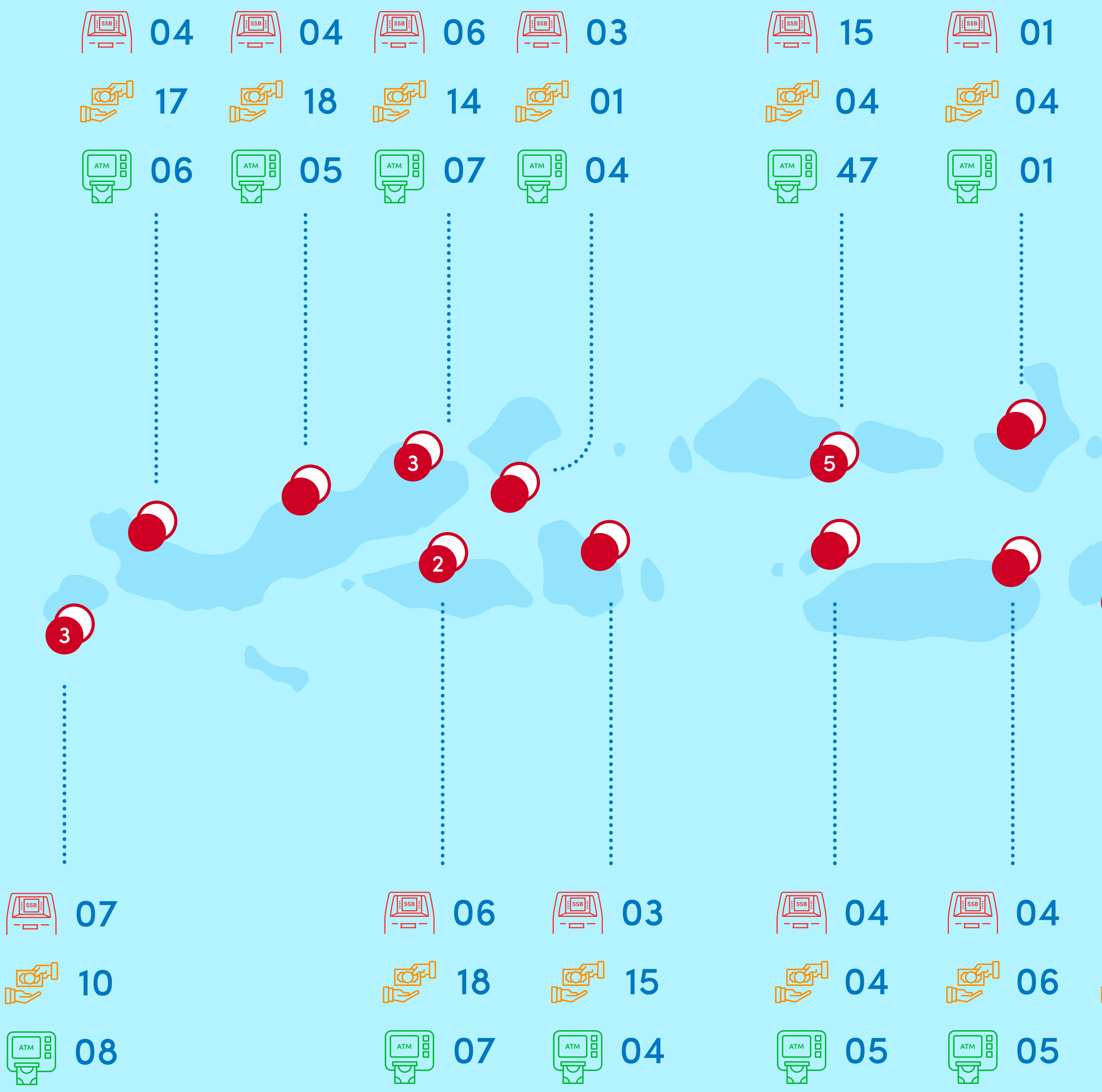
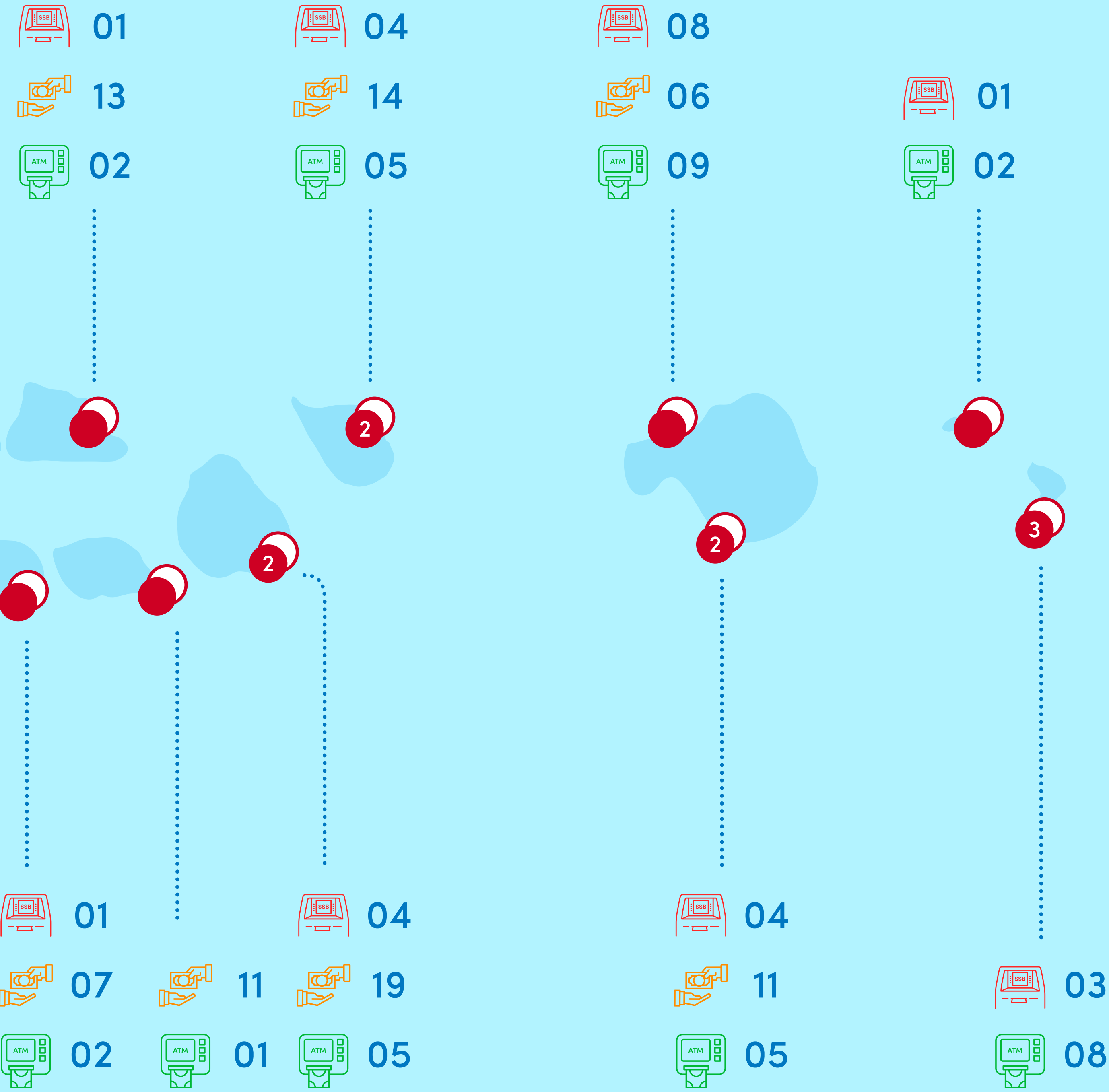

ANNUAL
REPORT
2023

CONTENTS

OUR NETWORK



Branch ATM Self-Service Banking Centre Cash Agent


01
13
02
04
14
05
08
06
09
01
02
2
2
2
3
01
07
02
11
01
04
19
05
04
11
05
03
08

OUR STRENGTHS

Leadership

Bank of Maldives has a skilled, gender balanced Management team with experience in various countries and banking markets, supported by an experienced Board of Directors.

Innovation

The Bank is the pioneer of the banking industry with many firsts. The first to launch POS and mPOS services in Maldives, first to launch debit and credit cards, first to launch internet and mobile banking, first to launch cash and cheque deposit machines.

Governance

The Bank's governance framework is built on the highest standards of international best practice. We are committed to upholding the values and standards that our local and international stakeholders expect.

People

The Bank is the largest employer in the Maldives banking sector with over 1,000 employees. 99% of employees are locals with almost one third employed in the atolls.

Customer Base

We are dominant in the Maldives with over 345,000 customers, and market leaders in Retail, Corporate and SME segments. We are also the market leader in Self Service banking with the largest number of online and ATM users.

Financial Strength

Bank of Maldives is a systemically important bank with Net Profit After Tax of MVR 2.07 billion, Total Assets of MVR 46 billion, a strong deposit base of MVR 31 billion and a strong capital ratio of 51% well above regulatory requirements.

Service Delivery

We have the largest network of branches, Agents, ATMs and POS terminals in Maldives. We are the exclusive acquirer and issuer of American Express cards in Maldives. We are the principal member in the Maldives for Visa and Mastercard.

VISION AND STRATEGIC FOCUS

We aspire to continue to be the bank of choice in Maldives.

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

Focusing on

Sustainability

Treat Customers Fairly (TCF)

Digitalization

Through

Engaged & Committed Workforce

SUSTAINABILITY

Sustainability extends beyond financial stability. Environmental, Social and Governance (ESG) is part of modern-day businesses and we at Bank of Maldives aspire to be one of the businesses in Maldives to bring in the ESG framework to the Maldives. As an initial step, we have undertaken a review of our CSR thinking.

TREAT CUSTOMERS FAIRLY

The concept focuses on what we can do to offer customers the best and most relevant products, pay claims fairly and promptly, and give customers what they pay for. We will be more flexible and service our customers with empathy, resolve complaints quickly and ensure more clear and transparent dealings. Our ultimate goal is to channel customer loyalty from “has” to bank with us to “want” to bank with us.

DIGITALIZATION

Digitalization has and continues to be a focus area as we are committed to deliver fast, relevant and easy digital experiences to customers. We have been the Bank to bring in many firsts to the country and we will continue to partner with technology and innovation partners to introduce ‘cutting edge’ technology solutions to our customers, at speed.

HIGHLIGHTS

Financial Highlights

Operating Profit
MVR2.68bn

Net Profit
MVR2.07bn

Deposits
MVR30.8bn

Total Assets
MVR45.7bn

Net Loans
MVR19.26bn

New Loans to Individuals & Businesses
MVR5.0bn

51%
Capital Adequacy

100%
Provision Cover

Non-Financial Highlights

23,000+
New Customers

40,000+
ATM Transcations per day

14mn+
ATM Transactions annually

54mn+
POS Transactions Annually

295,000+
Internet and Mobile banking Transactions per day

107mn+
Internet Banking Transactions annually

1,000,000+
Internet and Mobile banking logins per day

CHAIRPERSON'S STATEMENT

STRATEGIC PROGRESS IN BETTER BANKING

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 2023.

The bank ended the year with a Profit After Tax of MVR 2.07 billion, an increase of 27% compared to last year. With this strong position, the Board proposed a dividend payout of MVR 269 million, resulting in MVR 50 per share. The government, BML's biggest shareholder, stands to benefit with MVR 136.7 million as dividend payout, contributing to the positive fiscal strategy of the country.

The direct result of this strong financial position enabled the Bank to continue its support to communities across the country. Last year saw the completion of big-impact community initiatives including the upgrade of the National Library, awarding BML Sports Scholarships to competitive athletes who went onto achieve success on the international stage, completion of BML Fehi Project planting 50,000 trees, opening of the dedicated Oncology Ward in IGMH, refurbishment of the National Museum and the successful launch of businesses that won the BML Startup Grant.

The Board also moved forward with a renewed strategy for the Bank, built on the pillars of Sustainability, Treating Customers Fairly and Digitalization, and shifted focus to make progress on the vision of continuing to be the bank of choice in Maldives.

As the Bank continues its journey to deliver modern banking solutions for both personal and business customers, it will remain as the country's national bank, the Maldivians' bank. The Board of Directors and Executive Management understand the privilege and responsibility we hold in our positions, and while difficult decisions do have to be made, the Bank will continue to balance opportunity and risk, and act in the interest of the shareholders and emphasize on creation of value to stakeholders through a customer-centric mindset.

The future of the bank is promising. Sustainable growth over the years have led to record performances and a steady expansion throughout the country. To end this reflection on a very successful year for the bank, I thank all teams across the country for their contribution and dedication to this progress. I also extend my thanks to the current Executive Management and my gratitude goes out to my fellow Board members for their counsel and strong governance throughout the year. It is a true honor to be appointed as the Chairperson of this very prestigious and highly capable Board. I look forward to collaborating with the Board and Executive Management to take the Bank to new heights. And to you, our shareholders and customers, thank you for your continued confidence in us as we move into the next phase of our growth journey.

The future of the bank is promising. Our sustainable growth has led to record performances and a steady expansion of our network and services throughout the country.

Mr. Hassan Zareer
Chairperson

CHIEF EXECUTIVE'S STATEMENT

ON THE ROAD TO BEING THE BANK OF CHOICE

I am proud to report that BML has ended another successful financial year, while going through turbulent geopolitical developments and adapting to the needs of our customer base. Financially, we stand strong with solid capital and liquidity ratios well above regulatory standards. Operating costs were maintained despite inflationary pressures and the Operating Profit for the year is MVR 2.7 billion. The loan book grew by 14% while our customer deposits grew by a further 5%. Our Non-Performing loans stand at 7%, with MVR 5 billion as new lending.

> We made critical investments into strengthening our infrastructure and our people that, I am proud to announce, resulted in a reduction of customer complaints by over 20%.

SERVING YOU BETTER

Last year was instrumental in bringing changes to positively impact our customers.

In our continuous efforts to offer our customers the best financing solutions, we made positive changes to our Lui and Personal Financing products. We simplified our lending portfolio and in turn, increased the overall financing limit to MVR 1.2 million to allow our customers to access a much larger pool of funds for personal use. We have now taken this a step forward by launching instant loans online where the loan is approved and disbursed in just hours, compared to the 5 days we have previously had.

Our financing rates have also come down for key segments. In early 2023, we announced the reduction of our student Kiyavaa Loan and Education Financing rate to 5%. A year later, we reduced this even further to just 2.5% to make higher education more affordable than ever before. At the same time, as part of our strategy on Treating Customers Fairly, we reduced the interest charged on overdue loans, first from 10% to just 2%, and earlier this year, reduced this even further, to just 0.5%.

We also made critical investments in strengthening our infrastructure and our people that, I am proud to announce, resulted in a reduction of customer complaints by over 20%.

The introduction of digital banking assistant "Aaya" was one such initiative that came as part of our commitment to enhance customer experience. This AI powered chatbot, an intelligent tool that provides customers answers to queries in real time, is now one of the many online channels that our customers can now choose to get in touch with us. Chat sessions handled by this chatbot has increased since the launch, with Aaya now solely handling 53% by the end of 2023, without switching to a live agent.

The dynamic case management system is also now showing positive results with its implementation and use by our teams across the country. Last year, we have recorded an improvement of 24% in service levels. With the ability to track and manage customer queries and complaints, it now allows our teams to improve transparency and collaboration, resulting in the reduction of customer complaints.

For our business customers, we have implemented an extensive project of replacing older models of our POS machines with new, faster terminals. This will no doubt result in delivering an improved payment experience for both our merchants and customers across our 7,000 strong POS terminal network.

I have always advocated for going cashless, and this is part of our long-term strategy. However, we also understand the need for physical cash in our community, and to expand our network, we introduced our ATM services in 4 islands, bringing the total number of ATMs across our footprint to 82. In January this year, we also opened our very first Self-Service Banking Centre in Hulhumale' Phase 2 and have plans to roll out 57 more ATMs across the islands this year. The operating expenses and logistical difficulties in maintaining these stand-alone ATMs continue to be a challenge for us, but we are continuing to seek better ways to access our customers in the islands. Over the past few months we have also assessed the suitability of rolling out USD ATMs to certain islands where they are not represented by a BML branch.

SAFE BANKING SOLUTIONS

As a strong bank with modern solutions, we are also exposed to the everyday risks just like banks all over the world. This means that our customers are also exposed to financial fraud and can fall victim to such scams day by day. Fraud techniques evolve with time, and as much as awareness plays an important role, securing our banking platforms is also key to us. In this regard, we brought key positive changes over the past year.

To protect our customers, we introduced Two Factor Authentication (2FA) for Mobile and Internet Banking logins, adding an extra layer of security and launched the 'Kill Switch', giving our customers a one click option to immediately log out of all active online banking sessions and freeze all cards. While these features are in place to protect our customers, we continue to raise awareness on being cautious against scams. Too often I see cases of customers who have fallen victim to scammers disguised as small businesses, asking for bank transfers in return for goods or services, or falling for scams where someone is impersonating a friend or family. As convincing as they maybe, it is our responsibility to remain vigilant and safeguard our finances.

EMPOWERED COMMUNITIES

As a result of our consistently strong financial position, we continued our re-investments to support our communities over the last year. I am delighted to report we have completed the implementation of over 90% of the monthly initiatives we launched for our 40th anniversary. Our wheelchair donations program has seen 30 wheelchairs distributed to those in need last year, reaching a total of 230 since 2017.

At the end of last year, our Community Fund had provided support to a total of 100 community-led projects since 2019, re-investing MVR 5 million in the areas of education, environment, community and sports. This was a particularly successful project which has however now run its course and this year, we look forward to introducing a revamped initiative in its place to provide our community organizations with even better opportunities.

OUR PEOPLE

We have a loyal and dedicated group of people attending to your service needs across the country. Last year, we continued to recognize and reward long-serving employees as well as the high achievers through events such as the annual Staff Awards and Long Service Awards. Additionally, we celebrate important milestones at work through monthly Star Awards.

As part of the Bank's succession planning and talent development strategy, we also initiated leadership and management programs aimed to develop and nurture the future leaders of the Bank. It is always our ambition to be the best employer in the country, and that requires a commitment to pay and reward our staff appropriately. To ensure competitive compensation, we began a job grading exercise last year which is ongoing now. Through this, we aim to undertake a comprehensive review across the Bank and make changes to positively impact our staff.

AND THE FUTURE

Our greatest challenge is meeting the expectations of our clients in providing USD support for imports as well as educational and medical purposes. Since 2019, BML has supported the domestic economy by selling USD 333 million more in foreign currency than what it was available to buy from our customers and MMA. We cannot continue to sell what we do not have and unless we have additional access to the purchase of foreign currency, tough decisions will have to be taken to protect the Bank's financial position and exposure to risks. Unfortunately, this means challenging times for customers relying on our cards for foreign transactions. As a prudent bank, we are prepared to go through these challenging times and focus on the opportunities to innovate and remain a strong bank.

As a pioneer in the Maldivian banking industry, we have been and continue to offer a range of payment solutions for our merchants that cater to the diverse customers and visitors. The Bank's strong international payment partnerships enable merchants to accept contactless payments in different currencies from all major international card brands as well as digital wallets. This includes Google Pay, Apple Pay as well as Alipay and WeChat Pay, widely used by tourists from China to make payments in RMB. We have also configured our systems in January this year to be able to take Chinese Yuan (RMB) and United Arab Emirates dirham (AED) deposits to meet the possible future needs of our corporate customers who deal with the growing Chinese and Arab markets.

A key pillar in our strategy of course is digitalization and we continue to look into ways to harness technology to enhance our services. Over the course of the year, we are thrilled to have piloted the integration of AI across the Bank, to help analyze data and automate workflows which help boost internal efficiency. We also foresee expanding our utilization of cloud services to capitalize on scalability and security benefits. This will not only foster more effective collaboration but also enable us to deliver services faster and with higher quality.

However, we do know we have a long way to go when it comes to automation. Our Anti-Money Laundering (AML) compliance screening, for one, is largely manual now and impedes efficiency and accuracy. We expect this to be automated during the year to result in a reduction of queries and freeing up resources to put into more productive use. At the same time, we will continue to carefully look at our customers experience to address the practical challenges faced including for example, the possibility of reducing documentation required for International Money Transfer or TT applications within the relevant legal and regulatory framework.

We will continue to execute our strategy to grow and innovate, delivering our best to the customers. On behalf of the Executive Management, I thank our people for their efforts and to you, our customers and shareholders, for continuing to bank with us.

Mr. Karl Stumke
CEO & Managing Director

2023 REVIEW

FINANCIAL REVIEW

2023 was a year where elevated inflation, interest rates and increased geo-political tensions continued to act as headwinds to global economic growth.

Notwithstanding the global challenges, Maldives achieved an overall economic growth of 6.5%. The tourism industry was the key contributor to this with the country welcoming 1.88 million tourists in 2023, an increase of 12% over 2022.

The growth in the economy has in turn had a positive impact on the Bank resulting in over MVR 3.8 billion growth in our balance sheet with Total Assets now exceeding MVR 45 billion and an Operating Profit of MVR 2.7 billion, a 7% increase compared to the prior year.

The loan book grew by over MVR 2 billion or 14% compared to 2022 with regulatory NPA ratio at 1.4% and the IFRS 9 Stage 3 loan ratio improving from 9% to 7%, year on year.

Customer deposits grew by MVR 1.6 billion, and we now hold over 55% of the market share. The Bank is strongly capitalized with a Total Capital Adequacy Ratio of 51%, well above the regulatory requirements. Despite challenges the Bank faces in providing USD against local currency MVR, both MVR and USD liquidity remain strong and healthy.

MVR '000	2022	2023	+/-
Operating Profit	2,496,585	2,681,912	+7%
Net Profit After Tax	1,628,062	2,074,467	+27%
Net Loans and Advances	16,891,036	19,255,490	+14%
Customer Deposits	29,221,667	30,787,420	+5%
Total Assets	41,871,711	45,667,150	+9%
Total Liabilities	31,599,796	33,490,630	+6%
Shareholders' Fund	10,271,915	12,176,520	+19%
Dividend Per Share (MVR)	40**	50*	+25%
Gross NPA Ratio	1.20%	1.40%	+0.2%
Stage 3 Loans Ratio	9%	7%	-2%
Provision Cover	100%	100%	0%
Capital Adequacy Ratio	45%	51%	+6%
Liquidity Coverage Ratio – MVR	156%	185%	+29%
Liquidity Coverage Ratio – USD	140%	107%	-33%

* Proposed. Subject to shareholders' approval.

** 2022 dividend included interim MVR 20 per share and final MVR 20 per share.

NET INTEREST INCOME

The strong loan book growth and increase in the investment book resulted in the Bank earning MVR 2.7 billion in interest income, an increase of 11% over the prior year. All our business segments, Corporate, Retail and Islamic had a positive trend in business volumes.

The USD Fed Reserve Rate was revised in several instances in 2023 which increased global borrowing costs significantly. The Bank managed to absorb the additional cost without imposing a financial burden on its customers. The increase in interest rate in the international market has also contributed positively to the Treasury income. The Net Interest Income was 12% higher year-on-year.

▲ 12%

NET INTEREST INCOME

NON-INTEREST INCOME

Fee income recorded a 5% decline in 2023 as 2022 benefitted from a one-off recovery. Excluding recoveries, fee-based income accounts for more than 19% of the total gross income. Cards is the significant contributor to our Fee Income with almost 45% of total net fee and commission income.

MVR 3.4 billion

OPERATING INCOME

OPERATING EXPENSES

The Bank continued its investment in network enhancement, technology infrastructure, community and staff. Total expenses amounted to MVR 714 million in 2023, an increase of 4% compared to 2022. Cost to income ratio remained healthy at 21%.

21%

COST INCOME RATIO 2023

IMPAIRMENT CHARGES

The overall credit quality of the Bank's loan book improved during the year, which resulted in impairment loss reversal compared to a charge in 2022. The impairment reversal for 2023 was due to the changes in the Expected Credit Loss components.

FINANCIAL POSITION (BALANCE SHEET)

The Bank finished the year with a balance sheet size of MVR 45.7 billion, a growth of over MVR 3.8 billion on the previous year. The growth was supported by loan book, investment book as well as liquid assets through profits earned and customer deposits. Our balance sheet remains sustainable and solid.

MVR 3.8 billion

GROWTH FROM THE PREVIOUS YEAR

LOANS AND ADVANCES

The net loan book grew by over MVR 2 billion or 14% as the Bank continued it's lending to businesses and individuals to support the economy. The Bank lent over MVR 5 billion new loans to both individuals and businesses during the year.

▲ **14%**

GROWTH IN THE NET LOAN BOOK

LOAN BOOK QUALITY

IFRS 9 Stage 3 Loans were at MVR 1.4 billion, a reduction of MVR 0.2 billion with no significant new NPAs during the year. IFRS 9 Stage 3 loans ratio also improved from 9% to 7%. Gross NPA ratio as per MMA requirements slightly increased from 1.2% to 1.4% with a strong provision cover of 100%.

▼ **7%**

REDUCTION ON STAGE 3 IMPAIRMENT ALLOWANCE FROM 2022

LIQUIDITY

Despite the Bank's challenge in supplying USD against MVR for payments and cards, liquidity, both in local currency MVR and USD stand very strong at end 2023 with LCR ratios of 185% and 107% in MVR and USD respectively. The Bank's USD LCR is well above the Basel recommended 100%.

185% MVR LCR

107% USD LCR ratio

CUSTOMER DEPOSITS

Customer deposits stood at MVR 30.8 billion with a growth of MVR 1.6 billion or 5% on 2022 with contribution from all business segments – Retail, Corporate and BML Islamic. CASA deposits cover over 93% of the total deposits. USD deposit counts more than 45% of the total deposits. Loans to deposit ratio is healthy at 65%.

▲ **5%**

GROWTH IN CUSTOMER DEPOSITS

SHAREHOLDERS' FUNDS

The Bank's strong capital base is one of the Bank's core strengths which enables us to underwrite large ticket loans and absorb unforeseen financial shocks similar to what we experienced during the Covid – 19 Pandemic. Total Shareholders' Funds stood at MVR 12 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 51% (2022: 45%).

SHAREHOLDERS' FUNDS

MVR 12 billion

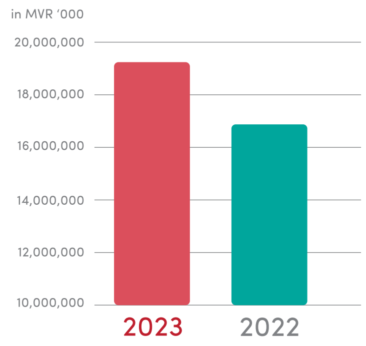
DIVIDEND PAYMENT

The Bank maintains a constant growth dividend policy. The issued and paid-up share capital at end 2023 remained at 5,381,920 shares of MVR 50 par value. On the back of the Bank's continued and solid financial position, the Board recommended a final dividend of MVR 50 per share for 2023 (2022: an interim dividend of MVR 20 per share and final dividend of MVR 20 per share).

