

ANNUAL REPORT 2025

MALDIVES ISLAMIC BANK



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MALDIVES ISLAMIC BANK

Maldives Islamic Bank PLC., the first and fully Shariáh compliant bank in the Maldives is a collaboration between Islamic Corporation for the Development of the Private Sector (ICD), the private sector arm of the Islamic Development Bank Group (IsDB) and the Government of Maldives, represented by Ministry of Finance and Planning. The parties entered into an agreement on 04th October 2009 with a view to jointly develop and pioneer Islamic Banking services in the Maldives in line with principles of Shariáh. We opened our doors to the public on the 7th of March 2011 with the opening of the main branch in Male, the capital of Maldives and quickly followed suit by expanding into all major population centers of the nation. We have been listed on Maldives Stock Exchange as the only full-fledged Islamic bank in Maldives since November 2019. Today, 20% of our share capital is owned by the general public, in line with our principle of increasing public participation in the Bank's ownership.

Incorporated as a Private Limited Company, MIB was brought to inception with the intention of providing an alternative to the public and businesses who wish to avail themselves to banking transactions and dealings in strict compliance to Islamic banking principles. The primary goal was to offer the people of Maldives the opportunity to be a part of the fast-growing Islamic banking community worldwide. We are an active participant in the development and promotion of a viable Islamic economics and financial system in the Maldives which adheres to the highest ethical standards and values.

We provide full range of Shariáh compliant deposit products and financing solutions catering to the general public, both individuals and businesses. From a humble beginning, we currently provide our services through branch and sales center network of 06 branches, 07 sales centers, 51 ECRMs/ATMs across 12 atolls to meet the growing demand and to facilitate Islamic banking convenience throughout the country. In our continuous effort to provide better access and convenience to our customers, we have expanded our alternative distribution channels through Automated Teller Machines (ATM) network, Point of Sale (POS) terminals, Kiosk terminals, and via our online banking service, FaisaNet and FaisaMobile. We constantly strive to exceed customers' expectations by proactively developing long-term relationships and through constantly introducing modern banking services.

CORPORATE INFORMATION

Name

Maldives Islamic Bank PLC.

Country of Incorporation

Republic of Maldives

Date of Registration

01 April 2010 - Incorporated as a Private Limited Company under the Companies Act 10/1996 and governed by the Banking Act 24/2010

19 June 2019 - Converted to a Public Limited Company under the Companies Act 10/1996

Registration No

C-0255/2010

Listed Instrument, Date of Listing

17 November 2019 - Shares of MIB PLC. listed on the Maldives Stock Exchange which opened at MVR 35.00 per share.

Managing Director & Chief Executive Officer

Mr. Mufaddal Idris Khumri

Chief Financial Officer

Mr. Ali Wasif

Company Secretary

Mr. Hussain Ali Habeeb

Legal Counsel

External Legal Counsel to the Bank

Premier Chambers

Barristers and Attorneys

6th Floor, Kaneeru Villa, Maafannu, 20212, Orchid Magu, Malé

Republic of Maldives

Tel: +960 3314377

Mazlan & Murad Law Associates

6th Floor, Unit-A

Faamudheyriige Building, Orchid Magu, Malé

Republic of Maldives

Tel: +960 3344720

External Legal Counsel to the Board

SHC Law & Tax LLP

6th Floor, H. Aagé, Boduthakurufaanu Magu, Malé, 20094

Republic of Maldives

Phone: (+960) 3333644

External Auditors

M/s Deloitte Partners

H. Thandiraiymaage, Roashanee Magu

Republic of Maldives

Tel: +960 3318342

Head Office

Maldives Islamic Bank Public Limited Company

H. Medhuziyaarayidhoshuge

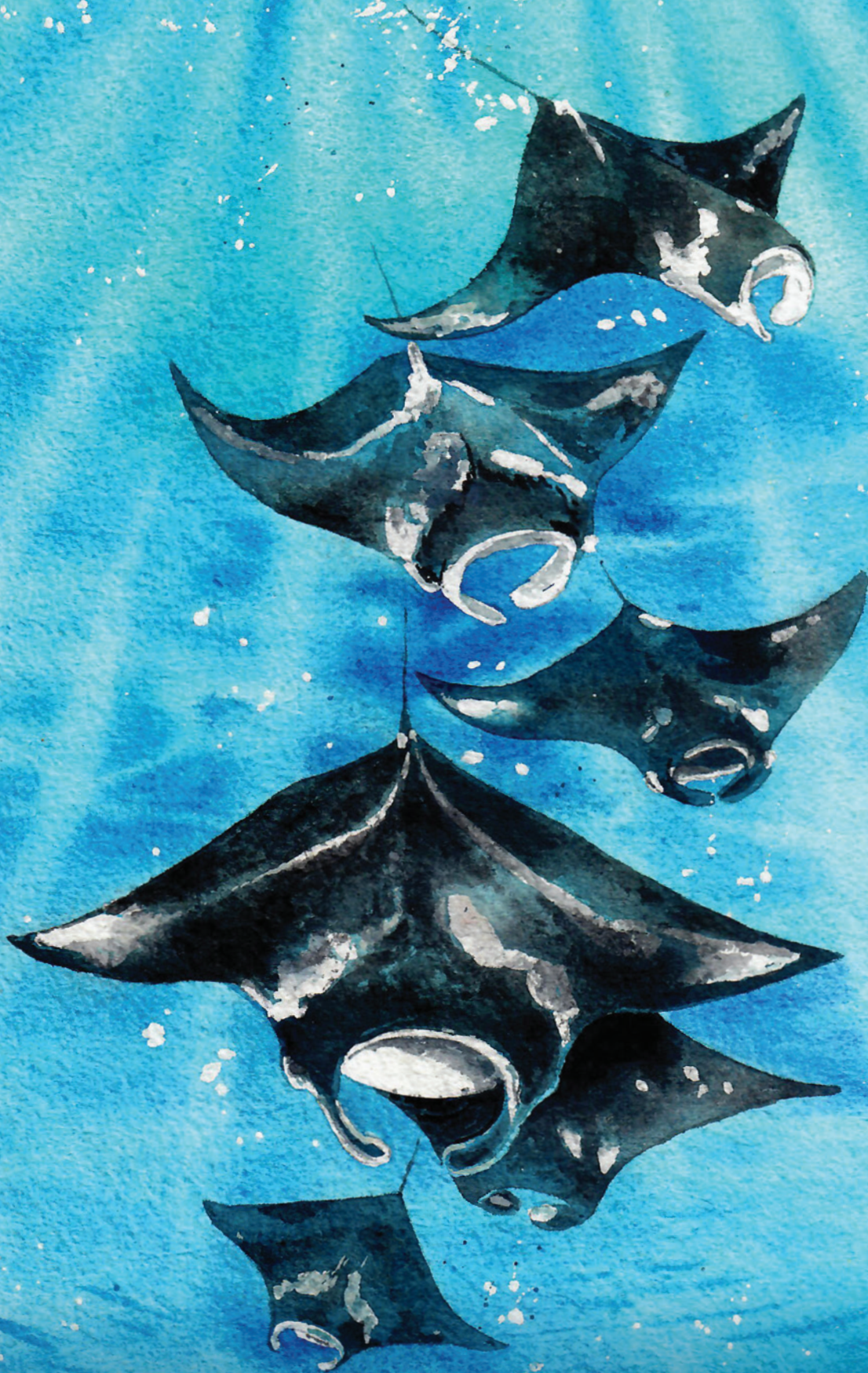
20097, Medhuziyaaraiy Magu

Malé City

Republic of Maldives

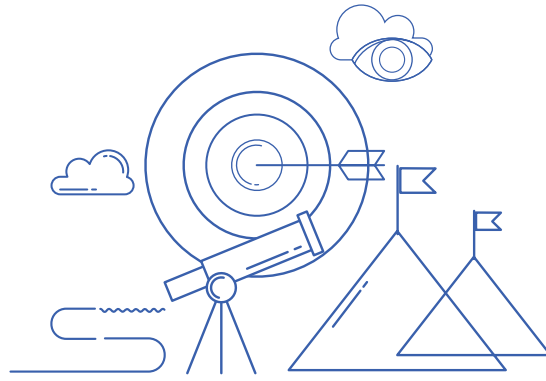
Tel: +960 3325555

Email: info@mib.com.mv



Art by Shimha

Grace in motion beneath the blue, where every glide tells a quiet story of the ocean.



VISION

To be recognized as the leader and preferred partner in Shariáh banking and an active player in the promotion and development of Islamic banking in Maldives.

MISSION

Serve as a trusted provider of Islamic financial products and services by focusing on its key objectives.

KEY OBJECTIVES

MIB attempts to achieve its mission to serve as a trusted provider of Islamic financial products and services by focusing on the following key objectives:

- Raising public awareness of Shariáh financial services.
- Creating values for customers, shareholders, employees and other stakeholders.
- Meeting the Bank's financial goals.
- Attracting, training and retaining staff that are best able to accomplish the mission of MIB.
- Creating a rewarding, challenging, supportive and trusting work environment.
- Constantly exceeding customer's expectations.
- Proactively growing and developing valuable long-term customer relationships.

MIB PHILOSOPHY



Strict compliance
with Shariáh



Islamic economic and
financial system



Highest ethical
standard and values

CORE COMPETENCIES

Pioneer in Islamic Banking



As the first Islamic bank in the Maldives, MIB pioneered the nation's transition to Shariáh-compliant banking and redefined its financial landscape. This milestone fulfilled the long-standing aspiration of Maldivians to access Islamic financial solutions locally, establishing MIB as the preferred Shariáh banking partner in Maldives.

Since inception, MIB has sustained its leadership through innovative Shariáh-compliant solutions that respond to the evolving needs of customers. Guided by robust ethical standards, the Bank remains focused on enhancing public trust, expanding financial inclusion and strengthening the Islamic financial ecosystem in Maldives. Today, MIB is firmly positioned on par with those of the conventional peers, reflecting its maturity, resilience, and strategic importance to the national financial system.

Full-fledged Islamic Banking Products



MIB offers a comprehensive suite of Shariáh-compliant products that cater to the diverse financial needs of individuals, SMEs and Corporates. MIB's portfolio spans CASA and investment accounts with competitive profit-sharing arrangements, payment solutions for issuing and acquiring, financing and treasury solutions, trade finance, working capital facilities, home financing, personal financing, and project financing solutions, each designed in full compliance with Shariáh principles.

As one of the leading banks in Maldives, MIB continues to steadily expand across retail banking, payments, corporate banking, SME banking, trade and project financing amongst many. The Bank remains focused on strengthening its product range to meet the evolving needs of customers and support sustainable growth.

Reliable Digital Infrastructure



MIB's operations are anchored by a resilient and secure digital infrastructure designed to deliver seamless, reliable, and protected services. From inception, the Bank has built a trusted digital ecosystem with strong safeguards for data security and privacy, supported by continuous upgrades to both front-end and back-end systems.

On the front-end, customers benefit from secure internet and mobile banking platforms, complemented by self-service solutions including ATMs/ECRMs, POS services, payment gateways, ApplyNow application portal, UjaalaaNow financing portal and AI-enabled customer assistance amongst others. Multi-factor authentication and eFaas integration further enhance safety and convenience. MIB has pioneered several market firsts, such as instant account opening and instant card issuance, digitised onboarding for personal finance application, fully digital business account opening, wearable payment solutions as well as Favara IPS integration. On the back end, the Bank continues to streamline operations through process automation, STP, API provisioning and system enhancements, strengthening efficiency, governance, and overall service reliability.

Customer Centricity & Convenience



Customer centricity remains fundamental to MIB's value proposition and service delivery. The Bank set up a dedicated customer experience unit to embed a synchronized service culture across all business and support units. The aim is to instill a customer first approach whilst aligning our businesses and support units to match customer aspirations and their financial ambition. The Bank continually refines its processes to ensure services remain aligned with evolving customer expectations, supported by new technologies and digital solutions that enhance security, reliability and convenience. Personalized care and responsive support underpin MIB's relationship-driven approach, with emphasis placed on building long-term relationships over one-time transactions.

The Bank is accessible to customers through 24/7 helpline and ticketing systems. Our customer service teams strive to improve TATs consistently, with continuous service improvements implemented across all touchpoints and communication channels. Dedicated relationship managers facilitate seamless banking services, while premium banking services cater to the specific needs of affluent clients.

Competent Human Capital



MIB's success is driven by a highly skilled and motivated workforce, whose expertise, diverse experience, and dedication underpin the Bank's performance and resilience. The Bank emphasizes continuous professional development, providing training and growth opportunities to foster employee capabilities and career progression.

With a team of over 350 employees from Maldives and abroad, MIB combines local insight with global best practices. As of 2025, more than 98% of staff are local, while the team is complemented by foreign professionals in areas such as risk management, compliance, payments, audit, and Shariáh. A performance-oriented culture, reinforced through a results-based reward system and delegated authority, ensures fair recognition and accountability while supporting individual growth. The Bank actively nurtures talent and empowers employees to contribute meaningfully to MIB's long-term success.

FULL FLEDGED SHARIÁH BANKING PRODUCTS

MIB offers fully Shariáh-compliant deposit, investment, and financing solutions designed to meet the needs of both retail and corporate customers. These products are structured in accordance with recognized Islamic finance concepts including Qard, Mudarabah, Murabahah, Istisna'a, Wakalah, and Diminishing Musharakah, ensuring that customers can access banking services aligned with Shariáh principles.

Deposit Portfolio

The Bank's deposit portfolio recorded strong growth during the year, reaching MVR 13.64 billion as of 31 December 2025, representing a growth of 49.42% compared to the previous year. The Bank offers a diverse range of deposit products in both MVR and USD, including:

- Current Account
- Savings Account
- General Investment Account
- Hajj Savings Account
- Wakala Deposit Account
- Non-Resident Foreign Account, and
- Bingaa Accounts

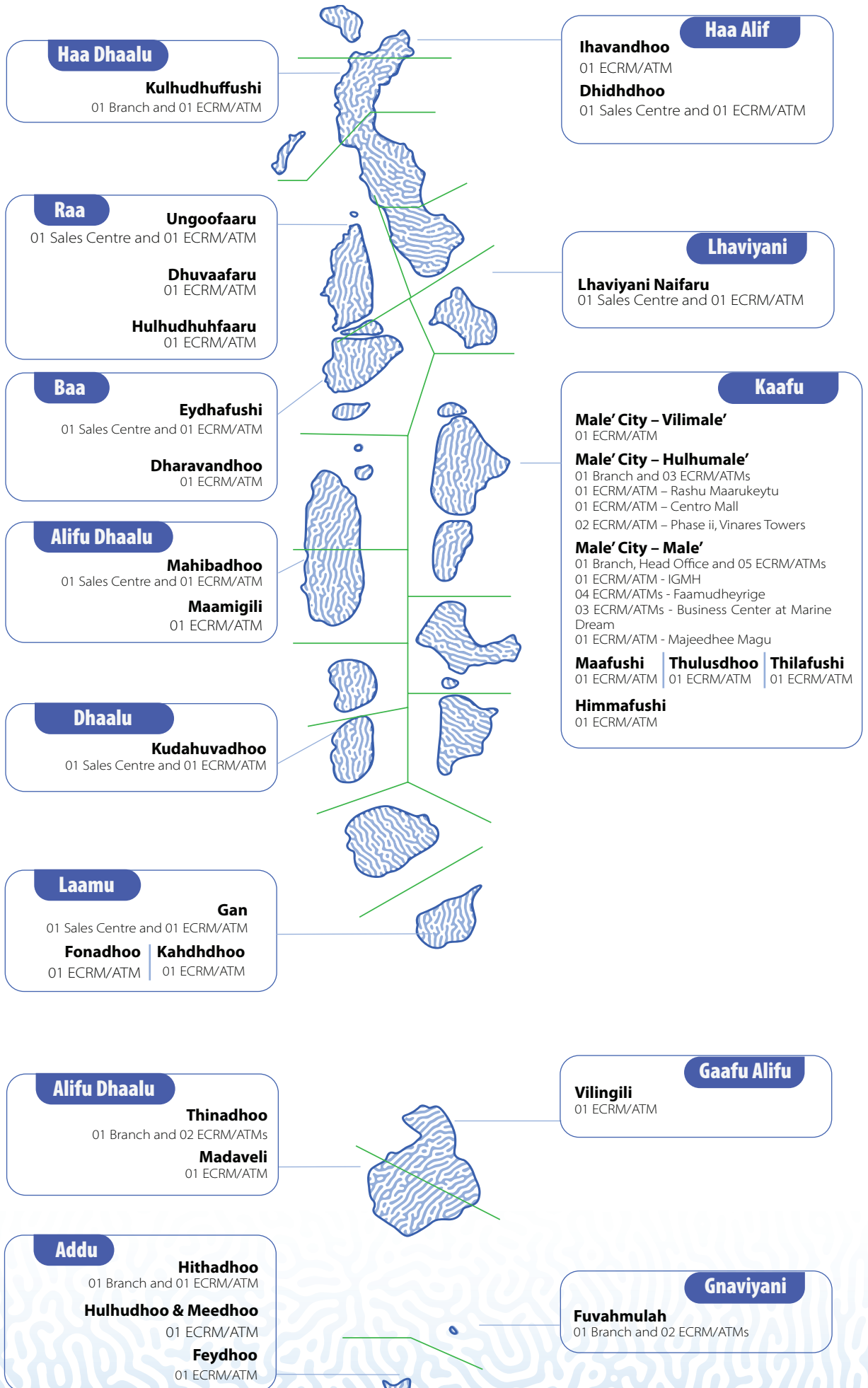
Financing Portfolio

The Bank's net financing portfolio stood at MVR 7.51 billion at the end of 2025, reflecting a growth of 30.65% during the year. MIB provides a broad range of Shariáh-compliant financing solutions based on Islamic finance principles such as Murabahah, Istisna'a, Wakalah, and Diminishing Musharakah.

Key financing solutions provided by the Bank include:

- Ujaalaa Dhiriulhun – Consumer Goods Financing
- Ujaalaa Cash
- Ujaalaa Ulhandhu – Car Financing
- Home Financing
- Home Construction/ Real Estate / Project Financing
- Vessel Financing
- Trade Financing
- General Asset Financing
- Asset Refinancing
- SME Financing, and
- Wakalah Overdraft Financing

PRESENCE ACROSS MALDIVES



MILESTONES

2011



Incorporation of Maldives Islamic Bank



Introduction of Shari'ah compliant banking products to Maldives

2012

Launched Faisa ATM and Faisa Card



2013



Launched Faisa POS services

2014

First Outstation Branch established in Addu city Hithadhoo



2015



Introduction of Internet Banking services; FaisaNet

2016

New Branches opened in GDh. Thinadhoo, HDh. Kulhudhuffushi and Hulhumale'



2017



Opened sixth branch in Gn. Fuvahmulah

2018

Launched Mobile Banking service FaisaMobile



2019



Opened Bank's new Head Office and Main Branch



Listed as a Public Limited Company on the Maldives Stock Exchange



Baazaar Customer Service Centre established in Male'

2020

New Card Payment processing system established



Shari'ah compliant Interbank product innovation to support MVR liquidity



Introduction of ECRMs with card less cash and cheque deposit



2021



Launch of Visa Debit Card



Introduction of new Payment Gateway; MIB Global Pay



Launch of ApplyNow portal

2022

Visa Platinum Card, Visa Instant Card and Visa Supplementary Card Launched



First Bank in Maldives to offer low-cost financing for Hakathari Labelled Products



Launched Hajj Savings Account



Opening of the new Hulhumale' Branch and office













Launched FaisaNet 2.0










Wakala & Commodity Murabahah Overnight Placement with MMA







2023

-  First bank in Maldives to launch Instant Account Opening
-  Integration of Favara IPS Platform
-  Launched UjaalaaNow Portal
-  Launched Ujaalaa Cash financing solution
-  Deployment of first USD ECRM
-  Inauguration of Sales Centre banking concept
-  Opening of Business Centre in Male'
-  First bank in Maldives to waive ATM charges for all domestic cardholders
-  Launched Visa Business Debit Card
-  Launch of Non-Resident Foreign Account and Wakala Deposits

2024

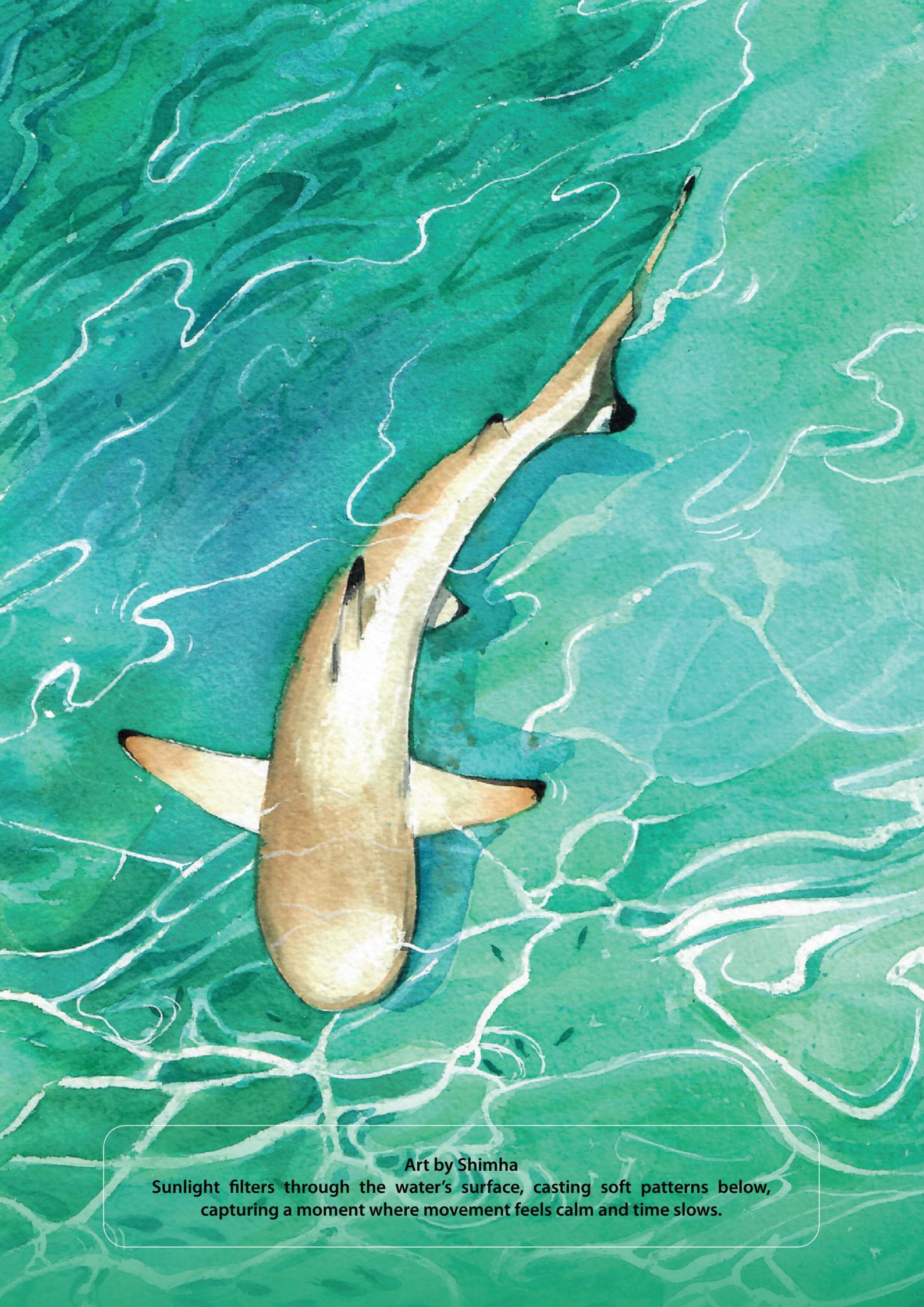
- Automation of card issuance process 
- Deployment of first USD ECRM at Hulhumale' 
- Introduction of Expense Card for businesses 
- Introduction of Customer Self-Service Kiosks 
- Launched Fully Digital Business Account Opening 
- Launched FaisaMobile X 
- Launched Overdraft Facility to Business customers 

2024

-  Introduced FaisaWear Ring, first wearable payment solution in Maldives
-  Launched Bingaa Portfolio of Accounts
-  Introduced Samuga Card as a testament to fishermen
-  Partnered with Government of Maldives to expand ATM services in Maldives

2025

- Instant USD exchange mechanism introduced in line with Forex Act 
- Introduced FaisaWear Tag, a first in Maldives 
- Pledged MVR 30 million towards Social Financing Scheme by MMA 
- Opened Retail Branch in Male' 
- 12 new ATM centers opened across Maldives 
- Opened R. Ungoofaaru Sales Center and ATM center 
- Initiated POS Receivables financing scheme 
- Total Assets crossed USD 1 billion equivalent mark (MVR 16.65 billion) 



Art by Shimha

Sunlight filters through the water's surface, casting soft patterns below, capturing a moment where movement feels calm and time slows.

AWARD WINNING BANK

MIB's achievements continue to earn recognition locally and internationally, affirming the Bank's commitment to excellence and innovation. These accolades underscore MIB's market leadership and determination to elevate service standards and the trust placed in the Bank by the customers.

2011



"Best New Bank"

Islamic Business and Finance Awards

2016



"Islamic Bank of the Year Maldives"

Gold Award at IFFSA Awards organised by Islamic Finance Forum of South Asia

2018



"Bank of the Year"

at Islamic Finance Forum of South Asia Awards, 2018

2020



"Islamic Finance Product of the Year – IFFSA Awards"

Gold Award for MIB's Consumer Goods Financing Ujaalaa Dhiriulhun

"Islamic Bank of the Year – IFFSA Awards"

(Small category) – Gold Award

"Islamic Finance Entity of the Year – IFFSA Awards"

(Small category) – Gold Award

2022



"Best Islamic Bank of the Year (Small Category)"

IFFSA Silver Award

"Corporate Maldives Gold 100 Award"

2024



"Commercial Solutions Excellence Awards 2024

at VISA Leadership Conclave "

Pinnacle Award at 10th MIBFI Conference

organized by UTO Edu Consult

GIFA Excellence Award for Digital Transformation

at 14th Global Islamic Finance Awards

Most Innovative Digital Onboarding Rollout award

by IBS Intelligence for MIB ApplyNow Portal

Islamic Finance Entity of the Year

at 9th IFFSA Awards

2014



"Best Managed Islamic Bank"

Merit Award at Asia Islamic Banking Excellence Awards organized by CMO Asia

2017



"Corporate Maldives Gold 100 Award"

2019



"Product of the Year 2019"

Silver Award for FaisaMobile - IFFSA Awards

Honorary Award in recognition of the contribution to the industry - 4th IFFSA Awards

2021



"Winner of Global Finnovation Award 2020"

for Ujaalaa Dhiriulhun financing as the innovating Shari'ah compliant lifestyle financing awarded by ICD

2023



"IBRA Cambridge IFA Excellence Award for Islamic Retail Banking in Maldives "

Islamic Bank of the Year 2022-2023 at 8th IFFSA Awards

Best Business Bank - Indian Ocean 2023 Award

at Capital Finance International Banking Awards

Best Shariah Compliant Bank Maldives 2023

International Business Magazine Awards 2023

2025



Visa Commercial Solutions Excellence Award

for Best Business Debit Issuer

Islamic Bank of the Decade Award

10th IFFSA Awards 2025

Islamic Finance Entity of the Year Award

10th IFFSA Awards 2025

Islamic Bank of the Year Award

10th IFFSA Awards 2025

Best Islamic Retail Bank in Maldives 2025

11th IRBA Awards 2025

Best Digital Banking Initiative Award in Maldives 2025

11th IRBA Awards 2025



Art by Shaheeda

A quiet underwater scene where stillness takes over, inviting you to pause and take in the subtle beauty of the majestic tiger shark.

CHAIRMAN'S STATEMENT

Dear Shareholders,

It gives me immense pleasure to share the Annual Report of Maldives Islamic Bank Plc for the financial year ended 31st December 2025, demonstrating a year of continued growth, resilience, and disciplined execution.

The year under review was characterised by sustained resilience in the Maldivian economy, supported by strong momentum in tourism and continued infrastructure development. Simultaneously, the operating environment was largely shaped by resource management vulnerabilities, fiscal pressures, and evolving global conditions. Yet, we remained focused on executing our strategy with discipline, delivering strong financial performance and further consolidating our foundation for long-term, sustainable growth.

In 2025, the Bank achieved strong growth in major financial metrics. Total assets increased to MVR 16.65 billion, compared to MVR 11.46 billion in the previous year, driven by continued growth in financing activities and investments. Net Receivables from Financing Activities grew to MVR 7.51 billion, and Customer Deposits stood at MVR 13.64 billion, reaffirming the continued trust placed in the Bank by our customers.

Profit before Tax grew by 33.6% to reach MVR 492.68 million compared to MVR 368.88 million in 2024, while Profit after Tax rose to MVR 370.74 million from MVR 277.92 million. Total operating income stood at MVR 897.44 million, underpinned by robust core income generation and contributions from investment activities, reflecting the Bank's ability to deliver consistent earnings growth.

Shareholders' equity increased by 27.0% to reach MVR 1.46 billion, compared to MVR 1.15 billion in the previous year, reflecting sustained value creation supported by disciplined capital management. Net Asset Value per Share improved to MVR 60.88 from MVR 51.18, underscoring the Bank's ability to enhance shareholder value consistently.

In line with this performance, we paid total dividends of MVR 103.05 million to over 16,200 shareholders during the year. This was complemented with the issuance of Bonus Shares as part of the overall distribution, representing a landmark move for the Maldivian capital market, as this was the first such issuance by a listed company in the country. This milestone reflects the Bank's capital strength and strategic maturity, while enabling shareholders to participate more directly in the Bank's continued growth.



Mr. Kazi Abu Muhammad Majedur Rahman
Chairman and Non-Executive Independent Director

Total Dividends

MVR 103.05 million

Shareholders Equity

27% Growth

Total Assets

MVR 16.65 Billion

The Board is also prudent in its capital allocation strategy, maintaining a careful balance between delivering immediate shareholder returns and retaining capital to support future growth, reinforce financial resilience, and sustain long-term value creation.

Beyond financial performance, we remained committed to contributing positively to the community and environment through various initiatives and partnerships. These efforts reflect broader responsibility to support social development, promote financial inclusion, and encourage sustainable practices.

Throughout the year, we continued to advance our strategic priorities, with a clear focus on enhancing accessibility, strengthening digital capabilities, and expanding the product offerings. The continued enhancements to our digital platforms enabled us to deliver more seamless and convenient banking experiences across the country. The ongoing refinement of our products and services reflects our commitment to meeting evolving customer needs while maintaining our distinct identity as the preferred Shari'ah-banking partner in Maldives.

Our Board of Directors continued to provide strong oversight and strategic guidance throughout the year, ensuring that the Bank operates within a robust governance framework. Board Committees continued to discharge their responsibilities effectively, providing focused oversight across key areas and supporting the Bank's overall control environment. Emphasis remained on strengthening risk management, enhancing internal controls, and maintaining robust regulatory compliance, supported by the Bank's established three lines of defence framework.

The Board maintained a strong focus on governance excellence, recognising our central role in sustaining the Bank's stability and credibility. The composition of the Board did not change, and three Non-Executive Directors and two Executive Directors had their terms renewed, ensuring continuity in oversight and strategic direction. Shareholder engagement remained robust, as we convened one Annual General Meeting and two additional shareholder meetings during the year.

In 2025, we placed a great emphasis on strengthening our organizational framework. New organisational units were established to enhance focus and accountability, while greater

discipline was introduced in the execution of strategic projects and initiatives. Banking operations were enhanced following independent audits and comprehensive internal reviews, allowing us to reinforce our control processes and overall operational resilience.

Looking ahead, the global environment is expected to remain complex, shaped in part by ongoing geopolitical tensions. In particular, the developments in the Middle East and the Iran-related conflict dynamics continue to influence energy markets, trade flows, and overall economic sentiment. For a small economy like Maldives, these factors may translate into heightened volatility, particularly through pressures on inflation, foreign exchange liquidity, and fiscal balances.

Nonetheless, we remain mindful of these. The Board will continue to adopt a balanced and prudent approach, ensuring that growth is pursued responsibly while maintaining financial stability and resilience. I am confident that we are well-positioned to build on our current momentum, supported by our ability to adapt, innovate, and deliver sustained value to all stakeholders.

