ANNUAL REPORT 2021

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WE ARE FIRMLY FOCUSED ON BEING A PROFESSIONALLY MANAGED, CUSTOMER-ORIENTED ORGANIZATION WHICH FOLLOWS INTERNATIONAL BEST PRACTICES.

Bank of Maldives (BML) is the leading financial institution in Maldives. We are a full-service bank offering the complete spectrum of personal, business and corporate financial services as well as Shari'ah compliant Islamic Banking.

We are privileged to touch the lives of almost every citizen and business in Maldives through our extensive network of branches, agents, relationship managers and online banking facilities. This privilege brings with it great responsibility which we take extremely seriously.

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

We are firmly focused on being a professionally managed, customer-oriented organization which follows international best practices.

OUR BUSINESS STRENGTHS

SOLID FINANCIAL PLATFORM

+ Deposit base MVR 27 billion
+ Assets MVR 39 billion
+ Strong capital position well above regulatory requirement

STRONG CUSTOMER BASE

+ 300,000 customers
+ Leading market share in Retail, Corporate and SME segments
+ Growing Shari'ah compliant banking through BML Islamic
+ Market leader in self-service banking with largest number of online and ATM users

LEADERSHIP IN INNOVATION

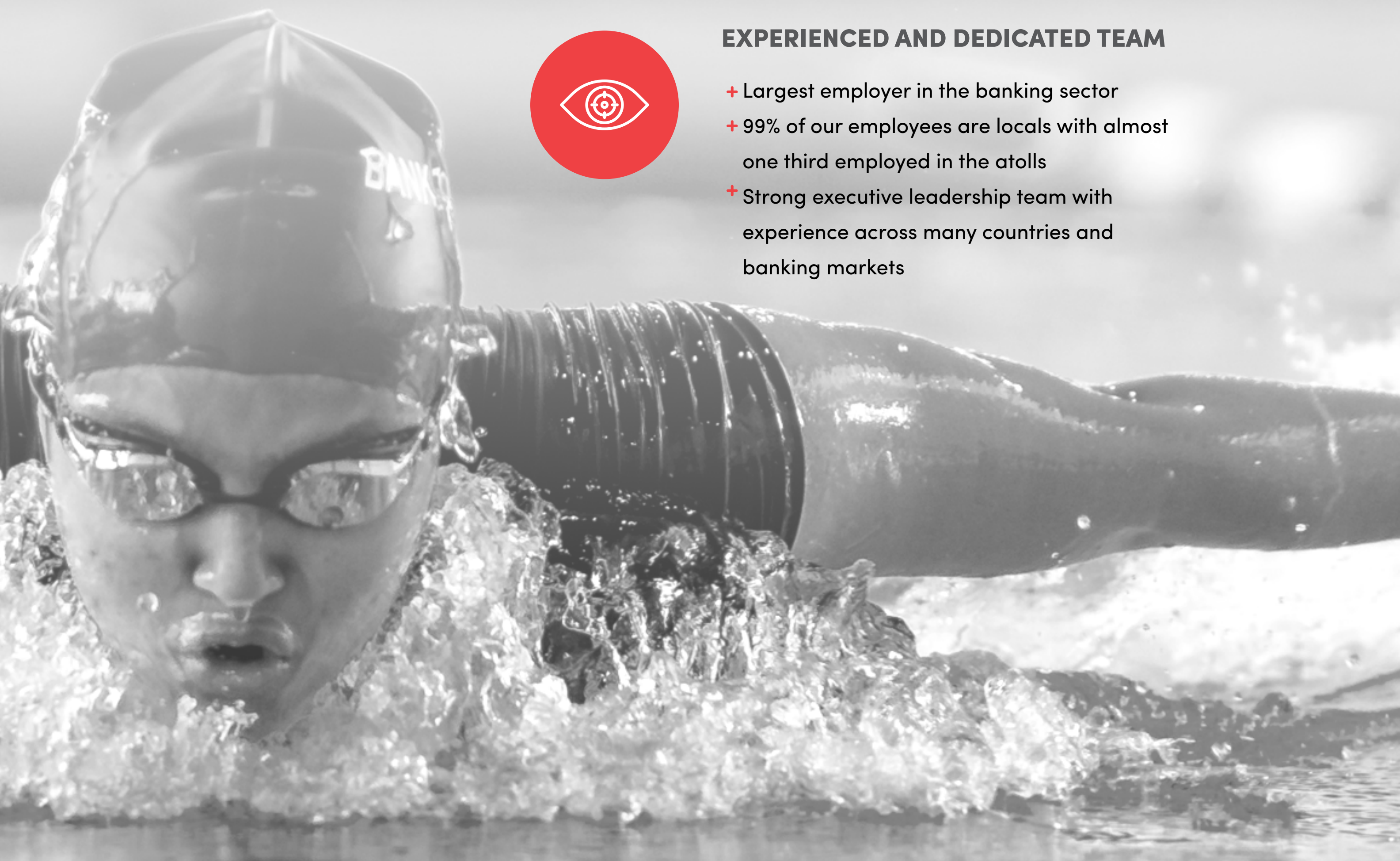
+ First to launch POS and Mobile POS services in Maldives
+ First to launch Internet and Mobile Banking
+ First to launch cash and cheque deposit machines

LEADERSHIP IN SERVICE DELIVERY

+ Largest network of Branches, Agents, ATMs and POS terminals in Maldives
+ Exclusive acquirer and issuer of American Express cards in Maldives
+ Principal member in the Maldives for Visa and Mastercard

EXPERIENCED AND DEDICATED TEAM

+ Largest employer in the banking sector
+ 99% of our employees are locals with almost one third employed in the atolls
+ Strong executive leadership team with experience across many countries and banking markets



VISION

We aspire to be the bank of choice in Maldives.

We will deliver results through excellent service while being an accessible, responsible and sustainable business.

STRATEGIC FOCUS

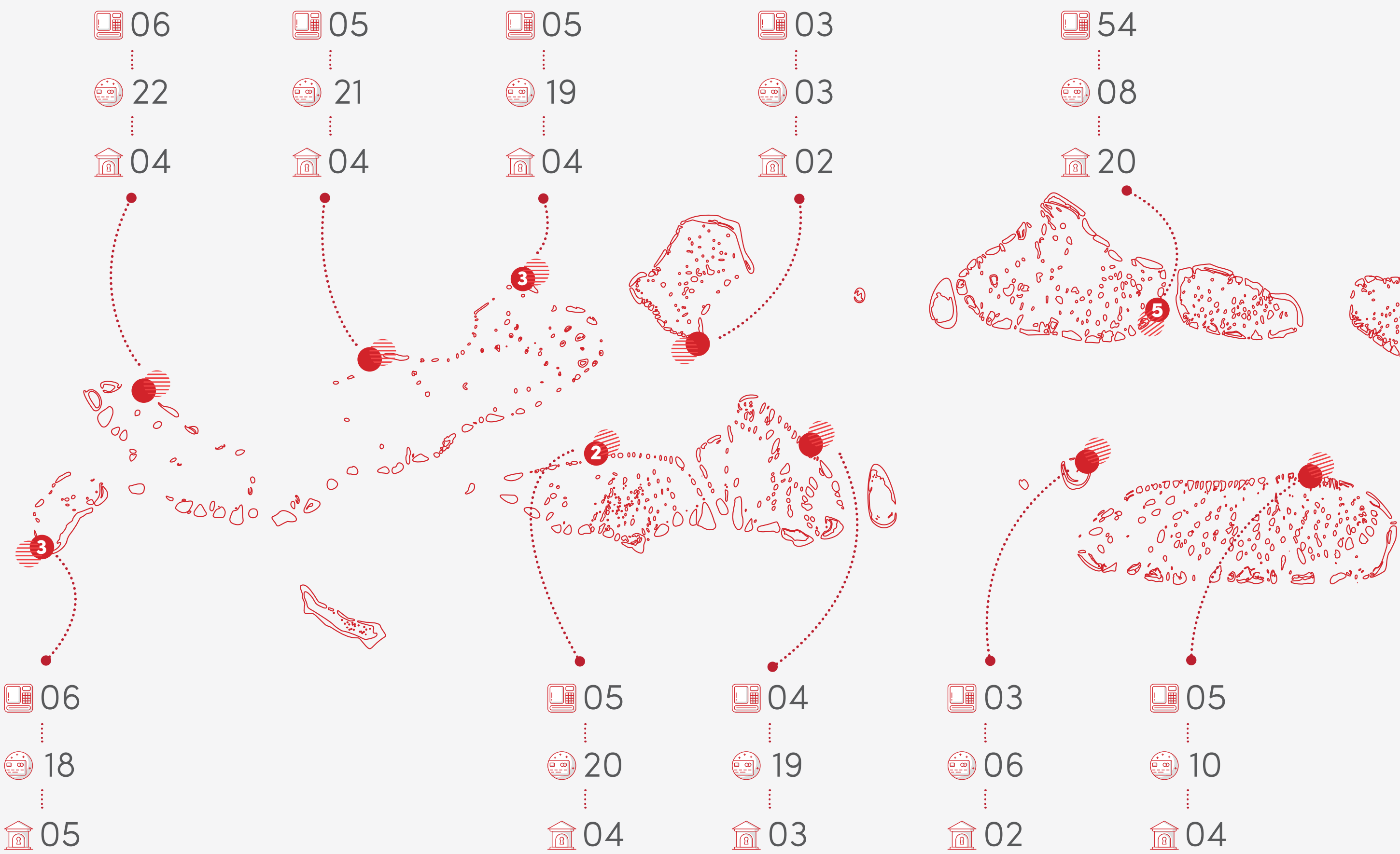
FINANCIAL STABILITY

CUSTOMER EXPERIENCE

OPERATIONAL EXCELLENCE

ENGAGED & COMMITTED WORKFORCE

OUR NETWORK



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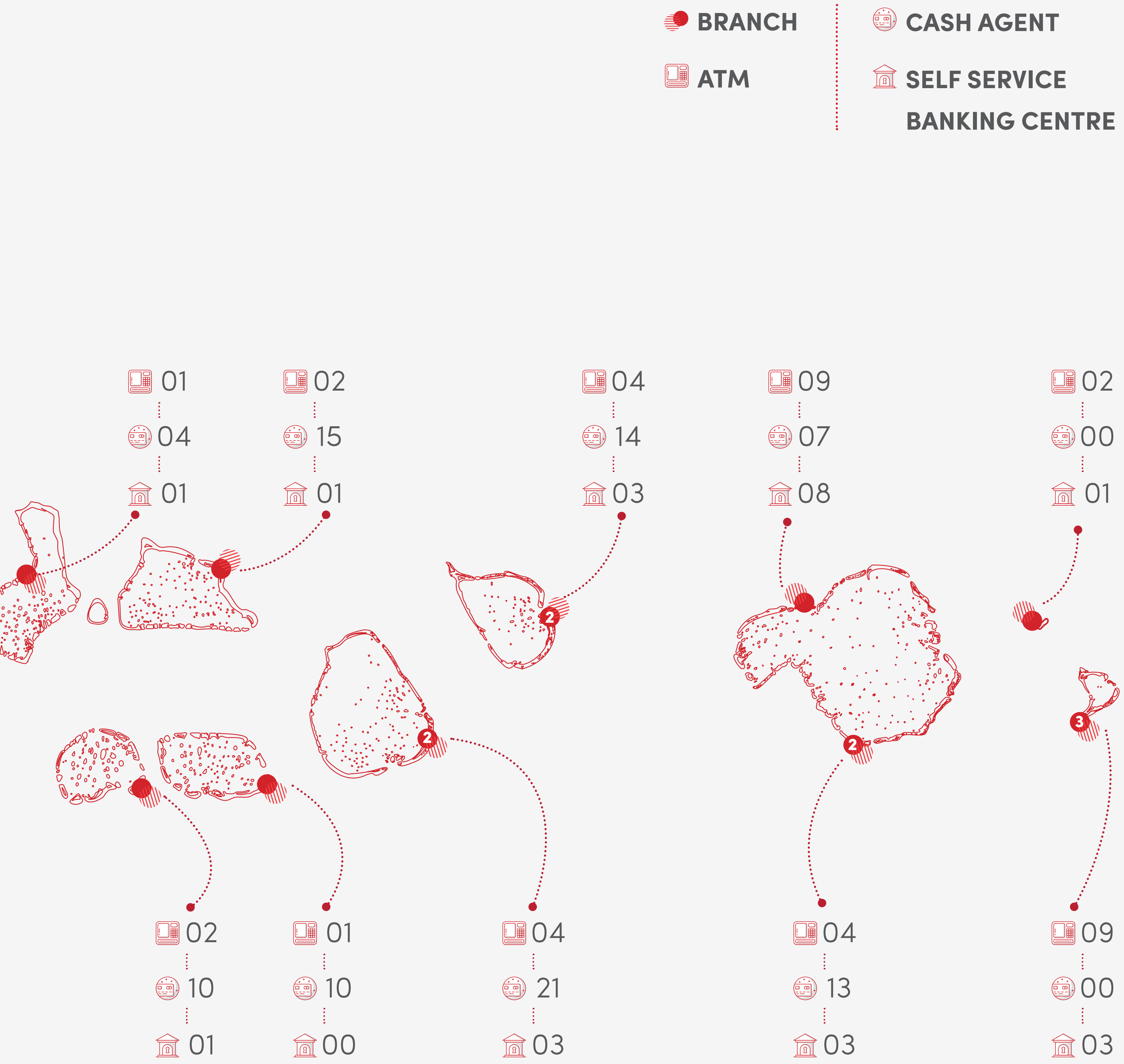
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Yooshau Saeed

CHAIRPERSON

CHAIRPERSON'S STATEMENT

SUSTAINABLE GROWTH LEADS TO RECORD PERFORMANCE

WE HAVE A SOLID PLATFORM FROM WHICH TO FURTHER INVEST AND GROW; AND WE HAVE IN PLACE A CLEAR VISION THAT WILL PROPEL THE BANK FORWARD.

Dear Shareholders,

On behalf of the Board of Directors, I take great pleasure in presenting to you the Annual Report of Bank of Maldives for the financial year ending 31st December 2021.

Like banks across the world, Bank of Maldives began the year with the uncertainty and turbulence of Covid-19 impacting its performance. We have demonstrated, once again, that we are indeed a strong, robust bank.

Our support for the economy, for individuals and businesses, and our commitment to our communities continued while we maintained operational and financial resilience. I am very pleased to report we ended the year with our best performance yet, recording Profit After Tax (PAT) of MVR 1.9 billion. On the back of this record-breaking performance, the Board has approved an interim dividend of MVR 13 per share and recommended a final dividend of MVR 35 per share.

This performance comes at a fitting time. This November, we will be marking the significant milestone of our 40th anniversary. We have already announced our plan for 12 high impact monthly initiatives to celebrate our anniversary, as a way of supporting and appreciating our customers, communities and colleagues across the nation. The first three projects are well underway now and the remaining will be announced monthly in the lead up to our anniversary in November.

Looking back over the past 40 years, our shareholders will be proud to reflect on the Bank's achievements, its pioneering endeavours and

FOR THE YEAR AHEAD, WE WILL SEE SUSTAINED IMPROVEMENT TO OUR SERVICES THROUGH INVESTMENTS IN TECHNOLOGY, GREATER FOCUS ON CUSTOMER SERVICE AND DELIVERY OF COMPREHENSIVE PRODUCTS INCLUDING SHARIA'H COMPLIANT OFFERS.

its role as the National Bank. Our strategic direction has evolved over time during the many years of operations, and today we face a highly competitive environment that requires dynamic, fast-paced performance to deliver our strategy while maintaining strong governance and robust risk management.

We have a solid platform from which to further invest and grow; and we have in place a clear vision that will propel the Bank forward. For the year ahead, we will see sustained improvement to our services through investments in technology, greater focus on customer service and delivery of comprehensive products including Shari'ah compliant offers. We will invest in our colleagues to deliver better banking and we will give back to our communities as a responsible business.

The record performance of the past year reflects the hard work of a dedicated team across the nation who ensured continuity of service to our customers in challenging circumstances. I extend my appreciation to the Executive Management for your role in leading the teams across all divisions, and to my fellow Board members for your strategic guidance in steering the Bank. To our shareholders and customers, thank you for the continued loyalty as we work to deliver on bettering our customer experience.

As the national bank, we have a responsibility and an opportunity to ensure sustainable growth. Today we are in a strong position to do so; stronger than we have ever been, and I believe we have the right platform to take us further.

Timothy Sawyer

CEO & MANAGING DIRECTOR

CHIEF EXECUTIVE'S STATEMENT

RECORD PERFORMANCE LEADS TO BEST EVER YEAR FOR THE BANK

I AM PROUD TO REPORT THAT 2021 WAS OUR BEST EVER YEAR. WE WEATHERED THE COVID-19 PANDEMIC, ENDURED ENORMOUS CHALLENGES, AND DEMONSTRATED COMMITMENT THAT RESULTED IN A RECORD PERFORMANCE.

I am proud to report that 2021 was our best ever year. We weathered the Covid-19 pandemic, endured enormous challenges, and demonstrated commitment that resulted in a record performance.

While the pandemic tested us both operationally and financially, we were able to make progress on our strategic priorities, investing in our systems to enhance customer experience. We always remained optimistic the Bank's performance would reflect a strong economic recovery post-Covid and I am pleased to report we are back on a good, positive trajectory.

Our shareholders of course stand to benefit from these results. The state, as the Bank's largest shareholder, will see returns that will support the economy.

OUR RESULTS REINFORCE THE SUSTAINABLE GROWTH OUR SHAREHOLDERS EXPECT TO SEE

RECORD PROFITABILITY

We recorded a Profit After Tax of MVR 1.9 billion, reflecting strong performance across all business lines while we also benefitted from a significant one-off recovery which resulted in higher than average profits. During the year, we supported individuals and businesses with over MVR 3.3 billion in new lending. The Bank's total assets grew by almost MVR 7.5 billion and customer deposits grew by MVR 5.4 billion over the year. Capital and liquidity ratios remain solid and well above regulatory requirements. We have shown our resilience in the face of the economic and financial impact of Covid-19, and our results reinforce the sustainable growth our shareholders expect to see.

NETWORK EXPANSION AND IMPROVED PRODUCTS

We have the widest footprint of any Bank in the country. We continued to expand our network across the nation with new Self Service Banking Centres as well as Cash Agent services. This year we will go further with expansion of our network and strengthening our Cash Agents to deliver banking for customers right where they are.

Lending to individuals and businesses grew with improvements in our loan and financing products. We introduced a new loan and financing product to provide easy access to finance for social housing recipients, and reduced rates for our Home Loan and Financing portfolio to offer the lowest rates available in the country.

We remain committed to strengthening our Shari'ah-compliant portfolio available through BML Islamic. In addition to the improvements to the home financing product, positive changes were introduced for Personal Financing to allow the option of cash in addition to purchase of goods and services. The recent appointment of our new Director of Islamic Banking will also see increased focus on the Bank's steadily growing Islamic banking arm.

One of the key highlights of the year was the launch of our customer loyalty program, BML Rewards. The first of its kind in the country, this program is available for our credit card customers to earn points on card transactions and redeem them for a range of benefits, from flights

WE ARE HEADING INTO THE YEAR WITH A REVISED STRATEGIC PLAN, FOCUSING ON THE AREAS OF FINANCIAL STABILITY, CUSTOMER EXPERIENCE AND OPERATIONAL EXCELLENCE AND UNDERPINNED BY AN ENGAGED AND COMMITTED WORKFORCE.

WE CONTINUED TO EXPAND OUR NETWORK ACROSS THE NATION WITH NEW SELF SERVICE BANKING CENTRES AS WELL AS CASH AGENT SERVICES.

and hotels to gift cards from popular online merchants.

During the year, we embraced the rapid change required of us as a result of the pandemic and launched new products including the new USD credit card as an alternative for customers requiring foreign transactions without the limits currently in place. We also eased the limits on foreign transactions for credit cards during the year and will continue to review the US Dollar liquidity position in order to allow us to make further improvements.

ENHANCING SERVICE THROUGH DIGITALIZATION

Our strategic progress on digitalization continued despite the challenges from Covid-19. With a steadfast focus on introducing technological solutions for better banking, we introduced the much-awaited Mobile Banking App with a new look and exciting features. Over the course of the past year, we have made positive changes to our Contact Centre with a new automated call menu with functions to allow our customers to reach us easier and introduced online chat on our website. This year, we have already implemented a case management tool to keep customers better informed. Through focus on training and increasing our service capacity, we are determined to improve customer experience on all fronts.

We undertook major upgrades to our core banking system as well as our card system last year to keep our services in line with industry standards. This puts us in a better position to offer more comprehensive products and services while ensuring our systems continue to be safe and secure. Our service levels have seen improvements but there is work to

BML WAS RECOGNIZED AMONG THE TOP 100 LEADING COMPANIES IN THE COUNTRY.

do. With our customers at the heart of our work, we will work hard to identify solutions to bridge the gap in these areas.

SUPPORT FOR BUSINESS

As one of the countries hardest hit by Covid-19, we have been at the forefront of taking several steps to support local businesses mitigate risk early on. In the aftermath of Covid-19, the Bank worked closely with businesses, from small to corporate, to be of support in the economic recovery process. Last year, we once again managed the EIB Covid Relief Loan Scheme through funding from the European Investment Bank facilitated by the Government. This scheme has proven to be of great assistance to businesses requiring working capital. The Bank also continued its support for the growth of local businesses and was again recognized among the top 100 leading companies in the country.

SUPPORTING COMMUNITIES

Our communities are a pivotal part of our strategic support. Last year, 20 projects were awarded through our Community Fund to support individuals and organizations across the nation. This year, we are committed to continue this with an additional support of MVR 1 million to the Fund. We continued to support people with disabilities with our motorized wheelchair project, equipping schools with tools for Special Education Needs and through the BML Wow Kidz Run, supported the Maldives Association of Persons with Disabilities. As part of BML's support to charitable organizations, we donated funds to Cancer Society of Maldives, Maldives Deaf Association and Beautiful Eyes Down Syndrome Association. We once again extended our partnership with Football Association of Maldives, sponsored the National Tennis Championship, and supported the Swimming Association of Maldives to develop young talent.

APPRECIATION

Our staff have once again performed incredibly well to take the Bank to new heights last year. I am beyond proud of the achievements of our resilient teams, often working under difficult circumstances during a pandemic that impacted us personally and professionally.

During the year, we honoured the loyalty of 61 of our long serving employees at the Long Service

WE ARE IN A STRONG POSITION TO CONTINUE THE POSITIVE MOMENTUM INTO THIS YEAR.

Awards and recognized the efforts of the Bank's nationwide teams at the Staff Awards ceremony. We also celebrated having received the coveted "Asia's Best Employer Brand Award" for the fourth time from the World HRD Congress, recognizing our progressive human resources practices and for taking care of our people through one of the most difficult times the world has seen. I thank the Executive Management for their leadership.

LOOKING AHEAD

We are in a strong position to continue the positive momentum into this year. We can succeed with a commitment to improving customer experience and continuing to be the bank of choice for customers, new and old. With strong financials to back community investments, we are going into 2022 with lessons learned and a positive outlook.

We are heading into the year with a revised strategic plan, focusing on the areas of Financial Stability, Customer Experience and Operational Excellence and underpinned by an Engaged and Committed Workforce. The new plan takes into consideration the changing, dynamic business environment in which we now operate and is backed by solid targets, both financial and non-financial, which we aspire to achieve by end 2024.

Our customers, communities and colleagues always remain at the forefront of our priorities, and we will continue to do more and to do better.

2021 REVIEW

FINANCIAL HIGHLIGHTS

On the back of strong performance in all core banking activities post Covid-19 and a significant one-off non-performing loan recovery, we achieved the best ever financial performance in 2021 with a Net Profit After Tax of MVR 1.9 billion.

We saw a significant improvement in the quality of our loan book as most Covid-19 related restructured loans were upgraded during the year and lending continued to support the economy. Operating Profit for 2021 amounted to MVR 2.6 billion, up 57% on the previous year. Total Assets grew by MVR 7.5 billion with sound growth in the loan book by over MVR 1 billion. Customer deposits increased by MVR 5.4 billion, both in MVR and USD. NPA ratio dropped to 2.5% compared to 4.0% the previous year. Upgrade of restructured loans helped to improved Stage 3 loan ratio from 27% to 17%.

The Bank is strongly capitalized with a Total Capital Adequacy Ratio of 44%, well above the regulatory requirements. Liquidity both MVR and USD remains strong and healthy.

WE ACHIEVED THE BEST EVER FINANCIAL PERFORMANCE IN 2021 WITH A NET PROFIT AFTER TAX OF MVR 1.9 BILLION

MVR '000	2021	2020	+/-
Operating Profit	2,628,350	1,677,932	+57%
Net Profit Before Tax	2,536,692	450,371	+463%
Net Profit After Tax	1,862,019	325,067	+473%
Gross NPA Ratio	2.50%	4.0%	-1.5%
Stage 3 Loans Ratio	17%	27%	-10%
Provision Cover	100%	100%	
Capital Adequacy Ratio	44%	40%	+4%
Net Loans and Advances	15,556,667	14,459,899	+8%
Customer Deposits	27,331,592	21,929,169	+25%
Total Assets	38,950,986	31,425,413	+24%
Total Liabilities	30,150,462	24,405,898	+24%
Shareholders' Fund	8,800,524	7,019,515	+25%
Dividend Per Share (MVR)	35*	15	+133%

* Proposed. Subject to shareholders approval.

INCOME

Total Income amounted to MVR 3.9 billion, an increase of 46% compared to the previous year, supported by improvement in all core income lines and a significant one-off recovery of a NPA loan. Net Interest Income grew by 15% despite increase in funding costs as the Bank continued to lend over MVR 3.3 billion during the year. Cards fee income saw a growth of 39% at the back of strong tourist arrivals in 2021.

NET PROFIT AFTER TAX

MVR 1.9 billion

473% ▲ 2020

EXPENSES

Operating costs marginally increased by 9% compared to 2020 as the Bank reviewed its employee pay and reward framework. Nevertheless, the Bank's underlying cost income ratio was at 19%.

COST INCOME RATIO

18% ▲ 2020

LOAN BOOK QUALITY

Total non-performing loans less interest in suspense at the end of 2021 stood at MVR 424 million, a decrease of MVR 221 million. IFRS 9 Stage 3 Loans were at MVR 3 billion, a reduction of MVR 1 billion as the Bank managed to upgrade most of its Covid-19 related restructured loans. IFRS 9 Stage 3 loans ratio also improved from 27% to 17%. Gross NPA ratio improved from 4.0% to 2.5% with a strong provision cover of 100%.

IFRS 9 STAGE LOANS

MVR 3 billion

27% ▼ 2020

BALANCE SHEET

ASSETS AND LIABILITIES

Total Assets finished the year at MVR 39 billion, a growth of MVR 7.5 billion on the previous year. The Bank's balance sheet is now worth over USD 2.6 billion. The net loan book grew by MVR 1 billion or 8% as the Bank continued it's lending to businesses and individuals to support the economy. Total Liabilities was at MVR 30 billion, a growth of 24% on 2020. Deposits grew by more than MVR 5.4 billion or 25% which contributed almost 2/3 of the industry growth. Liquidity levels both in local currency MVR and USD remain healthy.

TOTAL ASSETS

MVR 39 billion

A GROWTH OF MVR 7.6 BILLION ▲24% 2020

SHAREHOLDERS' FUNDS

Total Shareholders' Funds stood at MVR 8.8 billion, driven by retained earnings. The Capital Adequacy Ratio (CAR) was maintained well above the minimum regulatory requirement of 12% and finished the year at 44% (2020: 40%).

SHAREHOLDERS' FUND

MVR 8.8 billion

▲25% 2020

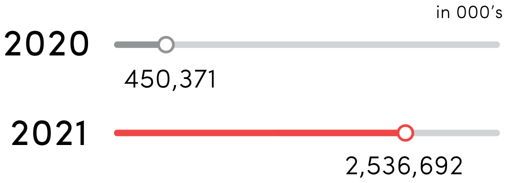
DIVIDEND PAYMENT

The issued and paid up share capital at end 2021 remained at 5,381,920 shares of MVR 50 par value. On back of the Bank's solid financial position, the Board approved an interim dividend of MVR 13 per share and recommends a final dividend of MVR 35 per share for the year 2021.

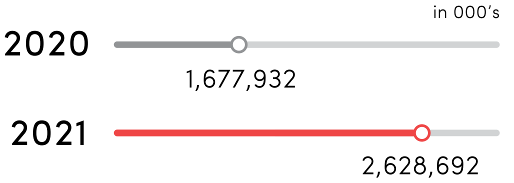
PROPOSED FINAL DIVIDEND

MVR 35 per share

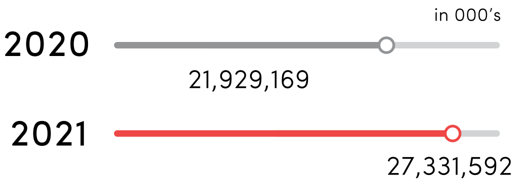
NET PROFIT BEFORE TAX



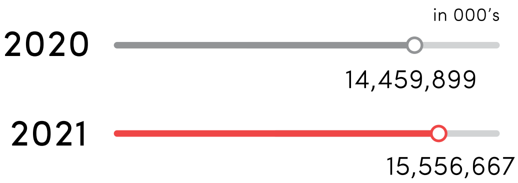
OPERATING PROFIT



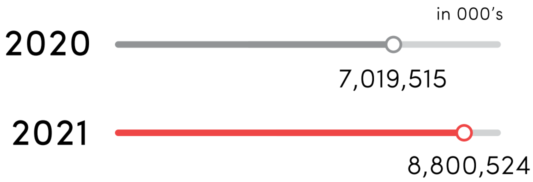
CUSTOMER DEPOSITS



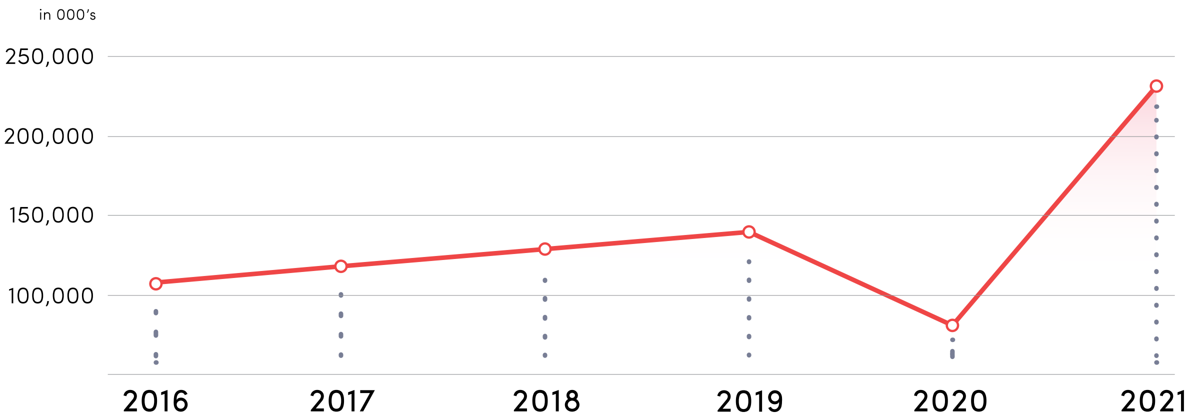
CUSTOMER LOANS



SHAREHOLDERS' FUNDS



DIVIDEND PAYOUT



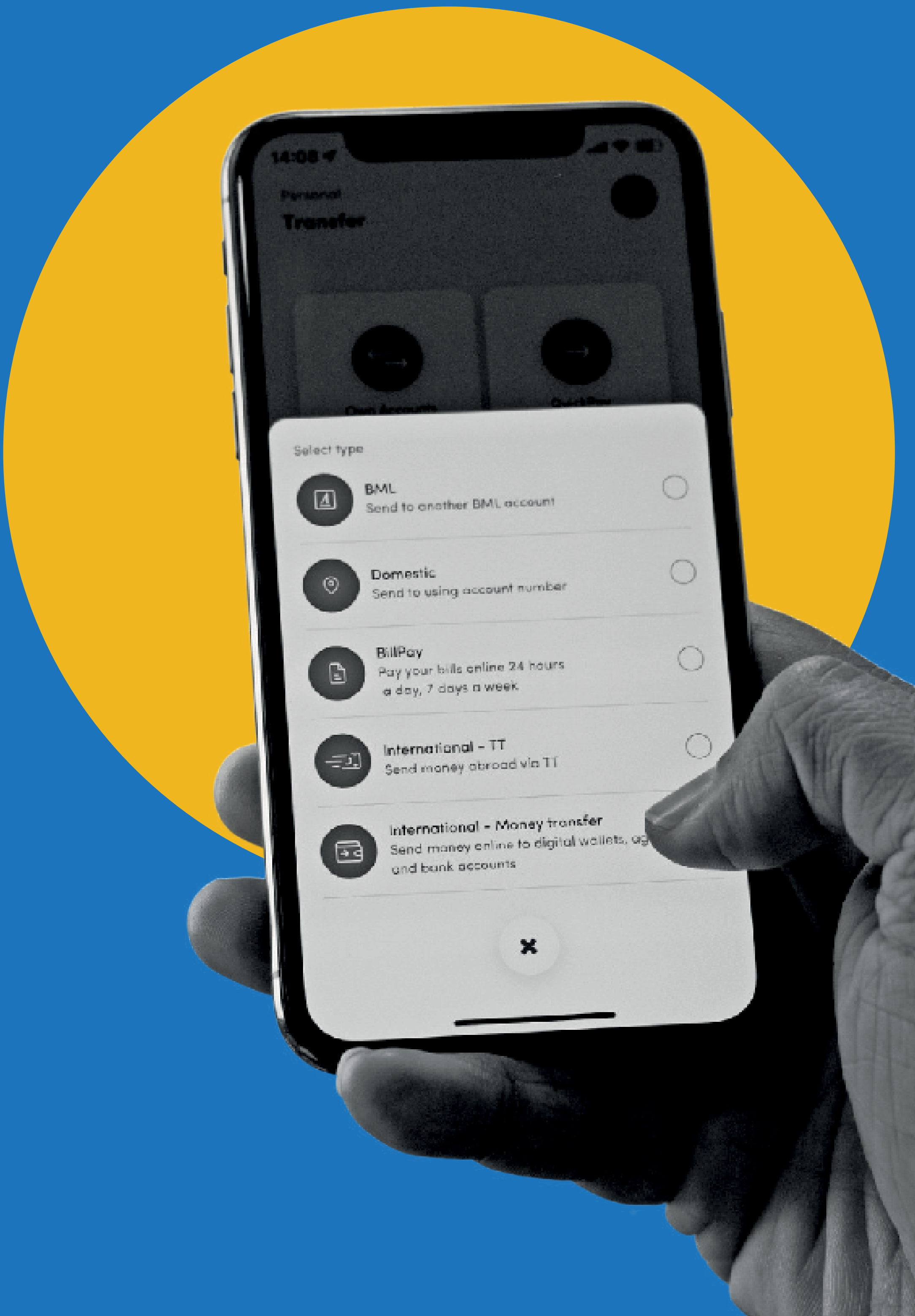
The Bank is strongly capitalized with a

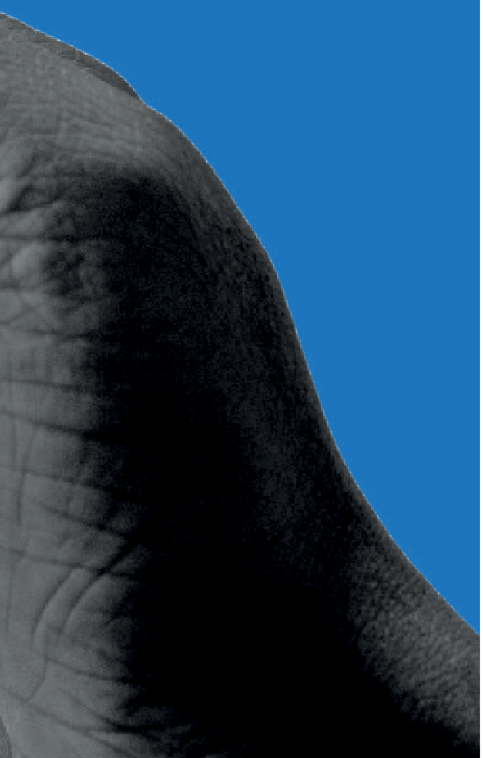
TOTAL CAPITAL ADEQUACY RATIO OF

44%

well above the regulatory requirements.

