



ANNUAL REPORT 2025

Banking for a
Sustainable Future.



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Bank of Maldives (BML) is the leading financial institution in Maldives. We are a full service bank offering the complete spectrum of personal, business and corporate financial services.

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

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

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



We are Bank of Maldives

Largest Banking Network in the Country

Customers

390,000+

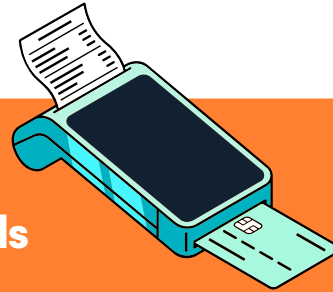


POS Merchants

6,000+

POS Terminals

8,200+



Branches

42

E-commerce Merchants

4,100+

Employees

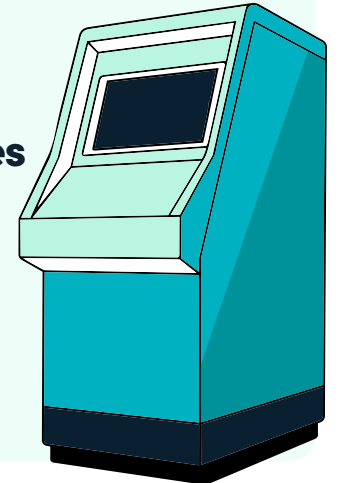
1,000+

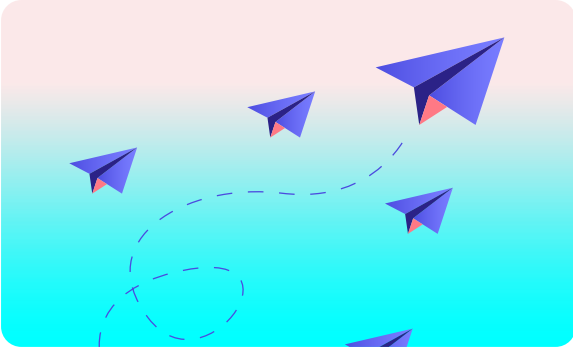
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Self Service
Banking Centres
with

268

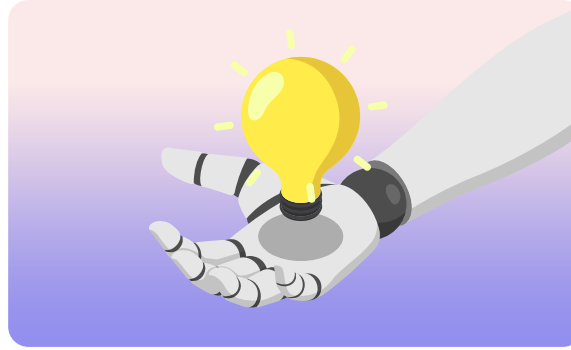
ATMs





Leadership

Bank of Maldives has a skilled, gender balanced Management team with significant years of experience, supported by an experienced Board of Directors.



Innovation

The Bank is the pioneer of the banking industry with many firsts. The first to launch ATM, POS and mPOS services in Maldives, first to launch debit, credit and prepaid cards, first to launch internet and mobile banking, first to launch cash and cheque deposit machines. We were also the first to launch mobile wallet and e-commerce services in the country. The Bank is also the first in the country to launch Shari'ah compliant credit cards, overdraft facility, microfinancing and cash financing.



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.



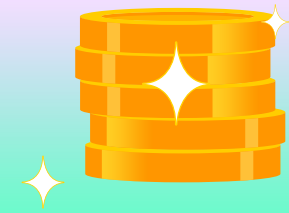
People

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 390,000 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 maintains a strong and stable financial foundation, reporting Net Profit After Tax of MVR 2.5 billion, total assets of MVR 55.8 billion and customer deposits of MVR 37.2 billion. A capital ratio of 48.1%, comfortably exceeding regulatory requirements, reinforces the Bank's stability, resilience and long-term sustainability.



Service Delivery

We have the largest network of branches, Agents, ATMs and POS terminals in Maldives with presence in all inhabited islands. 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, and our partners include RuPay, UnionPay, Discover, Diners and accept payments from all international wallets including Apple Pay, Google Pay, AliPay and WeChat Pay.





Project Highlight



env.
POS

103,500kg

of intercepted
recyclable plastics exported



[Click here to Watch](#)

Vision and Strategic Focus Areas

We aspire to be the digital bank of choice in the region.

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

Focusing on



Digital First



Customer Service



Sustainability

Through

Engaged and committed workforce and strong, robust risk management.

"Before BML put an ATM on our island, we had to travel to another island just to withdraw our monthly pension. It was expensive and just really difficult. I'd say the Bank's ATM project is the best the country has ever done."

**Mohamed Hussein
Noonu Lhohi**



[Click here to Watch](#)



Strategy and Progress Review

Our Strategic Direction

Bank of Maldives' strategy for the period 2025–2029 is guided by our vision: to become the digital bank of choice in the region. This ambition reflects our commitment to delivering sustainable value through innovation, excellent customer service, and responsible banking practices, while remaining deeply accessible to communities across the country.

Our strategic priorities are anchored on three core pillars and supported by an engaged & committed workforce underpinned by Strong Risk Management.

Digital First

**Customer Service
Excellence**

**Sustainability &
Responsible Banking**

Together, these pillars provide a robust framework to support long-term growth, resilience, and relevance in a rapidly evolving financial services landscape.





Digital First

Digitalisation is at the heart of our strategy. We are accelerating the shift towards paperless, self-service, and digital banking solutions, with the aspiration of achieving the number 1 digital bank position locally and regionally by the end of 2029.

Key strategic outcomes targeted include:

- 100% digital penetration across customer segments
- 100% network coverage
- Expansion of self-service banking facilities in every island
- Full merchant digital payment acceptance, enabling cashless transactions nationwide
- Biggest Islamic Bank in the country
- 100% paperless with end-to-end paperless processes across core banking journeys

Progress during the year demonstrates strong momentum, with continued investment in digital platforms, improved user experiences, and wider adoption of digital services by customers and merchants.



Customer Service Excellence

Customer service remains a central pillar of our strategy. We aim to strengthen relationships across Retail, SME, and Corporate & Business (CBD) segments, both conventional and Islamic, supported by convenient access across channels and responsive service delivery.

Strategic goals include:

- Growing market share across all key business segments
- Achieving 100% resort coverage, reinforcing our leadership in tourism banking
- Ensuring consistent service quality across physical, digital, and hybrid channels

Our extensive national network, combined with expanding digital capabilities, allows us to deliver inclusive banking services while meeting the evolving expectations of customers.



Sustainability and Responsible Banking

Sustainability is embedded within our strategic vision, balancing economic performance, social responsibility, and environmental stewardship. We continue to strengthen our role as a responsible financial institution that supports national development while managing long-term risks.

Key focus areas include:

- Supporting financial inclusion through island-wide access
- Enabling sustainable business growth via SME and Islamic banking
- Maintaining prudent and robust risk management frameworks

By aligning sustainability with commercial objectives, we aim to create lasting value for shareholders, customers, and communities.

Progress against strategic targets during the year has been encouraging, demonstrating that the Bank remains firmly on track to deliver its long-term strategic ambitions. Our achievements during the year are covered in the year-end review section of this report.

BML Student Card

No fees. No hassle. Just a better way for students to manage their money.

The BML Student Card helps kids learn money management skills and budget their money independently. Parents get full view, control and management of the card, while the kids get a safe place to learn.



Chairperson's Statement

Dear Shareholders,

It is my privilege to present the Annual Report of Bank of Maldives for the financial year ended 31 December 2025. The past year stands out as one of the most significant in our Bank's history — marked by strong financial performance, strategic expansion, and meaningful progress in advancing financial inclusion across the Maldives.

The Bank delivered another year of excellent financial results, recording a profit after tax of MVR 2.5 billion, representing a 9.8% increase compared to 2024. Total assets have increased to MVR 55.8 billion, while total deposits have increased to MVR 37.2 billion, reflecting continued customer confidence. In view of these strong results, the Board of Directors has proposed a total dividend of MVR 322.9 million, equivalent to MVR 60 per share, ensuring sustainable returns to our shareholders while maintaining a solid capital position to support future growth. It is also proposed to issue 2 bonus shares for each existing share as part of the final dividend.

A landmark achievement during the year was the completion of the historic work to establish ATM services in every inhabited island of the Maldives. This milestone represents a transformative step in strengthening financial accessibility and inclusion

across the country. The initiative received international recognition, including the "Outstanding Achievement in Financial Inclusion" award from Qorus. We also expanded our physical presence with the opening of additional branches, further enhancing secure and convenient banking services for communities nationwide. During the year, the Bank completed the acquisition of the Government's shareholding in SME Digital Pvt Ltd, following full compliance with all regulatory requirements. This strategic investment supports our long-term objective of accelerating digital transformation in MSME banking, leveraging our financial strength, nationwide network, and digital capabilities to better serve entrepreneurs and small businesses. To address the housing difficulties in the nation, the Maldives Monetary Authority (MMA) introduced the 'Inclusive National Affordable Housing Scheme' last year and instructed banks operating in the Maldives to allocate 10-15% of their loan portfolios to this scheme. For this purpose, our second subsidiary, 'BML Affordable Home Leasing Private Limited,' has been established.

During the past year, we placed great strategic importance on digital advancement as a means to bolster national economic growth. In addition to American Express, Visa, and Mastercard, we strengthened key partnerships with international payment leaders such as Alipay+, Weixin Pay, and

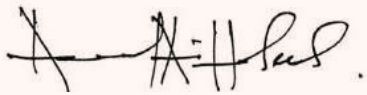


UnionPay to promote the Maldives and further integrate the country into the international digital economy. Alongside these partnerships, the launch of our multicurrency digital wallet 'Swipe' and the introduction of Indian Rupee and Chinese Yuan accounts facilitated easier transactions for tourists and businesses, providing further support to the tourism sector and the economy.

The ability to operate effectively with such significant responsibility as the national bank, benefits the nation in every aspect. The achievements of the past year would not have been possible without the trust and loyalty of our customers and shareholders. On behalf of the Board, I extend my sincere appreciation for your continued confidence in the Bank.

I would also like to acknowledge the dedication of our employees and the leadership of the Executive Management team, whose professionalism and commitment have been central to our success. My appreciation is equally extended to my fellow Directors for their guidance and stewardship. Once again, I thank our shareholders and customers for the trust you place in us every day.

With a strong financial foundation, clear strategic direction, and a highly capable team, we enter 2026 with confidence, well positioned to continue delivering sustainable value to our shareholders and meaningful contributions to the nation.



Ahmed Ali Habeeb
Chairperson

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The ability to operate effectively with such significant responsibility as the national bank, benefits the nation in every aspect.

Chief Executive's Statement

Leading as the National Bank: A Year of Record Achievements and Serving the Nation

The year 2025 marks the most historic and successful year in the 43-year journey of Bank of Maldives. Established in 1982 with the purpose of serving as a key driver of the national economy and a pillar of financial inclusion, the Bank has continued to support Maldivians in many areas while seeking new ways to better serve our communities. Our strategy over the past year was developed and implemented with these goals firmly in mind.

As the national bank, we have not only strengthened our role as a key driver of the Maldivian economy but have also delivered record sustainable financial performance, invested more than ever in our people, businesses, and communities, and continued to expand our services across the country.

Our strategy this past year focused on three priorities: supporting economic growth, deepening financial inclusion, and delivering sustainable value to our shareholders and stakeholders. Despite a challenging global economic environment, we executed this strategy with precision, discipline, and a focus on long-term impact.

Record Sustainable Financial Performance

Looking back on 2025, I am proud to note that this was the second consecutive year of strong growth for the

Bank. We closed the year with record profits and 2025 marked the strongest financial performance in our history.

Despite inflationary pressures, we managed operating expenses effectively and achieved an operating profit of MVR 3.1 billion. Our net loan portfolio grew by 25%, while customer deposits increased to MVR 37.2 billion, reflecting strong confidence in the Bank.

The past year also saw the highest level of lending and financing in the Bank's history. To support individuals, businesses, and corporate customers, we disbursed MVR 10.0 billion in new loans and financing during the year, demonstrating our commitment to supporting individuals, SMEs, corporates, and key sectors of the economy.

Increasing Financial Inclusion and Expanding Services Across the Maldives

One of our most significant achievements in 2025 was the completion of the "Mulhi Raajje ah BML ATM" project. This major national initiative aimed to provide 24-hour self-service banking in every inhabited island of the Maldives. Despite logistical challenges, difficult travel conditions, and demanding weather, our teams completed this historic project ahead of schedule. Within just nine months, ATM services were established in 105 inhabited islands across the country.



As part of our network expansion, we opened three new branches, and work has begun on 12 additional branches scheduled to open before the end March 2026. Furthermore, to meet community needs and support economic development, USD ATM services have been introduced across seven islands, with plans to expand the service to an additional 70 islands by the end of the first quarter of this year.

In 2025, we also marked ten years of providing Islamic banking services. To further strengthen Islamic finance, all 33 BML branches in the atolls were rebranded under our "Islamic Finance First" policy as BML Islamic branches.

To promote financial inclusion among fishermen, we introduced special arrangements for those registered in the National Fishermen's Registry to access financing based on their income. These include personal financing, credit cards, and facilities for housing, education, and business needs. To address long-standing challenges in accessing finance, we also launched the Masveriya portal, enabling fishermen to apply for financing easily, anytime and from anywhere.

Advancements in Digital Services

Alongside our physical expansion, we continued to strengthen our digital services.

Customers can now submit all applications through Internet Banking or Mobile App including account opening and loan applications, reducing the need to visit branches.

One of our major initiatives in 2025 was the development of Swipe, a multicurrency digital wallet. This 100% Maldivian developed digital wallet has been built to meet international

regulations and payment standards and is designed for global use. It will support freelancers and online businesses in managing international payments and also provide tourists with a convenient and lowest-cost payment option.

We also introduced national QR payments, and further enhanced our AI chatbot, Aaya. Through partnerships with Alipay+, Weixin Pay, and UnionPay, we are preparing to offer advanced digital payment solutions in the future.

At the same time, we strengthened our relationships with American Express, Visa, and Mastercard. These partnerships have enabled us to expand cardholder benefits, promote financial literacy, and introduce premium products such as the Visa Platinum Debit Card and Visa Infinite Credit Card.

Sustainable Growth and Business Diversification

Business diversification remains essential for sustainable growth in a competitive environment. In line with this approach, we established two subsidiary companies in 2025. We acquired the government's shares in the SME Development Finance Corporation and transformed it into a Shari'ah compliant, digital-first subsidiary, now operating as SME Digital. Through this platform, we are expanding financial services to startups, women-led businesses, fishermen, farmers, guesthouse operators, and other SME stakeholders.

In response to MMA regulations requiring banks to allocate a portion of their loan portfolio to affordable housing, we became the first bank to participate in the Inclusive National Affordable Housing Scheme. To support this initiative, we



established BML Affordable Home Leasing Private Limited. Construction of more than 3,260 housing units is now underway, with completion targeted for mid-2028.

Investing in Change for the Future

In a rapidly changing economic and technological environment, we are strengthening the Bank by investing for the future.

Our focus is on improving customer experience through personalised services, expanding digital capabilities, and operating sustainably. Rather than simply adapting to change, we aim to shape our future with confidence and purpose.

We are transforming our branches into service and advisory centres that support relationship building and tailored financial solutions. Our staff will continue to engage closely with communities, visiting nearby islands and working directly with customers to understand their needs.

We are also leveraging artificial intelligence and advanced digital tools to automate processes, improve decision-making, and enhance service delivery. These investments allow us to respond quickly to new opportunities and challenges.

At the same time, we are strengthening cost management and operational efficiency through simpler workflows and modernised systems, supporting long-term sustainability and continued investment in our people, customers, and the nation.

With these efforts, Bank of Maldives will remain a trusted and relevant institution – the true “Bank of the People.”

Looking Ahead - The Bank of the People

I remain confident about the future of Bank of Maldives.

In the coming year, we will continue to expand our services, provide greater choice, and create more opportunities for our customers and communities. Our goal is to be the bank of choice for every Maldivian and to become the leading digital bank in the region.

The Bank serves as a vital pillar of our economy and is a systemically important financial institution within the Maldives. Consequently, we are committed to managing the Bank under robust leadership, ensuring it remains an institution that commands the trust of our customers and shareholders, as well as the full confidence of international organizations and global banking partners.

I am hopeful that 2026 will be another year of strong performance. With a capable and dedicated team and clear strategies for managing capital, credit, and costs, we remain focused on nation-building and sustainable growth.

To conclude, I extend my sincere appreciation to all our employees for their dedication and professionalism. Their commitment is central to our success. I also thank our more than 390,000 customers for their continued trust and patronage. I would like to express my appreciation to the Chairperson and the Board for their leadership and guidance. Finally, I extend my sincere appreciation to our shareholders for their continued confidence in the Bank.



Mohamed Shareef
CEO & Managing Director

“

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[Click here to Watch](#)



Year at a Glance

Customer Deposits

+16%

2024

MVR32.0bn

2025

MVR37.2bn

Gross Income

+17%

2024

MVR4.8bn

2025

MVR5.7bn

Total Assets

+15%

2024

MVR48.4bn

2025

MVR55.8bn

Net Loans and Advances

+25%

2024

MVR20.2bn

2025

MVR25.2bn



No. of ATMs

2024 149
2025 268

+80%

Book Value of Share

2024 MVR 2,639
2025 MVR 3,048

+15%

Loans Disbursed

2024 MVR 5.2bn
2025 MVR 10.0bn

USD Support (Individuals & Businesses)

2024 USD 333.5m
2025 USD 565.5m

+70%

Profit After Tax

+10%

2024

MVR 2.25bn

2025

MVR 2.47bn

Dividend Payout

2020

2021

2022

2023

2024

2025

MVR 322.9m*

* Proposed dividend



2025 Highlights

January ●

- BML Islamic 10th Anniversary

February ●

- Positive changes to business financing products
- Equity for Home Purchase Loan reduced to 5%
- Partnered with Housing Ministry to offer Hiyavehi Financing at 5%
- Start of 'Mulhi Raajje ah BML ATM' in Dhaalu atoll

March ●

- Online account opening
- Introduced online application for all services
- Record dividend payout for 2024 of MVR 296 million

May ●

- Launch of BML Student Card
- Acceptance of WeChat Pay on BML POS

June ●

- ENV POS initiative launched for environment protection & ocean conservation

July ●

- Introduced Indian Rupee Accounts
- Opened 40th branch in R. Dhuvaafaru
- Acquisition of SDFC (now SME Digital)

August ●

- Self-Service Banking ATMs established in all inhabited islands of the Maldives

September ●

- Experience Maldives Campaign launched with Amex
- Introduced Chinese Yuan accounts

October ●

- Unveiled Swipe, a new multicurrency digital wallet
- Visa Platinum Debit Card introduced

November ●

- Received the prestigious "Outstanding Achievement of the Year in Financial Inclusion" award from Qorus
- Mastercard recognized BML for its pivotal role and unwavering support to uplift the Maldives' digital economy
- WhatsApp introduced as official OTP channel
- Foreign Monthly Transaction Limit for MVR Debit Cards increased up to USD 3,000
- Established BML Affordable Home Leasing Pvt Ltd as a subsidiary
- Merchant fee reduced to 1% to support businesses

December ●

- Partnered with Alipay+, Weixin Pay, and UnionPay
- Launched Masveriyaa Portal for financing fishermen
- Partnered with Visa for nationwide financial literacy programs
- Visa Infinite Credit Card launched
- Swipe released for beta testing

New Loans and Financing

To support individuals, businesses, and corporate customers, we disbursed **MVR 10.0 billion** in new loans and financing during the year, demonstrating our commitment to supporting the economy. This resulted in Net Loans and Advances of **MVR 25 billion in 2025**, an increase of **25%** compared to last year.



Project Highlight

Mulhi Raajje ah BML ATM

Bank of Maldives completed the rollout of its major financial inclusion project to ensure all individuals on all inhabited islands in Maldives have access to convenient 24/7 banking.

In November 2024, a target was established to roll-out the ambitious “MulhiRaajje ah BML ATM” project across the country. At the time, only 81 islands including Male city had access to banking services through Self-Service Banking ATMs.

The “MulhiRaajje ah BML ATM” project ensures that in addition to digital banking services, island populations have access to self-service banking ATMs. These multi-functional units enable individuals, families and businesses in island communities to:

- Deposit and withdraw cash
- Cheque deposits
- Fund transfer across the network
- Conveniently make loan repayments
- Credit card payments
- Bill payments
- Account balance inquiry

The first ATM under “Mulhi Raajjeah BML ATM” project was launched in February 2025, and in the span of just 9 months, the Bank rolled out Self-Service Banking ATMs to 105 islands. The scale and speed of the project is unprecedented in Maldives and was implemented successfully through a complex, multi-stakeholder approach to ensure timely delivery to the highest standards.



2000-2024

ATMs were
placed in
82
Islands

2025

ATMs were placed in
105
Islands

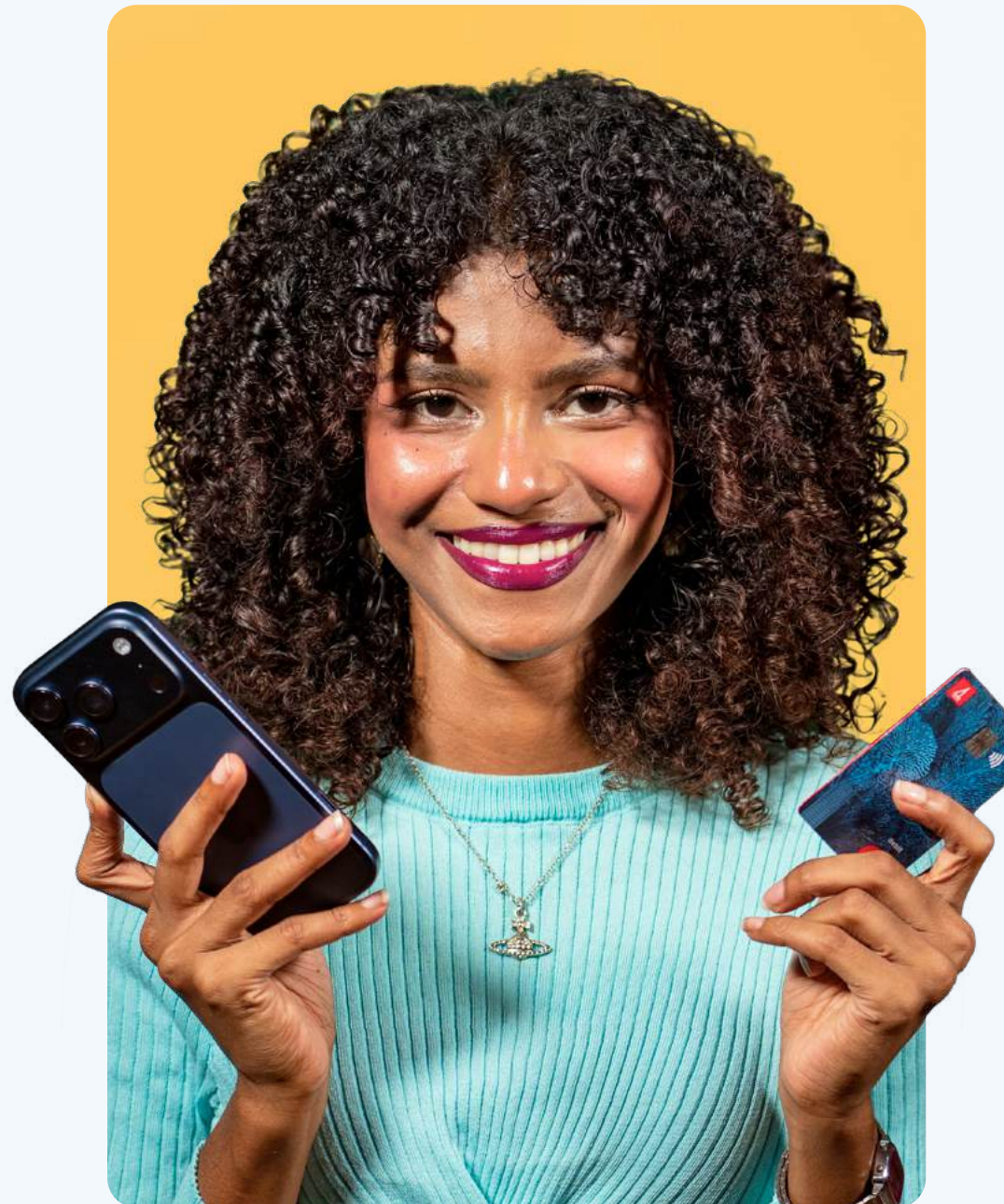
2025 Review

Financial Review

Macroeconomic Review

The Maldivian economy demonstrated resilience and steady momentum in 2025, with real GDP growth estimated at 5.4% according to the Ministry of Finance and Planning. Growth was primarily driven by the strength of the tourism sector, which continued to anchor economic activity and foreign exchange earnings. The opening of the new terminal at Velana International Airport, together with ongoing expansion projects across regional international airports, provide a strong foundation for sustained growth, with the medium-term outlook projected to exceed 4.5%, supported by improved infrastructure, stronger tourism flows, and broader economic activity.

Inflation averaged approximately 4.1% in 2025, reflecting higher global food and utility prices. Monetary conditions were proactively managed by the Maldives Monetary Authority (MMA), which maintained a prudent policy stance focused on liquidity management and foreign exchange stability. These measures helped safeguard financial system stability amid ongoing foreign exchange pressures. Following revisions to the Foreign Currency Exchange Regulation by the MMA, Gross International Reserves increased to USD 983.0 million, representing a year-on-year rise of USD 309.1 million.



Financial Performance

The banking sector remained stable and well capitalised, supported by strong capital adequacy and continued credit growth. The Bank delivered a strong financial performance in 2025, demonstrating resilience, disciplined growth, and sustainable returns for our shareholders. Total assets surpassed MVR 55.8 billion (USD 3.6 billion) at year end, an increase of over MVR 7.4 billion compared to previous year, while operating profit reached MVR 3.1 billion, reflecting a 8.7% year on year increase.

The loan portfolio expanded by more than MVR 4.9 billion, which is 24.7% increase compared to 2024. The non-performing asset (NPA) ratio as per MMA's guidelines stands at 1.5%, while the IFRS 9 Stage 3 loan ratio decreased from 6.9% in 2024 to 5.96% in 2025.

Customer deposits grew by MVR 5.2 billion to MVR 37.2 billion where 47.1% of the Bank's deposits are in foreign currencies. In terms of deposits, the Bank now holds over 51% of the market share. The Bank remains well-capitalized with a total Capital Adequacy Ratio of 48.1%, well above regulatory requirements. Liquidity in both MVR and USD remain healthy.

MVR '000	2025	2024	+/-
Operating Profit	3,094,473	2,847,583	8.7%
Net Profit After Tax	2,465,453	2,245,536	9.8%
Net Loans and Advances	25,204,565	20,208,810	24.7%
Customer Deposits	37,190,667	32,032,041	16.1%
Total Assets	55,823,790	48,439,022	15.2%
Total Liabilities	39,421,337	34,236,110	15.1%
Shareholders' Fund	16,402,453	14,202,912	15.5%
Earning Per Share (MVR)	458	417	
Dividend Per Share (MVR)	60*	55	9.1%
Gross NPA Ratio	1.50%	1.40%	-
Stage 3 Loans Ratio	5.96 %	6.90%	-
Capital Adequacy Ratio	48.11%	58.3%	-17.5%
Liquidity Coverage Ratio – MVR	350%	147.0%	138.1%
Liquidity Coverage Ratio – USD	131%	160.0%	-18.1%

* Proposed. Subject to shareholders' approval.

Interest & Non-Interest Income

The Bank experienced growth in both its loan and investment portfolios, generating MVR 3.2 billion in interest income, an increase of 12.9 % compared to 2024. All business segments – Corporate, Retail, and Islamic Banking – recorded positive growth.

Improvements in USD liquidity and a rise in government securities contributed positively to treasury income, maintaining performance levels similar to the previous year. With stronger interest income and stable interest expenses, net interest income increased by 11.1% in 2025.

Net Fee and commission income recorded a 21% increase in 2025 driven primarily by increased card-related income. Excluding recoveries, fee-based income accounts for 35.6% of the total gross income, reflecting continued diversification of revenue streams.

Operating Expenses

The Bank continued investing in network enhancements, technology infrastructure upgrades, community initiatives, and staff development. Total expenses for 2025 amounted to MVR 1,033 million, reflecting a 35% increase compared to the previous year. Despite increased investment, the Bank maintained a healthy cost-to-income ratio of 25%.

Loan Book Quality

Asset quality improved during the year. The IFRS 9 Stage 3 loan ratio declined from 6.9% in 2024 to 5.96% in 2025. The gross NPA ratio under MMA guidelines stood at 1.5%, supported by a strong 100% provision coverage ratio. The IFRS 9 Stage 3 loan balance stood at MVR 1.5 billion, with no significant new non-performing assets recorded during the year.

Balance Sheet Strength

Loans and Advances

The Bank's net loan book grew by MVR 5.0 billion, which is a 25% increase, reflecting continued support to the economy through lending to businesses and individuals. Over MVR 10.0 billion in new loans were disbursed during the year.

Liquidity

Despite the challenges related to supplying USD against the local currency (MVR), both MVR and USD liquidity remained stable at the end of 2025, with Liquidity Coverage Ratios (LCR) of 350% for MVR and 131% for USD. The Bank was able maintain USD LCR well above the Basel recommendation of 100%.

Customer Deposits

Customer deposits reached MVR 37.2 billion, reflecting a growth of MVR 5.2 billion, which is a 16% increase from 2024. All business segments—Retail, Corporate, and BML Islamic—contributed to this growth. CASA (Current Account Savings Account) deposits represent over 87.1% of total deposits. Foreign currency denominated deposits of the Bank constitute 47.1% of the deposit portfolio, while the Bank maintains a leading market share of over 51%. The loan-to-deposit ratio remains healthy at 67.8%.

Shareholders' Funds

The Bank's strong capital base continues to be one of its key strengths, enabling it to underwrite large loans and withstand financial shocks. Total Shareholders' Funds reached MVR 16.4 billion, primarily driven by retained earnings. The Bank's Capital Adequacy Ratio (CAR) remained comfortably above the minimum regulatory requirement of 12%, closing the year at 48.1%.

Dividend Distribution

The Bank adheres to a consistent growth dividend policy. As of the end of 2024, the issued and paid-up share capital remained at 5,381,920 shares with MVR 50 per value per share. Based on the Bank's strong financial position, the Board has recommended a final dividend of MVR 60 per share for 2025 (MVR 55 in 2024). It is also proposed to issue 2 bonus shares for each existing share as part of the final dividend.

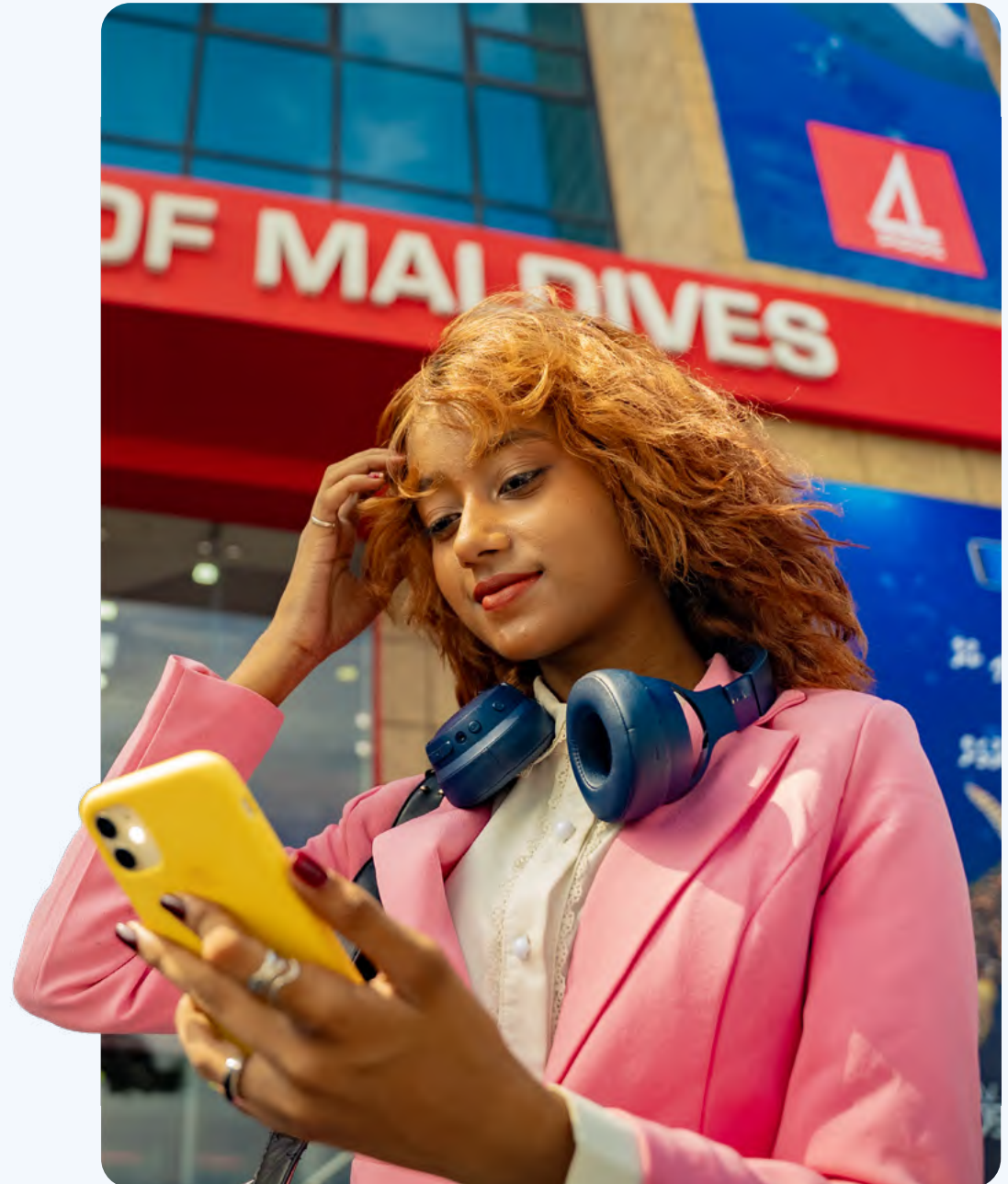
Customer Deposits

Total deposits have increased to **MVR 37.2 billion**, reflecting continued confidence. This was achieved through various strategic initiatives such as expansion of our physical presence across the country, enhanced customer service and secure and convenient banking services and digital innovation. As a testament to this, we welcomed over **30,000 new customers** to the Bank.



Year in Review: 2025

The year 2025 has been a defining period for Bank of Maldives, marked by strategic growth, innovation, and an unwavering commitment to serving our customers, communities, and employees. As the nation's leading financial institution, we continued to strengthen our position by embracing digital transformation, enhancing customer experiences, and promoting financial inclusion across all atolls. Guided by our vision, the Bank leveraged technology, human expertise, and community partnerships to deliver meaningful impact across the Maldives. The achievements of 2025 reflect our ongoing dedication to excellence, innovation, and responsible banking, setting a strong foundation for future growth.



Digitalization in Progress

In 2025, Bank of Maldives advanced its digital transformation journey, enhancing the way customers access banking services while maintaining the personal touch that has always distinguished us. We continued to adapt to changing customer behaviors, ensuring that innovation is at the heart of every solution we provide. Over the year, we enabled a wider range of services to be accessed online, reducing the need for Service Centre visits and allowing customers to conduct banking activities conveniently and securely from anywhere.

A key milestone was the introduction of instant online account opening for individuals and businesses. Customers can now open a BML account entirely online without paperwork or queues, creating a seamless onboarding experience. Complementing this, the unveiling of Swipe, a multicurrency digital wallet, marked a major advancement in the Maldivian digital payment landscape. Developed entirely by local fintech talent, Swipe will enable instant, secure payments both domestically and internationally, highlighting BML's leadership in driving digital financial innovation.

To further enhance financial inclusion, we launched the Masveriyaa Portal, providing a full range of Islamic personal financing products designed to support the fishing community. This platform represents a meaningful step toward empowering communities through accessible financial solutions.

In 2025, Bank of Maldives successfully completed the "Mulhi Raajje ah BMLATM" project, a landmark initiative to establish ATMs on all inhabited islands across the Maldives.

