



THIRD QUARTER REPORT

July to September 2014



BANK OF MALDIVES



Bank of Maldives is proud to be the national bank of the Maldives. We touch the lives of almost every citizen of the country through our extensive network of branches, ATMs and online banking facilities. This privilege brings with it great responsibility which we take extremely seriously.

We understand that we play a pivotal role as an engine of growth and a partner for success for thousands of individuals, families and businesses. Our aim is to play an active role in community development and to create long-term value for our shareholders.

Our strategic pillars are Financial Inclusion, Customer Service and Support for Business. Our strategic foundations are People Excellence and Robust Risk Management.

We have embarked on a journey to transform our business to become a professionally managed, customer-oriented, financially robust organization which follows international best practices.

Our Business Strengths

Solid Financial Platform

- Deposit base MVR 11.3 billion
- Assets MVR 15.5 billion
- Strong capital position well above regulatory requirement

Strong Customer Base

- Leading market share in Retail, Corporate and SME segments
- Over 240,000 customers
- Market leader in self-service banking with largest number of online banking and ATM users

Leadership in Innovation

- First to launch POS services in Maldives
- First to launch cash and cheque deposit machines
- First to launch Internet Banking
- First to launch AMEX and Visa Credit and Debit cards

Leadership in Service Delivery

- Largest network of branches, ATMs and Point of Sale terminals in Maldives
- Exclusive acquirer and issuer of American Express cards in Maldives
- Only principal member in the Maldives for Visa and MasterCard
- Worldwide network of foreign correspondent banking relationships

Experienced and Dedicated Team

- Largest employer in the banking sector with over 800 dedicated employees
- Over 99% of our workforce are locals
- Most of the executive leadership team are experienced local professionals
- Almost one third of our staff are employed in the Atolls

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1. SUMMARY

Financial results for the third quarter of 2014 continued to be positive with a Net Profit of MVR 205 million, up MVR 105 million on the previous quarter. Net Profit for the year to date stands at MVR 378 million. Income grew by 16% during the quarter while expenses were well controlled. The quality of the loan book continued to improve and capital ratios are considered healthy being well in excess of regulatory requirements.

2. BUSINESS DEVELOPMENTS

- Some changes were made to the organization structure and management team to support the achievement of the Bank's strategic plan. Mr. Mohamed Shareef, previously Operations Director, has been appointed Retail Banking Director while four new members joined the executive team - Ms. Rashfa Jaufar was appointed as Credit Director; Ms. Sahar Waheed as People & Change Director; Mr. Adly Ahmed Didi as Technology Director; and Mr Rahul Kolangde joined as Corporate Banking Director.
- The Bank invested in state-of-the-art technology to improve the services we provide to our customers and we went live with one of the world's most advanced core banking systems during the quarter.
- A new Customer Service Team was established to tackle day to day customer service issues and to work towards building significant improvements in service levels. This team is led by Head of Customer Service, Mr. Moosa Nimal.
- In line with our strategy of financial inclusion, cash withdrawal services commenced in 09 islands during the quarter – B. Dharavandhoo, N. Holhudhoo, S. Feydhoo, Ha. Hoarafushi, M. Kolhufushi, M. Dhiggaru, M. Mullah, L. Maabaidhoo and L. Isdhoo.
- A healthy SME sector is vital for economic growth and job creation in our developing economy. During the quarter, over MVR 10 million of financing was provided to support government schemes and projects across a diverse range of sectors. The Bank has also commenced a research project to identify ways to provide a greater level of support to SMEs.
- Our staff played a key role in the Help Gaza Telethon which raised almost MVR 30 million to provide medicine, clean water and food to people in need in Gaza. We had 130 staff volunteers who helped make our role as Official Fund Manager to the telethon a very successful one.

3. KEY FINANCIAL INFORMATION

Balance Sheet - Quarter ended 30 September 2014

Consolidated Statement of financial position (Unaudited)

(All amounts in MVR'000 unless otherwise stated)

	Group		Bank	
	As at 30-Sep-14	As at 30-June-14	As at 30-Sep-14	As at 30-June-14
Cash, Short Term Funds & Balances with MMA	8,898,789	8,965,714	8,891,868	8,961,938
Loans and Advances	5,355,903	5,123,674	5,886,273	5,654,045
Assets held for Sale	530,803	530,803	-	-
Investment - Available for Sale	319	319	319	319
Investments in subsidiaries	-	-	20	20
Property, Plant and Equipment	334,868	330,270	334,868	330,270
Other Assets	418,139	271,220	417,509	270,546
TOTAL ASSETS	15,538,820	15,222,000	15,530,857	15,217,137
Deposits	11,307,698	11,998,042	11,307,698	11,998,042
Borrowings	465,229	496,356	465,229	496,356
Other liabilities	1,398,574	730,931	1,396,540	729,488
TOTAL LIABILITIES	13,171,502	13,225,330	13,169,467	13,223,887
Share Capital	269,096	269,096	269,096	269,096
Share Premium	93,000	93,000	93,000	93,000
Reserves	2,005,164	1,634,540	1,999,294	1,631,154
	2,367,260	1,996,636	2,361,390	1,993,250
Non-controlling interest	59	34	-	-
TOTAL SHAREHOLDERS' EQUITY	2,367,319	1,996,670	2,361,390	1,993,250
TOTAL EQUITY AND LIABILITIES	15,538,820	15,222,000	15,530,857	15,217,137



Nandana Senevirathne
Chief Financial Officer



Andrew Healy
CEO & Managing Director



Ibrahim Mohamed
Chairperson, Audit & Risk
Management Committee

Income Statement - Quarter ended 30 September 2014**Consolidated Income Statement (Unaudited)**