CUSTOMER EXPERIENCE





CUSTOMER EXPERIENCE IS A KEY STRATEGIC AREA FOR THE BANK AND IN 2021, WE CONTINUED OUR INVESTMENT TO ENHANCE CUSTOMER EXPERIENCE THROUGH DIGITALIZATION.

Customer Experience is a key strategic area for the Bank and in 2021, we continued our investment to enhance customer experience through digitalization.

As promised, we upgraded our Contact Centre system in 2021 with a new call menu, ability to send product and service information via SMS automatically, requests for call back and importantly, more efficient queue management. We have already seen the success with more than 30% of calls being handled through the automated system, freeing our call agents to provide specialized support for customers.

We also introduced live chat on our website and Facebook as part of our digital care strategy. As part of this, we aim to add additional channels for customers to reach us while increasing the availability of self-service functionality.

To track customer requests and efficiently manage complaints, we introduced a complaint management system at the Bank. By identifying and addressing areas of concern flagged through the system, we are pleased to have reduced the overall rate of complaints by 20% compared to 2020.

We also introduced new products and services to enhance customer experience. Our Mobile Banking app was launched with a new look and features to provide customers a

BY IDENTIFYING AND ADDRESSING AREAS OF CONCERN FLAGGED THROUGH THE SYSTEM, WE ARE PLEASED TO HAVE REDUCED THE OVERALL RATE OF COMPLAINTS BY 20% COMPARED TO 2020.

safe, secure and seamless banking experience. Additional self-service features were introduced on the app including the ability to check account numbers prior to transfers, card and account services as well as international money transfer services.

We also moved multiple services to our online channels, enabling online requests for all personal loans and providing key card services online. We were also proud to launch BML Rewards, the first loyalty rewards scheme of its kind in the country. Customers earn points for purchases on credit cards which can then be redeemed for benefits such as flights, hotel and gift cards from large online platforms such as Amazon, Spotify and Gamestop.

We continued our efforts to increase our reach and in 2021, introduced 12 new self-service ATMs across the Maldives and added 59 cash agents in 2021.

WE ALSO INTRODUCED NEW PRODUCTS AND SERVICES TO ENHANCE CUSTOMER EXPERIENCE. OUR MOBILE BANKING APP WAS LAUNCHED WITH A NEW LOOK AND FEATURES TO PROVIDE CUSTOMERS A SAFE, SECURE AND SEAMLESS BANKING EXPERIENCE.

RETAIL, BUSINESS AND CORPORATE BANKING

DESPITE MULTIPLE WAVES OF COVID- 19, WE WERE PROUD TO HAVE PROVIDED UNINTERRUPTED BANKING TO OUR CUSTOMERS.

During 2021, despite multiple waves of Covid-19, we were proud to have provided uninterrupted banking to the country. Utmost importance was given to safety of both our teams and our customers. Branches & Service Centres operated with split teams and managed requests via online queue systems and appointments. Regardless of the challenges, our customer numbers grew with an addition of more than 17,000 new customers. We opened more than 43,000 new accounts including 3,700 business accounts.

As part of financial inclusions strategy, we extended our ATM network and expanded our Cash Agents across the country. We reached out to local communities through our Dhoni Banking program even though number of trips were limited due to Covid-19 travel restrictions.

During the year, we stepped up to support "Hiya" Social Housing recipients to assist with finishing and furnishing the new flats. The new BML Home Improvement Loan was well received by the Hiya community as it enabled easy access to finance to complete the much anticipated new living spaces.

For customers purchasing new homes, we also reduced our Home Loan interest rate to the offer the lowest rate in the country. We further relaxed eligibility criteria to provide more customers with access to finance. In order to support students pursuing higher education, we reduced the interest rate of BML Kiyavaa Loan from 11% to 9%.

WE REDUCED OUR HOME LOAN INTEREST RATE TO OFFER THE LOWEST RATE IN THE COUNTRY.

During 2021, we lent MVR 1.4 billion to Retail and SME customers. Furthermore, we supported the government initiatives for economic recovery through EIB Covid Recovery Loan and Economic Stimulus Loan where we lent more than MVR 590 million to businesses. We have put more focus on Relationship Banking to understand our business customer needs better and provide tailored solutions for the SME segment.

In the midst of the pandemic in 2020, our USD liquidity was badly hit and we implemented restrictions to our card usage to control the USD outflow. As the situation improved in 2021, we relaxed the restrictions imposed and started seeing growth in volumes. To support customers with frequent foreign transactions enjoy unrestricted usage, we introduced a USD Credit Card.

Our Corporate Banking team continued relationships with our corporate clients with customized solutions to cater to their specific needs, supporting them in their business expansion and day to day operations. Our dedicated Relationship Management team supported clients with their in-depth knowledge as trusted advisers and partners.

DURING 2021, WE LENT MVR 1.4 BILLION TO RETAIL AND SME CUSTOMERS. FURTHERMORE, WE SUPPORTED THE GOVERNMENT INITIATIVES FOR ECONOMIC RECOVERY THROUGH EIB COVID RECOVERY LOAN AND ECONOMIC STIMULUS LOAN WHERE WE LENT MORE THAN MVR 590 MILLION TO BUSINESSES.

BML ISLAMIC

BML ISLAMIC REMAINS COMMITTED TO OFFER SHARI'AH COMPLIANT COMPETITIVE BANKING PRODUCTS ACROSS THE NATION.

BML Islamic remains committed to offer Shari'ah compliant competitive banking products across the nation. Our banking solutions are offered in accordance with international standards under the guidance of our Shari'ah Advisors.

As part of our commitment to offer a wider range of Shari'ah compliant financial products and services, we introduced a cash financing option based on the concept of Tawwaruq. This is a widely accepted Islamic finance concept used to generate liquidity for customers through a process of buying and selling of commodities. The introduction of cash financing option was a remarkable achievement for BML Islamic which now has the most diversified product range in the Maldivian market.

In 2021, BML Islamic also launched its Home Improvement financing for home buyers and social housing recipients to complete the furnishing and finishing of apartments. In addition, positive revisions were implemented to products with a reduction in financing rates of both the Home Purchase and Education Financing. With these changes, the Bank now offers the country's lowest financing rate for Home Purchase financing, resulting in substantial savings for home buyers. Further changes were made to the secured Lifestyle financing product to make financing more accessible to customers.

With the expansion of our Personal Financing portfolio, our customer base growth is steady and the performance of our overall financing and deposit portfolio is stronger than ever. With solid business performance and continued improvement in asset book quality, BML Islamic remains the preferred leading Shari'ah compliant bank across the nation.

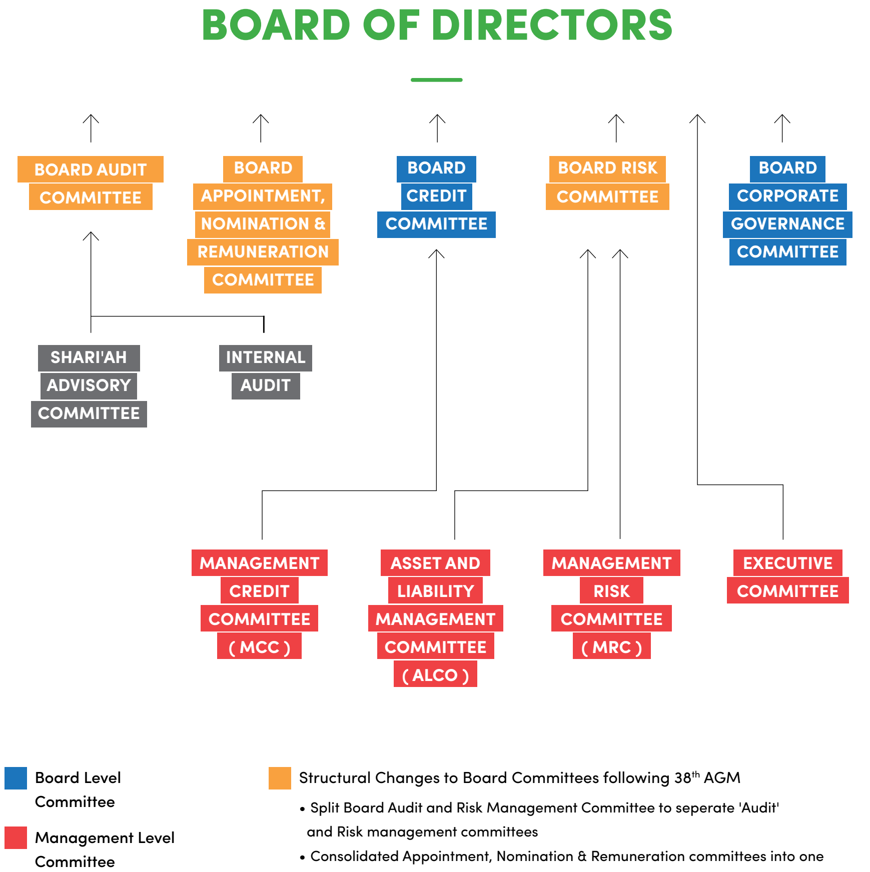
RISK MANAGEMENT

THE BANK HAS IN PLACE A ROBUST RISK MANAGEMENT FRAMEWORK DESIGNED TO PROVIDE A STRUCTURED APPROACH TO MANAGING RISKS.

The Bank has in place a robust risk management framework designed to provide a structured approach to managing risks. This framework identifies, assesses, manages, and mitigates risks that could impair the delivery of the our strategic and business objectives. Notwithstanding the unparalleled challenges of the prolonged pandemic, the Bank has achieved considerable advancements to its risk management framework and capabilities during the year.

RISK GOVERNANCE

A comprehensive risk governance structure is embedded throughout the Bank, with an active and engaged Board of Directors supported by an experienced Senior Management team. The ultimate responsibility for the risk management framework falls unto the Board. Our Risk Appetite Statement addresses the broad set of risks we face and supports the Bank in achieving its strategic objectives. The Board's risk governance is supported by the Board Risk Committee and various management committees within delegated mandates.
During the year, the Audit and Risk Management Committee was split into two separate Committees: the Board Audit Committee and Board Risk Committee. The Bank has taken significant steps in the past year to meet international best practices.



Our governance structure follows the principles of three lines of defense, which separates the control functions (Risk Management, Compliance, and Internal Audit) from risk-taking functions and risk owners. The Risk Management department engages with business units to ensure risks are managed effectively and to instill and enhance a robust risk culture within the organization including key training provided to all staff. The Compliance department assists management in ensuring compliance with internal procedures and processes, applicable laws, regulations, and ethical standards. The Internal Audit department validates the adequacy and effectiveness of internal controls and directly reports to the Board Audit Committee.

THE RISK MANAGEMENT DEPARTMENT ENGAGES WITH BUSINESS UNITS TO ENSURE RISKS ARE MONITORED AND MANAGED EFFECTIVELY AND TO INSTILL AND ENHANCE A ROBUST RISK CULTURE WITHIN THE ORGANIZATION.

RISK APPETITE STATEMENT & FRAMEWORK

The Risk Appetite Framework sets out the Board-mandated risk appetite which acts as a guide to express the acceptable risk profile of the Bank. The framework sets broad criteria relating to Board expectations with respect to the Board's risk tolerance levels, Bank performance, sustainability, and risk management. The risk appetite framework sets appropriate concentration of risk, liquidity risk, and capital limits. Limits are set with regard to industry, geography, asset class, and the Board's overall tolerance for risk.

Our goal is to provide our customers with the best value whilst creating and retaining trust to ensure strong customer satisfaction and efficiency in service. A key concept of the statement is the creation of an optimal risk-return profile for the Bank, which translates into the commitment to optimize fair returns according to the safety of depositors and shareholders relative to the risk, we are prepared to accept. The framework is designed to ensure that sufficient capital, resources, and liquidity are in place and that regulatory and legislative criteria are fulfilled.

The Management Risk Committee (MRC, previously named All Risk Committee - ARC) was established to ensure our risk management framework subscribes to sound corporate governance principles, is efficient and robust. The Committee assesses the risk environment and measures the Bank's performance against the full spectrum of risks faced in its activities, determining appropriate preventive and mitigating actions where necessary. The Committee is responsible for ensuring that risk management strategies, policies, systems, and plans are in place in line with the Committee's objectives and responsibilities.

Risk Culture is closely intertwined with our corporate values and describes the general awareness, attitudes, and behavior we expect of our employees when considering risk. The Risk Management department engages with business units to ensure risks are monitored and managed effectively and to instill and enhance a robust risk culture within the organization. A learning culture is encouraged and includes specialist key training on risk topics which is provided to all staff.

STRESS TESTING

Stress testing is integral to Bank's risk management in that it alerts bank management to unexpected adverse outcomes arising from a wide range of risks, and provides an indication of the financial resources that may be needed to absorb losses should shocks occur.

Stress testing is the Bank's examination of its risks and the potential impact of stress scenarios on its financial condition. Stress testing evaluates the economic circumstances and shocks that the Bank may be exposed to. Stress testing helps the Bank identify and understand the depth and breadth of its risk exposures and assist in formulating effective risk mitigation measures and techniques. Stress tests aid in identifying possible fault lines in the Bank's Risk exposures and help to inform on mitigation techniques. The stress test results are shared with the Central Bank every alternate month.

STRESS TESTS AID IN IDENTIFYING POSSIBLE FAULT LINES IN THE BANK'S RISK EXPOSURES AND HELP TO INFORM ON MITIGATION TECHNIQUES. THE STRESS TEST RESULTS ARE SHARED WITH THE CENTRAL BANK EVERY ALTERNATE MONTH.

PEOPLE EXCELLENCE

OUR HUMAN RESOURCES STRATEGY FOCUSES ON DEVELOPING COMPETENT, MOTIVATED, CUSTOMER-ORIENTED EMPLOYEES TO DELIVER THE BANK'S STRATEGY.

Our Human Resources strategy focuses on developing competent, motivated, customer-oriented employees to deliver the Bank's strategy. We are committed to attracting and retaining employees who are proud to work for Bank of Maldives and who will act as good ambassadors for the organization.

Our progressive HR policies and human centric practices were once again recognized by the World HRD Congress by conferring the coveted 'Asia's Best Employer Brand Award' for the fourth time.

In 2021, our key focus was to promote employee wellbeing as well as keeping them engaged and connected. To further our commitment to support wellbeing of our employees, we launched our Mental Wellbeing program, the first of its kind in the country by partnering with leading institutions to provide mental health related services to our employees across the country. Throughout the year, we continued a series of mental health awareness sessions for all staff.

During the year, over 17,000 individual trainings were completed for over 297 courses on BML Kiyeveni, our online learning platform. This includes mandatory compliance training as well as personal skills development programs. We provided 10 opportunities under the BML Kiyavama program to study Degree and Masters programs and 11

OVER 17,000 INDIVIDUAL TRAININGS WERE COMPLETED FOR OVER 297 COURSES ON BML KIYEVENI, OUR ONLINE LEARNING PLATFORM.

opportunities to study Diploma in Banking & Finance provided under BML Riveli.

To navigate through Covid-19 and to ensure the safety our employees, we continued with special work arrangements such as split teams and remote working. Our premises were equipped with sanitizers and PPEs. We continued to provide special paid leaves to staff who were quarantined due to Covid-19. We kept our employees updated with important information, guidelines and precautionary measures through our digital communication channels.

To keep abreast of changes in the employment market, we also revised our Pay and Reward Framework during the year to ensure we remain one of the best employers in the country.

We are committed to ensure our workplace is free from harassment or bullying. Our Workplace Non-Harassment Policy was implemented in 2010. Our committee on prevention of sexual harassment and abuse at workplace is responsible to ensure awareness on the subject, investigate complaints and take necessary action. During 2021, the committee investigated one complaint on harassment.

Under our recognition schemes we honored our long-serving, loyal and dedicated staff at our annual Long Service Awards event where they were presented with special mementos of recognition. We held our annual Staff Awards ceremony to recognize employees who have distinguished themselves through exceptional performance and dedication to the Bank. In this event, special recognition awards were given to staff played critical roles in ensuring provision of essential services and business continuity during the lockdown.

WE PROVIDED 10 OPPORTUNITIES UNDER THE BML KIYAVAMA PROGRAM TO STUDY DEGREE AND MASTERS' PROGRAMS AND 11 OPPORTUNITIES TO STUDY DIPLOMA IN BANKING & FINANCE PROVIDED UNDER BML RIVELI.

INVESTMENT IN OUR COMMUNITY

WE ARE COMMITTED TO RUNNING BANK OF MALDIVES AS A SUSTAINABLE AND RESPONSIBLE BUSINESS, WORKING TO MAKE A DIFFERENCE FOR OUR CUSTOMERS, COMMUNITIES, AND COLLEAGUES, WHILST ACHIEVING SUSTAINABILITY THROUGH OUR OPERATIONS AND MAINTAINING ROBUST RISK MANAGEMENT AND GOVERNANCE.

We are committed to running Bank of Maldives as a sustainable and responsible business, working to make a difference for our customers, communities, and colleagues, whilst achieving sustainability through our operations and maintaining robust risk management and governance.

In 2021, we continued to invest in community initiatives supporting the areas of education, sports, environment, and community development. We aim to create opportunities for people and empower communities.

The BML Community Fund, an initiative to empower individuals and local organizations to contribute to their communities through sustainable projects, saw an investment of MVR 1 million in 20 projects across the country. Projects to create community and nature parks, modern fish

IN 2021, WE ALSO MADE DONATIONS TO SUPPORT CHILDREN AND PEOPLE WITH DISABILITIES.

filleting platforms, installation of solar powered streetlights and development of community areas were among the successful projects awarded through the Fund.

To further strengthen the Bank's relationship with communities, our staff carried out volunteer activities throughout the year. During the World Humanitarian Day and World Volunteer Day, branch teams teamed up with volunteers to support the communities of 11 islands through various projects including islands clean-ups and refurbishing public areas.

We continued to hold financial literacy sessions across the country, with physical and virtual sessions to provide information about managing money, scam awareness and adopting a savings culture. We also continued our fraud awareness campaign, Samaaluvey and this year, hosted a successful TikTok challenge, which helped create user driven content for the cause.

In 2021, we also made donations to support children and people with disabilities. We equipped 10 more schools with special learning aids for classrooms and donated computer systems to B. Eydhafushi Family and Children Services Centre to help learning online.

As a responsible business, we continue to deliver on our strategy to support vulnerable communities, and in 2021, made donations to further strengthen our partnerships with charitable organizations and support important causes in our community. We donated MVR 100,000 to ARC AID by Advocating the Rights of Children to support 150 children in 70 families in the Greater Male' Area. Furthermore, we supported Cancer Society of Maldives with a donation of MVR 150,000 for the annual Pink Ribbon Run-Walk and screening programs. We also made a donation of MVR 80,000 to Maldives Deaf Association and Beautiful Eyes Down Syndrome Association as part of our annual Staff Charity Run. In addition, we held our annual BML Wow Kidz Run and through this, donated MVR 100,000 to Maldives Association for Persons with Disabilities (MAPD) to support its Healthy PWDs program.

In November, we announced a series of high impact monthly community initiatives in the lead up to the Bank's 40th anniversary in November this year. The first in the series was the

WE CONTINUED TO HOLD FINANCIAL LITERACY SESSIONS ACROSS THE COUNTRY, TO PROVIDE INFORMATION ABOUT MANAGING MONEY, SCAM AWARENESS AND ADOPTING A SAVINGS CULTURE.

BML Scholarship Fund, an annual merit-based scholarship scheme that provides fully funded international scholarships for three students in the area of Banking and Finance. The second initiative announced in December was to Inspire Learning through the refurbishment and upgrade of the National Library. The monthly initiatives will continue into November 2022.

Continuing our support for environmental projects, we signed an MoU with Housing Development Corporation Ltd (HDC) to operate a City Bike Project in Hulhumale', with the aim to provide a healthy, environmentally friendly and easy way to travel. As part of the Bank's initiative to becoming a greener and more eco-friendly business, we pledged to reduce our plastic footprint at work. Single-use plastic at work premises and events are discouraged and all staff have been provided with reusable glass water bottles.

We are proud of our role in sports with investments in youth development. In 2021, we renewed our partnerships with national sports associations for football and swimming and continued our support to the National Tennis Championship.

BOARD OF DIRECTORS

DIRECTORS NOMINATED BY THE GOVERNMENT

Mr. Yooshau Saeed

H. SANDY BEACH, K. MALE'
(INDEPENDENT, NON-EXECUTIVE DIRECTOR)

Mr. Yooshau Saeed is the Chairperson of the Bank.

Mr. Yooshau is also the General Manager at SIMDI Pvt Ltd. Prior to being appointed as General Manager at SIMDI Pvt Ltd, Mr. Yooshau has served as National Project Manager to the NCSA Project of Energy and Water, and as the Corporate Affairs and Finance Manager at Maldives National Shipping Ltd. Further, from 1994 to 2004 Mr. Yooshau has served in various positions at the Audit Office of the Maldives.

Mr. Yooshau was also a Board Member of SME Development Finance Corporation (SDFC) from February 2019 until 14th July 2021. He also served as a Licensed Stock Broker of Capital Market Development Authority. Mr. Yooshau has served as Chairperson of Thilafushi Corporation Ltd.

Mr. Yooshau holds a Bachelor of Commerce (Accounting) from the Murdoch University, Australia.

OTHER DIRECTORSHIP:

None

Mr. Timothy Sawyer

CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR
BANK OF MALDIVES PLC
(NON-INDEPENDENT, EXECUTIVE DIRECTOR)

Mr. Timothy Sawyer is the Chief Executive Officer and Managing Director of the Bank. He has over 30 years of international experience in financial services, including 20 years at Executive and Board level. Prior to joining Bank of Maldives Plc, he was the Chief Investment Officer at Innovate UK, the investment arm of the UK Government.

Prior to Innovate UK, Mr. Sawyer was the CEO of Start Up Loans, where for his services to the UK industry in developing small businesses and entrepreneurs, he was awarded Commander of the Most Excellent Order of the British Empire (CBE) by Queen Elizabeth.

Mr. Sawyer has also had the honor of leading several financial institutions including Cahoot and Kent Reliance, and was the Chairman at Banque Dubois of Switzerland.

Mr. Sawyer holds a first class honors in Master of Arts in History from the University of Oxford, UK. He is an Associate of Chartered Institute of Bankers.

OTHER DIRECTORSHIP:

Director, Hazelcroft Ltd
Director, Folk2Folk Ltd

Ms. Aishath Noordeen

M. THAANGEEDHOSHUGE, K. MALE'
(NON-INDEPENDENT, EXECUTIVE DIRECTOR)

Ms. Aishath Noordeen joined the Bank in 1982. She is currently the Deputy Chief Executive Officer of the Bank.

Ms. Aishath has a career spanning over 40 years' experience in numerous areas of the banking industry. She has served as the Acting CEO and Managing Director of the Bank on three separate occasions and was a government appointed director on the Bank's Board from June 2008 to May 2014. Ms. Aishath was in-charge of the Bank in 2019 until Mr. Timothy Sawyer was appointed as CEO in July 2019.

Ms. Aishath was instrumental in establishing the Bank's award-winning international banking business. She is also a member of the Bank's Board Credit Committee.

OTHER DIRECTORSHIP:

None

Ms. Juwairiya Saeed

MA. KOSHEEGE, K. MALE'
(NON-INDEPENDENT, NON-EXECUTIVE DIRECTOR)

Ms. Juwairiya Saeed is the current Chairperson of Cancer Society of Maldives since 2012. She is also a member of the President's Action Committee since January 2019.

Ms. Juwairiya has served as a director at a number of government shareholding companies, including Island Aviation Pvt Ltd, Maldives Islamic Bank and Maldives Ports Authority. She has also served as an Independent Director of Centurion Plc, Chairperson of Dhiraagu Plc, Privatization Committee Member at the President's Office and Director of Public Enterprise Monitoring and Evaluation at the Ministry of Finance.

Since 2007, Ms. Juwairiya has provided financial consultancy and worked as a financial advisor in numerous government projects and private sector in Maldives. Some of these projects include the Maldives Environmental Management Project, Maldives Global Climate Change Project and the Rapid Assessment of Water and Sanitation Status in Maldives Project by World Bank.

Ms. Juwairiya holds a Master of Arts with Distinction in Business with Financial Management from Northumbria University, UK, and a Bachelor of Commerce from the University of Western Australia.

OTHER DIRECTORSHIP:

Managing Director, Eleven K Holdings Pvt. Ltd.

Mr. Abdulla Hassan

NASEEMAA MANZIL, R. ALIFUSHI
(INDEPENDENT, NON-EXECUTIVE DIRECTOR)

Mr. Abdulla Hassan is the Debt Expert of Debt Management Project, Ministry of Finance. He has served in various posts in Allied Insurance Company Pvt Ltd and Ministry of Finance. Mr. Abdulla has previously served as the General Manager of Fasriyaa Pvt Ltd and Chairman of Lafarge Maldives Pvt Ltd, a subsidiary of STO Plc.

Mr. Abdulla is the current Chairperson of the Board Appointment, Nomination & Remuneration Committee.

Mr. Abdulla holds a Bachelor of Science (Statistics, Mathematics and Computer Science) from Bangalore University, India.

OTHER DIRECTORSHIP:

Director, Beso Pvt.Ltd.

Mr. Abdulla Husam Shareef

DHIGUVAANDU. SAVAA, GN.FUVAHMULAH
(NON-INDEPENDENT, NON-EXECUTIVE DIRECTOR)

Mr. Abdulla Husam Shareef is a Partner and Senior Tax Advisor of CTL Strategies LLP since 2015. Mr. Husam is a member of the team that represents clients at the courts and tribunals of the Maldives on tax related matters.

Mr. Husam has served as the Under Secretary to the Policy Office of the President's Office from December 2018 to November 2019, and as a Principal Officer of Maldives Inland Revenue Authority from 2011 to 2013.

Mr. Husam holds a Master of Governance and Public Policy from University of Queensland, Australia, and a Bachelor of Honors in Economics from the International Islamic University, Malaysia.

OTHER DIRECTORSHIP:

Director, Topside Pvt.Ltd.

Mr. Mohamed Sharah

KOTHANGE, GDH.FIYOAREE
(INDEPENDENT, NON-EXECUTIVE DIRECTOR)

Mr. Mohamed Sharah is the Financial Controller at the Housing Development Corporation Ltd.

Mr. Sharah has over 15 years' experience in numerous areas of finance sector. He has served as a Financial Consultant at Arena Beach Private Limited, Delivery Lead at Moody's Analytics Knowledge Services Lanka (Private) Ltd, Company Secretary at Pruksa-HDC Housing Private Limited. He also worked as an Assistant Director at Housing Development Corporation.

Mr. Sharah is the current Chairperson of the Board Risk Committee.

Mr. Sharah holds a Master of Science Degree in Finance from Thammasat University, Thailand, and a Bachelor Degree in Business Administration (Major in Finance) from the National University of Singapore.

OTHER DIRECTORSHIP:

None

Ms. Aishath Sajny

THARIVIDHAAGE, S. HITHADHOO
(INDEPENDENT, NON-EXECUTIVE DIRECTOR)

Ms. Aishath Sajny is the Policy and Research Consultant for the Ministry of Economic Development, appointed in September 2020. Prior to this, she served as an Economist at the International Monetary Fund from February 2019 to March 2020.

Ms. Sajny has over 10 years of professional experience in Macroeconomics and Finance. She was the Economist and Head of Research Division of Maldives Monetary Authority from 2017 to 2019. She has held various positions in MMA including Senior Research Analyst of Economic Research Section, Debt Manager of Public Debt Unit and Head of Market Operations.

Ms. Sajny holds a Masters in Applied Economics from Eastern Michigan University, USA and a Bachelor of Science in Economics and Finance from London School of Economics, Singapore.

OTHER DIRECTORSHIP:

None

DIRECTORS ELECTED BY THE PUBLIC SHAREHOLDERS

**The two directors below were elected during the 38th Annual General Meeting held during 15th July 2021.
Mr. Abdulla Naseem was elected during the Extraordinary General Meeting (EGM) held on 24th October 2021.**

Mr. Ahmed Mohamed

G. UFAA, K. MALE'
(INDEPENDENT, NON-EXECUTIVE DIRECTOR)

Mr. Ahmed Mohamed is the Chief Executive Officer and Managing Director of Univiya Holdings Pvt Ltd. He previously served as the Ambassador of Maldives to India from 2015 to 2018. Mr. Ahmed was also the Minister of Economic Development from 2012 to 2013. Prior to being elected to this position, he also served as the Chief Executive Officer of State Trading Organization Plc.

Mr. Ahmed served the Bank from 2008 -2012 as a member of the Board. He also served as Chairman of the Board in STO Plc, Maldives Oil Company, Fuel Supply Maldives and Allied Insurance. He also served as a Board Director of Dhivehi Ekuveri Kunfuni Plc, Hulhumale' Development Corporation, Island Aviation Services Limited and Maldives Ports Authority.

Mr. Ahmed is the current Chairperson of the Board Audit Committee.

Mr. Ahmed holds a Master's Degree in Economics (Public Policy) from the University of Hull, UK.

OTHER DIRECTORSHIP:

Managing Director, Extranine Pvt Ltd.

Mr. Ibrahim Mohamed

NELUM, N. HOLHUDHOO
(NON-INDEPENDENT, NON-EXECUTIVE DIRECTOR)

Mr. Ibrahim Mohamed is the Executive Director of NPH Investment Pvt Ltd and NPH Developments Pvt Ltd. Mr. Ibrahim has served on the Bank's Board both as a Government appointed director as well as a director elected by the public shareholders.

Mr. Ibrahim currently serves on the Boards of several private companies in the finance trading, fisheries, hospitality and travel sector, including Tropical Island Holidays Pvt Ltd and Maldives Travel and Trading Co. Pvt Ltd.

A finance and tourism sector professional, Mr. Ibrahim has been part of the Board of Directors of several government shareholding companies, including State Electric Company Ltd, Island Aviation Services Ltd, Villingili Investment, Maldives Post Ltd, Maldives Ports Ltd, Mifco Boat Yard Ltd, Maldives Airports Company Ltd. Mr. Ibrahim has also served as Chairman of the Hulhumale Development Corporation Ltd, Maldives Inflight Catering Pvt Ltd and Male' Health Services Corporation Ltd.

Mr. Ibrahim holds a Higher National Diploma in Business and Finance (Tourism) from South Glamorgan Institute of Higher Education (Cardiff Metropolitan University), United Kingdom and a Master's Degree in Tourism from University of Strathclyde, United Kingdom.

OTHER DIRECTORSHIP:
Director, Maldives Travel and Trading Company Pvt. Ltd
Director, Tropical Island Holidays Pvt. Ltd.

