



Maldives Islamic Bank

SECOND QUARTER REPORT 2021

April to June 2021



MALDIVES ISLAMIC BANK PLC.

Maldives Islamic Bank PLC., the first and fully Shariah compliant bank in the Maldives is a collaboration between Islamic Corporation for the Development of the Private Sector (ICD), the private sector arm of the Islamic Development Bank Group (IsDB) and the Government of Maldives, represented by Ministry of Finance. The parties entered into an agreement on 04th October 2009 with a view to jointly develop and pioneer Islamic Banking services in the Maldives in line with principles of Shariah. MIB opened its' doors on the 7th of March 2011 with the opening of the main branch in Male', the capital of Maldives and quickly followed suit by expanding into all major population centres of the nation. MIB now operates with 6 branches in 5 atolls across the country. The Bank is listed on Maldives Stock Exchange as the only full-fledged Islamic bank in Maldives since November 2019. Today, the Bank's 31% of share capital is owned by the general public, in line with the Bank's principle of increasing public participation in the Bank's ownership.

Incorporated as a Private Limited Company, the Bank was brought to inception with the intention to provide an alternative to the public and businesses who wish to avail themselves to banking transactions and dealings in strict compliance to Islamic banking principles. The primary goal was to offer the people of Maldives the opportunity to be a part of the fast-growing Islamic banking community worldwide. MIB is an active participant in the development and promotion of an Islamic economics and financial system in the Maldives.

MIB provides full range of Shariah compliant deposit products and financing solutions catering to the general public, both individuals and businesses. From a humble beginning, MIB currently provides its services through a branch network of 06 to meet the growing demand and to facilitate Islamic banking convenience throughout the country in major population centres. In our continuous effort to provide better access and convenience to our customers, the Bank has expanded our alternative distribution channels through Automated Teller Machines (ATM)s network, Point of Sale (POS) terminals at various merchant outlets and via our online banking service, FaisaNet. MIB constantly strives to exceed customers' expectations by proactively developing long-term relationships and through constantly introducing modern banking services such as FaisaPay for online payments and FaisaMobile for mobile banking services.



OUR BRANCH ATM NETWORK

Haa Dhaalu Kulhudhuffushi
Branch & Atm

Male', Male' City
Maldives Islamic Bank, Atm

Thilafushi
Atm

Hulhumale', Male' City
Branch & Atm

Gaafu Dhaalu Thinadhoo
Baranch & Atm

Gnaviyani Fuvahmulah
Branch & Atm

Addu City Hithadhoo
Branch & Atm

Addu City Feydhoo
Atm

■ BRANCH

● ATM

TABLE OF CONTENTS

SUMMARY	4
STATEMENT OF COMPLIANCE	4
BUSINESS DEVELOPMENTS	5
SHAREHOLDING STRUCTURE	7
BOARD AND GOVERNANCE	8
CORPORATE SOCIAL RESPONSIBILITY	9
FINANCIAL HIGHLIGHTS	10
FINANCIAL STATEMENTS	11
INVESTOR INFORMATION	14
SHARIAH COMPLIANCE REVIEW	14
EXTERNAL AUDITOR'S LIMITED REVIEW	14

SUMMARY

As Maldives battled through the fourth wave of COVID-19 during Quarter Two of 2021, more stringent movement control measures were adopted. The second quarter of the year saw Maldives dealing with the biggest wave of COVID-19 infections the country has seen to date, with curfew imposed across day and night. Businesses, restaurants, shops and offices were closed except for limited services and travel advisories were issued, impacting economic activities significantly. The government's effort to curb the COVID-19 infections around the country was impeded as the nation-wide COVID-19 vaccination program had to be scaled down due to lack of vaccination supply in the country. However, the country was able to break off from the devastating effects of the fourth wave of the pandemic as quarter ended, giving hope for businesses.

