

Housing Development Finance Corporation PLC.

QUARTERLY REPORT

01/2018



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Development of the Company

PROGRESS

- Apollo Towers and HDFC Pl. 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 31 March, 2018 30% of the project work is finished (5th floor shuttering and reinforcement work in progress).
- Amin Avenue Tower C (Final Tower) 85% of the work has been completed and only 15% of the finance is on hold. The whole tower is completed and they are handing the units to the respective customers. Tower A and B has been finished and handover to the respective customers. Amin Avenue is an exclusive project of HDFC.
- Batch Construction signed an exclusive end-user finance project on 3 August 2016. The 63 Maria View apartments are to be constructed in Hulhumale’ and is scheduled to be completed within two years. Now Batch has completed 6 floor columns and slab. In addition 90 percent of the 2nd and 3rd floor masonry work is done.

EMPLOYMENT DATA

| <i>1 January 2018 – 31st March 2018</i> | <i>Local</i> | <i>Expatriate</i> | <i>Total</i> |
|---|--------------|-------------------|--------------|
| No. of staff at beginning | 34 | - | 34 |
| No. of staff resigned/terminated | 02 | - | 02 |
| No. of staff employed | 04 | - | 04 |
| No. of staff at end of the quarter | 36 | - | 36 |

Note: 36 staff includes 2 staff for Amna credit, 1 customer relation's officer and 1 credit officer (conventional)

STAFF DEVELOPMENT

- In-house 3 days of training on Islamic Finance for all staff conducted by Dr. Aishath Muneeza.
- One member of staff is on sponsored fulltime study program for ACCA knowledge level
- One member of staff on a sponsored full-time study program- Bachelor of Arts in Architectural design at Maldives National University completed his studies and graduated

- One member of staff participated in Challenges faced by the Islamic Finance Institutes in the Maldives,-Round Table discussion organized by Maldives Center for Islamic Finance
- One member participated on a one day training in Customer service, organized by Maldives Monetary Authority

Administration

BOARD ACTIVITIES

| <i>Jan to Mar 2018</i> | <i>No. of Meeting</i> | <i>Date</i> |
|---------------------------------------|-----------------------|--------------|
| Audit Committee | One | 3 March 2018 |
| Nomination and Remuneration Committee | One | 3 March 2018 |
| Board Meeting | One | 3 March 2018 |

CHANGES IN THE MEMBERS OF THE BOARD

No Changes in the Board Directors

MAJOR BOARD UNDERTAKINGS

- Presentation of the IFRS 9 Model by KPMG team
- Presentation of the performance report for the Month of January 2018
- Selection of internal and external auditors for 2018
- Adoption of business plan and budget for 2018
- Approval of Ramzan allowance for 2018
- Endorsements to the updates made to the Manuals
- Presentation of the Bonus for 2017
- Update on the compliances
- Presentation of the loan book against title deeds
- Presentation of the AML Report for the year 2017

MAJOR AUDIT COMMITTEE UNDERTAKINGS

- Presentation of Q4/2017 Internal Audit Report by KPMG
- Presentation of 2017 audited financial statements and Management letter
- Presentation of the 2018 Business Plan and Budget
- Presentation to select the Internal and External Auditor for 2018

MAJOR NOMINATION & REMUNERATION COMMITTEE UNDERTAKINGS

- Discussion of Bonus for YE 2017 and Ramadan allowance for 2018

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. | To be allocated to an Expatriate MD | | 1.00 | 100 | 100.00 |
| | | TOTAL | 1,593,750.00 | | 159,375,000.00 |

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

Financial Statements

STATEMENT OF FINANCIAL POSITION (UNAUDITED)