Mr. Abdulla Naseem

KARANKAA VILLA, HA.FILLADHOO
(INDEPENDENT, NON-EXECUTIVE DIRECTOR)

Mr. Naseem is the Managing Director of Health and Glow Pvt Ltd. Mr. Naseem previously served as the Assistant Manager, Accounts and Finance of Rainbow Enterprises Private Limited.

Mr. Naseem also served as a Government appointed Director in the Bank's Board from 8th November 2012 to 18th November 2013.

Mr. Naseem is the current Chairperson of the Board Corporate Governance Committee.

Mr. Naseem has completed Technician Level of Association of Chartered Certified Accountants (ACCA), UK and is a Certified Accounting Technician (CAT).

OTHER DIRECTORSHIP:

None

Note: As stated under Part 2, section 1.2 (f), (h) and (j) (ii) of the Corporate Governance Code of CMDA, directors who are considered as 'Non-Executive' and 'Independent' are those directors who:

- Have completed six consecutive years of directorship will not be eligible to be re-elected as independent directors for the new term unless a minimum of one year has passed following completion of the six years.; or
- Have not, or whose immediate family members have not, held a key position in the Bank and who have not, or whose immediate family members have not, had any substantial financial dealings with the Bank during the last one (1) year.
- All Directors nominated by the Government are considered as "Non-Independent" as per section 5 (c) (2) of Regulation on Corporate Governance for Banks, Insurance Companies and Finance Companies (Reg No. 2020/R-59).
- All Directors elected by the General Shareholders are considered as "Independent" as per section 5 (c) of Regulation on Corporate Governance for Banks, Insurance Companies and Finance Companies (Reg No. 2020/R-59).

EXECUTIVE TEAM

MR. TIMOTHY SAWYER

CEO & Managing Director

Mr. Timothy Sawyer joined the Bank in July 2019. He has over 30 years of international experience in financial services, including 20 years at Executive and Board level. Prior to joining Bank of Maldives, he was the Chief Investment Officer at Innovate UK, the investment arm of the UK Government.

Prior to Innovate UK, Mr. Sawyer was the CEO of Start Up Loans, where for his services to the UK industry in developing small businesses and entrepreneurs, he was awarded Commander of the Most Excellent Order of the British Empire (CBE) by Queen Elizabeth.

Mr. Sawyer has also had the honor of leading several financial institutions including Cahoot and Kent Reliance, and was the Chairman at Banque Dubois of Switzerland as well as Folk2Folk, a lending organization based in UK.

Mr. Sawyer holds first class honors in Master of Arts in History from the University of Oxford, UK. He is an Associate of Chartered Institute of Bankers.

MS. AISHATH NOORDEEN

Deputy Chief Executive Officer

Ms. Aishath Noordeen joined the Bank in 1982. She is currently Deputy CEO.

Ms. Aishath has a career spanning over 40 years in the banking industry and has worked in numerous areas of the Bank. She has served as Acting CEO and Managing Director on three separate occasions and was a government-appointed director on the Bank's Board of Directors from 2008 until 2014. Ms. Aishath was In-charge of the Bank in 2019 until Mr. Timothy Sawyer was appointed as the CEO in July 2019.

Ms. Aishath was instrumental in establishing the Bank's award-winning international banking business.

MR. NANDANA SENEVIRATHNE

Chief Financial Officer

Mr. Nandana Senevirathne joined the Bank as Finance Director in January 2014.

Mr. Nandana has over 20 years of experience in the financial services sector in banks, leasing and insurance companies. Prior to joining Bank of Maldives, he was Chief Financial Officer of AIG Insurance Limited, Sri Lanka. He has also worked for KPMG Maldives.

Mr. Nandana holds a BSc. in Accountancy and Financial Management from University of Sri Jayawardenapura, Sri Lanka. He is an Associate Member of the Institute of Chartered Accountants, Sri Lanka.

MR. HARITHIRTHAM VIJAYABALAN

Chief Internal Auditor

Mr. Harithirtham Vijayabalan joined the Bank as Chief Internal Auditor in May 2016.

Mr. Vijayabalan has over 30 years of experience in auditing. Prior to joining Bank of Maldives, he worked at Oman Reinsurance Company S.A.O.G as Head of Internal Audit. He has held senior management positions in companies such as HSBC Bank, Oman, DCB Bank, India, ICICI OneSource Solutions Ltd, India and Reserve Bank of India.

Mr. Vijayabalan holds a Master of Business Administration degree from University of Cochin, India and a Bachelor of Science degree from Madras Christian College, India. He is a Certified Internal Auditor, Certified Information System Auditor and a Certified Associate of the Indian Institute of Bankers.

MS. SAHAR WAHEED

People & Change Director

Ms. Sahar Waheed joined the Bank in 2006. She became People & Change Director in 2014.

Ms. Sahar has 15 years of experience in banking and prior to her appointment as People and Change Director, she served as Head of Strategic Planning and Change Management and as Deputy Manager, Credit Department.

Ms. Sahar holds a BSc. in Economics and Economic History from the London School of Economics and Political Science, United Kingdom, and a Chartered Banker professional qualification from the Asian Institute of Chartered Bankers.

MS. RASHFA JAUFAR

Credit Director

Ms. Rashfa Jaufar joined the Bank in 2004. She became Credit Director in 2014.

A credit risk management professional, during her tenure Ms. Rashfa has fulfilled the roles of Acting Chief Credit Officer, Manager, Credit Department and Head of Credit.

Ms. Rashfa holds a Master of Arts in Accountancy – Political Economy from the University of Aberdeen, Scotland.

MR. ADLY AHMED DIDI

Technology Director

Mr. Adly Ahmed Didi joined the Bank in 1997.

With over 25 years of experience in the field of Information Technology, Mr. Adly started his career in the Bank as Manager, Information Technology. He also served as Head of Information Technology before joining the Bank's executive committee as Technology Director in 2014.

Mr. Adly holds a Bachelor of Engineering degree from Staffordshire University, UK.

MS. AISHATH ZAMRA ZAHIR

Marketing Director

Ms. Aishath Zamra Zahir joined the Bank as Marketing Director in April 2015.

Ms. Zamra has over 16 years of experience in marketing and communications. Prior to joining Bank of Maldives, Ms. Zamra worked at Ooredoo Maldives as Head of Marketing Communications where she was responsible for the management and coordination of all communications, advertising and public relations.

Ms. Zamra holds a Master's Degree in Public Relations from Bournemouth University, UK.

MS. FATHIMATH MANIKE

Development Banking Director

Ms. Fathimath Manike joined the Bank in 1982. She became Development Banking Director in August 2018.

Ms. Fathimath has extensive knowledge and experience in the banking industry, gained through a career spanning over 39 years. She has previously served the Bank at Assistant General Manager level and has held responsibility for areas such as Development Banking, Human Resources and Operations. She was the Islamic Banking Director before her appointment to the current role.

MR. GARY LAUGHTON

Chief Risk Officer

Mr. Gary Laughton joined the Bank in January 2020.

Mr. Gary has over 35 years of extensive risk management and banking experience in corporate, commercial and private client banking. Prior to joining the Bank, he held the position of Chief Credit Officer at Investec Bank Plc, London.

Mr. Gary holds a Master of Leadership (MBL) degree, Bachelor of Commerce (Bcom) degree, in addition to the professional qualifications which includes CAIB (Associate Diploma of the Institute of Bankers South Africa) and LIB (Licentiate Diploma in Commercial Banking) of the Institute of Bankers South Africa.

MS. GULNAZ MAHIR

Director of Customer Service

Ms. Gulnaz Mahir joined the Bank in February 2020.

Ms. Gulnaz has over 15 years' experience in the field of customer experience management, digital transformation and revenue management. She most recently held the position of Head of Customer Care at Ooredoo Maldives.

Ms. Gulnaz holds a Master's degree in Economics and Finance from the University of Bristol, UK.

MS. LAURA JAMIESON

Director of Operations

Ms. Laura joined the Bank in March 2020.

Ms. Laura has over 30 years of experience in retail financial services and is an industry specialist in customer experience, operations and business transformation.

Ms. Laura has held senior management positions in financial services including Barclays Bank, Ivobank Ltd and Santander in UK, throughout UK and India. She was most recently a Transformation Programme Director for Anglian Water where she led a large scale operations and IT transformation programme.

Ms. Laura holds a Master of Business Administration degree from University of Bradford, UK and is a certified Project Manager from Stanford University, USA.

MR. MOOSA NIMAL

Director of Retail, Business & SME Banking

Mr. Nimal joined the Bank in 2003 as an Assistant at the Bank's Main Branch. He became Director of Retail, Business & SME Banking in October 2020.

During the span of his career at the Bank, he has gained extensive knowledge and experience in multiple areas of banking. Nimal has held various positions in branch operations, customer services as well as in international banking and retail banking; and has been part of notable projects and change initiatives. Prior to his appointment as Director of Retail, Business & SME Banking, he held the position of Head of Retail Banking.

Mr. Nimal holds a Bachelor of Commerce in Accounting and Applied Finance from the University of South Australia. He is an Affiliate Member of, and holds a professional banker qualification from Asian Institute of Chartered Bankers.

MR. AHMED ASEEF

Director of Corporate Banking

Mr. Aseef joined the Bank in 2012 as a Relationship Manager. He became Director of Corporate Banking in October 2020.

During his 10 years at the Bank, he has developed his career within the Corporate Banking team, playing a vital role in managing the Bank's vast corporate customer portfolio. Prior to his appointment as Director of Corporate Banking, he held the position of Head of Corporate Banking.

Mr. Aseef holds a Master's Degree in International Accounting and Finance from the University of Birmingham, UK.

MS. AISHATH SAMAH

Director of Legal and Corporate Affairs

Ms. Aishath Samah joined the Bank in 2007. She became Director of Legal and Corporate Affairs in March 2021.

Ms. Samah has 14 years of experience in banking and prior to her appointment as Director of Legal and Corporate Affairs, she served as Head of Legal and Corporate Affairs and is holding the position of Company Secretary since 2009.

Ms. Samah holds a LL.M. in Democratic Governance and Rule of Law from the Claude W. Petit College of Law, Ohio Northern University, U.S.A.

MR. HASSAN KALAAM

Director of Islamic Banking

Mr. Hassan Kalaam joined the Bank in 2013. He was appointed to the position of Director of Islamic Banking on 7th February 2022.

During his 8 years at the Bank, Kalaam has played a key role in contributing to the success of the Bank's steadily growing Islamic Banking arm. Prior to his appointment as Islamic Banking Director, Kalaam held the position of Head of Islamic Banking.

Mr. Kalaam is a licensed Shari'ah Advisor and holds a Master's Degree in Islamic Finance from INCEIF, Malaysia and is a Senior Associate member of Chartered Institute of Islamic Finance Professionals.

DIRECTORS' GOVERNANCE REPORTS

BOARD COMPOSITION

The Board of Directors comprises of 11 members. Eight directors including the Chairperson and Managing Director are nominated by the Government and elected by the Shareholders. The remaining three directors are elected by the General Shareholders. Further, pursuant to Article 79 and 80 of the Bank's Articles of Association (AOA), the Chairperson and the Managing Director are appointed by the Board from among the directors nominated by the Government. This composition is in line with the requirements of the Maldives Banking Act (Law No.24/2010).

In compliance with Corporate Governance (CG) Code of Capital Market Development Authority (CMDA) and the Maldives Monetary Authority (MMA) Regulation on Corporate Governance for Banks, Insurance Companies and Finance Companies, the Board of Directors represents a mix of executive, non-executive and independent directors. This is to ensure the Board remains impartial, is competent, and provides effective guidance to the Management, while upholding an environment of good governance. The Board of Directors encompasses a range of skills, qualifications, talents, and expertise required to provide sound and prudent guidance with respect to the operations and interests of the Bank and its shareholders.

DUTIES OF THE BOARD

The overall duties of the board are:

- Provide control and direction of the Bank, including providing apex level leadership and setting strategic aims and objectives for the Bank;
- Deliberate and approve the strategic plan, business plan and the annual budget for the Bank;
- Review the business and financial performance of the Bank measured against the business plan and the annual budget;
- Ensure the establishment of effective internal controls within the Bank which will enable risks to be assessed and managed; monitor and assess the effectiveness of such internal controls established;
- Set the strategic objectives and risk appetite of the Bank, and lead the culture, values and behaviors that deliver them;
- Oversee the management, performance, and corporate governance frameworks of the Bank;
- Ensure that the Bank has adequate human resources to meet the objectives of the Bank;
- Ensure that the obligations to shareholders and other stakeholders are understood and met;
- Ensure that the Bank complies with all relevant laws and regulations, including Board Charter, Bank's AOA and relevant corporate governance code.

In order to fulfil the aforementioned duties or any other function that the Board is obliged to carry out, the Board may responsibly delegate its authorities to the most suitable subcommittee(s) of the Board, corporate management, external professional(s), consultant(s) or to any such party or parties that the Board deems fit in the best interests of the Bank.

THE YEAR 2021, BEGAN WITH THE FOLLOWING MEMBERS ON THE BOARD.

1	Ms. Sana Mansoor	Chairperson, Non-Executive Director
2	Mr. Timothy Sawyer	CEO & Managing Director, Executive Director
3	Ms. Aishath Noordeen	Executive Director
4	Ms. Juwairiya Saeed	Non-Executive Director
5	Mr. Najeem Ibrahim Zakariyya	Non-Executive Director
6	Mr. Hussain Thoufeeq Ali	Non-Executive Director
7	Mr. Abdulla Hassan	Non-Executive Director
8	Mr. Mohamed Abdul Sattar	Non-Executive Director
9	Mr. Ibrahim Mohamed	Non-Executive Director
10	Mr. Ahmed Mohamed	Non-Executive Director

During the 38th Annual General Meeting (AGM) held on 15th July 2021, the Board was re-constituted with the following nine Directors with one Nominee Director and one Elected Director position vacant. At the Extra Ordinary General Meeting (EGM) held on 24th October 2021, Ms. Aishath Sajny and Mr. Abdulla Naseem were appointed to the vacant Nominee Director and Elected Director position. With this addition, the Board has the following 11 directors.

1	Mr. Yooshau Saeed	Chairperson, Non-Executive Director
2	Mr. Timothy Sawyer	CEO & Managing Director, Executive Director
3	Ms. Aishath Noordeen	Executive Director
4	Ms. Juwairiya Saeed	Non-Executive Director
5	Mr. Abdulla Hassan	Non-Executive Director
6	Mr. Mohamed Sharah	Non-Executive Director
7	Mr. Abdulla Husam Shareef	Non-Executive Director
8	Ms. Aishath Sajny	Non-Executive Director
9	Mr. Ibrahim Mohamed	Non-Executive Director
10	Mr. Ahmed Mohamed	Non-Executive Director
11	Mr. Abdulla Naseem	Non-Executive Director

Meetings of the Board during 2021 were held with the mandatory quorum of nine members, three fourths (3/4) of the entire Board, as required under section 15(g) of the Banking Act (Law No. 24/2010).

FREQUENCY OF MEETINGS

Board meetings were held at least once a month as required under law. The Board of Directors held 22 meetings in 2021, with attendance as below.

DIRECTORS	MEETINGS ATTENDED	MEETINGS TO ATTEND
Mr. Timothy Sawyer	22	22
Ms. Sana Mansoor[1]	12	12
Ms. Aishath Noordeen	22	22
Ms. Juwairiya Saeed	21	22
Mr. Hussain Thoufeeq Ali[1]	10	12
Mr. Najeem Ibrahim Zakariyya[1]	12	12
Mr. Abdulla Hassan	20	22
Mr. Mohamed Abdul Sattar[1]	11	12
Mr. Ibrahim Mohamed	22	22
Mr. Ahmed Mohamed	22	22
Mr. Yooshau Saeed[2]	10	10
Mr. Mohamed Sharah[2]	10	10
Mr. Abdulla Husam Shareef[2]	10	10
Ms. Aishath Sajny[3]	5	5
Mr. Abdulla Naseem[3]	5	5

The Board of Directors, under its discretionary powers as provided for under Articles 65 and 66 of the Bank's AOA, formed a Board Credit Committee comprising of seven members and delegated a certain level of approval of credit proposals to this committee to ensure continuity of business.

The Board Credit Committee held 10 meetings during 2021, with attendance as below.

DIRECTORS	MEETINGS ATTENDED	MEETINGS TO ATTEND
Mr. Yooshau Saeed[2]	5	5
Ms. Sana Mansoor[1]	5	5
Mr. Timothy Sawyer	10	10
Ms. Aishath Noordeen	10	10
Mr. Ibrahim Mohamed	10	10
Mr. Mohamed Abdul Sattar[1]	5	5
Mr. Ahmed Mohamed[4]	9	9
Mr. Abdulla Hassan	9	10
Mr. Abdulla Husam Shareef[4]	4	4
Mr. Abdulla Naseem[5]	1	1
Mr. Mohamed Sharah[5]	1	1

DIRECTORS' SHAREHOLDING

Details of Director's Shareholdings as at 31st December 2021 are disclosed below.

DIRECTORS	NO. OF SHARES HELD
Ms. Juwairiya Saeed	100
Mr. Ahmed Mohamed	30
Mr. Ibrahim Mohamed	960
Mr. Abdulla Naseem	100

[1] Tenure ended after 38th Annual Meeting held on 15th July 2021
[2] Appointed after the 38th Annual General Meeting held on 15th July 2021
[3] Appointed after the EGM held on 24th October 2021
[4] Stepped down from BCC after reconstitution on 22nd November 2022
[5] Appointed after reconstitution on 22nd November 2022

BOARD EXPERTISE AND ATTRIBUTES

The Board comprises directors that bring a wide range of skills, expertise and experience which enhances overall board effectiveness.

The Appointment Nomination and Remuneration (ANR) Committee assesses and recommends to the board, core skill sets required by directors to enable the board to perform its oversight function effectively. These span across parameters such as industry experience, technical/strategic competencies, behavioral and personal attributes, and other skills.

The ANR Committee had identified the skills/expertise required by the directors of the Bank, keeping in mind the business requirements. These are periodically re-assessed to meet evolving changes and requirements of the Bank.

The Bank has mapped the skills possessed by the directors vis-à-vis those identified, based on the information provided by the directors. A tabular representation is as below:

SKILL AREA	Mr. Yooshau Saeed	Mr. Timothy Sawyer	Ms. Aishath Noordeen	Ms. Juwairiya Saeed	Mr. Abdulla Hassan	Mr. Mohamed Sharah	Mr. Abdulla Husam Shareef	Ms. Aishath Sajny	Mr. Ibrahim Mohamed	Mr. Ahmed Mohamed	Mr. Abdulla Naseem
CEO/DCEO/Chairperson/CFO	✓	✓	✓	✓	✓	✓			✓	✓	✓
Banking	✓	✓	✓	✓				✓	✓	✓	✓
Finance	✓	✓		✓	✓	✓		✓	✓	✓	✓
Business	✓			✓		✓	✓		✓	✓	✓
Accounting & Auditing	✓			✓		✓					✓
IT					✓						
Governance	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Insurance					✓						
Tourism					✓				✓	✓	
Tax							✓				
Securities Market	✓			✓	✓			✓			
Real Estate						✓			✓		
International Exposure		✓				✓		✓	✓	✓	
Experience (in years)	15+	30+	40+	27+	10+	08+	10+	10+	36+	27+	12+

BOARD REMUNERATION

During AGM held on 15th July 2021, the Shareholders resolved to pay the Directors Fee as per below table.

DETAILS	AMOUNT (MVR)
Directors Remuneration	10,000
Directors Fixed Allowance	1,500
Chairperson Special Allowance	5,000
Board Sub-Committee	3,000

The Board members were paid as per the above table and a total of MVR 2,632,725.08 for the year 2021. The attendance of the Board members at Board meetings and subcommittee meetings from Jan-Dec 2021, together with remuneration paid for the year 2021 is given below.

NAME	BOARD	BCC	AC	ANR	NC	CG	RC	AMOUNT (MVR)
Mr. Yooshau Saeed[1]	10	5	-	-	-	-	-	98,225.81
Mr. Timothy Sawyer	22	10	-	-	-	-	-	168,000.00
Ms. Aishath Noordeen	22	10	-	-	-	-	-	168,000.00
Mr. Abdulla Hassan	20	9	10	17	4	7	5	294,000.00
Ms. Juwairiya Saeed	21	-	25	16	4	16	6	339,000.00
Mr. Abdulla Husam Shareef[1]	10	4	-	7	-	-	-	96,806.45
Mr. Mohamed Sharah[1]	10	1	10	6	-	6	6	150,806.45
Mr. Ibrahim Mohamed	22	10	27	-	-	16	6	312,000.00
Mr. Ahmed Mohamed	22	9	10	8	4	16	6	297,000.00
Ms Aishath Sajny[2]	5	-	-	2	-	1	1	37,967.00
Mr. Abdulla Naseem[2]	5	1	-	-	-	1	-	31,967.75
Ms. Sana Mansoor[3]	12	5	-	-	-	-	-	112,258.06
Mr. Najeem Ibrahim Zakariyya[3]	12	-	17	9	4	8	-	188,564.52
Mr. Hussain Thoufeeq Ali[3]	10	-	17	9	4	7	-	185,564.52
Mr. Mohamed Abdul Sattar[3]	11	5	12	9	-	-	-	152,564.52
TOTAL								**2,632,725.08**

Aggregate remuneration paid to Key Management Personnel (Executive Management) amounts to MVR 33,345,493.75. Aggregate remuneration details are disclosed as further breakdown would place the Bank at a relative disadvantage versus local competitors who do not disclose such information.

[1] Appointed after 38th AGM held on 15th July 2021
[2] Appointed after EGM held on 24th October 2021
[3] Tenure ended after 38th AGM held on 15th July 2021

CONFLICTS OF INTEREST

In accordance with the CG Code, Regulation on Corporate Governance for Banks, Insurance Companies and Finance Companies and AOA of the Bank the Board has approved a Conflict of Interest Policy and this ensures that the influence of third parties does not compromise the independent judgement of the Board. Directors are required to declare any potential or actual conflict of interest that could interfere with their ability to act in the best interests of the Bank. The Company Secretary maintains a conflicts register, which is a record of actual and potential conflicts.

RELATIONSHIP WITH SHAREHOLDERS AND CUSTOMERS

The Bank ensures by being transparent that all necessary information and services are made available to shareholders and customers. In this regard, important developments including quarterly financials of the Bank, announcements and notices are displayed on the Bank's website and on social media for the information of shareholders and the public.

The Bank's Corporate Affairs Unit is committed to responding to daily enquiries from shareholders and attending to all matters related to the shareholders. Information on shareholding details and dividend payment history are promptly provided.

The Board and the Management welcome and encourage active participation from the shareholders at the Bank's General Meetings.

The Bank is committed to engaging its stakeholders through various channels to identify, understand and address their key concerns.

GENERAL MEETINGS

The Board and the staff of the Bank consider our General Meetings as a key date for shareholder engagement. The Bank held its 38th Annual General Meeting (AGM) on 15th July 2021 and all of the resolutions proposed by the Board at the AGM were considered by poll voting and passed with a high majority of votes.

The Bank held an EGM on 24th October 2021 for appointment of directors to the vacant 2 position and were passed by the required majority of shareholders who were present and voting at the meeting.

Due to the Covid-19 pandemic, the Board decided to hold both Bank's AGM and EGM virtually through "Fahi Vote", an online general meeting management system developed by Maldives Security Depository Pvt Ltd.

The attendance of members at the AGM and EGM are given below.

NAME	AGM	EGM
Mr. Yooshau Saeed[1]	NA	✔
Mr. Timothy Sawyer	✔	✔
Ms. Aishath Noordeen	✔	✔
Mr. Abdulla Hassan	✔	✔
Ms. Juwairiya Saeed	✔	✔
Mr. Abdulla Husam Shareef[1]	✔	✔
Mr. Mohamed Sharah[1]	✔	✔
Mr. Ibrahim Mohamed	✔	✔
Mr. Ahmed Mohamed	✔	✔
Ms Aishath Sajny[2]	NA	✔
Mr. Abdulla Naseem[2]	NA	✔
Ms. Sana Mansoor[3]	✔	NA
Mr. Najeem Ibrahim Zakariyya[3]	✔	NA
Mr. Hussain Thoufeeq Ali[3]	✔	NA
Mr. Mohamed Abdul Sattar[3]	-	NA

DECLARATION OF DIVIDEND FOR 2020

In 2021, the Board resolved to declare a final dividend of MVR 80,728,800 which equates to MVR 15 per share for the year 2020. Subsequent to the shareholder approval at the AGM, distribution commenced on 15th July 2021.

FINANCIAL REPORTING

The Bank published its annual consolidated financial statements which are prepared in accordance with International Financial Reporting Standards (IFRS), MMA and CMDA Regulations, with comprehensive disclosures, enabling both existing and prospective shareholders to make a timely and fair assessment of the Bank's performance and prospects. The Bank, on quarterly basis, published its latest financial performance on its website.

APPOINTMENT OF EXTERNAL AUDITORS

The Audit Committee annually reviews the appointment of the external auditor. The Committee advises the Board on the assessment and make recommendations. At the 38th Annual General Meeting, the Board of Directors approved to select and recommend for the approval of shareholders to appoint PricewaterhouseCoopers (PWC) as the External Auditors of the Bank for the year 2021.

[1] Appointed after 38th AGM held on 15th July 2021
[2] Appointed after EGM held on 24th October 2021
[3] Tenure ended after 38th AGM held on 15th July 2021

OTHER BOARD DECISIONS

The Board directly reviewed and where appropriate approved the following during the year.

- Half yearly Corporate Social Responsibility Reports.
- International Finance Corporation (IFC) Corporate Governance Action Plan.
- Half yearly Procurement Committee Reports.
- Proposed final dividend for 2020.
- Government Exposure limit for 2021.
- Corporate (Staff) Health Insurance Scheme 2021.
- Construction Sector Review.
- Bank's Organization Structure.
- The remedial actions taken by the Bank in terms of Business Continuity Plans, Liquidity and Credit Management due to the global Covid-19 pandemic.
- Board Evaluation 2021.
- Bank's Strategic Plan 2022 – 2024.
- Bank's budget for the year 2022.
- Succession Plan of the Bank.
- Amendments to the Retail Banking Products, Business Loan Products and BML Islamic Personal Financing Products.

CORPORATE GOVERNANCE

The Board in compliance with CG Code of CMDA undertook the following:

- Published its Annual Report for the year 2021 within the regulatory timeframe.
- Prepared the audited accounts in accordance with International Accounting Standards, were made available to shareholders and other stakeholders.
- In all instances where a conflict of interest arose or had the potential to arise, the relevant board member(s) removed himself/herself from the meeting of the Board and/ or its sub-committees.
- The non-executive directors met and deliberated on key matters and strategic direction of the Bank without the presence of Management and the executive directors.

BOARD TRAINING AND ACCESS TO INFORMATION

Directors underwent the following trainings during the year 2021.

TRAINING	TRAINING TYPE	INSTITUTE	COUNTRY	TRAINING PERIOD
Professional Board training 2020	Board composition and Skill mix, Board's independence, Risk Governance, Board Evaluation, Succession planning and shareholder rights and stakeholder engagement	Hawkamah Institute for Corporate Governance	Dubai	April 2021
CMDA Directors Training Program	Corporate governance	Institute of Corporate Directors & Secretaries (ICDS)	Maldives	September 2021
Professional Board training 2021	• Board effectiveness, • Financial Statements and Accounting • Risk including Basel III, ICAAP, ILAAP from a financial standpoint • Islamic Banking- core principles and concepts, regulation and best practice • Cyber Security- key concepts and role of the Board	Hawkamah Institute for Corporate Governance	Dubai	November 2021
14th Annual Conference of Hawkamah	• Environmental, Social, and Governance (ESG)	Hawkamah Institute for Corporate Governance	Online	October 2021

It is the responsibility of the Chairperson, to ensure that Board agendas are focused on key strategy, risk, performance and other value creation issues, and that members of the Board receive timely and high quality information to enable them to make sound decisions and promote the success of the Bank. An online system is used to provide access to board papers and relevant information is circulated via this system allowing adequate time for directors to prepare for the meetings. Throughout the year, the Executive Directors keep the Board informed of key business developments through regular updates. These are in addition to the presentations that the Board and Board Committees receive as part of their formal meetings.

RESPONSIBILITY STATEMENT

The Board of Directors hereby certifies that:

i. The relevant accounting policies were considered and followed all through the preparation of the Bank's annual accounts with proper explanations relating to material departures.

ii. Accounting policies selected were applied consistently and made judgements and estimates that are reasonable and prudent so as to give a fair and true view of the Bank's state of affairs.

iii. Proper and sufficient care were taken in terms of the maintenance of adequate accounting records in accordance with the provisions of Companies' Act of the Republic of Maldives (Law no. 10/96), Maldives Banking Act (Law no. 24/2010), Prudential Regulations issued by the MMA for safeguarding the assets of the Bank and preventing and detecting frauds and other irregularities, Maldives Securities Act (Law no. 02/2006), the Listing Rules and Securities (Continuing Disclosure Obligations of Issuers) Regulations (2019/R-1050) issued by the CMDA.

iv. The CG Code issued by the CMDA and Regulation on Corporate Governance for Banks, Insurance Companies and Finance Companies by MMA were followed.

v. All statements and accounts were prepared on going concern basis.

vi. There were no unexpired service contracts within one year without payment of compensation of any director proposed for election.

viii. The borrowings of the Bank as at the end of 2021 accounting period were as follows:

	IN '000 MVR
Not later than 1 year	491,578.86
Between 1 to 2 years	408,613.15
Between 2 to 3 years	219,140.05
Over 3 years	19,901.33

ix. The Bank's Total Liabilities for the past two financial years were as follows:

	IN '000 MVR
2020	24,405.898
2021	30,150.462

x. There are no other interests of the Directors of the Bank except those disclosed in this report and the accompanying financial statements. Please refer to the notes to the financial statements, page no.164 for details on related party transactions.

xi. No major events have occurred since the balance sheet date which would require adjustments to, or disclosure, in the financial statements.

xii. Controlling shareholders have no shares pledged.

DECLARATION BY THE BOARD OF DIRECTORS

The Board of Directors declare 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 facts, the omission of which would make any statement herein misleading or inaccurate.

The Board of Directors declare that this report has been prepared in compliance with the Companies Act of the Republic of Maldives (Law No.: 10/96), Maldives Banking Act (Law No.: 24/2010), Prudential Regulation issued by the MMA, the Maldives Securities Act (Law No.: 2/2006), the Securities (Continuing Disclosure Obligations of Issuers) Regulations 2019 (Regulation No.: 2019/R-1050), the CG Code of CMDA, the MMA's Regulation on Corporate Governance for Banks, Insurance Companies and Finance Companies (Regulation No: 2020/R-59) and the Listing Rules of the Maldives Stock Exchange (the "Listing Rules").

While performing the duties and responsibilities of the Company, the Board of Directors has practiced transparency, fairness and diligence by giving our utmost devotion to safeguard the interest of the shareholders and worked towards creating the best value for our shareholders.

On behalf of the Board of Directors:

Mr. Yooshau Saeed Chairperson	Mr. Timothy Sawyer CEO & Managing Director

APPOINTMENT, NOMINATION AND REMUNERATION COMMITTEE REPORT

The 15th Appointment, Nomination and Remuneration Committee (ANR Committee) was constituted after the 38th Annual General Meeting, in accordance with Articles 55 and 63 of the AOA of the Bank and Part 2, Section 1.8 (a) and (b) of the CG Code issued by the CMDA. The Committee performs the functions of both a Nomination Committee and a Remuneration Committee.

The Appointment and Remuneration (AR) Committee and Nomination Committee (NC) before performed their functions separately as two separate committees. Following the Bank's 38th Annual General Meeting the Board of Directors, on 15th July 2021 resolved to combine AR and NC Committee to one committee namely, ANR Committee. The Board considered the required functions of these two committees would be better undertaken by a single committee in view of the scope, functions and expertise of the members of the Board. After the Bank's EGM held on 24th October 2021, the ANR Committee was reconstituted for the 16th time by the Board of Directors on 22nd November 2021.

The purpose of the ANR Committee is to establish and recommend to the Board a framework of remuneration packages for Directors and Executive Management. With respect to appointment and nomination issues, the Committee identifies and makes recommendations on Board and Executive Management appointments and conducts an annual review of the Board's performance and training needs. The Committee also reviewed policies related to employees, salaries and benefits.

The primary purpose of the ANR Committee is to assist the Board in fulfilling its responsibilities relating to:

- Identify and make recommendations on Board of Directors and Senior Management appointments;
- Establish and recommend to the Board a framework of remuneration for the Bank and the specific remuneration packages of Senior Management and the CEO & MD;
- Review and recommend changes where necessary to the organizational structure of the Bank.
- Review and place for approval succession plan of the Bank;
- Review and place for approval necessary policies of the Bank; and
- Review and recommend all general matters relating to Human Resources of the Bank including staff remuneration, bonus and staff health insurance to the Board.

COMPOSITION AND FREQUENCY OF MEETINGS

The Committee comprises solely of Non-Executive Directors. Details of the membership and attendance of Nomination Committee (NC) are given below.

DIRECTORS	MEETINGS ATTENDED	MEETINGS TO ATTEND
Mr. Abdulla Hassan	04	04
Ms. Juwairiya Saeed	04	04
Mr. Ahmed Mohamed	04	04
Mr. Hussain Thoufeeq Ali	04	04
Mr. Najeem Ibrahim Zakariyya	04	04

Subsequent to the 38th AGM, NC was combined with AR Committee and renamed as ANR Committee. Details of the membership and attendance of ANR Committee are given below.