Despite the hurdles, the Bank tackled its challenges satisfactorily during the quarter. The Bank's revenue at the end of the quarter was consistent to the corresponding quarter of 2020 at MVR 63.4 million, despite the shortfall of 5.19% compared to previous quarter. The Bank's operational expenses also grew during the quarter, resulting in 9.49% higher expenses at the end of Q2 compared to Q1 of 2021. Though the net profit of the Bank declined to MVR 21.7 million on Q2 of 2021 compared to the last quarter, the Balance Sheet of the Bank rose to MVR 5.08 billion compared to MVR 4.57 billion recorded for quarter 1 of 2021. The Customer Deposit portfolio of the Bank continued to grow during Q2 of 2021, as it has risen to MVR 4.00 billion from MVR 3.6 billion in Q1 of 2021.

Coupled with the operational resilience and cautious approach adopted by the Bank's management, MIB has sustained its financial results, while protecting the health and safety of our employees, in line with the recommendations of the authorities. The Bank continues to provide timely support and advice to customers and clients, while working with the government to help those most impacted by the pandemic.

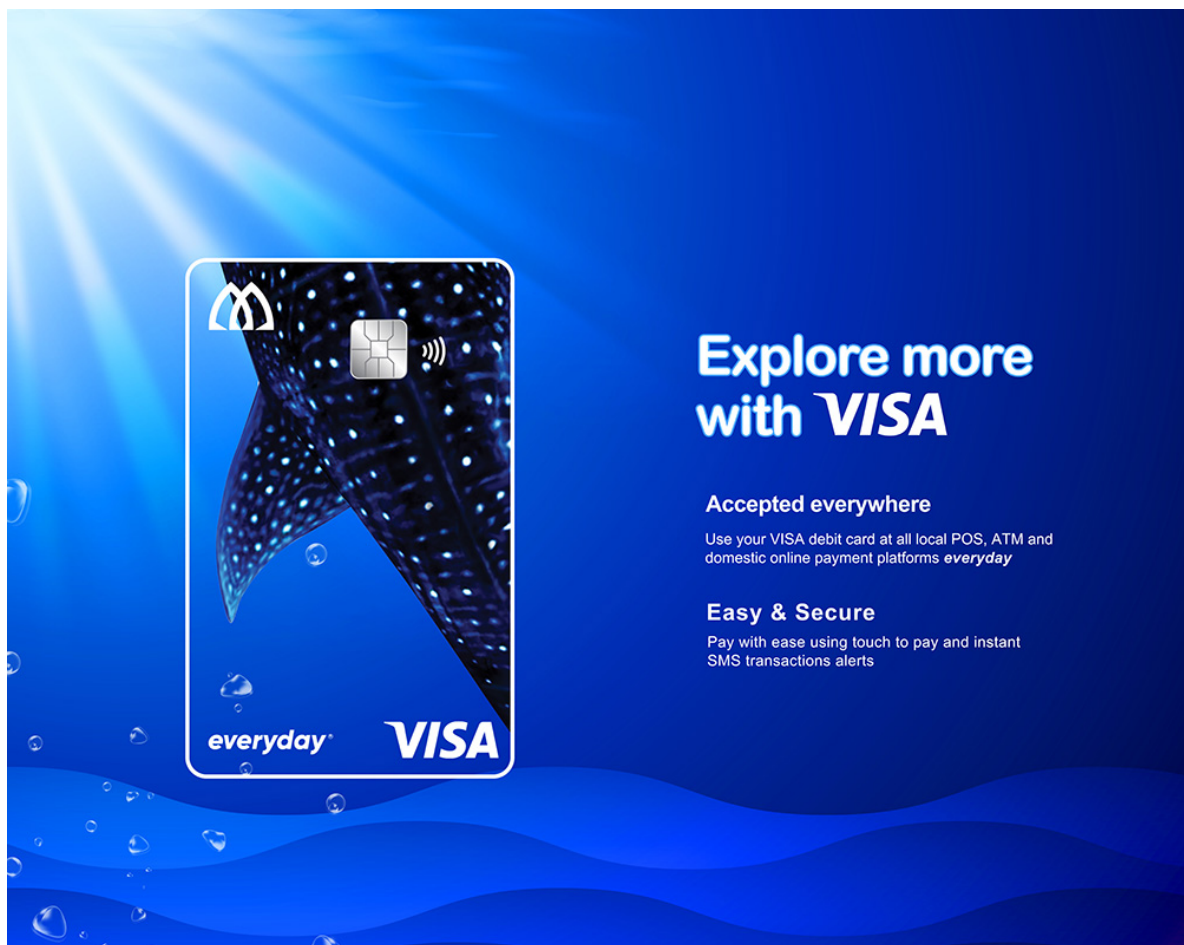
STATEMENT OF COMPLIANCE

This report has been prepared in accordance with the Capital Market Development Authority's Circular on Minimum Criteria for Periodic Reporting for Listed Companies (MCPR) dated 19th September 2019.

BUSINESS DEVELOPMENTS

LAUNCH OF VISA DEBIT CARD

On 1st April 2021, MIB launched Visa Debit Cards as a brand-new addition to the Bank's digital services. MIB Visa Debit Cards were launched to allow its customers to pay for their shopping and dining from all local POS machines and to pay through all domestic online payment platforms where VISA is accepted. The Bank offers VISA Debit Platinum Card and VISA Debit Gold Card with bundles of everyday benefits to card holders. MIB's VISA Debit Card holders can also access their accounts from all ATM's across the country where VISA is accepted.



KULHUDHUFFUSHI ATM UPGRADED WITH DEPOSIT AND WITHDRAWAL FEATURES

On 9th June 2021, MIB upgraded its ATM center located at HDh. Kulhudhuffushi. The new ATM machine possesses automated cash and cheque deposit functionality. Customers can also conduct card less cash withdrawal transactions on this machine using mobile OTP. This is a service innovation that remains unique to MIB up to date.