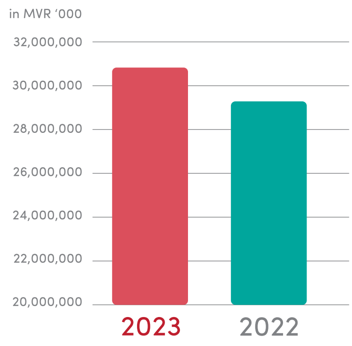
MVR 50

PER SHARE
PROPOSED FINAL DIVIDEND

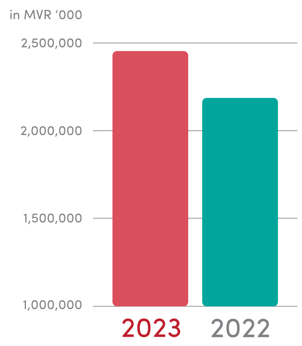
CUSTOMER LOANS



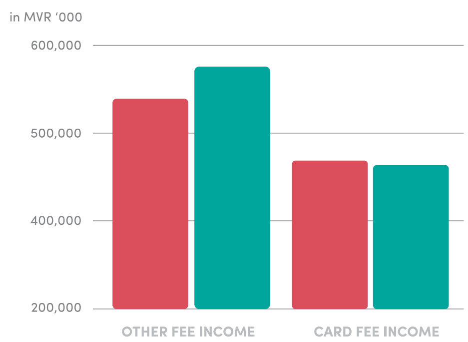
CUSTOMER DEPOSITS



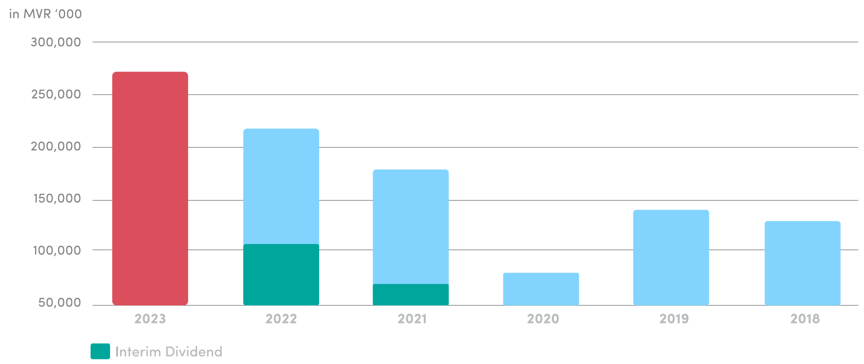
NET INTEREST INCOME



NET FEE INCOME



DIVIDEND PAYOUT



DELIVERING OUR STRATEGY

The Bank's Strategic Plan was reviewed and updated during the year which takes the plan up to 2026. The section covers key business developments with respect to the strategy during the year 2023.

RETAIL AND BUSINESS BANKING

2023 commenced with positive changes to our products and services for our personal banking customers, with significant reductions in rates and fees. In line with our commitment to fostering a knowledge-based economy, we decreased the interest rate of the BML Kiyavaa loan from 9% to 5%. Furthermore, we extended the maximum tenure for Home Purchase loans and financing to 25 years, and launched our simplified our personal unsecured loan and financing product offering up to MVR 1.2 Million to cater for all personal borrowing requirements. We also significantly reduced the penalty interest levied on overdue loans from 10% per month to 2% per month.

We bolstered our market presence during the year with the establishment of Self-Service Banking Centres at five strategically chosen locations. We also relocated one of our atoll branches, outfitting it with a Self-Service Banking Centre.

As a further step to protect our customers, we introduced two-factor authentication (2FA) login on our internet banking log-ins as well as one-time passwords (OTP) for wallet payments, device management functionalities, notification alerts, and a kill switch to disable all functions entirely. We continued to educate and inform our customers to be aware and vigilant of scams, and to never share personal information with anyone.

We were at the forefront of introducing "Favara," the Instant Payment System of MMA, enabling our customers to promptly remit and receive domestic payments.

Bringing together all business banking services under one roof to Male' Business Centre was also completed in 2023. Now Male' Business Centre provides business account opening services, loans and digital services to our business and merchant customer base enhancing the business banking experience and strengthening relationships.
As part of our commitment to supporting the development of SMEs, we saw the successful establishment of 3 businesses from the BML Startup Grant awarded in 2022. We also selected 2 new entrepreneurs for the program in 2023 who are now on their way to develop their winning ideas into successful businesses with the help of the Bank.

We welcomed over 19,000 customers during the year, bringing our customer base to 345,000. We successfully opened more than 66,000 new accounts, including 5,600 business accounts. In terms of lending, we provided MVR 1.4 billion to Maldivian individuals and businesses, while marking the highest loan disbursement to SME segment in the last 5 years.

In a bold step towards sustainability, we transitioned to utilizing recycled plastics for all our card products, revamping the entire portfolio to showcase the innate beauty of the Maldives.

CORPORATE BANKING

Throughout 2023, we strengthened our foothold in the corporate sector, witnessing rewarding increases in lending and business expansion. Our dedicated Corporate Banking Team, led by skilled Relationship Managers, continued to offer unwavering support to our larger corporate clients. Leveraging their industry expertise and employing a personalized approach, the Corporate Banking team successfully enhanced customer and client relations, facilitating business growth across various segments and significantly contributing to the bank's overall progress.

A major focus during the year was placed on delivering innovative technology to provide increased convenience and flexibility in financial management for corporate clients. The Bank's digital banking platforms offered real-time access to account information, transaction history and other financial data, empowering businesses to make well-informed financial decisions.

The Bank continues to play a pivotal role in driving the economy. The strong relationship with corporate clients across key economic segments have allowed our team to understand the distinct challenges and opportunities faced in order to deliver tailored solutions for tourism, trade, construction, aviation, and health sector covering areas of working capital management, cash management, payment solutions and support for new project investments.

Corporate Banking is strategically positioned to meet the diverse needs of corporate businesses. With our personalized approach, advanced technology, and specialized industry knowledge, the Bank continues to stand as a reliable partner for corporates striving to accomplish their financial objectives.

ISLAMIC BANKING

BML Islamic stands as the preferred banking partner for Shari'ah-compliant financial solutions across Maldives, with an extensive nationwide presence through the Bank's network of branches, ATMs, POS terminals, and across our digital offerings on Internet and Mobile Banking. Our banking solutions are developed in accordance with international standards under the guidance of our Shari'ah Advisors.

In our unwavering dedication to elevate customer experience and prioritize customer-centricity, BML Islamic has seamlessly delivered Shari'ah-compliant solutions tailored to meet the Islamic banking needs of our customers.

During the year, we introduced a substantial reduction in financing rates for education financing to 5%, extended the tenor of Home Purchase Financing to 25 years to extend homebuyers the advantage of reduced monthly installments, and revamped our Home Construction and Real Estate Financing to offer more accommodating terms including an extended tenor of 20 years, competitive rates, and the added advantage of waived processing and application fees for refinancing.

These positive changes have not only strengthened our product offerings but have also allowed us to reach a bigger customer base in the market.
We also introduced a significant amendment to our Personal Financing Product, increasing the unsecured financing limit to MVR 1.2 million. This change allows customers to access financing up to MVR 1.2 million without the need for collateral, based on their eligibility. Furthermore, as part of our continuous commitment to enhancing customer experience, we have significantly reduced the overdue penalty to a minimal 2% per month. This pivotal change is designed to alleviate financial burdens our customers may face, emphasizing our commitment to supporting financial well-being by treating customers fairly.

Through our dedicated Sales and Business team, we remain committed to fostering strong relationships with our business customers, offering tailored, customer-centric, and Shari'ah-compliant solutions across the market. We continued our focus on increasing awareness about our Shari'ah-compliant products and services across the nation. Last year, numerous informative sessions were conducted across Male' City and the atolls.

Leveraging secure banking platforms, we provide customers nationwide with seamless access to our wide range of Shari'ah-compliant deposit and financing products. The past year has marked a significant milestone for BML Islamic, reaffirming our position as a key player in the Islamic banking industry in Maldives. We facilitated MVR 855 million in new facilities to both retail and business customers, contributing substantially to the growth of our financing asset portfolio while upholding robust asset quality standards. With an unparalleled product portfolio, BML Islamic proudly maintains its status as the leading Shari'ah-compliant banking service provider in Maldives.

CUSTOMER SERVICE

2023 was a year of notable success in enhancing our customer experience. We are pleased to report a remarkable 20% reduction in customer complaints, a testament to our commitment to offer better banking.

In May 2023, we introduced our digital banking assistant Aaya, revolutionizing customer interactions by offering a fully digital chatbot. Aaya handled 53% of 47,000 chat sessions initiated by customers, contributing to a 2% increase in overall digital interactions. We further expanded our digital footprint by incorporating Viber and WhatsApp to Aaya, offering seamless and accessible communication channels for our valued customers.

Our dedication to swift and efficient customer service is evident in the impressive 24% improvement in customer case resolution compared to the previous year. This notable achievement was a direct result of the many initiatives spearheaded by the Bank including the implementation of the case management system, focus on training as well as the many process improvements that were introduced throughout the year.

To better serve our diverse customer base, we proudly established four new Self-Service Banking locations in AA. Mathiveri, R. Inguraidhoo, N. Maafaru and Sh. Miladhoo and upgraded our branch in AA. Rasdhoo, providing increased accessibility and convenience.

Our commitment to the security and efficiency of our Internet Banking services is evident through various enhancements, including card replacement automation, data compromise card replacement automation, and the implementation of the Central's Bank's instant payment solution.

Security is our top priority in this digital journey. In December 2022, we enabled the authenticator app to generate One Time Passwords (OTP), discontinuing email as the default OTP channel.

This was followed by initiatives such as enabling alerts for all app and Internet banking login attempts and enabling push notifications for all banking transactions. In the second quarter of 2024, we introduced a "kill switch" option allowing customers to freeze all cards and block Internet Banking in the event of suspicious or unauthorized access.

We also automated non-performing terminal notifications, streamlining our response mechanisms for businesses. The ongoing Point of Sale (POS) upgrade process will also enhance transaction efficiency and further elevate the customer experience for our merchants.


OF MALDIVES
BANK OF MALDIVES

OUR PEOPLE

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 organisation.

In 2023, we launched the Bank's Corporate Wellbeing program, BML Glow, which takes a holistic approach to employee wellbeing and focuses on 4 key dimensions of wellbeing: physical, mental, financial and social.

Employee Engagement is a key focus area of the Bank and during the year, multiple engagement activities were conducted for our staff. In January, we held a special event to mark the Bank's 40th Anniversary and we recognised the longest serving employees Aishath Noordeen, Fathimath Manike and Moosa Mohamed for having served the Bank for 40 years.

Under the Bank's Talent Development programme, a focused Management and Leadership Development Training Program in collaboration with Singapore Management University was initiated for 50 Management level staff. A Supervisory Development Program was also launched for 50 employees at supervisory level. In addition to these, during the year, over 16,000 individual trainings were completed for over 550 courses on BML Kiyeveni, our online learning platform.

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 2023, no such case was raised.

Under our recognition schemes, we honored our long-serving, loyal and dedicated staff at our annual Long Service Awards event where 64 team members were presented with special mementos of recognition. We held our annual Staff Awards ceremony to recognise employees who have distinguished themselves through exceptional performance and dedication to the Bank with 61 awards presented to individuals and teams.


Kick board

GIVING BACK TO THE COMMUNITY

As an integral part of being a sustainable and responsible business, we continued to invest back into the community by supporting initiatives in the areas of educational, sports and environmental causes. Now in its fifth year, the BML Community Fund disbursed grants to a further 20 projects, marking the important milestone of supporting 100 projects. This program empowers local organizations to undertake sustainable projects in their communities and our multi-faceted approach aligns with sustainable business practices, reflecting a dedicated commitment to positive community impact.

We further strengthened our support for local NGOs by providing financial aid to run various programs to benefit our communities. We made donations to Family Legal Clinic to provide free legal advice to vulnerable families, Cancer Society of Maldives to raise awareness and run cancer screening programs in selected islands as well as Advocating the Rights of Children (ARC) for their mental health program in schools.

A crucial aspect of our strategy is the implementation of dedicated programs to support people with special needs. Our wheelchair program, initiated in 2017, has now marked the successful delivery of over 230 motorized wheelchairs throughout the Maldives, significantly enhancing the quality of life for those with physical disabilities. In 2023, we also contributed to the establishment of a therapy room at Imaduddin School, specifically designed for children with complex learning difficulties and disabilities. This facility is tailored to foster inclusive learning environments and is equipped to offer a range of services, including speech and occupational therapy, sensory activities, and counseling.

To mark International Girls in ICT Day, we supported an awareness program at in Gn. Atoll and Addu Atoll with over 100 students, conducted by the talented women leading our technology team.

Similarly, to mark International Women's Day, a Coding and Engineering program was conducted for 26 girls from selected schools in greater Male' area covering game development, robotics and basic app development.

We also continued our support to sports with programs to develop young talent in swimming, tennis and surfing.

The year 2023 also saw the implementation of our high impact monthly initiatives as part of the Bank's 40th anniversary celebrations. These initiatives saw MVR 24 million invested to benefit our communities, customers and colleagues. Some key highlights from the initiatives:

- The refurbishment and upgrade of the National Library was completed and officially re-opened.
- Under the BML Sports Scholarship, 7 national athletes were trained at recognized training centers worldwide, leading to remarkable achievements at various national and international events including at the Indian Ocean Island Games 2023.
- With our goal to reforest and rejuvenate land spaces, we planted 50,000 trees across 5 islands under the BML Fehi Program.
- Focused on the care and preservation of its collection, the National Museum officially reopened following its refurbishments.
- The Oncology Ward at IGM Hospital was inaugurated. The 8-room ward is the first dedicated center for cancer patients in the country.
- Through the BML Startup Grant, Smart Agricultural Practices project in Laamu Gan, Aina's by Hawwan Cakes, and NIRISS Embroidery were officially launched.

RISK MANAGEMENT

RISK OVERVIEW

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 Bank's strategic and business objectives.

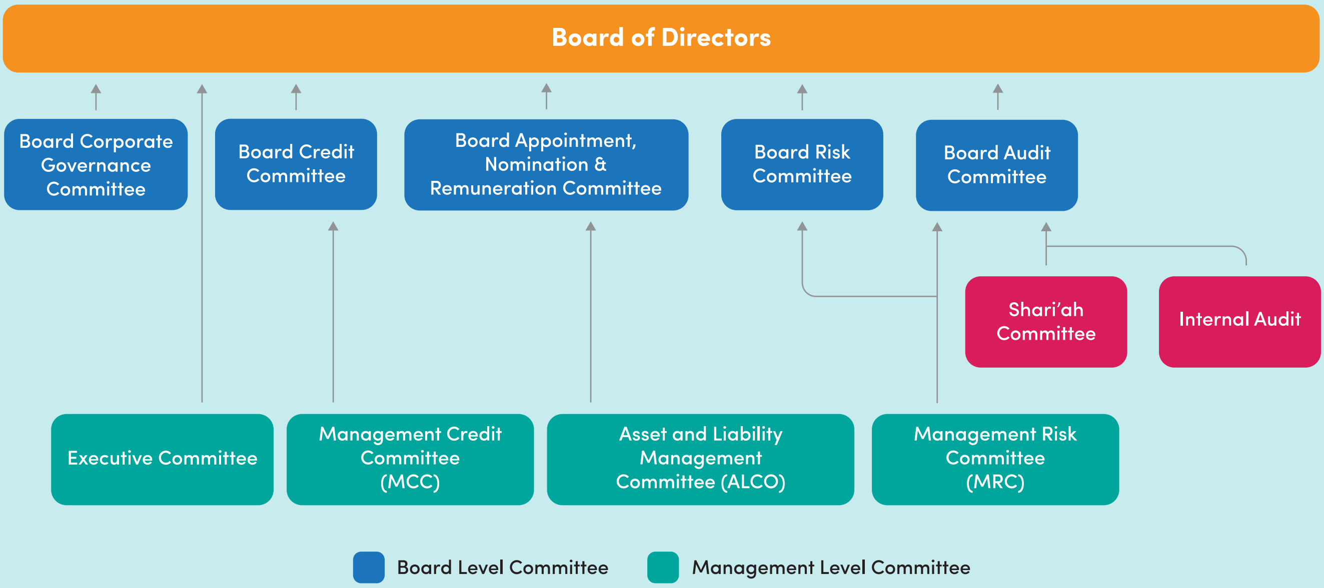
The Bank continues to review our internal processes and bring enhancements to our control environment to improve efficiency and effectiveness of the Risk Management program and framework. The Bank has implemented a multi-faceted approach that involves ongoing assessments and evaluations of current processes and systems to keep in line with industry best practices. This includes regular stress testing to assess the resilience of the Bank's risk management framework. The Bank communicates its Risk Management strategies and results to its stakeholders, including shareholders, regulators, and customers through various means such as statutory returns, annual financial statements and market updates. Through these efforts, the Bank remains committed to maintaining the highest standards of risk management and ensuring its ability to provide a secure and stable platform for its customers.

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 rests with the Board. The Bank's Risk Appetite Statement addresses the broad set of risks that 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.

The Bank's 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 monitored and managed effectively within our Risk Appetite and Limit Framework to instill and enhance a robust risk culture within the organization. Relevant technical training and risk awareness courses are provided to all staff. The Compliance Department assists management in ensuring compliance with internal procedures and processes, applicable laws, regulations, and ethical standards. The Compliance Department plays a crucial role in the oversight and supervision of Anti-Money Laundering (AML), Fraud, and Conflict of Interest (COI) activities and maintains a comprehensive framework for managing the bank's compliance risks in line with laws, regulations and our risk appetite. The Internal Audit Department validates the adequacy and effectiveness of internal controls and directly reports to the Board Audit Committee.

1ST LINE - RISK OWNERSHIP	2ND LINE - RISK OVERSIGHT	3RD LINE - ASSURANCE
Measures, assesses and controls risks through day-to-day activities	Provides independent oversight and reports to Board Risk/Audit Committees and the Board.	Provides independent and objective assurance to the Board Audit Committee and the Board
BUSINESS / SUPPORT FUNCTIONS	**RISK AND COMPLIANCE**	**INTERNAL AUDIT**



BOARD COMMITTEES

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. In addition, the committee 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.

Appointment, Nomination and Remuneration Committee (ANR)

The Appointment, Nomination and Remuneration Committee recommends to the Board a framework of remuneration packages for the Bank and specific remuneration packages for Senior Management and CEO/MD. The Committee identifies and makes recommendations on Board of Directors and Senior Management appointments. In addition, the Committee reviews and approves the Bank's succession plan and necessary HR related policies.

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 and within the Board approved Risk Appetite Statement and Limit Framework.

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 existing operating environment. The Committee ensures that the Bank operates within existing legal and regulatory framework and subscribes to international best practices. In addition, BRC examines the adequacy and effectiveness of Bank's risk management framework, which covers principles, policies, guidelines, instructions, methodologies, systems, processes, procedures and people. The Committee also oversees the risk culture of the Bank, and reviews the Bank's reputational and non-financial risks and business continuity plans.

Corporate Governance Committee (CGC)

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

MANAGEMENT COMMITTEES

Management Credit Committee (MCC)

Management Credit Committee is the credit approving Committee with responsibilities delegated up to a specific level. The Committee's responsibilities include reviewing and approving credit proposals in line with the Bank's Delegation of Authority Policy. Furthermore, the Committee ensures that the Bank's loan portfolios and credit risk profiles are in compliance with the Bank's Credit Policy and Risk Appetite and Limit Framework.

Asset and Liability Management Committee (ALCO)

The Asset and Liability Management Committee (ALCO) is responsible for the sound management of Asset and Liability Management (ALM) by monitoring and managing the Bank's 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.

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.

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.

Executive Committee (EXCO)

Executive Committee is responsible for the overall management and operation of the Bank. The Committee reviews weekly MIS from each business area as well as monthly financial statements and data including key risk indicators. EXCO executes strategies and monitors performance with the Bank's strategic plan.

RISK APPETITE STATEMENT & LIMIT FRAMEWORK

Risk Appetite and Limit 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 Board's risk tolerance levels, Bank performance, sustainability, and risk management. The Risk Appetite framework sets appropriate concentration risk, liquidity risk, and capital limits. Limits are set with regard to concentration, industry, geography, asset class, regulatory guidelines and Board's overall tolerance for risk.

The Bank's goal is to maintain safety and soundness in the banking system and provide its 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 Bank is 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 was established to ensure the Bank's risk management framework subscribes to sound risk governance principles and is efficient and robust.

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.

KEY RISK METRICS / FIGURES

Operating Profit	2023	2022
Net Loans and Advances	19,255,490	16,891,036
Loans and Advances as % of Deposits	66%	62%
Total Risk Weighted Assets	23,701,864	22,276,544
Stage 3 Exposures as a % of Total Loans and Advances	7%	9%
Total Capital base	12,080,805	10,104,196
Tier 1 Capital	9,664,512	8,162,934
Total Capital Ratio	51%	45%
Tier 1 Capital Ratio	41%	37%
Leverage Ratio	22%	25%
Liquidity Coverage Ratio:		
MVR	185%	156%
USD	107%	140%
Consolidated	149%	158%
NSFR	204%	192%

RISK CATEGORIES

a) 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 country exposure, interbank exposure, commercial loans, consumer loans, advances, and loan commitments arising from various lending activities but can also arise from credit enhancement provided, such as through issuing or receiving financial guarantees, letters of credit, endorsements, and acceptances.

Throughout 2023, the Bank has consistently maintained its asset quality, reflecting resilience in our credit portfolios with ongoing improvement in overall asset quality. Sound management and strategic oversight have ensured that our financial assets have remained robust and have performed reliably in the face of various negative geopolitical dynamics and economic challenges around the globe. The Bank's credit risk improved during the year and is in line with the prescribed risk appetite parameters set by the Board including concentration risk limits. The Bank is prudent in its approach to credit risk and is well-positioned to absorb potential future credit impairments.

Loans and advances to Banks – 31st December 2023

	Stage 1 12m ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Performing	16,138,099	2,671,936	1,111,225	19,921,260
Special Mention	-	83,255	35,366	118,621
Sub-standard	-	-	92,973	92,973
Doubtful	-	647	37,803	38,450
Loss	-	-	168,017	168,017
Gross carrying amount	16,138,099	2,755,838	1,445,384	20,339,321
Loss allowance	131,404	358,269	594,158	1,083,831
Carrying amount	16,006,695	2,397,569	851,226	19,255,490

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 carefully 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 and a robust overarching Risk Appetite and Limit Framework.

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

1. Loan origination and credit appraisal including initial screening is conducted for all loan proposals.
2. Clear guidelines and policies have been established for loan approvals within delegated credit approval authorities. Credit administration and disbursement is performed by the Loan Service Department (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.
3. Timely portfolio reviews are performed to evaluate the existing and developing risks.
4. 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.
5. 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.

Concentration risk 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. The current practice is to undertake a quarterly review of all accounts.

Risk Appetite and Positioning

The Bank has consistently aimed to build a diversified loan portfolio whilst supporting the Maldivian economy and its constituents through our lending activities. Acknowledging the Bank's significant lending within certain segments of the economy, the Bank has in place concentration risk limits to restrict over exposure to certain sectors, financial instruments, counterparties, borrowing groups, and single name borrowers to ensure the portfolio remains appropriately diverse and our lending remains prudent.

Furthermore, our credit risk monitoring regime assesses relevant key risk indicators to ensure we promptly identify, and respond to increasing levels of risk within our portfolios.

We currently remain within all tolerance levels in our Risk Appetite Limit Framework for Credit Risk. The Stage 3 Loans ratio has improved from previous years considering the year on year improvement in the Maldivian economy largely driven by the tourism sector.

For the financial year ended 31st December 2023, Stage 3 provisions improved from 9% to 7 %, primarily attributable to positive credit migration of a single name major USD customer. Bank has maintained a strong financial position, reflected in key ratios, capital ratio of 51% and leverage ratio of 22% and strong NPAT at MVR 2.1 billion.

Overall, lending and performance of the portfolio saw continued improvement in 2023.

b) Liquidity Risk

Liquidity risk is the risk to earnings and payment obligations both expected and unexpected as they fall due without incurring unacceptable losses.

Over the course of the year 2023, the liquidity ratios for the domestic currency have been consistently strong, reflecting a solid domestic liability base. Foreign currency liquidity remains a key area of focus, given systemic challenges in the economy with few sources of USD supply in the local market. The key factors contributing to the shortage of USD in the market stem from our economy's import-focused needs which makes the Maldives economy highly dependent on US dollar inflows. The demand for USD in the market far exceeds current supply and remains a significant liquidity challenge.

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 through its ALCO (Asset and Liability Management Committee) processes and treasury activities.

Monitoring and reporting takes 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 10% for foreign and local currencies, of which no interest income is earned for the balances in demand and time deposits held in its Islamic banking operations. Furthermore, the Bank maintains a ratio of net liquid assets to liabilities to reflect market conditions.

The Bank proactively oversees its liquidity position, ensuring consistent adherence to statutory and Basel requirements throughout the year. This involves the monitoring of ratios like LCR, NSFR, and various other liquidity indicators. The ALCO conducts a thorough monthly assessment of the Bank's liquidity position.

Risk Appetite and Positioning

Liquidity risk is an area of primary focus for the Bank's Risk Management activities. The Bank maintains a high-level of liquidity sufficient to support both customer remittances and facilitate local and international trade payments.

As at the end of the year, the LCR and NSFR levels of the Banks stands at 149% and 204% respectively and were maintained above the minimum required level throughout the year. However, LCR USD has slightly deteriorated compared to 2022 going from 140% in 2022 to 107% in 2023 mainly owing to the to the shortage of USD in the market. Management continues to monitor the liquidity position to ensure sufficient liquidity is available to meet customer and Bank needs.

c) 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.

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).

Risk Appetite and Positioning

There is limited market risk that arises for the Bank given the lack of an active trading portfolio for the Bank. Nevertheless, the Bank is still exposed to fluctuations in foreign currency rates, which would affect the value of its placements and investment assets.

The Bank has in place limits on its overall foreign currency exposure as well as the open positions on each currency relative to the Bank Capital Base, which limits the exposures of the Bank to currency fluctuations.

d) 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. The full spectrum of Operational Risk is extensive and there are a number of sub-types which are managed within the ambit of the broader Operational Risk Management framework. These sub-types include Business Continuity Risk, Conduct Risk, Technology Risk, Cyber Risk, Legal Risk, Reputational Risk, Fraud Risk and Third-party Risk. The Bank continues to expand its Operational Risk Management framework to cover the full spectrum of material Operational Risk types.

It is pleasing to note that during fiscal year 2023, our financial performance reflected minimal financial losses from operational risks, indicating sound control mechanisms embedded throughout our business units. This result highlights the effective design and implementation of our risk management strategies.

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, reporting and mitigation.

The Bank's Management 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 (ORC) which meets monthly and which reports to the Management Risk Committee (MRC).

Risk Appetite and Positioning

The Bank maintains a sound operational risk management program and practices that help identify and manage operational risk throughout the Bank. The bank monitors the level of operational risk loss through regular monitoring and reporting functions, including incident reporting, risk control self-assessment (RCSA), KRIs, and specific categories of losses falling under the Basel Operational loss Events (EV) categories. Furthermore, the Bank measures system downtime and cybersecurity threats to ensure our systems are robust, secure, and highly available.

The Bank has in place an extensive process of analysis and response to identify, investigate, review, and mitigate future losses following the emergence of an operational loss incident.

e) Compliance Risk

Compliance Risk is the threat posed to the Bank's financial and/or reputational standing resulting from breaches of internal policies, procedures and/or external laws and regulations. In line with Basel, and local regulatory requirements the Bank has in place a Compliance function to ensure strict compliance with all internal policies, procedures and/or external laws and regulations. To identify Compliance risk, the Compliance division of the bank:

- Reviews laws and regulations as applicable to the Bank and advises Senior Management and Board of Directors on any developments in such laws and regulations.
- Provides analysis and early warning of any new regulatory changes which may impact the Bank.
- Identifies and assesses the compliance risk associated with the Bank's business activities including the development of new products and services and the expansions of new business activities.
- Reviews and monitors the adequacy and effectiveness of the measures and procedures in place and the actions taken to mitigate compliance risk.
- Third party reviews and assessments to ensure adherence to international best practices.
- Monitors compliance with the Policy by performing regular and comprehensive compliance risk assessment and testing.
- Ensures regulatory reporting obligations across the organization are met on a timely manner, and if not, immediately escalate any breaches to Senior Management and Board.