These achievements and our continued success reflect the collective commitment, trust, and support of our stakeholders and our teams. For this, I extend my sincere appreciation to our shareholders, customers and regulators for continuing to place their trust in us. I also thank our very capable management and staff members for their dedication and commitment to the Bank. I further acknowledge the valuable contributions of my fellow Board members and the Shari'ah Committee in providing steadfast leadership and oversight.

With your confidence, we will In Sha Allah continue to evolve, strengthen, and serve as the preferred Shari'ah Banking partner in Maldives.



Mr. Kazi Abu Muhammad Majedur Rahman
Chairman and Non-Executive Independent Director

MD & CEO STATEMENT

Dear Shareholders,

As I sit down to pen down my annual letter to shareholders, a dystopian time is around us. A tumultuous year of 2025, led by tariff shocks and prolonged destructive conflicts across continents that eventually led to the geopolitical flareup in the Middle East in early 2026. This epic fury has ruptured economies, severely hampered logistics, deteriorated supply chains and rained misery on civic life and public infrastructure, whilst casting a caustic shadow of wrath, despair and toxicity across the global community of nations. This cauldron of sheer abhorrence cannot continue to stagnate global economic growth and must be dealt with effectively.

Allow me to begin my note by expressing a desire to see our world arise like a phoenix from the ashen stupor of its malefice and malfeasance.



Mr. Mufaddal Idris Khumri

Managing Director & Chief Executive Officer

The world that we have bequeathed from nature has now come to war with it! As humans attempt to overpower and rein in the primordial force of nature that created the universe, we are slowly but surely becoming increasingly arrogant. With great power comes great responsibility, an adage much used by superheroes. But the super-rich and super powerful of our times appear to behave contradictory. For them, great power accompanies, greater arrogance. Crony capitalism and malicious nationalism have become the agenda of those in power. The masses fed with the unassailable dream of their country's greatness in the comity of nations, follow like lambs. They have crushed the very soul of freedom and chained our imagination.

We are living through a period where it has become the norm to witness wars with global repercussions, trillion-dollar companies operating at a scale bigger than many economies, a fundamental reordering of international trade, and the advent of the most significant technology since, at least, the computer.



The world is afflicted by income inequality, most of the wealth has flowed to people who owned assets, not to people who earned most of their money by working. Now AI threatens to repeat that pattern at an even larger scale—concentrating wealth among the companies and investors positioned to capture it. Today's economic anxiety stems from a deeper feeling that capitalism is working for the bourgeois, leaving the proletariat masses at the mercy of economic vagaries.

This is the precise moment when we must together battle to get back our soul and breathe the air of freedom. We need to iron out friction and become our own messiahs. Collective will and shared conscience of the people is a weapon that has seldom failed. It will usher in a thousand years of peace with no oppression or violence. More than us, Mother Earth needs rest from the violence we have unleashed on creation.

// Peace is not only better than war, but infinitely more arduous."

George Bernard Shaw

Can we for once have allegiance to humanity alone. Is this possible or merely a dream?

Martin Luther in his exhilarating speech once said, "I have a dream". Let the women, men and children in the comity of nations make that dream come true in all nations across the world.

In these rather testing times Maldives Islamic Bank (MIB) has done exceptionally well. In three years starting Jan 2022, our Balance Sheet has grown by nearly 250% crossing USD 1 Billion, Financing book has leapfrogged close to 300% supported by core deposits crossing MVR 13 billion. The growth has been well diversified across retail and corporate banking. Our corporate inroads have been instrumental to support this momentum. This well-crystallized growth has been aided by customer growth and profits. We will speak about this later.

The global economy has shown notable resilience to heightened trade tensions and policy uncertainty. In 2025, stockpiling of traded goods, strong risk appetite, and a surge in artificial intelligence (AI) spending supported activity, while supply chains adapted to rising trade barriers. Global GDP grew at approx. 3%. Advanced Economies grew at a slower pace of roughly 1.5% to 1.7% whereas Emerging Market and Developing Economies remained the primary driver with growth above 4%. Global Inflation continued its gradual descent, estimated to have fallen to 4.1% in 2025, whereas Global Trade grew by an estimated 3.4% before new tariffs took effect and created the rupture across economies.

U.S. effective tariff rates reached their highest levels since the 1930s (peaking at ~28% in mid-April before averaging ~17%-19.5% later in the year), causing significant disruption but encouraging supply chain reorganization. On the upside, firms' adaptability to new trade conditions and AI-related activity broadened growth. Unprecedented capital expenditure in AI and semiconductors acted as a "stabilizing force," helping economies absorb shocks from trade policy.

The Maldives has marked a historic milestone in 2025, recording its strongest tourism performance to date, with projected travel receipts expected to exceed USD 5.4 billion, surpassing the national target of USD 5 billion. Tourism receipts grew by 15.8% year-on-year compared to 2024. As per IMF estimates, GDP grew to approx. USD 7.7 Billion as of 2025 translating into a growth rate of 4.8%.

The launch of Velana International Airport's new passenger terminal marked a major milestone for the Maldives' aviation sector in 2025, enhancing capacity, efficiency, and the passenger experience. With an annual capacity of 7.5 million passengers, the terminal significantly enhances the Maldives' ability to manage rising visitor volumes while improving passenger flow and overall travel experience. During the year, 48 scheduled and charter airlines operated at Velana International Airport, including 41 scheduled carriers and seven charter operators.

The year concluded with approximately 10% growth in surface arrivals crossing 2.22 million tourists, alongside growth in bed nights, reflecting sustained demand across key source markets. Overall bed capacity increased as well, supported by the opening of new resorts and guesthouses during the year, further strengthening the destination's accommodation portfolio.

Key source markets delivered robust growth, with China recording a 22% increase and Russia growing by 20%, reaffirming their importance to the destination's recovery and expansion strategy.

As of 2025, the Maldives features 178 operational resorts with a total of 44,697 beds. In addition, 16 hotels and 973 guesthouses offer 2,598 and 16,824 beds, respectively, while 168 safari vessels provide a further 3,356 beds, reflecting the Maldives' diverse accommodation offerings.

The banking industry in Maldives reflected the state of the economy with solid growth across all portfolios. Driven by improving macroeconomic conditions that have encouraged investment in innovation. For MIB, these new market dynamics reinstates focus on innovation that acts as a catalyst to aid its growth ambitions.

Our achievements in 2025, we crossed USD ONE BILLION IN BALANCE SHEET SIZE

The Bank generated record revenue in each of our lines of business. We earned net operating revenue in 2025 of MVR 897.44 million, an increase of nearly 27% compared to 2024 and net profit of MVR 370.74 million, an increase of 34% to the bottom-line compared to 2024. Our return on equity (ROE) of 28% reflects strong underlying performance across our businesses.

Over the last one year the Bank has worked on an agenda of sustained growth across all business verticals. Our core customer deposits have increased by more than 49%, financing has increased by 30% and the overall balance sheet has grown by 45% to touch MVR 16.65 billion. Our risk appetite has grown in a noticeably measured fashion as we have taken considerable exposure in the corporate sector, tourism, fishing and infrastructure. Our customer base has increased by 27% as we have onboarded new to bank retail & corporate customers. Our share of corporate deposits has crossed 50% largely aided by substantial increase in CASA, whereas our share of corporate financing book has reached 40%. Balance sheet growth has been supported by increase in the corporate book, and costs have been maintained at reasonable levels with delinquency under control. We have opened more than 8 sales and service centers and deployed more than 15 ECRMs across the country.

At MIB, we have worked as a cohesive team to develop a customer centric approach for creating service excellence. Our ambition remains undaunted to become the largest Bank in the Maldives.

In 2025, we executed more than 120 initiatives across multiple businesses and support verticals, 60 of these core projects were managed by the projects team.

Project Management Office

The Project Management Office was formally established in April 2025 with the appointment of a Head of PMO, bringing over 25 years of experience in technology project management and delivery, with demonstrated expertise in emerging technologies including artificial intelligence and digital transformation.

During 2025, the PMO initiated project governance framework across the bank, establishing formal project management processes and supporting templates that provided consistent oversight and control across all initiative portfolios managed by business departments.

The PMO oversaw the development of the Customer Relationship Management platform and the initiation of a Comprehensive Internet Banking Suite upgrade, working closely with business and technology teams to manage scope, dependencies, and stakeholder alignment throughout execution. Across operations and back-office functions, the PMO guided related automation and process improvement initiatives that enabled business units to enhance operational efficiency while maintaining control over implementation quality and delivery schedules.

In 2025, the PMO helped to bring multiple major projects to completion or operational status while maintaining active governance over a diverse portfolio of concurrent initiatives spanning risk, operations, retail, payments, and technology domains. The majority of 2025's completed, and near-completion initiatives are advancing into Phase 2 development during 2026, building on the governance foundations and delivery disciplines established by the PMO.

Looking ahead to 2026, the PMO will continue to strengthen its governance operating model while supporting the bank's digital transformation agenda through enhanced coordination, capability development, and alignment of project delivery with strategic business objectives. The PMO's role in the bank's governance backbone has proven central to managing the complexity, pace, and scope of technology-enabled transformation while maintaining stakeholder alignment and operational discipline.

Risk, Compliance & Information

During 2025, the Bank continued to strengthen its overall risk governance, internal control environment and operational resilience as part of its broader strategic focus on sustainable and well controlled growth. A key area of progress was the advancement of the Enterprise Risk Management (ERM) implementation programme, aligned with the Maldives Monetary Authority's Risk Management Guidelines and internationally recognised standards. This initiative enhanced the Bank's ability to identify, assess, monitor and report risks in a structured and forward looking manner, improving risk informed decision making at both management and Board levels.

The year also saw meaningful improvements in internal controls through the successful completion of the first phase of SOP and process documentation programme, which focused on the Bank's core banking operations, including front end and back end operational processes. Through comprehensive documentation, risk based reviews and control rationalisation,

the Bank strengthened process clarity, accountability and control effectiveness across key operational areas. It laid a strong foundation for consistent execution, reduced operational risk and enhanced compliance with regulatory and internal policy requirements within the Bank's primary business activities.

In parallel, the Bank progressed several critical technology enabled risk mitigation initiatives. The implementation of a new automated AML/CFT transaction monitoring solution was initiated to replace a legacy, manual intensive system, with the objective of improving efficiency, alert quality, regulatory reporting and auditability. Additionally, the Bank advanced the establishment of a dedicated Fraud Risk Management system to enhance monitoring capabilities across digital channels and core banking platforms. In the area of information security and technology risk, the Bank continued to strengthen its cyber resilience through regular risk assessments, regulatory remediation programmes, crisis simulations, independent security testing and enhanced staff awareness initiatives.

Throughout the year, the Bank maintained strong regulatory engagement, timely statutory and supervisory reporting, effective oversight through Board and Management Risk & Compliance Committees, and disciplined follow up on audit and supervisory observations. Collectively, these initiatives reflect the Bank's continued commitment to strong governance, prudent risk management and regulatory compliance, reinforcing a robust control environment to support long term stability and growth.

Customer Experience

In October 2025, the Bank strengthened its customer-centric agenda through the establishment of a dedicated Customer Experience Function and the appointment of a Customer Experience Officer to lead

the function serves as a strategic catalyst for embedding customer perspectives into decision-making across the Bank. It oversaw the development of the Customer Relationship Management platform and the initiation of a Comprehensive Internet Banking Suite upgrade, working closely with business and technology teams to manage scope, dependencies, and stakeholder alignment throughout execution.

The team aims to drive structured customer feedback systems, service quality monitoring and customer journey enhancements to elevate service standards. The function also promotes greater accountability for service delivery and continuous improvement across customer touchpoints. Through this strategic focus, we aim to strengthen long-term customer trust and loyalty.

Calendar theme 2026

The 2026 calendar, themed "Flavors of Our Islands," was developed as a tribute to the Maldives' rich culinary heritage and the stories preserved through traditional island cuisine. Each month highlights a distinctive dish from a different island, carefully selected to reflect the diversity, identity and cultural richness of communities across the country.

To ensure authenticity of our endeavour, we travelled to islands across the Maldives to document not only the featured dishes, but also the local traditions and people behind them. Community members were engaged in demonstrating how each item is prepared, allowing the calendar to capture the true essence of island life and preserve traditional methods passed down through generations.

Each month includes a brief description of the featured item, highlighting its distinctive taste and its cultural significance. A QR code is also embedded on every page, directing viewers to a dedicated video focused on the featured item, showing how it is traditionally prepared by a local from the island.

Through this initiative, the calendar became more than a corporate gift. It served as a storytelling platform that connects customers and the wider public to the cultural richness of the Maldives, while reinforcing our commitment to celebrating heritage, community and national identity.

Annual report theme

The theme of this Annual Report, Sea Life, reflects the Maldives' deep connection to the ocean and the vital role marine ecosystems play in shaping our environment, livelihoods and identity. Inspired by the richness of marine life surrounding our islands, the visual concept highlights the beauty and diversity of marine fish and the natural environment that sustains them.

To bring this theme to life, the report features original artworks created by local artists, adding an authentic Maldivian expression to the publication. Each illustration was carefully developed to capture the vibrancy of our marine surroundings while celebrating local artistic talent and creativity.

Through this theme, the Annual Report not only presents the Bank's performance and achievements but reinforces an appreciation for the natural heritage that defines the Maldives and mirrors the principles and standards MIB stands for.

Work for the art community as part of CSR

One of the greatest traits we humans possess is that of being story tellers, we are imaginative and bold. We created money and imagined mythology. In one sense money itself has no value yet it has been ingrained in our minds to hold a value. As for myths, they border between the realms of surreal and fantasy. Art is an extension of our story telling, it is an expression of human creativity and imagination. It has evolved across millennia, reflecting the changing times and cultures. Art is a strong sensory stimulus by nature and even helps in accessing the unconscious part of the psyche. As goes a popular saying, "a painting is a source of endless pleasure, but also of great anguish."

At MIB, we remain committed to supporting the local artistic community by creating meaningful opportunities for artists to highlight their talent and gain wider recognition. This includes sponsoring art exhibitions, engaging local artists to contribute original works for key corporate publications such as the Annual Report and incorporating Maldivian creativity into our brand platforms.

As part of this commitment, selected artworks are also acquired and displayed across our office premises, giving these masterpieces continued visibility and allowing customers, staff and visitors to experience local artistic expression in everyday spaces.

Through these initiatives, we aim to encourage creative talent, celebrate cultural identity and contribute to the growth of the local arts community.

The Impact of AI and our calibrated approach towards it.

In 1956, John McCarthy and Malvin Minsky organised a workshop on artificial intelligence (AI) at the Dartmouth College. The term AI was coined by McCarthy specifically for this workshop and has stuck since then.

A decade and a half later, Minsky predicted "From three to eight years we will have a machine with the general intelligence of an average human being. A machine that will be able to read Shakespeare, grease a car, play office politics, tell a joke, and act and do a lot more like a normal human being. At that point the machine will begin to educate itself with fantastic speed. In a few months it will be at genius level and a few months after that its powers will be incalculable." We are now in 2026. Nonetheless, breathless and grandiose predictions on the future of AI continue to be made.

Artificial intelligence is being sold as the next great economic revolution. But history suggests technological revolutions rarely transform economies as quickly as their evangelists claim.

Indeed, AI will reshape work, but its impact will likely unfold more gradually than predicted, unevenly and with real social costs. Business concerns, cultural attitudes, government rules, politics, or ethical worries can slow it down. Throughout 2025, AI dominated headlines and the hype shows little sign of slowing down. There are bold predictions about productivity gains, promises of transformation across banking and almost every app now has some kind of AI-assisted feature.

The hype is so much that there's huge pressure on chief executives to show the world that they are doing something about AI. Like many simpler souls, they may have bought into a vision of the future that's being spun by techno-optimists. As a Chief Executive I cannot take the risk of not investing in AI. That's much better than not spending on AI and taking the risk of watching it succeed.

AI will transform work, improve productivity and strengthen economic structures over time. In the end, the real story of AI may not be a sudden revolution, but a long, grinding evolution – one that unfolds over many years rather than just sensational headlines.

That is why the real debate about AI should not only be about technological possibilities. It should also be about who gains, who loses and how societies choose to manage the transition.

At MIB we have created opportunity for the bank to navigate accelerated digital transformation. As the bank enters 2026, the PMO is leading the initiative to deepen this strategic role, leading the establishment of AI and Emerging Technology Governance for secure adoption across the bank.

A roadmap is being developed with targeted pilots in intelligent customer service, staff expert copilots, and advanced identity and financial document analysis, supported by comprehensive upskilling to build organisational AI capability. These initiatives will be delivered with the governance discipline that has guided the bank through 2025's complex project landscape, ensuring responsible innovation and meaningful business value. The foundation established in 2025 positions the bank to retain a cadence of technology-enabled change for competitiveness in an increasingly digital banking environment.

MIB in 2026


We have grown far more over the last three years than what we have achieved in the first 11 years of our establishment. In 2026 on account of the geopolitical risks, it will be a challenge to sustain our business and grow. We expect economic challenges that would lead us to calibrate our business with due consideration to tourist arrivals, inflation, subdued economic growth and supply chain disruption. The banks' business growth strategies may require further adjustments in lieu of economic and geopolitical uncertainty. We will closely monitor the local economy and take initiative-taking measures to safeguard our financing and deposit business. MIB will remain focused on "Customer Engagement" and prioritise on information security and data privacy.

In Conclusion

I want to say a profound "thank you" to everybody at Maldives Islamic Bank. MIB was founded in 2011 and since then the Bank has recruited some of the best minds in the financial sector. And today, the people are the reason I still love coming to work. And that remains true for most of my coworkers. So, to all my colleagues at MIB, I'm so grateful for you.

I wish to express my earnest gratitude to our Board members, the Shariah Supervisory Committee and other partners and stakeholders of MIB for their continuous guidance, motivation, and supervision. You have been a catalyst in our progress through your steady backing, motivation and conviction in our capabilities to deliver.

And to MIBs customers, thank you for your trust. We consider it to be a privilege and an act of sacred consecration to manage your deposits and finances, and we don't take it for granted. Serving you is a real honour.



Mr. Mufaddal Idris Khumri

Managing Director & Chief Executive Officer

Earnings Per Share (EPS)
**MVR 15.47, a
growth of 25%**

MVR 7.5 billion
in Net Financing to support
critical developments of the
nation and its people.

**More than
MVR 13.6 billion**
in Customer Deposits - 165%
higher than 1 year ago

Internet Banking
transactions - increased by
149%

Card Transactions grew by
91%

Over
200,000 customers



Art by Shaheeda

Light dances across the surface as harmony unfolds above the waves, briefly interrupted by the Wahoo's sudden burst of speed, sleek, powerful, and gone in an instant.

THE BOARD OF DIRECTORS



Mr. Kazi Abu Muhammad Majedur Rahman

Chairman and Non-Executive Independent Director

With over four and a half decades of experience in banking, capital market and large corporates, Mr. Kazi Abu Muhammad Majedur Rahman brings valuable insight in strategic business transformation, governance, risk management, financial control, and business development. He has worked as director on the boards of several companies in Bangladesh including Shahjalal Islami Bank PLC as an Independent Director and Chairman of the Board Audit Committee.

Currently, Mr. Rahman is engaged as the Chief Executive Officer of Bangladesh International Arbitration Centre. Erstwhile, he served as the Group CEO of A.K. Khan & Company Limited, one of the oldest conglomerates in Bangladesh, Managing Director of Dhaka Stock Exchange Limited, Managing Director & CEO of Premier Bank Limited PLC, Country Head of Bank Alfalah Limited, Chief Risk Officer & Additional Managing Director of AB Bank Limited and Deputy Managing Director of IPDC Finance PLC in Bangladesh.

During his banking career, Mr. Rahman led key strategic initiatives including implementation of the Standard Chartered's consumer banking platform in Bangladesh, core banking system of Dhaka Bank Limited, introduction of Bank Alfalah Limited as a new bank in Bangladesh. He had performed a key role in the transformation of 'Bank of Oman Limited' to Mashreq Bank, UAE. One of Mr. Rahman's most prominent achievements in the capital market includes the landmark induction of Shanghai and Shenzhen Stock Exchanges as strategic investors in Dhaka Stock Exchange Limited.

Mr. Rahman obtained Bachelor and Master's degree from Dhaka University. He has also attended senior management development programme at Said Business School, Oxford; London Business School and Securities Institute at the US Securities and Exchange Commission. He has also attended special training on Risk Management at the Institute of Risk Management, UK.

Other Directorships Held

Financial Excellence Limited – Shareholding Director

Valor of Bangladesh – Trustee and Vice Chairman

Ghashful (Microcredit Financial Institution) - Treasurer



Mr. Nasser M. Al-Thekair

Non-Executive Director

Nasser Al Thekair is a seasoned leader in Islamic finance, trade development, and corporate governance. He has been a Board Member of the Maldives Islamic Bank (MIB) since 2019. Currently he serves as the General Manager of the Trade & Business Development Department at The International Islamic Trade Finance Corporation (ITFC), a member of the Islamic Development Bank (IsDB) Group. Since assuming this role in 2017, he has spearheaded ITFC’s trade promotion and facilitation efforts, expanded intra-OIC trade, and enhanced the organization’s development impact. He also leads ITFC’s strategic initiatives, focusing on business innovation, new market development, and fostering partnerships to mobilize resources for trade development programs. As of July, 2024 Nasser has assumed the additional responsibility of being Acting General Manager of the Strategy Department in ITFC.

Nasser joined the IsDB in 2000 and previously served as Assistant General Manager of the Corporate & Structured Finance Department, where he oversaw ITFC’s trade finance operations across the Middle East and North Africa. Under his leadership, the business portfolio grew 4 folds to exceed \$2.2 billion.

His contributions to Islamic finance have earned international recognition, with several of his structured transactions receiving awards from Islamic Finance News, Euromoney, and Global Trade Review.

Academically, Nasser holds a Bachelor’s degree in Engineering from King AbdulAziz University in Jeddah, Saudi Arabia, and an MBA from the University of Leicester School of Management, United Kingdom. He has also completed executive education programs in Leadership and Leading Digital Business Transformation at IMD, Lausanne, Switzerland, and earned a Corporate Director Certification from Harvard Business School, Boston, USA. His commitment to leadership excellence was further recognized with the prestigious Leaders 2030 designation from Misk Leadership.

Other Directorships Held

Trade Development Fund – Executive Committee Member

Executive Committee Arab Africa Trade Bridges Program - Member

Board of Aid for Trade Initiative for the Arab States (AftIAS) and

Board of Governors of the AATB Program – ITFC Representative



Mr. Rajiv Nandlal Dvivedi

Non-Executive Independent Director

Mr. Rajiv Nandlal Dvivedi is a financial professional with more than 35 years of experience in Commercial Banking, Corporate Finance & Investment Banking in the Middle East, with particular strength in Strategy, Business Development and Risk Management. He is currently serving as the CEO of Eagle Proprietary Investments Limited, Dubai since 2010.

As the CEO of Eagle Proprietary Investments Limited, Mr. Dvivedi is responsible for establishing an investment arm for the conglomerate, in addition to managing venture capital and private equity investments for the group and assisting in Islamic Finance and Structuring. Mr. Dvivedi is also CEO and a Director of Eagle Investments Limited, a regulated firm in Dubai International Financial Centre.

Mr. Dvivedi's career in banking started with Citibank New York and has served the group for more than 35 years in various senior capacities at New York, U.S.A., Middle East, North Africa and Gulf region. His tenure at Citibank Kuwait, was a defining time for the group as he helped them to instill strong risk management processes and control culture with focus on regulatory compliance. As the CEO of the Citibank Kuwait, he also played a pivotal role in growing Islamic relationships in the region. He was also instrumental in concluding the largest financing transaction in the region worth USD1 billion, for one of their key relationships.

He served as the Senior Independent Director of Amana Bank PLC, for close to 8 years, the first commercial bank in Sri Lanka to conduct all its operations under the principles of Islamic banking.

Currently he is a director in the following companies: Eagle Investments Limited as Non-Executive Director, Eagle India Sharia Fund I Ltd. as Non- Executive Director and Eagle India Equities Ltd. as Non-Executive Director.

Mr. Dvivedi has earned Master of Business Administration in Finance from the Long Island University, New York. During his Citibank career, he has attended numerous in-house courses offered by the bank covering Credit, Operations, Financial Management, Budgeting, People Management, Risk Management, Corporate Finance, Investment banking and Trade Finance

Other Directorships Held

Eagle Investments Limited - Non-Executive Director

Eagle India Sharia Fund I Ltd - Non-Executive Director

Eagle India Equities Ltd - Non-Executive Director



Mr. Baccar holds a Master's degree in Management Sciences from the University of Nice-Sophia Antipolis in France and a Bachelor's degree in Business Studies from IHEC Business School in Tunisia. He is fluent in English, Arabic, and French.

Other Directorships Held

Tamweel Africa Holding S.A. (Senegal) - Non-Executive Director

Al Akhdar Bank (Morocco) – Non-Executive Director

Mr. Moez Baccar

Non-Executive Director

Mr. Baccar is a financial sector professional with extensive global engagements and two decades of work experience. Since 2022, he has served as a Non-Executive member of the Board of Directors of MIB.

Throughout his career, Mr. Baccar has built a robust analytical foundation and an extensive front-line expertise in investments and banking. He has held a variety of roles at prominent financial institutions across the UK, Europe, and the Middle East, gaining deep knowledge of multiple regions and various areas within the finance industry.

Since joining the Islamic Corporation for the Development of the Private Sector (ICD) in 2016, Mr. Baccar has been instrumental in structuring and executing several banking equity transactions. He played a key role in shaping and delivering strategic initiatives, optimizing ICD's Banking equity portfolio and in enhancing its long-term value. In 2023, Mr. Baccar joined ICD's Line of Finance Division, where he now serves as Lead Principal. In this role, Mr. Baccar leads the efforts of developing the organization's Line of Finance operations across North Africa, the Middle East, and South Asia regions.

In addition to his role on the Board of Maldives Islamic Bank, Mr. Baccar holds Non-Executive Director roles on the Boards of notable financial institutions, including in Tamweel Africa Holding in Senegal, and Al-Akhdar Bank in Morocco.



Mr. Osman Kassim

Non-Executive Director

Mr. Osman Kassim is the Nominee Director appointed to the Board of Maldives Islamic Bank PLC., to represent Amana Takaful (Maldives) PLC.

Mr. Osman Kassim is a renowned and highly respected entrepreneur in Sri Lanka. He is regarded as the pioneer of Islamic finance in Sri Lanka for having introduced Islamic banking and insurance and counts over 40 years of senior management experience in these fields.

He is the Founder Chairman of Amana Bank PLC, Sri Lanka's first and only licensed commercial bank to conduct all its operations under the principles of Islamic banking. He has travelled extensively and is fully conversant with Islamic banking practice and methodology in most countries, where Islamic banking is available.

Mr. Osman Kassim was formerly the Chairman of the Expolanka Group. He is also the Chairman of Vidullanka PLC, The Goodness Foundation and Rokfam (Pvt) Ltd. He concurrently holds directorships in Amana Takaful Life PLC and Amana Takaful (Maldives) PLC.

Mr. Osman Kassim previously served as a member of the Board of Directors of Maldives Islamic Bank PLC. from 2017 until July 2020.

In recognition of his achievements as both a global entrepreneur and visionary educationalist, Mr. Osman Kassim was conferred an Honorary Doctorate by the Staffordshire University, United Kingdom.

Other Directorships Held

Aberdeen Holdings (Pvt) Ltd – Chairman Emeritus

Vidullanka PLC – Chairman

Rokfam (Pvt) Ltd – Chairman

Amana Takaful Life PLC – Chairman

Vidul Biomass (Pvt) Ltd – Chairman

Vidul Energia (Pte) Ltd – Chairman

Moroto Solar (Pvt) Ltd – Chairman

The Goodness Foundation – Chairman

Crescentrating (Pte) Ltd – Chairman

Amana Takaful (Maldives) PLC - Non-Executive Director

CJSC "Ijara Company Kyrgyzstan"



She has acquired Master of Business Administration from International College of Business and Technology, Sri Lanka and completed Diploma in Information Technology with e-commerce from Colombo University. Ms. Mausooma has also completed Certified Accounting Technician (CAT) programme from Maldives Center for Management and Administration.

Other Directorships Held

Nil

Ms. Mausooma Yoosuf

Non-Executive Director

Ms. Mausooma Yoosuf is a Director appointed to the Board of Maldives Islamic Bank PLC., to represent the Government of the Republic of Maldives.

Ms. Mausooma brings strong financial expertise to the table, having held the role of Chief Financial Officer at Public Service Media for over seven years, spanning from 2013 to 2020. Additionally, she fulfilled the position of Assistant Financial Controller at FALIM Groups Pvt Ltd from 2009 to 2010.

She is presently the Chief Internal Auditor of Public Service Media ("PSM"). Prior to that, she served as the Director of Legal at Public Service Media since May 2021. She also served as the Director of Internal Audit at PSM prior to her appointment as the Director of Legal, where she was tasked with providing independent and objective evaluations of the Company's financial and operational business activities.

In the early stages of her career, Ms. Mausooma held positions as an Accounts Officer at the Auditor General's Office and as a Purchasing Manager at Island Aviation Services Ltd.

Additionally, she held the role of Non-Executive Board Director at Male' Water and Sewerage Company Ltd from 2014 to 2019. Furthermore, she was appointed as a member of the Commission on State Asset Recovery in 2018.



Mr. Ahmed Siraj

Non-Executive Director

Mr. Ahmed Siraj is a Director appointed to the Board of Maldives Islamic Bank PLC., to represent the Government of the Republic of Maldives.

Mr. Siraj is a seasoned public finance specialist, currently serving as the Permanent Secretary at the Ministry of Finance since May 2022. Mr. Siraj brings with him a wealth of expertise in financial management, strategic planning, and policy implementation to his role in MIB as a Board Member.

Prior to his current position, Mr. Siraj served as the Secretary General of Privatization and Corporatization Board (“PCB”) of Ministry of Finance for nearly a decade, from August 2013 to May 2022. His involvement in this capacity played a pivotal role in fostering efficient governance of State-Owned Enterprises (SOEs), earning him widespread recognition and respect within the industry.

During his career, Mr. Siraj has held several board membership positions, including serving as a Board Member of the Capital Market Development Authority since August 2018. Furthermore, he has been a Council Member of the Islamic University of Maldives since 2014. He has also served on the Boards of SME Development Finance Corporation (SDFC), Maldives Hajj Corporation Limited and Hazana Maldives Limited earlier.

In recognition of his leadership and contributions, Mr. Siraj has received various awards and accolades, including the Youth Award of Maldives in 2008 awarded by the President of Maldives. Mr. Siraj has completed numerous workshops and trainings related to public finance, corporate governance, and board directorship.

Mr. Siraj holds a Master of Business Administration with a major in Project Management from the University of Southern Queensland, Australia, and a Bachelor of Business Management from the University of Sunderland, UK. He is currently pursuing a Ph.D. in Economics and Muamalat Administration at the University of Sains Islamic Malaysia.

Other Directorships Held
Nil



assisting in works relating to the implementation of monetary policy and reserve management. She served MMA for more than 4 years.

Ms. Irthiyasha has completed Graduate Diploma in Education and Bachelor of Economics both from University of Western Australia.

Other Directorships Held

Nil

Ms. Aminath Irthiyasha

Non-Executive Director

Ms. Aminath Irthiyasha is the Nominee Director appointed to the Board of Maldives Islamic Bank PLC., to represent Maldives Pension Administration Office (Pension Office).

Ms. Irthiyasha currently serves at Pension Office as the Director, Investment and Research since May 2024 and is responsible for overseeing the investment and research functions, including the development and implementation of investment and risk strategies for the Maldives Retirement Pension Scheme, and providing recommendations to the Investment Committee and the Board.

She began her career at Pension Office in April 2018 as Research Associate and has served Pension Office for more than 7 years. Prior to taking up her current role, she was entrusted with the role of Head of Investment and Advisory Services.

Ms. Irthiyasha also served as Assistant Manager at Maldives Monetary Authority ("MMA"), where she was responsible for



Mr. Iyaz Waheed

Non-Executive Independent Director

Mr. Iyaz Waheed is a Chartered Management Accountant by profession, who also holds a post graduate diploma in Business Management. He is currently serving as the Assistant Director Statutory Compliance at Universal Enterprises Pvt Ltd. He is a highly reputed figure in the hospitality industry, with a notable service track record spanning over two decades.