MARKETING ACTIVITIES

During Q2 of 2021, MIB conducted the following marketing campaigns aimed towards increasing deposit and utilization.

RAMADAN CASHBACK PROMOTION



Following the success of the first iteration of Ramadan cashback promotion of 2020, MIB ran cashback promotion during Ramadan 2021 as well. The campaign aimed to give those who pay for their shopping of minimum MVR 250 in value using their MIB account, a 2% cashback on their purchases. In addition, a Grand Prize of a motorcycle was offered to the customer who conducted the highest amount of transactions during the promotion period. The promotion winner was selected and motorcycle was handed over to the winner.

SAVE WITH MIB

MIB's annual "save with MIB" campaign doubles as a promotion. Launched in lieu of the Bank's 10th anniversary, customers who deposit new MVR 20,000 and retains for a period of 3 months are eligible to the lucky draw to win a motorbike.

The promotion was launched on the 7th of March 2021 with deposits into Saving Account, Kids Accounts and all normal rated GIA being eligible. The promotion was run for 3 months until 7th June 2021.

KANDAALAA BILL PAY

The campaign which was launched on 1st Quarter of the year was continued during quarter two of the year as well. This promotion is designed towards increasing customer utilization of MIB accounts by nudging account holders towards adopting MIB accounts to pay their utility bills. Customers who pay any of their utility bills using MIB accounts consecutively for 6 months will be eligible to stand a chance to win a motorbike. It is planned to run this promotion in the coming months.

EVERYDAY BENEFITS

The Everyday Benefits is a scheme which gives exclusive discounts and special offers to MIB card holders. MIB's Everyday Benefits discount scheme is presumably the biggest discount scheme in Maldives at the moment, with over 100 registered shops and businesses. With this scheme, customers are eligible for discounts up to 25% when they pay to accepted dealers using MIB Visa cards.

SHAREHOLDING STRUCTURE

During the reporting period, shareholding structure of the Bank remains unchanged compared to Quarter 01 of 2021. The current shareholding structure of the Bank is as follows.

