

Housing Development Finance Corporation PLC.

QUARTERLY REPORT

04/2017



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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. This is a 10 storey luxury real estate project split into two main towers. 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.
- The 3rd tower of Amin Avenue work in progress, which was exclusively financed by HDFC, will be completed by 31 March 2018.
- HDC has awarded 23 new housing plots, and execution in progress when completed 3508 housing units will be available in the market. These 23 plots is expected to be completed in 2019.
- HDFC started managing new Social Housing Scheme (HM FLATS-704) under the MOU signed between HDFC and Ministry of Housing and Infrastructure.

EMPLOYMENT DATA

<i>1st October 2017 – 31st December 2017</i>	<i>Local</i>	<i>Expatriate</i>	<i>Total</i>
No. of staff at beginning	31	-	31
No. of staff resigned/terminated	04	-	04
No. of staff employed	03	-	03
No. of staff at end of the quarter	30	-	30

Note: 34 includes one staff on 1 year contract for the Accounts Department and 1 for Amna and 1 to Addu Centre

STAFF DEVELOPMENT

- One Board Director (local) participated in a 1 day session on Corporate Governance and Effective Board Directorship. Organized jointly by CMDA and Women on Boards
- Three staff participated in a session organized MMA on preparation of financial returns.
- One member of staff on a sponsored full-time study program for Bachelor of Arts in Architectural design at Maldives National University(final semester)
- One member participated on a one day accounting forum organized by Auditor General’s Office
- One member participated on a one day workshop on IFRS organized by KPMG
- One member participated in a workshop on Assessment of Energy Efficiency Financing in the Maldives” organized by the Ministry of Environment and Energy.
- In-house training on Islamic Finance was held for all the staff
- Induction sessions for new staff were given on Credit and Accounts
- Two members participated in Housing Finance Management workshop in Loanvla, Mumbai organized by HDFC India

Administration

BOARD ACTIVITIES

<i>Oct to Dec 2017</i>	<i>No. of Meeting</i>	<i>Date</i>
Audit Committee	One	5 November 2017
Board Meeting	One	6 November 2017

CHANGES IN THE MEMBERS OF THE BOARD

No Changes in the Board Directors

MAJOR BOARD DECISIONS

- Board of Directors approved to issue a fixed rate income bond by the 1st Quarter 2018
- Board approved the Dividend for 2017
- Board approved Youth Housing Product
- Board approved to seek new funding lines from ADB and IFC

MAJOR DECISIONS MADE BY THE AUDIT COMMITTEE

- The Audited Financials for the half year ended 30 June 2017 was presented to the Audit Committee by PWC
- Audit Committee recommended to the Board an interim Dividend for distribution to its shareholders before the AGM
- Sharia Audit findings for Q 1, Q2 and Q3 of 2017 were presented to the Audit Committee by the Chairman of the Sharia Committee
- Presentation of internal audit for Q1,Q2,Q3 of 2017 were presented by KPMG

Financial Statements

STATEMENT OF FINANCIAL POSITION (UNAUDITED)

AS AT 31 DECEMBER 2017

	Quarter 4	Quarter 3 (Revised)
(all amounts are in MVR)	31-Dec-17	30-Sep-17
ASSETS		
Cash and short term funds	68,590,274	40,895,342
Financial Assets Held to Maturity	96,959,834	10,000,000
Loans and Advances to Customers	1,411,113,547	1,361,914,907
Property, Plant and Equipment	1,274,319	1,299,439
Intangible assets	385,118	414,002
Deferred tax asset	3,902,568	3,902,568
Other assets	7,821,359	8,327,448
Total assets	1,590,047,020	1,426,753,706
LIABILITIES		
Deposits from customers	68,941,037	66,149,115
Borrowings	822,076,400	707,535,841
Other liabilities	149,263,166	128,805,581
Total Liabilities	1,040,280,602	902,490,537
EQUITY		
Share capital	159,375,000	159,375,000
Advance for Share Capital	51,407,100	51,407,100
Retained earnings	321,847,838	296,344,589
General Reserve	15,000,000	15,000,000
Staff Education Reserve	2,136,480	2,136,480
Total shareholders' equity	549,766,418	524,263,169
TOTAL EQUITY AND LIABILITIES	1,590,047,020	1,426,753,706



Mohamed Shafeeq
Assistant General Manager
(Finance)



Raheema Saleem
Managing Director

INCOME STATEMENT (UNAUDITED)