AS AT 31 MARCH 2018

| | Quarter 1 | Quarter 4 (Audited) |
|-------------------------------------|----------------------|----------------------|
| (all amounts are in MVR) | 31-Mar-18 | 31-Dec-17 |
| ASSETS | | |
| Cash and short term funds | 71,661,959 | 68,524,481 |
| Financial Assets Held to Maturity | 59,984,248 | 96,959,834 |
| Loans and Advances to Customers | 1,445,863,180 | 1,410,515,498 |
| Property, Plant and Equipment | 1,176,681 | 1,221,874 |
| Intangible assets | 356,234 | 385,118 |
| Deferred tax asset | 3,450,871 | 3,450,871 |
| Other assets | 7,235,943 | 7,867,946 |
| TOTAL ASSETS | 1,589,729,117 | 1,588,925,622 |
| LIABILITIES | | |
| Deposits from customers | 70,011,261 | 68,435,976 |
| Borrowings | 827,475,663 | 822,265,451 |
| Other liabilities | 157,685,793 | 149,275,828 |
| Dividend Payable | - | 35,062,568 |
| Total Liabilities | 1,055,172,717 | 1,075,039,824 |
| EQUITY | | |
| Share capital | 159,375,000 | 159,375,000 |
| Advance for Share Capital | 51,407,100 | 51,407,100 |
| Retained earnings | 306,637,820 | 285,967,218 |
| General Reserve | 15,000,000 | 15,000,000 |
| Staff Education Reserve | 2,136,480 | 2,136,480 |
| Total shareholders' equity | 534,556,400 | 513,885,798 |
| TOTAL EQUITY AND LIABILITIES | 1,589,729,117 | 1,588,925,622 |



Mohamed Shafeeq

Assistant General Manager (Finance)



Raheema Saleem

Managing Director

INCOME STATEMENT (UNAUDITED)

FOR THE QUARTER ENDED 31 MARCH 2018

| | Quarter 1 | Quarter 4 (Audited) |
|--|-------------------|---------------------|
| (all amounts are in MVR) | 31-Mar-18 | 31-Dec-17 |
| Gross income | 42,085,780 | 41,813,081 |
| Interest income | 34,075,213 | 33,269,120 |
| Interest expense | (9,811,301) | (10,574,577) |
| Net interest income | 24,263,912 | 22,694,543 |
| Net income on Shari'ah products | 6,490,287 | 6,443,665 |
| Fee income | 912,058 | 959,178 |
| Other income | 608,222 | 1,141,118 |
| | 8,010,567 | 8,543,961 |
| Operating income | 32,274,479 | 31,238,504 |
| Provision for Impairment loss on loans and advances (Increase)/ Decrease | (5,499,999) | 2,376,539 |
| Personnel expenses | (2,270,836) | (2,295,665) |
| Other operating expenses | (1,719,381) | (2,322,074) |
| Profit before tax | 22,784,263 | 28,997,303 |
| Tax expense | (2,113,662) | (4,539,495) |
| Profit for the period | 20,670,601 | 24,457,808 |
| Earnings Per Share - basic | 12.97 | 15.35 |



Mohamed Shafeeq

Assistant General Manager

(Finance)



Raheema Saleem

Managing Director

CASH FLOW STATEMENT (UNAUDITED)

FOR THE QUARTER ENDED 31 MARCH 2018

| | Quarter 1 | Quarter 4 (Audited) |
|---|---------------------|---------------------|
| (all amounts are in MVR) | 31 March 2018 | 31 December 2017 |
| Cash Flow from Operating Activities | | |
| Operating Profit | 20,670,601 | 24,457,808 |
| Add: | | |
| Impaired losses on loans and advances | 5,499,999 | (2,376,539) |
| Depreciation | 136,750 | 147,399 |
| (Increase)/Decrease in loans and advances to customers | (40,847,681) | (46,123,410) |
| (Increase)/Decrease in Other assets | 632,003 | 1,006,399 |
| (Increase)/Decrease in Financial Assets held to maturity | 36,975,586 | (86,959,834) |
| Increase/(Decrease) in due to customers | 1,575,285 | 2,666,635 |
| Increase/(Decrease) in other liabilities | 8,409,875 | 20,518,599 |
| Net Cash Flow from Operating Activities | 33,052,418 | (86,662,942) |
| Cash Flow from Investing Activities | | |
| (Purchase)/sale of Property, Plant and Equipment | (62,673) | (40,950) |
| Net Cash Flow from Investing Activities | (62,673) | (40,950) |
| Cash Flow from Financing Activities | | |
| Proceeds from borrowed funds and debt securities | 85,124,062 | 184,195,520 |
| Repayment of borrowed funds and debt securities | (79,913,851) | (69,861,421) |
| Dividends paid | (35,062,478) | - |
| Net Cash flow Financing Activities | (29,852,266) | 114,334,098 |
| Net Increase in Cash and Cash Equivalent | 3,137,478 | 27,630,206 |
| Cash and Cash Equivalents at the beginning of the period | 68,524,481 | 40,894,275 |
| Cash and Cash Equivalents at the end of the period | 71,661,959 | 68,524,481 |