	Q2 – 2021		Q1 - 2021	
	No. of shares	% of shareholding	No. of shares	% of shareholding
Islamic Corporation for the Development of the Private Sector (ICD)	8,100,000	36.00%	8,100,000	36.00%
Government of Maldives	6,300,000	28.00%	6,300,000	28.00%
Amana Takaful (Maldives) PLC.	1,125,000	5.00%	1,125,000	5.00%
Public Shareholders				
1. Maldives Pension Administration Office	2,369,370	10.53%	2,369,370	10.53%
2. Others	4,605,637	20.47%	4,605,637	20.47%
Total	22,500,007	100%	22,500,007	100%

BOARD AND GOVERNANCE

COMPOSITION OF THE BOARD AND BOARD COMMITTEES

As per the Articles of Association of the Bank, the Board shall not be less than 07 (seven) Directors and shall include at least 04 (four) Nominee Directors, at least 01 (one) Elected Director and at least 02 (two) Executive Directors.

The quarter began with a total of 08 (eight) Directors in the Board. Following the 11th AGM held on 31st May 2021, the Board consists of 09 (nine) Directors including 01 (one) newly appointed Director.

Name	Designation	Committee	Date of Appointment / Re-appointment
Mr. Najmul Hassan <i>Nominee Director</i>	Chairman (Non-Executive Director)	BRCC, BNRC	20/11/2018
Mr. Mohammed Ataur-Rahman Chowdhury <i>Nominee Director</i>	Non-Executive Director	BAC, BNRC	08/10/2018
Mr. Nasser Mohammed Al-Thekair <i>Nominee Director</i>	Non-Executive Director	BRCC	18/02/2019
Uz. Mohamed Naseem Ibrahim <i>Nominee Director</i>	Non-Executive Director	BRCC, BNRC	23/07/2020
Mr. Ali Shareef <i>Nominee Director</i>	Non-Executive Director	BAC, BNRC	23/07/2020
Mr. Ahmed Ali <i>Elected Director</i>	Independent Non-Executive Director	BAC	23/07/2020
Mr. Hassan Mohamed * <i>Nominee Director</i>	Non-Executive Director	-	31/05/2021
Mr. A.E.A. Muhaimen <i>Executive Director</i>	Managing Director & CEO	-	27/06/2019
Mr. Ali Wasif <i>Executive Director</i>	CFO Executive Director	-	27/06/2019

* Mr. Hassan Mohamed, Nominee Director representing the Government of Maldives was appointed to the Board of Directors of the Bank in the 11th AGM of the Bank held on 31st May 2021.

FREQUENCY OF MEETINGS

	Q2 –2021	Q1 – 2021
Board of Directors	03 (Three)	03 (Three)
Board Risk and Compliance Committee (BRCC)	02 (Two)	01 (One)
Board Audit Committee (BAC)	01 (One)	02 (Two)
Board Nomination and Remuneration Committee (BNRC)	Nil	01 (One)

SIGNIFICANT BOARD DECISIONS

- Reviewed and approved the Directors Report for the year ended 31st December 2020.
- Reviewed and approved the Dividend for the year 2020 and recommended to the Annual General Meeting.
- Approved the Book closure date for the 11th AGM of the Bank.
- Reviewed and approved the Notice of the 11th AGM of the Bank.
- Reviewed and approved the proposed resolutions for the 11th AGM of the Bank.
- Approved to nominate Directors as Alternate Chairman at the 11th AGM of the Bank.
- Reviewed and approved Bank's Quarterly Report for the First Quarter of 2021.
- Reviewed and approved New Deposit product manuals.
- Reviewed and approved the changes to the schedule of charges of the Bank.
- Reviewed and approved the revisions to the HR Policy manual of the Bank.
- Reviewed and approved the revised Organisation structure of the Bank.

PENALTIES IMPOSED BY THE REGULATOR

There are no penalties imposed by the regulator during this quarter.

