

*Housing Development Finance Corporation PLC.*

# QUARTERLY REPORT

02/2018



Housing Development Finance Corporation Plc.

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

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# *Development of the Company*

## **PROGRESS**

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- Apollo Towers and HDFC Plc. signed an exclusive end user financing project on 29 November, 2017. The project “The Apollo Towers” is located in front of the Yacht Marina at the Hulhumale’ beachfront. The categories of apartments housed in Apollo Towers include, semi-deluxe, luxury, and penthouse apartments. Once the project is completed there will be 97 mix residential apartments. This is a 10 storey luxury real estate project split into two main towers. As at 30 June, 2018 33% of the project work is finished (6th floor shuttering and reinforcement work in progress). Mock up floor is expected to be completed by October 2018.
- Batch Construction signed an exclusive end-user finance project on 3 August 2016. The 69 Marina View apartments is located in Hulhumale’ and is scheduled to be completed within two years. At the end of May 2018 Now Batch has completed 6 floors concrete work done, 7th Floor shuttering work completed. 8th Floor concrete works of columns, stair case completed. 9th Floor beam and slab concrete work completed.
- Damas, One Avenue comprise of two towers of 95 units. 43.9% of the total project is completed as of 30 May 2018. South Tower level 10 slab concreting completed. North Tower, level 9 slab concreting completed. Lift and staircase concrete in progress
- FW Construction has been awarded to develop 90 mix residential units which include 1, 2, 3, 4 and 5 bedrooms. HDC has granted them 20 % completion letter on 19th June 2018.
- On 29 May 2018, Maldives Hajj Corporation signed a Wakala Agreement with HDFC Amna to fund Islamic Finance Projects.
- MVR 100 million. 10 years bond was opened to public on the 3 of June 2018 to 24 June 2018 at the rate of 7% per annum. In addition the first bond which was raised on 10 March 2013 has been paid in full through our Paying Agent, Maldives Securities Depository Company Pvt.Ltd.

## **EMPLOYMENT DATA**

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<i>1 April 2018 – 30 June 2018</i>	<i>Local</i>	<i>Expatriate</i>	<i>Total</i>
No. of staff at beginning	36	-	36
No. of staff resigned/terminated	0	-	0
No. of staff employed	01	-	01
No. of staff at end of the quarter	37	-	37

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## **STAFF DEVELOPMENT**

- One member of staff attended a 1 day DR and Backup Application Session Conducted by The Systems Workshop.
- One member of staff undertook the induction sessions conducted in –house.
- Three credit officers attended 1 day credit training sessions conducted by HSBC.
- One member attended 3 days’ workshop on Islamic Capital Market conducted by CMDA in association with Islamic Development Bank (IDB).
- One member participated 3 day forum in Sri Lanka, fully sponsored by the South Asian Technologies.

# **Administration**

## **BOARD ACTIVITIES**

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<i>April to June 2018</i>	<i>No. of Meeting</i>	<i>Date</i>
Nomination and Remuneration Committee	One	4 May 2018
Board Meeting	One	4 May 2018
Annual General Meeting	One	4 May 2018

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## ***CHANGES IN THE MEMBERS OF THE BOARD***

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The following two members were appointed to the Board by the government.

- Ms. Aminath Sheena , M. Kandufushi, K. Male' (GOM Director)
- Mr. Mohamed Zuhair, M. Naghmaa, Gulhazaar Golhi, Male' (GOM Alternate Director)

### ***Major Nomination & Remuneration Committee Undertakings***

- Endorsement of the newly appointed directors
- Discussion of Bonus for YE 2017
- Discussion on the Ramazan Allowance for 2018

## ***MAJOR BOARD UNDERTAKINGS***

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- Welcome the new directors to the Board
- Finalisation and adoption of the IFRS9 Model
- Endorsement of the Annual Report-2017
- Approval of the revised staff bonus for 2017
- Approval on the Ramzan allowance for 2018

### ***Major decisions made at the AGM***

- Approval and adoption of the Audited Financial Statements for the year ended 31 December 2017
- Approval and adoption of the Annual Report for the year ended 31 December 2017
- Declaration of the Dividend for the year 2017
- Appointment of external and internal auditors for 2018
- Announcement of the newly appointed directors and those who retired during the year