Mohamed Shafeeq

Assistant General Manager (Finance)



Raheema Saleem

Managing Director

AMNA (ISLAMIC WINDOW) INCOME STATEMENT

FOR THE QUARTER ENDED 31 MARCH 2018

| (all amounts are in MVR) | Quarter 1 | Quarter 4 (Audited) |
|-----------------------------------|------------------|---------------------|
| | 31 March 2018 | 31 December 2017 |
| Gross income | 9,900,964 | 9,667,825 |
| Revenue | 9,603,032 | 9,181,095 |
| Investment Charges | (3,060,370) | (3,165,895) |
| Net investment income | 6,542,662 | 6,015,200 |
| Fees and commissions | 297,932 | 486,731 |
| Operating Income | 6,840,594 | 6,501,931 |
| Staff Costs | (124,889) | (132,570) |
| Administration & Operating Expen: | (218,816) | (977,774) |
| Bank Charges | (65,076) | (75,247) |
| Depreciation | (27,350) | (29,480) |
| Net Operating Expenses | (436,131) | (1,215,070) |
| Net Profit | 6,404,463 | 5,286,860 |



Mohamed Shafeeq

Assistant General Manager

(Finance)



Raheema Saleem

Managing Director

AMNA (ISLAMIC WINDOW) STATEMENT OF FINANCIAL POSITION

| | Quarter 1 | Quarter 4 (Audited) |
|-------------------------------------|--------------------|---------------------|
| (all amounts are in MVR) | 31 March 2018 | 31 December 2017 |
| Cash and Short term funds | 108,943,454 | 116,149,786 |
| Mortgage facilities | 309,345,842 | 296,299,857 |
| Non - Current Assets | 306,583 | 321,398 |
| Other Assets | 80,076 | 164,906 |
| Total Assets | 418,675,954 | 412,935,948 |
| Customer deposits | 13,244,247 | 12,854,705 |
| Wakalah Facilities | 127,188,262 | 142,188,262 |
| Sukuk | 111,602,000 | 111,602,000 |
| Other liabilities | 113,504,943 | 99,558,941 |
| | 365,539,452 | 366,203,909 |
| Equity | 53,136,502 | 46,732,039 |
| Total Equity and Liabilities | 418,675,955 | 412,935,948 |



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 Non- Executive Directors with one Executive Director (with no voting power). There are two Independent directors (1 from GOM and 1 from IFC). |
| <i>Composition of the BOD</i> | 1.2 | Complied | There are two female Director 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, (2 directors) 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. |
| <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 | The new Land Tax Law and latest developments related to the Company were shared and updated. |
| <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. |

| | | | |
|---|-----|----------|---|
| Board remuneration Disclosure | 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-IT, AGM-Credit, AGM-Finance, Senior Manager –Admin, Manager-Amna, Manager Compliance and Manager-IT |
| 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. |
| 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 2017 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 a Profit and Loss statements are reviewed and signed by the Chairman, MD and AGM Finance and. Monthly, Quarterly and Semi-annually reports are signed by the MD and Assistant General Manager -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. |
| 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 (WHT/BPT) to MIRA during the last quarter of 2017

Reporting Compliance

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