

MD & CEO'S STATEMENT



Mr. Mufaddal Idris Khumri

Managing Director & Chief Executive Officer

Dear Shareholders,

As time elapses so does change become imminent. Maldives Islamic Bank (MIB) has evolved as an institution over the last three years. The balancing act between growing business, investing in technology and maintaining the right equilibrium between risk and rewards has not been an easy journey.

Having said so, there is much reason for optimism, when you consider the positive evolution MIB has undergone over the past 36 months. The profitability and stability we have achieved, while further strengthening risk management practices, has placed us in a good position, not only to reward investors, but also to take advantage of this significant moment.

Disruption. Regulations. Cost. These are three key themes that link the many challenges banks face in today's rapidly evolving financial services industry. From implementing new technologies, such as artificial intelligence (AI), robotics and blockchain, through to transitioning to new low-cost structures while driving value creation, banks are under pressure from several fronts. The last ten years of the financial industry has been framed by a backdrop of

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Return on Equity (ROE)

27%

Growth in Balance Sheet

40 %

Net profit

**MVR 277.92 million,
an increase of 58%**

Deposits

33 % growth

Financing

40 % growth

volatility and change, from a global pandemic to surging inflation and the rise of AI.

In the face of such pressures, we must remain steadfast about the need to invest in our future. It calls for more resilience, agility and innovative than ever before. As an institution we should set bold strategies over the next decade to adapt to our fast-changing world and invest in the right technologies and talent so that we can deliver sustainable, long-term growth.

Global GDP growth came in at a 3.1% in 2024, slightly lower than 2023, and below the pre-pandemic norm of 3.6%. In 2025, forecast for GDP growth depends heavily on the pace of US tariffs and whether we see a full-blown trade war erupt.

Most major central banks have initiated rate-cutting cycles. Global inflation cooled in response to higher rates, slower growth, excess supply, and a drop in energy prices. Delays in the effects of monetary policy will push the influence of rate cuts into the second half of 2025 and 2026. Fiscal policy may be more stimulative.

However, geopolitical risk remains elevated. Inflationary trade and immigration policies are expected to slow the pace of credit easing. Bond yields have already moved up in response to fears of mounting global debt and higher inflation.

The Maldives GDP grew by 5.5% in 2024, an upward revision from the 4.9% forecasted earlier in the year. The Maldivian economy continues to show resilience, with strong tourism performance and steady GDP growth, though challenges remain in inflationary pressures, rising public debt, increased cost of subsidies, decline in government revenues, increased expenses, and a widening trade deficit. The government's fiscal strategy and monetary policies will play a critical role in balancing economic growth and financial stability in the coming months.

The banking industry witnessed a phase of optimism and opportunity, driven by improving macroeconomic conditions that have spurred investment in innovation. Against this backdrop, one trend we see growing is banks increasingly seeking an acceleration in innovation to meet the expectations of customers & stakeholders to remain highly competitive in the financial ecosystem. For MIB, these new market dynamics and renewed focus on innovation create opportunities to capitalize on its growth ambitions with new and existing customers, drive efficiencies, reduce complexity and embrace modernisation with confidence.

Our achievements in 2024

In my last year's statement, I stated that we would make 2024 as a "Carpe Diem" moment for us. And we did so. 2024 was an exciting and transformative year for MIB. As we step into 2025, I want to take a moment to reflect on our accomplishments over the past year and share insights on how we continued to grow and adapt alongside the ever-evolving banking industry.

We unified, refocused, and galvanised our team around one single vision, strategy, and culture. We restored trust and empowerment in our people. We simplified and streamlined our organisation, people, processes, and ways of working, transforming our efficiency while also investing in our people, digital and data, product factories, and distribution channels to offer more to our clients.

I am glad to report that MIB continued to make progress on its priorities in 2024. We remained focused on businesses where we generated appropriate risk adjusted returns, continued to strengthen our leadership team, whilst executing our strategic objectives and moved ahead with our risk control and regulatory agenda.

Harnessing the power of unification for deposits and financing was a primary focus for MIB in 2024, highlighted by the progress of our onboarding Platform. This marked a pivotal moment in our journey, allowing us to offer end-to-end solutions for our clients with one platform. With this addition, MIB now seamlessly combines deposit and financing capabilities.

Record-breaking results

The Bank generated record revenue in each of our lines of business. We earned net operating revenue in 2024 of MVR 709.25 million, an increase of nearly 50% compared to 2023 and net profit of MVR 277.92 million, an increase of 58% to the bottom-line compared to 2023. Our return on equity (ROE) of 27% reflects strong underlying performance across our businesses.