# 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	780,928.00	100	78,092,800.00
2.	International Finance Corporation 18%	Shareholder	286,875.00	100	28,687,500.00
3.	Asian Development Bank 18%	Shareholder	286,875.00	100	28,687,500.00
4.	HDFC Investments Ltd. (India) 15%	Shareholder	239,062.00	100	23,906,200.00
5.	Mr. Ibrahim Naeem	Shareholder	1.00	100	100.00
6.	Ms. Raheema Saleem	Shareholder	1.00	100	100.00
7.	Mr. Hamid Yoosuf	Shareholder	1.00	100	100.00
8.	Mr. Mohamed Shahudy	Shareholder	1.00	100	100.00
9.	Ms. Aishath Rasheeda	Shareholder	1.00	100	100.00
10.	Mr. Mohamed Fathy	Shareholder	1.00	100	100.00
11.	Mr. Mohamed Hamdan Fahumy	Shareholder	1.00	100	100.00
12.	Mr. Ahmed Anwar	Shareholder	1.00	100	100.00
13.	Mr. Nahid Idrees	Shareholder	1.00	100	100.00
14.	Dr.ADP Baddevithana	Managing Director	1.00	100	100.00
		<b>TOTAL</b>	<b>1,593,750.00</b>		<b>159,375,000.00</b>

*\*Not applicable as HDFC is only listed for debt securities.*

# Financial Statements

## STATEMENT OF FINANCIAL POSITION (UNAUDITED)

AS AT 30 JUNE 2018

	Six months	Quarter 2	Quarter 1 (Revised)
(all amounts are in MVR)	30-Jun-18	30-Jun-18	31-Mar-18
<b>ASSETS</b>			
Cash and short term funds	89,472,013	89,472,013	71,687,078
Financial Assets Held to Maturity	94,936,882	94,936,882	59,984,248
Loans and Advances to Customers	1,505,019,800	1,505,019,800	1,450,176,581
Property, Plant and Equipment	1,420,617	1,420,617	1,176,681
Intangible assets	729,994	729,994	356,234
Deferred tax asset	3,450,871	3,450,871	3,450,871
Other assets	7,254,137	7,254,137	7,352,281
<b>TOTAL ASSETS</b>	<b>1,702,284,313</b>	<b>1,702,284,313</b>	<b>1,594,183,975</b>
<b>LIABILITIES</b>			
Deposits from customers	73,565,635	73,565,635	70,013,023
Borrowings	894,314,227	894,314,227	829,489,491
Other liabilities	172,221,415	172,221,415	158,220,565
<b>Total Liabilities</b>	<b>1,140,101,277</b>	<b>1,140,101,277</b>	<b>1,057,723,079</b>
<b>EQUITY</b>			
Share capital	159,375,000	159,375,000	159,375,000
Advance for Share Capital	51,407,100	51,407,100	51,407,100
Retained earnings	334,264,457	334,264,457	308,542,316
General Reserve	15,000,000	15,000,000	15,000,000
Staff Education Reserve	2,136,480	2,136,480	2,136,480
<b>Total shareholders' equity</b>	<b>562,183,037</b>	<b>562,183,037</b>	<b>536,460,896</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,702,284,313</b>	<b>1,702,284,313</b>	<b>1,594,183,975</b>



Mohamed Shafeeq

Assistant General Manager (Finance)



Raheema Saleem

Managing Director

## INCOME STATEMENT (UNAUDITED)

FOR THE QUARTER ENDED 30 JUNE 2018

	Six months	Quarter 2	Quarter 1 (Revised)
(all amounts are in MVR)	YTD June 18	30-Jun-18	31-Mar-18
<b>Gross income</b>	<b>82,395,067</b>	<b>42,232,804</b>	<b>40,162,263</b>
Interest income	69,042,818	34,902,952	34,139,866
Interest expense	(20,836,140)	(11,023,420)	(9,812,720)
<b>Net interest income</b>	<b>48,206,678</b>	<b>23,879,533</b>	<b>24,327,146</b>
Net income on Shari'ah products	10,297,645	5,819,212	4,478,433
Fee income	1,751,728	839,670	912,058
Other income	1,302,875	670,969	631,906
	<b>13,352,248</b>	<b>7,329,852</b>	<b>6,022,397</b>
<b>Operating income</b>	<b>61,558,927</b>	<b>31,209,384</b>	<b>30,349,543</b>
Provision for Impairment loss on loans and advances (Increase)/ Decrease	5,464,697	1,803,350	3,661,347
Personnel expenses	(5,232,656)	(3,077,988)	(2,154,668)
Other operating expenses	(4,347,773)	(2,098,944)	(2,248,829)
<b>Profit before tax</b>	<b>57,443,195</b>	<b>27,835,803</b>	<b>29,607,393</b>
Tax expense	(4,227,324)	(2,113,662)	(2,113,662)
<b>Profit for the period</b>	<b>53,215,871</b>	<b>25,722,141</b>	<b>27,493,731</b>
<b>Earnings Per Share - basic</b>	<b>33.39</b>	<b>16.14</b>	<b>17.25</b>



