HDFC

ANNUAL REPORT 2025

Housing Development
Finance Corporation Plc

ANNUAL REPORT 2025

بسم الله الرحمن الرحيم

HDFC Plc.
Annual Report 2025

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Definition

Annual Report 2025 comprises of the Annual Report of Housing Development Finance Corporation Plc. (HDFC) prepared in accordance with the Companies Act of the Republic of Maldives (7/2023), Listing rules of Maldives Stock Exchange, the Securities Act of Maldives Security Depository and Corporate Governance Code of Capital Market Development Authority Requirements.

Unless otherwise specified in the Annual Report, the terms 'HDFC', 'we', 'us' and 'it' refer to Housing Development Finance Corporation Plc. The word 'Company' refers to HDFC Plc., including financing facilities extended from the Amna (Islamic Window). References to the year in this report are, unless otherwise indicated, references to the Company's financial year ending 31st December 2025. All Financial statements of HDFC are prepared in accordance with International Financial Reporting Standards (IFRS).

Cautionary statement with regard to forward looking statements

HDFC's Annual Report comprises of forward-looking statements that are based on current expectations or views, as well as expectations about future events. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward looking statements frequently use words such as 'anticipate', 'target', 'expect', 'would', 'could', estimate', 'intend', 'plan', 'goal', 'believe', 'will', 'may', 'should' or other words of similar meaning. Undue reliance should not be placed on any such statements because, by their very nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, and HDFC plans and objectives to differ materially from those expressed or implied in the forward-looking statements.

There are several factors which could cause actual results to differ materially from those expressed or implied in forward-looking statements. Among the factors are changes in the global, economic, political, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates and future business combinations or dispositions. HDFC cannot guarantee future results, levels of activity, performance, or success.

KEY HIGHLIGHTS OF 2025

Portfolio (MVR)

1.62B

Total Income (MVR)

229M

Profit (MVR)

98.2M

Shareholders' Equity (MVR)

977M

Earnings Per Share (MVR)

6.16

Homeowners Created

6K+

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of Housing Development Finance Corporation Plc (HDFC) for the year ended December 31st, 2025.

Maldivian economy remained resilient in 2025, supported by prudent economic management, strong private sector participation, and sustained investor confidence. The Government advanced fiscal reforms and austerity measures initiated in 2024, focusing on strengthening investor confidence, supporting the Global Sukuk, and safeguarding financial sector stability amid elevated sovereign risk. Key measures included boosting foreign currency inflows through higher tourism-related taxes and fees, alongside expenditure controls such as subsidy rationalization, healthcare cost containment, and deferred capital spending. These actions helped manage refinancing risks, ease domestic liquidity pressures, and limit spillover risks to the financial sector, particularly given its exposure to government securities. Overall, the reform agenda was intended to reinforce macro-financial stability, preserve market access, and limit adverse impacts on funding conditions within the domestic financial sector.

As a result, MMA data shows that the Maldives GDP rose to USD 6.9 billion in 2025, marking a 5.4 percent increase from the previous year. As per reports, the tourism sector remained the primary driver of growth, while construction and real estate benefitted from housing projects, infrastructure expansion, and government-led development initiatives. In addition, the financial services sector continued to support economic activity by facilitating access to credit, promoting homeownership, and encouraging long-term investment.

HDFC recorded a profit after tax of MVR 98.23 million in 2025, reflecting continued financial strength and operational resilience. Total assets stood at MVR 2,094.88 million, and the Board proposed a dividend of MVR 39.05 million, equivalent to MVR 2.45 per share, delivering consistent shareholder returns in line with the previous year's earnings performance.

AMNA, the Islamic Finance Window, continued its strong growth momentum, with total revenue increasing by 12.02% to MVR 91.59 million. This performance highlights the growing market acceptance of Shariah-compliant financing and AMNA's increasing contribution to the Company's overall financial results.

During the year, the Company continued to diversify its product portfolio by introducing new financing solutions to address evolving market needs. Efforts were also directed toward expanding outreach to the outer islands, thereby enhancing access to housing finance. This included the launch of the "Holiday Home" financing product, designed to support the growing demand for property investment and second-home ownership while contributing to island-level economic development. In addition, the Company introduced unsecured financing products to cater to customers seeking faster and more flexible financing solutions.

Furthermore, in response to the growing demand for affordable housing and government-led social housing initiatives, HDFC prioritized supporting national housing program and expanding access for first-time homebuyers and middle-income households. The Company collaborated closely with the Government on affordable housing projects across the islands, with significant progress achieved during the year.

HDFC continued to enhance operational efficiency through progressive digitalization and process optimization initiatives. Strategic efforts focused on streamlining internal operations, strengthening digital platforms, and improving service delivery, resulting in faster processing times, improved loan approval turnaround, and enhanced customer experience. Some of the key developments included the launch of Customer Portal, enabling real-time application tracking and a paperless workflow, along with continued investments in IT infrastructure and cybersecurity to strengthen operational resilience, information security, and employee productivity.

In 2025, the Company continued to uphold strong principles of good governance, ensuring full compliance with regulatory requirements and adherence to ethical business practices. During the year, significant efforts were undertaken to facilitate the orderly exit of foreign shareholders, including managing regulatory approvals, ensuring stakeholder communication, and maintaining operational continuity throughout the process. It was carefully executed to safeguard the Company's financial stability, protect stakeholder interests, and align the ownership structure with its long-term strategic objectives. These commitments contributed to stronger stakeholder confidence and closer relationships. The continued trust and confidence of our stakeholders, particularly our valued customers, and shareholders remain a key driver of the Company's sustained success.

Looking ahead, HDFC has achieved the majority of its strategic objectives during the year, while laying a strong foundation for initiatives that will be carried forward in the coming years. Digital transformation and infrastructure development remain priority focus areas, with continued efforts directed toward building a more agile, efficient, and digitally enabled workplace. Talent development will continue to be a strategic enabler, with sustained investment in training and capacity-building initiatives aimed at strengthening skills, adaptability required to perform effectively in a dynamic operating environment.

As HDFC navigates evolving economic and market conditions, the Company shall remain committed to innovation, operational excellence, and the highest standards of governance to drive sustainable growth. The Board shall actively engage in attracting strong and strategic investors to further enhance the Company's financial strength, governance framework, and long-term growth prospects.

On behalf of the Board of Directors, I extend my sincere gratitude to all our customers and shareholders for their unwavering support and trust in the Company for more than 20 years of our business journey.

I would also like to express my heartfelt appreciation to our employees and management team for their dedication, professionalism, and tireless efforts in creating value and sustaining the Company's strong performance. Their commitment and teamwork continue to be the foundation of our growth and resilience.

On behalf of the Board, I am pleased to extend a cordial welcome to Ms. Fathimath Leena, who joined the Board during the year as an Independent Director. We are confident that Ms. Leena will bring fresh perspectives, valuable expertise, and strong professional insight that will further enhance the Board's capacity and contribute to achieving new milestones in the years ahead.

The Board and I also extend our sincere gratitude to Ms. Zidna Ibrahim, Nominee Director representing the Government of Maldives, for her dedicated service and valuable strategic contributions in strengthening the Company's governance framework and supporting its continued growth.

I further extend my sincere appreciation to my fellow members of the Board for their valuable contributions, sound strategic guidance, and continued commitment throughout the year, which have been instrumental in supporting the Company's progress and achievements.

On behalf of the Board of Directors, we appreciate all our stakeholders, including regulatory authorities, shareholders, and valued customers, for their continued trust, cooperation, and unwavering support throughout the year.

Dr. Mohamed Shafeeq
Chairperson

MANAGING DIRECTOR'S STATEMENT

Dear Shareholders,

In 2025, we focused on strengthening our operations, improving customer service and maintaining prudent risk management, while continuing to support the housing finance needs of Maldivians.

The Maldivian economic outlook in 2025 remained broadly positive with a GDP growth of 5.4% led by the growth in tourism sector with tourist arrivals reaching a record of 2.25 million in 2025. The construction sector saw marginal growth due to reduced government capital spending and slower-than-anticipated progress on new housing projects. During the year, the current account deficit narrowed and the foreign reserve rose towards the end of the year, while inflation climbed to 4.04% due to higher import costs. Though the economic outlook was supportive, we remained cautious and continued to manage external shocks through conservative underwriting, close monitoring of asset quality, sound liquidity management, and productivity improvements across the corporation.

PERFORMANCE HIGHLIGHTS

Our prudent management of asset quality and operational excellence continues to drive performance and support sustainable growth, as demonstrated by the rise in total operating income to MVR 165.53 million in 2025 from MVR 152.84 million in 2024. However, our net profit after tax was MVR 98.23 million, slightly down from MVR 99.47 million in 2024. This is due to our conservative approach to loan provisioning which increased to MVR 19.8 million from MVR 11.9 million in 2024 even though our asset quality improved. Additionally, we increased investments in people, technology, and brand visibility, which we expect will enhance scalability, service quality, and productivity going forward.

Our financing portfolio grew from MVR 1,603 million to MVR 1,710 million on a gross basis, representing a 7% increase year-on-year. This growth demonstrates improved accessibility and expanded reach through digital channels, as well as our commitment to upholding service excellence.

Our corporation remains financially stable, supported by a strong capital position, prudent asset quality, and disciplined risk management. We will continue to safeguard these fundamentals while pursuing our strategic priorities and serving our customers responsibly.

OPERATIONAL HIGHLIGHTS

In 2025, we continued to improve customer experience particularly by launching our customer portal, which improves accessibility, transparency, and convenience to engage with HDFC throughout the financing lifecycle.

Additionally, we launched two new financing products during the year, strengthening our ability to meet evolving customer needs and supporting a more diversified portfolio.

We further enhanced our brand visibility through a multichannel approach, and we are seeing positive results in customer engagements and new business generation. This will remain a priority to support business growth and deepen customer engagement.

LOOKING AHEAD

We will continue to execute our Strategic Plan 2025–2029, with a strong focus on delivering faster and simpler service to customers through improved productivity. By the end of 2025, 19% of planned initiatives had been completed, while a further 75% were in progress. We expect to complete around half of the initiatives currently underway during the year, enabling us to remain on track to achieve our strategic objectives.

In 2026, we plan to introduce two new products, to better respond to market demand and further strengthen our product offering. We will also continue to review and enhance our existing product offering to better meet the changing needs and expectations of our customers.

We will continue to invest in technology by improving customer portal and our enterprise resource planning (ERP) system through further integration and targeted improvements. These initiatives will simplify processes, strengthen internal controls, and support a smoother end-to-end customer journey.

We will further strengthen our marketing and outreach initiatives to enhance brand visibility, including the launch of our first-ever integrated brand campaign. These efforts are designed to reinforce our market presence, deepen customer trust and loyalty, and support the sustainable growth of our portfolio across the Maldives.

CONCLUSION AND APPRECIATION

I extend my sincere appreciation to our employees for their dedication, professionalism, and commitment, which remain the foundation of our continued success. I also express my gratitude to the Chairperson and the Board of Directors for their guidance and oversight.

I thank our valued customers for their trust as we support their homeownership journey, and our shareholders for their continued confidence in the Corporation.

With a strong financial foundation, a clear strategic direction and a capable team, we move forward with confidence. We remain committed to strengthening our operations, enhancing service quality and delivering sustainable value, while supporting the housing finance needs of the people of Maldives.

Ahmed Zeenad
Managing Director

MILESTONES

2004
Incorporated as a 100% State-Owned Enterprise (SOE)

2005
Conversion of HDFC to a public company

2006
Registered as a Public Limited Company (Plc.)

2007
Investment in MMA Treasury Bills

2008
Privatized HDFC under foreign investment

2009
Obtained the first foreign borrowings

2011
Introduced end user finance

2012
Inaugurated the Islamic window, AMNA

2013
Issued the first rated Bond

2014
Introduced first listed Sukuk

2015
Rewarded customers with a rate cut

2017
100% local employees

2020
Successful oversubscription of Fixed Income Bond

2021
Received MVR 100 million profit

2022
Shareholders approved share split

2023
Implementation of ERP

2024
Two decades of successful and sustainable housing

2025
Introduced first unsecured product and launched new Customer Portal

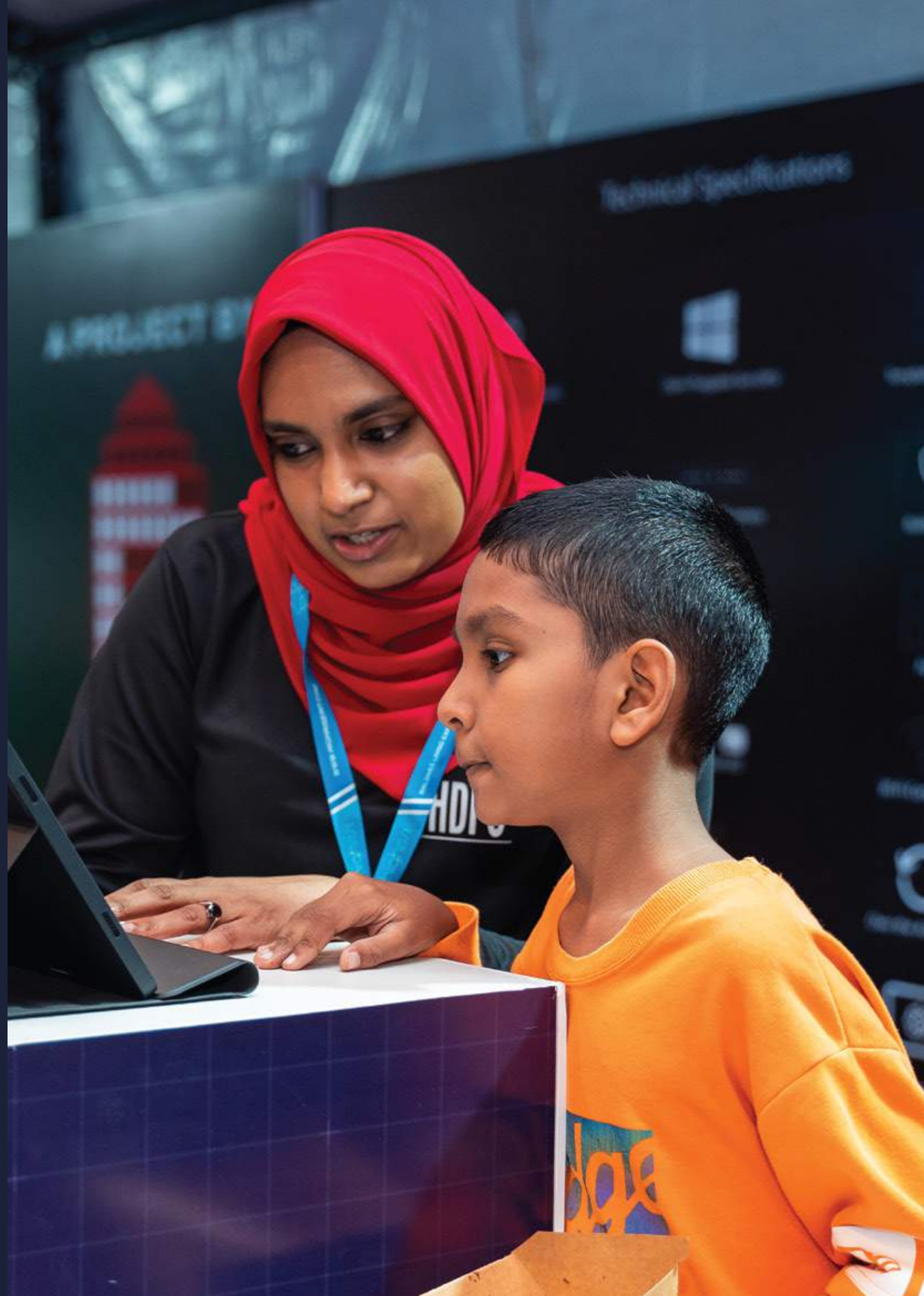
We've funded more than

24,000 Housing Units

for over

6,000 Homeowners

COMPANY OVERVIEW



CORPORATE INFORMATION

NAME OF THE COMPANY	Housing Development Finance Corporation Plc.
LEGAL FORM	HDFC is a company incorporated as state owned enterprise on 28 January 2004 by a Presidential Decree under the Companies Act (7/2023), registered as a public company on 9th February 2006 and privatized on 23 July 2008 with the signing of a shareholder's agreement between Government of Maldives (49%), IFC (18%), ADB (18%) and HDFC-Bank Ltd., India (former Investments Ltd – India) (15%).
COMPANY REGISTRATION NUMBER	C-0107/2006
SHARE CAPITAL	MVR 159,375,000
CHAIRMAN	Dr. Mohamed Shafeeq
MANAGING DIRECTOR	Mr. Ahmed Zeenad
AUDITORS	Deloitte (External Auditors) Ernst & Young (Internal Auditors)
LEGAL COUNSEL	Mazlan & Murad Law Associates
COMPANY SECRETARY	Mr. Adam Athif
REGISTERED ADDRESS	H. Mialani, 4th Floor, Sosun Magu, Male' Republic of Maldives Phone: (960) 333 8810 / 331 5896 / 331 5897 Fax: 331 5138 Website: www.hdfc.com.mv Email: info@hdfc.com.mv

VISION

To provide decent and affordable homes in a safe and healthy environment, and work towards uplifting the living standards of all Maldivians by becoming the market leader for financial services in the Maldives.

MISSION

To offer financial and social strength to all Maldivians by providing home loans and other savings and investment products managed professionally and profitably to the highest international standards and to the complete satisfaction of all stakeholders.

PLEDGE

Strive hard and explore all avenues to:

- Process loan applications to the highest professional standard to give a speedy and effective service.
- Provide a solution to every customer.
- Conduct all affairs as a responsible corporate citizen with good governance, accountability, and transparency.
- Manage all aspects of customer relationship with due care, communication, and sensitivity to ensure 100% loan performance.

STRATEGIC ACTION PLAN 2025 - 2029

The Strategic Action Plan (SAP) 2025-2029 emphasized five strategic priority areas. Collectively, these pillars were designed to guide and sustain the Company's growth trajectory over the next five years, reinforcing its commitment to operational excellence and long term value creation.

The Strategic Priority Areas are as follows:

1. FINANCIAL GROWTH

Focuses on expanding the Company's portfolio and diversifying its product offerings, supported by the adoption of digital innovations that enhance efficiency and streamline internal processes.

2. CUSTOMER SATISFACTION

Focus on elevating customer satisfaction by enhancing overall customer experience, strengthening relationships with clients, and improving service quality. This includes implementing measures to better manage expectations and ensure every customer interaction is positive, memorable, and fulfilling.

3. MARKETING & BRANDING

Focus on strengthening the Company's brand presence by implementing targeted marketing strategies, enhancing customer engagement, and promoting financial literacy initiatives. These efforts, along with the provision of real time customer support, aim to address existing challenges and establish a recognizable and trustworthy brand.

4. ORGANIZATIONAL TRANSFORMATION

Focus on optimizing resources and establishing a well structured organizational framework that streamlines processes and fosters a culture of leadership, continuous learning, accountability, engagement, and innovation. These efforts aim to enhance employee productivity, satisfaction, and retention by introducing initiatives that empower staff and support the development of a more adaptive, efficient, and high performing organization.

5. RESOURCE DEVELOPMENT

Focus on advancing digitalization through the automation of core functions and implementation of system enhancements, with particular emphasis on improving customer-facing processes. Staff will be trained to confidently operate within the digital environment, ensuring seamless experience from customer onboarding to digital approval.

The year 2025 marked the initial phase of the SAP, with efforts centered on the timely initiation and execution of planned activities. The Company recorded strong performance in SAP implementation, with over 75% of activities progressing within the first year and approximately 19% successfully completed during the same period.

BUSINESS REVIEW

DIGITAL PERFORMANCE & SOCIAL MEDIA

Throughout the year, the Company prioritized building a consistent and interactive online presence. By utilizing a mix of educational posts, interactive stories, and engaging short-form video content, the Company successfully fostered a stronger connection with its audience. This strategy focused on increasing brand visibility and encouraging meaningful engagement and interactions with the followers across various social media platforms.

PRODUCT LAUNCHES & CAMPAIGNS

The Company introduced new financial products and digital solutions to the market, reinforcing HDFC's position as an industry leader. Each launch was designed to educate customers, drive engagement, and build trust. By combining innovation with strong communication, the Company ensured that its offerings remained relevant, accessible, and aligned with the evolving needs of Maldivians.

HDFC LITE FINANCING

The Company introduced its first unsecured financing product during the year to support homeowners with smaller-scale projects such as home improvements, furniture purchases, and minor renovations, offering flexible financing without requiring traditional collateral.

HOLIDAY HOME FINANCING

This product was introduced to support customers building a second property for personal use or rental income, covering construction on owned land as well as plots held under long-term leases.

MYSTERY IFTAR BOX

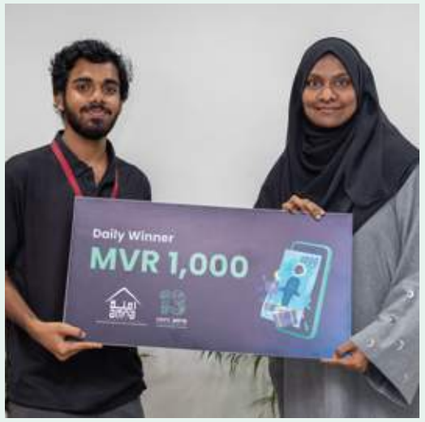
The Company partnered with home-based bakers to launch a Mystery Iftar Box campaign, where participants followed HDFC and tagged a recipient for a chance to win, with selected winners receiving the boxes before Iftar.

WIN A TRIP TO AA. THODDOO

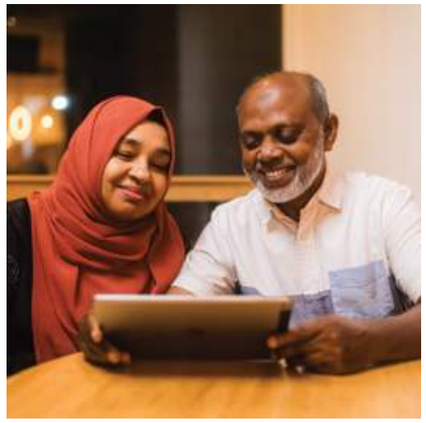
During the Maldives Living Expo, the Company conducted a travel promotion where visitors scanned a QR code at HDFC's stall and completed a short form for a chance to win a trip to AA. Thoddoo.

HDFC AMNA — 13 YEARS, 13 QUESTIONS

To mark a milestone anniversary of HDFC Amna, the Company conducted an interactive quiz on Instagram aimed at increasing awareness and public understanding of Islamic financing and the HDFC Amna product range. The initiative featured a series of questions designed to educate participants on key principles of Islamic finance while encouraging active engagement with the brand. Participants were invited to submit their responses via the platform, with winners selected for each question through a lucky draw. Successful participants were awarded a cash prize of MVR 1,000, reinforcing customer engagement while promoting financial literacy in a fun and accessible manner.

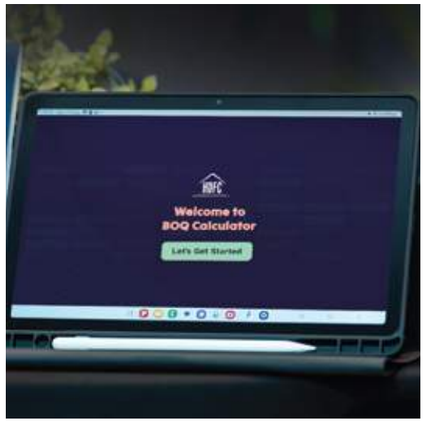


CUSTOMER FOCUS



HDFC CUSTOMER PORTAL

The Company implemented a major upgrade to its digital customer platform during the year, aimed at enhancing usability and simplifying the management of customer facilities. The update introduced a more intuitive interface, improved navigation, and streamlined access to key account information, enabling users to manage their facilities more efficiently. In addition, the platform was integrated with eFaas, strengthening security through a trusted national authentication system and providing a more seamless, secure login experience. These enhancements reflect the Company's continued commitment to digital transformation, improved service delivery, and strengthened customer convenience.



BOQ CALCULATOR

The Company introduced a free digital Bill of Quantities (BOQ) calculator to assist customers in planning construction projects more effectively. By entering specific project details, users are able to obtain an estimated breakdown of construction costs, providing greater clarity on potential expenses before commencing a project. The tool supports informed decision making, enhances financial preparedness, and helps customers better assess affordability and financing requirements, thereby reducing uncertainty and improving overall project planning.

EMPLOYER ONBOARDING

In 2025, the Company actively provided opportunities for employers seeking to partner with HDFC through financing schemes and salary deduction arrangements for their employees. These partnerships were designed to enhance financial accessibility and simplify the home financing process, enabling employees to benefit from structured repayment mechanisms and affordable housing solutions. Through these collaborations, the Company strengthened its commitment to supporting homeownership by offering convenient, reliable, and accessible financing options, while also building long-term relationships with corporate partners and expanding the reach to a wider customer base.

COMMUNITY OUTREACH & EVENTS

Field activities and direct community engagement continued to play a vital role in the Company's operations. On the ground visits, information sessions, and stakeholder engagement initiatives enabled the Company to gain deeper insights into customer needs, increase awareness of home financing opportunities, and foster long term relationships built on trust, accessibility, and open communication.

ISLAND OUTREACH

A series of outreach visits were conducted to engage directly with communities in K. Hura, K. Thulusdhoo, K. Himmafushi, and K. Dhiffushi. These visits enabled the Company to engage with residents and local councils to gain a deeper understanding of local housing needs and financial challenges. Through face-to-face interactions and targeted awareness sessions, the Company was able to promote the home financing solutions, strengthen community trust, and reinforce its presence across Kaafu Atoll.

INDUSTRY PRESENCE

The Company maintained a strong presence at key national and international industry platforms, including the Maldives Living Expo 2025, the 11th MIBFI Conference, the 10th IFFSA Conference and Awards, and the IFRS Forum 2025. Participation in these events provided opportunities to showcase the Company's expertise, remain aligned with evolving global best practices, and actively engage with industry leaders and peers. These platforms further reinforced the Company's position as a forward thinking institution committed to innovation, collaboration, and continuous growth.

ISLAMIC FINANCE 101

An awareness session on Islamic finance was conducted in collaboration with the Faculty of Shariah and Law at Villa College. The session featured members of the Shariah Advisory Committee, who shared expert insights on the principles, structure, and benefits of Islamic financing. The initiative aimed to enhance public understanding, address common misconceptions, and strengthen the positioning of HDFC Amna as a trusted provider of Shariah compliant financial solutions.

MEDIA & PUBLIC RELATIONS

The Company strengthened its brand identity through a strategic combination of media visibility and public relations initiatives. By maintaining a consistent presence across national media platforms and delivering clear and relevant messaging, the Company enhanced both brand recognition and public credibility.

The Company's services, achievements, and key milestones were highlighted through appearances on national television and radio programs. These features provided an effective channel to reach a wider audience, communicate the Company's journey, and showcase the value delivered to its customers.

In addition, to support product launches, the Company published articles on leading local news websites highlighting the introduction of HDFC Lite Financing and Holiday Home Financing. These publications played an important role in building public awareness by presenting product features in a clear and accessible manner. By leveraging reputable media outlets, the Company ensured its messages reached a broad and relevant audience while reinforcing public confidence in its offerings.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company actively contributed to community welfare through targeted corporate social responsibility (CSR) initiatives aligned with its commitment to sustainable development. Key initiatives during the year included the organization of a Blood Donation Camp in support of national healthcare needs, contributing to *SDG 3: Good Health and Well Being*, and a contribution to Rani House of Rehendhi School towards the development of a shaded learning space, supporting *SDG 4: Quality Education* and *SDG 11: Sustainable Cities and Communities*.

In addition, HDFC participated in and financially contributed to the Cyclone Ditwah Telethon organized to support Sri Lanka following the damages caused by the cyclone. This contribution was made by the Company on behalf of its staff, reflecting the collective commitment of HDFC employees to humanitarian assistance and regional solidarity. The Maldives stood in support of Sri Lanka during this difficult time, and HDFC was proud to join national efforts in contributing towards recovery and relief initiatives.

These initiatives reflect HDFC's broader commitment to the UN's Sustainable Development Goals and its approach to embedding sustainability within the business operations. By supporting community health, education, humanitarian relief, and inclusive social development, the Company continues to deliver positive social impact alongside its core mandate of providing responsible and accessible housing finance. Through this integrated approach, the Company seeks to create meaningful, long term value for stakeholders while contributing to national development priorities and sustainable economic growth.

CHARITY DISTRIBUTION

As part of the commitment to social responsibility and community support, the Company contributed charity funds to the Cancer Society during the year, supporting its efforts to assist individuals affected by cancer and promote healthcare initiatives. This contribution underscores the Company's dedication to giving back to society through meaningful humanitarian causes, with a continued focus on directing charity funds toward initiatives that support vulnerable groups and contribute to broader social development within the community.

OUR PRODUCTS

Housing is a key driver of the country's growth, and in the Maldives, the rising population is creating a strong demand for affordable homes. As the sole financial institute that specializes in housing, HDFC faces many obstacles to satisfy this demand by providing affordable and easily accessible financing solutions. Despite the challenges, HDFC continues to sustain marketplace by emphasizing healthy competition.

The housing finance products offered by HDFC are classified into three primary categories: home construction, home purchase, and home renovation.

To adapt to the evolving housing market and to appeal to the current and potential customers, HDFC broadened the product line alongside the existing products. HDFC currently offers financing options for customers who are interested in acquiring vacation homes or secondary residences within Maldives and launched Home Improvement Unsecured-Lite Financing, allowing customers to purchase home furnishings and appliances without requiring collateral. This initiative has led to significant steps toward increasing financial accessibility.

HOME CONSTRUCTION LOAN

A loan specifically designed to provide property owners with the necessary funding for home construction projects. The loan offers a flexible tenure of up to 25 years, based on the customer's financial strength. The company offers competitive interest rates that vary based on the level of equity contribution, with lower rates available for higher equity inputs. A fixed rate is also applied to full property rentals.

HOME PURCHASE LOAN

A loan that is designed to provide funding for purchasing an apartment by mortgaging the property. It offers a limit of up to MVR 10 million, with a maximum tenure of 25 years. Interest rates vary based on collateral arrangements, with lower rates offered when the pension is pledged as collateral. A standard rate applies to full property rentals, and a minimum equity contribution of 20% is required.

HOME IMPROVEMENT LOAN

A loan that covers essential property repairs and upgrades, such as painting, kitchen and sanitary fittings, furniture, additional rooms, lift and CCTV installations. It offers up to MVR 2.5 million, with a maximum tenure of 15 years. The interest rate is set at 11.00% per annum. Existing customers are exempt from fulfilling the equity requirement, whereas new customers must meet this requirement.

LITE FINANCING

A facility designed to provide quick and accessible funding for smaller-scale financial needs without the requirement of a mortgage. The facility offers financing ranging from MVR 50,000 to MVR 500,000 with a maximum tenure of up to 5 years. The interest rate is set at 15% per annum, with repayments structured through a salary deduction arrangement to ensure convenience and timely service.

This product is tailored to support customers requiring fast and simplified financing solutions, with minimal documentation and a streamlined approval process.

HOLIDAY HOME FINANCING

A financing facility designed to support customers in purchasing or constructing holiday homes for personal use or rental purposes. The loan offers a financing limit of up to MVR 10 million, with a flexible tenure of up to 25 years. Interest rates vary based on collateral arrangements and equity contribution, with competitive rates offered for higher equity inputs. A primary mortgage on the property is required as security for the facility.

This product enables customers to invest in leisure-oriented properties while benefiting from long-term financing flexibility and competitive terms.

HOME TOP-UP

A loan that is designed for customers who have already obtained a home construction loan and are seeking improved terms. The refinance option offers a lower interest rate than the customer's existing rate, subject to assessment of income capacity and equity contribution.

The maximum loan tenure available under this facility is 25 years, providing long-term repayment flexibility. A primary mortgage on the property under construction is required as security for the facility.