DIRECTORS	MEETINGS ATTENDED	MEETINGS TO ATTEND
Mr. Abdulla Hassan	17	17
Ms. Juwairiya Saeed	16	17
Mr. Mohamed Sharah[1*]	06	06
Mr. Ahmed Mohamed[1]	08	08
Mr. Abdulla Husam Shareef[1]	07	08
Mr. Mohamed Abdul Sattar[2**]	09	09
Mr. Hussain Thoufeeq Ali[2]	09	09
Mr. Najeem Ibrahim Zakariyya[2]	09	09
Ms. Aishath Sajny[3]	02	02

APPOINTMENT OF NEW DIRECTORS

The Board of Directors has delegated the responsibilities to the ANR Committee to ensure the composition of the Board reflects a range of skills and qualities needed to take appropriate decisions objectively in the best interests of the Bank. In identifying qualified candidates for nomination to the Board, the Committee strives to look for prospective candidates based on merit and needs of the Bank, having regard to those competencies, expertise, skills, background, and other qualities identified from time to time by the Board. This selection and nomination process is carried out annually by the Committee.

Under Article 47 of the AOA of the Bank, at least eight directors appointed to the Board shall be persons nominated by the Government. The seven directors nominated by the Government were submitted to the 38th Annual General Meeting for shareholder's approval. The remaining one director's name was submitted to the EGM held on 24th October 2021.

Under Article 47 of the AOA of the Bank, also at least three directors appointed to the Board shall be persons nominated by the General Shareholders. Following the notice issued on 1st March 2021 inviting public shareholders to apply for the position, a total of three candidates applied, out of which, one candidate did not meet the independent criteria requirement and the remaining two candidates were submitted to the 38th Annual General Meeting for shareholder's approval. The Bank again issued a

[1] Appointed after the 38th Annual General Meeting held on 15th July 2021.
[2] Tenure ended after the 38th Annual General Meeting held on 15th July 2021.
[3] Appointed after reconstitution on 22nd November 2021.
* Stepped down from ANR Committee after reconstitution on 22nd November 2021.
** Chairperson of the AR Committee till 15th July 2021.

notice on 1st August 2021 inviting applications for the remaining one directorship position to be elected by Public Shareholders. By the deadline a total of four candidates applied, out of which one candidate withdrew the application, one candidate did not meet the set criteria and remaining two candidates were submitted to the EGM held on 24th October 2021 for approval of the shareholders.

SUCCESSION PLANNING

Executive succession is a key consideration and during the year, the Committee reviewed the status and progress of Bank's strategies for attracting and retaining best talent. The Succession Plan of the Bank was reviewed by the Committee and approved by the Board of Directors.

The Committee also played an important role in the Senior Management appointments which took place during the year.

GENDER DIVERSITY

Bank recognizes the importance of measuring progress around gender diversity and in 2021 the Bank had met the Board gender diversity target of having 30% female representatives on the Board in accordance with the CG Code issued by CMDA.

ASSESSING BOARD EFFECTIVENESS

The Bank has a structured process to assess the effectiveness of the Board, its committees and Board members each year as required by the Code. This process is carried out through an appraisal mechanism. Each Director is required to complete questionnaires (relating to Board of Directors, Committees, Board Chairperson, and Individual Directors') and submit to Company Secretary. The result of the evaluation is presented to the Board.

COMMITTEE ACTIVITIES

The Committee recommended to the Board the following appointments during 2021:

Ms. Aishath Samah

Legal & Corporate Affairs Director

Ms. Mariyam Hameed

Chief Compliance Officer

All Bank's policies under the mandate of the ANR Committee were reviewed during the year. Amendments to the following policies were recommended to, and approved by, the Board.

- Provident Fund Rules
- Human Resources Policy
- Employee Handbook
- ANR Committee Charter
- Directors Selection Guideline

The Committee also reviewed the following:

- Implications of Covid-19 and the implementation of plans for ensuring the health and well-being of Bank employees
- Organization Structure of the Bank
- Performance Review of CEO & MD and Performance Objectives of CEO & MD for 2021

- Performance Management and Bonus process for the year 2020
- Annual Performance Bonus for the year 2020
- Succession and Talent Management Plan
- Appointment of members for the Bank's Shari'ah Advisory Committee (SAC)
- Renewal of Company Secretary Agreement
- Applications received for Public Directorship position
- Nominations for the Nominee Directorship positions

On behalf of the Appointment, Nomination and Remuneration Committee:

Abdulla Hassan

Chairperson
Appointment, Nomination and Remuneration Committee

AUDIT COMMITTEE REPORT

The Audit Committee was originally established in 2008 in accordance with Article 69 of the AOA of the Bank, Section 1.8 (c) of the CG Code issued by the CMDA with a membership of three directors. Subsequent to a review of the Bank's organizational structure in 2009, a risk function was incorporated into the terms of reference of the Committee, and it was renamed as the Audit and Risk Management Committee. With the increased scope of work, the membership of the Committee was increased to 5 members. The 15th Audit Committee of the Bank was reconstituted after the 38th Annual General Meeting.

The Bank's Board of Directors, during their meeting held on 15th July 2021 resolved to separate ARM Committee into two separate committees namely Audit Committee and Risk Committee in view of the scope, functions and the international best practices of corporate governance. The Audit and Risk Management (ARM) Committee previously performed both functions of an Audit Committee and Risk Committee.

OBJECTIVES OF THE COMMITTEE

The primary purpose of the Audit Committee is to assist the Board in fulfilling its responsibilities relating to:

- Oversee the integrity of the Bank's financial statements and the Bank's accounting and financial reporting processes and financial audits;
- Oversee the Bank's compliance with legal and regulatory requirements;
- Oversee the internal and external auditor's qualification, appointment, remuneration, independence and dismissal;
- Oversee the performance of the Bank's external auditor and internal audit function;
- Oversee the Bank's systems of disclosure controls and procedures;
- Oversee the Bank's internal controls over financial and compliance reporting;
- Oversee the Bank's compliance with internal policies and procedures adopted by the Bank;
- Review and recommend the quarterly and annual financial statements to the Board;
- Recommend interim and final dividend of the Bank to the Board;
- Review and approve the scope of audit, procedure and frequency;
- Receive key audit reports and ensure management is taking necessary corrective action in a timely manner to address control weaknesses and other control functions;
- Oversee the effectiveness and efficacy of whistle blowing system; and
- Review and place for approval necessary policies of the Bank.

COMPOSITION AND FREQUENCY OF MEETINGS

The Committee is composed solely of Non-Executive Directors, with membership designed to provide the breadth of financial expertise and commercial acumen it needs to fulfil its responsibilities. Its members as a whole have recent and relevant experience of the banking and financial services sector, in addition to general management and commercial experience, and are financially literate. During 2021, the Committee met 27 times and the table below shows its membership and attendance details.

DIRECTORS	MEETINGS ATTENDED	MEETINGS TO ATTEND
Mr. Ahmed Mohamed[1]	10	10
Ms. Juwairiya Saeed	25	27
Mr. Ibrahim Mohamed	27	27
Mr. Mohamed Abdul Sattar[2]	12	17
Mr. Najeem Ibrahim Zakariyya[2*]	17	17
Mr. Hussain Thoufeeq Ali[2]	17	17
Mr. Abdulla Hassan[1]	10	10
Mr. Mohamed Sharah[1]	10	10

COMMITTEE ACTIVITIES

All Bank's policies under the mandate of the Audit Committee were reviewed during the year. Amendments to the following policies were recommended to, and approved by, the Board of Directors.

- Record Retention Policy
- Payment System Policy
- Information Security Policy
- Cyber Security Policy
- Compliance Policy
- Credit Policy
- Collateral Policy
- Delegation of Authority Policy
- Capital Policy
- IFRS 9 Impairment Policy
- Procurement Policy
- Audit Committee Charter

The following new policies were reviewed and recommended for approval of the Board.

- Politically Exposed Persons (PEP) Policy
- Whistleblower Policy
- Dividend Distribution Policy

The Committee also reviewed the following:

- Bank's Financial Statements for the year 2020
- External Auditor's Management Letter for the year 2020 and Report on Reliability of Internal Controls
- Proposals regarding the appointment of External Auditors for the year 2021
- Internal Audit Plan for the year 2021
- Interview for the position of Chief Compliance Officer
- Internal Audit Reports, including Quarterly Report
- Quarterly Financial Statements
- MMA's Financial Intelligence Unit Onsite Examination Report
- Forensic Audit Report of Card function by Grant Thornton (GT)
- Proposed final Dividend for 2020
- Transfer of Retained Earnings to

[1] Appointed after the 38th Annual General Meeting held on 15th July 2021.
[2] Tenure ended after the 38th Annual General Meeting held on 15th July 2021.
[*] Chairperson of the Committee until 15th July 2021.

General Reserve

- Proposal regarding Chief Internal Auditor (CIA) and Terms of Reference of CIA
- Minutes of the Shari'ah Advisory Committee
- Housing Sector Review
- Unsecured Exposure Limits
- Compliance Report of Laws Regulations and Internal Policies and Procedures mandated under MMA Regulation on Corporate Governance for Banks, Insurance companies and Finance companies
- Draft Regulation on the Audit and Accountability of Companies with Government of Maldives Shareholding and State Financial Institutions issued by Auditor General's Office
- MMA Shari'ah Governance Framework
- PWC Engagement Letter 2021

INTERNAL CONTROLS

To further reinforce the internal control mechanisms of the Bank, the Committee, with the assistance of the Chief Internal Auditor (CIA) and the Internal Audit Department (IAD), reviewed the effectiveness of the Bank's internal controls, which includes financial, operational, and compliance controls, and procedures for the identification, assessment and reporting of risks.

The IAD tests and validates the adequacy of internal controls and reports directly to the Audit Committee of the Board. As per the approved Audit Plan, the CIA reported to the Committee on a quarterly basis. Action points were highlighted and conveyed to the management to strengthen internal controls.

The Bank has instituted adequate internal control systems commensurate with nature of its business and to the size of operations. The Committee is satisfied that the Bank's internal controls are adequate.

Read more about Bank's internal control and risk management processes on pages 43 to 46.

WHISTLEBLOWING

The Bank is committed to the highest standards of accountability and probity. A Whistleblower Policy has been implemented which provides the channels to report wrongdoings by employees and/or other stakeholders whilst ensuring the integrity of the process and information and also protecting the rights of informants. The implementation of this policy enables the Bank to address such concerns that may adversely affect the reputation and interests of the Bank more effectively.

Employees are also encouraged to raise concerns through the usual escalation channels, to their Line Manager, as well as Human Resources or Compliance Department.

In 2021, a total of 8 whistles were reviewed and addressed by the Committee. These included issues relating to card fraud, people, compromised confidential information and unauthorized access. All whistles were deliberated by the Committee and forwarded to management for necessary action. Whistle blowing options are available on the Bank's website and intranet website to all staff.

EXTERNAL AUDIT

PWC were appointed as the Bank's External Auditors with the approval of shareholders in the 38th Annual General Meeting held on 15th July 2021. PWC are among the leading professional services networks providing Assurance, Tax and Advisory services in the world.

The Committee:

- Met with key members of the PWC audit team to discuss the 2021 Audit Plan and areas of focus
- Assessed reports from PWC on the progress of the 2021 audit and any material accounting controls identified
- Discussed PWC's feedback on Bank's critical accounting estimates and judgements
- Discussed PWC's draft report and the draft opinion and considered that the PWC had maintained its independence and objectivity and that the audit process was effective.

In order to safeguard the auditor's independence and objectivity, during 2021, the external auditors have not provided any non-audit related services to the Bank.

On behalf of the Audit Committee:

Ahmed Mohamed

Chairperson
Audit Committee

CORPORATE GOVERNANCE COMMITTEE REPORT

The Bank's Board of Directors, on 28th June 2020 resolved to establish a Corporate Governance (CG) Committee in accordance with Article 60 of the AOA of the Bank. The 3rd CG Committee was reconstituted after the 38th Annual General Meeting held on 15th July 2021. Following the Bank's EGM held on 24th October 2021, the CG Committee was reconstituted for the 4th time by the Board on 22nd November 2021.

The CG Committee assists the Board in maintaining high standards of corporate governance by developing, recommending and monitoring effective guidelines and procedures applicable to the Bank and in establishing the Bank as a recognized leader in corporate governance.

The primary roles and responsibilities of the CG Committee are:

- Assist the Board in implementing Bank's policies with good governance practice.
- To assist the Board in overseeing the processes by which the Bank, its Board and Board Committees are governed.
- Annually reassess the governance guidelines and recommend necessary revisions to the Board.
- Develop charters for any new Board committees and review the charters of the existing committees and recommend amendments to the Board.
- Assist the Board in reviewing the status of Bank's corporate governance compliance pertaining to the relevant codes and regulations.
- Pro-actively monitor corporate governance developments locally and globally and implement such practices where appropriate.
- Oversee the implementation of the Bank's Conflict of Interest Policy with respect to Board members.
- Conducting an independent review of the governance framework as may be required.
- Advise the Board on the eligibility and/or independence of Board members.
- Review any conflict of interest issues relating to the Board and recommend appropriate remedies to the Board.
- Ensuring periodic evaluation of the Board and the Committees and submit written reports on evaluation results to the Board, suggesting improvement, if any.

COMPOSITION AND FREQUENCY OF MEETINGS

The Committee comprises solely of Non-Executive Directors. Details of membership and attendance for the year 2021 are set out below.

DIRECTORS	MEETINGS ATTENDED	MEETINGS TO ATTEND
Mr. Abdulla Naseem[3]	01	01
Mr. Ahmed Mohamed**	16	16
Ms. Juwairiya Saeed	16	16
Mr. Ibrahim Mohamed	16	16
Mr. Najeem Ibrahim Zakariyya[2]	08	08
Mr. Hussain Thoufeeq Ali[2]	07	08
Mr. Mohamed Sharah[4]	06	07
Mr. Abdulla Hassan[4]***	07	07
Ms. Aishath Sajny[3]	01	01

COMMITTEE ACTIVITIES

All Bank's policies under the mandate of the CG Committee were reviewed during the year. Amendments to the following policies were recommended to, and approved by, the Board of Directors.

- Insider Trading Policy
- Conflict of Interest Policy

The following new guideline was reviewed and recommended for approval of the Board.

- Directors Selection Guideline

The Committee also reviewed the following:

- Revised draft of CG Code by CMDA
- Amendments to the Bank's AOA
- Bank's Corporate Governance Evaluation Report by Institutional Investor Advisory Services (IiAS)
- Draft Board Charter
- Board Evaluation Forms of Board, Chairperson, Sub-Committees and Individual Director
- Directors Governance Reports and Board Sub-Committee Reports of Annual Report 2020
- Corporate Governance Action Plan of International Finance Corporation (IFC)
- Charters of the Sub-Committees of the Board
- Draft 38th Annual General Meeting Minutes
- List of Internal Policies of the Bank
- Composition of the Board Sub-Committee

On behalf of the Corporate Governance Committee:

Abdulla Naseem

Chairperson
Corporate Governance Committee

[1] Appointed after the 38th Annual General Meeting held on 15th July 2021.
[2] Tenure ended after the 38th Annual General Meeting held on 15th July 2021.
[3] Appointed after reconstitution on 22nd November 2021.
[4] Appointed after 38th Annual General Meeting held on 15th July 2021 and stepped down on 22nd November 2021.
* Chairperson of the CG Committee from 5th December 2021.
** Chairperson of the CG Committee till 18th August 2021.
*** Chairperson of the CG Committee from 18th August 2021 to 5th December 2021.

RISK COMMITTEE REPORT

Subsequent to a review of the Bank's organizational structure during 2009, a risk function was incorporated into the terms of reference of the Audit Committee. The Committee was renamed as the Audit and Risk Management (ARM) Committee and with the increased scope of work, the membership of the Committee was increased from 3 members to 5 members. The functions of the Risk Committee was performed by the ARM Committee till the 38th AGM held on 15th July 2021.

The Bank's Board, on 15th July 2021 resolved to separate ARM Committee to two committees, namely Audit Committee and Risk Committee based on the international best practices and good corporate governance. The 1st Risk Committee was constituted after the 38th AGM in accordance with Article 60 of the AOA of the Bank. Following the Bank's EGM held on 24th October 2021, the Risk Committee was reconstituted for the 2nd time by the Board on 22nd November 2021.

OBJECTIVES OF THE COMMITTEE

The primary purpose of the Risk Committee is to assist the Board in fulfilling its responsibilities relating to:

- Review the Bank's risk strategy, risk tolerance and risk appetite, which the Board of Directors considers acceptable, keeping in mind current and potential future risks and the operating environment;
- Oversee the Bank's risk culture;
- Review the Bank's position in relation to regulatory risk requirements and advice on best practice in risk matters;
- Examine the adequacy and effectiveness of Bank's risk management framework, which shall cover principles, policies, guidelines, instructions, methodologies, systems, processes, procedures and people;
- Review the Bank's reputation, non-financial risks, enterprise management risks, business continuity plans and safety strategies;
- Assist the Board of Directors in overseeing the implementation of the risk strategy and the corresponding tolerance limits set;
- Review any third party opinions on the design and effectiveness of the overall risk governance framework and internal control systems of the Bank; and
- Review and place for approval necessary policies of the Bank.

COMPOSITION AND FREQUENCY OF MEETINGS

The Committee comprises solely of Non-Executive Directors, with members who has the basic experience and competencies of risk management and control practices. During 2021, the Committee met six times and the table below shows its membership and attendance details.

DIRECTORS	MEETINGS ATTENDED	MEETINGS TO ATTEND
Mr. Mohamed Sharah	06	06
Mr. Ahmed Mohamed	06	06
Ms. Juwairiya Saeed	06	06
Mr. Ibrahim Mohamed	06	06
Mr. Abdulla Hassan[1]	05	05
Ms. Aishath Sajny[2]	01	01

COMMITTEE ACTIVITIES

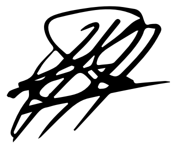
All Bank's policies under the mandate of the Risk Committee were reviewed during the year. Amendments to the following policies were recommended to, and approved by, the Board of Directors.

- Strategic Plan Policy
- Fixed Asset Management Policy
- Procurement Policy
- Asset Liability Management Policy
- Anti-Money Laundering/Countering Financing of Terrorism (AML/CFT) Policy
- Business Continuity Management Policy
- Operational Risk Policy
- Marketing Policy
- Risk Appetite Statement and Framework
- Fraud Risk Management Policy
- Anti-Bribery and Corruption Policy
- Physical Security Policy

The Committee also reviewed the following:

- Charter of the Risk Committee
- Risk Reports, including Quarterly Report

On behalf of the Risk Committee:



Mohamed Sharah

Chairperson
Risk Committee

[1] Stepped down after the reconstitution of Risk Committee on 22nd November 2021
[2] Appointed after reconstitution of Risk Committee on 22nd November 2021

SHARI'AH ADVISORY COMMITTEE REPORT

The Shari'ah Advisory Committee (SAC) was established by the Board of Directors to advise on the operations of the Bank's Islamic Banking window, "BML Islamic", and to ensure its operations are Shari'ah compliant. The SAC provides its opinions with due regard to the regulations of the Maldives Monetary Authority (MMA) and the opinions of the Shari'ah Council of MMA.

In carrying out the roles and responsibilities of the SAC as prescribed in the Islamic Banking Regulation 2011, we hereby submit the following report for the financial year ended 31 December 2021;

It is the responsibility of the Management to ensure that BML Islamic's activities are carried out in a Shari'ah compliant manner and in accordance with the Shari'ah Compliance Manual endorsed by the SAC. A dedicated Shari'ah Department is in place at the Bank to continuously monitor the activities of BML Islamic and to report directly to the SAC.

During 2021, the Shari'ah Department submitted four quarterly reports to the SAC detailing its monitoring of BML Islamic's operations, the degree of compliance, and the steps taken to strengthen operations. In addition, BML Islamic has also disclosed its Quarterly Financial Reports to the SAC. On that note, we, being the members of the SAC, do hereby confirm that, with the exception of identified issues that are being remedied or resolved, in our opinion:

(a) nothing has come to the SAC's attention that causes the SAC to believe that the operations, business, affairs and activities of the Bank involve any material Shari'ah non-compliance; and

(b) all earnings that have been realised from sources or by means prohibited by Shari'ah principles have been channeled to the Charity Fund.

Therefore, in our opinion, the operations of BML Islamic for the financial year ended 31 December 2021 have been conducted in accordance with the rules and principles of Islamic Shari'ah and the guidelines and directives given by the Shari'ah Advisory Council of MMA and the Bank's SAC.

We pray to Allah the Almighty to grant us success and the path of continued guidance.

Sheikh Mahomed Shoaib Omar
Chairman

Mufti Yusuf Suliman
Member

Asst Professor Dr. Ziyaad Mahomed
Member

Uza. Aishath Khaleela Abdul Sattar
Member

AUDITOR'S REPORT

Independent auditor's report

To the Shareholders of Bank of Maldives Plc

Our opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Bank of Maldives Plc ("the Bank") as at 31 December 2021, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited

The financial statements of the Bank, which comprise:

- the statement of financial position as at 31 December 2021;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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.

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Partners D.T.S.H. Mudalige FCA, C.S. Manoharan FCA, T.U. Jayasinghe FCA
Resident Partner Jatindra Bhattray FCA

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Key audit matter	How our audit addressed the Key audit matter
Impairment of loans and advances	
Refer to Note 18 of 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 2021, 40% of the total assets of the bank consisted of loans and advances amounting to MVR 15.6 billion shown net of loss allowance of MVR 1.7 billion. The loss allowance in respect of loans and advances represent management's best estimate of the impairment loss incurred and expected within the loan portfolio at the reporting date. The loss allowance had been calculated using statistical methods and historical collection trends adjusted for forward-looking information. Significant estimates and assumptions used by the management in such calculations and the basis for impairment allowance is disclosed in Note 34.4 and 3.7.3.	- Tested the completeness of the loans and advances considered in the loan loss calculation by checking the mathematical accuracy of the listing obtained and matched the outstanding balances with the general ledger. - Assessed the reasonableness of management's estimated future recoveries of individual customer loans and advances including the expected future cash flows, discount rates and valuation of collateral held by testing the key underlying assumptions and evaluating the process by which those were drawn up. - Tested the accuracy and completeness of underlying information in loans and advances used in the expected loan loss allowance calculation, such as disbursed and undisbursed loan amounts, deposits, values of the collateral, aging and loan tenure periods by agreeing details with the respective customer statements and files on a sample basis. - Tested the methodology applied in the loan 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.
We have identified expected credit loss allowance for loans and advances as a key audit matter as the calculation of the loan loss allowance is a complex area and requires management to make significant assumptions and judgements.	- Assessed the adequacy of the related financial statement disclosures as set out on Notes 3.7.3 and 34.4 for compliance with required IFRS 9 disclosures. - Based on the work performed we found the estimation of impairment provision on loans and advances by the management had been based on reasonable assumptions and methodology.

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Other information

Management is responsible for the other information. The other information comprises the annual report for the year ended 31 December 2021 (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 auditor's 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.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board.

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 International Financial Reporting Standards (IFRS) 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, management is responsible for assessing the Bank'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 Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank'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 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 Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 Bank'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 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 Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, 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 the ethical requirements in accordance with IESBA Code of Ethics 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, related safeguards.

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 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 Jatindra Bhattray.

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29 March 2022

For PRICEWATERHOUSECOOPERS

Jatindra Bhattray
Partner

FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2021

(All amounts in MVR '000 unless otherwise stated)

	Notes	2021	2020
Gross income	4	3,930,630	2,684,270
Interest income	5	2,151,889	1,884,585
Interest expense	5	(195,972)	(179,055)
Net interest income	5	1,955,917	1,705,530
Fees and commission income	6	1,156,672	719,363
Fees and commission expense	6	(491,709)	(264,558)
Net fee and commission income	6	664,963	454,805
Net foreign exchange income	7	55,436	53,277
Other operating income	8	566,633	27,045
Total operating income		3,242,949	2,240,657
Credit impairment losses	9	(91,658)	(1,227,561)
Net operating income		3,151,291	1,013,096
Personnel expenses	10	(333,885)	(280,924)
Other operating expenses	11	(280,714)	(281,801)
Total operating expenses		(614,599)	(562,725)
Profit before tax		2,536,692	450,371
Income tax expense	12	(674,673)	(125,304)
Net profit for the year		1,862,019	325,067
Other comprehensive income net of tax			
Items that will not be reclassified to profit or loss			
Net gains on re-measuring of FVOCI equity investments		(1,550)	35,741
Net income tax relating to components of re-measuring of equity investments	12.3	389	(8,936)
Other comprehensive income for the year net of tax		(1,161)	26,805
Total comprehensive income for the year		1,860,858	351,872
Earnings per share - Basic/diluted (MVR)	13	346	60

The accounting policies and notes on pages 103 through 170 form an integral part of the financial statements.

BANK OF MALDIVES PLC

STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

(All amounts in MVR '000 unless otherwise stated)

	Notes	2021	2020
Assets			
Cash and cash equivalents	15	5,546,920	1,781,676
Statutory deposit with Maldives Monetary Authority	16	2,971,388	3,086,212
Financial assets at amortized cost	19	7,279,367	6,433,845
Placements with banks	17	5,615,984	4,075,833
Loans and receivables to customers	18	15,556,667	14,459,899
Financial assets at FVOCI	21	243,616	245,166
Property, plant and equipment	22	523,321	528,169
Right-of-use assets	23	158,412	156,166
Intangible assets	24	94,920	78,636
Deferred tax assets	12.3	149,718	192,259
Other assets	25	810,673	387,552
Total assets		38,950,986	31,425,413
Liabilities			
Due to customers	26	27,331,592	21,929,169
Term debt and other borrowed funds	27	1,139,233	906,706
Lease liability	28	151,726	144,059
Income tax liability	12.2	427,559	191,660
Other liabilities	29	1,100,352	1,234,304
Total liabilities		30,150,462	24,405,898
Equity			
Share capital	30	362,096	362,096
Retained earnings		1,865,539	328,587
Other reserves	31	6,572,889	6,328,832
Total equity		8,800,524	7,019,515
Total liabilities and equity		38,950,986	31,425,413
Commitments and contingencies	34.4.10	1,249,010	1,549,978

The Board of Directors are responsible for the preparation and presentation of these financial statements. Signed for and on behalf of the Board by;

………...…………………	………...…………………	. ………...…………………
Nandana Senevirathne	Timothy Sawyer	Ahmed Mohamed
Chief Financial Officer	CEO and Managing Director	Audit Committee Chairperson

The accounting policies and notes on pages 103 through 170 form an integral part of the financial statements.

24 March 2022

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BANK OF MALDIVES PLC

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2021

(All amounts in MVR '000 unless otherwise stated)

		Share capital		Reserves							
	Notes	Ordinary voting shares	Share premium	Retained earnings	Statutory reserve	Assigned capital reserve	General reserve	Revaluation reserve	FVOCI reserve	for loan loss provision	Total
Balance at 1 January 2020		269,096	93,000	1,042,647	150,000	6,000	4,972,329	116,790	156,831	-	6,806,693
Net profit for the year		-	-	325,067	-	-	-	-	-	-	325,067
Other comprehensive income net of tax		-	-	-	-	-	-	-	26,805	-	26,805
Dividends to equity holders	14.1	-	-	(139,930)	-	-	-	-	-	-	(139,930)
Transfer to general reserves		-	-	(902,717)	-	-	902,717	-	-	-	-
Deferred tax on excess depreciation	12.3	-	-	-	-	-	-	880	-	-	880
Depreciation transfer on revaluation assets		-	-	3,520	-	-	-	(3,520)	-	-	-
Balance as at 31 December 2020		269,096	93,000	328,587	150,000	6,000	5,875,046	114,150	183,636	-	7,019,515
Net profit for the year		-	-	1,862,019	-	-	-	-	-	-	1,862,019
Other comprehensive income net of tax		-	-	-	-	-	-	-	(1,161)	-	(1,161)
Dividends to equity holders	14.1	-	-	(80,729)	-	-	-	-	-	-	(80,729)
Transfer to general reserves		-	-	(247,858)	-	-	247,858	-	-	-	-
Deferred tax on excess depreciation	12.3	-	-	-	-	-	-	880	-	-	880
Depreciation transfer on revaluation assets		-	-	3,520	-	-	-	(3,520)	-	-	-
Balance as at 31 December 2021		269,096	93,000	1,865,539	150,000	6,000	6,122,904	111,510	182,475	-	8,800,524

The accounting policies and notes on pages 103 through 170 form an integral part of the financial statements.

BANK OF MALDIVES PLC

STATEMENT OF CASH FLOWS

Year ended 31 December 2021

(All amounts in MVR '000 unless otherwise stated)

	Notes	2021	2020
Cash flows from operating activities			
Profit before tax		2,536,692	450,371
Adjustments for:			
Other non cash items included in profit before tax	36.2	(276,420)	1,176,920
Increase in operating assets	36.3	(3,423,653)	(6,034,281)
Increase in operating liabilities	36.4	5,619,520	5,252,767
Finance cost of lease		(12,239)	(12,971)
Adjustment in respect of Income tax of prior years		(21,871)	-
Income tax paid	12.2	(373,093)	(513,471)
Net cash flows generated from operating activities		4,048,936	319,335
Cash flows from investing activities			
Purchase of property, plant and equipment	22.2	(48,523)	(122,107)
Purchase of intangible assets	24	(29,521)	(22,330)
Proceeds from the sale of property, plant and equipment	22.9	345	1,352
Net cash flows used in investing activities		(77,698)	(143,085)
Cash flows from financing activities			
Principal element of lease liability paid	28	(6,743)	(16,856)
Dividends paid to equity holders		(199,251)	(132,094)
Net cash flows used in financing activities		(205,994)	(148,950)
Net increase in cash and cash equivalents		3,765,245	27,300
Cash and cash equivalents at 1 January		1,781,676	1,754,376
Cash and cash equivalents at 31 December	36.1	5,546,920	1,781,676

The accounting policies and notes on pages 103 through 170 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

(All amounts in MVR '000 unless otherwise stated)

1 Corporate information

1.1 Reporting entity

Bank of Maldives PLC (“the Bank”) is a public quoted company incorporated on 11 November 1982 (Reg. no. C-22/1982) with limited liability and domiciled in the Republic of Maldives. The registered office of the Bank is situated at 11, Boduthakurufaanu Magu, Male’ 20094, Republic of Maldives. The Bank is listed on the Maldives Stock Exchange.

1.2 Principal activities and nature of operations

The Bank provides a comprehensive range of financial services including corporate and retail banking, deposit services, treasury and investment services, project financing, trade financing, issuing of credit cards and debit cards, electronic banking and money remittance services. It is engaged in both conventional and Islamic banking.

2 Basis of preparation

2.1 Statement of compliance

The financial statements of the Bank, which comprise the statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes to the financial statements, have been prepared and presented in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

2.2 Approval of financial statements by the Board of Directors

The financial statements of the Bank for the year ended 31 December 2021 were authorized for issue by the Board of Directors (together referred to as the “Board”) in accordance with the resolution of the Board on 24 March 2022.

3 Summary of significant accounting policies

3.1 Basis of measurement

The financial statements of the Bank have been prepared on the historical cost basis, except for the following material items in the statement of financial position which are measured at fair value:

- Financial instruments at amortized cost.
- Financial instruments at fair value through other comprehensive income (FVOCI).
- Financial instruments at fair value through profit and loss (FVPL).
- Land and buildings at revalued value.

3.2 Functional and presentation currency

The financial statements of the Bank are presented in Maldivian Rufiyaa, which is the currency of the primary economic environment in which the Bank operates. Financial information presented in Maldivian Rufiyaa has been rounded to the nearest thousand unless indicated otherwise.

The Bank determines its own functional currency and items included in the financial statements are measured using that functional currency. There was no change in the Bank’s presentation and functional currency during the year under review.

3.3 Presentation of financial statements

The Bank’s items presented in their statements of financial position are grouped by nature and are listed in an order that reflects their relative liquidity and maturity pattern. No adjustments have been made for inflationary factors affecting the financial statements. An analysis of recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 37.

3.4 Materiality and aggregation

In compliance with IAS 1 Presentation of financial statements, each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or functions are also presented separately unless they are considered to be immaterial.

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expenses are not offset in the statement of comprehensive income unless required or permitted by accounting standards.

3.5 Comparative information

The accounting policies have been consistently applied by the Bank with those of the previous financial year in accordance with IAS 1 Presentation of financial statements. Further, information has been reclassified wherever necessary to provide better relative comparisons.

The details of any reclassification have been provided in Note 43.

3.6 Critical accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Bank's accounting policies.

This note provides an overview of the areas that involve a higher degree of judgement or complexity, and major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year. Detailed information about each of these estimates and judgements is included in the related notes together with information about the basis of calculation for each affected line item in the financial statements.

3.6.1 Going concern

The Board of Directors made an assessment of the Bank'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 Bank's ability to continue as a going concern and it does not intend either to liquidate or to cease the Bank's operations. Therefore, the financial statements continue to be prepared on the going concern basis.

3.6.2 Fair value of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility. The valuation of financial instruments is described in more detail in Note 33 to the financial statements.

3.6.3 Measurement of the expected credit loss (ECL) allowance

The measurement of ECL allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 34.4.3.3, which also sets out key sensitivities of the ECL to changes in these elements.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risks.
- Choosing appropriate models and assumptions for the measurement of ECL.
- Establishing the number and relative weightings of forward-looking scenarios and the associated ECL.
- Establishing groups of similar financial assets for the purposes of measuring ECL.

Detailed information about the judgements and estimates made by the Bank in the above areas is set out in Note 34.4.3.