He started his career in the industry as Assistant Chief Accountant of Velassaru Maldives during February 2002 after completing his studies and working as a trainee at KMPG Sri Lanka. He continued to serve the hotel as Chief Accountant and later as Assistant Manager until September 2006. Following this, he served as the Acting Financial Controller of Labriz Silhouette Seychelles currently managed by Hilton, during the pre-opening phase, until he joined the corporate office of Universal Enterprises as the Assistant Financial Controller in May 2007. Since then, Mr. Iyaz has contributed significantly to the growth of Universal Enterprises. Over the past 17 years, he has served as Assistant Financial Controller, Group Manager – Finance and HR as well as General Manager – Statutory Compliance prior to taking over his current role, overseeing and leading the Risk Management and Compliance function of the entire group and 8 resorts.

Additionally, Mr. Iyaz continues to serve as the President of Universal Foundation, a charitable organization, since May 2014. He is also a prominent professional speaker who is the appointed Founding President of the Maldives Professional Speakers Association (MPSA) since April 2023.

Mr. Iyaz Waheed is also serving as an Executive Board Member of the Maldives Association of Tourism Industries (MATI) since February 2018 and has represented the industry at different forums. He has also held the role of Private Sector Board Director (for 3 years) and Chairperson (for 2 years) at the Maldives Pension Administration Office (MPAO) from 2009 to 2014.

Mr. Iyaz holds 05 MIB shares.

Other Directorships Held

Maldives Association of Tourism Industry (MATI) - Board member

Universal Foundation - Board member and President

Maldives Professional Speakers Association - Board member and President



Mr. Mufaddal Idris Khumri

Managing Director & Chief Executive Officer

Mufaddal Khumri is a seasoned Islamic Banker with more than 25 years of commercial banking experience that covers Business Strategy, Digital & Technology, Corporate Banking, Retail Banking and Wealth Management, Payments, Treasury and Risk functions. He has established and headed two Islamic Banking Windows in United Arab Emirates (UAE) for Abu Dhabi Commercial Bank (UAE's third largest commercial bank) and for National Bank of Ras Al Khaimah (UAE's leading SME and payments bank). He started his career with ICICI Bank Ltd, India's second largest private sector Bank as Management Trainee in 1997. Prior to becoming a Banker, he was a columnist for Business Standard, a financial newspaper in India.

During his work tenure in UAE, he also launched two Islamic Finance Companies in UAE, with a combined capital base of USD 162 million. Among these companies, he served as Managing Director of Abu Dhabi Commercial Islamic Finance (ADCIF). Whilst at ADCB, he has handled the India Millenium Deposit portfolio of USD 1 Billion. Additionally, he has worked extensively for the IPO Business in UAE handling more than 20 large IPOs wherein ADCB collected more than AED Billions of subscriptions including leverage investments. The Islamic business at ADCB was more than USD 6 Billion.

Prior to joining MIB, Mufaddal was the Head of Retail Business in UAE for Saudi National Bank, Saudi Arabia's largest Bank, based out of Dubai, UAE. In National Bank of Ras Al Khaimah, he also served

as Director of Retail Banking & Payments Business, which was in addition to his responsibility as Head of Islamic Banking which included the SME and Corporate Banking portfolio. The Retail business in National Bank of Ras Al Khaimah had a gross revenue of more than USD 700 Million.

Whilst at ICICI Bank played a key role in furthering the NonResident Indian Business. He was deputed to the Middle East in early 2000 where he worked with banking partners across all GCC countries for remittances, payments, and investments. He was instrumental in setting up money2india remittance portal and creating alliances with banks and exchange houses across GCC to facilitate staff deputation and strategic alliances.

Mufaddal has obtained master's in management studies and Bachelor of Commerce from the University of Mumbai. He has also completed Fintech course from University of Oxford, UK and attended various Islamic Finance seminars and forums as a speaker.

Mufaddal held representations in the UAE Banking Federation (UBF), Islamic & Retail Banking Committee. He also held membership status in Islamic Finance Advisory Council at Dubai International Finance Centre. He regularly speaks at Banking forums and seminars across various verticals. He regularly writes for Islamic Finance publications and has co-authored a book "Assassinations that altered the course of history" published by Magna Publishing Company. He occasionally posts his thoughts on mkhumri.com, albeit not regularly.

He is an enthusiastic extrovert and loves being amongst people. A team player to the core, he is a strong proponent for inclusivity at work and loves working with a cross section of people across various ethnicities, nationalities, and skill sets. He has an intrinsic love for gastronomy and the culinary arts. He is a bibliophile at heart, overtly dedicated to books and enjoys being immersed in classical music and Urdu poetry.

Other Directorships Held
Nil



Mr. Ali Wasif

Executive Director / Chief Financial Officer

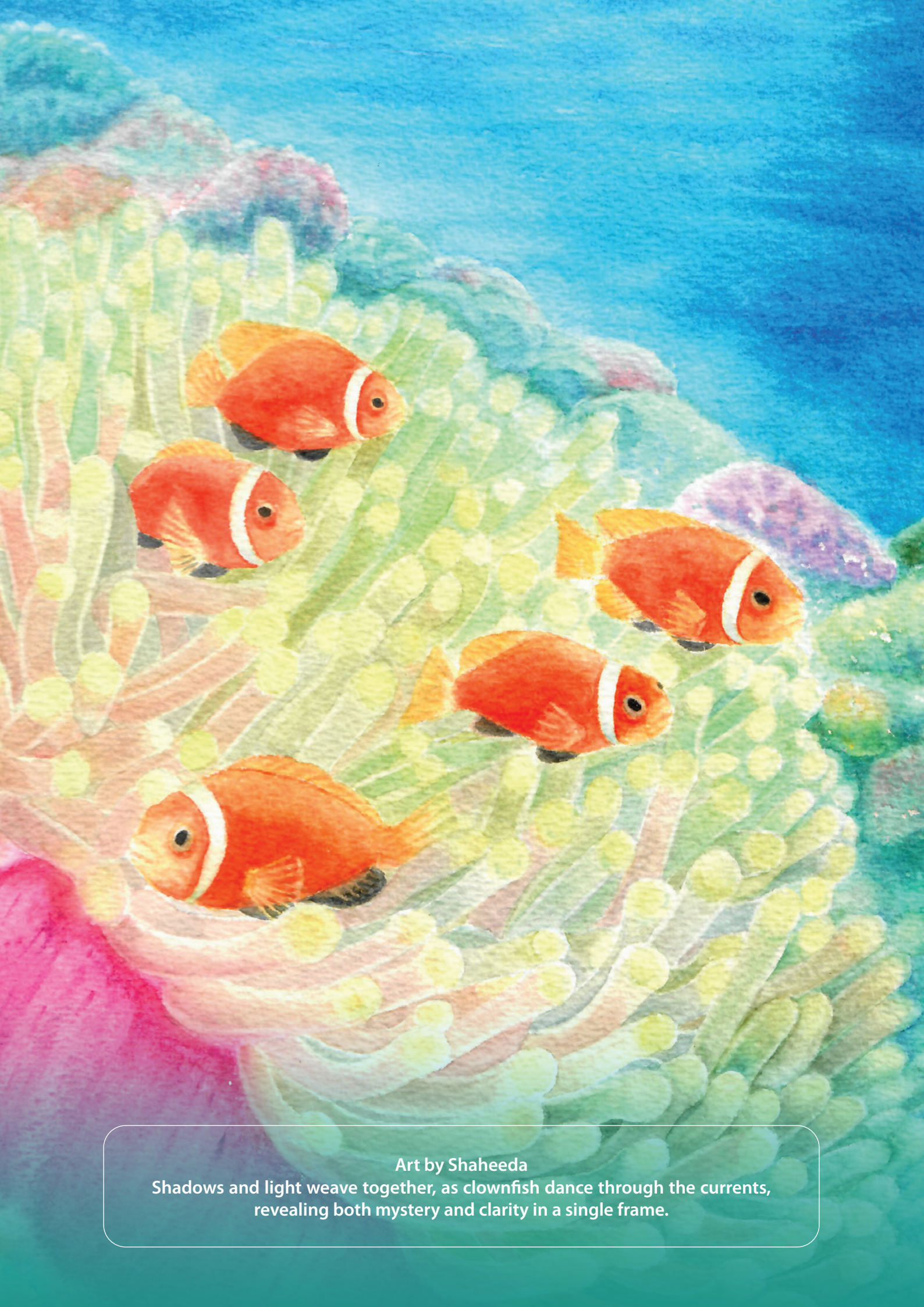
Mr. Ali Wasif was appointed to the Board of the Bank as an Executive Director in 2019. He began his career at Maldives Islamic Bank (MIB) in January 2011 as a Planning and Development Officer. Prior to joining MIB, he served at the Maldives Monetary Authority in the Banking, Payment, and Settlement Division.

He assumed the role of Head of Finance and Accounts in September 2011 and was subsequently appointed as Chief Financial Officer in November 2016, a position he continues to hold.

Mr. Wasif has played a pivotal role in contributing to the growth and development of the Islamic finance industry, with his expertise and leadership significantly shaping the Bank's financial and strategic direction. He is a member of the Association of Chartered Certified Accountants (ACCA). He holds a Bachelor's degree in Accounting from Multimedia University, Malaysia, and a Master's degree in Islamic Finance from the International Centre for Education in Islamic Finance (INCEIF), completed through the Master in Islamic Finance Practice (MIFP) programme.

Other Directorships Held

Nil



Art by Shaheeda

Shadows and light weave together, as clownfish dance through the currents, revealing both mystery and clarity in a single frame.

THE EXECUTIVE TEAM



THE EXECUTIVE TEAM



Mr. Mufaddal Idris Khumri

Managing Director & Chief Executive Officer

Mufaddal Khumri is a seasoned Islamic Banker with more than 25 years of commercial banking experience that covers Business Strategy, Digital & Technology, Corporate Banking, Retail Banking and Wealth Management, Payments, Treasury and Risk functions. He has established and headed two Islamic Banking Windows in United Arab Emirates (UAE) for Abu Dhabi Commercial Bank (UAE's third largest commercial bank) and for National Bank of Ras Al Khaimah (UAE's leading SME and payments bank). He started his career with ICICI Bank Ltd, India's second largest private sector Bank as Management Trainee in 1997. Prior to becoming a Banker, he was a columnist for Business Standard, a financial newspaper in India.

During his work tenure in UAE, he also launched two Islamic Finance Companies in UAE, with a combined capital base of USD 162 million. Among these companies, he served as Managing Director of Abu Dhabi Commercial Islamic Finance (ADCIF). Whilst at ADCB, he has handled the India Millenium Deposit portfolio of USD 1 Billion. Additionally, he has worked extensively for the IPO Business in UAE handling more than 20 large IPOs wherein ADCB collected more than AED Billions of subscriptions including leverage investments. The Islamic business at ADCB was more than USD 6 Billion.

Prior to joining MIB, Mufaddal was the Head of Retail Business in UAE for Saudi National Bank, Saudi Arabia's largest Bank, based out of Dubai, UAE. In National Bank of Ras Al Khaimah, he also served as Director of Retail Banking & Payments Business, which was in addition to his responsibility as Head of Islamic Banking which included the SME and Corporate Banking portfolio. The Retail business in National Bank of Ras Al Khaimah had a gross revenue of more than USD 700 Million.

Whilst at ICICI Bank played a key role in furthering the NonResident Indian Business. He was deputed to the Middle East in early 2000 where he worked with banking partners across all GCC countries for remittances, payments, and investments. He was instrumental in setting up money2india remittance portal and creating alliances with banks and exchange houses across GCC to facilitate staff deputation and strategic alliances.

Mufaddal has obtained master's in management studies and Bachelor of Commerce from the University of Mumbai. He has also completed Fintech course from University of Oxford, UK and attended various Islamic Finance seminars and forums as a speaker.

Mufaddal held representations in the UAE Banking Federation (UBF), Islamic & Retail Banking Committee. He also held membership status in Islamic Finance Advisory Council at Dubai International Finance Centre. He regularly speaks at Banking forums and seminars across various verticals. He regularly writes for Islamic Finance publications and has co-authored a book "Assassinations that altered the course of history" published by Magna Publishing Company. He occasionally posts his thoughts on mkhumri.com, albeit not regularly.

He is an enthusiastic extrovert and loves being amongst people. A team player to the core, he is a strong proponent for inclusivity at work and loves working with a cross section of people across various ethnicities, nationalities, and skill sets. He has an intrinsic love for gastronomy and the culinary arts. He is a bibliophile at heart, overtly dedicated to books and enjoys being immersed in classical music and Urdu poetry.



Mr. Ahmed Riza

Deputy Chief Executive Officer

Ahmed Riza is a founding member of Maldives Islamic Bank (MIB) and has been integral to the Bank's growth and development since its incorporation in 2010. Over more than sixteen years of dedicated service, he has played a central role in building MIB into one of the Maldives' most trusted financial institutions.

Mr. Riza is a strong advocate for leveraging technology to make banking more accessible, particularly for communities in the outer islands and remote atolls of the Maldives. He is equally passionate about modernising payment systems to make everyday transactions faster and more convenient for customers. These convictions are reflected in the Bank's digital banking platforms, card services, and the fully digital instant account opening initiative, which enables customers to open accounts instantly without visiting a branch.

Throughout his tenure, Mr. Riza has held several key leadership positions at MIB, including Head of Technology, Head of Cards, Head of Operations, and Chief Operating Officer. He also served as Acting Chief Executive Officer on two separate occasions, from April 2018 to January 2019 and from November 2021 to October 2022. His leadership across these roles has been pivotal in establishing the Bank's card centre, e-banking services, and technology infrastructure.

Mr. Riza holds a Bachelor of Computer Science from Universiti Sains Malaysia and a Master of Computer Science from Universiti Malaya. He has also completed the Oxford Fintech Programme at the University of Oxford and the Management Development Programme at the Asian Institute of Management, Philippines.

Mr. Ali Wasif

Chief Financial Officer

Mr. Ali Wasif was appointed to the Board of the Bank as an Executive Director in 2019. He began his career at Maldives Islamic Bank (MIB) in January 2011 as a Planning and Development Officer. Prior to joining MIB, he served at the Maldives Monetary Authority in the Banking, Payment, and Settlement Division.

He assumed the role of Head of Finance and Accounts in September 2011 and was subsequently appointed as Chief Financial Officer in November 2016, a position he continues to hold.

Mr. Wasif has played a pivotal role in contributing to the growth and development of the Islamic finance industry, with his expertise and leadership significantly shaping the Bank's financial and strategic direction. He is a member of the Association of Chartered Certified Accountants (ACCA). He holds a Bachelor's degree in Accounting from Multimedia University, Malaysia, and a Master's degree in Islamic Finance from the International Centre for Education in Islamic Finance (INCEIF), completed through the Master in Islamic Finance Practice (MIFP) programme.



Mr. Muhammad Amir Atiq

Chief Risk and Compliance Officer

Mr. Muhammad Amir Atiq is a seasoned banking professional with over 30 years of diverse experience across conventional and Shariáh-compliant banking. He joined Maldives Islamic Bank in 2013 and, as Chief Risk and Compliance Officer, he has been instrumental in fundamentally reshaping the Bank's governance, risk management, and compliance landscape.

Mr. Amir began his career in 1995 as a Business Relationship Manager at MCB Bank Pakistan, where he excelled in managing high-profile corporate relationships. In 2003, he transitioned into credit risk management at Bank Al Habib Pakistan, overseeing portfolios across more than 100 branches. His subsequent 20+ years journey in Islamic banking, first at Burj Bank Pakistan and then at MIB, has been marked by a consistent drive for excellence and innovation.

In his current capacity, Mr. Amir has moved beyond traditional risk management to architect a comprehensive and resilient governance framework for MIB. His tenure has been defined by the successful execution of complex, enterprise-wide initiatives that have fortified the Bank's operations against a dynamic risk landscape. A snapshot of some of his valuable contributions for the Bank are as follows:

- He has been instrumental in strengthening credit risk governance by institutionalizing Credits and Collections as independent functions, establishing protocols for enhanced oversight by the Board Investment Committee, and streamlining delegation of approval authorities for credit decisions, thereby fostering a more robust approval process.

- He has collaborated closely with key stakeholders to facilitate the Bank's adoption of IFRS 9, including the development and implementation of the Expected Credit Loss (ECL) model. The successful revalidation of the model by Ernst & Young (E&Y) and the MMA, along with the formulation of the Bank's inaugural ECL Policy, represented a significant achievement in financial risk management.

- Recognizing the need for proactive controls, he pioneered the establishment of a comprehensive Enterprise-Wide Fraud Risk Management framework, complemented by the deployment of a fraud risk management software that has substantially strengthened real-time detection and prevention capabilities.

- He and his team at Risk Management & Compliance Department (RMCD) has led in instituting a holistic Enterprise Risk Management (ERM) framework. This transformative effort encompassed the formalization of strategic-level policies, restructuring of risk and compliance functions, and advancement of AI-driven and RegTech solutions—collectively fostering a more resilient risk culture and positioning the Bank to navigate challenges in its next phase of growth.

- Under his guidance and supervision, his team has played a critical role in embedding best practices for cyber resilience in alignment with regulatory expectations, ensuring that the Bank maintains a robust information security and cyber resilience posture.

Through these and various other initiatives, Mr. Muhammad Amir Atiq has determinedly worked to embed a culture of proactive risk management and robust governance at MIB. His strategic insights and unwavering commitment have provided the Board and Management with the confidence to make risk-informed decisions, solidifying the Bank's stability and resilience for the future.

Mr. Amir is a business graduate with a specialization in Banking and Finance. He holds professional certifications in Islamic Finance and AML/CFT and is a Qualified Risk Director (QRD) from the Institute of Enterprise Risk Practitioners (IERP), Malaysia.



Ms. Fathimath Ula

Chief People Officer

Ms. Fathimath Ula is the Chief People Officer at Maldives Islamic Bank, leading the Bank's HR strategy, including talent management, employee engagement, performance management, and HR operations. She has over 15 years of experience in the aviation industry, specializing in strategic human resource management and corporate finance.

Before joining Maldives Islamic Bank, Ms. Ula spent 15 years at Island Aviation Services Ltd, the national airline of Maldives, where she held leadership roles in both finance and human resources, demonstrating her versatility across key business functions. She began her career in the Commercial Department, focusing on sales and customer relations, before transitioning into corporate finance and revenue management. In these roles, she was responsible for financial reporting, revenue analysis, and policy development.

From May 2019 to May 2023, Ms. Ula led the Human Resources Department, first as Deputy Head of Human Resources and later as General Manager of Human Resources. During this period, she played a pivotal role in shaping HR strategies, improving employee relations, overseeing talent acquisition, and leveraging HR analytics. Additionally, she oversaw the Corporate Administration Department, ensuring its alignment with the airline's strategic objectives.

Beyond her departmental responsibilities, Ms. Ula made significant contributions to corporate governance and strategic projects at Island Aviation, serving on various governance committees and upholding ethical and regulatory standards.

Ms. Ula is an Associate Member of The Chartered Institute of Personnel and Development (CIPD) and holds a Master's in Business Administration (Strategic Management) as well as a Bachelor's Degree in Commerce. She is also a member of the Advisory Committee of the Maldives Association of Human Resource Professionals (MAHRP), where she contributes to advancing HR practices and professional development in the Maldives.

Mr. Fisol Amri Bin Mansor

Chief Shariáh Officer

Mr. Fisol Amri bin Mansor joined MIB in 2015. He is an experienced Islamic finance banker from Malaysia. Mr. Fisol Amri has over 15 years of working experience in local and foreign Islamic banks, especially in Malaysia. His passion is spreading Islamic banking to the world and is keen to further improve Islamic banking system to be more acceptable.

Mr. Fisol Amri started his banking career in 2005 as Executive, Product Development at Hong Leong Islamic Bank (Malaysia), where he was engaged in conducting product research and development. In 2009, he joined Mizuho Bank (Malaysia) where he has assisted in the establishment of Islamic banking operations for one of the biggest Japanese banks.

As Chief Shariáh Officer at Maldives Islamic Bank, Mr. Fisol Amri is in charge of managing the Shariáh governance aspect of the Bank under the guidance of the Shariáh Committee, to ensure the Bank's transactions and activities are in compliance with Shariáh.

Mr. Fisol Amri holds a Bachelor of Economics and Islamic Revealed Knowledge from International Islamic University, Malaysia. He also holds a Chartered Islamic Finance professional qualification, equivalent to master's degree, from INCEIF University, Malaysia.



Mr. Hussain Ali Habeeb

Company Secretary / Head of Investor Relations

Mr. Hussain Ali Habeeb joined Maldives Islamic Bank in October 2011. He is currently the Company Secretary and Head of Investor Relations of the Bank. His exemplary work ethic has earned him the position of company secretary since October 2012.

He served as the Head of Operations of the Bank from 1st December 2017 to 31st August 2021. As the Head of Operations Department, Mr. Habeeb was primarily responsible for the efficient and sound operation of all branches and alternative delivery channels. Starting as a Senior Officer in the finance and accounting department, Mr. Habeeb had been appointed to undertake core functions such as administration, marketing and finance at various times.

Prior to MIB, he worked as an Accounts Manager in Fuel Supplies Maldives involved in undertaking core accounting tasks.

Mr. Habeeb is a professional accountant registered as a Permanent Affiliate member of the ACCA since 2007. He also holds a Bachelor of Science in Applied Accounting Degree from Oxford Brookes University; with a first class honours.

Ms. Fathimath Azmath Ali

Chief Credit Officer

Ms. Fathimath Azmath Ali, with a distinguished 15-year career in banking, serves as the Chief Credit Officer at Maldives Islamic Bank (MIB). Beginning her journey in the banking sector in 2007 at the State Bank of India, Male' Branch, she joined MIB in 2013.

Ms. Azmath Ali has served in various prominent managerial roles during her tenor at the Bank, including Head of Business Support overseeing credit operations, trade, remittances, and card operations. Her ascent through various managerial roles, culminating in her current position, is a testament to her exceptional expertise.

Ms. Azmath Ali holds a Bachelor's degree in Banking and International Finance from Flinders University, Australia and a Master's in Economics from the University of Sydney, Australia.

In her role as Chief Credit Officer, she leverages her extensive experience to drive strategic credit management and risk assessment at MIB, playing a pivotal role in the bank's sustained growth and risk mitigation.



Mr. Hussain Alim Shakoor

Chief Retail Banking Officer

Mr. Hussain Alim Shakoor has served as Chief Retail Banking Officer at Maldives Islamic Bank since February 2019. He leads the Bank's retail distribution strategy across physical channels and digital platforms, with responsibility for customer acquisition, service excellence, and the retail funding base with the Bank's growth index reaching 407 (2019 = 100), outperforming both the industry and key competitors over the same period.

A graduate of the National University of Singapore, Mr. Shakoor holds dual master's degrees in business administration and public administration. His diverse educational background complements his extensive experience, equipping him with a unique blend of analytical and managerial acumen.

An avid reader and a lifelong learner, Mr. Shakoor has a profound interest in exploring scientific advancements and social sciences. At Maldives Islamic Bank, he is a passionate advocate for continuous professional development, inspiring his team to push boundaries, embrace innovation, and delve into new areas of knowledge. His commitment to fostering a culture of learning and personal growth has left an indelible mark on the organization.

Beyond his professional achievements, Mr. Shakoor is known for his direct leadership style and his dedication to mentoring emerging talent. He believes that the key to sustained success lies in empowering individuals and nurturing a dynamic, knowledge-driven workforce.

Mr. Mohammed Arefur Rahman Chowdhury

Chief Cards & Payments Officer

Mr. Mohammed Arefur Rahman Chowdhury joined Maldives Islamic Bank in November 2020 as Head of Cards and Digital Banking, bringing over 19 years of experience in the banking industry. He is a seasoned banking professional with expertise across Branch Banking, Retail Banking, Cards and Payments, Customer Experience, Product Development, Business Automation, Process Reengineering, and Project Management.

Prior to joining Maldives Islamic Bank, Mr. Chowdhury held senior leadership roles at Dutch-Bangla Bank, one of the largest banks in Bangladesh, including Head of e-Payments and Head of Product & Business Development – Cards & Payments. In these roles, he led acquiring business expansion, payment strategy, digital payment initiatives, and product development across cards and merchant payments. Earlier in his career at BRAC Bank, he held a range of roles in Core Banking Migration, Process Re-engineering, Customer Experience, Branch Management, and Business Development, gaining broad experience in banking transformation, process optimization, service delivery, and business growth.

At Maldives Islamic Bank, Mr. Chowdhury leads the Cards and Payments business and plays a key role in advancing the bank's payments transformation agenda. Under his leadership, the bank has introduced innovative payment solutions and strengthened its position in the Maldives' evolving digital banking landscape.

Mr. Chowdhury holds a Master of Business Administration (MBA) in Finance from the Institute of Business Administration, University of Dhaka, and a Bachelor of Business Administration (BBA) in Finance from North South University, Bangladesh.



Mr. Hammad Rasheed Hussain

Chief Business Officer

Mr. Hammad Rasheed Hussain has been an active member of the Maldivian banking industry for more than 15 years. He started his banking career with Bank of Maldives Plc (BML) during 2006 where he developed his understanding of the practical aspects of credit and lending. Due to his passion to promote Islamic Banking in the Maldives, Mr. Hammad joined Maldives Islamic Bank Plc (MIB), soon after its inception, in February 2012.

Mr. Hammad has acquired invaluable knowledge of Islamic finance and corporate banking throughout his career at MIB and has served in different roles in the Business Department. He is currently serving as the Chief Business Officer and is responsible for the development and growth of Corporate as well as the Retail Asset portfolio of the Bank.

Mr. Hammad holds a Bachelor's Degree in Business Administration from Open University Malaysia (OUM).

Uza. Mariyam Sunaina

Chief Legal Officer

Uza. Mariyam Sunaina started her tenure at Maldives Islamic Bank Plc in 2016. Leading the Legal Department of the Maldives Islamic Bank Plc., Uza. Mariyam Sunaina is an experienced Lawyer responsible for overseeing the litigation, recovery and legal documentation of the Bank. She holds a Bachelor of Law degree from the University of London, along with several other professional and technical qualifications.

Armed with more than two decades worth of experience in Banking, Uza. Mariyam Sunaina began her career in 1999, at the Bank of Maldives Plc. (BML), where she filled various roles. Her dedication and work ethic had earned her the preminent managerial post at the Legal Affairs & Documentation at BML in 2008.

Today, Uza. Mariyam Sunaina manages a team of qualified lawyers and dedicated staff who attend to all legal matters of the Bank.



Mr. Mohamed Zulaal Zaeem

Chief Administrative Officer

Mr. Mohamed Zulaal Zaeem currently serves as the Chief Administrative Officer at Maldives Islamic Bank PLC. He joined MIB in July 2018 as a Project Coordinator, where he took charge of the Bank's Business Continuity Planning and Disaster Recovery processes while also coordinating various new projects.

Since May 2019, Mr. Zulaal has been leading the Bank's Administrative and Procurement functions. In his role as Chief Administrative Officer, he is also responsible for managing major projects within the Bank.

Prior to joining MIB, Mr. Zulaal worked at UNDP Maldives for over six years as Operations Manager and previously served as an ICT Associate for seven years. He also has experience as a Planning Officer at the Ministry of Planning and National Development, demonstrating a strong background in administration and strategic planning.

Mr. Mohamed Zulaal Zaeem holds a Diploma in Computing and Information Technology. He has also obtained various certifications in Information Technology and Public Procurement, along with multiple UNDP certifications acquired over the years.

Mr. Mohamed Ismath

Chief Information Officer

Mr. Mohamed Ismath is an accomplished IT professional with a background in Information and Communication Technology, having over 20 years of industry experience. His association with Maldives Islamic Bank commenced in 2015, starting as an Information Security Officer, and he currently holds the position of Chief Information Officer at the Bank.

He is a certified professional in the industry, encompassing expertise in Cyber Security and the IT Governance domain. His certifications include ITIL v3, CEH, CPSA, CPSP, among others.



Mr. Hewa Marambage Shiran Manjula

Chief Banking Operations Officer

Mr. Shiran Manjula joined Maldives Islamic Bank in October 2025 as the Chief Banking Operations Officer. He brings over 25 years of extensive experience in retail and commercial banking, financial services, and senior management across South Asian region.

In his current role, Mr. Manjula is responsible for the leadership and oversight of the Bank's core banking operations, with a strong emphasis on operational risk management, internal controls, and governance. His responsibilities include managing banking systems, operational processes, service delivery channels, and people, ensuring efficiency, resilience, regulatory compliance, and consistent service standards across the Bank.

Prior to joining Maldives Islamic Bank, Mr. Manjula held senior executive and management roles, including Chief Operating Officer, Senior Manager, Branch Manager, Relationship Manager, and Operations Head. Across these roles, he developed deep expertise in strengthening control frameworks, improving operational efficiency, managing large teams, and delivering sustainable operational performance in complex banking environments.

Mr. Manjula holds a Master of Business Administration in Finance from Cardiff Metropolitan University, United Kingdom, and a Master of Management from ICL Graduate Business School, New Zealand. He is an Associate Member of the Institute of Bankers of Sri Lanka.



Mr. Hassan Zinah

Chief Internal Auditor

Mr. Hassan Zinah joined Maldives Islamic Bank (MIB) in October 2021. He began his professional career as an Audit Assistant and progressed through the ranks to become the first local Chief Internal Auditor of a Maldivian bank. Over the course of his career, he has gained comprehensive experience across all levels of the internal audit profession.

With over 12 years of experience in the internal audit sector, Mr. Zinah previously served as Deputy Chief Internal Auditor at MIB. Prior to joining the Bank, he held the position of Audit Manager at Maldives Transport and Contracting Company (MTCC). He has also worked at the Auditor General's Office of the Maldives and in private audit practice.

Mr. Zinah is a Certified Internal Auditor (CIA) awarded by the Institute of Internal Auditors (IIA), USA. He is a Fellow Chartered Certified Accountant (FCCA) of the Association of Chartered Certified Accountants (ACCA), UK, and a Fellow Chartered Accountant of the Institute of Chartered Accountants of the Maldives.

Mr. Hassan Zinah was appointed as the Chief Internal Auditor of MIB on 01st January 2026.



Mr. Mohamed Shareef

Head of Project Management Office

Mr. Mohamed Shareef joined Maldives Islamic Bank on 13 April 2025 as Head of Project Management Office, bringing over two decades of distinguished experience in digital transformation, public policy, and institutional governance. In his current role, he leads the Bank's project management function, driving strategic initiatives aligned with MIB's digital transformation agenda.

Prior to MIB, Mr. Shareef served at the highest levels of the Maldives Government, including as Minister of State for Environment, Climate Change and Technology, where he led the development of the national digital identity and key digital government platforms. As Permanent Secretary of the Ministry of Communication, Science and Technology and as Chief Information Officer of the National Centre for Information Technology, he was instrumental in establishing foundational digital public infrastructure across the country. He has also served in senior advisory and academic roles, including Vice Rector at Cyryx College and Researcher at the United Nations University in Macao.

An accomplished researcher and speaker, Mr. Shareef is a Senior Member of the Institute of Electrical and Electronics Engineers (IEEE), US, and a Member of the Institution of Engineering and Technology (IET), UK. He holds a Master of Engineering (Honours) in Electronic and Electrical Engineering with Management from the University of Birmingham, complemented by certifications in AI, cybersecurity, and management.

Mr. Ahmed Neerain Jaleel

Customer Experience Officer

Mr. Ahmed Neerain Jaleel is the Customer Experience Officer of Maldives Islamic Bank, responsible for leading the Bank's Customer Experience, Marketing and Contact Centre functions. He plays a strategic role in driving customer-centric transformation, strengthening brand equity, enhancing service delivery and ensuring consistent engagement across all customer touchpoints.

With more than two decades of experience, Neerain has built a distinguished career spanning sales and marketing, business operations, business development, finance and human resource management. His multidisciplinary background enables him to bridge strategic direction with operational execution, contributing to sustainable growth and institutional performance.

Prior to joining MIB, he held senior executive positions across several leading organizations in the Maldives, including Director of Operations at Think Associates Pvt. Ltd. and General Manager roles in diverse sectors such as advertising, printing and publishing, healthcare and trading. His early professional experience at Maldives Transport and Contracting Company Plc further strengthened his foundation in operational leadership and organizational management.

He has completed the Oxford Fintech Programme through the University of Oxford and Holds a Diploma of Human Resource Management and is currently pursuing postgraduate studies at Events Academy, UK, reflecting his continued commitment to leadership development and professional excellence.