Mohamed Shafeeq

Assistant General Manager

(Finance)



Raheema Saleem

Managing Director



## CASH FLOW STATEMENT (UNAUDITED)

**FOR THE QUARTER ENDED 30 JUNE 2018**

(all amounts are in MVR)	<b>Six months</b>	<b>Quarter 2</b>	<b>Quarter 1 (Revised)</b>
	YTD June 2018	30 June 2018	31 March 2018
<b>Cash Flow from Operating Activities</b>			
Operating Profit	53,215,871	25,722,141	27,493,731
Add:			
Impaired losses on loans and advances	(5,464,697)	(1,803,350)	(3,661,347)
Depreciation	296,039	159,290	136,750
Loss/(Profit) on Disposal	26,938	(1,240)	28,178
Retained earnings adjustment due to change from IAS 39 to IFRS 9	(4,918,633)	-	(4,918,633)
(Increase)/Decrease in loans and advances to customers	(89,039,605)	(53,039,869)	(35,999,736)
(Increase)/Decrease in Other assets	613,809	98,144	515,664
(Increase)/Decrease in Financial Assets held to maturity	2,022,952	(34,952,634)	36,975,586
Increase/(Decrease) in due to customers	5,129,658	3,552,611	1,577,047
Increase/(Decrease) in other liabilities	22,945,480	14,000,851	8,944,629
<b>Net Cash Flow from Operating Activities</b>	<b>(15,172,188)</b>	<b>(46,264,057)</b>	<b>31,091,869</b>
<b>Cash Flow from Investing Activities</b>			
(Purchase)/sale of Property, Plant and Equipment	(867,835)	(776,984)	(90,851)
Proceeds on Disposal of Property, Plant and Equipment	1,240.00	1,240.00	-
<b>Net Cash Flow from Investing Activities</b>	<b>(866,595)</b>	<b>(775,744)</b>	<b>(90,851)</b>
<b>Cash Flow from Financing Activities</b>			
Proceeds from borrowed funds and debt securities	195,957,364	110,833,302	85,124,062
Repayment of borrowed funds and debt securities	(123,908,588)	(46,008,566)	(77,900,022)
Dividends paid	(35,062,460)	-	(35,062,460)
<b>Net Cash flow Financing Activities</b>	<b>36,986,316</b>	<b>64,824,736</b>	<b>(27,838,420)</b>
<b>Net Increase in Cash and Cash Equivalent</b>	<b>20,947,532</b>	<b>17,784,935</b>	<b>3,162,598</b>
Cash and Cash Equivalents at the beginning of the period	68,524,481	71,687,078	68,524,481
<b>Cash and Cash Equivalents at the end of the period</b>	<b>89,472,013</b>	<b>89,472,013</b>	<b>71,687,079</b>



Mohamed Shafeeq

Assistant General Manager (Finance)



Raheema Saleem

Managing Director

## AMNA (ISLAMIC WINDOW) INCOME STATEMENT

FOR THE QUARTER ENDED 30 JUNE 2018

	Six months	Quarter 2	Quarter 1 (Revised)
(all amounts are in MVR)	YTD June 2018	30 June 2018	31 March 2018
<b>Gross income</b>	<b>20,609,977</b>	<b>10,683,339</b>	<b>9,926,638</b>
Revenue	20,031,922	10,403,216	9,628,706
Investment Charges	(9,621,332)	(4,548,552)	(5,072,779)
<b>Net investment income</b>	<b>10,410,591</b>	<b>5,854,664</b>	<b>4,555,927</b>
Fees and commissions	578,054	280,123	297,932
<b>Operating Income</b>	<b>10,988,645</b>	<b>6,134,786</b>	<b>4,853,859</b>
Staff Costs	(364,921)	(234,958)	(129,962)
Administration & Operating Expen:	(791,240)	(470,113)	(321,127)
Bank Charges	(82,096)	(17,020)	(65,076)
Depreciation	(59,208)	(31,858)	(27,350)
<b>Net Operating Expenses</b>	<b>(1,297,465)</b>	<b>(753,949)</b>	<b>(543,515)</b>
<b>Net Profit</b>	<b>9,691,181</b>	<b>5,380,837</b>	<b>4,310,343</b>



Mohamed Shafeeq  
Assistant General Manager  
(Finance)