3.6.4 Fair value of property, plant and equipment

Land and buildings of the Bank are reflected at fair value. The Bank engaged independent valuation specialists to determine the fair value of land and buildings. When current market prices of similar assets are available, such evidence is considered in estimating fair values of these assets.

3.6.5 Useful life time of property, plant and equipment and intangible asset

The Bank reviews the residual values, useful lives and methods of depreciation of property, plant and equipment and intangible assets at each reporting date. Judgment of the management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty.

3.6.6 Estimating the incremental borrowing rate

As the Bank cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate (‘IBR’) to measure the lease liabilities. The IBR is the rate of interest that the Bank would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

3.7 Financial instruments – initial recognition, classification and subsequent measurement

3.7.1 Initial recognition

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

3.7.2 Initial measurement of financial instruments

At initial recognition, the Bank 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, 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. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI, as described in Note 34.4.3, 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 realised through settlement.

3.7.3 Financial assets

(i) Classification and subsequent measurement of financial assets

The Bank has applied IFRS 9 and classifies its financial assets in the following measurement categories:

- Amortised cost; or
- Fair value through other comprehensive income (FVOCI).

The classification requirements for debt and equity instruments are described below:

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables purchased from clients in factoring arrangements without recourse.

Classification and subsequent measurement of debt instruments depend on:

- The Bank's business model for managing the asset; and
- The cash flow characteristics of the asset.

Based on these factors, the Bank classifies its debt instruments into one of the following two measurement categories:

- **Amortised 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 amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in Note 34.4.3. Income from these financial assets is included in 'interest income' using the effective interest rate method.

- **Fair value through other comprehensive income (FVOCI):** Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised as 'net investment income'. Income from these financial assets is included in 'interest income' using the effective interest rate method.

Business model: the business model reflects how the Bank manages the assets in order to generate cash flows. That is, whether the Bank's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL. Factors considered by the Bank in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. For example, the Bank's business model for the mortgage loan book is to hold to collect contractual cash flows, with no resulting derecognition by the Bank. Another example is the liquidity portfolio of assets, which is held by the Bank as part of liquidity management and is generally classified within the hold to collect and sell business model. Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVPL.

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Bank assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Bank considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The Bank reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. No reclassifications were done during the year.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The Bank subsequently measures all equity investments at fair value through profit or loss, except where the Bank's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Bank's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as other income when the Bank's right to receive payments is established.

Gains and losses on equity investments at FVPL are included in the 'net trading income' line in the statement of profit or loss.

Financial assets at amortized cost

Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments and fixed maturities, which the Bank has the intention and ability to hold to maturity. After the initial recognition, financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EIR. The amortisation is included in 'interest income' in the statement of comprehensive income. The losses arising from impairment of such investments are recognised in 'credit impairment losses' in the statement of comprehensive income.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of comprehensive income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss and recorded as part of 'interest income'.

Financial assets measured at amortised cost are given under notes below.

Debt instruments and placements with banks

After initial measurement, these assets are subsequently measured at amortised cost (gross carrying amount using the EIR, less provision for impairment). Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortisation is included in "Interest Income" while the losses arising from impairment are recognised in "impairment charges for loans and other losses" in the statement of comprehensive income.

Loans and receivables to customers

Loans and receivables to customers include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- Those that the Bank intends to sell immediately or in the near term and those that the Bank, upon initial recognition, designates at fair value through profit or loss.
- Those that the Bank, upon initial recognition, designates as FVOCI.
- Those for which the Bank may not recover substantially all of its initial investment, other than because of credit deterioration.

Loans and receivables to customers are initially recognised at amortised cost, which is the cash consideration to originate the loan including any transaction costs and carried subsequently with accrued interest. Interest on loans and receivables is included in the statement of comprehensive income and is reported as 'interest income'. In the case of impairment, the impairment loss is reported as a deduction from the carrying value of the loan and receivable and recognised in the statement of comprehensive income as 'credit impairment losses'.

Details of loans and receivables to customers are given in Note 18 to the financial statements.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, balances with banks, and money at call and short notice that are subject to an insignificant risk of changes in their value.

Cash and cash equivalents are carried at amortised cost in the statement of financial position. Details of cash and cash equivalents are given in Note 15 to the financial statements.

For the purpose of the statement of cash flow, cash and cash equivalents consist of cash and short term deposits as defined above.

Financial assets at fair value through other comprehensive income (FVOCI)

Financial assets at FVOCI includes both quoted and unquoted equity. Equity investments classified as FVOCI are financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL. The Bank has not designated any loans or receivables as FVOCI. After initial measurement, financial assets are subsequently measured at fair value. Unrealised gains and losses are recognised directly in the statement for other comprehensive income as part of equity. When the investment is disposed off, the cumulative gain or loss previously recognised in equity is recognised, in the statement of comprehensive income in 'net gain/ (loss) from financial investments'. Where the Bank holds more than one investment in the same security, they are deemed to be disposed off on a first-in first-out basis. Dividends earned whilst holding financial investments' are recognised in the statement of comprehensive income as 'net gain/ (loss) from financial investments' when the right of the payment has been established. The losses arising from impairment of such investments are recognised in 'impairment for loans and other losses' in the statement of comprehensive income and removed from equity.

For FVOCI financial investments, the Bank assesses at each reporting date whether there is objective evidence that an investment is impaired.

In the case of debt instruments classified as FVOCI, the Bank assesses individually whether there is objective evidence of impairment based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of comprehensive income. Future interest income is based on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. This interest income is recorded as part of interest income under 'loans and receivables to customers'. If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to a credit event occurring after the impairment loss was recognised in the statement of comprehensive income, the impairment loss is reversed through the statement of comprehensive income.

The Bank writes off financial assets at FVOCI when they are determined to be uncollectible.

(ii) Impairment

The Bank assesses on a forward-looking basis the expected credit losses (‘ECL’) associated with its debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Bank recognises 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;
- The time value of money; and
- 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.

Loss allowance is based on the expected credit losses associated with the probability of default for the next twelve months, unless there has been a significant increase in credit risk since origination, in which case the allowance is based on the probability of default over the life of the asset.

The Bank performs an assessment at the end of each reporting period to determine whether credit risk has increased significantly since initial recognition. This is done by considering the change in the risk of default occurring over the remaining life of the financial instrument.

To calculate ECL, the Bank estimated the risk of a default occurring on the financial instrument during its expected life. ECLs are estimated based on the present value of all cash shortfalls over the remaining expected life of the financial asset, i.e. the difference between:

- The contractual cash flows that are due to the Bank under the contract, and
- The cash flows that the Bank expects to receive, discounted at the effective interest rate of the loan.

The Bank classifies its financial instruments as Stage 1, Stage 2 and Stage 3, based on the applied impairment methodology, as described below:

- Stage 1 – Performing loans: when loans are first recognised, the Bank recognises an allowance based on 12-month expected credit losses.
- Stage 2 – Underperforming loans: when a loan shows a significant increase in credit risk, the Bank records an allowance for the lifetime expected credit loss.
- Stage 3 – Credit impaired loans: the Bank recognises the lifetime expected credit losses for these loans. In addition, in Stage 3 the Bank accrues interest income on the amortised cost of the loan net of allowances.

Forward looking information

The Bank incorporated forward-looking information into the measurement of ECLs (refer Note 34.4.3.4).

Limitation of estimation techniques

The models applied by the Bank may not always capture all characteristics of the market at a point in time as they cannot be recalibrated at the same pace as changes in market conditions. Although the Bank will use data that is as current as possible, models used to calculate ECLs will be based on data that is one month in arrears and adjustments will be made for significant events that occur prior to the reporting date.

(iii) Modification of loans

The Bank sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Bank assesses whether or not the new terms are substantially different to the original terms. The Bank 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.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Change in the currency the loan was originally denominated in.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Bank derecognises the original financial asset and recognises a ‘new’ asset at 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 Bank also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised 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 Bank 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 flows at the original effective interest rate.

The impact of modifications of financial assets on the expected credit loss (ECL) calculation is discussed in Note 34.4.7.

(iv) 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 Bank transfers substantially all the risks and rewards of ownership, or (ii) the Bank neither transfers nor retains substantially all the risks and rewards of ownership and the Bank has not retained control.

The Bank enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as ‘pass through’ transfers that result in derecognition if the Bank:

- Has no obligation to make payments unless it collects equivalent amounts from the assets.
- Is prohibited from selling or pledging the assets.
- Has an obligation to remit any cash it collects from the assets without material delay.

Collateral (shares and bonds) furnished by the Bank under standard repurchase agreements and securities lending and borrowing transactions are not derecognised because the Bank retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met. This also applies to certain securitisation transactions in which the Bank retains a subordinated residual interest.

3.7.4 Financial liabilities

(i) Classification and subsequent measurement

In both the current and prior period, financial liabilities are classified as subsequently measured at amortised cost,

- Financial liabilities at amortised cost: Financial instruments issued by the Bank that are not designated at fair value through profit or loss, are classified as liabilities under 'due to banks', 'due to customers' and 'debt issued and other borrowed funds' as appropriate, where the substance of the contractual arrangement results in the Bank having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares at amortised cost using the EIR method.

  After initial recognition, such financial liabilities are substantially measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the EIR. The EIR amortisation is included in 'interest expenses' in the statement of comprehensive income. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the EIR amortisation process.

  The details of the Bank's financial liabilities at amortised cost are shown in Note 26,27,28 and Note 29 to the financial statements.
- Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition, whereby a financial liability is recognised for the consideration received for the transfer. In subsequent periods, the Bank recognises any expense incurred on the financial liability; and
- Financial guarantee contracts and loan commitments (refer Note 3.8).

(ii) Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

The exchange between the Bank and its original lenders of debt instruments with substantially different terms, as well as substantial modifications 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 present 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 terms 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.

3.8 Financial guarantee contracts and loan commitments

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- The amount of the loss allowance (calculated as described in Note 34.4.3); and
- The premium received on initial recognition less income recognised in accordance with the principles of IFRS 15.

Loan commitments provided by the Bank are measured as the amount of the loss allowance (calculated as described in Note 34.4.3). The Bank has not provided any commitment to provide loans at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

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

3.9 Foreign currency transactions and balances

All foreign currency transactions are translated into the functional currency, which is Maldivian Rufiyaa, using the exchange rates prevailing at the dates after the transactions were effected.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Maldivian Rufiyaa using the mid exchange rate (simple average of buy and sell exchange rates) applying at that date and all differences arising on non-trading activities are taken to other operating income in the statement of comprehensive income.

Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items in foreign currency measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Foreign exchange differences arising on the settlement or reporting of monetary items at rates different from those which were initially recorded are dealt with in the statement of comprehensive income.

3.10 IFRS 16 Leases

At inception of a contract, the Bank 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 Bank uses the definition of a lease in IFRS 16. This policy is applied to contracts entered on or after 1st January 2019.

3.10.1 The Bank's leasing activities and how these are accounted for

The Bank leases various offices and godowns as leased buildings and rental contracts are typically made for fixed periods of 12 months to 7 years, but may have extension options as described in (Note 3.10.5) below.

Leases of real estate for which the Bank is a lessee, has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. None of the Bank's leased assets are used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Bank."

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed lease payments (including in-substance fixed payments).

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Bank, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Bank uses a build-up approach that starts with a third party reference rate adjusted for credit risk for leases held by the Bank, and made adjustments on criterias such as term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date
- Any initial direct costs, and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Bank is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Bank revalues its land and buildings that are presented within property, plant and equipment, has chosen not to do so for the right-of-use buildings held by the Bank.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

3.10.2 Short-term leases and leases of low-value assets

The Bank has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. Short term leases are leases with a lease term of 12 months or less. Low-value assets comprise underlying asset value of which is less than USD 5,000.

3.10.3 Practical expedients applied

In applying IFRS 16, the Bank has used the following practical expedients permitted by the standard:

- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 January 2019
- Payments of operating leases with low-value assets are recognised on a straight line basis as an expense to statement of comprehensive income, under other operating expenses
- Excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- Using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

3.10.4 Lessor accounting

The Bank did not hold assets in the form of a lessor under any operating lease agreement.

3.10.5 Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Bank. These are used to maximise operational flexibility in terms of managing the assets used in the Bank's operations. The majority of extension and termination options held are exercisable only by the Bank and not by the respective lessor.

3.11 Property, plant and equipment

Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services, for rental to others or for administrative purposes and are expected to be used during more than one period. The Bank applies the requirements of the IAS 16 - Property, plant and equipment in accounting for these assets.

3.11.1 Recognition

Property, plant and equipment are recognised if it is probable that future economic benefits associated with the asset will flow to the Bank and the cost of the asset can be reliably measured.

3.11.2 Measurement

An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost. Cost includes expenditure that is directly attributable to the acquisition of the asset and cost incurred subsequently to add to, replace part of, or service it. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of computer equipment.

3.11.3 Cost model

The Bank applies the cost model to property, plant and equipment except for freehold land and buildings and records at cost of purchase or construction together with any incidental expenses thereon less accumulated depreciation and any accumulated impairment losses. Such costs include the cost of replacing part of the equipment when that cost is incurred, if the recognition criteria are met.

3.11.4 Revaluation model

The Bank applies the revaluation model to the entire class of freehold land and buildings. Such properties are carried at a revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Freehold land and buildings of the Bank are revalued every five years on a roll over basis to ensure that the carrying amounts do not differ materially from the fair values at the reporting date. On revaluation of an asset, any increase in the carrying amount is recognised in ‘other comprehensive income’ and accumulated in equity, under revaluation reserve or used to reverse a previous revaluation decrease relating to the same asset, which was charged to the statement of comprehensive income. In this circumstance, the increase is recognised as income to the extent of the previous write-down. Any decrease in the carrying amount is recognised as an expense in the statement of comprehensive income or debited in the other comprehensive income to the extent of any credit balance existing in the capital reserve in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in equity under capital reserves. Any balance remaining in the revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

3.11.5 Subsequent cost

The subsequent cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within that part will flow to the Bank and its cost can be reliably measured.

The costs of day to day servicing of property, plant and equipment are charged to the statement of comprehensive income as incurred. Cost incurred in using or redeploying an item is not included under carrying amount of an item.

(All amounts in MVR '000 unless otherwise stated)

3.11.6 Derecognition

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from derecognition of an item of property, plant and equipment is included in the statement of comprehensive income when the item is derecognised.

3.11.7 Depreciation

The Bank provides depreciation from the date the assets are available for use up to the date of disposal, at the following rates on a straight line basis over the periods appropriate to the estimated useful lives based on the pattern in which the asset's future economic benefits are expected to be consumed by the Bank of the different types of assets. Depreciation of an asset ceases at the earlier date that the asset is classified as held for sale or the date that the asset is derecognised. Depreciation does not cease when the assets become idle or is retired from active use unless the asset is fully depreciated.

Asset category	Depreciation rate per annum
Building freehold	2.85% - 4%
Building leasehold	25 years or lease term, whichever is shorter
Computer hardware	10% - 33.33%
Furniture and fittings	12.5% - 25%
Office equipment	25% - 33.33%
Motor vehicles / vessels	10% - 20%

3.11.8 Changes in estimates

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted prospectively as appropriate.

3.11.9 Capital work in progress

Capital work-in-progress is stated at cost. These are expenses of a capital nature directly incurred in the construction of buildings, major plant and machinery and system development, awaiting capitalisation.

Capital work-in-progress would be transferred to the relevant asset when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Capital work-in-progress is stated at cost less any accumulated impairment losses.

3.12 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance held for use in the production or supply of goods or services, for rental to others or for administrative purposes.

Details of intangible assets are given in Note 24 to the financial statements.

3.12.1 Basis of recognition

An intangible asset is recognised if it is probable that the future economic benefits that are attributable to the asset will flow to the entity and the cost of the assets can be measured reliably. An intangible asset is initially measured at cost.

(All amounts in MVR '000 unless otherwise stated)

3.12.2 Computer software

Cost of purchased licenses and all computer software costs incurred, licensed for use by the Bank, which are not integrally related to associated hardware, which can be clearly identified, reliably measured and it is probable that they will lead to future economic benefits, are included in the statement of financial position under the category intangible assets and carried at cost less accumulated amortisation and any accumulated impairment losses.

3.12.3 Subsequent expenditure

Expenditure incurred on software is capitalised only when it is probable that this expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance and this expenditure can be measured and attributed to the asset reliably. All other expenditure is expensed as incurred.

3.12.4 Derecognition of intangible assets

The carrying amount of an item of intangible asset is derecognised on disposal or when no future economic benefits are expected from its use. The gain or loss arising from de-recognition of an item of intangible asset is included in the statement of comprehensive income when the item is derecognised.

3.12.5 Amortisation of intangible assets

Intangible assets, except for goodwill, are amortised on a straight line basis in the statement of comprehensive income from the date when the asset is available for use, over the best estimate of its useful economic life based on a pattern in which the asset's economic benefits are consumed by the Bank. Amortisation methods, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate. The Bank assume that there is no residual value for its intangible assets.

Asset category	Useful life years
Computer software	5 - 10 years

3.12.6 Impairment of intangible assets not available for use

Intangible assets that are not available for use are tested annually for possible impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. As at the reporting date, the Bank does not have any intangible assets that have impaired.

3.13 Dividend payable

Provision for the final dividend is recognized at the time the dividend recommended and declared by the Board is approved by the shareholders. Interim dividend payable is recognised when the Board approves such dividend in accordance with the Companies Act No 10 of 1996 and Maldives Banking Act No 24 of 2010.

Dividends for the year that are declared after the reporting date are disclosed in Note 40 to the financial statements as an event after the reporting period in accordance with the IAS 10 - Events after the reporting period.

3.14 Employee benefits

3.14.1 Staff provident fund

The Bank operates a staff provident fund. All local employees of the Bank who have subscribed to the fund are the members of this fund to which the Bank contributes 3%. This contribution is recognised as an employee benefit expense in the statement of comprehensive income.

3.14.2 Retirement pension scheme

The Bank commenced its retirement pension scheme for employees on 1 May 2011. This is based on the Regulation on Maldives Retirement Pension Scheme published by the Government of Maldives. The Bank deducts 7% of pensionable wages from its employees and matches this contribution. The amount of the Bank's contribution is recognised as an employee benefit expense in the statement of comprehensive income.

3.15 Provisions

Provisions are recognised when the Bank has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management 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.

3.16 Fiduciary activities

The Bank acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. Those assets that are held in a fiduciary capacity are not included in these financial statements of the Bank.

3.16.1 Custodian account of Maldives Retirement Pension Scheme (MRPS)

Pursuant to the agreement entered into with Maldives Pension Administration Office (MPAO), the administrator of the MRPS, the Bank performs custodial and other services relating to the establishment and maintenance of contribution collection and contribution holding accounts of MRPS, in which the Bank keeps the funds and, at the direction of MPAO or a person authorised by MPAO, invests the funds in the designated financial instruments, in consideration for which MPAO pays a fee to the Bank.

3.17 Commitments and contingencies

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefits is not probable or cannot be reliably measured.

To meet the financial needs of customers, the Bank enters into various irrevocable commitments and contingent liabilities. These consist of financial guarantees, letters of credit and other undrawn commitments to lend. Letters of credit and guarantees commit the Bank to make payments on behalf of customers in the event of a specific act, generally related to the import or export of goods. Guarantees and standby letters of credit carry a similar credit risk to loans. Pending legal claims against the Bank also form part of commitments of the Bank. Contingent liabilities are not recognised in the statement of financial position but are disclosed unless they are remote. But these contingent liabilities do contain credit risk and are therefore form part of the overall risk of the Bank. All identifiable risks are accounted for in determining the amount of all known liabilities.

Details of commitments and contingencies are given in Note 34.4.10 to the financial statements.

3.17.1 Financial guarantees

In the ordinary course of business, the Bank gives financial guarantees, consisting of letters of credit, guarantees and acceptances. Financial guarantees are initially recognised in the financial statements (within 'other liabilities') at fair value, being the premium received. Subsequent to initial recognition, the Bank's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortization recognised in the statement of comprehensive income, and the best estimate of expenditure required to settle any financial obligation arising as a result of the guarantee.

Any increase in the liability relating to financial guarantees is recorded in the statement of comprehensive income as 'impairment loss on loans and receivables'. The premium received is recognised in the statement of comprehensive income as 'fees and commission income'.

3.17.2 Legal claims

Litigation is a common occurrence in the banking industry due to the nature of the business undertaken. The Bank has formal controls and policies for managing legal claims. Once professional advice has been obtained and the amount of loss reasonably estimated, the Bank makes adjustments to account for any adverse effects which the claims may have on its financial standing. There were no pending litigations against the Bank as at 31 December 2021 which would have a material impact on the financial statements. Further details are provided under Note 38 to the financial statements.

3.18 Operational risk events

Provisions for operational risk events are recognised as losses incurred by the Bank which do not relate directly to amounts of principal outstanding for loans and advances.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation as at the reporting date, taking into account the risks and uncertainties that surround the events and circumstances that affect the provision.

3.19 Significant accounting policies – Recognition of income and expenses

Income is recognised to the extent that it is probable the economic benefits will flow to the Bank and can be reliably measured, whereas the expense consists of the economic cost the Bank incurs through its operations to earn income. The following specific recognition criteria must also be met before recognising income and expenses.

3.19.1 Interest income and interest expense

For all financial instruments measured at amortised cost and interest bearing financial assets classified as FVOCI, interest income or expense is recorded using the Effective Interest Rate (EIR) method. EIR is the rate that estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability.

The calculation of EIR takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

3.19.1 Interest income and interest expense (continued)

The carrying amount of the financial asset or financial liability is adjusted if the Bank revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original EIR and the change in carrying amount is recorded 'interest income' for financial assets and 'interest expense' for financial liabilities.

However, for a reclassified financial asset for which the Bank subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognised as an adjustment to the EIR from the date of the change in estimate.

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

3.19.2 Fee and commission income

The Bank earns fee and commission income from a diverse range of services it provides to its customers. Fee income can be divided into the following two categories.

3.19.2.1 Fee income earned from services that are provided over a certain period of time

Fees earned for the provision of services over a period of time are accrued over that period. These fees include professional fees, trade service fees, commission income and asset management fees, loan commitment fees for loans that are likely to be drawn down and other credit related fees are recognised when the obligation is fulfilled. When it is unlikely that a loan will be drawn down, the loan commitment fees are recognised over the commitment period on a straight line basis.

3.19.2.2 Fee income from providing transaction services

Fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses, are recognised on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance are recognised after fulfilling the corresponding criteria.

3.19.3 Fee and commission expenses

Fee and commission expenses relate mainly to transaction and services fees, which are expensed as the services are received. Fee and commission expenses are recognised on accrual basis.

3.19.4 Dividend income

Dividend income is recognised in profit or loss on an accrual basis when the Bank's right to receive the dividend is established. This is usually on the ex-dividend date for equity securities. Dividend income is presented in Note 8 'other operating income' in the financial statements.

3.19.5 Profit / (loss) from sale of property, plant and equipment

Profit / (loss) from sale of property, plant and equipment is recognised in the period in which the sale occurs and is classified as other operating income.

3.20 Tax expense

In accordance with IAS 12 - Income taxes, tax expense is the aggregate amount included in determination of profit or loss for the period in respect of current and deferred taxation. Income tax expense is recognised in the statement of comprehensive income except to the extent it relates to items recognised directly in ‘equity’ or ‘other comprehensive income (OCI)’, in which case it is recognised in equity or in OCI.

3.20.1 Current tax

With effect from 1 January 2020, Ministry of Finance and Treasury replaced the prevailing Bank Profit Tax Act (9/85) and introduced the Income Tax Act (25/2019) which governs all taxation matters for banks. The new Income Tax regulation impacts the Bank's financial statements from the year ended 31 December 2020.

Provision for taxation is made on the basis of the profit for the year as adjusted for taxation purposes in accordance with the new Income Tax regulations issued by Ministry of Finance and Treasury, Republic of Maldives.

3.20.2 Deferred tax

Deferred taxation is provided on temporary differences using the liability method providing for temporary differences between the carrying amount of the assets and liabilities for financial reporting purposes. Provision is made for deferred taxation only to the extent that the temporary differences would reverse in the foreseeable future.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

3.21 IFRS 15 Revenue from contracts with customers

Fee and commission income and expenses that are integral to the EIR of a financial asset or financial liability are capitalised and included in the measurement of the EIR and recognised in the income statement over the expected life of the instrument.

Other fee and commission income, including card operations fees, investment management fees and commission on trade services are recognised as the related services are performed.

As per IFRS 15, the Bank adopts principles based five step model for revenue recognition. Accordingly, revenue is recognised only when all of the following criteria are met.

- The parties to the contract have approved the contract/s;
- The entity can identify each party’s rights regarding the goods or services to be transferred;
- The entity can identify the payment terms for the goods or services to be transferred;
- The contract has commercial substance;
- It is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

The scope of IFRS 15 is limited to fees and commission revenue of the Bank.

3.22 New and amended accounting standards adopted by the Bank

The Bank has applied the following standards and amendments for the first time for their annual reporting periods commencing 1 January 2021. Most of the amendments listed below did not have any significant impact on amounts recognised in prior periods and do not expected to significantly affect the current or future periods. The Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards:

i Amendment to IFRS 16, 'Leases' – COVID-19 related rent concessions Extension of the practical expedient

ii Amendments to IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2

3.23 New and amended standards and interpretations issued but not yet effective.

A number of new standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Bank has not early adopted the new or amended standards in preparing these consolidated financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Bank's financial statements.

- IFRS 17, 'Insurance contracts'
- Classification of Liabilities as Current or Non-current - Amendments to IAS 1
- Property, Plant and Equipment: Proceeds before intended use - Amendments to IAS 16
- Reference to the Conceptual Framework - Amendments to IFRS 3
- Onerous Contracts - Cost of Fulfilling a Contract Amendments to IAS 37
- Annual Improvements to IFRS Standards 2018 - 2020
- Disclosure Initiative: Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
- Amendment to IAS 12 - Deferred tax related to assets and liabilities arising from a single transaction
- Definition of Accounting Estimates (Amendments to IAS 8)
- Initial Application of IFRS 17 and IFRS 9 - Comparative Information (Amendment to IFRS 17)

(All amounts in MVR '000 unless otherwise stated)

4 Gross income

	2021	2020
Interest income	2,151,889	1,884,585
Fees and commission income	1,156,672	719,363
Foreign exchange income	55,436	53,277
Other operating income (Note 8)	566,633	27,045
	3,930,630	2,684,270

5 Net interest income

	2021	2020
Interest income		
Loans and receivables to customers	1,743,377	1,547,803
Financial assets at amortized cost (Note 5.1)	337,307	279,309
Placements with banks	60,464	49,367
Reserve deposits	10,741	8,106
	2,151,889	1,884,585
Less: interest expense		
Due to customers	137,263	117,738
Term debts and other borrowed funds	46,470	48,346
Finance cost for lease liabilities (Note 28)	12,239	12,971
	195,972	179,055
Net interest income	1,955,917	1,705,530

5.1 Interest income - financial assets at amortized cost

	2021	2020
Interest income from Government of Maldives Securities and related financial instruments	300,173	243,528
Interest income from financial instruments other than Government of Maldives	37,134	35,781
	337,307	279,309

The interest income from Government of Maldives Securities includes interest income from treasury bills and treasury bonds.

6 Net fee and commission income

	2021	2020
Cards operation	865,146	536,342
Pay orders	119,279	65,168
Loans	65,743	40,818
Administration fees on development funds	27,769	11,018
Miscellaneous income on branch operations	61,484	50,829
Trade services	8,652	6,192
Custodian services fee	5,700	6,000
Others	2,899	2,996
	1,156,672	719,363
Fee and commission expense	(491,709)	(264,558)
Net fee and commission income	664,963	454,805

Fee and commission expense mainly include the payments made towards card related transactions.

(All amounts in MVR '000 unless otherwise stated)

7 Net foreign exchange income

	2021	2020
Net foreign exchange income	55,436	53,277
	55,436	53,277

Net foreign exchange income has mainly derived from card operations, sale and purchase of foreign currencies and through revaluation of foreign currency denominated monetary assets and liabilities at each reporting date.

8 Other operating income

	2021	2020
Recoveries of written off loan and receivables	541,471	11,652
Dividend income	3,705	-
Others	21,457	15,393
	566,633	27,045

9 Impairment of loans and other credit losses charged/(reversed)

	2021	2020
Loans and receivables to customers	82,045	1,209,833
Financial assets at amortized cost	127	(2,256)
Placements with banks	933	(3,079)
Other receivables	8,553	23,063
	91,658	1,227,561

10 Personnel expenses

	2021	2020
Salaries, wages and other related expenses	317,751	267,056
Defined contribution plan expense - 7% contribution to Maldives Retirement Pension Scheme	12,134	10,593
Defined contribution plan expense - 3% to Employee Provident Fund	4,000	3,275
	333,885	280,924

11 Other operating expenses

	2021	2020
Depreciation of property, plant and equipment (Note 22.3)	51,680	51,776
Amortisation of intangible assets (Note 24)	13,237	12,676
Depreciation of right-of-use assets (Note 23)	12,791	25,040
Administration and establishment expenses	44,637	42,559
Software license fees and hardware maintenance expenses	48,899	45,972
Loan modification loss	-	24,341
Provision for claims	24,195	-
Communication expenses	22,437	18,506
Advertising and promotional expenses	13,421	11,095
Travel and transport expenses	12,118	13,177
Consultancy fees	9,909	9,536
Subscription fees	6,974	6,065
Expense relating to short term leases	5,454	8,050
Donation	5,414	3,940
Directors' emoluments	2,630	2,533
Auditors' remuneration	1,562	1,320
Professional and legal expenses	1,068	941
Other expenses	4,288	4,274
	280,714	281,801

(All amounts in MVR '000 unless otherwise stated)

12 Income tax expense

	2021	2020
Income tax		
Income tax charge (Note 12.2)	543,377	362,742
Adjustment in respect of Income tax of prior years	87,486	-
Deferred tax		
Origination and reversal of temporary differences (Note 12.3)	43,810	(237,438)
Income tax expense reported in the statement of comprehensive income (Note 12.1)	674,673	125,304

12.1 Reconciliation of the income tax expenses

A reconciliation between taxable income and accounting profit multiplied by Income tax rate is as follows.

	2021	2020
Accounting profit before tax	2,536,692	450,371
Tax effect at the Income tax rate - 25%	634,173	112,593
Tax effect of non-deductible expenses	43,814	49,855
Tax effect of deductible expenses	(90,800)	(37,143)
Under/(over) provision of taxes in respect of prior years	87,486	-
Income tax expense reported in the statement of comprehensive income	674,673	125,304
Effective tax rate (Excluding deferred tax)	21%	81%
Effective tax rate (Including deferred tax)	27%	28%

12.2 Income tax liability

	2021	2020
At 1 January	191,660	342,389
Income tax charge for the year	543,377	362,742
Adjustment in respect of prior year	65,615	-
Tax paid during the year	(373,093)	(513,471)
As at 31 December	427,559	191,660

12.3 Deferred tax

The following table shows deferred tax assets recorded on the statement of financial position and changes recorded in the statement of comprehensive income and other comprehensive income net of tax.

Deferred tax assets(liabilities)	Lease	Property, plant and equipment	Provision of loans and receivables	Revaluation of bank premises	Net gains on re-measuring of FVOCI equity investments	Total
As at 1 January 2020	2,853	(42,374)	66,115	(11,440)	(52,277)	(37,123)
Other comprehensive income net of tax	-	-	-	-	(8,936)	(8,936)
Statement of changes in equity	-	-	-	880	-	880
Statement of comprehensive income	(2,853)	4,380	235,911	-	-	237,438
As at 31 December 2020	-	(37,994)	302,026	(10,560)	(61,213)	192,259
As at 1 January 2021	-	(37,994)	302,026	(10,560)	(61,213)	192,259
Other comprehensive income net of tax	-	-	-	-	389	389
Statement of changes in equity	-	-	-	880	-	880
Statement of comprehensive income	-	54,222	(98,032)	-	-	(43,810)
As at 31 December 2021	-	16,228	203,994	(9,680)	(60,824)	149,718

(All amounts in MVR '000 unless otherwise stated)

13 Earnings per share

Basic earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the profit attributable to ordinary equity holders of the Bank by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. As there were no potential ordinary equity outstanding at year end, diluted earnings per share is equal to the basic earnings per share for the year.

The profit and ordinary share details used in the basic/diluted earnings per share calculations are given below.

	2021	2020
Profit attributable to ordinary equity holders	1,862,019	325,067
Weighted average number of ordinary shares in issue	5,381,920	5,381,920
Basic/diluted earnings per share (MVR)	346	60

There were no transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of the completion of these financial statements which would require the restatement of earnings per share.

14 Dividends per share

	2021	2020
14.1 Declared and paid during the year		
First and final dividend of MVR 26 per share was declared for 2019 in 2020. However the payout of dividend for 2019 was deferred by MMA as a prudent measure against COVID-19 and was paid in 2021	-	139,930
First and final dividend of MVR 15 per share was declared for 2020 and paid in 2021	80,729	-

14.2 Proposed for approval at the Annual General Meeting (not recognised as a liability as at 31 December)

	2021	2020
First and final dividend		
Dividend per share 2021: MVR 35 (2020: MVR 15)	188,367	80,729
Interim dividend		
Dividend per share 2021: MVR 13	69,965	
Total Dividend	258,332	80,729

15 Cash and cash equivalents

	2021	2020
Cash in hand (Note 36.1)	686,921	658,193
Balances with other banks	4,859,999	1,123,483
	5,546,920	1,781,676

16 Statutory deposit with Maldives Monetary Authority

	2021	2020
Statutory deposit for Conventional banking	2,813,076	2,979,900
Statutory deposit for Islamic banking	158,312	106,312
	2,971,388	3,086,212

MMA instructed to increase the local currency minimum reserve requirement back to 10% on June 2021 following the reduction of the minimum reserve requirement for commercial banks temporarily from 10% to 5% and 7.5% for foreign and local currencies respectively, of demand deposits and time deposits (excluding interbank deposits of other banks in Maldives and letter of credit margin deposits) during the year 2020. These deposits are not available for the Bank's day-to-day operations. Rufiyaa deposits carry an interest rate of 1% per annum and foreign currency deposits carry an interest rate of 0.01% per annum on balances equal to or below the minimum reserve requirement. Further the Bank maintains a separate reserve of 5% and 10% for foreign and local currencies respectively, of demand and time deposits for its Islamic banking operations, and no interest income is earned on these balances.