MATERIAL TRANSACTIONS WITH THE DIRECTORS/SUBSTANTIAL SHAREHOLDERS

On 6th May 2021, USD 10 million Line of Financing from ICD was disbursed from ICD to MIB.

CORPORATE SOCIAL RESPONSIBILITY

The main activities and events conducted under the umbrella of Corporate Social Responsibility by the Bank during Q2 of 2021 are as follows.

MIB has awarded and continues to provide funding including tuition fees and living allowance to 1 scholar studying at Islamic University of Maldives (IUM). This scholarship is towards reading for undergraduate degree in Islamic Finance at IUM.

Further to this, MIB has also provided support for nation-wide COVID vaccination program. The Bank during the past quarter provided items required by relevant authorities in order to operate the Covid Vaccination centers in the country.

FINANCIAL HIGHLIGHTS

(All amounts in MVR'000 unless otherwise stated)

	Apr - Jun 2021	Jan - Mar 2021	Apr - Jun 2020
Total Revenue	63,406	66,878	62,806
Total Expenses	(34,444)	(31,458)	(49,895)
Net Profit	21,721	26,565	9,683
Earnings Per Share	0.97	1.18	0.43
Nets Assets per Share	28.26	28.52	27.18
Cash Flow per Share	56.73	60.49	48.21

FINANCIAL STATEMENTS

Income Statement (Unaudited) - Quarter ended 30 June 2021

(All amounts in MVR'000 unless otherwise stated)

	Apr - Jun 2021	Jan - Mar 2021	Apr - Jun 2020
Gross Income			
Income from Financing and Similar Income	72,688	73,399	70,068
Profit Paid on Customer Accounts and Similar Charges	(16,169)	(14,744)	(11,606)
Net Fund based Income	56,519	58,655	58,462
Fee and Commission Income	7,153	8,286	4,420
Fee and Commission Expense	(418)	(110)	(174)
Net Fee and Commission Income	6,735	8,176	4,246
Other Operating Income	152	47	98
Total Operating Income	63,406	66,878	62,806
Loss on Fair Valuation of Financial Instruments Mandatorily Measured at FVTPL	-	-	-
Personnel Expenses	(18,367)	(15,419)	(16,419)
General and Administrative Expenses	(8,565)	(8,230)	(7,644)
Depreciation and Amortization	(6,763)	(6,342)	(5,571)
Total Operating Expenses excluding Provision	(33,695)	(29,991)	(29,634)
			-
Operating Profit (Profit before Provisions)	29,711	36,887	33,172
Net Impairment Losses on Financial Assets	(749)	(1,467)	(20,261)
Profit Before Tax	28,962	35,420	12,911
Income Tax Expense	(7,241)	(8,855)	(3,228)
Net Profit for Quarter	21,721	26,565	9,683
Basic Earnings Per Share	0.97	1.18	0.43

Statement of Financial Position (Unaudited) - As at 30 June 2021

(All amounts in MVR'000 unless otherwise stated)

	30-Jun-21	31-Mar-21	31-Dec-20
Assets			(Audited)
Cash, Short Term Funds & Balances with MMA	1,276,325	1,361,027	1,224,421
Minimum Reserve Requirement with MMA	352,121	239,633	230,318
Investments in Equity Securities	64,200	64,200	64,200
Investments in Other Financial Instruments	906,409	479,743	482,721
Net Receivables from Financing Activities	2,245,894	2,199,969	2,212,908
Property, Plant and Equipment	63,158	62,628	60,328
Right-of-Use Assets	84,633	87,053	87,589
Other Assets	90,116	74,388	54,280
Total Assets	5,082,856	4,568,641	4,416,765
Liabilities			
Customers' Accounts	4,004,401	3,596,161	3,431,020
Lease Liabilities	86,730	88,481	88,379
Other liabilities	355,938	242,370	282,302
Total Liabilities	4,447,069	3,927,012	3,801,701
Equity			
Share Capital	337,500	337,500	337,500
Retained Earnings	97,242	111,895	93,269
Statutory Reserve	144,818	139,388	132,746
Other Reserves	56,227	52,847	51,548
Total Equity	635,787	641,629	615,064
Total Liabilities and Equity	5,082,856	4,568,641	4,416,765