Raheema Saleem  
Managing Director

## AMNA (ISLAMIC WINDOW) STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	Six months	Quarter 2	Quarter 1 (Revised)
(all amounts are in MVR)	30 June 2018	30 June 2018	31 March 2018
Cash and Short term funds	132,713,662	132,713,662	108,722,840
Mortgage facilities	326,244,870	326,244,870	309,281,345
Non - Current Assets	430,122	430,122	306,583
Other Assets	118,071	118,071	80,076
<b>Total Assets</b>	<b>459,506,725</b>	<b>459,506,725</b>	<b>418,390,845</b>
Customer deposits	15,082,677	15,082,677	13,246,009
Wakalah Facilities	147,188,262	147,188,262	127,188,262
Sukuk	111,602,000	111,602,000	111,602,000
Other liabilities	129,210,566	129,210,566	115,312,191
	<b>403,083,505</b>	<b>403,083,505</b>	<b>367,348,462</b>
Equity	56,423,220	56,423,220	51,042,382
<b>Total Equity and Liabilities</b>	<b>459,506,725</b>	<b>459,506,725</b>	<b>418,390,845</b>



Mohamed Shafeeq  
Assistant General Manager  
(Finance)



Raheema Saleem  
Managing Director

# Corporate Governance Compliance

	<i>Provision</i>	<i>Compliance Status</i>	<i>Details</i>
<b><i>Effective Board</i></b>	1.1	Complied	The Board comprises of 6 Directors, of which 5 are Non- Executive Directors with one Executive Director (with no voting power). There are two Independent directors (1 from GOM and 1 from IFC).
<b><i>Composition of the BOD</i></b>	1.2	Complied	There is one female Director on HDFC PLC.'s Board. None of the Directors hold Directorship in more than 3 public Companies.
<b><i>Nomination/re- election of Directors</i></b>	1.3	Complied	GOM, ADB, and HDFC Investments Ltd. India have each 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.
<b><i>Separation of Chairman and MD</i></b>	1.4	Complied	The Chairman and the MD are two separate individuals in the Company.
<b><i>Roles of the Chairman and MD</i></b>	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.
<b><i>Duties of the Board</i></b>	1.6	Complied	Board Directors roles are stated separately in the charter.
<b><i>Training</i></b>	1.7	Complied	The new Land Tax Law and latest developments related to the Company were shared and updated.
<b><i>Committees</i></b>	1.8	Complied	Board Committees are; <ul style="list-style-type: none"> <li>• Audit Committee</li> <li>• Nomination &amp; Remuneration Committee</li> </ul>
<b><i>Remuneration policy</i></b>	2.1	Complied	The Company has a remuneration policy in place. (currently under review)
<b><i>Evaluation of the BOD Performance</i></b>	2.2	Complied	Evaluation of the Board is done by respective Shareholders.

<b>Board remuneration Disclosure</b>	2.3	Complied	The Board sitting fee and top management remuneration are disclosed in the company's Annual Report.
<b>Board Member Remuneration Disclosure</b>	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.
<b>Management constituents</b>	3.1	Complied	Members who comprise the management team are Managing Director, Operations Director, Head of Finance and Business Development, Chief Technical Officer, Senior Manager Credit, Manager Islamic Finance and Senior Manger IT
<b>Roles and Responsibilities of the Management</b>	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.
<b>Internal Audit</b>	4.1	Complied	Internal Audit findings are reported directly to the Audit Committee.
<b>External Audit</b>	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 2017 at the last AGM
<b>Internal Controls</b>	4.3	Complied	The Internal Auditors review the internal controls set within the Company and reports directly to the Audit Committee of the Board.
<b>Company Secretary</b>	5	Complied	The Company Secretary maintains a schedule of the compliances signed by the responsible staff. The compliances are reported to the Board.
<b>Shareholders</b>	6.1	Complied	Shareholders rights are informed through quarterly reports, the Company's website and the AGM.
<b>Shareholder Communication</b>	6.2	Complied	Shareholder communication is conveyed through notices, press releases, press conferences, monthly reports, quarterly reports, semi-annual reports, annual reports and AGM.
<b>General Meetings</b>	6.3	Complied	The Company's AGM is held annually to inform the company's performance of the past year.
<b>Voting Rights</b>	6.4	Complied	Shareholders are informed on their voting rights by email and letters. Shareholders are permitted to vote in-absentia through proxy voting.

<b>Financial Statements</b>	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 Head of Finance and Business Development. Monthly, Quarterly and Semi-annually reports are signed by the MD and Head of Finance and Business Development.
<b>Non-Financial Statements</b>	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.
<b>Systems to raise concerns</b>	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.
<b>Investor and Media Relationship</b>	9.1	Complied	HDFC maintains a close relationship with the media and investors and acts as a responsible Corporate Citizen at all times.
<b>Quarterly Newsletter</b>	9.2	Complied	HDFC discloses its business and other undertakings and events through its quarterly reports.
<b>Sustainability Reporting</b>	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 during 2<sup>nd</sup> Quarter of 2018*

## ***Reporting Compliance***

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