This achievement ensures that customers nationwide have convenient, reliable access to cash and self-service banking solutions, reinforcing our commitment to financial inclusion. To complement this infrastructure expansion, we launched the "Mulhi Raajje ah BML" campaign, which celebrates the Bank's nationwide presence and highlights the accessibility of BML services across every island. This campaign has strengthened awareness of the Bank's extensive reach and reinforced our promise to bring modern banking services closer to every community in the Maldives.



Enhancing Service

Our service strategy is anchored in customer needs, and in 2025 we introduced several initiatives to expand access to finance, simplify payments, and enhance convenience for individuals and businesses. To support homeownership, the equity requirement for housing financing was reduced to 5%, a significant decrease from the previous tiered structure starting at 20%. This change strengthens our commitment to enabling more Maldivians to achieve their dreams of owning a home.

On the business front, Advance Merchant Settlement was launched, offering working capital to existing businesses by pledging their merchant receivables, including POS and e-commerce transactions. This facility provides flexible, quick-access funding to support growth and operational continuity. To address the growing need for foreign currency transactions, especially among SMEs, we increased USD support for telegraphic transfers and enhanced foreign transaction limits on debit cards.

Additionally, our AI-powered virtual assistant, Aaya, was upgraded to handle a broader spectrum of customer queries and deliver personalized guidance after in-app verification, allowing more customers to resolve issues online and manage their banking efficiently.

To further enhance customer convenience and address evolving payment needs, we expanded our card offerings and foreign transaction capabilities in 2025. Debit and credit card foreign transaction limits were increased for purchases, withdrawals, and e-commerce transactions, providing individuals and businesses with greater flexibility to transact internationally. These enhancements ensure

that our customers can confidently engage in global trade, travel, and online commerce while enjoying the security and convenience of BML's digital and card services. In addition, we introduced new card products tailored to specific customer segments, including the BML Platinum Card, Visa Infinite Credit Card for premium customers and specialized solutions for small and medium enterprises, ensuring a comprehensive suite of payment options to meet the diverse needs of our growing customer base.

We also prioritized financial literacy and inclusion for younger generations through the BML Student Card, which provides students with a platform to manage their own money, learn budgeting skills, and access special discounts at popular stores, helping instill responsible financial habits early.

In 2025 we acquired majority stake in SME Digital and looking ahead, SME Digital will be a key focus in delivering enhanced service to SME customers, offering seamless digital access to financing, payment solutions, and account management to help small and medium enterprises grow sustainably.

In parallel, BML is expanding its Shariah-compliant offerings to promote inclusive financial solutions for individuals and communities across the Maldives. 33 of our branches were converted to Islamic branches, guided by the Islamic First policy, ensuring that Shariah-compliant products and services are readily accessible nationwide. Looking ahead our branches will become sales and advisory outlets where transactions would not be conducted and staff will be working closely with communities in guiding and advising customers to fulfill their banking needs.



Giving back to Communities

As the largest bank in the Maldives, Bank of Maldives embraces its responsibility to operate sustainably and contribute positively to the communities we serve. In 2025, we strengthened our focus on environmental protection, social development, youth empowerment, and entrepreneurship, ensuring that our initiatives create meaningful, lasting impact across the nation.

Through ENV POS, a portion of every transaction is contributed to environmental programs at no additional cost to customers or merchants. In partnership with Parley Maldives and Maldives Oceans Plastic Alliance, this initiative supports the protection of marine ecosystems, conservation of coral reefs, and preservation of vital natural habitats, reinforcing our commitment to sustainable operations and climate action.

Our Bank Fund continued to drive community development, supporting five projects annually across education, environment, sports, and community development with MVR 200,000 allocated to each initiative. These projects, led by local communities and organizations, transform lives across the islands by enhancing access to education, improving infrastructure, and fostering social cohesion.

In addition, we expanded our investments in youth development through sponsorships and collaborations with national sports associations, including football, swimming, tennis, and surfing, as well as the Maldives Olympic Committee. These programs nurture young talent, create opportunities for skill development, and inspire national pride. Through scholarships, mentorship programs, and

exposure to international competitions, we are helping the next generation of Maldivian athletes reach their full potential.

Our Startup Grant program continued to support entrepreneurship and innovation, providing MVR 500,000 grants to promising start-ups and micro or small businesses. In 2025, several entrepreneurs received funding to implement innovative ideas, scale operations, and contribute to economic growth. This program highlights BML's commitment to fostering an environment where local enterprise can thrive, creating new employment opportunities and driving sustainable development.

Beyond structured programs, BML actively engages in community initiatives across the country, from supporting local cultural events to promoting education, health, and environmental awareness campaigns. By leveraging our nationwide presence, expertise, and partnerships with NGOs, government agencies, and civil society organizations, we ensure that our community investments are inclusive, impactful, and aligned with national development priorities.

Through these initiatives, Bank of Maldives continues to strengthen its role as a socially responsible corporate citizen, delivering value not only to customers and shareholders but also to communities across every atoll, ensuring that progress is shared and inclusive for all Maldivians.



Building a Culture of Excellence

2025 was a transformative year in strengthening our “Employee First” culture, reflecting the understanding that our people are the foundation of BML’s success. We focused on strategic talent development, employee engagement, and sustainable well-being and rewards to create a workplace where every individual feels valued, empowered, and equipped to contribute to the Bank’s mission.

The launch of BML Academy provided a central platform for learning and development, offering programs ranging from technical skills to soft skills and internationally recognized certifications. Through our partnership with Singapore Management University, twenty high-potential leaders completed the Executive Certificate in Leadership and People Management, while another twenty employees earned similar certification through tailored BML Academy programs. New batches that began in December 2025 ensure a continuous pipeline of capable leaders ready to guide the Bank into the future.

We also invested in employee growth and well-being through initiatives such as client relationship management training, growth mindset programs, and manager-focused wellness programs, supporting our shift toward advisory-led banking, enhanced service quality, and operational efficiency. A comprehensive job evaluation and grading exercise conducted with Deloitte established a transparent, market-aligned job architecture, complemented by a revised salary structure to improve internal equity and career clarity, strengthening retention and workforce sustainability.

Employee financial security and benefits were enhanced through improved financing options, life insurance

coverage, and the introduction of a formal retirement policy. Recognition programs, including long service awards, monthly Star Awards, and annual Staff Awards, celebrated outstanding contributions, while the BML Glow program provided expanded mental health support for employees and their families. Wellness initiatives, learning programs, and recreational activities through United BML strengthened engagement, teamwork, and a sense of belonging.

Beyond the organization, BML continued to develop national talent through internships, collaborations with professional bodies such as Chartered Accountants Maldives, and partnerships via BML Academy with international institutions, ensuring the growth of professional standards and workforce capability across the country.

Through these integrated initiatives, Bank of Maldives ensures that its employees are highly skilled, engaged, and resilient, ready to drive innovation, deliver exceptional service, and contribute to the nation’s development.

Combined with our digital innovations, enhanced customer services, and community engagement, 2025 has been a year of remarkable progress, reinforcing BML’s mission to serve the Maldives with excellence, inclusivity, and sustainability.



Risk Management

Risk Management

Risk Overview

The Bank has in place a robust risk management framework designed to provide a structured approach to managing risks that balances prudent risk control with the delivery of strategic objectives. 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 that evaluates the resilience of the framework and supports both internal risk oversight and regulatory reporting requirements. 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. The Bank's reporting structure aligns with local regulatory requirements and follows international best practices, including Basel and IFRS 9 standards, reinforcing the Bank's commitment to maintaining high prudential standards.

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.

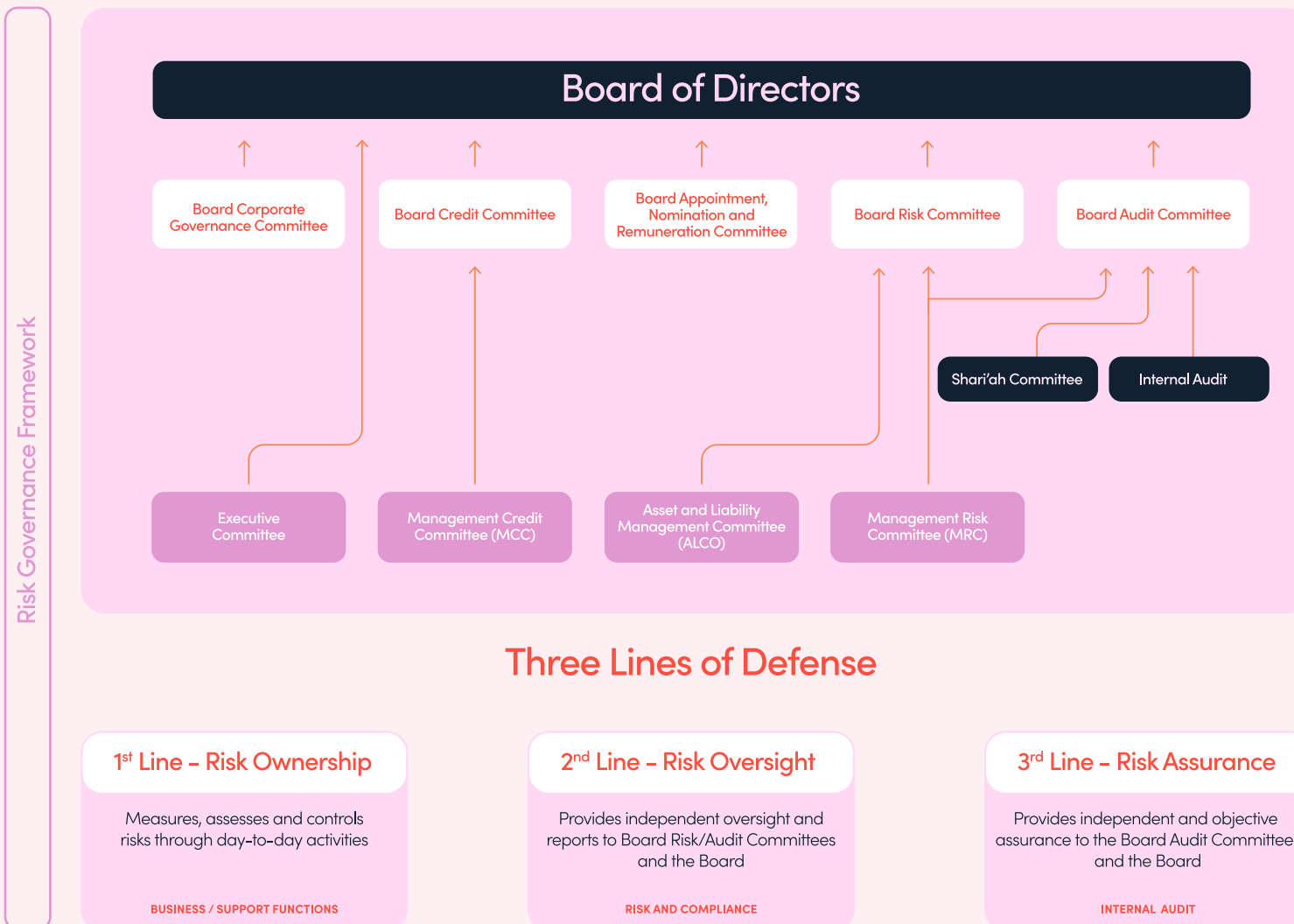
Risk Governance

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 Board Audit Committee as well as various management committees within delegated mandates.

The Bank's governance structure follows the principles of three lines of defence, 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 Statement and 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. The Compliance Department maintains a comprehensive framework for managing the bank's compliance risks in line with international laws and guidelines, local laws, regulations and our own risk appetite. The Internal Audit Department assesses and validates the adequacy and effectiveness of internal controls and procedures and provides objective, independent assurance directly to the Board Audit Committee.

Risk Management Framework



Risk Universe

Credit Risk

Liquidity Risk

Market Risk

Operational Risk

Technology Risk

Business Risk

Cyber Risk

Business
Continuity Risk

Data Governance

Reputational Risk

Information
Security Risk

Conduct Risk

Capital Adequacy

Compliance Risk

Strategic Risk

Risk Policies

Risk Appetite
Statement and
Framework
(RASf)

Credit Policy

Collateral Policy

IFRS 9
Impairment
PolicyAsset Liability
Management
Policy

Capital Policy

Operational
Risk Policy

BCM Policy

Country Risk
and
Counterparty
Policy

ICAAP Policy

ILAAP Policy

Reputational
Risk
Management
PolicyStrategic Risk
Management
PolicyStress
Testing PolicyInformation
Security
PolicyCyber
Security
PolicyData Privacy
PolicyConflict of
Interest PolicyAML/CFT
PolicyCompliance
PolicyFraud Risk
Management
PolicyAnti-Bribery
and
Corruption
Policy

PEP Policy

Whistleblower
PolicyRelated Party
PolicyShari'ah
Compliance
Policy

Board Committees

Board Audit Committee (BAC)

The Board Audit Committee reviews the integrity of the Bank's financial statements and financial reporting processes as well as its systems of internal accounting and financial controls. In addition, the committee oversees Bank's Compliance with legal and regulatory compliance, 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 Board Audit 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 Framework.

Board Risk Committee (BRC)

The 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, advises on Governance principles and aims to constitute 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

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 actual performance against the Bank's strategic plan and current macro and micro economic trends affecting the market.

Management Risk Committee (MRC)

The Management Risk Committee is established to ensure the Bank's risk management framework is robust and effective. The Committee evaluates the Bank's overall risk environment, including its risk profile and thresholds as defined in the Risk Appetite Statement, covering material risks such as credit, liquidity, operational, business continuity, strategic, reputational, and compliance risks. It determines appropriate preventive and mitigating actions where necessary and is responsible for ensuring that risk management strategies, policies, systems and plans are in line with the Committee's objectives and responsibilities.

Asset Quality Review Committee (AQRC) was constituted to serve as a subcommittee of the MRC for harmonizing IFRS 9 calculations, staging and capital adequacy across Finance, Risk and Credit departments. The committee is responsible for ensuring the accurate computation, validation and reporting of financial instruments and exposures in accordance with IFRS 9, Basel capital requirements and MMA standards and regulations.

Management Credit Committee (MCC)

The Management Credit Committee is responsible for overseeing the Bank's credit risk governance and ensuring prudent lending practices. Its core responsibilities include approving new credit facilities and reviewing, renewing, or restructuring existing facilities above limits specified under the Delegation of Authority Policy. The Committee ensures that the Bank's loan portfolios and credit risk profiles comply with the Bank's Credit Policy, Risk Appetite Statement and Framework and the overarching bank wide risk management framework. Additionally, the committee also oversees material credit facilities, monitors portfolio quality, IFRS 9 staging, concentration limits, NPA remediation, while providing prudential oversight of the Bank's overall credit profile.

Asset and Liability Management Committee (ALCO)

The Asset and Liability Management Committee is responsible for the strategic oversight of the Bank's balance sheet and liquidity management. ALCO monitors and manages the Bank's asset and liability profile, interest rate risk and foreign exchange risk, while ensuring that adequate liquidity is maintained to address both expected and unexpected fluctuations in the Bank's financial position. The Committee also ensures the Bank maintains adequate liquidity buffers to support the financial stability and resilience. It manages liquidity contingencies by activating the Contingency Funding Plan and convening the Crisis Management Committee when a liquidity crisis occurs.

Operational Risk Committee (ORC)

The Operational Risk Committee is responsible for overseeing the Bank's operational risk governance and maintaining effective internal controls. The Committee supports the Management Risk Committee (MRC) in promoting and embedding a strong operational risk culture across the organization. It reviews operational risk performance and ensures

timely actions to prevent and mitigate risks, including incidents (IT and non-IT), operational losses, key risk indicators, business continuity risks, outsourcing risks, regulatory changes, and findings from internal audits. Additionally, the Committee also strengthens contingency planning for business disruptions, evaluates relevant external events, and escalates emerging risks to the Management Risk Committee to enable prompt resolution.

Risk Appetite Statement and Framework

Risk Appetite Statement and 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 credit risk, concentration risk, liquidity risk, operational 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 corporate 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.

Integrated Risk Management

The Bank maintains a comprehensive risk management framework that ensures risks are consistently identified, assessed, and managed across all business units and operations. This framework is supported by clearly defined roles and responsibilities, robust policies, procedures, and controls that promote accountability and transparency.

Risk management is embedded in strategic planning and operational decision-making, enabling proactive identification of emerging risks and timely implementation of mitigation strategies. Continuous monitoring of credit, market, liquidity, operational, and compliance risks is complemented by stress testing and scenario analysis to validate resilience under adverse conditions.

During the year, the Bank voluntarily conducted its Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP) to align with international best practices. These frameworks were developed with the support of external expertise and the exercise confirmed that capital and liquidity levels remain adequate under both normal and stressed conditions, supported by stress testing of key variables such as asset quality, market risk factors, portfolio concentrations, and funding sources.

Additionally, all annual policy reviews and Enterprise-wide top risk assessment were completed with operational procedures and internal controls updated to maintain alignment with regulatory requirements, evolving bank landscape and to meet industry best practices. Through these measures, the Bank reinforces its commitment to strong governance meeting international standards, regulatory compliance, and sustainable growth, creating a secure and resilient operating environment for stakeholders.

Key Risk Metrics

CATEGORY	KEY RISK METRICS	2025	2024
Credit Risk	Net Loans and Advances (MVR 000')	25,204,565	20,208,810
	Loans and Advances as % of Deposits	67.77%	63.10%
	Stage 3 exposures as a % of Total Loans and Advances	5.96%	6.90%
	Total Risk Weighted Assets (MVR 000')	32,071,802	24,329,094
Liquidity Risk	Liquidity Coverage Ratio:		
	MVR	350%	147%
	USD	131%	160%
	Consolidated	260%	152%
	NSFR	180%	191%
Strategic Risk	Total Capital Base (MVR 000')	15,429,194	14,192,924
	Tier 1 Capital (MVR 000')	12,583,031	11,477,192
	Total Capital Ratio	48.11%	58.34%
	Tier 1 Capital Ratio	39.23%	47.17%
	Leverage Ratio	22.54%	23.69%

Key Risk Management Initiatives during 2025

Digital Transformation in Risk Management

The Bank has significantly advanced its risk management framework through the successful implementation of an Operational Risk Management (ORM) system. This system provides a robust platform for assessing and monitoring operational risks across all business units, delivering a comprehensive Bank-wide view of risk exposure. By leveraging automation and analytics, the ORM system enhances risk identification, control effectiveness, and incident management, ensuring timely mitigation and improved resilience.

Additionally, the Bank internally implemented Basel IV operational risk capital computation through ORM system, in order to meet evolving global regulatory standards.

Enhanced Risk Dashboards

To strengthen oversight and decision-making, the Bank introduced integrated risk dashboards. These dashboards offer a dynamic view of exposures across Credit, Liquidity, and Operational Risk, consolidating key risk indicators, limits, and trends. The solution enables proactive monitoring of risk appetite utilization and early detection of emerging vulnerabilities. Customizable metrics allow granular insights at departmental and portfolio levels, promoting transparency, consistency of risk data, and evidence-based decisions aligned with global best practices and internal governance frameworks.

Strengthened Credit Risk Review Process

The Bank successfully deployed a tailored internal credit rating model (Basel-compliant) for Corporate, Retail Secured, and SME portfolios with consultancy support from Fitch Solutions. These analytics and automated models enhance the Bank's credit evaluation process and ensure consistency, objectivity, and transparency in assessing borrower creditworthiness.

By integrating quantitative and qualitative factors, the model improves portfolio quality, supports informed lending decisions, and ensures compliance with regulatory requirements, reinforcing Bank's commitment to prudent credit risk management and maintaining Bank's leadership position in the market.

External Validation of the ECL Model

To validate and strengthen the Bank's Expected Credit Loss (ECL) model, comprehensive review was conducted through independent external consultant. The independent external review initiative was conducted to ensure the ECL model's soundness, accuracy and reliability as well as provide Board and risk management with assurance as to the robustness of the model.

Enhanced BCM Framework in line with ISO standards

Bank enhanced its Business Continuity Management framework by extending our current Business Impact Analyses and risk assessments to align with ISO 22301 standards. Comprehensive BCM testing was conducted including IT disaster recovery testing to ensure operational continuity during potential disruptions. These measures significantly improve preparedness and safeguard essential services, reinforcing customer trust and operational resilience.

Strategic Policy Initiatives

During the year, Bank introduced a comprehensive Data Privacy Policy to reinforce customer data protection and ensure compliance with global privacy standards. In addition, the Bank developed an Islamic Social Finance Management Policy aimed at supporting Sharia-compliant financial products, broadening product offerings, and promoting financial inclusion across its customer base.

Risk Management Process

The Bank follows a structured and systematic risk management process designed to identify, measure, monitor, control, mitigate, and report risks that could impact its operations and financial stability. This process ensures consistency and transparency across all business units, functions, and operations.

Identification → Assessment → Measurement → Monitoring → Mitigation → Reporting

This integrated process is supported by clearly defined roles and responsibilities, robust policies, and well-established procedures. Regular reviews and updates ensure alignment with regulatory requirements, operational changes, and global standards, reinforcing the Bank's commitment to strong governance and operational resilience.

Principal Risks

a) Credit Risk

Credit risk is defined as the risk arising from an obligor's (typically a customer or counterparty) failure to meet the terms of any agreement thereby resulting in a loss to the Bank. 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 2025, the Bank has consistently maintained and improved its asset quality, reflecting resilience in our existing credit portfolios, ongoing improvement in overall asset quality and sound credit granting criteria. 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 has continued to improve through the year and is in line with the 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 customers – 31st December 2025

	BANK			
	Stage 1 12M ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Performing	23,079,477	270,648	111,419	23,461,544
Special Mention	-	1,013,837	15,975	1,029,812
Sub-Standard	-	21,693	1,114,157	1,135,850
Doubtful	-	-	133,185	133,185
Loss			169,796	169,796
Gross carrying amount	23,079,477	1,306,178	1,544,532	25,930,187
Loss allowance	107,745	170,608	432,481	710,834
Carrying amount	22,971,732	1,135,570	1,112,051	25,219,353

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 risk appetite of the Bank. The policy is supported by detailed credit guidelines and procedures and a robust overarching Risk Appetite Statement and Framework.

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

1. Loan origination and credit appraisal including initial screening 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 Credit Operation). This unit is 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. Additionally, Bank's credit rating

system has been enhanced to strengthen credit risk decision making through the adoption of multiple credit evaluation models integrated into our daily credit assessment process. Concentration risk limits have been prescribed to limit the Bank's exposure to any single borrower, group of specific borrowers and specific industries/sectors.

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 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 Statement and 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.

Performance Highlights for 2025

For the financial year ended 31st December 2025, Bank's stage 3 loans improved from 6.9% to 5.96% as a result of positive credit migration of certain customers. Bank has maintained a strong financial position, reflected in key ratios, capital ratio of 48.1% and leverage ratio of 22.5%, and strong NPAT at MVR 2.47 billion.

Overall, lending and performance of the portfolio saw continued improvement in 2025, resulting in the highest-quality loan book in the domestic market.

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 financial year ending December 2025, 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 appears to exceed current supply and remains a potential systemic vulnerability.

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 for local currency and 5% of customer deposits for foreign currency and maintains a separate reserve 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 continual monitoring and adjustment, if necessary, of LCR, NSFR, LR, NOP ratios, and various other liquidity indicators formally through the ALCO process and daily through risk and treasury oversight, intervention and reporting. The ALCO conducts a thorough monthly review and 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.

Performance Highlights for 2025

As at the end of the year, the LCR and NSFR levels of the Bank stood at 260% and 180% respectively and were maintained above the minimum required level throughout the year. LCR USD is at 131% in 2025 mainly owing to the shortage of USD in the market attributable to various factors. Management continues to monitor the liquidity position carefully 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 is exposed to insignificant market risk.

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. Nevertheless, the Bank is exposed to fluctuations in foreign currency rates and interest rates, which could potentially affect the value of its placements and investment assets.

The Bank has in place limits on its overall foreign currency exposures as well as the open positions on each currency relative to the Bank Capital Base. This limits the Bank's exposures to adverse market fluctuations.

Performance Highlights for 2025

As at the end of the year, Bank achieved a strong Net Open Position, through effective FX risk management and proactive balance sheet strategies. This was supported by maintaining adequate liquidity buffers and implementing robust measures to mitigate currency volatility. These initiatives reinforced financial stability and ensured compliance with regulatory requirements, while positioning the Bank to respond effectively to market 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. Governance of these risks is overseen by key management committees, including the Operational Risk Committee (ORC) and Product Approval Committee (PAC), ensuring comprehensive coverage of material operational risk types.

In 2025, the Bank strengthened its technology governance by aligning its leadership structure with global best practices through appointment of the Chief Information Officer (CIO) role and Chief Information Security Officer (CISO) role. These strategic roles reflect the Bank's commitment to aligning leadership and Bank operations with global best practices. Complementing these initiatives, the Bank established a dedicated Data Privacy Unit to reinforce customer data protection and compliance with global standards. Further, Bank internally implemented Basel IV operational risk capital computation through ORM system, aligning its risk management practices with evolving international regulatory requirements.

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 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. Operational losses are at one of the lowest recorded levels over the last five years.

Performance Highlights for 2025

As at the end of the year, Bank's financial performance reflected minimal financial losses from operational risk and remained well within the Bank's risk appetite limit, marking one of the lowest levels recorded in the past five years. This achievement was sustained for last

two consecutive years, reflecting the Bank's strong risk management and internal control framework and commitment to minimizing operational risk exposure.

This consistent performance highlights the effectiveness of the Bank's operational risk management practices and its dedication to maintaining stability and safeguarding stakeholder interests.

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.

Stress testing is performed regularly and reviewed by senior management and risk committees to ensure timely decision-making. Stress testing results undergo structured review through Risk Management Department and presented to risk committees, including the Management Risk Committee and the Board Risk Committee. Where outcomes indicate pressures relative to the defined risk appetite, targeted mitigation strategies are evaluated and implemented, ensuring that the Bank maintains adequate capital and liquidity buffers under adverse conditions. The results are integrated into capital and liquidity planning processes, supporting ICAAP and ILAAP assessments and informing contingency funding strategies.

By embedding stress testing into its governance framework, the Bank ensures proactive risk management, robust capital planning, and operational resilience, reinforcing its commitment to safeguarding stakeholder interests under both normal and stressed conditions.

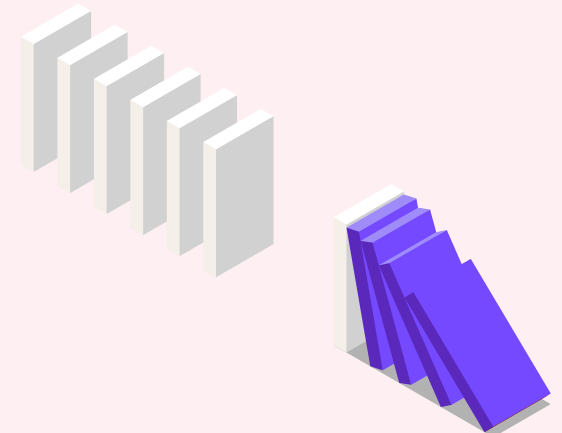
Internal Capital Adequacy Assessment Process (ICAAP)

ICAAP is a critical process that ensures the Bank maintains sufficient capital to cover all potential risks and remain resilient under a range of scenarios. A comprehensive assessment is essential to safeguard financial stability and support sustainable growth.

In 2025, the Bank successfully completed its ICAAP, affirming its commitment to maintaining a strong capital position and aligning with international best practices. ICAAP is a comprehensive framework that evaluates the Bank's ability to absorb potential losses under a range of stress scenarios, ensuring resilience against adverse market conditions. This process involves identifying material risks, assessing their impact on capital adequacy, and implementing strategies to mitigate these risks. By integrating ICAAP into its governance structure, the Bank demonstrates proactive capital planning and resilient risk management.

Internal Liquidity Adequacy Assessment Process (ILAAP)

During the year 2025, Bank completed its ILAAP, further strengthening its liquidity risk management framework. ILAAP ensures that the Bank maintains sufficient liquidity buffers to meet obligations under both normal and stressed conditions, reflecting a forward-looking approach to funding and liquidity planning. The assessment covers key metrics such as the Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR), and Loan-to-Deposit Ratio (LDR), all of which have consistently exceeded regulatory thresholds. This performance underscores the Bank's robust governance, effective stress testing practices, and strategic alignment with international standards.



Compliance

In 2025, the Bank continued to strengthen its governance and compliance capabilities through a disciplined, structured, and forward-looking approach. The Bank operates within an established governance framework that clearly defines responsibilities, enables effective delegation, and ensures the Board retains full oversight. The Board is supported by specialized committees mandated to provide expert guidance on matters impacting the Bank's strategic and operational direction. Executive Management is responsible for implementing these directives and ensuring that the Bank's activities remain aligned with approved policies and objectives.

The Compliance Department continued to play a central role in supporting sound governance and regulatory adherence across the Bank. Throughout the year, the Department provided the Board and Executive Management with timely updates on regulatory developments, emerging industry standards, and supervisory expectations. Regular compliance management reports ensured that the Board remained fully informed of regulatory matters, thematic issues, and the Bank's overall compliance performance.

A key advancement in 2025 was the continued enhancement of the Bank's internal compliance processes through innovation and technology-led improvements. Leveraging in-house technical expertise, the Bank refined its internal assessment methodologies, strengthened KYC update processes, and introduced more efficient, data-driven solutions to support customer due diligence. These

enhancements improved operational efficiency while reinforcing the risk-based approach that underpins the Bank's compliance framework.

The Bank maintains a comprehensive regulatory compliance framework designed to identify, assess, manage, and mitigate risks that may affect the achievement of strategic and operational objectives. This framework ensures the Bank's adherence to all applicable regulatory requirements, including the Corporate Governance Code of Maldives, CMDA Regulations, the AML Act, MMA Prudential Regulations and Guidelines, the Banking Act, IFRS standards, FATF recommendations, CRS reporting obligations, and Basel principles.

A strong compliance culture continues to be promoted across the organization. Employees are expected to uphold both the letter and spirit of applicable laws, regulations, and industry standards. The Compliance Department supports business units in maintaining fair customer outcomes, safeguarding the Bank's reputation, and ensuring responsible and ethical operations.

The Compliance function applies a risk-based methodology in its oversight activities, including governance reviews, KYC and onboarding processes, CDD and EDD measures, correspondent banking due diligence, enterprise-wide risk assessments (EWRA), compliance audits, and staff training. Regular reports and thematic updates were provided to the Board Audit Committee and the Board of Directors.

Staff development remained a priority during the year. Employees received structured training on key areas such as beneficial ownership, targeted financial sanctions, proliferation financing risks, money-laundering and terrorist-financing typologies, fraud risk management, and anti-bribery and corruption. Practical, hands-on learning continued to support the effective application of AML/CFT responsibilities across all levels of the Bank.

The broader regulatory environment also progressed positively during the year. Maldives successfully participated in the FATF review under the auspices of the APG which reflected the nation's ongoing efforts to strengthen and improve its AML/CFT framework and reinforcing the importance of the financial sector's continued compliance efforts. This favorable macro-environment provides a strong foundation for ongoing strengthening of the Bank's internal controls.

Anti-Money Laundering

The Bank remains fully compliant with the Prevention of Money Laundering and Terrorist Financing Act (Act 10/2014). The Bank's AML framework incorporates regulatory requirements issued by the MMA as well as international standards set by FATF, APG, BIS (Basel), and other relevant bodies.

During 2025, the Bank further strengthened its AML framework through the enhanced use of transaction

trend analysis and risk-driven internal assessments. These capabilities allow the Bank to identify unusual activity more precisely and apply controls in a targeted manner. By adopting a more risk-sensitive and intelligence-led approach, the Bank significantly minimized repetitive customer touchpoints, streamlining customer interactions while continuing to meet stringent regulatory control expectations, enhancing both efficiency and customer experience.

Key components of the AML framework include:

- Dedicated Chief Compliance Officer
- Independent second-line Compliance function with integrated first-line risk and compliance control.
- A fully integrated AML framework with controls embedded across all key policies, processes, and operational procedures.
- Robust KYC, CDD, and EDD procedures
- Ongoing customer identification, verification, and risk profiling

Sanctions Compliance

Given the Bank's international activities and the rapidly changing sanctions environment, strict adherence to applicable sanctions regimes—including those of the UN, EU, UK, US, and other jurisdictions—remains critical. Correspondent banks may impose additional requirements, and the Bank ensures compliance with these expectations to safeguard international relationships and maintain uninterrupted access to the global financial system. The Bank's policy framework outlines clear procedures for sanctions screening, escalation, record retention, and

reporting, ensuring staff are equipped to identify and manage sanctions-related risks effectively.

Anti-Bribery and Corruption

The Bank upholds a zero-tolerance approach to bribery and corruption. The Anti-Bribery and Corruption Policy, aligned with the Prevention and Prohibition of Corruption Act, defines the Bank's principles for preventing, detecting, and responding to potential bribery or corruption. All allegations or suspected breaches are subject to assessment and, where appropriate, investigation and disciplinary or legal action.

Fraud and Scam Prevention

The Bank maintains zero tolerance for fraud. The Bank continued to prioritize customer protection in response to the global rise in fraud and scam activity. The Bank enhanced its fraud prevention controls, including improvements to authentication channels, OTP security, and the Kill Switch feature.

During the year, the Maldives Police Service established the Anti-Scam Centre, and the Bank has continued to support this initiative through dedicated resources and collaboration, reinforcing national efforts to protect the community from scams.

The Bank continued nationwide awareness efforts, delivering campaigns across media platforms to educate customers on emerging scam typologies. These efforts included dedicated fraud hotlines, ATM alerts, social media campaigns, and collaborative initiatives with Maldives Police Service.

Whistleblowing Policy

The Bank's Whistleblowing Policy supports a culture of integrity and accountability by providing stakeholders with a secure channel to raise concerns regarding potential misconduct. The policy ensures confidentiality, protection against retaliation, and the effective investigation of reported matters.



Subsidiary Companies

SME Digital Pvt. Ltd.

SME Digital Private Limited (formerly SME Development Finance Corporation Private Limited – SDFC) is the first and only dedicated financing institution in the Maldives focused exclusively on supporting Micro, Small, and Medium Enterprises (MSMEs). Established in January 2019 as a Government of Maldives initiative, the company was created to address the financing needs of the MSME sector and to foster inclusive economic growth.

In 2025, Bank of Maldives PLC acquired the Government of Maldives' shareholding, becoming the company's majority shareholder. Following this change, the company was officially renamed SME Digital Private Limited on 10 November 2025, marking the beginning of a new chapter with a stronger focus on innovation and digital transformation in MSME financing.

SME Digital operates under a Financing Business License issued by the Maldives Monetary Authority (MMA) on 28 February 2019.

SME Digital's majority shareholding is held by the Bank of Maldives PLC, which owns 85% of the issued shares. The remaining 15% is held by Malé City Council, Addu City Council, and Fuvahmulah City Council, with each owning 5% respectively.

The financial statements of SME Digital Private Limited have been consolidated with the parent company, Bank of Maldives Plc, at financial year end 2025.

The Board of Directors of SME Digital Private Limited are as follows:

1. Mr. Mohamed Shareef, Chairperson
2. Mr. Badhurudheen Hassan, CEO & Managing Director and Executive Director
3. Ms. Farihath Waheed, Operations Director and Executive Director
4. Uz. Hassan Kalaam, Non-Executive Director
5. Ms. Fathimath Azma, Non-Executive Director
6. Mr. Ahusal Mohamed, Non-Executive Director
7. Ms. Fathimath Yamna, Non-Executive Director

BML Affordable Home Leasing Pvt. Ltd.

BML Affordable Home Leasing Pvt Ltd (BMLA), is a wholly owned subsidiary of Bank of Maldives (BML), established specifically to deliver the objectives of the Maldives Monetary Authority's (MMA) Inclusive National Affordable Housing Scheme (INAH) and envisioned to address one of the most pressing socio-economic challenge in the Maldives, the lack of affordable housing. This subsidiary will leverage the financial strength, credibility, and governance of BML to create an impactful solution to the housing gap.

Through a lease-to-own model, BMLA will develop, lease, and manage affordable housing projects that provide citizens with pathways to home ownership. This initiative directly aligns with the national housing agenda of the Maldives, and the government's vision for equitable urban development. Over a period of five years (2026–2030), the subsidiary aims to deliver approximately 3,000 housing units while generating sustainable revenue growth.