(All amounts in MVR '000 unless otherwise stated)

17 Placements with banks

	2021	2020
Placements with banks	5,622,774	4,081,690
Less: total impairment for placement with banks (Note 20)	(6,790)	(5,857)
Net placements with banks	5,615,984	4,075,833

18 Loans and receivables to customers

	2021	2020
Gross loans and receivables	17,225,389	16,484,777
Less: total impairment for loans and receivables to customers (Note 20)	(1,668,722)	(2,024,878)
Net loans and receivables	15,556,667	14,459,899

18.1 Product wise analysis

	2021	2020
Commercial term loans	11,559,050	11,179,750
Overdrafts	1,641,048	1,870,903
Lui loans	1,986,674	1,690,074
Islamic financing facilities	1,311,633	1,071,914
Credit cards	428,936	399,158
Staff loans	261,994	227,387
Development banking loans	14,285	33,970
Trade finance	21,769	11,621
	17,225,389	16,484,777

18.2 Currency wise analysis

	2021	2020
Maldivian Rufiyaa	11,345,927	10,279,480
United States Dollar	5,873,432	6,203,276
Euro	3,345	1,767
Singapore Dollar	2,685	254
	17,225,389	16,484,777

19 Financial assets at amortized cost

	2021	2020
Debt instruments:		
Government of Maldives treasury bills	6,673,696	5,801,676
Government of Maldives treasury bonds	201,069	201,069
Bonds issued by overseas government	307,293	307,293
Corporate bonds	49,594	75,965
Wakala investments	50,000	50,000
Less: total impairment for financial assets at amortized cost (Note 20)	(2,285)	(2,158)
	7,279,367	6,433,845

(All amounts in MVR '000 unless otherwise stated)

20 Movement in provision for impairment losses

	Loans and receivables to customers	Financial assets at amortized cost	Placements with banks	Other receivables	Total
As at 1 January 2020	967,847	4,414	8,936	14,455	995,652
Net charge to profit or loss (Note 9)	1,209,833	(2,256)	(3,079)	23,063	1,227,561
Reversal of interest	68,720	-	-	-	68,720
Written-off during the year as uncollectible	(221,522)	-	-	(1,181)	(222,703)
As at 31 December 2020	2,024,878	2,158	5,857	36,337	2,069,230
As at 1 January 2021	2,024,878	2,158	5,857	36,337	2,069,230
Net charge to profit or loss (Note 9)	82,045	127	933	8,553	91,658
Reversal of interest	18,764	-	-	-	18,764
Written-off during the year as uncollectible	(456,965)	-	-	(20,542)	(477,507)
As at 31 December 2021	1,668,722	2,285	6,790	24,348	1,702,145

21 Financial assets at FVOCI

	2021	2020
Equity instruments:		
Equities - quoted (Note 21.1)	243,035	244,585
Equities - unquoted (Note 21.2)	581	581
	243,616	245,166

21.1 Equities - quoted

	2021			2020		
	No. of shares	Per share price (US$)	Amount (MVR)	No. of shares	Per share price (US$)	Amount (MVR)
Visa Incorporated	15,030	866.84	198,165	15,030	874.92	200,012
MasterCard Incorporated	8,210	359.32	44,870	8,210	356.94	44,573
			243,035			244,585

21.2 Equities - unquoted

	2021		2020	
	No. of shares	Amount	No. of shares	Amount
Society for Worldwide Interbank Financial Telecommunication (SWIFT)	6	581	6	581
		581		581

The value of a SWIFT share is re-calculated every year and confirmed upon approval of the financial statements at the General Meeting.

(All amounts in MVR '000 unless otherwise stated)

22 Property, plant and equipment

22.1 Cost/fair value

	Land	Buildings	Buildings on leasehold land	Computer hardware	Furniture and fittings	Office equipment	Motor vehicles	Total
As at 1 January 2020	141,200	121,744	38,418	244,472	120,058	54,355	12,240	732,487
Transfer from CWIP	-	68,463	2,416	42,802	6,231	6,575	-	126,487
Reclassification at cost	-	(878)	(866)	(4,046)	578	5,212	-	-
Disposals/written-off	-	-	(65)	(11,123)	(1,121)	(4,245)	(1,418)	(17,972)
As at 31 December 2020	141,200	189,329	39,903	272,105	125,746	61,897	10,822	841,002
Transfer from CWIP	-	18,019	651	28,858	8,774	8,035	943	65,280
Disposals/written-off	-	-	-	(16,588)	(239)	(207)	(2,369)	(19,403)
As at 31 December 2021	141,200	207,348	40,554	284,375	134,281	69,725	9,396	886,879

22.2 In the course of construction (CWIP)

	Land	Buildings	Buildings on leasehold land	Computer hardware	Furniture and fittings	Office equipment	Motor vehicles	Total
As at 1 January 2020	-	19,115	5,980	2,332	135	-	-	27,562
Additions at cost	-	49,434	9,611	50,116	6,200	6,747	-	122,107
Transfers at cost	-	(68,463)	(2,416)	(42,802)	(6,231)	(6,575)	-	(126,487)
As at 31 December 2020	-	86	13,175	9,646	104	171	-	23,182
Reclassification at cost		3,642	(12,468)	-	6,413	2,413	-	-
Additions at cost	-	14,291	1,602	23,926	2,276	5,485	943	48,523
Transfers at cost	-	(18,019)	(651)	(28,858)	(8,774)	(8,035)	(943)	(65,280)
As at 31 December 2021	-	-	1,658	4,714	19	34	-	6,425
								-
Total cost/fair value 2020	141,200	189,415	53,078	281,751	125,850	62,068	10,822	864,184
Total cost/fair value 2021	141,200	207,348	42,212	289,089	134,300	69,759	9,396	893,304

22.3 Depreciation and impairment

	Land	Buildings	Buildings on leasehold land	Computer hardware	Furniture and fittings	Office equipment	Motor vehicles	Total
As at 1 January 2020	-	11,329	14,126	146,949	79,603	40,439	8,422	300,867
Depreciation charge for the year	-	5,484	1,982	23,039	13,004	7,689	578	51,776
Reclassification		(59)	(141)	(3,592)	190	3,601	-	-
Disposals/written-off	-	-	(65)	(11,122)	(1,121)	(4,245)	(75)	(16,628)
As at 31 December 2020	-	16,754	15,902	155,274	91,676	47,484	8,926	336,016
Depreciation charge for the year	-	8,063	1,495	21,898	11,959	7,522	743	51,680
Disposals/written-off	-	-	-	(14,909)	(232)	(203)	(2,369)	(17,713)
As at 31 December 2021	-	24,817	17,397	162,263	103,403	54,803	7,300	369,983

22.4 Net book value

	Land	Buildings	Buildings on leasehold land	Computer hardware	Furniture and fittings	Office equipment	Motor vehicles	Total
As at 31 December 2020	141,200	172,661	37,176	126,477	34,174	14,584	1,897	528,169
As at 31 December 2021	141,200	182,531	24,815	126,826	30,897	14,956	2,096	523,321

(All amounts in MVR '000 unless otherwise stated)

22.5 At 31 December 2021, Property, plant and equipment includes fully depreciated assets which are still in use, the cost of which amounted MVR 223,914,969/- (2020: MVR 200,577,602/-).

22.6 There were no restrictions on the title of property, plant and equipment as at the statement of financial position date. Further, there were no items of property, plant and equipment pledged as securities against liabilities as at the statement of financial position date.

22.7 Information on valuation of freehold land and buildings of the Bank

The Bank applies the revaluation model for the entire class of freehold land and buildings for measurement after initial recognition. Freehold land and buildings of the Bank are revalued by independent professional valuers every five years or more frequently if the fair values are substantially different from carrying amounts, to ensure that the carrying amounts do not differ from the fair values as at the reporting date.

The Bank revalued its premises as at 31 December 2017 and the valuation was performed by Gedor Consulting Pvt. Ltd, Professional Valuers. The valuation was based on either of the depreciated replacement cost or the market comparable method. The following parameters were applied in arriving at fair value:

The main level 2 and 3 inputs used by the Gedor Consulting Pvt. Ltd are derived and evaluated as follows:

- Land - Price per square foot are estimated based on comparable transactions and industry data
- Building - Construction rate for buildings are estimated based on comparable transactions and industry data

22.8 Carrying amounts of freehold land and buildings if stated at cost

Land	**2021**	**2020**
Cost	58,731	58,731
Accumulated depreciation	-	-
Net book value	58,731	58,731

Buildings	**2021**	**2020**
Cost	116,525	104,525
Additions at cost	18,019	68,463
Reclassification at cost	-	(878)
Accumulated depreciation	(66,133)	(55,585)
Net book value	68,411	116,525

22.9 Property, plant and equipment disposed during the year

	2021	**2020**
Sales proceeds	345	1,352
Cost	19,403	17,972
Accumulated depreciation	(17,713)	(16,628)
Net book value	1,690	1,344
(Loss) / profit from disposal of property, plant and equipment	(1,345)	8

(All amounts in MVR '000 unless otherwise stated)

23 Right-of-use assets

Buildings at cost	2021	2020
As at 1 January	197,856	203,938
Additions	24,330	13,641
Disposals/written-off	(19,819)	(19,723)
As at 31 December	202,367	197,856
Depreciation and impairment		
As at 1 January	41,690	27,617
Depreciation charge for the year (Note 11)	12,791	25,040
Disposals/written-off	(10,526)	(10,967)
As at 31 December	43,955	41,690
Net book value		
As at 31 December	158,412	156,166

23.1 The Bank has elected not to revalue its asset class recognized under right-of-use assets.

24 Intangible assets

Computer software

Cost	2021	2020
As at 1 January	159,571	153,328
Transfer from CWIP	41,391	6,334
Disposals/written-off	-	(91)
As at 31 December	200,962	159,571
In the course of construction (CWIP)		
As at 1 January	22,852	6,856
Additions at cost	29,521	22,330
Transfers at cost	(41,391)	(6,334)
As at 31 December	10,982	22,852
Total cost as at 31 December	211,944	182,423
Amortisation and impairment		
As at 1 January	103,787	91,202
Amortisation charge for the year (Note 11)	13,237	12,676
Disposals/written-off	-	(91)
As at 31 December	117,024	103,787
Net book value		
As at 31 December	94,920	78,636

24.1 Nature and amortisation method

Intangible assets represent acquisition of computer software from third parties and are amortised over the estimated useful life of 5 - 10 years on a straight line basis.

(All amounts in MVR '000 unless otherwise stated)

24.2 Intangible assets as at the reporting date include fully amortised assets amounting to 36,937,031/- (2020: MVR 27,774,443/-).

25 Other assets

	2021	2020
Deposits and prepayments	217,483	241,563
Card receivables	276,968	127,380
Other receivables	305,445	22,357
Un-amortised cost on staff loans (Note 25.1)	35,125	32,589
	835,021	423,889
Less : Provision for other losses (Note 20)	(24,348)	(36,337)
	810,673	387,552

25.1 Un-amortised cost on staff loans

The total income lost to the Bank as a result of offering loans to staff at rates below market rates is considered as a prepaid benefit to staff and is amortised over the life of the staff loan.

26 Due to customers

	2021	2020
Total amount due to customers	27,331,592	21,929,169
	27,331,592	21,929,169

26.1 Product wise analysis

	2021	2020
Demand deposits	16,082,075	11,908,217
Saving deposits	8,005,513	6,919,349
Time deposits	1,804,930	2,048,176
Wadi'ah deposits of BML Islamic	905,294	763,098
Saving deposits of BML Islamic	414,462	233,697
Time deposits of BML Islamic	25,812	24,420
Margins on letters of credit	74,960	17,491
Margins on bank guarantee	18,546	14,721
	27,331,592	21,929,169

26.2 Currency wise analysis

	2021	2020
Maldivian Rufiyaa	15,585,913	12,599,133
United States Dollar	11,589,568	9,281,458
Euro	156,016	48,306
Singapore Dollar	95	272
	27,331,592	21,929,169

27 Term debt and other borrowed funds

	2021	2020
Borrowings from Government of Maldives (Note 27.1):		
International Fund for Agricultural Development (IFAD) credit line	2,796	3,906
Asian Development Bank (ADB) credit line	14,080	31,062
Islamic Development Bank (IDB) credit line	22,266	19,435
Borrowings from commercial banks and other financial instituitions abroad (Note 27.2)	927,416	684,633
Borrowings from commercial banks local	172,674	167,670
	1,139,233	906,706

(All amounts in MVR '000 unless otherwise stated)

27.1 Borrowings from Government of Maldives

The Bank received funds from the above institutions through on-lending agreements with the Government of Maldives.

27.2 Borrowings from commercial banks and other financial instituitions abroad

Borrowings from commercial banks and other financial instituitions were obtained from time to time for short term liquidity requirement as well as to support lending to customers with their working capital requirements, trade finance requirements as well as the SME's impacted by Covid-19. The Bank has pledged part of its United States Dollar (USD) loan book as security against three term borrowings with three international financial institutions at a loan to value ratio of 140%. The outstanding balance of these three borrowings were USD 60.7 million as at 31 December 2021. The remaining borrowings from commercial banks local are free from any Bank's assets pledged as securities.

27.3 Maturity of Borrowings

Lender	Not later than 1 year	Later than 1 year and not later than 5 years	Later than 5 years	Weighted average rate of interest	Currency
Borrowings under Government of Maldives:					
IFAD Credit Line	1,149	1,647	-	5.0%	SDR / USD
ADB Credit Line	4,177	5,936	3,966	3.0%	SDR / USD
IDB Credit Line	3,284	10,427	8,554	4.0%	MVR
Borrowings from commercial banks and other financial instituitions abroad	310,293	617,124	-	USD 6 months LIBOR + (4.00%) or 6% flat rate, 4.772% to 6.555%	USD
Borrowings from commercial banks local	172,674	-	-	3% - 3.20%	USD / MVR
	491,579	635,134	12,520		

28 Lease liability

This note provides information for leases where the Bank is a lessee.

	2021	2020
Balance as at 1 January	144,059	155,143
Contracts added during the year	24,330	13,641
Finance cost	12,239	12,971
Derecognition of contracts	(9,920)	(7,869)
Interest payment	(12,239)	(12,971)
Lease payments during the year	(6,743)	(16,856)
Balance as at 31 December	151,726	144,059

28.1 Incremental borrowing rate

The incremental rate used during the year, to determine the incremental borrowing rate applicable to the Bank is 7.5% and 8% for leases up to 5 years and 8% and 8.5% for leases more than 5 years for USD and MVR liabilities respectively.

(All amounts in MVR '000 unless otherwise stated)

29 Other liabilities

	2021	2020
Development funds	539,775	656,993
Sundry creditors	454,546	356,326
Dividend payables	59,855	178,377
Accrued expenses	20,968	25,881
Prepaid card accounts	25,100	16,045
Cashier's cheques	108	682
	1,100,352	1,234,304

Sundry Creditors consist of cards & merchant payables amounting to MVR 349,655,223 (2020: MVR 312,393,570), personnel expenses payable MVR 61,507,314 (2020: MVR 24,794,224), provision for other claims of MVR 24,195,353 (2020: MVR Nil) and miscellaneous payable amounting to MVR 19,188,110 (2020: MVR 19,138,125).

30 Share capital

	No. of shares	Ordinary share capital	Share premium	Total share capital
As at 1 January 2021	5,381,920	269,096	93,000	362,096
As at 31 December 2021	5,381,920	269,096	93,000	362,096

The total authorized number of ordinary shares are 16,000,000 shares (2020: 16,000,000 shares) with a par value of MVR 50 per share (2020: MVR 50 per share).

Share premium is the amount received by a bank over and above the face value of its shares issued.

31 Other reserves

	Statutory reserve	Assigned capital reserve	General reserve	Revaluation reserve	FVOCI reserve	Reserve for loan loss provision	Total
As at 1 January 2020	150,000	6,000	4,972,329	116,790	156,831	-	5,401,950
Transferred during the year 2020	-	-	902,717	(2,640)	26,805	-	926,882
As at 31 December 2020	150,000	6,000	5,875,046	114,150	183,636	-	6,328,832
Transferred during the year 2021	-	-	247,858	(2,640)	(1,161)	-	244,057
As at 31 December 2021	150,000	6,000	6,122,904	111,510	182,475	-	6,572,889

(a) Statutory reserve

The Bank complied with the requirement of the Banking Act of Maldives to maintain a minimum paid-up capital of not less than MVR 150 million.

(b) Assigned capital reserve

In accordance with the loan agreement entered into in 1995 between the Bank and the Government of Maldives on the Atolls Credit and Development Banking Project, an assigned capital reserve of MVR 6 million was created.

(c) General reserve

General reserve represents the amounts set aside from the Bank's profits to meet future (known or unknown) obligations. The general reserve may not be used to declare dividends.

(d) Revaluation reserve

Revaluation reserve represents the difference between the initial acquisition cost and fair value of land and buildings.

(All amounts in MVR '000 unless otherwise stated)

31 Other reserves (continued)

(e) FVOCI reserve

Net gains on re-measuring of FVOCI financial assets is recognised as a reserve to the statement of changes in equity.

(f) Reserve for loan loss provision

The excess of provision for loan losses as per MMA Prudential Regulation 2015/R-168 over the impairment provision loss as per IFRS 9 is maintained in a separate reserve in the statement of changes in equity. As of the date of statement of financial position, impairment provision as per IFRS 9 was higher than loan loss provision as per MMA Prudential Regulation 2015/R-168 and therefore the reserve for loan loss provisions balance is zero. The amount of reserve created earlier has been transferred to retained earnings.

31.1 Movement in reserve for loan loss provision

The movement in reserve for loan loss provision arises due to differences in impairment amounts provided between IFRS 9 and MMA provision base (MMA Prudential Regulation 2015/R-168: Regulation on Asset Classification, Provisioning and Suspension of Interest).

The reserve was established on 1 January 2015 and the movement in balances during the year is as follows.

Provision for impairment of loans and receivables	**MMA**	**IFRS**	**Reserve for loan loss provision**
Balance at 1 January 2020	891,962	967,847	-
Impairment movement during 2020	923,569	1,057,031	-
As at 31 December 2020	1,815,531	2,024,878	-
Impairment movement during 2021	(643,905)	(356,156)	-
As at 31 December 2021	1,171,626	1,668,722	-

31.2 Movement in provision for loan losses as per MMA Prudential Regulation guidelines;

	2021	**2020**
(i) Specific provision		
As at 1 January	1,333,623	616,751
Provision made during the year	192,593	963,717
Provision reversed during the year	(350,066)	(90,105)
Loans written-off during the year as uncollectible	(306,028)	(156,740)
As at 31 December	870,122	1,333,623
(ii) General provision		
As at 1 January	296,222	132,908
Provision made during the year	47,644	206,010
Provision reversed during the year	(161,419)	(42,696)
As at 31 December	182,447	296,222
Total provision	1,052,569	1,629,845

31.3 Movement in interest in suspense as per MMA Prudential Regulation guidelines;

	2021	**2020**
As at 1 January	185,686	142,303
Amount suspended during the year	87,524	123,574
Amount reversed during the year	(3,215)	(15,409)
Loans written-off during the year as uncollectible	(150,938)	(64,782)
As at 31 December	119,057	185,686

31.4 Total equity

Total equity of the Bank excluding Reserve for loan loss provision (Note 31.1) as at 31 December 2021 was MVR 8,800,524,314 (2020: MVR 7,019,514,763).

(All amounts in MVR '000 unless otherwise stated)

32 Analysis of financial assets and liabilities by measurement basis

Financial assets and financial liabilities are measured on an ongoing basis at either fair value or amortized cost. The summary of significant accounting policies in Note 3.7 describes how the classes of financial instruments are measured and how the related income and expenses, including fair value gains and losses, are recognised. The following table provides details of the carrying amount of financial assets and liabilities by category as defined in IFRS 9 Financial instruments in the statement of financial position.

As at 31 December 2021	Amortized cost	Fair value through other comprehensive income (FVOCI)	Total
Financial assets			
Cash and cash equivalents	5,546,920	-	5,546,920
Statutory deposit with Maldives Monetary Authority	2,971,388	-	2,971,388
Placements with banks	5,615,984	-	5,615,984
Loans and receivables to customers	15,556,667	-	15,556,667
Financial assets at amortized cost	7,279,367	-	7,279,367
Financial assets at FVOCI	-	243,616	243,616
Other assets	726,817	-	726,817
Total financial assets	37,697,143	243,616	37,940,759
Financial liabilities			
Due to customers	27,331,592	-	27,331,592
Term debt and other borrowed funds	1,139,233	-	1,139,233
Lease liability	151,726	-	151,726
Other liabilities	1,064,862	-	1,064,862
Total financial liabilities	29,687,413	-	29,687,413

As at 31 December 2020	Amortized cost	Fair value through other comprehensive income (FVOCI)	Total
Financial assets			
Cash and cash equivalents	1,781,676	-	1,781,676
Statutory deposit with Maldives Monetary Authority	3,086,212	-	3,086,212
Placements with banks	4,075,833	-	4,075,833
Loans and receivables to customers	14,459,899	-	14,459,899
Financial assets at amortized cost	6,433,845	-	6,433,845
Financial assets at FVOCI	-	245,166	245,166
Other assets	293,737	-	293,737
Total financial assets	30,131,202	245,166	30,376,368
Financial liabilities			
Due to customers	21,929,169	-	21,929,169
Term debt and other borrowed funds	906,706	-	906,706
Lease liability	144,059	-	144,059
Other liabilities	1,209,220	-	1,209,220
Total financial liabilities	24,189,154	-	24,189,154

(All amounts in MVR '000 unless otherwise stated)

33 Fair value of financial instruments

Financial instruments recorded at fair value

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. The following is a description of how fair values are determined for financial instruments that are recorded at fair value using valuation techniques. These incorporate the Bank's estimate of assumptions that a market participant would make when valuing the instruments.

Determination of fair value and fair value hierarchy

The Bank uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique.

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

33.1 Financial assets at FVOCI

Financial assets at FVOCI consists of quoted and unquoted equity securities. Quoted equity securities are valued using quoted market prices in the active markets as at the reporting date. Unquoted shares are valued as explained in Note 21.

33.2 Determination of fair value and fair value hierarchy

Set out below is a comparison, by class, of the carrying amounts and fair values of the Bank's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non-financial assets and non-financial liabilities.

	31-Dec-21		31-Dec-20	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Financial assets				
Cash and cash equivalents	5,546,920	5,546,920	1,781,676	1,781,676
Statutory deposit with Maldives Monetary Authority	2,971,388	2,971,388	3,086,212	3,086,212
Placements with banks	5,615,984	5,615,984	4,075,833	4,075,833
Loans and receivables to customers	15,556,667	15,556,667	14,459,899	14,459,899
Financial assets at amortized cost	7,279,367	7,279,367	6,433,845	6,433,845
Financial assets at FVOCI	243,616	243,616	245,166	245,166
Other assets	726,817	726,817	293,737	293,737
Total financial assets	37,940,759	37,940,759	30,376,368	30,376,368
Financial liabilities				
Due to customers	27,331,592	27,331,592	21,929,169	21,929,169
Term debt and other borrowed funds	1,139,233	1,139,233	906,706	906,706
Lease liability	151,726	151,726	144,059	144,059
Other liabilities	1,064,862	1,064,862	1,209,220	1,209,220
Total financial liabilities	29,687,413	29,687,413	24,189,154	24,189,154

(All amounts in MVR '000 unless otherwise stated)

33.2 Determination of fair value and fair value hierarchy

As at 31 December 2021	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and cash equivalents	-	5,546,920	-	5,546,920
Statutory deposit with Maldives Monetary Authority	-	2,971,388	-	2,971,388
Placements with banks	-	5,615,984	-	5,615,984
Loans and receivables to customers	-	-	15,556,667	15,556,667
Financial assets at amortized cost	-	7,279,367	-	7,279,367
Financial assets at FVOCI	243,035	581	-	243,616
Other assets	-	726,817	-	726,817
Total financial assets	243,035	22,141,057	15,556,667	37,940,759
Financial liabilities				
Due to customers	-	-	27,331,592	27,331,592
Term debt and other borrowed funds	-	-	1,139,233	1,139,233
Lease liability	-	151,726	-	151,726
Other liabilities	-	1,064,862	-	1,064,862
Total financial liabilities	-	1,216,588	28,470,825	29,687,413

As at 31 December 2020	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and cash equivalents	-	1,781,676	-	1,781,676
Statutory deposit with Maldives Monetary Authority	-	3,086,212	-	3,086,212
Placements with banks	-	4,075,833	-	4,075,833
Loans and receivables to customers	-	-	14,459,899	14,459,899
Financial assets at amortized cost	-	6,433,845	-	6,433,845
Financial assets at FVOCI	244,585	581	-	245,166
Other assets	-	293,737	-	293,737
Total financial assets	244,585	15,671,884	14,459,899	30,376,368
Financial liabilities				
Due to customers	-	-	21,929,169	21,929,169
Term debt and other borrowed funds	-	-	906,706	906,706
Lease liability	-	144,059	-	144,059
Other liabilities	-	1,209,220	-	1,209,220
Total financial liabilities	-	1,353,279	22,835,875	24,189,154

33.3 Fair value of financial assets and liabilities not carried at fair value

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements.

Assets for which fair value approximates carrying value

For financial assets and financial liabilities that have a short term maturity it is assumed that the carrying amounts approximate their fair value. This assumption is also applied to demand deposits, savings accounts without a specific maturity and unquoted shares. The fair value of fixed rate financial assets (eg: loans and advances) are estimated based on discounted cashflow approach. The carrying amount of such assets approximate fair value since the loans are given at the current market interest rates.

34 Risk management

34.1 Introduction

Risk management is an ongoing process of identification, measurement and monitoring, and is subject to risk limits and internal controls as outlined in the Bank’s risk appetite statement. The Bank’s most significant risk exposures are considered to be in the areas of credit risk, market risk, operational risk and liquidity risk. The impact of other risks such as reputational risk, compliance risk and legal risk are also monitored carefully along with external risks such as changes in the political, regulatory and economic environment. During the year, the Bank progressed with assistance from external risk management experts, to adopt Basel 3 standards along with various additional risk management measures and governance required.

The bank has developed a comprehensive risk governance framework to oversee its risk environment. Bank is exposed to negligible market risk. Cyber risk, legal risk reputation, compliance and fraud are all monitored by specialized resources within the bank and reported to risk committees and Board on a regular basis.

34.2 Risk management objectives, policies and processes

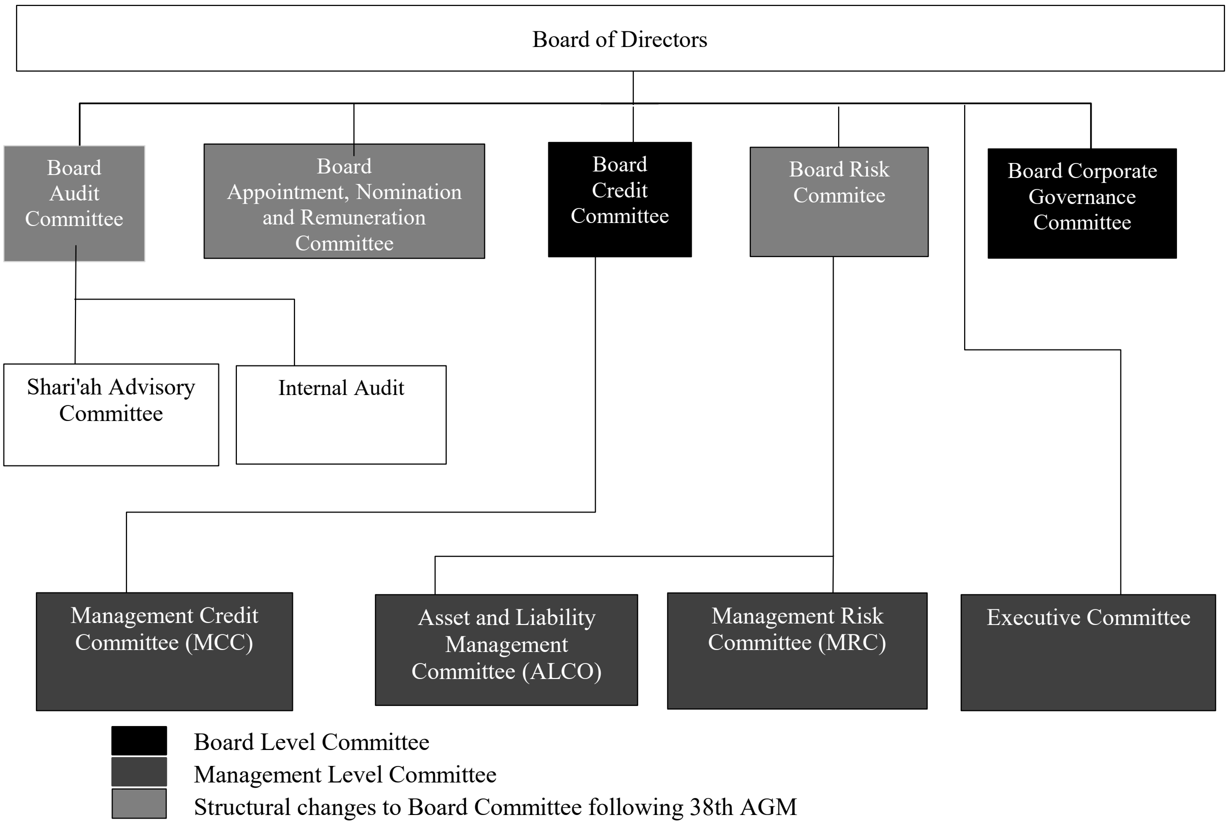
The primary objective of risk management is to forecast and assess future uncertainty of the future in order to make the best possible decision in the present, in order to protect the Bank’s stability and financial strength. The Bank's risk management policies are established to identify and analyze risks facing the Bank, to set appropriate risk limits and controls and to monitor adherence to these limits and controls. All risk management policies are reviewed regularly to address and reflect, changes in market conditions, portfolio of products and services offered by the Bank as well as prevailing regulatory requirements.

The measurement of financial instruments is done in accordance with IFRS 9: Financial instruments for asset classification and provisioning, with appropriate assessment of expectation of future cash flows. The most appropriate methods of ascertaining the risk of such instruments is done by way of assessing the future settlement plan. Early identification of any issues is essential to address the challenges of the environment and to determine the future cash flows of the Bank. Having identified the categories of the measurements, the Bank implemented mitigating controls for enhanced portfolio management. Separate management methods were introduced for collateral, risk rating, and cash flow attached to each instrument. Stringent measures were introduced for products which requiring close monitoring.

(All amounts in MVR '000 unless otherwise stated)

34.3 Risk management structure

Overall responsibility for risk management in the Bank lies with the Board of Directors. The Bank has in place appropriate policies which define its risk appetite and risk management framework, including the responsibilities of senior management in implementing these policies. Committees at both Board and Management levels ensure appropriate risk governance is embedded in the organization's structure. The Bank's governance model is structured according to the principles of three lines of defense which separates the Bank's control functions (Risk management, compliance and internal audit) from its risk-taking functions and risk owners.



34.3.1 Board Risk Committee (BRC)

Board Risk Committee reviews the Bank's risk strategy, risk tolerance and risk appetite which the Board of Directors considers acceptable, keeping in mind current and potential future risks and operating environment. ln addition, examine the adequacy and effectiveness of Bank's risk management framework, which cover principles, policies, guidelines, instructions, methodologies, systems, processes, procedures and people. The Committee also oversee risk culture of the Bank, and review the Bank's reputation, non-financial risks, business continuity plans.

34.3.2 Board Audit Committee (BAC)

Board Audit Committee reviews the integrity of the Bank's financial statements and financial reporting process and its systems of internal accounting and financial controls. ln addition, oversees Bank's Compliance with legal and regulatory requirements, reviews the engagement of the external auditors and the evaluation of the independence, objectivity and performance of the external auditors. The Chief internal auditor reports directly to the Committee.

34.3.3 Board Credit Committee (BCC)

The Board of Directors has delegated the responsibility for the oversight of credit risk to the Board Credit Committee up to a specific level and the Committee's responsibilities include reviewing and approving credit proposals in line with the Bank's Delegation of Authority Policy.

34.3.4 Corporate Governance Committee (CGC)

The Corporate Governance Committee assists the Board in establishing Bank as a recognized leader in Corporate Governance, advice on Governance principles and compose a diverse and skilled Board. The Committee reviews Bank's Articles of Association and monitors effectiveness of Board operations, performance and governance policies.

34.3.5 Executive Committee (EXCO)

Executive Committee is responsible for overall management and operation of the Bank. Review of weekly MIS from each business area as well as monthly financial accounts and data including key risk indicators. Execute strategies and monitor performance with the Bank's strategic plan.

