

Housing Development Finance Corporation PLC.

QUARTERLY REPORT

03/2017



Housing Development Finance Corporation Plc.

www.hdfc.com.mv

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Development of the Company

PROGRESS

- The second Islamic Sukuk of MVR 150,000,000/- was opened to public on 6 August, 2017 and closed on 18 October 2017. The Funds raised by this Sukuk will be utilized to Shariah compliant mortgage financing facilities under HDFC Amna.
- ERP implementation is in progress.
- DMS Document Management is in progress which includes archiving and document management. (23.15% of the project is completed)
- Housing Development Corporation have signed an agreement with Batch Construction Pvt. Ltd to develop 69 mixed –use residential units in the Harbor View area of Hulhumale'. This is a 26months project and the foundation for this project was laid in June 2017, and processing of application continued in Q3.

EMPLOYMENT DATA

<i>July 2017– September 2017</i>	<i>Local</i>	<i>Expatriate</i>	<i>Total</i>
No. of staff at beginning	35	-	35
No. of staff resigned/terminated	04	-	04
No. of staff employed	04	-	04
No. of staff at end of the quarter	35	-	35

Note: this includes 2 staff on contract for ERP

STAFF DEVELOPMENT

- One member of staff is on a sponsored full-time study program for Bachelor of Arts in Architectural design at Maldives National University.
- One member of staff participated in a Workshop on Assessment of Finance Sector in consideration to Energy Efficient appliances, organized by Maldives National University.
- All staff participated in a 2 day in-house training session on Islamic Finance conducted by Dr. Aishath Muneeza.
- Management members and accounting staff participated in IFRS 9 information session organized by KPMG.
- Two member of staff participated in International Conference on Islamic Awakening conducted by Maldives Islamic University.
- Induction sessions were held for 3 new staff organized by in-house training team.

Administration

BOARD ACTIVITIES

<i>July-September, 2017</i>	<i>No. of Meeting</i>	<i>Date</i>
Board Meeting	One	30 July 2017
Nomination and Remuneration Committee Meeting	One	30 July 2017

CHANGES IN THE MEMBERS OF THE BOARD

No Changes in the Board Directors

MAJOR BOARD DECISIONS

- Board resolved to issue MVR 150 million Islamic Sukuk and to list at Maldives Stock Exchange. (MSE)
- Board resolved to open a General Investment (GI) Account at MIB.
- Board resolved to avail an additional MVR 40 million term loan from Habib Bank Limited.
- Board resolved the signing matrix for HSBC.

Major Decisions made by the Nomination and Remuneration Committee

- The three Senior Managers were promoted as Assistant General Managers

Financial Statements

STATEMENT OF FINANCIAL POSITION (UNAUDITED)

AS AT 30 SEPTEMBER 2017

	Quarter 3	Quarter 2 (Revised)
(all amounts are in MVR)	30-Sep-17	30-Jun-17
ASSETS		
Cash and short term funds	40,894,276	59,702,865
Financial Assets Held to Maturity	10,000,000	19,990,821
Loans and Advances to Customers	1,361,466,032	1,358,787,726
Property, Plant and Equipment	1,299,439	1,226,828
Intangible assets	414,002	157,106
Deferred tax asset	51,431	51,431
Other assets	8,361,137	9,048,328
Total assets	1,422,486,317	1,448,965,106
LIABILITIES		
Deposits from customers	66,180,544	64,604,460
Borrowings	707,540,544	746,767,600
Other liabilities	128,625,106	133,703,179
Total Liabilities	902,346,193	945,075,239
EQUITY		
Share capital	159,375,000	159,375,000
Advance for Share Capital	51,407,100	51,407,100
Retained earnings	292,221,544	275,971,286
General Reserve	15,000,000	15,000,000
Staff Education Reserve	2,136,480	2,136,480
Total shareholders' equity	520,140,124	503,889,866
TOTAL EQUITY AND LIABILITIES	1,422,486,317	1,448,965,106



Mohamed Shafeeq
Assistant General Manager
(Finance)



Raheema Saleem
Managing Director

INCOME STATEMENT (UNAUDITED)

FOR THE QUARTER JULY 2017- SEPTEMBER 2017

	Quarter 3	Quarter 2 (Revised)
(all amounts are in MVR)	30-Sep-17	30-Jun-17
Gross income	39,289,027	40,758,155
Interest income	32,689,511	33,078,895
Interest expense	(10,177,327)	(10,680,500)
Net interest income	22,512,184	22,398,395
Net income on Shari'ah products	5,149,053	5,645,961
Fee income	1,043,692	1,515,416
Other income	406,771	517,883
	6,599,516	7,679,260
Operating income	29,111,700	30,077,655
Provision for Impairment loss on loans and advances	(5,426,825)	(7,270,856)
Personnel expenses	(2,100,979)	(2,738,953)
Other operating expenses	(1,608,614)	(1,777,707)
Profit before tax	19,975,281	18,290,139
Tax expense	(3,725,023)	(4,108,935)
Profit for the period	16,250,258	14,181,203
Earnings Per Share - basic	10.20	8.90



Mohamed Shafeeq
Assistant General Manager
(Finance)



Raheema Saleem
Managing Director

CASH FLOW STATEMENT (UNAUDITED)