The demand for increasing compliance vigilance continues to rise. Globally there is an increasing prevalence of scams and frauds and Banks are required to ensure that they keep their customers safe and protected through increasing safe and secure access to their accounts and awareness campaigns to educate customers to identify potential frauds, scams phishing attacks and to stay safe in the world of digital banking, increasing screening and documentation requirements for Anti-Money Laundering (AML) and CTF surveillance screening is ongoing and increasingly sophisticated. As the financial landscape evolves, regulatory authorities and businesses alike are placing heightened emphasis on ensuring adherence to stringent compliance standards. Staying abreast of and adapting to these evolving compliance requirements is crucial for businesses to maintain integrity, foster trust, and navigate the intricate regulatory environment effectively.

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 limits in the Bank's Risk disclosures and help to inform on mitigation techniques. The stress test results are shared with Maldives Monetary Authority quarterly.

GOVERNANCE

BOARD OF DIRECTORS

DIRECTORS NOMINATED BY THE GOVERNMENT

Mr. Hassan Zareer
Hulhu Malé, Flat No C1-3-B

Mr. Hassan Zareer is the Chairperson of the Bank. He has been serving as the Director of Finance and Group Chief Compliance Officer at Villa Shipping and Trading Company Pvt Ltd since November 2019. Before this appointment, Mr. Zareer was the Deputy Commissioner General of Taxation at the Maldives Inland Revenue Authority, a position he held from August 2010 to September 2019.

His career at the Ministry of Finance spans various roles, including Chief Public Accounts Executive and Operations Manager of the Public Finance Reform Project from March 2007 to August 2010. He also served as the Assistant Director (Head of Public Enterprises Monitoring and Evaluation Board) and Assistant Under Secretary at the Ministry of Finance from July 2006 to March 2007.

Mr. Zareer has been a Board Member of Solarelle Insurance since October 2021. He has extensive experience serving on the Boards of various public and private companies, including the Maldives Inland Revenue Authority, Maldives Tourism Development Corporation, Maldives Post Limited, State Electric Company Limited and Maldives Entertainment Company Limited. He also served as the chairman of Maldives National Oil Company.

Mr. Zareer holds a Master of Science in Finance and a Bachelor of Accounting from International Islamic University, Malaysia. He is also a fellow member of Chartered Institute of Management Accountants, United Kingdom and a certified member of Certified Practicing Accountant (CPA), Australia.

Mr. Zareer has no shares in the Bank.

Other Directorship:
None.

Mr. Karl Stumke
Chief Executive Officer and Managing Director

Mr. Karl Stumke currently serves as the Chief Executive Officer and Managing Director of the Bank. He was appointed to the Board during the Extraordinary General Meeting held on 10th January 2023.

With over 36 years of experience, Mr. Stumke has a vast professional background, having worked extensively in the Middle East, Africa, the Indian Ocean region, and the United Kingdom. He previously held the position of CEO at Al Ahli Bank of Kuwait in the United Arab Emirates. Before joining Al Ahli Bank of Kuwait, Mr. Stumke served as the Regional Corporate Director at Bank Muscat International Bank in Bahrain.

Throughout his career, Mr. Stumke has held Executive Directorships at Barclays Bank Tanzania, and non-Executive Directorships in various institutions, including Money on Demand, Barclays Leasing, and Barclays Bank Seychelles.

Mr. Stumke is an Associate of the Chartered Institute of Bankers (South Africa) and holds a Bachelor's Degree in Accounting Science from the University of South Africa. Additionally, he has completed executive programs in France, Switzerland, and South Africa.

Other Directorship:
None

Ms. Aishath Noordeen
M. Thaangeedhoshuge, K. Male'

Ms. Aishath Noordeen has been with the Bank since 1982 and currently holds the position of Deputy Chief Executive Officer. With a career spanning over 40 years in various facets of the banking industry, Ms. Aishath has demonstrated extensive expertise. She has served as the Acting CEO and Managing Director of the Bank on four separate occasions. Additionally, she held a government-appointed directorship on the Bank's Board from June 2008 to May 2014.

In 2019, Ms. Aishath assumed the role of overseeing the Bank until the appointment of Mr. Timothy Sawyer as CEO in July 2019. She once again took charge of the Bank on 14th July 2022 until Mr. Karl Stumke assumed the role of CEO on 16th October 2022.

Ms. Aishath played a pivotal role in establishing the Bank's award-winning international banking business. Her contributions extend to serving as a member of the Bank's Board Credit Committee, showcasing her commitment to the institution's governance and strategic decisions.

Other Directorship:
None

Ms. Juwairiya Saeed
Ma. Kosheege, K. Male'

Ms. Juwairiya Saeed has been the Chairperson of the Cancer Society of Maldives since 2012, demonstrating her commitment to the organization's mission.

Ms. Juwairiya has contributed to various government shareholding companies as a director, including Island Aviation Pvt Ltd, Maldives Islamic Bank, and Maldives Ports Authority. Her roles extend to serving as an Independent Director of Centurion Plc, Chairperson of Dhiraagu Plc, being a Privatization Committee Member at the President's Office, and holding the position of Director of Public Enterprise Monitoring and Evaluation at the Ministry of Finance.

As the Co-Founder and an Executive Director at FJS Consulting Pvt. Ltd. since 2007, Ms. Juwairiya has played a key role in providing financial consultancy and serving as a financial advisor in numerous government projects and private sector initiatives in the Maldives. Notable projects she has been involved in include the Maldives Environmental Management Project, Maldives Global Climate Change Project, and the Rapid Assessment of Water and Sanitation Status in Maldives Project led by the 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

Mr. Abdulla Hassan currently holds the position of Debt Specialist at the Ministry of Finance, showcasing his expertise in financial matters. He has served in various roles in both Allied Insurance Company Pvt Ltd and the Ministry of Finance.

In addition to his financial roles, Mr. Abdulla has previously held the position of General Manager at Fasriyaa Pvt Ltd. Furthermore, he has contributed to corporate governance as the Chairman of Lafarge Maldives Pvt Ltd, a subsidiary of STO Plc.

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

Educationally, Mr. Abdulla Hassan holds a Bachelor of Science degree with a focus on Statistics, Mathematics, and Computer Science from Bangalore University, India.

Other Directorship:
Director, Beso Pvt. Ltd.

Ms. Aishath Sajny
Tharividhaage, S. Hithadhoo

Ms. Aishath Sajny currently serves as the Policy and Research Consultant for the Ministry of Economic Development, a position to which she was appointed in September 2020. Before joining the Ministry, she worked as an Economist at the International Monetary Fund from February 2019 to March 2020.

With over 10 years of professional experience in Macroeconomics and Finance, Ms. Sajny has held significant roles. She served as the Economist and Head of the Research Division at the Maldives Monetary Authority from 2017 to 2019. Her tenure at MMA included various positions such as Senior Research Analyst in the Economic Research Section, Debt Manager in the Public Debt Unit, and Head of Market Operations.

Ms. Sajny currently holds the position of Chairperson of the Board Corporate Governance Committee.

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

Other Directorship:
None

Mr. Ali Faris Mohamed
G. Sina Male 3, 35-04

Mr. Ali Faris Mohamed has been providing financial and tax advisory services since 2012. He has been the Managing Partner of Faris & Co LLP since 2016 and has been serving as the Senior Tax Advisor at SHC Law & Tax LLP since 2020. Before these roles, he was the audit manager at the Maldives Inland Revenue Authority from 2011 to 2012.

Mr. Faris is a Licensed Auditor (since 2016) with the Institute of Chartered Accountants of the Maldives and a Licensed Tax Agent (since 2016) of Maldives Inland Revenue Authority, and a Licensed Investment Advisor (since 2024) with the Capital Market Development Authority. Faris also holds the position of Vice Chairperson of the Valuation Committee at the Institute of Chartered Accountants of the Maldives since 2022.

His governance experience is highlighted by his tenure as a Board Member of Maldives Pension Administration Office from 2015 to 2018 and as a Board Member of Privatization and Corporatization Board from 2013 to 2014.

Mr. Faris holds a Master of Science in Finance (honors) from International Islamic University, Malaysia, and a Bachelor of Business Administration (honors) from Lewis-Clark State College, United States of America. He is also a Certified Public Accountant, accredited by the American Institute of Certified Public Accountants, United States of America

Mr. Faris owns 12,850 shares in the Bank.

Other directorship:

Managing partner: FCLLP Holdings LLP, Handy Cold Storage Facilities LLP

Partner: Faris and CO consultancy LLP, FCLLP Advisory LLP, FCLLP Valuation LLP, FCLLP Risk Advisory LLP, SHC Law and Tax 8547 LLP

Managing Director: AFM Holdings Pvt. Ltd, Dilottra Capital Maldives Pvt. Ltd, FHE Holdings Pvt. Ltd, Handy Investments Pvt. Ltd, Island Insurance Services Pvt. Ltd, Maldives Securities Management Corporation Pvt. Ltd, Maldives Securities Trading Pvt. Ltd, Maldives Tennis Academy Pvt. Ltd

Director: Be well Medical Centre Pvt. Ltd, HSE Holdings Pvt. Ltd

President: M.T.A

Mr. Mohamed Sharah
Kothange, Gdh. Fiyoaree

Mr. Mohamed Sharah was 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 also served as the 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

Mr. Sharah ceased to be a member of the Board of Directors upon completion of his tenure with the Bank after the Annual General Meeting held on 29th May 2023.

Mr. Abdulla Husam Shareef
Dhiguvaandu, Savaa, Gn.Fuvahmulah

Mr. Abdulla Husam Shareef has been a Partner and Senior Tax Advisor at CTL Strategies LLP since 2015. In this capacity, he plays a key role in providing tax advice and representing clients in the courts and tribunals of the Maldives on tax-related matters.

His experience extends to his role as the Under Secretary to the Policy Office of the President's Office from December 2018 to November 2019. Additionally, Mr. Husam served as a Principal Officer at the Maldives Inland Revenue Authority from 2011 to 2013, showcasing his involvement in public service and tax administration.

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

Other Directorship:
Director, Topside Pvt.Ltd.

Mr. Husam ceased to be a member of the Board of Directors upon completion of his tenure with the Bank on 25th March 2024.

Mr. Yooshau Saeed
H. Sandy Beach, K. Male'

Mr. Yooshau Saeed served as the Chairperson of the Bank.

Mr. Yooshau holds the position of General Manager at SIMDI Pvt Ltd. Prior to assuming the role of General Manager at SIMDI Pvt Ltd, Mr. Yooshau held the position of National Project Manager for the NCSA Project of Energy and Water. He also served as the Corporate Affairs and Finance Manager at Maldives National Shipping Ltd. Furthermore, from 1994 to 2004, Mr. Yooshau occupied various positions at the Audit Office of the Maldives.

Mr. Yooshau was a Board Member of SME Development Finance Corporation (SDFC) from February 2019 until July 14, 2021. Additionally, he served as a Licensed Stock Broker of the Capital Market Development Authority. Mr. Yooshau has also held the position of Chairperson at Thilafushi Corporation Ltd.

He obtained a Bachelor of Commerce (Accounting) from Murdoch University, Australia.

Other Directorship:
None

Mr. Yooshau ceased to be the Chairperson and a member of the Board of Directors upon completion of his tenure with the Bank on 25th March 2024.

DIRECTORS ELECTED BY THE PUBLIC SHAREHOLDERS

Mr. Ahmed Mohamed
G. Ufaa, K. Male'

Mr. Ahmed Mohamed currently holds the position of Chief Executive Officer and Managing Director at Univiya Holdings Pvt Ltd. Prior to this role, he served as the Ambassador of Maldives to India from 2015 to 2018. Notably, Mr. Ahmed has a background in public service, having been the Minister of Economic Development from 2012 to 2013. Before being elected to this position, he served as the Chief Executive Officer of State Trading Organization Plc.

Mr. Ahmed's association with the Bank dates back to 2008 to 2012 when he served as a member of the Board. During his tenure, he also held the position of Chairman of the Board in various organizations, including STO Plc, Maldives Oil Company, Fuel Supply Maldives, and Allied Insurance. Additionally, he served as a Board Director for Dhivehi Ekuveri Kunfuni Plc, Hulhumale' Development Corporation, Island Aviation Services Limited, and Maldives Ports Authority.

Mr. Ahmed Mohamed is the 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

Mr. Ibrahim Mohamed holds the position of Executive Director at NPH Investment Pvt Ltd and NPH Developments Pvt Ltd. His extensive experience includes serving on the Bank's Board, both as a Government-appointed director and as a director elected by the public shareholders.

Currently, Mr. Ibrahim is actively involved in the governance of several private companies across various sectors, including finance trading, fisheries, hospitality, and the travel industry. Notable among them are Tropical Island Holidays Pvt Ltd, Osprey Fisheries Pvt. Ltd., and Maldives Travels and Trading Co. Pvt Ltd.

Mr. Ibrahim has contributed to the boards of directors of numerous government shareholding companies. These include State Electric Company Ltd, Island Aviation Services Ltd, Villingili Investment, Maldives Post Ltd, Maldives Ports Ltd, Mifco Boat Yard Ltd, and Maldives Airports Company Ltd. His leadership roles also extend to serving as Chairman of the Hulhumale Development Corporation Ltd, Maldives Inflight Catering Pvt Ltd, and Male' Health Services Corporation Ltd.

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

Other Directorship:
None

Mr. Abdulla Naseem
Karankaa Villa, Ha.Filladhoo

Mr. Naseem is the Principal Shareholder and Managing Director of Health and Glow Pvt Ltd. His professional journey includes a previous role as the Assistant Manager, Accounts and Finance at Rainbow Enterprises Private Limited.

In addition to his corporate roles, Mr. Naseem served as a Government-appointed Director on the Bank's Board from November 2012, to November 2013, showcasing his involvement in governance at a strategic level.

Mr. Naseem holds the position of Chairperson of the Board Risk Committee.

Mr. Naseem has achieved the Technician Level of the Association of Chartered Certified Accountants (ACCA), UK, and holds the designation of Certified Accounting Technician (CAT), emphasizing his professional qualification in the field of accounting.

Other Directorship:
None

EXECUTIVE MANAGEMENT

Mr. Karl Stumke
CEO and Managing Director

Mr. Karl Stumke is the Chief Executive Officer and Managing Director of the Bank and was appointed to the Board during the Extraordinary General Meeting held on 10th January 2023.

With more than 36 years' of experience, Mr. Stumke has worked extensively in the Middle East, Africa, Indian Oceans, and the United Kingdom. He was previously CEO of Al Ahli Bank of Kuwait in United Arab Emirates. Mr. Stumke has held Executive Directorships at Barclays Bank Tanzania as well as non-Executive Directorships in various institutions including Money on Demand, Barclays Leasing and Barclays Bank Seychelles.

Mr. Stumke is an Associate of the Chartered Institute of Bankers (South Africa), holds a Bachelor's Degree in Accounting Science from the University of South Africa and has completed executive programs in France, Switzerland and South Africa.

Ms. Aishath Noordeen
Deputy Chief Executive Officer

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

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 four 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. She was also In-charge of the Bank from 14th July 2022 until current CEO Mr. Karl Stumke was appointed on 16th October 2022.

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. 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 Business Leadership (MBL) degree (University of South Africa), Bachelor of Commerce (Bcom) degree (University Of Witwatersrand), in addition to the professional qualifications which includes Associate Diploma of the Institute of Bankers South Africa (CAIB) and Licentiate Diploma in Commercial Banking (LIB) of the Institute of Bankers South Africa.

Mr. Bishwajit Mazumder
Chief Internal Auditor

Mr. Bishwajit Mazumder joined the Bank in April 2022.

Mr. Bishwajit has over 35 years' of experience as a banker in Asia and Africa. He has been managing Internal Auditing, Business Operations, Information Technology and Strategic Planning. Bishwajit has held chief audit positions in several commercial and central banks.

He is a Certified Internal Auditor (CIA) from IIA, USA and a Chartered Accountant (ACA) from ICAI, New Delhi, India. He has a LLB from Calcutta University and also holds several relevant professional certificates including Certified Information Systems Auditor (CISA) and Certified Fraud Examiner (CFE) from USA.

Mr. Morgan Beanland
Director of Operations

Mr. Morgan Beanland joined the Bank in August 2023.

Mr. Morgan has over 22 years of experience in Banking, Business Operations, and Change Management.

During his career, Mr. Morgan has held several leadership positions at Lloyds Banking Group and was most recently a Management Consultant for Capco, UK.

Mr. Morgan holds a Bachelor of Science degree from the University of Southampton and a Postgraduate Diploma in Management Studies from Nottingham Business School.

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.

Mr. Moosa Nimal
Director of Retail, Business and 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 the span of his career 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. 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.

Ms. Sahar Waheed
People & Change Director

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

Ms. Sahar has 17 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 LLM in Commerical Law, 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. Aishath Zamra Zahir
Marketing Director

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

Ms. Zamra has over 18 years' of experience in marketing and communications. Prior to joining Bank of Maldives, She 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.

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..

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 9 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, he 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.

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 16 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 has concurrently held the position of Company Secretary since 2009. She is a registered Attorney in the Maldives with 20 years of experience in the legal sector.

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.

DIRECTORS' GOVERNANCE REPORT

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. Pursuant to Articles 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 aligns with the requirements of the Maldives Banking Act (Law No.24/2010).

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

DUTIES OF THE BOARD

The overall duties of the board are as follows:

- 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;
- Ensure that the obligations to shareholders and other stakeholders are understood and met;
- Ensure that the Bank complies with all relevant laws and regulations, Board Charter, Bank's AOA and relevant corporate governance codes.

To fulfill 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 2023, began with the following members on the Board.[1]

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

After the 40th Annual General Meeting (AGM) held on 29th May 2023, the Board was re-constituted with the above members. However, Mr. Mohamed Sharah ceased to be a member of the Board upon completion of his tenure with the Bank on 29th May 2023.

As such, the Board composition comprised of a total ten Directors including seven Nominee Directors and three Public Directors for the year ended 31st December 2023 with one Nominee Director position vacant. Mr. Karl Stumke was appointed to the Board during the Extraordinary General Meeting (EGM) held on 10th January 2023.

1 1) 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.

2) (a) All Directors nominated by the Government must be 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).
(b) All Directors elected by the General Shareholders must be 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).

Meetings of the Board during 2023 were held with the mandatory quorum, which constitutes three-fourths of the entire Board, as required under section 15(g) of the Maldives Banking Act (Law No. 24/2010).

Board meetings were held at least once per month as required under law. The Board of Directors held 21 meetings in 2023, with attendance as below.

FREQUENCY OF MEETINGS

DIRECTORS	MEETINGS ATTENDED	MEETINGS TO ATTEND
Mr. Yooshau Saeed	21	21
Mr. Karl Stumke	21	21
Ms. Aishath Noordeen	21	21
Ms. Juwairiya Saeed	20	21
Mr. Abdulla Hassan	20	21
Mr. Mohamed Sharah[1]	7	7
Mr. Abdulla Husam Shareef	21	21
Ms. Aishath Sajny	20	21
Mr. Ibrahim Mohamed	20	21
Mr. Ahmed Mohamed	21	21
Mr. Abdulla Naseem	21	21

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

The Board Credit Committee held 09 meetings during 2023, with attendance as below.

DIRECTORS	MEETINGS ATTENDED	MEETINGS TO ATTEND
Mr. Yooshau Saeed	9	9
Mr. Karl Stumke	9	9
Ms. Aishath Noordeen	9	9
Mr. Ibrahim Mohamed	9	9
Mr. Abdulla Naseem	8	9
Mr. Abdulla Husam Shareef	9	9
Ms. Aishath Sajny	9	9

The Board of Directors also resolved to reinstate the Board Special Committee on 29th January 2023, comprising of seven members under its discretionary powers as provided in the Bank's AOA.

1 Tenure ended after 40th Annual General Meeting held on 29th May 2023.

The Board Special Committee held 4 meetings during the year 2023, with attendance as below.

DIRECTORS	MEETINGS ATTENDED	MEETINGS TO ATTEND
Mr. Yooshau Saeed	3	4
Mr. Karl Stumke	4	4
Mr. Ibrahim Mohamed	4	4
Ms. Juwairiya Saeed	4	4
Mr. Abdulla Husam Shareef	4	4
Mr. Ahmed Mohamed	4	4
Mr. Abdulla Hassan	4	4

The Board has the overall responsibility for the proper conduct of the Company's business in achieving the objectives and long-term goals of the Bank. The Bank's values and standards and the Board's responsibilities are set out in the Board's Charter.

Corporate strategies as well as the annual plan are presented to the Board as part of the ongoing plans in achieving the objectives and long-term goals of the Bank taking into consideration its core values and standards through the vision and mission of the Bank.

The Chairperson of the Board is responsible for instilling good corporate governance practices, leadership and effectiveness of the Board. The Board, under the leadership of the Chairperson, works effectively and performs responsibilities with all key and appropriate issues discussed in a timely manner. All Directors are encouraged to share their views on the Bank's affairs and issues and they are entitled to have access to the senior management who will respond to queries raised by the Directors.

DIRECTORS' SHAREHOLDING

Details of Director's Shareholdings as at 31st December 2023 are disclosed below.

DIRECTOR	NO. OF SHARES HELD
Ms. Juwairiya Saeed	100
Mr. Ahmed Mohamed	30
Mr. Ibrahim Mohamed	20
Mr. Abdulla Naseem	100

BOARD EXPERTISE AND ATTRIBUTES

The board comprises directors who bring a wide range of skills, expertise, and experience, enhancing overall board effectiveness. The Appointment, Nomination, and Remuneration (ANR) Committee assesses and recommends to the board the core skill sets required by directors to enable effective oversight. These encompass parameters such as industry experience, technical/strategic competencies, behavioral and personal attributes, and other skills. The ANR Committee has identified the skills/expertise required by the directors of the Bank, considering the business requirements. These are periodically reassessed 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 of this mapping is provided below:

SKILL AREA	Mr. Yooshau Saeed	Mr. Karl Stumke	Ms. Aishath Noordeen	Ms. Juwairiya Saeed	Mr. Abdulla Hassan	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)	17+	37+	42+	29+	12+	12+	12+	38+	29+	14+
Age	48	59	64	54	39	37	37	61	53	44

BOARD REMUNERATION

The Directors Fee for the Board members remains unchanged during 2023.

DETAILS	AMOUNT (MVR)
Remuneration	10,000
Board Allowance	1,500
Chairperson Special Allowance	10,000
Board Sub-Committee Sitting Fee	3,000

The Board members were paid a total of MVR 2,972,048.39 for the year 2023. The attendance of the Board members at Board meetings and subcommittee meetings from Jan-Dec 2023, together with remuneration paid for the year 2023 is given below.

NAME	BOARD	BCC	AC	ANR	CG	RC	BSC	AMOUNT (MVR)
Mr. Yooshau Saeed	21	9	-	-	-	-	3	294,000.00
Mr. Karl Stumke	21	9	-	-	-	-	4	173,290.32
Ms. Aishath Noordeen	21	9	-	-	-	-	-	165,000.00
Mr. Abdulla Hassan	20	-	22	35	-	6	4	339,000.00
Ms. Juwairiya Saeed	20	-	22	-	9	12	4	279,000.00
Mr. Abdulla Husam Shareef	21	9	-	32	-	7	4	294,000.00
Mr. Mohamed Sharah[1]	7	-	11	-	4	5	-	116,758.07
Ms. Aishath Sajny	20	9	-	35	5	-	-	285,000.00
Mr. Ibrahim Mohamed	20	9	22	35	8	5	4	387,000.00
Mr. Ahmed Mohamed	21	-	22	35	9	12	4	384,000.00
Mr. Abdulla Naseem	21	8	10	-	9	12	-	255,000.00
TOTAL								**2,972,048.39**

The aggregate remuneration paid to Key Management Personnel (Executive Management) amounts to MVR 34,196,041. This includes annual salary, bonus, and benefits in-kind. Further breakdown of aggregate remuneration details is not provided as it could potentially place the Bank at a relative disadvantage compared to local competitors who do not disclose such information.

1 Tenure ended after 40th Annual General Meeting held on 29th May 2023.

CONFLICTS OF INTEREST

In compliance with the Corporate Governance Code, Regulation on Corporate Governance for Banks, Insurance Companies, and Finance Companies, as well as the AOA of the Bank, the Board has endorsed a Conflict of Interest Policy. This policy is designed to safeguard the independent judgment of the Board from the influence of third parties. Directors are obligated to disclose any potential or actual conflicts of interest that may hinder their capacity to act in the best interests of the Bank. The Company Secretary is responsible for maintaining a conflict register, documenting both actual and potential conflicts as they arise.

RELATIONSHIP WITH SHAREHOLDERS AND CUSTOMERS

The Bank recognizes the importance of timely and equitable dissemination of material information to shareholders, investors, and the public. To ensure transparency, the Bank provides shareholders and customers with all necessary information and services. Key developments, including quarterly financials, announcements, and notices, are shared on the Bank's website and social media platforms for the benefit of shareholders and the public.

The Bank's Corporate Affairs Unit is committed to addressing daily inquiries from shareholders and managing all matters related to shareholder concerns. Shareholding details and dividend payment history are promptly provided upon request.

Both the Board and Management of the Bank actively welcome and encourage shareholder participation at General Meetings. The Bank maintains channels of communication with stakeholders via corporateaffairs@bml.com.mv, enabling them to share their views, feedback, and complaints. The Bank addresses stakeholders' views, feedback, or complaints accordingly, engaging with shareholders at least once a year, either at the Annual General Meeting or any other general meetings of the Company.

Moreover, the Bank is dedicated to engaging with stakeholders through various channels to identify, understand, and address their key concerns.

GENERAL MEETINGS HELD IN 2023

The Bank provided Shareholders with a Notice of Annual General Meeting atleast 21 days before the meeting held in 2023.

Both the Board and staff of the Bank regard our General Meetings as pivotal for shareholder engagement. The Bank convened its 40th Annual General Meeting (AGM) on May 29, 2023. All resolutions proposed by the Board were subject to poll voting and passed with a significant majority of votes.

The Maldives Stock Exchange was appointed as the Poll Administrator for the 40th AGM to facilitate Remote Participation and Voting Facilities via its Fahi Vote System.

All shareholders had the opportunity to raise questions, including those regarding the Bank's financial and non-financial performance and long-term strategies, during the 40th AGM. Shareholders were also permitted to submit questions via the Fahi Vote System during the meeting or to ask questions in person. Directors addressed the questions raised by shareholders during the meeting.

Resolutions from the 40th AGM of the Bank were made available on the Bank's website within 24 hours of the meeting.

Below is the attendance of members at the AGM.

NAME	AGM
Mr. Yooshau Saeed	✓
Mr. Karl Stumke	✓
Ms. Aishath Noordeen	✓
Mr. Abdulla Hassan	✓
Ms. Juwairiya Saeed	✓
Mr. Abdulla Husam Shareef	✓
Mr. Mohamed Sharah	✗
Mr. Ibrahim Mohamed	✓
Mr. Ahmed Mohamed	✓
Ms. Aishath Sajny	✓
Mr. Abdulla Naseem	✓

DECLARATION OF DIVIDEND FOR 2022

In 2023, the Board resolved to declare a dividend of MVR 215,276,800, equivalent to MVR 40 per share for the year 2022.

An interim dividend of MVR 20 per share, totaling MVR 107,638,400, was distributed to shareholders on April 13, 2023. Following shareholders' approval at the AGM, distribution of the final dividend of MVR 20 per share, amounting to MVR 107,638,400, commenced on May 30, 2023.

FINANCIAL REPORTING

The Bank published its annual consolidated financial statements, which are prepared in accordance with International Financial Reporting Standards (IFRS), as well as MMA and CMDA Regulations. These statements include comprehensive disclosures, allowing both existing and prospective shareholders to make a timely and fair assessment of the Bank's performance and prospects. Additionally, the Bank publishes its latest financial performance on a quarterly basis 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 makes recommendations. At the 40th AGM, the Board of Directors approved to select and recommend for the approval of shareholders to appoint Ernst & Young (EY) as the External Auditors of the Bank for the year 2023.