Mr. Rakitha Chandrasekara

Former Chief Internal Auditor (until end of 2025)

Mr. Rakitha Chandrasekara served as the Chief Internal Auditor of the Bank until end of 2025 having joined the Bank in August 2017. Mr. Rakitha is a Sri Lankan national with more than 22 years of banking experience covering the areas of banking operations and internal audit. He is a career internal auditor who is also well conversant with the fast-moving changes in the internal audit profession.

Mr. Rakitha started his career at Nations Trust Bank Plc., Sri Lanka in year 2002 as a Trainee. At Nations Trust Bank he served in the centralised operations department in various capacities in the first four years of his career. In 2006 he moved to the Internal Audit Department. At the time of his move to MIB, Mr. Rakitha moved through the ranks to reach the position of Branch Audit and Investigations Manager at Nations Trust Bank Plc. At MIB, Mr. Rakitha reported directly to the Board Audit Committee and held overall responsibility for the internal audit function of the Bank.

Mr. Rakitha has obtained a Bachelor of Business Management Degree from University of Kelaniya in Sri Lanka.



Art by Shimha

Above lies calm, below unfolds a hidden world, where vibrant parrotfish shimmer in brilliant hues of turquoise and coral, bringing balance, peace, and quiet life to the reef.

BUSINESS REVIEW

CORE BUSINESS ACTIVITY

The principal activities of the Bank are Islamic banking business and the provision of related financial and payment services. MIB offers comprehensive Shariáh-compliant products and services, including deposit products, the provision of financing facilities, payments and various ancillary banking services. There were no material changes to these activities during the financial year.

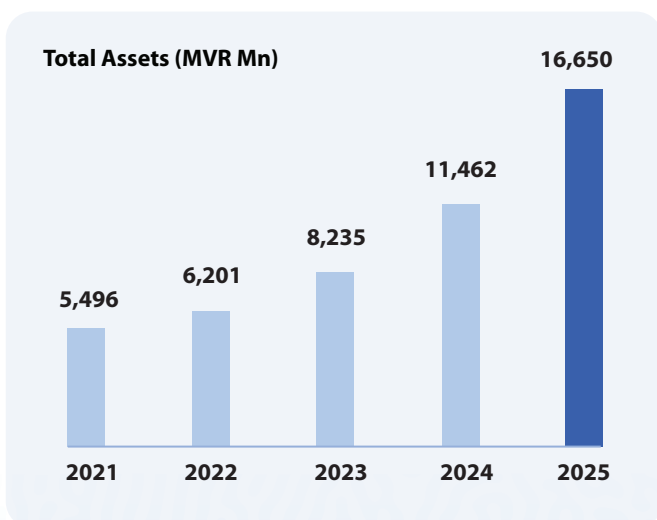
MARKET POSITION OVERVIEW

Since its inception, MIB has rapidly strengthened its position within the Maldivian banking sector, emerging as the leading institution in Shariáh-compliant banking in Maldives. The Bank has played a transformative role in reshaping the domestic banking landscape, introducing market-first solutions and setting new benchmarks. As the only fully-fledged Islamic bank in Maldives, MIB offers a comprehensive suite of end-to-end digital services, encompassing customer onboarding, payments, financing, and account management.

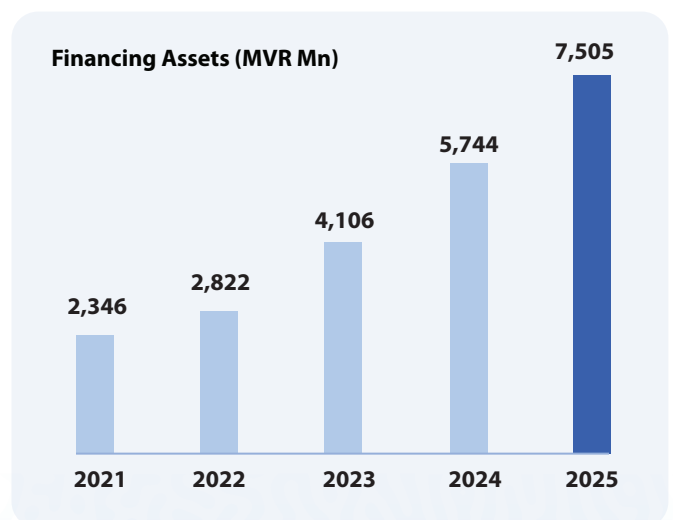
MIB is currently amongst the top three banks in the Maldives and continues to lead the market through innovation and customer-centric offerings. Guided by its vision to advance an Islamic financial ecosystem, the Bank provides a robust range of Shariáh-compliant products that remain competitive with conventional alternatives.

Last year, the Bank further reinforced its market leadership through strategic growth initiatives focused on expanding digital access and strengthening its distribution network. This approach supported sustained business growth, underpinned by a growing and loyal customer base, strong deposit mobilization exceeding MVR 13.6 billion, and a financing portfolio surpassing MVR 7.5 billion.

FINANCIAL HIGHLIGHTS



Total Assets grew by
45.26% ▲



Financing Assets grew by
30.65% ▲

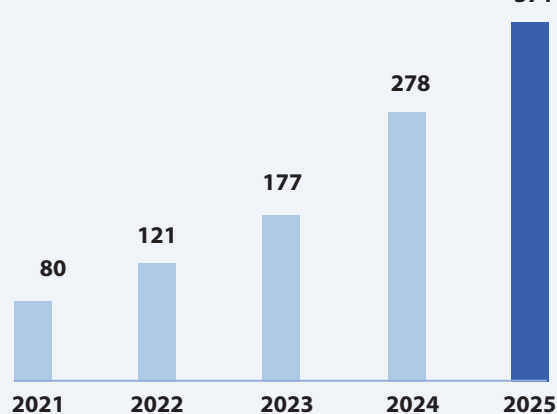
Customers' deposits (MVR Mn)



Customer Deposits grew by

49.42% ▲

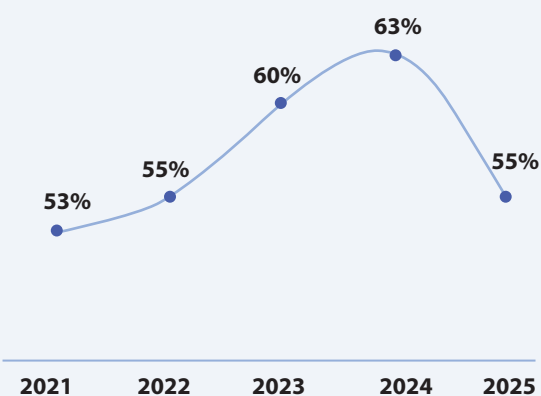
Profit after Tax (MVR Mn)



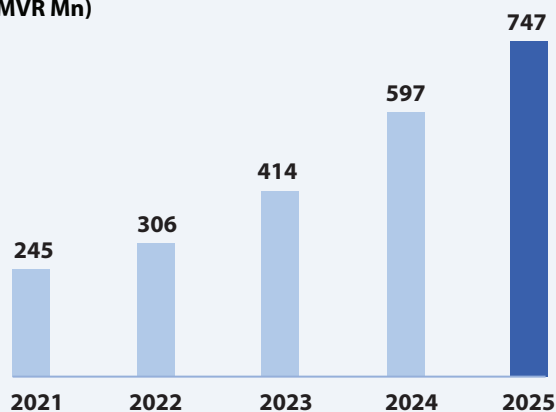
Profit After Tax grew by

33.45% ▲

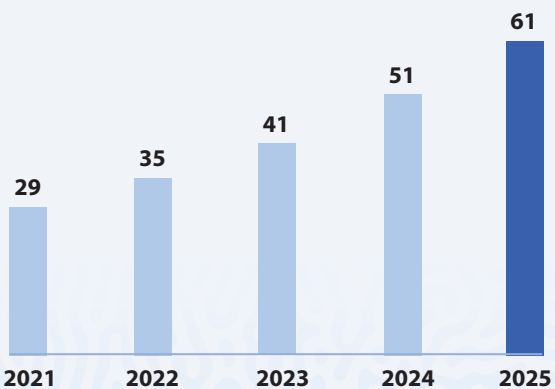
Financing Assets to Deposit Ratio



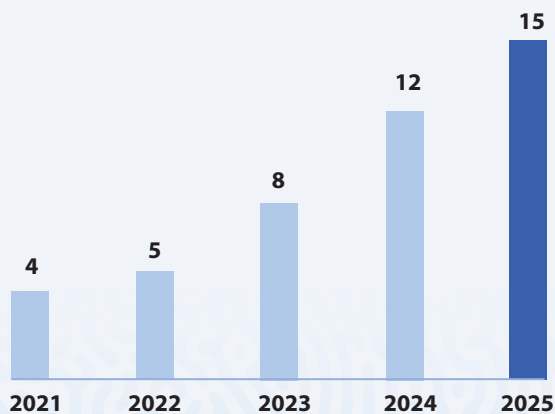
Net Income from Financing & Investment (MVR Mn)



Net asset value per share (MVR)



Earnings per share (MVR)



NON-FINANCIAL PERFORMANCE

No. of Internet / Mobile Banking Logins



2025 Number

11.8 million

2024 Number

6.76 million

Growth **74%**

No. of Internet / Mobile Banking Transactions



2025 Number

68.04 million

2024 Number

27.36 million

Growth **149%**

No. of ATM Transactions



2025 Number

1.71 million

2024 Number

1.098 million

Growth **55%**

No. of POS Transactions



2025 Number

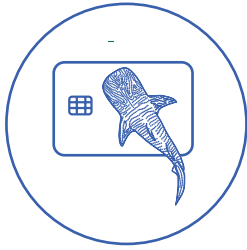
10.01 million

2024 Number

6.75 million

Growth **48%**

No. of Card Transactions



2025 Number
9.99 million

2024 Number
5.23 million

Growth **91%**

POS Terminals



2025 Number
1,700

2024 Number
1,600

Growth **6%**

POS Merchants

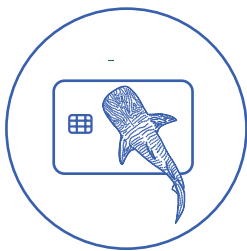


2025 Number
2,200

2024 Number
1,200

Growth **83%**

No. of New Cards



2025 Number
60,000

2024 Number
42,900

Growth **40%**

* All figures are rounded off

KEY FINANCIAL RESULTS

	2021	2022	2023	2024	2025	Change (MVR)	Change (%)
Operating Results for the Year – MVR Millions							
Total Financing & Investment Income	303	360	491	727	955	228	31.36%
Net Income from Financing & Investment	245	306	414	597	747	150	25.13%
Total Operating Expenses before impairment	146	167	219	309	386	77	24.92%
Profit before Tax	95	161	234	369	493	124	33.60%
Tax Expenses	15	40	57	91	122	31	34.07%
Profit after Tax	80	121	177	278	371	93	33.45%

Assets and Liabilities - MVR Millions							
Financing Assets	2,346	2,822	4,106	5,744	7,505	1,761	30.65%
Total Assets	5,496	6,201	8,235	11,462	16,650	5,188	45.26%
Customers' Deposits	4,435	5,145	6,838	9,127	13,637	4,510	49.42%
Total Liabilities	4,837	5,418	7,307	10,311	15,191	4,881	47.34%
Total Equity	659	783	928	1,152	1,459	307	26.67%
Financing Assets to Deposit Ratio	53%	55%	60%	63%	55%		

Profitability - %							
Average Gross Financing Yield	11.39%	11.58%	11.27%	11.86%	11.59%		
Return on Assets	1.61%	2.07%	2.45%	2.82%	2.64%		
Return on Equity – After Tax	12.50%	16.80%	20.63%	26.73%	28.40%		
Gross NPA Ratio – Total Exposure	6.10%	4.59%	3.12%	3.68%	2.92%		
Gross NPA Ratio – On-Balance Sheet Exposure	7.10%	5.54%	4.13%	4.41%	3.49%		
Total Provision Cover	47.1%	57.4%	64.3%	56.5%	62.0%		

Investor Information - MVR							
Net Asset Value per Share (MVR)	29	35	41	51	61		
Earnings per Share - Post Tax (MVR)	4	5	8	12	15		

Capital Adequacy Ratios - %							
Tier 1 Risk Based Capital Ratio (Minimum 6%)	17%	15%	11%	10%	11%		
Total Risk Based Capital Ratio (Minimum 12%)	20%	19%	15%	15%	16%		



Art by Shimha

A moment of motion frozen in time, where a school of fish moves as one, each ripple and movement telling a silent story of unity, strength, and life in perfect balance.

STRATEGIC DRIVERS

The Bank's strategic focus during the year was centred on digital transformation, customer-centric growth, asset diversification, balance sheet growth and operational excellence. MIB continued to enhance its digital banking capabilities and introduce innovative solutions to improve accessibility and convenience for customers. At the same time, the Bank strengthened customer commitment and expanded its service delivery network, including the rollout of self-service banking centres across the country.

These initiatives supported strong and consistent financial growth throughout the year. Total Assets increased to MVR 16.65 billion by the end of 2025, marking the first time in history of MIB to cross the USD 1 billion equivalent mark. At the same time, customer deposits, financing portfolio also recorded steady growth, alongside strong increases in revenue and profitability, reflecting sustained confidence in the Bank.

Guided by its strategic priorities, the Bank remains focused on delivering customer-centric solutions, enhancing operational efficiency, and reinforcing its position as the leading provider of Shari'ah-compliant financial services in the Maldives.

The Bank's strategic priorities for 2025 were driven by four key areas:



Digital Transformation & Innovation

MIB is a frontrunner of digital transformation in the Maldivian banking sector. MIB is the first bank in Maldives to introduce online and instant account opening for individuals and corporates, instant debit card issuance, and form factor-based payment solutions FaisaWear Rings and Tags. The Bank has progressively digitized its key service offerings, including customer onboarding for retail financing, payment solutions, internet banking capabilities for retail and business customers, and online management of financing facilities.

Digital banking remains a central pillar of the Bank's strategy. Through continued investment in digital capabilities and infrastructure, MIB enhances accessibility to its services. These efforts support greater convenience, improved service delivery, and contribute to advancing financial inclusion across the Maldives.



Internet Banking
faisanet 2.0



Mobile Banking
faisamobilex



24/7 Self
Service banking
ECRMs & ATMs



IPS:Favara



eFaas Customer
Verification



Instant Account
Opening



Digital Financing
Portal - Ujaalaanow



Digital
Helpcenter and
AI Assistance



Multiple channels
of OTP &
Authentication



Multiple Payment
Gateways



POS payments and
POS banking



Instant and
Personalised Cards
with online card
management



FaisaWear Rings and
FaisaWear Tags

During the year, the Bank advanced its digital transformation agenda by executing key projects identified under its Technology Revamp Roadmap. With the successful completion of most of these initiatives, MIB has strengthened its technology foundation and is well-positioned to scale the next phase of its digital journey.

The Bank continues to make steady progress toward achieving PCI DSS compliance, reinforcing its commitment to the highest standards of payment security. This reflects MIB's focus on safeguarding customer data, strengthening trust, and aligning its operations with global best practices.

Recognizing that digital transformation extends beyond technology, the Bank placed strong emphasis on building internal capabilities. Throughout the year, employees participated in targeted training and awareness programs on cybersecurity and information security, ensuring the workforce is equipped to support a secure and resilient digital ecosystem.

In parallel, critical infrastructure enhancements were successfully implemented, including upgrades to network systems, backup storage, and server capacity. Key security initiatives further strengthened the Bank's cybersecurity posture. Progress continued for the Security Operations Center and IT Operations Centre.

Retail vs Corporate Diversification

In 2025, MIB continued to strengthen its balance sheet through a diversified mix of retail and corporate assets and liabilities. The Bank maintained its position as one of the leading retail banks in the Maldives, supported by a growing customer base and sustained confidence in its Shari'ah-compliant banking solutions.

On the liabilities side, customer deposits remained the primary source of funding, with continued emphasis on building a stable corporate and retail deposit base. Flagship propositions such as the MIB9 salary account and the Bingaa portfolio contributed to deposit mobilization, customer acquisition, and long-term relationship building. At the same time, the Bank maintained strong relationships with corporate and institutional clients, supporting a balanced funding structure in MVR and USD.

On the asset side, MIB adopted a prudent and diversified financing strategy across retail, corporate, and SME segments. Retail financing continued to form the core of the Bank's portfolio, driven by strong demand for consumer financing products including Ujaalaa. Corporate and SME financing exposures were selectively expanded, focusing on sectors aligned with national economic priorities and risk appetite. The Bank made significant inroads into the tourism sector as part of corporate outreach.

The Bank's total asset book recorded solid growth during the year, reflecting both increased financing activities and effective deployment of funds. This balanced approach to asset and liability management enabled MIB to enhance portfolio resilience, maintain ample liquidity, manage concentration risks, and sustain profitability.

Customer-Centric Growth

MIB's growth strategy remains firmly anchored in understanding customer needs and delivering simple, accessible, and value-driven banking solutions. During 2025, the Bank strengthened this approach further, through enhanced product offerings, improved service delivery, and greater use of digital channels to provide a seamless banking experience.

A key milestone was the establishment of a dedicated Customer Experience Office, reinforcing the Bank's commitment to placing customers at the centre of its operations. This function plays a critical role in monitoring service standards, addressing customer feedback, and driving continuous improvements across all touchpoints.

Last year, the Bank achieved measurable improvements in service delivery, including reduced turnaround times, and maintaining high service standards across its branch network and alternative channels. Customer satisfaction levels remained strong, supported by ongoing feedback mechanisms and service quality monitoring.

The Bank expanded its customer base across retail, SME, and corporate segments through targeted propositions and personalized engagement. Enhancements to existing products, alongside more flexible financing solutions, supported stronger customer acquisition and retention. As a result, the Bank's customer base grew steadily during the year, supported by increased adoption of digital banking services.

Last year, a significant proportion of transactions were conducted through electronic channels, attesting to its convenience and accessibility. Internet and Mobile banking alone recorded over 149% growth in transactions last year, while ATM and POS transactions also gained significant traction. These efforts were complemented by the focused expansion of distribution channels, particularly in underserved regions.

Operational Excellence

MIB continued to strengthen its operational capabilities in 2025, with a focus on efficiency and control processes. During the year, the Bank refined its Banking Operations structure to enhance clarity in roles, accountability, and service delivery, supported by the appointment of a Chief Banking Operations Officer to provide strategic oversight and drive operational improvements.

Key process enhancements were implemented across core functions, including strengthened reconciliation processes, resulting in improved accuracy and more timely resolution of discrepancies. Last year, the Bank also successfully completed Phase 1 of bank-wide SOP development project, standardizing critical processes and establishing a strong foundation for compliance, and operational efficiency.

The Bank progressed on risk and control frameworks, including the implementation of Enterprise Risk Management (ERM) and Fraud Risk Management (FRM) frameworks, strengthening its overall risk governance environment.

Additional efforts focused on automation and process optimization, reducing manual intervention and improving turnaround times across key services. These initiatives collectively enhanced operational resilience, strengthened internal controls, and positioned the Bank for consistent service delivery.

STAFF AT MIB

At MIB, the staff are central to delivering Bank's strategy and sustaining long-term growth. As at the end of 2025, the Bank had over 350 staff across the country, of which more than 98% are Maldivians. The Bank fosters a high-performance culture built on accountability, collaboration, and continuous development, ensuring employees are well-equipped to support an evolving and increasingly digital banking environment.

Learning and Development

Learning and development remained a key focus area, with the Bank delivering over 14,900 training hours during the year: an average of 35 hours per employee. Training programs covered technical, leadership, and digital competencies, with particular emphasis on risk management, compliance, information security, corporate governance and digital banking.

During 2025, all mandatory trainings, including AML training, Shari'ah training and Information Security Awareness training were successfully conducted for all staff. The Bank also recognized and supported employees pursuing higher education, reinforcing its commitment to continuous professional development.

Talent Management and Organizational Development

During the year, the Bank strengthened its talent management framework by aligning individual performance objectives with strategic priorities, while enhancing career progression pathways and succession planning. These efforts contributed to maintaining a higher employee retention rate than previous year. As part of its robust succession planning initiative, MIB successfully completed a comprehensive in person training and mentorship programme for identified successors in all business units.

The Bank also continued to re-align its organizational structure to reflect the evolving roles in the financial landscape, including the establishment of a dedicated project management office to oversee key strategic initiatives and high value projects.

Diversity, Representation and Culture

MIB remains committed to fostering a diverse and inclusive workplace. The Bank maintains a balanced workforce with 47% female representation, and continues to uphold policies that promote fairness, transparency, and equal opportunity.

Multiple Town Hall meetings and staff recreational activities were held during the year, providing platforms for reinforcing the corporate culture and employee engagement.

Remuneration, Benefits and Well-being

The Bank offers a competitive, performance-driven remuneration framework designed to attract and retain talent. Employees benefit from comprehensive health Takaful coverage and a range of additional benefits. Well-being initiatives like Tamkeen that support work-life balance and overall employee welfare.

Governance and HR Policies

MIB maintains a robust framework of human resource policies to safeguard employee rights and uphold ethical standards. Key policies include the Whistleblowing Policy, Prevention of Sexual Harassment Policy, Employee Code of Conduct, and Conflict of Interest Policy. These policies ensure a safe, respectful, and transparent working environment for all staff.

MIB Staff Association (MIBSA)

MIBSA continues to play a vital role in fostering a cohesive and engaging workplace culture within the Bank. During the year, MIBSA organized a range of activities promoting teamwork, well-being, and employee interaction beyond the workplace.

MIBSA also represented the Bank in inter-office and national sporting competitions and played a key role in organizing major staff events, including Staff Night 2025. In addition, MIBSA actively supported the Bank's CSR and customer engagement initiatives, contributing to a vibrant and inclusive organizational culture.







Art by Shimha

Natural textures and flowing forms come together, as a vibrant yellow-edged lyretail grouper glides through, its rich hues adding depth and detail that draw the eye closer.

KEY EVENTS OF 2025

Last year, MIB delivered another year of strong progress, advancing key strategic priorities that strengthened the market position and created sustained value for shareholders. The Bank continued to enhance customer happiness, broaden its distribution network, and maintain robust financial performance, supported by focused investments in people, technology, process improvement, innovation and digital transformation.

Alongside commercial progress, MIB reinforced its long-standing commitment to community development and sustainability through targeted initiatives and strategic partnerships that deepen our social impact.

Overall, 2025 marked a year of resilient, sustainable growth, driven by disciplined execution and a clear focus on long-term value creation. The following initiatives were among the key milestones achieved during the year.

Digital Innovation and Payment Solutions

MIB continued to strengthen its position as a digital leader through the introduction of innovative and customer-centric solutions.

Last year, the Bank launched the FaisaWear Tag, the first contactless payment tag in the Maldives, enabling customers to carry out secure and convenient transactions with ease. This compact, NFC-enabled device can be carried as key chains or as a sticker that sticks well with phones and wallets. Supporting both MVR and USD accounts, the tags can be managed through FaisaNet and FaisaMobile.



Additionally, enhancements to the Bank's internet banking platform included the introduction of an instant USD exchange function, allowing customers to seamlessly manage their foreign currency requirements online. Launched in line with the requirements of Forex Act, this feature is supported by robust security features.

Youth Engagement and Financial Literacy

As part of its commitment to fostering financial awareness among younger generations, MIB launched the Bingaa Portal, an interactive and engaging platform tailored for Bingaa account holders. The portal incorporates gamified challenges and reward-based activities designed to encourage positive financial habits, while making learning about money management both accessible and enjoyable for young customers.



Product Development and Financing Solutions

The Bank expanded its suite of financial solutions to better support customers across segments. The introduction of POS Receivables Financing provided businesses with improved access to working capital and growth opportunities. Flexible financing limits between MVR 250,000 to MVR 2.5 million were introduced, to allow for the purchase of raw materials, merchandise, inventory, and for the acquisition of fixed assets.

Last year, MIB rolled-out enhancements to its Ujaalaa Hiya housing financing scheme. These include reduced equity requirements of 10% and extended repayment tenures up to 25 years. These changes were aimed at making home ownership more accessible and financially manageable for Maldivians.

Network Expansion and Accessibility

Last year, MIB made significant progress in expanding its nationwide footprint to improve accessibility and convenience for customers. During the year, the Bank opened a dedicated Retail Banking Branch in Malé, focused on delivering enhanced and personalized services to individual customers. Located Infront of artificial beach, the Retail Banking Branch caters to individual customers at extended hours.



In addition, multiple self-service centers were established across key islands, including Male', Laamu Fonadhoo, Raa Dhuvaafaru, Raa Hulhudhuffaaru, Haa Alifu Ihavandhoo, Dhaalu Meedhoo, Alifu Dhaalu Maamigili, and Kaafu Himmafushi.



Additionally, 2025 saw MIB launching its Raa Ungoofaaru sales center, further cemented MIB's presence across the region. Ungoofaaru, being the central administrative island of Raa Atoll and a key hub for medical services in the region, plays a vital role in connecting communities. These initiatives reflect the Bank's ongoing commitment to strengthening financial inclusion and bringing banking services closer to communities.

Community and Industry Engagement

Demonstrating MIB's commitment to sustainable and inclusive development, MIB pledged MVR 30 million towards the Social Financing Scheme initiated by the Maldives Monetary Authority. By supporting this nationwide initiative, the Bank seeks to empower vulnerable segments of society, promote gender equality, and uplift communities through ethical and sustainable financing.

The Bank also undertook notable CSR and community engagement initiatives including coral plantation and waste recycling among others. Details of these events are covered under Sustainability and CSR report.

Last year, MIB held the second edition of the MIB Guesthouse Symposium, providing a platform for collaboration, knowledge-sharing, and the development of the tourism sector. The symposium, which took place

during October at Crossroads Maldives, brought together key partners, guesthouse owners, industry stakeholders, and sector experts to discuss evolving trends, challenges, and opportunities in the guesthouse industry in Maldives.



BRAND ENGAGEMENT

The Bank's brand engagement initiatives use a targeted media strategy and a strong focus on high-impact digital channels to enhance its outreach and engagement with stakeholders. These initiatives were impactful in strengthening relationships and fostering deeper connections and trust. The Bank also continued its commitment to promoting greater awareness and understanding of Islamic banking and financing among the public.

Significant Brand Engagement initiatives from 2025 include:

RAMADAN CAMPAIGNS

Last year during Ramadan, MIB ran targeted campaigns to encourage the use of digital payment solutions. The "Cardun Kandaalaa" Ramadan Promotion incentivized card usage through weekly rewards and grand prizes, while a parallel merchant-based Ramadan promotion offered customers with the opportunity to win weekly cash prizes.



BINGAA EVENTS

MIB continued to engage its younger customer segment through dedicated Bingaa initiatives in 2025. The Bingaa Roadha Catcher Challenge, conducted via the Bingaa Portal, encouraged children to participate in daily challenges focused on personal growth and positive habits. In addition, the Bingaa Maahefun, a traditional pre-Ramadan gathering, combined education and wellness activities, reinforcing the Bank's commitment to financial literacy and well-being among children.

CARDUN KANDAALAA CAMPAIGN

MIB's ongoing Cardun Kandaalaa campaign was continued during 2025. This campaign helps enhance the value proposition of MIB cards by offering exclusive discounts across partner merchant outlets. This initiative strengthened customer engagement, supported merchant partnerships, and promoted increased adoption of card-based transactions.

MALDIVES EXPO 2025

MIB proudly took part and showcased its products at the Maldives Expo 2025, one of the biggest expos held in Maldives last year. The Bank offered banking services including opening of instant accounts, Bingaa Accounts, providing cards, FaisaWear Rings and Tags, in addition to giving information on Ujaalaa suite of Financing. This event was held from 23rd May 2025 until 31st May 2025 at Central Park, Hulhumale'.



FOOD CARNIVAL

Last year, MIB participated in the Food Carnival held at Central Park, Hulhumalé. A dedicated stall was set up to engage with customers and offer a range of banking services and information. During the festival, MIB distributed 45 FaisaWear rings and 150 FaisaWear tags as giveaways, contributing to the festive atmosphere of the event in addition to enhancing brand visibility.



MALDIVES NATIONAL UNIVERSITY JOB FAIR

At MNU Job Fair, MIB provided information regarding job opportunities available at the Bank. The event was held at MNU Central Administration Male' and MNU Hithadhoo Campus on 22nd and 23rd May 2025.



EID PROMOTION

Last year, MIB partnered with identified guesthouses to offer discounts up to 25% for MIB customers, who made their payments through MIB cards during the Eid holidays. This offer was valid from 1st June 2025 until 14th June 2025.

MIRA ANNIVERSARY EVENT

During MIRA Anniversary event, information on MIB's banking services were provided in addition to hosting fun and interactive games for children. This allowed the Bank to connect with families in an enjoyable setting and promote Islamic financial literacy and awareness.

MNU BUSINESS FORUM, ADDU CITY



At MNU Business Forum held in Addu City, MIB offered a range of services, including account opening, and information about MIB's banking products. This platform enabled MIB to directly connect with local businesses and showcase how MIB can participate in their growth and success.



NATIONAL SPORTING EVENTS

Demonstrating commitment to community well-being, MIB sponsored several national sporting events, including the Dhiraagu Maldives Road Race, Shore Running Festival, Maldives Long Run, and Ocean Man. These initiatives promoted healthy lifestyles, inclusivity, and community participation.

Dhiraagu Maldives Road Race is one of the largest and most anticipated runs in the Maldives. It was held in Hulhumalé on 25 October 2025.





The Shore Running Festival was held on 28 November 2025 along the Hulhumalé beachfront. This event allowed participants to contribute towards cleaning the natural coastal surroundings.

While Maldives Long Run was organized by TFG and held in Hulhumalé, Ocean Man was held in Kaafu Maafushi. Ocean Man marked the Bank's first sponsorship of a major swimming event.



SUJOODH PROGRAM

MIB was the main sponsor of the Sujoodh Program, an educational initiative focused on teaching proper prayer etiquettes to children under 15 years of age. The program aimed to nurture spiritual development from an early age by instilling correct practices, discipline, and respect through structured guidance and child-friendly learning methods.

BANKING DAYS

During the year under review, a series of Banking Day events were held across Maldives, with the objective of enhancing public awareness towards the accessibility of Shariáh-compliant banking and financing solutions in Maldives. These events were held during different times of the year across the Greater Male' area, outer islands and resort locations, providing platforms for customer engagement and consultation.

In addition, targeted outreach events were conducted for various SOEs, private companies and the general public, to educate regarding the benefits of Islamic finance and banking with MIB. These sessions were oriented towards facilitating customer onboarding and strengthening awareness towards MIB's Islamic banking products.



SUPPORTING LOCAL ART AND ARTISANS

MIB is committed to nurturing local art and empowering artisans by providing platforms that showcase their creativity and preserve cultural heritage. Through partnerships, exhibitions, and community initiatives, MIB promotes local craftsmanship and contemporary artistic expression. By integrating local art pieces into the Bank's spaces, MIB portrays the belief that art is not only cultural expression but also a driver of inclusive and sustainable development.

ANNUAL REPORT THEME

This year's annual report is inspired by the theme of marine life, brought to life through original illustrations by local artists. It reflects the rich biodiversity of the surrounding oceans to emphasize the importance of environmental stewardship and sustainability. The artworks add distinctive visual narrative, celebrating both the beauty of marine ecosystems and the creativity within the local community. Through this theme, MIB aims to reinforce the Bank's commitment to sustainable growth.



ESG & SUSTAINABILITY REVIEW

MIB continues to embed Environmental, Social, and Governance (ESG) principles into its strategy and operations, reinforcing its commitment to sustainable and responsible banking. During the year, the Bank further aligned its practices with the Maldives Sustainability Reporting Framework issued by CMDA, integrating ESG considerations into its reporting and decision-making processes.

Guided by its Shariáh principles, MIB's approach to sustainability focuses on creating long-term value for stakeholders through responsible governance, sustainable financing, and meaningful community impact. The Bank remains committed to supporting national development priorities and advancing financial inclusion, while progressively enhancing its ESG practices in line with evolving regulatory expectations and global sustainability standards.

Responsible Governance Practices

MIB's governance framework is anchored in accountability, transparency, and ethical conduct. The Board of Directors serves as the Bank's highest governing body, followed by its sub-committees who are responsible for setting strategic direction and overseeing management. The Management Committee, led by the Managing Director & CEO, functions as the highest executive decision-making body, with specific key responsibilities delegated to management sub-committees including ALCO, FIC, Management Risk Committee, IT Steering Committee, Projects Steering Committee and Operations Management Committee to ensure effective execution.