FOR THE QUARTER ENDED 31 DECEMBER 2017

	Quarter 4	Quarter 3 (Revised)
(all amounts are in MVR)	31-Dec-17	30-Sep-17
Gross income	41,842,237	39,334,750
Interest income	33,306,374	32,646,534
Interest expense	(10,875,831)	(10,176,696)
Net interest income	22,430,543	22,469,838
Net income on Shari'ah products	6,440,020	5,165,226
Fee income	959,178	1,043,742
Other income	1,136,665	479,247
	8,535,863	6,688,215
Operating income	30,966,406	29,158,053
Provision for Impairment loss on loans and advances (made)/ reversal	3,042,791	(5,426,825)
Personnel expenses	(2,247,052)	(2,097,794)
Other operating expenses	(2,475,504)	(1,608,614)
Profit before tax	29,286,640	20,024,820
Tax expense	(3,783,392)	(3,725,023)
Profit for the period	25,503,248	16,299,797
Earnings Per Share - basic	16.00	10.23



Mohamed Shafeeq
Assistant General Manager
(Finance)



Raheema Saleem
Managing Director

CASH FLOW STATEMENT (UNAUDITED)

FOR THE QUARTER ENDED 31 DECEMBER 2017

	Quarter 4	Quarter 3 (Revised)
(all amounts are in MVR)	31 December 2017	30 September 2017
Cash Flow from Operating Activities		
Operating Profit	25,503,248	16,299,797
Add: Impaired losses on loans and advances	(3,042,791)	5,426,825
Depreciation	147,000	141,529
(Increase)/Decrease in loans and advances to customers	(46,155,849)	(8,554,006)
(Increase)/Decrease in Other assets	506,089	720,880
(Increase)/Decrease in Financial Assets held to maturity	(86,959,834)	9,990,821
Increase/(Decrease) in due to customers	2,791,922	1,544,655
Increase/(Decrease) in other liabilities	20,457,585	(4,675,229)
Net Cash Flow from Operating Activities	(86,752,629)	20,895,272
Cash Flow from Investing Activities		
(Purchase)/sale of Property, Plant and Equipment	(92,997)	(471,037)
Net Cash Flow from Investing Activities	(92,997)	(471,037)
Cash Flow from Financing Activities		
Proceeds from borrowed funds and debt securities	159,036,000	455,800
Repayment of borrowed funds and debt securities	(44,495,442)	(39,687,559)
Issue of Ordinary Shares	-	-
Dividends paid	-	-
Staff Education Reserve	-	-
Net Cash flow Financing Activities	114,540,558	(39,231,759)
Net Increase in Cash and Cash Equivalent	27,694,932	(18,807,524)
Cash and Cash Equivalents at the beginning of the period	40,895,342	59,702,865
Cash and Cash Equivalents at the end of the period	68,590,274	40,895,342



Mohamed Shafeeq
Assistant General Manager
(Finance)



Raheema Saleem
Managing Director

AMNA (ISLAMIC WINDOW) INCOME STATEMENT

FOR THE QUARTER ENDED 31 DECEMBER 2017

	Quarter 4	Quarter 3 (Revised)
(all amounts are in MVR)	31 December 2017	30 September 2017
Gross income	9,664,181	8,553,265
Revenue	9,177,450	8,463,795
Investment Charges	(3,165,895)	(3,388,039)
Net investment income	6,011,555	5,075,756
Fees and commissions	486,731	89,470
Operating Income	6,498,286	5,165,226
Staff Costs	(132,570)	(159,914)
Administration & Operating Expenses	(1,019,749)	(495,839)
Bank Charges	(75,247)	(804)
Depreciation	(29,400)	(28,306)
Net Operating Expenses	(1,256,966)	(684,863)
Net Profit for the Quarter	5,241,320	4,480,362



Mohamed Shafeeq
Assistant General Manager
(Finance)



Raheema Saleem
Managing Director

AMNA (ISLAMIC WINDOW) STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Quarter 4	Quarter 3 (Revised)
(all amounts are in MVR)	31 December 2017	30 September 2017
Cash and Short term funds	111,327,803	28,682,259
Mortgage facilities	296,266,902	278,346,327
Non - Current Assets	331,887	342,688
Other Assets	145,750	162,686
Total Assets	408,072,342	307,533,960
Customer deposits	12,962,172	11,802,593
Wakalah Facilities	142,188,262	152,188,262
Sukuk	111,602,000	22,566,000
Other liabilities	99,874,729	84,773,246
	366,627,163	271,330,101
Equity	41,445,179	36,203,859
Total Equity and Liabilities	408,072,342	307,533,960



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
14.	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 four Independent directors (2 from GOM, 1 from ADB 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.

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 Assistant General Manager - Finance. Monthly, Quarterly and Semi-annually reports are signed by the MD and Assistant General Manager - 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 (WHT/BPT) to MIRA during the last quarter of 2017

Reporting Compliance

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