The external auditors are also required to provide confirmation to the Audit Committee that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

SHARI'AH GOVERNANCE

The Board is ultimately accountable and responsible for the Shari'ah governance mechanism and overseeing the level of Shari'ah compliance of the Bank, by putting in place the appropriate mechanism. In discharging these responsibilities, the Board has established a Shari'ah Committee to advise on the operations of the Bank's Islamic Banking window, "BML Islamic", and to ensure its operations are conducted in compliance with Shari'ah.

OTHER BOARD DECISIONS

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

- Monthly Board Committee Reports.
- Counterparty Exposure Limit for 2023.
- Potential Charitable Organizations for Distribution of Charity Fund.
- Bank's Strategic Plan 2024-2026.
- Quarterly Correspondences with Regulatory Authorities.
- Bank's Insurance for May 2023 to April 2024.
- Bank's 40th Anniversary monthly initiatives.
- Acceptance of RuPay cards on ATMs and POS terminals.
- Half yearly Corporate Social Responsibility Reports.
- Half yearly Procurement Committee Reports.
- Changes to USD Cash Withdrawal Monthly Limits.
- Penalty Interest Review.
- Opening a Dedicated BML Islamic Branch in Hulhumale' Phase 2.
- ATM Expansion Project.
- Quarterly Non-Performing Assets and Loan Portfolio Report.
- International Expansion plans.
- Amendments to Home Construction, Real Estate Refinancing and Home Purchase Loan Products.
- Foreign Spend Limit Revision for Amex Cards.
- Head Office Building in Hulhumale'
- Custodian Compliance Report 2022.
- Support for Independence Day Celebrations.
- BML Islamic Credit Card.
- Capital Planning.
- Brand Health Survey and Customer Satisfaction (CSAT).

CORPORATE GOVERNANCE

In compliance with CG Code of CMDA and regulatory requirements of MMA, the Bank undertook the following:

- Published its Annual Report for the year 2023 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

The Board, through the Corporate Governance Committee, assessed the training needs of its Directors annually and encourages the Directors to attend various professional training programmes that would best strengthen their contributions to the Board. The Bank maintains a policy for Directors to receive training at the Company's expense, in areas that are relevant to them in the discharge of their duties as Directors or Board Committee members.

Directors underwent the following trainings during the year 2023.

TRAINING	TRAINING TYPE	INSTITUTE	TRAINING PERIOD
The Role of Shari'ah Committee and Board in Applying Governance Principles	• Islamic Finance Updates – A Quick Global Overview. • Shari'ah Governance highlights for Board. • Emerging Trends in Islamic Finance	Shari'ah Committee	August 2023
Role of the Director and the Board	• Corporate governance • Legal and regulatory basis of organizations. • Directors' roles, responsibilities and liabilities. • Risk governance. • Ethics and corporate culture.	Institute of Directors, UK	October 2023
Asset Liability Management Training	• Advanced fund transfer pricing • Allocate capital to business units • Develop key-performance indicators • Discuss expected loan-loss provisions • Liquidity, foreign exchange and interest rate risks • Key-risk indicators such as concentration risk, LCR and NSRF • Awareness of cognitive behavioral biases	INSEAD	October 2023

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

RESPONSIBILITY STATEMENT

The Board of Directors hereby certifies that:

i. The relevant accounting policies were carefully considered and consistently followed throughout the preparation of the Bank's annual accounts, with proper explanations provided for any material departures.
ii. The accounting policies selected were applied consistently, and reasonable and prudent judgments and estimates were made to present a fair and true view of the Bank's state of affairs.
iii. Proper and sufficient care was taken in maintaining adequate accounting records in accordance with International Financial Reporting Standards (IFRS), the provisions of the Companies' Act of the Republic of Maldives (Law no.7/2023), the 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. Additionally, compliance was ensured with the 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 adhered to.
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.
vii. The borrowings of the Bank as at the end of 2023 accounting period were as follows:

DETAILS	(IN '000 MVR)
Not later than 1 year	255,868
Between 1 to 2 years	81,509
Between 2 to 3 years	81,509
Over 3 years	83,973

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

	(IN '000 MVR)
2022	31,599,796
2023	35,933,816

ix. 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. 161 for details on related party transactions.
x. No major events have occurred since the balance sheet date which would require adjustments to, or disclosure, in the financial statements.
xi. Controlling shareholders have not pledged any shares.

DECLARATION BY THE BOARD OF DIRECTORS

The Board of Directors declares that, to the best of our knowledge and belief, the information presented in this Annual Report is true and accurate, and there are no other facts, the omission of which would render any statement herein misleading or inaccurate.

Furthermore, the Board of Directors affirms that this report has been prepared in compliance with the Companies Act of the Republic of Maldives (Law No.: 7/2023), the Maldives Banking Act (Law No.: 24/2010), Prudential Regulations 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.

In the execution of the Company's duties and responsibilities, the Board of Directors has upheld principles of transparency, fairness, and diligence, dedicating our utmost effort to safeguard the interests of shareholders and striving to create the best value for them.

On behalf of the Board of Directors:

Mr. Hassan Zareer
Chairperson

Mr. Karl Stumke
CEO & Managing Director

APPOINTMENT, NOMINATION AND REMUNERATION COMMITTEE REPORT

The 18th Appointment, Nomination, and Remuneration (ANR) Committee was constituted after the 40th AGM, in accordance with Articles 55 and 63 of the AOA of the Bank and Part 2, Section 1.8 (a) & (b) of the Corporate Governance (CG) Code issued by the CMDA. The Committee fulfills the functions of both a Nomination Committee and a Remuneration Committee.

The purpose of the ANR Committee is to establish and recommend to the Board a framework of remuneration packages for Directors and Executive Management. Regarding appointment and nomination matters, the Committee identifies and makes recommendations on Board and Executive Management appointments. Additionally, the Committee reviews policies related to employee salaries and benefits.

OBJECTIVES OF THE COMMITTEE

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

- Identifying and making recommendations on Board of Directors and Senior Management appointments.
- Establishing and recommending to the Board a framework of remuneration for the Bank, including specific remuneration packages for Senior Management and the CEO & MD.
- Reviewing and recommending changes, where necessary, to the organizational structure of the Bank.
- Reviewing and recommending the succession plan of the Bank for approval.
- Reviewing and recommending necessary policies of the Bank.
- Reviewing and recommending all general matters relating to Human Resources of the Bank, including staff remuneration, bonuses, 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 ANR Committee are as follows:

DIRECTORS	MEETINGS ATTENDED	MEETINGS TO ATTEND
Mr. Abdulla Hassan	35	35
Mr. Ibrahim Mohamed	35	35
Mr. Ahmed Mohamed	35	35
Mr. Abdulla Husam Shareef	32	35
Ms. Aishath Sajny	35	35

APPOINTMENT OF NEW DIRECTORS

The Board of Directors has delegated responsibilities to the ANR Committee to ensure that the composition of the Board reflects a range of skills and qualities necessary to make objective decisions in the best interests of the Bank. When identifying qualified candidates for nomination to the Board, the Committee strives to select prospective candidates based on merit and the needs of the Bank, taking into account competencies, expertise, skills, backgrounds, and other qualities identified by the Board from time to time. This selection and nomination process are conducted annually by the Committee.

According to Article 47 of the AOA of the Bank, at least eight directors appointed to the Board must be persons nominated by the Government. The 7 directors nominated by the Government were submitted to the 40th Annual General Meeting for shareholders' approval.

Additionally, as per Article 47 of the AOA of the Bank, at least three directors appointed to the Board must be persons nominated by the General Shareholders. Following the notice issued on January 30, 2023, inviting public shareholders to apply for the position, a total of three candidates applied and were submitted to the 40th Annual General Meeting for shareholders' approval.

REMUNERATION

The Bank has established a formal remuneration policy for senior management to align with the business strategy and long-term objectives of the Bank. The ANR Committee is responsible for implementing the policies and procedures on the remuneration of senior management and making recommendations to the Board on their remuneration packages. The Board, in turn, is responsible for approving the policies governing the remuneration of all employees, including Executive Directors and senior management of the Bank.

SUCCESSION PLANNING

Executive succession planning is a critical consideration, and throughout the year, the Committee reviewed the status and progress of the Bank's strategies for attracting and retaining top talent. The Bank's Succession Plan is reviewed annually by the Committee.

Additionally, the Committee played a significant role in the Senior Management appointments that occurred during the year.

GENDER DIVERSITY

The Bank acknowledges the importance of measuring progress in gender diversity. In 2023, the Bank successfully achieved its gender diversity target for the Board, which includes a minimum of 2 female representatives, as outlined in Section 1.6 (vi) of the Corporate Governance (CG) Code issued by the Capital Market Development Authority (CMDA).

COMMITTEE ACTIVITIES

The Committee also reviewed the following:

- Appointment of an Executive Committee member.
- Corporate (Staff) Health Insurance Scheme for 2023.
- Applications and Nominations received for Public Director and Nominee Director positions.
- Annual Performance Bonus for the year 2022.
- Succession Planning and Talent Management Plan.
- Annual Assessment of Shari'ah Committee members.
- Employee and Board Members Benefits.

- Employment contact of two Executive Committee members.
- Pay and Reward Review.
- Employee Engagement Survey Results.
- Organization Structure Changes.
- Policies under the mandate of the ANR Committee.

On behalf of the Appointment, Nomination, and Remuneration Committee.

Abdulla Hassan
Chairperson

AUDIT COMMITTEE REPORT

The 18th Audit Committee was constituted after the 40th AGM, in accordance with Article 69 of the AOA of the Bank, Section 1.8 (c) of the CG Code issued by the CMDA, Section 22 of the Banking Act and Section 10 of the Regulation on Corporate Governance for Banks, Insurance Companies and Finance Companies. The Audit 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 comprised solely of Non-Executive Directors, with membership designed to provide the breadth of financial expertise and commercial acumen necessary to fulfill its responsibilities.

Members of the Audit Committee are financially literate, consistently keeping themselves abreast of the latest developments in new accounting and auditing standards and their potential impact on the Bank through briefings by management and external auditors. Throughout the financial year ending on December 31, 2023, Directors received regular briefings and updates on the Bank's businesses, operations, compliance, internal controls, finance, sustainability reporting, anti-bribery and corruption, and any new or changes to relevant legislation, rules, and regulations.

In 2023, the Committee convened 22 times. The table below provides membership and attendance details.

DIRECTORS	MEETINGS ATTENDED	MEETINGS TO ATTEND
Mr. Ahmed Mohamed	22	22
Ms. Juwairiya Saeed	22	22
Mr. Ibrahim Mohamed	22	22
Mr. Abdulla Hassan	22	22
Mr. Mohamed Sharah[1]	11	12
Mr. Abdulla Naseem[2]	10	10

The total number of meetings include the special meetings held between members of the Committee who are Non-Executive Directors of the Bank and representatives of the external auditors, EY, without the presence of any Executive Director or management.

COMMITTEE ACTIVITIES

The Committee also reviewed the following:

- Bank's Financial Statement for Year 2022.
- External Auditors Management letter for the year 2022 and Report on Reliability of Internal Controls.
- Proposals regarding the appointment of External Auditors for the year 2023.
- Quarterly Financial Statements.
- Internal Audit Reports, including Quarterly Report.
- Performance Bonus of Chief Internal Auditor 2022.
- Performance Objectives of Chief Internal Auditor 2023.
- Transfer of Retained Earnings to General Reserve
- Quarterly Compliance Reports.
- Proposed Interim and Final Dividend for 2022.
- Revision to Depreciation Rates for POS Terminals.
- Minutes of the Shari'ah Committee.
- Internal Audit Plan for the year 2023.
- Internal Audit Plan 2024 – 2026.
- Provisions and Write-offs.
- Bank's Budget for the year 2024.
- Half Yearly Compliance Report of Laws Regulations and Internal Policies and Procedures mandated under MMA Regulation on Corporate Governance for Banks, Insurance companies and Finance companies.
- Policies under the mandate of the Audit Committee.

1 Tenure ended after 40th Annual General Meeting held on 29th May 2023.
2 Appointed to Audit Committee on 30th May 2023.

FINANCIAL REPORTING

The Committee reviewed with management and the external auditors and deliberated on the quarterly financial statements and the annual financial statements of the Bank prior to the approval by the Board, focusing primarily on:

a. Changes in or implementation of major accounting policies;
b. Significant matters highlighted by management or the external auditors, including financial reporting issues, significant judgements made by management, significant and unusual events or transactions, and how these matters were addressed; and
c. Compliance with accounting standards and other legal or regulatory requirements To ensure that the financial statements give a true and fair view of the financial position and financial performance of the Bank are in compliance with the International Financial Reporting Standards and the requirements of the Companies Act of Maldives as well as the Main Market Listing Requirements of MSE.

EXTERNAL AUDIT

The Committee reviewed and discussed the external auditors' annual audit plan, which outlines the proposed scope of work, before the commencement of the audit of the Bank's financial statements. Furthermore, the Committee analyzed and reviewed the proposed audit fees for the external auditors regarding their audit of the Bank's financial statements, recommending them to the Board for approval.

Additionally, the Committee conducted its annual assessment based on the Bank's policy on external auditors' independence. This assessment informed the Committee's recommendation for the reappointment of the external auditors to the shareholders for approval.

Committee meetings were held without the presence of any Executive Director or management of the Bank to ensure that the external auditors can freely discuss and express their opinions on any matter to the Committee, and the Committee can be sufficiently assured that management has fully provided all relevant information and responded to all queries from the external auditors.

The external auditors shared their observations on significant control matters and key audit findings.

INTERNAL AUDIT

The Internal Audit function is provided by the Internal Audit Department of the Bank, based on the plan approved by the Committee, to assist the Board in maintaining a sound system of internal control. The internal audit department reports to the Committee, and its primary role is to conduct regular and systematic reviews of governance, risk management, and internal control processes. This is done to provide sufficient assurance that the Bank has sound internal control systems and that established policies and procedures are adhered to and remain effective in addressing identified risks.

The Internal Audit function operates independently of the activities it audits and conducts its work objectively according to the code of ethics, standards, and best practices set by professional bodies. For each audit, a systematic methodology is adopted, which primarily includes performing risk assessment, developing an audit planning memorandum, conducting the audit, holding an exit meeting, and finalizing the audit report. The audit reports outline the objectives, scope of audit work, findings, management responses, and conclusions in an objective manner and are distributed to the responsible parties.

The Committee also reviews and deliberates on internal audit reports each quarter. These audits cover various operations, systems, processes, and functions across the Bank. While some weaknesses in internal control were identified during the year under review, they were not deemed significant and did not materially impact the Bank's businesses or operations. Nevertheless, measures have been or are being taken to address these weaknesses. The internal audit reports also include follow-up on corrective measures to ensure that management has adequately addressed the identified weaknesses.

RELATED PARTY TRANSACTIONS

Related party transactions of the Bank which exceeded pre-determined thresholds were reviewed by the Committee to ensure the transactions were fair, reasonable, on normal commercial terms, not detrimental to the interests of the minority shareholders and in the best interest of the Bank before recommending to the Board.

The Committee reviewed the recurrent related party transactions of a revenue or trading nature which were necessary for the day to day operations of the Bank to ensure that the transactions were in the ordinary course of business and on terms not more favorable to the related parties than those generally available to the public.

ANTI-MONEY LAUNDERING AND COUNTER FINANCING OF TERRORISM

The Committee reviewed reports regarding matters related to the Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT) Policy requirements, as well as other material regulatory compliance updates affecting the Bank, before recommending them to the Board for approval.

WHISTLEBLOWING

The Bank acknowledges the importance of fostering an environment where employees and other stakeholders can freely report concerns regarding actual or suspected unethical, unlawful, illegal, wrongful, or other improper conduct without fear of reprisal or intimidation. To facilitate this, the Bank has implemented a Whistleblower Policy, which is disseminated to employees. The whistleblowing portal can be accessed on the website and BML intranet.

In 2023, the Committee reviewed and addressed a total of 102 issues received through the Bank's whistleblowing system. These issues encompassed customer service complaints, concerns related to people, processes, systems, compromised confidential information, and unauthorized access. The Committee deliberated on all issues and, where necessary, forwarded them to management for appropriate action.

On behalf of the Audit Committee

Ahmed Mohamed
Chairperson

CORPORATE GOVERNANCE COMMITTEE REPORT

The 6th Corporate Governance (CG) Committee was reconstituted after the 40th Annual General Meeting held on 29th May 2023.

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.

OBJECTIVES OF THE COMMITTEE

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

- Assist the Board in establishing the Bank as recognized leader in corporate governance;
- Advising Board on governance principles and working to compose a diverse, skilled Board;
- Reviewing the Bank's Article of Association and make recommendations to the Board;
- Play a key role in the board evaluations, oversee board committee evaluations, and individual director evaluations;
- Monitor the effectiveness of board operations, board performance and governance policies;
- Oversee such areas as political spending & environmental sustainability, communications, and level of customer service;
- Oversee for director orientation and continuing board director education; and
- Review and place for approval necessary policies of the Bank.

COMPOSITION AND FREQUENCY OF MEETINGS

The Committee comprises solely of Non-Executive Directors. During 2023, the Committee met 9 times and the table below shows it membership and attendance below.

DIRECTORS	MEETINGS ATTENDED	MEETINGS TO ATTEND
Ms. Aishath Sajny[1]	5	5
Mr. Ibrahim Mohamed	8	9
Mr. Ahmed Mohamed	9	9
Ms. Juwairiya Saeed	9	9
Mr. Abdulla Naseem	9	9
Mr. Mohamed Sharah[2]	4	4

1 Appointed to CG Committee after reconstitution on 30th May 2023.
2 Tenure ended after 40th Annual General Meeting held on 29th May 2023.

ASSESSING BOARD EFFECTIVENESS

The Bank has a structured process in place to assess the effectiveness of the Board, its committees, and Board members annually, as required by the Code. This process is carried out through an appraisal mechanism, where each Director is required to complete questionnaires related to the Board of Directors, Committees, Board Chairperson, and Individual Directors, and submit them to the Company Secretary. The results of the evaluation are then presented to the Board.

Regarding the assessment for the financial year 2023, which was internally facilitated, both the CG Committee and the Board were satisfied that the Board and Board Committees had effectively discharged their duties and responsibilities. They also found the contribution and performance of each individual Director, including the Chief Executive, to be satisfactory. The Board further determined that the composition of the Board, in terms of size, the balance between Executive, Non-Executive, and Independent Directors, and the mix of skills, was adequate. Additionally, the Board has been mindful of gender diversity concerning women directors as disclosed in page 67 of the Director's Governance Report.

COMMITTEE ACTIVITIES

The Committee reviewed the following during the year 2023:

- Amendments to Bank's Articles of Association.
- Draft of Extraordinary General Meeting Minutes held on 10th January 2023.
- Directors Governance Reports & Board Sub Committee Reports of Annual Report 2022.
- Board Committee Reports.
- Board Evaluation Forms of Board, Chairperson, Committees, Individual Director & Company Secretary.
- Board Member Benefits.
- IPSOS Banking Market Survey.
- Board Evaluation Results 2023.
- Draft Privatization & Corporatization Board (PCB) Company Secretary Policy.
- Privatization & Corporatization Board (PCB) Travel Policy.
- Composition of Board Sub-Committees.
- Determining Committees for annual review of policies.
- Succession Planning & Training.
- Draft of 40th Annual General Meeting Minutes held on 29th May 2023.
- Policies under the mandate of the CG Committee.

On behalf of the Corporate Governance Committee.

Aishath Sajny
Chairperson

RISK COMMITTEE REPORT

The 4th Risk Committee was constituted after the 40th AGM, in accordance with Article 60 of the AOA of the Bank. The functions of the Risk Committee were 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.

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 have the basic experience and competencies of risk management and control practices.

During 2023, the Committee met 12 times and the table below shows its membership and attendance details.

DIRECTORS	MEETINGS ATTENDED	MEETINGS TO ATTEND
Mr. Abdulla Naseem	12	12
Mr. Abdulla Husam Shareef[1]	7	7
Mr. Ahmed Mohamed	12	12
Ms. Juwairiya Saeed	12	12
Mr. Abdulla Hassan[1]	6	7
Mr. Ibrahim Mohamed[2]	5	5
Mr. Mohamed Sharah[3]	5	5

RISK MANAGEMENT FUNCTION

The Risk Management Department facilitates the implementation of the risk management framework and processes of the respective business or operating units and reviews risks on an ongoing basis to ensure that the risks that may impede the achievement of objectives are adequately identified, evaluated, managed and controlled. On a quarterly basis, Risk Management prepares a report detailing the significant risks, the status of risk reviews and the status of implementation of action plans for review by Risk Committee.

Business continuity management is regarded to be an integral part of the Bank's risk management process. In this regard, the Bank has established the relevant business continuity plans to minimise business disruptions in the event of failures of critical IT systems, facilities, and operational processes. The documentation of the business continuity plans for the Bank's core business operations are in place and these business continuity plans are reviewed and updated periodically.

KEY RISK AREAS

The strategic, financial, and operational risks that impact the Bank are identified, evaluated and managed within its risk appetite framework. In this regard, the Bank ensures high standards of governance and responsible business practices across its entire operations and shall not compromise on the safety, health and security of its employees and customers, any form of unethical activity, non-compliance to applicable laws or any other activity that may adversely impact Bank's reputation.

The Board and Management of Bank recognise that any major risk exposure inherent in its operating environment and business activities could significantly impede the achievements of the Bank's business and corporate objectives and would adversely affect the Bank's ability to create and protect value.

1 Appointed to Risk Committee on 30th May 2023.
2 Stepped down from Risk Committee on 30th May 2023.
3 Tenure ended after 40th Annual General meeting on 29th May 2023.

COMMITTEE ACTIVITIES

The Committee reviewed the following:

- Internal Capital Adequacy Assessment Process (ICAAP) Policy.
- Internal Liquidity Assessment Process (ILAAP) Policy.
- Reputational Risk Management Policy.
- Stress Testing Policy.
- Strategic Risk Management Policy.
- Country Risk and Counterparty Policy.
- Credit Policy.
- Collateral Policy.
- Anti-Money Laundering & Countering Financing of Terrorism (AML/CFT) Policy.
- Physical Security Code.
- Risk Appetite Statement and Framework.
- Risk Management Reports, including Quarterly Report.
- Government Exposure limit for 2023.
- Review of Unsecured lending cap.
- Establishing Investment Relationships with Foreign Banks.
- Ratification and Revision of Counterparty limits.
- Loan Automation Project.
- Restructure of Sri Lanka Development Bonds (SLDB).
- Bank's Net Open Position.

On behalf of the Risk Committee

Abdulla Naseem
Chairperson

SHARI'AH COMMITTEE REPORT

The Shari'ah Committee (SC) 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 SC 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 SC as prescribed in the Islamic Banking Regulation 2011, we hereby submit the following report for the financial year ended 31 December 2023;

It is the responsibility of the Board of Directors and 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 SC. 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 SC.

During 2023, the Shari'ah Department submitted four quarterly reports to the SC 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 submitted a Shari'ah audit report and disclosed its Quarterly Financial Reports to the SC.

On that note, we, being the members of the SC, 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 SC's attention that causes the SC 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 2023 have been conducted in accordance with the rules and principles of Islamic Shari'ah and the guidelines and directives given by the Shari'ah Council of MMA and the Bank's SC.

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

Sheikh Mahomed Shoaib Omar
Chairperson

Mufti Yusuf Suliman
Member

Asst. Professor Dr. Ziyaad Mahomed
Member

Uza. Aishath Khaleela Abdul Sattar
Member

EXTERNAL AUDITOR'S REPORT

EY
Building a better working world

Ernst & Young
Chartered Accountants
G. Shafag, 2nd Floor
Rahdhebai Magu
Malé, Republic of Maldives

Tel: +960 332 0742
eymv@lk.ey.com
ey.com
Reg. No: P-0192/1995

DN/NJ/KA

Independent auditor's report
To the Shareholders of Bank of Maldives PLC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Bank of Maldives PLC ("the Bank"), which comprise the statement of financial position as at 31 December 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31 December 2023 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matter	How our audit addressed the key audit matter
Impairment for Expected Credit Losses of Financial Assets measured at amortised cost. Impairment for expected credit losses of financial assets measured at amortised cost comprising of both loans and advances and debt and other instruments as stated in Note 20 is determined by management based on the accounting policies described in Note 3.6.3	In addressing the adequacy of the provision for credit impairment on financial assets carried at amortized cost, our audit procedures included the following key procedures. • Assessed the alignment of the Bank's impairment for expected credit losses computations and underlying methodology including responses to current economic conditions with its accounting policies based on the best available information up to date of our report.

Key audit matter	How our audit addressed the key audit matter
This was a key audit matter due to The involvement of significant management judgements, assumptions and level of estimation uncertainty associated in estimating management expectation of future cash flows to recover such financial assets and. The materiality of the reported amount of impairment for expected credit losses and use of complex calculations in its determination. Key areas of significant judgements assumptions and estimates used by management in the assessment of the impairment for expected credit losses for financial assets measured at amortised cost included: assumed future occurrence of events and conditions relating to the forward-looking macroeconomic scenarios and their associated weightages which are subject to inherently heightened levels of estimation uncertainty.	• Evaluated the design, implementation, and operating effectiveness of controls over estimation of expected credit losses, which included assessing the level of oversight, review and approval of allowances for expected credit losses, policies and procedures by the Board and management. • Checked the completeness, accuracy and reasonableness of the underlying data used in the expected credit loss computations by agreeing details to relevant source documents and accounting records of the Bank. • Evaluated the reasonableness of credit quality assessments and related stage. In addition to the above, the following procedures were also performed: ▪ For loans and advances assessed on an individual basis for impairment: • Checked the arithmetical accuracy of the underlying individual impairment calculations. • Evaluated the reasonableness of key inputs used in the allowance for expected credit losses made with particular focus on current economic volatility. Such evaluations were carried out considering the value and timing of cash flow forecasts and status of recovery actions of the collaterals. ▪ For financial assets assessed on a collective basis for impairment: • Tested the key inputs and the calculations used in the allowance for expected credit losses. • Assessed the reasonableness of judgements, assumptions, and estimates used by the Management in the underlying methodology and the management overlays. Our testing included evaluating the reasonableness of forward-looking information used, economic scenarios considered, and probability weighting assigned to each of those scenarios. We assessed the adequacy of the related financial statement disclosures set out in notes 20 & 35.

Key audit matter	How our audit addressed the key audit matter
Information Technology (IT) systems and controls over financial reporting Bank's financial reporting process is significantly reliant on multiple IT systems with automated processes and internal controls. Further, key financial statement disclosures are prepared using data and reports generated by IT systems, that are compiled and formulated with the use of spreadsheets. Accordingly, IT systems and related internal controls over financial reporting were considered a key audit matter.	Our audit procedures included the following key procedures: • We obtained an understanding of the internal control environment of the processes and test checked relevant controls relating to financial reporting and related disclosures. • We involved our internal specialized resources and - Identified, evaluated and tested and design and operating effectiveness of IT systems related internal controls, including those related to user access and change management and - Obtained a high-level understanding of the cybersecurity risks affecting bank and the actions taken to address these risks primarily through inquiry. We tested source data of the reports used to generate disclosures for accuracy and completeness including review of the general ledger reconciliations.

Other information included in the Bank's 2023 annual report.

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements.

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, 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.

Responsibilities of management and those charged with governance for the financial statements (Continued)

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 judgement and maintain professional skepticism 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 the 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.

Auditor's responsibilities for the audit of the financial statements (Continued)

We also provide those charged with governance with a statement that we have complied with 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, action taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the 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 Dhunya Nizar.