The Board of Directors of BML Affordable Home Leasing Pvt Ltd are as follows:

1. Mr. Mohamed Shareef, Chairperson
2. Mr. Hassan Shaam, CEO & Managing Director
3. Ms. Sahar Waheed, Director
4. Ms. Rashfa Jaufar, Director
5. Mr. Abdulla Hassan, Director
6. Mr. Moosa Nimal, Director

Governance

Directors Nominated by the Government



Mr. Ahmed Ali Habeeb

Chairperson,
Independent Non-Executive Director

Appointed to the Board: 21st September 2024

Mr. Habeeb brings extensive governance and financial management experience, with strengths in strategic oversight, internal controls, budgeting, performance monitoring, and regulatory compliance.

Mr. Habeeb is currently the Principal Secretary to the President on Cabinet Affairs from 17th November 2023. Prior to this appointment, he served for over 17 years as General Manager of Apollo Holdings Private Limited, where he led strategic operations, large-scale project developments, and organizational transformation initiatives. His board experience includes serving as a Board Director of the Housing Development Corporation (2012–2019), where he also acted as Acting Chairman of the Board on two separate occasions.

Mr. Habeeb is a Chartered Global Management Accountant (CGMA) and an Associate Chartered Management Accountant (ACMA), with additional credentials including an Executive Diploma in Directorship from Singapore Management University.

Other Board Appointments or Commercial Positions:

- Director, Maldives International Financial Center Incorporation Pvt. Ltd.



Mr. Mohamed Shareef

CEO and Managing Director,
Non-Independent Executive Director

Appointed to the Board: 30th October 2024

Mr. Mohamed Shareef is a banking and financial services professional with over 25 years of experience. He is widely recognized for his leadership in modernizing banking operations in the Maldives, having led the implementation of the country's core banking systems, the introduction of debit and credit card services, and many other projects. His work played a pivotal role in advancing financial inclusion and strengthening the Bank's digital transformation, profitability, and national banking infrastructure.

Mr. Mohamed Shareef is the current Chief Executive Officer and Managing Director of the Bank.

Mr. Shareef served the Bank from 1995 to 2020 in a wide range of senior leadership roles, including Deputy CEO, Chief Operating Officer / Operations Director, and Retail Banking Director. Mr. Shareef has also served as Chief Operating Officer of The Hawks Pvt. Ltd. and Mafhaa Pvt. Ltd. from 2020 to 2022. He subsequently worked as an Independent Financial and Banking Consultant, undertaking strategic engagements with KPMG Maldives, as well as major corporate and state-owned enterprises, on digital banking initiatives and financial sector feasibility studies between 2021 and 2023.

Mr. Shareef holds a Master of Business Administration (MBA) in Finance from the University of Manchester, United Kingdom. He has also completed the internationally recognized Senior Executive Programme at London Business School. In addition, he is an Affiliate Member of the Asian Institute of Chartered Bankers

Other Board Appointments or Commercial Positions:

- Chairperson, SME Digital Pvt. Ltd.
- Chairperson, BML Affordable Home Leasing Pvt. Ltd.



Ms. Sahar Waheed

Deputy CEO & Chief Operating Officer,
Non-Independent Executive Director

Appointed to the Board: 28th May 2025

Ms. Sahar Waheed is a Chartered Banker and senior banking executive with over 19 years of experience in the financial services sector. She brings extensive expertise in strategic planning, business transformation, change management, human resources leadership, and operational excellence, and for her substantial contributions to enterprise-wide transformation and the strengthening of governance frameworks across the Bank.

Ms. Sahar is currently the Deputy Chief Executive Officer and Chief Operating Officer of the Bank. Prior to her appointment as Deputy CEO & COO, Ms. Sahar was the People and Change Director and also served as Head of Strategic Planning and Change Management as well.

Ms. Sahar holds a BSc. in Economics and Economic History from the London School of Economics and Political Science, and a Master of Laws (LLM) in Commercial Law from the University of the West of England. She is a Chartered Banker of the Asian Institute of Chartered Bankers.

Other Board Appointments or Commercial Positions:

- Director, Maldives Airports Company Limited
- Director, BML Affordable Home Leasing Pvt. Ltd.



Mr. Ali Faris Mohamed

Independent Non-Executive Director

Appointed to the Board: 25th March 2024

Mr. Ali Faris Mohamed is a Certified Public Accountant, licensed auditor, and licensed tax agent with over 14 years of experience in auditing, taxation, finance, and advisory services. Through his extensive professional practice, regulatory engagement, and board-level governance roles, Mr. Faris has contributed significantly to the enhancement of accounting, auditing, taxation, and financial-governance standards in the Maldives.

Mr. Faris is the current Managing Partner of Faris & Co LLP, a leading audit, tax, and advisory firm. He is also a Senior Tax Advisor at SHC Law & Tax LLP since 2020. He is also the Vice President at the Institute of Chartered Accountants of the Maldives, and continues to play a significant role in strengthening corporate governance and financial standards in the Maldives. He has held senior positions such as board memberships with the Maldives Pension Administration Office and the Privatization & Corporatization Board as well.

Since 2016, Mr. Faris is a Licensed Auditor with the Institute of Chartered Accountants of the Maldives and a Licensed Tax Agent of Maldives Inland Revenue Authority, and a Licensed Investment Advisor with the Capital Market Development Authority since 2024.

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.

Other Board Appointments or Commercial Positions:

- Managing Director, AFM Holdings Pvt. Ltd.
- Managing Director, FHE Holdings Pvt. Ltd.
- Managing Director, Handy Cold Storage Facilities LLP.
- Managing Director, Maldives Securities Management Corporation Pvt. Ltd.
- Managing Director, Maldives Securities Trading Pvt. Ltd.
- Managing Director, Maldives Tennis Academy Pvt. Ltd.
- Managing Director, MST Equity Fund Pvt. Ltd.
- Chairperson, State Internal Audit Committee
- Member, MED Business Council



Mr. Adil Moosa

Independent Non-Executive Director

Appointed to the Board: 28th May 2024

Mr. Adil Moosa is a highly experienced corporate executive with over 25 years of service in the aviation, infrastructure, healthcare, and public-sector industries.

Mr. Adil currently serves as the Chief Operating Officer at Tree Top Hospital since 2020. He began his career at Maldives Airports Company Limited (MACL) in 1992 and rose through senior finance, investment, and executive leadership roles over a distinguished 22-year tenure, culminating in his appointment as Managing Director from 2015 to 2018, where he led nationwide airport operations and major aviation development projects.

Mr. Adil has also served as a Board Director at Maldives Inflight Catering Services Ltd, Addu International Airport, and the Maldives Association of Tourism Industry (MATI) and has chaired several key governance committees during his career.

Mr. Adil holds a Masters of Commerce from Macquarie University, Australia and has a Bachelor's Degree in Accountancy and Finance (Hons) from Systematic Business Training Center, Malaysia

Other Board Appointments or Commercial Positions:

- Managing Director, FEN-R Investments Pvt. Ltd.
- Director, Maldives Exclusive Services Pvt. Ltd.



Dr. Mariyam Suzy Adam

Independent Non-Executive Director

Appointed to the Board: 28th May 2024

Dr. Mariyam Suzy Adam is an experienced academic and professional with over 30 years of work across education, public service and corporate leadership. She currently serves as Registrar and Managing Director at Nazeer Education Services (NES), overseeing academic governance, student services and institutional compliance.

Dr. Suzy previously led Island Scenery Maldives as Managing Director from 2018 to 2022, guiding its strategic and organizational development. She has also contributed to public service in roles such as Vice President of the Clemency Board under the Attorney General's Office and as a member of the Special Achievements Awards Committee at the President's Office.

Dr. Suzy holds a Doctor of Philosophy in Information Systems and a Masters degree of Commerce in Management Science and Information Systems (Hons) from the University of Auckland, New Zealand. In addition, she also holds a Bachelor's Degree in Information Science from the University of Newcastle, Australia.

Other Board Appointments or Commercial Positions:

- None.



Mr. Mohamed Shahid

Independent Non-Executive Director

Appointed to the Board: 21st September 2024

Mr. Mohamed Shahid is a highly accomplished finance and taxation professional with more than 30 years of experience spanning public finance, taxation, pension fund management, regulatory governance, and financial leadership in the Maldives.

Mr. Mohamed Shahid has been providing financial consultancy services from 2019 onwards. He most recently served as Chief Financial Officer of the Maldives Pension Administration Office from 2018–2023. He has also held multiple senior Director General roles at the Maldives Inland Revenue Authority from 2010–2018, including leadership of Individual Business, Compliance, Enforcement, and Revenue Operations, and served as Board Secretary, contributing significantly to the strengthening of national tax administration and enforcement frameworks.

He holds a Master of Science in Finance from the International Islamic University Malaysia and BA (Hons) Accounting and Finance from University of East London.

Other Board Appointments or Commercial Positions:

- Partner, MILE & Associates LLP



Mr. Mohamed Maaiz Munaz

Independent Non-Executive Director

Appointed to the Board: 28th May 2025

Mr. Mohamed Maaiz Munaz is a senior public finance and taxation professional with over a decade of experience in government finance, taxation, audit, and regulatory governance. He is known for his strong technical expertise, governance leadership, and contribution to national fiscal policy implementation

Mr. Maaiz currently serves as Chief Accounts Executive (CAE) at the Ministry of Finance and Planning since February 2023. Prior to his current role, Mr. Maaiz served for over 11 years at the Maldives Inland Revenue Authority (MIRA) in senior positions including the roles of Objections Manager and Deputy Manager of Large Taxpayer Audit. He is also a member of the National Research Council at the Ministry of Higher Education and a committee member of the Research and Publication Committee at the Institute of Chartered Accountants of the Maldives.

In addition, Mr. Maaiz served as a Board Member of SME Development & Finance Corporation (SDFC) from May 2024 to April 2025, where he chaired the Assets and Liability Committee and served as a member of the Audit Committee.

Mr. Maaiz is a member of the Association of Chartered Certified Accountants, UK.

Other Board Appointments or Commercial Positions:

- None.

Directors Elected by the Public Shareholders



Mr. Abdulla Naseem
Independent Non-Executive Director

Appointed to the Board: 24th October 2021

Mr. Abdulla Naseem is a seasoned finance and corporate governance professional with over two decades of experience in accounting, financial management, and board leadership. He has held senior executive and board-level positions across the private sector and the banking industry in the Maldives. His expertise spans corporate finance, financial controls, business management, and strategic oversight.

Mr. Naseem is currently the Managing Director of Health and Glow Pvt Ltd. He previously served as Assistant Manager, Accounts and Finance at Rainbow Enterprises Pvt Ltd from August 2001 to October 2013, where he was responsible for financial management, reporting, and corporate accounting functions.

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 has completed Technician Level of Association of Chartered Certified Accountants (ACCA), UK and is a Certified Accounting Technician (CAT) emphasizing his professional qualification in the field of accounting.

Other Board Appointments or Commercial Positions:

- Director, Wellness Guide Pvt. Ltd.
- Director, Maskandhu Pvt. Ltd.



Mr. Najeem Ibrahim Zakariyya
Independent Non-Executive Director

Appointed to the Board: 20th July 2024

Mr. Najeem Ibrahim Zakariyya is an accomplished corporate leader, board director, and finance professional with extensive experience in banking, investment, marine solutions, and governance in the Maldives. He brings strong expertise in corporate governance, audit oversight, investment advisory, and strategic business management.

At present, Mr. Najeem is the General Manager at Shinetree Holdings Pvt Ltd.

Mr. Najeem provides advisory services in Personal Finance, Wealth, Investment, and Governance Advisor. In addition, Mr. Najeem was also an Assistant Lecturer at the Maldives College of Higher Education (National University), teaching Finance and Accounting subjects to Bachelor's Degree and Diploma level students.

Previously, Mr. Najeem served as a Non-Executive Director of Bank of Maldives from 2019 to 2021, nominated by the Government of the Maldives, and chaired the Audit Committee from 2020 to 2021.

Mr. Najeem holds a Master's Degree in Applied Finance and a Bachelor's Degree in Banking and Finance from Monash University, Australia.

Other Board Appointments or Commercial Positions:

- Director, Nimmin Pvt. Ltd.
- Director, Marine Quest Pvt. Ltd.

**Mr. Moosa Rasheed**

Independent Non-Executive Director

Appointed to the Board: 20th July 2024

Mr. Moosa Rasheed is a highly experienced finance professional with over 25 years of service in the Maldivian financial and insurance sectors. His broad industry expertise and governance experience make him a valuable contributor at both executive and board levels.

Mr. Moosa is the current Chief Financial Officer at Aasandha Company Limited since 2019. Previously, he served as Head of Finance & Accounts / Financial Controller at Allied Insurance Company of the Maldives from 2012 – 2018. Earlier in his career, he worked at Island Aviation Services Ltd till 2011, and last served in the position of Assistant Manager, Accounts & Finance.

Mr. Moosa also served as a Non-Executive Director of Bank of Maldives plc from 13th June 2008 to 18th August 2009.

Mr. Moosa is a fellow member of the Association of Chartered Certified Accountants, UK.

Other Board Appointments or Commercial Positions:

- Partner, Surf Deck LLP
- Partner, Kuredhi Trade LLP

Executive Management



Mr. Mohamed Shareef
CEO & Managing Director

Mr. Mohamed Shareef joined the Bank in 2024 as the Chief Executive Officer.

He has over 26 years of experience at Bank of Maldives, including over seven years in executive management. He played a key role in modernizing the bank and his leadership contributed to significant improvements in financial performance, service delivery, and digital transformation.

He holds an MBA from the University of Manchester, a program designed specifically for financial specialists and managers, and completed the Senior Executive Programme at London Business School, tailored for CEOs and senior executives worldwide. He is currently the elected Vice Chairman of the Asian Bankers Association. He also served as the elected Vice Chairman of the Asian Bankers Association from 2018–2020.

Mr. Shareef held a number of positions at the Bank from 1995 to 2020 including the role of Deputy CEO.



Ms. Sahar Waheed
Deputy CEO & Chief Operating Officer

Ms. Sahar Waheed joined the Bank in 2006. She was appointed as Deputy CEO & Chief Operating Officer in December 2024.

Ms. Sahar has 19 years of experience in banking and she has held key positions at the Bank including Head of Strategic Planning and Change Management and most recently as the People and Change Director.

Ms. Sahar holds a BSc. in Economics and Economic History from the London School of Economics and Political Science, as well as an LLM in Commercial Law and a Chartered Banker professional qualification from the Asian Institute of Chartered Bankers.



Mr. Adly Ahmed Didi
Chief Information Officer

Mr. Adly Ahmed Didi joined the Bank in 1997 and was appointed as Chief Technology Officer (CTO) in December 2024 and Chief Information Officer (CIO) in November 2025.

With over 26 years of experience in the field of Information Technology, Mr. Adly began his career at the Bank as Manager, Information Technology. He went on to serve as Head of Information Technology and was appointed to the Bank's Executive Committee as Technology Director in 2014.

Throughout his tenure, Mr. Adly has played a pivotal role in transforming the Bank's technology landscape. He was instrumental in establishing and expanding the Bank's nationwide network infrastructure, ensuring seamless connectivity and service delivery across all inhabited islands. Under his leadership, the Bank has significantly enhanced its digital capabilities, strengthened cybersecurity frameworks, and introduced robust core banking systems to support the growing needs of customers and businesses alike.

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



Mr. Moosa Nimal
Chief Business Officer

Mr. Nimal joined the Bank in 2003 as an Assistant at the Bank's Main Branch. He became Chief Business Officer (CBO), in December 2024.

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 CBO, he held the position of Director of Retail, Business & SME 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. Hassan Kalaam
Chief Islamic Banking Officer

Mr. Hassan Kalaam joined the Bank in 2013. He became the Chief Islamic Banking Officer (CIBO), in December 2024.

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 CIBO, Kalaam held the position of Islamic Banking Director.

Mr. Kalaam is a licensed Shari'ah Advisor and holds a Master's Degree in Islamic Finance from INCEIF.



Mr. Gary Laughton
Chief Risk Officer

Mr. Gary Laughton joined the Bank in January 2020.

Mr. Gary has over 36 years of extensive risk management and banking experience in corporate, commercial and private client banking. Prior to joining the Bank, he held the position of Chief Credit Officer at Investec Bank Plc, London.

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



Ms. Rashfa Jaufar
Chief Credit Officer

Ms. Rashfa Jaufar joined the Bank in 2004. She became Chief Credit Officer (CCO), in December 2024.

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. Aishath Zamra Zahir
Chief Marketing Officer

Ms. Aishath Zamra Zahir joined the Bank as Marketing Director in April 2015. She became the Chief Marketing Officer (CMO), in December 2024.

Ms. Zamra has over 17 years of experience in marketing and communications. Prior to joining Bank of Maldives, Ms. Zamra worked at Ooredoo Maldives as Head of Marketing Communications where she was responsible for the management and coordination of all communications, advertising and public relations.

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

**Mr. Hassan Shaam**

Chief Properties and Administration Officer

Mr. Hassan Shaam began his career at Bank of Maldives in 1985 and brings nearly four decades of banking experience. Mr. Shaam has progressed through a range of operational and management positions, with extensive expertise in executive affairs, administration, property and facilities management, human resources, and branch operations.

Mr. Shaam was appointed Director of Executive Affairs, Properties & Administration in December 2024. In this role, he oversees Executive Affairs, manages the Bank's property portfolio and infrastructure strategy, and leads administration, logistics, cash management, and physical security operations across the national network. Over the course of his career, Hassan has held several senior leadership roles and he has led major branch expansion and refurbishment projects, strengthened facilities and asset management frameworks, and enhanced operational standards across the Bank's nationwide branch network.

Shaam is also the CEO & Managing Director of BML's subsidiary company, BML Affordable Home Leasing Pvt. Ltd. and was appointed to the role in October 2025.

**Mr. Bishwajit Mazumder**

Chief Internal Auditor

Mr. Bishwajit Mazumder joined the Bank in April 2022.

Mr. Bishwajit has over 36 years of experience in Internal Auditing, Business Operations and Strategic Planning. Bishwajit has held chief audit positions in several banks and was most recently the Chief Internal Auditor of Ghazanfar Bank, Kabul.

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.

Former members of the Executive Committee



Mr. Nandana Senevirathne
Chief Financial Officer, 2014 - 2025

Long Service Award

For 40 years, BML has been a big part of my life. The friendships, the achievements, and the shared commitment to serving our customers are the highlights of working at the Bank.

Shaam



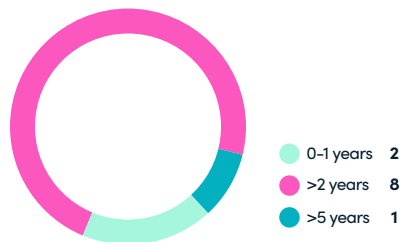
Overview

In 2025, the Bank continued its journey to strengthen its corporate governance, aligning with both international best practices and local regulatory requirements. The Bank remains committed to enhancing its corporate governance practices and procedures in support of the Board's commitment to high standards of governance, anchored on competent leadership, effective internal controls, a strong risk culture, and accountability to stakeholders.

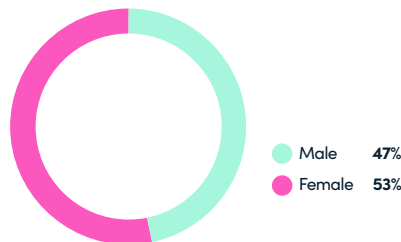
By fostering a culture rooted in responsibility, accountability, transparency, and fairness, the Bank continues to safeguard its business interests and enable the effective execution of its business strategy.

Supported by a comprehensive risk management framework, this approach underpins the Bank's ability to create enduring value for its shareholders and stakeholders.

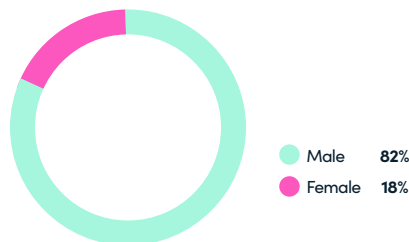
Board Tenure
(Number of Directors)



Gender Diversity in Staff



Gender Diversity at Board Level



Board Meeting Attendance

96%

Non-Executive Directors

82%

Board Independence

82%

Number of Board and Committee Meetings

100%

Regulatory Compliance

The Bank complies with the governance principles set out in the Bank's Governance Framework and with relevant local regulatory requirements, including those issued by the following regulators:

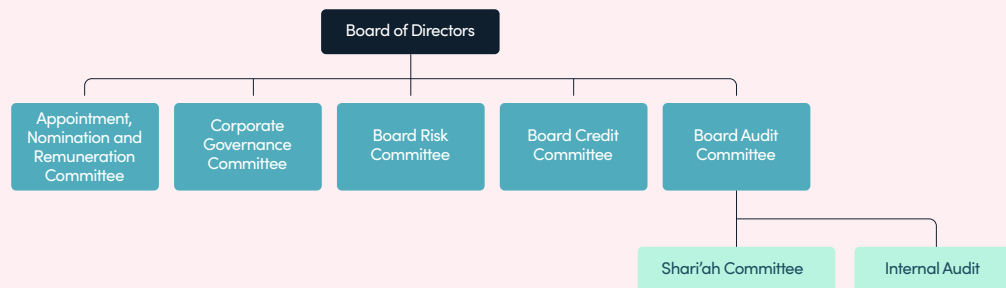
- Maldives Monetary Authority (MMA)
- Capital Market Development Authority (CMDA)
- Maldives Stock Exchange (MSE)

Company Secretary:
Uza. Aishath Samah

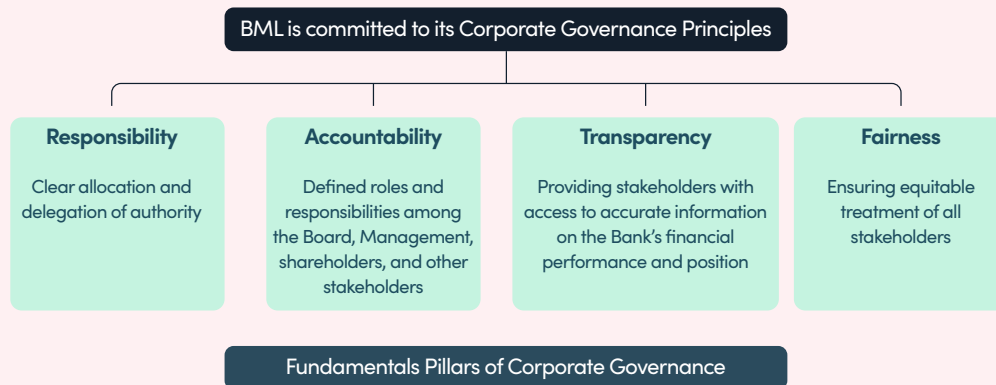
Directors' Report

Bank of Maldives maintains an unwavering commitment to upholding the highest standards of corporate governance. The Bank's governance principles are designed to ensure sustained institutional development, operational effectiveness, and stakeholder confidence. This commitment reinforces depositor trust, protects shareholder interests, and enables the Bank to contribute meaningfully to the continued advancement of the Maldivian financial system.

Our Governance Model



The Bank's Corporate Governance Framework is anchored in the fundamental principles of responsibility, accountability, transparency, and fairness, which collectively enable prudent and informed decision-making. The framework comprises the Corporate Governance Code, the Board Charter, and a comprehensive suite of Board-approved policies that govern institutional operations and conduct.



The Corporate Governance Code delineates the specific responsibilities and accountabilities of the Board of Directors, individual Directors, Board Committees, and supporting management functions, while providing a systematic overview of the governance architecture. The Board Charter establishes the protocols and procedures governing Board activities, complemented by targeted policies addressing conflicts of interest, fitness and propriety standards, remuneration principles, and performance evaluation.

The Corporate Governance Code defines four key tiers of roles:

- **Board of Directors:** The Board bears ultimate responsibility for establishing and maintaining an effective governance framework to provide oversight and strategic direction for the Bank's operations.
- **Board Committees:** The Board delegates specific authorities to specialized committees, each operating within clearly defined mandates as articulated in their respective Terms of Reference. These committees provide focused oversight in designated areas of governance and risk management.
- **Functions:** Individual business and control functions are responsible for executing operational activities in accordance with internal policies, procedures, and guidelines, as well as all applicable statutory and regulatory requirements.
- **Individuals:** Authority is appropriately delegated to individuals at various levels to enable effective management, governance, and compliance throughout the organization.

Through this structured approach, the Corporate Governance Framework provides clear direction to the Board and Senior Management in discharging their fiduciary responsibilities, aligns institutional objectives with shareholder expectations and stakeholder interests, and facilitates prudent risk management across all dimensions of the Bank's operations.

Authority Framework

The Board of Directors serves as the ultimate governing authority within the Bank and bears responsibility for establishing and maintaining an effective system of internal controls across all operations.

Board of Directors

The Board holds ultimate accountability for the governance and strategic direction of the Bank. Its responsibilities encompass the approval and oversight of strategic objectives, ensuring compliance with all applicable laws and regulations, and maintaining a robust governance framework and corporate culture. The Board provides leadership in formulating and executing the Bank's vision and mission while exercising oversight of the Bank's business operations and Senior Management performance.

Chairperson of the Board

The Chairperson provides leadership to the Board, focusing on strategic priorities and upholding exemplary standards of corporate governance. The Chairperson plays a pivotal role in enhancing both the Board's collective effectiveness and the individual performance of each Director, while guiding the overall direction of the Bank's operations.

Board Committees

While retaining ultimate oversight responsibility, the Board has established specialized Board Committees to enhance operational efficiency and support the effective discharge of its fiduciary duties. The Bank maintains five (5) permanent Board Committees, each operating under formally delegated mandates with clearly defined objectives, authorities, and responsibilities as articulated in Board-approved Terms of Reference.

These Terms of Reference delineate each Committee's scope of responsibility and establish reporting protocols to the Board. Committee Chairpersons determine meeting schedules in accordance with their respective Terms of Reference and operational requirements. The

Board conducts regular reviews of Committee composition to ensure optimal effectiveness. In 2025, all Committees were chaired by Independent Directors and comprised a majority of Independent Members, in full compliance with the Corporate Governance Regulations issued by the Maldives Monetary Authority and Capital Market Development Authority. Detailed information regarding Board Committee activities and performance is provided in the Board Committee Reports section on pages 83 to 91.

Management Committees

The Board has constituted several Management Committees to facilitate effective oversight of daily operations. Each Management Committee operates under Terms of Reference that clearly define its mandate, responsibilities, and reporting structure, ensuring alignment with the Bank's strategic objectives and risk appetite.

Senior Management

The Bank operates under a comprehensive Delegation of Authority Policy that clearly assigns specific decision-making authorities to Senior Management and employees at various organizational levels. This policy enables efficient operational management while maintaining appropriate controls and accountability. Senior Management may exercise sub-delegation of authorities to employees as operationally necessary, subject to the parameters established within the policy framework.

Board Composition

The composition of the Bank's Board adheres to all applicable regulatory requirements and is regularly reviewed to ensure compliance with any updates. The Board encompasses the following areas.

Gender and Board Diversity

Bank of Maldives maintains a strong commitment to regulatory compliance and the highest standards of corporate governance. The Bank actively promotes an inclusive governance framework and continuously seeks to strengthen gender diversity across all levels of the Bank. In this purpose, Bank's employee base is currently 53% female, showing the Bank's eagerness and commitment to support diversity.

The Bank is pleased to confirm that there are currently 2 female representations on the Board of Directors of the Bank. The Bank is in compliance with all applicable local laws and regulatory provisions, including the minimum gender representation requirements stipulated by the CMDA CG Code.

The Board Appointment, Nomination and Remuneration Committee supports the nomination of female candidates and will continue to review opportunities to include gender diversity as part of the Board succession process.

Board Member Independence

The Maldives Monetary Authority's (MMA) Regulation on Corporate Governance for Banks, Insurance Companies and Finance Companies requires a minimum of one-fourth (1/4) of Board members to be Independent Directors, while the Capital Market Development Authority (CMDA) Corporate Governance Code mandates that the majority of Board members must satisfy independence criteria.

The Bank's Board comprises eleven (11) Directors, of which nine (9) are Non-Executive Directors. All nine (9) Non-Executive Directors have been duly assessed and determined to be Independent Directors.

Director Tenure

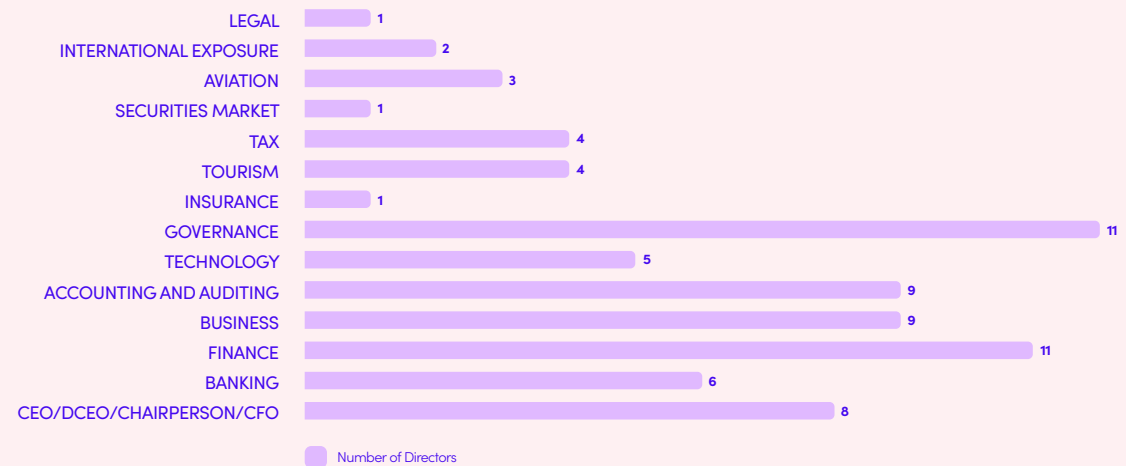
Article 92 of the Bank's Articles of Association, adopted at the 42nd Annual General Meeting held on 28 May 2025, establishes distinct tenure periods for Board members: Nominee Directors serve a term of three (3) years, while Elected Directors serve a term of two (2) years.

Board members were elected in accordance with these provisions at the 42nd Annual General Meeting. Directors shall serve for the duration of their respective terms until a vacancy arises through resignation, removal, or upon the natural expiration of their tenure.

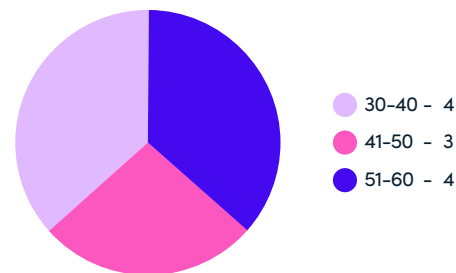
Board Skills

The Board's nine (9) Non-Executive Directors collectively possess diverse skills and extensive experience across disciplines essential to the Bank's success, including banking operations, finance, audit, strategic planning, business development, regulatory compliance, human resources, corporate governance, ESG, risk management, digital transformation, and Islamic banking. This breadth of expertise ensures alignment with the Bank's governance, strategic, and operational requirements.

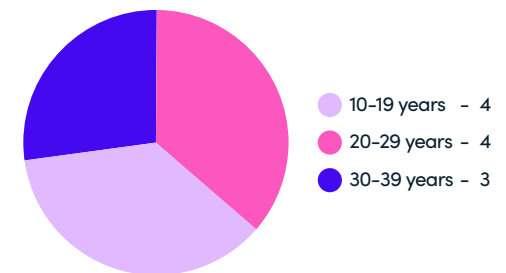
Effective governance depends on the Board's ability to provide robust oversight and constructive challenge to management. The Board maintains an appropriate balance of skills, knowledge, and experience both collectively and individually. The Board Skills Matrix demonstrates the distribution of competencies among Directors, ensuring the Board remains well-equipped to fulfill its responsibilities and advance the Bank's strategic objectives.



Age



Experience in Years



Board Responsibilities

The Board holds ultimate accountability for the governance and strategic direction of the Bank. The Board's responsibilities encompass:

- Establishing and overseeing the execution of the Bank's strategic objectives
- Providing overall leadership, direction, and governance
- Exercising effective supervision and control over business operations
- Guiding the formulation and implementation of the Bank's vision and mission
- Maintaining rigorous oversight of Senior Management performance

The Board ensures compliance with all applicable laws, regulations, and governance frameworks, while fostering an appropriate corporate culture throughout the organization. The principal duties and responsibilities of the Board include, but are not limited to:

STRATEGY AND MANAGEMENT	FINANCIAL MANAGEMENT	RISK MANAGEMENT AND CONTROLS
Strategic Oversight Formulating and monitoring the Bank's business objectives and strategic plans while ensuring effective mitigation of financial, legal, reputational, and operational risks. Approving and overseeing major capital investments, strategic commitments, significant operational initiatives, and the Bank's annual budget and financial plans.	Capital Adequacy Making decisions regarding the Bank's capital structure and dividend policy, while overseeing the implementation of the capital adequacy assessment process, capital management plans, liquidity frameworks, and compliance with relevant regulatory requirements and obligations.	Risk Management Establishing and overseeing the implementation of a robust risk governance framework, comprehensive risk management processes, and an appropriate risk culture across the organization. Defining and approving the Bank's risk appetite, including the nature and extent of risks the Bank is willing to accept in pursuit of its strategic objectives.
Management Oversight Establishing and maintaining a fit and proper assessment process for the selection and appointment of Senior Management, while ensuring robust executive succession planning, including for the Chief Executive Officer position. Monitoring Senior Management performance to ensure actions remain consistent with Board-approved strategic objectives, policies, and the Bank's values, risk appetite, and risk culture.	Credit Responsibilities Implementing robust credit and liquidity policies and approving material credit commitments in strict accordance with the Maldives Monetary Authority's Prudential Regulation requirements, including enhanced oversight of credit facilities to related parties.	Internal Controls and Compliance Establishing and maintaining a robust internal control framework commensurate with the Bank's risk profile, ensuring the effectiveness and efficiency of financial management and operational controls throughout the organization. Ensuring the implementation and effectiveness of comprehensive regulatory compliance programs, including but not limited to Financial Crime Compliance (Anti-Money Laundering and Countering Financing of Terrorism), Consumer Protection, and Data Privacy. Clearly articulating and communicating expectations regarding the responsibilities, accountabilities, and ethical obligations of all employees.

STRATEGY AND MANAGEMENT	FINANCIAL MANAGEMENT	RISK MANAGEMENT AND CONTROLS
Performance Review Reviewing business performance and financial results, monitoring budgetary controls, and ensuring timely reporting of any breaches or non-compliance. Establishing appropriate performance standards and key performance indicators for Senior Management.	Financial Oversight Establishing robust financial and commercial policies, processes, controls, and procedures to ensure the integrity of the Bank's accounting records and financial reporting. Approving annual and interim financial statements prior to publication.	
	Shareholder Communications and Disclosure Overseeing shareholder communications to ensure objectivity, comprehensiveness, accuracy, and timeliness. Establishing and enforcing disclosure policies that mandate fair, timely, and transparent public disclosure of material information in accordance with applicable regulatory and statutory requirements.	

CULTURE AND COMPENSATION**CORPORATE GOVERNANCE****Corporate Culture**

Defining the Bank's core values and establishing a comprehensive Corporate Governance Framework, Code of Conduct, and formal policies in full compliance with applicable regulatory requirements and aligned with industry best practices. Ensuring appropriate consideration of stakeholder interests, customer welfare, and the Bank's broader responsibilities as a leading financial institution serving the Maldivian community.

Governance

Exercising effective oversight of the Bank's subsidiary entities while respecting the independent legal status and distinct governance responsibilities of each entity. Ensuring management appropriately identifies, assesses, and manages the opportunities and risks associated with subsidiary operations in alignment with the Bank's consolidated strategic objectives and enterprise-wide risk appetite.

Ethics and Values

Acting with integrity at all times and exercising the duties of care, confidentiality, and loyalty in the discharge of fiduciary responsibilities. Providing clear guidance on the Bank's purpose, establishing corporate values and ethical standards, and ensuring that management and employees conduct themselves with integrity, ethics, and professionalism while performing their duties with appropriate skill, care, and diligence.

Board Effectiveness

Conducting evaluations of the Board's collective performance, Board Committee effectiveness, and individual Director contributions to ensure continued governance excellence. Ensuring all Directors allocate sufficient time, attention, and commitment to Board responsibilities to effectively discharge their fiduciary duties and oversight obligations.

Compensation Framework

Overseeing the design, implementation, and effectiveness of the Bank's compensation framework and executive remuneration policies to ensure alignment with long-term strategic objectives, sustainable performance, risk culture, risk appetite, and compliance with applicable regulatory requirements governing remuneration practices.