LEASE BUYOUT

A credit facility offered to customers seeking to buy out a lease under a long-term agreement. The loan is available at a fixed interest rate of 12.25% and offers a repayment period of up to 10 years, allowing for manageable long-term planning.

Customers can apply for financing up to a maximum amount of MVR 5 million, making it a suitable option for substantial lease acquisitions.

MUSHARAKA MUTHANAQISA

A financing facility provided by HDFC-AMNA is a Shariah-compliant diminishing partnership between customer and HDFC-AMNA for various purposes including purchasing land, constructing a home, or acquiring an apartment for residential or rental use. For construction projects, the facility provides financing of up to MVR 10 million, with a maximum tenure of 25 years and an initial grace period of 12–24 months. Profit-sharing ratios are determined by the equity contribution, starting at 11.75% per annum for a 15% equity contribution and decreasing to 11.00% per annum for a 30% equity contribution.

In positive outer island areas, the financing limit is up to MVR 2.5 million with similar terms and rates. For other outer islands, the limit is up to MVR 1.2 million, with the same tenure and grace period options. For property purchases, the facility offers financing of up to MVR 10 million, with a maximum tenure of 25 years. Profit-sharing rates are set at 11.00% per annum without collateralizing the pension and 10.42% per annum with collateralizing the pension. A minimum equity contribution of 20% is required to establish the partnership.

This comprehensive financing facility ensures that property owners have access to the necessary financing for their construction and purchase projects while adhering to Shariah principles.

MURAABAHA FINANCING FACILITY

A Financing Facility offered by HDFC Amna is structured in accordance with Shariah principles. Under this arrangement, HDFC Amna purchases goods identified by the customer based on mutual agreement and resells them at an agreed profit margin. The facility provides financing limits of up to MVR 2.5 million, with a maximum tenure of 15 years. All profit margins reflect the agreed markup at the outset and remain fixed throughout the financing term. A 12-month grace period is offered, during which no additional profit is accrued.

The Company offers two financial schemes under which customers are eligible to obtain financing at reduced profit rates.

PENSION BENEFIT SCHEME

For purchase of apartments/flats by collateralizing the available balance at Retirement Savings Account (RSA) as owners' contribution at 10.42% pa.

SALARY BENEFIT SCHEME

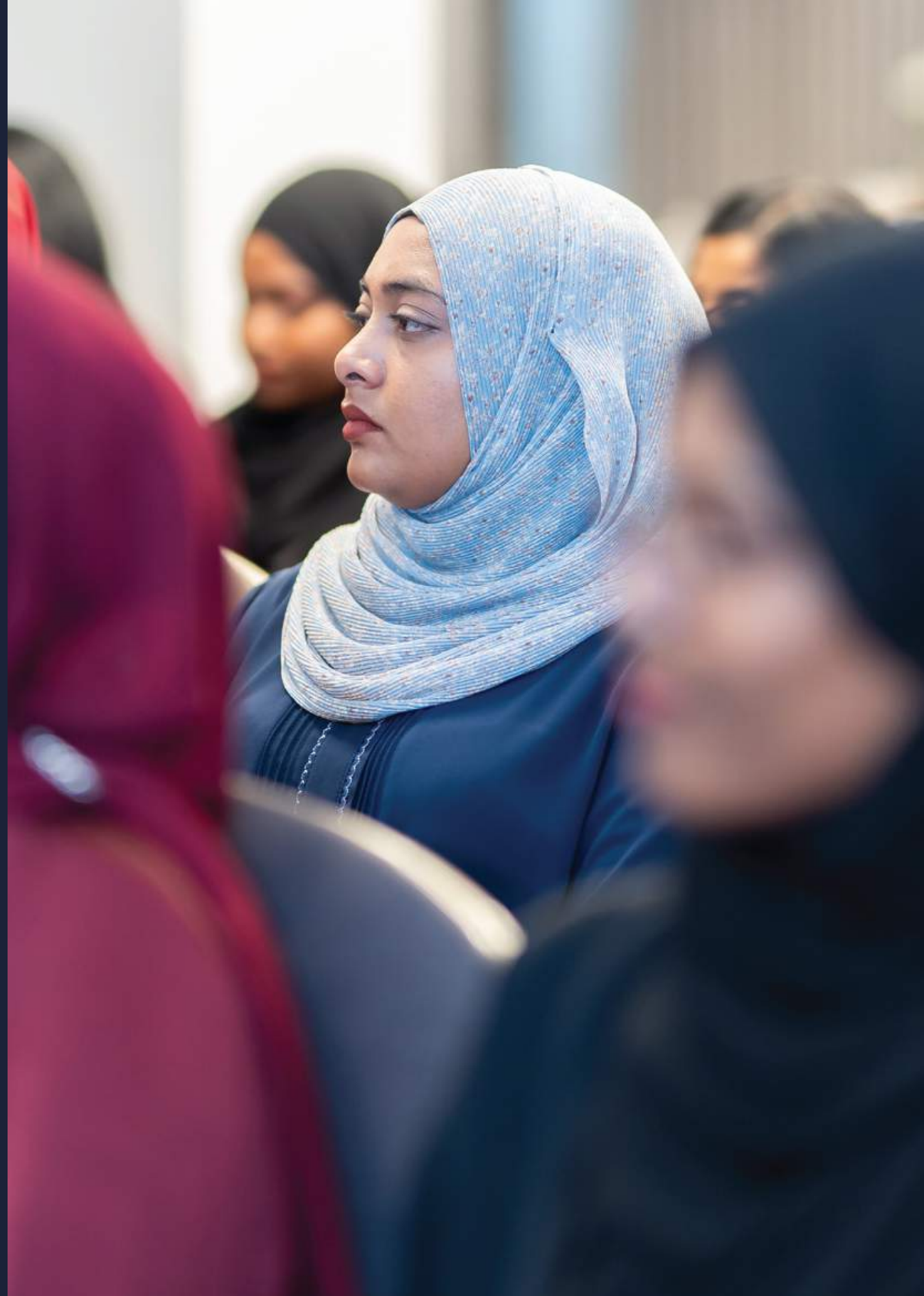
Monthly installment would be deducted at source for the staff of organizations selected by HDFC at 11% pa. Maximum deduction would be less than 60% of the salary.

MANAGED FACILITIES

To superintend and manage social housing programs, the organization works in conjunction with the government. The Ministry of Construction, Housing and Infrastructure assigns funds to the organization in its capacity as a custodian. As of December 2025, HDFC is responsible for the management of the subsequent six social housing initiatives.

1. GED Islamic Fund
2. MHI Islamic Fund
3. MHUD Conventional Fund
4. 704 – Conventional Fund
5. CMEC – Conventional Fund
6. Gedhoruveriya Loan – Conventional Fund

HUMAN RESOURCE



Our employees remain the foundation of the company's continued progress. Their dedication and commitment enable us to uphold high service standards and deliver reliable housing finance solutions to our customers. Recognizing this, we continue to invest in professional development and adaptive HR practices to support our people in an evolving financial landscape.

ORGANIZATIONAL STRENGTHENING

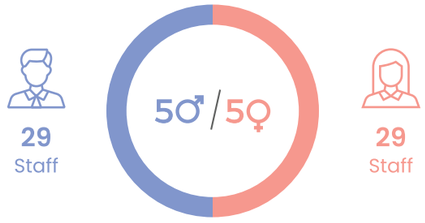
In 2025, the company made notable advancements in employee management and organizational structure. Building on prior initiatives, the comprehensive review of the organizational framework was completed during the year. This resulted in streamlined operations, clearer definition of roles, and improved alignment across departments, strengthening accountability, collaboration, and operational clarity.

POLICY DEVELOPMENT AND GOVERNANCE

A key milestone was the development and formalization of HR policies and procedures. The implementation of the comprehensive HR Policy established a consistent, transparent, and governance-driven approach across the employee lifecycle. These enhancements reinforced a culture rooted in fairness, professionalism, and accountability.

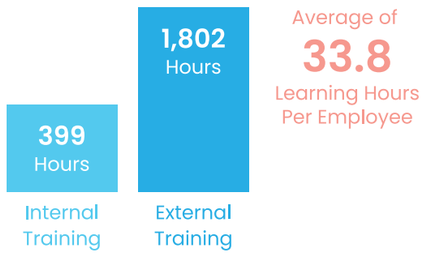
STAFFING AND WORKFORCE COMPOSITION

Staffing requirements across all departments were met, ensuring critical functions were supported by appropriate skill sets. The company maintained its commitment to a fully local workforce, reflecting strong community integration. As of December 2025, the organization had 58 employees, with an equal gender distribution of 29 female and 29 male staff, underscoring the company's commitment to gender balance and equal opportunity.



EMPLOYEE CAPABILITY DEVELOPMENT

Significant focus was placed on building employee capability. In 2025, the company delivered 2,200 total learning hours, comprising:



Training covered technical skills, leadership development, financial governance, and compliance, contributing to a more capable and future-ready workforce.

HR TECHNOLOGY ENHANCEMENT

Operational efficiency was strengthened through the successful implementation of a new Human Resource Information System (HRIS). The digitization of core HR processes improved data accuracy, enhanced transparency, and reduced manual workload through integrated workflows and self-service features.

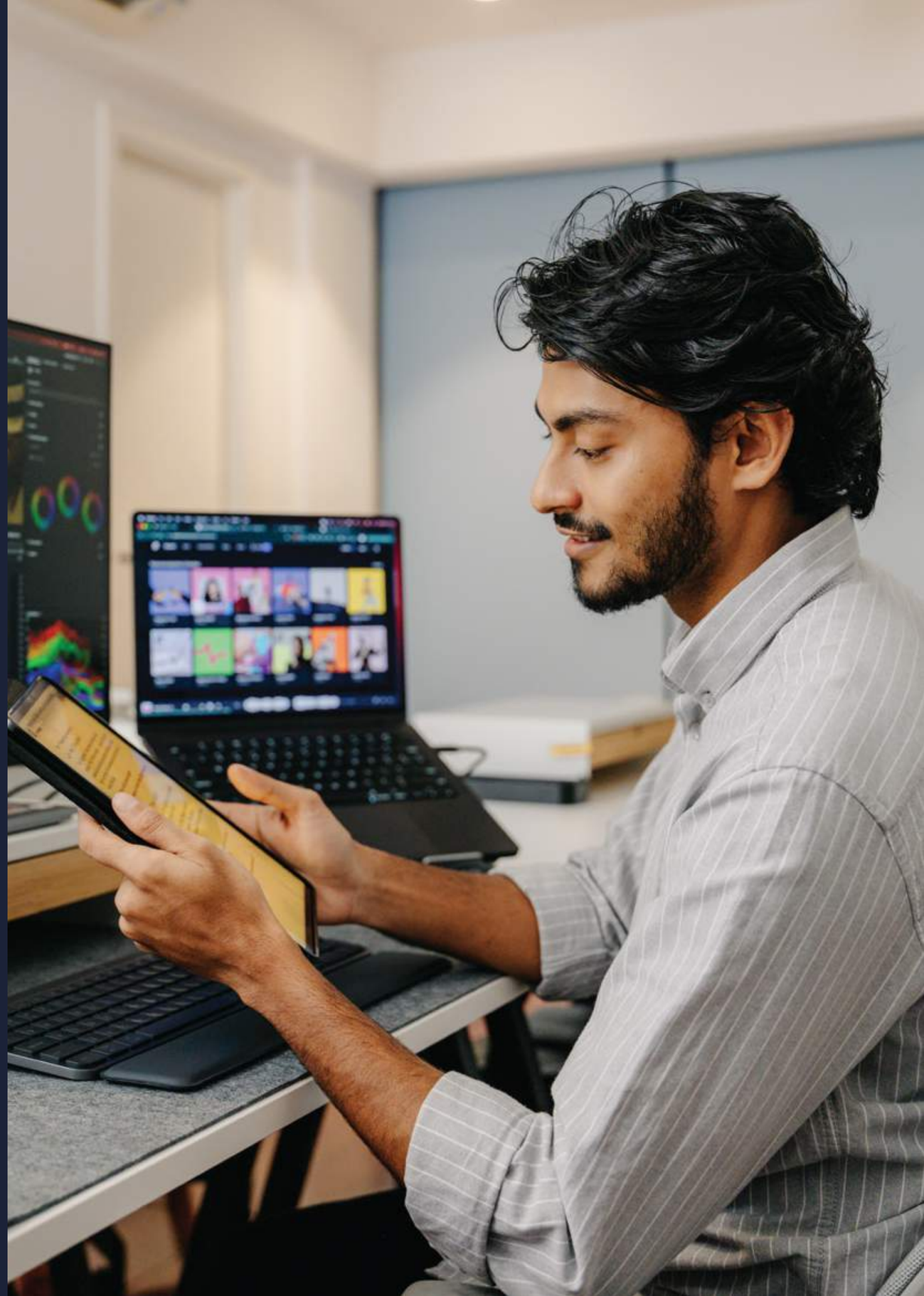
EMPLOYEE ENGAGEMENT AND CULTURE

Efforts to foster a positive workplace culture continued throughout the year. Staff meetings and engagement activities organized by the Recreation Club played a key role in building team cohesion and promoting a supportive and connected work environment. Some of the key activities held during the year included BBQs, special day celebrations, fishing trips, and various gatherings aimed at employee engagement and team building.

LOOKING AHEAD

The progress achieved in 2025, through structural improvements, strengthened governance, and capability development lays a strong foundation for the coming year. In 2026, priorities will focus on enhancing productivity, deepening employee engagement, and advancing capacity-building initiatives, particularly in leadership development. These efforts aim to ensure a skilled, motivated workforce aligned with long-term organizational success and continuity.

DIGITAL CULTURE



Information technology remains central to organizational progress, supporting operational efficiency and strategic growth. Over the past year, substantial investments have modernized infrastructure, improved service delivery, and strengthened resilience. These initiatives reflect a commitment to innovation, security, and sustainability, keeping technology aligned with evolving business needs and stakeholder expectations.

IT INFRASTRUCTURE IMPROVEMENTS

A range of targeted upgrades has fortified the organization's IT foundation. Power capacity has been expanded, and disaster recovery capabilities have been bolstered through advanced backup solutions and equipment upgrades. These steps contribute to greater operational stability and readiness for unexpected events.

SECURITY AND CYBER SECURITY

Comprehensive security protocols have been adopted, including network firewall updates, advanced cyber defense measures, and the deployment of modern surveillance systems. These initiatives safeguard both digital and physical assets, helping to prevent unauthorized access and reduce vulnerabilities across the organization. Proactive risk management, such as timely equipment replacements, regular system updates, and continuous monitoring for cyber threats, demonstrates a strong commitment to protecting critical infrastructure and maintaining a secure, resilient environment.

DIGITAL TRANSFORMATION AND COLLABORATION

The organization has advanced its digital transformation by shifting file sharing to cloud-based platforms, making collaboration and data access more seamless. The adoption of new systems and technologies has streamlined internal workflows and improved connectivity, supporting more agile and responsive operations.

UPGRADES AND INNOVATIONS

A diverse portfolio of IT projects has been completed, including infrastructure upgrades, system integrations, and the rollout of modern devices. These initiatives have improved network performance, supported employee mobility, and introduced innovative solutions for business operations. The adoption of open-source monitoring tools and expanded cloud hosting further strengthens the technological landscape.

TRAINING AND SKILL DEVELOPMENT

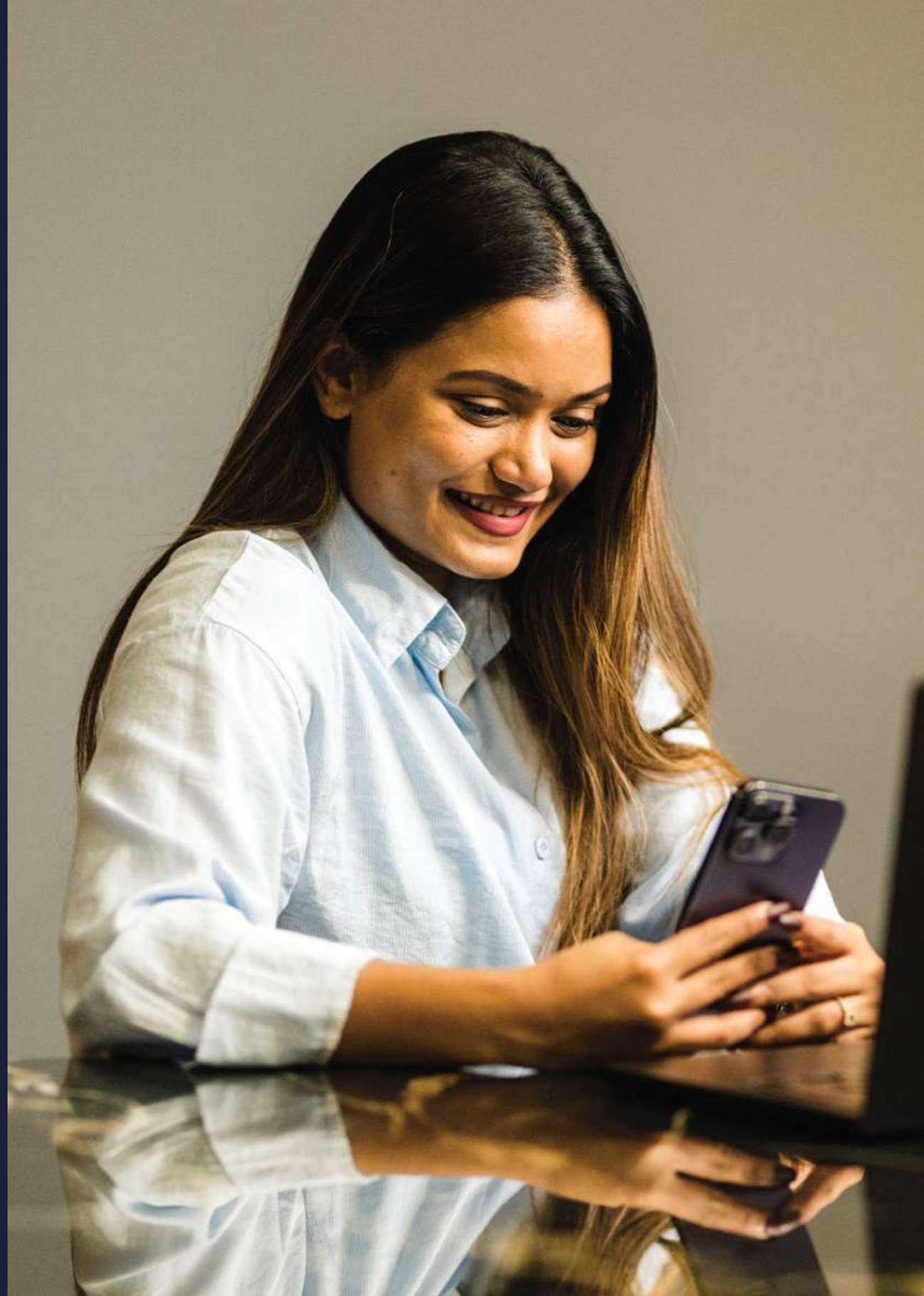
The IT department is dedicated to delivering high-quality support and fostering ongoing improvement. Staff have participated in comprehensive training programs and awareness campaigns, building proficiency in key technologies and security practices. Regular engagement with service providers and exploration of new tools keeps the organization at the forefront of technological progress.

COMMITMENT TO SUSTAINABILITY

Efforts to reduce the environmental impact of IT operations continue, with a focus on energy-efficient devices and cloud-based solutions. These actions help lower energy consumption and support broader sustainability objectives.

The organization's thoughtful investments and proactive approach have built a strong, resilient IT foundation and introduced innovative solutions that drive business growth. Looking ahead, maintaining a strong focus on online presence, security, collaboration, and sustainability will be essential. By continuing to prioritize these areas, technology will remain at the heart of the organization's success and adaptability in an increasingly digital world.

RISK MANAGEMENT



RISK OVERVIEW

HDFC is firmly committed to maintaining a robust and effective risk management environment, recognizing that sound risk management is a fundamental component of all operational activities and decision-making processes. Under the direction of the Risk and Compliance Manager, who reports directly to the Audit & Risk Management Committee, HDFC strives to achieve an appropriate balance between risk and return through the implementation of a comprehensive and resilient risk management framework.

The Board of Directors provides the highest level of risk governance by granting approval to HDFC's risk policies and defining its risk appetite, ensuring alignment with strategic objectives. Across the institution, a prudent and forward-looking approach to risk is embedded in all practices, supported by strict adherence to regulatory standards and compliance obligations.

The housing finance industry remains a challenging sector to navigate, with intense competition despite steady market growth. While government-led social housing initiatives play an important role in providing shelter for citizens in need, they also influence the pool of customers seeking commercial housing finance.

HDFC extends housing finance to borrowers across all regions of the country. However, the heavy concentration of marketable real estate in the Malé region, driven by disparities in employment opportunities, education, healthcare, and other essential services, adds a layer of complexity.

Additionally, borrower incomes are predominantly dependent on employment in the tourism sector or government roles, with government revenues also heavily reliant on taxes from the tourism sector. As a result, external shocks to tourism, including geopolitical tensions or global disruptions, can have a direct impact on borrowers' repayment capacity and therefore influence HDFC's overall risk profile.

Despite these challenges, HDFC remains steadfast in pursuing its strategic objectives while safeguarding the interests of its stakeholders by proactively managing risks originating both externally and internally.

RISK GOVERNANCE

HDFC's risk governance structure is founded on the Three Lines of Defense model.

FIRST LINE OF DEFENSE
Departments within the organisation

SECOND LINE OF DEFENSE
Risk & Compliance Department

THIRD LINE OF DEFENSE
Independent Internal Audit

The first line of defense consists of operational departments, which are responsible for identifying, owning, assessing, and managing risks within their respective functions.

The second line is fulfilled by the Risk and Compliance Department, which establishes policies, guidelines, and structured frameworks that enable effective risk management, while also consolidating material risk exposures, as well as monitoring organizational adherence to the risk appetite statement.

The third line of defense is provided by independent internal audit, which offers assurance to stakeholders regarding HDFC's adherence to its risk appetite and the overall security and sustainability of its operations.

Ultimate oversight rests with the Board of Directors, through the Audit and Risk Management Committee, and in coordination with the Management Team and the Risk & Compliance Department. Collectively, they assume responsibility for assessing, taking, managing, and monitoring risks.

In addition, management-level committees play a key role within the first line of defense. The Management Asset and Liability Committee (ALCO) monitors investment and liquidity risks, while the Management Credit Committee evaluates and approves individual loan applications, ensuring disciplined and effective risk oversight across critical areas.

RISK CATEGORIES

CREDIT RISK

Credit risk refers to the possibility of loss arising when a borrower or counterparty fails to meet its financial obligations. HDFC, as a financing institution, faces credit risk as its most significant inherent exposure, particularly the risk of borrower default. Lengthy court procedures contribute to prolonged recovery times, which can further heighten this risk.

The majority of HDFC's portfolio consists of secured facilities, where the value of the collateral is maintained well above the loan principal in order to safeguard the institution from potential losses. In addition, all facilities are structured so that repayment burdens remain reasonably proportionate to borrower incomes, and HDFC applies strict consideration of borrowers' credit histories as part of its lending practices.

With new marketing initiatives, HDFC is expanding its unsecured lending portfolio. Although unsecured lending carries a higher risk, it also enhances returns, and HDFC evaluates these applications comprehensively to minimize the likelihood of borrower default. As unsecured lending is a relatively new area for HDFC, a natural learning curve is expected across all aspects of this lending practice.

LIQUIDITY RISK

Liquidity risk refers to the risk that an entity cannot meet its financial obligations. HDFC's overall liquidity outlook remains positive, supported by steady levels of portfolio attrition and a steadier pace of new disbursements, which together help maintain comfortable liquidity buffers.

Liquidity risks are primarily concentrated within AMNA activities and USD-related cash flows. These areas are being managed effectively, and there is currently no material exposure that threatens HDFC's stability.

USD liquidity remains a broader challenge in the country due to limited foreign currency inflows, the economy's heavy reliance on imports, and ongoing sovereign debt repayment obligations. Most of HDFC's USD outflows relate to dividend payments, and the company consistently secures the required USD at official exchange rates to meet these obligations.

Liquidity concerns within the AMNA window are limited, as funding can be provided from HDFC's conventional window in a manner that remains fully compliant with Shariah requirements.

HDFC maintains strict compliance with capital adequacy, leverage, and other regulatory requirements established by the Maldives Monetary Authority (MMA). These obligations are further reinforced within the organization's Risk Appetite Statement. The Risk and Compliance Department closely monitors adherence to this statement and, by extension, to all relevant MMA regulations.

MARKET RISK

Market risk refers to the potential for losses due to movements in market variables such as interest rates, equity prices, foreign exchange rates, or commodity prices.

HDFC's market risk appetite remains conservative, as the company undertakes fixed rate borrowings and invests primarily in relatively risk-free debt instruments such as Treasury Bonds and Fixed Deposits. Excess liquidity is allocated to a dedicated investment portfolio that prioritizes stable and guaranteed returns, which safeguards the company from volatility in external markets. As a result, HDFC's exposure to broader market risks is generally limited.

OPERATIONAL RISK

Operational risk refers to the potential for loss resulting from inadequate or failed internal processes, people, systems, or from external events.

HDFC maintains a robust operational risk management framework that follows the principles of the Three Lines of Defense model. The Risk and Compliance Department works closely with operational departments to identify, assess, and mitigate operational risks across all functional areas. A formal procedure is in place to record incidents as they occur, and these incidents are reviewed and reported to management on a monthly basis to ensure transparency and timely corrective action.

The risk register is continually updated to ensure that all risks associated with recorded incidents are captured and monitored. Risk ownership is assigned according to operational responsibilities, ensuring that each risk has a clearly accountable owner within the first line of defense.

INSURANCE OF COMPANY ASSETS

Insurance of company assets remains a significant component of the Company's overall risk management strategy. The Company protects its assets from unforeseen circumstances that may result in damage or destruction of valuable property, equipment, and operational infrastructure by maintaining comprehensive insurance coverage. This coverage helps mitigate potential financial losses, ensures business continuity, and reduces operational disruptions arising from unexpected events such as fire, natural disasters, accidents, or other operational risks. In addition, maintaining adequate insurance coverage provides assurance to stakeholders that the Company is proactively managing risks and safeguarding its investments and assets with due care and responsibility. This approach strengthens stakeholder confidence, reinforces financial stability, and demonstrates the Company's commitment to maintaining a resilient and well-protected operational environment while ensuring the continuity of its services in the future.

CORPORATE GOVERNANCE

Corporate governance refers to the system of frameworks, policies, procedures, and regulations that direct, oversee, and guide an organization's operations and decision-making. Effective corporate governance is defined by a structured and transparent decision-making process, with clearly assigned roles and responsibilities that enhance organizational performance. It promotes accountability, transparency, diversity, and the protection of stakeholder rights, while ensuring the implementation of robust internal controls and processes.
As a financial institution, adherence to regulatory requirements is essential to safeguard stakeholders, particularly customers, to uphold trust and integrity. This necessitates the adoption of more rigorous and comprehensive corporate governance practices.

The Board and management of HDFC remain committed to maintaining a robust corporate governance framework that is consistently applied across all organizational systems, procedures, and practices. This commitment is aimed at enhancing efficiency, effectiveness, and long term sustainable value creation. The Company's governance framework is built upon key principles that guide the Board's strategic governance approach.

In 2025, HDFC undertook significant initiatives to strengthen its corporate governance framework. These efforts included revising the organizational structure and enhancing internal processes to improve service efficiency, operational effectiveness, and overall market competitiveness. Such measures reflect the institution's ongoing commitment to robust governance practices, regulatory compliance, and the delivery of sustainable value to its stakeholders.

The Company has implemented its new organizational structure, redefined departmental mandates and clarifying roles to strengthen overall functional alignment. Additional sections and specialized units were introduced to streamline workflows, enhance internal coordination, and improve the efficiency and effectiveness of core operational processes.

REGULATORY REQUIREMENTS

- Company Act (7/2023)
- MIRA Business Profit Tax Act 5/2011
- Information Act 1/2014
- Maldives Securities Act 2/2006 and amendments thereof
- CMDA Corporate Governance Code (September 2021)
- MMA Directions issued to non-banking financial institutions.
- Prevention of Money Laundering and Financing of Terrorism Act 10/2014
- Continuing disclosure & obligations of Issuers (2019/R1050)
- CMDA Regulation on the disclosure of information of public disclosure platform (2022/R-258)
- Regulation on Financing of Business (2021/R-152)
- Regulation on Capital Adequacy (2015/R-132)
- Regulation on single borrower and large exposure limits (2015/R-150)
- Regulation on limits on loans to related persons (2015/R-1511)
- Regulation on transactions with related person (2015/R-1731)
- Regulation on Asset Classification, provisioning, and suspension of interests (2015/R-168)
- Regulation on External Audit (2018/R52)
- Regulation on publication and disclosure (2015/R-172)
- Regulation on fit and proper requirements (2015/r-178) and subsequent amendments under MMA's circular no. CN/2022/2364
- Regulation on Corporate Governance for Banks, Insurance Companies and Finance
- Companies (2020/R-59)
- MMA Shariah Governance Framework (2021)
- Risk Management guidelines for Banks, Finance Companies and Insurance Companies (2022)
- International Financial Reporting Standards (IFRS)

REGULATORY REQUIREMENTS

- Board Charter
- Board Subcommittee Charters
- Code of Conduct
- Conflict of Interest
- Labour Law 2/2008
- Internal Governance Manuals
- Standard Operating Procedures

STATEMENT OF COMPLIANCE

S/NO.	AUTHORITY	CG REF	CG CODE REQUIREMENT	STATUS
1	MMA	4 (h)	Establish procedure for regular evaluation of the Board as a whole	Complied
2	MMA	4 (i)	Assess and review the performance of Senior Management	Complied
3	MMA	4 (j)	Appoint a Company Secretary & define roles, duties and responsibilities	Complied
4	MMA	5 (b)	The Board shall at all times be adequately qualified to discharge its responsibilities and make sound decisions relating to the Financial Institution	Complied
5	MMA	5 (c)	Majority of Non-Executive Directors on Board	Complied
6	MMA	5 (c)	1/4th of the Board to be Independent Director	Complied
7	MMA	5 (c) 8	Independent Director service must not exceed for a period of more than 4 years or longer, whether consecutively of otherwise	Complied
8	MMA	6 (a)	One regular Board Meeting every three months and all regular meetings in the Maldives	Complied
9	MMA	6 (g)	All Directors must attend 3/4th of the Board Meeting every year	Complied
10	MMA	6 (g)	Disclose No. of Board Meetings and attendance in the Annual Report	Complied
11	MMA	7 (c)	Board members shall be 30yrs of age and no more than 70 years	Complied
12	MMA	9 (a)	Establish Board Committees & draw mandate	Complied
13	MMA	9 (b)	Board Chairperson cannot be Chairperson of the Committee	Complied
14	MMA	10 (c)	The Chairperson of the Audit Committee shall be an Independent Director	Complied
15	MMA	10 (d)	The Audit Committee required to meet at least once in every 3 months	Complied
16	MMA	11 (b)	Written policy on Conflict of Interest	Complied
17	MMA	13 (f)	The Board to ensure that a new CEO is appointed within 4 (four) months from the date of vacancy	Complied
18	MMA	15 (a)	Establish an effective Independent Risk Management Function	Complied
19	MMA	15 (c)	Appointment of Senior Risk Officer	Complied
20	MMA	16 (a)	Establish an Independent Compliance Function & Independent review by the internal audit function	Complied
21	MMA	16 (c)	Review the effectiveness of the compliance policy and function	Complied
22	MMA	17 (a)	Establish and Independent Internal Audit Function	Complied

CONFLICT OF INTEREST

To act in good faith of the company's best interests, members of the Board of Directors and Senior Management members are obliged to disclose any current or potential conflicts of interest and refrain from participating in discussions or voting on such matters.

The evaluation of potential conflicts of interest is conducted annually, in conjunction with periodic audits and self-disclosures. In addition to that, transactions involving related parties are disclosed in the Annual Report's annotations to the audited accounts.