Clear segregation between the roles of the Board and Management ensures independent oversight, while both operate under established Codes of Conduct that emphasize integrity, fairness, and the protection of stakeholder interests.

The Bank maintains a high level of compliance with all applicable laws, regulations, and codes relating to banks and listed companies in the Maldives. Transparency and timely disclosure remain central to the Bank's engagement with regulators, investors, and the wider public.

MIB's operations are guided by a comprehensive suite of policies and procedures that safeguard the interests of customers, employees, and other stakeholders. These include policies for customer protection, data security, workplace conduct, and risk management, alongside

formal grievance mechanisms. Last year, internal policies and related SOPs were further reviewed and strengthened to align with evolving regulatory requirements, operational risks, and changing workplace dynamics.

Employee well-being and protection remain key priorities. The Bank provides comprehensive health coverage to all employees and continued Tamkeen, Employee Assistance Programme focused on mental health and overall well-being. Awareness initiatives led by the Whistleblowing and Anti-Sexual Harassment Committees continued throughout the year, reinforcing a culture of openness and accountability. No cases of harassment or whistleblowing incidents were reported during the year. With female representation close to 47% and a strong commitment to pay parity, MIB continues to promote diversity and gender equality within its workforce.

The Bank also maintains robust data protection, document management, and information security practices to safeguard customer information. These frameworks are regularly enhanced to address emerging risks and technological changes.

Sustainable Financing Initiatives

In 2025, MIB continued to offer sustainable financing solutions, supporting initiatives including renewable energy and environmentally responsible infrastructure. A key highlight was the continuation of low-cost Hakathari

financing scheme. This initiative supports the national Hakathari Programme, a national initiative promoting energy-efficient appliances. Through this scheme, customers were provided with financing at a preferential profit rate, encouraging the adoption of energy-saving solutions at the household level.

The Bank also continued to incorporate sustainability considerations into its broader financing decisions, with a focus on supporting sectors and projects that contribute to economic resilience and environmental stewardship. Additionally, the Bank continued to finance national infrastructure, provide support to sustainable SMEs, and fund projects that promote resource efficiency, and long-term community resilience.

Despite the market challenges, MIB aims to further strengthen its sustainable financing framework by exploring new opportunities in green and socially responsible financing. This includes initiatives to gradually reduce the Bank's financed emissions, while enhancing support for environmentally conscious businesses and ventures.

Advancing Islamic Finance

As the pioneering Islamic bank in the Maldives, MIB remains committed to advancing the adoption and understanding of Shari'ah-compliant financial services as part of a more ethical and sustainable financial system. Last year, the Bank continued to promote Islamic finance as a catalyst for inclusive and responsible economic growth.

During the year, MIB actively engaged with communities, institutions, and key stakeholders to enhance awareness and accessibility of Islamic banking. Through targeted educational initiatives and strategic partnerships, the Bank conducted multiple knowledge-sharing sessions across islands, resorts, SOEs, government institutions, and private sector entities. In addition, MIB participated and sponsored national forums, while also hosting its own engagements to advance Islamic finance.

These efforts have contributed to a growing awareness and understanding of Shari'ah-compliant financing, supporting a positive shift towards ethical banking practices. By integrating Islamic finance principles into its broader sustainability agenda, MIB continues to strengthen the financial ecosystem of Maldives.

Corporate Social Responsibility (CSR)

On CSR front, MIB's primary focus was on environmental stewardship, education, and social well-being. During the year, the Bank continued to implement a wide range of CSR initiatives aligned with communities it serves.

Environmental sustainability has remained a key focus area. The Bank organized a beach clean-up campaign in Lhaviyani Naifaru, engaging staff and volunteers to promote environmental awareness and preserve coastal ecosystems. In addition, a tree-planting initiative was initiated in Laamu Gan, with a target to plant 1,000 trees to support biodiversity conservation.

MIB also introduced "MIB Faru," a coral reef development project at Crossroads Maldives, aimed at educating children on coral ecosystems and provide hands-on learning experiences on coral growth through the Crossroads Maldives coral laboratory while contributing to reef restoration.

The Bank also strengthened its efforts in sustainable waste management through the Namoonu project, implemented in partnership with Soneva Fushi Maldives. This initiative, carried out in B. Goidhoo, provided training and resources to local communities towards converting food waste into fertilizer, while enhancing overall waste management practices at the island level.

Education remained a central pillar of the Bank's CSR initiatives. MIB supported the development of school infrastructure across multiple islands, including donations to AA Ukulhas School and Aarabiya School in Male', as well as recognition of top-performing students at Sharafudheen School in Addu City. In collaboration with

Rotary Club Maldives, the Bank also supported the establishment of Special Educational Needs (SEN) classrooms at selected islands, promoting inclusive education.

In the social and community space, MIB contributed to initiatives that foster well-being and cultural values. The Bank supported the Cancer Society through participation in fundraising efforts, organized a blood donation drive in partnership with Maldives Blood Services, and sponsored community programmes such as the Ulhiya initiative conducted in Addu city and the Legacy programme conducted by Peace Foundation.

Through these initiatives, MIB continues to demonstrate its commitment to responsible corporate citizenship, contributing to sustainable development while positively impacting the lives of communities across the Maldives.



ALIGNMENT WITH MALDIVES SUSTAINABILITY REPORTING FRAMEWORK:

MIB continues to strengthen its sustainability disclosures in alignment with the Maldives Sustainability Reporting Framework issued by CMDA. The Bank is enhancing the integration of ESG considerations into its reporting and decision-making processes, enabling greater transparency and comparability for investors and stakeholders. Going forward, MIB remains committed to advancing its sustainability reporting practices in line with evolving regulatory expectations and international best practices.

The table below shows MIB's current position as at 31st December 2025 regarding MSRF requirements:

Theme	Code	Disclosure Status	Metrics	Disclosures
GI	GI01	M	Name of Organization	Maldives Islamic Bank PLC
GI	GI02	M	Year founded	2010
GI	GI03	M	Location of Organization's Headquarters	Maldives Islamic Bank Public Limited Company H. Medhuziyaaraaydhoshuge 20097, Medhuziyaaraay Magu Malé City Republic of Maldives Tel: +960 3325555 Email: info@mib.com.mv
GI	GI04	M	Location of Organization's operating facilities	Please refer to the next table
GI	GI05	M	Operational model	Financial Services: Financial Products and Services
GI	GI06	M	Organization's web address	https://mib.com.mv
E	E01	M	Greenhouse Gas Emissions (GHG) Strategy	No
E	E02	M	Greenhouse Gas Emissions: Total	14.05 Tonnes of CO2 Equivalent (tCO2e) from direct use of office vehicles. Sufficient data for other sources of GHG emissions are not readily available to disclose for 2025.
E	E03	V	GHG Emissions: Direct (Scope 1)	Sufficient data for 2025 not readily available to disclose.
E	E04	V	GHG Emissions: Indirect (Scope 2)	Sufficient data for 2025 not readily available to disclose.
E	E05	V	GHG Emissions: Other Indirect (Scope 3)	Sufficient data for 2025 not readily available to disclose.
E	E06	M	Total Energy Consumption	1,237,358.66 Kilowatt-hour (kWh)
E	E07	M	Biodiversity Assessment	No
E	E08	V	Biodiversity Footprint	Not Measured
E	E09	M	Water Conservation Strategy	No
E	E10	M	Water Consumed	431.27 Cubic meters (m3)
E	E11	M	Waste Disposed	30 Average Tonnes (t) of total waste
G	G01	M	Number of Legal and Regulatory Complaints	Nil
G	G06	V	Number of Complaints Registered	3,000+ unique complaints received to MIB Contact Centre
G	G07	V	Number of employee grievances registered	01 (one)

G	G02	M	Conflict of Interest Policy	Yes
G	G03	M	Supplier Screening Policy	No
G	G04	M	Business Continuity Management Policy	Yes
G	G05	M	Anti-Corruption Policy	Yes
S	S02	M	Diverse Representation Policy	N/A
S	S03?	M	Gender Wage Equity Ratio	63%. The observed difference in average pay does not necessarily indicate gender-based discrimination. Rather, it often reflects the distribution of men and women across different job levels and roles within the organization.
S	S03	M	Gender Equity Policy	No, however one of the key principles of the Recruitment Policy of the Bank is that MIB will ensure that all recruitment processes adhere to Equal Employment Opportunity principles
S	S04	M	Board of Directors: Female	02 (Two)
S	S05	M	Occupation Injuries	00
S	S06	M	Worker Safety Policy	Yes
S	S07	M	Employees Trained	412 employees
S	S08	V	Employee Training Hours	14,938.50 hours
S	S09	V	Employee Training Costs	MVR 6,479,837.00
S	S10	M	Working Hour Policy	Yes
S	S11	M	Anti-Discrimination Policy	No
S	S12	M	Fair Compensation Policy	Yes
S	S01	M	Human Rights Policy	No
S	S13	M	Sexual Harassment Policy	Yes



Art by Shaheeda

In the absence of noise, the scene speaks through its stillness, offering a sense of calm and clarity, where a large red coral stands in quiet grandeur, a bright boxfish drifts playfully nearby, and sweetlips fish glide gently, their soft patterns adding a graceful rhythm to the reef.

LOCATION OF MIB'S OPERATING FACILITIES:

#	Location	Atoll & Island	Full Address	Type of Centre
1	S. Hithadhoo Branch	S. Hithadhoo	MIB Hithadhoo Branch, Thubeege Building, Elhedidi Magu, S. Hithadhoo	Branch & ATM
2	Feydhoo Town Office	S. Feydhoo	MIB Feydhoo ATM, Section Building, Rahdhebai Magu, S. Feydhoo	ATM
3	Fuvamulah Branch	Gn. Fuvamulah	MIB Fuvahmulah Branch, Ghaazee Magu, Miskihmagu 18015, Fuvahmulah City	Branch & 2 ATMs
4	Thinadhoo Branch	G. Dh. Thinadhoo	MIB Thinadhoo Branch, Rannabandeyri Magu, GDh. Thinadhoo	Branch & ATM
5	Thinadhoo Ferry Terminal Area	G. Dh. Thinadhoo	MIB Thinadhoo ATM, Harbour N-16 Land Plot, GDh. Thinadhoo	ATM
6	Kulhudhuffushi Branch	H. Dh. Kulhudhuffushi	MIB Kulhudhuffushi Branch, Parisage, Ameenee Magu, HDh. Kulhudhuffushi	Branch & ATM
7	Eydhafushi Sales Centre	B. Eydhafushi	MIB Eydhafushi Sales Center, North Side Children's Park, B. Eydhafushi	Sales Centre & ATM
8	Dharavandhoo Jetty Area	B. Dharavandhoo	MIB Dhavarandhoo ATM, B. Dharavandhoo	ATM
9	Hulhumale Phase 2 Near Ihsaan Fihaara	K. Hulhumale' Phase 2	MIB Vinares ATM, Hulhumale Phase 2, Vinares Flat V10-G-03	2 ATMs
10	Hulhumale Branch	K. Hulhumale' Phase 1	MIB Hulhumale' Office, One Avenue Building, Fithuroanu Magu , Hulhumale' Phase 1	Branch & 3 ATMs
11	Rashu Markeytu	K. Hulhumale' Phase 1	MIB Rashu Market ATM, Rashu Maaket, Chaandhaneemaa Higun, Hulhumale' Phase 1	ATM
12	Centro Mall	K. Hulhumale' Phase 1	MIB Centro ATM, Centro Mall, Hulhumale' Phase 1	ATM
13	H. Marine Dream	K. Male	MIB Business Center, H. Marine Dream, Boduthakurufaanu Magu, Male' City	3 ATMs
14	Business Banking Branch – (Male' Branch) Head Office	K. Male	MIB Head Office, H. Medhuziyaaraydhoshuge, Medhuziyaaraiy Magu, Male' City	Branch & 5 ATMs
15	Thilafushi MIB ATM Kiosk	K. Male	MIB Thilafushi ATM, Thilafushi Plot S3-UT02, K. Thilafushi	ATM
16	Villingili MIB ATM Kiosk	K. Male	MIB Villimale' ATM, Villimale Block 17	ATM
17	A. Dh. Mahibadhoo Sales Centre	A. Dh. Mahibadhoo	MIB Mahibadhoo Sales Center, Atholhu Vehi, ADh. Mahibadhoo	Sales Centre & ATM
18	Dh. Kudahuvadhoo Sales Centre	Dh. Kudahuvadhoo	MIB Kudahuvadhoo Sales Center, Dh. Kudahuvadhoo	Sales Centre & ATM
19	G Dh. Madaveli Jetty Area	G. Dh. Madaveli	MIB Madaveli ATM, Madaveli Park Northeast Corner, GDh. Madaveli	ATM
20	GA. Villingili Jetty Area	GA. Villingili	MIB Villingili ATM, Jetty Area Plot 66.1, GA. Villingili	ATM
21	L.Gan Sales Centre	L. Gan	MIB Gan Sales Center, Mathivaru Land 15, Mathimaradhoo, L. Gan	Sales Centre & ATM
22	Kadhdhoo Airport	L. Kadhdhoo	MIB Kadhdhoo ATM, Kadhdhoo Airport, L. Kadhdhoo	ATM
23	Maafushi ATM Kiosk	K. Maafushi	MIB Maafushi ATM, Haveeree Hingun, K. Maafushi	2 ATMs
24	Dhidhdhoo Sales Centre	HA. Dhidhdhoo	MIB Dhidhdhoo Sales Center, HA. Dhidhdhoo	Sales Centre & ATM
25	Naifaru Sales Centre	Lh. Naifaru	MIB Naifaru Sales Center, Plot 66.2, Naifaru Sales Center, Lh. Naifaru	Sales Centre & ATM
26	Thulusdhoo ATM Kiosk	K. Thulusdhoo	MIB Thulusdhoo ATM, Old RO Plant Site, K. Thulusdhoo	ATM
27	Finance Ministry ATM Kiosk	K. Male	MIB Finance Ministry ATM Kiosk, Ameenee Magu, K. Male	3 ATMs
28	Fonadhoo ATM Kiosk	L. Fonadhoo	MIB Fonadhoo ATM, Ferry Terminal, L. Fonadhoo	ATM
29	Hulhumeedhoo ATM	S. Hulhumeedhoo	MIB Hulhumeedhoo ATM, STO Building, S.Hulhumeedhoo	ATM
30	Ungoofaaruu Sales Centre	R. Ungoofaaruu	MIB Ungoofaru ATM, R. Ungoofaaruu	Sales Centre & ATM
31	Dhuvaafaru ATM	R. Dhuvaafaru	MIB Dhuvaafaru ATM Building, R. Dhuvaafaru	ATM
32	Hulhudhuffaaruu ATM	R. Hulhudhuffaaruu	MIB R. Hulhudhuffaaruu ATM Building, R. Hulhudhuffaaruu	ATM
33	Ihavandhoo ATM	H.A Ihavandhoo	MIB Ihavandhoo ATM Building HA Ihavandhoo	ATM
34	Maamigili ATM Kiosk	A. Dh. Maamigili	MIB Maamigili ATM Building, A. Dh. Maamigili	ATM
35	Himmafushi ATM	K. Himmafushi	MIB Himmafushi ATM Building, K Himmafushi	ATM
36	Dh. Meedhoo ATM	Dh. Meedhoo	MIB DH. Meedhoo ATM Building, Dh. Meedhoo	ATM
37	Airport Terminal 1 ATM Kiosk	Hulhule	Terminal 1, Vela International Airport, Hulhule	2 ATMs

Contributing to Development Priorities of Maldives and UN SDGs

MIB remains committed to supporting the national development priorities of the Maldives while aligning its initiatives with the United Nations Sustainable Development Goals (SDGs). Through responsible financing, community investments, and inclusive banking solutions, the Bank continues to contribute to sustainable economic growth and long-term societal well-being.

MIB's SDG contributions span across its financing activities, operations, and community initiatives, reflecting a holistic approach to sustainable and inclusive growth. The table below outlines MIB's sustainability practices across key areas, highlighting their impact on stakeholder groups and alignment with the UN SDGs.

Strategic Pillar	Key Initiatives	Impact Delivered	SDG Alignment
Community & Social Impact	<ul style="list-style-type: none"> Support for local art and artisans Support for local NGOs, and communities Blood donation drives Sponsorship of community runs Cancer Society Support Educational fairs Donation of equipment, assets and infrastructure to schools Financial literacy initiatives 	<ul style="list-style-type: none"> Active promotion of local talent, and enhanced community engagement Supported national healthcare needs and promoted healthy lifestyles Improved access to education and financial awareness 	<p>SDG 3</p> <p>SDG 4</p> <p>SDG 11</p>
Workforce & Inclusion	<ul style="list-style-type: none"> Expansion into islands with local hiring Tamkeen mental health programme Provision of comprehensive Health Takaful coverage to staff 14,000+ training hours, professional development support Gender-balanced workforce (47% female) 	<ul style="list-style-type: none"> Created jobs and supported local and regional economic participation Enhanced employee well-being and work-life balance Building skills, productivity, and future-ready workforce Promotion of equal opportunity and workplace diversity 	<p>SDG 3</p> <p>SDG 4</p> <p>SDG 5</p> <p>SDG 8</p> <p>SDG 10</p>
Environmental Sustainability	<ul style="list-style-type: none"> Namoona waste management project 1,000 tree planting Beach clean-ups Coral Reef restoration Reduction of single use plastics with reusable bags and utility optimization Digitized services and onboarding 	<ul style="list-style-type: none"> Reduction of waste and recycling Enhanced environmental preservation Reduced waste, emissions and operational environmental impact Reduced paper usage and improved operational efficiency 	<p>SDG 7</p> <p>SDG 9</p> <p>SDG 12</p> <p>SDG 13</p> <p>SDG 14</p>
Sustainable Finance	<ul style="list-style-type: none"> Expansion of sales centres, ATM/ECRM network Launch of FaisaMobileX and enhanced digital platforms Financing support to 50+ SMEs Hakathari low-cost financing (10% rate) 	<ul style="list-style-type: none"> Improved access to banking services across the Maldives Bridged digital divide and improves customer accessibility Supported entrepreneurship, job creation, and economic resilience Promoted energy-efficient consumption and sustainable living 	<p>SDG 8</p> <p>SDG 9</p> <p>SDG 12</p> <p>SDG 13</p> <p>SDG 17</p>



FUTURE OUTLOOK



The Maldivian economy continued to demonstrate resilience during 2025, supported by sustained growth in the tourism sector and expanding activity across several service industries. Real GDP growth is projected at around 5.4% for the year overall, reflecting continued economic expansion albeit at a more moderate pace compared with previous forecasts. Tourism remains a key driver of growth, with tourist arrivals increasing by 10% in 2025, supported by strong demand from major markets.

At the same time, ongoing geopolitical tensions in the Middle East, Iran War in particular, and other global conflicts continue to heighten uncertainty in the global economic landscape, with potential repercussions on energy prices, supply chain disruptions, global trade dynamics, inflation and financial market stability. Maldives being an import dependent country remains inherently vulnerable to their effects. Adverse shifts in tourism flows, weakening investor confidence, elevated inflationary pressures, and tightening external conditions could significantly influence the economy at large and the overall stability of the banking sector. Consequently, such external shocks are expected to have a more pronounced and far-reaching impact on the banking sector if the conflicts are prolonged.

MIB will remain vigilant in monitoring the domestic and global economic environment while continuing to strengthen its digital capabilities, operational efficiency, and risk management practices. Guided by its strategic priorities and strong governance framework, the Bank remains confident in its ability to navigate emerging challenges and opportunities. MIB will continue to focus on delivering sustainable growth, strengthen its technology infrastructure, implement projects across business lines, enhancing customer experience, and supporting the broader economic development of the Maldives.

INVESTOR INFORMATION

Shareholding Structure

Following the allocation of Bonus Shares during 2025, the shareholding structure of the Bank changed as follows:

Shareholder Name	2025		2024	
	No. of shares	%	No. of shares	%
Islamic Corporation for the Development of the Private Sector (ICD)	7,910,807	33.01%	7,425,000	33.00%
Government of Maldives	6,712,200	28.01%	6,300,000	28.00%
Amana Takaful (Maldives) PLC.	1,924,773	8.03%	1,806,572	8.03%
Maldives Pension Administration Office	2,524,394	10.53%	2,369,370	10.53%
Public Shareholders	4,892,171	20.42%	4,599,065	20.44%
Total	23,964,345	100.00%	22,500,007	100%

Key Shareholders



Islamic Corporation for the Development of the Private Sector (ICD)

ICD is a multilateral development bank established in 1999, affiliated with the Islamic Development Bank Group (IsDB Group). Its shareholders comprise IsDB, all member countries which includes Maldives, and participating public financial institutions from member countries. ICD supports the economic development of its member countries through provision of finance to private sector projects and promoting private sector development in accordance with the principles of Shari'ah. ICD also provides advice to governments and private organizations to encourage the establishment, expansion and modernization of private enterprises.



Government of Maldives

The Government of Maldives was instrumental in the establishment of Maldives Islamic Bank in partnership with and support of ICD. The shareholder's agreement to kickstart the project for the establishment of the first fully-Shari'ah compliant bank in the Maldives was signed between the government and ICD in October 2009 in Istanbul. The government's interest in the Bank is represented by the Ministry of Finance.



Maldives Pension Administration Office (MPAO)

Pension Office was incorporated in 2009 as an independent legal entity under the Maldives Pension Act (Pension Act), to administer and manage the pension schemes established under the Pension Act. Since inception, Pension Office has been playing a pivotal role in the development and enhancement of the social security system in Maldives. MPAO became a shareholder of the Bank during Bank's IPO.



Amana Takaful (Maldives) PLC

Amana Takaful (Maldives) PLC has been in operation in the Maldives since 2003. It is currently the only full-fledged Shari'ah-compliant licensed general insurance company in Maldives and is the pioneer for providing Takaful solutions in Maldives. It is currently the only publicly listed insurance provider on Maldives Stock Exchange (MSE). On 24th November 2016, the Board of Directors of MIB resolved the transfer of 5% out of the issued share capital of the Bank, owned by ICD, to the Amana Takaful Maldives PLC. It has remained an important institutional shareholder of the Bank since then.

Public



Public shareholding currently represents 20.42% of the Bank's issued share capital, following the successful IPO of the Bank held in 2019. The IPO attracted 16,144 subscribers, of which 99.63% are individual shareholders and 0.37% are institutional shareholders. Since 17th November 2019, MIB's shares are listed on Maldives Stock Exchange (MSE) for secondary market trading by the public.

Trading Details

Year	No. of Securities Traded	Value of Securities Traded (MVR)	Weighted Average Traded Price (MVR)	Total Trades	Market Capitalization (MVR)
2021	29,254	1,011,191.00	34.57	76	777,825,241.99
2022	698,782	24,525,540.00	35.10	116	789,750,245.70
2023	17,388	1,285,314.00	73.92	126	1,663,200,517.44
2024	10,862	1,105,910.90	101.81	161	2,290,725,712.67
2025	64,188	6,603,473.02	102.88	888	2,465,451,813.60

Price Movements

Year	Highest Traded Price (MVR)	Lowest Traded Price (MVR)	First Traded Price (MVR)	Last Traded Price (MVR)	Market Value at Year End (MVR)
2021	40.00	31.00	39.00	36.00	36.00
2022	50.00	30.00	35.00	40.00	40.00
2023	200.00	33.00	42.00	100.00	100.00
2024	150.00	50.00	86.00	104.00	104.00
2025	118.00	90.00	109.99	96.00	96.00

Earnings

Year	Basic and Diluted Earnings Per Share (MVR)	Net Asset Value per Share (MVR)	Dividend per Share (MVR)
2021	3.54	29.28	1.488
2022	5.38	34.81	1.75
2023	7.85	41.25	2.90
2024	12.35	51.18	4.58
2025	15.38	60.88	5.41 *

* Proposed for approval of shareholders.



Art by Shimha
Simple, unforced beauty, reminding us that not everything needs complexity to feel complete.

CORPORATE GOVERNANCE

The Board of Directors remains committed to maintaining the highest standards of corporate governance across the Bank. MIB has a comprehensive governance framework in place, designed to safeguard the interests of all stakeholders while enhancing shareholder value and financial performance. This framework emphasizes effective leadership, robust internal controls, sound risk management practices, and a culture of transparency, accountability and ethical conduct.

MIB adheres to global governance best practices and places strong emphasis on regulatory compliance. The Bank operates in accordance with applicable laws, regulations, codes, and directives issued by key regulators, including those issued by the Maldives Monetary Authority, Capital Market Development Authority, Maldives Stock Exchange and Ministry of Economic Development. Through this governance approach, the Board continues to strengthen oversight, enhance accountability, and ensure responsible decision-making across all levels of the Bank.

COMPOSITION OF THE BOARD

The Board of Directors is the highest governing body of the Bank. The Board maintains an efficient balance in terms of its leadership, experience and independence, to ensure robust oversight and effective decision-making. The Board comprises members with diverse skills, qualifications, and expertise, enabling it to exercise informed oversight and uphold the interests of the Bank and its shareholders.

In line with the Bank's Articles of Association ("AOA"), the Board of Directors comprises of 06 (six) Nominee Directors, 01 (one) Elected Director, 02 (two) Independent Directors and 02 (two) Executive Directors. In accordance with Article 39 of the Bank's AOA, 01 (one) Director is appointed to the Board of Directors from the Public Shareholders. As per Article 60, the Chairman of the Board is nominated by the single largest shareholder, Islamic Corporation for the Development of the Private Sector (ICD). It holds 33% shareholding of the Bank currently.

The Board composition conforms to MMA's Regulation on Corporate Governance for Banks, Insurance Companies, and Finance Companies (Regulation No. 2020/R-59), as well as section 1.2 of Part 2 of the CMDA's CG Code.

The Board of Directors consisted of 11 (Eleven) Directors as at the end of 2025. There were no changes to the Board of Directors during the year.

COMPOSITION OF THE BOARD OF DIRECTORS AS AT 31ST DECEMBER 2025

Name	Designation	Committee	Date of Re-appointment
Mr. Kazi Abu Muhammad Majedur Rahman Independent Director	Chairman & Independent Non-Executive Director		28/10/2025
Mr. Nasser Mohammed Al-Thekair Nominee Director – ICD	Non-Executive Director	BRCC, BNRC	30/05/2025
Mr. Rajiv Nandlal Dvivedi Independent Director	Non-Executive Independent Director	BIC, BRCC	28/10/2025
Mr. Moez Baccar Nominee Director - ICD	Non-Executive Director	BAC, BIC	30/05/2025
Mr. Osman Kassim Nominee Director – Amana Takaful	Non-Executive Director	BNRC, BIC	12/12/2025
Ms. Aminath Irthiyasha Nominee Director - MPAO	Non-Executive Director	BAC, BRCC	27/10/2024
Ms. Mausooma Yoosuf Nominee Director - GoM	Non-Executive Director	BAC, BNRC	23/04/2024
Mr. Ahmed Siraj Nominee Director - GoM	Non-Executive Director	BRCC, BNRC	23/04/2024
Mr. Iyaz Waheed Elected Director - Public	Non-Executive Independent Director	BAC, BIC	27/10/2024
Mr. Mufaddal Idris Khumri Executive Director	Managing Director & CEO		01/11/2025
Mr. Ali Wasif Executive Director	CFO, Executive Director		27/06/2025

ROLES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The Board of Directors is responsible for setting the Bank’s strategic direction, establishing robust governance frameworks, and safeguarding the Bank’s financial stability. It provides oversight of management, evaluates performance against approved strategies and budgets, and ensures that the Bank operates in the best interests of its stakeholders.

While day-to-day operations are delegated to management, the Board retains overall oversight and provides strategic guidance through the review and approval of key policies, frameworks, and initiatives. The Board, supported by its sub-committees, ensures effective control and accountability across the Bank.

The Board also oversees the Bank’s risk management framework and assesses the adequacy of internal controls, and compliance mechanisms to ensure adherence to applicable laws, regulations, and guidelines. It promotes a culture of integrity, professionalism, and high ethical standards across the Bank.

Moreover, the Board holds ultimate accountability for establishing and oversight of a robust Shariáh governance framework. This responsibility is delegated to the Bank’s independent Shariáh Committee, comprising distinguished local and international Shariáh scholars, which advises the Board of Directors on Shariáh matters and ensures that all dealings of the Bank comply with Shariáh principles.

ROLE OF THE CHAIRMAN

The Chairman provides leadership to the Board and is responsible for fostering effective collaboration among Board of Directors while promoting open and constructive discussions during Board meetings. The Chairman also ensures that the Board receives timely, accurate, and relevant information to support informed decision-making. In addition, the Chairman oversees the effective functioning of the Board and presides over meetings of both the Board of Directors and shareholders.

At MIB, the roles of Chairman and Chief Executive Officer are held by separate individuals. There are no business or familial ties between these individuals.

MEETINGS OF THE BOARD OF DIRECTORS AND SHAREHOLDERS

During 2025, 14 (Fourteen) Board meetings were held, with at least 1 (one) meeting every month, in accordance with Maldives Banking Act (24/2010). In line with Section 1.6 of the CMDA CG Code, the Board also held 01 (one) meeting of Non-Executive and Independent Directors without the presence of the Management and the Executive Directors.

All Board meetings were conducted in line with Bank's AOA. The Notice and Agenda for Board meetings are finalized by the Chairman and the Company Secretary, in consultation with relevant members of the executive management. The Board of Directors were provided with timely and accurate information on agenda items, Bank's performance, and key market developments to support informed decision-making.

During 2025, 03 (three) shareholders' meetings were held. These include 01 (one) Annual General Meeting (AGM) and 02 (two) Extraordinary General Meetings held to confirm Board re-appointments.

ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

Name	Attendance	%
Mr. Kazi Abu Muhammad Majedur Rahman	14/14	100%
Mr. Nasser Mohammed Al-Thekair	14/14	100%
Mr. Rajiv Nandlal Dvivedi	14/14	100%
Mr. Moez Baccar	14/14	100%
Mr. Osman Kassim	14/14	100%
Ms. Mausooma Yoosuf	14/14	100%
Mr. Ahmed Siraj	14/14	100%
Ms. Aminath Irthiyasha	11/14	79%
Mr. Iyaz Waheed	14/14	100%
Mr. Mufaddal Idris Khumri	13/13	100%
Mr. Ali Wasif	13/13	100%

KEY DECISIONS AND RECOMMENDATIONS BY THE BOARD OF DIRECTORS

Quarter 1

- Approved the renewal of contract of some Expatriate employees.
 - Reviewed and approved the Bank's Quarterly Report for the Fourth Quarter of 2024.
 - Reviewed and approved the Bank's Audited Financial Statements for the year ended 31st December 2024 and recommended it for the AGM.
 - Reviewed and approved the Shari'ah Committee Annual Report for the year ended 31st December 2024.
 - Recommended the appointment of the External Auditors for the year 2025 including their remuneration for the approval of the shareholders at the 15th AGM of the Bank.
 - Approved the reappointment of Executive Director and recommended the name for the approval of shareholders.
 - Approved the Dividend declaration for the year 2024 and recommended it for the AGM.
-

Quarter 2

- Reviewed and approved the Annual Report of the Bank for the year 2024.
- Reviewed and approved the Notice of 15th AGM of the Bank.
- Reviewed and approved the proposed resolutions for the 15th AGM of the Bank.
- Nominated Directors as alternate Chairman at 15th AGM of the Bank.
- Reviewed and approved the Bank's Quarterly Report for the First Quarter of 2025.
- Reviewed and approved the Audit Charter of the Bank.
- Approved the renewal of contract of an expatriate employee.
- Reviewed and approved the revisions to the Conflict of Interest Policy.
- Reviewed and approved the revisions to the Code of Conduct of the Bank.
- Reviewed and approved the revisions to the Disciplinary Policy.
- Approved the recruitment of Head of Cards Operations unit.
- Approved the recruitment of Cards and Payments Administrator.
- Recommended the renewal of term of Nominee Directors representing ICD, Mr. Nasser M. Al-Thekair and Mr. Moez Baccar for the EGM of the Bank for Shareholders approval.
- Reviewed and approved the Notice of EGM 2025 (No. 1/2025).
- Reviewed and approved the proposed resolutions for the EGM 2025 (No. 1/2025).
- Nominated Directors as alternate Chairman at EGM 2025 (No. 1/2025).