For and on behalf of Ernst & Young
Partner: Dhunya Nizar
Licensed Auditor: ICAM-IL-Z73

20 March 2024
Male'

FINANCIAL STATEMENTS

BANK OF MALDIVES PLC

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2023

(All amounts in MVR '000 unless otherwise stated)

	Notes	2023	2022
Gross income	4	4,456,034	4,038,667
Interest income	5	2,655,641	2,382,045
Interest expense	5	(206,430)	(192,245)
Net interest income	5	2,449,211	2,189,800
Fees and commission income	6	1,568,885	1,367,367
Fees and commission expense	6	(853,383)	(665,146)
Net fee and commission income	6	715,502	702,221
Net foreign exchange income	7	83,629	76,476
Other operating income	8	147,879	212,779
Total operating income		3,396,221	3,181,276
Credit impairment (losses)/reversals	9	199,749	(368,646)
Net operating income		3,595,970	2,812,630
Personnel expenses	10	(376,989)	(361,773)
Other operating expenses	11	(337,320)	(322,918)
Total operating expenses		(714,309)	(684,691)
Profit before tax		2,881,661	2,127,939
Income tax expense	12	(807,194)	(499,877)
Net profit for the year		2,074,467	1,628,062
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Net gains on re-measuring of FVOCI equity investments		58,005	(9,507)
Net income tax relating to components of re-measuring of equity investment	12.3	(14,417)	2,408
Revaluation surplus of the Bank premises	22.1	-	143,841
Net income tax relating to revaluation	12.3	-	(35,961)
Other comprehensive income for the year net of tax		43,588	100,781
Total comprehensive income for the year		2,118,055	1,728,843
Earnings per share - Basic/diluted (MVR)	13	385	303

The accounting policies and notes form an integral part of the financial statements.

BANK OF MALDIVES PLC

STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

(All amounts in MVR '000 unless otherwise stated)

	Notes	2023	2022
Assets			
Cash and cash equivalents	15	3,734,027	4,506,026
Statutory deposit with Maldives Monetary Authority	16	3,976,238	3,687,890
Placements with banks	17	7,138,045	6,441,062
Financial assets at amortized cost - Debt and other instruments	19	9,630,746	8,401,783
Financial assets at amortized cost - Loans and advances to customers	18	19,255,490	16,891,036
Financial assets at FVOCI	21	292,114	234,109
Property, plant and equipment	22	711,548	711,011
Right-of-use assets	23	144,632	157,514
Intangible assets	24	82,481	93,314
Deferred tax assets	12.3	-	85,273
Other assets	25	701,829	662,693
Total assets		45,667,150	41,871,711
Liabilities			
Due to customers	26	30,787,420	29,221,667
Term debt and other borrowed funds	27	502,859	744,215
Lease liability	28	139,863	147,531
Government grants	29	63,521	-
Income tax liability	12.2	449,430	313,313
Deferred tax liabilities	12.3	92,654	-
Other liabilities	30	1,454,883	1,173,070
Total liabilities		33,490,630	31,599,796
Equity			
Share capital	31	362,096	362,096
Retained earnings		2,081,776	1,631,582
Other reserves	32	9,732,648	8,278,237
Total equity		12,176,520	10,271,915
Total liabilities and equity		45,667,150	41,871,711
Commitments and contingencies	35.4.15	2,548,343	2,326,031

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

....	....	....
Nandana Senevirathne	Karl Stumke	Ahmed Mohamed
Chief Financial Officer	CEO and Managing Director	Audit Committee Chairperson

The accounting policies and notes form an integral part of the financial statements.

20 March 2024
Male'

BANK OF MALDIVES PLC

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2023

(All amounts in MVR '000 unless otherwise stated)

		Share capital		Reserves						Total
	Notes	Ordinary voting shares	Share premium	Retained earnings	Statutory reserve	Assigned capital reserve	General reserve	Revaluation reserve	FVOCI reserve	
Balance at 1 January 2022		269,096	93,000	1,865,539	150,000	6,000	6,122,904	111,510	182,475	8,800,524
Net profit for the year		-	-	1,628,062	-	-	-	-	-	1,628,062
Other comprehensive income		-	-	-	-	-	-	143,841	(9,507)	134,334
Deferred tax on OCI		-	-	-	-	-	-	(35,961)	2,408	(33,553)
Total comprehensive income		-	-	1,628,062	-	-	-	107,880	(7,099)	1,728,843
Depreciation transfer on revaluation assets		-	-	3,520	-	-	-	(3,520)	-	-
Deferred tax on excess depreciation	12.3	-	-	-	-	-	-	880	-	880
Transfer to general reserves		-	-	(1,607,207)	-	-	1,607,207	-	-	-
Dividends to equity holders	14.1	-	-	(258,332)	-	-	-	-	-	(258,332)
Balance as at 31 December 2022		269,096	93,000	1,631,582	150,000	6,000	7,730,111	216,750	175,376	10,271,915
Net profit for the year		-	-	2,074,467	-	-	-	-	-	2,074,467
Other comprehensive income		-	-	-	-	-	-	-	58,005	58,005
Deferred tax on OCI		-	-	-	-	-	-	-	(14,417)	(14,417)
Total comprehensive income		-	-	2,074,467	-	-	-	-	43,588	2,118,055
Depreciation transfer on revaluation assets		-	-	7,309	-	-	-	(7,309)	-	-
Deferred tax on excess depreciation	12.3	-	-	-	-	-	-	1,827	-	1,827
Transfer to general reserves		-	-	(1,416,305)	-	-	1,416,305	-	-	-
Dividends to equity holders	14.1	-	-	(215,277)	-	-	-	-	-	(215,277)
Balance as at 31 December 2023		269,096	93,000	2,081,776	150,000	6,000	9,146,416	211,268	218,964	12,176,520

The accounting policies and notes form an integral part of the financial statements.

BANK OF MALDIVES PLC

STATEMENT OF CASH FLOWS

Year ended 31 December 2023

(All amounts in MVR '000 unless otherwise stated)

	Notes	2023	2022
Cash flows from operating activities			
Profit before tax		2,881,661	2,127,939
Adjustments for:			
Other non cash items included in profit before tax	37.2	(320,865)	43,387
Increase in operating assets	37.3	(4,173,957)	(3,804,220)
Increase in operating liabilities	37.4	1,685,591	1,500,565
Finance cost of lease		(12,261)	(12,769)
Income tax paid	12.2	(505,740)	(582,350)
Net cash flows generated from operating activities		(445,571)	(727,448)
Cash flows from investing activities			
Purchase of property, plant and equipment	22.1	(79,433)	(102,150)
Purchase of intangible assets	24	(7,878)	(14,729)
Proceeds from the sale of property, plant and equipment	22.9	10	1,713
Net cash flows used in investing activities		(87,301)	(115,166)
Cash flows from financing activities			
Principal element of lease liability paid	28	(7,992)	(7,156)
Dividends paid to equity holders		(231,135)	(191,124)
Net cash flows used in financing activities		(239,127)	(198,280)
Net decrease in cash and cash equivalents		(771,999)	(1,040,894)
Cash and cash equivalents at 1 January		4,506,026	5,546,920
Cash and cash equivalents at 31 December	37.1	3,734,027	4,506,026

The accounting policies and notes form an integral part of the financial statements.

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

(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 and acquiring 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 2023 were authorized for issue by the Board of Directors (together referred to as the "Board") in accordance with the resolution of the Board on 20 March 2024.

3 Summary of material accounting policy information

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:

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

3.2 Functional and presentation currency

The financial statements of the Bank are presented in Maldivian Rufiyaa (MVR), which is the currency of the primary economic environment in which the Bank operates. Financial information presented in MVR 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.

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

(All amounts in MVR '000 unless otherwise stated)

3.3 Presentation of financial statements

The Bank's items presented in the 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 38 to the financial statements.

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.

3.6 Significant accounting judgements, estimates and assumptions

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.

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

(All amounts in MVR '000 unless otherwise stated)

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 Impairment losses on financial assets

The measurement of impairment losses under IFRS 9 across all categories of financial assets in scope requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Bank's Expected Credit Loss (ECL) calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies.

Accounting judgements and estimates include:

- The Bank's internal credit grading model, which assigns Probability of Defaults (PD) to the individual grades.
- The Bank's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a Life Time Expected Credit Loss (LTECL) basis and the qualitative assessment.
- The segmentation of financial assets when their ECL is assessed on a collective basis.
- Development of ECL models, including the various formulas and the choice of inputs.
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD).
- Selection of forward-looking macroeconomic scenarios and their probability weightings into the ECL models and detailed information about the judgements and estimates made by the Bank in the above areas is set out in Note 35.4.3 to the financial statements.

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 lifetime 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. Judgement of the management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty.

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

(All amounts in MVR '000 unless otherwise stated)

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.

3.6.7 Provisions for liabilities, commitments and contingencies

The Bank operates in a regulatory and legal environment with relevant laws and regulations introduced by the relevant agencies that addresses the risk inherent to its operations.

When the Bank can reliably measure the outflow of economic benefits in relation to a specific case to mitigate the risk, the Bank records a provision against such case. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed by the Bank.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Bank takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Based on these factors the Bank makes a judgement required to conclude on these estimates.

3.7 Financial instruments – initial recognition, classification, and subsequent measurement

3.7.1 Date of recognition

Financial assets and liabilities, with the exception of loans and advances to customers, balances due to customers and Bank borrowings are initially recognized on the trade date, i.e., the date on which the Bank becomes a party to the contractual provisions of the instrument. This includes regular way trades, i.e., purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace. Loans and advances to customers are recognized when funds are transferred to the customers' accounts. The Bank recognizes balances due to customers when funds are transferred to the Bank.

3.7.2 Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments, as described in Notes 3.7.6 to the financial statements. Financial instruments are initially measured at their fair value (as defined in Note 3.7.6 to the financial statements), except in the case of financial assets and financial liabilities recorded at FVPL, transaction costs are added to, or subtracted from, this amount. Loans and advances are measured at the transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price, the Bank accounts for the Day 1 profit or loss, as described below.

3.7.3 Day 1 profit or loss

When the transaction price of the financial instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Bank recognizes the difference between the transaction price and fair value in net trading income. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred.

The deferred amounts are recognized in profit or loss when there is a change in a factor (including time) that market participants would take into account when pricing the financial asset or liability. On this basis, the Bank has assessed that amortizing the deferred amount on a straight-line basis is appropriate.

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

(All amounts in MVR '000 unless otherwise stated)

Any outstanding amount is immediately recognized in profit or loss when the instrument is derecognized or when the input(s) becomes observable.

3.7.4 Measurement categories of financial assets and liabilities

The Bank classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortized cost, as explained in Note 3.7.6 to the financial statements.
- FVOCI, as explained in Notes 3.7.6 to the financial statements.

Financial liabilities, other than loan commitments and financial guarantees, are measured at amortized cost.

3.7.5 Determination of fair value

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarized below:

- Level 1 financial instruments – Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Bank has access to at the measurement date. The Bank considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.
- Level 2 financial instruments – Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Bank will classify the instruments as Level 3.
- Level 3 financial instruments – Those that include one or more unobservable input that is significant to the measurement as whole.

The fair value of financial instruments is generally measured on an individual basis. However, in cases where the Bank manages a group of financial assets and liabilities based on its net market or credit risk exposure, the fair value of the group of financial instruments is measured on a net basis. However, the underlying financial assets and liabilities are presented separately in the financial statements, unless they satisfy the IFRS offsetting criteria.

3.7.6 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:

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

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

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

(All amounts in MVR '000 unless otherwise stated)

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:

- **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortized cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognized and measured as described in Note 35.4.3 to the financial statements. 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 amortized cost which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized as 'net investment income'. Income from these financial assets is included in 'interest income' using the effective interest rate method.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

(All amounts in MVR '000 unless otherwise stated)

Business model assessment

The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective:

- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

The expected frequency, value and timing of sales are also important aspects of the Bank's assessment. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Bank's original expectations, the Bank does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The SPPI test

As a second step of its classification process the Bank assesses the contractual terms of the financial asset to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

(All amounts in MVR '000 unless otherwise stated)

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 recognized 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 recognized 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 comprehensive income.

Financial assets at amortized cost

Financial assets at amortized 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 amortized cost using the Effective Interest Rate (EIR) less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EIR. The amortization is included in 'interest income' in the statement of comprehensive income. The losses arising from impairment of such investments are recognized 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 recognized 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 amortized cost are given under notes below.

Debt instruments and placements with banks

After initial measurement, these assets are subsequently measured at amortized cost (gross carrying amount using the EIR, less provision for impairment). Amortized 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 amortization is included in interest income, while the losses arising from impairment are recognized in credit impairment losses in the statement of comprehensive income.

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

(All amounts in MVR '000 unless otherwise stated)

Loans and advances to customers

The Bank measures loans and advances to customers at amortized cost only if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

Loans and advances to customers are initially recognized at amortized cost, which is the cash consideration to originate the loan including any transaction costs and carried subsequently with accrued interest. Interest on loans and advances 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 advances and recognized in the statement of comprehensive income as credit impairment losses.

Details of loans and advances 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 amortized 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. Unrealized gains and losses are recognized directly in the statement for other comprehensive income as part of equity. When the investment is disposed off, the cumulative gain or loss previously recognized in equity is recognized, 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. Dividend earned whilst holding financial investments are recognized in the statement of comprehensive income as 'dividend income' when the right of the payment has been established. The losses arising from impairment of such investments are recognized in 'credit impairment 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.

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

(All amounts in MVR '000 unless otherwise stated)

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 amortized cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized 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 advances 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 recognized 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.

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 35.4.3 to the financial statements); and
- The premium received on initial recognition less income recognized in accordance with the principles of IFRS 15 (Revenue from contract with customers).

Loan commitments provided by the Bank are measured as the amount of the loss allowance (calculated as described in Note 35.4.3 to the financial statements). 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 recognized 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 recognized 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 recognized as a provision.

(ii) Impairment of financial assets

The Bank records an allowance for expected credit loss (ECL) for all loans and advance to customers and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts, in this section, all referred to as financial assets.

Individual assessment - credit-impaired financial assets

At each reporting date, the Bank assesses whether financial assets carried at amortized cost and debt financial assets carried at FVOCI are credit-impaired and assesses the 'Individually Significant' loans and advances for impairment based on the materiality.

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

(All amounts in MVR '000 unless otherwise stated)

The Bank individually reviews top 20 group of borrowers for individual impairment, with minimum value of the loans and advances selected for individual assessment not less than 25% of the total loan portfolio, to identify whether there is significant increase in credit risk (SICR) since origination of the loan and before an exposure is in default.

The individual loans fall into the above categories of borrowers are assessment using set of quantitative and qualitative indicators to determine evidence of SICR and final staging.

A loan and advance that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, financing facilities provided to the customers that are overdue for 90 days or more are considered credit impaired.

Collective assessment

Those financial assets for which, the Bank determines that no provision is required under individual impairment are then collectively assess for Expected Credit Loss (ECL).

The Bank recognizes loss allowances for ECL on the following financial instruments that are not measured at FVPL:

- Cash and cash equivalent.
- Placement with banks.
- Loans and advances to customers.
- Financial assets at amortized cost debt and other financial instruments.
- Loan commitments and financial guarantee contracts issued.
- No impairment loss is recognized on equity investments.

Measurement of ECL

Significant increase in credit risk of loans and advances is measured based on the number of days past due, which is calculated from the contractual due date of the payment. Accordingly, the Bank does not rebut the presumption of 90 days as the default point as set out in IFRS 9 and staging is done for loans and advances as follows.

Stage 1 – Performing loans: when loans are first recognized, the Bank recognizes an allowance based on 12 months 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 recognizes the lifetime expected credit losses for these loans. In addition, in Stage 3, the Bank accrues interest income on the amortized cost of the loan net of impairment allowances.

The calculation of ECL

The Bank calculates ECL based on four probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

(All amounts in MVR '000 unless otherwise stated)

The technics of the ECL calculations are outlined below and the key elements are, as follows:

- **Probability of Default (PD)**

  The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio. The concept of PD is further explained in Note 35.4.3.3 to the financial statements.

- **Exposure at Default (EAD)**

  The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. The EAD is further explained in Note 35.4.3.3 to the financial statements.

- **Loss Given Default (LGD)**

  The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral or credit enhancements that are integral to the loan and not required to be recognized separately. It is usually expressed as a percentage of the EAD. The LGD is further explained in Note 35.4.3.3 to the financial statements.

Forward looking information

In its ECL models, the Bank relies on a broad range of forward-looking information as economic inputs, such as:

- GDP growth.
- Unemployment rates.
- Inflation rates.

The Bank incorporated forward-looking information into the measurement of ECL (refer Note 35.4.3.4 to the financial statements).

(iii) Modification of loans and advances

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

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

(All amounts in MVR '000 unless otherwise stated)

If the terms are substantially different, the Bank derecognizes the original financial asset and recognizes 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 recognized 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 recognized in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Bank recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognizes 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 35.4.7 to the financial statements.

(iv) Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognized 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 derecognized 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 securitization transactions in which the Bank retains a subordinated residual interest.

3.7.7 Financial liabilities

(i) Classification and subsequent measurement

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

- Financial liabilities at amortized 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 amortized cost using the EIR method.

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

(All amounts in MVR '000 unless otherwise stated)

- After initial recognition, such financial liabilities are substantially measured at amortized cost using the EIR method. Amortized 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 amortization is included in 'interest expenses' in the statement of comprehensive income. Gains and losses are recognized in the statement of comprehensive income when the liabilities are derecognized as well as through the EIR amortization process.
- The details of the Bank's financial liabilities at amortized cost are shown in Note 26,27,28 and Note 30 to the financial statements.
- Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition, whereby a financial liability is recognized for the consideration received for the transfer. In subsequent periods, the Bank recognizes any expense incurred on the financial liability; and
- Financial guarantee contracts and loan commitments (refer Note 3.17 to the financial statements).

(ii) Derecognition

Financial liabilities are derecognized 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 recognized 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 amortized over the remaining term of the modified liability.

3.7.8 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously. Financial assets and financial liabilities are generally reported gross in the statement of financial position except when IFRS netting off criteria are met.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

(All amounts in MVR '000 unless otherwise stated)

3.8 Foreign currency transactions and balances

All foreign currency transactions are translated into the functional currency, which is Maldivian Rufiyaa (MVR), using the exchange rates prevailing at the dates the transactions were affected (spot rate).

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 foreign currencies 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 currencies 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.

3.9 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.

3.9.1 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 or longer but may have extension options as described in Note 3.9.2 to the financial statements 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 recognized 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

(All amounts in MVR '000 unless otherwise stated)

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 criteria 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 recognized on a straight-line basis as an expense in profit or loss.

3.9.2 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 (MVR 77,100).

3.9.3 Lessor accounting

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

3.9.4 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 maximize 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.

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

(All amounts in MVR '000 unless otherwise stated)

3.10 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.

3.10.1 Recognition

Property, plant and equipment are recognized 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.

3.10.2 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 capitalized as part of computer equipment.

3.10.3 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.

3.10.4 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 recognized 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 recognized as income to the extent of the previous write-down.

Any decrease in the carrying amount is recognized 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 recognized 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.

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

(All amounts in MVR '000 unless otherwise stated)

3.10.5 Subsequent cost

The subsequent cost of replacing a component of an item of property, plant and equipment is recognized 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.

3.10.6 Derecognition

The carrying amount of an item of property, plant and equipment is derecognized 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 derecognized.

3.10.7 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 derecognized. 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
Bank premises	5%
Computer equipment	20% - 33.33%
Furniture and equipment	25%
Motor vehicles / vessels	20%

3.10.8 Changes in estimates

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

3.10.9 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 capitalization.

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.

3.11 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.

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

(All amounts in MVR '000 unless otherwise stated)

3.11.1 Basis of recognition

An intangible asset is recognized 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.

3.11.2 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 amortization and any accumulated impairment losses.

3.11.3 Subsequent expenditure

Expenditure incurred on software is capitalized 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.

3.11.4 Derecognition of intangible assets

The carrying amount of an item of intangible asset is derecognized 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 derecognized.

3.11.5 Amortization of intangible assets

Intangible assets, except for goodwill, are amortized 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. Amortization 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

3.11.6 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.

3.12 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 recognized when the Board approves such dividend in accordance with the Companies Act No 10 of 1996 and the Maldives Banking Act No 24 of 2010.

Dividend for the year that are declared after the reporting date are disclosed in Note 41 to the financial statements as an event after the reporting period in accordance with the IAS 10 - Events after the reporting period.

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

(All amounts in MVR '000 unless otherwise stated)

3.13 Employee benefits

3.13.1 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 recognized as an employee benefit expense in the statement of comprehensive income.

3.13.2 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 recognized as an employee benefit expense in the statement of comprehensive income.

3.14 Provisions

Provisions are recognized 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 recognized as interest expense.

3.15 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.

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

(All amounts in MVR '000 unless otherwise stated)

3.15.1 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 authorized by MPAO, invests the funds in the designated financial instruments, in consideration for which MPAO pays a fee to the Bank.

3.16 Government Grant

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Bank receives grants of non-monetary assets, the asset and the grant are recorded at Fair Value (purchase price) and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

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 recognized 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 35.5.3 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 recognized 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 recognized less cumulative amortization recognized 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 credit impairment losses. The premium received is recognized in the statement of comprehensive income as 'fees and commission income'.

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

(All amounts in MVR '000 unless otherwise stated)

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 2023, which would have a material impact on the financial statements. Further details are provided under Note 39 to the financial statements.

3.18 Operational risk events

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

The amount recognized 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 Recognition of income and expenses

Income is recognized 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 recognizing income and expenses.

3.19.1 Interest income and interest expense

Under IFRS 9, interest income is recorded using the EIR method for all financial assets measured at amortized cost. Interest income on interest bearing financial assets measured at FVOCI under IFRS 9 is also recorded using the EIR method. Interest expense is also calculated using the EIR method for all financial liabilities held at amortized cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or liability or, when appropriate, a shorter period, to the gross carrying amount of the financial asset. The EIR (and therefore, the amortized cost of the financial asset) is calculated by taking into account transaction costs and any discount or premium on the acquisition of the financial asset, as well as fees and costs that are an integral part of the EIR.

The Bank recognizes interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, the EIR calculation also takes into account the effect of potentially different interest rates that may be charged at various stages of the financial asset's expected life, and other characteristics of the product life cycle (including prepayments, penalty interest and charges). If expectations of fixed rate financial assets or liabilities' cash flows are revised for reasons other than credit risk, then changes to future contractual cash flows are discounted at the original EIR with a consequential adjustment to the carrying amount. The difference from the previous carrying amount is booked as a positive or negative adjustment to the carrying amount of the financial asset or liability on the statement of financial positions with a corresponding increase or decrease in Interest income and expense calculated using the Effective Interest Rate method (EIR).

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 and commission income is recognized at an amount that reflects the consideration to which the Bank expects to be entitled in exchange for providing the services. Fee income can be divided into the following two categories.

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

(All amounts in MVR '000 unless otherwise stated)

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 recognized when the obligation is fulfilled. When it is unlikely that a loan will be drawn down, the loan commitment fees are recognized 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 recognized on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance are recognized 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 recognized on accrual basis.

3.19.4 Dividend income

Dividend income is recognized 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 recognized in the period in which the sale occurs and is classified as other operating income in the statement of comprehensive 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 recognized in the statement of comprehensive income except to the extent it relates to items recognized directly in 'equity' or 'other comprehensive income (OCI)'.

3.20.1 Current tax

Provision for taxation is made on the basis of the profit for the year as adjusted for taxation purposes in accordance with the 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 recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

(All amounts in MVR '000 unless otherwise stated)

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 capitalized and included in the measurement of the EIR and recognized 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 recognized as the related services are performed.

As per IFRS 15, the Bank adopts five step model for revenue recognition. Accordingly, revenue is recognized 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 Changes in Material Accounting policies

The accounting policies have consistently been applied by the Bank and are consistent with those used in the previous year. Further, comparative information is reclassified wherever necessary to comply with the current year presentation.

3.23 New and amended Accounting Standards and Interpretation

The Bank applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2023 (unless otherwise stated). The Bank has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

3.23.1 Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

3.23.2 Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the Board issued amendments to IAS 8, in which it introduces a new definition of accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

3.23.3 International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12

In May 2023, the Board issued amendments to IAS 12, which introduce a mandatory exception in IAS 12 from recognising and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

The amendments have had an impact on the Bank's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Bank's financial statements.

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

(All amounts in MVR '000 unless otherwise stated)

3.24 Accounting Standards issued but not yet effective

The new and amended accounting standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Bank's financial statements are disclosed below. The Bank intends to adopt these standards, if applicable, when they become effective.

3.24.1 Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current.

The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument.

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Bank is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

3.24.2 Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial instruments. Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted but will need to be disclosed.

The amendments are not expected to have a material impact on the Bank's financial statements.

3.24.3 Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

In September 2022, the Board issued Lease Liability in a Sale and Leaseback (Amendments to IFRS 16).The amendment to IFRS 16 Leases specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains. Effective for annual periods beginning on or after 1 January 2024. The amendments are not expected to have a material impact on the Bank's financial statements.

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

(All amounts in MVR '000 unless otherwise stated)

4 Gross income

	2023	2022
Interest income (Note 5)	2,655,641	2,382,045
Fees and commission income (Note 6)	1,568,885	1,367,367
Foreign exchange income (Note 7)	83,629	76,476
Other operating income (Note 8)	147,879	212,779
	4,456,034	4,038,667

5 Net interest income

	2023	2022
Interest income		
Loans and advances to customers	1,929,286	1,875,462
Financial assets at amortized cost (Note 5.1)	417,876	372,185
Placements with banks	291,428	120,528
Reserve deposits	17,051	13,870
	2,655,641	2,382,045
Less: interest expense		
Due to customers	151,736	122,327
Term debts and other borrowed funds	42,433	57,149
Finance cost for lease liabilities (Note 28)	12,261	12,769
	206,430	192,245
Net interest income	2,449,211	2,189,800

5.1 Interest income - financial assets at amortized cost

	2023	2022
Interest income from Government of Maldives Securities and related financial instruments	369,260	336,038
Interest income from financial instruments other than securities issued by Government of Maldives	48,616	36,147
	417,876	372,185

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

6 Net fee and commission income

	2023	2022
Cards operation	1,259,022	1,065,939
Pay orders	123,476	134,322
Loans	80,817	70,157
Administration fees on development funds	11,901	15,743
Fee income on branch operations	69,711	56,994
Trade services	17,061	16,365
Custodian services fee	5,075	5,400
Others	1,822	2,447
	1,568,885	1,367,367
Fee and commission expense	(853,383)	(665,146)
Net fee and commission income	715,502	702,221

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

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023
(All amounts in MVR '000 unless otherwise stated)

7 Net foreign exchange income

	2023	2022
Net foreign exchange income	83,629	76,476
	83,629	76,476

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

	2023	2022
Recoveries of written off loan and receivables	114,682	173,496
Dividend income	1,396	1,098
Others	31,801	38,185
	147,879	212,779

9 Credit impairment (reversals) / losses

	2023	2022
Loans and advances to customers	(219,773)	106,407
Financial assets at amortized cost	(17,378)	243,287
Placements with banks	37,811	(5,485)
Other assets	(409)	24,437
	(199,749)	368,646

10 Personnel expenses

	2023	2022
Salaries, wages and other related expenses	358,972	344,101
Defined contribution plan expense - 7% to Maldives Retirement Pension Scheme	13,526	13,255
Defined contribution plan expense - 3% to Employee Provident Fund	4,491	4,417
	376,989	361,773

11 Other operating expenses

	2023	2022
Depreciation of property, plant and equipment (Note 22.3)	76,598	52,925
Amortisation of intangible assets (Note 24)	17,160	16,335
Depreciation of right-of-use assets (Note 23)	13,857	13,674
Administration and establishment expenses	50,794	45,440
Software license fees and hardware maintenance expenses	68,191	59,358
Provision for claims / (reversals)	(13,547)	24,091
Communication expenses	29,144	27,340
Advertising and promotional expenses	15,595	16,430
Travel and transport expenses	20,036	16,354
Consultancy fees	9,496	6,212
Subscription fees	10,011	11,023
Expense relating to short term leases	1,666	1,230
Donation	21,939	16,760
Directors' emoluments	2,975	3,027
Auditors' remuneration	1,861	1,671
Professional and legal expenses	1,262	1,130
Other expenses	10,282	9,918
	337,320	322,918

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

(All amounts in MVR '000 unless otherwise stated)

	2023	2022
12 Income tax expense		
Income tax		
Income tax charge (Note 12.2)	628,077	502,242
Adjustment in respect of Income tax of prior years	13,780	(34,138)
Deferred tax		
Origination and reversal of temporary differences (Note 12.3)	165,337	31,773
Income tax expense reported in the statement of comprehensive income (Note 12.1)	807,194	499,877

12.1 Reconciliation of the income tax expenses

Reconciliation between accounting profit to taxable income;	2023	2022
Accounting profit before tax	2,881,661	2,127,939
Non-deductible expenses	488,955	395,508
Deductible expenses	(858,309)	(514,479)
Taxable income for the year	2,512,307	2,008,968
Income tax at 25%	628,077	502,242

Reconciliation between income tax expense reported in the statement of comprehensive income multiplied by Income tax rate is as follows.

