



Maldives Islamic Bank

FOURTH QUARTER REPORT 2021

October to December 2021



YOUR SERVICE - OUR PRIORITY

www.mib.com.mv

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 20% 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
Branch & Atm

Gnaviyani Fuvahmulah
Branch & Atm

Addu City Hithadhoo
Branch & Atm

Addu City Feydhoo
Atm

■ BRANCH

● ATM

TABLE OF CONTENTS

SUMMARY	5
STATEMENT OF COMPLIANCE	5
BUSINESS DEVELOPMENTS	6
MARKETING ACTIVITIES	7
SHAREHOLDING STRUCTURE	8
BOARD AND GOVERNANCE	9
CORPORATE SOCIAL RESPONSIBILITY	12
FINANCIAL HIGHLIGHTS	12
FINANCIAL STATEMENTS	13
INVESTOR INFORMATION	17
SHARIAH COMPLIANCE REVIEW	17
EXTERNAL AUDITOR'S LIMITED REVIEW	17

SUMMARY

As households and businesses vigorously outlived a second year of Covid-19 related disruption and uncertainty, and most of the economic activities have presumably returned to pre-pandemic normals, MIB was able to demonstrate the value of its robust business model, delivering continued growth and returns to its stakeholders. The Bank ended 2021 in a position of strength, with a growing base of customers and a robust capital position, providing us with a strong foundation upon which to continue building our business in 2022.

The Bank's financial results continue to gain at a satisfactory level. The Reported Total Revenue for the final quarter of the year was MVR 73.4 million, 8.15% higher than the previous quarter. This is the highest the Bank has recorded in revenues during the past two years. Net Profit for the quarter was lower at MVR 9.70 million compared to MVR 24.02 million of Q3 2021, reflecting higher expenses which grew by 68.71%, owing to a swift growth in impairment losses on financial assets. This spike in the costs was partially offset by higher revenues reported during the quarter, and the Bank was able to record 8.97% higher Net Profit for the year.

The Balance Sheet position of the Bank was higher by 6.24% from the previous quarter, as Total Assets of the Bank is now valued at MVR 5.51 billion compared to MVR 5.18 billion of Q3 2021. Customer Deposit portfolio of the Bank continued to grow, as it remained at MVR 4.44 billion by the end of the quarter, while MVR 4.12 billion was recorded for the same during Q3 of 2021. Additionally, the Bank's cash position improved, although Earnings Per Share was lower than the previous quarter, Net Assets and Cash Flow per share recorded positive growth.

Although the future remains hard to predict primarily due to challenges connected to the ongoing pandemic, it is clear that the Bank's footprint and significant investments in digital capabilities have positioned the Bank for a very bright future.

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

BAAZAARU SERVICE CENTRE SERVICE UPGRADINGS

In order to provide more flexibility for our customers, starting from 21st November 2021, MIB's Baazaar Service Centre operating hours are changed from 10 am to 6 pm daily. This change provides more access time for customers who are traditionally unable to visit the Bank during official working hours. MIB's Baazaar Service Centre opened during 2019 specializes as an e-banking service centre now, which facilitates customers onboarding and activating to MIB's e-banking platforms.

Customers can collect their cards and apply for cards and internet banking at the Baazaar Service Centre along with all other services required for activating those services including updating of information.

APPLY NOW PORTAL

Following popularity of the Bank's ApplyNow Portal launched during Q3 2021 as a contactless application form and document submission platform, various service improvements and enhancements were brought to the portal towards the end of Q4 2021. These included expansion of application types that were accepted among others. Additional service capabilities including submission of Ujaalaa Dhiriulun applications, quotation for Ujaalaa Dhiriulun financing, Debit Card applications, internet banking application, individual TT applications, reference letter request, and facility statement request was integrated into the portal during the quarter.



This secure platform was initially launched for MIB customers for contactless submission of their information update forms.

MARKETING ACTIVITIES

During Q4 of 2021, MIB conducted the following marketing campaigns aimed towards increasing deposit and utilization.

UJAALAA CONSUMER FINANCING PROMOTION FOR HIYAA RESIDENTS and Living Expo

In order to assist the Bank's customers and citizens who have received flats under the Hiyaa scheme, MIB organized special marketing promotions and direct marketing events to facilitate consultation sessions, awareness of product as well as to create a fast track to submit and process the applications.

