

Housing Development Finance Corporation PLC.

QUARTERLY REPORT

03/2018



Housing Development Finance Corporation Plc.

www.hdfc.com.mv

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Development of the Company

PROGRESS

- 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 September, 2018 50% of the project work has been completed (6th floor shuttering and reinforcement work in progress). 95% of the concrete structure is completed. 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 August 2018, Batch has completed 6 floors concrete work done, 7th Floor shuttering work completed. 8th Floor concrete works of columns, staircase completed. 9th Floor beam and slab concrete work completed. 60% of the work has been completed. The project is expected to be completed by the end of April 2019
- Damas, One Avenue comprise of two towers of 95 units. 70% of the total project has been completed as of August 2018. South Tower level 10 slab concreting and North Tower, level 9 slab concreting has been completed. Lift and staircase concrete is in progress. The project is estimated to be completed by the end of January 2019. HDFC partners with other banks and financial institutions to finance this project.
- 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. As 30 June 2018, 52% of the super structure is completed. 10% of the 1st floor masonry work is completed. The project is expected to be completed by the end of November 2019.

EMPLOYMENT DATA

<i>1 July 2018 – 30 September 2018</i>	<i>Local</i>	<i>Expatriate</i>	<i>Total</i>
No. of staff at beginning	36	-	36
No. of staff resigned/terminated	02	-	02
No. of staff employed	03	-	03
No. of staff at end of the quarter	37	-	37

STAFF DEVELOPMENT

- The executive management team (4 members) undertook IFRS 9 training conducted by KPMG, Sri Lanka.
- Eight members from the Accounts Department undertook IFRS 9 training conducted by KPMG, Sri Lanka
- Two members attended 1 day Company Secretaries Training Program conducted by CMDA.
- All staffs attended GEMS training sessions conducted by NCIT.
- Thirteen members participated a session on Anti-Money Laundering Awareness conducted by MMA.
- Three new staff participated an induction session on credit, HR, Accounts and Customer Care.
- Management participated HR- software training conducted by Systems Solution Pvt. Ltd.

Administration

BOARD ACTIVITIES

<i>July 2018 – September 2018</i>	<i>No. of Meeting</i>	<i>Date</i>
Audit Committee Meeting	One	30 August 2018
Board Meeting	One	30 August 2018

CHANGES IN THE MEMBERS OF THE BOARD

No changes were brought to the Board of Directors

MAJOR DECISIONS MADE BY THE AUDIT COMMITTEE

- Presentation of the 1st and 2nd quarter internal audit report by KPMG

Major decisions made by the board

- Review of Directors approval limit of housing loans
- Closure of Addu Center in December and re-deploying the staff at the Center to Male' Head Office

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	Managing Director	1	100	100.00
		TOTAL	1,593,750		159,375,000.00

Financial Statements

STATEMENT OF FINANCIAL POSITION (UNAUDITED)

AS AT 30 SEPTEMBER 2018

	Quarter 3	Quarter 2 (Revised)
(all amounts are in MVR)	30-Sep-18	30-Jun-18
ASSETS		
Cash and short term funds	72,918,194	89,472,013
Financial Assets Held to Maturity	74,886,325	94,936,882
Loans and Advances to Customers	1,540,024,517	1,504,615,241
Property, Plant and Equipment	1,337,667	1,420,617
Intangible assets	675,920	729,994
Deferred tax asset	3,450,871	3,450,871
Other assets	7,378,964	7,457,365
TOTAL ASSETS	1,700,672,457	1,702,082,983
LIABILITIES		
Deposits from customers	80,223,648	73,547,866
Borrowings	852,247,770	895,612,458
Other liabilities	184,863,658	171,363,207
Total Liabilities	1,117,335,077	1,140,523,530
EQUITY		
Share capital	159,375,000	159,375,000
Advance for Share Capital	51,407,100	51,407,100
Retained earnings	355,418,800	333,640,872
General Reserve	15,000,000	15,000,000
Staff Education Reserve	2,136,480	2,136,480
Total shareholders' equity	583,337,380	561,559,452
TOTAL EQUITY AND LIABILITIES	1,700,672,457	1,702,082,983



Mohamed Shafeeq

Assistant General Manager (Finance)



Raheema Saleem

Managing Director

INCOME STATEMENT (UNAUDITED)