FOR THE QUARTER ENDED 30 SEPTEMBER 2017

	Quarter 3	Quarter 2 (Revised)
(all amounts are in MVR)	30 September 2017	30 June 2017
Cash Flow from Operating Activities		
Operating Profit	16,250,258	14,181,203
Add: Impaired losses on loans and advances	5,426,825	7,270,856
Depreciation	141,529	124,135
(Increase)/Decrease in loans and advances to customers	(8,105,132)	(29,777,439)
(Increase)/Decrease in Other assets	687,192	930,135
(Increase)/Decrease in Financial Assets held to maturity	9,990,821	(34,812)
Increase/(Decrease) in due to customers	1,576,084	(1,021,061)
Increase/(Decrease) in other liabilities	(5,078,073)	7,716,164
Net Cash Flow from Operating Activities	20,889,504	(610,820)
Cash Flow from Investing Activities		
(Purchase)/sale of Property, Plant and Equipment	(471,037)	(76,222)
Net Cash Flow from Investing Activities	(471,037)	(76,222)
Cash Flow from Financing Activities		
Proceeds from borrowed funds and debt securities	871,800	28,123,036
Repayment of borrowed funds and debt securities	(40,098,857)	(34,012,889)
Dividends paid	-	(31,874,960)
Net Cash flow Financing Activities	(39,227,057)	(37,764,813)
Net Increase in Cash and Cash Equivalent	(18,808,590)	(38,451,855)
Cash and Cash Equivalents at the beginning of the period	59,702,865	98,154,720
Cash and Cash Equivalents at the end of the period	40,894,276	59,702,865



Mohamed Shafeeq

Assistant General Manager
(Finance)



Raheema Saleem

Managing Director

AMNA (ISLAMIC WINDOW) INCOME STATEMENT

FOR THE QUARTER ENDED 30 SEPTEMBER 2017

	Quarter 3	Quarter 2 (Revised)
(all amounts are in MVR)	30 September 2017	30 June 2017
Gross income	8,541,795	8,666,694
Revenue	8,452,325	8,177,793
Investment Charges	(3,392,742)	(3,020,733)
Net investment income	5,059,584	5,157,060
Fees and commissions	89,470	488,901
Operating Income	5,149,053	5,645,961
Staff Costs	(196,639)	(181,266)
Administration & Operating Expenses	(513,655)	(363,066)
Bank Charges	(804)	(48,432)
Depreciation	(28,306)	(23,586)
Net Operating Expenses	(739,405)	(616,349)
Net Profit for the Quarter	4,409,649	5,029,612



Mohamed Shafeeq

Assistant General Manager
(Finance)



Raheema Saleem

Managing Director

AMNA (ISLAMIC WINDOW) STATEMENT OF FINANCIAL POSITION

FOR THE QUARTER ENDED 30 SEPTEMBER 2017

	Quarter 3	Quarter 2 (Revised)
(all amounts are in MVR)	30 September 2017	30 June 2017
Cash and Short term funds	28,543,695	27,329,151
Mortgage facilities	278,351,152	274,001,060
Non - Current Assets	342,688	262,947
Other Assets	169,424	213,338
Total Assets	307,406,959	301,806,496
Customer deposits	11,799,463	11,621,872
Wakalah Facilities	152,188,262	152,188,262
Sukuk	22,566,000	22,566,000
Other liabilities	84,720,089	83,706,865
	271,273,813	270,082,999
Equity	36,133,146	31,723,497
Total Equity and Liabilities	307,406,959	301,806,496



Mohamed Shafeeq
Assistant General Manager
(Finance)



Raheema Saleem
Managing Director

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	780,928.00	100	78,092,800.00
2.	International Finance Corporation 18%	Shareholder	286,875.00	100	28,687,500.00
3.	Asian Development Bank 18%	Shareholder	286,875.00	100	28,687,500.00
4.	HDFC Investments Ltd. (India) 15%	Shareholder	239,062.00	100	23,906,200.00
5.	Mr. Ibrahim Naeem	Shareholder	1.00	100	100.00
6.	Ms. Raheema Saleem	Shareholder	1.00	100	100.00
7.	Mr. Hamid Yoosuf	Shareholder	1.00	100	100.00
8.	Mr. Mohamed Shahudy	Shareholder	1.00	100	100.00
9.	Ms. Aishath Rasheeda	Shareholder	1.00	100	100.00
10.	Mr. Mohamed Fathy	Shareholder	1.00	100	100.00
11.	Mr. Mohamed Hamdan Fahumy	Shareholder	1.00	100	100.00
12.	Mr. Ahmed Anwar	Shareholder	1.00	100	100.00
13.	Mr. Nahid Idrees	Shareholder	1.00	100	100.00
	Allocated to MD (if he/she does not have a share)		1.00	100	100.00
		TOTAL	1,593,750.00		159,375,000.00

**Not applicable as HDFC is only listed for debt securities.*

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 two Independent directors (1 from GOM and 1 from IFC).
<i>Composition of the BOD</i>	1.2	Complied	There is one 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	The new Land Tax Law and latest developments related to the Company were shared and updated.
<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, Assistant General Manager - Finance, Assistant General Manager -IT, Assistant General Manager - Credit, Senior Manager-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 2017 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.

<i>Financial Statements</i>	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 Assistant General Manager - Finance. Monthly, Quarterly and Semi-annually reports are signed by the MD and Assistant General Manager - Finance.
<i>Non-Financial Statements</i>	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.
<i>Systems to raise concerns</i>	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.
<i>Investor and Media Relationship</i>	9.1	Complied	HDFC maintains a close relationship with the media and investors and acts as a responsible Corporate Citizen at all times.
<i>Quarterly Newsletter</i>	9.2	Complied	HDFC discloses its business and other undertakings and events through its quarterly reports.
<i>Sustainability Reporting</i>	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 paid the required BPT to MIRA during the third quarter

Reporting Compliance

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