Delegation of Authority

Establishing and approving comprehensive delegation of authority policies and frameworks that clearly define the powers delegated to Senior Management, with particular emphasis on financial commitments, operational decisions, and administrative matters affecting the Bank and its subsidiary entities.

Board Oversight of Corporate Culture

The Bank upheld a strong corporate culture throughout the year, reinforcing its commitment to delivering long-term, sustainable value for shareholders. In 2025, the Board and Executive Committee continued to strengthen and embed this culture through a range of initiatives, including:

- The Board demonstrated active leadership in establishing, promoting, and integrating the Bank's corporate culture and core values throughout the organization, ensuring all business activities are conducted in a lawful, ethical, and responsible manner. The Board maintained continuous oversight of the Bank's culture, reputation, and adherence to ethical standards.
- The Board maintained effective engagement with employees, clearly communicating that behaviors or actions inconsistent with the Bank's purpose and values may result in appropriate disciplinary measures. Employee engagement metrics were integrated into Senior Management performance scorecards, reinforcing accountability for cultural stewardship.
- The Bank upholds a comprehensive Code of Conduct supported by robust policies governing conflicts of interest and whistleblowing. Programs promoting the Bank's core values—Collaboration, Ownership, Drive, and Enterprising—remain embedded throughout the organization, alongside strong advocacy for consumer protection and fair banking practices.
- The Board oversaw the implementation of several initiatives designed to enhance organizational culture, promote employee wellbeing, and strengthen engagement:
 - Mental Health Policy: Promoting employee wellbeing through access to comprehensive mental health resources and support services
 - 'Speak Up' Program: Providing a confidential mechanism for reporting workplace misconduct and fostering a safe, inclusive work environment
 - 'Bring Your Kids to Work' Day: Encouraging work-life balance and family-friendly practices through interactive activities and leadership engagement
 - Culture Coffee Chat Sessions: Facilitating direct dialogue between employees and senior leaders to discuss organizational culture, share insights, and exchange best practices
 - International Women's Day Celebrations: Emphasizing women's leadership, empowerment, and gender equality within the workplace.

These initiatives collectively reinforce the Bank's commitment to maintaining a positive, inclusive, and high-performing organizational culture that supports strategic objectives and sustainable growth.

Board Appointments

The Bank recognizes that an effective Board depends upon the appointment of well-qualified and experienced Directors who are essential to ensuring the Board meets its fundamental responsibility of advancing the Bank's success and protecting stakeholder interests.

The Bank's Board appointment process operates in full compliance with the Fit and Proper Regulations and Standards and Corporate Governance Regulations issued by the Capital Market Development Authority (CMDA) and the Maldives Monetary Authority (MMA), as well as the Bank's approved Director Selection Policy. This framework ensures that appointed Board members:

- Possess the necessary knowledge, skills, competencies, and relevant experience;
- Demonstrate a record of integrity, ethical conduct, and good reputation;
- Have sufficient time available to fully discharge their Board responsibilities;
- Contribute to the Board's collective suitability and add demonstrable value;
- Are free from conflicts of interest, whether financial or non-financial in nature; and
- Maintain a record of financial soundness and fiscal responsibility.

The Appointment, Nomination and Remuneration (ANR) Committee plays a pivotal role in identifying, evaluating, and recommending potential Directors for Board appointment. The Committee ensures the Board comprises individuals with an appropriate balance of skills,

diversity, and expertise, collectively possessing the qualifications necessary to oversee an institution of the Bank's size, complexity, and risk profile. The ANR Committee also ensures Board composition maintains a majority of Independent Directors and includes at least two female members, in full compliance with applicable Corporate Governance Regulations.

Director appointments are conducted in accordance with the cumulative voting requirements stipulated in the Maldives Companies Act (Law No. 7/2023) and the Bank's Articles of Association. Directors are elected by ordinary resolution of shareholders at the Bank's General Meeting.

Board Succession Planning

The Bank recognizes that effective succession planning is essential to mitigate risks arising from the departure or absence of key personnel and to ensure the continued availability of qualified, experienced leaders in critical roles. Our objective is to maintain a Board and Senior Management team equipped with the right balance of skills, experience, and leadership capacity to successfully deliver the Bank's strategic goals.

To achieve this, the Bank regularly reviews its Board composition to ensure alignment with regulatory requirements and adherence to the principles of independence, diversity, and effectiveness.

These ongoing reviews consider:

- The collective skills required by the Board and its Committees
- The skills, experience, and tenure of individual Directors
- Board diversity
- Independence of the Board
- Compliance with all relevant regulatory standards

Director Induction and Continuous Learning

All newly appointed Directors participate in a comprehensive induction program encompassing governance frameworks, strategic objectives, financial and risk management, compliance programs, and stakeholder engagement. The customized program includes meetings with Senior Management, the Company Secretary, and auditors, supplemented by relevant learning materials and workshops.

Directors participated in specialized international training in 2025, including "Mastering Risk, Cybersecurity and Modern Governance" delivered by GLOMACS, United Kingdom in April 2025.

To ensure ongoing awareness, the Board receives regular briefings on topics critical to the Bank's operations, risk landscape, and regulatory environment. During the year, these sessions included comprehensive governance reviews following the Annual General Meeting and Shariah governance updates from the Bank's Shariah Committee, covering developments in Islamic finance and emerging industry trends.

The Board allocates adequate resources to induction and professional development programs and continuously evaluates their effectiveness to ensure Directors maintain the knowledge and competencies required for sound governance.

Board Performance Evaluation

The Board conducts annual evaluations of its collective performance, the Chairperson's effectiveness, Board Committee performance, and individual Director contributions in accordance with CMDA and Bank Corporate Governance Codes. These evaluations assess Board structure and composition, governance effectiveness, and individual Director performance against fitness and propriety criteria.

The 2025 Board evaluation includes a thorough assessment of:

- Board composition, structure, and diversity
- Effectiveness of Board processes and meeting dynamics
- Directors' contributions and engagement
- Strategic and operational oversight
- Professional development opportunities
- Board support and resources

Results of the 2025 Evaluation Process

The Board's overall performance in 2025 was assessed as satisfactory, demonstrating strong fiduciary commitment and effective oversight. The review identified opportunities to further enhance governance effectiveness and strategic alignment, with action plans developed for implementation and monitoring by the Appointment, Nomination, and Remuneration Committee.

Directors were recognized for exercising due care, skill, and diligence, and both the Board and its Committees operated effectively throughout the year within a robust governance framework.

Management of Conflicts of Interest

The Bank has established a comprehensive Directors' Conflict of Interest Policy to identify, manage, and mitigate potential conflicts, ensuring that conflicts are avoided where possible or appropriately disclosed and managed where they arise.

- Directors are required to disclose all actual or potential conflicts of interest upon appointment and on a quarterly basis thereafter. All disclosures are recorded in the Register of Interests, which is maintained by the Company Secretary and available for Board review.
- Through written declarations submitted by each Director, the Board satisfies itself that Directors' external commitments do not conflict with their fiduciary duties. Where potential conflicts are identified, the Board ensures appropriate policies and procedures are in place to minimize associated risks and protect the Bank's interests.
- Any Director who has, or may have, a direct or indirect interest in a contract, proposed contract, or arrangement with the Bank must declare the nature of that interest at a Board meeting. Such declaration is recorded in the Board minutes, and the affected Director must abstain from participating in discussions and voting on any resolution concerning the matter in question.

All employees and members of Senior Management are bound by the Bank's Conflict of Interest Policy and Code of Conduct, which establishes the following requirements:

- At the time of joining the Bank, all employees must disclose any external positions, directorships, shareholdings, or other interests that could potentially conflict with the Bank's interests or those of its clients, as outlined in applicable regulations.
- Employees who subsequently assume additional external positions, directorships, or acquire shareholdings, as well as existing employees who have previously declared such interests, are required to make annual disclosures to ensure the Register of Interests remains current and accurate.
- All employees bear responsibility for identifying and reporting potential conflicts of interest, whether perceived, potential, or actual, to ensure timely assessment and appropriate management.
- The Bank maintains a central Register of Conflicts of Interest documenting all identified conflicts and the mitigation measures implemented to address them. This register is subject to regular review by the Compliance function.
- The Bank's Compliance function conducts an annual declaration process for Senior Management and all staff members. These declarations are comprehensively reviewed to ensure that external appointments and interests remain aligned with Corporate Governance Regulations and the Bank's policies and procedures, with appropriate action taken where inconsistencies or risks are identified.

Related Party Transactions

In accordance with the Maldives Monetary Authority's Prudential and Corporate Governance Regulations, the Bank maintains robust frameworks to identify, define, and manage Related Party Transactions, thereby preventing potential or actual conflicts of interest.

The Bank has established a comprehensive Related Party Policy applicable to the Board of Directors, Senior Management, and all employees. This policy details the processes and controls for identifying, assessing, monitoring, and reporting the Bank's exposures to related parties. All Related Party Transactions are conducted on an arm's length basis, on normal commercial terms consistent with market practices, and are subject to ongoing monitoring by or on behalf of the Board to ensure the protection of interests of all stakeholders. Further details are provided in pages 191 and 192 of the Financial Report.

Directors' Ownership of Shares

Board members may subscribe to the Bank's securities strictly in accordance with the Insider Trading Policy, the Maldives Securities Act (Law No. 2/2006), and the Capital Market Development Authority's Policy on Prohibition of Insider Trading, as well as all applicable disclosure and market conduct requirements.

The table below details the shareholdings and transactions (purchases and sales) of Board Directors in Bank of Maldives securities during the year ended 31 December 2025:

DIRECTOR	SHARES HELD AS AT 1 JAN 2025	SHARES PURCHASED DURING 2025	SHARES SOLD DURING 2025	SHARES HELD AS AT 31 DEC 2025
Ahmed Ali Habeeb	None	None	None	None
Mohamed Shareef	10	None	None	10
Sahar Waheed	None	None	None	None
Adil Moosa	20	None	None	20
Ali Faris Mohamed	12,850	2,977	None	15,827
Mohamed Shahid	60	None	None	60
Dr. Mariyam Suzy Adam	None	None	None	None
Mohamed Maaiz Munaz	None	None	None	None
Abdulla Naseem	100	None	None	100
Najeem Ibrahim Zakariyya	1	None	None	1
Moosa Rasheed	70	None	None	70

Note: All shareholdings and transactions comply with applicable insider trading regulations and disclosure requirements.

Board of Directors' Remuneration

The Directors' Remuneration Policy is aligned with the Bank's culture, control environment, and long-term objectives. The ANR Committee reviews and recommends the amount of Directors' remuneration, considering the time commitment to the Bank's affairs and the complexity of responsibilities, including service on Board Committees.

Committee members received an allowance of MVR 3,000 per committee meeting attended in 2025. The shareholder approved remuneration for Board members comprises:

DIRECTOR	AMOUNT (MVR)	FREQUENCY
Board Remuneration	10,000	Monthly per Director
Board Allowance	1,500	Monthly per Director
Chairperson's Special Allowance	10,000	Monthly (additional)
Committee Sitting Fee	3,000	Per meeting attended

The following table sets out the total fixed fees paid to each Board Director during the year ended 31 December 2025.

DIRECTOR	AMOUNT (MVR)
Ahmed Ali Habeeb	285,000.00
Mohamed Shareef	165,000.00
Sahar Waheed	96,612.90
Adil Moosa	216,000.00
Ali Faris Mohamed	240,000.00
Mohamed Shahid	246,000.00
Dr. Mariyam Suzy Adam	228,000.00
Mohamed Maaiz Munaz	132,612.90
Abdulla Naseem	231,000.00
Najeem Ibrahim Zakariyya	231,000.00
Moosa Rasheed	222,000.00
Ali Irufan*	83,387.10
Total	2,376,612.90

*Tenure ended following the Bank's 42nd Annual General Meeting held on 28 May 2025.

Executive Management Remuneration

Key Management Personnel: MVR 30,875,665 aggregate remuneration for the year ended 31 December 2025, comprising:

- Base salaries aligned with market benchmarks
- Performance-based incentives linked to individual and institutional performance
- Benefits in kind including insurance, allowances, and other benefits

Individual remuneration details for Key Management Personnel are not disclosed due to competitive and confidentiality considerations. The remuneration structure is designed to align executive compensation with shareholder interests, risk management principles, and sustainable long-term performance.

Board Leadership

Meetings held during 2025

The Board of Directors held 18 Board meetings, including one Non-Executive Directors meeting as required by the Corporate Governance Code.

The Board's meeting is structured to ensure effective governance and informed decision-making:

- Board meetings are held at least twelve (12) times per year, with additional meetings convened as required to address time-sensitive matters or emerging issues.
- The Bank maintains a standing annual agenda schedule that establishes recurring agenda items throughout the year, ensuring systematic coverage of all governance, strategic, financial, risk, and compliance matters requiring Board review, approval, or oversight.
- The Bank promotes a culture of constructive challenge and inquiry, with Directors expected to exercise independent judgment and critical thinking. The Chairperson facilitates effective debate, encourages diverse perspectives, and ensures each Director has adequate opportunity to contribute fully to deliberations.
- Board and Board Committee agendas are prepared in consultation with the Chairperson and Chief Executive Officer, with final approval by the Chairperson prior to circulation.
- Board meeting agendas and supporting materials are distributed to Directors in advance of meetings to enable thorough review and informed decision-making. Executive Management and other senior employees are invited to attend Board meetings as appropriate to provide additional insights and specialized expertise on matters under consideration.
- Attendance of individual Directors is formally recorded at each Board and Board Committee meeting to ensure accountability and monitor engagement.

Board Member Attendance

The following table presents the attendance record of Board Directors at Board meetings and the Annual General Meeting during 2025:

DIRECTOR	BOARD MEETINGS ATTENDED	% OF MEETINGS ATTENDED	AGM ATTENDANCE
Ahmed Ali Habeeb (Chairperson)	18/18	100%	✓
Mohamed Shareef	18/18	100%	✓
Sahar Waheed	10/10	100%	NA
Adil Moosa	17/18	94%	x
Ali Faris Mohamed	17/18	94%	✓
Dr. Mariyam Suzy Adam	17/18	94%	✓
Mohamed Shahid	18/18	100%	✓
Mohamed Maaiz Munaz	10/10	100%	NA
Abdulla Naseem	17/18	94%	✓
Najeem Ibrahim Zakariyya	18/18	100%	✓
Moosa Rasheed	17/18	94%	✓
Ali Irufan	05/08	62.5%	x

Attendance figures reflect meetings held during the Director's tenure.

Key Board Agenda Items and Decisions during 2025

During the year ended 31 December 2025, the Board held 18 meetings and passed 19 resolutions by circulation, addressing critical matters across strategy, risk management, financial performance, governance, and organizational development.

Quarterly Board Focus Areas

The following table summarizes key matters reviewed, deliberated, and approved by the Board during 2025:

CATEGORY	BOARD AGENDA ITEM	Q1	Q2	Q3	Q4
Strategy and Business Development	Acquisition of SME Development Finance Corporation (SDFC) and establishment of SME Digital Bank	✓		✓	
	Formation of Subsidiary: BML Affordable Home Leasing Pvt. Ltd.			✓	
	BML Systems Replacement Strategy				✓
	Strategic Plan Updates				✓

Risk Management

Quarterly Risk Reports	✓	✓	✓	✓
Quarterly Compliance Reports	✓	✓	✓	✓
Renewal of Bankers Blanket Bond (BBB) Insurance Policy 2025	✓			
Review of Risk Appetite Limits			✓	
Bank's Net Open Position and USD Forex Position	✓	✓	✓	✓
Annual Country & Counterparty Exposure Limits	✓			
Government and State-Owned Enterprise (SOE) Exposure Limits			✓	
Management Letter and External Auditors' Report on Reliability of Controls		✓		
Annual Review of Policies	✓	✓	✓	✓

Financial Performance and Reporting

Monthly and Quarterly Financial Status	✓	✓	✓	✓
Bank's Audited Financial Statements for the year ended 31 December 2024		✓		
Bank's Budget for the year 2026				✓
Quarterly Loan Portfolio Performance Review	✓	✓	✓	✓
Proposal of Final Dividend for the year 2024	✓			
Annual Transactions with SOEs	✓			

	Quarterly Non-Performing Assets and Loan Portfolio Report	✓	✓	✓	✓
	External Auditors Report on Reliability of Controls		✓	✓	
	Quarterly Internal Audit Reports	✓	✓	✓	✓
	Meeting with Bank's External Auditors	✓	✓		✓
People, Organization and Culture	HR Policy	✓		✓	
	Staff Health Insurance for the year 2025	✓			
	Revisions to Organizational Structure	✓	✓	✓	✓
	Review of Bi-Annual Corporate Social Responsibility Activities	✓		✓	
Governance and Compliance	Amendment of Memorandum and Articles of Association	✓	✓		
	External Audit Plan for 2025				✓
	Procurement Committee Reports	✓		✓	
	Amendments to Loan and Card Products			✓	
	Correspondence with Regulatory Authorities	✓	✓	✓	✓

Board Credit Committee

The Board Credit Committee (BCC) was established pursuant to Articles 68 and 69 of the Bank's Articles of Association to provide efficient oversight and approval of credit proposals within delegated authority limits, ensuring business continuity and timely credit decision-making.

The Committee comprises seven (7) members and held 9 meetings during 2025 to review credit proposals and monitor portfolio quality.

MEMBER	MEETINGS TO ATTEND/ ATTENDED	% MEETING ATTENDANCE
Ahmed Ali Habeeb	9/9	100%
Mohamed Shareef	9/9	100%
Sahar Waheed	5/5	100%
Abdulla Naseem	9/9	100%
Adil Moosa	5/5	100%
Ali Faris Mohamed	9/9	100%
Dr. Mariyam Suzy Adam	4/4	100%
Moosa Rasheed	8/9	89%

Attendance figures reflect meetings held during the Director's tenure.

The Committee exercises delegated credit approval authority, reviewing and approving lending proposals while ensuring:

- Rigorous credit risk assessment and borrower evaluation
- Compliance with Credit Policy and MMA Prudential Regulations
- Appropriate collateral and risk mitigation measures
- Monitoring of portfolio quality and concentration risks
- Enhanced scrutiny of related party transactions

The Board provides strategic direction through corporate strategies and annual plans aligned with the Bank's vision, mission, and values. Under the Chairperson's leadership, the Board addresses key matters efficiently, with Directors encouraged to engage actively and having appropriate access to Senior Management.

Shareholder Relations

Bank of Maldives maintains transparent, timely communication with shareholders through multiple channels aligned with regulatory requirements. The Bank's website provides comprehensive information including corporate governance frameworks, Board and Management profiles, financial reports, regulatory filings, and General Meeting information. The dedicated Investor Relations platform publishes annual and interim reports, quarterly disclosures, and material announcements in compliance with CMDA and MMA requirements.

All General Meetings are conducted with proper notice and timely circulation of materials, enabling informed shareholder participation. Board Directors, Senior Management, and External Auditors attend meetings to address shareholder queries and provide clarifications. The Board and Management encourage active shareholder engagement. The Corporate Affairs Department serves as a dedicated channel for shareholder feedback, inquiries, and concerns, with all communications addressed promptly and appropriately. Formal engagement occurs annually at the AGM and through additional meetings as required.

The Bank upholds the highest standards of corporate disclosure, recognizing that informed shareholders are essential to effective governance and long-term value creation. Communication practices are continuously reviewed to align with regulatory expectations and international best practices.

Annual General Meeting

The Bank's 42nd Annual General Meeting was held on 28 May 2025 at 20:30 hours as a hybrid meeting at Barceló Nasandhura, Malé, with virtual participation enabled through "Fahi Vote," the online platform operated by Maldives Securities Depository Pvt Ltd. The meeting was chaired by the Board Chairperson, with minutes recorded by the Company Secretary. Resolutions passed were published on the Bank's website the following business day in compliance with regulatory requirements.

The attendance at the Annual General Meeting was recorded as follows:

Shareholders registered in person	248 shareholders
Shareholders registered by proxy	168 proxyholders
Total number of shareholders registered (in person and by proxy)	416 shareholders
Total number of shares represented	4,062,029 shares

AGM Resolutions

All resolutions submitted for shareholder approval were passed in accordance with statutory and regulatory requirements:

MEMBER	TYPE	STATUS
Approval of EGM minutes (21 September and 31 October 2024)	Ordinary	Approved
Approval of financial statements for year ended 31 December 2024	Ordinary	Approved
Approval of Directors' Report and External Auditors' Report	Ordinary	Approved
Approval of dividend distribution for year ended 31 December 2024	Ordinary	Approved
Appointment of External Auditors for 2025 and determination of fees	Ordinary	Approved
Amendment to Articles of Association	Special	Approved
Amendment to Memorandum of Association	Special	Approved
Appointment of Directors representing Government	Ordinary	Approved
Election of Directors representing the Public Shareholders	Ordinary	Approved

The hybrid format facilitated broad shareholder participation, with Board Directors, Senior Management, and External Auditors available to address shareholder inquiries.

Declaration of Dividend

The Bank maintains an unwavering commitment to creating long-term shareholder value through a disciplined approach to dividend distribution. Our dividend policy reflects a careful balance between rewarding shareholders and maintaining the financial strength necessary to execute our strategic objectives and support sustainable growth.

In recognition of the Bank's strong performance during fiscal year 2024, the Board of Directors approved the declaration of a dividend totaling MVR 296,005,600, representing MVR 55 per share. This dividend underscores our ability to generate consistent returns while maintaining robust capital adequacy ratios and positioning the Bank for continued growth.

Financial Reporting

The Bank adheres to the highest standards of financial transparency and disclosure. Our consolidated financial statements are prepared in full compliance with International Financial Reporting Standards (IFRS), as well as regulations promulgated by the Maldives Monetary Authority (MMA) and the Capital Market Development Authority (CMDA).

These comprehensive financial disclosures provide shareholders and stakeholders with detailed insights into the Bank's financial performance, position, and prospects. To ensure timely access to material information, the Bank publishes quarterly financial updates on its corporate website, enabling stakeholders to monitor our progress throughout the fiscal year.

Shari'ah Governance

The Board recognizes its fundamental responsibility for establishing and maintaining a robust Shari'ah governance framework that ensures full compliance with Islamic principles across all relevant operations. This accountability extends to continuous oversight of Shari'ah compliance standards and the integration of Islamic banking principles within the Bank's operational framework.

To discharge these responsibilities effectively, the Board has constituted a Shari'ah Committee comprising qualified scholars and experts in Islamic jurisprudence and banking. The Committee provides authoritative guidance on all matters pertaining to BML Islamic, including a dedicated Islamic banking window, ensuring that products, services, and operational procedures conform to Shari'ah principles. The Committee conducts regular reviews of Islamic banking operations and provides binding opinions on matters of Shari'ah compliance, thereby safeguarding the integrity of the Bank's Islamic banking offerings.

Declaration by the Board of Directors

In compliance with the requirements of the Securities (Continuing Disclosure Obligations of Issuers) Regulation 2019, the Board of Directors of Bank of Maldives PLC affirm that:

1. This Annual Report 2025 has been prepared in compliance with the Companies Act of the Republic of Maldives (Act No.: 07/2023), the Maldives Securities Act (Act No.: 2/2006), the Securities (General) Regulations 2007, the Securities (Continuing Disclosure Obligations of Issuers) Regulations 2019 (Regulation No.: 2019/R-1050), the Capital Market Development Authority's Corporate Governance Code, the Maldives Monetary Authority Regulations, and the Listing Rules of the Maldives Stock Exchange.
2. The Annual Report 2025 has been approved by the Board of Directors to the best of the Board's knowledge and belief, collectively confirm that the information presented in this Annual Report is a true and accurate representation and that there are no other facts, nor any omission thereof of which would make any statement herein misleading or inaccurate.
3. Having been reviewed by the Audit Committee and approved by the Board of Directors, the accompanying financial statements give a true and fair view of the financial position of the Bank and of its financial performance and its cash flows for the year ended 31 December 2025 in

accordance with International Financial Reporting Standards (IFRS). The Financial Statements have been certified by the Chief Executive Officer & Managing Director, the Chief Financial Officer, and the Chairperson of the Audit Committee in compliance with applicable laws and regulations.

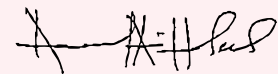
4. Having reviewed the Bank's strategy and business plan for 2025, and the audited financial statements for 2025, the Board affirms the Bank's ability to continue as a going concern, and that the Bank has adequate resources to continue in operation for the foreseeable future. The Bank will continue to disclose, as applicable, matters related to going concern and use the going concern basis of accounting.
5. The Bank have conducted its business in compliance with the legal and regulatory obligations under the Maldives Companies Act (Act No.: 07/2023), the Maldives Banking Act (Law No.: 24/2010), the Securities Act (Law No.: 2/2006), obligations under the banking license, the Maldives Stock Exchange Listing Rules, the Maldives Monetary Authority Regulations, and the Capital Market Development Authority's Corporate Governance Code. With appropriate controls and governance procedures in place, the Bank continues to comply with relevant laws, regulations, and industry codes.

6. The Board of Directors places great emphasis on adopting the highest standards of professionalism and diligence to ensure that their roles and responsibilities are performed in an ethical, sustainable, and accountable manner with the utmost priority to create the best value for the Bank's shareholders while driving the long-term performance and sustainability of the Bank.

7. During the year ended 31 December 2025, there were no material instances of non-compliance with applicable laws and regulations, and no fines or penalties were imposed on the Bank by any regulatory authority.

8. There were no contract(s) of significant substance during or at the end of the accounting period in which a Board Director of the Bank has a direct or indirect interest. Details of material contracts and related party transactions are provided in Note 42 "Related Party Transactions" of the Audited Financial Statements as at 31 December 2025.

On behalf of the Board of Directors:



Ahmed Ali Habeeb
Chairperson



Mohamed Shareef
CEO & Managing Director

Merchant fee to 1%

In a landmark move to strengthen and support the country's business community, BML reduced its Merchant Discount Rate (MDR) to 1% - a significant step that directly benefits over 7,000 merchants who use the Bank's payment solutions nationwide.



Audit Committee Report

The Audit Committee assists the Board of Directors in fulfilling its oversight responsibilities by ensuring the integrity of the Bank's financial reporting, the effectiveness of internal controls and risk management systems, compliance with legal and regulatory requirements, and the independence and performance of internal and external auditors.

Mandate

The Audit Committee's mandate encompasses the following principal responsibilities:

- Overseeing the integrity of the Bank's financial statements and the accounting and financial reporting processes;
- Reviewing and recommending quarterly and annual financial statements to the Board for approval;
- Recommending interim and final dividends to the Board;
- Overseeing the qualification, appointment, remuneration, independence, and dismissal of external auditors;
- Monitoring the performance and effectiveness of the Bank's external auditors and internal audit function;
- Reviewing and approving the scope, procedures, and frequency of audit activities;
- Overseeing the Bank's systems of internal controls over financial and compliance reporting;
- Monitoring the Bank's compliance with legal, regulatory, and internal policy requirements;
- Overseeing disclosure controls and procedures;
- Receiving key audit reports and ensuring management takes timely corrective action to address control weaknesses and identified issues;
- Overseeing the effectiveness and efficacy of the whistleblowing system; and
- Reviewing and recommending necessary Bank policies for Board approval.

Members and Meeting Attendance

The Audit Committee comprises exclusively Non-Executive Directors, with membership designed to provide the requisite financial expertise, accounting knowledge, and commercial acumen necessary to discharge its duties effectively. During 2025, the Committee held 13 meetings, including special sessions conducted between Non-Executive Directors and representatives from the external auditors, Ernst & Young (EY), without the presence of Executive Directors or management personnel, to facilitate candid discussion of audit matters.

MEMBER	MEETINGS TO ATTEND/ ATTENDED	% MEETING ATTENDANCE
Abdulla Naseem	12/13	92%
Najeem Ibrahim Zakariyya	13/13	100%
Adil Moosa	11/13	85%
Ali Faris Mohamed	12/13	92%
Mohamed Shahid	12/13	92%

Committee Activities

The Audit Committee conducted comprehensive reviews of critical matters throughout the year, including:

- Bank's Audited Financial Statements for the year ended 31 December 2024
- Quarterly Financial Statements
- External Auditors' Management Letter and Report on Reliability of Internal Controls
- Expected Credit Loss provisions under IFRS 9
- Proposed Final Dividend for 2024
- Proposal for appointment of External Auditors for 2025

- Internal Audit Plan for 2026
- Review and approval of audit scope, procedures, and frequency
- Internal Audit Reports, including Quarterly Summary Reports
- Quarterly Compliance Reports covering regulatory and internal policy adherence
- Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT) compliance reports
- Matters reported through the Bank's Whistleblowing system
- Policies falling under the Audit Committee's mandate

External Audit

The Committee reviewed and approved the External Auditors' annual audit plan, including the proposed scope, key focus areas, materiality levels, and audit approach. The Committee evaluated and recommended the proposed audit fees to the Board for approval, ensuring alignment with the scope and complexity of the engagement.

Following a comprehensive annual assessment of performance, qualifications, independence, and effectiveness, the Committee recommended the reappointment of Ernst & Young (EY) as the Bank's External Auditors for 2025, which was approved by the Board and subsequently by shareholders at the 42nd Annual General Meeting held on 28 May 2025.

The External Auditors provided formal written confirmation of their independence and objectivity in compliance with professional standards, regulatory requirements, and ethical guidelines, which the Committee reviewed and found satisfactory. The Committee also reviewed the External Auditors' Management Letter and Report on the Reliability of Internal Controls, which identified areas for improvement in the Bank's control environment. Management has developed action plans to address these matters, and the Committee continues to monitor the implementation of corrective measures.

Internal Audit

The Bank's Internal Audit Department operates independently and reports functionally to the Audit Committee, assisting the Board and management in maintaining sound systems of internal controls, risk management, and governance processes.

The function conducts its work in accordance with the International Standards for the Professional Practice of Internal Auditing and the Code of Ethics established by the Institute of Internal Auditors, employing a systematic and disciplined methodology that encompasses risk-based audit planning, execution of audit procedures, exit meetings with management, and issuance of comprehensive audit reports presenting objectives, scope, findings, management responses, action plans, and conclusions.

During 2025, the Internal Audit function executed its work in accordance with the annual audit plan approved by the Committee, conducting risk-based audits across various operations, functions, branches, and business units. The Committee reviewed internal audit reports on a quarterly basis, monitoring the identification and remediation of control weaknesses. While the audits identified certain control weaknesses and areas for improvement, none were assessed as material or critical to the Bank's operations or financial reporting. Management has implemented or is in the process of implementing corrective measures to address identified weaknesses, and the Internal Audit function conducts follow-up reviews to verify remediation effectiveness.

Anti-Money Laundering and Countering Financing of Terrorism

The Committee reviewed comprehensive reports concerning the Bank's Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT) compliance framework, including updates to AML/CFT policies and procedures to align with regulatory requirements, transaction monitoring and suspicious activity reporting, customer due diligence and enhanced due diligence measures, training and awareness programs for staff, and regulatory reporting and engagement with the Maldives Monetary Authority.

The Committee assessed the adequacy and effectiveness of the Bank's AML/CFT controls and recommended policy updates to the Board for approval. The Committee is satisfied that the Bank maintains robust AML/CFT systems and controls commensurate with its risk profile and regulatory obligations.

Whistleblowing

The Bank is committed to maintaining an ethical workplace culture where employees and stakeholders can report unethical, illegal, or improper conduct without fear of retaliation. To support this commitment, the Bank has established a comprehensive Whistleblower Policy that is communicated to all employees and made accessible through the Bank's website and internal intranet portal.

During 2025, the Committee reviewed 16 matters reported through the Bank's whistleblowing system, encompassing customer service-related concerns, internal process and procedural matters, and people management and workplace conduct issues. All reported matters were thoroughly investigated, deliberated by the Committee, and appropriate corrective or disciplinary action was taken where warranted. The Committee is satisfied that the whistleblowing system operates effectively and provides appropriate channels for reporting concerns.

Conclusion

The Audit Committee is satisfied that it has fulfilled its responsibilities in accordance with its Terms of Reference and applicable regulatory requirements during the year ended 31 December 2025. The Committee will continue to provide robust oversight of the Bank's financial reporting, internal controls, risk management, and compliance frameworks to

safeguard stakeholder interests and support the Bank's strategic objectives.

On behalf of the Audit Committee



Abdulla Naseem
Chairperson

Risk Committee Report

The Risk Committee assists the Board in risk oversight by reviewing risk strategy, monitoring exposures, and ensuring effective risk management within approved appetite and tolerance limits.

Mandate

- Reviewing risk strategy, appetite, and tolerance framework
- Overseeing risk culture and governance effectiveness
- Examining risk management framework adequacy
- Monitoring regulatory compliance and best practices
- Reviewing non-financial risks and business continuity plans
- Recommending risk-related policies for Board approval

Members and Meeting Attendance

The Committee comprises Non-Executive Directors with risk management expertise and held 11 meetings during 2025.

MEMBER	MEETINGS TO ATTEND/ ATTENDED	% MEETING ATTENDANCE
Najeem Ibrahim Zakariyya	11/11	100%
Abdulla Naseem	10/11	91%
Dr. Mariyam Suzy Adam	6/7	86%
Mohamed Maaiz Munaz	7/7	100%
Mohamed Shahid	11/11	100%
Adil Moosa	4/4	100%
Ali Irufan	3/4	75%

Attendance figures reflect meetings held during the Director's tenure.

Committee Activities

The Committee reviewed:

- Quarterly Risk Management Reports covering overall risk profile
- Government Exposure Limits for 2025
- Unsecured Lending Cap assessment
- Net Open Position and Liquidity Position monitoring
- Risk-related policies under Committee mandate
- Business continuity and operational resilience measures

Risk Management Function

The independent Risk Management Department monitors risks continuously, preparing quarterly reports on significant exposures, risk reviews, and action plan implementation. The Bank maintains comprehensive business continuity plans for core operations, regularly tested and updated to ensure operational resilience. The Bank manages strategic, financial, and operational risks within its risk appetite framework while maintaining uncompromising standards for employee and customer safety, strict ethical conduct and regulatory compliance, and protection of reputation and stakeholder confidence. The Board acknowledges that significant risk exposures could impact business objectives and value creation, necessitating robust risk governance and management frameworks.

Conclusion

The Risk Committee is satisfied that it has fulfilled its responsibilities in accordance with its Terms of Reference and applicable regulatory requirements during the year ended 31 December 2025. The Committee remains committed to maintaining robust risk oversight, ensuring the Bank operates

within its approved risk appetite, and fostering a strong risk culture throughout the organization. The Committee will continue to provide diligent oversight of the Bank's risk profile, risk management frameworks, and risk governance practices to support sustainable business growth, financial stability, and long-term value creation.

On behalf of the Risk Committee



Najeem Ibrahim Zakariyya
Chairperson

Appointment, Nomination and Remuneration Committee Report

The objective of the ANR Committee is to develop and propose to the Board a framework for remuneration packages for Directors and Executive Management. Concerning appointment and nomination matters, the Committee identifies candidates and provides recommendations for Board and Executive Management appointments. Furthermore, the Committee reviews policies related to employee compensation and benefits.

Mandate

The key responsibilities of ANR Committee include:

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

Members and Meeting Attendance

In accordance with the ANR Committee Charter, the Committee is required to meet at least quarterly and as often as necessary to discharge its responsibilities effectively. The composition of the

Committee and the members' attendance at meetings during the year are set out in the table below.

MEMBER	MEETINGS TO ATTEND/ ATTENDED	% MEETING ATTENDANCE
Ali Faris Mohamed	8/8	100%
Dr. Mariyam Suzy Adam	13/13	100%
Moosa Rasheed	13/13	100%
Mohamed Shahid	13/13	100%
Mohamed Maaiz Munaz	8/8	100%
Ali Irufan	2/5	40%
Adil Moosa	5/5	100%

Attendance figures reflect meetings held during the Director's tenure.

Committee Activities

The Committee also reviewed the following:

- Corporate (Staff) Health Insurance Scheme for 2025.
- Applications and Nominations received for Public Director and Nominee Director positions.
- Annual Performance Bonus for the year.
- Succession Plan.
- Employment contracts of Executive Committee members.
- Organization Structure Changes.
- Human Resources related matters.
- Policies under the mandate of the ANR Committee.

Conclusion

The Appointment, Nomination and Remuneration Committee is satisfied that it has fulfilled its responsibilities in accordance with its Terms of Reference and applicable regulatory requirements during the year ended 31 December 2025. The Committee will continue to provide effective oversight of Board composition, leadership appointments, succession planning, and remuneration frameworks to support the Bank's strategic objectives and long-term sustainable growth.