	2023	2022
Accounting profit before tax	2,881,661	2,127,939
Tax effect at the Income tax rate - 25%	720,416	531,985
Tax effect of non-deductible expenses	85,791	75,338
Tax effect of deductible expenses	(12,793)	(73,308)
Under/(over) provision of taxes in respect of prior years	13,780	(34,138)
Income tax expense reported in the statement of comprehensive income	807,194	499,877
Effective tax rate (excluding deferred tax and prior year adjustment)	22%	24%
Effective tax rate (including deferred tax and prior year adjustment)	28%	23%

12.2 Income tax liability

	2023	2022
At 1 January	313,313	427,559
Income tax charge for the year	628,077	502,242
Adjustment in respect of prior year	13,780	(34,138)
Tax paid during the year	(505,740)	(582,350)
As at 31 December	449,430	313,313

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)	Property, plant and equipment	Provision of loans and receivables	Revaluation of the bank premises	Net gains on re-measuring of FVOCI equity investments	Total
As at 1 January 2022	16,228	203,994	(9,680)	(60,824)	149,718
Statement of comprehensive income	(20,612)	(11,160)	-	-	(31,773)
Other comprehensive income	-	-	(35,961)	2,408	(33,553)
Statement of changes in equity	-	-	880	-	880
As at 31 December 2022	(4,384)	192,834	(44,761)	(58,416)	85,273
Statement of comprehensive income	(17,676)	(147,662)	-	-	(165,337)
Other comprehensive income	-	-	-	(14,417)	(14,417)
Statement of changes in equity	-	-	1,827	-	1,827
As at 31 December 2023	(22,060)	45,172	(42,934)	(72,833)	(92,654)

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

(All amounts in MVR '000 unless otherwise stated)

13 Earnings per share - basic/diluted (MVR)

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.

	2023	2022
Profit attributable to ordinary equity holders	2,074,467	1,628,062
Weighted average number of ordinary shares in issue (Note 31)	5,381,920	5,381,920
Basic/diluted earnings per share (MVR)	385	303

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 to equity holders

14.1 Declared and paid during the year

	2023	2022
Interim dividend of MVR 13 per share and final dividend of MVR 35 per share was declared for 2021 and paid in 2022	-	258,332
Interim dividend of MVR 20 per share and final dividend of MVR 20 per share was declared for 2022 and paid in 2023	215,277	-

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

	2023	2022
Final dividend		
Dividend per share 2023: MVR 50 (2022: MVR 20)	269,096	107,638
Interim dividend		
Dividend per share 2023: - (2022: MVR 20)	-	107,638
Total dividend	269,096	215,276

15 Cash and cash equivalents

	2023	2022
Cash in hand (Note 37.1)	863,525	759,156
Balances with other banks (Note 37.1)	2,870,502	3,746,870
	3,734,027	4,506,026

16 Statutory deposit with Maldives Monetary Authority (MMA)

	2023	2022
Statutory deposit for Conventional banking	3,772,089	3,517,577
Statutory deposit for Islamic banking	204,149	170,313
	3,976,238	3,687,890

In line with MMA Regulations, Bank maintains 10% of demand deposits and time deposits (excluding interbank deposits of other banks in Maldives and LC margin deposits) as Minimum Reserve Requirement (MRR) for both local and foreign currencies, and is maintained across both conventional and BML Islamic. These deposits are not available for the Bank's day-to-day operations. The MRR balances for Conventional banking are paid an interest amount of 1% per annum for the MVR balances and 0.01% per annum for the USD dollar balances. From January 2023 onwards, MVR MRR balances for BML Islamic were remunerated through MMA Commodity Murabaha Facility at the profit rate of 1% p.a. and no income was earned on the foreign currency MRR deposits of BMLI maintained at MMA.

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

(All amounts in MVR '000 unless otherwise stated)

17 Placements with banks

	2023	2022
Placements with banks	7,177,161	6,442,367
Less: total impairment for placement with banks (Note 20)	(39,116)	(1,305)
Net placements with banks	7,138,045	6,441,062

18 Financial assets at amortized cost - Loans and advances to customers

	2023	2022
Gross loans and advances	20,339,321	18,260,045
Less: total impairment for loans and advances to customers (Note 20)	(1,083,831)	(1,369,009)
Net loans and advances	19,255,490	16,891,036

18.1 Product wise analysis

	2023	2022
Commercial term loans	11,725,897	11,184,785
Overdrafts	2,861,529	2,181,326
Personal loans	2,405,968	2,125,750
Islamic financing facilities	2,329,484	1,876,828
Credit cards	682,388	573,239
Staff loans	274,237	266,862
Trade finance	57,646	44,154
Development banking loans	2,172	7,101
	20,339,321	18,260,045

18.2 Currency wise analysis

	2023	2022
Maldivian Rufiyaa	13,038,183	12,221,953
United States Dollar	7,297,598	6,035,099
Euro	3,540	2,846
Singapore Dollar	-	147
	20,339,321	18,260,045

19 Financial assets at amortized cost - Debt and other instruments

	2023	2022
Treasury bills issued by Government of Maldives	8,164,008	8,048,205
Treasury bonds issued by Government of Maldives	1,521,216	201,069
Bonds issued by overseas government	-	326,271
Corporate bonds	-	21,810
Wakala investments	-	50,000
Less: total impairment for financial assets at amortized cost (Note 20)	(54,478)	(245,572)
	9,630,746	8,401,783

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023
(All amounts in MVR '000 unless otherwise stated)

20 Movement in provision for impairment losses

	Financial assets at amortized cost - Loans and	Financial assets at amortized cost - Debt and other	Placements with banks	Other assets	Total
As at 1 January 2022	1,668,722	2,285	6,790	24,348	1,702,145
Net charge to profit or loss (Note 9)	106,407	243,287	(5,485)	24,437	368,646
Reversal of interest	(59,871)	-	-	-	(59,871)
Written-off during the year as uncollectible	(346,249)	-	-	(8,691)	(354,940)
As at 31 December 2022	1,369,009	245,572	1,305	40,094	1,655,980
Net charge to profit or loss (Note 9)	(219,773)	(17,378)	37,811	(409)	(199,749)
Reversal of interest	(9,749)	-	-	-	(9,749)
Written-off during the year as uncollectible	(55,655)	(173,716)	-	(5,057)	(234,428)
As at 31 December 2023	1,083,831	54,478	39,116	34,627	1,212,054

21 Financial assets at FVOCI

	2023	2022
Equity instruments:		
Equities - quoted (Note 21.1)	291,331	233,403
Equities - unquoted (Note 21.2)	783	706
	292,114	234,109

21.1 Equities - quoted

	2023			2022		
	No. of shares	Per share price (US$)	Amount (MVR'000)	No. of shares	Per share price (US$)	Amount (MVR'000)
Visa Incorporated	15,030	1,041.40	238,071	15,030	831.04	189,981
MasterCard Incorporated	8,210	426.51	53,260	8,210	347.73	43,422
			291,331			233,403

21.2 Equities - unquoted

	2023		2022	
	No. of shares	Amount (MVR'000)	No. of shares	Amount (MVR'000)
Society for Worldwide Interbank Financial Telecommunication (SWIFT)	6	783	6	706
		783		706

The value of a SWIFT share is re-calculated every year and confirmed based on the SWIFT Share Position Report.

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023
(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 2022	141,200	207,348	40,554	284,375	134,281	69,725	9,397	886,880
Revaluation adjustment	-	(32,556)	-	-	-	-	-	(32,556)
Revaluation Surplus	87,003	56,838	-	-	-	-	-	143,841
Additions at cost	-	5,129	-	68,665	18,784	8,272	-	100,850
Reclassification at cost	(30)	837	(837)	-	30	-	-	-
Disposals/written-off	-	-	(1,443)	(29,945)	(1,160)	(445)	(3,177)	(36,170)
As at 31 December 2022	228,173	237,596	38,274	323,095	151,935	77,552	6,220	1,062,845
Additions at cost	-	8,587	156	51,246	10,479	7,302	4,035	81,805
Disposals/written-off	-	-	-	(21,011)	(543)	(497)	-	(22,051)
As at 31 December 2023	228,173	246,183	38,430	353,330	161,871	84,357	10,255	1,122,599
22.2 In the course of construction (CWIP)								
As at 1 January 2022	-	-	1,658	4,714	19	33	-	6,424
Reclassification at cost	-	2,660	(12,870)	-	10,210	-	-	-
Additions at cost	-	3,912	15,978	66,910	8,555	8,238	-	103,593
Transfers at cost	-	(6,572)	-	(68,665)	(18,784)	(8,272)	-	(102,293)
As at 31 December 2022	-	-	4,766	2,959	-	(1)	-	7,724
Additions at cost	-	-	14,574	51,692	1,929	7,203	4,035	79,433
Transfers at cost	-	(8,587)	(156)	(51,246)	(10,479)	(7,302)	(4,035)	(81,805)
Reclassification at cost	-	8,587	(17,936)	700	8,550	100	-	1
As at 31 December 2023	-	-	1,248	4,105	-	-	-	5,353
Total cost/fair value 2022	228,173	237,596	43,040	326,054	151,935	77,551	6,220	1,070,569
Total cost/fair value 2023	228,173	246,183	39,678	357,435	161,871	84,357	10,255	1,127,952
22.3 Depreciation								
As at 1 January 2022	-	24,817	17,397	162,263	103,403	54,803	7,300	369,983
Revaluation adjustment	-	(32,556)	-	-	-	-	-	(32,556)
Depreciation charge for the year	-	8,524	1,418	22,519	11,831	7,893	740	52,925
Disposals/written-off	-	-	(1,443)	(25,331)	(1,055)	(356)	(2,609)	(30,794)
As at 31 December 2022	-	785	17,372	159,451	114,179	62,340	5,431	359,558
Depreciation charge for the year	-	9,840	1,132	44,997	12,928	7,020	681	76,598
Disposals/written-off	-	-	-	(18,794)	(465)	(493)	-	(19,752)
As at 31 December 2023	-	10,625	18,504	185,654	126,642	68,867	6,112	416,404
22.4 Net book value								
As at 31 December 2022	228,173	236,811	25,668	166,603	37,756	15,211	789	711,011
As at 31 December 2023	228,173	235,558	21,174	171,781	35,229	15,490	4,143	711,548

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023
(All amounts in MVR '000 unless otherwise stated)

22 Property, plant and equipment (Continued)

22.5 At 31 December 2023, property, plant and equipment included fully depreciated assets which are still in use, the cost of which amounted MVR 277,147,666 (2022: MVR 243,593,113).

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 28 December 2022 and the valuation was performed by G.H.A.P.K Fernando FRICS, Chartered Valuation Surveyor at the request of Faris & Co. LLP. 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 valuer are derived and evaluated as follows:

- Land - Price per square foot.
- Building - Construction rate for building.

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

Land	**2023**	**2022**
Cost	58,731	58,731
Net book value	58,731	58,731

Buildings	**2023**	**2022**
Cost	116,525	116,525
Additions at cost	8,587	6,572
Depreciation for year	(42,081)	(33,999)
Net book value	83,031	89,098

22.9 Property, plant and equipment disposed during the year

	2023	**2022**
Sales proceeds	10	1,713
Cost	22,051	36,170
Accumulated depreciation	(19,752)	(30,794)
Net book value	2,299	5,376
Loss from disposal of property, plant and equipment	(2,289)	(3,663)

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

(All amounts in MVR '000 unless otherwise stated)

23 Right-of-use assets

Buildings at cost	**2023**	**2022**
As at 1 January	214,720	202,367
Additions	724	2,263
Disposals/written-off	(7,150)	(471)
ROU Modifications	2,410	10,561
As at 31 December	210,704	214,720
Depreciation and impairment		
As at 1 January	57,206	43,955
Depreciation charge for the year (Note 11)	13,857	13,674
Disposals/written-off	(4,991)	(423)
As at 31 December	66,072	57,206
Net book value		
As at 31 December	144,632	157,514

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

24 Intangible assets

Computer software

Cost	**2023**	**2022**
As at 1 January	213,169	200,962
Transfer from CWIP	13,722	12,207
Disposals/written-off	(2,195)	-
As at 31 December	224,696	213,169
In the course of construction (CWIP)		
As at 1 January	13,504	10,982
Additions at cost	7,878	14,729
Transfers at cost	(13,722)	(12,207)
As at 31 December	7,660	13,504
Total cost as at 31 December	232,356	226,673
Amortisation and impairment		
As at 1 January	133,359	117,024
Amortisation charge for the year (Note 11)	17,160	16,335
Transfers In/(Out)	(644)	-
As at 31 December	149,875	133,359
Net book value		
As at 31 December	82,481	93,314

24.1 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.

24.2 Intangible assets as at the reporting date include fully amortised assets amounting to MVR 45,846,659 (2022: MVR 45,764,104).

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023
(All amounts in MVR '000 unless otherwise stated)

24.3 Intangible assets disposed during the year

	2023	2022
Sales proceeds	-	-
Cost	2,195	-
Accumulated depreciation	(644)	-
Net book value	1,551	-
Loss from disposal of Intangible assets	(1,551)	-

25 Other assets

	2023	2022
Deposits and prepayments	306,548	307,404
Card receivables	336,696	286,296
Other receivables	59,716	78,660
Un-amortised cost on staff loans (Note 25.1)	33,496	30,427
	736,456	702,787
Less : Provision for other losses (Note 20)	(34,627)	(40,094)
	701,829	662,693

25.1 Unamortised 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

	2023	2022
Total amount due to customers	30,787,420	29,221,667
	30,787,420	29,221,667

26.1 Product wise analysis

	2023	2022
Demand deposits	18,162,684	17,350,557
Saving deposits	8,591,099	8,153,287
Time deposits	1,958,924	2,013,025
Wadi'ah deposits of BML Islamic	1,144,381	1,003,327
Saving deposits of BML Islamic	765,728	580,620
Time deposits of BML Islamic	104,691	57,867
Margins on letters of credit	34,694	44,969
Margins on bank guarantee	25,219	18,015
	30,787,420	29,221,667

26.2 Currency wise analysis

Maldivian Rufiyaa	17,021,418	15,723,237
United States Dollar	13,608,681	13,383,753
Euro	156,830	114,677
Singapore Dollar	491	-
	30,787,420	29,221,667

27 Term debt and other borrowed funds

	2023	2022
Borrowings from Government of Maldives (Note 27.1):		
International Fund for Agricultural Development (IFAD) credit line	559	1,678
Asian Development Bank (ADB) credit line	5,818	9,939
Islamic Development Bank (IDB) credit line	12,950	15,108
Borrowings from commercial banks and other financial instituitions abroad (Note 27.2)	483,532	717,490
	502,859	744,215

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023
(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 institutions abroad

Borrowings from commercial banks and other financial institutions were obtained to support lending to customers with their working capital requirements, trade finance requirements, SME's impacted by Covid-19 as well as loans to corporates and SMEs in the tourism sector for businesses that are private and majority owned by Maldivian residents. The Bank has pledged part of its United States Dollar (USD) loan book as security against two term borrowings from two international financial institutions at a loan to value ratio of 140%. The outstanding balance of these five borrowings were USD 31.25 million as at 31 December 2023. The remaining borrowings are free from Bank's assets pledged as securities.

27.3 Maturity of borrowings

	2023				
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	559	-	-	5.0%	SDR / USD
ADB Credit Line	632	2,441	2,746	3.0%	SDR / USD
IDB Credit Line	2,283	8,533	2,133	4.0%	MVR
Borrowings from commercial banks and other financial institutions abroad	252,395	214,027	17,111	Fixed rated loans based on LIBOR / SOFR 6M between 4.772% to 9.50%	USD
	255,869	225,001	21,990		

	2022				
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	1,098	580	-	5.0%	SDR / USD
ADB Credit Line	4,119	2,440	3,380	3.0%	SDR / USD
IDB Credit Line	2,133	8,533	4,442	4.0%	MVR
Borrowings from commercial banks and other financial institutions abroad	543,095	174,395	-	USD 12 months LIBOR + (3.50%) between 4.772% to 6.555%	USD
	550,445	185,948	7,822		

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

(All amounts in MVR '000 unless otherwise stated)

28 Lease liability

This note provides information for leases where the Bank is a lessee.	2023	2022
Balance as at 1 January	147,531	151,726
Contracts added during the year	725	2,263
Finance cost	12,261	12,769
Lease modifications during the year	2,196	789
Derecognition of contracts	(2,597)	(91)
Interest paid	(12,261)	(12,769)
Lease principle payments during the year	(7,992)	(7,156)
Balance as at 31 December	139,863	147,531

28.1 Incremental borrowing rate

The incremental borrowing rates used for calculating the lease liabilities as follows;

Leases up to the 5 years	USD denominates	7.50%
	MVR denominates	8.00%
Leases more than 5 years	USD denominates	8.00%
	MVR denominates	8.50%

29 Government grants

	2023	2022
Balance as at 1 January	-	-
Received during the year	64,275	-
Released to the statement of profit or loss	(754)	-
Balance as at 31 December	63,521	-

Government grants have been received for the purchase of certain items of property, plant and equipment.

30 Other liabilities

	2023	2022
Development funds	534,027	490,108
Sundry creditors	709,919	471,332
Dividend payables	111,205	127,065
Accrued expenses	53,086	48,092
Prepaid card accounts	46,139	36,084
Cashier's cheques	507	389
	1,454,883	1,173,070

Sundry creditors consist of cards and merchant payables amounting to MVR 647,095,382 (2022: MVR 265,990,532), personnel expenses payable MVR 57,839,937 (2022: MVR 47,783,047), provision for other claims of MVR 34,738,914 (2022: MVR 24,195,353) and miscellaneous payable amounting to MVR 16,528,052 (2022: MVR 11,471,710).

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023
(All amounts in MVR '000 unless otherwise stated)

31 Share capital

	No. of shares	Ordinary share capital	Share premium	Total share capital
As at 1 January 2023	5,381,920	269,096	93,000	362,096
As at 31 December 2023	5,381,920	269,096	93,000	362,096

The total authorized number of ordinary shares are 16,000,000 shares (2022: 16,000,000 shares) with a par value of MVR 50 per share (2022: MVR 50 per share).

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

32 Other reserves

	Statutory reserve	Assigned capital reserve	General reserve	Revaluation reserve	FVOCI reserve	Reserve for loan loss provision	Total
As at 1 January 2022	150,000	6,000	6,122,904	111,510	182,475	-	6,572,889
Transferred during the year 2022	-	-	1,607,207	105,240	(7,099)	-	1,705,349
As at 31 December 2022	150,000	6,000	7,730,111	216,750	175,376	-	8,278,237
Transferred during the year 2023	-	-	1,416,305	(5,482)	43,588	-	1,454,411
As at 31 December 2023	150,000	6,000	9,146,416	211,268	218,964	-	9,732,648

(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.

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

(All amounts in MVR '000 unless otherwise stated)

32 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 bank does not require to reserve for loan loss provisions as at the reporting date. The amount of reserve created earlier had been transferred to retained earnings.

32.1 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	Total
Balance at 1 January 2022	1,171,626	1,668,722	-
Impairment movement during 2022	(468,549)	(299,713)	-
As at 31 December 2022	703,077	1,369,009	-
Impairment movement during 2023	17,152	(285,177)	-
As at 31 December 2023	720,229	1,083,831	-

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

(i) Specific provision	2023	2022
As at 1 January	452,110	870,122
Provision made during the year	527,314	186,654
Provision reversed during the year	(524,323)	(391,009)
Loans written-off during the year as uncollectible	(37,372)	(213,657)
As at 31 December	417,729	452,110
(ii) General provision		
As at 1 January	215,663	182,447
Provision made during the year	308,818	133,592
Provision reversed during the year	(277,725)	(100,376)
As at 31 December	246,756	215,663
Total provision	664,485	667,773

32.3 Movement in interest in suspense as per MMA Prudential Regulation guidelines

	2023	2022
As at 1 January	35,304	119,057
Amount suspended during the year	51,150	77,522
Amount reversed during the year	(12,427)	(28,683)
Loans written-off during the year as uncollectible	(18,283)	(132,592)
As at 31 December	55,744	35,304
Total provision and IIS	720,229	703,077

32.4 Total equity

Total equity of the Bank as at 31 December 2023 was MVR 12,176,520,707 (2022: MVR 10,271,915,426).

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

(All amounts in MVR '000 unless otherwise stated)

33 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 2023

	Amortized cost	Fair value through other comprehensive income (FVOCI)	Total
Financial assets			
Cash and cash equivalents	3,734,027	-	3,734,027
Statutory deposit with Maldives Monetary Authority	3,976,238	-	3,976,238
Placements with banks	7,138,045	-	7,138,045
Financial assets at amortized cost - Loans and advances to customers	19,255,490	-	19,255,490
Financial assets at amortized cost - Debt and other instruments	9,630,746	-	9,630,746
Financial assets at FVOCI	-	292,114	292,114
Other assets	608,764	-	608,764
Total financial assets	44,343,310	292,114	44,635,424
Financial liabilities			
Due to customers	30,787,420	-	30,787,420
Term debt and other borrowed funds	502,859	-	502,859
Lease liability	139,863	-	139,863
Other liabilities	1,442,935	-	1,442,935
Total financial liabilities	32,873,077	-	32,873,077

As at 31 December 2022

	Amortized cost	Fair value through other comprehensive income (FVOCI)	Total
Financial assets			
Cash and cash equivalents	4,506,026	-	4,506,026
Statutory deposit with Maldives Monetary Authority	3,687,890	-	3,687,890
Placements with banks	6,441,062	-	6,441,062
Financial assets at amortized cost - Loans and advances to customers	16,891,036	-	16,891,036
Financial assets at amortized cost - Debt and other instruments	8,401,783	-	8,401,783
Financial assets at FVOCI	-	234,109	234,109
Other assets	571,037	-	571,037
Total financial assets	40,498,834	234,109	40,732,943
Financial liabilities			
Due to customers	29,221,667	-	29,221,667
Term debt and other borrowed funds	744,215	-	744,215
Lease liability	147,531	-	147,531
Other liabilities	1,160,669	-	1,160,669
Total financial liabilities	31,274,082	-	31,274,082

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

(All amounts in MVR '000 unless otherwise stated)

34 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.

34.1 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.

34.2 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.

	2023		2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	3,734,027	3,734,027	4,506,026	4,506,026
Statutory deposit with Maldives Monetary Authority	3,976,238	3,976,238	3,687,890	3,687,890
Placements with banks	7,138,045	7,138,045	6,441,062	6,441,062
Financial assets at amortized cost - Loans and advances to customers	19,255,490	19,255,490	16,891,036	16,891,036
Financial assets at amortized cost - Debt and other instruments	9,630,746	9,630,746	8,401,783	8,401,783
Financial assets at FVOCI	292,114	292,114	234,109	234,109
Other assets	608,764	608,764	571,037	571,037
Total financial assets	44,635,424	44,635,424	40,732,943	40,732,943
Financial liabilities				
Due to customers	30,787,420	30,787,420	29,221,667	29,221,667
Term debt and other borrowed funds	502,859	502,859	744,215	744,215
Lease liability	139,863	139,863	147,531	147,531
Other liabilities	1,442,935	1,442,935	1,160,669	1,160,669
Total financial liabilities	32,873,077	32,873,077	31,274,082	31,274,082

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

(All amounts in MVR '000 unless otherwise stated)

34.2 Determination of fair value and fair value hierarchy

As at 31 December 2023	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and cash equivalents	-	3,734,027	-	3,734,027
Statutory deposit with Maldives Monetary	-	3,976,238	-	3,976,238
Placements with banks	-	7,138,045	-	7,138,045
Financial assets at amortized cost - Loans and advances to customers	-	-	19,255,490	19,255,490
Financial assets at amortized cost - Debt and other instruments	-	9,630,746	-	9,630,746
Financial assets at FVOCI	291,331	783	-	292,114
Other assets	-	608,764	-	608,764
Total financial assets	291,331	25,088,603	19,255,490	44,635,424
Financial liabilities				
Due to customers	-	-	30,787,420	30,787,420
Term debt and other borrowed funds	-	-	502,859	502,859
Lease liability	-	139,863	-	139,863
Other liabilities	-	1,442,935	-	1,442,935
Total financial liabilities	-	1,582,798	31,290,279	32,873,077

As at 31 December 2022	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and cash equivalents	-	4,506,026	-	4,506,026
Statutory deposit with Maldives Monetary	-	3,687,890	-	3,687,890
Placements with banks	-	6,441,062	-	6,441,062
Financial assets at amortized cost - Loans and advances to customers	-	-	16,891,036	16,891,036
Financial assets at amortized cost - Debt and other instruments	-	8,401,783	-	8,401,783
Financial assets at FVOCI	233,403	706	-	234,109
Other assets	-	571,037	-	571,037
Total financial assets	233,403	23,608,504	16,891,036	40,732,943
Financial liabilities				
Due to customers	-	-	29,221,667	29,221,667
Term debt and other borrowed funds	-	-	744,215	744,215
Lease liability	-	147,531	-	147,531
Other liabilities	-	1,160,669	-	1,160,669
Total financial liabilities	-	1,308,200	29,965,882	31,274,082

34.3 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.

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

(All amounts in MVR '000 unless otherwise stated)

35 Risk management

35.1 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, 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.

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

35.2 Risk management objectives, policies and processes

The primary objective of risk management is to forecast and assess 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 are 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 requires close monitoring.

35.3 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.