As part of the promotion, the Bank participated in special events with strategic partners including the Living Expo which was held in Hulhumale' Central Park from 18th to 20th of November.

UPGRADED "UJAALAA CAR" FINANCING LAUNCHED

The Bank re-launched its existing car financing facility under the brand name of "Ujaalaa Car". The facility is an improved and new Ujaalaa financing facility that matches the market rate. The facility is designed to assist individuals to purchase their desired cars under their own names. Based on the Islamic finance principle of Murabahah, the Bank's new Ujaalaa Car financing provides a maximum limit of MVR 400,000, where repayment period is flexed over a tenure of 5 years.



APPLY ONLINE

mib.mv/applynow

■ 5 400,000

mibmv MaldivesIslamicBank customercare@mib.com.mv

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 the biggest discount scheme in Maldives at the moment, with over 100 shops and businesses. With this scheme, customers are eligible for discounts up to 25% when they pay to accepted dealers using MIB Visa cards. The promotion is run on electronic and physical mediums including window stickers and pull up banners on different merchant locations.

SHAREHOLDING STRUCTURE

During the reporting period, shareholding structure of the Bank remains unchanged compared to Quarter 03 of 2021. The current shareholding structure of the Bank is as follows.

	Q4 – 2021		Q3 - 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.	1,130,152	5.02%	1,130,152	5.02%
Public Shareholders				
1. Maldives Pension Administration Office	2,369,370	10.53%	2,369,370	10.53%
2. Others	4,600,485	20.45%	4,600,485	20.45%
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 9 (nine) Directors and shall include at least 4 (four) Nominee Directors, at least 1 (one) Elected Director, at least 2 (two) Independent Directors and at least 2 (two) Executive Directors.

The quarter began with a total of 09 Directors in the Board. Following the EGM held on 28th October 2021, the Board now consists of 10 Directors including 02 newly appointed Directors:

Name	Designation	Committee	Date of Appointment / Re-appointment
Mr. Najmul Hassan <i>Nominee Director</i>	Chairman (Non-Executive Director)	BRCC, BNRC	20/11/2021
Mr. Mohammed Aatur-Rahman Chowdhury <i>Nominee Director</i>	Non-Executive Director	BAC, BNRC	28/10/2021
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. Rajiv Nandlal Dvivedi * <i>Independent Director</i>	Independent Non-Executive Director	-	28/10/2021
Mr. Kazi Abu Muhammad Majedur Rahman * <i>Independent Director</i>	Independent Non-Executive Director	-	28/10/2021
Mr. A.E.A. Muhaimen ** <i>Executive Director</i>	Managing Director & CEO	-	27/06/2019
Mr. Ali Wasif <i>Executive Director</i>	CFO	-	27/06/2019

* Mr. Kazi Abu Muhammad Majedur Rahman and Mr. Rajiv Nandlal Dvivedi was appointed to the Board of Directors of the Bank in the Extraordinary General Meeting (“EGM”) of the Bank held on 28th October 2021, as Independent Directors.

** Mr. Abul Ehtesham Abdul Muhaimen was terminated as Managing Director & CEO of the Bank on 30th December 2021.

FREQUENCY OF MEETINGS

	Q4 – 2021	Q3 – 2021
Board of Directors	08 (Eight)	03 (Three)
Board Risk and Compliance Committee (BRCC)	02 (Two)	02 (Two)
Board Audit Committee (BAC)	03 (Three)	02 (Two)
Board Nomination and Remuneration Committee (BNRC)	04 (Four)	03 (Three)
Special Committee *	02 (Two)	-

* Special committee was formed by the Board of Directors with the following members among the Directors:

- Mr. Hassan Mohamed
- Mr. Ali Shareef
- Mr. Ahmed Ali

SIGNIFICANT BOARD DECISIONS

- Approved the renewal of term of ICD nominated Board Directors.
- Approved the appointment of new Independent Director candidate. The appointment was confirmed at the Shareholders meeting held on 28th October 2021.
- Approved to nominate Directors as Alternate Chairman at the EGM of the Bank.
- Reviewed and approved the amendments to Shariah Compliance Manual of the Bank as proposed by the Shariah Board.
- Reviewed and approved Bank’s Quarterly Report for the Third Quarter of 2021.
- Approved to send the Internal Audit report on Executive Remuneration to MMA.
- Approved to hire an independent legal firm to conduct the investigation on the observations of the Internal Audit report of Executive remuneration.
- Approved the temporary placement off-duty of the Managing Director & CEO.
- Approved to form a Special committee of the Board of Directors on 30th October 2021.
- Reviewed and approved the Fraud Risk Prevention & Control Policy of the Bank.
- Reviewed and approved the Business Plan and Budget for the Financial Year 2022.