On behalf of the Appointment, Nomination and Remuneration Committee



Ali Faris Mohamed
Chairperson

Corporate Governance Committee Report

The Corporate Governance Committee assists the Board of Directors in upholding and advancing corporate governance standards by developing, recommending, and monitoring governance guidelines, policies, and procedures. The Committee's overarching objective is to establish and maintain the Bank as a recognized leader in corporate governance practices within the Maldivian financial sector.

Mandate

The Corporate Governance Committee's mandate encompasses the following principal responsibilities:

- Assisting the Board in establishing the Bank as a recognized leader in corporate governance and advising on governance principles, best practices, and emerging trends;
- Reviewing and monitoring the effectiveness of the Bank's governance framework, policies, and Board operations to ensure alignment with strategic needs and regulatory requirements;
- Overseeing Board composition to ensure a diverse, skilled, and effective Board with appropriate balance of expertise, experience, and independence;
- Reviewing the Bank's Memorandum and Articles of Association and recommending amendments as necessary to ensure alignment with regulatory requirements and best practices;
- Overseeing the annual Board evaluation process, including Board Committee evaluations and individual Director assessments to ensure effectiveness, performance, and ongoing suitability;
- Overseeing director orientation programs and continuing education opportunities for Board Directors to maintain and enhance governance competencies; and

- Overseeing corporate social responsibility matters including environmental sustainability initiatives, stakeholder communications, and customer service standards.

Members and Meeting Attendance

The Corporate Governance Committee comprises exclusively Non-Executive Directors, ensuring independent oversight of governance matters. During the year ended 31 December 2025, the Committee held 7 meetings to discharge its responsibilities.

MEMBER	MEETINGS TO ATTEND/ ATTENDED	% MEETING ATTENDANCE
Dr. Mariyam Suzy Adam	7/7	100%
Adil Moosa	1/2	50%
Najeem Ibrahim Zakariyya	7/7	100%
Moosa Rasheed	7/7	100%
Mohamed Maaiz Munaz	2/2	100%
Ali Irufan	4/5	80%
Ali Faris Mohamed	5/5	100%

Attendance figures reflect meetings held during the Director's tenure.

Committee Activities

During 2025, the Corporate Governance Committee conducted comprehensive reviews of critical governance matters including:

- Review and approval of the minutes of the 42nd Annual General Meeting held on 28 May 2025, including assessment of shareholder engagement and meeting effectiveness.
- Comprehensive review and analysis of Board Evaluation Forms assessing collective Board performance, Chairperson leadership, Committee effectiveness, individual Director contributions, and Company Secretary performance, with development of action plans to address identified areas for improvement.
- Review of the composition and membership of Board Sub-Committees to ensure appropriate skills, independence, and workload distribution.
- Review and approval of Board training programs for 2025, assessment of director development needs, and monitoring of participation in professional development activities.
- Review and recommendation of amendments to the Bank's Memorandum and Articles of Association to ensure alignment with regulatory requirements, the Maldives Companies Act (Law No. 7/2023), and governance best practices.
- Review and recommendation of policies under the Committee's mandate, with assessment of policy effectiveness and regulatory compliance.

Governance Adherence

In accordance with the CMDA Corporate Governance Code and MMA Corporate Governance Regulations, the Bank ensured full compliance through timely publication of the 2024 Annual Report with audited financial statements prepared in accordance with IFRS and comprehensive disclosure of material information to stakeholders,

rigorous enforcement of conflict of interest protocols requiring Board members to declare conflicts and abstain from related discussions and voting, regular independent sessions of Non-Executive Directors to discuss strategic matters and Senior Management performance without Executive Management presence, and proactive transparent communication with regulatory authorities including timely submission of all required disclosures and reports to the Maldives Monetary Authority and Capital Market Development Authority.

Conclusion

The Corporate Governance Committee is satisfied that it has fulfilled its responsibilities in accordance with its Terms of Reference and applicable regulatory requirements during the year ended 31 December 2025. The Committee remains committed to maintaining and enhancing the Bank's corporate governance framework to align with evolving regulatory expectations, international best practices, and stakeholder interests. The Committee will continue to provide robust oversight of governance matters, Board effectiveness, and compliance with applicable standards to support the Bank's long-term strategic objectives and sustainable value creation.

On behalf of the Corporate Governance Committee



Dr. Mariyam Suzy Adam
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 2025;

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 2025, 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 2025 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
Chairman



Mufti Yusuf Suliman
Member



Assoc. Professor Dr. Ziyaad Mahomed
Member



Uz. Ali Nisham
Member

BML Islamic

I chose to deposit my funds to BML for long term investments because it allows me to get the best Shari'ah compliant return on my savings.

The team is experienced to guide me through the best options to gain returns on my money.

Shabana



External Auditor's Report



Ernst & Young
Chartered Accountants
Ma. Seeraazeege
7th Floor, Unit A, B & C
Seeraazee Goalhi
Malé, Republic of Maldives

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

DN/NJ/IA

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") and the consolidated financial statements of the Banks and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31 December 2025, and the statement of 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 of the Bank and the Group give a true and fair view of the financial position of the Bank and the Group as at 31 December 2025 and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards.

Basis for opinion

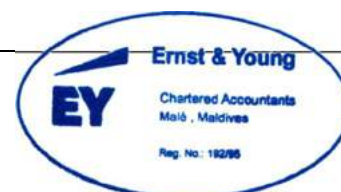
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with 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

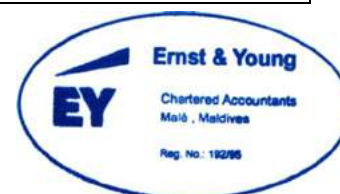
Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and we 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
Expected Credit Losses of Loans and Advances measured at amortised cost Expected credit losses of loans and advances measured at amortised cost as disclosed in Notes 20 and 37.4.3, is determined by management based on the accounting policies described in Note 3.7.3, Note 3.8.6 (ii) to the financial statements. This was a key audit matter due to - the involvement of significant management judgements, assumptions and level of uncertainty associated with estimating future cash flows to recover such loans and advances; and - the materiality of the reported amount of expected credit losses. Key areas of significant judgements, assumptions and estimates made by management in the assessment of expected credit losses for loans and advances include forward-looking macroeconomic scenarios, associated weightages, management overlays applied, and considerations that indicate significant increase in credit risk. These are subject to inherently heightened levels of estimation uncertainty. Information of such key estimates, assumptions and judgements are disclosed in Notes 3.7.3	In addressing the adequacy of expected credit losses of loan and advances, our audit procedures included the following key procedures: - Assessed the Group's expected credit loss computations with the underlying methodology including responses to economic conditions to its accounting policies, based on the best available information up to the date of our report. - 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 expected credit losses, policies and procedures by the Board of Directors and management. - Tested 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 Group. - Evaluated the reasonableness of credit quality assessments and related stage classifications. The following procedures were also performed: For loans and advances assessed on an individual basis for impairment: - Tested the arithmetical accuracy of the underlying individual impairment calculations. - Evaluated the reasonableness of key inputs used in the expected credit losses made with economic conditions. Such evaluations were carried out considering the value and timing of cash flow forecasts, status of recovery action of the collaterals. For loans and advances assessed on a collective basis for impairment: - Tested the key inputs and the calculations used in the allowances for expected credit losses.



Key audit matter	How our audit addressed the key audit matter
	- Assessed the reasonableness of judgements, assumptions and estimates used by the Management. Our testing included evaluating the reasonableness of forward-looking information used, economic scenarios considered, and probability weighting assigned to each scenario. We also evaluated the reasonableness of management overlays applied, and tested the appropriateness of the underlying methodology used by management. - Assessed the adequacy of the related financial statement disclosures set out in Notes 3.7.3, 20, 3.8.6 (ii) and 37.4.3.
Information Technology (IT) systems related internal 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 related internal controls over financial reporting were considered a key audit matter	Our audit procedures included the following key procedures: - Obtained an understanding of the internal control environment of the processes and tested relevant key controls relating to financial reporting and related disclosures. - Involved our internal specialized resources and; - Identified, evaluated, and tested the 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 the bank and the actions taken to address these risks primarily through inquiry. Tested source data of the reports used to generate disclosures for accuracy and completeness, including review of the general ledger reconciliations.
Investment in subsidiaries During the year, the Bank acquired a subsidiary, resulting in the recognition of goodwill amounting to MVR 15.243 million, and also established a fully-owned subsidiary, as	Our procedures included the following key procedures: Obtained an understanding of the process used by management to prepare



Key audit matter	How our audit addressed the key audit matter
disclosed in Note 33.2 and Note 33.1 to the financial statements. This was a key audit matter due to the following: a) The Bank prepared consolidated financial statements for the first time as the Parent of this newly formed Group, in the current year b) In relation to the acquisition of the subsidiary, the significance of management estimates, assumptions and judgments applied in: - identifying the assets acquired and liabilities assumed; and - determining the fair values of those identified assets and liabilities, as of the acquisition date	consolidated financial statements and evaluated group accounting policies. - Tested consolidation adjustments, and reconciled consolidation workings with audited financial statements of group entities. - Obtained an understanding of the key terms and conditions of the acquisition by inspecting the Sale and Purchase Agreement (SPA); - Tested the mathematical accuracy of underlying calculations - Procedures to test goodwill included the following: - Agreed the purchase consideration to the SPA, bank statement and cash payment record; - Obtained an understanding of the process by which management has identified assets acquired and liabilities assumed and assessed the reasonableness of significant assumptions and judgements applied in the identification. - Our procedures on acquisition-date fair values included assessing the reasonableness of the significant management estimates, assumptions and judgments applied by management. - Assessed the adequacy of the related financial statement disclosures in Note 33.2 and Note 33.1.

Other information included in the Bank's 2025 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 IFRS Accounting 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.

In preparing the financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's and the Group'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 internal control of the Bank and the Group.
- ▶ 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 Group'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 Group to cease to continue as a going concern.



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

- ▶ 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with 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.

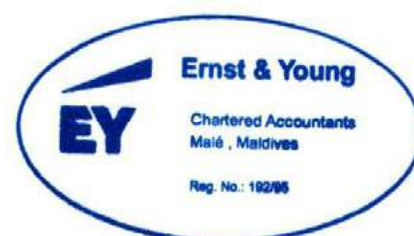
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation 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

25 February 2026
Male'



Financial Statements

BANK OF MALDIVES PLC

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2025

(All amounts in MVR '000 unless otherwise stated)

	Notes	Bank 2025	2024	Group 2025
Gross income	4	5,653,417	4,823,401	5,685,609
Interest income	5	3,249,794	2,879,395	3,275,558
Interest expense	5	(291,440)	(215,362)	(291,650)
Net interest income	5	2,958,354	2,664,033	2,983,908
Fees and commission income	6	2,138,398	1,743,574	2,142,215
Fees and commission expense	6	(1,234,077)	(996,431)	(1,234,077)
Net fee and commission income	6	904,321	747,143	908,138
Net foreign exchange income	7	110,359	80,394	110,359
Other operating income	8	154,866	120,038	157,477
Total operating income		4,127,900	3,611,608	4,159,882
Credit impairment reversals	9	149,971	58,997	138,654
Net operating income		4,277,871	3,670,605	4,298,536
Personnel expenses	10	(616,903)	(444,426)	(629,202)
Other operating expenses	11	(416,524)	(319,599)	(422,001)
Total operating expenses		(1,033,427)	(764,025)	(1,051,203)
Profit before tax		3,244,444	2,906,580	3,247,333
Income tax expense	12	(778,991)	(661,044)	(770,374)
Net profit for the year		2,465,453	2,245,536	2,476,959
Attributable to:				
Equity holders of the Bank		2,465,453	2,245,536	2,474,952
Non-controlling interest		-	-	2,006
		2,465,453	2,245,536	2,476,958
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Net gains on re-measurement of FVOCI equity investments		37,809	64,166	37,809
Net income tax relating to components of re-measurement of equity investments	12	(9,543)	(16,041)	(9,543)
Other comprehensive income for the year net of tax		28,266	48,125	28,266
Total comprehensive income for the year		2,493,719	2,293,661	2,505,224
Attributable to:				
Equity holders of the Bank		2,493,719	2,293,661	2,503,218
Non-controlling interest		-	-	2,006
		2,493,719	2,293,661	2,505,224
Earnings per share - Basic/diluted (MVR)	13	458	417	460

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 2025

(All amounts in MVR '000 unless otherwise stated)

	Notes	Bank 2025	2024	Group 2025
Assets				
Cash and cash equivalents	15	1,409,616	3,782,456	1,525,105
Statutory deposit with Maldives Monetary Authority	16	3,329,164	3,267,874	3,329,164
Placements with banks	17	2,889,645	5,677,395	2,889,645
Financial assets at amortized cost - Debt and other instruments	19	19,562,893	13,263,177	19,562,893
Financial assets at amortized cost - Loans and advances to customers	18	25,204,565	20,208,810	25,691,922
Financial assets at FVOCI	21	394,089	356,280	394,089
Investment in subsidiaries	33.1	913,347	-	-
Property, plant and equipment	22	937,810	688,049	942,459
Right-of-use assets	23	139,358	132,624	144,868
Intangible assets & Goodwill	24	84,636	76,343	99,898
Other assets	25	958,666	986,014	978,019
Total assets		55,823,790	48,439,022	55,558,063
Liabilities				
Due to customers	26	37,190,667	32,032,041	36,617,217
Term debt and other borrowed funds	27	538,438	404,231	538,438
Lease liability	28	144,231	132,393	150,154
Government grants	29	83,918	58,858	83,918
Income tax liability	12.2	455,038	32,538	456,280
Deferred tax liabilities	12.3	152,592	123,560	108,715
Other liabilities	30	856,453	1,452,490	1,042,074
Total liabilities		39,421,337	34,236,110	38,996,796
Equity				
Share capital	31	362,096	362,096	362,096
Retained earnings		2,472,763	2,252,845	2,482,261
Other reserves	32	13,567,594	11,587,971	13,567,594
Total equity attributable to equity holders of the Bank		16,402,453	14,202,912	16,411,951
Non-controlling interest	33.2	-	-	149,316
Total equity		16,402,453	14,202,912	16,561,267
Total liabilities and equity		55,823,790	48,439,022	55,558,063
Commitments and contingencies	37.4.15	3,933,038	1,431,211	3,959,341

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

Shamheed Ali
Director of Finance

Mohamed Shareef
CEO and Managing Director

Abdulla Naseem
Audit Committee Chairperson

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

24 February 2026
Male'

BANK OF MALDIVES PLC

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

(All amounts in MVR '000 unless otherwise stated)

		Bank							
		Share capital		Reserves					
Notes	Ordinary voting shares	Share premium	Retained earnings	Statutory reserve	Assigned capital reserve	General reserve	Revaluation reserve	FVOCI reserve	Total
Balance at 1 January 2024	269,096	93,000	2,081,776	150,000	6,000	9,146,416	211,268	218,964	12,176,520
Net profit for the year	-	-	2,245,536	-	-	-	-	-	2,245,536
Other comprehensive income	-	-	-	-	-	-	-	64,166	64,166
Deferred tax on OCI	-	-	-	-	-	-	-	(16,041)	(16,041)
Total comprehensive income	-	-	2,245,536	-	-	-	-	48,125	2,293,661
Depreciation transfer on revaluation assets	-	-	7,309	-	-	-	(7,309)	-	-
Deferred tax on excess depreciation	12.3	-	-	-	-	-	1,827	-	1,827
Transfer to general reserves	-	-	(1,812,680)	-	-	1,812,680	-	-	-
Dividends to equity holders	14.1	-	(269,096)	-	-	-	-	-	(269,096)
Balance as at 31 December 2024	269,096	93,000	2,252,845	150,000	6,000	10,959,096	205,786	267,089	14,202,912
Net profit for the year	-	-	2,465,453	-	-	-	-	-	2,465,453
Other comprehensive income	-	-	-	-	-	-	-	37,809	37,809
Deferred tax on OCI	-	-	-	-	-	-	-	(9,543)	(9,543)
Total comprehensive income	-	-	2,465,453	-	-	-	-	28,266	2,493,719
Depreciation transfer on revaluation assets	-	-	7,309	-	-	-	(7,309)	-	-
Deferred tax on excess depreciation	12.3	-	-	-	-	-	1,827	-	1,827
Transfer to general reserves	-	-	(1,956,839)	-	-	1,956,839	-	-	-
Dividends to equity holders	14.1	-	(296,006)	-	-	-	-	-	(296,006)
	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2025	269,096	93,000	2,472,763	150,000	6,000	12,915,935	200,303	295,355	16,402,453

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

BANK OF MALDIVES PLC

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

(All amounts in MVR '000 unless otherwise stated)

		Share capital		Group Reserves								
	Notes	Ordinary voting shares	Share premium	Retained earnings	Statutory reserve	Assigned capital reserve	General reserve	Revaluation reserve	FVOCI reserve	Total equity attributable to equity holders of the Bank	Non Controlling Interest	Total
Balance as at 1 January 2025		269,096	93,000	2,252,845	150,000	6,000	10,959,096	205,786	267,089	14,202,912	-	14,202,912
Net profit for the year		-	-	2,474,952	-	-	-	-	-	2,474,952	2,006	2,476,958
Other comprehensive income		-	-	-	-	-	-	-	37,809	37,809	-	37,809
Deferred tax on OCI		-	-	-	-	-	-	-	(9,543)	(9,543)	-	(9,543)
Total comprehensive income		-	-	2,474,952	-	-	-	-	28,266	2,503,218	2,006	2,505,224
Depreciation transfer on revaluation assets		-	-	7,309	-	-	-	(7,309)	-	-	-	-
Deferred tax on excess depreciation		12.3	-	-	-	-	-	1,827	-	1,827	-	1,827
Transfer to general reserves		-	-	(1,956,839)	-	-	1,956,839	-	-	-	-	-
Dividends to equity holders		14.1	-	(296,006)	-	-	-	-	-	(296,006)	-	(296,006)
Non-controlling interest		-	-	-	-	-	-	-	-	-	147,310	147,310
Balance as at 31 December 2025		269,096	93,000	2,482,261	150,000	6,000	12,915,935	200,303	295,355	16,411,951	149,316	16,561,267

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 2025

(All amounts in MVR '000 unless otherwise stated)

	Notes	Bank 2025	2024	Group 2025
Cash flows from operating activities				
Profit before tax		3,244,444	2,906,580	3,247,333
Adjustments for:				
Other non cash items included in profit before tax	39.2	(146,768)	(39,364)	(133,455)
Increase in operating assets	39.3	(8,345,008)	(2,547,750)	(8,338,012)
Increase in operating liabilities	39.4	4,819,513	1,117,757	4,751,298
Finance cost of lease		(12,166)	(11,657)	(12,376)
Income tax paid	12.2	(335,173)	(1,061,245)	(335,173)
Net cash flows generated from operating activities		<u>(775,158)</u>	<u>364,322</u>	<u>(820,386)</u>
Cash flows from investing activities				
Purchase of property, plant and equipment	22.1	(319,657)	(50,496)	(319,995)
Purchase of intangible assets	24.0	(18,913)	(9,677)	(18,913)
Proceeds from the sale of property, plant and equipment	22.9	-	265	-
Addition of right-of-use assets	23	-	-	-
Acquisition of subsidiary		(850,000)	-	(850,000)
Cash and cash equivalent from acquisition of subsidiary		-	-	162,185
Net cash flows used in investing activities		<u>(1,188,570)</u>	<u>(59,908)</u>	<u>(1,026,723)</u>
Cash flows from financing activities				
Principal element of lease liability paid	28	(13,447)	(8,070)	(14,577)
Dividends paid to equity holders		(395,664)	(247,915)	(395,664)
Net cash flows used in financing activities		<u>(409,111)</u>	<u>(255,985)</u>	<u>(410,241)</u>
Net Increase (decrease) in cash and cash equivalents		(2,372,839)	48,429	(2,257,350)
Cash and cash equivalents at 1 January		3,782,456	3,734,027	3,782,456
Cash and cash equivalents at 31 December	39.1	<u>1,409,616</u>	<u>3,782,456</u>	<u>1,525,105</u>

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 2025

(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. On 26th August 2025, the Bank acquired 85% of equity of SME Digital Pvt Limited and in October 2025, the Bank formed a fully owned subsidiary, BML Affordable Housing Pvt Ltd.

1.2 Consolidated Financial Statements

The Consolidated Financial Statements for the year ended 31 December 2025 comprise of the Bank (parent company) and the two subsidiaries, SME Digital Private Limited and BML Affordable Home Leasing Private Limited, (together referred to as the "Group").

The Financial Statements of all companies in the Group have a common financial year which ends on 31st December.

1.3 Principal activities and nature of operations

Bank

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.

Subsidiary

SME Digital Pvt Limited

SME Digital Pvt Limited is a specialized financial institution providing financial products and ancillary services to micro, small and medium enterprises (MSMEs) and entrepreneurial start-ups with the primary purpose of easing access to finance for MSMEs.

BML Affordable Home Leasing Private Limited

BML Affordable Home Leasing Private Limited is envisioned to address lack of affordable housing of low to middle income Maldivian families.

2 Basis of Preparation

2.1 Statement of compliance

The Consolidated Financial Statements of the Group and the Separate 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 IFRS Accounting Standards 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 Group and the Bank for the year ended 31 December 2025 were authorized for issue by the Board of Directors (together referred to as the "Board") in accordance with the resolution of the Board on 24 February 2026.

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

(All amounts in MVR '000 unless otherwise stated)

3 Material accounting policy information

3.1 Basis of measurement

The Financial statements of the Group have been prepared on the historical cost basis, except for the following material items in the statement of financial position:

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

3.2 Functional and presentation currency

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

Each entity in the Group determines its own functional currency and items included in the financial statements of each individual entity are measured using that functional currency. There was no change in the Group's presentation and functional currency during the year under review.

3.3 Basis of Consolidation

The Group's Financial Statements comprise consolidation of the Financial Statements of the Bank and its subsidiaries in terms of the International Financial Reporting Standards – IFRS 10 (Consolidated Financial Statements).

(i) Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The acquisition cost is the aggregate of the consideration transferred, measured at fair value on the acquisition date, and the amount of any non-controlling interest (NCI). Acquisition-related costs are expensed as incurred and included in administrative expenses.

Goodwill is initially measured as the excess of (i) the consideration transferred, plus any recognised NCI and previously held interest, over (ii) the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired exceeds this aggregate amount, the Group reassesses the identification and measurement of the acquired assets and liabilities. Any remaining excess is recognised as a gain in profit or loss.

After initial recognition, goodwill is carried at cost less accumulated impairment losses. From the acquisition date, goodwill is allocated to the Group's cash-generating units expected to benefit from the business combination.

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

(All amounts in MVR '000 unless otherwise stated)

3.3 Basis of Consolidation (continued)

(ii) Subsidiary

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

(iii) Non-Controlling Interest

Non-controlling interest are measured at their proportionate share of the acquirer's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transaction.

(iv) Loss of Control

When the Group loses control over a subsidiary, it derecognizes assets and liabilities of the subsidiary and any related non-controlling interest and other components of the equity. Any resulting gain or loss is recognized as profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(v) Impairment Testing

Goodwill is not amortized but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. For the purpose of impairment testing, goodwill is allocated to each of the Bank's cash-generating units (CGUs) that are expected to benefit from the synergies of the combination. The recoverable amount of a CGU is determined based on the value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using estimated growth rates. The growth rates do not exceed the long-term average growth rate for the business in which the CGU operates.

(vi) Impairment Losses

Impairment losses recognized for goodwill are not reversed in subsequent periods. An impairment loss is recognized for the amount by which the carrying amount of the CGU exceeds its recoverable amount. The recoverable amount is the higher of the CGU's fair value, less costs of disposal and value in use.

(vii) Disclosures

The Bank discloses the amount of goodwill allocated to each CGU and the key assumptions used in the impairment testing. If an impairment loss is recognized, the Bank discloses the events and circumstances that led to the recognition of the impairment loss

3.4 Presentation of financial statements

The Group'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 40 to the financial statements.

3.5 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.

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3.6 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.

3.7 Significant accounting judgements, estimates and assumptions

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

3.7.1 Going concern

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

3.7.2 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.

3.7.3 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 Group'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.

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3.7.3 Impairment losses on financial assets (continued)

Accounting judgements and estimates include:

- The Group's internal credit grading model, which assigns Probability of Defaults (PD) to the individual grades.
- The Group'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 Group in the above areas is set out in Note 37.4.3 to the financial statements.

3.7.4 Fair value of property, plant and equipment

Land and buildings of the Group are reflected at fair value. The Group 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.

3.7.5 Useful lifetime of property, plant and equipment and intangible asset

The Group 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.

3.7.6 Estimating the incremental borrowing rate

As the Group 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 Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the Right-of-Use asset in a similar economic environment.

3.7.7 Provisions for liabilities, commitments and contingencies

The Group 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 Group can reliably measure the outflow of economic benefits in relation to a specific case to mitigate the risk, the Group 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 Group.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Group 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 Group makes a judgement required to conclude on these estimates.

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

3.8.1 Date of recognition

Financial assets and liabilities, with the exception of loans and advances to customers, balances due to customers and Group borrowings are initially recognized on the trade date, i.e., the date on which the Group 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 Group recognizes balances due to customers when funds are transferred to the Group.

3.8.2 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 3.8.6 to the financial statements. Financial instruments are initially measured at their fair value (as defined in Note 3.8.6 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 Group accounts for the Day 1 profit or loss, as described below.

3.8.3 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 Group 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 Group has assessed that amortizing the deferred amount on a straight-line basis is appropriate. Any outstanding amount is immediately recognized in profit or loss when the instrument is derecognized or when the input(s) becomes observable.

The "Day 1 loss" arising in the case of loans granted to employees of the Group at concessionary rates under uniformly applicable schemes is deferred and amortised using Effective Interest Rates (EIR) in "Interest income" and "Personnel expenses" over the remaining service period of the employees or tenure of the loans, whichever is shorter.

3.8.4 Measurement categories of financial assets and liabilities

The Group 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 3.8.6 to the financial statements.
- FVOCI, as explained in Notes 3.8.6 to the financial statements.

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

3.8.5 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 Group has access to at the measurement date. The Group 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.

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3.8.5 Determination of fair value (continued)

- 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 Group 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 Group 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.

3.8.6 Financial assets

(i) Classification and subsequent measurement of financial assets

The Group 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.

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

Based on these factors, the Group 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 37.4.3 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.

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3.8.6 Financial assets (continued)

Business model assessment

The Group 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 Group'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 Group's original expectations, the Group 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 Group 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 Group 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.

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 Group subsequently measures all equity investments at fair value through profit or loss, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Group'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 Group'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.

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3.8.6 Financial assets (continued)

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 Group 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.

Loans and advances to customers

The Group 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.

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3.8.6 Financial assets (continued)

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 Group 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 Group 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 Group assesses at each reporting date whether there is objective evidence that an investment is impaired.

In the case of debt instruments classified as FVOCI, the Group 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 Group 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 37.4.3 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 Group are measured as the amount of the loss allowance (calculated as described in Note 37.4.3 to the financial statements). The Group 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 Group 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.

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3.8.6 Financial assets (continued)

(ii) Impairment of financial assets

The Group 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 Group 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.

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 subsidiary (SME Digital Private Limited) individually reviews top 50 borrowers for individual impairment 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.

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 Group determines that no provision is required under individual impairment are then collectively assess for Expected Credit Loss (ECL).

The Group 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 Group 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 Group 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 Group records an allowance for the lifetime expected credit loss.

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3.8.6 Financial assets (continued)

Stage 3 – Credit impaired loans: the Group recognizes the lifetime expected credit losses for these loans. In addition, in Stage 3, the Group accrues interest income on the amortized cost of the loan net of impairment allowances.

The calculation of ECL

The Group 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.

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 37.4.3.3 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 37.4.3.3 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 37.4.3.3 to the financial statements.

Forward looking information

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

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

The Group incorporated forward-looking information into the measurement of ECL (refer Note 37.4.3.4 to the financial statements).

(iii) Modification of loans and advances

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans and advances to customers. When this happens, the Group assesses whether or not the new terms are substantially different to the original terms.

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3.8.6 Financial assets (continued)

The Group 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.

If the terms are substantially different, the Group 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 Group 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 Group 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 37.4.7 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 Group transfers substantially all the risks and rewards of ownership, or (ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

The Group 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 Group:

- 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 Group under standard repurchase agreements and securities lending and borrowing transactions are not derecognized because the Group 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 Group retains a subordinated residual interest.

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3.8.7 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 Group that are not designated at fair value through profit or loss, are classified as liabilities under 'due to bank', 'due to customers' and 'debt issued and other borrowed funds' as appropriate, where the substance of the contractual arrangement results in the Group 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.
- 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 Group's financial liabilities at amortized cost are shown in Note 26,27,28, and 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 Group recognizes any expense incurred on the financial liability; and
- Financial guarantee contracts and loan commitments (refer Note 37.4.15 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 Group 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.

3.8.8 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.

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3.9 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.

3.10 IFRS 16 Leases

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

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

The Group 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 3.10.2 to the consolidated financial statements below.

Leases of real estate for which the Group 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 Group'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 Group.

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 Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

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

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3.10.1 The Group's leasing activities and how these are accounted for (continued)

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 Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group 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 Group.

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.

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

The Group 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 5000 (MVR 77,100).

3.10.3 Lessor accounting

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

3.10.4 Extension and termination options

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

3.11 Property, plant and equipment

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

3.11.1 Recognition

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

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3.11.2 Measurement

An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost. Cost includes expenditure that is directly attributable to the acquisition of the asset and cost incurred subsequently to add to, replace part of, or service it. The cost of self-constructed assets includes the cost of materials and direct labor, 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.

3.11.3 Cost model

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

3.11.4 Revaluation model

The Group 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 Group 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.

3.11.5 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 Group 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.

3.11.6 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.

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3.11.7 Depreciation

The Group 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 Group 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.

Bank of Maldives PLC

Asset category	Depreciation rate per annum
Bank premises	5%
Computer equipment	20% - 33.33%
Furniture and equipment	25%
Motor vehicles / vessels	20%

SME Digital Private Limited

Asset category	Depreciation rate per annum
Leasehold buildings	Over the lease period
Office equipment	20%
Computer equipment	20%
Furniture and fittings	10%

3.11.8 Changes in estimates

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

3.11.9 Capital work-in-progress

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

3.12 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance held for use in the production or supply of goods or services, for rental to others or for administrative purposes. Details of intangible assets are given in Note 24 to the financial statements.

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3.12.1 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.

3.12.2 Computer software

Cost of purchased licenses and all computer software costs incurred, licensed for use by the Group, 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.

3.12.3 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.

3.12.4 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 derecognised.

3.12.5 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 Group. Amortization methods, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

The Group assume that there is no residual value for its intangible assets.

Bank of Maldives PLC

Asset category	Useful life years
Computer software	5-10 years

SME Digital Private Ltd

Asset category	Useful life years
Computer software	3-5 years

3.12.6 Impairment of intangible assets not available for use

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

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3.13 Dividend payable

Provision for the final dividend is recognized at the time the dividend recommended and declared by the Board is approved by the shareholders. Interim dividend payable is 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 13 to the consolidated financial statements as an event after the reporting period in accordance with the IAS 10 - Events after the reporting period.

3.14 Employee benefits

3.14.1 Staff provident fund

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

3.14.2 Retirement pension scheme

The Group 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 Group deducts 7% of pensionable wages from its employees and matches this contribution. The amount of the Group's contribution is recognized as an employee benefit expense in the statement of comprehensive income.

3.15 Provisions

Provisions are recognized when the Group 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.

3.16 Fiduciary activities

The Group 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 consolidated financial statements of the Group.

3.16.1 Custodian account of Maldives Retirement Pension Scheme (MRPS)

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

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3.17 Government grants

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 Group 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.

3.18 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 Group 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 Group also form part of commitments of the Group. 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 Group. All identifiable risks are accounted for in determining the amount of all known liabilities.

Details of commitments and contingencies are given in Note 37.4.15 to the financial statements.

3.18.1 Financial guarantees

In the ordinary course of business, the Group 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 Group'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'.

3.18.2 Legal claims

Litigation is a common occurrence in the Banking industry due to the nature of the business undertaken. The Group has formal controls and policies for managing legal claims. Once professional advice has been obtained and the amount of loss reasonably estimated, the Group makes adjustments to account for any adverse effects which the claims may have on its financial standing. There were no pending litigations against the Group as at 31 December 2025, which would have a material impact on the financial statements. Further details are provided under Note 39 to the financial statements.

3.19 Operational risk events

Provisions for operational risk events are recognized as losses incurred by the Group 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.

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3.20 Recognition of income and expenses

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

3.20.1 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 Group 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).

3.20.2 Fee and commission income

The Group 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 Group expects to be entitled in exchange for providing the services. Fee income can be divided into the following two categories.

3.20.2.1 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, 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.

3.20.2.2 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.

3.20.3 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.

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3.20.4 Dividend income

Dividend income is recognized in profit or loss on an accrual basis when the Group'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.

3.20.5 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.

3.21 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)'.

3.21.1 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.

3.21.2 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.

3.22 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 Group 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 Group.

3.23 Changes in Material Accounting policies

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

BANK OF MALDIVES PLC

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3.24 New and amended Accounting Standards and Interpretation

The following amendment to IAS 21 became effective for annual periods beginning on 1 January 2025:

Lack of exchangeability – Amendments to IAS 21

For annual reporting periods beginning on or after 1 January 2025, Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of an entity's financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

This amendment did not have a material impact on the Bank's financial statements.

Standards issued but not yet effective

New and amended standards and interpretations that are issued but not yet effective are being assessed by the Bank to determine the impact on the consolidated financial statements. As explained above, this would include standards and amendments that would already be effective based on the new standard or amendment, but the local endorsement is still in progress or has resulted in a later effective date.

Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7

On 30 May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments). The Amendments include:

- Clarifications of the requirements for recognition and derecognition of financial assets and liabilities
- A clarification that a financial liability is derecognised on the 'settlement date' and introduce an accounting policy choice (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date.
- Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed.
- Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments
- The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI)

The Amendments are effective for annual periods starting on or after 1 January 2026.

With respect to the amendments on the derecognition of financial liabilities that are settled through an electronic payment system, the Bank has performed an assessment of all material electronic payment systems used in the various jurisdictions it operates.

Most of the electronic settlement systems used by the Bank result in real-time settlement. There is a limited number of electronic settlement systems used by the Bank that do not result in real-time settlement. For those, the Bank has been derecognising the financial liability, and the associated cash, at the time of submitting the payment instructions. In line with the amendments, the Bank will change this current practice to derecognising the financial liability and the associated cash when the payment has reached the beneficiary, which is when the obligation is discharged. However, given the limited number of such electronic settlement systems used by the Bank, and the low value of payments involved, the amendments are not expected to have a material impact.

The Bank has determined that it will not apply the accounting policy option to derecognise financial liabilities before the settlement date. Moreover, the Bank has also reviewed its other payment systems (such as cheques, credit cards, debit cards) and concluded that the recognition and derecognition policies are already in line with the amendments.

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3.24 New and amended Accounting Standards and Interpretation (continued)

In addition, the Bank has assessed the impact of the Amendments on its financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features, as well as on non-recourse financing and contractually linked instruments. Based on the assessments performed, the amendments in these areas are not expected to have a material impact on the financial statements.

Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7

In December 2024, the IASB issued Amendments to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity. The amendments apply only to contracts that reference nature-dependent electricity.

The amendments:

- Clarify the application of the 'own-use' requirements for in-scope contracts
- Amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts
- Add new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows

The amendments will take effect for annual reporting periods starting on or after 1 January 2026. Early adoption is allowed, but it must be disclosed. The amendments concerning the own-use exception are to be applied retrospectively, while the hedge accounting amendments should be applied prospectively to new hedging relationships designated from the initial application date. Additionally, the IFRS 7 disclosure amendments must be implemented alongside the IFRS 9 amendments. If an entity does not restate comparative information, it cannot present comparative disclosures.

The Bank does not expect that the amendments will have a material impact on its financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. There are specific presentation requirements and options for entities, such as Good Bank, that have specified main business activities (either providing finance to customers or investing in specific types of assets, or both). The standard requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and it also includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

The Bank is currently working to identify the impacts the standard will have on the primary financial statements and notes to the financial statements. The Bank considers its main business activities to include the provision of financing to customers and investing in financial assets. In accordance with IFRS 18, some of the income and expenses related to those activities are classified in the operating category, as an exception to the general requirements that would otherwise have resulted in their classification in the investing or financing categories.