Over the last one year the Bank has worked on an agenda of sustained growth across all business verticals. Our deposits have increased by more than 33 %, financing has increased by 40 % and the overall balance sheet has grown by 40 % to touch MVR 11.46 billion. Our risk appetite has grown in a noticeably measured fashion as we have taken considerable exposure in the corporate sector, tourism, fishing and infrastructure. Our customer base has increased by more than 30 % as we have onboarded new to bank retail & corporate customers. Our revenues have shot up by nearly 50 % and costs have been maintained at reasonable levels with delinquency under control. We have opened 4 sales and service centers and deployed 17 ECRMs across the country. On the product front we have launched new consumer and corporate financing and payment options to facilitate account access.

At MIB, we have worked as a cohesive team and brought about a massive change across all our business verticals. This has happened primarily by listening to our customers and improving our processes with the use of technology. Our journey continues unabated each day as we keep evolving as an institution. We keep challenging ourselves incessantly to learn from our mistakes and to develop a customer centric approach for creating service excellence. Our indomitable human spirit backed by our ambitious agenda to be seen as an innovator is what drives and differentiates Maldives Islamic Bank.

In 2024, we executed more than 150 initiatives across multiple businesses and support verticals. A few of these encompassed, upgrading our technology stack, improving our penetration in acceptance business by deploying more than 1,000 POS terminals, launching our new Faisanet and mobile banking platform, automating back-office processing, launching the Bingaa investment proposition for children and enhancing customer experience at our Male main branch. Our contact center was

upgraded to address increasing customer queries, the payroll proposition was enhanced and many initiatives carried out to enhance customer awareness about cyber security. We organized the annual guest house symposium with many industry players in attendance and launched our overdraft facility for corporates whilst business day events were carried out throughout the year to engage with corporate and SME customers. We also did much work on the CSR front by working with institutions engaged in social, environmental and philanthropic work across the Maldives.

Calendar theme

I wish to dwell a little about the theme for the two calendars we came out with in 2024 & 2025. As an Islamic Bank we reach out to our customers and stakeholders to elucidate and bring forth the enriching legacy of the Islamic world and its contribution towards promoting a scientific temperament and an acumen of logic and intellectualism amongst the adherents of its faith. Notwithstanding, the civilisational finesse achieved through its cultural and artistic heritage.

For the year 2024, we dwelt upon the theme of Islamic philosophy, logic and science explained through the achievements and lives of twelve scholars and philosophers who influenced a universal cultural and scientific dominion. Islamic philosophers and men of science wrote many treatises and translated ancient texts, thereby enriching, and advancing a comprehensive understanding across multiple fields like mathematics, astronomy, scientific technology, geography, economic, humanities, law and medicine. This knowledge exchange was facilitated by extensive trade networks, like the Silk Road and ocean routes, fostering a cross-pollination of ideas and innovations that laid foundations for the renaissance, scientific & industrial revolution.

For 2025, the theme rested upon the contribution of 12 Islamic empires that donned different regions and eras of our world. The legacy of these Islamic Empire's continues to be reflected in our modern world. They have left an incredible mark on globalization and world history. From the early caliphates to the last Ottoman Empire, all have contributed significantly to the landscapes of different eras. This scientific and cultural exchange along with their military exploits seems obvious to our modern sensibilities, but at the time, it was an entirely new way of thinking about the world.

The adherents of Islam are in all continents across the world. They coexist and mingle with people of other faiths and continuously exchange ideas and philosophy that have enriched our world. Out of this confluence has emerged a syncretic civilization that encapsulates the good of all that humanity has to offer.

Annual Report design

Coming to the design for our annual report. In 2023, we had commissioned a Maldivian artist "Shimha Shakeeb" to sketch out the stunning natural landscape of the country and a few historical monuments that dot the Maldives. These were then reproduced in the cover and inside pages of the annual report. This was our attempt to highlight the beauty and heritage of Maldives. These hand-crafted sketches now adorn the walls of our Head Office in Male.

At Maldives Islamic Bank, we believe that patronage for the artist community inspires them and imparts to them the freedom to develop their creative ideas. Moreover, any recognition of their status as persons actively engaged in cultural work should in no way compromise their freedom of creativity, expression, and communication. A curated selection of artworks by Maldivian artists adorns our offices, you are most welcome to appreciate them by visiting us.

For this year's annual report, we decided on a photography theme that would display the talent of our team. Staff members were asked to submit photographs they would have clicked over the years. Twenty of these curated photographs have been reproduced in the annual report with credits given to the photographer. We believe that annual reports are not merely a record of the financial and business achievements of institutions rather they reflect the persona and character of the institution along with the values it stands for.

MIB in 2025

I am excited for the road ahead and what 2025 has in store. I know that all of us at MIB remain eager to continue growing and supporting our clients in every endeavour. 2024 showcased the potential of what MIB can accomplish, and I am confident that 2025 will bring even greater opportunities for innovation, growth, and meaningful impact. Here is to an exciting year ahead.