HDFC has established a formal policy stating that all current and prospective conflicts of interest should be disclosed by the Board as an expression of its commitment to transparent and independent operations.

RIGHT TO INFORMATION (RTI)

The Company complied with Clause 37 of the Right to Information Act by disclosing all required information in a timely and appropriate manner, thereby upholding principles of transparency, accountability, and public accessibility.

In 2025, the Company received one (1) request under the RTI Act, which was responded to in accordance with statutory requirements.

ANTI-MONEY LAUNDERING AND COMBATING FINANCIAL TERRORISM

The Company continued to maintain a robust and well embedded Anti-money Laundering and Countering the Financing of Terrorism (AML/CFT) framework, aligned with the Prevention of Money Laundering and Financing of Terrorism Act No. 10/2014 and the regulatory guidelines issued by the Maldives Monetary Authority. Oversight of the framework was exercised through clearly defined governance arrangements, with accountability extending across the Board, Management, and all employees.

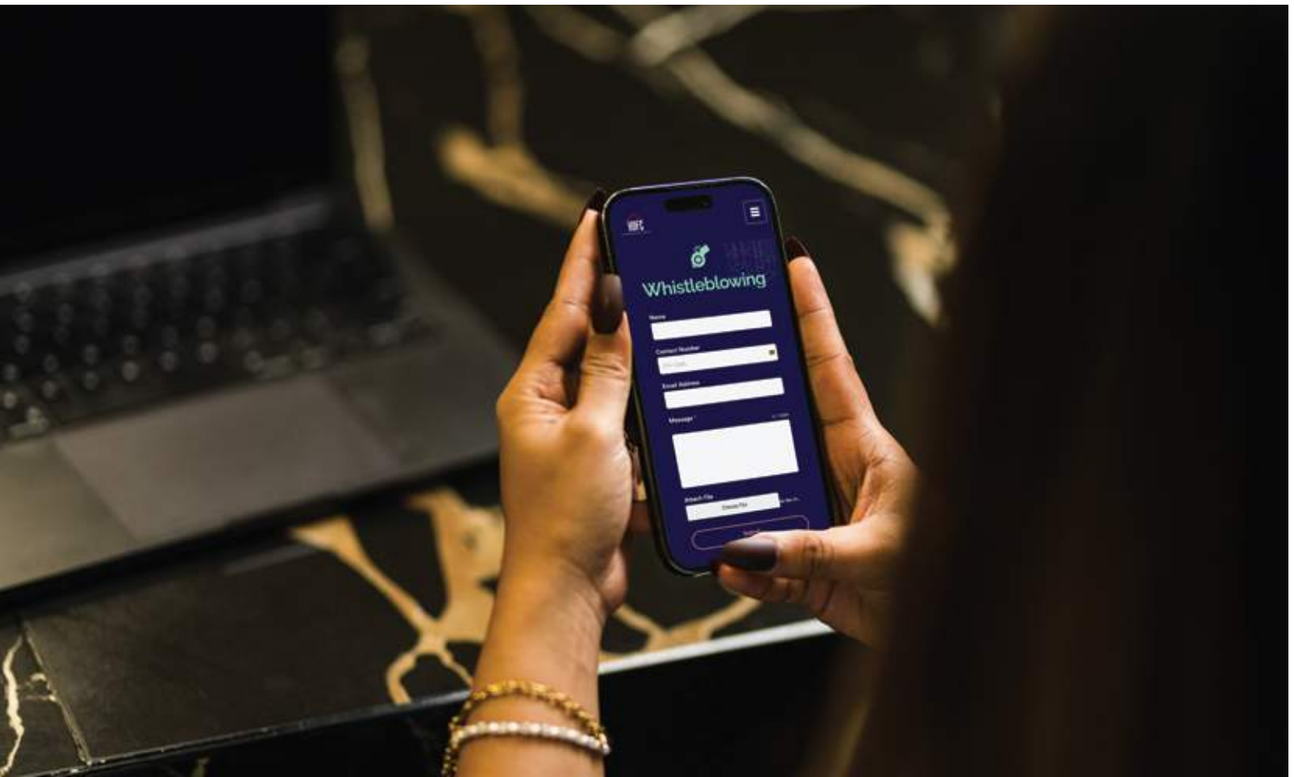
The Company's AML/CFT controls remained risk based and proportionate to the nature and scale of its housing finance operations, supported by comprehensive customer due diligence, enhanced screening mechanisms, and continuous transaction monitoring. Investments in staff capability, targeted training programs, and system enhancements including the introduction of a customer portal to improve data integrity and payment monitoring further reinforced the effectiveness of the control environment. In addition, AML/CFT procedures are overseen and enforced by a dedicated by the Company in accordance with all applicable acts and regulations.

HDFC remains satisfied that its AML/CFT framework operated effectively throughout the year and continues to evolve in line with regulatory expectations and emerging risk considerations, underscoring the Company's commitment to safeguarding the integrity of the financial system.

WHISTLEBLOWING, FRAUD, BRIBERY AND FINANCIAL CRIME

HDFC has established robust procedures and internal controls to enable employees, contractors, and other stakeholders to report any suspicious, fraudulent, unethical, or improper activities related to business operations or any other matter through a structured whistleblowing mechanism. The Company promotes a strong culture of integrity, transparency, and accountability by encouraging timely reporting of misconduct, fraud, bribery, corruption, and financial crime while ensuring confidentiality and protection of whistleblowers from retaliation in accordance with applicable laws and regulations.

HDFC continuously reviews and strengthens Anti-Money Laundering (AML), Countering the Financing of Terrorism (CFT), and whistleblowing frameworks to ensure full compliance with regulatory requirements and industry best practices. Regular monitoring, internal audits, and compliance reviews are conducted to detect, prevent, and mitigate financial crime risks. Through the implementation of these comprehensive measures, the Company aims to safeguard its operations, maintain ethical business practices, and reinforce stakeholder confidence by ensuring that any reported concerns are thoroughly investigated and appropriate legal and disciplinary actions are taken where necessary.



PREVENTION OF HARRASSMENT AT WORKPLACE

In compliance with the regulations pertaining to the prohibition and prevention of sexual harassment in the workplace, HDFC has implemented a comprehensive Prevention of Sexual Harassment policy to ensure a safe, respectful and inclusive working environment for all the employees.

An Internal Committee has been formed with representatives from various departments of the organization to oversee the implementation of the policy, handle complaints, and ensure adherence to regulatory and ethical standards. The Committee is responsible for conducting inquiries and recommending appropriate actions to protect employee rights.

During the year 2025, no complaints related to workplace sexual harassment were reported, reflecting the Company's continued commitment to maintaining a professional and harassment-free working environment.

LITIGATIONS

As of the date of publication of this report, apart from recovery related cases, there is one litigation case against HDFC but no other litigation against any of its directors.

GOVERNANCE STRUCTURE

Housing Development Finance Corporation maintains a robust governance framework supported by a clearly articulated delegation of authority. These governance processes ensure the effective execution of the Company's strategic objectives and the creation of sustainable value for both the organization and its stakeholders, now and into the future. The Board of Directors serves as the highest decision making authority, providing strategic oversight and direction. Its responsibilities are systematically delegated to Board Committees, Management Committees, and the Management team, ensuring structured accountability and operational efficiency across all levels. The Management and its committees are entrusted with implementing the strategies endorsed and approved by the Board.

The Company continues to comply with all applicable regulatory standards and corporate governance requirements outlined in the preceding sections.

SHAREHOLDING STRUCTURE

	NAME	NUMBER OF SHARES HELD	VALUE OF SHARES HELD	
	Government of Maldives	7,809,290	78,092,900	49%
	International Finance Corporation	2,868,750	28,687,500	18%
	Asian Development Bank	2,868,750	28,687,500	18%
	HDFC Bank Ltd (India)	2,390,620	23,906,200	15%
MINOR SHAREHOLDERS	Mr. Ibrahim Naeem	10	100	
	Ms. Raheema Saleem	10	100	
	Mr. Mohamed Ahmed	10	100	
	Mr. Mohamed Shahudy	10	100	
	Ms. Aishath Rasheeda	10	100	
	Mr. Mohamed Fathy	10	100	
	Mr. Mohamed Hamdan Fahumy	10	100	
	Mr. Ahmed Anwar	10	100	
	Ms. Aishath Shizna	10	100	
TOTAL		**15,937,500**	**159,375,000**	**100%**

BOARD OF DIRECTORS

NOMINEE DIRECTOR	Dr. Mohamed Shafeeq (Chairperson) Ms. Kohe Noor Binte Mahmoodul Hasan Mr. Ajay Agarwal	Government of Maldives Asian Development Bank HDFC Bank Ltd
INDEPENDENT DIRECTOR	Mr. Ahmed Asad Hashim Ms. Fathimath Leena	
ALTERNATE DIRECTOR	Mr. Mohamed Zuhair Mr. Asif Saeed Cheema	Government of Maldives Asian Development Bank
MANAGING DIRECTOR	Mr. Ahmed Zeenad	

BOARD OF DIRECTORS

DR. MOHAMED SHAFEEQ
Chairman, Non-Executive
Nominee Director
Government of Maldives

MS. KOHE NOOR B. M. HASAN
Non-Executive
Nominee Director
Asian Development Bank

MR. AJAY AGARWAL
Non-Executive
Nominee Director
HDFC Bank Ltd (India)

MR. AHMED ASAD HASHIM
Non-Executive
Independent Director

MS. FATHIMATH LEENA
Non-Executive
Independent Director

MR. AHMED ZEENAD
Executive
Managing Director

MR. MOHAMED ZUHAIR
Non-Executive
Alternate Director
Government of Maldives

MR. ASIF SAEED CHEEMA
Non-Executive
Alternate Director
Asian Development Bank

DR. MOHAMED SHAFEEQ

Chairperson
Nominee Director, Government of Maldives

Appointed as the Director by the Government of Maldives on 02nd December 2024

BOARD COMMITTEES
Board Credit Committee

QUALIFICATION & EXPERIENCE

Dr. Mohamed Shafeeq served as the Minister of Finance for the Republic of Maldives, overseeing Fiscal policy, Budgeting, Treasury and Debt management. He played a significant role in the State Internal Audit function, the National Tender Board, and the formulation of State Procurement Policies. In addition, he also held the presidency of the National Pay Commission. Represented the Maldives as governor at international financial institutions, including the World Bank Group, ADB, IsDB, AIIB, and Common Fund for Commodities, focusing on technical and investment aspects of the government under the resource mobilization mandate.

Dr. Shafeeq held the position of Chief Financial Officer (CFO) at the Housing Development Finance Corporation Plc (HDFC). He is skilled in the areas of strategic planning, governance, taxation, budgeting, financial, credit and investment analysis, and special emphasis on corporate training.

Dr. Shafeeq is a fellow member of Association of Chartered Certified Accountants (ACCA UK) and Institute of Chartered Accountants of the Maldives, and he has a DBA, MBA, and BA (Hons.) in Accounting and Finance. He is a certified valuer and licensed Auditor and is versed with the Concepts of Islamic Accounting and Reporting. He has devoted more than two decades to academia, where he has served as a mentor and lecturer. As a registered mentor at Oxford Brookes University, UK., he has made a significant contribution to the Maldives' advancement of professional skills and academic excellence. Furthermore, he has provided business consultancy services to a range of projects which include renewable energy and Islamic Finance.

OTHER APPOINTMENTS

- Chief Executive Officer (CEO) - Maldives Industrial Development Free Zone

He does not hold any shares in any company in the Maldives that has or will be perceived as a conflict of interest with HDFC Plc.

MS. KOHE NOOR BINTE MAHMOODUL HASAN

Non-Executive
Nominee Director, Asian Development Bank

Appointed as the Nominee Director by Asian Development Bank on 09th August 2019

BOARD COMMITTEES
Audit & Risk Management Committee
Nomination & Remuneration Committee

QUALIFICATION & EXPERIENCE

Ms. Kohe has over two decades of experience as a Senior Commercial Lawyer in leading international law firms. She was Reed Smith's first female partner in Singapore; Ms. Kohe was recently appointed as the Honorary Consul of the Republic of Ghana in Singapore. She is the Co-Founder and CEO M Kapital Consulting. Holding an LLB (Hons) from the National University of Singapore, she is well-versed in navigating complex legal landscapes.

With a focus on areas such as power, international trade, commodities, and transportation, Ms. Kohe's specialization underscores her proficiency in handling diverse and complicated legal matters. Her role at Reed Smith highlights her commitment to providing top-tier legal counsel and her reputation as a trusted advisor in the field of international business law.
Ms. Kohe volunteers actively and has diverse interests. At the national level, Ms. Kohe lends her expertise to several statutory boards including the Central Provident Fund Board, and Nanyang Polytechnic.

OTHER APPOINTMENTS

- Board Director - Singapore National Employers' Federation and Singapore Malay Chamber of Commerce and Industries
- Director - Singapore Co-operation Enterprise ("SCE") (a subsidiary of Enterprise Singapore). Company Auditor - AMP CO Ltd, Japan

She does not hold any shares in any company in the Maldives that has or will be perceived as a conflict of interest with HDFC Plc.

MR. AJAY AGARWAL

Non-Executive
Nominee Director, HDFC Bank Ltd. (India)

Appointed as Nominee Director by HDFC Bank Ltd. (India) on 17th January 2024

BOARD COMMITTEES
Audit & Risk Management Committee
Board Credit Committee
Nomination & Remuneration Committee

QUALIFICATION & EXPERIENCE

Mr. Ajay Agarwal, a Fellow Member of the Institute of Company Secretaries of India (ICSI), is highly regarded for his expertise in corporate and securities law, corporate governance, and legal and regulatory compliance. His contributions extend to various committees and task forces, including membership in the CII National Committee on Regulatory Affairs since 2018-19 and participation in the Task Force on Banking and Finance formed by ICSI.

With a distinguished career span of over 23 years at the Housing Development Finance Corporation Limited (Corporation), Mr. Agarwal served as the Company Secretary and key managerial person. In this role, he also functioned as the Compliance Officer, ensuring adherence to SEBI regulations such as Listing Obligations and Disclosure Requirements, Prohibition of Insider Trading, and Registrars to an Issue and Share Transfer Agents Regulations. His membership in the CII Corporate Governance Council further underscores his commitment to fostering best practices in corporate governance.

OTHER APPOINTMENTS

- Group Head – Secretarial & Group Oversight of HDFC Bank Ltd.
- Director - HDFC Capital Advisors Ltd.
- Board Director of First Housing Finance (Tanzania) Ltd.

He does not hold any shares in any company in the Maldives that has or will be perceived as a conflict of interest with HDFC Plc.

MR. AHMED ASAD HASHIM

Non-Executive
Independent Director

Appointed as Independent Director on
21st November 2024

BOARD COMMITTEES
Audit & Risk Management Committee (Chairperson)
Board Credit Committee (Chairperson)
Nomination & Remuneration Committee

QUALIFICATION & EXPERIENCE

Mr. Asad is a finance professional with more than 21 years of experience in the field. Proficient in developing and utilizing complex financial methodologies and accounting models to formulate and implement business strategies. In depth practical knowledge and experience in core finance and accounting with demonstrative capacity to successfully improve bottom line profitability and further corporate objectives. An energetic and ambitious leader, his focus is on facilitating and delivering business success through digital innovations and transformation through finance.

Mr. Asad is also an esteemed Fellow Member of ACCA and an associate member of CPA (Australia).

OTHER APPOINTMENTS

- Chief Financial Officer (CFO) - Maldives Airports Company Ltd.

He does not hold any shares in any company in the Maldives that has or will be perceived as a conflict of interest with HDFC Plc.

MS. FATHMATH LEENA

Non-Executive
Independent Director

Appointed as Independent Director on
06th July 2025

BOARD COMMITTEES
Nomination & Remuneration Committee (Chairperson)

QUALIFICATION & EXPERIENCE

Ms. Fathimath Leena is a seasoned finance professional with over 15 years of experience in accounting, finance, and corporate governance. She is a member of the Association of Chartered Certified Accountants (ACCA – UK) and the Institute of Chartered Accountants of the Maldives. She also holds a Postgraduate Diploma and a BSc (Hons) in Accounting and Finance.

Throughout her career, Ms. Leena has demonstrated expertise in financial strategy, budgeting, tax planning, treasury management, and the development of feasibility studies. She is also a strong advocate of corporate governance and has consistently driven policy improvements within the organizations she has served.

Ms. Leena has held several notable roles in both national and international capacities. She served as a Non-Executive Director on the Board of Maldives Hajj Corporation Limited for five years and currently represents the Maldives on the SAFA Women Leadership Committee. She is also a member of the National Steering Committee for the Artificial Intelligence Readiness Assessment Methodology, contributing to the country's advancement in emerging technologies. Additionally, she serves on the Management and Finance Committee of the Institute of Chartered Accountants of the Maldives.

In addition to her executive responsibilities, she is an experienced lecturer in International Financial Reporting Standards (IFRS), teaching ACCA courses at Villa College and MAPS College.

OTHER APPOINTMENTS

- Chief Financial Officer (CFO) - State Electric Company Limited (STELCO)

She does not hold shares in any company in the Maldives that would present a conflict of interest with HDFC Plc.

MR. AHMED ZEENAD

Executive
Managing Director

Appointed as Managing Director on
26th March 2024

QUALIFICATION & EXPERIENCE

Mr. Ahmed Zeenad was appointed as Managing Director of HDFC Plc on 26 March 2024, bringing with him over 15 years of extensive experience in the banking and finance industry. He commenced his professional career in 2006 as an Accountant at Maldives Finance and Leasing Company, subsequently advancing to the role of Finance Manager before joining Bank of Maldives (BML). At BML, Mr. Zeenad played a key role in strengthening institutional capabilities, leading the implementation of the SME banking strategy as Head of SME Banking and later overseeing government loan schemes as Head of Government Loan Schemes.

He was later appointed as Managing Director of the SME Development Finance Corporation (SDFC), where he played a key role in establishing and operationalizing the institution. Under his leadership, SDFC successfully executed a digital first SME development strategy centered on tailored financial solutions, resulting in portfolio growth exceeding MVR 1.2 billion within five years.

Mr. Zeenad holds a Master of Finance from Curtin University, Australia, and is an Affiliate Member of the Asian Institute of Chartered Bankers.

He does not hold any shares in any company in the Maldives that has or will be perceived as a conflict of interest with HDFC Plc.

MR. MOHAMED ZUHAIR

Non-Executive
Alternate Director, Government of Maldives

Appointed as Alternate Director on
10th April 2018

QUALIFICATION & EXPERIENCE

Mr. Zuhair holds a Masters Degree (MSc) in Agricultural Studies from the University of Queensland, Australia. Additionally, he also possesses a Bachelor of Science in Agriculture and a Post Graduate Diploma of Ingenieur Agricola from the American University of Beirut, Lebanon. This academic journey reflects his dedication to acquiring expertise in agricultural sciences from renowned institutions.

With over 30 years of dedicated service, Mr. Zuhair has held prominent positions within the Government of Maldives. Notably, he has served as Deputy Minister at the Ministry of Fisheries, Agriculture, and Marine Resources, contributing significantly to the development of these vital sectors. Additionally, his tenure as Ministry of State at the Ministry of Defense and National Security reflects his commitment to ensuring the safety and stability of the nation.

Beyond his governmental roles, Mr. Zuhair has also made a significant contribution in various leadership capacities. He has served as Chairman of MIFCO (Maldives Industrial Fisheries Company), where he played a pivotal role in shaping the direction of the fisheries industry.

Additionally, his leadership as Chairman of Kadhdhoo Airport Company Ltd (KACL) and as Managing Director at Fantasy Pvt Ltd underscores his broad expertise and commitment to excellence across different sectors.

He does not hold any shares in any company in the Maldives that has or will be perceived as a conflict of interest with HDFC Plc.

MR. ASIF SAEED CHEEMA

Non-Executive
Alternate Director, Asian Development Bank

Appointed as Alternate Director on
05th October 2015

QUALIFICATION & EXPERIENCE

Mr. Cheema holds a master's degree in business administration (MBA) from Yale University, and coursework in International Affairs from Columbia University. His academic foundation also includes a Bachelor of Science in Accounting and Finance from the New York Institute of Technology.

Mr. Cheema embarked on his professional journey in 1996 as an Equity Research Associate at Deutsche Bank Securities in New York. Over the years, he has amassed valuable experience at renowned financial institutions, including J.P Morgan Securities and HSBC Investment Bank in New York, as well as positions at Nomura International in Dubai, where he served as Executive Director in Corporate Finance and Investment Banking. He also contributes significantly to Alpen Capital in Dubai and the UAE.

OTHER APPOINTMENTS

- Financial Institutions Investment Specialist – Asian Development Bank (ADB)

He does not hold any shares in any company in the Maldives that has or will be perceived as a conflict of interest with HDFC Plc.

BOARD OF DIRECTORS

AUDIT & RISK MANAGEMENT COMMITTEE	Mr. Ahmed Asad Hashim	Chairperson
	Ms. Kohe Noor Binte Mahmoodul Hasan	Member
	Mr. Ajay Agarwal	Member
NOMINATION & REMUNERATION COMMITTEE	Ms. Fathimath Leena	Chairperson
	Ms. Kohe Noor Binte Mahmoodul Hasan	Member
	Mr. Ahmed Asad Hashim	Member
	Mr. Ajay Agarwal	Member
BOARD CREDIT COMMITTEE	Mr. Ahmed Asad Hashim	Chairperson
	Dr. Mohamed Shafeeq	Member
	Mr. Ajay Agarwal	Member

SHARIAH ADVISORY COMMITTEE	Dr. Ibrahim Zakariyya Moosa	Chairperson
	Associate Professor Dr. Rusni Hassan	Member
	Dr. Aishath Muneeza	Member
	Mr. Ahmed Sameen	Secretary

MANAGEMENT TEAM

EXECUTIVE MANAGEMENT

MR. AHMED ZEENAD
Managing Director
Appointed in 2024

Mr. Ahmed Zeenad was appointed as Managing Director of HDFC Plc on 26 March 2024, bringing with him over 15 years of extensive experience in the banking and finance industry. He commenced his professional career in 2006 as an Accountant at Maldives Finance and Leasing Company, subsequently advancing to the role of Finance Manager before joining Bank of Maldives (BML). At BML, Mr. Zeenad played a key role in strengthening institutional capabilities, leading the implementation of the SME banking strategy as Head of SME Banking and later overseeing government loan schemes as Head of Government Loan Schemes.

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Mr. Zeenad holds a Master of Finance from Curtin University, Australia, and is an Affiliate Member of the Asian Institute of Chartered Bankers.

MS. AISHATH SHIZNA
Chief Financial Officer
Appointed in 2024

Ms. Shizna is a seasoned finance professional with over 15 years of experience in the finance and insurance industries. A Chartered Certified Accountant, she is a Fellow of both the Association of Chartered Certified Accountants (UK) and the Institute of Chartered Accountants of the Maldives. She also holds a Master of Business Administration from the University of the West of England and a certification from the Malaysian Insurance Institute.

She previously served as an Independent Director on the Board of Housing Development Finance Corporation Plc and as Financial Controller at Allied Insurance Company of the Maldives Pvt Ltd. Ms. Shizna contributes to the profession through her roles on the Technical and Standards Committee and the Accountants in Business Committee of the Institute of Chartered Accountants of the Maldives. She also serves as a Council Member of the National Sports Council, offering strategic financial guidance in support of national development efforts.

MR. ADAM ATHIF
Head of Corporate Services and Company Secretary
Appointed in 2025

Adam Athif was appointed Head of Corporate Services and Company Secretary of HDFC in 2025 following a restructuring that established the Corporate Services Department. Previously Head of Administration, he has been with HDFC since 2004, demonstrating long-standing commitment and deep institutional knowledge. Prior to joining, he gained over 14 years of experience across government and private sectors.

During his tenure, he has held key roles including Senior Manager – Administration and Human Resource Development and Manager – Administration and Human Resource Development, reflecting his expertise in organizational management, human resources, and corporate administration.

He holds a Diploma in Business Administration (ABE) and brings strong professional capability, regulatory understanding, and governance expertise to support the Company's compliance and corporate standards.

MR. MOHAMED FATHY
Head of Information Technology
Appointed in 2021

Mr. Mohamed Fathy has been appointed as the Head of Information Technology in 2021. Mr. Fathy has been an integral part of HDFC since 2004, demonstrating long standing commitment and continuity of leadership. Over the years, he has undertaken several key roles, including Head of Internal Audit, Manager – IT, and Senior Manager – IT, reflecting the depth and breadth of his experience and his strong understanding of the Company's operations and control environment.

Mr. Fathy holds an M.Sc. in IT Management from Asia Pacific University of Malaysia and a Bachelor of Commerce from Bangalore University, India. His strong academic foundation, complemented by extensive professional experience within the organization, has equipped him with deep technical and managerial expertise. He plays a strategic role in advancing HDFC's digital transformation by driving a digital first approach across core operations. Through the digitization of key process flows, he enhances operational efficiency, supports scalable growth, and strengthens the Company's long term sustainability.

SENIOR MANAGEMENT

MR. MOHAMED NAWAZ HASSAN
Senior Manager - Credit
Appointed in 2024

Mr. Mohamed Nawaz Hassan was appointed Senior Manager – Credit in 2024, having joined Housing Development Finance Corporation Plc in 2018. During his tenure, he has held key roles including Manager – Credit, demonstrating strong expertise in credit administration and risk assessment. Prior to HDFC, he served as a Senior Estate Officer at Housing Development Corporation (HDC), building valuable experience in the housing and real estate sector.

In addition to leading the Credit Department, he serves as the Company's designated Anti Money Laundering Officer and heads the Business Development Section, overseeing operations and supporting growth initiatives.

He holds a BBA (Hons) in Business Administration from Open University, Malaysia, and an MBA from the University of the West of England, equipping him with a solid foundation in business and strategic management, including Islamic finance.

MS. FATHIMATH SAADHA
Senior Manager – Human Resources
Appointed in 2024

Ms. Fathimath Saadha was appointed as Senior Manager – Human Resources in 2024, bringing with her over a decade of dedicated service at HDFC. During her tenure, she has gained extensive experience across multiple functions, enabling her to develop a comprehensive understanding of the Company's operations, culture, and strategic objectives.

Ms. Saadha holds a Master's Degree in Business Administration, providing her with a strong foundation in strategic planning, organizational management, and leadership. At HDFC, she oversees the Human Resources function and plays a pivotal role in shaping and implementing the Company's talent management strategies. Under her leadership, the Company has continued to strengthen employee engagement and capability development through the introduction and enhancement of key human resource policies and initiatives, supporting a more empowered and higher performing workforce.

MR. AHMED SAMEEN
Senior Manager – Shari'ah Compliance
Appointed in 2023

Mr. Ahmed Sameen assumed the role of Senior Manager – Shari'ah Compliance at HDFC in 2023. A licensed Islamic scholar and lawyer, he brings extensive knowledge and expertise in Islamic law and finance, making him a valuable addition to the Company's Islamic finance division.

With over eight years of experience in the Islamic finance industry, Mr. Sameen previously served as Shariah Compliance Manager at Bank of Maldives PLC, where he played a pivotal role in ensuring adherence to Shariah principles, regulatory requirements, and governance standards.

His commitment to both professional practice and academic development is demonstrated through his experience in teaching Islamic finance and law in the Maldives. This reflects his dedication to advancing knowledge, strengthening public understanding, and contributing to the development of the Islamic finance sector.

MR. AHMED ANWAR
Senior Manager – Recovery
Appointed in 2024

Mr. Ahmed Anwar was appointed as Senior Manager – Recovery at Housing Development Finance Corporation Plc in 2024, bringing with him extensive institutional experience, having joined the organization in 2005. Over the years, he has gained comprehensive experience across key functions including credit, finance, and recovery, reflecting his versatility and strong understanding of financial operations.

Mr. Anwar holds a Professional Diploma in Accounting from the Association of Accounting Technicians (AAT), underscoring his commitment to professional development in accounting and financial practices. In addition, he possesses a Diploma in Shariah and Law, providing him with a sound understanding of legal and Shariah related matters relevant to the recovery function.

With his broad experience and professional qualifications, Mr. Anwar plays an important role in managing HDFC's recovery operations, supporting effective resolution of cases while safeguarding the Company's financial interests.

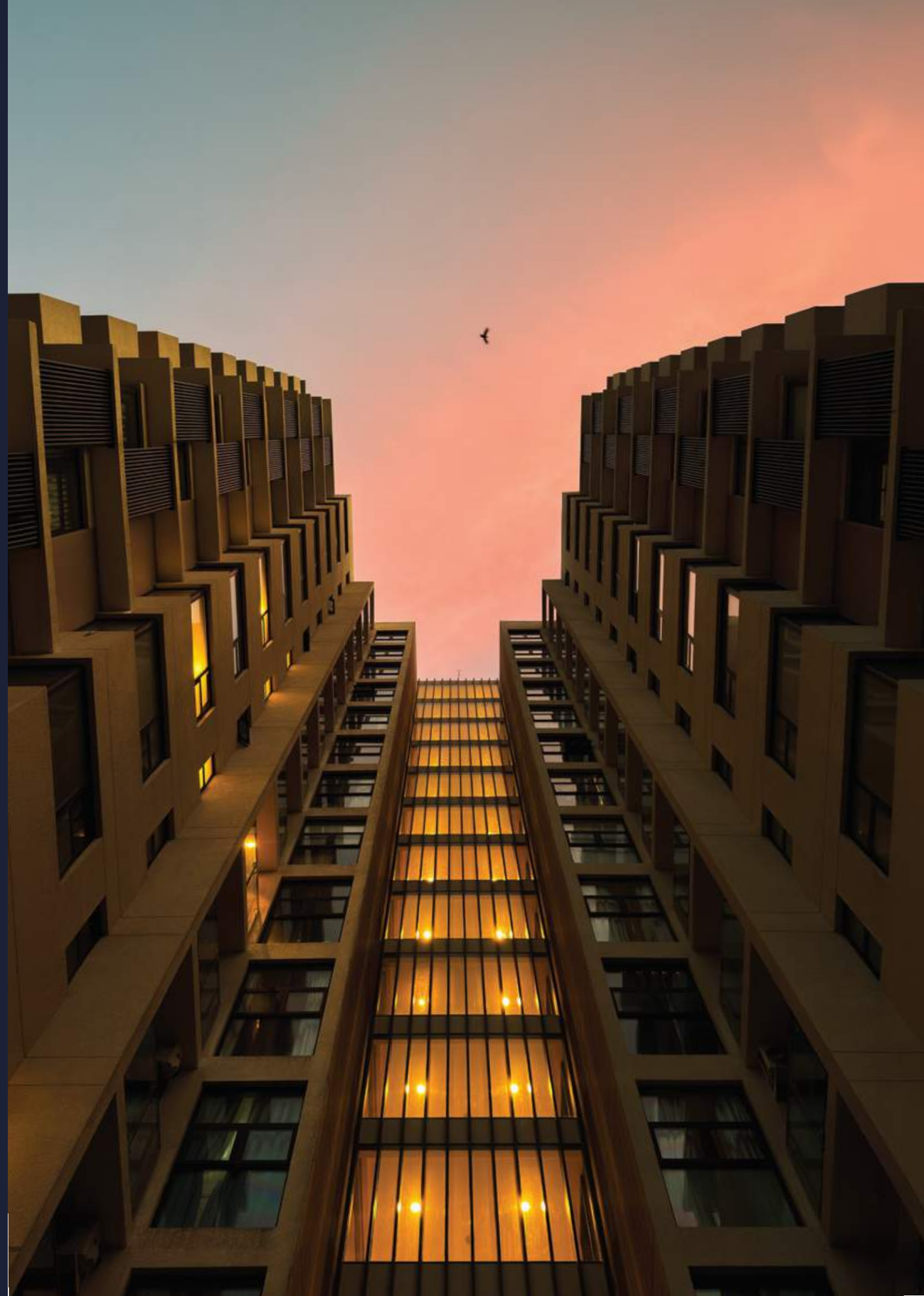
MR. FAISAL HALEEM
Manager – Risk & Compliance
Appointed in 2021

Mr. Faisal Haleem was appointed as the Risk and Compliance Manager at HDFC in 2001. Having been associated with the organization since 2009, he has contributed significantly to its growth, stability, and strengthening of risk and compliance functions.

