

Housing Development Finance Corporation PLC.

QUARTERLY REPORT

01/2019



Housing Development Finance Corporation Plc.

www.hdfc.com.mv

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Development of the Company

PROGRESS

- **The Apollo Towers**, located in front of the Yacht Marina at the Hulhumale' beach front, is the latest luxury real estate project by Apollo Holdings. Split into two main towers, Apollo Towers, one 10 story in height and other 10 story in height and the other 9 story offer two levels of commercial space on both the ground floor and 1st floor. Residential apartments are located from the 2nd floor and above. The categories of apartments housed in Apollo Towers include; Semi-Deluxe apartments, Luxury apartments and Penthouse Apartments. Apollo towers offer thirteen different types of apartments, which include three-bedroom apartments, two-bedroom apartments and one-bedroom apartments. The two towers comprise of a total of 97 Units. Total Project Cost: MVR 361,109,400.00, Foundation create, 1st floor, to 9th floor slab and terrace are completed. Only 5% of the structural work is pending. 40% of the block works completed, 10% of plastering completed.

Project Start Date: 9 March 2017

Estimated completion Date: July 2019

- **Marina View Apartments** is a project under taken by Batch Construction. The Company signed an exclusive end-user finance project on 3rd August 2016. The 70 Marina View Apartments is located in Hulhumale' and is scheduled to be completed within two years. At the end of March 2019, Batch has completed structural works, masonry works, internal plastering, external plastering, electrical works, tv and telephone cabling work. 90% works done on installation of doors and windows. Cable works for security system is done. Work in progress includes, general area tiling, internal sewerage and drainage work for penthouse, 2,3, and 4.

Batch reported delays in the project during December 2018, due to the un-cleared shipments being held at Maldives Ports Limited harbour. HDFC extended the completion date up to end of June 2019.

Project start date: 20 April 2017

Estimated completion date: 20 April 2019

Revised completion date: 30 June 2019

- **Manaage Residence** is a 14 Story Residential and commercial building located in Male' region consisting of 3.5 Bedroom apartment, 3 Bedroom apartment and 2 Bed room Apartments. The project offers an opportunity for a great lifestyle in a prime location in Male'. Manaage Residence includes many amenities including basement parking, gym and terrace swimming pool. The project's main contractor is Rainbow Construction Pvt Ltd with Tekton Design Associates (Pvt) Ltd as the consultancy partner which is the real estate business line of rainbow construction.

Project Start Date: June 2016

Estimated completion Date: 30 November 2018. By the end of March 2019, it is reported the project is completed. Waiting for the final project completion report.

- **Hulhumale' AIRA Apartment** developed by Ensis Fisheries Private Ltd. And this project comprises of 2 towers of 8 story 100 residential units. As at 31 March 2019, more that 90% of the formworks in the first floor is completed. Work in progress includes formworks, reinforcement works and concreting works, masonry and plastering works. 29% of the overall project is completed.

Project Start Date: July 2017
Estimated Completion Date: December 2019.
- **Hulhuma Residence** is a 7-story building consisting of 14 residential units. This project is jointly developed by Ensis and Associated Business Agents Pvt. Ltd. As at 31 March 2019 more that 10% of the formworks, 10% of the Reinforcement and 5% of the placing works is done. Work in progress includes, formworks, reinforcement and concrete works. Overall 25% of the project is completed.

Project start date: June 2018
Estimated Completion Date: May 2020
- **Damas**, One Avenue comprise of two towers of 95 units. 100% of the concrete work is done. Work in progress includes finishing works, electrical, plumbing and fixtures. 95% of the total project has been completed as of 31 March 2019.

Project Start date: 20 April 2017
Project End date: 30 April 2019
- **Oceanfront Residence** is a lavish 13 story condominium situated in Fithuroanu Magu, Hulhumale. The condominium comprises of two towers which has a total of 145 units. Rainbow Construction Pvt. Ltd is the developer. The project is delayed by 146 days as of 31st March 2019. Completed works include, terrace kids pool, shuttering concreting of tower A and B. Ongoing works include floor screed of 7, 8 and 9 floors of both tower A and B. Overall 60% of the project is completed.

Project Start Date: 13th March 2017
Estimated completion Date: 15th November 2019
- **The Gardens** is a project of Jaah Investment Pvt. Ltd. (previously Jausa. This project will develop 73 mixed-use residential housing units in the reclaimed suburb of Hulhumale', It is proposed to build two 13 story towers, of which 2 stories' will be allocated for commercial purposes, with the top floor used as a multipurpose terrace equipped with a swimming pool. Works completed includes 5 level of structure, shuttering, GF, Slab and water proofing up to level six. Work in progress includes, dewatering, installation of temporary CCTV system, perimeter scaffolding and safety net fixing. As at 31st March, 35 % of the overall project is completed.