(All amounts in MVR'000 unless otherwise stated)

	Group		Bank	
	Q3 2014	Q2 2014	Q3 2014	Q2 2014
Gross Income	610,541	524,589	602,831	521,505
Interest Income and similar income	295,592	264,697	295,592	264,697
Interest Expense and similar charges	(39,739)	(42,304)	(39,739)	(42,304)
Net Interest Income	255,853	222,394	255,853	222,394
Fee and commission Income	96,955	111,517	96,955	111,517
Fee and commission expense	(40,076)	(40,524)	(40,076)	(40,524)
Net Fee and commission income	56,879	70,993	56,879	70,993
Other Operating Income	217,994	148,375	210,284	145,291
	530,726	441,761	523,016	438,677
Operating Expenses	(83,933)	(88,652)	(82,527)	(83,315)
Operating Profit (Profit before Provisions)	446,793	353,109	440,489	355,363
Provision for bad and doubtful debts	(174,032)	(219,146)	(174,032)	(219,146)
Profit before tax	272,761	133,963	266,457	136,216
Income tax expense	(67,560)	(33,716)	(66,614)	(34,054)
Net Profit / (Loss) for the quarter	205,201	100,247	199,843	102,162
Basic Earning per share (annualised)	139.96	68.24	136.15	69.60

Cash Flow Statement - Quarter ended 30 September 2014

Consolidated Statement of cash flows (Unaudited)

(All amounts in MVR'000 unless otherwise stated)

	Group		Bank	
	Q3 2014	Q2 2014	Q3 2014	Q2 2014
Cash flows from operating activities	276,642	274,667	273,422	276,481
Changes in operating assets and liabilities	(498,215)	1,298,496	(494,995)	1,296,682
Cash flows from investing activities	(21,603)	(21,603)	(21,603)	(21,603)
Cash flows from financing activities	(31,127)	(28,822)	(31,127)	(28,822)
Net increase in cash and cash equivalents	(274,304)	1,522,738	(274,304)	1,522,738
Cash and cash equivalents at beginning of the quarter	6,450,251	4,927,513	6,446,474	4,923,736
Cash and cash equivalents at end of the quarter	6,175,947	6,450,251	6,172,171	6,446,474

4. INVESTOR INFORMATION

	In MVR
Highest Traded Price	145
Lowest Traded Price	145
Weighted Average Traded Price	145
Market Capitalization	780,378,400
Price Earnings - Ratio	1.07
Dividend Yield	N/A

5. GOVERNANCE

5.1 Frequency of Board Meetings

The number of meetings held by the Board of Directors and its sub-committees during the 03rd quarter of 2014 were as follows:

	No. of Meetings
Board of Directors	03 (Three)
Board Credit Committee	03 (Three)
Audit & Risk Management Committee	06 (Six)
Appointment, Nomination & Remuneration Committee	05 (Five)

5.2 Activities carried out by the Board & Board Committees

- Approved revisions to organization structure and executive team
- Reviewed names forwarded by the Government as Nominee Directors
- Approved Anti-Money Laundering & Countering Financing of Terrorism Policy
- Approved appointment of Mr. Rahul Kolangde as Corporate Banking Director
- Reviewed Quarterly Report on activities of Internal Audit Department
- Approved revisions to Delegation of Authority Policy

5.3 Changes in the Board of Directors

As per the Articles of Association of the Bank, the Board shall consist of 11 members, which includes 08 Nominee Directors and 03 Public Elected Directors. At present 02 Nominee Director positions are vacant. The following are the 09 Directors on the Board.

	Name of Director	Category	Designation	Respective Committee
01	Mr. Andrew Healy Nominee Director (CEO & MD)	Non-Independent & Executive	Director	BCC
02	Mr. Mohamed Shareef Nominee Director	Non-Independent & Executive	Director	BCC
03	Mr. Ibrahim Mohamed Elected Director	Independent & Non-Executive	Director Chairperson of ARM Committee	BCC, ANR & ARM Committee
04	Mr. Mohamed Abdul Sattar Elected Director	Independent & Non-Executive	Director Chairperson of ANR Committee	BCC, ANR & ARM Committee
05	Mr. Murthala Mohamed Didi Nominee Director	Independent & Non-Executive	Director	BCC & ANR Committee
06	Mr. Abdul Haris Nominee Director	Non-Independent & Non-Executive	Director	BCC & ANR Committee
07	Mr. Mohamed Luveiz Nominee Director	Independent & Non-Executive	Director	BCC, ANR & ARM Committee
08	Mr. Ismail Mukhthaba Elected Director	Independent & Non-Executive	Director	ARM Committee
09	Mr. Mohamed Umar Nominee Director	Non-Independent & Non-Executive	Director	ARM Committee

The post of Chairman of the Board is currently vacant. The Articles of Association provide that any Director who is to chair the Board meetings needs to be a Nominee Director. Further the Chairman has to be an Independent Director as per the Corporate Governance Code issued by CMDA. Board meetings have been carried out by the Bank in accordance with these requirements.

6. CORPORATE GOVERNANCE COMPLIANCE

The Bank is committed to achieving high standards of corporate conduct and in this regard recognizes the importance of having in place a set of well-defined corporate governance practices and processes to enhance corporate performance and accountability. During the quarter, the Bank worked as always to achieve compliance with the provisions of its Corporate Governance Code which articulates best corporate governance practices. The Bank has also complied with the provisions of its internal policies and procedures which govern its day to day operations.

7. REPORTING COMPLIANCE

This report has been prepared taking into account the CMDA Circular on Minimum Quarterly Reporting Requirements for Listed Companies.