- Reviewed and approved the amendments to the Policy manual on Anti-Money laundering & Counter Financing of Terrorism.
- Approved the selection of independent law firm to conduct investigation on the Internal Audit report on Executive remuneration.
- Resolved that Managing Director & CEO be dismissed effective from 30th December 2021, and he is not Fit & Proper as per the applicable laws and regulations.

PENALTIES IMPOSED BY THE REGULATOR

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

MATERIAL TRANSACTIONS WITH THE DIRECTORS/SUBSTANTIAL SHAREHOLDERS

There are no material transactions beyond ordinary course of business with directors, significant shareholders or associates during this quarter.

CORPORATE SOCIAL RESPONSIBILITY

In our ongoing efforts to support the education sector, the Bank donated some much needed equipment to schools based on their requirements. Also we sponsored the top awards for the Quran competition held by G.Dh Thinadhoo Council and the School Award night of Addu Sharafuddin School. We remain steadfast in supporting the educational sector which is a core-part of our CSR agenda.

FINANCIAL HIGHLIGHTS

(All amounts in MVR'000 unless otherwise stated)

	Oct - Dec 2021	Jul - Sep 2021	12 Months 2021 Unaudited	12 Months 2020 Audited
Total Revenue	73,399	67,865	271,547	248,711
Total Expenses	(60,460)	(35,836)	(162,198)	(141,399)
Net Profit	9,704	24,022	82,012	75,261
Earnings Per Share	0.43	1.07	3.64	3.34
Nets Assets per Share	29.76	29.32	29.76	27.34
Cash Flow per Share	68.50	57.31	68.50	54.42

FINANCIAL STATEMENTS

Income Statement (Unaudited) - Quarter ended 31 December 2021

(All amounts in MVR'000 unless otherwise stated)

	Oct - Dec 2021	Jul - Sep 2021	12 Months 2021 Unaudited	12 Months 2020 Audited
Gross Income				
Income from Financing and Similar Income	78,943	73,410	298,440	273,691
Profit Paid on Customer Accounts and Similar Charges	(13,413)	(14,056)	(58,382)	(50,152)
Net Fund based Income	65,530	59,354	240,058	223,539
Fee and Commission Income	9,745	8,849	34,033	25,468
Fee and Commission Expense	(1,918)	(645)	(3,092)	(838)
Net Fee and Commission Income	7,827	8,204	30,941	24,630
Other Operating Income	42	307	548	542
Total Operating Income	73,399	67,865	271,547	248,711
Loss on Fair Valuation of Financial Instruments Mandatorily Measured at FVTPL	-	-	-	-
Personnel Expenses	(19,508)	(18,589)	(71,883)	(66,640)
General and Administrative Expenses	(14,527)	(9,432)	(40,753)	(36,639)
Depreciation and Amortization	(7,177)	(6,671)	(26,953)	(23,967)
Total Operating Expenses excluding Provision	(41,212)	(34,692)	(139,589)	(127,246)
	-	-	-	-
Operating Profit (Profit before Provisions)	32,187	33,173	131,958	121,465
Net Impairment Losses on Financial Assets	(19,248)	(1,144)	(22,609)	(14,153)
Profit Before Tax	12,939	32,029	109,349	107,312
Income Tax Expense	(3,235)	(8,007)	(27,337)	(32,051)
Net Profit	9,704	24,022	82,012	75,261
Basic Earnings Per Share	0.43	1.07	3.64	3.34

Statement of Financial Position (Unaudited) - As at 31 December 2021

(All amounts in MVR'000 unless otherwise stated)