Prior to joining HDFC, Mr. Faisal gained valuable public sector experience at the Ministry of Education. During his tenure at HDFC, he has held several key positions, including Assistant Manager – Credit and Audit, and Manager – Compliance and Quality Assurance, reflecting his versatility and strong expertise across risk management, credit operations, audit, and regulatory compliance.

Mr. Faisal is a Fellow Member of the Institute of Chartered Accountants of the Maldives and a Member of the Association of Chartered Certified Accountants (UK). He holds a Bachelor of Arts (Honours) degree in Accounting and Finance from the University of East London, UK, obtained through HELP University College, Malaysia. His strong academic foundation, combined with extensive practical experience, enables him to effectively manage enterprise wide risks and uphold high standards of regulatory compliance and governance within HDFC.

DIRECTOR'S REPORT



Dear Shareholders,

The Board of Directors of Housing Development Finance Corporation Ltd presents the Director's Report for the year 2025.

This report complies with the Corporate Governance (CG) Code of the Capital Market Development Authority (CMDA) and the Maldives Monetary Authority (MMA) Regulation on Corporate Governance for Banks, Insurance Companies and Finance Companies of the Maldives.

BOARD COMPOSITION

The Board of Directors of the Company is designed to comprise Eight (8) members including the Managing Director. The Government of Maldives (GOM) is entitled to nominate two (2) Non-Executive Directors, while the Asian Development Bank (ADB), International Finance Corporation (IFC), and HDFC Bank Ltd (India) each have the right to nominate one (1) Non-Executive Director. In addition, two (2) Independent Directors represent the interests of minority shareholders.

During the year, GOM dismissed one of the directors, and IFC did not exercise their right to nominate a Nominee Director. By the end of the year 2025, the Board consisted of six (6) members: one representative each from GOM, HDFC Bank Ltd (India), and ADB, two Independent Directors, and the Managing Director.

Furthermore, the Government of Maldives and ADB each appointed an Alternate Director to ensure continuity and effective oversight.

The Board maintains an appropriate balance between Non Executive and Executive representation, with the Managing Director serving as the sole Executive Director. The presence of Independent Directors ensures that deliberations are objective and thorough, adding significant value to the Board's decision making process. In addition, the Board comprises two (2) female Directors and four (4) male Directors.

The Board's composition fully complies with the CG Code issued by the CMDA and the MMA Regulation on Corporate Governance for Banks, Insurance Companies, and Finance Companies. The Board demonstrates a clear commitment to strong independence, transparency, and gender diversity, and is structured to ensure that, collectively, it brings a comprehensive blend of expertise, experience, and skills necessary to provide rigorous oversight, sound strategic direction, and effective stewardship in the best interests of the Company and its shareholders.

DUTIES OF THE BOARD

The Board is entrusted with the ultimate responsibility for the governance of the Company and serves as the final decision making authority on all matters relating to the Company, subject to the limitations prescribed under applicable laws and regulations. In discharging this responsibility, the Board ensures that decisions on financial and other material matters are taken in accordance with the approved Manuals of the Company and all prevailing legal and regulatory requirements. The Board is also responsible for formulating and approving policies, frameworks, and guidelines to govern the Corporation's activities, ensuring that sound and sustainable business initiatives are pursued at all levels of the organization.

The Company's corporate governance framework is founded on the following core principles:

- The constitution of the Board of Directors with an appropriate balance of composition, size, independence, diversity, experience, and commitment to effectively discharge responsibilities and fiduciary duties.
- The conduct of all corporate affairs in accordance with the highest standards of ethics, transparency, accountability, honesty, and integrity.
- The timely flow of accurate, fair, and meaningful information through comprehensive disclosures and periodic reports to the Board, its committees, regulators, and other stakeholders, enabling informed decision making and effective oversight.
- The integrity and reliability of financial reporting through independent assurance, together with timely and balanced disclosure of all material information, including the transparent identification and management of potential conflicts of interest involving directors or senior management.
- The maintenance of a robust risk management framework and effective internal control systems to safeguard the Company's assets and resources, prevent misuse or misapplication, and ensure full compliance with applicable laws, rules, and regulations.
- A clear, simple, and transparent corporate structure designed solely to support the Company's business objectives and operational efficiency.

While the fundamental principles of corporate governance are derived from the Shareholders' Agreement and the Articles of Association, the Company has fully complied with all applicable corporate governance standards and regulatory requirements. The Board consistently discharges its duties and responsibilities in accordance with applicable laws and best practices, ensuring effective stewardship and accountability in the best interests of the Company and its stakeholders.

KEY CHANGES TO THE BOARD OF DIRECTORS

The composition of the Board is in conformity with the Companies Act of Maldives 7/2023 and the provisions under the constitutional documents and MMA CG Regulatory requirements. During the year 2025, 1 Director concluded their appointment, and 1 Director was appointed to the Board.

Details are on the table below.

NAME	CAPACITY	APPOINTED/RESIGNED	DATE
Ms. Fathimath Leena	Independent Director	Appointed	06th Jul 2025
Ms. Zidna Ibrahim	Non-Executive Director	Resigned	17th Dec 2025

BOARD MEETINGS AND ATTENDANCE

In accordance with MMA CG Regulation (No:2020/R-59), the Board convenes a minimum of 04 times a year each meeting falling within each quarter which addresses specific issues in addition to standard items such as performance brief for that quarter and compliance requirements.

All Board meetings were held at the HDFC Head Office in Malé, Maldives. For certain meetings, some Directors participated virtually. Each meeting followed a well structured agenda developed in consultation with the Managing Director, Executive Team, and the Chairperson of the Board. Relevant papers and supporting documents were shared with Directors in advance to ensure informed and effective deliberations. During the year, the Board of Directors has convened five (5) meetings, with attendance details provided below.

NAME	CAPACITY	APPOINTED	ATTENDANCE
Dr. Mohamed Shafeeq	Chairperson	02nd Dec 2024	5/5
Ms. Zidna Ibrahim [1]	Director - GOM	03rd Sep 2024	4/4
Ms. Kohe Hassan	Director - ADB	09th Aug 2019	5/5
Mr. Ajay Agarwal	Director - HDFC	17th Jan 2024	5/5
Mr. Ahmed Asad Hashim	Independent Director	21st Nov 2024	5/5
Ms. Fathimath Leena [2]	Independent Director	06th Jul 2025	1/2
Mr. Ahmed Zeenad	Managing Director	18th Mar 2024	5/5

1. Ms. Zidna Ibrahim was dismissed from the Board effective from 17th December 2025
2. Ms. Fathimath Leena was appointed to the Board effective from 06th July 2025

KEY DECISIONS

During the year under review, the Board of Directors reviewed, deliberated upon, and, where necessary, approved a wide range of matters in fulfilment of its oversight responsibilities.

The Board considered regular performance, liquidity and asset quality reports, including quarterly performance assessments of 2025 against approved strategic and financial objectives. In this regard, the Asset Quality Report, Risk Assessment Report for H1 2025, Portfolio Allocation Strategy, and Risk Appetite Statement were reviewed to ensure continued alignment with the Company's risk management framework and strategic direction.

On financial reporting and capital-related matters, the Board reviewed and approved the Audited Financial Statements for FY 2024, adopted the Interim Audited Financial Report for the period January to June 2025, reviewed the Expected Credit Loss (ECL) Model, and considered the equity valuation presented by KPMG. The Board also approved the Final Dividend for FY2024 and deliberated on the proposed Interim Dividend for FY2025, which was subsequently approved through Circular Resolution in January 2026.

From a governance, compliance, and policy perspective, the Board reviewed and approved the Shariah Governance Manual (Version 3.0), Human Resource Policy, Training and Development Policy, Anti-Money Laundering (AML) Report, and Periodic Compliance Report. The annual review of existing Islamic (AMNA) Manuals was also undertaken, and updates to the Credit Manual, including amendments effected through circulation, were noted and approved.

Product development and pricing matters received due consideration during the year. The Board reviewed and approved new product proposals, the Schedule of Charges for both Conventional and Islamic Products, amendments thereto, and the treatment of insurance in housing mortgage finance. Updates on business development and marketing activities were also reviewed.

In respect to assurance and internal control, the Board reviewed internal audit key findings for Q3 and Q4 2024, the Internal Audit Report for Q1 2025, and noted key findings arising from internal audit reviews for Q2 and Q3 2025, while monitoring management responses and corrective actions.

Operational and organizational matters reviewed by the Board included the IT Progress Report, organizational structure, and restructuring proposals, ensuring that the Company's operational framework remained appropriate and responsive to evolving business needs.

Through these deliberations and approvals, the Board continued to provide effective governance, strategic oversight, and stewardship of the Company, in line with regulatory requirements and best practices in corporate governance.

BOARD INDUCTIONS AND TRAININGS

Newly appointed Directors are provided with structured familiarization sessions with Management to enable an understanding of the Company's business, governance framework, strategic and financial objectives, risk management and compliance environment, as well as the rights and responsibilities of shareholders. Directors also attend relevant seminars and conferences from time to time, as appropriate, to enhance their knowledge and competencies, with particular focus on financial management and Islamic finance.

BOARD PERFORMANCE EVALUATION

An annual performance evaluation of the Board, its committees, and individual Directors is carried out to ensure continued effectiveness, high standards of performance, and a sustained commitment to fiduciary responsibilities. As part of this process, each Director completes a structured self assessment, which is submitted to the Chairperson of the Nomination and Remuneration Committee for review. A consolidated evaluation report, incorporating the outcomes of the Board and Committee assessments, is compiled and made available for submission to the relevant authorities, as required. The evaluation methodology is aligned with the CG Code issued by the CMDA and MMA and incorporates the prescribed fit and proper criteria to support strong governance standards and overall Board effectiveness.

BOARD OF DIRECTORS' REMUNERATION

Directors are paid a fixed monthly fee for their service on the Board. No additional fees are paid for attendance or participation of the Board Committees. The Chairperson is paid an additional allowance in recognition of the additional responsibilities, leadership role, and accountability associated with chairing the Board.

	AMOUNT (MVR)	FREQUENCY
Board Remuneration	9,300.00	Monthly per Director
Chairperson Remuneration	15,800.00	Monthly

The Board of Directors received a total remuneration of MVR 588,309.59 for the year 2025, excluding the remuneration of the Managing Director.

The table below outlines the remuneration received by each Director during the year.

NAME	CAPACITY	AMOUNT (MVR)
Dr. Mohamed Shafeeq	Chairperson	203,450.07
Ms. Kohe Noor Binte Hassan	Director	111,599.52
Ms. Zidna Ibrahim	Director	107,100.00
Mr. Ahmed Asad Hashim	Independent Director	111,600.00
Ms. Fathimath Leena	Independent Director	54,560.00

Note: Mr. Ajay Agarwal, Nominee Director at HDFC Bank Ltd (India) has agreed to waive off his remuneration, in any form, receivable from the Company.

MANAGING DIRECTOR REMUNERATION

The aggregate remuneration paid to the Managing Director during the year amounted to MVR 979,840.63 which comprised basic salary, allowances and performance-linked bonus payments.

EXECUTIVE MANAGEMENT REMUNERATION

Aggregate remuneration paid to the Executive Management excluding Managing Director in the year 2025, was MVR 1,858,549.54 which comprised basic salary, allowances and performance-linked bonus payments. The Executive Management comprises members of the Senior Management who are designated by the Board as Executive Management Members.

SHAREHOLDER MEETING

The Company convened an Annual General Meeting (AGM) during the year 2025. In accordance with statutory and regulatory requirements, the Notice of Meeting, along with the relevant documents, was circulated to all shareholders at least 21 days prior to the AGM to ensure adequate time for review and preparation.

The AGM was held on 25 May 2025 in the Maldives, providing shareholders with the opportunity to engage with the Board and Management, review the Company's performance for the preceding financial year, and deliberate on key matters requiring shareholder approval.

SUMMARY OF KEY DECISIONS TAKEN AT THE ANNUAL GENERAL MEETING

At the AGM held during the year under review, the shareholders considered and approved several key matters in accordance with statutory and regulatory requirements.

The approved and adopted the Audited Annual Financial Statements for the financial year ended 2024. The dividend proposal for FY 2024, as recommended by the Board of Directors, was also endorsed by the shareholders.

Shareholders further approved the appointment of the External Auditors for the financial year 2025, together with the determination of their remuneration. In addition, the AGM formally recorded the resignation(s) and appointment(s) of Directors, in line with the provisions of the Company's Articles of Association and applicable regulatory requirements.

These resolutions enabled the Company to continue its operations with sound financial governance, appropriate audit oversight, and an updated Board composition.

DIVIDEND DECLARATION

In 2025, the Board of Directors declared a dividend for the FY2024 amounting to MVR 39.05 million, representing a dividend of MVR 2.45 per share, based on a nominal share value of MVR 10.

The proposed dividend for the FY2025 is MVR 2.45 per share, funded from an interim dividend totaling MVR 39.05 million.

APPOINTMENT OF EXTERNAL AUDITORS

The Board of Directors approved the appointment of Deloitte as the External Auditors for the financial year 2025, and the appointment was subsequently endorsed by shareholders at the 21st AGM held on 25th May 2025..

DECLARATION OF INTEREST

In line with the MMA CG regulation and the Company's Code of Conduct and Conflict of Interest Policy, Directors are required to disclose any actual or potential conflicts of interest as and when such situations arise. Key management personnel are likewise required to make full and timely disclosures of any conflicts while performing their duties. A Register of Interests is maintained by the Company and updated on an ongoing basis in accordance with regulatory requirements.

BOARD COMMITTEES

AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit Committee was established in accordance with the Articles of Association 123 of HDFC Plc., and Articles II Corporate Governance Section (b) of the Shareholders Agreement executed between the shareholders on 23 July 2008 and in accordance with MMA CG Regulatory requirements, consisting of 4 non-executive directors form amongst the board directors. The Chairperson of the Committee is held by an Independent Director. The broad role of the committee is to oversee the financial reporting process, risk management and disclosure of financial information.

Responsibilities of the committee includes:

- To review with management, quarterly, half yearly and annual financial statements and accuracy and correctness before submission to the Board.
- Review the effectiveness of HDFC's internal risk controls and risk management system.
- To review with management and internal auditors, the adequacy of internal control systems, approving the internal audit plans/reports and reviewing the efficacy of their function, discussion and review of periodic audit reports including findings of internal investigations.
- To recommend the appointment of the internal and statutory auditors and their remuneration.
- To recommend the appointment of the Shariah Compliance Auditors
- Review Internal Compliance Audit Review Reports
- To review and approve required provisions to be maintained and write off decisions.
- To hold discussions with the Statutory and Internal Auditors.
- Review and monitoring of the auditor's independence and performance, and effectiveness of audit process.
- Examination of the auditors' report on financial statements of the Company (In addition to the financial statements) before submission to the Board.
- Scrutiny of corporate loans and investments.
- Review valuation undertaken for the Company.
- Review and critically evaluate the accounting policies, including the consistency in the application of the policies, and any change being recommended to the accounting policies.
- Ensure that compliance requirements are adhered to and being reported in a timely manner.
- Evaluation of the risk management systems.
- To hold post audit discussions with the auditors to ascertain any area of concern.

The Committee currently comprises 3 Directors, the details of which are as follows:

MEMBERS	CAPACITY	ATTENDANCE
Mr. Ahmed Asad Ibrahim	Chairperson	5/5
Ms. Kohe Noor Binte Hassan	Member	5/5
Mr. Ajay Agarwal	Member	5/5

Key committee activities:

During the year, the Audit and Risk Management Committee supported the Board in overseeing financial reporting, internal controls, risk management, and audit functions in line with MMA CG Regulations.

The Committee reviewed Internal Audit Reports for Q3 and Q4 2024 and 2025, monitored management actions, and recommended the appointment of audit firms for FY2025.

It also reviewed key financial matters, including the 2024 Audited Financial Statements, H1 2025 Interim Report, revised ECL model, and proposed dividend, before Board approval.

From a risk perspective, the Committee assessed the H1 2025 Risk Assessment Report and Risk Appetite Statement to ensure alignment with the Company's strategy and objectives.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee was established in accordance with the Article of Association 123 and Article II of the Corporate Governance Section (b) of the Shareholders Agreement executed between the Shareholders on 23 July 2008, consisting of 4 non-executive directors. During the year 01 meeting was held. Details of composition and the meetings are as follows:

Nomination and Remuneration Committee Members attendance for the year 2025. The Committee currently comprises 3 Directors, the details of which are as follows:

MEMBERS	CAPACITY	ATTENDANCE
Ms. Zidna Ibrahim [1]	Chairperson	1/1
Ms. Fathimath Leena [2]	Chairperson	0/0
Ms. Kohe Hassan	Member	1/1
Mr. Ajay Agarwal	Member	1/1

1. Ms. Zidna Ibrahim was dismissed from the Board effective from 17th December 2025
2. Ms. Fathimath Leena was appointed as the Chairperson of the Committee on 25th August 2025

Responsibilities of the committee are:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel, and other employees.
- Formulation of criteria for evaluation of performance of independent directors and the board of directors.
- Review of the organization structure.
- Review and endorse HR policies.
- Adopt the best HR practices for training, retention and development of staff.
- Set and recommend new staff benefit schemes to the Board.
- Identify and shortlist suitable candidates to be recruited to the senior level positions.

Key committee activities:

During the year under review, the Nomination and Remuneration Committee (NRC) assisted the Board in discharging its responsibilities relating to Board composition, performance evaluation, and remuneration matters, in line with the approved governance framework.

The Committee reviewed and recommended the appointment of an Independent Director to the Board, ensuring compliance with regulatory requirements and the desired balance of skills, experience, and independence. The Committee also conducted the annual performance evaluation of the Board of Directors, assessing overall Board effectiveness and individual director performance.

In relation to senior management oversight, the NRC reviewed the annual performance appraisal of Executive Committee (EXCO) members and considered the annual company bonus for 2024, ensuring alignment with performance outcomes and approved remuneration principles.

BOARD CREDIT COMMITTEE

The Board Credit Committee was established in accordance with the Articles of Association 123 of the Company and Article II of Corporate Governance Section (b) of the Shareholders Agreement executed between the Shareholders on July 23, 2008, consisting of non-executive directors from amongst the Board of Directors. No official committee meetings were held during the period, and all activities were carried out through circulation.

Details of composition are as follows:

MEMBERS	CAPACITY
Mr. Ahmed Asad Ibrahim	Chairperson
Dr. Mohamed Shafeeq	Member
Mr. Ajay Agarwal	Member
Ms. Zidna Ibrahim [1]	Member

1. Ms. Zidna Ibrahim was dismissed from the Board effective from 17th December 2025

Responsibilities of the committee include:

- To approve proposed changes in Lending Prudential guidelines and major credit policies.
- To approve discretions and onward delegation guidelines of the next level of management.
- To consider and determine proposals exceeding management's approval limits
- To receive and review reports on credit quality, risk management policies and procedures.
- To consider and approve general provisioning policies and specific provisions.
- To carry out other duties that may be delegated to the committee by the Board from time to time.
- To ensure infrastructure, resources and systems are in place for risk management
- Monitoring the risk profile and performance of the credit portfolios including portfolio composition, risk concentrations, portfolio analytics, arrears performance, provisioning, non-performing facilities, and loss performance.
- Monitoring the independence, performance and effectiveness of the credit risk management function.
- Monitoring emerging trends and risks that may impact the credit risk profile along with relevant legislative, regulatory, and industry developments and overseeing management's plans to manage these risks and developments.

Key committee activities:

During the year 2025, the Board Credit Committee, upon referral from the Management Credit Committee, reviewed and approved a total of 14 credit facilities amounting to MVR 144.09 million, in accordance with the approved Credit Policy and delegated authority framework.

SHARIAH ADVISORY COMMITTEE

The Shariah Advisory Committee was established by the Board to discharge the responsibilities on Shariah Compliance. The Committee met 10 times during the year 2025 to take up issues relating to Shariah audit, risk, and other issues. The Shariah Committee consists of 03 members who report AMNA related matters to the Board.

Shariah Advisory Committee Members 2025

NAME	CAPACITY
Dr. Ibrahim Zakariyya Moosa	Chairperson
Prof. Dr. Rusni Binti Hassan	Member
Dr. Aishath Muneeza	Member

Key committee activities:

During the year, the Shariah Advisory Committee oversaw Shariah compliance across HDFC AMNA's Islamic finance operations in line with regulatory requirements and the Shariah Governance Manual.

The Committee reviewed and approved key documents, including the updated Shariah Governance Manual Version 3.0, the revised Murabaha Manual, the Master Wakalah Agency Agreement, the 'Hiyaavahi' Wakalah Agreement, and the Dhivehi general terms for Unsecured Murabaha facilities. The Committee also endorsed the Risk Management Framework from a Shariah perspective.

It also approved product pricing and fee structures, ensuring compliance with Ta'wid principles, and reviewed marketing guidelines for alignment with Shariah standards.

In its assurance and review role, the Committee reviewed the Shariah Audit for 2024 and Internal Shariah Review reports, along with quarterly updates, providing guidance on improvements and compliance monitoring.

Additionally, it reviewed progress on Islamic finance initiatives such as Sukuk reports, approved charity disbursement, endorsed participation in Living Expo 2025, and recommended formalizing a service agreement between HDFC conventional and AMNA operations to ensure proper segregation.

Through these efforts, the Committee ensured continued adherence to Shariah principles and regulatory expectations.

MANAGEMENT COMMITTEES

The Company has 3 key management committees established under Board approved terms of reference. The Managing Director acts as the Chairperson of all the management committees. These committees review matters that are crucial to the daily operations.

ASSET-LIABILITY COMMITTEE (ALCO)

The Asset-Liability Committee has been established by the Board with clear instructions to assist the Board of Directors to assess the adequacy and monitor the implementation of the Company's Asset/Liability Management policy. The specific areas covered include interest rate risk, market/investment risk, liquidity risk, and credit risk.

The responsibilities of the ALCO committee are:

- Establishment of process to enable the identification, assessment, and management of risks, that could affect the Company's Asset/Liability Management (ALM).
- Identification of the Company's risk tolerance levels for yield maximization related to its ALM.
- Evaluation of the adequacy, effectiveness and compliance with the Company's risk management process related to the Company's ALM including management's role in that process.
- Establishment of a fund management procedure which can administer the financial position of the company by overseeing all the assets and liabilities positions.

The ALCO consists of at least five (5) key management staff including the Managing Director. The committee convenes at least once each week and more frequently if necessary.

MANAGEMENT CREDIT COMMITTEE

The Board has established a Management Credit Committee with clear instructions to assist the Board of Directors in its oversight of HDFC's policies regarding all matters of the lending operation. The main responsibility of the committee is to review the quality of HDFC's credit portfolio and analyze the movements in the market affecting the portfolio to oversee the effectiveness and administration of credit policies, propose changes to underwriting guidelines based on the market behaviors and to approve those facilities under the delegated threshold approved by the Board and to recommend cases above the threshold level to the Board and to regularly report to the Board regarding credit management activities.

The committee comprises five (5) Senior Management members including the Managing Director. The Committee meets at least once or twice a month, or more frequently as required, depending on the cases requiring discussion and approval.

RECOVERY COMMITTEE

The Company has established a Recovery Committee which is responsible for making decisions on non-performing loans recovery and legal procedures related to default loans. In addition, the committee reviews all non-performing loans and delinquent loans submitted by the recovery department for court filing approval. The Committee meets once a month to review the recovery efforts and propose further action if required.

The committee includes four (4) senior Management members and the Managing Director.

FINANCIAL REVIEW 2025

MACROECONOMIC REVIEW

The global economy in 2025 operated in a challenging and uncertain environment, influenced by persistent trade tensions, geopolitical risks, and ongoing conflicts in the Middle East, which affected trade flows, energy markets, and investment activity. According to the World Bank and United Nations economic outlook reports, these global pressures contributed to slower economic expansion, with global growth estimated at around 2.3–2.8 percent in 2025, reflecting a period of moderated growth compared to previous years. Despite these challenges, the global economy demonstrated resilience, supported by easing inflation, gradual normalization of monetary policies, and steady performance in emerging and developing economies.

The Maldivian economy continued to show encouraging resilience and stability. Despite fiscal and external sector pressures, the economy maintained steady momentum, supported by strong tourism performance and continued development in key sectors. Real GDP growth for Maldives is projected at approximately 5.4 percent in 2025, driven mainly by the expansion of the tourism industry, along with positive contributions from real estate, financial services, and transportation. This steady growth reflects the country's ability to adapt to global economic challenges while sustaining progress and creating a stable environment for future development and investment.

HOUSING FINANCE MARKET ANALYSIS

The housing finance industry in the Maldives continued to play a vital role in supporting socio-economic development in 2025 by expanding access to affordable housing and promoting homeownership, particularly in the Greater Malé Region. With increasing urbanization in the Greater Male' Region, and limited land availability, access to long-term and affordable housing finance remained a key priority for both policymakers, and financial institutions. The MMA has introduced several initiatives along with commercial banks to enhance accessibility to housing finance and support first-time homebuyers, thereby strengthening financial inclusion and improving living standards.

The introduction of the National affordable housing scheme in 2025, marked a significant step toward expanding homeownership opportunities, requires commercial banks to allocate a portion of their loan portfolios towards affordable housing financing with long-term payments. In addition, financial institutions introduced more flexible housing finance products, including reduced equity requirements supporting growth in the construction and real estate sectors.

Looking ahead to 2026, the housing finance market is expected to maintain steady growth, driven by ongoing government housing programs, new residential developments, and increased participation from financial institutions. These developments create strong opportunities for HDFC to expand its strategic role by supporting first-time homebuyers, strengthening partnerships with developers, and introducing innovative, customer-centric financing solutions, contributing to sustainable long-term growth.

OPERATIONAL PERFORMANCE

For the financial year ended 31 December 2025, the Company delivered stable and resilient performance, supported by continued growth in operating income. Total operating income increased to MVR 165.53 million, compared with MVR 152.84 million in 2024, driven primarily by strong growth in Shari'ah-compliant products. Profit for the year remained broadly consistent at MVR 98.23 million, compared with MVR 99.47 million in 2024, reflecting the Company's ability to sustain earnings despite higher operating costs during the year.

Total assets stood at MVR 2,094.88 million, compared with MVR 2,140.54 million in the previous year, reflecting overall balance sheet adjustments driven by a reduction in liabilities, particularly borrowings, during the year. This highlights the company's continued focus on maintaining a well-balanced and efficient financial position in a dynamic operating environment.

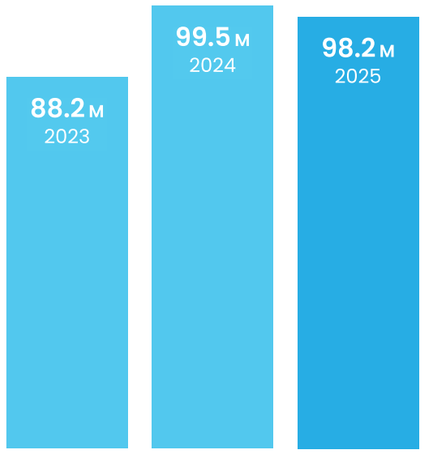
The company maintained strong liquidity management practices throughout the year. While liquid asset levels moderated, this was in line with a deliberate strategy to enhance returns while ensuring adequate liquidity assets are always maintained.

The company continued to focus on sustainable growth, prudent risk management, and delivering value to customers, which supported stable performance and positioned the business well to navigate evolving market conditions.

PROFIT FOR THE YEAR

In 2025, the company reported a net profit of MVR 98.23 million, compared with MVR 99.47 million in 2024. The slight moderation in profitability was mainly due to higher operating expenses, although this was partly offset by growth in operating income. Overall, the performance reflects the company's resilience and its ability to sustain stable earnings in a challenging operating environment.

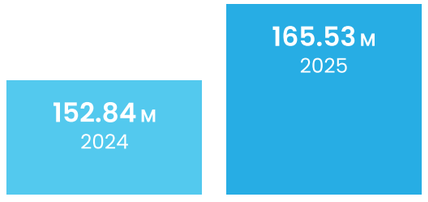
Earnings per share stood at MVR 6.16, compared with MVR 6.24 in the previous year. Despite the marginal movement, the company continued to deliver consistent value to its shareholders, supported by prudent financial management and a strong focus on long-term sustainable growth.



Net Profit

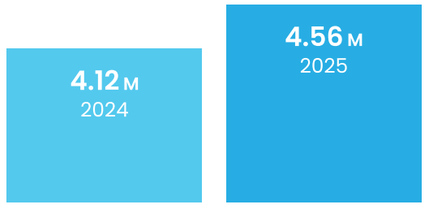
INCOME

Total operating income for the year ended 31st December 2025 amounted to MVR 165.53 million, compared with MVR 152.84 million in 2024, representing a growth of 8.30%. This increase was primarily driven by the continued expansion of Shariah-compliant financing, with income from Islamic products rising significantly by 21.35%, reflecting sustained demand and the company's strategic focus on this segment.



Total Operating Income

Fee-based income also recorded healthy growth, increasing to MVR 4.56 million, compared with MVR 4.12 million in the previous year, further supporting revenue diversification. Meanwhile, other income streams remained stable and continued to contribute to the company's overall earnings profile.



Fee-Based Income

Overall, the company's income structure reflects a well-balanced and increasingly diversified revenue base, underlying its strategic focus on Shariah-compliant financing and its ability to adapt to evolving market conditions while maintaining stable income growth.

OPERATING EXPENSES

During the year, the Company maintained a strong emphasis on enhancing operational efficiency and reinforcing internal processes. Ongoing investments in systems and infrastructure contributed to improved workflow integration, enhanced data management, and increased overall productivity across the organization.

Total operating expenses for the year ended 31 December 2025 increased to MVR 28.56 million compared with MVR 23.17 million in the previous year. This increase reflects continued investment in strengthening operational capabilities and supporting long-term strategic objectives.

Key areas of investment included enhancements to the IT infrastructure through the deployment of updated hardware and software to improve service efficiency and system reliability. Additional resources were allocated to newly established departments, including Human Resources, to support organizational growth. The Company also invested in staff training and capacity-building initiatives aimed at enhancing employee productivity and operational effectiveness. Furthermore, expenditure increased in relation to marketing initiatives, campaigns, and events designed to strengthen brand visibility, customer engagement, and market presence.

The company remains disciplined in its approach to cost management, ensuring that expenditure is aligned with sustainable growth and the creation of long-term shareholder value.

PORTFOLIO DETAILS

The company provides mortgage financing and related facilities to customers for the construction, development, expansion, and renovation of residential properties. As at 31 December 2025, the total loan portfolio stood at MVR 1.62 billion, compared with MVR 1.60 billion in 2024, reflecting continued growth supported by product enhancements and targeted promotional initiative.

Total Loan Portfolio

The Islamic window (Amna) accounted for 46.42% of the total housing portfolio, compared with 40.92% in the previous year, with the remaining 53.58% comprising conventional financing. This increase reflects growing customer preference for Shariah-compliant financing solutions, while the company continues to maintain a balanced and diversified portfolio mix.

Portfolio Composition

The company remains focused on growing its loan portfolio in a sustainable manner, while maintaining a disciplined approach to credit risk and upholding a conservative risk appetite.