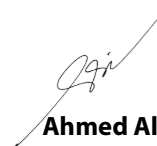
Ali Wasif

Chief Financial Officer



A.E.A. Muhaimen

Managing Director & CEO



Ahmed Ali

Chairman / BAC

Statement of changes in Equity (Unaudited) - Quarter ended 30 June 2021

(All amounts in MVR'000 unless otherwise stated)

	Share Capital	Retained Earnings	Statutory Reserve	Other Reserves	Total Equity
Balance as at 1 October 2020	337,500	110,261	128,992	18,117	594,870
Net profit for the quarter	-	15,019	-	-	15,019
Equity Instruments at FVOCI - change in fair value	-	-	-	6,900	6,900
Recognition of deferred tax impact on fair value change	-	-	-	(1,725)	(1,725)
Dividends to equity holders	-	-	-	-	-
Transferred to reserves	-	(3,755)	3,755	-	-
Transferred to Non-Distributable Capital Reserve	-	(28,256)	-	28,256	-
Issue of Shares	-	-	-	-	-
Balance as at 31 December 2021	337,500	93,269	132,746	51,548	615,064
Net profit for the quarter	-	26,565	-	-	26,565
Dividends to equity holders	-	-	-	-	-
Transferred to reserves	-	(6,641)	6,641	-	-
Transferred to Non-Distributable Capital Reserve	-	(1,298)	-	1,298	-
Issue of Shares	-	-	-	-	-
Balance as at 31 March 2021	337,500	111,895	139,388	52,847	641,629
Net profit for the quarter	-	21,721	-	-	21,721
Dividends to equity holders	-	(27,563)	-	-	(27,563)
Transferred to reserves	-	(5,430)	5,430	-	-
Transferred to Non-Distributable Capital Reserve	-	(3,380)	-	3,380	-
Issue of Shares	-	-	-	-	-
Balance as at 30 June 2021	337,500	97,242	144,818	56,227	635,787

Statement of Cash Flows (Unaudited) - Quarter ended 30 June 2021

(All amounts in MVR'000 unless otherwise stated)

	Q2 2021	Q1 2021	Q2 2020
Cash Flows from Operating Activities	29,128	36,739	32,332
Changes in Operating Assets and Liabilities	443,957	108,356	82,037
Cash Flows from Investing Activities	(539,101)	(8,489)	58,333
Cash Flows from Financing Activities	(18,686)	-	-
Net increase/ (used) in Cash and Cash Equivalents	(84,702)	136,606	172,702
Cash and Cash Equivalents at beginning of Quarter	1,361,027	1,224,421	911,959
Cash and Cash Equivalents at end of Quarter	1,276,325	1,361,027	1,084,661

INVESTOR INFORMATION

Highest Traded Price	MVR 40.00
Lowest Traded Price	MVR 35.00
Last Traded Price	(on 29 th Jun 2021) MVR 40.00
Weighted Average Traded Price	MVR 39.47
Number of Securities Traded	1,229
Value of Securities Traded	MVR 48,510.00
Market Capitalization	MVR 888,100,358.00
Dividend Yield	3.10%
Price Earnings Ratio	9.20
Total No. of Shareholders at the end of Quarter	16,162

SHARIAH COMPLIANCE REVIEW

Maldives Islamic Bank PLC. is the only full-fledged Shariah compliant bank in the Maldives. The business of the Bank remains Shariah compliant as per the regulation on Shariah Screening of Equity Securities of Capital Market Development Authority since its inception. The level of Shariah compliance during the quarter remains unchanged compared to Quarter 01 of 2021.

EXTERNAL AUDITOR'S LIMITED REVIEW

The financials stated above for Quarter 02 of 2021 are management accounts (unaudited) and are subject to changes after full year audit by the External Auditor.