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

(All amounts in MVR '000 unless otherwise stated)

3.24 New and amended Accounting Standards and Interpretation (continued)

The initial expected material impacts of IFRS 18 on the Bank's financial statements are as follows:

- Income and expenses from the following will be classified in the operating category within the statement of profit or loss: (a) cash and cash equivalents; (b) liabilities from transactions that involve only the raising of finance; (c) generally, assets invested in as part of the Bank's main business activity of investing in financial assets that generate a return individually and largely independently of the Bank's other resources
- Foreign exchange differences will be classified in the same category as the related income and expenses, giving rise to the foreign exchange difference, with some exceptions.
- Gains and losses on hedging instruments, including those not designated as such, but used to manage exposure to identified risks, will be classified in the same category as the income and expenses relating to the risk being covered, with some exceptions.
- For the statement of cash flows, the 'operating profit' subtotal will be used as the starting point for determining cash flows from operating activities. Furthermore, the classification of the total cash flows from all dividends received, all interest paid and all interest received will each, respectively, be classified in a single category in the statement of cash flows following the classification of the related income and expenses in the statement of profit or loss.
- New disclosures will be added for: (a) management-defined performance measures; (b) specified expenses by nature if expenses are presented by function in the operating category of the statement of profit or loss;
- A reconciliation for each line item in the statement of profit or loss between the restated amounts presented applying IFRS 18, and the amounts previously presented applying IAS 1.

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

(All amounts in MVR '000 unless otherwise stated)

4 Gross income

	Bank	Group
	2025	2025
Interest income (Note 5)	3,249,794	3,275,558
Fees and commission income (Note 6)	2,138,398	2,142,215
Foreign exchange income (Note 7)	110,359	110,359
Other operating income (Note 8)	154,866	157,477
	<u>5,653,417</u>	<u>5,685,609</u>

5 Net interest income

	2025	2024	2025
Interest income			
Loans and advances to customers	2,272,024	2,095,393	2,292,159
Financial assets at amortized cost (Note 5.1)	743,920	547,709	746,490
Placements with banks	217,636	219,977	220,695
Reserve deposits	16,214	16,316	16,214
	<u>3,249,794</u>	<u>2,879,395</u>	<u>3,275,558</u>
Less: interest expense			
Due to customers	264,020	169,247	264,020
Term debts and other borrowed funds	15,254	34,458	15,254
Finance cost for lease liabilities (Note 28)	12,166	11,657	12,376
	<u>291,440</u>	<u>215,362</u>	<u>291,650</u>
Net interest income	<u>2,958,354</u>	<u>2,664,033</u>	<u>2,983,908</u>

5.1 Interest income - financial assets at amortized cost

	2025	2024	2025
Interest income from Government of Maldives Securities and related financial instruments	718,758	521,133	718,758
Interest income from financial instruments other than securities issued by Government of Maldives	25,162	26,576	27,732
	<u>743,920</u>	<u>547,709</u>	<u>746,490</u>

The interest income from Government of Maldives Securities includes interest income from treasury bills, treasury bonds, reverse repurchase facilities and wakala investments.

6 Net fee and commission income

	2025	2024	2025
Cards operation	1,763,692	1,447,268	1,763,692
Pay orders	142,473	106,755	142,473
Loans	126,185	87,792	127,108
Administration fees on development funds	10,184	14,455	13,078
Trade services	14,624	11,844	14,624
Fee income on branch operations	75,334	69,329	75,334
Custodian services fee	4,750	4,750	4,750
Others	1,156	1,381	1,156
	<u>2,138,398</u>	<u>1,743,574</u>	<u>2,142,215</u>
Fee and commission expense	(1,234,077)	(996,431)	(1,234,077)
Net fee and commission income	<u>904,321</u>	<u>747,143</u>	<u>908,138</u>

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 2025

(All amounts in MVR '000 unless otherwise stated)

7 Net foreign exchange income

	Bank 2025	2024	Group 2025
Net foreign exchange income	110,359	80,394	110,359
	110,359	80,394	110,359

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

	Bank 2025	2024	Group 2025
Recoveries of written off loan and receivables	113,814	88,098	116,425
Dividend income	1,828	1,607	1,828
Others	39,224	30,333	39,224
	154,866	120,038	157,477

9 Credit impairment losses/(reversals)

	Bank 2025			
	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers	22,058	(130,738)	12,939	(95,741)
Debt and other instruments	(31,366)	-	-	(31,366)
Placements with banks	(17,328)	-	-	(17,328)
Other assets	-	-	(5,535)	(5,535)
	(26,636)	(130,738)	7,403	(149,971)
	2024			
	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers	(32,562)	(55,378)	3,198	(84,742)
Financial assets at amortized cost	31,946	-	-	31,946
Placements with banks	(10,053)	-	-	(10,053)
Other assets	-	-	3,852	3,852
	(10,669)	(55,378)	7,050	(58,997)
	Group 2025			
	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers	14,465	(121,906)	23,016	(84,425)
Financial assets at amortized cost	(31,366)	-	-	(31,366)
Placements with banks	(17,328)	-	-	(17,328)
Other assets	-	-	(5,535)	(5,535)
	(34,229)	(121,906)	17,481	(138,654)

BANK OF MALDIVES PLC**NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 December 2025

(All amounts in MVR '000 unless otherwise stated)

10 Personnel expenses

	Bank 2025	2024	Group 2025
Salaries, wages and other related expenses	584,890	425,752	596,772
Defined contribution plan expense - 7% to Maldives Retirement Pension Scheme	24,071	14,092	24,488
Defined contribution plan expense - 3% to Employee Provident Fund	7,942	4,582	7,942
	<u>616,903</u>	<u>444,426</u>	<u>629,202</u>

11 Other operating expenses

	Bank 2025	2024	Group 2025
Depreciation of property, plant and equipment (Note 22.3)	69,881	71,003	70,434
Amortisation of intangible assets (Note 24)	10,620	13,739	10,635
Depreciation of right-of-use assets (Note 23)	18,550	13,312	19,666
Administration and establishment expenses	57,594	51,971	58,297
Software license fees and hardware maintenance expenses	98,953	79,107	99,395
Provision for claims / (reversals)	-	(31,579)	-
Communication expenses	37,205	29,591	37,250
Advertising and promotional expenses	34,734	20,209	35,221
Travel and transport expenses	30,361	24,981	30,361
Consultancy fees	9,508	7,670	10,132
Subscription fees	13,784	11,989	13,906
Expense relating to short term leases	1,601	1,544	1,627
Donation	15,682	13,810	15,682
Directors' emoluments	2,377	2,904	2,680
Auditors' remuneration	1,728	1,653	1,814
Professional and legal expenses	1,558	1,408	1,558
Other expenses	12,388	6,287	13,343
	<u>416,524</u>	<u>319,599</u>	<u>422,001</u>

12 Income tax expense**Income tax**

	Bank 2025	2024	Group 2025
Income tax charge (Note 12.2)	757,673	643,041	751,933
Adjustment in respect of Income tax of prior years	-	1,312	-

Deferred tax

	Bank 2025	2024	Group 2025
Origination and reversal of temporary differences (Note 12.3)	21,318	16,691	18,441
Income tax expense reported in the statement of comprehensive income (Note 12.1)	<u>778,991</u>	<u>661,044</u>	<u>770,374</u>

12.1 Reconciliation of the income tax expenses

	2025	2024	2025
Reconciliation between accounting profit to taxable income;			
Accounting profit before tax	3,244,444	2,906,580	3,247,333
Non-deductible expenses	807,922	766,722	810,791
Deductible expenses	(1,021,675)	(1,101,139)	(1,065,698)
Taxable income for the year	3,030,691	2,572,163	2,992,426
Profit taxable at 25%			3,030,691
Tax losses at 15%			(38,265)
	3,030,691	2,572,163	2,992,426
Income tax at 25%	757,673	643,041	757,673
Income tax reversal at 15%			(5,740)
	<u>757,673</u>	<u>643,041</u>	<u>751,933</u>

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

	Bank 2025	2024	Group 2025
Accounting profit before tax	3,244,444	2,906,580	3,247,333
Tax effect at the Income tax rate - 25%	811,111	726,645	811,111
Tax effect at the Income tax rate - 15%			433
Tax effect of non-deductible expenses	(15,912)	(40,347)	(15,912)
Tax effect of deductible expenses	(16,208)	(26,566)	(25,689)
Under/(over) provision of taxes in respect of prior years	-	1,312	
Income tax expense reported in the statement of comprehensive income	<u>778,991</u>	<u>661,044</u>	<u>770,374</u>
Effective tax rate (excluding deferred tax and prior year adjustment)	23%	22%	23%
Effective tax rate (including deferred tax and prior year adjustment)	<u>24%</u>	<u>23%</u>	<u>24%</u>

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

(All amounts in MVR '000 unless otherwise stated)

	Bank		Group
	2025	2024	2025
12.2 Income tax liability			
At 1 January	32,538	449,430	32,538
From acquisition of subsidiary	-	-	6,984
Income tax charge for the year	757,673	643,041	751,932
Adjustment in respect of prior year	-	1,312	-
Tax paid during the year	(335,173)	(1,061,245)	(335,173)
As at 31 December	455,038	32,538	456,280

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.

	Bank			
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
As at 1 January 2024	(22,060)	45,172	(42,934)	(72,833)
Statement of comprehensive income	(27,170)	10,479	-	-
Other comprehensive income	-	-	-	(16,041)
Statement of changes in equity	-	-	1,827	-
As at 31 December 2024	(49,230)	55,651	(41,107)	(88,874)
Statement of comprehensive income	18,100	(39,417)	-	-
Other comprehensive income	-	-	-	(9,543)
Statement of changes in equity	-	-	1,827	-
As at 31 December 2025	(31,130)	16,234	(39,280)	(98,417)

	Group			
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
As at 1 January 2025	(49,230)	55,651	(41,107)	(88,874)
From acquisition of subsidiary	74	40,928	-	-
Statement of comprehensive income	18,127	(36,568)	-	-
Other comprehensive income	-	-	-	(9,543)
Statement of changes in equity	-	-	1,827	-
As at 31 December 2025	(31,029)	60,011	(39,280)	(98,417)

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

(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 Parent/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.

	Bank 2025	2024	Group 2025
Profit attributable to ordinary equity holders	2,465,453	2,245,536	2,474,952
Weighted average number of ordinary shares in issue (Note 31)	5,381,920	5,381,920	5,381,920
Basic/diluted earnings per share (MVR)	458	417	460

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

Final dividend of MVR 50 per share was declared for 2023 and paid in 2024

Final dividend of MVR 55 per share was declared for 2024 and paid in 2025

	Bank 2025	2024	Group 2025
	-	269,096	-
	296,006	-	296,006

It is also proposed to issue 2 bonus shares for each existing share as part of the final dividend.

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

	Bank 2025	2024	Group 2025
Final dividend			
Dividend per share 2025: MVR 60 (2024: MVR 55)	322,915	296,006	322,915
Total dividend	322,915	296,006	322,915

15 Cash and cash equivalents

	Bank 2025	2024	Group 2025
Cash in hand	925,599	888,365	925,612
Balances with other banks	484,017	2,894,091	599,493
	1,409,616	3,782,456	1,525,105

16 Statutory deposit with Maldives Monetary Authority (MMA)

	Bank 2025	2024	Group 2025
Statutory deposit for Conventional banking	2,990,875	2,961,486	2,990,875
Statutory deposit for Islamic banking	338,289	306,388	338,289
	3,329,164	3,267,874	3,329,164

In July 2025, MMA reduced the Minimum Reserve Requirement (MRR) on foreign currency deposits from 7.5% to 5%. Following this revision, the Bank maintained MRR at 10% for local currency deposits and 5% for foreign currency denominated deposits during the year. For MRR purposes, demand deposits and time deposits (excluding central bank deposits, interbank deposits of other banks in Maldives and LC margin deposits) are considered. These deposits are not available for the Bank's day-to-day operations. MRR balances for Conventional banking earn interest at 1% per annum for MVR balances and 0.01% per annum for USD dollar denominated balances. Since January 2024, MRR for MVR denominated balances under BML Islamic has been structured through the MMA Commodity Murabaha Facility at the profit rate of 1% per annum, while no income is earned on MRR for foreign currency denominated deposits of BML Islamic held at MMA.

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NOTES TO THE FINANCIAL STATEMENTS

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(All amounts in MVR '000 unless otherwise stated)

17 Placements with banks

	Bank 2025	2024	Group 2025
Placements with banks	2,901,380	5,706,458	2,901,380
Less: total impairment for placement with banks (Note 20)	(11,735)	(29,063)	(11,735)
Net placements with banks	2,889,645	5,677,395	2,889,645

All the Placements with banks are categorised under Stage 1

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

	Bank 2025	2024	Group 2025
Gross loans and advances	25,930,187	21,121,505	26,709,391
Less: total impairment for loans and advances to customers (Note 20)	(725,622)	(912,695)	(1,017,469)
Net loans and advances	25,204,565	20,208,810	25,691,922

18.1 Product wise analysis

	Bank 2025	2024	Group 2025
Commercial term loans	14,490,627	11,433,588	15,269,831
Overdrafts	3,002,096	3,057,140	3,002,096
Personal loans	2,743,487	2,682,760	2,743,487
Islamic financing facilities	4,282,857	2,757,583	4,282,857
Credit cards	965,966	836,445	965,966
Staff loans	114,444	257,684	114,444
Trade finance	330,710	95,941	330,710
Development banking loans	-	364	-
	25,930,187	21,121,505	26,709,391

18.2 Currency wise analysis

	Bank 2025	2024	Group 2025
Maldivian Rufiyaa	14,884,210	13,209,866	16,104,937
United States Dollar	11,014,176	7,906,046	10,572,654
Euro	31,521	5,593	31,521
Other Currencies	280	-	280
	25,930,187	21,121,505	26,709,391

19 Financial assets at amortized cost - Debt and other instruments

	Bank 2025	2024	Group 2025
Treasury bills issued by Government of Maldives	11,071,216	10,864,146	11,071,216
Treasury bonds issued by Government of Maldives	5,464,770	2,423,339	5,464,770
Reverse Repurchase	2,709,742	-	2,709,742
Corporate bonds	221,580	62,116	221,580
Wakala investments	150,643	-	150,643
Less: total impairment for financial assets at amortized cost (Note 20)	(55,058)	(86,424)	(55,058)
	19,562,893	13,263,177	19,562,893

All the Financial assets at amortized cost - Debt and other instruments are categorised under Stage 1

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(All amounts in MVR '000 unless otherwise stated)

20 Movement in provision for impairment losses

	Bank				
	Financial assets at amortized cost - Loans and advances to customers	Financial assets at amortized cost - Debt and other instruments	Placements with banks	Other assets	Total
As at 1 January 2024	1,083,831	54,478	39,116	34,628	1,212,053
Net charge to profit or loss (Note 9)	(84,742)	31,946	(10,053)	3,852	(58,997)
Reversal of interest	26,849	-	-	-	26,849
Written-off during the year as uncollectible	(113,243)	-	-	(7,782)	(121,025)
As at 31 December 2024	912,695	86,424	29,063	30,697	1,058,880
Net charge to profit or loss (Note 9)	(95,741)	(31,366)	(17,328)	(5,535)	(149,971)
Reversal of interest	(18,121)	-	-	-	(18,121)
Written-off during the year as uncollectible	(73,210)	-	-	(16,698)	(89,908)
As at 31 December 2025	725,622	55,058	11,735	8,464	800,880
	Group				
	Financial assets at amortized cost - Loans and advances to customers	Financial assets at amortized cost - Debt and other instruments	Placements with banks	Other assets	Total
As at 1 January 2025	912,695	86,424	29,063	30,697	1,058,879
From acquisition of subsidiary	280,851	-	-	-	280,851
Net charge to profit or loss (Note 9)	(84,745)	(31,366)	(17,328)	(5,215)	(138,654)
Reversal of interest	(18,121)	-	-	-	(18,121)
Written-off during the year as uncollectible	(73,210)	-	-	(16,698)	(89,908)
As at 31 December 2025	1,017,469	55,058	11,735	8,784	1,093,046

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NOTES TO THE FINANCIAL STATEMENTS

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(All amounts in MVR '000 unless otherwise stated)

21 Financial assets at FVOCI

Equity instruments:

Equities - quoted (Note 21.1)

Equities - unquoted (Note 21.2)

	Bank/Group 2025	Bank 2024
	391,986	354,750
	2,103	1,530
	394,089	356,280

21.1 Equities - quoted

	Bank/Group 2025			Bank 2024		
	No. of shares	Per share price (US\$)	Amount (MVR'000)	No. of shares	Per share price (US\$)	Amount (MVR'000)
Visa Incorporated	15,030	1,402.84	320,698	15,030	1,264.16	288,995
MasterCard Incorporated	8,210	570.88	71,288	8,210	526.57	65,755
			391,986			354,750

21.2 Equities - unquoted

	Bank/Group 2025		Bank 2024	
	No. of shares	Amount (MVR'000)	No. of shares	Amount (MVR'000)
Society for Worldwide Interbank Financial Telecommunication (SWIFT)	12	2,103	12	1,530
		2,103		1,530

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

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(All amounts in MVR '000 unless otherwise stated)

22 Property, plant and equipment

22.1 Cost/fair value

Property, plant and equipment	Bank							
Cost/fair value	Land	Buildings	Buildings on leasehold land	Computer hardware	Furniture and fittings	Office equipment	Motor vehicles	Total
As at 1 January 2024	228,173	246,183	38,430	353,330	161,871	84,357	10,255	1,122,599
Additions at cost	-	525	592	44,425	5,841	2,701	-	54,084
Disposals/written-off	-	(568)	(6,600)	(11,524)	(4,474)	(1,759)	(2,438)	(27,363)
As at 31 December 2024	228,173	246,140	32,422	386,231	163,238	85,299	7,817	1,149,320
Additions at cost	153,938	943	19	93,346	18,394	6,397	-	273,038
Reclassification at cost	-	1,642	(1,642)	-	-	-	-	-
Disposals/written-off	-	-	-	(1,058)	(187)	(64)	(325)	(1,634)
As at 31 December 2025	382,111	248,725	30,799	478,519	181,445	91,632	7,492	1,420,724

22.2 In the course of construction (CWIP)

As at 1 January 2024	-	-	1,248	4,105	-	-	-	5,353
Reclassification at cost	-	525	(4,614)	3,692	3,033	(2,636)	-	-
Additions at cost	-	-	5,635	36,715	2,808	5,337	-	50,495
Transfers at cost	-	(525)	(592)	(44,425)	(5,841)	(2,701)	-	(54,084)
As at 31 December 2024	-	-	1,677	87	-	-	-	1,764
Additions at cost	-	1,128	2,869	136,930	18,394	6,397	-	165,718
Transfers at cost	-	(943)	(19)	(93,346)	(18,394)	(6,397)	-	(119,099)
Reclassification at cost	-	-	-	-	-	-	-	-
As at 31 December 2025	-	185	4,527	43,671	-	-	-	48,383
Total cost/fair value 2024	228,173	246,140	34,099	386,318	163,238	85,299	7,817	1,151,084
Total cost/fair value 2025	382,111	248,910	35,326	522,190	181,445	91,632	7,492	1,469,108

22.3 Depreciation

As at 1 January 2024	-	10,625	18,504	185,654	126,642	68,867	6,112	416,404
Depreciation charge for the year	-	9,887	930	40,263	12,570	6,468	885	71,003
Disposals/written-off	-	(36)	(4,789)	(11,431)	(4,270)	(1,754)	(2,092)	(24,372)
As at 31 December 2024	-	20,476	14,645	214,486	134,942	73,581	4,905	463,035
Depreciation charge for the year	-	9,901	869	39,292	12,485	6,527	807	69,881
Reclassification	-	30	(30)	-	-	-	-	-
Disposals/written-off	-	-	-	(1,058)	(172)	(64)	(325)	(1,619)
As at 31 December 2025	-	30,407	15,484	252,720	147,255	80,044	5,387	531,297

22.4 Net book value

As at 31 December 2024	228,173	225,664	19,454	171,832	28,296	11,718	2,912	688,049
As at 31 December 2025	382,111	218,503	19,842	269,470	34,190	11,588	2,105	937,810

BANK OF MALDIVES PLC

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Year ended 31 December 2025

(All amounts in MVR '000 unless otherwise stated)

22 Property, plant and equipment

22.1 Cost/fair value

Property, plant and equipment	Group							
Cost/fair value	Land	Buildings	Buildings on leasehold land	Computer hardware	Furniture and fittings	Office equipment	Motor vehicles	Total
As at 1 January 2025	228,173	246,140	32,422	386,231	163,238	85,299	7,817	1,149,320
From acquisition of subsidiary			633	4,884	3,282	2,700	-	11,499
Additions at cost	153,938	943	19	93,540	18,511	6,425	-	273,376
Reclassification at cost	-	1,642	(1,642)	-	-	-	-	-
Disposals/written-off	-	-	-	(1,094)	(341)	(258)	(325)	(2,017)
As at 31 December 2025	382,112	248,725	31,432	483,561	184,691	94,166	7,492	1,432,178

22.2 In the course of construction (CWIP)

As at 1 January 2024	-	-	1,248	4,105	-	-	-	5,353
Reclassification at cost	-	525	(4,614)	3,692	3,033	(2,636)	-	-
Additions at cost	-	-	5,635	36,715	2,808	5,337	-	50,495
Transfers at cost	-	(525)	(592)	(44,425)	(5,841)	(2,701)	-	(54,084)
As at 31 December 2024	-	-	1,677	87	-	-	-	1,764
Additions at cost	-	1,128	2,869	136,930	18,394	6,397	-	165,718
Transfers at cost	-	(943)	(19)	(93,346)	(18,394)	(6,397)	-	(119,099)
Reclassification at cost	-	-	-	-	-	-	-	-
As at 31 December 2025	-	185	4,527	43,671	-	-	-	48,383
Total cost/fair value 2024	228,173	246,140	34,099	386,318	163,238	85,299	7,817	1,151,084
Total cost/fair value 2025	382,112	248,910	35,959	527,232	184,691	94,166	7,492	1,480,561

22.3 Depreciation

As at 1 January 2024	-	10,625	18,504	185,654	126,642	68,867	6,112	416,404
Depreciation charge for the year	-	9,887	930	40,263	12,570	6,468	885	71,003
Reclassification	-	-	-	-	-	-	-	-
Disposals/written-off	-	(36)	(4,789)	(11,431)	(4,270)	(1,754)	(2,092)	(24,372)
As at 1 January 2025	-	20,476	14,645	214,486	134,942	73,581	4,905	463,035
From acquisition of subsidiary	-	-	99	3,349	1,222	1,863	-	6,533
Depreciation charge for the year	-	9,901	890	39,541	12,596	6,699	807	70,434
Reclassification	-	30	(30)	-	-	-	-	-
Disposals/written-off	-	-	-	(1,093)	(248)	(235)	(325)	(1,900)
As at 31 December 2025	-	30,407	15,604	256,283	148,512	81,908	5,387	538,102

22.4 Net book value

As at 1 January 2025	228,173	225,664	19,454	171,832	28,296	11,718	2,912	688,049
As at 31 December 2025	382,112	218,503	20,355	270,948	36,178	12,258	2,105	942,459

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22 Property, plant and equipment (Continued)

22.5 At 31 December 2025, property, plant and equipment of the Bank included fully depreciated assets which are still in use, the cost of which amounted MVR 315,205,334.34 (2024: MVR 263,373,300).

At 31 December 2025, property, plant and equipment of the Group included fully depreciated assets which are still in use, the cost of which amounted MVR 317,063,499.

22.6 There were no restrictions on the title of property, plant and equipment held by the Bank / the Group 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 materially different from carrying amounts, to ensure that the carrying amounts do not materially 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:

Level 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

	Group/Bank 2025	Bank 2024
Land		
Cost	58,731	58,731
Additions at cost	153,938	-
Net book value	212,669	58,731
Buildings		
Cost	165,581	165,625
Additions at cost	943	524
Disposals/written-off	-	(568)
Accumulated depreciation	(61,828)	(51,927)
Net book value	104,696	113,654

22.9 Property, plant and equipment disposed during the year

	Group/Bank 2025	2024
Sales proceeds	-	265
Cost	1,634	27,363
Accumulated depreciation	(1,619)	(24,372)
Net book value	15	2,991
Loss from disposal of property, plant and equipment	(15)	(2,726)

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(All amounts in MVR '000 unless otherwise stated)

23 Right-of-use assets

Buildings at cost

Right-of-use assets	Bank	Group	
Buildings at cost	2025	2024	2025
As at 1 January	210,137	210,704	210,137
From acquisition of subsidiary	-	-	18,574
Additions	24,928	1,098	24,928
Disposals	-	(4,072)	-
ROU Modifications	356	2,407	356
As at 31 December	235,421	210,137	253,995

Depreciation and impairment

As at 1 January	77,513	66,072	77,513
From acquisition of subsidiary	-	-	11,948
Depreciation charge for the year (Note 11)	18,550	13,312	19,666
Disposals	-	(1,871)	-
As at 31 December	96,063	77,513	109,127

Net book value

As at 31 December	139,358	132,624	144,868
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The Bank has elected not to revalue its asset class recognized under right-of-use assets.

24 Intangible assets

Computer software Cost

Computer software Cost	Bank		Group
	2025	2024	2025
As at 1 January	195,275	224,696	195,275
From acquisition of subsidiary	-	-	674
Transfer from CWIP	11,976	12,698	11,976
Disposals/written-off	-	(42,119)	-
As at 31 December	207,251	195,275	207,925

In the course of construction (CWIP)

As at 1 January	4,639	7,660	4,639
Additions at cost	18,913	9,677	18,913
Transfers at cost	(11,976)	(12,698)	(11,976)
As at 31 December	11,577	4,639	11,577
Total cost as at 31 December	218,827	199,914	219,501

Goodwill

As at 1 January	-	-	-
Acquisition of a subsidiary (Note 33)	-	-	15,243
As at 31 December	-	-	15,243

Amortisation and impairment

As at 1 January	123,571	149,875	124,166
Amortisation charge for the year (Note 11)	10,620	13,739	10,680
Disposals/written-off	-	(40,043)	-
As at 31 December	134,191	123,571	134,846

Net book value

As at 31 December	84,636	76,343	99,898
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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 held in the Bank as at the reporting date include fully amortised assets amounting to MVR 92,050,611 (2024: MVR 91,323,377).

BANK OF MALDIVES PLC

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(All amounts in MVR '000 unless otherwise stated)

24.3 Intangible assets disposed during the year

	Bank 2025	2024	Group 2025
Sales proceeds	-	-	-
Cost	-	42,119	-
Accumulated depreciation	-	(40,043)	-
Net book value	-	2,076	-
Loss from disposal of Intangible assets	-	(2,076)	-

25 Other assets

	Bank 2025	2024	Group 2025
Deposits and prepayments	356,876	306,972	361,400
Card receivables	370,127	569,028	370,127
Other receivables	120,037	83,344	134,865
Un-amortised cost on staff loans (Note 25.1)	120,091	57,367	120,091
	967,130	1,016,711	986,483
Less : Provision for other losses (Note 20)	(8,464)	(30,697)	(8,464)
	958,666	986,014	978,019

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 tenor of the staff loan.

26 Due to customers

	Bank 2025	2024	Group 2025
Total amount due to customers	37,190,667	32,032,041	36,617,217
	37,190,667	32,032,041	36,617,217

26.1 Product wise analysis

	Bank 2025	2024	Group 2025
Demand deposits	20,368,257	17,540,304	20,300,007
Saving deposits	8,894,097	8,491,965	8,894,097
Time deposits	3,973,404	3,730,432	3,973,404
Wadi'ah deposits of BML Islamic	1,535,562	1,137,235	1,535,562
Saving deposits of BML Islamic	1,607,214	892,185	1,102,013
Time deposits of BML Islamic	468,814	136,797	468,815
Margins on letters of credit	333,007	87,290	333,007
Margins on bank guarantee	10,312	15,833	10,312
	37,190,667	32,032,041	36,617,217

26.2 Currency wise analysis

Maldivian Rufiyaa	19,682,759	15,940,433	19,175,311
United States Dollar	17,393,379	15,994,907	17,327,377
Euro	113,933	96,701	113,933
Other Currencies	596	-	596
	37,190,667	32,032,041	36,617,217

27 Term debt and other borrowed funds

Borrowings from Government of Maldives (Note 27.1):

	Bank 2025	2024	Group 2025
Asian Development Bank (ADB) credit line	4,593	5,206	4,593
Islamic Development Bank (IDB) credit line	8,633	10,791	8,633
Borrowings from commercial banks and other financial institutions abroad (Note 27.2)	-	236,058	-
Borrowings from commercial banks - local	525,212	152,176	525,212
	538,438	404,231	538,438

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(All amounts in MVR '000 unless otherwise stated)

27.1 Borrowings from Government of Maldives (continued)

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, loans to corporates and SMEs in the tourism sector for businesses that are private and majority owned by Maldivian residents.

27.3 Maturity of borrowings

Lender	Bank / Group 2025				Currency
	Not later than 1 year	Later than 1 year and not later than 5 years	Later than 5 years	Weighted average rate of interest	
Borrowings under Government of Maldives:					
ADB Credit Line	627	2,441	1,525	3.0%	SDR / USD
IDB Credit Line	2,233	6,400	-	4.0%	MVR
Borrowings from commercial banks and other financial institutions local	525,212	-	-	3.1%	USD
	<u>528,072</u>	<u>8,841</u>	<u>1,525</u>		
Lender	Bank 2024				Currency
	Not later than 1 year	Later than 1 year and not later than 5 years	Later than 5 years	Weighted average rate of interest	
Borrowings under Government of Maldives:					
ADB Credit Line	630	2,441	2,136	3.0%	SDR / USD
IDB Credit Line	2,258	8,533	-	4.0%	MVR
Borrowings from commercial banks and other financial institutions abroad	83,685	146,669	5,704	-	USD
Borrowings from commercial banks local	152,176	-	-	3.1%	USD
	<u>238,748</u>	<u>157,643</u>	<u>7,840</u>		

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28 Lease liability

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

	Bank		Group
	2025	2024	2025
Balance as at 1 January	132,393	139,863	132,393
From acquisition of subsidiary	-	-	7,053
Contracts added during the year	24,929	1,098	24,929
Finance cost	12,166	11,657	12,376
Lease modifications during the year	356	2,227	356
Derecognition of contracts	-	(2,725)	-
Interest paid	(12,166)	(11,657)	(12,376)
Lease principle payments during the year	(13,447)	(8,070)	(14,577)
Balance as at 31 December	144,231	132,393	150,154

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	8.50%	10.00%
Leases more than 5 years	USD denominates	8.00%	-
	MVR denominates	8.50%	-

29 Government grants

	Bank		Group
	2025	2024	2025
Balance as at 1 January	58,858	63,521	58,858
Received during the year	31,000	-	31,000
Released to the statement of comprehensive income	(5,940)	(4,663)	(5,940)
Balance as at 31 December	83,918	58,858	83,918

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

30 Other liabilities

	Bank		Group
	2025	2024	2025
Development funds	211,044	648,257	393,510
Sundry creditors	511,848	557,006	514,365
Dividend payables	32,727	132,385	32,727
Accrued expenses	69,609	61,861	70,100
Prepaid card accounts	30,761	51,703	30,908
Cashier's cheques	464	1,278	464
	856,453	1,452,490	1,042,074

Sundry creditors consist of cards and merchant payables amounting to MVR 367,309,994 (2024: MVR 434,687,394), personnel expenses payable MVR 118,587,934 (2024: MVR 94,018,149) and miscellaneous payable amounting to MVR 25,950,272 (2024: MVR 28,300,175).

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(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 2025	5,381,920	269,096	93,000	362,096
As at 31 December 2025	5,381,920	269,096	93,000	362,096

The total authorized number of ordinary shares are 16,000,000 shares (2024:16,000,000 shares) with a par value of MVR 50 per share (2024: 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	Total
As at 1 January 2024	150,000	6,000	9,146,416	211,268	218,964	9,732,648
Transferred during the year 2024	-	-	1,812,680	(5,482)	48,125	1,855,323
As at 31 December 2024	150,000	6,000	10,959,096	205,786	267,089	11,587,971
Transferred during the year 2025	-	-	1,956,839	(5,483)	28,266	1,979,622
As at 31 December 2025	150,000	6,000	12,915,935	200,303	295,355	13,567,594

(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.

(e) FVOCI reserve

Net gains on re-measurement of financial assets at FVOCI 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 as per IFRS 9 is maintained in a separate reserve in the statement of changes in equity. As of the date of reporting, 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.

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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	Bank		Total
	MMA	IFRS	
Balance at 1 January 2024	720,229	1,083,831	-
Impairment movement during 2024	(18,472)	(171,136)	-
As at 31 December 2024	701,757	912,695	-
Impairment movement during 2025	(123,660)	(187,073)	-
As at 31 December 2025	578,097	725,622	-

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

(i) Specific provision	Bank	
	2025	2024
As at 1 January	398,189	417,729
Provision made during the year	410,750	224,635
Provision reversed during the year	(395,211)	(170,197)
Loans written-off during the year as uncollectible	(52,003)	(73,978)
As at 31 December	361,725	398,189
(ii) General provision		
As at 1 January	257,402	246,756
Provision made during the year	251,721	163,417
Provision reversed during the year	(351,358)	(152,771)
As at 31 December	157,765	257,402
Total provision	519,490	655,591

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

	Bank	
	2025	2024
As at 1 January	46,166	55,744
Amount suspended during the year	59,854	53,510
Amount reversed during the year	(26,206)	(23,823)
Loans written-off during the year as uncollectible	(21,207)	(39,265)
As at 31 December	58,607	46,166
Total provision and IIS	578,097	701,757

32.4 Total equity

Total equity of the Bank as at 31 December 2025 was MVR 16,402,452,868 (2024: MVR 14,202,912,747).

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33 Investments in subsidiaries and non-controlling interest

33.1 Investment in subsidiaries

	Bank 2025 Amount (MVR'000)
SME Digital Pvt. Ltd.*	912,347
BML Affordable Home Leasing Private Limited	1,000
	<u>913,347</u>

* This balance includes the purchase consideration of MVR 850 million recognised for the acquisition of SME Digital Pvt Ltd. In addition, the Bank granted a loan to the subsidiary on non-market terms. In accordance with IFRS requirements, the loan was initially measured at fair value using market-based interest rates, resulting in a fair value adjustment of MVR 62.3 million. This fair value adjustment has been recognised as part of the investment in subsidiaries.

33.2 Non-controlling interest

Acquisition of SME Digital Private Limited

On 26 August 2025, the Bank of Maldives PLC acquired 85% shareholding of SME Development Finance Corporation Private Limited (SDFC), becoming the company's majority shareholder. Following the acquisition of the company was officially renamed as SME Digital Private Limited on 10 November 2025.

The acquisition of SME Digital was undertaken to leverage BML's strength and focus better on SME sector which is an area which has been underserved. The primary objectives of the acquisition and transformation of SDFC are:

- Target the underserved SME market by providing easy, reliable, digital financing solutions to key segments in the SME sector such as women, fishermen, agricultural sector, etc.
- Digital transformation of the SME sector: Position the subsidiary as a leading player in the financial sector by offering innovative digital solutions such as mobile banking apps, digital payments, digital marketplace and online lending platforms.
- Tailored financial products: Based on the bespoke requirements of the SME sector, ensure that financial products, which are Shari'ah compliant, such as working capital and equipment financing and cross border trading are easily accessible to the various industries in the SME sector.
- Enhance financial literacy and support: Delivering educational resources and advisory services to help SMEs manage finances, grow their businesses, and improve financial sustainability.
- Improve operational efficiency: Streamlining loan origination, processing, and approval systems through digital platforms, reducing processing time and costs for both the subsidiary and SMEs.

The Group obtained control of SME Digital through the acquisition of a majority equity interest, resulting in the Group having power over the investee, exposure to variable returns from its involvement, and the ability to use its power to affect those returns. Control was achieved upon completion of the share purchase transaction, at which point SME Digital became a subsidiary of the Group.

The Group has elected to measure the non-controlling interests in the acquiree at the proportionate share of its interest in the acquiree's identifiable net assets.

Fair Value recognized on acquisition

Assets		
Cash and cash equivalents		162,185
Loans to customers - Gross	1,234,882	
	Provision for impairment (280,850)	
	Net of provision	954,032
Property and equipment		4,966
Intangible assets		35
Right-of-use assets		6,626
Deferred tax asset		41,002
Other receivables		10,118
Other assets		2,396
Total Assets		<u>1,181,360</u>
Liabilities		
Administered funds		182,620
Lease liabilities		7,053
Other liabilities		2,638
Tax Payables		6,982
Total Liabilities		<u>199,293</u>
Fair value of identifiable net assets Acquired		<u>982,067</u>
Results of the acquisitions of above subsidiary are as follows		
Less - Fair value of consideration paid		<u>850,000</u>
Non-controlling interest		<u>147,310</u>
Goodwill on acquisition		<u>15,243</u>

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34 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.