	31-Dec-21	30-Sep-21	31-Dec-2020 Audited
Assets			
Cash, Short Term Funds & Balances with MMA	1,541,191	1,289,400	1,224,421
Minimum Reserve Requirement with MMA	396,105	362,085	230,318
Investments in Equity Securities	64,200	64,200	64,200
Investments in Other Financial Instruments	885,563	906,435	482,721
Net Receivables from Financing Activities	2,350,838	2,315,242	2,212,908
Property, Plant and Equipment	63,518	63,664	60,328
Right-of-Use Assets	107,445	82,319	87,589
Other Assets	98,635	100,539	54,280
Total Assets	5,507,495	5,183,884	4,416,765
Liabilities			
Customers' Accounts	4,443,496	4,122,485	3,431,020
Lease Liabilities	98,604	85,083	88,379
Other liabilities	295,882	316,507	282,302
Total Liabilities	4,837,982	4,524,075	3,801,701
Equity			
Share Capital	337,500	337,500	337,500
Retained Earnings	135,611	114,108	93,270
Statutory Reserve	150,000	150,000	132,746
Other Reserves	46,402	58,201	51,548
Total Equity	669,513	659,809	615,064
Total Liabilities and Equity	5,507,495	5,183,884	4,416,765



Ali Wasif
Chief Financial Officer



Ahmed Riza
Acting CEO



Ahmed Ali
Chairman / BAC

Statement of changes in Equity (Unaudited) - Quarter ended 31 December 2021

(All amounts in MVR'000 unless otherwise stated)

	Share Capital	Retained Earnings	Statutory Reserve	Other Reserves	Total Equity
Balances as at 1 January 2021	337,500	93,270	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	139,387	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	97,243	144,817	56,227	635,787
Net profit for the quarter	-	24,022	-	-	24,022
Dividends to equity holders	-	-	-	-	-
Transferred to reserves	-	(5,183)	5,183	-	-
Transferred to Non-Distributable Capital Reserve	-	(1,974)	-	1,974	-
Issue of Shares	-	-	-	-	-
Balance as at 30 September 2021	337,500	114,108	150,000	58,201	659,809
Net profit for the quarter	-	9,704	-	-	9,704
Dividends to equity holders	-	-	-	-	-
Transferred to reserves	-	-	-	-	-
Transferred to Non-Distributable Capital Reserve	-	11,799	-	(11,799)	-
Issue of Shares	-	-	-	-	-
Balance as at 31 December 2021	337,500	135,611	150,000	46,402	669,513

Statement of Cash Flows (Unaudited) - Quarter ended 31 December 2021

(All amounts in MVR'000 unless otherwise stated)

	Oct - Dec 2021	Jul - Sep 2021	12 Months 2021 Unaudited	12 Months 2020 Audited
Cash Flows from Operating Activities	29,298	31,170	126,335	111,179
Changes in Operating Assets and Liabilities	237,430	10,148	799,891	423,874
Cash Flows from Investing Activities	(10,113)	(8,493)	(566,196)	(13,606)
Cash Flows from Financing Activities	(4,824)	(19,750)	(43,260)	-
Net increase/ (used) in Cash and Cash Equivalents	251,791	13,075	316,770	521,448
Cash and Cash Equivalents at beginning of Period	1,289,400	1,276,325	1,224,421	702,973
Cash and Cash Equivalents at end of Period	1,541,191	1,289,400	1,541,191	1,224,421

INVESTOR INFORMATION

Highest Traded Price	MVR 37.00
Lowest Traded Price	MVR 31.00
Last Traded Price	(on 21 st Dec 2021) MVR 36.00
Weighted Average Traded Price	MVR 33.88
Number of Securities Traded	3,412
Value of Securities Traded	MVR 115,604.00
Market Capitalization	MVR 762,300,237.00
Dividend Yield	3.62%
Price Earnings Ratio **	9.30
Total No. of Shareholders at the end of Quarter	16,160

** *annualised*

SHARI'AH COMPLIANCE REVIEW

Maldives Islamic Bank PLC. is the only full-fledged Shari'ah compliant bank in the Maldives. The business of the Bank remains Shari'ah compliant as per the regulation on Shari'ah Screening of Equity Securities of Capital Market Development Authority since its inception. The level of Shari'ah compliance during the quarter remains unchanged compared to Quarter 03 of 2021.

EXTERNAL AUDITOR'S LIMITED REVIEW

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