Quarter 3

- Reviewed and approved the Bank's Quarterly Report for the Second Quarter of 2025.
 - Reviewed and approved revisions to IT policies.
 - Reviewed and approved the amendments to Operational Risk Management Policy and Framework.
 - Reviewed and approved Credit Card Product Program Guide.
 - Reviewed and approved POS Receivable Financing Product Program Guide.
 - Reviewed and approved amendments to Home Financing Product Program Guide.
 - Approved the renewal of contracts of some expatriate employees.
 - Approved the recruitment of Chief Banking Operations Officer.
-

Quarter 4

- Recommended the renewal of term of Independent Directors, Mr. KAM Majedur Rahman and Mr. Rajiv Nandlal Dvivedi for the EGM of the Bank for Shareholders approval.
- Recommended the renewal of term of Nominee Director representing Amana Takaful (Maldives) Plc., Mr. Osman Kassim for the EGM of the Bank for Shareholders approval.
- Reviewed and approved the Bank's Quarterly Report for the Third Quarter of 2025.
- Reviewed and approved the Notice of EGM 2025 (No. 02/2025).
- Reviewed and approved the Proposed Resolutions for the EGM 2025 (No. 02/2025).
- Nominated Directors as Chairman and Alternate Chairman at the EGM 2025 (No. 02/2025).
- Reviewed and approved the revisions to the Staff Benefit Scheme Policy.
- Reviewed and approved the revision to the Anti-Money Laundering and Counter Financing of Terrorism Policy.
- Reviewed and approved the revisions to the Politically Exposed Persons Policy.
- Reviewed and approved the revisions to the Market Risk Policy.
- Reviewed and approved the Shariáh Risk Management Policy.
- Approved the replacement of Chief Internal Auditor.
- Reviewed and approved the Budget of the Bank for the Financial Year 2026.
- Reviewed and approved the Information Classification, Labelling and Handling Policy.

DIRECTORS' SERVICE CONTRACTS

The Managing Director & Chief Executive Officer Mr. Mufaddal Idris Khumri and the Chief Financial Officer Mr. Ali Wasif, both serving as Executive Directors of the Bank, are employed under employment contracts approved by the Board of Directors. These contracts set out the terms of employment, duties and responsibilities, remuneration arrangements, and termination provisions in accordance with applicable laws, regulatory requirements, and the Bank's governance framework.

Mr. Mufaddal Idris Khumri was appointed as Chief Executive Officer on 1st November 2022, under a three-year contract, and was subsequently appointed as the Managing Director of the Bank on 12th December 2022. He was re-appointed as the CEO for an additional term on 1st November 2025. Mr. Ali Wasif was appointed as the Chief Financial Officer in January 2017. He has been with the Bank since 2011.

No other Directors of the Bank have service contracts with the Bank.

DIRECTORS' INDEPENDENCE AND CONFLICT OF INTEREST

MIB has established robust measures to prevent and manage conflicts of interest across the Bank, including matters involving the Board of Directors.

The Bank adheres to the Conflict of Interest Policies for the Board and Staff, which are aligned with the regulatory requirements and the Bank's Articles of Association. These policies, the Board's Code of Conduct and the Board Charter, require directors to promptly disclose any actual or potential conflicts of interest and abstain from participating in related discussions or decisions, ensuring that Board decisions remain fair, independent, and impartial.

During 2025, the Bank did not enter into any contracts with any members of the Board or major shareholders, nor did it engage in service contracts with individuals nominated for directorship position of the Bank.

BOARD PERFORMANCE EVALUATION

The Board of Directors recognizes that a high performing Board is essential for the Bank's success. As such, the Board Nomination and Remuneration Committee ("BNRC") as assigned by the Board of Directors has established the mechanisms for evaluating the performance of the Board of Directors, in accordance with the relevant laws and regulations.

In line with CG Code of CMDA, the performance of the Board of Directors were continued to be evaluated during 2025. Through this evaluation, the effectiveness of the Board as a whole, the work of sub-committees and the performance of each member individually were assessed.

DIRECTORS' DEVELOPMENT

The Board of Directors encourages its members to participate in relevant professional development programs to support their roles as a Board member. The Bank maintains a policy that enables Directors to attend such training at the Bank's expense.

During 2025, Directors participated in the following training programs:

Name of the Programme	Institute	COUNTRY	Date
Board Performance, AI Governance and ESG Masterclass	Management Excellence	Türkiye	29th Sept - 2nd Oct 2025
Masterclass in Governance & Corporate Affairs training	Mercury Training & Consulting	UAE	21st - 25th Dec 2025

DIRECTORS AS SHAREHOLDERS OF THE BANK

The following Directors held shares of the Bank as of 31st December 2025.

Name of Director	Designation	No. of shares held
Mr. Kazi Abu Muhammad Majedur Rahman	Chairman / Non-Executive Independent Director	27 shares
Mr. Rajiv Nandlal Dvivedi	Non-Executive Independent Director	01 share
Mr. Ahmed Siraj	Non-Executive Director	106 shares
Mr. Iyaz Waheed	Non-Executive Independent Director	05 shares
Mr. Mufaddal Idris Khumri	MD & CEO	01 share
Mr. Ali Wasif	Executive Director / CFO	22 shares

RELATIONSHIP WITH SHAREHOLDERS

MIB recognizes its shareholders as key partners in the Bank's growth and development and remains committed to maintaining transparent and effective communication with them. Throughout the year, the Bank kept shareholders informed of its financial performance, significant developments, and strategic progress.

Material information relevant to shareholders is disclosed in a timely manner through announcements, notices, and the Bank's Quarterly and Annual Reports. Such disclosures are published on the Bank's website and simultaneously made available on the CMDA Public Disclosure Platform, in accordance with regulatory requirements.

The Bank's Investor Relations Office serves as the primary point of contact for shareholders, addressing queries and matters relating to shareholding in a timely and efficient manner.

The Bank also encourages active shareholder participation in its general meetings and remains committed to fostering strong and constructive relationships with its shareholders.

DISCLOSURE OF INFORMATION

The Bank is committed to maintaining a high standard of transparency and timely disclosure of information. In accordance with applicable regulatory requirements, the Bank ensures that material information relating to its financial performance, governance, and operations is disclosed in a timely and transparent manner.

The Bank publishes its quarterly reports within the timelines prescribed and ensures that its Annual Report is issued within four months of the end of each financial year, in compliance with Clause 3.5.1 of the Listing Rules of the Maldives Stock Exchange.

In addition, the Bank provides shareholders with prompt access to its audited financial statements in accordance with the Maldives Banking Act (24/2010).

APPOINTMENT OF EXTERNAL AUDITORS

At the 15th AGM of the Bank held during 2025, shareholders approved to continue the engagement of Deloitte as the Bank's External Auditors for the financial year 2025, as recommended by the Board of Directors.

The Bank also confirms that there are no present or potential conflicts of interest regarding the independence of the appointed auditors.

INTERNAL CONTROLS, RISK MANAGEMENT AND OVERSIGHT

The Bank has put in place measures to maintain effective internal controls, manage risks, ensure proper oversight, in line with local regulations and international standards, including the prevention of money laundering and terrorism financing.

The Board of Directors has overall responsibility for overseeing the effectiveness of the Bank's internal control systems and

risk management practices to safeguard the Bank's assets and protect the interests of shareholders. The Board regularly reviews key risks that may affect the Bank's operations and ensures that appropriate policies and processes are in place to manage these risks.

The Bank follows a three-line defense approach to review, monitor, and assess its activities. This includes the Business Units, the Risk Management and Compliance Function, and the Internal Audit Function. These teams operate within a structured risk management framework to identify, monitor and manage risks. The Board of Directors oversees these functions through the Board Audit Committee (BAC) and the Board Risk and Compliance Committee (BRCC) on an ongoing basis.

Additionally, the Board has put systems in place to safeguard the Bank's assets and to prevent fraud and irregularities. While these systems offer reasonable assurance, they cannot guarantee complete protection against all misstatements arising from fraud or error.

FINANCIAL STATEMENTS

The Bank prepares its financial statements on a going concern basis, in accordance with the International Financial Reporting Standards (IFRS) standards.

The Board of Directors, through independent external auditors, warrants that the financial statements of the Bank present a fair view of the Bank's current position, and that appropriate accounting policies were consistently applied. The Board of Directors oversees the maintenance of proper accounting records, and the use of accounting estimates to enable accuracy of the financial statements of the Bank.

DIVIDEND

During the 15th Annual General Meeting of the Bank held in 2025, shareholders approved a final dividend of MVR 103,050,032.06 for the financial year 2024, equivalent to MVR 4.58 per issued ordinary share. The total dividend consisted of both cash and bonus shares, with a payment of 50% cash dividend of MVR 2.29 per share and the remaining MVR 2.29 per share distributed as Bonus Shares in lieu of cash dividend, at the issue price of MVR 35.00 per share.

The dividend was distributed within 30 days of dividend declaration, as per the Bank's Articles of Association and other Applicable Laws and Regulations.

DECLARATION


The Board of Directors confirms that, to the best of its knowledge, the information presented in this Annual Report is true, accurate, and complete. The Board of Directors upheld principles of fairness and transparency in their dealings and took measures to safeguard the interests of all stakeholders of the Bank.

On behalf of the Board of Directors, the undersigned affirms that the Board of Directors and the management of the Bank have made complete and best efforts to govern and manage the Bank in accordance with the best practices, and the applicable regulatory requirements including Maldives Banking Act (24/2010), the Companies Act of the Republic of Maldives (07/2023), Maldives Securities Act (02/2006), the Prudential Regulation and Guidelines issued by the MMA, The Regulation on Corporate Governance for Banks, Insurance Companies and Finance Companies (2020/R-59) as amended, Corporate Governance Code of the CMDA, the Securities Continuing Disclosure Obligation of Issuers (CDOI) Regulation (2019/R-1050), Regulation on Publication and Disclosure (2015/R-172) issued by MMA, the Listing Rules of the Maldives Stock Exchange, the Bank's Articles of Association and other applicable laws and regulations that the Bank is required to abide by.

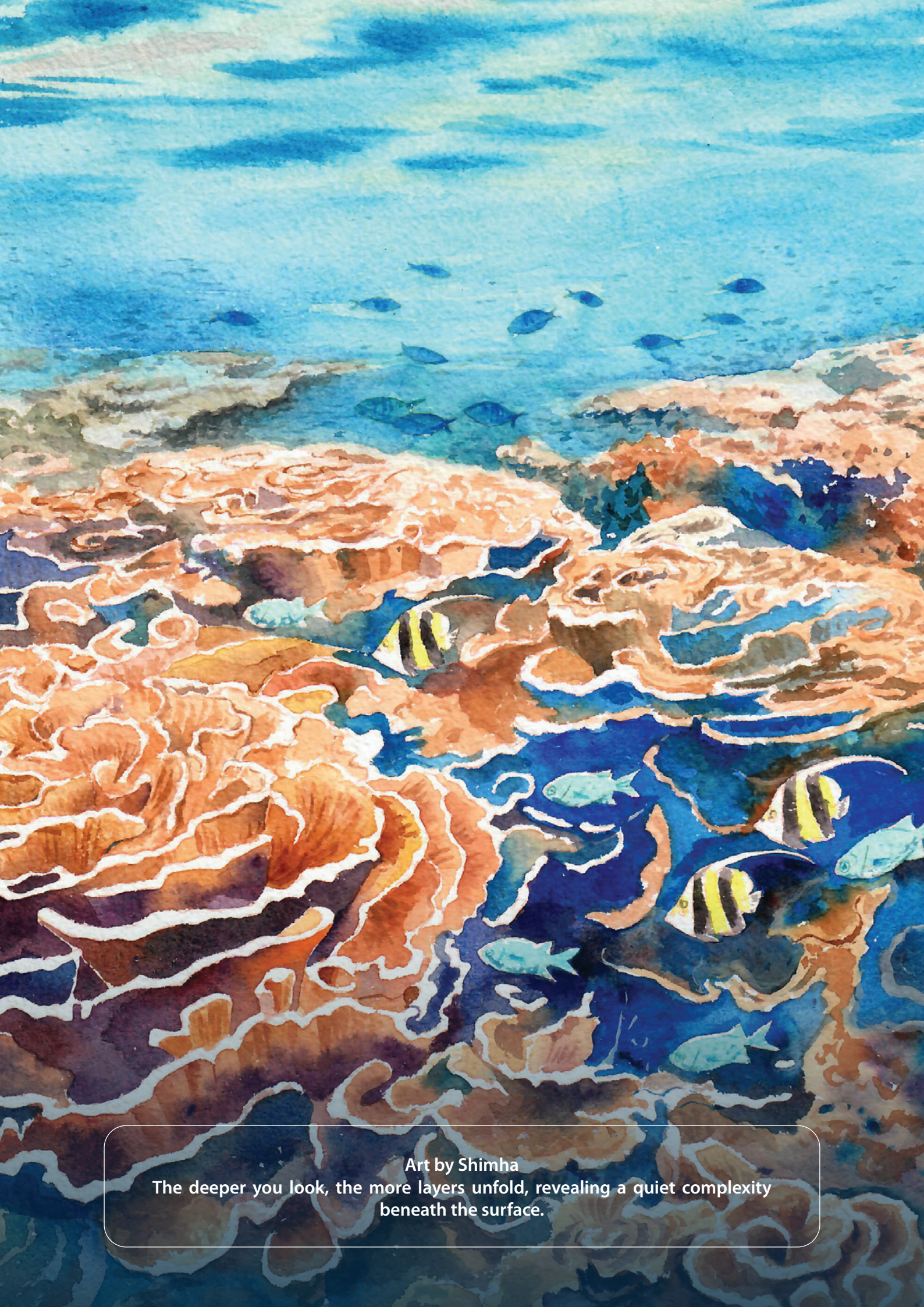
Date: 27th April 2026



KAM Majedur Rahman
Chairman



Mufaddal Idris Khumri
MD & Chief Executive Office



Art by Shimha

The deeper you look, the more layers unfold, revealing a quiet complexity beneath the surface.

BOARD AUDIT COMMITTEE (“BAC”)

The Board Audit Committee (“BAC”) has been formulated as per clause 1.8, Part 2 of the Corporate Governance Code. The primary role of the BAC is to assist the Board in fulfilling its oversight responsibilities in areas concerning the integrity of financial reporting, the effectiveness of internal audit function and internal control systems, frameworks as well as consideration of ethics and compliance matters.

Composition of the Committee

The Committee consists of 04 Non-Executive Directors. The composition of the committee is formulated in a way which ensures that the committee possesses the relevant financial, banking, and other business experiences to undertake its duties and responsibilities.

Members of the Committee as of 31st December 2025

Note: During the year 2025, the members of the Board Audit Committee remained the same.

Name	Designation
Mr. Iyaz Waheed	Chairman of BAC, Non-Executive Independent Director
Mr. Moez Baccar	Member of BAC, Non-Executive Director
Ms. Mausooma Yoosuf	Member of BAC, Non-Executive Director
Ms. Aminath Irthiyasha	Member of BAC, Non-Executive Director

DUTIES OF THE COMMITTEE

- Ensuring the accuracy and reliability of annual and interim financial statements including disclosures.
- Ensuring the integrity of financial reporting process and systems of internal accounting and financial controls.
- Monitoring the effectiveness of Internal Audit function and ensuring that the internal audit function is adequately resourced with relevant qualifications and expertise and has appropriate standing within the Bank.
- Reviewing the results of internal audits and ensuring that appropriate and adequate remedial actions are taken by management for the control and procedural lapses that are identified in the audit reports.
- Reviewing and approving the Internal Audit Plan.
- Evaluating the performance of the Chief Internal Auditor and the overall performance of the Internal Audit Department.
- Formulating and periodically reviewing and updating the criteria for appointment, approving the appointment, replacement, and dismissal of the Chief Internal Auditor of the Bank.
- Overseeing the effectiveness of the Bank’s risk management framework related to the identification, measurement, monitoring and controlling of risks, through the internal audit reports submitted by the Internal Audit Department.
- Making recommendations to the Board and the shareholders of the Bank on the appointment, reappointment and removal of qualified and independent external auditors and their compensation, reviewing and approving the audit plan and quality of their work and overseeing Bank’s relation with independent external auditors.
- Ensuring the independence, objectivity, and performance of the independent auditors, approving, overseeing the non-audit services provided by independent external auditors and ensuring that the provision of non-audit services does not impair their independence and objectivity.

Meetings

During the year 2025, 08 Board Audit Committee meetings were held. The attendance of the committee members at the meetings is as follows:

Name	Attendance	%
Mr. Iyaz Waheed	8/8	100%
Mr. Moez Baccar	8/8	100%
Ms. Mausooma Yoosuf	8/8	100%
Ms. Aminath Irthiyasha	8/8	100%

ACTIVITIES OF THE COMMITTEE

Internal Audit:

- Reviewed reports prepared by Internal Audit Department including:
 - Internal Audit Reports.
 - Shariáh Audit Reports.
 - Financial Review Reports.
 - Strategic Review Reports.
 - Special Audits and Investigation Reports.
 - Follow-up Review Reports.
- Reviewed the performance of the Internal Audit Department and the performance of the Chief Internal Auditor.
- Approved the appointment of the new Chief Internal Auditor.
- Reviewed and approved the Annual Internal Audit Plan for the year 2026.
- Reviewed and endorsed Annual Shariáh Audit Plan for the year 2026

External Audit:

- Reviewed the Management Letter and other recommendations submitted by the External Auditors.
- The Bank's Audited Financials (FY 2024) were reviewed and endorsed by the Board Audit Committee.
- Evaluated the proposals, and recommendations that were made in relation to the selection, re-appointment and remuneration of the incumbent external auditors, which was subsequently approved by the Board of Directors. The incumbent auditor has been serving as the external auditor of the Bank since 2022.
- Reviewed the independence, objectivity and the effectiveness of the External Auditors of the bank. Reviewed and recommended the Quarterly Financial Reports for Board Approval.

Other:

- Reviewed and approved the updated Internal Audit Charter.
- Reviewed and recommended the Quarterly Financial Reports for Board Approval.



Iyaz Waheed
Chairman
Board Audit Committee

BOARD RISK AND COMPLIANCE COMMITTEE (“BRCC”)

The Board Risk and Compliance Committee (“BRCC”) provides ongoing oversight of the risk profile arising from the Bank’s activities and business model. The Committee supports the Board by monitoring existing and emerging risk exposures and by contributing to the development and refinement of the Bank’s forward-looking risk strategy, including the articulation of risk appetite and tolerance levels.

In discharging its mandate, the BRCC oversees the effectiveness of the Bank’s approach to managing key risk categories, including compliance, operational, market, liquidity and reputational risks, ensuring these are managed in a manner consistent with the Board-approved strategy, governance framework and risk management policies.

Composition of the Committee

The Committee consists of 04 members of the Board of Directors.

Members of the Committee as of 31st December 2025

Name	Designation
Mr. Nasser M. Al-Thekair	Chairman of BRCC, Non-Executive Director
Mr. Rajiv Nandlal Dvivedi	Member of BRCC, Non-Executive Independent Director
Mr. Ahmed Siraj	Member of BRCC, Non-Executive Director
Ms. Aminath Irthiyasha	Member of BRCC, Non-Executive Director

DUTIES OF THE COMMITTEE

The Board Risk and Compliance Committee (“BRCC”) discharges its mandate through the following key responsibilities:

- Oversee and assess the Bank’s overall risk profile to ensure alignment with the Board-approved risk appetite, through the ongoing identification, assessment, monitoring and management of all material risks, including longer-term macroeconomic, strategic and emerging risks.
- Provide regular updates to the Board on the Committee’s deliberations, highlighting areas requiring enhancement and, where appropriate, submitting recommendations to strengthen the Bank’s risk and compliance framework.
- Establish and review risk limits in accordance with the approved risk appetite parameters.
- Receive timely notification of any material breaches of risk limits, policies or procedures, and review and endorse the appropriateness of management’s proposed corrective actions.
- Satisfy itself that the Bank has adequate and suitably resourced risk management and compliance functions, commensurate with the size, complexity and risk profile of the Bank’s operations.
- Review the Bank’s aggregate financing and investment risk exposures and advise on the overarching risk strategy to guide management committees in the approval and management of such exposures.
- Oversee the implementation of a robust stress testing framework and approve the stress scenarios to be applied in assessing the Bank’s resilience under adverse conditions.
- Review risk management and compliance training programs to promote and sustain a strong risk-aware and compliance-focused culture across the Bank.
- Recommend policies to the Board to support the Bank’s ongoing compliance with applicable laws, regulations and supervisory requirements.
- Receive and review sufficient and appropriate information to enable the Committee to assess the effectiveness of the Bank’s compliance framework.
- Review the Bank’s risk management policies and business continuity arrangements at least biennially, or more frequently where circumstances warrant, and recommend any necessary enhancements to the Board to ensure the safe, sound and prudent operation of the Bank.

Meetings

The committee Terms of Reference (TORs) provides that the committee shall meet as often as it determines, but not less frequently than four (4) times a year, with at least one meeting every quarter.

The committee held Nine (9) meetings during the year under review.

Name	Attendance	%
Mr. Nasser Mohammed Al-Thekair	8/9	89%
Mr. Rajiv Nandlal Dvivedi	9/9	100%
Mr. Ahmed Siraj	9/9	100%
Ms. Aminath Irthiyasha	8/9	89%

ACTIVITIES OF THE COMMITTEE

The Committee reviewed the following policies and processes of the Bank during the year, amendments therein were recommended to, and then approved by the Board of Directors:

- Acceptable Use Policy
- Access Control Policy
- Anti-Malware Policy
- Backup and Recovery Management Policy
- Compliance Security Policy
- Cryptography and Key Management Policy
- Cybersecurity Policy
- Data Retention and Disposal Policy
- Email and Internet Security Policy
- Firewall and Router Hardening Policy
- Incident Response Policy
- Information and Communication Technology Policy
- Information Security Policy
- Logging and Monitoring Policy
- Media Handling and Disposal Policy
- Network Security Policy
- Password Protection Policy
- Physical and Environmental Security Policy
- Software Development Life Cycle Policy
- Wireless Communication Policy
- Information Classification, Labelling and Handling Policy
- Operational Risk Policy
- Policy on Anti-Money laundering and Counter Financing of Terrorism
- Policy on Politically Exposed Persons
- Market Risk Management Policy
- Home Financing Product Program Guidelines

- Additionally, the Committee reviewed the following new policies and products during the year, which were then recommended to, and approved by the Board of Directors:
 - Shariáh Risk Management Policy
 - POS Receivable Financing Product Program Guidelines
 - Credit Card Product Program Guidelines
 - Apart from the above, the following were also conducted by the Committee:
 - Review of financing and investment portfolio position.
 - Review of non-performing portfolio, products-wise infection ratio, portfolio on watchlist and recovery strategies.
 - Review of Assessment of liquidity position FEEL and NOP.
 - Review of Assessment of Capital Adequacy (CAR).
 - Overseeing the ERM program Implementation.
 - Review of Operations risk reports.
 - Review of Compliance Reports & Related issues.
 - Review of Information Security Risk Reports.
 - Overseeing Risk & Compliance related Technical Projects planned for the year 2025 and implementation progress.
 - Review of the DR Drill Report
 - Review of the MMA report on Examination for Cyber Resiliency
 - Review of the Risk Culture Survey Results
- As a result of the Committee's proactive portfolio monitoring and alignment with the Bank's strategic vision, the following key accomplishments were achieved:
 - The Non-Performing Assets (NPA) ratio declined to 2.97% as of December 2025, down from 3.67% in the corresponding period of the previous year.
 - The Bank advanced the automation of its back-office operations through the adoption of multiple technology-driven solutions, resulting in enhanced operational efficiency and agility.
 - The internal control environment was strengthened through a comprehensive review and revision of standard processes, alongside the implementation of a revamped Risk and Control Self-Assessment (RCSA) framework.
 - The Bank transitioned to a more robust security testing and vulnerability management framework to bolster its cyber resilience.
 - Transparency was enhanced by fostering a disciplined approach to incident and risk reporting.

Nasser Mohammed
Al-Theakir

Digitally signed by Nasser
Mohammed Al-Theakir
Date: 2026.04.23 14:05:01
+03'00'

Nasser Mohammed Al-Thekair
Chairman
Board Risk and Compliance Committee

BOARD NOMINATION AND REMUNERATION COMMITTEE (“BNRC”)

The Board Nomination and Remuneration Committee (“BNRC”) was established in accordance with Section 1.8, Part 2 of the Corporate Governance Code and as per Articles of Association of the Bank. The committee is governed by the Terms of Reference (“ToR”) approved by the Board of Directors. The Nomination Committee and Remuneration Committee of the Bank are combined as one to facilitate effective and efficient discharge of the duties in consideration of the mandate and functions of the two committees.

The Committee was established by the Board of Directors on 11th March 2019. The Committee started its function after the conversion of the Bank into a Public Limited Company and had its first meeting on 24th July 2019. The committee was last reconstituted by the Board of Directors in the year 2024.

Composition of the Committee

The Committee comprises four members of the Board of Directors.

Members of the Committee as of 31st December 2025

Name	Designation
Mr. Osman Kassim	Chairman of BNRC, Non-Executive Director
Mr. Nasser M. Al-Thekair	Member of BNRC, Non-Executive Director
Mr. Ahmed Siraj	Member of BNRC, Non-Executive Director
Ms. Mausooma Yoosuf	Member of BNRC, Non-Executive Director

Duties of the Committee Nomination:

The BNRC is charged with the following duties with respect to the nomination of Directors:

- Annual review of the composition and size of the Board to ensure appropriate expertise, diversity and independence of the Board and to recommend to the Board for amendment of profile;
- Succession planning for the Board and its committees aimed at retaining the required expertise, experience and diversity and making recommendation to the Board for (re)appointment according to the appointment procedures for Directors;
- Supervising the policy of the Board on the selection criteria and appointment procedure;
- Establishing a procedure along with criteria such as qualifications, experience and key attributes required for eligibility to be considered for the appointment of MD & CEO and the Direct Reports of the MD & CEO;
- Recommending the appointment of Managing Director & CEO and Direct Reports to the Board;
- Evaluating the re-election of current directors, taking into account the performance and contribution made by the director concerned towards the overall discharge of the Board’s responsibilities;
- Reviewing trainings, skills, experience and other characteristics of the Board Members to run the Board’s business in an effective manner;
- Reviewing and recommending to the Board all significant changes in the Bank’s strategy regarding its Human Resource Policy.

Remuneration:

The BNRC is charged with following duties with respect to remuneration:

- Reviewing HR Policies and Manuals including the remuneration and compensation package;
- Recommending the remuneration policy relating to Directors and the MD & CEO and Direct Reports of the MD & CEO;
- Setting goals and targets for the Directors, MD & CEO and reviewing evaluation and the performance against the set targets and goals periodically;

- Reviewing the Bank’s remuneration structure, in light of updated surveys, opinions of independent and specialized consultants and peer banks’ remuneration structure and recommending to the Board;
- Reviewing and Recommending Board Remunerations Policy for the Board of Directors.

Governance:

Additionally, BNRC is charged with following duties with respect to Corporate Governance:

- Assist the Board in overseeing the process by which the Bank, its Board and Board Committees are governed.
- Annually reassess the governance guidelines and recommend necessary revisions to the Board.
- Develop charters for any new board committees and review the charters of the existing committees and recommend amendments to the Board.
- Proactively monitor corporate governance developments locally and globally and implement such practices where appropriate.
- Review any conflict-of-interest issues relating to the Board and recommend appropriate remedies to the Board.
- Ensure related party transactions are done in a transparent manner.
- Review and approve the annual Corporate Governance report for inclusion in the Bank’s annual report.

Meetings:

The committee at its discretion determines the frequency of meetings and is required to meet not less frequently than four (4) times a year, with at least one meeting every quarter.

The committee held 4 (Four) meetings during the year 2025

Name	Attendance	%
Mr. Osman Kassim	4/4	100%
Mr. Nasser M. Al-Thekair	2/4	50%
Mr. Ahmed Siraj	4/4	100%
Ms. Mausooma Yoosuf	4/4	100%

Nomination:

The responsibilities relating to the Nominations and Appointments of the Board of Directors are carried out by the BNRC as delegated by the Board of Directors. In line with the Banking Act of Maldives, all Board appointments of the Bank are confirmed after approval by the Board of Directors, and subsequent endorsement by the shareholders at a general meeting.

During the year, three Nominee Directors and Two Independent Directors were re-appointed to the Board of Directors of the Bank. Additionally, Two Executive Directors were re-appointed to the Board of Directors of the Bank during 2025.

The re-appointment of the Nominee Directors was recommended by BNRC to the Board of Directors as per Article 37(a), 38,40,43(a) and 43(b) of the Articles of Association of the Bank.

The re-appointment of Independent Directors was recommended by BNRC to the Board of Directors as per Article 37 (d), 40,41 and 43(c) of the Articles of Association of the Bank.

The re-appointment of Executive Directors was recommended by BNRC to the Board of Directors as per Article 37 (c), 40 and 43(a) of the Articles of Association of the Bank.

Remuneration:

The current Remuneration Structure for the Non-Executive Directors was approved by the shareholders at the 13th Annual General Meeting (“AGM”) of the Bank held on 2023 and is as follows:

	Amount (USD)
Monthly Fee	650.00
Sitting Fee (Board)	500.00
Sitting Fee (Board Sub-Committees)	500.00
Monthly Chairman Allowance	500.00

During the 14th AGM of the Bank held during 2024, the shareholders approved the Board remuneration to Executive Directors in line with the Board remuneration approved for Non-Executive Directors during the 13th AGM of the Bank.

Directors were remunerated as per the Board Remuneration Policy. No Executive Director served as a Non-Executive Director elsewhere during the year 2025. The Fees were paid net of taxes.

The breakdown of remuneration paid to the Board of Directors for the period 1st January 2025 to 31st December 2025 are provided in the table below.

Name	Designation	Total (MVR equivalent)
Mr. KAM Majedur Rahman	Chairman / Non-Executive Independent Director	320,216.00
Mr. Nasser M. Al-Thekair *	Non-Executive Director	266,333.50
Mr. Rajiv Nandlal Dvivedi	Non-Executive Independent Director	351,006.00
Mr. Moez Baccar *	Non-Executive Director	304,821.00
Mr. Osman Kassim	Non-Executive Director	312,518.50
Ms. Mausooma Yoosuf	Non-Executive Director	320,216.00
Mr. Ahmed Siraj	Non-Executive Director	327,913.50
Ms. Aminath Irthiyasha	Non-Executive Director	327,913.50
Mr. Iyaz Waheed	Non-Executive Independent Director	343,308.50
Mr. Mufaddal Idris Khumri	Managing Director & CEO	220,148.50
Mr. Ali Wasif	Executive Director & CFO	220,148.50
Total		3,314,543.50

* The remuneration of Nominee Directors representing Islamic Corporation for the Development of the Private Sector (“ICD”) was paid directly to ICD.

The aggregate remuneration paid to Key Management Personnel for the period 1st January 2025 to 31st December 2025 is MVR 34,342,669.11. The Key Management Personnel are the members of the Board of Directors and Executive members. The aggregate remuneration details are disclosed, as additional details are deemed to place the Bank at a relative disadvantage against the key industry players. The Remuneration paid to Executive Management are determined by the Board of Directors as recommended by the Board Nomination and Remuneration Committee.

Activities of the Committee

- To review memo from Board Audit Committee regarding internal investigations.
- Recommended the Bonus pool computation for the financial year 2024.
- Review of the performance evaluation of Managing Director/CEO.
- Recommended the Annual Assessment of SC Members for the year 2024.
- Recommended approval of the Code of Conduct, Conflict of Interest Policy and Disciplinary Policy.
- Recommended the renewal of contracts of the Managing Director and CEO.
- Recommended the extension of contract of Chief Digital Officer.
- Recommend the renewal of employment contracts of some expatriate employees.
- Recommended the revision of the Staff Benefits Scheme Policy.
- Recommended the renewal of terms of Three Nominee Directors, Two Independent Directors and Two Executive Directors.
- Recommended organising the Board of Directors training.

Gender Diversity

The Bank welcomes gender diversity and female representation in the boardroom in accordance with the Corporate Governance Code ("CG Code") of Capital Market Development Authority ("CMDA"). The Bank continued to communicate its preference to appoint female candidates in place of those directors whose office were up for appointment or re-appointment during the year.

The Board of the Bank had 2 female directors as of 31st December 2025 and was in compliance with CG Code of CMDA.



Osman Kassim
Chairman
Board Nomination and Remuneration
Committee

BOARD INVESTMENT COMMITTEE (“BIC”)

The Board Investment Committee (“BIC”) is responsible for reviewing and approval of the Bank’s financing exposures and investment portfolios.