Project Start Date: November 2017
Project completion Date: 31st December 2019
- **FW construction** encompasses the development of a 14-story mixed use residential development of 95 units in Hulhumale' Phase-1. The project includes 2 units of 1 Bedroom, 2 units of 2 Bed Room, 42 units of 2+1 Bedroom, 49 units of 3 Bedroom apartments (which includes 4 units of Pent houses). The project is undertaken by FW Constructions. Completed works include super structure concrete works up to 10th floor. Work in progress includes masonry works. Overall 25% of the project is completed.

Project start date: 5th Oct 2017
Estimated completion date: 30th Nov 2019

EMPLOYMENT DATA

<i>1 Jan 2019– 31 March 2019</i>	<i>Local</i>	<i>Expatriate</i>	<i>Total</i>
No. of staff at beginning	37	-	37
No. of staff resigned/terminated	04	-	04
No. of staff employed	04	-	04
No. of staff at end of the quarter	37	-	37
Note: 1 contract staff			

STAFF DEVELOPMENT

- Induction session for four new staff
- Excel Training to 10 staff from Finance section (financial formulas and techniques) by Mr. Fahmy.
- All staffs how to read and understand individual accounts of customers- by Ms. Aminath Abdulla.
- Cancer awareness session conducted by Maldives Cancer Society.

Administration

BOARD ACTIVITIES

<i>1 Jan 2019- 31 March 2019</i>	<i>No. of Meeting</i>	<i>Date</i>
Audit Committee Meeting	One	16 March 2019
Nomination and Remuneration Committee	One	16 March 2019
Board Meeting	One	17 March 2019
Credit Risk Management Committee	One	17 March 2019

CHANGES IN THE MEMBERS OF THE BOARD

HDFC Investments Ltd. India Nominee Director, Ms. Renu Sud Karnad resigned on 15 March 2019 and the Alternate Director, Mr. Conrad D' souza was appointed as the Nominee Director for HDFC Investments Ltd. on the same date. Previously he was the Alternate Director.

MAJOR DECISIONS MADE BY THE AUDIT COMMITTEE

- Presentation of Q4/2018 by KPMG, internal auditors
- Presentation of Sharia Committee report
- Presentation of audited financial statements for the year ended 31 December 2018 by PWC
- Selection of external and internal auditors for 2019
- Selection of shariah compliance auditor

Major decisions made by the board

- Finalization of Chairman for the next 1 year
- Approval of the audited financials for the year ended 31 December 2018
- Appointment of internal and external auditors for 2019 and fixing their remuneration
- Appointment of Sharia Committee members and their remuneration
- Appointment of Sharia compliance auditor and their remuneration
- Approval of bonus and Ramzan allowance
- Adoption of Disaster Recovery Policy
- Limiting loan value to the outer atolls.

Major decisions made by the Nomination and Remuneration Committee

- Finalisation of the MDs Contract
- Approval of the Bonus
- Selection of the Sharia Committee Advisory members and fixing their remuneration

Major decisions made by the Credit Risk Management Committee

- Presentation of Anti Money Laundering Report (annual review)
- Amendments to the credit manual.

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

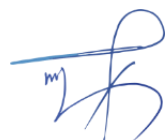
	<i>Name</i>	<i>Capacity</i>	<i>No. of Share(s) held</i>	<i>Face Value of a share in MVR</i>	<i>Value of share(s) held in MVR</i>
1.	Government of Maldives 49%	Shareholder	780,928	100	78,092,800.00
2.	International Finance Corporation 18%	Shareholder	286,875	100	28,687,500.00
3.	Asian Development Bank 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 (if any)		1	100	100.00
		TOTAL	1,593,750		159,375,000.00

Financial Statements

STATEMENT OF FINANCIAL POSITION (UNAUDITED)

AS AT 31 MARCH 2019

	Quarter 1 (Unaudited)	Quarter 4 (Audited)
(all amounts are in MVR)	31-Mar-19	31-Dec-18
ASSETS		
Cash and short term funds	115,484,654	76,653,573
Financial Assets Held to Maturity	77,969,223	44,976,096
Loans and Advances to Customers	1,668,037,286	1,617,378,698
Property, Plant and Equipment	1,257,817	1,324,051
Intangible assets	567,774	621,847
Deferred tax asset	3,125,228	3,125,228
Other assets	6,941,837	7,356,305
TOTAL ASSETS	1,873,383,818	1,751,435,799
LIABILITIES		
Deposits from customers	90,045,773	82,423,307
Borrowings	981,186,386	856,844,985
Other liabilities	266,124,519	296,392,131
Total Liabilities	1,337,356,677	1,235,660,423
EQUITY		
Share capital	159,375,000	159,375,000
Retained earnings	361,652,140	341,400,375
General Reserve	15,000,000	15,000,000
Total shareholders' equity	536,027,140	515,775,375
TOTAL EQUITY AND LIABILITIES	1,873,383,818	1,751,435,799



Mohamed Shafeeq

Assistant General Manager (Finance)



Raheema Saleem

Managing Director

INCOME STATEMENT (UNAUDITED)