FINANCIAL PERFORMANCE HIGHLIGHTS

PARTICULARS (MVR in Million)	**2024**	**2025**
Total Assets	2,140.54	2,094.88
Shareholders' Equity	878.88	977.11
Facilities to Customers (Net)	1,603.82	1,617.77
Customer EMI Deposits	87.56	85.28
Borrowings	848.31	720.91

EARNINGS

PARTICULARS (MVR in Million)	**2024**	**2025**
Total Income	224.49	229.08
Net Interest Income	100.23	102.68
Net Income on Shariah Product	46.52	56.45
Total Operating Income	152.84	165.53
Total Operating Expenses	23.17	28.56
Profit Before Tax	117.75	117.10
Profit After Tax	99.47	98.23

PERFORMANCE INDICATORS

PARTICULARS (MVR in Million)	**2024**	**2025**
Net Asset Value per Share	55.15	61.31
Earing per Share (EPS)	6.24	6.16
Dividend per Share	2.45	2.45
Debt/Equity (Times)	0.97	0.74
Interest Cover (Times)	2.64	2.84
Dividend Payout (%)	39%	40%
ROE (%)	11%	10%

RECOGNITION OF PROVISION FOR IMPAIRMENT

During the year, the company continued to apply its Expected Credit Loss (ECL) model in line with IFRS 9 requirements, ensuring timely recognition of credit risk and the maintenance of adequate provisioning levels. An impairment provision of MVR 19.87 million was recognized for loans and advances in 2025, compared with MVR 13.19 million in 2024. This increase in provision can be mostly attributed to the adoption of a more prudent approach in ECL computation compared to earlier periods.

A reversal of modification loss amounting to MVR 1.26 million was recognized in 2024. In contrast to the previous year, no such reversal was recorded in 2025. This reflects the absence of similar adjustments related to loan restructuring, with credit performance remaining stable under the prevailing portfolio conditions.

SHORT-TERM INVESTMENTS

The company continues to maintain a liquid and well-diversified short-term investment portfolio, ensuring adequate liquidity coverage while generating stable, risk-adjusted returns. These investments play an important role in supporting the company's liquidity position and contributing to overall income stability.

As at 31 December 2025, short-term investments amounted to MVR 380.27 million, compared with MVR 358.45 million in 2024, reflecting a measured increase during the year. The portfolio primarily comprises placements in Government of Maldives Treasury Bills, General Investment Accounts, Wakalah facilities, and fixed deposits. Investments with original maturities of three months or less are classified under cash and cash equivalents in accordance with the Company's accounting policies. Investment tenors continue to range from one to twelve months, providing flexibility in managing liquidity requirements while optimizing returns within a low-risk investment framework.

DEBT INSTRUMENTS AND BORROWINGS

To support its operations and maintain a stable capital structure, the company continues to access funding through a balanced mix of debt securities issued to the market and term borrowings from commercial banks, under agreed terms including interest rates, tenors, and repayment conditions.

As at 31st December 2025, total debt instruments and borrowings stood at MVR 720.91 million, compared with MVR 848.31 million in the previous year. This movement was primarily attributable to the settlement of maturing obligations, in line with the company's funding strategy and liquidity management practices.

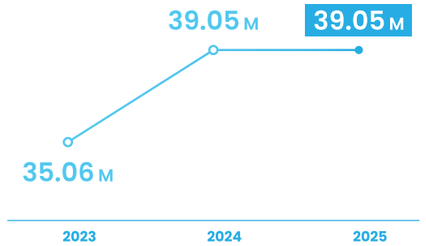
OTHER LIABILITIES

Other liabilities primarily comprise Government social housing funds managed by the Company, which include both conventional and Islamic collection. During 2025, the social housing fund recorded a slight decline compared to the previous year, reflecting ongoing utilization and repayments under these schemes. As at 31st December 2025, the total social housing funds managed by the company amounted to MVR 270.57 million. These funds continue to play an important role in supporting national housing initiatives, while reinforcing the company's contribution towards broader economic development objectives.

DECLRATION OF DIVIDEND FOR 2025

Maximizing shareholder value remains a key priority of the company's dividend policy, reflecting its commitment to delivering consistent and sustainable returns to investors. In line with the Company's strong financial position and commitment to shareholder returns, an interim dividend of MVR 39.05 million, equivalent to MVR 2.45 per share, has been proposed for approval by the Board of Directors in respect of the 2025 financial year.

The dividend proposed for 2025 is consistent with the previous year, demonstrating the company's stable earnings profile and its continued ability to generate reliable returns for shareholders. This represents a dividend payout ratio of approximately 40%, balancing shareholder distributions with the need to retain earnings to support future growth and strategic initiatives.



Dividend per Share (MVR)

ACCESS TO A DIVERSIFIED FUNDING MIX AND A POSITIVE ALM POSITION (LIQUIDITY)

The company continues to prioritize access to long-term, cost-effective funding sources to support its capital requirements, while minimizing reliance on higher-cost short-term instruments. Over the years, the company has further strengthened its funding structure by diversifying its sources across both domestic and international markets. Funding continues to be secured through a mix of term loans, bonds, Sukuk for long-term liquidity, and selective use of Wakala instruments for short-term requirements.

The Company has maintained a prudent and well-controlled liquidity position throughout the year. Looking ahead, the company's liquidity profile is expected to remain stable and well-supported, underpinned by access to diversified funding sources, available credit lines, and the ability to mobilize secured funding when required. At the same time, the company will continue to maintain adequate liquidity buffers to support its growth strategy.

The company remains committed to accessing both local and international funding markets, while carefully selecting optimal funding options in response to evolving market conditions, including changing interest rate environments and liquidity dynamics.

STRENGTHENING RECOVERIES FOR SUSTAINABLE ASSET MANAGEMENT

The Company has implemented structured recovery strategies focused on proactive monitoring, early intervention, loan modifications, and legal actions where necessary. Recovery efforts are supported by prudent NPA provisioning, detailed portfolio analysis, effective watchlist segmentation, and continuous improvements to legal and recovery processes.

The measures taken during the year helped maintain asset quality, lowering the NPA ratio to 4.57% in 2025. However, due to a more prudent approach to provisioning, the IFRS 9 Stage 3 loan ratio rose from 6.9% in 2024 to 7.91% in 2025. Our continued progress in recovery efforts and prudent provisioning for potential loan losses support a healthy loan portfolio and long-term credit quality.

APPROACHING THE FUTURE

As we move into another year of operations, we are excited to continue our journey of accelerating financial growth while strengthening the Company's strategic direction and operational capabilities. The Company remains committed to enhancing its digital footprint by investing in innovative technologies and portal enhancements that will improve customer accessibility, streamline service delivery, and create a more seamless and efficient customer experience. At the same time, efforts will be focused on implementing a flexible and comfortable working environment that promotes productivity, collaboration, and employee well-being.

In the coming year, the Company will continue to diversify its product offerings in line with evolving market demands, ensuring that customers have access to innovative, competitive, and Shariah-compliant financing solutions that meet their housing and financial needs. Strengthening customer service will remain a key priority, with continued improvements in digital platforms, communication channels, and service standards to enhance overall customer satisfaction and engagement.

Furthermore, the Company aims to continue to build a stronger and broader brand presence through targeted marketing strategies and multi-channel engagement initiatives, reinforcing its position as a trusted housing finance provider in the Maldives. Increasing brand visibility and strengthening stakeholder relationships will play a key role in supporting sustainable business growth and expanding market reach.

Our employees remain the backbone of the Company, and we are committed to investing in strategic capacity-building and talent development programs to equip them with the skills and knowledge required to navigate an evolving financial landscape. Through structured training, leadership development, and performance enhancement initiatives, the Company aims to build a resilient and future-ready workforce that can contribute effectively to long-term sustainable growth.

With a clear strategic focus on digital transformation, customer-centric innovation, brand strengthening, and human capital development, the Company is confident in its ability to deliver sustainable value to stakeholders and continue contributing to the development of the housing finance sector and the broader economy.

DIRECTOR'S RESPONSIBILITY STATEMENT

The Board of Directors hereby states that:

1 – In preparation of the financial statements the applicable accounting standards have been followed.

2 – The accounting policies were applied consistently. Reasonable and prudent judgements and estimates were made so as to give a true and fair view of the state of affairs of the Company as at the end of December 31, 2025, and of the profit of the Company for the year ended on that date.

3 – Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Company Act 7/2023 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

4 – The financial statements of the Company have been prepared on a going concerning basis.

5 – Internal financial controls have been laid down to be followed by the Company, and such internal financial controls were adequate and operating effectively.

6 – Systems to ensure compliance with the provisions of all applicable laws are in place and were adequate and operating effectively.

7 – The Board of Directors further affirms that no major events have occurred subsequent to the balance sheet date which would require adjustments to, or disclosure in the financial statements.

APPRECIATION AND ACKNOWLEDGEMENT

The Board of Directors would like to express our sincere gratitude to our valued customers, whose unwavering loyalty has been the cornerstone of our success over the past 21 years. Your confidence in our services and commitment to our company have been instrumental in driving our growth and strengthening our position in the industry.

The Board also extends its heartfelt appreciation to our shareholders for their continued support and confidence, the management team for their strategic leadership, and our dedicated employees for their professionalism, commitment, and hard work throughout the year.

We further acknowledge the guidance and support of our regulators, stakeholders, and business partners, whose collaboration and cooperation have contributed significantly to our progress and stability.

As we move forward, we remain committed to delivering sustainable value, maintaining the highest standards of corporate governance, and continuing to serve our customers and stakeholders with integrity, excellence, and responsibility.

On behalf of the Board,

Dr. Mohamed Shafeeq
Chairperson

HDFC
AMNA

AMNA OVERVIEW

Introduced 13 years ago, HDFC's Islamic finance window, AMNA, has demonstrated consistent and robust growth, emerging as a core pillar of the Company's business. As of 31st December 2025, AMNA accounted for 46.42% of the total portfolio, reflecting strong and sustained customer demand for Shariah compliant housing finance solutions.

VISION

To be a leader in providing housing finance with Islamic values.

MISSION

- To build a strong and dynamic institution to make a viable alternative to conventional system
- To provide quality products and services to the clients with sincerity, honesty and care
- To maximize clients' and shareholders' value with stable growth
- To apply Shariah principles and maintain the highest level of ethical standard and transparency in all business transections
- To provide a congenial work atmosphere to create and attract a competent workforce.
- To be socially responsible and make an effective contribution to national development.

GUIDING PRINCIPLES

- Islamic Approach
- Customer Need
- Employment Generation
- Corporate Environment
- Risk management
- Accountability
- Transparency
- Compliance

COMMITMENTS

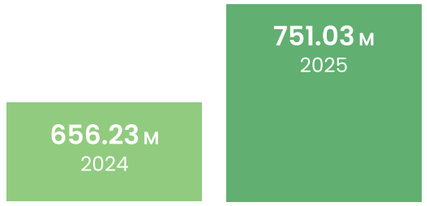
- Clients
- Partners
- Corporate Social Responsibility
- Shareholders
- Employees
- Society

PERFORMANCE HIGHLIGHTS

The Company continued to demonstrate strong performance in the AMNA segment during 2025, with notable growth in both revenue and profitability. Total revenue increased to MVR 91.59 million, representing a 12.02 % year-on-year growth from MVR 81.76 million in 2024, driven by the continued demand for Shari'ah-compliant financing activities.

Net income recorded a significant increase, rising to MVR 56.45 million in 2025, reflecting a 21.35% growth compared to MVR 46.52 million in 2024. This improvement highlights enhanced operational performance and the growing contribution of the AMNA segment to the company's overall earnings.

The AMNA portfolio also maintained strong momentum, expanding to MVR 751.03 million as at 31 December 2025, compared to MVR 656.23 million in 2024, representing a 14.4% year-on-year increase.



Amna Portfolio (MVR)

LIQUIDITY

HDFC AMNA continues to actively manage its liquidity through a combination of Shari'ah-compliant funding instruments, primarily Wakala arrangements and Mudarabah Sukuk. These funding sources are utilized to support the growth of its Shari'ah-compliant mortgage portfolio, ensuring full adherence to Shari'ah principles.

Proceeds raised from Sukuk issuances are primarily deployed to support long-term financing requirements, while Wakala instruments are selectively used to address short-term liquidity needs. Each Sukuk carries a tenor of up to 10 years, with profit distributions made on a semi-annual basis from the date of issuance until maturity. Surplus liquidity, when available, is prudently invested in suitable Shari'ah-compliant instruments to optimize returns while maintaining compliance.

During 2025, the company maintained a stable and well-managed liquidity position, supported by disciplined funding strategies and effective liquidity planning. This approach has enabled HDFC AMNA to meet its operational and strategic funding requirements while continuing to uphold its commitment to Shari'ah-compliant financing and sustainable growth.

FUTURE OUTLOOK

HDFC AMNA continues to actively manage its liquidity through a combination of Shari'ah-compliant funding instruments, primarily Wakala arrangements and Mudarabah Sukuk. These funding sources are utilized to support the growth of its Shari'ah-compliant mortgage portfolio, ensuring full adherence to Shari'ah principles.

SHARIAH COMMITTEE REPORT

In the name of Allah, the Most Compassionate, the Most Merciful.

All praise is due to Allah, the Cherisher of the Worlds, and peace and blessings be upon the Prophet of Allah, on his family and all his companions.

Assalamu Alaikum Warahmatullahi Wabarakatuh.

To the shareholders, customers and stakeholders of Housing Development Finance Corporation Plc in respect of HDFC Amna:

We, the members of the Shariah Committee of HDFC Amna, do hereby confirm that we have reviewed the principles, contracts, transactions, products, policies, manuals, documents and Shariah matters relating to the operations and activities of HDFC Amna for the financial year ended 31 December 2025, as placed before us and brought to our attention.

During the year ended 31 December 2025, the Shariah Committee convened 10 meetings. The Shariah Committee reviewed and deliberated on matters placed before it by Management, the Shariah Compliance Officer / Secretariat and the relevant control functions, including product matters, documentation, operational Shariah matters, Shariah governance matters, Sukuk-related matters, charity-related matters, Shariah review outputs, Shariah audit status updates made available to the Committee.

We have provided Shariah advisory and oversight on various aspects of HDFC Amna's operations in order to support compliance with applicable Shariah principles, the Shariah Governance Framework issued by the Maldives Monetary Authority, the Shariah Governance Manual of HDFC Amna endorsed by the Board of Directors, and the resolutions and rulings of the Shariah Committee.

HDFC Amna has carried out Shariah review through its Shariah Compliance / Shariah Review function, and the relevant observations, updates and matters requiring Shariah Committee attention were placed before and deliberated by the Committee. Shariah audit work and its status, to the extent made available to the Committee up to the date of this report, were also considered in forming this report. The Committee hereby confirms that, where Shariah observations or gaps were identified and placed before it, appropriate efforts were required to be taken by Management to rectify such matters and to strengthen the relevant controls to prevent recurrence.

The Management of HDFC Amna is responsible for ensuring that HDFC Amna conducts its business, operations and activities in accordance with Shariah principles and the applicable Shariah governance requirements. It is our responsibility to form an independent opinion, based on the matters placed before us, reviewed by us, deliberated by us, or brought to our attention, and to report thereon.

Based on the foregoing, we are of the opinion that:

a - the products, business initiatives, policies, manuals, documents and enhanced processes introduced, reviewed or placed before the Shariah Committee during the year ended 31 December 2025 are in compliance with Shariah principles, subject to the terms, conditions, controls and directions approved or issued by the Shariah Committee;

b - the contracts, transactions and dealings entered into by HDFC Amna during the year ended 31 December 2025, which were reviewed by or brought to the attention of the Shariah Committee, are in compliance with Shariah principles;

c - the main funding sources, investments and fund-utilisation arrangements of HDFC Amna disclosed to us, including Sukuk-related matters, conform to the basis approved by the Shariah Committee in accordance with Shariah principles;

d - the allocation of profit and charging of losses relating to the usage of Sukuk proceeds and other approved Shariah-compliant funding arrangements, amounting to MVR 35,144,950 as disclosed to us, conform to the basis approved by the Shariah Committee in accordance with Shariah principles;

e - no Shariah non-compliance event was recorded for HDFC Amna during the financial year ended 31 December 2025. Accordingly, the number of Shariah non-compliance events recorded for the year was Nil / 0;

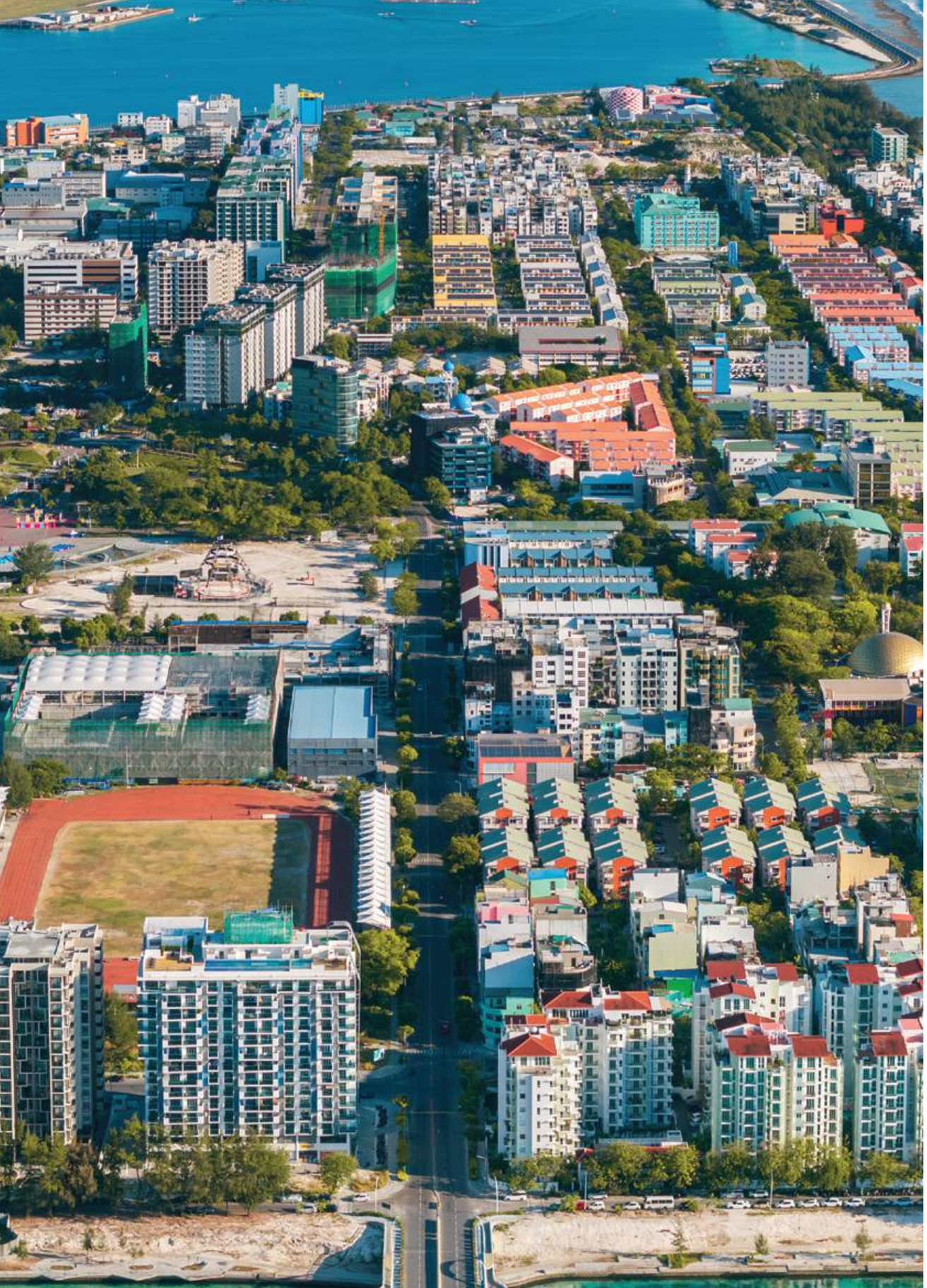
f - earnings received as penalties and/or amounts required to be disposed of for charitable purposes during the financial year ended 31 December 2025, amounting to MVR 35,347.06, were channeled or approved to be channeled to charitable causes in accordance with the applicable Shariah requirements and approved internal processes, including disbursements to Cancer Society of Maldives amounting to MVR 56,919.35 and Maldivian Red Crescent amounting to MVR 51,919.35;

g - the financial statements of HDFC Amna for the year ended 31 December 2025, together with the calculation of zakat disclosed to us, to the extent applicable and placed before the Shariah Committee, are in compliance with Shariah principles. The zakat amount for the year, where applicable, is MVR 879,147.00; and

h - nothing has come to the attention of the Shariah Committee that causes the Shariah Committee to believe that the operations, business, affairs and activities of HDFC Amna for the financial year ended 31 December 2025 involved any material Shariah non-compliance.

This report is issued for inclusion in HDFC's Annual Report 2025.

Dr. Ibrahim Zakariyya Moosa
Chairman, Shariah Committee



DECLARATION BY THE BOARD OF DIRECTORS

The Board of Directors declares that to the best of our knowledge and belief, the information presented in this Annual Report is true and accurate and that there are no other material facts, or omission of which would make any statement herein misleading or inaccurate. The Board of Directors of HDFC Plc. of Maldives declare that this report has been prepared in compliance with the Companies Act of the Republic of Maldives (Law No.: 10/96), Prudential Regulation issued by the Maldives Monetary Authority the Maldives Securities Act (Law No.: 2/2006), the Securities (Continuing Disclosure Obligations of Issuers) Regulations 2019 (Regulation No.: 2019/ R-1050), the Corporate Governance Code of the Capital Market Development Authority ("CG Code"), Regulation on Corporate Governance for Banks, Insurance Companies and Finance Companies (2020/R-59), and the Listing Rules of the Maldives Stock Exchange (the "Listing Rules"). During the performance of the duties and responsibilities of the Company, the Board of Directors has practiced and given due consideration towards maintaining complete transparency through timely disclosures, absolute fairness by instilling mechanisms to address concerns and being persistent in ensuring proper due diligence is followed by offering our highest commitment to safeguard the best interest of the Shareholders and worked towards increasing the value for our shareholders.

On behalf of the Board of Directors

Ahmed Zeenad
Managing Director

FINANCIAL STATEMENTS

Housing Development Finance Corporation PLC

Financial Statements - 31 December 2025

Deloitte.

Deloitte Partners LLP
H.Thandiraimage, 3rd floor
Roshanee Magu
Malé, Republic of Maldives

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Housing Development Finance Corporation PLC

Report on the Audit of the Financial Statements

Our opinion

We have audited the financial statements of Housing Development Finance Corporation PLC (the "Company") which comprise the statement of financial position as at 31 December 2025, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements of the Company give a true and fair view of the financial position of the Company as at 31 December 2025, and of their financial performance and their cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
Impairment of loans and advances Refer to the material accounting policy note 4.2.4 to the financial statements.	Specific work that we performed on the loss allowance on loans and advances recognised by management included the following:
As at 31 December 2025, 77 % of the total assets of the Company consisted of loans and advances amounting to MVR 1.6 billion shown net of loss allowance of MVR 93.2 million. The Company applies 3 stage model and allocates loans and advances to stage 1,2,3 using criteria in accordance with IFRS 9 and calculates expected credit loss (ECL) allowance by using following key inputs: probability of default (PD), loss given default (LGD) and exposure at default (EAD). PD is determined using historical collection trends, credit migration rate in the Markov chain approach. The data used to derive the PD is based on the Company's own experience at the reporting date. The output PD is then adjusted to reflect macro-economic conditions of Maldives using score card approach. The LGD is estimated as percentage of expected loss after considering recoveries from borrowers including recoveries from collateral based on past history of the Company. The Company formulates and incorporates multiple forward looking scenarios reflecting management views of potential future economic developments into ECL estimates involve use of significant judgements. Significant estimates and assumptions used by the management in such calculations and the basis for impairment allowance is disclosed in Note 4.2.4.	i) Tested the completeness of the loans and advances considered in the loss calculation by checking the mathematical accuracy of the listing obtained and matched the outstanding balances with the general ledger. ii) Tested the loans and advances in stage 1, 2 and 3 on a sample basis to verify they were classified to the appropriate stage in accordance with IFRS 9. iii) Assessed the reasonableness of management's estimated future recoveries of individual customer loans and advances including discount rates and valuation of collateral held by testing the key underlying assumptions and evaluating the process by which those were drawn up. iv) Tested the accuracy and completeness of underlying information in loans and advances used in the expected financing activities loss allowance calculation, such as disbursed and undisbursed facility amounts, deposits, values of the collateral, aging and tenure periods by agreeing details with the respective customer statements and files on a sample basis.

The loss allowance in respect of loans and advances represent management's best estimate of the impairment loss incurred and expected within the loan's portfolio at the reporting date. We have identified expected credit loss allowance for loans and advances as a key audit matter as the calculation of the loss allowance is a complex area and requires management to make significant assumptions and judgements.	v) Tested the methodology applied in the loss allowance calculation by checking compliance with the requirements of IFRS 9, Financial instruments; recognition and measurement, and also considered reasonableness of macro-economic and other factors used by the management by comparing them with publicly available data and information sources. vi) Assessed the adequacy of the related financial statement disclosures as set out on Notes 4.2.4, 11, 17 and 30.1 for compliance with required IFRS 9 disclosures.

Other Matter

The financial statements of the Company for the year ended 31 December 2024 were audited by another firm of auditors whose report, dated 24 April 2025, expressed an unmodified opinion on those statements.

Other Information

Management is responsible for the other information. The other information comprises the Annual Report for the year ended 31 December 2025 but does not include the financial statements and our auditor's report thereon which is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the Company of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mohamed Siraj Muneer.

For and on behalf of DELOITTE PARTNERS
MALE`

Licensed Partner : Mohamed Siraj Muneer
License No : ICAM-IL-DZK
23 April 2026

HOUSING DEVELOPMENT FINANCE CORPORATION PLC
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
31 December 2025

Statement of comprehensive income
(All amounts in Maldivian Rufiyaa)

	Note	2025	2024
Interest income	6.1	131,091,637	136,633,636
Interest expense	6.3	(28,407,247)	(36,401,592)
Net interest income		102,684,390	100,232,044
Net income on shari'ah products	7	56,446,308	46,516,875
Fee income	8	4,561,382	4,119,215
Other income	9	1,836,467	1,974,796
Total operating income		165,528,547	152,842,930
Salaries and personnel expenses	10	(17,079,594)	(13,422,014)
Allowance for impairment loss on loans and advances	11	(19,873,439)	(13,186,794)
Reversal of modification loss on loans and advances	12	-	1,264,703
Other operating expenses	13	(11,476,106)	(9,746,028)
Profit before income tax		117,099,408	117,752,797
Income tax	14	(18,865,581)	(18,282,003)
Profit for the year		98,233,827	99,470,793
Basic earnings per share	15	6.16	6.24

The notes on pages10 to 63 are integral part of these financial statements.

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HOUSING DEVELOPMENT FINANCE CORPORATION PLC
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
31 December 2025

Statement of financial position
(All amounts in Maldivian Rufiyya)

	Notes	As at 31 December 2025	As at 31 December 2024
ASSETS			
Cash and cash equivalents	16	67,862,079	152,877,412
Loans and advances	17	1,617,769,469	1,603,822,731
Financial assets at amortized cost	18	380,265,122	358,054,216
Property, plant and equipment	19	4,107,709	3,435,306
Right-of-use assets	20	3,210,747	2,975,248
Intangible assets	21	907,009	1,513,101
Other assets	22	6,767,907	6,557,191
Deferred income tax asset	14.4	13,987,687	11,301,829
Total assets		2,094,877,729	2,140,537,034
LIABILITIES			
Deposits from customers	23	85,281,909	87,555,131
Debt securities in issue	24	478,875,744	498,141,897
Other borrowed funds	25	242,032,961	350,167,133
Other liabilities	26	296,483,956	310,157,576
Lease liabilities	27	4,745,698	4,836,212
Current income tax liabilities	14.3	10,344,074	10,799,525
Total liabilities		1,117,764,342	1,261,657,474
SHAREHOLDERS' EQUITY			
Share capital	28	159,375,000	159,375,000
General reserve	28.4	15,000,000	15,000,000
Capital reserve	28.5	50,000,000	50,000,000
Retained earnings		752,738,387	654,504,560
Total shareholders' equity		977,113,387	878,879,560
Total equity and liabilities		2,094,877,729	2,140,537,034

These financial statements were approved by the Board of Directors and signed on its behalf by;

Aishath Shizna	Ahmed Zeenad	Ahmed Asad Hashim
Chief Financial Officer	Managing Director	Audit and Risk Management Committee Chairperson

The notes on pages 10 to 62 are integral part of these financial statements.

22 April 2026

Deloitte Partners LLP
Malé, Maldives

HOUSING DEVELOPMENT FINANCE CORPORATION PLC
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
31 December 2025

Statement of changes in equity
(All amounts in Maldivian Rufiyaa)

	Share capital	General reserve	Capital reserve	Retained earnings	Total Equity
Balance 1 January 2024	159,375,000	15,000,000	50,000,000	629,143,141	853,518,141
Profit for the year	-	-	-	99,470,794	99,470,794
Total comprehensive income for the year	-	-	-	99,470,794	99,470,794
Transaction with owners of the Company					
Dividends (Note 28.3)	-	-	-	(74,109,375)	(74,109,375)
Total transaction with owners of the Company	-	-	-	(74,109,375)	(74,109,375)
Balance as at 31 December 2024	159,375,000	15,000,000	50,000,000	654,504,560	878,879,560
Balance as at 1 January 2025	159,375,000	15,000,000	50,000,000	654,504,560	878,879,560
Profit for the year	-	-	-	98,233,827	98,233,827
Total comprehensive income for the year	-	-	-	98,233,827	98,233,827
Dividends (Note 28.3)					-
Total transaction with owners of the Company	-	-	-	-	-
Balance as at 31 December 2025	159,375,000	15,000,000	50,000,000	752,738,387	977,113,387

The notes on pages10 to 63 are integral part of these financial statements.

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Statement of Cash flows

(All amounts in Maldivian Rufiyaa)		2025	2024
Cash flows from operating activities			
Profit before tax		117,099,408	117,752,797
Adjustments for:			
Depreciation on property, plant and equipment	19	876,728	736,360
Depreciation on right-of-use assets	20	977,868	789,325
Amortization of intangible assets	21	606,092	606,092
Impairment losses on financial assets	11	17,826,516	13,186,794
Reversal of modification loss of loans and advances	12	-	(1,264,703)
Loss on disposal of property, plant and equipment		44,613	1,046
Reversal of the interest income of stage 3 customers		(156,232)	(120,421)
Interest expense on lease liabilities	6	389,691	488,061
Interest expenses & Amna investors' profit share		63,162,506	71,226,382
Interest income & income from shari'ah products		(220,402,064)	(204,154,032)
Cashflows from operating activities		(19,574,874)	(752,299)
Changes in working capital:			
Increase in loans and advances to customers		(42,871,093)	(17,023,499)
Increase in other assets		210,716	(490,029)
Increase / (decrease) in other liabilities		51,215,909	(11,799,721)
(Decrease) / increase in deposits from customers		(2,539,042)	5,418,037
Cash used in operating activities		(13,558,384)	(24,647,511)
Interest received		230,773,739	202,975,340
Interest paid		(64,744,959)	(74,257,738)
Income tax paid	14.3	(22,006,889)	(16,342,591)
Net cash generated from operating activities		130,463,507	87,727,500
Cash flows from investing activities			
Purchases of property, plant and equipment	19	(1,605,744)	(1,580,057)
Net Investment made in securities		(22,470,000)	(49,224,441)
Proceeds from disposal of property, plant and equipment		12,000	1,596
Net cash used in investing activities		(24,063,744)	(50,802,902)
Cash flows from financing activities			
Repayments of debt securities in issue		(42,280,301)	(38,697,346)
Proceeds from debt securities in issue		25,000,000	-
Repayments of other borrowed funds		(112,987,476)	(93,610,770)
Proceeds from other borrowed funds		5,000,000	749,618
Dividend paid		(64,889,529)	(36,568,570)
Repayment of lease liabilities	27	(1,257,790)	(951,938)
Net cash used in financing activities		(191,415,096)	(169,079,006)
Net decrease in cash and cash equivalents		(85,015,333)	(132,154,408)
Cash and cash equivalents at beginning of the year		152,877,412	285,031,820
Cash and cash equivalents at end of the year	16	67,862,079	152,877,412

The notes on pages10 to 63 are integral part of these financial statements.

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1. REPORTING ENTITY

Housing Development Finance Corporation Public Limited Company (the "Company") was incorporated and domiciled in the Republic of Maldives since 28th January 2004. Initially, the Company was incorporated as its own state enterprise (Housing Development Finance Corporation) on 28th January 2004, by a Presidential Decree and presently governed under the Companies Act No. 10 of 1996.