The Committee was established by the Board of Directors on 20th December 2022.

Composition of the Committee

The Committee comprises of Four members of the Board of Directors.

Members of the Committee as of 31st December 2025

Name	Designation
Mr. Rajiv Nandlal Dvivedi	Chairman of BIC, Non-Executive Independent Director
Mr. Moez Baccar	Member of BIC, Non-Executive Director
Mr. Osman Kassim	Member of BIC, Non-Executive Director
Mr. Iyaz Waheed	Member of BIC, Non-Executive Independent Director

DUTIES OF THE COMMITTEE

BIC is charged with the following responsibilities:

- Considering and reviewing and approving specific financing over and above the Management Financing & Investment Committee’s (FIC) authority limit, as determined by the Board from time to time.
- Reviewing and recommending specific financing over and above the BIC’s authority limit to the Board for approval.
- Reviewing and ensuring that the Bank complies with regulatory requirements regarding the grant of credit facilities.
- Handling of any other issues referred to the Committee from time to time by the Board.

MEETINGS

The committee held three (7) meetings during the year under review.

Name	Attendance	%
Mr. Rajiv Nandlal Dvivedi	7/7	100%
Mr. Moez Baccar	6/7	100%
Mr. Osman Kassim	7/7	100%
Mr. Iyaz Waheed	7/7	100%

Activities of the Committee

- The Committee reviewed and approved 4 financing facilities, amounting to MVR 223 million during the year.
- The Committee reviewed and recommended to the Board for approval 5 financing facilities amounting to MVR 936 million during the year.


Rajiv Nandlal Dvivedi
Chairman
Board Investment Committee

SHARIÁH COMMITTEE

The Shariáh Committee of the Bank was formed on 21st July 2010 by the Board of Directors, in compliance with Section 13 and 14 of the Regulation No. 2011/R12 (Islamic Banking Regulation 2011), issued by the Maldives Monetary Authority. The Shariáh Committee is an independent body of scholars with extensive knowledge and experience in Shariáh law, Islamic economics and finance. The Bank's Shariáh Committee acts independently in providing its opinions with due regard to the regulations of MMA and the opinions of the Shariáh Council of MMA. All decisions of the Shariáh Committee are binding upon the Bank.

Composition of the Committee

The Committee comprises three members.

Members of the Committee as of 31st December 2025

Name	Designation
Dr. Ejaz Ahmed Samadani	Chairman of the Shariáh Committee
Dr. Ibrahim Zakariyya Moosa	Member of Shariáh Committee
Prof Dr. Aishath Muneeza	Member of Shariáh Committee

Duties of the Committee in light of the Shariáh Governance Framework

1. The Shariáh Committee has the responsibility to provide objective and sound advice to the MIB to ensure that its aims and operations, business, affairs and activities are in compliance with Shariáh. Notwithstanding the requirements of section 14 of the regulation No. 2011/R-12 (Islamic Banking Regulation 2011).

This shall include, but not be limited to:

- 1.1 Being responsible and accountable for all decisions, opinions and views provided by them.
- 1.2 Advising the Board and the MIB on Shariáh matters in order for the MIB to comply with Shariáh principles, this Framework and other relevant regulations and guidelines at all times.
2. Endorsing Shariáh policies and procedures prepared by the MIB and to ensure that the contents do not contain any elements which are not in line with Shariáh principles.
3. Endorsing and validating relevant documentation of the MIB. These shall include, but not be limited to:
 - 3.1 The terms and conditions contained in the forms, contracts, agreements or other legal documentation used in executing transactions.
 - 3.2 The product manual, marketing and advertisement materials, sales illustrations and brochures used to describe the product.
4. Assessing and overseeing the work carried out by the Shariáh control function of the MIB in order to ensure compliance with Shariáh matters.
5. Assisting related parties of the MIB such as its legal counsel, auditor or consultant seeking advice on relevant Shariáh matters.
6. Overseeing the computation of Zakat and any other fund to be channeled to charity by the MIB.

Meetings:

The committee shall meet as often as it determines, but not less frequently than four (4) times a year, with at least one physical/online meeting every quarter.

During the financial year 2025, a total of 6 Shariáh Committee meetings were conducted which exceeds the minimum regulatory requirement. 5 meetings were conducted online and 1 meeting was conducted physically.

Name	Attendance	%
Dr. Ejaz Ahmed Samadani	6/6	100%
Dr. Ibrahim Zakariyya Moosa	6/6	100%
Prof Dr. Aishath Muneeza	6/6	100%

ACTIVITIES OF THE SHARIÁH COMMITTEE

- Conducted four sessions of Advanced Shariáh Training for staff of the Bank.
- Conducted review of branch operations at Kulhudhuffushi branch.
- Conducted awareness sessions on Islamic banking and finance at Hdh.Kulhudhuffushi and Hdh.Hanimaadhoo for students, teachers, Ujaalaa dealers, scholars and institutional staff.
- Attended the Global 20th International Shariáh Scholars forum held at Tashkent, Uzbekistan.
- Conducted Shariáh Audit at Bursa Malaysia, including FGV Port Klang, one of the Commodity Trading Supplier registered at Bursa Suq Al-Sila' (Commodity Trading Platform).
- Conducted meeting with Bank Islam, Malaysia to gain insights into the implementation of their social finance initiatives.
- Endorsement of concept paper for new product, saving for goals.
- Endorsement of Ujrah Card product types, fee structure, service packages, Terms and conditions.
- Endorsement of concept paper for new product, Qard al Hassan.
- Endorsement of revised IT policies.
- Endorsement of revised process flow and transaction documents for Trade Financing.
- Endorsement of revised Policy on Anti-Money Laundering & Counter Financing of Terrorism.
- Endorsement of revised Market Risk Management Policy & Framework.
- Endorsement of revised Policy on Politically Exposed Person.
- Endorsement of new Shariáh Risk Management Policy.
- Endorsement of revised Operational Risk Management Policy and Framework.

SHARIÁH GOVERNANCE FRAMEWORK'S SIGNIFICANT COMPONENTS:

In order to ensure that the Bank's operations are Shariáh Compliant at all times, a Shariáh governance framework has been established and adopted in the Bank. The significant components of this Shariáh governance framework consist of the following:

- The Board of Directors perform oversight on Shariáh compliance aspects of the Bank's overall operations.
- The Shariáh Committee, an independent Committee approved by the Board of Directors, based on the nomination and recommendation of the Management, will endorse all the relevant documentation including policies, guidelines, procedures, Shariáh Review and Shariáh Audit Report, prior to the implementation, and provide sound Shariáh decisions.
- The Management shall be responsible for observing and implementing Shariáh rulings and decisions made by the Maldives Monetary Authority (MMA), Shariáh Council and the Shariáh Committee respectively and the management is responsible in

providing adequate resources and capable manpower support to every function involved in the implementation of Shari'ah governance, in order to ensure that the execution of business operations is in accordance with the Shari'ah;

- In-house Shari'ah Unit conducts quarterly Shari'ah reviews on the process and the executions' conformity to the need of the Shari'ah and provide the report to Shari'ah Committee.
- Internal Audit Department conducts half yearly Shari'ah Audit to confirm the key functions and business operations comply with Shari'ah and provide the report to Shari'ah Committee.
- The Shari'ah non-compliance risk is being managed under operational risk management function of the Risk Management and Compliance Unit.
- In-house Shari'ah Unit conducts Shari'ah research on matters related to Shari'ah; and
- Shari'ah Secretariat issues and disseminates the decisions endorsed by Shari'ah Committee to the relevant stakeholders.





Art by Shimha

An effortless composition that holds attention, not through intensity, but through balance and calm, enriched by the graceful presence of a swordfish in action.

PROFILES OF SHARIÁH COMMITTEE MEMBERS



Dr. Ejaz Ahmed Samadani

Chairman of Shariáh Committee

Dr. Ejaz holds a degree of Doctorate in Philosophy from University of Karachi, Islamic Republic of Pakistan. He also holds a Master in Arts in Islamic Studies from University of Bahahud din Zakaria, Multan (Pakistan) and L.L.B from Sind Muslim Law college, Karachi. He completed his religious education of Al Shahat Ul Aalmia (16 years DARS E NIZAMI COURSE) in 2000, Under Wifaqul Madaris Al Arabia. Also, secured degree of Shahat Ul Takhassus Fi Alifita (Mufti degree) from Jamia Darul Uloom Karachi.

He also holds diploma in Islamic Banking and Finance from Centre for Islamic Economics working under the tutorage of the imminent Shariáh Scholar Mufti Muhammad Taqi Usmani. He has also done some other diplomas and certificate courses in the field of Islamic Banking and Finance. Multi-lingual Dr. Ejaz is fluent in Arabic, Persian, Urdu and English.

As a Shariáh scholar, Dr. Ejaz remained associated as the Shariáh Advisor/ Shariáh Board Member to a number of Islamic financial institutions and Investment Houses such as UBL Ameen Islamic Banking, BoP Taqwa Islamic Banking, Alflah GHP Islamic Fund and JS Islamic Pension Fund. Currently, in Pakistan he is associated as Member Shariáh Board with HBL Islamic Banking division and MCF Alhamra Islamic Fund.

He is senior Faculty member at Jamia Uloom Karachi teaching different important subjects like Tafseer, Hadith, Islamic Jurisprudence, Modern Philosophy and Islamic Banking and Finance etc since 2003. He is also responsible to write Fatawa on

multiple fields like Meeras(Inheritance), Marriage and Khula and Islamic Finance since 2001. He was part of committee responsible to translate AAOIFI Shariáh Standard from Arabic to Urdu. He is also working with State Bank of Pakistan as Member Working Group and Review Committee to review the Standards being adopted by State Bank of Pakistan.

Given his knowledge, he lectured in a number of training Institutions such as Institute of Business and Administration- Centre for Excellence in Islamic Finance (IBA-CEIF), National Institute of Banking and Finance which is a training division of State Bank of Pakistan, KASB Institute of Technology, Professional Institute of Economics, National University of Science and Technology (NUST) and Hira Foundation Academy (HFA). He is also faculty member for the Centre of Economics (CIE), a division of Jamia Darul Uloom Karachi which is under the chairmanship of Mufti Muhammad Taqi Usmani.

His books on Islamic Banking covering the philosophy and the practical application on Takaful, Murabaha and Ijarah, among others, were invaluable sources of reference for bankers and practitioners. Moreover, his other books also provide guidelines in different fields of life. He has also written books on Astronomy, Modern Philosophy, Ushr(Agriculture Zakat), Shariáh Issues regarding trading Joint Stock Companies, Joint Family System etc. Considering the demand of his books, some of the publications has been translated in English, Persian, Pashto and Maldivian national Language Dhivehi.

As a member and Chairman of the Shariáh Committee of Maldives Islamic Bank (MIB) since 2011, Dr. Ejaz is instrumental in providing Shariáh guidance and supervision and has issued a number of Fatwas on Islamic Banking operations and documentation to MIB.



Dr. Ibrahim Zakariyya Moosa

Member of Shariáh Committee

Dr. Ibrahim Zakariyya Moosa is the former Vice Chancellor of Islamic University of Maldives. As a Shariáh scholar, Dr. Ibrahim Zakariyya Moosa serves as a member of Shariáh advisory committee of several financial institutions in Maldives. He lectures on Islamic Shariáh and law in Islamic University of Maldives at tertiary, undergraduate and postgraduate levels.

He was formerly the rector of the former College of Islamic Studies and Dean of the Center of Post-graduate Studies of Islamic University of Maldives. He has also served as a member of parliament for fifteen years. He delivers motivational talks, academic lectures and Islamic speeches to different target groups regularly for more than 30 years. He has been producing and presenting radio and television programs and talk shows on Islam, financial matters and social issues constantly.

He has obtained a PhD in Fiqh and Usul al-Fiqh from the International Islamic University Malaysia. He also holds a master's degree in Fiqh from the same University and a bachelor's degree in Islamic Shariáh from the Islamic University of Madinah.

He has written different textbooks on Islamic Studies that are used in secondary schools in Maldives. He also wrote and translated different books on Islam. Some of the finest publications of Dr. Zakariyya include a translation written on Islamic Finance, "An Introduction to Islamic Finance" by Mufti Muhammad Taqi Usmani and "Murabaha" by Dr. Ejaz Ahmed Samadani. He has participated in many international conferences and symposiums as a keynote speaker and presented papers on Islamic Jurisprudence and Islamic finance.

As a member of the Shariáh Committee of MIB since 2014, Dr. Zakariyya is instrumental in providing Shariáh guidance and supervision and has issued a number of Fatwas on Islamic Banking operations and documentation to MIB.



Professor Dr. Aishath Muneeza

Member of Shari'ah Committee

Prof. Dr. Aishath Muneeza of INCEIF University who is currently the Associate Dean for Students and Internationalization has held various prestigious positions throughout her career, including serving as the first female Deputy Minister of the Ministry of Islamic Affairs in Maldives and Deputy Minister of the Ministry of Finance and Treasury in Maldives. Additionally, she has contributed significantly to the development of Islamic finance in Maldives by holding key roles such as Head of Islamic Finance at the Capital Market Development Authority of Maldives, member of the Islamic Fiqh Academy (National Fatawa Council of Maldives), and Chairman of the board of Maldives Hajj Corporation Limited. She was also the chairman of the board of Maldives Center for Islamic Finance, a hundred percent government owned company created to strategise Maldives as the hub for Islamic finance in South Asia. Prof. Dr. Muneeza's expertise extends to consultancy in Islamic finance, where she pioneered the development of the first Shari'ah-compliant Islamic microfinance scheme, in the country. Furthermore, she has played a crucial role as the Shari'ah Advisor in structuring corporate sukuk offerings and Islamic treasury instruments for both public and private entities in Maldives. Her vast experience also includes drafting the Islamic capital market legal framework for the country.

Currently, Prof. Dr. Aishath Muneeza serves as a Shari'ah Committee member for Munich Re, Housing Development Finance Corporation Ltd, CIMB Islamic, and Maldives Islamic Bank. She is also an Independent Director on the Board of Amana Takaful Maldives, the only full-fledged takaful provider in the Maldives. She

previously held the position of Chairman at Ayady Takaful of Allied Insurance Maldives and served on their Shari'ah Committee for a decade.

Since 2013, Prof. Dr. Muneeza has been a registered Shari'ah Adviser with the Capital Market Development Authority of Maldives, specializing in structuring Islamic capital market products. Additionally, she holds the title of registered Shari'ah Adviser at the Securities Commission of Malaysia and is recognized as an accredited Shari'ah Scholar under the Securities and Exchange Commission of Sri Lanka. From 2011 to 2022, she chaired the apex Shari'ah Advisory Council of the Capital Market Development Authority of Maldives and served as the chairperson of various in-house Shari'ah advisory committees. She also contributes her expertise as a member of the Public Interest Monitoring Consultative Committee (PIMCC) of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), Bahrain. Moreover, she serves as an EXCO member of the Association of Shari'ah Advisors in Islamic Finance (ASAS), Malaysia. Her academic affiliations include being an Associate Research Fellow at the International Research Centre of Islamic Economics and Finance (IRCIEF), University Islam Selangor, and an Associate Researcher at the Centre of Excellence in Islamic Social Finance (CoEISF), INCEIF. Additionally, she currently holds the position of Senior Islamic Finance Advisor for UNFPA, Malaysia.

Prof. Dr. Muneeza is a sought-after speaker at Islamic finance events worldwide. She is a certified training professional accredited by the Finance Accreditation Agency (FAA). She has been honored with numerous national and international awards for her unwavering dedication to the advancement of the Islamic finance industry in the Maldives. These accolades include the Rehendhi Award in 2018 for her outstanding contributions to the development of Islamic finance. She is acknowledged in Islamica 500 as an influential figure in Islamic economics.

As a member of the Shari'ah Committee of Maldives Islamic Bank (MIB) since 2024, Prof. Dr. Muneeza is instrumental in providing Shari'ah guidance and supervision and has issued a number of Fatwas on Islamic Banking operations and documentation to MIB.

SHARIÁH COMMITTEE ANNUAL REPORT



Shariáh Committee's Annual Report (For Financial year 2025)

To the Shareholders of Maldives Islamic Bank PLC.

Assalamualaikum Wa Rahmatullah Wa Barakatuh.

Alhamdulillah, Maldives Islamic Bank PLC (MIB/the Bank) has successfully completed its 15 years of Islamic Banking operations. By the grace of Allah Almighty, during the year, MIB has experienced significant growth in terms of operational expansions, business profitability, and market penetration.

The Board of Directors (BOD) and the Management are responsible for ensuring that the Bank's operations are in accordance with Shariáh. It is our responsibility to form an independent opinion, based on our review of the operations of the Bank, and to report to the Shareholders of the Bank. Shariáh Committee (SC) hereby submits its report on the overall Shariáh compliance environment of MIB and the major developments that took place during the year.

1. SHARIÁH COMMITTEE MEETINGS:

In line with Shariáh Governance Manual of Maldives Islamic Bank, the SC is required to meet at least on quarterly basis. Hence, during the financial year 2025, a total of **Six (6)** meetings (were conducted either physically or via online. All SC members participated in the meetings and the minutes of the meetings, after duly signed by SC, were sent to all the stakeholders for enforcement of the decisions made by the SC. In addition to this, various discussions were held through teleconference meetings regarding matters related to Product Development and Shariáh Compliance.

2. SHARIÁH COMPLIANCE UNIT (SCU):

Shariáh compliance remained a high priority in all activities to ensure that banking operations align with Shariáh principles. The SCU of the Bank served as an effective channel between the Management and the SC. SCU conducted Internal Shariáh Review on quarterly basis on the matters which are directly or indirectly related to Shariáh. Shari'ah Review reports were presented to SC for ratification as well as for SC opinion.

SCU has played a vital role in identifying the Shariáh issues, ensuring Shariáh compliance, and facilitating effective communication between the Shariáh Committee and the Executive Management.

3. PRODUCTS AND SERVICES LAUNCHED AND REVISED:

In 2025, the following documents related to the new products were enacted and the existing products were revised after approval by the SC.

3.1. ASSET SIDE

3.1.1. Consumer products:

3.1.1.1. Revised Products

- 3.1.1.1.1. Enhancement on Commodity Murabahah Financing.



3.1.1.2. New Products

3.1.1.2.1. the concept paper for Qard Al Hassan

3.1.2. Business Products:

3.1.2.1. Revised product Manual on Trade Financing

3.1.2.2. Revised Process flow and the transaction documents for Trade Financing

3.1.2.3. Pledge Agreement for pledging of shares/ debentures/ treasury bills

3.2. LIABILITIES SIDE

3.2.1. Saving for the goal, concept paper for new deposit Account

3.2.2. Amended terms and conditions of MIB9 club membership

3.2.3. Amendment to General Terms and Conditions for Deposit Accounts

3.3. Fee based and other Products

3.3.1. Product Program Guide for Ujrah Credit Card

3.3.2. Documentation of Ujrah Credit Card

3.3.3. Product Program Guide for POS Receivables Financing Scheme

3.3.4. Revised Terms & Conditions for FAISAPAY

3.3.5. Terms & Conditions for Swift Transfers/International Payments

4. POLICIES AND OTHER MANUALS

4.1. Shari'ah Risk Management Policy

4.2. Revised AML/CFT Policy

4.3. Revised PEP Policy

4.4. Market Risk Policy

4.5. Draft Policy Directive on Islamic Social Finance Initiative

4.6. Revised IT Policies

4.6.1. Acceptable Use Policy

4.6.2. Access Control Policy

4.6.3. Anti-Malware Policy

4.6.4. Backup and Recovery Management Policy

4.6.5. Compliance Security Policy

4.6.6. Cryptography and Key Management Policy

4.6.7. Cybersecurity Policy

4.6.8. Data Retention and Disposal Policy

4.6.9. Email and Internet Security Policy

4.6.10. Firewall and Router Hardening Policy

4.6.11. Incident Response Policy

4.6.12. Information and Communication Technology Policy

4.6.13. Information Security Policy

4.6.14. Logging and Monitoring Policy

4.6.15. Media Handling and Disposal Policy

4.6.16. Mobile Computing and Teleworking Policy

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- 4.6.17. Network Security Policy
- 4.6.18. Password Protection Policy
- 4.6.19. Physical and Environmental Security Policy
- 4.6.20. Software Development Life Cycle Policy
- 4.6.21. Wireless Communication Policy

5. **PROFIT & LOSS DISTRIBUTION AND POOL MANAGEMENT:**

During the year, profit distribution mechanism, i.e. pool calculations and weightages were discussed with the SC and were verified accordingly. Internal Audit department (IAD) conducted its post distribution audit and presented its report to SC for opinions where required.

6. **TRAINING:**

During the year 2025, 9 training sessions were conducted and 526 staff members were trained from MIB on basic concepts of Islamic Banking, Islamic Banking Products & Services and Islamic Banking Branch Operations.

Trainings were conducted by staff of SCU and SC members.

In order to further reinforce training culture in the bank, some training sessions were conducted via UdeMy training platform. The training presentations were provided during the training sessions as a source of future reference. Assessments were conducted after the training sessions and the results are now an integral part of performance appraisals for all the relevant staff.

7. **OTHER ACTIVITIES:**

7.1 **Kulhudhuffushi Branch Visit**

During the year 2025, SC members together with staff from SCU have visited Kulhudhuffushi branch. The activities conducted by SC includes the review of Branch operations and conducted public awareness sessions on Islamic Banking and Finance at both Kulhudhuffushi and Hanimaadhoo.

7.2 **Capacity development of the SC Members.**

During the year of 2025, the SC Members have attended the 20th International Shari'ah Scholars Forum (ISSF2025) held at Tashkent, Uzbekistan from 17th to 18th September 2025, under the capacity development program of the Bank.

8. **SHARI'AH OPINION:**

To form our opinion as expressed in this report, we have reviewed the Shari'ah Review reports of the SCU and Shari'ah Audit report of the IAD of the Bank. SCU has reviewed different types of transactions and the relevant documentation and procedures adopted by the Bank. SCU has planned and performed reviews and IAD has planned and performed audits to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Bank's business activities were conducted in compliance with the principles of Shari'ah.

During the year, 4 quarterly Shari'ah reviews have been conducted by SCU and 2 half yearly Shari'ah Audits have been conducted by IAD. Report of each Review and Audit was shared with Management of the Bank

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for rectification and compliance. SCU submitted its reports to Shariáh Committee quarterly for ratification. The reports contained details of all Shariáh reviews, any issue resolved outside the SC meetings, and any documents approved via circulation, which are subsequently ratified by the SC in the following SC meetings.

Based on above, we are of the view that:

- A. The contracts, transactions and dealings pertaining to the Bank's activities during the year ending on December 31, 2025, which we have reviewed, generally compliant with Shariáh. 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-compliances.
- B. We have noted areas in the mode of operation and documentation for certain financing transactions of the Bank that require rectification. These areas have been highlighted in the annual Shariáh audit report, and we have provided guidelines to implement the necessary improvements.
- C. On the management of the Mudaraba Pool (liability side), we found that the allocation of profit and the charging of losses relating to Mudaraba investment accounts generally conform to the policies and procedures approved by the Shariáh Committee.
- D. During the year, an amount of MVR 4,908,846.15 (Maldivian Rufiyaa, four million nine hundred eight thousand, eight hundred forty-six and fifteen) was received as charity resulting mainly from customer undertakings in cases of late payment. This amount was subsequently credited to the designated charity account.

Based on the robustness of the SCU and the comprehensive policies and guidelines issued to the Bank to ensure Shariáh compliance, we are confident that an effective mechanism is in place to ensure Shariáh compliance in overall operation of the Bank.

May Allah Subhanahu Wa Ta'alah grant us with the best Tawfeeq to accomplish His cherished tasks, make us successful in this world and in the life hereafter, and forgive our shortcomings.

Wallahu A'lam.

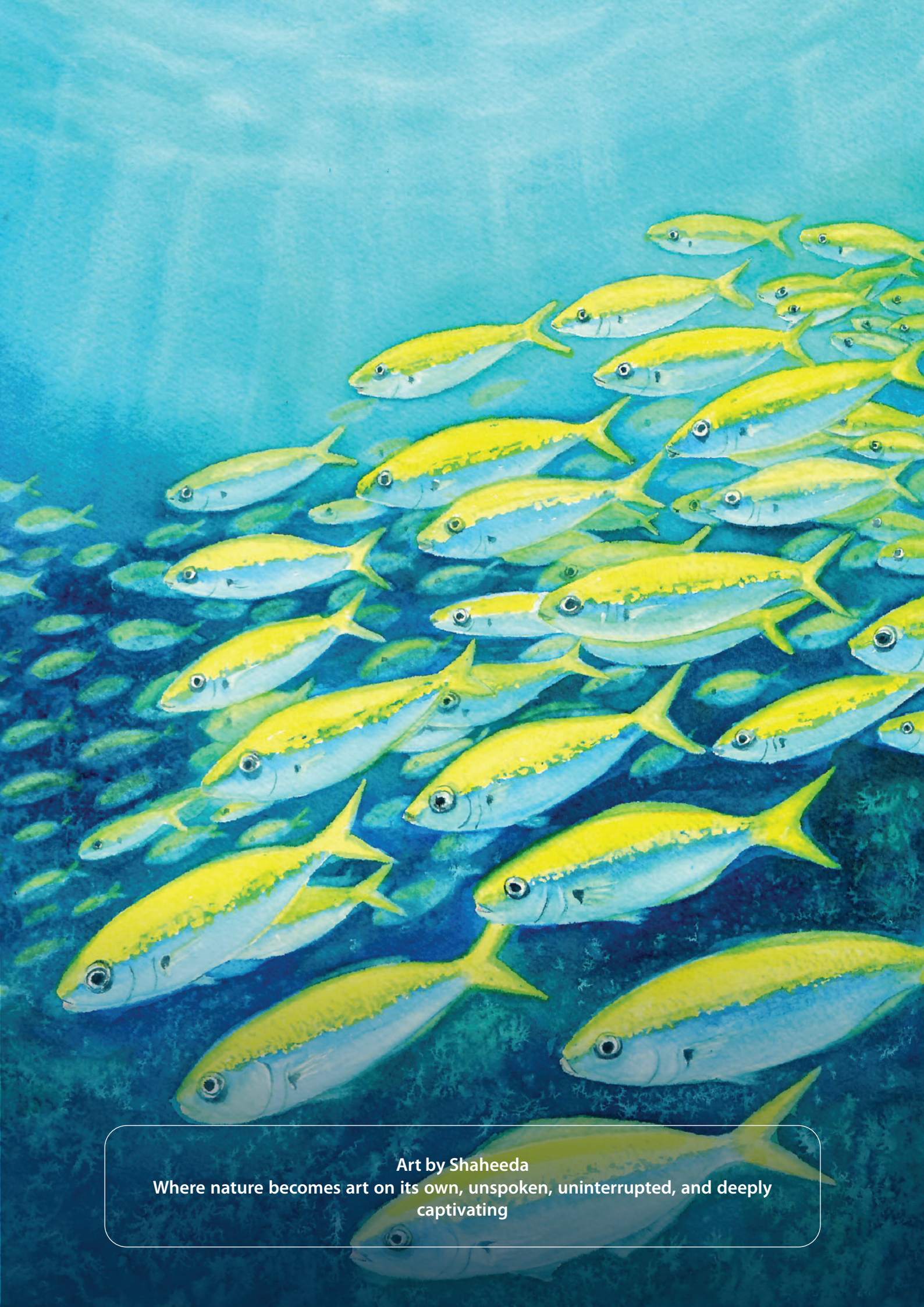
Wassalamualaikum Wa Rahmatullah Wa Barakatuh

19th March 2026

Dr. Ejaz Ahmed Samadani
Chairman

Prof Dr. Aishath Muneeza
Member

Dr. Ibrahim Zakariyya Moosa
Member



Art by Shaheeda
Where nature becomes art on its own, unspoken, uninterrupted, and deeply
captivating

AUDITED FINANCIAL STATEMENTS



Deloitte Partners LLP

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

Tel: +960 3318342, 3336046
Fax: +960 3314601
www.deloitte.com

Independent auditor's report

To the Shareholders of Maldives Islamic Bank Plc

Our opinion

We have audited the financial statements of Maldives Islamic Bank Plc (the "Bank"). The financial statements of the Bank which comprise the statement of financial position as at 31 December 2025, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

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

Basis for opinion

We conducted our audit in accordance with International Auditing Standards (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 Bank in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Key audit matter	How our audit addressed the Key audit matter
<p>Impairment of receivable from financing activities</p> <p>As at 31 December 2025, 45% of the total assets of the bank consisted of receivables from financing activities amounting to MVR 7.5 billion shown net of loss allowance of MVR 166.3 million.</p> <p>The Bank adopts an individual impairment assessment approach for individually significant credit impaired receivables from financing activities and a collective impairment assessment approach for receivables from financing activities which are not individually significant and credit impaired. Individual impairment is based on assessing the amount and timing of estimated future cashflows from collateral.</p> <p>Under the collective approach, the Bank applies 3 stage model and allocates receivables to stage 1,2,3 using criteria in accordance with IFRS 9 and calculates expected credit loss (ECL) allowance by using following key inputs: probability of default (PD), loss given default (LGD) and exposure at default (EAD).</p> <p>PD is determined at segment level using historical collection trends, credit migration rate in the Markov chain approach. The data used to derive the PD is based on the Bank’s own experience at the reporting date. The output PD is then adjusted to reflect macro-economic conditions of Maldives using score card approach. The LGD used for segments is driven by estimation of loss rates, taking into account the Bank’s history from internal debt collection activities and customer repayments. The Bank formulates and incorporates multiple forward looking scenarios reflecting management views of potential future economic developments into ECL estimates involve use of significant judgements.</p>	<p>Specific work that we performed on the loss allowance on receivables from financing activities recognised by management included the following:</p> <ul style="list-style-type: none"> - Tested the completeness of the receivables from financing activities considered in the loss calculation by checking the mathematical accuracy of the listing obtained and matched the outstanding balances with the general ledger. - Tested the receivables from financing activities in stage 1, 2 and 3 on a sample basis to verify they were classified to the appropriate stage in accordance with IFRS 9. - Assessed the reasonableness of management’s estimated future recoveries of individual customer receivable from financing activities including the expected future cash flows, discount rates and valuation of collateral held by testing the key underlying assumptions and evaluating the process by which those were drawn up. - Tested the accuracy and completeness of underlying information in receivable from financing activities used in the expected financing activities loss allowance calculation, such as disbursed and undisbursed facility amounts, deposits, values of the collateral, aging and tenure periods by agreeing details with the respective customer statements and files on a sample basis.

Significant estimates and assumptions used by the management in such calculations and the basis for impairment allowance is disclosed in Note 12 and 37.

The loss allowance in respect of receivables from financing activities represent management's best estimate of the impairment loss incurred and expected within the receivable portfolio at the reporting date.

We have identified expected credit loss allowance for receivables from financing activities as a key audit matter as the calculation of the loss allowance is a complex area and requires management to make significant assumptions and judgements.

- Tested the methodology applied in the loss allowance calculation including the ECL model by checking compliance with the requirements of IFRS 9, Financial instruments; recognition and measurement and also considered reasonableness of macro-economic and other factors used by the management by comparing them with publicly available data and information sources.

- Assessed the adequacy of the related financial statement disclosures as set out on Notes 12 and 37 for compliance with required IFRS 9 disclosures.

Other information

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

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

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

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

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the 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, actions taken to eliminate threats or safeguards applied.