34.3.6 Management Risk Committee (MRC)

The Management Risk Committee is established to ensure the Bank's risk management framework is robust and well-functioning. The Committee reviews the risk environment and the Bank's performance against the full spectrum of risks faced in its activities, determining appropriate preventive and mitigating actions where necessary. The Committee is responsible for ensuring that risk management strategies, policies, systems and plans are in place in line with the Committee's objectives and responsibilities.

34.3.7 Asset and Liability Management Committee (ALCO)

The Asset and Liability Management Committee (ALCO) is responsible for the sound management of Asset Liability Management (ALM) by monitoring and managing the liquidity, interest rate and foreign exchange risk as well as ensuring that adequate liquidity is maintained to manage the expected and unexpected fluctuations in the assets and liabilities of the Bank.

34.3.8 Management Credit Committee (MCC)

Management Credit Committee is the credit approving Committee with responsibilities delegated upto a specific level and the Committee's responsibilities include reviewing and approving credit proposals in line with the Bank's Delegation of Authority Policy. Further the Committee ensures that the Bank's loan portfolio and credit risk profile are in compliance with the Bank's Credit Policy.

34.3.9 Operational Risk Committee (ORC)

The Operational Risk Committee (ORC) is established to ensure Bank's overall operational risk management standards are robust and well-functioning. The Committee acts as a forum for discussion on efficient and effective management of Bank's operational risks, and determining appropriate preventive and mitigating actions where necessary.

34.4 Credit risk

Credit risk is the risk of financial loss due to the failure of a customer or a counterparty to meet their contractual obligations. Credit risk arises mainly from interbank, commercial loans, consumer loans, advances, and loan commitments arising from such lending activities but can also arise from credit enhancement provided, such as through financial guarantees, letters of credit, endorsements, and acceptances.

For the financial year ended 31st December 2021, Stage 3 provisions improved from 25% to 17.5%. There were substantial improvements in underlying cash flows of large customers in the tourism industry, who were affected by weak economic conditions caused by the pandemic. The segment performance has improved and has performed in excess of prior expectations. The remaining stage 3 loans continue to improve and have been fully covered by the Expected Credit Loss (ECL) provision.

Despite the substantial economic slowdown and consequent pressure on the Bank’s lending portfolios due to Covid-19 the Bank’s asset quality continues to improve and Bank remains both liquid and substantially well-capitalized. Bank’s credit risk improved during the year and is in line with the prescribed risk appetite parameters set by the Board. The Bank is prudent in its approach to credit risk and is well-positioned to absorb any potential increases in provisions for credit losses. Bank’s moratoriums on existing loans ended in 2021. Throughout the pandemic Bank continued to extend assistance to customers and more broadly the economy in the form of treasury bills to the Government, facilitating trade flows, new loans, working capital facilities, and facilitating disbursement of relief funds from international agencies into the economy.

34.4.1 Management of credit risk

The effective management of credit risk is a critical component of the Bank's comprehensive approach to its overall risk management and is fundamental to the safety and soundness of the Bank. The goal of credit risk management is to maximize the Bank's risk-adjusted rate of return by maintaining credit risk exposure within acceptable parameters. The Bank manages the credit risk inherent in the entire loan portfolio as well as the risk in individual credits and transactions. The Bank has a well-defined Credit Policy which has been approved by the Board of Directors and which sets out the credit appetite of the Bank. The policy is supported by detailed credit guidelines and procedures.

The Bank's credit risk management process broadly encompasses the following;

(a) Loan origination and risk appraisal comprising initial screening and credit appraisal are conducted for all loan proposals.
(b) Clear guidelines and policies have been established for loan approvals within delegated credit approval authorities.
(c) Credit administration and disbursement is performed by the Loan Service Unit (for retail loans) and Corporate Banking Division (for corporate loans). These units are responsible for ensuring that the origination and disbursement of credit is made only after stipulated conditions have been met and relevant security documents obtained in order to protect the Bank's rights as lender.
(d) Timely portfolio reviews are performed pertaining to inherent and evolving risk. Additionally, responsibilities for monitoring and tracking any early warning signals pertaining to a deterioration in the financial health of borrowers have been assigned to the respective business units who are also responsible for identifying and managing any customers who need special attention or close monitoring.
(e) Non-performing loans and receivables are managed by the Recoveries Unit. This unit's responsibilities include restructuring of the credit, monitoring the value of the applicable collateral and liaising with the customer until all legal recovery matters are finalized.

The Bank's credit risk management process is articulated in the relevant lending policies, which are approved by the Board of Directors. These policies lay down the conditions and guidelines for the granting, maintenance, monitoring and management of credit at both individual transaction and portfolio levels. These policies are consistent with prudent practices and with relevant regulatory requirements. Limits have been prescribed for the Bank's exposure to any single borrower, group of specific borrowers and specific industries/sectors in order to avoid concentration of credit risk.

A well structured loan review mechanism is in place and a comprehensive review is carried out on a quarterly basis for individually significant loans. Customers that require special attention are identified and more frequent updates are carried out for "Watch List" exposures.

The Bank's policy requires the review of individual financial assets that are above materiality thresholds at least annually or more regularly when individual circumstances require. However, current standards require the Bank to undertake a quarterly review of all accounts.

34.4.2 Credit risk measurement

Loans and advances (including loan commitments and guarantees)

The estimation of credit exposure for risk management purposes 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 Bank 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 the purposes of measuring Expected Credit Loss (ECL) under IFRS 9. Refer to Note 34.4.3 for more details.

(All amounts in MVR '000 unless otherwise stated)

34.4.3 Expected credit loss measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised 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 Bank.
- 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 34.4.3.1 for a description of how the Bank 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 34.4.3.2 for a description of how the Bank defines credit-impaired and default.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. Please refer to Note 34.4.3.3 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 34.4.3.4 includes an explanation of how the Bank has incorporated this in its ECL models.

Further explanation is also provided of how the Bank determines appropriate groupings when ECL is measured on a collective basis (refer to Note 34.4.3.5).

The following diagram summarises 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 initial recognition)	(Credit-impaired assets)
12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

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

34.4.3.1 Significant increase in credit risk (SICR)

The Bank considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative criteria have been met:

Quantitative criteria:

The remaining Lifetime PD at the reporting date has increased, compared to the residual Lifetime PD expected when the exposure was first recognised, so that it exceeds the relevant threshold as per the table below.

Criteria	**At initial recognition**	**At reporting date**
Days past due	0-30 days	31-89 days
Provision percentage as per MMA Prudential Guidelines	1%	5% - 20%
Downgrades - Internal/ MMA	Not downgraded	Downgrade in asset classification

These thresholds have been determined separately for retail, corporate, business and investment portfolios, by assessing how the Lifetime PD moves prior to an instrument becoming delinquent. The Lifetime PD movements on instruments which do not subsequently become delinquent have also been assessed, to identify the "natural" movement in Lifetime PD which is not considered indicative of a significant increase in credit risk.

Qualitative criteria:

For retail portfolios, if the borrower meets one or more of the following criteria:

- Extension to the terms granted
- Previous arrears within the last [12] months

For corporate, business and investment portfolios, if the borrower is on the watch list and/or the instrument meets one or more of the following criteria:

- Significant increase in credit spread
- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates
- Actual or expected forbearance or restructuring
- Actual or expected significant adverse change in operating results of the borrower
- Significant change in collateral value (secured facilities only) which is expected to increase risk of default
- Early signs of cash flow/liquidity problems such as delay in servicing of trade creditors/loans

The assessment of SICR incorporates forward-looking information (refer to Note 34.4.3.4 for further information) and is performed on a quarterly basis at a portfolio level for all retail financial instruments held by the Bank. In relation to corporate and investment financial instruments, where a watch list is used to monitor credit risk, this assessment is performed at the counterparty level and on a quarterly basis. The criteria used to identify SICR are monitored and reviewed annually for appropriateness by the Bank.

The Bank has not used the low credit risk exemption for any financial instrument in the year ended 31 December 2021.

34.4.3.2 Definition of default and credit-impaired assets

The Bank defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria

- The borrower is past due for 90 days or more on its contractual payments.
- Provision percentage as per MMA Prudential Guidelines has reached 25% or more against the financial instrument.

Qualitative criteria

The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

- The borrower is in long-term forbearance
- The borrower is deceased
- The borrower is insolvent
- The borrower is in breach of financial covenant(s)
- An active market for that financial asset has disappeared because of financial difficulties
- Concessions have been made by the lender relating to the borrower's financial difficulty
- It is becoming probable that the borrower will enter bankruptcy

The criteria above have been applied to all financial instruments held by the Bank and are consistent with the definition of default used for internal credit risk management purposes. 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 Bank's expected loss calculations.

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of six months. This period of six months has been determined based on an analysis which considers the likelihood of a financial instrument returning to default status after cure using different possible cure definitions.

34.4.3.3 Measuring 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 initial recognition or 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 (Lifetime PD) of the obligation.
- EAD is based on the amounts the Bank 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 Bank 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) represents the Bank's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The ECL is determined by projecting the PD, LGD and EAD for each future month 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 month, 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 the survival logic on the current 12M PD for each asset type and each pool for the remaining lifetime of the assets.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type, as given below.

- For amortising products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12month or lifetime basis.
- For revolving products, the exposure at default 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. These assumptions vary by product type and current limit utilisation band, based on analysis of the Bank's recent default data.

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type and are detailed below.

- For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.
- For unsecured products, LGDs are typically set at product level due to the limited differentiation in recoveries achieved across different borrowers. These LGDs are influenced by collection strategies, including contracted debt sales and price.

Forward-looking economic information is also included in determining the 12-month and lifetime PD. These assumptions vary by retail and corporate segment wise. Refer to Note 34.4.3.4 for an explanation of forward-looking information and its inclusion in ECL calculations.

(All amounts in MVR '000 unless otherwise stated)

The assumptions underlying the ECL calculation – such as how the maturity profile of the PDs and how collateral values change etc. – are monitored and reviewed on a quarterly basis.

There have been no significant changes in estimation techniques or assumptions made during the reporting period.

34.4.3.4 Forward-looking information incorporated in the ECL model

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. In an attempt to identify key economic variables impacting credit risk and expected credit losses, the Bank came to the understanding that most of the macro economic variables did not indicate a clear representation to each portfolio, as the statistical hypothesis behind the estimates could not be tested. Accordingly, the Bank found it feasible and chose the approach of 'Expert Judgment' to derive the forward looking information to apply on 12 month PD.

In addition to the base (current) economic scenarios, the Bank's management also provide other possible scenarios along with scenario weightings. The scenarios and their attributes are reassessed at each reporting date. The scenario weightings are determined by expert credit judgement, taking account of the range of possible outcomes each chosen scenario is representative of.

Economic variable assumptions

The most significant period-end assumptions used for the ECL estimate as at 31 December 2021 are set out below.

Scenarios	Tourism outlook	Infrastructure & Investment Projects	Unemployment Rate	Government expenditure	GDP	Inflation
Upside 2	75%	75%	75%	75%	75%	75%
Upside	90%	90%	90%	90%	90%	90%
Base	100%	100%	100%	**100%**	**100%**	100%
Downside	110%	**110%**	**110%**	110%	110%	110%
Downside 2	**125%**	125%	125%	125%	125%	125%
Downside 3	140%	140%	140%	140%	140%	**140%**

The weightings assigned to each economic scenario at 1 January 2021 and 31 December 2021 were as follows:

Corporate weight	40%	10%	-	17%	33%	-
Product	50%	11%	-	17%	33%	-
Forward multiplier	**111%**					
Retail weight	30%	-	20%	-	30%	20%
Product	38%	-	22%	-	30%	28%
Forward multiplier	**118%**					

Hence for corporate portfolio, the factor 1.11 is multiplied with the default rate to calculate Forward PD. Similarly, factor 1.18 is multiplied for both retail and business portfolios.

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Bank considers these forecasts to represent its best estimate of the possible outcomes that the chosen scenarios are appropriately representative of the range of possible scenarios.

Other forward-looking considerations not otherwise incorporated within the above scenarios, such as the impact of any regulatory or legislative, have also been considered, but are not deemed to have a material impact and therefore no adjustment has been made to the ECL for such factors. This is reviewed and monitored for appropriateness on an annual basis.

(All amounts in MVR '000 unless otherwise stated)

34.4.3.4 Forward-looking information incorporated in the ECL model (continued)

Sensitivity of assumptions employed in ECL working

The following table demonstrates the sensitivity to a reasonably possible change in the key assumptions employed with all other variables held constant in the ECL model.

		Loan	Credit Cards	LC	OD	Loan commitment	Total
Tourism outlook	110%	1,488,448	90,796	25,188	10,789	19,830	1,635,051
Tourism outlook	125%	1,517,058	94,614	25,490	11,054	20,506	1,668,722
Tourism outlook	140%	1,544,431	97,729	25,792	11,317	21,166	1,700,436
GDP	90%	1,500,411	91,987	25,324	10,907	20,122	1,648,751
GDP	100%	1,517,058	94,614	25,490	11,054	20,506	1,668,722
GDP	110%	1,532,481	96,538	25,656	11,199	20,874	1,686,746
Unemployment rate	100%	1,514,012	92,859	25,490	11,050	20,466	1,663,878
Unemployment rate	110%	1,517,058	94,614	25,490	11,054	20,506	1,668,722
Unemployment rate	125%	1,520,101	96,369	25,491	11,057	20,547	1,673,566
Inflation	125%	1,512,792	92,156	25,490	11,049	20,449	1,661,936
Inflation	140%	1,517,058	94,614	25,490	11,054	20,506	1,668,722
Inflation	150%	1,518,885	95,667	25,490	11,056	20,530	1,671,628
Central govt. expenditure	90%	1,510,072	94,176	25,405	10,980	20,330	1,660,963
Central govt. expenditure	100%	1,517,058	94,614	25,490	11,054	20,506	1,668,722
Central govt. expenditure	110%	1,522,828	94,350	25,576	11,126	20,666	1,674,546
Infrastructure & investment policies	100%	1,512,698	94,211	25,440	11,010	20,399	1,663,758
Infrastructure & investment policies	110%	1,517,058	94,614	25,490	11,054	20,506	1,668,722
Infrastructure & investment policies	125%	1,522,077	94,339	25,566	11,119	20,643	1,673,744

(All amounts in MVR '000 unless otherwise stated)

34.4.3.5 Grouping of instruments for losses measured on a collective basis

For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous.

In performing this grouping, there must be sufficient information for the group to be statistically credible. The Bank segmented its portfolio using a hierarchical approach. The characteristics used to determine groupings are outlined below:

Segmentation approach

(a) Loan portfolio:

Level I

The assets are segmented on the basis of the status of the borrower and/or purpose of the loan as under:

- Corporate
- Business banking – Non corporate borrowers who have taken loan for business purpose
- Retail – Non corporate borrowers who have taken loan for personal purpose

Level II

- Corporate borrowers and business banking borrowers pool, as per Level I above, is further segmented on the basis of the ‘economic sector’ to which they are associated
- Retail borrowers pool, as per Level I above, is further segmented on the basis of the ‘purpose of the loan’

(b) Investment portfolio: No segmentation was done within the investment portfolio.

The Bank monitors and reviews the appropriateness of groupings on a periodic basis.

34.4.4 Credit risk exposure

34.4.4.1 Maximum exposure to credit risk - Financial instruments subject to impairment

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Bank’s maximum exposure to credit risk on these assets.

	2021			
	ECL staging			
	Stage 1	Stage 2	Stage 3	
Credit grade	**12-month ECL**	**Lifetime ECL**	**Lifetime ECL**	**Total**
Investment grade	18,451,346	-	-	18,451,346
Standard monitoring	13,783,021	253,746	30,508	14,067,275
Special monitoring	2,689	174,109	16,711	193,509
Default	-	-	2,964,605	2,964,605
Gross carrying amount	32,237,056	427,855	3,011,824	35,676,735
Impairment allowance	(667,275)	(55,520)	(955,002)	(1,677,797)
Net carrying amount	31,569,781	372,335	2,056,822	33,998,938

Reconciliation to the Financial Statements line items

	Total
Cash and cash equivalents	5,546,920
Financial assets at amortized cost	7,279,367
Placements with banks	5,615,984
Loans and receivables to customers	15,556,667
	33,998,938

(All amounts in MVR '000 unless otherwise stated)

34.4.4.1 Maximum exposure to credit risk - Financial instruments subject to impairment (continued)

	2020			
	ECL staging			
	Stage 1	Stage 2	Stage 3	
Credit grade	**12-month ECL**	**Lifetime ECL**	**Lifetime ECL**	**Total**
Investment grade	12,299,369	-	-	12,299,369
Standard monitoring	12,079,573	128,453	131,128	12,339,154
Special monitoring	7,486	93,834	1,391	102,711
Default	-	-	4,042,912	4,042,912
Gross carrying amount	24,386,428	222,287	4,175,431	28,784,146
Impairment allowance	(486,314)	(38,522)	(1,508,057)	(2,032,893)
Net carrying amount	23,900,114	183,765	2,667,374	26,751,253

Information on how the Expected Credit Loss (ECL) is measured and how the three stages above are determined is included in Note 34.4.3 'Expected credit loss measurement'.

34.4.4.2 Collateral and other credit enhancements

The Bank employs a range of policies and practices to mitigate credit risk. The most common of these is accepting collateral for funds lent. An approved list of acceptable securities and the applicable percentage of cash security category are defined under the Collateral Policy of the Bank.

The Bank prepares a valuation of the collaterals obtained as part of the loan origination process. The management monitors the market value of collateral, and will require additional collateral in accordance with the underlying agreement. It is the Bank's policy to dispose of repossessed properties in an orderly manner. The proceeds are used to reduce or repay the outstanding claim. This assessment is reviewed periodically. The principal collateral types for loans and advances are:

- Business premises and resort properties;
- Mortgages over residential properties;
- Charges over business assets such as inventory and accounts receivable;
- Vessels and vehicles;
- Debt securities
- Corporate and personal guarantees; and
- Cash

To the extent possible, the Bank uses active market data for valuing financial assets, held as collateral. Other financial assets which do not have a readily determinable market value are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as independent professional valuers.

Collateral held as security for financial assets other than loans and receivables depends on the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments.

The Bank's policy is to sell the repossessed assets at the earliest possible opportunity and the Bank's policy 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 Bank since the prior period.

(All amounts in MVR '000 unless otherwise stated)

34.4.4.2 Collateral and other credit enhancements (continued)

The Bank closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Bank will take possession of collateral to mitigate potential credit losses. Financial assets that are credit-impaired and related collateral held in order to mitigate potential losses are shown below.

	2021			
Credit-impaired assets	**Gross exposure**	**Impairment allowance**	**Carrying amount**	**Fair value of collateral held**
Loans to individuals:				
- Overdrafts	5,914	(5,914)	-	-
- Credit cards	6,481	(6,086)	395	-
- Term loans	165,760	(79,307)	86,453	70,530
- Mortgages	193,158	(83,692)	107,697	144,183
Loans to corporate entities:		-		
- Large corporate customers	2,588,731	(711,887)	1,863,340	2,607,114
- Small and medium-sized enterprises (SMEs)	51,780	(68,116)	-	31,374
Total credit-impaired assets	3,011,824	(955,002)	2,057,885	2,853,201

	2020			
Credit-impaired assets	**Gross exposure**	**Impairment allowance**	**Carrying amount**	**Fair value of collateral held**
Loans to individuals:				
- Overdrafts	5,902	(5,902)	-	-
- Credit cards	21,694	(21,694)	-	-
- Term loans	191,815	(90,231)	101,584	127,567
- Mortgages	247,226	(109,532)	137,694	168,717
Loans to corporate entities:	-	-	-	-
- Large corporate customers	3,642,028	(1,215,909)	2,426,120	3,344,262
- Small and medium-sized enterprises (SMEs)	66,766	(64,790)	1,976	42,876
Total credit-impaired assets	4,175,431	(1,508,058)	2,667,374	3,683,422

34.4.5 Loss allowance

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

- Transfers between Stage 1 and Stages 2 or Stage 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 recognised during the period, as well as releases for financial instruments de-recognised 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;
- Interest unwind within ECL due to the passage of time, as ECL is measured on a present value basis;
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period (see Note 34.4.6).

(All amounts in MVR '000 unless otherwise stated)

34.4.5 Loss allowance (continued)

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

	2021			
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Impairment allowances as at 1 January 2021	486,341	38,497	1,508,055	2,032,893
Movements with profit or loss impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(6,444)	38,811	-	32,367
Transfer from Stage 1 to Stage 3	(10,165)	-	124,696	114,531
Transfer from Stage 2 to Stage 3	-	(3,668)	10,728	7,060
Transfer from Stage 3 to Stage 2	-	3,083	(10,569)	(7,486)
Transfer from Stage 3 to Stage 1	79,826	-	(317,741)	(237,915)
Transfer from Stage 2 to Stage 1	1,626	(19,183)	-	(17,557)
New Financial assets originated	110,807	3,373	27,035	141,215
Changes in PDs/LGDs/EADs	5,284	(5,393)	50,999	50,890
Reversal of interest	-	-	18,764	18,764
Total net profit or loss charge during the year	180,934	17,023	(96,088)	101,869
Other movements with no profit or loss impact				
Write-offs	-	-	(456,965)	(456,965)
Impairment allowance as at 31 December 2021	667,275	55,520	955,002	1,677,797

	2020			
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Impairment allowances as at 1 January 2020	408,137	48,439	524,621	981,197
Movements with profit or loss impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(1,365)	19,725	-	18,360
Transfer from Stage 1 to Stage 3	(83,220)	-	929,097	845,877
Transfer from Stage 2 to Stage 3	-	(6,470)	26,221	19,751
Transfer from Stage 3 to Stage 2	-	214	(331)	(117)
Transfer from Stage 3 to Stage 1	7,000	-	(45,095)	(38,095)
Transfer from Stage 2 to Stage 1	3,781	(21,198)	-	(17,417)
New Financial assets originated	99,843	2,985	100,871	203,699
Changes in PDs/LGDs/EADs	52,164	(5,198)	125,474	172,440
Reversal of interest	-	-	68,720	68,720
Total net profit or loss charge during the year	78,203	(9,942)	1,204,957	1,273,218
Other movements with no profit or loss impact				
Financial assets derecognized during the period				-
Write-offs	-	-	(221,522)	(221,522)
Impairment allowance as at 31 December 2020	486,340	38,497	1,508,056	2,032,893

(All amounts in MVR '000 unless otherwise stated)

34.4.5 Loss allowance (continued)

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

	2021			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Gross carrying amount as at 1 January 2021	24,386,428	222,287	4,175,431	28,784,146
Transfers:				
Transfer from Stage 1 to Stage 2	(327,995)	308,326	-	(19,669)
Transfer from Stage 1 to Stage 3	(285,342)	-	288,469	3,127
Transfer from Stage 2 to Stage 3	-	(21,200)	22,748	1,548
Transfer from Stage 3 to Stage 2	-	23,180	(31,339)	(8,159)
Transfer from Stage 3 to Stage 1	1,080,377	-	(1,086,692)	(6,315)
Transfer from Stage 2 to Stage 1	107,298	(119,912)	-	(12,614)
Financial assets derecognized during the period other than write-offs	(1,473,622)	(12,538)	(103,507)	(1,589,667)
New financial assets originated	8,749,912	27,712	203,679	8,981,303
Write-offs	-	-	(456,965)	(456,965)
Gross carrying amount as at 31 December 2021	32,237,056	427,855	3,011,824	35,676,735

	2020			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Gross carrying amount as at 1 January 2020	21,802,597	373,267	1,440,940	23,616,804
Transfers:				
Transfer from Stage 1 to Stage 2	(121,346)	122,511	-	1,165
Transfer from Stage 1 to Stage 3	(2,448,788)	-	2,664,439	215,651
Transfer from Stage 2 to Stage 3	-	(63,135)	61,804	(1,331)
Transfer from Stage 3 to Stage 2	-	1,418	(1,560)	(142)
Transfer from Stage 3 to Stage 1	68,359	-	(72,208)	(3,849)
Transfer from Stage 2 to Stage 1	189,877	(188,891)	-	986
Financial assets derecognized during the period other than write-offs	(1,218,699)	(40,004)	(44,029)	(1,202,732)
New financial assets originated	6,114,429	17,119	347,567	6,379,116
Write-offs	-	-	(221,522)	(221,522)
Gross carrying amount as at 31 December 2020	24,386,429	222,285	4,175,431	28,784,146

34.4.6 Write-off policy

The Bank 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 Bank's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of

The Bank may write-off financial assets that are still subject to enforcement activity. The outstanding contractual amounts of such assets written off during the year ended 31 December 2021 was MVR 456,964,538/- (2020: MVR 221,522,071). The Bank still seeks to recover amounts which it is legally entitled to in full, but which have been fully/partially written off due to no reasonable expectation of full recovery.

(All amounts in MVR '000 unless otherwise stated)

34.4.7 Modification of financial assets

The Bank sometimes modifies the terms of loans provided to customers due to commercial renegotiations, or for distressed loans, with a view to maximising 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 restructured facilities 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 (refer to Notes 3.7.3 (iii)). The Bank monitors the subsequent performance of modified assets. The Bank 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). This is only the case for assets which have performed in accordance with the new terms for six consecutive months or more. The Bank continues to monitor if there is a subsequent significant increase in credit risk in relation to such assets through the use of specific information for modified assets.

The following table includes summary of loans whose cash flows have been modified during the year.

	Loans and advance to customers
Amortised cost before modification	918,542,959
Net modification loss	-
	918,542,959

34.4.8 Investments in equity instruments designated at FVOCI

The investments were made for strategic purposes rather than with a view to profit on a subsequent sale, and the Bank has no plans to dispose of these investments in the short or medium term.

The fair value of these investments is MVR 243,616,243 as at 31 December 2021. There was no dividend recognised during the period nor transfers of the cumulative gain within equity.

34.4.9 Loans and receivables are summarised as follows:

	2021	2020
Stage 1 - Performing	13,785,710	12,087,059
Stage 2 - Significant increase in credit risk (SICR)	427,855	222,287
Stage 3 - Credit impaired (Default)	3,011,824	4,175,431
Gross loans and receivables to customers	17,225,389	16,484,777
Less: allowance for impairment	(1,668,722)	(2,024,878)
Net loans and receivables to customers	15,556,667	14,459,899

Further information of the impairment allowance for loans and receivables to customers is provided in Note 20.

Loans and receivables - Analysed by industry

	2021	2020
Commerce	557,013	582,315
Construction	4,134,400	4,199,494
Fishing	119,850	185,263
Manufacturing	57,626	64,649
Transport and services	1,434,726	957,832
Tourism	6,311,515	6,191,685
Real estate	1,019,600	985,732
Consumer	2,728,887	2,295,786
Other	861,772	1,022,021
	17,225,389	16,484,777

(All amounts in MVR '000 unless otherwise stated)

34.4.9 Loans and receivables are summarised as follows: (continued)

By setting various concentration limits under different criteria within the established risk appetite framework (i.e. single borrower/group, industry sectors, product, counterparty and country etc.), the Bank ensures that an acceptable level of risk diversification is maintained on an ongoing basis. These limits are continuously monitored and periodically reviewed by the Audit Risk Management Committee (ARM) to capture the developments in the market, political and economic environment both locally and globally to strengthen the dynamic portfolio management practices and to provide an early warning on possible credit concentrations.

(a) Stage 1 - Performing

Currently, the Bank does not maintain an internal credit rating system except for exposures which are classified as non-performing. However, the Bank carries out an in-depth credit risk assessment on a qualitative and quantitative basis before granting a facility. Exposure to each borrower is reviewed on a scheduled basis.

In evaluating credit risks, the Bank considers qualitative criteria pertinent to the borrower, including management depth and reputation, the borrower's past track record, the industry, business risks and operating environment. The Bank looks for quality, stability and sustainability of performance. In terms of quantitative assessment, the Bank analyses the borrower's historical and projected financial statements, where pertinent.

To manage and mitigate risk of loss in the event of default, the Bank looks firstly at the protection accorded by the borrower's net assets versus the Bank's exposure to the borrower. Where appropriate, the Bank will examine the quality, liquidity and hence the realisable value of the borrower's principal operating assets such as account receivables, inventory and capital assets. In establishing financial protection for its exposure, the Bank may take a security interest in such assets by way of mortgages, pledges, assignments and the like. In addition, the Bank may also take additional collateral offered by the borrower's principals or third parties to ensure adequate protection with a margin. Taking collateral is a prevalent practice in the local lending environment as an additional prudent measure to mitigate against potential loss at default.

Gross amount of loans and receivables to customers by class that were in Stage 1 are as follows.

Stage 1 - Performing	Individual (Retail customers) Overdrafts	Credit cards	Term loans	Mortgages	Retail banking	Corporate entities	Total
31 December 2021	18,301	422,455	340,887	4,456,742	2,156,118	6,391,207	13,785,710
31 December 2020	8,407	377,464	474,101	4,560,059	1,827,413	4,839,615	12,087,059

(b) Stage 2 - SICR

Loans and receivables to customers in Stage 2 are not considered as impaired unless information is available to indicate the contrary. Gross amount of loans and receivables to customers by class that were in Stage 2 are as follows.

Stage 2 - SICR	Individual (Retail customers) Overdrafts	Credit cards	Term loans	Mortgages	Retail banking	Corporate entities	Total
31 December 2021	1,481	-	63,085	279,623	59,177	24,489	427,855
31 December 2020	1,456	-	24,035	168,411	23,933	4,452	222,287

(c) Stage 3 - Credit impaired (Default)

Gross amount of loans and receivables by class to customers that were in Stage 3 are as follows.

Stage 3 - Credit impaired	Individual (Retail customers) Overdrafts	Credit cards	Term loans	Mortgages	Retail banking	Corporate entities	Total
31 December 2021	19,481	6,481	48,226	224,627	124,279	2,588,730	3,011,824
31 December 2020	15,876	21,694	95,583	280,627	119,622	3,642,029	4,175,431

(All amounts in MVR '000 unless otherwise stated)

34.4.9 Loans and receivables are summarised as follows: (continued)

(d) Loans and receivables renegotiated

Renegotiated loans totaled MVR 2,110,769,752/- as at 31 December 2021 (2020: MVR 2,107,232,512/-).

Renegotiated loans and receivables to customers	**2021**	**2020**
Individuals:		
Continuing to be impaired after restructuring	36,488	9,637
Non–impaired after restructuring – would otherwise have been impaired	33,155	23,730
Non–impaired after restructuring – would otherwise not have been impaired	28,481	79,038
Corporate entities:		
Continuing to be impaired after restructuring	-	1,992,584
Non–impaired after restructuring – would otherwise have been impaired	-	2,243
Non–impaired after restructuring – would otherwise not have been impaired	2,012,646	-
	2,110,770	2,107,232

34.4.10 Commitments and contingencies

To meet the financial needs of customers, the Bank enters into various irrevocable commitments and contingent liabilities. Even though these obligations may not be recognised on the statement of financial position, they do contain credit risk and are therefore part of the overall credit risk exposure of the Bank.

The table below shows the Bank's maximum credit risk exposure for commitments and guarantees.

As at 31 December	**2021**	**2020**
Guarantees	79,944	81,639
Documentary credit	225,240	114,139
Acceptances	37,117	6,800
Capital commitments	77,957	38,116
Loan commitments	587,059	1,073,711
Overdraft commitments	241,693	235,573
	1,249,010	1,549,978

34.5 Liquidity risk

Liquidity risk is defined as the risk that the Bank will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Bank might be unable to meet its payment obligations when they fall due under both normal and stress circumstances.

34.5.1 Management of liquidity risk

Maintaining adequate liquidity is essential to manage the expected and unexpected fluctuations in the assets and liabilities of the Bank and to provide funds for growth. The Bank deals with the management of risks arising from changes in liquidity due to internal and external factors, changes in interest rate movements and changes in exchange rates.

Monitoring and reporting take the form of cash flow measurement and projections on a regular basis. The starting point for projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

The Bank also monitors unmatched medium-term assets, the level and type of undrawn lending commitments, the usage of overdraft facilities and the impact of contingent liabilities such as standby letters of credit and guarantees.

The Bank maintains a statutory deposit with MMA equal to 10% of customer deposits and maintains a separate reserve of 5% and 10% for foreign and local currencies respectively, of demand and time deposits for its Islamic banking operations, and no interest income is earned on these balances. Furthermore, the Bank maintains a ratio of net liquid assets to liabilities to reflect market conditions.

(All amounts in MVR '000 unless otherwise stated)

34.5.2 Contractual maturities of undiscounted cash flows of assets and liabilities

As at 31 December 2021	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial assets					
Cash and cash equivalents	5,546,920	-	-	-	5,546,920
Statutory deposit with Maldives Monetary Authority	2,971,388	-	-	-	2,971,388
Placements with banks	5,465,967	156,807	-	-	5,622,774
Loans and receivables to customers	1,885,618	3,883,073	10,191,987	7,850,512	23,811,191
Financial assets at amortized cost	2,012,029	5,172,411	306,174	-	7,490,614
Financial assets at FVOCI	-	-	-	243,616	243,616
Other assets	582,413	-	-	144,404	726,817
Total undiscounted financial assets	18,464,335	9,212,291	10,498,161	8,238,532	46,413,320
Financial liabilities					
Due to customers	26,266,451	758,352	403,818	-	27,428,621
Term debt and other borrowed funds	330,287	267,813	675,877	13,397	1,287,374
Lease liability	5,481	16,061	85,069	131,401	238,012
Other liabilities	1,064,862	-	-	-	1,064,862
Total undiscounted financial liabilities	27,667,081	1,042,226	1,164,764	144,798	30,018,869
Net undiscounted financial assets/(liabilities)	(9,202,746)	8,170,065	9,333,397	8,093,734	16,394,451

Management believes that in spite of substantial portion of customer accounts being on demand, diversification of these deposits by number and type of depositors, and the past experience of the Bank would indicate that these customer accounts provide a long-term and stable source of funding for the Bank.