The Company was registered as a public limited company on 9th February 2006 and privatized on 23rd July 2008 by signing of a shareholders' agreement between Government of Maldives, International Finance Corporation, Asian Development Bank, and HDFC Bank Limited (formerly HDFC Investments, India. The registered office of the Company is at 4th Floor, H. Mialani, Sosun Magu, Male', Republic of Maldives. The Company is engaged in granting housing loans for residential and commercial purposes.

2. BASIS OF PREPARATION

(a) Statement of Compliance

The financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRSs").

(b) Basis of Measurement

The financial statements have been prepared on the historical cost basis, except for assets and liabilities measured at fair value or amortized cost, as applicable.

(c) Functional and Presentation Currency

These financial statements are presented in Maldivian Rufiyaa, which is the Company's functional currency. All financial information presented in Maldivian Rufiyaa has been rounded to the nearest rufiyaa.

(d) Use of Estimates and Judgements

The preparation of the financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized as income or expense in the period of revision and future periods affected.

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2. BASIS OF PREPARATION (Continued)

A. Judgements

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes.

- establishing the criteria for determining whether credit risk on the financial assets has increased significantly since initial recognition, determining the methodology for incorporating forward -looking information into the measurement of ECL and selection and approval of models used to measure ECL. (Refer note 30.1.2)

- classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial assets are SPPI on the principal amount outstanding. (Refer note 4.2.4)

B. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31st December 2025 is included in the following notes.

- impairment of financial instruments: determination of inputs into the ECL measurement model, including key assumptions used in estimating recoverable cash flows and incorporation of forward-looking information. (Refer note 30.1.2.3)

C. Going Concern

The Board has assessed the Company's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Board is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern, and it does not intend either to liquidate or to cease operations of the Company. Therefore, the financial statements continue to be prepared on the going concern basis.

3. CHANGES IN MATERIAL ACCOUNTING POLICIES

There were no material changes in accounting policies during the current reporting period.

4. MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by the Company except if mentioned otherwise in note 3 to the Financial Statements.

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4. MATERIAL ACCOUNTING POLICIES (Continued)

4.1. Transactions in Foreign Currency

Transactions in currencies other than Maldivian Rufiyaa are translated to Maldivian Rufiyaa at the exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in currencies other than Maldivian Rufiyaa are translated to Maldivian Rufiyaa at the exchange rate ruling at the reporting date. Foreign exchange differences arising from the translation of monetary assets and liabilities are recognized in profit or loss for the year.

Non-monetary assets and liabilities, which are measured at historical cost and denominated in currencies other than Maldivian Rufiyaa, are translated to Maldivian Rufiyaa at the exchange rate at the transaction date. Non monetary assets and liabilities, which are stated at fair value, denominated in currencies other than Maldivian Rufiyaa, are translated to Maldivian Rufiyaa at the exchange rates ruling at the dates the values were determined.

4.2. Financial assets and liabilities

4.2.1. Amortised cost and effective interest rate

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using effective interest rate method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

Effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortized cost before any impairment allowance) or to the amortized cost of a financial liability. The calculation does not consider expected credit losses and, the loan processing fees since the amount is immaterial. When the Company revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liabilities is adjusted to reflect actual and revised estimated cash flows. The adjustment is recognised in profit or loss as interest income or expense.

4.2.2. Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for the financial assets that have subsequently become credit -impaired (or stage 3), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision).

4.2.3. Initial recognition and measurement

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognized on trade dates, the date on which the Company commits to purchase or sell the asset.

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4. MATERIAL ACCOUNTING POLICIES (Continued)

4.2.3. Initial recognition and measurement (Continued)

At initial recognition, the Company measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at Fair value through profit or loss (FVTPL), transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognized for financial assets measured at amortized cost, as described in note 4.2.4, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference as follows:

a) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.
b) In all other cases, the difference is deferred, and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realized through settlement.

4.2.4. Financial assets

(i) Classification

The Company classifies its financial assets at amortized cost. The classification requirements for debt instruments are described below:

Debt instruments are those instruments that meet the definition of financial liability from the issuer's perspective, such as loans, government and corporate bonds.

Classification and subsequent measurement of debt instruments depend on :

a) The Company 's business model for managing the asset; and
b) The cash flow characteristics of the asset

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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4. MATERIAL ACCOUNTING POLICIES (Continued)

4.2.4. Financial assets (Continued)

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flow; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI").

Financial assets measured at amortised cost comprise receivables from Murabaha, Istisna's, Diminishing Musharaka, Education Financing, balances with Maldives Monetary Authority ("MMA"), cash in hand and balances with banks.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. Accordingly, the Company has irrevocably elected to present subsequent changes in fair value in OCI.

Financial assets designated at FVOCI comprise Company's investments in equity shares.

All other financial assets are classified as measured at FVTPL.

Financial assets measured at FVTPL comprise Company's money market placements and some Wakala and Mudharaba placements which do not meet SPPI criterion.

Business model assessment

The Company makes an assessment of the objective of a business model in which an asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. Whether management's strategy focuses on earning contractual profit revenue, maintaining a particular profit rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets.
- how the performance of the portfolio is evaluated and reported to the Company's management.
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed.
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and their expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company 's stated objective for managing the financial assets is achieved and how cash flows are realised.

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4. MATERIAL ACCOUNTING POLICIES (Continued)

4.2.4. Financial assets (Continued)

Assessment of whether contractual cash flows are solely payments of principal and profit

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition.

'Profit' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin. In assessing whether the contractual cash flows are solely payments of principal and profit, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flow such that it would not meet this condition. In making assessment, The Company considers:

- contingent events that would change the amount and timing of cash flow.
- leverage features.
- prepayment and extension terms.
- terms that limit the Company 's claim to cash flows from specified assets (e.g. non-recourse financing facilities); and
- features that modify consideration of the time value of money (e.g. periodical reset of profit rates).

The Company holds a portfolio of long-term fixed rate financing facilities for which the Company has the option to propose revising the profit rate at periodic reset dates. These reset rights are limited to the market rate at the time of revision. The borrowers have the option to either accept the revised rate or redeem the finance facility subject to rebate policy of the Company. The Company has determined that the contractual cash flow of these financing facilities is solely payments of principal and profit because the option varies the profit rate in a way that is considered for the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

Equity instruments have contractual cash flows that do not meet the SPPI criterion. Accordingly, all such financial assets are measured at FVOCI.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

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4. MATERIAL ACCOUNTING POLICIES (Continued)

4.2.4. Financial assets (Continued)

(ii) Subsequent measurement

Financial assets measured at amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortized cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognized and measured as described in note 30.1.2 Interest income from these financial assets is included in 'Interest and similar income' using the effective interest rate method.

(iii) Impairment

The Company assesses on a forward-looking basis the expected credit loss (ECL) associated with its debt instrument assets carried at amortised cost with the exposure arising from loan commitments. The Company recognizes a loss allowance for such losses at each reporting date. The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes.

(i) The time value for money.

(ii) Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12 -month ECL:

- other financial instruments on which credit risk has not increased significantly since their initial recognition.

12-month ECL is the portion of lifetime ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which 12 - month ECL are recognized are referred to as 'Stage 1 financial instruments'. Financial instruments allocated to Stage 1 have not undergone a significant increase in credit risk since initial recognition and are not credit impaired.

Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument or the maximum contractual period of exposure. Financial instruments for which lifetime ECL are recognized but that are not credit -impaired are referred to as 'Stage 2 financial instruments'. Financial instruments allocated to Stage 2 are those that have experienced a significant increase in credit risk since initial recognition but are not credit impaired.

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4. MATERIAL ACCOUNTING POLICIES (Continued)

4.2.4. Financial assets (Continued)

Financial instruments for which lifetime ECL are recognised and that are credit-impaired are referred to as 'Stage 3 financial instruments'.

Measurement of ECL

ECL are a probability -weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit -impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).
- financial assets that are credit-impaired at the reporting date: as the difference between the gross amount and the present value of estimated future cash flows.
- undrawn finance commitments: as the present value of the difference between the contractual cash flows that are due to the Company if the commitment is drawn down and the cash flows that the Company expects to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less than any amount that the Company expects to recover.
- When discounting future cash flows, the following discount rates are used:
    - financial assets other than purchased or originated credit -impaired (POCI) financial assets: the original effective profit rate or an approximation thereof.
    - POCI assets: a credit-adjusted effective profit rate.
    - undrawn finance commitments: the effective profit rate, or an approximation thereof, that will be applied to the financial asset resulting from the finance commitment; and
    - financial guarantee contracts issued: the rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows.

Restructured Financial Assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognized and ECL are measured as follows.

- if the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- if the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial assets that are discounted from the expected date of derecognition to the reporting date using the original effective profit rate if the existing financial asset.

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4. MATERIAL ACCOUNTING POLICIES (Continued)

4.2.4. Financial assets (Continued)

Credit -Impaired Financial Assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt financial assets carried at FVOCI are credit-impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'credit -impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit -impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a finance facility by the Company on terms that the Company would not consider otherwise
- it is becoming probable that the borrower will enter bankruptcy or other financial re cognization; or
- the disappearance of an active market for security because of financial difficulties.

A financing facility that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a financing facility is provided to an individual customer that is overdue for 90 days or more is considered credit -impaired which is in alignment with the regulatory definition of default.

Purchased or Originated Credit -Impaired (POCI) Financial Assets

Loss allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets.
- finance commitments and financial guarantee contracts: generally, as a provision.
- where a financial instrument includes both a drawn and an undrawn component, and the Company cannot identify the ECL on the finance commitment component separately from those on the drawn component: the Company presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.

Refer Note 30.1.2 for more details of how the expected credit loss allowance is measured.

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4. MATERIAL ACCOUNTING POLICIES (Continued)

4.2.4. Financial assets (Continued)

Write-off

Financing and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are recognised when cash is received and are included in 'impairment losses on financial instruments' in the statement of profit or loss and other comprehensive income.

Financial assets that are written off could still be subject to enforcement activities to comply with the Company 's procedures for recovery of amounts due.

Loan commitments

Loan commitments provided by the Company are measured as the amount of the loss allowance (calculated as described in note 30.1.2.3). The Company has not provided any commitment to providing loans at a below market interest rate, or that can be settled in cash or by delivering or issuing another financial instrument.

For loan commitments, the loss allowance is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment and the Company cannot separately identify the expected credit loss on the undrawn commitment component from those on the loan component, the expected credit loss on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined expected credit loss exceeds the gross carrying amount of the loan, the expected credit losses are recognized as a provision.

(iv) Modification of loans

The Company sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, The Company assesses whether or not the new terms are substantially different to the original terms. The Company does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Significant extension of loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

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4. MATERIAL ACCOUNTING POLICIES (Continued)

4.2.4. Financial assets (Continued)

If the terms are substantially different, the Company derecognizes the original financial asset and recognizes a 'new' asset of fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred.

However, the Company also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was carried out by the debtor unable to make the originally agreed payments. Differences in the carrying amount are also recognized in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Company recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss.

The new gross carrying amount is recalculated by discounting the modified cash flow at the original effective interest rate.

(v) Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either

i. the Company transfers substantially all the risks and rewards of the ownership, or
ii. the Company neither transfers nor retains substantially all the risk and rewards of ownership and the Company has not retained the control .

4.2.5. Financial liabilities

(i) Classification and subsequent measurement

In both the current and prior period, financial liabilities are classified and subsequently measured at amortized cost except for loan commitments.

Interest expenses

Interest expense is recorded using the Effective Interest Rate (EIR) method. EIR is the rate that estimated future cash flows through the expected life of the financial instruments or a shorter period, where appropriate, to the net carrying amount of the financial liability.

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4. MATERIAL ACCOUNTING POLICIES (Continued)

4.2.5. Financial liabilities (Continued)

(ii) Derecognition

Financial liabilities are derecognized when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expired). The exchange between the Company and its original lenders of debt instruments with substantially different terms, as well as substantial modification of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted pr esent value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of term is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment.

If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

(iii) Interest Rate Benchmark Reform

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortized cost changed as a result of interest rate benchmark reform, the Company updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Company first updated the effective interest rate of the finan cial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Company applied the policies on accounting for modifications to the additional changes.

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4. MATERIAL ACCOUNTING POLICIES (Continued)

4.3. Cash and cash equivalents

Cash and cash equivalents are items which are readily convertible to known amounts of cash, and which are subject to an insignificant risk of changes in value. Cash and cash equivalents include all Company placements with original maturities of less than three months as per IAS 7- Statement of Cash Flows.

Funds restricted for a period of more than three months on origination are excluded from cash and cash equivalents. Cash and cash equivalents are carried at amortised cost.

4.4. Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counter party.

4.5. Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to other operating expenses during the financial year in which they are incurred.

Depreciation is calculated using the straight -line method to allocate their cost to their residual values over their estimated useful lives, as follows:

- Leasehold improvements - lower of remaining lease tenure or 10 years.
- Furniture and fixtures - 5 years
- Computer equipment - 5 years
- Motor vehicles - 4 years
- Office equipment - 3 to 8 years

Leasehold improvements consist of partitions and fixtures on the leasehold properties. These assets are depreciated over the shorter length of their useful life or the lease term, unless the entity expects to use the assets beyond the lease term. The charge for the depreciation commences from the date on which the assets are available for use. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

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4. MATERIAL ACCOUNTING POLICIES (Continued)

4.5. Property, plant and equipment (Continued)

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in other operating income or other operating expenses in the income statement.

4.6. Impairment of non-financial assets

Property, plant and equipment and intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value, less costs of disposal, and its value in use. For assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash - generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

4.7. Intangible assets

Costs associated with software are capitalised and amortised using the straight -line method over estimated useful life of four years. The carrying amount of intangible assets is reviewed annually and adjusted for permanent impairment where it is considered necessary. All other costs associated with computer software, e.g. its maintenance, are expensed when incurred.

4.8. Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

Payments made under operating leases are recognized in profit or loss on accrual basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component based on its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non -lease components and account for the lease and non-lease components as a single lease component.

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4. MATERIAL ACCOUNTING POLICIES (Continued)

4.8. Leases (Continued)

The Company recognizes right-of-use assets and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right -of-use asset s are subsequently depreciated using the straight -line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use assets reflect that the Company will exercise a purchase option. In that case the right-of-use assets will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use assets are periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liabilities.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liabilities comprise the following:

- fixed payments, including in -substance fixed payments.
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liabilities are measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in the Company's estimate of the amount payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in substance fixed lease payment.

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4. MATERIAL ACCOUNTING POLICIES (Continued)

4.8. Leases (Continued)

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right -of-use asset or is recorded in profit or loss if the carrying amount of the right -of-use asset has been reduced to zero.

The Company presents right -of-use assets that do not meet the definition of investment property in "Right-of-Use Asset" and lease liability in "Lease Liability" in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight -line basis over the lease term.

4.9. Debt securities issue

Debt securities in issue include bonds and sukuk issued by the Company. Debt securities are stated at amortized cost. If the Company purchases its own debt securities in issue, they are derecognized from the statement of financial position and the difference between the carrying amount of the liability and the consideration paid is included in gains arising from early retirement of debt.

The obligation to make future payments of principal and interest to bondholders is carried at amortised cost until extinguished on maturity of the bonds.

4.10. Other borrowed funds

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs). and the redemption value is recognised in the income statement over the period of borrowing using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs to the extent that drawdown is probable. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of comprehensive income as other income or finance costs.

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4. MATERIAL ACCOUNTING POLICIES (Continued)

4.10. Other borrowed funds (Continued)

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

4.11. Customer deposits

Customer accounts are non-derivative liabilities owed to individuals, state or corporate customers and are carried at amortised cost.

4.12. Derivative financial instruments

Derivative financial instruments, including currency swaps, are carried out at their fair value. All derivative instruments are carried as assets when fair value is positive, and as liabilities when fair value is negative. Changes in the fair value of derivative instruments are included in profit or loss for the period (gains less losses on derivatives).

4.13. Provisions for liabilities and charges

Provisions for liabilities and charges are non-financial liabilities of uncertain timing or amount. They are accrued when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

4.14. Trade and other payables

Trade payables are accrued when the counterparty has fulfilled its obligations under the contract and are carried out at amortized cost.

4.15. Share Capital

Ordinary shares are classified as equity.

4.16. Dividends

Dividends on ordinary shares are recognized in equity in the period in which they are approved by the Company 's shareholders.

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4. MATERIAL ACCOUNTING POLICIES (Continued)

4.17. Fiduciary Activities

The Company commonly acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of Ministry of Housing, Land and Urban Development (MHUD) formerly Ministry of Housing and Infrastructure (MHI). These assets and income arising thereon are excluded from these financial statements, as they are not assets of the Company.

4.18. Current and deferred tax

The tax expenses for the period comprise current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized directly in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax computation with respect to situations in which applicable tax regulation is subject to interpretation.

It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. The provisions for income tax are based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Income Tax Act.

The Company is liable to income tax at rate of 15% if the taxable profit of the year exceeds MVR 500,000 /-.

Deferred tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction effects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The recognized deferred tax asset represents income taxes recoverable through future deductions from taxable profits and is recorded in the statement of financial position. Deferred tax assets are recorded to the extent that realisation of the related tax benefit is probable.

The future taxable profits and the amount of tax benefits that are probable in the future are based on a medium-term business plan prepared by management and extrapolated results thereafter. The business plan is based on management expectations that are believed to be reasonable under the circumstances.

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4. MATERIAL ACCOUNTING POLICIES (Continued)

4.19. Fees, Commissions and other income and expenses

Fees, commissions and other income and expenses items are generally recorded on an accrual basis by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

4.20. Employee Benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions to a separate entity and will have no legal or constructive obligation to pay further amounts. The Company contributes 7% of members' salary into the scheme with an additional, minimum, 7% of salary being contributed by the members.

(ii) Short -term benefits

Short-term employee benefit obligations of the Company are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under a short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

4.21. Segment Reporting

As per IFRS 8, Segments are reported in a manner consistent with the internal reporting provided to the board of Directors of the Company. Segments whose revenue, results or assets are 10 percent or more of all the segments are reported separately.

4.22. Presentation of statement of financial position in order of liquidity

The Company does not have a clearly identifiable operating cycle and therefore does not present current and non-current assets and liabilities separately in the statement of financial position. Instead, analysis of assets and liabilities by their expected maturity is presented in Note 30.2.2

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4. MATERIAL ACCOUNTING POLICIES (Continued)

4.22. Presentation of statement of financial position in order of liquidity (Continued)

31-Dec-25	Amounts expected to recovered or settled		
Assets	Within 12 months or reporting period (MVR)	After 12 months of reporting period (MVR)	Total (MVR)
Cash and cash equivalents	67,862,079	-	67,862,079
Financial assets at amortised cost	380,265,122	-	380,265,122
Loans and advances	144,901,947	1,472,867,522	1,617,769,469
Property, plant and equipment	-	4,107,709	4,107,709
Intangible assets	-	3,210,747	3,210,747
Right-of-use assets	-	907,009	907,009
Other assets	-	6,767,907	6,767,907
Deferred tax assets	-	13,987,687	13,987,687
Total assets	593,029,148	1,501,848,581	2,094,877,729

31-Dec-25	Amounts expected to recovered or settled		
Liabilities	Within 12 months or reporting period (MVR)	After 12 months of reporting period (MVR)	Total (MVR)
Deposits from customers	2,773,774	82,508,135	85,281,909
Debt securities in issue	37,919,048	440,956,696	478,875,744
Other borrowed funds	92,876,633	149,156,328	242,032,961
Other liabilities	-	296,483,956	296,483,956
Lease liabilities	1,387,428	3,358,270	4,745,698
Current tax liabilities	10,344,074	-	10,344,074
Total Liabilities	145,300,957	972,463,385	1,117,764,342

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4. MATERIAL ACCOUNTING POLICIES (Continued)

4.22. Presentation of statement of financial position in order of liquidity (Continued)

31 December 2024	Amounts expected to recovered or settled		
Assets	Within 12 months or reporting period (MVR)	After 12 months of reporting period (MVR)	Total (MVR)
Cash and cash equivalents	152,877,412	-	152,877,412
Financial assets at amortised cost	358,054,216	-	358,054,216
Loans and advances	116,681,997	1,487,140,733	1,603,822,731
Property, plant and equipment	-	3,435,306	3,435,306
Intangible assets	-	2,975,248	2,975,248
Right-of-use assets	-	1,513,101	1,513,101
Other assets	-	6,557,192	6,557,191
Deferred tax assets	-	11,301,829	11,301,829
Total assets	**627,613,625**	**1,512,923,409**	**2,140,537,034**

31 December 2024	Amounts expected to recovered or settled		
Liabilities	Within 12 months or reporting period (MVR)	After 12 months of reporting period (MVR)	Total (MVR)
Deposits from customers	11,733,153	75,821,978	87,555,131
Debt securities in issue	49,223,385	448,918,512	498,141,897
Other borrowed funds	97,789,593	252,377,540	350,167,133
Other liabilities	-	310,157,576	310,157,576
Lease liabilities	1,074,043	3,762,169	4,836,212
Current tax liabilities	10,799,525	-	10,799,525
Total Liabilities	**188,467,332**	**1,073,190,142**	**1,261,657,474**

5. ACCOUNTING STANDARDS EFFECTIVE BUT NOT YET EFFECTIVE

A number of amendments to International Accounting Standards are effective for annual periods beginning after 31 December 2025 and earlier adoption is permitted; however, the Company has not adopted or early adopted following amended standards in preparing these financial statements.

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5. ACCOUNTING STANDARDS EFFECTIVE BUT NOT YET EFFECTIVE (Continued)

New and amended accounting standards adopted by the Company:

- Amendments to IAS 21: The Effects of Changes in Foreign Exchange Rates titled Lack of Exchangeability

New and amended standards and interpretations issued but not yet effective:

- Amendments to IFRS 9 and IFRS 7: Amendments to the Classification and Measurement of Financial Instruments
- Annual Improvements to IFRS Accounting Standards - Volume 11 Amendments to IFRS 9 and IFRS 7: Contracts Referencing Nature-dependent Electricity
- IFRS 18: Presentation and Disclosures in Financial Statements
- IFRS 19: Subsidiaries without Public Accountability: Disclosures

The above amendments and interpretations are not expected to have a significant impact on the Company's financial statements.

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Notes to the financial statements

(All amounts in Maldivian Rufiyaa)

		2025	2024
6	**NET INTEREST INCOME**		
	Interest income (Note 6.1)	131,091,637	136,633,636
	Less: interest expense (Note 6.3)	(28,407,247)	(36,401,592)
	Net interest income	102,684,390	100,232,044
6.1	**Interest income calculated using effective interest rate method**		
	Loans and advances (Note 6.2)	118,987,114	123,446,380
	Interest income from short term invesments	12,104,523	13,187,256
		131,091,637	136,633,636
6.2	**Interest income from loans and advances**		
	Housing loans and advances	118,856,403	123,310,500
	Staff loans	130,711	135,880
		118,987,114	123,446,380
6.3	**Interest expenses**		
	Other borrowed funds	20,689,145	26,713,582
	Debt securities in issue	6,549,866	8,338,091
	Deposits from customers	778,545	861,857
	Interest on lease liabilities (Note 27)	389,691	488,061
		28,407,247	36,401,592

		2025	2024
7	**NET INCOME ON SHARI'AH PRODUCTS**		
	Revenue from housing facilities	82,773,709	72,603,258
	Revenue from short term investments	6,536,718	6,071,478
	Fee income	2,280,831	3,087,036
	Amna investors' profit share	(35,144,950)	(35,244,898)
		56,446,308	46,516,875
8	**FEE INCOME**		
	Other fee income	935,881	471,129
	Management fees	3,625,501	3,648,086
		4,561,382	4,119,215
9	**OTHER INCOME**		
	Penalty interest	1,171,923	1,750,318
	Insurance commissions	53,199	219,078
	Other Incomes	611,345	5,400
		1,836,467	1,974,796

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(All amounts in Maldivian Rufiyaa)

10 SALARIES AND PERSONNEL EXPENSES

	2025	2024
Salaries and allowances	14,887,047	11,726,698
Contribution to employees pension fund	640,930	510,422
Employee benefit expense amortization	136,580	144,910
Ramadan allowances and bonus	1,080,171	797,162
Staff medical insurance	334,866	242,822
	17,079,594	13,422,014

11 ALLOWANCE FOR IMPAIRMENT LOSS ON LOANS AND ADVANCES

	2025	2024
Allowance recognised during the year (Note 17.2)	19,873,439	13,186,794

12 MODIFICATION LOSS ON LOANS AND ADVANCES

The following table presents summary information for loans and advances whose cash flows were modified, if any.

	2025	2024
Reversal of modification loss recognized during the year **(Note 12.1)**	-	(1,264,703)
	-	(1,264,703)

12.1 During the year ended 31st December 2025 the Company had no modification loss on loans and advances.

13 OTHER OPERATING EXPENSES

	2025	2024
Depreciation on right-of-use asset (Note 20)	977,868	789,325
Depreciation on property, plant and equipment (Note 19)	876,729	736,361
Amortization on intangible assets (Note 21)	606,092	606,092
Professional fees	1,477,355	1,515,141
Listing expenses	589,024	620,251
Amna expenses	981,583	609,337
Other expenses	2,102,836	1,183,754
Communication expenses	348,899	360,775
Premises, equipment and establishment expenses	467,476	461,750
IT expenses	1,105,890	1,077,877
Board remuneration and meeting expenses	1,010,246	890,551
Printing and stationary expenses	97,270	113,927
Advertising and marketing expenses	596,168	606,446
Bank charges	182,397	80,284
Business development expenses	11,660	93,110
Loss on disposal of Property, Plant and Equipment	44,613	1,046
	11,476,106	9,746,028

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Notes to the financial statements

(All amounts in Maldivian Rufiyaa)

14 TAX EXPENSES

	2025 MVR	2024 MVR
Income tax		
Income tax expense **(Note 14.1)**	21,551,439	20,617,471
Deferred tax		
Recognition of temporary differences **(Note 14.4.1)**	(2,685,858)	(2,335,468)
	18,865,581	18,282,003

14.1 Reconciliation between accounting profit and taxable income :

Profit before tax	117,099,408	117,752,797
Aggregate disallowable items	87,430,888	101,899,149
Aggregate allowable items	(60,354,037)	(81,702,139)
Tax free allowance	(500,000)	(500,000)
Taxable income for the year	**143,676,259**	**137,449,807**
	-	
Income tax expense at 15%	**21,551,439**	**20,617,471**
Effective income tax rate	15%	15%
Effective current tax rate **(Note 14.2)**	16%	16%

The taxable profits and income of the Company is liable at the rate of 15% in terms of provisions of the Income Tax Act No 25 of 2019 which is effective from 1st January 2020, relevant regulations and amendments thereto. (2024 : 15%)

14.2 Reconciliation of effective income tax rate

	2025		2024	
	%		%	
Profit before income tax		117,099,408		117,752,797
Income tax for the period	15%	17,564,911	15%	17,662,920
Impact from reconciliation of accounting profit to taxable income	3.40%	3,986,528	2.51%	2,954,551
Deferred taxation	-2.29%	(2,685,858)	-1.98%	(2,335,468)
Total income tax expense **(Note 14)**	**16.11%**	**18,865,581**	**15.53%**	**18,282,003**

14.3 Current tax liabilities

	31-Dec-25	31-Dec-24
Opening balance	10,799,525	6,524,645
Provisions made during the year **(Note 14.1)**	21,551,439	20,617,471
Payments made during the year	(22,006,889)	(16,342,591)
Closing balance	10,344,075	10,799,525

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Notes to the financial statements

(All amounts in Maldivian Rufiyaa)

14 TAX EXPENSES (CONTINUED)

14.4 Net deferred tax asset

14.4.1 Deferred income tax is calculated on all difference under the liability method. The movement in deferred income tax asset account is as follows:

	31-Dec-25	31-Dec-24
Opening balance	11,301,829	8,966,361
Recognized in profit or loss		
Deferred tax asset recognized for the year (Note 14)	2,685,858	2,335,468
Closing balance	13,987,687	11,301,829

14.4.2 Movement in deferred tax balances

	Property, plant and equipment	Intangible asset	Allowance for impairment on loans and advances	Net deferred tax asset
Balance as at 31st December 2024	117,008	(93,625)	11,278,446	11,301,829
Recognized in profit or loss	18,750	(30,304)	2,697,412	2,685,858
Balance as at 31st December 2025	135,758	(123,929)	13,975,858	13,987,687

15 BASIC EARNINGS PER SHARE

The calculation of the basic earning per share is based on profit after tax attributable to the equity shareholders and the weighted average number of ordinary shares outstanding during the year.

	2025	2024
Profit attributable to the ordinary shareholders of the Company	98,233,827	99,470,793
Weighted average number of ordinary shares (Nos.)	15,937,500	15,937,500
Basic earning per share	6.16	6.24

The number of shares is 15,937,500 and the Earnings per share are MVR 6.16 shares (2024: MVR 6.24)

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(All amounts in Maldivian Rufiyaa)

16 CASH AND CASH EQUIVALENTS

	2025	2024
Cash in hand	6,500	6,500
Balances with other banks	22,776,007	42,956,980
Investments in Conventional Securities classified as Cash(Note 16.2)	25,045,643	74,890,302
Investments in Shariah Compliant Securities Classified as Cash(Note 16.1)	20,033,929	35,023,630
Cash and cash equivalents for the purpose of statement of cash flows	67,862,079	152,877,412

	2025			2024		
	Conventional Investments	Shariah Compliant Securities	Total	Conventional Investments	Shariah Compliant Securities	Total
Opening balance	74,890,302	35,023,630	109,913,932	9,999,044	5,025,891	15,024,935
Investment made during the year	69,945,491	105,000,000	174,945,491	169,509,471	755,000,000	924,509,471
Interest income for the year	696,494	688,449	1,384,943	381,788	1,872,964	2,254,752
Interest received during the year	(767,289)	(678,150)	(1,445,439)	(292,125)	(1,875,225)	(2,167,350)
Investment matured during the year	(119,719,355)	(120,000,000)	(239,719,355)	(104,707,876)	(725,000,000)	(829,707,876)
Closing balance	**25,045,643**	**20,033,929**	**45,079,572**	**74,890,302**	**35,023,630**	**109,913,932**

16.1 Conventional investments with maturities of less than three months at the reporting date were MVR 25,045,643/- (2024: MVR 74,890,302), carrying interest rates between 3.5% and 3.87%.

16.2 Shariah Compliant investments with maturities of less than three months at the reporting date were MVR 20,033,929/- (2024 :MVR 35,023,630/-) for a period of 3 months and are entitled for a profit share in the range of 3% to 5% per annum. (2024 : 3% to 4%).

17 LOANS AND ADVANCES CARRIED AT AMORTISED COST

	2025	2024
Gross loans and advances (Note 17.1)	1,710,941,857	1,679,012,372
Less: impairment loss allowance (Note 17.2)	(93,172,388)	(75,189,641)
Net loans and advances	1,617,769,469	1,603,822,731

17.1 Loans and advances - Product wise Analysis

	2025	2024
Conventional housing loans to customers	954,888,601	1,019,232,665
Housing loans to staff	4,169,074	3,550,519
Diminishing Musharakah	540,755,195	393,689,520
Istisna & Murabaha	210,270,416	262,539,668
Unsecured	858,571	-
	1,710,941,857	1,679,012,372
Less: Impairment loss allowance (Note 17.2)	(93,172,388)	(75,189,641)
Net loans and advances	1,617,769,469	1,603,822,731

The Company has granted staff loans at 5% interest rate and the staff loan balances are measured at fair value.