The last three years have laid a firm foundation for our next phase of quality growth. We have prepared ourselves to take the essential next step towards acceleration. We will redouble our commitment to unlock more value from our Bank and go beyond the benchmarks we have set. In summary, we are now moving to the second phase of acceleration. I list below a few critical measures that we would be working to largely reinforce our operational control by focusing on risk and technology.

- Be highly disciplined in considering today's real map of risks, and consider diverse perspectives from the board, leadership, specialists and advisors.
- Build strong internal control across our operations and technology teams to minimise operational losses and remain agile to internal and external frauds
- Focus on traditional industry risks and new unfolding risks. The perils resulting from evolving markets, business and operating models would have to be dealt with alacrity by strengthening the speed and agility of organizational risk management programs.
- The banks' business growth strategies may require further adjustments in lieu of economic and geopolitical uncertainty. We will closely monitor the local economy and take proactive measures to safeguard our financing and deposit business.
- Finding the right balance or confluence between automation and personalization is the riddle-du-jour for today's bankers, and it requires a much more nuanced approach to decision making. By embracing AI and digital technology, whilst keeping the human touch at the forefront, we can provide a digital banking experience that is both efficient and personalized. We will strive to earn stakeholder confidence and acceptance by transparently communicate the responsible principles at the heart of disruptive technology development. We will not build digital assets without compassion and empathy ingrained in them. We strongly believe that there is no place for arrogance in technology.
- Remain focused on "Customer engagement ". For MIB it is the customers financial journey and lifestyle that results in increased loyalty, advocacy, and customer lifetime value. Engagement helps deliver more personalized service during a customer's financial journey and helps curates those experiences for them. It is no longer a "nice-to-have" for the thriving bank of today, it is increasingly become table stakes. Knowledge and data about your customer are power. We will use Business Intelligence and Data Analytics as a tool to deeply ingratiate and embed ourselves with the customer's financial journey.
- Implement an enhanced CRM module, a more vigilant fraud management system, upgrade our AML and sanction monitoring tools, automate our reconciliation process, increase back-office process automation, implement Enterprise-Wide Risk Management System, have a dedicated Project Management Office and implement a revamped core banking system are some of the critical tasks we have at hand in 2025.
- Focus on creating an enterprise-wide, cyber security-focused culture, and embed this approach across all levels and stages of product development and customer service.
- A banking relationship is built on a foundation of trust, hence prioritizing security and privacy is critical. Anything that diminishes that trust erodes the level of engagement a customer has with the Bank. It is essential that we understand the importance of maniacally protecting security and data privacy and that appropriate tools are in place to isolate and mitigate risks.
- Encourage employee exploration with Gen AI with appropriate training, rules and guidelines to help build internal understanding and workforce skill sets in preparation for an AI-induced shift in workplaces and functions.
- Develop a unique employee value proposition, tailored to the values and expectations of varying employee segments. Strive to ensure transparent and consistent delivery to help meet employee expectations and retain this talent.
- Develop a compelling and accurate narrative to better help attract younger and discerning prospective talent.
- Consider intensifying both traditional training and developing out-of-the-box tactics to help meet next-generation employee demand for development. Help facilitate knowledge transfer and bake flexibility into programs to better engage diverse employee segments.
- Continue to make the necessary investments in specialized technologies, systems and talent to comply with rising compliance obligations and help drive underlying business and culture change.

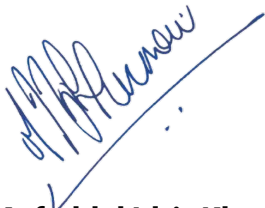
In Conclusion

I wish to express my earnest gratitude to our customers, all staff of MIB, Board members, the Shariah Supervisory committee and other partners and stakeholders of MIB for their continuous guidance, motivation, and supervision. You have been a catalyst in our progress through your unwavering support and belief in our abilities to deliver.

On a closing note, I chose to share some philosophical truths from the works of Khalil Gibran and Rumi. These maxims resonate with our daily lives. I hope that you take a moment to read and contemplate upon them.

- When you reach the end of what you should know, you will reach the beginning of what you should sense - Gibran
- Raise your words, not voice. It is rain that grows flowers, not thunder - Rumi
- I have learned silence from the talkative, Toleration from the intolerant, Kindness from the unkind, Yet, strange, I am ungrateful to those teachers - Gibran
- What you seek; is seeking you - Rumi
- I used hate as a weapon to defend myself; had I been strong, I would have never needed that kind of a weapon - Gibran

It is indeed astounding, the intensity you can create with words! But are people interpreting them? Is somebody listening! May the divine grant us equanimity and sagacity.



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