FOR THE QUARTER ENDED 31 MARCH 2019

(all amounts are in MVR)	Quarter 1 (Unaudited)	Quarter 4 (Audited)
	31-Mar-19	31-Dec-18
Gross income	46,406,211	45,566,560
Interest income	38,048,792	37,131,369
Interest expense	(13,620,011)	(12,227,458)
Net interest income	24,428,781	24,903,911
Net income on Shari'ah products	7,238,803	6,800,170
Fee income	849,118	1,181,968
Other income	269,498	453,053
	8,357,419	8,435,191
Operating income	32,786,200	33,339,102
Provision for Impairment loss on loans and advances (made)/ Reversal	3,966,060	(4,330,954)
Personnel expenses	(2,607,015)	(2,254,642)
Other operating expenses	(1,831,178)	(2,088,892)
Profit before tax	24,381,948	33,326,523
Tax expense	(4,130,183)	(4,933,951)
Profit for the period	20,251,765	28,392,572
Earnings Per Share - basic	12.71	17.81



Mohamed Shafeeq

Assistant General Manager (Finance)



Raheema Saleem

Managing Director

CASH FLOW STATEMENT (UNAUDITED)

FOR THE QUARTER ENDED 31 MARCH 2019

	Quarter 1 (Unaudited)	Quarter 4 (Audited)
(all amounts are in MVR)	31 March 2019	31 December 2018
Cash Flow from Operating Activities		
Operating Profit	20,251,765	28,392,572
Add:		
Increase/(Decrease) Impaired losses on loans and advances	3,966,060	(4,330,954)
Depreciation	159,267	162,540
(Increase)/Decrease in loans and advances to customers	(54,624,649)	(73,792,888)
(Increase)/Decrease in Other assets	414,468	480,312
(Increase)/Decrease in Financial Assets held to maturity	(32,993,127)	29,910,228
Increase/(Decrease) in due to customers	7,622,465	2,186,074
Increase/(Decrease) in other liabilities	9,576,088	15,897,119
Net Cash Flow from Operating Activities	(45,627,661)	(1,094,997)
Cash Flow from Investing Activities		
(Purchase)/sale of Property, Plant and Equipment	(38,959)	(101,728)
Net Cash Flow from Investing Activities	(38,959)	(101,728)
Cash Flow from Financing Activities		
Proceeds from borrowed funds and debt securities	168,425,676	77,403,531
Repayment of borrowed funds and debt securities	(44,084,275)	(72,450,159)
Dividends paid	(39,843,700)	-
Net Cash flow Financing Activities	84,497,701	4,953,372
Net Increase in Cash and Cash Equivalent	38,831,080	3,756,647
Cash and Cash Equivalents at the beginning of the period	76,653,573	72,896,926
Cash and Cash Equivalents at the end of the period	115,484,654	76,653,573



Mohamed Shafeeq

Assistant General Manager (Finance)



Raheema Saleem

Managing Director

AMNA (ISLAMIC WINDOW) INCOME STATEMENT

FOR THE QUARTER ENDED 31 MARCH 2019

(all amounts are in MVR)	Quarter 1 (Unaudited)	Quarter 4 (Audited)
	31 March 2019	31 December 2018
Gross income	12,675,503	11,477,233
Revenue	12,363,730	11,193,772
Investment Charges	(5,363,781)	(4,522,821)
Net investment income	6,999,948	6,670,950
Fees and commissions	311,773	283,461
Operating Income	7,311,721	6,954,412
Staff Costs	(175,264)	(139,888)
Administration & Operating Expen:	(316,782)	(1,124,412)
Bank Charges	(11,286)	(122,976)
Depreciation	(38,224)	(143,437)
Net Operating Expenses	(541,557)	(1,530,713)
Net Profit	6,770,164	5,423,699



Mohamed Shafeeq

Assistant General Manager (Finance)



Raheema Saleem

Managing Director

AMNA (ISLAMIC WINDOW) STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2019

	Quarter 1 (Unaudited)	Quarter 4 (Audited)
(all amounts are in MVR)	31 March 2019	31 December 2018
Cash and Short term funds	83,344,617	48,291,018
Mortgage facilities	400,854,472	378,298,669
Non - Current Assets	438,142	447,557
Other Assets	80,470	219,322
Total Assets	484,717,701	427,256,566
Customer deposits	26,985,923	19,911,377
Wakalah Facilities	178,000,000	138,188,262
Sukuk	111,602,000	111,602,000
Other liabilities	99,937,090	96,132,403
	416,525,014	365,834,042
Equity	68,192,688	61,422,524
Total Equity and Liabilities	484,717,701	427,256,566



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 Independent Non- Executive Directors with one Executive Director (with no voting power).
<i>Composition of the BOD</i>	1.2	Complied	There is two female Directors 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 have appointed two Alternate Directors, while ADB has 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 in 2018 and IFRS9 sessions were conducted for Board of Directors
<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.
<i>Board remuneration Disclosure</i>	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, AGM Admin and Manager Islamic Finance
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. A Whistle blower policy has been established and adapted.
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 1st Quarter of 2019

Reporting Compliance

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