		Bank	
As at 31 December 2025			
	Amortized cost	Fair value through other comprehensive income (FVOCI)	Total
Financial assets			
Cash and cash equivalents	1,409,616	-	1,409,616
Statutory deposit with Maldives Monetary Authority	3,329,164	-	3,329,164
Placements with banks	2,889,645	-	2,889,645
Financial assets at amortized cost - Loans and advances to customers	25,204,565	-	25,204,565
Financial assets at amortized cost - Debt and other instruments	19,562,893	-	19,562,893
Financial assets at FVOCI	-	394,089	394,089
Other assets	751,568	-	751,568
Total financial assets	53,147,451	394,089	53,541,540
Financial liabilities			
Due to customers	37,190,667	-	37,190,667
Term debt and other borrowed funds	538,438	-	538,438
Lease liability	144,231	-	144,231
Other liabilities	844,202	-	844,202
Total financial liabilities	38,717,538	-	38,717,538
As at 31 December 2024			
	Amortized cost	Fair value through other comprehensive income (FVOCI)	Total
Financial assets			
Cash and cash equivalents	3,782,456	-	3,782,456
Statutory deposit with Maldives Monetary Authority	3,267,874	-	3,267,874
Placements with banks	5,677,395	-	5,677,395
Financial assets at amortized cost - Loans and advances to customers	20,208,810	-	20,208,810
Financial assets at amortized cost - Debt and other instruments	13,263,177	-	13,263,177
Financial assets at FVOCI	-	356,280	356,280
Other assets	873,524	-	873,524
Total financial assets	47,073,236	356,280	47,429,516
Financial liabilities			
Due to customers	32,032,041	-	32,032,041
Term debt and other borrowed funds	404,231	-	404,231
Lease liability	132,393	-	132,393
Other liabilities	1,440,805	-	1,440,805
Total financial liabilities	34,009,470	-	34,009,470

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35 Analysis of financial assets and liabilities by measurement basis (continued)

As at 31 December 2025

	Group	
	Amortized cost	Fair value through other comprehensive income (FVOCI)
		Total
Financial assets		
Cash and cash equivalents	1,525,105	-
Statutory deposit with Maldives Monetary Authority	3,329,164	-
Placements with banks	2,889,645	-
Financial assets at amortized cost - Loans and advances to customers	25,691,922	-
Financial assets at amortized cost - Debt and other instruments	19,562,893	-
Financial assets at FVOCI	-	394,089
Other assets	755,611	-
Total financial assets	53,754,340	394,089
Financial liabilities		
Due to customers	36,617,217	-
Term debt and other borrowed funds	538,438	-
Lease liability	150,154	-
Other liabilities	846,962	-
Total financial liabilities	38,152,771	-

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36 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.

36.1 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.

36.2 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.

	Bank				Group	
	2025		2024		2025	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets						
Cash and cash equivalents	1,409,616	1,409,616	3,782,456	3,782,456	1,525,105	1,525,105
Statutory deposit with Maldives Monetary Authority	3,329,164	3,329,164	3,267,874	3,267,874	3,329,164	3,329,164
Placements with banks	2,889,645	2,889,645	5,677,395	5,677,395	2,889,645	2,889,645
Financial assets at amortized cost - Loans and advances to customers	25,204,565	25,204,565	20,208,810	20,208,810	25,691,922	25,691,922
Financial assets at amortized cost - Debt and other instruments	19,562,893	19,562,893	13,263,177	13,263,177	19,562,893	19,562,893
Financial assets at FVOCI	394,089	394,089	356,280	356,280	394,089	394,089
Other assets	751,568	751,568	873,524	873,524	755,611	755,611
Total financial assets	53,541,540	53,541,540	47,429,516	47,429,516	54,148,429	54,148,429
Financial liabilities						
Due to customers	37,190,667	37,190,667	32,032,041	32,032,041	36,617,217	36,617,217
Term debt and other borrowed funds	538,438	538,438	404,231	404,231	538,438	538,438
Lease liability	144,231	144,231	132,393	132,393	150,154	150,154
Other liabilities	844,202	844,202	1,440,805	1,440,805	846,962	846,962
Total financial liabilities	38,717,538	38,717,538	34,009,470	34,009,470	38,152,771	38,152,771

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36.2 Determination of fair value and fair value hierarchy (continued)

As at 31 December 2025	Bank			
	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and cash equivalents	-	1,409,616	-	1,409,616
Statutory deposit with Maldives Monetary Authority	-	3,329,164	-	3,329,164
Placements with banks	-	2,889,645	-	2,889,645
Financial assets at amortized cost - Loans and advances to customers	-	25,204,565	-	25,204,565
Financial assets at amortized cost - Debt and other instruments	-	19,562,893	-	19,562,893
Financial assets at FVOCI	391,986	-	2,103	394,089
Other assets	-	751,568	-	751,568
Total financial assets	391,986	53,147,451	2,103	53,541,540
Financial liabilities				
Due to customers	-	37,190,667	-	37,190,667
Term debt and other borrowed funds	-	538,438	-	538,438
Lease liability	-	144,231	-	144,231
Other liabilities	-	844,202	-	844,202
Total financial liabilities	-	38,717,538	-	38,717,538

As at 31 December 2024	Bank			
	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and cash equivalents	-	3,782,456	-	3,782,456
Statutory deposit with Maldives Monetary Authority	-	3,267,874	-	3,267,874
Placements with banks	-	5,677,395	-	5,677,395
Financial assets at amortized cost - Loans and advances to customers	-	20,208,810	-	20,208,810
Financial assets at amortized cost - Debt and other instruments	-	13,263,177	-	13,263,177
Financial assets at FVOCI	354,750	-	1,530	356,280
Other assets	-	873,524	-	873,524
Total financial assets	354,750	47,073,236	1,530	47,429,516
Financial liabilities				
Due to customers	-	32,032,041	-	32,032,041
Term debt and other borrowed funds	-	404,231	-	404,231
Lease liability	-	132,393	-	132,393
Other liabilities	-	1,440,805	-	1,440,805
Total financial liabilities	-	34,009,470	-	34,009,470

As at 31 December 2025	Group			
	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and cash equivalents	-	1,525,105	-	1,525,105
Statutory deposit with Maldives Monetary Authority	-	3,329,164	-	3,329,164
Placements with banks	-	2,889,645	-	2,889,645
Financial assets at amortized cost - Loans and advances to customers	-	25,691,922	-	25,691,922
Financial assets at amortized cost - Debt and other instruments	-	19,562,893	-	19,562,893
Financial assets at FVOCI	391,986	-	2,103	394,089
Other assets	-	755,611	-	755,611
Total financial assets	391,986	53,754,340	2,103	54,148,429
Financial liabilities				
Due to customers	-	36,617,217	-	36,617,217
Term debt and other borrowed funds	-	538,438	-	538,438
Lease liability	-	150,154	-	150,154
Other liabilities	-	846,962	-	846,962
Total financial liabilities	-	38,152,771	-	38,152,771

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36.3 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.

37 Risk management

37.1 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.

37.2 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.

37.3 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.

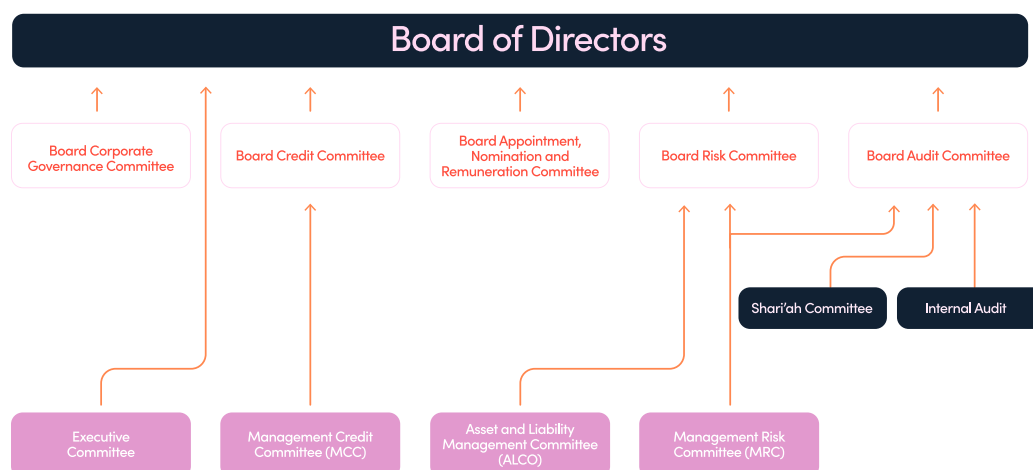
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37.3 Risk management structure (Continued)



37.3.1 Board Audit Committee (BAC)

The Board Audit Committee reviews the integrity of the Bank's financial statements and financial reporting processes as well as 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 Board Audit Committee.

37.3.2 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.

37.3.3 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 Framework.

37.3.4 Board Risk Committee (BRC)

The 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.

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37.3.5 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 aims to constitute 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.

37.3.6 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 actual performance against the Bank's strategic plan and current macro and micro economic trends affecting the market.

37.3.7 Management Risk Committee (MRC)

The Management Risk Committee is established to ensure the Bank's risk management framework is robust and effective. The Committee evaluates the Bank's overall risk environment, including its risk profile and thresholds as defined in the Risk Appetite Statement, covering material risks such as credit, liquidity, operational, business continuity, strategic, reputational, and compliance risks. It determines appropriate preventive and mitigating actions where necessary and is responsible for ensuring that risk management strategies, policies, systems and plans are in line with the Committee's objectives and responsibilities.

Asset Quality Review Committee (AQRC) was constituted to serve as a subcommittee of the MRC for harmonizing IFRS 9 calculations, staging and capital adequacy across Finance, Risk and Credit departments. The committee is responsible for ensuring the accurate computation, validation and reporting of financial instruments and exposures in accordance with IFRS 9, Basel capital requirements and MMA standards and regulations.

37.3.8 Asset and Liability Management Committee (ALCO)

The Asset and Liability Management Committee is responsible for the strategic oversight of the Bank's balance sheet and liquidity management. ALCO monitors and manages the Bank's asset and liability profile, interest rate risk and foreign exchange risk, while ensuring that adequate liquidity is maintained to address both expected and unexpected fluctuations in the Bank's financial position. The Committee also ensures the Bank maintains adequate liquidity buffers to support the financial stability and resilience. It manages liquidity contingencies by activating the Contingency Funding Plan and convening the Crisis Management Committee when a liquidity crisis occurs.

37.3.9 Management Credit Committee (MCC)

Management Credit Committee is responsible for overseeing the Bank's credit risk governance and ensuring prudent lending practices. Its core responsibilities include approving new credit facilities and reviewing, renewing, or restructuring existing facilities above limits specified under the Delegation of Authority Policy. The Committee ensures that the Bank's loan portfolios and credit risk profiles comply with the Bank's Credit Policy, Risk Appetite Statement and Framework and the overarching bank wide risk management framework. Additionally, the committee also oversees material credit facilities, monitors portfolio quality, IFRS 9 staging, concentration limits, NPA remediation, while providing prudential oversight of the Bank's overall credit profile.

37.3.10 Operational Risk Committee (ORC)

The Operational Risk Committee is responsible for overseeing the Bank's operational risk governance and maintaining effective internal controls. The Committee supports the Management Risk Committee (MRC) in promoting and embedding a strong operational risk culture across the organization. It reviews operational risk performance and ensures timely actions to prevent and mitigate risks, including incidents (IT and non-IT), operational losses, key risk indicators, business continuity risks, outsourcing risks, regulatory changes, and findings from internal audits. Additionally, the Committee also strengthens contingency planning for business disruptions, evaluates relevant external events, and escalates emerging risks to the Management Risk Committee to enable prompt resolution.

37.4 Credit risk

Credit risk is defined as the risk arising from an obligor's (typically a client or counterparty) failure to meet the terms of any agreement thereby resulting in a loss to the Bank. 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 2025, the bank has consistently maintained and improved its asset quality, reflecting resilience in our existing credit portfolios, ongoing improvement in overall asset quality and sound credit granting criteria. 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 has continued to improve through the year and is in line with the 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.

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37.4.1 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 risk appetite of the Bank. The policy is supported by detailed credit guidelines and procedures and a robust overarching Risk Appetite Statement and Framework.

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

- (a) Loan origination and credit appraisal comprising initial screening 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 Credit Operations (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. Additionally, Bank's credit rating system has been enhanced to strengthen credit risk decision making through the adoption of multiple credit evaluation models integrated into our daily credit assessment process. Concentration risk limits have been prescribed to limit the Bank's exposure to any single borrower, group of specific borrowers and specific industries/sectors.

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.

37.4.2 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 37.4.3 for more details.

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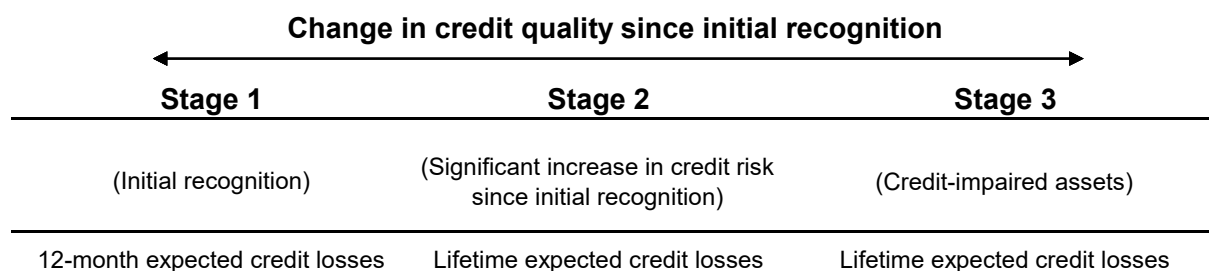
37.4.3 Expected credit loss measurement

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 37.4.3.1 for a description of how the Bank determines when a significant increase in credit risk has occurred.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'. Refer to Note 37.4.3.2 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 37.4.3.3 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 37.4.3.4 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 37.4.3.5).

The following diagram summarises the impairment requirements under IFRS 9:



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

37.4.3.1 Significant increase in credit risk (SICR)

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.

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.

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37.4.3.1 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:

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

The assessment of SICR incorporates forward-looking information (refer to Note 37.4.3.4 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 2025.

37.4.3.2 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.

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37.4.3.2 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.

37.4.3.3 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 annually 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.

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37.4.3.3 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.

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37.4.3.4 Forward-looking information incorporated in the ECL model

Incorporation of Forward Looking information

The economic scenarios used as at December 31, 2025 included the following key indicators for Maldives for the years ending December 31, 2025 to 2029.

		Bank				
		2026	2027	2028	2029	2030
GDP growth rate	Base	4.30%	3.87%	4.29%	4.85%	5.56%
	Upside	5.50%	7.43%	9.95%	13.24%	17.52%
	Downside	3.01%	2.61%	2.25%	1.94%	1.66%
Interest rate	Base	11.60%	11.59%	11.60%	11.59%	11.59%
	Upside	11.59%	11.56%	11.55%	11.54%	11.52%
	Downside	11.63%	11.64%	11.64%	11.65%	11.66%
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	3.90%	3.92%	3.89%	3.87%	3.84%
	Upside	3.82%	3.73%	3.65%	3.56%	3.48%
	Downside	4.06%	4.10%	4.15%	4.19%	4.24%
Unemployment	Base	3.00%	3.01%	3.00%	2.98%	2.97%
	Upside	2.19%	2.15%	2.11%	2.07%	2.03%
	Downside	2.31%	2.33%	2.35%	2.37%	2.39%

Sensitivity of impairment provision on loans and advances to customers

		Bank						
		Investments	Loan	Credit cards	LCs	Overdrafts commitment	Loan commitment	Total
Economic Factor Adjustment	+5%	70,132	583,308	59,620	1,251	4,910	9,367	728,588
Economic Factor Adjustment	-5%	63,453	558,660	56,432	1,132	4,442	8,475	692,594
Probability of Default	+5%	70,132	829,775	59,620	1,251	4,910	9,367	975,055
Probability of Default	-5%	63,453	805,139	56,432	1,132	4,442	8,475	939,073
Loss Given Default	+5%	70,132	593,018	58,026	1,251	4,910	9,367	736,704
Loss Given Default	-5%	63,453	548,950	55,125	1,132	4,442	8,475	681,577

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37.4.3.5 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.

37.4.4 Credit risk exposure

37.4.4.1 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.

	Bank 2025			
	ECL staging			
Credit grade	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Investment grade	23,928,947	-	-	23,928,947
Standard monitoring	23,079,477	292,035	68,615	23,440,127
Special monitoring	-	1,013,837	15,975	1,029,812
Default	-	306	1,459,942	1,460,248
Gross carrying amount	47,008,424	1,306,178	1,544,532	49,859,134
Impairment allowance	(187,609)	(172,158)	(432,648)	(792,415)
Net carrying amount	46,820,815	1,134,020	1,111,884	49,066,719

Reconciliation to the financial statements line items

	Total
Cash and cash equivalents	1,409,616
Financial assets at amortized cost - Debt and other instruments	19,562,893
Placements with banks	2,889,645
Financial assets at amortized cost - Loans and advances to customers	25,204,565
	49,066,719

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

	2024			
	ECL staging			
	Stage 1	Stage 2	Stage 3	
	12-month	Lifetime	Lifetime	
Credit grade	ECL	ECL	ECL	Total
Investment grade	22,838,515	-	-	22,838,515
Standard monitoring	15,977,536	327,667	50,621	16,355,824
Special monitoring	207	106,557	16,915	123,679
Default	1,991,221	1,271,235	1,379,546	4,642,002
Gross carrying amount	40,807,479	1,705,459	1,447,082	43,960,020
Impairment allowance	(214,330)	(302,891)	(510,962)	(1,028,182)
Net carrying amount	40,593,149	1,402,568	936,120	42,931,838
Reconciliation to the financial statements line items				Total
Cash and cash equivalents				3,782,456
Financial assets at amortized cost - Debt and other instruments				13,263,177
Placements with banks				5,677,395
Financial assets at amortized cost - Loans and advances to customers				20,208,810
				42,931,838

	Group 2025			
	ECL staging			
	Stage 1	Stage 2	Stage 3	
	12-month	Lifetime	Lifetime	
Credit grade	ECL	ECL	ECL	Total
Investment grade	24,044,436	-	-	24,044,436
Standard monitoring	23,058,982	491,079	68,615	23,618,676
Special monitoring	-	1,070,444	15,975	1,086,419
Default	-	306	2,003,990	2,004,296
Gross carrying amount	47,103,418	1,561,829	2,088,580	50,753,827
Impairment allowance	(216,691)	(219,585)	(647,986)	(1,084,262)
Net carrying amount	46,886,727	1,342,244	1,440,594	49,669,565
Reconciliation to the financial statements line items				Total
Cash and cash equivalents				1,525,105
Financial assets at amortized cost - Debt and other instruments				19,562,893
Placements with banks				2,889,645
Financial assets at amortized cost - Loans and advances to customers				25,691,922
				49,669,565

Information on how the Expected Credit Loss (ECL) is measured and how the three stages above are determined is included in Note 37.4.3.

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37.4.4.2 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.

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.

Bank	2025			
	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held
Credit-impaired assets				
Loans to individuals:				
- Overdrafts	9,372	(9,372)	-	-
- Credit cards	26,090	(26,090)	-	-
- Term loans	283,358	(73,939)	209,419	28,016
- Mortgages	177,621	(114,944)	62,677	295,367
Loans to corporate entities:	-	-	-	-
- Large corporate customers	923,040	(148,972)	774,068	2,904,276
- Small and medium-sized enterprises (SMEs)	125,051	(59,332)	65,719	327,397
Total credit-impaired assets	1,544,532	(432,649)	1,111,883	3,555,056
	2024			
	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held
Credit-impaired assets				
Loans to individuals:				
- Overdrafts	10,057	(10,057)	-	-
- Credit cards	22,436	(22,436)	-	-
- Term loans	249,569	(64,578)	184,991	52,565
- Mortgages	191,240	(82,480)	108,760	195,876
Loans to corporate entities:				
- Large corporate customers	871,958	(290,288)	581,670	1,843,168
- Small and medium-sized enterprises (SMEs)	101,822	(41,123)	60,699	73,343
Total credit-impaired assets	1,447,082	(510,962)	936,120	2,164,952

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37.4.5 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).
- As at the reporting date loans and advances with a carrying value of MVR 943,321,765/- where no expected credit losses were required to be recognised as such facilities were fully covered through cash collateral.

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37.4.5 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.

Bank

	2025			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
Impairment allowances;				
At 1 January 2025	214,330	302,891	510,962	1,028,182
Movements with profit or loss impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(2,208)	2,208	-	-
Transfer from Stage 1 to Stage 3	(523)	-	523	-
Transfer from Stage 2 to Stage 3	-	(52,493)	52,493	-
Transfer from Stage 3 to Stage 2	-	6,957	(6,957)	-
Transfer from Stage 3 to Stage 1	141,658	-	(141,658)	-
Transfer from Stage 2 to Stage 1	67,939	(67,939)	-	-
New financial assets originated	115,313	76,700	65,750	257,763
Credit quality related changes	(207,390)	23,019	57,458	(126,913)
Financial assets derecognized during the year other than write-offs	(141,510)	(119,185)	(14,591)	(275,286)
Net reversal of interest	-	-	(18,121)	(18,121)
Total net charge to profit or loss and net reversal of interest during the year	(26,721)	(130,733)	(5,103)	(162,557)
Other movements with no profit or loss impact				
Financial assets derecognized during the period	-	-	-	-
Write-offs	-	-	(73,210)	(73,210)
At 31 December 2025	187,609	172,158	432,648	792,415
	2024			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
Impairment allowances;				
At 1 January 2024	224,999	358,269	594,158	1,177,425
Movements with profit or loss impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(2,807)	2,807	-	-
Transfer from Stage 1 to Stage 3	(990)	-	990	-
Transfer from Stage 2 to Stage 3	-	(9,338)	9,338	-
Transfer from Stage 3 to Stage 2	-	11,097	(11,097)	-
Transfer from Stage 3 to Stage 1	18,511	-	(18,511)	-
Transfer from Stage 2 to Stage 1	135,505	(135,505)	-	-
New financial assets originated	136,584	84,915	84,677	306,176
Credit quality related changes	(148,577)	66,322	50,090	(32,165)
Financial assets derecognized during the year other than write-offs	(148,895)	(75,677)	(112,290)	(336,862)
Net reversal of interest	-	-	26,849	26,849
Total net charge to profit or loss and net reversal of interest during the year	(10,669)	(55,378)	30,046	(36,000)
Other movements with no profit or loss impact				
Financial assets derecognized during the period	-	-	-	-
Write-offs	-	-	(113,243)	(113,243)
At 31 December 2024	214,330	302,891	510,962	1,028,182

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37.4.5 Loss allowance (continued)

Group

	2025		
	Stage 1	Stage 2	Stage 3
	12-month ECL	Lifetime ECL	Lifetime ECL
			Total
Impairment allowances;			
At 1 January 2025	255,065	360,650	685,319
Movements with profit or loss impact			
Transfers:			
Transfer from Stage 1 to Stage 2	(7,123)	7,123	-
Transfer from Stage 1 to Stage 3	(3,904)	-	3,904
Transfer from Stage 2 to Stage 3	-	(67,645)	67,645
Transfer from Stage 3 to Stage 2	-	7,278	(7,278)
Transfer from Stage 3 to Stage 1	144,879	-	(144,879)
Transfer from Stage 2 to Stage 1	75,939	(75,939)	-
New financial assets originated	118,333	79,409	74,541
Credit quality related changes	(216,606)	31,479	74,809
Financial assets derecognized during the year other than write-offs	(149,892)	(122,770)	(14,744)
Modification of contractual cash flows of financial assets	-	-	-
Net reversal of interest	-	-	(18,121)
Total net charge to profit or loss and net reversal of interest during the year	(38,374)	(141,065)	35,877
Other movements with no profit or loss impact			
Write-offs			(73,210)
At 31 December 2025	216,691	219,585	647,986

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37.4.5 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.

Bank

	2025			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
Gross carrying amount;				
At 1 January 2025	40,807,479	1,705,459	1,447,082	43,960,020
Transfers:				
Transfer from Stage 1 to Stage 2	(13,760)	13,760	-	-
Transfer from Stage 1 to Stage 3	(8,771)	-	8,771	-
Transfer from Stage 2 to Stage 3	-	(19,154)	19,154	-
Transfer from Stage 3 to Stage 2	-	23,998	(23,998)	-
Transfer from Stage 3 to Stage 1	95,282	-	(95,282)	-
Transfer from Stage 2 to Stage 1	84,383	(84,383)	-	-
New financial assets originated	30,215,345	632,600	462,597	31,310,542
Financial assets derecognized during the year other than write-offs	(24,171,534)	(966,102)	(200,582)	(25,338,218)
Write-offs	-	-	(73,210)	(73,210)
At 31 December 2025	47,008,424	1,306,178	1,544,532	49,859,134
	2024			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
Gross carrying amount;				
At 1 January 2024	36,734,510	2,755,839	1,445,385	40,935,734
Transfers:				
Transfer from Stage 1 to Stage 2	(10,646)	10,646	-	-
Transfer from Stage 1 to Stage 3	(12,815)	-	12,815	-
Transfer from Stage 2 to Stage 3	-	(5,691)	5,691	-
Transfer from Stage 3 to Stage 2	-	2,646	(2,646)	-
Transfer from Stage 3 to Stage 1	19,280	-	(19,280)	-
Transfer from Stage 2 to Stage 1	115,508	(115,508)	-	-
New financial assets originated	21,346,470	(266,460)	713,672	21,793,682
Financial assets derecognized during the year other than write-offs	(17,384,828)	(676,013)	(595,312)	(18,656,153)
Write-offs	-	-	(113,243)	(113,243)
At 31 December 2024	40,807,479	1,705,459	1,447,082	43,960,020

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	Group 2025			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	
Gross carrying amount; At 1 January 2025	41,320,436	2,002,584	1,920,736	45,243,756
Transfers:				
Transfer from Stage 1 to Stage 2	(75,217)	75,217	-	-
Transfer from Stage 1 to Stage 3	(51,028)	-	51,028	-
Transfer from Stage 2 to Stage 3	-	(72,103)	72,103	-
Transfer from Stage 3 to Stage 2	-	24,798	(24,798)	-
Transfer from Stage 3 to Stage 1	103,296	-	(103,296)	-
Transfer from Stage 2 to Stage 1	118,675	(118,675)	-	-
New financial assets originated	29,932,189	645,004	462,935	31,040,128
Financial assets derecognized during the year other than write-offs	(24,244,933)	(994,996)	(216,918)	(25,456,847)
Write-offs	-	-	(73,210)	(73,210)
At 31 December 2025	47,103,418	1,561,829	2,088,580	50,753,827

37.4.6 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 2025 was MVR 73,210,296 (2024: MVR 113,243,435). 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.

The Subsidiary may write-off financial assets that are still subject to enforcement activity. There was no outstanding contractual amounts of such assets written off during the year ended 31 December 2025. The Group 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.

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37.4.7 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 (In MVR) 147,878,627

37.4.8 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.

As at 31st December 2025	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%	236,972	1,224	-	-	871	432	237,843	1,656
50% to 59%	144,535	748	2,354	713	963	732	147,852	2,193
60% to 69%	216,880	1,080	1,671	506	3,280	1,379	221,831	2,965
70% to 79%	281,954	1,363	7,998	2,805	8,824	5,011	298,776	9,179
80% to 89%	129,047	627	5,813	1,760	15,757	8,921	150,617	11,308
90% to 99%	37,125	165	1,578	478	8,418	4,351	47,121	4,994
100% and more	17,300	100	-	-	1,322	631	18,622	731
	1,063,813	5,307	19,414	6,262	39,435	21,457	1,122,662	33,026

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37.4.9 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 394,088,964 as at 31 December 2025 (2024: MVR 356,279,756). There was no dividend recognised during the period nor transfers of the cumulative gain within equity.

37.4.10 Loans and advances to customers are summarised as follows

	2025	2024
Stage 1 - Performing	23,079,477	17,968,964
Stage 2 - Significant increase in credit risk (SICR)	1,306,178	1,705,459
Stage 3 - Credit impaired (Default)	1,544,532	1,447,082
Gross loans and advances to customers	25,930,187	21,121,505
Less: allowance for impairment	(725,622)	(912,695)
Net Loans and advances to customers	25,204,565	20,208,810

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

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

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

	Bank		Group
	2025	2024	2025
Tourism	9,064,397	7,899,327	9,663,256
Construction	4,320,571	3,807,614	4,352,308
Consumer	5,374,236	4,828,440	5,446,007
Transport and services	2,479,935	1,791,916	2,479,935
Real estate	1,068,785	1,098,429	1,068,785
Commerce	2,311,281	806,062	2,165,945
Fishing	15,903	26,289	238,076
Manufacturing	40	21,135	40
Other	1,295,039	842,293	1,295,039
	<u>25,930,187</u>	<u>21,121,505</u>	<u>26,709,391</u>

(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.

	Bank								
	2025								
	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	7,350,323	893,992	820,082	19,263	106,391	120,124	0.3%	11.9%	14.6%
Construction	4,100,783	134,470	85,318	18,165	31,479	54,995	0.4%	23.4%	64.5%
Consumer	4,893,628	113,013	367,595	42,975	14,570	123,513	0.9%	12.9%	33.6%
Transport and services	2,477,787	1,432	716	8,144	10	715	0.3%	0.7%	99.9%
Real estate	930,361	30,522	107,902	4,596	2,888	67,591	0.5%	9.5%	62.6%
Commerce	2,084,864	88,108	138,309	9,496	10,589	45,958	0.5%	12.0%	33.2%
Fishing	12,975	551	2,377	125	17	1,150	1.0%	3.1%	48.4%
Manufacturing	40	-	-	-	-	-	0.0%	-	-
Other	1,228,716	44,090	22,233	4,981	4,664	18,435	0.4%	10.6%	82.9%
	<u>23,079,477</u>	<u>1,306,178</u>	<u>1,544,532</u>	<u>107,745</u>	<u>170,608</u>	<u>432,481</u>	<u>0.5%</u>	<u>13.1%</u>	<u>28.0%</u>
	2024								
	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	5,948,161	1,334,008	617,158	24,132	232,988	115,877	0.4%	17.5%	18.8%
Construction	3,591,471	94,334	121,810	12,483	15,877	46,545	0.3%	16.8%	38.2%
Consumer	4,450,139	104,105	274,196	34,355	13,000	88,741	0.8%	12.5%	32.4%
Transport and services	1,636,769	900	154,247	9,815	58	123,204	0.6%	6.4%	79.9%
Real estate	915,657	76,306	106,466	3,405	13,541	45,135	0.4%	17.7%	42.4%
Commerce	619,369	47,354	139,339	3,903	7,927	66,500	0.6%	16.7%	47.7%
Fishing	15,612	3,686	6,991	109	263	1,768	0.7%	7.1%	25.3%
Manufacturing	78	-	1,509	1	-	572	1.3%	-	37.9%
Other	791,708	44,766	25,366	4,709	5,282	21,158	0.6%	11.8%	83.4%
	<u>17,968,964</u>	<u>1,705,459</u>	<u>1,447,082</u>	<u>92,912</u>	<u>288,936</u>	<u>509,500</u>	<u>0.5%</u>	<u>16.9%</u>	<u>35.2%</u>

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

	Group 2025								
	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	7,555,979	1,034,809	1,072,468	33,792	129,853	218,902	0.4%	12.5%	20.4%
Construction	4,104,598	140,967	106,743	18,422	33,544	63,605	0.4%	23.8%	59.6%
Consumer	4,923,840	124,695	397,472	45,048	17,111	137,054	0.9%	13.7%	34.5%
Transport and services	2,477,787	1,432	716	8,144	10	715	0.3%	0.7%	99.9%
Real estate	930,361	30,522	107,902	4,596	2,888	67,591	0.5%	9.5%	62.6%
Commerce	1,775,499	136,783	253,663	18,329	20,694	92,178	1.0%	15.1%	36.3%
Fishing	62,162	48,531	127,383	3,516	9,271	49,338	5.7%	19.1%	38.7%
Manufacturing	40	-	-	-	-	-	0.0%	0.0%	0.0%
Other	1,228,716	44,090	22,233	4,981	4,664	18,435	0.4%	10.6%	82.9%
	23,058,982	1,561,829	2,088,580	136,828	218,035	647,818	0.6%	14.0%	31.0%

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37.4.12 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.

		Bank					
		Gross Loans and Advances 2025			Impairment Allowance 2025		
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%	23,067,506	175,858	10,885	106,678	17,907	25,429
Standard grade	5% -11.70%	11,971	831	448	1,067	117	223
Sub-standard grade	11.70 -29.50%	-	446,442	2,773	-	54,023	937
Low-grade	29.50% -100%	-	683,047	629,879	-	98,561	268,471
Individual impairment	100%	-	-	900,547	-	-	137,421
Total		23,079,477	1,306,178	1,544,532	107,745	170,608	432,481
Coverage Ratio		0%	13%	28%			
		Gross Loans and Advances 2024			Impairment Allowance 2024		
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%	17,441,522	106,607	45,839	89,229	18,201	12,410
Standard grade	5% -11.70%	3,614	14,282	-	302	2,082	-
Sub-standard grade	11.70 -29.50%	523,828	203,920	707	3,381	24,871	186
Low-grade	29.50% -100%	-	1,380,650	772,074	-	243,782	412,169
Individual impairment	100%	-	-	628,462	-	-	84,733
Total		17,968,964	1,705,459	1,447,082	92,912	288,936	509,498
Coverage Ratio		1%	17%	35%			
		Group					
		Gross Loans and Advances 2025			Impairment Allowance 2025		
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%	22,625,983	175,858	10,885	106,678	17,907	25,429
Standard grade	5% -11.70%	11,971	831	448	1,067	117	223
Sub-standard grade	11.70 -29.50%	421,028	595,379	2,773	29,083	82,607	937
Low-grade	29.50% -100%	-	734,644	1,030,870	-	112,500	429,244
Individual impairment	100%	-	55,117	1,043,604	-	4,904	191,985
Total		23,058,982	1,561,829	2,088,580	136,828	218,035	647,818
Coverage Ratio		1%	14%	31%			

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37.4.13 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 concentrations.

(a) Stage 1 - Performing

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

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

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

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

Stage 1 - Performing	Bank						
	Overdrafts	Credit cards	Term loans	Mortgages	Retail banking	Corporate entities	Total
31 December 2025	11,974	899,986	161,107	3,850,578	4,433,417	13,722,415	23,079,477
31 December 2024	6,788	774,314	107,117	4,085,594	3,722,807	9,272,344	17,968,964

(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.

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

Gross amount of loans and receivables to customers by class that were in Stage 2 are as follows.

Stage 2 - SICR	Bank						
	Overdrafts	Credit cards	Term loans	Mortgages	Retail banking	Corporate entities	Total
31 December 2025	28	39,890	7,323	117,050	74,664	1,067,223	1,306,178
31 December 2024	55	39,695	6,292	171,441	69,191	1,418,785	1,705,459

(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 2025	18,700	26,090	24,689	210,546	341,466	923,041	1,544,532
31 December 2024	34,587	22,436	36,218	229,907	251,976	871,958	1,447,082

Stage 1 - Performing	Group						
	Overdrafts	Credit cards	Term loans	Mortgages	Retail banking	Corporate entities	Total
31 December 2025	11,974	899,986	582,135	3,850,578	4,433,417	13,280,892	23,058,982

(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 2025	28	39,890	262,974	117,050	74,664	1,067,223	1,561,829

(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 2025	18,700	26,090	568,737	210,546	341,467	923,041	2,088,580

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

(d) Loans and advances renegotiated

Bank-Renegotiated loans totaled MVR 834,794,917 as at 31 December 2025 (2024: MVR 730,587,647).