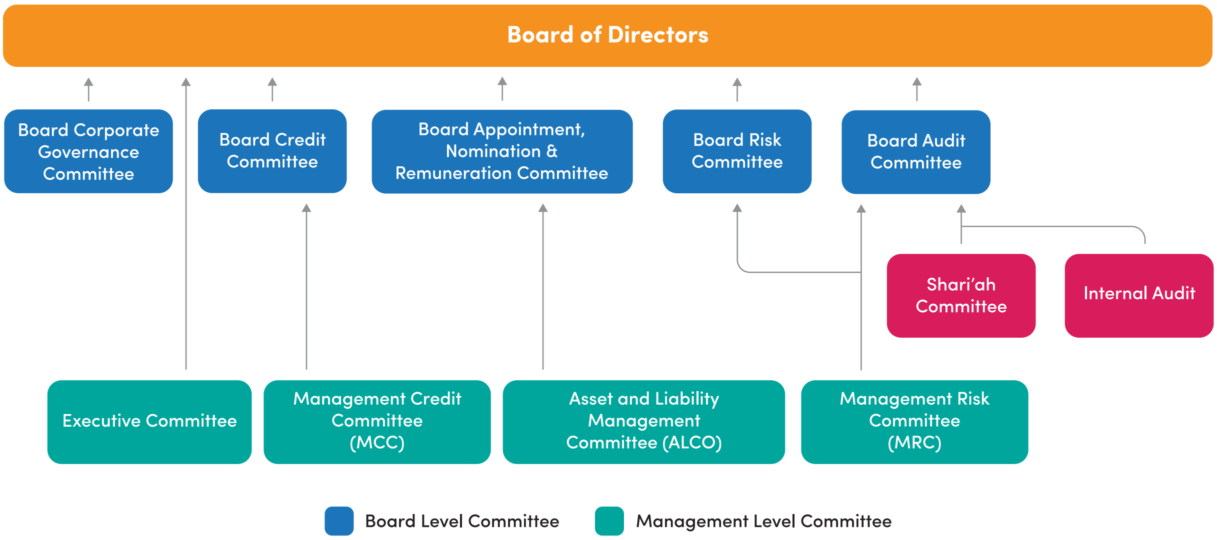
BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

(All amounts in MVR '000 unless otherwise stated)

35.3 Risk management structure (Continued)



35.3.1 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. The Committee ensures that the Bank operates within existing legal and regulatory framework and subscribes to international best practices. In addition, BRC examines 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 and business continuity plans.

35.3.2 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. In addition, the committee oversees Bank's Compliance with legal and regulatory requirements, reviews the engagement of the external auditors and the evaluation of their independence, objectivity and performance of the external auditors. The Chief internal auditor reports directly to the Committee.

35.3.3 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 and within the Board approved Risk Appetite Statement and Limit Framework.

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023
(All amounts in MVR '000 unless otherwise stated)

35.3.4 Corporate Governance Committee (CGC)

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

35.3.5 Executive Committee (EXCO)

Executive Committee is responsible for overall management and operation of the Bank. The Committee reviews weekly MIS from each business area as well as monthly financial statements and data including key risk indicators. EXCO executes strategies and monitors performance with the Bank's strategic plan.

35.3.6 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.

35.3.7 Asset and Liability Management Committee (ALCO)

The Asset and Liability Management Committee (ALCO) is responsible for the sound management of Asset and 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.

35.3.8 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 and Risk Appetite and Limit Framework.

35.3.9 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.

35.4 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.

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023
(All amounts in MVR '000 unless otherwise stated)

35.4.1 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, 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 appraisals 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 Department (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 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 Department. 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.

35.4.2 Credit risk measurement

Loans and advances to customer (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 35.4.3 for more details.

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

(All amounts in MVR '000 unless otherwise stated)

35.4.3 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. Refer to Note 35.4.3.1 for a description of how the Bank determines when a significant increase in credit risk has
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'. Refer to Note 35.4.3.2 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 35.4.3.3 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 35.4.3.4 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 35.4.3.5).

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.

35.4.3.1 Significant increase in credit risk (SICR)

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Bank considers reasonable and supportable information that is relevant and available without cost or effort. This includes both quantitative and qualitative information analysis, based on the Bank's historical experience and expert credit assessment and including forward looking information.

The Bank considers a financial instrument to have significantly increased credit risk when contractual payments of a customer are more than 30 days past due in accordance with the rebuttable presumption in IFRS 9.

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

(All amounts in MVR '000 unless otherwise stated)

35.4.3.1 Significant increase in credit risk (SICR) (Continued)

The Bank individually reviews at each reporting date, loans and advances above the predefined threshold to identify whether the credit risk has increased significantly since origination before exposure is in default, such indicators include;

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
- Early signs of cash flow/liquidity problems such as delay in servicing of trade creditors and loans.

The assessment of SICR incorporates forward-looking information (refer to Note 35.4.3.4 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 2023.

35.4.3.2 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 Credit Loss (ECL) calculations.

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

(All amounts in MVR '000 unless otherwise stated)

35.4.3.2 Definition of default and credit-impaired assets (Continued)

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.

35.4.3.3 Measuring ECL – Explanation of inputs, assumptions and estimation techniques

Probability of Default (PD) estimation process

PD is the estimate of the likelihood of default over a given time horizon. A default may only happen at a time horizon if the facility has not been previously derecognised and is still in the portfolio.

12 Months PD

This is the estimated PD occurring within the next 12 months. The 12 months PD is applied for the current and 1-30 days buckets since there is no significant deterioration in credit risk.

Ageing bucket	PD
Current	12 Months PD
1- 30 Days	12 Months PD

Lifetime PD

This is the estimated probability of default occurring over the remaining life of the financial instrument.

The lifetime PD is applied for the 31-60 days and 61-90 days buckets since there is a significant deterioration in credit risk.

Ageing bucket	PD
31 – 60 Days	Lifetime PD
61 – 90 Days	Lifetime PD

The PD for the above 90 days category is 100% since there is objective evidence of impairment as the default has occurred.

Ageing bucket	PD
Above 90 Days	100% PD

Exposure at Default (EAD)

The Exposure at Default represents the expected exposure in the event of a default. The bank estimates EAD taking into account the repayment of principal and interest from the reporting date to the default event together with any expected drawdowns of committed facilities. To calculate EAD for a stage 1 loan the Bank assesses the possible default events within 12 months. To calculate EAD of all other loans, default events over the lifetime of the financial instruments are considered.

Credit cards and revolving facilities

The Bank's product offering includes a variety of corporate and retail overdraft and credit card facilities. The Bank reviews the sanction limits at least annualy and therefore has the right to cancel or reduce the limits. Therefore, the bank calculates only the 12 month ECL (12m ECL) allowance on these facilities. The EAD is arrived by taking the maximum of either sanction limit adjusted for credit conversion factor (CCF) and the gross carrying amount which is the utilised amount since it is assumed that the Bank freeze the limits of those contracts up to the utilised amount. The expected 12 month default probabilities are applied to EAD and multiplied by the expected LGD and discounted by and approximation to the original EIR.

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

(All amounts in MVR '000 unless otherwise stated)

35.4.3.3 Loss Given at Default (LGD)

LGD is the magnitude of likely loss on exposure, and is expressed as a percentage of exposure. These LGD rates take into account the expected EAD in comparison to the amount expected to be recovered or realised from any collateral held.

The Bank segments its retail lending products into smaller homogeneous portfolios, based on key characteristics that are relevant to the estimation of future cash flows. The applied data is based on historically collected loss data and involves a wider set of transaction characteristics (e.g. product type, wider range of collateral types) as well as borrower characteristics.

For each year, closed contracts which have crossed above 90 days at least once in their lifetime are considered. LGD will factor in all cash flows subsequent to the point of default until the full settlement of the loan.

Grouping financial assets measured on a collective basis

The Bank calculates ECL either on a collective or an individual basis.

An individual impairment assessment is performed for exposures over the Individually Significant threshold of MVR 30 million based on amortised cost amount for entire customers in which there is objective evidence of expected loss based on the current status of the customer, i.e. based on whether the customer is performing, non-performing, rescheduled or internal downgrades.

Exposures that are assessed for individual impairment and for which an impairment provision has been recognised are not included in the collective assessment of impairment. If it is determined that no objective evidence of expected loss exists for an individually assessed exposure, or assessed for objective evidence and there is no requirement for individual impairment, whether significant or not, this is included in a group of exposures with similar credit risk characteristics that are collectively assessed for impairment under the relevant bucket.

A collective assessment is performed for exposures as follows;

- Exposures that have not been individually assessed i.e. falling below the individually significant threshold
- Exposures that have been assessed for Objective Evidence of indicators of increase in Credit Risk and Incurred Loss and were found to have no such evidence/ indicators.
- Exposures that have been individually assessed and were found not to be impaired on an individual basis based on the cash flow estimation.

The Bank groups these exposures in to homogeneous portfolios to the extent possible so as to ensure that data points are available for meaningful calculations.

When estimating ECL on a collective basis for a group of similar assets, the Bank also applies the following in the categorisation of credit facilities/ exposures into stages for computation of expected credit losses.

Stage 1

All accounts which have not shown any sign of deterioration since origination. All accounts which have been identified as Low Credit Risk (LCR) (under low credit risk expedient) shall be classified as Stage 1. The Bank computes ECL based on the delinquency method where all facilities which are less than or equal to 30 days past due are considered under Stage 1. 12 months ECL shall be calculated for stage 1 facilities.

Stage 2

All accounts which have shown a significant deterioration in credit quality since origination. Lifetime losses are computed for all accounts classified as Stage 2. The Bank computes ECL based on the delinquency method where all facilities which are more than 30 days past due up to 90 days past due are considered under Stage 2.

Stage 3

All impaired assets (purchased impaired and originally credit impaired assets). Lifetime losses are computed for all accounts classified as Stage 3. The Bank computes ECL based on the delinquency method.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023
(All amounts in MVR '000 unless otherwise stated)

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

Incorporation of Forward Looking information

The economic scenarios used as at December 31, 2023 included the following key indicators for Maldives for the years ending December 31, 2024 to 2028.

		2024	2025	2026	2027	2028
GDP growth rate	Base	8.26%	8.82%	9.81%	9.61%	9.47%
	Upside	12.16%	16.45%	22.12%	25.52%	29.26%
	Downside	6.05%	5.16%	4.38%	3.32%	2.51%
Interest rate	Base	11.63%	11.59%	11.56%	11.58%	11.61%
	Upside	11.52%	11.42%	11.32%	11.27%	11.21%
	Downside	11.76%	11.81%	11.86%	11.97%	12.08%
Exchange rate	Base	15.42	15.42	15.42	15.42	15.42
	Upside	15.42	15.42	15.42	15.42	15.42
	Downside	15.42	15.42	15.42	15.42	15.42
Inflation	Base	2.09%	2.08%	2.06%	2.07%	2.09%
	Upside	2.05%	2.01%	1.97%	1.95%	1.93%
	Downside	2.15%	2.17%	2.19%	2.23%	2.28%
Unemployment	Base	4.19%	4.17%	4.16%	4.17%	4.18%
	Upside	4.14%	4.10%	4.06%	4.03%	4.01%
	Downside	4.25%	4.27%	4.29%	4.34%	4.39%

Sensitivity of impairment provision on loans and advances to customers

		Investments	Loan	Credit cards	LCs	Overdrafts	Loan commitment	Total
Economic Factor Adjustment	+5%	98,274	1,050,743	35,899	3,015	3,776	9,204	1,200,911
Economic Factor Adjustment	-5%	88,914	1,016,449	33,820	2,728	3,417	8,327	1,153,655
Probability of Default	+5%	98,274	1,050,724	35,899	2,871	3,776	8,769	1,200,313
Probability of Default	-5%	88,914	1,016,458	33,820	2,728	3,417	8,327	1,153,664
Loss Given Default	+5%	98,274	1,068,397	34,860	3,015	3,776	9,204	1,217,526
Loss Given Default	-5%	88,914	998,796	33,117	2,728	3,417	8,327	1,135,299

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

(All amounts in MVR '000 unless otherwise stated)

35.4.3.5 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 1

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 loans for business purpose.
- Retail – Non corporate borrowers who have taken loans for personal purpose.

Level 2

- Corporate borrowers and business banking borrowers pool, as per level 1 above, is further segmented on the basis of the Economic Sector to which they are associated
- Retail borrowers pool, as per level 1 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.

35.4.4 Credit risk exposure

35.4.4.1 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.

	2023			
	ECL staging			
	Stage 1	Stage 2	Stage 3	
	12-month	Lifetime	Lifetime	
Credit grade	**ECL**	**ECL**	**ECL**	**Total**
Investment grade	20,596,413	-	-	20,596,413
Standard monitoring	16,138,097	1,474,377	3,597	17,616,071
Special monitoring	-	1,272,871	30,836	1,303,707
Default	-	8,591	1,410,952	1,419,543
Gross carrying amount	36,734,510	2,755,839	1,445,385	40,935,734
Impairment allowance	(224,999)	(358,269)	(594,159)	(1,177,427)
Net carrying amount	36,509,511	2,397,570	851,226	39,758,307

Reconciliation to the financial statements line items	**Total**
Cash and cash equivalents	3,734,027
Financial assets at amortized cost - Debt and other instruments	9,630,746
Placements with banks	7,138,045
Financial assets at amortized cost - Loans and advances to customers	19,255,490
	39,758,307

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

(All amounts in MVR '000 unless otherwise stated)

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

	2022			
	ECL staging			
	Stage 1	Stage 2	Stage 3	
Credit grade	**12-month ECL**	**Lifetime ECL**	**Lifetime ECL**	**Total**
Investment grade	19,269,532	326,217	-	19,595,749
Standard monitoring	15,274,503	508,107	6,860	15,789,470
Special monitoring	-	826,562	44,505	871,067
Default	-	40	1,599,467	1,599,507
Gross carrying amount	34,544,035	1,660,926	1,650,832	37,855,793
Impairment allowance	(272,688)	(653,239)	(689,959)	(1,615,886)
Net carrying amount	34,271,347	1,007,687	960,873	36,239,907

Reconciliation to the financial statements line items	**Total**
Cash and cash equivalents	4,506,026
Financial assets at amortized cost - Debt and other instruments	8,401,783
Placements with banks	6,441,062
Financial assets at amortized cost - Loans and advances to customers	16,891,036
	36,239,907

Information on how the Expected Credit Loss (ECL) is measured and how the three stages above are determined is included in Note 35.4.3.

35.4.4.2 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 valuation 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.

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

(All amounts in MVR '000 unless otherwise stated)

35.4.4.2 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.

	2023			
Credit-impaired assets	**Gross exposure**	**Impairment allowance**	**Carrying amount**	**Fair value of collateral held**
Loans to individuals:				
- Overdrafts	7,150	(7,150)	-	-
- Credit cards	14,046	(14,046)	-	-
- Term loans	152,484	(54,067)	98,417	24,967
- Mortgages	212,936	(107,848)	105,088	151,400
Loans to corporate entities:		-		-
- Large corporate customers	938,594	(346,243)	592,351	2,329,507
- Small and medium-sized enterprises (SMEs)	120,175	(64,805)	55,370	124,587
Total credit-impaired assets	1,445,385	(594,159)	851,226	2,630,461

	2022			
Credit-impaired assets	**Gross exposure**	**Impairment allowance**	**Carrying amount**	**Fair value of collateral held**
Loans to individuals:				
- Overdrafts	22,175	(20,358)	1,817	13,106
- Credit cards	13,106	(8,966)	4,140	-
- Term loans	111,662	(38,992)	72,670	30,052
- Mortgages	213,337	(129,821)	83,516	155,853
Loans to corporate entities:				
- Large corporate customers	1,198,862	(446,253)	752,609	2,478,918
- Small and medium-sized enterprises (SMEs)	91,690	(45,569)	46,121	68,577
Total credit-impaired assets	1,650,832	(689,959)	960,873	2,746,506

35.4.5 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 35.4.6).

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

(All amounts in MVR '000 unless otherwise stated)

35.4.5 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.

	2023			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Impairment allowances;				
At 1 January 2023	272,688	653,240	689,960	1,615,887
Movements with profit or loss impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(21,000)	21,000	-	-
Transfer from Stage 1 to Stage 3	(34,623)	-	34,623	-
Transfer from Stage 2 to Stage 3	-	(142,468)	142,468	-
Transfer from Stage 3 to Stage 2	-	113,103	(113,103)	-
Transfer from Stage 3 to Stage 1	(43,904)	-	43,904	-
Transfer from Stage 2 to Stage 1	(140,013)	140,013	-	-
New financial assets originated	215,049	4,661	76,409	296,119
Financial assets derecognized during the year other than write-offs	(23,198)	(431,280)	(40,982)	(495,459)
Modification of contractual cash flows of financial assets			-	-
Net reversal of interest	-	-	(9,749)	(9,749)
Total net charge to profit or loss during the year	(47,688)	(294,971)	133,570	(209,089)
Other movements with no profit or loss impact				
Write-offs	-	-	(229,371)	(229,371)
At 31 December 2023	224,999	358,269	594,159	1,177,426

	2022			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Impairment allowances;				
At 1 January 2022	667,248	55,546	955,003	1,677,797
Movements with profit or loss impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(287,745)	287,745	-	-
Transfer from Stage 1 to Stage 3	(68,209)	-	68,209	-
Transfer from Stage 2 to Stage 3	-	(22,449)	22,449	-
Transfer from Stage 3 to Stage 2	-	38,226	(38,226)	-
Transfer from Stage 3 to Stage 1	25,550	-	(25,550)	-
Transfer from Stage 2 to Stage 1	22,860	(22,860)	-	-
New financial assets originated	338,755	325,679	384,864	1,049,298
Financial assets derecognized during the year other than write-offs	(425,771)	(8,648)	(270,669)	(705,088)
Modification of contractual cash flows of financial assets	-	-	-	-
Net reversal of interest	-	-	(59,871)	(59,871)
Total net charge to profit or loss during the year	(394,560)	597,693	81,206	284,339
Other movements with no profit or loss impact				
Write-offs	-	-	(346,249)	(346,249)
At 31 December 2022	272,688	653,240	689,960	1,615,887

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

(All amounts in MVR '000 unless otherwise stated)

35.4.5 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.

	2023			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Gross carrying amount;				
At 1 January 2023	34,544,035	1,660,926	1,650,832	37,855,793
Transfers:				
Transfer from Stage 1 to Stage 2	(5,537)	5,537	-	-
Transfer from Stage 1 to Stage 3	(17,343)	-	17,343	-
Transfer from Stage 2 to Stage 3	-	(151,783)	151,783	-
Transfer from Stage 3 to Stage 2	-	20,266	(20,266)	-
Transfer from Stage 3 to Stage 1	5,876	-	(5,876)	-
Transfer from Stage 2 to Stage 1	81,170	(81,170)	-	-
New financial assets originated	17,517,403	1,648,032	78,991	19,244,426
Financial assets derecognized during the year other than write-offs	(15,391,094)	(345,969)	(198,051)	(15,935,114)
Write-offs	-	-	(229,371)	(229,371)
At 31 December 2023	36,734,510	2,755,839	1,445,385	40,935,734

	2022			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Gross carrying amount;				
At 1 January 2022	32,237,056	427,855	3,011,824	35,676,735
Transfers:				-
Transfer from Stage 1 to Stage 2	(746,207)	746,207	-	-
Transfer from Stage 1 to Stage 3	(125,774)	-	125,774	-
Transfer from Stage 2 to Stage 3	-	(64,224)	64,224	-
Transfer from Stage 3 to Stage 2	-	655,873	(655,873)	-
Transfer from Stage 3 to Stage 1	47,381	-	(47,381)	-
Transfer from Stage 2 to Stage 1	169,754	(169,754)	-	-
New financial assets originated	5,078,905	131,631	290,092	5,500,628
Financial assets derecognized during the year other than write-offs	(2,117,080)	(66,662)	(791,579)	(2,975,321)
Write-offs	-	-	(346,249)	(346,249)
At 31 December 2022	34,544,035	1,660,926	1,650,832	37,855,793

35.4.6 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 recovering in full.

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 2023 was MVR 229,370,921 (2022: MVR 346,249,336). 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.

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

(All amounts in MVR '000 unless otherwise stated)

35.4.7 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 3.7.6 (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 advances to customers
Amortised cost before modification (In MVR)	38,701,138
Net modification loss	-

35.4.8 Residential mortgages lending

The tables below summarise a distribution of the Bank's residential mortgages portfolio (gross carrying amounts and corresponding allowance for ECL by stage) by loan-to-value (LTV) ratios.

	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL
Less than 50%	173,362	1,125	636	185	-	-	173,998	1,310
50% to 59%	101,135	604	-	-	-	-	101,135	604
60% to 69%	179,011	1,162	1,527	367	-	-	180,538	1,529
70% to 79%	266,973	1,705	2,267	-	3,674	1,828	272,914	3,533
80% to 89%	142,672	874	5,029	1,375	5,831	2,962	153,532	5,211
90% to 99%	81,668	519	1,327	385	17,319	8,260	100,314	9,164
100% and more	24,311	192	-	-	-	-	24,311	192
	969,132	**6,181**	**10,786**	**2,312**	**26,824**	**13,050**	**1,006,742**	**21,543**

35.4.9 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 292,113,711 as at 31 December 2023 (2022: MVR 234,109,040). There was no dividend recognised during the period nor transfers of the cumulative gain within equity.

35.4.10 Loans and advances to customers are summarised as follows

	2023	2022
Stage 1 - Performing	16,138,097	15,274,503
Stage 2 - Significant increase in credit risk (SICR)	2,755,839	1,334,710
Stage 3 - Credit impaired (Default)	1,445,385	1,650,832
Gross loans and advances to customers	20,339,321	18,260,045
Less: allowance for impairment	(1,083,831)	(1,369,009)
Net Loans and advances to customers	19,255,490	16,891,036

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

(All amounts in MVR '000 unless otherwise stated)

35.4.11 Gross loans and advances to customers - analysed by industry and stages of impairment

(a) Gross loans and advances to customers - Analysed by industry

	2023	2022
Tourism	7,159,717	6,449,802
Construction	4,184,855	4,089,505
Consumer	4,054,957	3,458,658
Transport and services	2,233,641	1,557,474
Real estate	1,109,525	1,012,397
Commerce	622,324	499,616
Fishing	52,241	74,172
Manufacturing	28,099	52,083
Other	893,962	1,066,338
	20,339,321	18,260,045

(b) Gross loans and advances to customers - analysed by industry and stages of impairment

An analysis of risk concentration in gross loans and advances by industry and stages of impairment and corresponding ECL is presented below.

2023

	Gross loans and advances			Allowance for ECL			ECL Coverage		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Tourism	4,089,757	2,445,569	624,392	30,387	296,566	188,046	1%	12%	30%
Construction	3,963,861	101,699	119,296	26,131	27,070	53,453	1%	27%	45%
Consumer	3,751,412	120,530	183,015	34,910	19,073	75,617	1%	16%	41%
Transport and services	2,027,901	6,024	199,715	11,143	1,175	122,522	1%	20%	61%
Real estate	954,607	15,445	139,473	6,193	4,601	75,038	1%	30%	54%
Commerce	448,830	31,075	142,419	4,926	5,107	53,559	1%	16%	38%
Fishing	29,652	8,183	14,405	386	924	6,324	1%	11%	44%
Manufacturing	141	25,471	2,487	1	1,954	949	1%	8%	38%
Other	871,936	1,843	20,183	5,432	161	16,806	1%	9%	83%
	16,138,097	**2,755,839**	**1,445,385**	**119,509**	**356,631**	**592,314**	**1%**	**13%**	**41%**

2022

	Gross loans and advances			Allowance for ECL			ECL Coverage		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Tourism	4,564,925	954,415	930,462	77,951	266,264	266,854	2%	28%	29%
Construction	3,880,451	127,111	81,943	44,676	56,482	47,586	1%	44%	58%
Consumer	3,236,080	71,453	151,125	34,096	13,216	62,369	1%	18%	41%
Transport and services	1,301,960	8,963	246,551	34,075	2,222	157,114	3%	25%	64%
Real estate	828,529	42,350	141,518	11,038	20,126	88,672	1%	48%	63%
Commerce	328,827	123,320	47,470	6,666	48,787	24,245	2%	40%	51%
Fishing	55,615	7,055	11,502	990	1,806	7,450	2%	26%	65%
Manufacturing	21,117	40	30,926	207	10	25,247	1%	25%	82%
Other	1,056,999	3	9,336	23,059	-	7,376	2%	0%	79%
	15,274,503	**1,334,710**	**1,650,833**	**232,758**	**408,913**	**686,913**	**2%**	**31%**	**42%**

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

(All amounts in MVR '000 unless otherwise stated)

35.4.12 Gross loans and advances to customers - analysed by Internal (Basel) rating grade

The table below shows the credit quality and the maximum exposure to credit risk based on the internal (Basel) credit rating system, 12-month Basel PD range and year-end stage classification. The amounts presented are gross of allowance for ECL.

		Gross Loans and Advances 2023			Impairment Allowance 2023		
Internal (Basel) rating grade	**12 month Basel PD range**	**Stage 1**	**Stage 2**	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 3**
High grade	0.00% -5%	16,129,677	1,260,226	2,862	119,357	136,458	1,021
Standard grade	5% -11.70%	3,040	17,196	-	152	1,795	-
Sub-standard grade	11.70 -29.50%	-	83,957	85	-	8,194	33
Low-grade	29.50% -100%	5,380	633,276	809,767	-	97,765	440,610
Individual impairment	100%	-	761,184	632,671	-	112,419	150,650
Total		16,138,097	2,755,839	1,445,385	119,509	356,631	592,314
Coverage Ratio		**1%**	**13%**	**41%**			

		Gross Loans and Advances 2022			Impairment Allowance 2022		
Internal (Basel) rating grade	**12 month Basel PD range**	**Stage 1**	**Stage 2**	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 3**
High grade	0.00% -5%	15,131,093	73,101	400,714	228,561	31,931	245,589
Standard grade	5% -11.70%	143,221	-	69	603	68,994	152,570
Sub-standard grade	11.70 -29.50%	-	20,197	7,350	3,594	-	28
Low-grade	29.50% -100%	189	196,475	292,184	-	4,825	2,247
Individual impairment	100%	-	1,044,937	950,515		303,163	286,479
Total		15,274,503	1,334,710	1,650,832	232,758	408,913	686,913
Coverage Ratio		**2%**	**31%**	**42%**			

35.4.13 Loans and advances are summarised as follows

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 Board Audit Committee (BAC) 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

(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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

(All amounts in MVR '000 unless otherwise stated)

35.4.13 Loans and advances are summarised as follows: (continued)

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

Stage 1 - Performing	Overdrafts	Credit cards	Term loans	Mortgages	Retail banking	Corporate entities	Total
31 December 2023	6,459	643,115	154,310	4,374,902	3,146,990	7,812,321	16,138,097
31 December 2022	12,484	560,133	261,469	4,413,901	2,724,050	7,302,466	15,274,503

(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	Overdrafts	Credit cards	Term loans	Mortgages	Retail banking	Corporate entities	Total
31 December 2023	1,340	25,226	23,271	120,057	102,721	2,483,224	2,755,839
31 December 2022	551	-	35,239	150,019	71,617	1,077,284	1,334,710

(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	Overdrafts	Credit cards	Term loans	Mortgages	Retail banking	Corporate entities	Total
31 December 2023	27,686	14,046	45,908	248,750	170,401	938,594	1,445,385
31 December 2022	22,867	13,106	57,460	232,564	125,973	1,198,862	1,650,832

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

(All amounts in MVR '000 unless otherwise stated)

35.4.14 Loans and advances are summarised as follows: (continued)

(d) Loans and advances renegotiated

Renegotiated loans totaled MVR 108,758,532 as at 31 December 2023 (2022: MVR 117,674,040).

Renegotiated loans and advances to customers	**2023**	**2022**
Individuals		
Continuing to be impaired after restructuring	49,591	49,169
Non-impaired after restructuring - would otherwise have been impaired	30,897	35,853
Non-impaired after restructuring - would otherwise not have been impaired	20,170	23,443
Corporate entities		
Continuing to be impaired after restructuring	-	-
Non-impaired after restructuring - would otherwise have been impaired	-	-
Non-impaired after restructuring - would otherwise not have been impaired	8,100	9,209
	108,758	117,674

35.4.15 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	**2023**	**2022**
Guarantees	113,529	62,815
Documentary credit	277,109	200,896
Acceptances	49,362	32,938
Capital commitments	48,127	32,115
Loan commitments	1,541,325	1,596,335
Overdraft commitments	518,891	400,932
	2,548,343	2,326,031

35.5 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.