17.2 Movement of allowance for impairment loss on loans and advances

	2025	2024
Opening balance	75,189,641	62,851,226
Allowance recognized during the year (Note 11)	20,029,670	13,186,794
Allowance recognized for unrecognized interest income on non-performing loans and advances for the year (Note 11)	(156,231.79)	(120,421)
Write-off specific allowance during the year	(1,890,691)	(727,958)
Closing balance	93,172,388	75,189,641

18 FINANCIAL ASSETS AT AMORTIZED COST

	2025	2024
Investments in Conventional Securities (Note 18.2)	282,328,135	216,225,063
Investments in Shariah Compliant Securities (Note 18.2)	97,936,987	141,829,153
	380,265,122	358,054,216

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18 INVESTMENT SECURITIES MEASURED AT AMORTISED COST(Continued)

18.1 Movement during the year

	2025			2024		
	Conventional Investments	Shariah Compliant Securities	Total	Conventional Investments	Shariah Compliant Securities	Total
Opening balance	216,225,063	141,829,153	358,054,216	309,347,786	201,615,753	510,963,539
Investment made during the year	495,543,946	362,000,000	857,543,946	414,007,370	275,000,000	689,007,370
Interest income for the year	11,312,882	5,940,062	17,252,944	12,869,907	4,361,664	17,231,571
Interest received during the year	(11,239,082)	(6,832,229)	(18,071,311)	(15,334,032)	(4,148,264)	(19,482,296)
Investment matured during the year	(429,514,673)	(405,000,000)	(834,514,673)	(504,665,968)	(335,000,000)	(839,665,968)
Closing balance	282,328,135	97,936,987	380,265,122	216,225,063	141,829,153	358,054,216

18.2 The Company has invested in both conventional and Shariah-compliant instruments amounting to MVR 282,328,135/- (2024: MVR 40,8/-) for periods ranging from three to twelve months, carrying interest/profit rates between 4.23% and 4.60% (2024: 4.23% to 4.60%).

18.3 As per the Company's policy, short-term investments with a maturity of 90 days or less are classified as cash and cash equivalents, while investments with a maturity of more than 90 days are classified as securities measured at amortized cost.

During the year, the Company decided to change its investment classification policy from using the remaining maturity at the reporting date to using the contractual maturity at initial recognition. Under the new policy, investments with an initial maturity of less than 90 days are classified as cash and cash equivalents, while those with longer maturities are classified as investment securities measured at amortized cost under conventional or Shariah-compliant categories. As a result, certain balances previously reported as investment securities were reclassified to cash and cash equivalents, and some previously shown as cash and cash equivalents were reclassified to investment securities. The change affects presentation only and had no impact on measurement, profit or equity, and prior-year comparatives have been restated accordingly.

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19 PROPERTY, PLANT AND EQUIPMENT

	Office eqipment	Computer equipment	Vehicles	Furniture and fixtures	Leasehold improvement	Work in progress	Total
Cost							
Balance as at 01st January 2025	1,194,725	5,576,225	66,250	1,015,271	871,653	949,872	9,673,996
Additions during the year	144,141	980,352	54,900	258,482	55,755	112,115	1,605,744
Transfer from work in progress	-	-	-	33,574	1,028,413	(1,061,987)	-
Disposals during the year	-	-	-	-	(117,130)	-	(117,130)
Balance as at 31st December 2025	**1,338,866**	**6,556,577**	**121,150**	**1,307,327**	**1,838,691**	**-**	**11,162,610**
Accumulated depreciation							
Balance as at 01st January 2025	(796,161)	(3,697,903)	(66,250)	(865,288)	(813,088)	-	(6,238,690)
Charge for the year	(89,395)	(630,755)	(6,863)	(83,591)	(66,125)	-	(876,728)
Disposals during the year	-	-	-	-	60,517	-	60,517
Balance as at 31st December 2025	**(885,556)**	**(4,328,658)**	**(73,113)**	**(948,879)**	**(818,696)**	**-**	**(7,054,901)**
Net carrying amount							
Balance as at 31st December 2025	**453,310**	**2,227,918**	**48,038**	**358,447**	**1,019,996**	**-**	**4,107,709**

19.1 As of 31st December 2025, property, plant and equipment with a cost of MVR 4,748,621/- have been fully depreciated and continue to be in use by the Company.

19.2 Capital work in progress represents the costs incurred for the renovation and structural modifications of the office premises.

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(All amounts in Maldivian Rufiyaa)

19 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Office eqipment	Computer equipment	Vehicles	Furniture and fixtures	Leasehold improvement	Work in progress	Total
Cost							
Balance as at 01st January 2024	1,210,113	5,158,216	66,250	998,298	871,653	-	8,304,530
Additions during the year	98,488	418,009	-	113,688	-	949,872	1,580,057
Disposals during the year	(83,978)	-	-	(126,613)	-	-	(210,591)
Balance as at 31st December 2024	**1,224,623**	**5,576,225**	**66,250**	**985,373**	**871,653**	**949,872**	**9,673,996**
Accumulated depreciation							
Balance as at 01st January 2024	(819,906)	(3,108,478)	(66,250)	(914,270)	(801,375)	-	(5,710,279)
Charge for the year	(88,834)	(589,425)	-	(46,388)	(11,713)	-	(736,360)
Disposal during the year	112,579	-	-	95,370	-	-	207,949
Balance as at 31st December 2024	**(796,161)**	**(3,697,903)**	**(66,250)**	**(865,288)**	**(813,088)**	**-**	**(6,238,690)**
Net carrying amount							
Balance as at 31st December 2024	**428,462**	**1,878,322**	**-**	**120,085**	**58,565**	**949,872**	**3,435,306**

19.3 As of 31st December 2024, property, plant and equipment with a cost of MVR 6,221,010/- have been fully depreciated and continue to be in use by the Company.

19.4 Capital work in progress represents the cost increment for the renovation and structural modifications of the office premises.

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(All amounts in Maldivian Rufiyaa)

20 RIGHT-OF-USE ASSETS

Right-of-Use assets related to leased properties that do not meet the definition of investment property (See note 4.8).

	2025	2024
Cost		
Opening balance	8,940,868	9,452,650
Modification during the year (Note 27)	-	(511,782)
Additions	1,213,367	-
Closing balance	10,154,235	8,940,868
Accumulated depreciation		
Opening balance	5,965,620	5,176,295
Charge for the year	977,868	789,325
Closing balance	6,943,488	5,965,620
Net carrying amount	3,210,747	2,975,248

21 INTANGIBLE ASSETS

	2025	2024
Cost		
Opening balance	4,135,911	4,135,911
Additions during the year	-	-
Transferred during the year	-	-
Closing balance	4,135,911	4,135,911
Accumulated amortization		
Opening balance	2,622,810	2,016,718
Amortization for the year	606,092	606,092
Closing balance	3,228,902	2,622,810
Net carrying amount	907,009	1,513,101

21.1 Computer software's purchased by the Company were recognized as intangible assets and amortized over 4 years.

22 OTHER ASSETS

	2025	2024
Pre-payments	4,346,259	4,034,488
Staff loans	2,103,271	1,834,512
Accounts receivable	318,377	688,191
	6,767,907	6,557,191

23 DEPOSITS FROM CUSTOMERS

	2025	2024
Equated monthly installment deposits	82,315,068	79,218,454
Borrowers deposits	2,966,841	8,336,677
	85,281,909	87,555,131

Equated monthly installment deposits are held as contingency to settle the monthly installments in case the borrowers fail to pay. Equated monthly installment deposits carry fixed interest rate at 1% & 2.5 % per annum. (2024: 1% & 2.5%)

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24 DEBT SECURITIES IN ISSUE

	2025	2024
Listed corporate bonds **(Note 24.1)**	90,829,801	110,137,189
Listed sukuk **(Note 24.2)**	388,045,943	388,004,708
	478,875,744	498,141,897

Maturity analysis of debt securities in issue

	2025	2024
Payable within one year	37,919,048	49,222,991
Payable after one year	440,956,696	448,918,906
	478,875,744	498,141,897

	2025			2024		
	Listed bonds	Listed sukuk	Total	Listed bonds	Listed sukuk	Total
Opening balance	110,137,189	388,004,708	498,141,897	124,510,246	411,574,371	536,084,617
Borrowing during the year	25,000,000	-	25,000,000	-	-	-
Interest / profit during the year	6,953,240	30,307,257	37,260,498	8,338,092	30,921,935	39,260,027
Interest / profit paid during the year	(8,980,328)	(30,266,022)	(39,246,350)	(6,579,803)	(31,925,598)	(38,505,401)
Capital repayments during the year	(42,280,301)	-	(42,280,301)	(16,131,346)	(22,566,000)	(38,697,346)
Closing balance	**90,829,801**	**388,045,943**	**478,875,744**	**110,137,189**	**388,004,708**	**498,141,897**

24.1 Listed corporate bonds

Listed bonds of MVR 81,390,000/- was raised in July 2018. These bonds carry an interest rate of 7% per annum for 10 years from the allotment date. Interest payments are made every six months after the date of allotment, until the bond is fully redeemed. The cumulative redemption as at 31st december equals to MVR 55,533,703.56/-.

Listed bonds of MVR 80,000,000/- were issued in December 2019. These bonds carry an interest rate of 7% per annum for 10 years from the allotment date. Interest payments are made every six months after the date of allotment, until the bond is fully redeemed. The cumulative redemption as at 31st december 2025 equals to MVR 41,307,286.93/-.

The Company has issued corporate bonds to Allied Insurance Company of the Maldives Private Limited of MVR 15,000,000/- with two years maturity and carry an interest rate of 6.50% per annum during the period ended 31st December 2025.

The Company has issued corporate bonds to Allied Insurance Company of the Maldives Private Limited of MVR 10,000,000/- with One year maturity and carry an interest rate of 5.5% per annum during the period ended 31st December 2025.

24.2 Listed Sukuk

(i) On 27th January 2014, the Company has allotted Mudarabah Sukuk amounting to MVR 22,566,000/- (45,132 Sukuk at a price of MVR 500/- per sukuk) for ten (10) years. Profit is paid every six months from the allotment date until maturity date. The sukuk was matured and fully redeemed on 27th January 2024.

(ii) On 25th October 2017, the Company has allotted Mudarabah Sukuk No. 2, amounting to MVR 89,036,000/- (89,036 Sukuk at a price of MVR 1,000/- per sukuk) for ten (10) years). The profit is paid every six months after the date of allotment, until the maturity date.

(iii) On 5th December 2019, the Company has allotted Mudarabah Sukuk No. 3, amounting to MVR 126,931,000/- (126,931 Sukuk at a price of MVR 1,000/- per sukuk) for ten (10) years). The profit is paid every six months after the date of allotment, until the maturity date.

(iv) On 2nd December 2021, the Company has issued Mudarabah Sukuk No. 4, amounting to MVR 168,403,000/- (168,403 Sukuk at a price of MVR 1,000/- per sukuk) for ten (10) years). The profit is paid every six months after the date of allotment, until the maturity date.

The funds received from Mudarabah Sukuk No 1, 2, 3 & 4 are utilized in order to fund shari'ah compliant mortgage housing finance operations under principles and rules of Shari'ah. The profit is shared between Sukuk holder (Rabb al Mal) and the Company (Mudarib) at a rate of 65% and 35% respectively.

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(All amounts in Maldivian Rufiyaa)

25 OTHER BORROWED FUNDS

	2025	2024
Opening balance	350,167,133	446,628,834
Borrowings during the year	5,000,000	749,618
Interest / profit charged during the year	24,839,188	31,104,498
Interest / profit paid during the year	(24,985,884)	(34,705,047)
Capital repayments during the year	(112,987,476)	(93,610,770)
Closing balance	242,032,961	350,167,133

25.1 Sources of finance

	2025	2024
Bank of Ceylon Male' Branch (Note 25.2)	62,528,527	91,933,878
Bank of Maldives PLC (Note 25.3)	139,192,761	166,170,235
Wakala facilities (Note 25.4)	35,600,000	66,200,000
Pension benefit scheme fund (Note 25.5)	4,711,674	4,857,014
State Bank of India Limited (Note 25.6)	-	21,006,006
	242,032,962	350,167,133

Maturity analysis of other borrowed funds

	2025	2024
Payable within one year	92,876,633	115,637,957
Payable after one year	149,156,329	234,529,176
	242,032,962	350,167,133

25.2 Bank of Ceylon - Male' Branch

The Company maintains a loan facility of MVR 150 million with Bank of Ceylon PLC under an agreement dated 20 June 2021 to finance its mortgage housing loans portfolio. This facility carries interest at the 1-month treasury bill rate plus 2.3% per annum during the grace period, currently equivalent to 5.8% per annum, and at the 6-month treasury bill rate plus 2.3% per annum thereafter, currently 6.53% per annum, subject to a floor rate of 5.5% per annum. Repayments are made in semi-annual instalments beginning one year after initial drawdown, with the final instalment due in December 2027. The Company is required to maintain a minimum security coverage ratio of 150% at all times. The borrowing is denominated in Maldivian Rufiyaa.

25.3 Term loans from Bank of Maldives PLC

The Company has multiple term loan facilities with Bank of Maldives PLC, which are utilized for providing mortgage housing loans. These include a facility of MVR 100 million under an agreement dated March 2019, carrying interest at 8.5% per annum, repayable in monthly instalments until March 2029. In addition, the Company maintains a facility of MVR 150 million under an agreement dated December 2020, which bears interest at 9% per annum and is repayable in monthly instalments until November 2030. Additional disbursements under this facility were received in April and June 2021. These borrowings are secured by the mortgage portfolio generated using these funds and are denominated in Maldivian Rufiyaa.

25.4 Wakala facilities

During 2015 and 2016 Maldives Hajj Corporation Limited has invested MVR 60,000,000/- with the Company with a target yield of 10% - 11% per annum for 5 years. After the end of the initial investment period, such facilities have been renewed for another 5 years.

Ayady Takaful invested MVR 5,000,000/- with the Company in April 2023 for two years with a target yield of 7% and the Company has renewed this facility on 5th April 2025 for another two years.

25.5 Pension Benefit Scheme Fund

The Company has an arrangement with the Maldives Pension Administration Office (MPAO) to facilitate the collateralization of members' Retirement Savings Accounts (RSA) in connection with housing finance provided to eligible borrowers. Under this arrangement, the accumulated savings in the RSA are pledged as security to enhance the borrower's eligibility for a mortgage facility, but are not disbursed or used as a down payment. Interest accrues at 4.9% per annum and is payable semi-annually to MPAO. Amounts received under this scheme are repaid to MPAO over the tenure of each related end-user loan in line with the agreed terms.

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25 OTHER BORROWED FUNDS(Continued)

25.6 State Bank of India (SBI)

The Company holds a term loan facility of MVR 150 million with the State Bank of India under an agreement dated 5 October 2017, which is utilized to provide mortgage housing loans. This facility bears interest at a fixed rate of 8% per annum and is repayable in semi-annual instalments over an eight-year term. The loan is secured by the underlying mortgage portfolio created from the proceeds of this facility and is denominated in Maldivian Rufiyaa. This facility was fully settled during the period.

26 OTHER LIABILITIES

	2025	2024
Ministry of Housing and Infrastructure - GED Islamic fund (Note 26.1)	5,606,784	3,822,970
Ministry of Housing and Infrastructure - MHI Islamic fund (Note 26.2)	17,457,870	31,269,764
Ministry of Housing and Infrastructure - MHUD Conventional fund (Note 26.3)	11,819,190	9,211,300
Ministry of Housing and Infrastructure 704 - Conventional fund (Note 26.4)	129,427,171	95,474,146
Ministry of Housing and Infrastructure CMEC - Housing funds (Note 26.5)	17,705,607	11,137,754
Ministry of Housing and Infrastructure GED Con - Housing funds (Note 26.6)	68,158,093	67,580,491
Ministry of Housing and Infrastructure Fire Scheme (Note 26.7)	20,395,598	-
Other payables	139,547	83,512
Credit card payable	7,557	-
Insurance premium payable	7,071,577	6,691,711
Amounts received from customers in advance	14,541,827	15,294,698
Accruals and other liabilities	4,153,135	4,701,701
Dividends payable	-	64,889,529
	296,483,956	310,157,576

26.1 Ministry of Housing and Infrastructure - GED Islamic fund

In accordance with the agreement dated 16th February 2014, the Company manages and administers loan schemes under which the Company, as a custodian receives funds from the Ministry of Housing, Land and Urban Development (MHUD) formerly Ministry of Housing and Infrastructure (MHI). The purpose of the fund is to construct houses in islands under the Company Amna's Islamic outreach program. The initial Islamic Housing Fund approved for this program was MVR 100,000,000/- treated as a revolving grant for investment with a profit share of 65% to the Company and 35% to the Islamic Housing Finance Scheme Fund. The fee income earned from the fund is included in Net income on shari'ah products.

26.2 Ministry of Housing and Infrastructure - MHI Islamic fund

(i) The Company has been appointed as the sole representative to act on behalf of the Ministry of Housing, Land and Urban Development (MHUD) formerly Ministry of Housing and Infrastructure (MHI) in matters related to the scheme as a collecting agent. the Company to use their best effort to obtain monthly instalments due under the Islamic financing facility and all records of collections should be maintained separately. The accumulated fund after deducting the agency fee shall be released to the Ministry upon receiving written request from the Ministry.

(ii) The Company has started managing new housing loans / facilities during December 2017. The Company was appointed as the sole representative to act on behalf Housing, Land and Urban Development (MHUD) formerly Ministry of Housing and Infrastructure (MHI) in matters related to the scheme as a collecting agent. the Company to use their best effort to obtain monthly instalments due and all records of collections should be maintained separately. The accumulated fund after deducting the agency fee shall be released to the Ministry upon receiving written request from the Ministry. This scheme is for 25 years period.

26.3 Ministry of Housing and Infrastructure - MHUD Conventional fund

Since 2008, the Company manages and administers conventional loan scheme under which the Company, as a custodian received funds from the Ministry of Housing, Land and Urban Development (MHUD) formerly Ministry of Housing and Infrastructure (MHI). The Company receives a management fee of 1.75% per annum on the outstanding balance of the loan at the end of every month.

26.4 Ministry of Housing and Infrastructure - 704 - Conventional fund

The Company has been appointed as the sole representative to act on behalf of the Ministry of Housing, Land and Urban Development (MHUD) formerly Ministry of Housing and Infrastructure (MHI) in matters related to the scheme as a collecting agent. the Company to use their best effort to obtain monthly instalments due under the facility and all records of collections should be maintained separately. The accumulated fund after deducting the agency fee shall be released to the Ministry upon receiving written request from the Ministry.

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26 OTHER LIABILITIES(Continued)

26.5 Ministry of Housing and Infrastructure - CMEC - Conventional fund

The Company has been appointed as the sole representative to act on behalf of the Ministry of Housing, Land and Urban Development (MHUD) formerly Ministry of Housing and Infrastructure (MHI) in matters related to the scheme as a collecting agent. the Company to use their best effort to obtain monthly instalments due under the facility and all records of collections should be maintained separately. The accumulated fund after deducting the agency fee shall be released to the Ministry upon receiving written request from the Ministry.

26.6 Ministry of National Planning, Housing and Infrastructure - GED, MHUD, 704 Flat & MHI

The Ministry of Housing, Land and Urban Development (MHUD) formerly Ministry of National Planning, Housing and Infrastructure ("MNPHI"), on behalf of the Government of Maldives, has decided to offer an affordable limited loan scheme under tha name, "Gedhoruveriya Loan". In accordance with the agreement dated 8th August 2021, the Company has received funds amounting to MVR 175,000,000/-. The Company has to manage and administrate each loan granted under this loan scheme. The management fee of MVR 250/- will be charged per active account on monthly basis.

26.7 Ministry of Housing and Infrastructure Fire Scheme

In accordance with the agreement dated 2nd September 2024, the Ministry has decided to utilize government funds held with HDFC to finance the reconstruction of homes for five families affected by the 2019 fire incident at H. Thilafushi House. HDFC has been appointed as the sole agent and representative of the Ministry under the Shariah principle of Wakala to execute and implement the Social Housing Scheme. A maximum facility of MVR 5.5 million has been allocated per household for construction purposes. HDFC will receive a management fee of MVR 500 per facility, which will be drawn from the allocated funds and accounted for as part of the Net Income from Sharlah-compliant products.

27 LEASE LIABILITES

	2025	2024
Opening balance	4,836,212	6,299,932
Additions	1,213,367	-
Interest expense for the year (Note 6.3)	389,691	488,061
Modification during the year	-	(511,782)
Principal repayment during the year	(1,257,790)	(951,938)
Interest payment during the year	(435,782)	(488,061)
Closing balance	4,745,698	4,836,212

27.1 Extension options

Some property leases contain extension options exercisable by the Company up to one to ten years before the end of the non-cancellable contract period. The extensions held are exercisable only when both parties mutually agreed. The Company assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Company reassesses whether is reasonably certain to exercise the option if there is a significant event or significant changes in circumstances within control.

27.2 Maturity analysis

	2025	2024
Current liability		
Lease liabilities	1,387,428	1,440,000
Non current liability		
Lease Liabilities	3,358,271	3,811,000
Amounts recognized in Statement of Comprehensive Income		
- Depreciation on right of used assets	977,868	789,325
- Interest on lease liabilities	389,691	488,061
Amounts recognized in Statement of Cash Flows		
	1,693,572	1,439,999

27.3 Analysis of undiscounted cash flows and interest

	Future minimum lease		Interest		Total undiscounted cashflow	
	As at 31 December 2025	As at 31 December 2024	As at 31 December 2025	As at 31 December 2024	As at 31 December 2025	As at 31 December 2024
Less than one year	1,387,428	1,440,000	352,572	365,957	1,740,000	1,805,957
Between one and five years	3,358,271	3,811,000	356,729	513,921	3,715,000	4,324,921
More than five year	-	-	-	-	-	-
	4,745,698	5,251,000	709,302	879,878	5,455,000	6,130,878

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28 SHARE CAPITAL

28.1 Authorized share capital

The authorized share capital comprises of 32,125,000 ordinary shares of MVR. 10/- each (2024: 32,125,000 ordinary shares of MVR. 10/- each).

28.2 Issued and fully Paid

Issued and fully paid share capital comprises 15,937,500 of MVR 10/- each as at 31 December 2025. (2024 : 15,937,500 of MVR 10/-).

28.3 Dividends and voting rights

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings of the Company.

No dividend has been declared during the year ended 31st December 2025.

28.4 General reserves

General reserve represents the amount set aside from the Company's profits to meet future (known or unknown) obligations. The general reserve are not used to declare dividends.

28.5 Capital reserve

Capital Reserve represents the amount set in accordance with the Regulation on Finance Business (2021/R-132) issued by the Maldives Monetary Authority (MMA) which is MVR 50,000,000/- as the minimum capital reserve. The company maintains an equal amount to the licensee's minimum required capital.

29 SEGMENT ANALYSIS

Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the Board of Directors, and for which discrete financial information is available.

(a) Description of products and services from which each reportable segment is identified

The Company is organized on the basis of two main business segments:
(i) Conventional financing service – representing conventional housing finance services; and
(ii) Islamic services – representing Amna housing related scheme and sukuk and other shari'ah compliant services.

(b) Factors that management used to identify the reportable segments

The Company's segments are strategic business units that focus on different customers. They are managed separately because each business unit requires different strategies and service level.

(c) Measurement of operating segment profit or loss, assets and liabilities

The Board of Directors review financial information prepared based on the requirements of internal reporting. Such financial information differs in certain aspects from International Financial Reporting Standards:

(i) funds are generally allocated between segments;
(ii) income taxes are not allocated to segments;
(iii) loan provisions are recognized based on management judgement and availability of information, and based on the expected credit loss model prescribed in IFRS 9;
(iv) commission income relating to lending is recognized immediately rather than deferred using the effective interest method; and

The board of directors evaluate the performance of each segment based on the net income before administrative expenses and tax.

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29 SEGMENT ANALYSIS(Continued)

(d) Information about reportable segment profit or loss, assets and liabilities

Segment information for the reportable segments for the period then ended on 31st December is set out below:

As at 31st December 2025	Conventional '000	AMNA '000	Unallocated '000	Total 000
ASSETS				
Cash and cash equivalents	42,435	25,427	-	67,862
Loans and advances	905,410	713,796	-	1,619,206
Financial assets at amortized cost	282,328	97,937	-	380,265
Property, plant and equipment	-	-	4,108	4,108
Right-of-use assets	-	-	3,211	3,211
Intangible assets	-	-	907	907
Other assets	-	-	5,934	5,934
Deferred income tax asset	-	-	13,498	13,498
Total asset	1,230,173	837,160	27,657	2,094,990
LIABILITIES				
Deposits from customers	51,308	33,974	-	85,282
Debt securities in issue	90,830	388,046	-	478,876
Other borrowed funds	206,433	35,600	-	242,033
Other liabilities	247,506	23,065	25,795	296,366
Lease liabilities	-	-	4,746	4,746
Current income tax liabilities	-	-	10,369	10,369
Total liabilities	596,077	480,684	40,910	1,117,671

Capital expenditure represents additions to non-current assets other than financial instruments and deferred tax assets.

For the year ended 31st December 2025	Conventional 000	AMNA 000	Unallocated '000	Total '000
External revenues:				
- Interest / profit share	131,092	89,310	-	220,402
- Fee and commission income	4,561	2,281	-	6,842
- Other operating income	1,836	-	-	1,836
Total revenues	**137,489**	**91,591**	-	**229,081**
Interest expense / profit share	(28,407)	(35,145)	-	(63,552)
Allowance for impairment loss on loans and advances	23,493	(35,847)	-	(12,354)
Depreciation and amortization	-	-	(1,483)	(1,483)
Administrative and other operating	(25,109)	(1,964)	-	(27,073)
Income tax expense	-	-	(18,866)	(18,866)
Profit for the period	**107,466**	**18,636**	**(20,348)**	**105,753**

Segment information for the reportable segments for the year and then ended on 31st December 2024 is set out below:

As at 31st December 2024	Conventional '000	AMNA '000	Unallocated '000	Total '000
ASSETS				
Cash and cash equivalents	117,854	35,024	-	152,877
Loans and advances	981,684	622,139	-	1,603,823
Financial assets at amortized cost	216,225	141,829	-	358,054
Property, plant and equipment	-	-	3,435	3,435
Right-of-use assets	-	-	2,975	2,975
Intangible assets	-	-	1,513	1,513
Other assets	-	-	6,557	6,557
Deferred tax asset	-	-	11,302	11,302
Total asset	1,315,763	798,992	25,782	2,140,537

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29 SEGMENT ANALYSIS (CONTINUED)

LIABILITIES	Conventional	AMNA	Unallocated	Total
Deposits from customers	53,961	33,594	-	87,555
Debt securities in issue	110,137	388,005	-	498,141
Other borrowed funds	283,967	66,200	-	350,167
Other liabilities	183,404	35,093	91,661	310,157
Lease liabilities	-	-	4,836	4,836
Current tax liabilities	-	-	10,800	10,800
Total liabilities	631,468	522,892	107,297	1,261,657

For the year ended 31st December 2024	Conventional '000	AMNA '000	Unallocated '000	Total '000
External revenues:				
- Interest / profit share	136,634	78,675	-	215,308
- Fee and commission income	4,119	3,087	-	7,206
- Other operating income	1,975	-	-	1,975
Total revenues	**142,728**	**81,762**	-	**224,489**

For the year ended 31 December 2024	Conventional '000	AMNA '000	Unallocated '000	Total '000
Interest expense / profit share	(36,402)	(35,245)	-	(71,646)
Allowance for impairment loss on loans and advances	(20,514)	7,327	-	(13,187)
Reversal of modification loss on loans and advances	-	1,265	-	1,265
Depreciation and amortization	-	-	(1,342)	(1,342)
Administrative and other operating expenses	(20,289)	(1,537)	-	(21,826)
Income tax	-	-	(18,282)	(18,282)
Profit for the year	**65,523**	**53,572**	**(19,624)**	**99,471**

30 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(i) Overview

The Company has exposure to the following risks from its use of financial instruments:
- Credit risk
- Liquidity risk
- Market risk

The Company's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Company's aim is therefore to achieve an appropriate balance between risk and return and minimize potential adverse effects on the Company's financial performance.

The Company's risk management policies are designed to identify and analyze these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Company regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

(ii) Risk management framework

Risk management is carried out by the Company under policies approved by the Board of Directors. The Company identifies and evaluates financial risks in close co-operation with the Company's operating unit. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as credit risk and liquidity risk. In addition, internal audit is responsible for the independent review of risk management and the control environment. The most important types of risk are credit risk, liquidity risk, market risk and other operational risk. Market risk includes currency risk and interest rate risks.

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30 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

30.1 Credit risk

The Company takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss for the Company by failing to discharge an obligation. Credit risk is the most important risk for the Company's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally in lending activities that lead to loans and advances. There is also credit risk in off-balance sheet financial instruments, such as loan commitments.

Credit policies were formulated covering the Company's credit activities and establishment of individual limits of authority for initiating, reviewing and approving credit.

A credit Committee comprising the Managing Director ,Operations Director, Head of Finance, Senior Manager Credit, Senior Manager Islamic Finance and Senior Manager IT meets regularly to discuss credit proposals in line with credit policies. The credit Committee also reviews non-performing assets, documentation and other credit related issues.

30.1.1 Credit risk measurement

Loans and advances (including loan commitments)

The estimation of credit exposure for risk management purpose is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. the Company measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). This is similar to the approach used for purposes of measuring Expected Credit Loss (ECL) under IFRS 9.

30.1.2 Expected credit loss measurement

IFRS 9 outlines a 'three-stage' model for impairment based on change in credit quality since initial recognition as summarized below:

A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Company.

If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. Please refer to note **30.1.2.1** for a description of how the Company determines when a significant increase in credit risk has occurred.

- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'. Please refer to note **30.1.2.2** description of how the Company defines credit-impaired and default.
- Financial instruments in stage 1 have their ECL measured at an amount equal to the proportion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stage 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. Please refer to note **30.1.2.3** for a description of inputs, assumptions and estimation techniques used in measuring the ECL.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information. Note **30.1.2.4** includes an explanation of how the Company has incorporated this in its ECL models.

Further explanation is also provided of how the Company determines appropriate grouping when ECL is measured on a collective basis (refer note **30.1.2.5**).

The following diagram summarizes the impairment requirements under IFRS 9:

Change in credit quality since initial recognition		
Stage 1	**Stage 2**	**Stage 3**
(Initial recognition)	(Significant increase in credit risk since the initial recognition)	(credit impaired assets)
12 months expected credit	Lifetime expected credit losses	Lifetime expected credit losses

The key judgements and assumptions adopted by the Company in addressing the requirements of the standard are discussed below:

30.1.2.1 Significant increase in credit risk

The Company considers loans and receivables have experienced significant increase in credit risk when the arrears are past due for more than 30 days.

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Notes to the financial statements

(All amounts in Maldivian Rufiyaa)

30 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

30.1.2.2 Definition of default and credit-impaired assets

The Company defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired when the borrower is more than 90 days past due states on its contractual payments.

The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD) throughout the Company's expected loss calculations.

30.1.2.3 Measuring the ECL - explanation of inputs, assumptions and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or lifetime basis depending on whether a significant increase in credit risk has occurred since the initial recognition on whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default(PD), Exposure at Default(EAD), and Loss Given Default(LGD), defined as follows:

The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired" above), either over the next 12 months (12M PD), or over the remaining lifetime (Life time PD) of the obligation. PIT PD (Point-in-time Probability of Default) is calculated using duration or hazard rate approach (Makov chain approach) and TTC PD (Through-the-Cycle Probability of Default) is derived from average empirical matrix from 2015 to 2025.

EAD is based on the amounts the Company expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). For example, for a revolving commitment, the Company includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.

Loss Given Default (LGD) is determined based on factors that influence recoveries following a default. As there is limited historical default data for facilities in Malé, LGD has been estimated using projected collateral values, historical discounts between market/book values and forced-sale prices, estimated time to repossession, and observed recovery costs. In estimating the present value of post-default cash flows, the Company applies a 35% haircut to the collateral's market value and discounts it for 8 years to approximate its forced-sale value and uses a minimum LGD rate of 25% across all facilities.

The ECL is determined by projecting the PD, LGD and EAD for each future year and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future year, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets. This is supported by historical analysis.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by the product type. For amortizing loans, this is based on the contractual repayments owed by the borrower over a 12 month or lifetime basis. For the loan commitments, the EAD is predicted by taking current drawn balance and adding a " credit conversion factor" which allows for the expected drawdown of the remaining limit by the time of default.

Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. Refer note 30.1.2.4 for an explanation of forward-looking information and its inclusion in ECL calculations.

30.1.2.4 Forward looking information incorporated in ECL models

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. the Company has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for the loan portfolio.

The Company has used a score card approach for further refining the ECL model in order to obtain a more realistic default rate. The score card incorporates qualitative and quantitative macro-economic factors which are selected based on the relevancy and appropriateness. Each factor is assigned a weightage based on the relative interdependence with the default rate. Quantitative factors include GDP growth rate, inflation, unemployment rate and qualitative factors include management outlook on loan portfolio, regulatory impact, government policies and industry and business. Quantitative factors are based on economic data and forecasts published by IMF or word bank where available before utilizing other sources.

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30 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

30.1.2.4 Forward looking information incorporated in ECL models (continued)

Economic variable assumptions

The most significant period end assumptions used for ECL estimate as at 31st december 2025 are set out below.

	2026	2027	2028	2029	2030
GDP growth rate	4.34%	4.10%	4.00%	4.00%	4.00%
Inflation	4.00%	2.00%	2.00%	2.00%	2.00%
Unemployment rate	4.20%	4.20%	4.20%	4.20%	4.20%

Source for GDP and Inflation : IMF WEO Database
Source for Unemployment: Trading Economics

The weightage assigned for each economic scenario at 31st December 2025 as follows:

	Best	Base	Worst
All portfolios	11%	68%	21%

Set out below are changes to ECL as at 31st december 2025 that would result from reasonably possible changes in these parameters from actual assumptions used in the Company's economic variable assumptions.

	-1%	No change	+1%
GDP growth rate	93,264,228	93,172,388	93,080,332
Inflation	91,050,228	93,172,388	95,173,488
Unemployment	98,340,819	93,172,388	98,340,819

30.1.2.5 Grouping of instruments for losses measured on a collective basis

For expected credit losses provision modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within the group are homogeneous. Both conventional and Amna assets are pooled together as primarily the products are same and considering the size of portfolio.

30.1.3 Loss allowance

The loss allowance recognized in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL;
- Additional allowances for new financial instruments recognized during the period, as well as releases for financial instruments de-recognized in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- Impacts on the measurement of ECL due to changes made to models and assumptions;
- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis;
- Financial assets derecognized during the period and write-offs of allowances related to assets that were written off during the period.

The following table explain the changes in the loss allowance between the beginning and end of the annual period due to these factors:

Loss allowance	**Stage 1**	**Stage 2**	**Stage 3**	
	12-month ECL	**Life time ECL**	**Life time ECL**	**Total**
Loss allowance as at 1st January 2025	17,700,924	12,113,161	45,375,556	75,189,641
Transfers	-	-	-	
Transfer from Stage 1 to Stage 2	(1,015,338)	1,015,338	-	-
Transfer from Stage 1 to Stage 3	(578,397)	-	578,397	-
Transfer from Stage 2 to Stage 1	9,112,236	(9,112,236)	-	-
Transfer from Stage 2 to Stage 3	-	(2,030,054)	2,030,054	-
Transfer from Stage 3 to Stage 1	1,230,329	-	(1,230,329)	-
Transfer from Stage 3 to Stage 2	-	3,447,886	(3,447,886)	-
New financial assets originated	1,295,124	-	8,785,134	10,080,258
Financial assets derecognized	(1,013,829)	(85,187)	(8,203,870)	(9,302,886)
Other movements	(11,247,144)	5,364,693	24,978,517	19,096,066
Write off	-	-	(1,890,691)	(1,890,691)
Loss allowance as at 31 December 2025	**15,483,905**	**10,713,601**	**66,974,882**	**93,172,388**

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30 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

30.1.3 Loss allowance (continued)

The unwind of interest on Stage 3 financial assets is reported within 'Interest income' so that interest income recognized on the amortized cost (after deducting the ECL allowance).

The following table further explains changes in the gross carrying amount of the mortgage portfolio to help explain their significance to the changes in the loss allowance for the same portfolio as discussed above:

Loans and advances	Stage 1	Stage 2	Stage 3	
	12-month ECL	Life time ECL	Life time ECL	Total
Gross carrying amount as at 1st January 2025	1,505,278,219	57,554,952	116,183,126	1,679,016,298
Transfers				-
Transfer from Stage 1 to Stage 2	(48,165,543)	48,165,543		-
Transfer from Stage 1 to Stage 3	(25,429,421)		25,429,421	-
Transfer from Stage 2 to Stage 1	40,999,561	(40,999,561)		-
Transfer from Stage 2 to Stage 3		(10,997,830)	10,997,830	-
Transfer from Stage 3 to Stage 1	3,325,686		(3,325,686)	-
Transfer from Stage 3 to Stage 2		6,973,976	(6,973,976)	-
New financial assets originated	123,604,455	-	14,307,789	137,912,244
Financial assets derecognized	(54,332,176)	(1,284,695)	(25,342,378)	(80,959,250)
Other movements	(26,406,704)	(2,741,847)	4,110,668	(25,037,883)
Written Off				-
Gross carrying amount as at 31st december 2025	**1,518,874,077**	**56,670,537**	**135,386,795**	**1,710,931,409**

	Stage 1	Stage 2	Stage 3	
	12-month ECL	Life time ECL	Life time ECL	Total
Loss allowance as at 1 January 2024	2,272,341	16,702,709	43,876,176	62,851,226
Transfer from stage 1 to stage 2	(71,687)	3,501,332	-	3,429,645
Transfer from stage 1 to stage 3	(25,849)	-	1,498,565	1,472,716
Transfer from stage 2 to stage 1	1,523,470	(10,779,416)	-	(9,255,946)
Transfer from stage 2 to stage 3	-	(4,270,318)	11,670,932	7,400,614
Transfer from stage 3 to stage 1	713,550	-	(8,500,725)	(7,787,175)
Transfer from stage 3 to stage 2	-	7,108	(64,329)	(57,221)
New financial assets originated	1,099,885	2,535,157	811,820	4,446,862
Financial assets settled during the year	(35,901)	(338,387)	-	(374,288)
Unrecognized interest on stage 3 assets	-	-	(120,422)	(120,422)
Write off	-	-	(727,958)	(727,958)
Other movements	8,694,802	4,754,976	461,810	13,911,588
Loss allowance at 31st December 2024	14,170,611	12,113,161	48,905,869	75,189,641

Loans and advances	Stage 1	Stage 2	Stage 3	
	12-month ECL	Life time ECL	Life time ECL	Total
Gross carrying amount as at 1 January 2024	1,401,788,188	166,045,533	90,592,527	1,658,426,248
Transfers:				
Transfer from stage 1 to stage 2	(38,120,648)	36,499,232	-	(1,621,416)
Transfer from stage 1 to stage 3	(20,302,463)	-	20,958,751	656,288
Transfer from stage 2 to stage 1	109,018,001	(114,701,468)	-	(5,683,467)
Transfer from stage 2 to stage 3	-	(28,287,155)	29,256,408	969,253
Transfer from stage 3 to stage 1	27,099,972	-	(27,881,856)	(781,884)
Transfer from stage 3 to stage 2	-	79,806	(122,021)	(42,215)
New financial assets originated	137,567,497	5,796,811	1,391,754	144,756,062
Financial assets settled during the year	(70,114,219)	(5,011,639)	-	(75,125,858)
Write off	-	-	(727,958)	(727,958)
Other movements	(41,662,036)	(2,866,168)	2,715,521	(41,812,683)
Gross carrying amount as at 31st December 2024	**1,505,274,292**	**57,554,952**	**116,183,126**	**1,679,012,370**

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30 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

30.1.4 Write-off policy

The Company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the Company's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

30.1.5 Modification of financial assets

The Company sometimes modifies the terms of loans provided to customers due to commercial renegotiations with a view to maximizing recovery.

Such restructuring activities include extended payment term arrangements, payment holidays and payment forgiveness. Restructuring policies and practices are based on indicators or criteria which, in the judgement of management, indicate that payment will most likely continue. These policies are kept under continuous review.

The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original asset. the Company monitors the subsequent performance of modified assets. the Company may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL).

30.1.6 Risk limit control and mitigation policies

The Company manages, limits and controls concentrations of credit risk wherever they are identified in particular, to individual counterparties and groups, and to corporates. the Company structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to corporates. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary.

Some other specific control and mitigation measures are outlined below.

(a) Collateral

The Company employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for the housing loans, which is a common practice. the Company implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for housing loans are mortgage over housing unit that is financed by the Company.

The Company's policy is to sell the repossessed assets at the earliest possible opportunity and the Company's policies regarding obtaining collateral have not significantly changed during the reporting period. There has been no significant change in the overall quality of the collateral held by the Company since the prior period. the Company closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Company will take possession of collateral to mitigate potential credit losses.

The valuation technique used for housing properties is based on the construction and other cost to completion that would be incurred by a market participant. Accordingly, the fair value measurement of collateral was classified to level 3.

Collateral information

As at 31st December 2025	Customer loans	Staff loans	AMNA assets	Total
Loans collateralized by:				
- house property	955,747,172	4,169,074	751,025,611	1,710,941,857
Total loans and advances	**955,747,172**	**4,169,074**	**751,025,611**	**1,710,941,857**

As at 31st December 2024	Customer loans	Staff loans	AMNA assets	Total
Loans collateralized by:				
- house property	1,019,232,665	3,550,519	656,229,188	1,679,012,372
Total loans and advances	**1,019,232,665**	**3,550,519**	**656,229,188**	**1,679,012,372**

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30 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

30.1.6 Risk limit control and mitigation policies (Continued)

The financial effect of collateral is presented by disclosing collateral values separately for (i) those assets where collateral and other credit enhancements are equal to or exceed carrying value of the asset (over-collateralized assets) and (ii) those assets where collateral and other credit enhancements are less than the carrying value of the asset ("under-collateralized assets"). The effect of collateral is as follows:

As at 31 December 2025		Over-collateralized assets		Under-collateralized assets	
	LTV ratio	Carrying value of the assets	Fair value of collateral	Carrying value of the assets	Fair value of collateral
Customer loans	13%	956,303,402	7,554,177,168	858,571	-
Staff loans	9%	3,525,102	41,180,595	-	-
Amna assets	25%	749,240,513	3,017,254,895	-	-
Total loans and advances		**1,709,069,017**	**10,612,612,658**	**858,571**	**-**

As at 31st December 2024		Over-collateralized assets		Under-collateralized assets	
	LTV ratio	Carrying value of the assets	Fair value of collateral	Carrying value of the assets	Fair value of collateral
Customer loans	28%	1,019,232,665	3,666,790,797		-
Staff loans	23%	3,550,519	15,292,322	-	-
Amna assets	38%	656,229,187	1,736,703,134	-	-
Total loans and advances		**1,679,012,371**	**5,418,786,253**	**-**	**-**

(b) Credit-related commitments

Commitments to extend credit represent unused portions of authorizations to extend credit in the form of loans. With respect to credit risk on commitments to extend credit, the Company is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is negligible than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards and since generally these exposures are secured against adequate collateral. the Company monitors the term to maturity of credit commitments.

30.1.7 Impairment and provisioning policies

Impairment provisions are recognized for financial reporting purposes based on expected credit losses calculated based on historical default rates and forward looking information.

30.1.8 Maximum exposure to credit risk before collateral held or other credit enhancements

Maximum exposure before collateral equals to the net carrying value of all the assets in the Statement of financial position except cash and bank balances representing a worse case scenario of credit risk exposure to the Company at 31 December 2025 and 31 December 2024, without taking account of any collateral held.

Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the Company resulting from its loan portfolio and based on the following:

- All the housing loans are backed by collateral.
- 87.58% of the loans and advances portfolio are considered to be neither past due nor impaired (31st December 2024 : 93.69%);

30.1.9 Concentration of risks of financial assets with credit risk exposure

(a) Geographical sectors
the Company's lending activities are limited to Maldives.
(b) Sectors

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30 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

30.1.9 Concentration of risks of financial assets with credit risk exposure (Continued)

The following table breaks down the Company's main credit exposure at their gross carrying amounts, as categorized by the sectors of our counterparties.

	As at 31 December 2025	As at 31 December 2024
Residential - Conventional	959,916,246	1,022,783,184
Residential - AMNA	751,025,611	656,229,187
Total	**1,710,941,857**	**1,679,012,371**

30.1.10 Credit risk of financial assets at amortized cost

The Company has invested in Conventional and Islamic treasury bills issued by the Ministry of Finance on behalf of the Government of Maldives and measured at amortized cost. The Company analyses credit quality of debt securities at amortized cost as at the reporting date based on the credit ratings and determine whether any adjustment is required for allowance for impairment loss on the carrying amount. The latest sovereign credit rating issued and published on 12 June 2025 for the Maldives was CC by the Fitch ratings. Since the debt securities were issued by the Government and short term with no history of defaults, the Company has determined that the credit risk is considered to be very negligible.

30.2 Market risk

the Company takes on exposure to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate and currency, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads and foreign exchange rates.

Non-trading portfolios primarily arise from the interest rate management of the Company's housing and cost of funds. The market risks arising from non-trading activities are managed by the Company's Assets and Liabilities Management Committee (ALCO).

30.2.1 Foreign exchange risk

All the transactions except transactions carried out in local currency, Maldivian Rufiyaa (MVR), are carried out mainly in United States Dollars (US$) for which exchange rate was pegged. However, with effect from 10 April 2011, the government declared a managed float of the currency within a 20% band (1 US$ = MVR 10.28 to MVR 15.42). The Corporation takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows.

	As at 31 December 2025	As at 31 December 2024
	US$	US$
Assets		
Cash and balances with	110,183	19,348
Total assets	**110,183**	**19,348**
Liabilities		
Borrowings	-	-
Total liabilities	**-**	**-**
Net on-balance sheet	110,183	19,348
Net	**110,183**	**19,348**

The following table presents sensitivities of profit or loss and equity to reasonably possible changes in exchange rates applied at the end of the reporting period relative to the functional currency of the Company, with all other variables held constant.

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30 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

30.2.1 Foreign exchange risk (Continued)

	As at 31st December 2025		As at 31st December 2024	
	Impact on profit or loss	Impact on equity	Impact on profit or loss	Impact on equity
	US$	US$	US$	US$
US Dollar strengthening by 10%	11,018	-	193	-
US Dollar weakening by 10%	(11,018)	-	(193)	-

30.2.2 Interest rate risk

The extent of the interest rate risk depends on the value and period of the maturity mismatch between interest bearing assets and liabilities and the ability and speed of the Company in re-pricing them. Assets and Liability Committee ("ALCO") regularly reviews these gaps to ensure that they are within acceptable norms. the Company regularly monitors the market behavior and products are appropriately re-priced when necessary.

The Company does not carry a trading portfolio or does not generally invest in stocks or shares other than Government treasury bills, for which investments are generally less than 3 months and hold to collect. Therefore the Company is not open to any price fluctuation risks.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. the Company takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on cash flow risks. Interest margins may increase / decrease as a result of such changes but may reduce losses in the event that unexpected movements arise.

Exposure to interest rate risk - Loans and advances

Sensitivity analysis of net interest income	As at 31 December 2025		As at 31 December 2024	
	1% increase	1% decrease	1% increase	1% decrease
	MVR '000	MVR '000	MVR '000	MVR '000
Average for the period	10,268	(10,268)	10,023	(10,023)

Fundamental reform of major interest rate benchmarks is being undertaken globally, replacing some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). As at 31 December 2025, there are no any financial instruments that contractually reference an IBOR benchmark planned to transition to a risk-free rate, and have a contractual maturity date beyond the planned IBOR cessation date.

30.3.1 Liquidity risk management process

The Company's liquidity management process, as carried out within the Company and monitored by the senior management in the Company, includes:

- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or are borrowed by customers;
- Maintaining a portfolio of deposits with bank and treasury bills that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- Monitoring balance sheet liquidity ratios against internal requirements; and
- Managing the concentration and profile of debt maturities.

Monitoring and reporting take the form of cash flow measurement and projections for the next week and month respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

The Company also monitors unmatched medium-term assets, the level and type of undrawn lending commitments and undrawn borrowings.

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30.3.2 Funding approach

Sources of liquidity are regularly reviewed by the ALCO.

30.2.2 Interest rate risk (continued)

The table below summarises the Company's exposure to interest rate risks. It includes the Company's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

As at 31st December 2025	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non- interest bearing	Total
Financial assets							
Cash and cash equivalents	42,816,436	25,045,644	-	-	-	-	67,862,080
Financial assets at amortized cost	44,948,545	105,094,954	230,221,623	-	-	-	380,265,122
Loans and advances	34,897,691.92	21,351,567.72	88,652,687.65	491,521,415.73	981,335,657.98	-	1,617,759,021
Other financial assets	-	-	-	-	-	2,421,648	2,421,648
Total financial assets	122,662,672	151,492,166	318,874,311	491,521,416	981,335,658	2,421,648	2,068,307,871
Financial liabilities							
Deposits from customers	131,861	281,899	2,360,014	36,158,157	46,349,978	-	85,281,909
Debt securities in issue	1,098,718	1,780,375	35,039,954	440,956,696	-	-	478,875,744
Other borrowed funds	28,221,652	14,793,465	49,861,516	144,748,538	4,407,791	-	242,032,962
Other financial liabilities	-	-	-	-	-	281,802,582	281,802,582
Lease liabilities	111,143	224,676	1,051,609	3,358,271	-	-	4,745,698
Total financial liabilities	29,563,374	17,080,414	88,313,094	625,221,662	50,757,769	281,802,582	1,092,738,895
Total interest repricing gap	93,099,299	134,411,751	230,561,217	(133,700,247)	930,577,889	(279,380,934)	975,568,975

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30 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

30.2.2 **Interest rate risk (continued)**

As at 31st December 2024	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non- interest bearing	Carrying amount
Financial assets							
Cash and balances with banks	29,827,419	123,049,993	-	-	-	-	152,877,412
Financial assets at amortized cost	-	23,903,454	334,150,763	-	-	-	358,054,216
Loans and advances	9,322,998	18,924,002	88,434,997	453,283,982	1,033,856,751	-	1,603,822,730
Other financial assets	-	-	-	-	-	1,834,512	1,834,512
Total financial assets	39,150,417	165,877,449	422,585,760	453,283,982	1,033,856,751	1,834,512	2,116,588,870
Financial liabilities							
Deposits from customers	935,120	1,868,560	8,929,320	20,835,630	54,986,501	-	87,555,131
Debt securities in issue	6,943,520	9,999,804	32,279,668	280,515,442	168,403,464	-	498,141,897
Other borrowed funds	2,240,500	22,410,492	90,986,965	189,506,928	45,022,248	-	350,167,133
Other financial liabilities	-	-	-	-	-	225,188,136	225,188,136
Lease liabilities	93,000	283,000	886,000	3,574,212	-	-	4,836,212
Total financial liabilities	10,212,139	34,561,856	133,081,953	494,432,212	268,412,213	225,188,136	1,165,888,509
Total interest repricing gap	28,938,278	131,315,593	289,503,807	(41,148,230)	765,444,538	(223,353,624)	950,700,361

Additionally, the Company is confident that it has sufficient interest margins to absorb any adverse impacts due to interest fluctuations on any unmatched positions. Further the Company has the option of changing the interest offered to customers per the sanction letters issued to the customers.

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30 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

30.3 Liquidity risk

30.3.3 The table below presents the cash flows payable by the Company under non-derivative financial liabilities by remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Company manages the inherent liquidity risk based on expected undiscounted cash inflows.

As at 31st December 2025	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total	Carrying amount
Financial assets							
Cash and balances with banks	42,848,244	25,241,644	-	-	-	68,089,888	67,862,080
Financial assets at amortized cost	45,002,671	105,692,948	234,249,811	-	-	384,945,430	380,265,122
Loans and advances	-	-	-	-	-		1,617,759,021
Other financial assets	-	-	-	2,421,648	-	2,421,648	2,421,648
Total financial assets	87,850,915	130,934,592	234,249,811	2,421,648	-	455,456,966	2,068,307,871
Financial liabilities							
Deposits from customers	131,861	284,528	2,423,547	38,784,375	54,337,665	95,961,977	85,281,909
Debt securities in issue	1,098,718	3,575,731	65,661,700	551,152,706	-	621,488,856	478,875,744
Other borrowed funds	30,136,731	17,084,410	60,839,309	164,697,810	4,917,058	277,675,318	242,032,962
Other financial liabilities	-	-	281,802,582	-	-	281,802,582	281,802,582
Lease liabilities	145,000	290,000	1,305,000	3,715,000	-	5,455,000	4,745,698
Total financial liabilities	**31,512,310**	**21,234,669**	**412,032,139**	**758,349,891**	**59,254,723**	**1,282,383,732**	**1,092,738,895**
Net gap	56,338,606	109,699,923	(177,782,328)	(755,928,243)	(59,254,723)	(826,926,766)	975,568,975

Liquidity risk is the risk that the Company is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfil commitments to lend.

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30 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

30.3 Liquidity risk (continued)

30.3.3 Contractual maturities of undiscounted cash flows of financial assets and financial liabilities (Continues (Continued)

As at 31ST December 2024	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total	Carrying amount
Financial assets							
Cash and balances with banks	29,827,419	123,049,993	-	-	-	152,877,412	152,877,412
Financial assets at amortized cost	-	23,903,454	334,150,763	-	-	358,054,216	358,054,216
Loans and advances	24,430,002	48,871,005	218,388,021	998,196,094	1,628,705,153	2,918,590,275	1,603,822,730
Other financial assets	-	-	2,522,703	-	-	-	1,834,512
Total financial assets	54,257,421	195,824,451	555,061,486	998,196,094	1,628,705,153	3,429,521,903	2,116,588,870
Financial liabilities							
Deposits from customers	958,001	1,913,001	9,151,006	22,617,014	61,879,100	96,518,122	87,555,131
Debt securities in issue	5,727,395	3,588,475	49,926,034	318,590,220	357,163,396	734,995,520	498,141,897
Other borrowed funds	4,481,142	23,957,076	103,367,033	333,134,105	43,013,756	507,953,112	350,167,133
Other financial liabilities	-	-	-	-	-	-	225,188,136
Lease liabilities	131,003	392,008	1,175,024	4,583,092	223,006	6,504,133	4,836,212
Total financial liabilities	11,297,541	29,850,560	163,619,097	678,924,431	462,279,258	1,345,970,887	1,165,888,509
Net gap	42,959,880	165,973,891	391,442,389	319,271,663	1,166,425,895	2,083,551,016	950,700,361

Assets available to meet all of the liabilities and to cover outstanding loan commitments include cash, deposits with banks, financial asset at amortized cost and housing loan repayment from customers. The Company would also be able to meet unexpected net cash outflows by discounting treasury bills, other investments and utilizing the undrawn borrowing facilities.

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Notes to the financial statements

(All amounts in Maldivian Rufiyaa)

30 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

30.4 Capital management

the Company's capital as managed by its management comprises of share capital, retained earnings and reserves created by appropriations of retained earnings and current year earnings.

The risk-weighted assets are measured by means of a hierarchy of five risk weights classified according to the nature of – and reflecting an estimate of credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-balance sheet exposure, with some adjustments to reflect the more contingent nature of the potential losses.

The table below summarizes the composition of capital and the ratios of the Company as at 31 December 2025 and 31st December 2024. the Company complied with all of the externally imposed capital requirements to which they are subjected.

	As at 31 December 2025	As at 31 December 2024
Capital		
Share capital	159,375,000	159,375,000
Retained earnings	752,738,387	654,504,560
Reserves	65,000,000	65,000,000
Total qualifying Capital	**977,113,387**	**878,879,560**
Total capital	**977,113,387**	**878,879,560**
Risk-weighted assets		
On-balance sheet	2,170,851,684	2,113,168,945
Total risk-weighted assets	897,016,562	968,659,652
Basel ratio	**109%**	**91%**

Risk-weighted	As at 31 December 2025	
	Unweighted Value	Weighted Value
Cash	6,500	-
Balances with other banks	22,776,007	4,555,201
Investments with other banks	126,039,034	25,207,807
Investments with Government of	299,305,660	-
Loans and advances	1,710,941,857	855,470,929
Prepayments and deposits	6,767,907	6,767,907
Property, plant and equipment and Intangible assets	5,014,718	5,014,718
	2,170,851,684	**897,016,562**

Risk-weighted assets	As at 31 December 2024	
	Unweighted value	Weighted Value
Cash	6,500	-
Balances with other banks	42,956,980	10,111,847
Investments with other banks	295,982,993	11,411,484
Investments with Government of	171,985,156	-
Loans and advances	1,679,012,372	938,524,230
Prepayments and deposits	6,557,191	7,312,015
Property, plant and equipment and	4,948,407	1,300,076
	2,113,168,945	968,659,652

The Company's objectives when managing capital, which is a broader concept than the 'equity' on the face of statement of financial position, are:

- To comply with the capital requirements set by the lenders;
- To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored regularly by the Company's management, employing techniques based on the guidelines developed by the Basel I Committee, for supervisory purposes.

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31 ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS

As at 31 December 2025

	Amortized cost	Total
Financial assets		
Cash and cash equivalents	67,862,079	67,862,079
Financial assets at amortized cost	380,265,122	380,265,122
Loans and advances	1,617,769,469	1,617,769,469
Other financial assets	2,421,648	2,421,648
Total financial assets	**2,068,318,318**	**2,068,318,318**

	Amortized cost	Total
Financial liabilities		
Debt securities in issue	478,875,744	478,875,744
Other borrowed funds	242,032,961	242,032,961
Deposits from customers	85,281,909	85,281,909
Other financial liabilities	281,802,582	281,802,582
Lease liabilities	4,745,698	4,745,698
Total financial liabilities	**1,092,738,894**	**1,092,738,894**

As at 31 December 2024

	Amortized cost	Total
Financial assets		
Cash and cash equivalents	152,877,412	152,877,412
Financial assets at amortized cost	358,054,216	358,054,216
Loans and advances	1,603,822,731	1,603,822,731
Other financial assets	-	-
Total financial assets	**2,114,754,359**	**2,114,754,359**

	Amortized cost	Total
Financial liabilities		
Debt securities in issue	498,141,897	498,141,897
Other borrowed funds	350,167,133	350,167,133
Deposits from customers	87,555,131	87,555,131
Other financial liabilities	-	-
Lease liabilities	4,836,212	4,836,212
Total liabilities	**940,700,373**	**940,700,373**

32 FAIR VALUE MEASUREMENT

The fair value of financial assets and liabilities, together with the carrying amount shown in the statement of financial position, are as follows:

	As at 31 December 2025		As at 31 December 2024	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets carried at amortized cost				
Cash and cash equivalents	67,862,079	67,862,079	152,877,412	152,877,412
Financial asset at amortized cost	380,265,122	380,265,122	358,054,216	358,054,216
Loans and advances to customers	1,617,769,469	1,617,769,469	1,603,822,731	1,603,822,731
Other financial assets	2,421,648	2,421,648	-	-
	2,068,318,318	**2,068,318,318**	**2,114,754,359**	**2,114,754,359**
Liabilities carried at amortized cost				
Deposits from customers	85,281,909	85,281,909	87,555,131	87,555,131
Debt securities in issue	478,875,744	478,875,744	498,141,897	498,141,897
Other borrowed funds	242,032,961	242,032,961	350,167,133	350,167,133
Other financial liabilities	281,802,582	281,802,582	-	-
	1,087,993,196	**1,087,993,196**	**935,864,161**	**935,864,161**

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32 FAIR VALUE MEASUREMENT (CONTINUED)

Assets for which fair value approximates carrying value

Cash and cash equivalents : the Company's cash and cash equivalents includes cash on hand and deposits in banks. Due to their short-term nature, the carrying amount reported in the financial statements approximate the fair value of the cash and cash equivalents.

Financial asset at amortized cost: the Company's financial assets at amortized cost include government treasury bills and short term investments with banks. Due to their short-term nature, the carrying amount reported in the financial statements approximate the fair value of the financial assets at amortized cost.

Loans and advances to customers, Deposits from customer, Debt securities in issue and other borrowed funds : carries interest at market rate. Therefore non derivative cash flows arising out of principal repayment and interest if discounted by the respective interest rate the fair value will be approximate to the carrying amount.

33 CONTINGENCIES

There were no material contingent liabilities or assets which require disclosure in the Financial Statements as at the reporting date.

34 CAPITAL COMMITTEMENTS

There were no material capital commitments as at the reporting date which require disclosure in the Financial Statements as at the reporting date.

35 COMMITTEMENTS

	As at 31 December 2025	As at 31 December 2024
Undisbursed loans and other facilities	195,585,890	153,841,853

36 RELATED PARTY TRANSACTIONS

36.1 The Company carried out transactions in the ordinary course of business at commercial rates with parties who are defined as Related Parties as per the International Accounting Standard – IAS 24 on "Related Party Disclosures". The Company has identified Ministry of Finance and Ministry of Housing and Infrastructure as related parties and disclosed balances in the notes 18 and 26 of this financial statements.

36.2 The Company has transactions with entities directly or indirectly controlled by the Government of Maldives through its authorities, agencies, affiliations and other organizations, collectively referred to as government entities. The Company has transactions with other government related entities including but not limited to investments, granting loans and fund managements.

Assets	As at 31 December 2025	As at 31 December 2024
Financial assets at amortized cost		
Opening balance	367,278,558	319,319,477
Investment made during the year	682,489,437	1,288,516,841
Interest / profit income for the year	12,965,990	16,550,936
Interest / profit received during the year	(14,194,296)	(17,734,853)
Investment matured during the year	(749,234,029)	(1,239,373,843)
Closing Balance	299,305,661	367,278,558
Liabilities		
Social Scheme Funds		
Opening balance	218,496,427	232,085,095
Collections	88,448,802	64,927,221
Fees charged	(7,154,937)	(5,371,635)
Facilities granted	(29,219,979)	(73,144,255)
Closing balance	**270,570,313**	218,496,426
Incomes		
Interest income	12,965,990	16,036,703
Fees charged	7,154,937	5,371,635
Total Income	**20,120,927**	**21,408,338**

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Notes to the financial statements

(All amounts in Maldivian Rufiyaa)

36 RELATED PARTY TRANSACTIONS (CONTINUED)

36.3 Transactions with key management personnel of the Company

The Company enters into transactions, arrangements and agreements with key management personnel in the ordinary course of business and on substantially the same terms, including interest/ commission rates and security, as for comparable transactions with persons of similar standing, or where applicable, with other employees.

Assets

	As at 31 December 2025	As at 31 December 2024
Loans and advance		
Opening balance	2,750,955	2,907,584
New loans granted during the for the period/ year	-	-
Interest charged during the for the period/ year	133,809	141,822
Payments made during the year	(298,452)	(298,452)
Closing balance	2,586,311	2,750,955

	Year 2025	
Incomes and expenses	**2025**	**2024**
Interest income	133,809	141,822

Key management compensation	Year 2025	
	2025	**2024**
Executive management salaries	4,540,851	3,864,606

Remuneration to Board of Directors	Year 2025	
	2025	**2024**
Board remuneration and committee sitting fees	659,965	344,570

36.6 Shareholding structure

The Company's shareholding structure are as follows:

Shareholder	%	Number of shares	Value of shares
Government of Maldives	49%	7,809,280	78,092,800
International Finance Corporation	18%	2,868,750	28,687,500
Asian Development Bank	18%	2,868,750	28,687,500
HDFC Bank Limited	15%	2,390,620	23,906,200
Other shareholders	0%	100	1,000
		15,937,500	159,375,000

37 Comparative Figures

Comparative figures of the financial statements have been reclassified to conform with current year's classifications, whenever necessary.

38 EVENTS AFTER THE REPORTING PERIOD

On 22 January 2026, the directors proposed and approved an interim dividend of MVR 2.45 per share. In accordance with IAS 10, this dividend has not been recognised as a liability at the reporting date.

No other circumstances have arisen since the reporting date that require adjustment to, or disclosure in, the financial statements.

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