	Bank		Group
Renegotiated loans and advances to customers	2025	2024	2025
Individuals			
Continuing to be impaired after restructuring	80,160	27,590	80,160
Non-impaired after restructuring – would otherwise have been impaired	111,272	58,629	111,272
Non-impaired after restructuring – would otherwise not have been impaired	8,268	14,613	8,268
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	635,095	629,756	635,095
	834,795	730,588	834,795

37.4.15 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	Bank 2025			
	Stage 1	Stage 2	Stage 3	Total
Guarantees	97,665	-	-	97,665
Documentary credit	68,655	16,137	-	84,792
Acceptances	86	-	-	86
Capital commitments	90,090	-	-	90,090
Loan commitments	2,538,778	2,469	4,287	2,545,535
Overdraft commitments	1,125,132	4,526	-	1,129,658
Impairment	(11,998)	(1,726)	(1,065)	(14,789)
Net commitments and contingencies	3,908,409	21,406	3,222	3,933,038

As at 31 December	2024			
	Stage 1	Stage 2	Stage 3	Total
Guarantees	64,662	-	-	64,662
Documentary credit	120,069	8,597	3,405	132,071
Acceptances	45,248	40,655	-	85,903
Capital commitments	36,728	-	-	36,728
Loan commitments	640,834	26,262	2,260	669,356
Overdraft commitments	443,233	20,607	-	463,840
Impairment	(5,848)	(13,968)	(1,533)	(21,349)
Net commitments and contingencies	1,344,926	82,153	4,132	1,431,211

As at 31 December	Group 2025			
	Stage 1	Stage 2	Stage 3	Total
Guarantees	97,665	-	-	97,665
Documentary credit	68,655	16,137	-	84,792
Acceptances	86	-	-	86
Capital commitments	90,090	-	-	90,090
Loan commitments	2,565,081	2,469	4,287	2,571,838
Overdraft commitments	1,125,132	4,526	-	1,129,658
Impairment	(11,998)	(1,726)	(1,065)	(14,789)
Net commitments and contingencies	3,934,712	21,406	3,222	3,959,341

37.5 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.

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37.5.1 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.

In October 2024, MMA reduced the Minimum Reserve Requirement (MRR) on foreign currency deposits from 10% to 7.5%. With this revision, Bank maintains MRR at 10% for local currency deposits and 7.5% for foreign currency denominated deposits. For the purposes of MRR, demand deposits and time deposits (excluding interbank deposits of other banks in Maldives) and LC margin deposits are considered. These deposits are not available for the Bank's day-to-day operations. The MRR balances for Conventional banking earn interest at 1% per annum of MVR balances and 0.01% per annum for USD dollar denominated balances. Starting from January 2024, MRR on MVR denominated balances for BML Islamic are structured through MMA Commodity Murabaha Facility at the profit rate of 1% p.a., while no income is earned on the MRR on foreign currency denominated deposits of BMLI held at MMA.

37.5.2 Contractual maturities of undiscounted cash flows of assets and liabilities

As at 31 December 2025	Bank				Total
	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	
Financial assets					
Cash and cash equivalents	1,409,616	-	-	-	1,409,616
Statutory deposit with Maldives Monetary Authority	3,329,164	-	-	-	3,329,164
Placements with banks	2,502,391	410,596	-	-	2,912,987
Financial assets at amortized cost - Loans and advances to customers	2,995,687	4,543,180	14,889,052	7,118,777	29,546,696
Financial assets at amortized cost - Debt and other instruments	7,381,242	8,334,967	4,859,883	292,800	20,868,892
Financial assets at FVOCI	-	-	-	394,089	394,089
Other assets	490,163	-	-	261,405	751,568
Total undiscounted financial assets	18,108,263	13,288,743	19,748,935	8,067,071	59,213,012
Financial liabilities					
Due to customers	34,786,520	2,059,742	470,449	35,051	37,351,762
Term debt and other borrowed funds	529,655	1,959	9,636	1,594	542,844
Lease liability	8,003	23,642	83,362	129,164	244,171
Other liabilities	844,202	-	-	-	844,202
Total undiscounted financial liabilities	36,168,380	2,085,343	563,447	165,809	38,982,979
Net undiscounted financial assets/(liabilities)	(18,060,117)	11,203,400	19,185,488	7,901,262	20,230,033

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.

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

As at 31 December 2024	Less than 3 months	3 to 12 months	Bank 1 to 5 years	Over 5 years	Total
Financial assets					
Cash and cash equivalents	3,782,456	-	-	-	3,782,456
Statutory deposit with Maldives Monetary Authority	3,267,874	-	-	-	3,267,874
Placements with banks	5,120,098	603,779	-	-	5,723,877
Financial assets at amortized cost - Loans and advances to customers	2,856,739	3,719,382	12,175,423	6,035,180	24,786,724
Financial assets at amortized cost - Debt and other instruments	4,958,207	7,083,534	1,701,192	87,000	13,829,933
Financial assets at FVOCI	-	-	-	356,280	356,280
Other assets	652,373	-	-	221,151	873,524
Total undiscounted financial assets	20,637,747	11,406,695	13,876,615	6,699,611	52,620,668
Financial liabilities					
Due to customers	29,032,761	2,500,970	653,029	-	32,186,760
Term debt and other borrowed funds	202,217	48,215	170,636	8,025	429,093
Lease liability	5,563	16,688	56,160	155,952	234,363
Other liabilities	1,440,805	-	-	-	1,440,805
Total undiscounted financial liabilities	30,681,346	2,565,873	879,825	163,977	34,291,021
Net undiscounted financial assets/(liabilities)	(10,043,599)	8,840,822	12,996,790	6,535,634	18,329,647

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

As at 31 December 2025	Group				Total
	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	
Financial assets					
Cash and cash equivalents	1,525,105	-	-	-	1,525,105
Statutory deposit with Maldives Monetary Authority	3,329,164	-	-	-	3,329,164
Placements with banks	2,502,391	410,596	-	-	2,912,987
Financial assets at amortized cost - Loans and advances to customers	3,016,851	4,570,955	15,636,393	7,346,929	30,571,128
Financial assets at amortized cost - Debt and other instruments	7,381,242	8,334,967	4,859,883	292,800	20,868,892
Financial assets at FVOCI	-	-	-	394,089	394,089
Other assets	490,163	-	-	261,405	751,568
Total undiscounted financial assets	18,244,916	13,316,518	20,496,276	8,295,223	60,352,933
Financial liabilities					
Due to customers	34,213,070	2,059,742	470,449	35,051	36,778,312
Term debt and other borrowed funds	529,655	1,959	9,636	1,594	542,844
Lease liability	9,008	25,270	87,642	129,164	251,084
Other liabilities	846,962	-	-	182,466	1,029,428
Total undiscounted financial liabilities	35,598,695	2,086,971	567,727	348,275	38,601,668
Net undiscounted financial assets/(liabilities)	(17,353,779)	11,229,547	19,928,549	7,946,948	21,751,265

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37.5.3 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 2025	Less than 3 months	3 to 12 months	Bank 1 to 5 years	Over 5 years	Total
Contingencies					
Guarantees	20,048	44,915	32,702	-	97,665
Documentary credit	38,517	46,275	-	-	84,792
Acceptances	-	86	-	-	86
	58,565	91,276	32,702	-	182,543
Commitments					
Capital commitments	24,484	65,606	-	-	90,090
Loan commitments	984,667	1,307,478	211,247	42,143	2,545,535
Overdraft commitments	603,602	460,232	65,825	-	1,129,659
	1,612,753	1,833,316	277,072	42,143	3,765,284
	1,671,318	1,924,592	309,774	42,143	3,947,827
As at 31 December 2024	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Contingencies					
Guarantees	13,061	44,830	6,771	-	64,662
Documentary credit	61,673	63,976	6,422	-	132,071
Acceptances	11,914	73,989	-	-	85,903
	86,648	182,795	13,193	-	282,636
Commitments					
Capital commitments	18,043	18,685	-	-	36,728
Loan commitments	295,353	280,835	85,181	7,987	669,356
Overdraft commitments	236,404	227,436	-	-	463,840
	549,800	526,956	85,181	7,987	1,169,924
	636,448	709,751	98,374	7,987	1,452,560

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37.6 Market risk

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

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

Management of market risk

The Bank has in place appropriate policies, processes and procedures to support the ongoing management of market risk. The market risks arising from non-trading activities are reviewed by the Bank's Asset and Liability Management Committee (ALCO).

37.6.1 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/Group'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 2025	Bank				Non interest bearing	Total
	Less than	3 to 12 months	1 to 5 years	Over 5 years		
Financial assets						
Cash and cash equivalents	-	-	-	-	1,409,616	1,409,616
Statutory deposit with Maldives Monetary Authority	757,280	-	-	-	2,571,884	3,329,164
Placements with banks	2,487,331	402,315	-	-	-	2,889,645
Financial assets at amortized cost - Loans and advances to customers	5,085,750	3,060,364	11,693,259	5,365,192	-	25,204,565
Financial assets at amortized cost - Debt and other instruments	7,196,796	7,985,976	4,117,344	262,777	-	19,562,893
Financial assets at FVOCI	-	-	-	-	394,089	394,089
Other assets	490,163	-	-	261,405	-	751,567
Total discounted financial assets	16,017,321	11,448,654	15,810,603	5,889,374	4,375,589	53,541,540
Financial liabilities						
Due to customers	12,438,832	2,000,776	391,773	24,673	22,334,612	37,190,667
Term debt and other borrowed funds	526,378	1,694	8,841	1,525	-	538,438
Lease liability	4,974	15,196	52,012	72,048	-	144,231
Other liabilities	844,202	-	-	-	-	844,202
Total discounted financial liabilities	13,814,387	2,017,666	452,626	98,247	22,334,612	38,717,539
Total interest rate sensitivity gap	2,202,934	9,430,989	15,357,976	5,791,126	(17,959,022)	14,824,001

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37.6.1 Interest rate risk (continued)

	Bank					
	Interest bearing				Non	
As at 31 December 2024	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	interest bearing	Total
Financial assets						
Cash and cash equivalents	-	-	-	-	3,782,456	3,782,456
Statutory deposit with Maldives Monetary Authority	2,560,755	-	-	-	707,119	3,267,874
Placements with banks	5,447,914	229,481	-	-	-	5,677,395
Financial assets at amortized cost - Loans and advances to customers	2,673,493	2,638,503	10,000,835	4,895,979	-	20,208,810
Financial assets at amortized cost - Debt and other instruments	4,881,573	6,835,966	1,483,528	62,110	-	13,263,177
Financial assets at FVOCI	-	-	-	-	356,280	356,280
Other assets	652,373	-	-	221,151	-	873,524
Total undiscounted financial assets	16,216,108	9,703,950	11,484,363	5,179,240	4,845,855	47,429,516
Financial liabilities						
Due to customers	10,248,404	2,452,758	550,181	-	18,780,698	32,032,041
Term debt and other borrowed funds	197,638	41,060	157,694	7,840	-	404,231
Lease liability	2,768	8,669	25,734	95,222	-	132,393
Other liabilities	1,440,805	-	-	-	-	1,440,805
Total undiscounted financial liabilities	11,889,615	2,502,487	733,609	103,062	18,780,698	34,009,470
Total interest rate sensitivity gap	4,326,493	7,201,463	10,750,754	5,076,178	(13,934,843)	13,420,046

	Group					
	Interest bearing				Non	
As at 31 December 2025	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	interest bearing	Total
Financial assets						
Cash and cash equivalents	-	-	-	-	1,525,105	1,525,105
Statutory deposit with Maldives Monetary Authority	757,280	-	-	-	2,571,884	3,329,164
Placements with banks	2,487,331	402,315	-	-	-	2,889,645
Financial assets at amortized cost - Loans and advances to customers	5,103,529	3,087,627	12,166,062	5,334,704	-	25,691,922
Financial assets at amortized cost - Debt and other instruments	7,196,796	7,985,976	4,117,344	262,777	-	19,562,893
Financial assets at FVOCI	-	-	-	-	394,089	394,089
Other assets	490,163	-	-	261,405	-	751,567
Total undiscounted financial assets	16,035,099	11,475,918	16,283,406	5,858,886	4,491,078	54,144,385
Financial liabilities						
Due to customers	11,865,382	2,000,776	391,773	24,673	22,334,612	36,617,217
Term debt and other borrowed funds	526,378	1,694	8,841	1,525	-	538,438
Lease liability	5,979	16,823	56,292	72,048	-	151,143
Other liabilities	846,962	-	-	-	182,466	1,029,428
Total undiscounted financial liabilities	13,244,701	2,019,293	456,906	98,246	22,517,078	38,336,226
Total interest rate sensitivity gap	2,790,398	9,456,625	15,826,500	5,760,640	(18,025,999)	15,808,159

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37.6.2 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	
	2025	2024
Strengthening of US\$ by 10%	(28,823)	(171,562)
Weakening of US\$ by 10%	-	171,562
Strengthening of Euro by 10%	(2,013)	5,437
Weakening of Euro by 10%	2,013	(5,437)
Strengthening of GBP by 10%	28	-
Weakening of GBP by 10%	(28)	-
Strengthening of JPY by 10%	30	33
Weakening of JPY by 10%	(30)	(33)
Strengthening of SGD by 10%	851	581
Weakening of SGD by 10%	(851)	(581)

37.6.3 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 2025	Bank							Total
	MVR	USD	EUR	GBP	JPY	SGD	Others	
Assets								
Cash and cash equivalents	440,413	854,422	62,278	-	300	9,109	43,094	1,409,616
Statutory deposit with Maldives Monetary Authority	2,039,616	1,289,548	-	-	-	-	-	3,329,164
Placements with banks	2,815,368	74,277	-	-	-	-	-	2,889,645
Financial assets at amortized cost - Loans and advances to customers	14,295,808	10,876,956	31,521	280	-	-	-	25,204,565
Financial assets at amortized cost - Debt and other instruments	15,902,117	3,660,776	-	-	-	-	-	19,562,893
Financial assets at FVOCI	-	394,089	-	-	-	-	-	394,089
Investment in subsidiaries	913,347	-	-	-	-	-	-	913,347
Other financial assets and non-financial assets	1,407,864	712,605	2	-	-	-	-	2,120,470
Total assets	37,814,533	17,862,673	93,801	280	300	9,109	43,094	55,823,790
Liabilities								
Due to customers	19,682,759	17,393,379	113,933	-	-	596	-	37,190,667
Term debt and other borrowed funds	13,226	525,212	-	-	-	-	-	538,438
Lease liability	144,231	-	-	-	-	-	-	144,231
Income tax liability	455,038	-	-	-	-	-	-	455,038
Other financial liabilities and non-financial liabilities	860,654	232,309	-	-	-	-	-	1,092,963
Total liabilities	21,155,908	18,150,900	113,933	-	-	596	-	39,421,337
Net on-balance sheet financial position	16,658,626	(288,228)	(20,132)	280	300	8,513	43,094	16,402,453

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37.6.3 Management of currency risk (continued)

As at 31 December 2024

	MVR	USD	EUR	GBP	JPY	SGD	Others	Total
Assets								
Cash and cash equivalents	349,238	3,281,531	145,552	-	326	5,808	-	3,782,455
Statutory deposit with Maldives Monetary Authority	1,829,418	1,438,456	-	-	-	-	-	3,267,874
Placements with banks	4,738,436	938,959	-	-	-	-	-	5,677,395
Financial assets at amortized cost - Loans and advances to customers	12,381,983	7,821,313	5,514	-	-	-	-	20,208,810
Financial assets at amortized cost - Debt and other instruments	12,349,220	913,957	-	-	-	-	-	13,263,177
Financial assets at FVOCI	-	356,280	-	-	-	-	-	356,280
Other financial assets and non-financial assets	1,302,701	580,329	-	-	-	-	-	1,883,030
Total assets	32,950,997	15,330,825	151,066	-	326	5,808	-	48,439,022
Liabilities								
Due to customers	15,940,433	15,994,907	96,701	-	-	-	-	32,032,041
Term debt and other borrowed funds	15,997	388,234	-	-	-	-	-	404,231
Lease liability	132,393	-	-	-	-	-	-	132,393
Income tax liability	32,538	-	-	-	-	-	-	32,538
Other financial liabilities and non-financial liabilities	971,602	663,306	-	-	-	-	-	1,634,908
Total liabilities	17,092,963	17,046,447	96,701	-	-	-	-	34,236,110
Net on-balance sheet financial position	15,858,033	(1,715,622)	54,365	-	326	5,808	-	14,202,912

37.6.4 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.

	2025	2024
Market value of equity securities as at 31 December	391,986	354,750
Stress level		
Shock of 10% on equity prices (upward)	39,199	35,475
Shock of 10% on equity prices (downward)	(39,199)	(35,475)

37.7 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.

37.8 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.

37.9 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.

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38 Net asset value per ordinary share

	Bank 2025	2024	Group 2025
Total equity holders funds	16,402,453	14,202,912	16,411,951
Number of ordinary shares in issue	5,381,920	5,381,920	5,381,920
Net assets per share (MVR)	3,048	2,639	3,049

39 Additional cash flow information

39.1 Cash and cash equivalents for cash flow purpose

	2025	2024	2025
Cash in hand	925,599	888,365	925,612
Balance with other banks	484,017	2,894,091	599,493
	1,409,616	3,782,456	1,525,105

39.2 Adjustments for items included in profit before tax

	2025	2024	2025
Depreciation of property, plant and equipment (Note 22.3)	69,881	71,003	70,434
Amortisation of intangible assets (Note 24)	10,620	13,739	10,635
Depreciation of right-of-use assets (Note 23)	18,550	13,312	19,666
Loss on disposal of property, plant and equipment and intangibles (Note 24.3)	15	4,802	117
Gain from derecognising lease liability	-	(704)	-
Finance cost on lease liabilities (Note 5)	12,166	11,657	12,376
Impairment charge and interest reversal on loans and receivables excluding impairment on other assets (Note 20)	(162,557)	(36,000)	(151,240)
Loans written-off during the year (Note 20)	(73,210)	(113,243)	(73,210)
Impairment (reversal) / charge on other assets	(22,233)	(3,931)	(22,233)
	(146,768)	(39,364)	(133,455)

39.3 Net change in operating assets

	2025	2024	2025
Net change in statutory deposit with Maldives Monetary Authority	(61,290)	708,364	(61,290)
Net change in placement with banks	2,805,078	1,470,703	2,805,078
Net change in loans and receivables to customers	(4,870,027)	(782,184)	(4,857,040)
Net change in debt and other instruments (Note 37.3.1)	(6,268,349)	(3,664,377)	(6,268,349)
Net change in other assets	49,581	(280,255)	43,590
	(8,345,008)	(2,547,750)	(8,338,012)

39.3.1 Net change in debt and other instruments

	2025	2024	2025
Investment made during the year	(6,534,056)	(4,708,782)	(6,534,056)
Proceeds from investment matured during the year	3,177,878	1,044,405	3,177,878
	(3,356,178)	(3,664,377)	(3,356,178)

39.4 Net change in operating liabilities

	2025	2024	2025
Net change in due to customers	5,158,626	1,244,621	5,085,175
Net change in term debt and other borrowed funds (37.4.1)	134,207	(98,628)	134,207
Net change in receivable from Government grants	25,060	(4,663)	25,060
Net change in other liabilities	(498,380)	(23,573)	(493,145)
	4,819,513	1,117,757	4,751,298

39.4.1 Net change in term debt and other borrowed funds

	2025	2024	2025
Borrowed during the year	1,789,932	988,650	1,789,932
Repaid during the year	(1,655,725)	(1,087,278)	(1,655,725)
	134,207	(98,628)	134,207

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40 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.

	2025			2024		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Cash and cash equivalents	1,409,616	-	1,409,616	3,782,456	-	3,782,456
Statutory deposit with Maldives Monetary Authority	3,329,164	-	3,329,164	3,267,874	-	3,267,874
Placements with banks	2,889,645	-	2,889,645	5,677,395	-	5,677,395
Financial assets at amortized cost						
- Loans and advances to customers	8,146,114	17,058,450	25,204,565	5,311,996	14,896,814	20,208,810
Financial assets at amortized cost						
- Debt and other instruments	15,182,772	4,380,121	19,562,893	11,717,539	1,545,638	13,263,177
Financial assets at FVOCI	-	394,089	394,089	-	356,280	356,280
Investment in subsidiaries			913,347	-	-	-
Property, plant and equipment	-	937,810	937,810	-	688,049	688,049
Right-of-use assets	-	139,358	139,358	-	132,624	132,624
Intangible assets & Goodwill	-	84,636	84,636	-	76,343	76,343
Deferred tax assets	-	-	-	-	-	-
Other assets	697,261	261,405	958,666	764,863	221,151	986,014
Total assets	31,654,572	23,255,870	55,823,790	30,522,123	17,916,899	48,439,022
Liabilities						
Due to customers	36,774,220	416,447	37,190,667	31,481,860	550,181	32,032,041
Term debt and other borrowed funds	528,072	10,366	538,438	238,697	165,534	404,231
Lease liability	20,170	124,061	144,231	11,437	120,956	132,393
Government grants	-	83,918	83,918	-	58,858	58,858
Income tax liability	455,038	-	455,038	32,538	-	32,538
Deferred tax liabilities	-	152,592	152,592	-	123,560	123,560
Other liabilities	856,453	-	856,453	1,452,490	-	1,452,490
Total liabilities	38,633,953	787,384	39,421,337	33,217,022	1,019,089	34,236,110
Net assets/ (liabilities)	(6,979,380)	22,468,486	16,402,453	(2,694,899)	16,897,810	14,202,912
Commitments and contingencies	3,933,038	-	3,933,038	1,431,211	-	1,431,211

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40 Maturity analysis of assets and liabilities (continued)

The table below shows the assets and liabilities analysed according to when they are expected to be recovered or settled.

	Group		
	2025		
	Within 12 months	After 12 months	Total
Assets			
Cash and cash equivalents	1,525,105	-	1,525,105
Statutory deposit with Maldives Monetary Authority	3,329,164	-	3,329,164
Placements with banks	2,889,645	-	2,889,645
Financial assets at amortized cost - Debt and other instruments	15,182,772	4,380,121	19,562,893
Financial assets at amortized cost - Loans and advances to customers	8,633,472	17,058,450	25,691,922
Financial assets at FVOCI	-	394,089	394,089
Property, plant and equipment	-	942,459	942,459
Right-of-use assets	-	144,868	144,868
Intangible assets & Goodwill	-	99,898	99,898
Other assets	716,614	261,405	978,019
Total assets	32,276,772	23,281,290	55,558,063
Liabilities			
Due to customers	416,447	36,200,770	36,617,217
Term debt and other borrowed funds	528,072	10,366	538,438
Lease liability	23,452	126,702	150,154
Government grants	-	83,918	-
Income tax liability	456,280	-	456,280
Deferred tax liabilities	64,838	43,877	108,715
Other liabilities	854,918	187,156	1,042,074
Total liabilities	2,344,008	36,652,788	38,912,878
Net assets/ (liabilities)	29,932,764	(13,371,498)	16,645,184
Commitments and contingencies	3,959,341	-	3,959,341

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41 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.

42 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 42.4 and 42.5.

42.1 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.

42.2 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.

42.3 Compensation of key management personnel of the Bank

	2025	2024
Short-term benefits	6,900	9,319
Post employment benefits - Provident Fund contribution	324	197
	<u>7,224</u>	<u>9,516</u>

42.4 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.

	2025	2024
Assets		
Loans and advances		
As at 1 January	121,995	71,633
New loans granted during the year	20,670	94,522
Repayment made during the year	(45,488)	(44,160)
As at 31 December	<u>97,177</u>	<u>121,995</u>
Liabilities		
Deposits		
As at 1 January	44,057	28,393
New deposits during the year	11,052	28,286
Deposit withdrawals made during the year	(15,906)	(12,622)
As at 31 December	<u>39,203</u>	<u>44,057</u>
Income and expenses		
Interest income	7,213	10,958
Interest expense	630	453

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42.5 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	2025	2024
Loans and advances (Gross)	4,871,474	2,614,364
Credit impairment for loans and advances	(18,609)	(137,947)
Loans and advances (Net)	4,852,865	2,476,417
Investment in Government of Maldives treasury bills and treasury bonds	16,686,628	13,287,504
Investment in corporate bonds	221,580	62,116
Statutory deposit with Maldives Monetary Authority	3,329,164	3,267,874
	25,090,237	19,093,911
Liabilities		
Deposits and borrowings	5,103,387	3,873,122
Commitments and contingencies		
Guarantees, letter of credit and others	1,283,004	229,734
Income and expenses		
Interest income	955,512	824,534
Interest expense	15,515	14,543
Fee and commission income	60,678	29,248

43 Events after the reporting date

The Board of Directors have recommended final dividend of MVR 60 per share to be paid for the financial year ended 31 December 2025, in the form of cash dividend. It is also proposed to issue 2 bonus shares for each existing share as part of the final dividend.

No circumstances have arisen since the reporting date which would require adjustments to, or disclosure in, the financial statements.

44 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%.

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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 2025 and 31 December 2024. The Bank complied with all regulatory capital requirements during both the years.

44.1 Capital adequacy as regulated by MMA

	Bank	
	2025	2024
Tier 1 capital		
Share capital	269,096	269,096
Assigned capital reserve	6,000	6,000
Share premium	93,000	93,000
General reserve	12,915,935	10,959,096
Statutory reserves	150,000	150,000
Less: Investment in subsidiaries	(851,000)	-
Total qualifying Tier 1 capital	12,583,031	11,477,192
Tier 2 Capital		
Current earnings	2,465,453	2,245,536
Revaluation reserve (discounted by 55%)	223,046	212,794
General provision (Limited to 1.25% of RWA)	157,765	257,402
Total qualifying Tier 2 capital	2,846,264	2,715,732
Total capital base	15,429,296	14,192,924
Risk-weighted assets (RWA)		
On-balance sheet	28,123,974	22,876,534
Off-balance sheet	3,947,827	1,452,560
Total risk-weighted assets	32,071,801	24,329,094
Tier 1 risk based capital ratio	39.23%	47.17%
Total risk based capital ratio	48.11%	58.34%

44.2 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 - 45.10% and Total Capital Ratio - 55.29% for the year ended 2025 (2024: Tier 1 Capital Ratio - 45.10%, Total Capital Ratio - 56.3%).

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NOTES TO THE FINANCIAL STATEMENTS

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(All amounts in MVR '000 unless otherwise stated)

45 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
- 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.

45.1 Segment reporting - Statement of comprehensive income

	2025					
	Corporate, business and retail banking	Card and electronic banking	Treasury	BML Islamic	SME Digital	Total
Gross income	2,125,116	2,115,261	944,664	468,376	32,193	5,685,609
Extracts of results						
Interest income/income from financing and	1,660,831	230,626	944,664	413,673	25,764	3,275,558
Interest expense/profit paid	(253,170)	-	(8,688)	(29,583)	(210)	(291,650)
Net interest/profit income	1,407,661	230,626	935,976	384,090	25,554	2,983,909
Fees and commission income	330,562	1,747,990	-	59,845	3,817	2,142,215
Fees and commission expense	(54,127)	(1,179,950)	-	-	-	(1,234,077)
Net fee and commission income	276,435	568,040	-	59,845	3,817	908,138
Net foreign exchange income	(8,871)	126,289	-	(7,059)	-	110,359
Other operating income (net)	142,593	10,355	-	1,917	2,611	157,477
Credit impairment (losses)/reversal	178,807	(20,059)	48,694	(57,472)	(11,317)	138,654
Net operating income	1,996,625	915,251	984,670	381,321	20,666	4,298,536
Depreciation of property, plant and equipment	(63,193)	(3,224)	-	(3,464)	(553)	(70,434)
Amortisation of intangible assets	(8,587)	(2,033)	-	-	(15)	(10,635)
Segment result	1,924,845	909,993	984,670	377,857	20,098	4,217,467
Expenses of BML Islamic	-	-	-	(26,682)	-	(26,682)
Un-allocated expenses						(943,452)
Profit before tax						3,247,332
Income tax						(770,374)
Net profit for the year						2,476,958
Other comprehensive income net of tax						28,266
Total comprehensive income for the year						2,505,224

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(All amounts in MVR '000 unless otherwise stated)

45.1 Segment reporting - Statement of comprehensive income (continued)

	2024				
	Corporate, business and retail banking	Card and electronic banking	Treasury	BML Islamic	Total
Gross income	2,077,756	1,609,581	787,607	348,457	4,823,401
Extracts of results					
Interest income/income from financing and investments held to maturity	1,575,565	208,375	787,607	307,848	2,879,395
Interest expense/profit paid	(169,388)	-	(32,312)	(13,662)	(215,362)
Net interest/profit income	1,406,177	208,375	755,295	294,186	2,664,033
Fees and commission income	268,533	1,447,268	-	27,773	1,743,574
Fees and commission expense	(23,135)	(973,296)	-	-	(996,431)
Net fee and commission income	245,398	473,972	-	27,773	747,143
Net foreign exchange income	125,363	(47,669)	-	2,700	80,394
Other operating income (net)	108,295	1,607	-	10,136	120,038
Credit impairment losses	75,226	-	(21,893)	5,664	58,997
Net operating income	1,960,459	636,285	733,402	340,459	3,670,605
Depreciation of property, plant and equipment	(60,810)	(6,726)	-	(3,467)	(71,003)
Amortisation of intangible assets	(11,282)	(2,457)	-	-	(13,739)
Segment result	1,888,367	627,102	733,402	336,992	3,585,863
Expenses of BML Islamic	-	-	-	(15,664)	(15,664)
Un-allocated expenses					(663,619)
Profit before tax					2,906,580
Income tax					(661,044)
Net profit for the year					2,245,536
Other comprehensive income net of tax					48,125
Total comprehensive income for the year					2,293,662

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2025

(All amounts in MVR '000 unless otherwise stated)

45.2 Segment reporting - Statement of financial position

	2025					
	Corporate, business and retail banking	Card and electronic banking	Treasury	BML Islamic	SME Digital	Total
Assets						
Cash and cash equivalents	1,402,763	-	-	6,854	115,489	1,525,105
Statutory deposit with Maldives Monetary Authority	2,990,875	-	-	338,289	-	3,329,164
Placements with banks	-	-	2,182,539	707,107	-	2,889,646
Financial assets at amortized cost - Loans and advances to customers	20,100,400	864,175	-	4,239,990	487,357	25,691,922
Financial assets at amortized cost - Debt and other instruments	-	-	19,350,119	212,774	-	19,562,893
Financial assets at FVOCI	248,335	145,754	-	-	-	394,089
Property, plant and equipment	923,209	12,501	-	2,100	4,648	942,459
Right-of-use assets	128,605	-	-	10,753	5,510	144,868
Intangible assets & Goodwill	84,636	-	-	-	15,262	99,898
Other assets	448,681	506,509	-	3,475	19,355	978,021
Total assets	26,327,504	1,528,939	21,532,658	5,521,342	647,621	55,558,065
Liabilities						
Due to customers	32,982,406	-	-	3,634,797	14	36,617,217
Term debt and other borrowed funds	13,226	-	68,538	456,674	-	538,438
Lease liability	130,337	-	-	13,894	5,923	150,154
Government grants	83,918	-	-	-	-	83,918
Deferred tax liabilities (Unallocated)	152,592	-	-	-	(43,876)	108,716
Other liabilities	497,170	306,259	-	53,024	185,624	1,042,077
Income tax liability (Unallocated)	455,038	-	-	-	1,240	456,278
Total liabilities	34,314,687	306,259	68,538	4,158,389	148,925	38,996,798
	2024					
	Corporate, business and retail banking	Card and electronic banking	Treasury	BML Islamic	SME Digital	Total
Assets						
Cash and cash equivalents	3,777,725	-	-	4,730	-	3,782,456
Statutory deposit with Maldives Monetary Authority	2,961,486	-	-	306,388	-	3,267,874
Placements to banks	3,298,337	-	1,736,132	642,926	-	5,677,395
Loans to and receivables from customers	16,606,066	785,314	-	2,817,430	-	20,208,810
Financial assets at amortized cost	-	-	13,201,061	62,116	-	13,263,177
Financial assets at FVOCI	210,526	145,754	-	-	-	356,280
Property, plant and equipment	685,987	-	-	2,061	-	688,048
Right-of-use assets	118,562	-	-	14,062	-	132,624
Intangible assets	61,984	14,359	-	-	-	76,343
Deferred tax assets (Unallocated)	-	-	-	-	-	-
Other assets	351,402	620,478	-	14,134	-	986,014
Total assets	28,072,075	1,565,905	14,937,193	3,863,848	-	48,439,022
Liabilities						
Due to customers	29,870,748	-	-	2,161,293	-	32,032,041
Term debt and other borrowed funds	-	-	252,131	152,100	-	404,231
Lease Liability	132,393	-	-	-	-	132,393
Government grants	58,858	-	-	-	-	58,858
Deferred tax liabilities (Unallocated)	123,559	-	-	-	-	123,559
Other liabilities	585,477	433,868	-	433,145	-	1,452,490
Income tax liability (Unallocated)	32,538	-	-	-	-	32,538
Total liabilities	30,803,573	433,868	252,131	2,746,538	-	34,236,110

Investor Relations

Investor Relations

Capital Structure

The Bank's Authorized Share Capital remained at MVR 800,000,000 during 2025. Issued, Subscribed, and Paid-up Capital was unchanged at MVR 269,096,000, comprising 5,381,920 ordinary shares (par value: MVR 50 per share). The Bank has been listed on the Maldives Stock Exchange since 29 December 2004.

Shareholding Structure (as at 31 December 2025)

SHAREHOLDERS CATEGORY	SHAREHOLDERS	SHARES	SHARE CAPITAL (MVR)	%
Government (Ministry of Finance)	1	2,733,868	136,693,400	50.80%
Maldives Pension Administration Office (MPAO)	1	394,380	19,719,000	7.33%
Maldives Transporting & Contracting Company Plc (MTCC)	1	219,096	10,954,800	4.07%
Island/Atoll Councils	152	219,219	10,960,950	4.07%
General Public	5,993	1,815,357	90,767,850	33.73%
Total	6,148	5,381,920	269,096,000	100.00%

Top Ten Shareholders

As at 31 December 2025, the Bank had 6,148 registered shareholders, including 138 new shareholders added to the Share Register during the year. The ten largest shareholders are presented below:

NO.	SHAREHOLDER NAME	NUMBER OF SHARES	(%)
1	Ministry of Finance	2,733,868	50.80%
2	Maldives Pension Administration Office	394,380	7.33%
3	Champa Brothers Maldives Pvt. Ltd.	268,649	4.99%
4	Maldives Transport & Contracting Co. Plc	219,096	4.07%
5	Individual Shareholder	73,880	1.37%
6	H.Dh Atoll/Island Council	30,723	0.57%
7	R. Atoll/Island Council	26,352	0.49%
8	H.A Atoll/Island Council	18,792	0.35%
9	A.Dh Atoll/Island Council	18,720	0.35%
10	B. Atoll/Island Council	15,912	0.30%
Top 10 Shareholders' Total		3,800,372	70.62%

Shareholder Distribution by Size of Holding

The following table presents the distribution of shareholders by the size of their equity holdings as at 31 December 2025:

SHARE OWNERSHIP RANGE	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES	(%)
Less than 100	4,381	153,549	2.85%
101 – 500	1,036	308,106	5.72%
501 – 1,000	232	170,849	3.17%
1,001 – 2,000	385	634,315	11.79%
2,001 – 3,000	56	127,549	2.37%
3,001 – 4,000	28	95,313	1.77%
4,001 – 5,000	5	21,432	0.40%
5,001 – 6,000	6	32,656	0.61%
6,001 – 9,000	3	19,457	0.36%
9,001 – 10,000	3	28,440	0.53%
10,001 – 50,000	8	100,381	1.87%
50,001 – 100,000	1	73,880	1.37%
100,001 – 500,000	3	882,125	16.39%
More than 500,000	1	2,733,868	50.80%
Total	6,148	5,381,920	100.00%

The shareholder base includes 6,148 registered shareholders with broad retail participation. The public float of 33.73% ensures adequate market liquidity.

2025 Trading Summary

During 2025, 583 transactions involving 11,737 shares were executed on the Maldives Stock Exchange, with a total trade value of MVR 9,396,540. The weighted average share price was MVR 800.59.

MARKET STATISTICS (MVR)	2025	2024	CHANGE %
First Traded Price	715	790.00	-9.49%
Year-end Price	918.5	710.00	29.37%
Highest Price	918.5	850.00	8.06%
Lowest Price	642	455.00	41.10%
Weighted Average Price	800.59	733.26	9.18%

Trading Activities and Share Metrics

METRIC	2025	2024
Trading Activity		
Number of Transactions	583	216
Shares Traded	11,737	7,332
Trade Value (MVR)	9,396,540	5,376,226
Per Share Metrics (MVR)		
Earnings per Share	458	417
Net Asset Value per Share	3048	2,369
Market Value per Share	918	710

