-Executive & Independent	Director Chairperson of AR Committee	ARM, AR, BCC & CG
03	<b>Mr. Hawwa Safna</b> Nominee Director	Non-Executive & Independent	Director Chairperson of NC Committee	AR, NC, & BCC
04	<b>Ms. Juwairiya Saeed</b> Nominee Director	Non-Executive & Non-Independent	Director	ARM, AR, NC & CG
05	<b>Mr. Najeem Ibrahim Zakariyya</b> Nominee Director	Non-Executive & Independent	Director	ARM, NC, BCC & CG
06	<b>Mr. Hussain Thoufeeq Ali</b> Nominee Director	Non-Executive & Non-Independent	Director	AR & NC
07	<b>Mr. Ibrahim Mohamed</b> Elected Director	Non-Executive & Independent	Director Chairperson of ARM Committee	ARM, BCC & CG
08	<b>Mr. Mohamed Abdul Sattar</b> Elected Director	Non-Executive & Independent	Director	ARM, AR & BCC
09	<b>Mr. Ahmed Mohamed</b> Elected Director	Non-Executive & Independent	Director Chairperson of CG Committee	NC, BCC & CG

BCC = Board Credit Committee; AR = Appointment & Remuneration Committee; NC = Nomination Committee; ARM = Audit & Risk Management Committee  
CG = Corporate Governance Committee

## 6. SHAREHOLDING STRUCTURE

During the reporting period no major changes were noted in the shareholding of the Bank.

## 7. MATERIAL TRANSACTIONS

During the reporting period no material transactions were conducted with a Director or Associate, or a Substantial Shareholder or Associate other than those conducted under ordinary course of business.

## 8. CORPORATE SOCIAL RESPONSIBILITY

We are committed to running BML as a sustainable and responsible business, working to make a difference for our customers, communities and colleagues, whilst achieving sustainability through our operations, maintaining robust risk management and governance.

Under the 'Aharenge Bank' program, we continue to invest in our community, supporting initiatives in the areas of education, sports, environment and community development. During the quarter, we began donations of personal protection equipment to IGMH's Pediatrics department with a plan to support 8 more hospitals. We worked with Advocating for the Rights of Childrens' ARC AID campaign, supporting the provision of food packages to 115 children in need during the COVID-19 pandemic. To increase awareness on COVID-19, we continue to utilize our billboards and messaging at our branches and ATMs across Maldives.

The Bank took a number of proactive measures to provide banking services and support for customers due to COVID-19 pandemic. We introduced a 6-month moratorium for loans and financing, introduced additional facilities to businesses for working capital requirements and helped the government administer its Recovery Scheme for businesses. We operated within our Business Continuity Plan to ensure our customers across the Maldives had access to banking services, including the management of ATMs, providing uninterrupted payroll, local and international money transfers as well as supporting online payments and card deliveries. Our topmost priority is the safety of our staff and customers. To minimize physical contact, many of our services were moved online, seamless work from home arrangements were made and we supported vendors adopt to cashless payments

## 9. 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. 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 Bank has also complied with the provisions of its internal policies and procedures which govern its day to day operations.

## 10. REPORTING COMPLIANCE

This report has been prepared taking into account the Capital Market Development Authority's Minimum Criteria for Periodic Reporting for Listed Companies.