(All amounts in MVR '000 unless otherwise stated)

34.5.2 Contractual maturities of undiscounted cash flows of assets and liabilities (continued)

As at 31 December 2020	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial assets					
Cash and cash equivalents	1,781,676	-	-	-	1,781,676
Statutory deposit with Maldives Monetary Authority	3,086,212	-	-	-	3,086,212
Placements with banks	4,030,760	50,930	-	-	4,081,690
Loans and receivables to customers	1,670,355	2,966,095	10,048,051	8,839,972	23,524,473
Financial assets at amortized cost	1,830,033	4,206,227	609,381	-	6,645,641
Financial assets at FVOCI	-	-	-	245,166	245,166
Other assets	149,333	-	-	144,404	293,737
Total undiscounted financial assets	12,548,369	7,223,252	10,657,432	9,229,542	39,364,858
Financial liabilities					
Due to customers	20,596,345	983,491	436,051	-	22,015,887
Term debt and other borrowed funds	268,469	156,787	532,759	18,269	976,284
Lease liability	9,618	17,491	69,640	171,750	268,499
Other liabilities	1,209,220	-	-	-	1,209,220
Total undiscounted financial liabilities	22,083,652	1,157,769	1,038,450	190,019	24,469,890
Net undiscounted financial assets/(liabilities)	(9,535,283)	6,065,483	9,618,982	9,039,523	14,894,968

(All amounts in MVR '000 unless otherwise stated)

34.5.3 Contractual maturities of commitments and contingencies

The table below shows the contractual expiry by maturity of the Bank's contingent liabilities and commitments. Each undrawn loan commitment is included in the time band containing the earliest date it can be drawn down. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called upon.

As at 31 December 2021	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Contingencies					
Guarantees	33,281	37,446	9,217	-	79,944
Documentary credit	89,657	135,583	-	-	225,240
Acceptances	7,268	29,849	-	-	37,117
	130,206	202,878	9,217	-	342,301
Commitments					
Capital commitments	-	77,957	-	-	77,957
Loan commitments	243,135	265,533	78,391	-	587,059
Overdraft commitments	21,248	220,445	-	-	241,693
	264,383	563,935	78,391	-	906,709
	394,589	766,813	87,608	-	1,249,010

As at 31 December 2020	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Contingencies					
Guarantees	53,792	10,708	17,139	-	81,639
Documentary credit	61,327	51,277	1,535	-	114,139
Acceptances	-	6,800	-	-	6,800
	115,119	68,785	18,674	-	202,578
Commitments					
Capital commitments	-	38,116	-	-	38,116
Loan commitments	396,532	570,705	106,472	2	1,073,711
Overdraft commitments	32,255	203,318	-	-	235,573
	428,787	812,139	106,472	2	1,347,400
	543,906	880,924	125,146	2	1,549,978

34.6 Market risk

Market risk relates to the impact of fluctuations in market rates on the Bank's assets and liabilities, or the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The Bank does not have a trading portfolio.

Non-trading portfolios primarily arise from the interest rate management of the Bank's financial assets and liabilities.

Management of market risk

The Bank has in place appropriate policies, processes and procedures to support the ongoing management of market risk. The market risks arising from non-trading activities are reviewed by the Bank's Asset and Liability Management Committee (ALCO).

(All amounts in MVR '000 unless otherwise stated)

34.6.1 Interest rate risk

Interest rate risk is an inherent risk created when there is a mismatch between the tenors of an asset vis-à-vis the tenors of liabilities or when there is a mismatch between floating and fixed rate assets and liabilities. Interest rate risk results from the differences in interest rate changes on assets, liabilities and off-balance sheet instruments.

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.

Management of interest rate risk

The Bank does not carry a trading portfolio and does not generally invest in stocks or shares other than government treasury bills and money market placements. These investments are generally less than 12 months and are held to maturity. The Bank prepares an interest rate sensitivity of assets and liabilities which is presented to the Bank's Asset and Liability Management Committee (ALCO) on a monthly basis.

The table below analyses the Bank's interest rate risk exposure on financial assets and liabilities. Financial assets and liabilities are included at carrying amount and categorised by the earlier of contractual re-pricing or maturity dates.

	Interest bearing					
As at 31 December 2021	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**Over 5 years**	**Non interest bearing**	**Total**
Financial assets						
Cash and cash equivalents	-	-	-	-	5,546,920	5,546,920
Statutory deposit with Maldives Monetary Authority	1,970,601	-	-	-	1,000,787	2,971,388
Placements with banks	5,459,366	156,618	-	-	-	5,615,984
Loans and receivables to customers	1,346,737	2,540,865	6,461,902	5,207,163	-	15,556,667
Financial assets at amortized cost	2,004,605	5,003,211	271,551	-	-	7,279,367
Financial assets at FVOCI	-	-	-	-	243,616	243,616
Other assets	582,413			144,404		726,817
Total discounted financial assets	11,363,722	7,700,694	6,733,453	5,351,567	6,791,323	37,940,759
Financial liabilities						
Due to customers	9,147,872	731,794	371,051	-	17,080,875	27,331,592
Term debt and other borrowed funds	262,851	228,727	635,134	12,520	-	1,139,233
Lease liability	2,373	7,031	45,509	96,813	-	151,726
Other liabilities	1,064,862	-	-	-	-	1,064,862
Total discounted financial liabilities	10,477,958	967,552	1,051,694	109,333	17,080,875	29,687,413
Total interest rate sensitivity gap	885,763	6,733,142	5,681,759	5,242,233	(10,289,552)	8,253,346

(All amounts in MVR '000 unless otherwise stated)

34.6.1 Interest rate risk (continued)

As at 31 December 2020	Interest bearing: Less than 3 months	Interest bearing: 3 to 12 months	Interest bearing: 1 to 5 years	Interest bearing: Over 5 years	Non interest bearing	Total
Financial assets						
Cash and cash equivalents	-	-	-	-	1,781,676	1,781,676
Statutory deposit with Maldives Monetary Authority	1,301,357	-	-	-	1,784,855	3,086,212
Placements with banks	4,025,809	50,024	-	-	-	4,075,833
Loans and receivables to customers	1,126,299	1,695,296	5,991,759	5,646,545	-	14,459,899
Financial assets at amortized cost	1,824,778	4,051,419	557,648	-	-	6,433,845
Financial assets at FVOCI	-	-	-	-	245,166	245,166
Other assets	149,333	-	-	144,404	-	293,737
Total undiscounted financial assets	8,427,576	5,796,739	6,549,407	5,790,949	3,811,697	30,376,368
Financial liabilities						
Due to customers	7,872,590	950,854	402,198	-	12,703,527	21,929,169
Term debt and other borrowed funds	253,581	140,527	495,987	16,611	-	906,706
Lease liability	7,004	9,042	31,488	96,525	-	144,059
Other liabilities	1,209,220	-	-	-	-	1,209,220
Total undiscounted financial liabilities	9,342,395	1,100,423	929,673	113,136	12,703,527	24,189,154
Total interest rate sensitivity gap	(914,819)	4,696,316	5,619,734	5,677,813	(8,891,830)	6,187,214

34.6.2 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. This represents exposures the Bank has due to changes in the values of current holdings and future cash flow positions denominated in currencies other than the local currency.

Foreign currency	Impact on equity 2021	Impact on equity 2020
Strengthening of US$ by 10%	43,612	24,862
Weakening of US$ by 10%	(43,612)	(24,862)
Strengthening of Euro by 10%	(10,081)	(2,668)
Weakening of Euro by 10%	10,081	2,668
Strengthening of GBP by 10%	199	110
Weakening of GBP by 10%	(199)	(110)
Strengthening of JPY by 10%	14	9
Weakening of JPY by 10%	(14)	(9)
Strengthening of SGD by 10%	847	9
Weakening of SGD by 10%	(847)	(9)

(All amounts in MVR '000 unless otherwise stated)

34.6.3 Management of currency risk

The majority of transactions in the Bank, other than those in the local currency of Maldivian Rufiyaa (MVR), are carried out in United States Dollars (USD). Up to April 2011, the exchange rate of USD against MVR was fixed and since then it has been maintained within the 20% cap and floor of the base rate determined by the Maldives Monetary Authority (MMA). Therefore, the Bank is not susceptible to any major currency fluctuation risk. The Bank does not engage in large scale transactions in foreign currencies on a speculative basis.

The risk associated with changes in foreign exchange rates from holding open positions in a particular currency or combination of currencies, is controlled through a combination of foreign exchange position limits and transaction limits which comply with regulatory requirements. These exposures are monitored on a fortnight basis and reported to the Bank's Asset and Liability Management Committee.

As at 31 December 2021	MVR	USD	EUR	GBP	JPY	SGD	Others	Total
Assets								
Cash and cash equivalents	389,729	5,095,835	50,876	1,986	139	5,877	2,478	5,546,920
Statutory deposit with Maldives Monetary Authority	1,453,733	1,517,655	-	-	-	-	-	2,971,388
Placements with banks	5,398,131	217,853	-	-	-	-	-	5,615,984
Loans and receivables to customers	11,345,927	5,873,432	3,345	-	-	2,685	-	17,225,389
Financial assets at amortized cost	6,922,534	356,833	-	-	-	-	-	7,279,367
Financial assets at FVOCI	-	243,616	-	-	-	-	-	243,616
Other assets	1,347,547	388,508	989	-	-	-	-	1,737,044
Total assets	26,857,601	13,693,732	55,210	1,986	139	8,562	2,478	40,619,708
Liabilities								
Due to customers	15,585,913	11,589,568	156,016	-	-	95	-	27,331,592
Term debt and other borrowed funds	39,142	1,100,091	-	-	-	-	-	1,139,233
Lease liability	150,727	999	-	-	-	-	-	151,726
Other liabilities	960,954	566,957	-	-	-	-	-	1,527,911
Total liabilities	16,736,737	13,257,614	156,016	-	-	95	-	30,150,462
Net on-balance sheet financial	10,120,864	436,118	(100,806)	1,986	139	8,467	2,478	10,469,246

(All amounts in MVR '000 unless otherwise stated)

34.6.3 Management of currency risk (continued)

As at 31 December 2020

	MVR	USD	EUR	GBP	JPY	SGD	Others	Total
Assets								
Cash and cash equivalents	403,338	1,357,797	18,866	1,101	91	109	374	1,781,676
Statutory deposit with Maldives Monetary Authority	855,390	2,230,822	-	-	-	-	-	3,086,212
Placements with banks	3,934,222	141,611	-	-	-	-	-	4,075,833
Loans and receivables to customers	10,279,480	6,203,276	1,767	-	-	254	-	16,484,777
Financial assets at amortized cost	6,050,644	383,201	-	-	-	-	-	6,433,845
Financial assets at FVOCI	-	245,166	-	-	-	-	-	245,166
Other assets	953,285	388,508	989	-	-	-	-	1,342,782
Total assets	22,476,359	10,950,381	21,622	1,101	91	363	374	33,450,291
Liabilities								
Due to customers	12,599,133	9,281,458	48,306	-	-	272	-	21,929,169
Term debt and other borrowed funds	54,403	852,303	-	-	-	-	-	906,706
Lease liability	143,012	1,047	-	-	-	-	-	144,059
Other liabilities	859,007	566,957	-	-	-	-	-	1,425,964
Total liabilities	13,655,555	10,701,765	48,306	-	-	272	-	24,405,898
Net on-balance sheet financial position	8,820,804	248,616	(26,684)	1,101	91	91	374	9,044,393

34.6.4 Equity price risk

Equity price risk arises as a result of any change in market prices and volatilies of individual equities. The table below summarizes the impact to equity due to change of 10% on equity prices

	2021	2020
Market value of equity securities as at 31 December	243,035	244,585
Stress level		
Shock of 10% on equity prices (upward)	24,304	24,459
Shock of 10% on equity prices (downward)	(24,304)	(24,459)

34.7 Country risk

Country risk is the risk that an occurrence within a country could have an adverse affect on the Bank directly by impairing the value of the Bank or indirectly through an obligor's ability to meet its obligations to the Bank. The Bank does not carry any exposures outside the country of operations other than short-term money market placements.

34.8 Operational risk

Operational risk is the loss resulting from inadequate or failed internal processes, people and systems or from external events. The Bank manages and controls operational risk by identifying and controlling risks in all activities according to a set of pre-determined parameters by applying appropriate management policies and procedures.

34.8.1 Management of operational risk

The management of operational risk represents a fundamental component of the Bank's overall approach to risk management. Operational risk is inherent in every part of the Bank including its products, people, processes and technology. The Bank has an Operational Risk Policy which outlines its framework for the management of operational risk including identification, assessment, measurement, monitoring, mitigation and reporting.

The Bank's All Risk Committee has responsibility for reviewing the risk environment and the Bank's performance against the full spectrum of risks faced in its activities, determining appropriate preventive and mitigating actions where necessary. In terms of operational risk specifically, the Bank has in place an Operational Risk Committee which meets monthly and which reports to the All Risk Committee.

(All amounts in MVR '000 unless otherwise stated)

35 Net asset value per ordinary share

	2021	2020
Total equity holders funds	8,800,524	7,019,515
Number of ordinary shares in issue	5,381,920	5,381,920
Net assets per share (MVR)	1,635	1,304

36 Additional cash flow information

36.1 Cash and cash equivalents for cash flow purpose

	2021	2020
Cash in hand (Note 15)	686,921	658,193
Balance with other banks	4,859,999	1,123,483
	5,546,920	1,781,676

36.2 Adjustments for items included in profit before tax

	2021	2020
Depreciation of property, plant and equipment (Note 22.3)	51,680	51,776
Amortisation of intangible assets (Note 24)	13,237	12,676
Depreciation of right-of-use assets (Note 23)	12,791	25,040
Gain on disposal of property, plant and equipment (Note 22.9)	1,345	(8)
Gain from derecognising lease liability	(627)	887
Finance cost on lease liabilities (Note 5)	12,239	12,971
Impairment charge and interest reversal on loans and receivables excluding impairment on other assets (Note 20)	101,869	1,273,218
Loans written-off during the year (Note 20)	(456,965)	(221,522)
Impairment (reversal) / charge on other assets	(11,989)	21,882
	(276,420)	1,176,920

36.3 (Increase)/decrease in operating assets

	2021	2020
Net change in statutory deposit with Maldives Monetary Authority	114,824	(801,710)
Net change in placement with banks	(1,541,084)	(1,567,420)
Net change in loans and receivables to customers	(740,612)	(2,150,014)
Net change in financial assets at amortized cost	(845,649)	(1,422,610)
Net change in other assets	(411,132)	(92,528)
	(3,423,653)	(6,034,281)

36.4 Increase/(decrease) in operating liabilities

	2021	2020
Net change in due to customers	5,402,423	4,585,228
Net change in term debt and other borrowed funds	232,527	(81,700)
Net change in other liabilities	(15,430)	749,239
	5,619,520	5,252,767

(All amounts in MVR '000 unless otherwise stated)

37 Maturity analysis of assets and liabilities

The table below shows the assets and liabilities analysed according to when they are expected to be recovered or settled.

	31 December 2021			**31 December 2020**		
Assets	**Within 12 months**	**After 12 months**	**Total**	**Within 12 months**	**After 12 months**	**Total**
Cash and cash equivalents	5,546,920	-	5,546,920	1,781,676	-	1,781,676
Statutory deposit with Maldives Monetary Authority	2,971,388	-	2,971,388	3,086,212	-	3,086,212
Placements with banks	5,615,984	-	5,615,984	4,075,833	-	4,075,833
Loans and receivables to customers	3,887,602	11,669,065	15,556,667	2,821,595	11,638,304	14,459,899
Financial assets at amortized cost	7,007,816	271,551	7,279,367	5,876,197	557,648	6,433,845
Financial assets at FVOCI	-	243,616	243,616	-	245,166	245,166
Property, plant and equipment	-	523,321	523,321	528,169	-	528,169
Right-of-use assets	-	158,412	158,412	156,166	-	156,166
Intangible assets	-	94,920	94,920	78,636	-	78,636
Deferred tax assets	-	149,718	149,718	-	192,259	192,259
Other assets	666,269	144,404	810,673	387,552	-	387,552
Total assets	25,695,979	13,255,006	38,950,986	18,792,036	12,633,377	31,425,413
Liabilities						
Due to customers	26,960,541	371,051	27,331,592	21,526,971	402,198	21,929,169
Term debt and other borrowed funds	491,579	647,654	1,139,233	394,108	512,598	906,706
Lease liability	9,404	142,322	151,726	16,046	128,013	144,059
Income tax liability	427,559	-	427,559	191,660	-	191,660
Other liabilities	1,100,352	-	1,100,352	1,234,304	-	1,234,304
Total liabilities	28,989,435	1,161,027	30,150,462	23,363,089	1,042,809	24,405,898
Net assets/ (liabilities)	(3,293,456)	12,093,979	8,800,524	(4,571,053)	11,590,568	7,019,515

(All amounts in MVR '000 unless otherwise stated)

38 Material litigation against the Bank

Litigation is a common occurrence in the Banking Industry due to the nature of the business undertaken. The Bank has formal controls and policies for managing legal claims. Once professional advice has been obtained and the amount of loss reasonably estimated, the Bank makes adjustments to account for any adverse effects which the claims may have on its financial standing. At year-end, the Bank had a small number of unresolved legal claims but none that would materially impact the financial statements of the Bank.

39 Related party disclosure

The Bank carries out transactions in the ordinary course of business with parties who are defined as 'Related Parties' in IAS 24 - Related party disclosures. The terms and conditions of such transactions are disclosed under Notes 39.4 and 39.5.

39.1 Parent and ultimate controlling party

The Government of Maldives holds 50.80% of the ordinary shares of the Bank, 15.47% of shares by State owned enterprises and institutions, whereas the remaining 33.73% of the shares are widely held.

39.2 Transactions with key management personnel of the Bank

The Bank has identified and disclosed personnel having authority and responsibility for planning, directing and controlling the activities of the Bank as 'key management personnel' in accordance with IAS 24 - Related party disclosures. Accordingly, the Board of Directors, Chief Executive Officer and Managing Director and Deputy Chief Executive Officer have been identified as 'Key Management Personnel'.

39.3 Compensation of key management personnel of the Bank

	2021	2020
Short-term Benefits	9,369	7,256
Post employment benefits - Provident Fund Contribution	259	110
	9,628	7,366

39.4 Transactions with key management personnel of the Bank

The Bank enters into transactions, arrangements and agreements with key management personnel and close family members of key management personnel in the ordinary course of business. The transactions below were made 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 a similar standing or, where applicable, with other employees.

	2021	2020
Assets		
Loans and receivables	19,832	51,092
Liabilities		
Deposits	17,817	30,746
Income and expenses		
Interest income	4,769	4,499
Interest expense	636	695

(All amounts in MVR '000 unless otherwise stated)

39.5 Transactions with Government of Maldives and government related entities of the Bank

The Bank enters into transactions, arrangements and agreements with Government of Maldives and government related entities in the ordinary course of business. The transactions below were made in the ordinary course of business on substantially the same terms, including interest/commission rates and security, as for comparable transactions with unrelated counterparties.

Assets	**2021**	**2020**
Loans and receivables (Gross)	1,751,651	1,368,181
Provision for loans and receivable	(75,984)	(92,590)
Loans and receivables (Net)	1,675,667	1,275,591
Investment in Government of Maldives treasury bills and treasury bonds	6,874,765	6,002,745
Investment in corporate bonds	99,594	125,965
Statutory deposit with Maldives Monetary Authority	2,971,388	3,086,212
	11,621,414	10,490,513
Liabilities		
Deposits and borrowings	3,089,319	2,675,752
Commitments and contingencies		
Guarantees, letter of credit and others	282,015	516,193
Income and expenses		
Interest income	498,671	412,351
Interest expense	4,325	1,276
Fee and commission income	28,459	30,291

40 Events after the reporting date

The Board of Directors have recommended a final dividend of MVR 30 per share to be paid for the financial year ended 31 December 2021, in the form of cash dividend.

No circumstances have arisen since the reporting date which would require adjustments to, or disclosure in, the financial statements.

41 Capital management

The Bank has in place a Capital Policy to support its long term capital objectives, risk appetite and business activities, as well as to meet its regulatory requirements. The Bank's objectives when managing capital are:

- To comply with the capital requirements under the Maldives Monetary Authority (MMA) Prudential Regulation on Capital Adequacy.
- To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders.
- To maintain a strong capital base to support the development of its business.

MMA requires each bank or banking group to hold a minimum level of regulatory capital of MVR 150 million and to maintain a ratio of total regulatory capital to risk-weighted assets (the 'Basel ratio') at or above 12%.

(All amounts in MVR '000 unless otherwise stated)

The Bank's regulatory capital is divided into two tiers:

- Tier 1 Capital: Share capital, retained earnings and reserves created by appropriations of retained earnings; and
- Tier 2 Capital: Current year earnings, general provision and qualifying subordinated loan capital.

Risk-weighted assets reflect an estimate of credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees as per MMA Prudential Regulation on Capital Adequacy. A similar treatment is adopted for off-balance sheet exposures, with some adjustments to reflect the more contingent nature of the potential losses.

The table below summarises the composition of regulatory capital and the capital adequacy ratios of the Bank for the years ended 31 December 2021 and 31 December 2020. The Bank complied with all regulatory capital requirements during both the years.

41.1 Capital adequacy as regulated by MMA

Tier 1 Capital	**2021**	**2020**
Share capital	269,096	269,096
Assigned capital reserve	6,000	6,000
Share premium	93,000	93,000
General reserve	6,122,904	5,875,046
Statutory reserves	150,000	150,000
Less: Future tax benefits	(149,718)	(192,259)
Total qualifying Tier 1 Capital	6,491,282	6,200,883
Tier 2 Capital		
Current earnings	1,862,019	325,067
Revaluation reserve (discounted by 55%)	50,179	51,367
General provision (Limited to 1.25% of RWA)	182,447	214,644
Total qualifying Tier 2 Capital	2,094,645	591,079
Total Regulatory Capital	8,585,927	6,791,962
Risk-weighted assets (RWA)		
On-balance sheet	18,339,586	15,621,571
Off-balance sheet	1,249,010	1,549,978
Total risk-weighted assets	19,588,596	17,171,549
Tier 1 Risk Based Capital Ratio	33.14%	36.11%
Total Risk based Capital Ratio	43.83%	39.55%

41.2 Basel 3 Capital computation

As per Basel 3 guidelines, the Total Capital Ratio must be maintained at or above 8% including Tier 1 and Tier 2 Capital. The Bank reported Tier 1 Capital Ratio - 33.4% and Total Capital Ratio - 44% for the year ended 2021 (2020: Tier 1 Capital Ratio - 37.49%, Total Capital Ratio - 40.94%).

(All amounts in MVR '000 unless otherwise stated)

42 Segment analysis

By business segment

The Bank operates in different business segments, each of which has unique risks and returns. The primary segments of the Bank are:

- Corporate, Business and Retail banking: Providing loan facilities, trade finance and deposit services to large corporate, business (micro, small and medium sized enterprises) and retail customers respectively.
- Cards and Electronic banking: Acquiring and issuing debit and credit cards and managing POS, ATM and internet banking services.
- Treasury: Capital and liquidity management activities such as investments, borrowings and managing money market instruments.
- BML Islamic: Providing Shari'ah compliant banking products and services under the window basis.

Transactions between business segments are on normal commercial terms and conditions. Segment assets and liabilities comprise loans and advances and customer deposits.

42.1 Segment reporting - Statement of comprehensive income

	2021				
	Corporate and retail banking	**Card and electronic banking**	**Treasury**	**BML Islamic**	**Total**
Total operating income	2,306,554	1,030,127	415,410	178,541	3,930,630
Extracts of results					
Interest income/income from financing and investments held to maturity	1,475,599	123,731	408,512	144,047	2,151,889
Interest expense/profit paid	(140,584)	-	(49,444)	(5,944)	(195,972)
Net interest/profit income	1,335,015	123,731	359,068	138,103	1,955,917
Fees and commission income	274,245	865,146	-	17,281	1,156,672
Fees and commission expense	(17,305)	(474,404)	-	-	(491,709)
Net fee and commission income/(expense)	256,940	390,742	-	17,281	664,963
Net gain/(loss) from trading	-	36,497	3,192	15,747	55,436
Other operating income (net)	556,711	4,752	3,705	1,465	566,633
Credit impairment (losses)/reversal	(37,310)	(12,844)	(1,060)	(40,444)	(91,658)
Net operating income	2,111,356	542,878	364,905	132,152	3,151,291
Depreciation of property, plant and equipment	(42,797)	(8,629)	-	(254)	(51,680)
Amortisation of intangible assets	(10,642)	(2,595)	-	-	(13,237)
Segment result	2,057,917	531,654	364,905	131,898	3,086,374
Expenses of BML Islamic	-	-	-	(254)	(254)
Un-allocated expenses					(549,428)
Profit before tax					2,536,692
Income tax					(674,673)
Net profit for the year					1,862,019
Other comprehensive income net of tax					(1,161)
Total comprehensive income for the year					1,860,858

(All amounts in MVR '000 unless otherwise stated)

42.1 Segment reporting - Statement of comprehensive income (continued)

	2020				
	Corporate and retail banking	**Card and electronic banking**	**Treasury**	**BML Islamic**	**Total**
Total operating income	1,507,032	705,835	349,807	121,596	2,684,270
Extracts of results					
Interest income/income from financing and investments held to maturity	1,311,131	116,440	336,782	120,232	1,884,585
Interest expense/profit paid	(125,908)	-	(48,346)	(4,801)	(179,055)
Net interest/profit income	1,185,223	116,440	288,436	115,431	1,705,530
Fees and commission income	174,196	536,342	-	8,825	719,363
Fees and commission expense	(10,445)	(254,113)	-	-	(264,558)
Net fee and commission income/(expense)	163,751	282,229	-	8,825	454,805
Net gain/(loss) from trading	-	48,667	13,025	(8,415)	53,277
Other operating income (net)	21,705	4,386	-	954	27,045
Credit impairment losses	(1,157,789)	(38,534)	5,335	(36,573)	(1,227,561)
Net operating income	212,890	413,188	306,796	80,222	1,013,096
Depreciation of property, plant and equipment	(40,244)	(11,169)	-	(363)	(51,776)
Amortisation of intangible assets	(10,753)	(1,923)	-	-	(12,676)
Segment result	161,893	400,096	306,796	79,859	948,644
Expenses of BML Islamic	-	-	-	(15,775)	(15,775)
Un-allocated expenses					(482,498)
Profit before tax					450,371
Income tax					(125,304)
Net profit for the year					325,067
Other comprehensive income net of tax					26,805
Total comprehensive income for the year					351,872

(All amounts in MVR '000 unless otherwise stated)

42.2 Segment reporting - Statement of financial position

	2021				
	Corporate and retail banking	**Card and electronic banking**	**Treasury**	**BML Islamic**	**Total**
Assets					
Cash and cash equivalents	5,319,433	-	-	227,487	5,546,920
Statutory deposit with Maldives Monetary Authority	2,813,076	-	-	158,312	2,971,388
Placements with banks	-	-	5,390,729	225,255	5,615,984
Loans to and receivables from customers	13,959,698	331,653	-	1,265,316	15,556,667
Financial assets at amortized cost	-	-	7,230,567	48,800	7,279,367
Financial assets at FVOCI	581	243,035	-	-	243,616
Property, plant and equipment	503,881	17,644	-	1,796	523,321
Right-of-use assets	158,412	-	-	-	158,412
Intangible assets	73,699	21,221	-	-	94,920
Deferred tax assets	149,718	-	-	-	149,718
Other assets	734,679	41,714	-	34,280	810,673
Total assets	23,713,177	655,267	12,621,296	1,961,246	38,950,986
Liabilities					
Due to customers	25,986,024	-	-	1,345,568	27,331,592
Term debt and other borrowed funds	-	-	1,139,233	-	1,139,233
Lease liability	151,726	-	-	-	151,726
Other liabilities	953,716	114,131	-	32,505	1,100,352
Income tax liability (Unallocated)	-	-	-	-	427,559
Total liabilities	27,091,466	114,131	1,139,233	1,378,073	30,150,462
Addition to Non-current assets	43,396	34,382	59	207	78,044

	2020				
	Corporate and retail banking	**Card and electronic banking**	**Treasury**	**BML Islamic**	**Total**
Assets					
Cash and cash equivalents	1,779,554	-	-	2,122	1,781,676
Statutory deposit with Maldives Monetary Authority	2,979,900	-	-	106,312	3,086,212
Placements to banks	-	-	3,734,972	340,861	4,075,833
Loans and receivables from customers	13,148,588	280,480	-	1,030,831	14,459,899
Financial assets at amortized cost	-	-	6,385,045	48,800	6,433,845
Financial assets at FVOCI	581	244,585	-	-	245,166
Property, plant and equipment	484,400	41,012	-	2,757	528,169
Right-of-use assets	156,166	-	-	-	156,166
Intangible assets	69,422	9,214	-	-	78,636
Deferred tax assets	192,259	-	-	-	192,259
Other assets	202,932	126,497	-	58,123	387,552
Total assets	19,013,802	701,788	10,120,017	1,589,806	31,425,413
Liabilities					
Due to customers	20,907,954	-	-	1,021,215	21,929,169
Term debt and other borrowed funds	-	-	906,706	-	906,706
Lease Liability	144,059	-	-	-	144,059
Other liabilities	1,087,384	119,280	-	27,640	1,234,304
Income tax liability (Unallocated)					191,660
Total liabilities	22,139,397	119,280	906,706	1,048,855	24,405,898
Addition to Non-current assets	137,612	6,677	30	118	144,437

43 Impact of COVID 19

During the current year, due to continued uncertainties caused by COVID-19, the Bank has considered whether any adjustments and changes in judgments, estimates and risk management are required to be considered and reported in the consolidated financial information. The Bank's business operations remain largely unaffected by the current situation.

The Bank has updated the inputs and assumptions used for the determination of expected credit losses (“ECLs”) as at 31 December 2021. ECLs are estimated based on the relevant forward-looking macroeconomic factors, significant increase in credit risk, and assessing the indicators of impairment for the exposures in potentially affected sectors.

The Bank will continue to closely monitor the impact of COVID-19 as the situation progresses to manage the potential business disruption COVID-19 outbreak may have on its operations and financial performance.

INVESTOR RELATIONS

CAPITAL STRUCTURE

During the financial year 2020, the Authorized Share Capital of the Bank remained unchanged at MVR 800,000,000 while the Issued, Subscribed and Paid-up Capital of the Bank as at 31st December 2021 also remained unchanged at MVR 269,096,000. The Bank listed its Equity Securities on the Maldives Stock Exchange on 29th December 2004.

SHAREHOLDING STRUCTURE

Following is the shareholding structure of the Bank at the end of the year 2020 and 2021.

	2021			2020		
SHAREHOLDERS	**TOTAL**	**SHARE CAPITAL (MVR)**	**%**	**TOTAL**	**SHARE CAPITAL (MVR)**	**%**
GOVERNMENT (MOFT)	2,733,868	136,693,400	50.80%	2,733,868	136,693,400	50.80%
GOVERNMENT EMPLOYEES PROVIDENT FUND (GEPF)	394,380	19,719,000	7.33%	394,380	19,719,000	7.33%
MALDIVES TRANSPORT AND CONTRACTING COMPANY (MTCC)	219,096	10,954,800	4.07%	219,096	10,954,800	4.07%
ATOLL/ISLAND COMMUNITY ACCOUNTS	219,096	10,954,800	4.07%	219,096	10,954,800	4.07%
GENERAL PUBLIC	1,815,480	90,774,000	33.73%	1,815,480	90,774,000	33.73%
TOTAL	**5,381,920**	**269,096,000**	**100.00%**	**5,381,920**	**269,096,000**	**100.00%**

TOP TEN SHAREHOLDERS

Top 10 shareholders of the Bank are listed in the below table.

SHAREHOLDER NAME	NUMBER OF SHARES
Ministry of Finance and Treasury	2,733,868
Government Employees Provident Fund	394,380
Champa Brothers Maldives Pvt Ltd	265,336
Maldives Transport & Contracting Co. Plc	219,096
Individual Shareholder	73,880
H.Dh Atoll/Island Rayyithun	30,600
R.Atoll/Island Rayyithun	26,352
A.Dh Atoll/Island Rayyithun	18,720
Individual Shareholder	17,316
B.Atoll/Island Rayyithun	15,912

MARKET STATISTICS (MVR)	2021	2020
First Traded Price	220.00	224.00
Highest Price	245.00	320.00
Lowest Price	216.00	210.00
Last Traded Price	235.00	215.00
Weighted Average Price	226.80	215.75
Market Capitalization at financial year end	1,220,619,456.00	1,161,149,240.00

INFORMATION ON SHARE TRADING	2021	2020
Number of Transactions	51	23
Number of Shares Traded	3,192	12,464
Value of Shares Traded (MVR)	723,955	2,689,120

SHARE PRICE MOVEMENT

During 2021, 51 transactions amounting to 3,192 shares were traded through the Maldives Stock Exchange. The Weighted Average Price over the year was MVR 226.80 and the total value of the shares traded was MVR 723,955. At the beginning of 2021, the market price per share was MVR 215.00 per share and the first traded price amounted to MVR 220.00 per share while the last traded price at the close of the year was MVR 235.00. The highest quoted price during the year amounted to MVR 245.00 while the lowest amounted to MVR 216.00.

INFORMATION PER ORDINARY SHARE (MVR)	2021	2020
Earnings per share	345.98	60.40
Net Asset per share	1,635.20	1,304.30
Market value per share	226	215.00

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