35.5.1 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 statutory deposit with MMA (minimum reserve requirement - MRR) equal to 10% of customer deposits for MVR and USD deposits separately and applies to Islamic banking operation of the bank as well. MRR balances excludes interbank deposits of other banks in the Maldives and L/C margin deposits. These deposits are not available for the Bank's day-to-day operations.

The MRR balances for conventional banking are paid an interest amount of 1% per annum for the MVR MRR balances and 0.01% per annum for the USD dollar MRR balances. Further, no profit was earned on the MRR balances of the Islamic banking operation.

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

(All amounts in MVR '000 unless otherwise stated)

35.5.2 Contractual maturities of undiscounted cash flows of assets and liabilities

As at 31 December 2023	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial assets					
Cash and cash equivalents	3,734,027	-	-	-	3,734,027
Statutory deposit with Maldives Monetary Authority	3,976,238	-	-	-	3,976,238
Placements with banks	7,106,107	77,632	-	-	7,183,739
Financial assets at amortized cost - Loans and advances to customers	2,768,124	3,674,405	11,747,352	6,192,297	24,382,178
Financial assets at amortized cost - Debt and other instruments	2,645,000	5,672,000	723,000	822,000	9,862,000
Financial assets at FVOCI	-	-	-	292,114	292,114
Other assets	396,412	-	-	212,352	608,764
Total undiscounted financial assets	20,625,908	9,424,037	12,470,352	7,518,763	50,039,060
Financial liabilities					
Due to customers	29,053,640	1,349,348	557,022	-	30,960,010
Term debt and other borrowed funds	63,568	214,587	255,951	22,606	556,712
Lease liability	7,381	19,556	81,089	91,399	199,425
Other liabilities	1,454,883	-	-	-	1,454,883
Total undiscounted financial liabilities	30,579,472	1,583,491	894,062	114,005	33,171,030
Net undiscounted financial assets/(liabilities)	(9,953,564)	7,840,546	11,576,290	7,404,758	16,868,030

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 to the Bank.

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

(All amounts in MVR '000 unless otherwise stated)

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

As at 31 December 2022	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial assets					
Cash and cash equivalents	4,506,026	-	-	-	4,506,026
Statutory deposit with Maldives Monetary Authority	3,687,890	-	-	-	3,687,890
Placements with banks	6,347,640	80,000	-	-	6,427,640
Financial assets at amortized cost - Loans and advances to customers	2,349,215	4,297,826	10,720,500	6,898,353	24,265,894
Financial assets at amortized cost - Debt and other instruments	2,740,265	5,539,029	200,000	-	8,479,294
Financial assets at FVOCI	-	-	-	234,109	234,109
Other assets	364,956	-	-	206,081	571,037
Total undiscounted financial assets	19,995,992	9,916,855	10,920,500	7,338,543	48,171,890
Financial liabilities					
Due to customers	28,105,719	1,055,323	168,628	-	29,329,670
Term debt and other borrowed funds	162,638	416,644	191,479	8,143	778,904
Lease liability	6,914	20,743	81,748	105,721	215,126
Other liabilities	1,173,070	-	-	-	1,173,070
Total undiscounted financial liabilities	29,448,341	1,492,710	441,855	113,864	31,496,770
Net undiscounted financial assets/(liabilities)	(9,452,350)	8,424,145	10,478,645	7,224,679	16,675,120

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023
(All amounts in MVR '000 unless otherwise stated)

35.5.3 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 2023	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Contingencies					
Guarantees	56,208	52,321	5,000	-	113,529
Documentary credit	78,091	192,210	6,808	-	277,109
Acceptances	3,579	45,783	-	-	49,362
	137,878	290,314	11,808	-	440,000
Commitments					
Capital commitments	21,386	26,741	-	-	48,127
Loan commitments	714,140	554,677	206,693	65,815	1,541,325
Overdraft commitments	343,463	175,428	-	-	518,891
	1,078,989	756,846	206,693	65,815	2,108,343
	1,216,867	1,047,160	218,501	65,815	2,548,343

As at 31 December 2022	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Contingencies					
Guarantees	21,178	38,001	3,636	-	62,815
Documentary credit	66,046	129,281	5,569	-	200,896
Acceptances	872	32,066	-	-	32,938
	88,096	199,348	9,205	-	296,649
Commitments					
Capital commitments	-	32,115	-	-	32,115
Loan commitments	674,421	459,466	462,448	-	1,596,335
Overdraft commitments	121,127	279,805	-	-	400,932
	795,548	771,386	462,448	-	2,029,382
	883,644	970,734	471,653	-	2,326,031

35.6 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

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).

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

(All amounts in MVR '000 unless otherwise stated)

35.6.1 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.

As at 31 December 2023	Interest bearing				Non interest bearing	Total
	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years		
Financial assets						
Cash and cash equivalents	-	-	-	-	3,734,027	3,734,027
Statutory deposit with Maldives Monetary Authority	3,009,455	-	-	-	966,783	3,976,238
Placements with banks	7,063,023	75,022	-	-	-	7,138,045
Financial assets at amortized cost - Loans and advances to customers	2,020,765	2,695,091	9,523,646	5,015,988	-	19,255,490
Financial assets at amortized cost - Debt and other instruments	2,583,270	5,547,476	1,500,000	-	-	9,630,746
Financial assets at FVOCI	-	-	-	-	292,114	292,114
Other assets	396,412	-	-	212,352	-	608,764
Total discounted financial assets	15,072,925	8,317,589	11,023,646	5,228,340	4,992,924	44,635,424
Financial liabilities						
Due to customers	9,749,008	1,247,010	424,423	-	19,366,979	30,787,420
Term debt and other borrowed funds	57,605	198,263	225,000	21,991	-	502,859
Lease liability	3,954	11,552	50,838	73,519	-	139,863
Other liabilities	1,454,883	-	-	-	-	1,454,883
Total discounted financial liabilities	11,265,450	1,456,825	700,261	95,510	19,366,979	32,885,025
Total interest rate sensitivity gap	3,807,475	6,860,764	10,323,385	5,132,830	(14,374,055)	11,750,399

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

(All amounts in MVR '000 unless otherwise stated)

35.6.1 Interest rate risk (continued)

As at 31 December 2022	Interest bearing				Non interest bearing	Total
	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years		
Financial assets						
Cash and cash equivalents	-	-	-	-	4,506,026	4,506,026
Statutory deposit with Maldives Monetary Authority	2,657,536	-	-	-	1,030,354	3,687,890
Placements with banks	6,361,054	80,008	-	-	-	6,441,062
Financial assets at amortized cost - Loans and advances to customers	1,801,602	2,969,788	7,295,728	4,823,918	-	16,891,036
Financial assets at amortized cost - Debt and other instruments	2,755,256	5,452,319	194,208	-	-	8,401,783
Financial assets at FVOCI	-	-	-	-	234,109	234,109
Other assets	364,956	-	-	206,081	-	571,037
Total undiscounted financial assets	13,940,404	8,502,115	7,489,936	5,029,999	5,770,489	40,732,943
Financial liabilities						
Due to customers	9,649,708	1,008,768	146,322	-	18,416,869	29,221,667
Term debt and other borrowed funds	154,393	396,051	185,949	7,822	-	744,215
Lease liability	1,338	5,731	32,337	108,125	-	147,531
Other liabilities	1,173,070	-	-	-	-	1,173,070
Total undiscounted financial liabilities	10,978,509	1,410,550	364,608	115,947	18,416,869	31,286,483
Total interest rate sensitivity gap	2,961,895	7,091,565	7,125,328	4,914,052	(12,646,380)	9,446,460

35.6.2 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 2023	Impact on equity 2022
Strengthening of US$ by 10%	(207,137)	(150,014)
Weakening of US$ by 10%	207,137	150,014
Strengthening of Euro by 10%	(9,304)	(2,865)
Weakening of Euro by 10%	9,304	2,865
Strengthening of GBP by 10%	(109)	159
Weakening of GBP by 10%	109	(159)
Strengthening of JPY by 10%	3	7
Weakening of JPY by 10%	(3)	(7)
Strengthening of SGD by 10%	725	573
Weakening of SGD by 10%	(725)	(573)

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

(All amounts in MVR '000 unless otherwise stated)

35.6.3 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 (ALCO).

As at 31 December 2023

	MVR	USD	EUR	GBP	JPY	SGD	Others	Total
Assets								
Cash and cash equivalents	347,065	3,320,914	60,249	(1,094)	27	7,742	(876)	3,734,027
Statutory deposit with Maldives Monetary Authority	2,041,889	1,934,349	-	-	-	-	-	3,976,238
Placements with banks	6,900,006	238,039	-	-	-	-	-	7,138,045
Financial assets at amortized cost - Loans and advances to customers	12,645,731	6,606,219	3,540	-	-	-	-	19,255,490
Financial assets at amortized cost - Debt and other instruments	9,630,746	-	-	-	-	-	-	9,630,746
Financial assets at FVOCI	-	292,114	-	-	-	-	-	292,114
Other assets	897,144	743,346	-	-	-	-	-	1,640,490
Total assets	32,462,581	13,134,981	63,789	(1,094)	27	7,742	(876)	45,667,150
Liabilities								
Due to customers	17,021,418	13,608,681	156,830	-	-	491	-	30,787,420
Term debt and other borrowed funds	19,327	483,532	-	-	-	-	-	502,859
Lease liability	139,863	-	-	-	-	-	-	139,863
Income tax liability	449,430	-	-	-	-	-	-	449,430
Other liabilities	496,925	1,114,133	-	-	-	-	-	1,611,058
Total liabilities	18,126,963	15,206,346	156,830	-	-	491	-	33,490,630
Net on-balance sheet financial position	14,335,618	(2,071,365)	(93,041)	(1,094)	27	7,251	(876)	12,176,520

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023
(All amounts in MVR '000 unless otherwise stated)

35.6.3 Management of currency risk (continued)

As at 31 December 2022

	MVR	USD	EUR	GBP	JPY	SGD	Others	Total
Assets								
Cash and cash equivalents	402,998	4,012,236	83,181	1,589	74	5,586	362	4,506,026
Statutory deposit with Maldives Monetary Authority	1,750,898	1,936,992	-	-	-	-	-	3,687,890
Placements with banks	5,149,607	1,291,455	-	-	-	-	-	6,441,062
Financial assets at amortized cost - Loans and advances to customers	11,650,822	5,237,221	2,846	-	-	147	-	16,891,036
Financial assets at amortized cost - Debt and other instruments	8,297,594	104,189	-	-	-	-	-	8,401,783
Financial assets at FVOCI	-	234,109	-	-	-	-	-	234,109
Other assets	970,221	739,584	-	-	-	-	-	1,709,805
Total assets	28,222,140	13,555,786	86,027	1,589	74	5,733	362	41,871,711
Liabilities								
Due to customers	15,723,237	13,383,753	114,677	-	-	-	-	29,221,667
Term debt and other borrowed funds	26,725	717,490	-	-	-	-	-	744,215
Lease liability	147,531	-	-	-	-	-	-	147,531
Income tax liability	313,313	-	-	-	-	-	-	313,313
Other liabilities	218,383	954,687	-	-	-	-	-	1,173,070
Total liabilities	16,429,189	15,055,930	114,677	-	-	-	-	31,599,796
Net on-balance sheet financial position	11,792,951	(1,500,144)	(28,650)	1,589	74	5,733	362	10,271,915

35.6.4 Equity price risk

Equity price risk arises as a result of any change in market prices and volatilities of individual equities. The table below summarises the impact to equity due to change of 10% on equity prices.

	2023	2022
Market value of equity securities as at 31 December	291,331	233,403
Stress level		
Shock of 10% on equity prices (upward)	29,133	23,340
Shock of 10% on equity prices (downward)	(29,133)	(23,340)

35.7 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 and investment in a government bond in overseas.

35.8 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.

35.8.1 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 Management Risk Committee (MRC) is responsible 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 (ORC) and reports to the MRC.

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

(All amounts in MVR '000 unless otherwise stated)

36 Net asset value per ordinary share

	2023	2022
Total equity holders funds	12,176,520	10,271,915
Number of ordinary shares in issue	5,381,920	5,381,920
Net assets per share (MVR)	2,262	1,909

37 Additional cash flow information

37.1 Cash and cash equivalents for cash flow purpose

	2023	2022
Cash in hand (Note 15)	863,525	759,156
Balance with other banks (Note 15)	2,870,502	3,746,870
	3,734,027	4,506,026

37.2 Adjustments for items included in profit before tax

	2023	2022
Depreciation of property, plant and equipment (Note 22.3)	76,598	52,925
Amortisation of intangible assets (Note 24)	17,160	16,335
Depreciation of right-of-use assets (Note 23)	13,857	13,674
Gain on disposal of property, plant and equipment and intangibles (Note 24.3)	3,841	3,663
Gain from derecognising lease liability	(656)	(9,815)
Finance cost on lease liabilities (Note 5)	12,261	12,769
Impairment charge and interest reversal on loans and receivables excluding impairment on other assets (Note 20)	(209,089)	284,338
Loans written-off during the year (Note 20)	(229,371)	(346,249)
Impairment (reversal) / charge on other assets	(5,466)	15,747
	(320,865)	43,387

37.3 Net change in operating assets

	2023	2022
Net change in statutory deposit with Maldives Monetary Authority	(288,348)	(716,502)
Net change in placement with banks	(734,794)	(819,593)
Net change in loans and receivables to customers	(2,079,276)	(1,034,656)
Net change in financial assets at amortized cost (Note 19)	(1,037,869)	(1,365,703)
Net change in other assets	(33,669)	132,234
	(4,173,957)	(3,804,220)

37.3.1 Net change in financial assets at amortized cost

	2023	2022
Investment made during the year	(1,518,104)	(1,367,612)
Proceeds from investment matured during the year	480,235	1,909
	(1,037,869)	(1,365,703)

37.4 Net change in operating liabilities

	2023	2022
Net change in due to customers	1,565,753	1,890,075
Net change in term debt and other borrowed funds (37.4.1)	(241,356)	(395,018)
Net change in receivable from Government grants	63,521	-
Net change in other liabilities	297,673	5,508
	1,685,591	1,500,565

37.4.1 Net change in term debt and other borrowed funds

	2023	2022
Borrowed during the year	317,000	228,133
Repaid during the year	(558,356)	(623,150)
	(241,356)	(395,017)

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

(All amounts in MVR '000 unless otherwise stated)

38 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.

	2023			2022		
Assets	**Within 12 months**	**After 12 months**	**Total**	**Within 12 months**	**After 12 months**	**Total**
Cash and cash equivalents	3,734,027	-	3,734,027	4,506,026	-	4,506,026
Statutory deposit with Maldives Monetary Authority	3,976,238	-	3,976,238	3,687,890	-	3,687,890
Placements with banks	7,138,045	-	7,138,045	6,441,062	-	6,441,062
Financial assets at amortized cost - Loans and advances to	4,715,856	14,539,634	19,255,490	4,771,390	12,119,646	16,891,036
Financial assets at amortized cost - Debt and other	8,130,746	1,500,000	9,630,746	8,207,575	194,208	8,401,783
Financial assets at FVOCI	-	292,114	292,114	-	234,109	234,109
Property, plant and equipment	-	711,548	711,548	-	711,011	711,011
Right-of-use assets	-	144,632	144,632	-	157,514	157,514
Intangible assets	-	82,481	82,481	-	93,314	93,314
Deferred tax assets	-	-	-	-	85,273	85,273
Other assets	489,477	212,352	701,829	518,289	144,404	662,693
Total assets	28,184,389	17,482,761	45,667,150	28,132,232	13,739,479	41,871,711
Liabilities						
Due to customers	30,362,997	424,423	30,787,420	29,075,345	146,322	29,221,667
Term debt and other borrowed funds	255,868	246,991	502,859	550,444	193,771	744,215
Lease liability	15,506	124,357	139,863	7,069	140,462	147,531
Income tax liability	449,430	-	449,430	313,313	-	313,313
Deferred tax liabilities	92,654	-	92,654	-	-	-
Other liabilities	1,518,404	-	1,518,404	1,173,070	-	1,173,070
Total liabilities	32,694,859	795,771	33,490,630	31,119,241	480,555	31,599,796
Net assets/ (liabilities)	(4,510,470)	16,686,990	12,176,520	(2,987,008)	13,258,924	10,271,915
Commitments and contingencies	2,548,343	-	2,548,343	2,326,031	-	2,326,031

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

(All amounts in MVR '000 unless otherwise stated)

39 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.

40 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 40.4 and 40.5.

40.1 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.

40.2 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.

40.3 Compensation of key management personnel of the Bank

	2023	2022
Short-term benefits	9,496	7,929
Post employment benefits - Provident Fund contribution	291	277
	9,787	8,206

40.4 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.

	2023	2022
Assets		
Loans and advances		
As at 1 January 2023	54,250	19,832
New loans granted during the year	20,076	35,096
Repayment made during the year	(2,282)	(678)
As at 31 December 2023	72,044	54,250
Liabilities		
Deposits		
As at 1 January 2023	16,476	17,817
New deposits during the year	8,839	4,081
Deposit withdrawals made during the year	(4,004)	(5,421)
As at 31 December 2023	21,311	16,476
Income and expenses		
Interest income	6,531	1,957
Interest expense	641	711

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

(All amounts in MVR '000 unless otherwise stated)

40.5 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	**2023**	**2022**
Loans and advances (Gross)	2,984,368	2,006,436
Provision for loans and advances	(142,748)	(210,085)
Loans and advances (Net)	2,841,620	1,796,351
Investment in Government of Maldives treasury bills and treasury bonds	9,685,224	8,249,274
Investment in corporate bonds	-	71,810
Statutory deposit with Maldives Monetary Authority	3,976,238	3,687,890
	16,503,081	13,805,325
Liabilities		
Deposits and borrowings	3,550,675	3,107,558
Commitments and contingencies		
Guarantees, letter of credit and others	758,957	1,080,420
Income and expenses		
Interest income	607,653	580,789
Interest expense	8,651	2,162
Fee and commission income	24,995	42,341

41 Events after the reporting date

The Board of Directors have recommended final dividend of MVR 50 per share to be paid for the financial year ended 31 December 2023, 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.

42 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%.

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

(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 2023 and 31 December 2022. The Bank complied with all regulatory capital requirements during both the years.

42.1 Capital adequacy as regulated by MMA

Tier 1 capital	**2023**	**2022**
Share capital	269,096	269,096
Assigned capital reserve	6,000	6,000
Share premium	93,000	93,000
General reserve	9,146,416	7,730,111
Statutory reserves	150,000	150,000
Less: Future tax benefits	-	(85,273)
Total qualifying tier 1 capital	9,664,512	8,162,934
Tier 2 Capital		
Current earnings	2,074,467	1,628,062
Revaluation reserve (discounted by 55%)	95,070	97,537
General provision (Limited to 1.25% of RWA)	246,756	215,663
Total qualifying tier 2 capital	2,416,293	1,941,262
Total capital base	12,080,805	10,104,196
Risk-weighted assets (RWA)		
On-balance sheet	21,153,521	19,950,513
Off-balance sheet	2,548,343	2,326,031
Total risk-weighted assets	23,701,864	22,276,544
Tier 1 risk based capital ratio	40.78%	36.64%
Total risk based capital ratio	50.97%	45.36%

42.2 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 - 40.2% and Total Capital Ratio - 50.7% for the year ended 2023 (2022: Tier 1 Capital Ratio - 37.3%, Total Capital Ratio - 46.5%).

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

(All amounts in MVR '000 unless otherwise stated)

43 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.

43.1 Segment reporting - Statement of comprehensive income

	2023				
	Corporate, business and retail banking	Card and electronic banking	Treasury	BML Islamic	Total
Total operating income	1,957,483	1,492,758	713,687	292,106	4,456,034
Extracts of results					
Interest income/income from financing and investments held to maturity	1,515,663	167,752	713,687	258,538	2,655,641
Interest expense/profit paid	(156,952)	-	(35,990)	(13,488)	(206,430)
Net interest/profit income	1,358,711	167,752	677,697	245,051	2,449,211
Fees and commission income	282,090	1,259,022	-	27,773	1,568,885
Fees and commission expense	(219,460)	(633,923)	-	-	(853,383)
Net fee and commission income	62,630	625,099	-	27,773	715,502
Net foreign exchange income	16,683	64,587	-	2,359	83,629
Other operating income (net)	143,047	1,396	-	3,436	147,879
Credit impairment (losses)/reversal	232,168	(6,768)	(20,433)	(5,218)	199,749
Net operating income	1,813,239	852,066	657,264	273,400	3,595,970
Depreciation of property, plant and equipment	(50,504)	(20,703)	-	(5,391)	(76,598)
Amortisation of intangible assets	(14,314)	(2,846)	-	-	(17,160)
Segment result	1,748,421	828,517	657,264	268,009	3,502,212
Expenses of BML Islamic	-	-	-	(16,502)	(16,502)
Un-allocated expenses					(604,049)
Profit before tax					2,881,661
Income tax					(807,194)
Net profit for the year					2,074,467
Other comprehensive income net of tax					43,588
Total comprehensive income for the year					2,118,055

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

(All amounts in MVR '000 unless otherwise stated)

43.1 Segment reporting - Statement of comprehensive income (continued)

	2022				
	Corporate, business and retail banking	Card and electronic banking	Treasury	BML Islamic	Total
Total operating income	2,054,920	1,256,671	491,348	235,728	4,038,667
Extracts of results					
Interest income/income from financing and investments held to maturity	1,550,290	139,262	491,348	201,145	2,382,045
Interest expense/profit paid	(126,907)	-	(50,736)	(14,602)	(192,245)
Net interest/profit income	1,423,383	139,262	440,612	186,543	2,189,800
Fees and commission income	285,415	1,065,939	-	16,013	1,367,367
Fees and commission expense	(31,223)	(633,923)	-	-	(665,146)
Net fee and commission income	254,192	432,016	-	16,013	702,221
Net foreign exchange income	9,605	50,371	-	16,500	76,476
Other operating income (net)	209,610	1,098	-	2,070	212,779
Credit impairment losses	(51,935)	(66,522)	(237,802)	(12,387)	(368,646)
Net operating income	1,844,855	556,226	202,810	208,739	2,812,630
Depreciation of property, plant and equipment	(49,655)	(3,080)	-	(190)	(52,925)
Amortisation of intangible assets	(13,916)	(2,419)	-	-	(16,335)
Segment result	1,781,284	550,726	202,810	208,550	2,743,370
Expenses of BML Islamic	-	-	-	(15,709)	(15,709)
Un-allocated expenses					(599,722)
Profit before tax					2,127,939
Income tax					(499,877)
Net profit for the year					1,628,062
Other comprehensive income net of tax					100,781
Total comprehensive income for the year					1,728,843

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

(All amounts in MVR '000 unless otherwise stated)

43.2 Segment reporting - Statement of financial position

2023	Corporate, business and retail banking	Card and electronic banking	Treasury	BML Islamic	Total
Assets					
Cash and cash equivalents	3,730,045	-	-	3,982	3,734,027
Statutory deposit with Maldives Monetary Authority	3,772,088	-	-	204,150	3,976,238
Placements with banks	6,671,711	-	239,319	227,015	7,138,045
Financial assets at amortized cost - Loans and advances to customers	16,761,515	647,528	-	1,846,447	19,255,490
Financial assets at amortized cost - Debt and other instruments	-	-	9,630,746	-	9,630,746
Financial assets at FVOCI	147,325	144,789	-	-	292,114
Property, plant and equipment	709,216	-	-	2,332	711,548
Right-of-use assets	127,261	-	-	17,371	144,632
Intangible assets	65,640	16,841	-	-	82,481
Deferred tax assets (Unallocated)	-	-	-	-	-
Other assets	168,114	520,803	-	12,912	701,829
Total assets	32,152,915	1,329,961	9,870,065	2,314,208	45,667,149
Liabilities					
Due to customers	28,778,445	-	-	2,008,975	30,787,420
Term debt and other borrowed funds	-	-	502,859	-	502,859
Lease liability	139,863	-	-	-	139,863
Government grants	63,521	-	-	-	63,521
Deferred tax liabilities (Unallocated)	92,654	-	-	-	92,654
Other liabilities	777,522	626,954	-	50,408	1,454,883
Income tax liability (Unallocated)	449,430	-	-	-	449,430
Total liabilities	30,301,435	626,954	502,859	2,059,383	33,490,631

2022	Corporate, business and retail banking	Card and electronic banking	Treasury	BML Islamic	Total
Assets					
Cash and cash equivalents	4,277,875	-	-	228,151	4,506,026
Statutory deposit with Maldives Monetary Authority	3,517,577	-	-	170,313	3,687,890
Placements to banks	-	-	6,216,039	225,023	6,441,062
Loans to and receivables from customers	14,459,557	545,148	-	1,886,332	16,891,037
Financial assets at amortized cost	-	-	8,351,793	49,990	8,401,783
Financial assets at FVOCI	706	233,403	-	-	234,109
Property, plant and equipment	690,855	17,644	-	2,512	711,011
Right-of-use assets	157,514	-	-	-	157,514
Intangible assets	75,012	18,302	-	-	93,314
Deferred tax assets (Unallocated)	-	-	-	-	85,273
Other assets	172,888	487,628	-	2,177	662,693
Total assets	23,351,985	1,302,125	14,567,832	2,564,498	41,871,712
Liabilities					
Due to customers	27,579,853	-	-	1,641,814	29,221,667
Term debt and other borrowed funds	-	-	514,893	229,322	744,215
Lease Liability	147,531	-	-	-	147,531
Other liabilities	746,264	396,675	-	30,131	1,173,070
Income tax liability (Unallocated)	313,313	-	-	-	313,313
Total liabilities	28,786,961	396,675	514,893	1,901,267	31,599,796

INVESTOR RELATIONS

INVESTOR RELATIONS

CAPITAL STRUCTURE

During the financial year 2023, 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 2023 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 2022 and 2023.

	2023			2022		
Shareholders	Total Shares	Share Capital (MVR)	%	Total Shares	Share Capital (MVR)	%
Government (MOF)	2,733,868	136,693,400	50.80%	3,128,248	156,412,400	58.13%
Maldives Pension Administration Office (MPAO)	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%
Island/Atoll Councils	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 table below.

No.	Shareholder Name	Number of shares
1	Ministry of Finance and Treasury	2,733,868
2	Maldives Pension Administration Office	394,380
3	Champa Brothers Maldives Pvt Ltd	267,505
4	Maldives Transport & Contracting Co. Plc	219,096
5	Individual Shareholder	73,880
6	H.Dh Atoll/Island Council	30,723
7	R. Atoll/Island Council	26,352
8	H.A Atoll/Island Council	18,792
9	A.Dh Atoll/Island Council	18,720
10	Individual Shareholder	17,316

SHARE PRICE MOVEMENT

During 2023, 65 transactions amounting to 397,933 shares were traded through the Maldives Stock Exchange. The Weighted Average Price over the year was MVR 765.29 and the total value of the shares traded was MVR 304,533,851. At the beginning of 2023, the market price per share was MVR 775 per share and the first traded price amounted to MVR 794 per share while the last traded price at the close of the year was MVR 800. The highest quoted price during the year amounted to MVR 900 while the lowest amounted to MVR 510.

	2023	2022
Market Statistics (MVR)		
First Traded Price	794.00	275.00
Highest Price	900.00	800.00
Lowest Price	510.00	275.00
Last Traded Price	800.00	775.00
Weighted Average Price	765.29	561.54
Market Capitalization at financial year end	4,305,536,000	4,170,988,000

Information on Share Trading	2023	2022
Number of Transactions	65	96
Number of Shares Traded	397,933	3,716
Value of Shares Traded (MVR)	304,533,851	2,086,669

Information per ordinary share (MVR)	2023	2022
Earnings per share	385	303
Net Asset per share	2,263	1,909
Market value per share	800	775