FOR THE QUARTER ENDED 30 SEPTEMBER 2018

	Quarter 3	Quarter 2 (Revised)
(all amounts are in MVR)	30-Sep-18	30-Jun-18
Gross income	43,929,660	43,075,759
Interest income	36,162,944	35,069,977
Interest expense	(12,121,671)	(12,051,444)
Net interest income	24,041,273	23,018,534
Net income on Shari'ah products	6,190,464	5,676,460
Fee income	1,121,912	1,699,670
Other income	454,340	629,651
	7,766,716	8,005,781
Operating income	31,807,989	31,024,315
Provision for Impairment loss on loans and advances (Increase)/ Decrease	(2,071,547)	1,803,350
Personnel expenses	(2,163,726)	(3,356,192)
Other operating expenses	(1,740,154)	(2,212,917)
Profit before tax	25,832,563	27,258,556
Tax expense	(4,054,634)	(2,113,662)
Profit for the period	21,777,929	25,144,894
Earnings Per Share - basic	13.66	15.78



Mohamed Shafeeq

Assistant General Manager

(Finance)



Raheema Saleem

Managing Director

CASH FLOW STATEMENT (UNAUDITED)

FOR THE QUARTER ENDED 30 SEPTEMBER 2018

	Quarter 3	Quarter 2 (Revised)
(all amounts are in MVR)	30 September 2018	30 June 2018
Cash Flow from Operating Activities		
Operating Profit	21,777,929	25,144,894
Add: (Increase)/Decrease Impaired losses on loans and advances	2,071,547	(1,803,350)
Depreciation	158,183	159,290
Loss/(Profit) on Disposal	-	(1,240)
Retained earnings adjustment due to change from IAS 39 to IFRS 9	-	-
(Increase)/Decrease in loans and advances to customers	(37,480,823)	(52,699,995)
(Increase)/Decrease in Other assets	78,401	(105,084)
(Increase)/Decrease in Financial Assets held to maturity	20,050,558	(34,952,634)
Increase/(Decrease) in due to customers	6,675,783	3,534,842
Increase/(Decrease) in other liabilities	13,500,451	13,247,523
Net Cash Flow from Operating Activities	26,832,029	(47,475,754)
Cash Flow from Investing Activities		
(Purchase)/sale of Property, Plant and Equipment	(21,160)	(776,984)
Proceeds on Disposal of Property, Plant and Equipment	-	1,240
Net Cash Flow from Investing Activities	(21,160)	(775,744)
Cash Flow from Financing Activities		
Proceeds from borrowed funds and debt securities	81,942,904	110,833,302
Repayment of borrowed funds and debt securities	(125,307,592)	(44,796,869)
Dividends paid	-	-
Net Cash flow Financing Activities	(43,364,688)	66,036,433
Net Increase in Cash and Cash Equivalent	(16,553,819)	17,784,935
Cash and Cash Equivalents at the beginning of the period	89,472,013	71,687,078
Cash and Cash Equivalents at the end of the period	72,918,194	89,472,013



Mohamed Shafeeq

Assistant General Manager (Finance)



Raheema Saleem

Managing Director

AMNA (ISLAMIC WINDOW) INCOME STATEMENT

FOR THE QUARTER ENDED 30 SEPTEMBER 2018

(all amounts are in MVR)	Quarter 3	Quarter 2 (Revised)
	30 September 2018	30 June 2018
Gross income	11,088,628	10,724,259
Revenue	10,794,363	10,444,137
Investment Charges	(4,674,040)	(4,732,225)
Net investment income	6,120,323	5,711,912
Fees and commissions	294,265	280,123
Operating Income	6,414,588	5,992,034
Staff Costs	(105,045)	(224,197)
Administration & Operating Expen:	(356,080)	(752,941)
Bank Charges	(1,084)	(17,020)
Depreciation	(31,637)	(31,858)
Net Operating Expenses	(493,845)	(1,026,016)
Net Profit	5,920,743	4,966,019



Mohamed Shafeeq

Assistant General Manager

(Finance)



Raheema Saleem

Managing Director

AMNA (ISLAMIC WINDOW) STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2018

	Quarter 3	Quarter 2 (Audited)
(all amounts are in MVR)	30 September 2018	30 June 2018
Cash and Short term funds	58,813,169	97,522,133
Mortgage facilities	345,093,672	320,521,335
Non - Current Assets	402,717	430,122
Other Assets	144,818	118,071
Total Assets	404,454,377	418,591,662
Customer deposits	18,527,435	15,084,585
Wakalah Facilities	117,188,262	147,188,262
Sukuk	111,602,000	111,602,000
Other liabilities	95,217,113	88,717,990
	342,534,810	362,592,837
Equity	61,919,567	55,998,825
Total Equity and Liabilities	404,454,377	418,591,662



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 three Independent directors (1 from GOM, 1 from IFC and 1 from ADB).
<i>Composition of the BOD</i>	1.2	Complied	There is 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, 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	Director & Company Secretary participated in trainings organized by CMDA
<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 -Finance, AGM-IT, AGM - Credit, Manager Islamic Finance and Senior Manager - ADMIN
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 2018 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.
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 during 3rd Quarter of 2018

Reporting Compliance

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