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

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

For and on behalf of Deloitte Partners LLP



Licensed Partner: Mohamed Siraj Muneer

License No: ICAM-IL-DZK

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31 March 2026

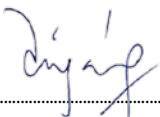
STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	Note	2025 MVR	2024 MVR
ASSETS			
Cash and balances with other banks	7	671,244,314	416,135,436
Balances with Maldives Monetary Authority	8	2,605,101,582	1,620,234,331
Due from banks	9	462,124,460	153,992,319
Investments in equity securities	10	111,350,000	127,000,000
Investments in other financial instruments	11	4,584,703,192	2,897,867,398
Net receivables from financing activities	12	7,505,033,555	5,744,456,182
Property and equipment	13	151,408,791	118,284,687
Right-of-use assets	14	234,316,169	105,995,474
Intangible assets	15	16,935,598	12,014,527
Other assets	16	288,848,941	261,404,312
Deferred tax asset	34.5	19,188,982	5,020,273
Total assets		16,650,255,584	11,462,404,939
LIABILITIES			
Customers' accounts	17	13,637,345,933	9,127,012,881
Due to banks and other financial institutions	18	1,209,120,845	955,364,134
Provisions	19	1,541,375	3,051,972
Current tax liability	34	85,486,582	64,753,647
Lease liabilities	20	117,190,470	85,558,849
Other liabilities	21	140,706,667	75,001,643
Total liabilities		15,191,391,872	10,310,743,126
EQUITY			
Share capital and share premium	22	388,751,900	337,500,070
Statutory reserve	24	150,000,000	150,000,000
Non-distributable capital reserve	25	4,938,085	17,402,318
Fair value reserve	10	48,262,500	60,000,000
Retained earnings		866,911,227	586,759,425
Total equity		1,458,863,712	1,151,661,813
Total liabilities and equity		16,650,255,584	11,462,404,939
Commitments	42	1,901,780,088	1,272,476,204
Net asset value per share		60.88	51.18

The financial statements are to be read in conjunction with the related notes which form an integral part of the financial statements of the Bank set out on pages 126 to 193. The report of the independent auditors is given on pages 117 to 121.

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



 Mr. Ali Wasif
 Chief Financial Officer



 Mr. Mufaddal Idris Khumri
 Managing Director &
 Chief Executive Officer



 Mr. Iyaz Waheed
 Chairman of
 Board Audit Committee

26 March 2026
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STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	2025 MVR	2024 MVR
Income from financing activities using the effective profit method	26.1	785,955,495	599,348,633
Profit paid on customer accounts and others	26.2	(207,900,153)	(130,642,491)
Net profit earned from financing activities		578,055,342	468,706,142
Fee and commission income	27.1	214,241,048	145,540,120
Fee and commission expense	27.2	(63,673,981)	(32,999,413)
Net fee and commission income		150,567,067	112,540,707
Net foreign exchange loss	28	(114,396)	(99,170)
Income from investments in equity securities	29	5,329,000	5,001,000
Net income from other financial instruments	30	163,603,477	123,108,004
Total operating income		897,440,490	709,256,683
Net impairment losses on financial assets	12.4	(18,308,493)	(30,925,156)
Personnel expenses	31	(206,165,839)	(155,130,103)
General and administrative expenses	32	(129,041,080)	(110,528,936)
Depreciation and amortization	33	(51,247,491)	(43,788,092)
Total operating expenses including impairment provision		(404,762,903)	(340,372,287)
Profit before tax		492,677,587	368,884,396
Income tax	34.1	(121,939,986)	(90,963,106)
Profit for the year		370,737,601	277,921,290
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Movement in fair value reserve (equity instruments):			
Net change in fair value - equity investment at FVOCI	10.2	(15,650,000)	14,500,000
Income tax related to net change in fair value of equity investment	34.5	3,912,500	(3,625,000)
		(11,737,500)	10,875,000
Total other comprehensive income, net of tax		(11,737,500)	10,875,000
Total comprehensive income		359,000,101	288,796,290
Basic and diluted earnings per share	35.1	15.47	12.35

Figures in brackets indicate deductions

The financial statements are to be read in conjunction with the related notes which form an integral part of the financial statements of the company set out on pages 126 to 193. The report of the independent auditors is given on pages 117 to 121.

MALDIVES ISLAMIC BANK PLC
STATEMENT OF CHANGES IN EQUITY

AS AT 31 DECEMBER 2025

	Share capital and premium MVR	Statutory reserve MVR	Non distributable capital reserve MVR	Fair value reserve MVR	Retained earnings MVR	Total MVR
As at 1 January 2024	337,500,070	150,000,000	16,108,242	49,125,000	375,382,231	928,115,543
Profit for the year	-	-	-	-	277,921,290	277,921,290
Other comprehensive income						
Equity instruments at FVOCI - Change in fair value (Note 10.2)	-	-	-	14,500,000	-	14,500,000
Recognition of deferred tax impact on fair value change (Note 34.5)	-	-	-	(3,625,000)	-	(3,625,000)
Total comprehensive income for the year	-	-	-	10,875,000	277,921,290	288,796,290
(Release) / recognition of non-distributable capital reserve (Note 25)	-	-	1,294,076	-	(1,294,076)	-
Transaction with owners of the bank						
Dividends (Note 22.4)	-	-	-	-	(65,250,020)	(65,250,020)
As at 31 December 2024	337,500,070	150,000,000	17,402,318	60,000,000	586,759,425	1,151,661,813
As at 1 January 2025	337,500,070	150,000,000	17,402,318	60,000,000	586,759,425	1,151,661,813
Profit for the year	-	-	-	-	370,737,601	370,737,601
Other comprehensive income						
Equity instruments at FVOCI - Change in fair value (Note 10.2)	-	-	-	(15,650,000)	-	(15,650,000)
Recognition of deferred tax impact on fair value change (Note 34.5)	-	-	-	3,912,500	-	3,912,500
Total comprehensive income for the year	-	-	-	(11,737,500)	370,737,601	359,000,101
(Release) / recognition of non-distributable capital reserve (Note 25)	-	-	(12,464,233)	-	12,464,233	-
Transaction with owners of the bank						
Dividends (Note 22.4)	-	-	-	-	(103,050,032)	(103,050,032)
Bonus share issue (Note 22.2)	51,251,830	-	-	-	-	51,251,830
As at 31 December 2025	388,751,900	150,000,000	4,938,085	48,262,500	866,911,227	1,458,863,712

Figures in brackets indicate deductions.

The financial statements are to be read in conjunction with the related notes which form an integral part of the financial statements of the Company set out on pages 126 to 193. The Report of the Independent Auditors is given on pages 117 to 121.

MALDIVES ISLAMIC BANK PLC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

	2025	2024
Note	MVR	MVR
Cash flows from operating activities		
Profit before tax	492,677,587	368,884,396
Adjustments for:		
Depreciation and amortization	33 51,247,491	43,788,092
Net impairment loss on financial assets	12.4 18,308,493	30,925,156
Net impact of modification of financial assets measured at amortised cost	26.1 2,273,905	(353,155)
Dividend income on equity securities	29 (5,329,000)	(5,001,000)
Profit on disposal of right-of-use asset and lease liability	(2,206,534)	-
Loss on disposal of property and equipment	68,631	-
Profit expense on inter-bank financing	26.2 41,259,988	21,081,074
Operating profit before working capital changes	598,300,561	459,324,563
Changes in:		
Customers' accounts	17 4,510,333,052	2,289,136,500
Other assets	16 (27,444,629)	(85,026,712)
Other liabilities	21 64,927,601	887,428
Net receivables from financing activities	12 (1,782,354,176)	(1,673,172,817)
Due from banks	9 (308,201,486)	(154,026,975)
Investment in other financial instrument	11 (1,687,205,419)	(621,127,279)
Cash generated from operations	1,368,355,504	215,994,708
Dividend received	29 5,329,000	5,001,000
Profit paid on inter-bank financing	(43,803,277)	(48,768,614)
Tax paid	34.4 (111,463,260)	(70,221,046)
Net cash generated from operating activities	1,218,417,967	102,006,048
Cash flows from investing activities		
Acquisition of property and equipment	13 (62,616,846)	(49,202,043)
Acquisition of intangible assets	15 (8,258,018)	(6,206,515)
Payments for right-of-use assets	(99,409,348)	-
Net movement in minimum reserve requirement of MMA	8 (266,727,625)	(183,030,079)
Net cash used in investing activities	(437,011,837)	(238,438,637)
Cash flows from financing activities		
Principal element of lease liability paid	20 (13,559,625)	(11,333,489)
Interbank Wakalah placement	256,300,000	725,000,000
Dividends paid during the year	(51,020,779)	(64,767,606)
Net cash generated from financing activities	191,719,596	648,898,905
Net increase in cash and cash equivalents	973,125,726	512,466,316
Cash and cash equivalents at beginning of the year	1,192,298,166	679,831,850
Cash and cash equivalents at end of the year	7.2 2,165,423,892	1,192,298,166

Figures in brackets indicate deductions.

The financial statements are to be read in conjunction with the related notes which form an integral part of the financial statements of the Company set out on pages 126 to 193. The Report of the Independent Auditors is given on pages 117 to 121.

1. REPORTING ENTITY

Maldives Islamic Bank Public Limited Company (the "bank") was incorporated and domiciled in the Republic of Maldives since 1 April 2010 as a private limited liability company and presently governed under the Companies' Act No.7 of 2023 and Maldives Banking Act No 24 of 2010. The bank received the banking license under the Maldives Monetary Authority Act No. 6 of 1981 on 2 August 2010 to conduct Islamic banking business in the Maldives and obtained certificate of approval to commence operations on 6 March 2011. The bank subsequently converted to a Public Company on 19 June 2019 under the Companies Act and the bank listed its shares on the Maldives Stock Exchange on 17 November 2019. The registered office of the bank is at H. Medhuziyaarayidhoshuge, 20097, Medhuziyaaraiy Magu, Male' City, Republic of Maldives.

The bank provides full range of banking services based on Shari'ah principles including accepting deposits, granting of financing facilities and other ancillary services.

2. BASIS OF PREPARATION**i. Statement of compliance**

These financial statements have been prepared and presented in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB"). They were authorised for issue by the bank's Board of Directors on 17 March 2026.

ii. Functional and presentation currency

These financial statements are presented in Maldivian Rufiyaa, which is the bank's functional currency. All amounts have been rounded to the nearest Rufiyaa, except when otherwise indicated.

iii. Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the bank's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

A. Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes.

- establishing the criteria for determining whether credit risk on the financial assets has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of ECL and selection and approval of models used to measure ECL.
- classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are SPPP on the principal amount outstanding.

2. BASIS OF PREPARATION (CONTINUED)

B. Assumptions and estimation uncertainties

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

- impairment of financial instruments: determination of inputs into the ECL measurement model, including key assumptions used in estimating recoverable cash flows and incorporation of forward-looking information.
- measurement of the fair value of financial instruments with significant unobservable inputs.
- recognition and measurement of contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

C. Going concern

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

3. CHANGE IN ACCOUNTING POLICY

Except for the described accounting policies below, the applied accounting policies in these financial statements are the same as those applied in the financial statements as at and for the year ended 31st December 2024.

The following amendments to IFRS have been applied by the bank in preparation of these financial statements. The below were effective from 1 January 2025:

(a) New and amended accounting standards adopted by the bank

The bank has applied the following standards and amendments for the first time for their annual reporting periods commencing 1 January 2025. The amendment listed below did not have any significant impact on amounts recognized in prior periods and are not expected to significantly affect current or future periods. The bank did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards:

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

4. MATERIAL ACCOUNTING POLICY INFORMATION

4.1 Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency (Maldivian Rufiyaa) at the exchange rate at the date of the transactions.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.1 Foreign currency transactions (Continued)

Monetary assets and liabilities denominated in foreign currencies are translated into Maldivian Rufiyaa at the exchange rate at the reporting date. For financial reporting, the bank uses the mid-rate between the selling and buying rate for foreign currencies prevailing at the reporting date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year, adjusted for effective profit, impairment and payments during the year, and the amortised cost in the foreign currency translated at the spot exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into Maldivian Rufiyaa at the exchange rate when the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are generally recognised in profit or loss.

4.2 Profit

i. Effective profit rate

Profit income and expense are recognised in profit or loss using the effective profit method. The 'effective profit rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial asset; or
- The amortised cost of the financial liability.

When calculating the effective profit rate for financial instruments other than purchased or originated credit-impaired assets, the bank estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses. For purchased or originated credit-impaired financial assets, a credit-adjusted effective profit rate is calculated using estimated future cash flows including expected credit losses.

ii. Amortised cost and gross carrying amount

The calculation of the effective profit rate includes transaction costs and fees and points paid or received that are an integral part of the effective profit rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments (payments), plus or minus the cumulative amortisation using the effective profit method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance. The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

5. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.2 Profit (continued)

iii. Calculation of profit income and expense

The effective profit rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating profit income and expense, the effective profit rate is applied to the gross carrying amount of the asset (when the asset is not credit impaired) or to the amortised cost of the liability. The effective profit rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of profit.

However, for financial assets that have become credit-impaired subsequent to initial recognition, profit income is calculated by applying the effective profit rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of profit income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, profit income is calculated by applying the credit-adjusted effective profit rate to the amortised cost of the asset. The calculation of profit income does not revert to a gross basis, even if the credit risk of the asset improves.

The bank recognises its income from financing and investment activities as follows;

- Income on financing contracts of Murabahah and Istisna' is recognised on time apportioned basis over the period and the profit rate is determined in advance upon agreement of all parties.
- Income from Diminishing Musharakah is recognised on bank's share of investment over the period based on the profit rate determined in advance upon agreement of all parties.
- Income on Mudarabah financing is recognised when the right to receive payment is established or distribution by the Mudarib. In case of losses in Mudarabah, the bank's share of losses are deducted from its share of Mudarib capital. The bank's share as a Mudarib is accrued based on the terms and conditions of the related Mudarabah agreements.
- Income from short-term placements is recognised on a time-apportioned basis over the period of the contract using the effective profit rate method. The effective profit is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of a financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. The effective profit rate is established on initial recognition of the financial asset and liability and is not revised subsequently.
- Placement fees income for arranging a financing between a financier and investor and other investment income are recognised on an accrual basis.
- Income from dividends is recognised when the right to receive the dividend is established.

Presentation

Profit income calculated using the effective profit method presented in the statement of profit or loss includes:

- Profit on financial assets and financial liabilities measured at amortised cost.
- Profit income on other financial assets mandatorily measured at FVTPL are presented in net income from other financial instruments at FVTPL.

Profit expense presented in the statement of profit or loss includes:

- Financial liabilities measured at amortised cost.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**4.3 Fees and commission**

Fee and commission income and expenses that are integral to the EIR (Effective Interest (Profit) Rate) of a financial asset or financial liability are adjusted and included in the measurement of the EIR (Effective Interest (Profit) Rate) and recognised in the income statement over the expected life of the instrument.

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

These fees are recognised in accordance with IFRS 15, the bank adopts principles based five step model for revenue recognition. Accordingly, revenue is recognised only when all of the following criteria are met.

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

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

4.4 Net income from other financial instruments at fair value through profit or loss

Net income from other financial instruments at FVTPL relates to financial assets measured at fair value through profit or loss, which in these financial statements comprise instruments that are mandatorily measured at FVTPL in accordance with IFRS 9. IFRS 9 also permits certain instruments to be designated at FVTPL. However, no such designations have been applied by the Company. The line item includes fair value changes and profit for the period.

4.5 Dividend income

Dividend income is recognised when the right to receive income is established. Usually, this is the ex-dividend date for quoted equity securities. Dividend incomes are presented in the profit or loss.

Dividends on equity instruments designated as at FVOCI that clearly represent a recovery of part of the cost of the investment are presented in OCI.

4.6 Leases

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

Bank acting as a lessee

At commencement or on modification of a contract that contains a lease component, the bank allocates consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for leases of head office premises, branches and ATM locations the bank has elected not to separate non-lease components and accounts for the lease and non-lease components as a single lease component.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**4.6 Leases (Continued)**

The bank recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to head office premises, branches or ATM locations.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In additions, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the profit rate implicit in the lease or, if that rate cannot be readily determined, the bank's incremental borrowing (funding) rate. Generally, the bank uses its incremental borrowing (funding) rate as the discount rate.

The bank determines its incremental borrowing (funding) rate by analysing its borrowings (funding) from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

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

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

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

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

The bank presents right-of-use assets and lease liabilities as separate captions in the statement of financial position.

Short term leases and leases of low-value assets

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**4.7 Income tax**

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in OCI.

The bank has determined that fines and penalties related to income tax treatments do not meet the definition of income taxes, and therefore accounted for them under IAS 37 Provisions, contingent liabilities and contingent assets.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if certain criteria are met.

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on business plan of the bank. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

4.8 Financial assets and financial liabilities**i. Recognition and initial measurement**

The bank initially recognises receivables from financing activities, customers' accounts, on the date on which they are originated. All other financial instruments are recognised on the trade date, which is the date on which the bank becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. The fair value of a financial instrument at initial recognition is generally its transaction price.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.8 Financial assets and financial liabilities (Continued)

ii. Classification

Financial assets

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

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

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

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

As of the reporting date, the financial assets designated at FVOCI comprise bank’s investments in equity shares.

Other financial assets are classified as measured at amortized cost or FVTPL based on the SPPP test. Financial assets measured at FVTPL comprise bank’s money market placements and, Wakala and Mudharaba placements with a variable rate of return, where SPPP criteria are not met. Wakala facilities with fixed rate of return are measured at amortized cost. As of the reporting date, the Bank held no debt instruments measured at FVOCI.

Financial assets are not reclassified subsequent to their initial recognition unless the bank change its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management’s strategy focuses on earning contractual profit revenue, maintaining a particular profit rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the bank’s management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.8 Financial assets and financial liabilities (continued)

ii. Classification (continued)

Business model assessment(continued)

- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

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

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

'Profit' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending (financing) risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and profit, the bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, The bank considers:

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

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

iii. Subsequent measurement

Subsequent measurement of debt instruments depends on the bank's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the bank classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and profit, are measured at amortised cost. Profit income from these financial assets is included in finance income using the effective profit rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**4.8 Financial assets and financial liabilities (continued)****iii. Subsequent measurement (Continued)**

• FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and profit, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, profit income and foreign exchange gains and losses, which are recognized in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Profit income from these financial assets is included in finance income using the effective profit rate method. Foreign exchange gains and losses are presented in other gains/(losses), and impairment expenses are presented as separate line item in the statement of profit or loss.

• FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. In addition, equity instruments are measured at FVPL unless the bank makes an irrevocable election at initial recognition to present changes in fair value through OCI. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments are subsequently measured at FVOCI where the bank has made an irrevocable election at initial recognition.

Reclassifications

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

Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest (profit) expense are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest (profit) method. Interest (profit) expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on de-recognition is also recognized in profit or loss.

The bank's non-derivative financial liabilities consist of amount due to related parties, borrowings (funding) and other payables. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective profit method.

Interest (Profit) rate benchmark reform

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**4.8 Financial assets and financial liabilities (continued)****iii. Subsequent measurement (Continued)**

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

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

iv. Derecognition**Financial assets**

The bank derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities. Any profit in transferred financial assets that qualify for derecognition that is created or retained by the Bank is recognised as a separate asset or liability.

The Bank enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised.

In transactions in which the bank neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the bank continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

Financial liabilities

The bank derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**4.8 Financial Assets and Financial Liabilities (continued)****v. Modification of financial assets****Financial assets**

If the terms of a financial asset are modified, then the bank evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transactions costs. Any fees received as part of the modification are accounted for as follows:

If cash flows are modified when the borrower (customer) is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the bank plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (see below for write-off policy). This approach impacts the results of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Bank first recalculates the gross carrying amount of the financial asset using the original effective profit rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss.

If such a modification is carried out because of financial difficulties of the borrower (customer), then the gain or loss is presented together with impairment losses. In other cases, it is presented as profit income calculated using the effective profit rate method.

vi. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Bank currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS Standards, or for gains and losses arising from a group of similar transactions such as in the Bank's trading activity.

vii. Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Bank has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Bank measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**4.8 Financial Assets and Financial Liabilities (continued)****vii Fair value measurement (continued)**

If there is no quoted price in an active market, then the Bank uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Bank determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the difference, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Bank measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Bank on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for the particular risk exposure. Portfolio-level adjustments – e.g. bid-ask adjustment or credit risk adjustments that reflect the measurement on the basis of the net exposure – are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a financial liability with a demand feature (e.g. a demand deposits) is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Bank recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

viii. Impairment

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

- financial assets that are debt instruments;
- financial guarantee contracts issued; and
- finance commitments issued.

No impairment loss is recognised on equity investments measured at FVOCI.

The Bank measures loss allowances at an amount equal to lifetime ECL except for financial instruments for which credit risk has not increased significantly since initial recognition. For such instruments loss allowances are measured as 12-months ECL.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.8 Financial assets and financial liabilities (continued)

viii. Impairment (continued)

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

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

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

Measurement of ECL

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

- *financial assets that are not credit-impaired at the reporting date:* as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive);
- *financial assets that are credit-impaired at the reporting date:* as the difference between the gross carrying amount and the present value of estimated future cash flows;
- *undrawn finance commitments:* as the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive; and
- *financial guarantee contracts:* the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

When discounting future cash flows, the following discount rates are used:

- financial assets other than purchased or originated credit-impaired (POCI) financial assets: the original effective profit rate or an approximation thereof;
- POCI assets: a credit-adjusted effective profit rate;
- undrawn finance commitments: the effective profit rate, or an approximation thereof, that will be applied to the financial asset resulting from the finance commitment; and
- financial guarantee contracts issued: the rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows.

Restructured financial assets

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

NOTES TO THE FINANCIAL STATEMENTS

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.8 Financial assets and financial liabilities (continued)

viii. Impairment (continued)

Restructured financial assets(continued)

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

Credit-impaired financial assets

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

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

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

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

The Bank assigns floor rate (a minimum PD) based on Basel II framework for sovereign debts since there are no defaults in the past.

5. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.8 Financial assets and financial liabilities (continued)

viii. Impairment (continued)

Credit-impaired financial assets (continued)

For credit-impaired financial assets the effective profit rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance).

Purchased or originated credit-impaired (POCI) financial assets

POCI financial assets are assets that are credit-impaired on initial recognition. For POCI assets, lifetime ECL are incorporated into the calculation of the effective profit rate on initial recognition. Consequently, POCI assets do not carry an impairment allowance on initial recognition. The amount recognised as a loss allowance subsequent to initial recognition is equal to the changes in lifetime ECL since initial recognition of the asset.

Presentation of allowance for ECL in the statement of financial position

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

- *financial assets measured at amortised cost*: as a deduction from the gross carrying amount of the assets;
- *finance commitments and financial guarantee contracts*: generally, as a provision;

Presentation of allowance for ECL in the statement of financial position (continued)

- *where a financial instrument includes both a drawn and an undrawn component, and the Bank cannot identify the ECL on the finance commitment component separately from those on the drawn component*: the Bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.

Write-off

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

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

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

Financial guarantee contracts held

The Bank assesses whether a financial guarantee contract held is an integral element of a financial asset that is accounted for as a component of that instrument or is a contract that is accounted for separately. The factors that the Bank considers when making this assessment include whether:

- the guarantee is implicitly part of the contractual terms of the debt instrument;
- the guarantee is required by laws and regulations that govern the contract of the debt instrument;

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**4.8 Financial assets and financial liabilities (continued)****viii. Impairment (continued)****Financial guarantee contracts held (continued)**

- the guarantee is entered into at the same time as and in contemplation of the debt instrument; and
- the guarantee is given by the parent of the borrower (customer) or another company within the borrower's (customer's) group.

If the Bank determines that the guarantee is an integral element of the financial asset, then any premium payable in connection with the initial recognition of the financial asset is treated as a transaction cost of acquiring it. The Bank considers the effect of the protection when measuring the fair value of the debt instrument and when measuring ECL.

If the Bank determines that the guarantee is not an integral element of the debt instrument, then it recognises an asset representing any prepayment of guarantee premium and a right to compensation for credit losses. A prepaid premium asset is recognised only if the guaranteed exposure neither is credit-impaired nor has undergone a significant increase in credit risk when the guarantee is acquired. These assets are recognised in 'other assets'. The Bank presents gains or losses on a compensation right in profit or loss in the line item 'impairment losses on financial instruments'.

ix. Designation at fair value through profit or loss

On initial recognition, the Bank has designated certain financial assets as at FVTPL.

4.9 Cash and cash equivalents

'Cash and cash equivalents' include notes and coins on hand, unrestricted balances held with central banks and highly liquid financial assets with original maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the bank in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

4.10 Receivables from financing activities

'Net receivables from financing activities' caption in the statement of financial position include:

The bank has the following receivables and balances from financing activities

(a) Murabahah financing

Murabahah financing consists of the cost and the profit margin of the bank which resulted from Murabahah (Sale) transactions and are stated net of deferred profit and provision for impairment.

Murabahah is a cost plus sale contract where the bank purchases the subject matter requested by the customer and sell it to the customer with a profit. Under the Murabahah contract, the bank is liable to disclose the details of the cost including the direct expenses to the customer at the time of sale. The sale price may be paid in lump sum or in installments over the agreed period. These financing facilities are initially measured at fair value. Further the instruments are subsequently measured at their amortised cost using the effective profit method, as the instruments are held within a business model to collect contractual cash flows and the contractual terms give rise to cash flows that are solely payments of principal and profit.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**4.10 Receivables from financing activities(continued)****(b) Commodity Murabahah financing**

Commodity Murabahah is a popular term used in the market to imply a contract of Bi al-Tawarruq. The term Tawarruq generally implies a sale contract whereby a buyer buys an asset from a seller with deferred payment and subsequently sells the asset to a third party on cash with a price less than the deferred price for the purpose of obtaining cash.

(c) Istisna' financing

Istisna' is a sale contract between the ultimate buyer (customer) and the seller (bank), whereby the bank, based on an order of the customer, undertakes to construct/produce/manufacture or otherwise acquire the subject matter of the contract, according to the agreed specification and deliver it to the customer for an agreed price on an agreed date. The method of settlement may be agreed in advance, by installments or deferred to a specific future time. Istisna' contracts represent the disbursements made either in advance, progressive as agreed in the contract against the subject matter constructed/produced/manufactured/acquired for Istisna' project, plus income (profit) recognised, less payment received from the customer as installments. These financing facilities are initially measured at fair value. Further the instruments are subsequently measured at their amortised cost using the effective profit method, since the instruments carry fixed profit rates and are held-to-maturity.

(d) Diminishing musharakah financing

Diminishing Musharakah is a form of partnership where both parties enter into a Musharakah (partnership) contract to jointly acquire an asset. Subsequently, under a separate sale contract, which may be secured under a unilateral undertaking to purchase by the customer, one party (customer) buys the equity share (ownership units) of the other party (Bank) gradually at cost price until the title to the asset is completely transferred to the customer. During the tenure of the facility, the ownership units of the Bank will be leased out to the customer and the income of the Bank will be collected in the form of rentals. These financing facilities are initially measured at fair value. Further the instruments are subsequently measured at their amortised cost using the effective profit method, since the instruments carry fixed profit rates and are held-to-maturity.

(e) Education financing / Ijarat-ul-Askhas

Education Financing is a facility provided by the Bank, under the concept of Ijarat-ul-Askhas (Service Ijarah). It is a type of Ijarah (leasing) contract in which the underlying usufruct (manfa'ah) could be in a form of work, effort, expertise, etc.

The Bank will provide the educational service (service Ijarah) to the customer after the Bank purchases the educational placement from the educational institutions. The service payment by the customer is made on monthly basis on an agreed tenure. These financing facilities are initially measured at fair value. Further the instruments are subsequently measured at their amortised cost using the effective profit method, since the instruments carry fixed profit rates and are held-to-maturity.

(f) Wakalah Bi Al-Istithmar

Wakalah Bi Al-Istithmar is an investment agency contract where a principal (Muwakkil) appoints an agent (Wakil) to invest funds on their behalf, either with or without a fee. This arrangement is commonly used in Islamic finance to facilitate Shariah-compliant investments while ensuring proper delegation of fund management.

NOTES TO THE FINANCIAL STATEMENTS

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**4.10 Receivables from financing activities(continued)****(f) Wakalah Bi Al-Istithmar (continued)**

In this context, the Muwakkil refers to the bank, which provides funds under the Wakalah contract for investment in a business. The Wakil is an eligible customer who receives these funds and is responsible for utilizing them in accordance with the agreed-upon investment strategy. The Wakil is expected to manage the investment prudently and in compliance with Shariah principles, ensuring that the funds are not used for prohibited (haram) activities.

4.11 Investments in other financial instruments

'Investments in other financial instruments' caption in the statement of financial position include:

(a) Mudharabah

Mudharabah is a type of partnership for profit in which one partner provides the capital and the other partner contributes his labour. The profits are shared on pre-agreed profit-sharing ratios. The losses, if any, are borne by the fund provider. The profit rates of the instrument are linked to the profit of the borrower (customer), and they vary with the variations in profit. Mudharabah instruments are mandatorily measured at FVTPL with changes recognized immediately in the statement of profit or loss. The Mudharabah instrument fails the "SPPP" test due to variability in the profit earned, thus, irrespective of the business model test, the instruments are classified at FVTPL. The instruments are measured by adding actual profit declared to the principal outstanding. Since the period of the instrument is less than 12 months, the future cash flow is not discounted to determine the fair value.

Instruments measured at FVTPL are not subject to impairment as per IFRS 9, and are therefore not impaired.

(b) Wakalah Bi Al-Istithmar

"Wakalah Bi Al-Istithmar" or "Investment agency" indicates appointing another person to invest and grow one's wealth, with or without a fee. In this structure the Wakeel conducts financial transactions through Commodity Murabaha and deploys bank's funds on short-term basis. The bank is remunerated through an indicative rate. The Wakalah Bi Al-Istithmar profit rates does not vary from the indicative profit rate provided in the contract and are held to maturity. Therefore, this meets the SPPY criteria and held to collect business model test. Hence, Wakalah Bi Al-Istithmar treasury certificate is to be classified as a financial asset measured at amortized cost.

4.12 Investments in equity securities

'Investments in equity securities' caption in the statement of financial position includes:

- equity investment securities designated as at FVOCI.

The Bank elects to present changes in the fair value of investments in equity instruments that are not held for trading in OCI. The election is made on an instrument-by-instrument basis on initial recognition and is irrevocable.

Fair value gains and losses on such equity instruments are never reclassified to profit or loss and no impairment is recognised in profit or loss. Dividends are recognised in profit or loss unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in OCI. Cumulative gains and losses recognised in OCI are transferred to retained earnings on disposal of an investment.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.13 Deposits

Deposits are the Bank's main source of debt funding.

Deposits are initially measured at fair value minus incremental direct transaction costs. Subsequently, they are measured at their amortised cost using the effective profit method.

Deposits comprise following products;

a) Current accounts

Current accounts are deposit accounts which offer customers a flexible way to manage their everyday banking needs. This type of account is based on the Shari'ah concept of Qard and does not earn any profit.

Salient features:

- non- profit sharing
- flexible banking and personal services
- no minimum deposit amount
- cheque book is provided

b) Savings accounts

Savings accounts are profit earning accounts which offer customers a way to share in MIB profit distributions by investing their savings in a Shari'ah compliant manner.

The Bank invests deposited funds and shares the profits between the bank and the customer based on the bank's declared profit ratio at the end of each month following the concept of Mudharabah.

Salient features:

- profit sharing
- minimum deposit amount for individuals MVR 200 or USD 20
- profit distributions every six months

c) General investment accounts

General investment accounts are profit earning accounts which offer customers a way to share in Bank's profit distributions by investing their money in a Shari'ah compliant manner based on Mudharabah concept.

The Bank invests deposited funds and calculates the profits between the bank and the customer based on the bank's declared profit sharing ratio at the end of each month and paid on maturity date.

Salient features:

- profit sharing
- profit distribution at maturity
- flexible investment periods from 3, 6, 9 and 12 months to 2, 3 and up to 5 years
- minimum deposit amount for customers MVR 5,000 or USD 500

d) Margin accounts

Margin accounts are usually security deposit accounts held by the bank on Wakalah, Kafalah and trade Murabahah based financing arrangements provided by the bank. These accounts are currently structured as non- profit sharing accounts.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.13 Deposits (continued)

b) Margin accounts(continued)

The Bank maintains margin accounts for the following services:

- trade murabaha
- Wakalah LC
- shipping guarantees
- performance guarantees
- bid guarantees financing

4.14 Financial guarantees and finance commitments

'Financial guarantees' are contracts that require the Bank to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument. 'Finance commitments' are firm commitments to provide credit under pre-specified terms and conditions.

Financial guarantees issued or commitments to provide a finance at a below-market profit rate are initially measured at fair value. Subsequently, they are measured as follows:

- at the higher of the loss allowance determined in accordance with IFRS 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15.

The Bank has issued no finance commitment that are measured at FVTPL.

For other finance commitments:

- the Bank recognises loss allowance;

Liabilities arising from financial guarantees and finance commitments are included within provisions.

4.15 Share capital and reserves

Ordinary shares

Ordinary shares are classified as equity. Incremental costs that are directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

4.16 Property and equipment

i. Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing (funding) costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**4.16 Property and equipment(continued)****i. Recognition and measurement(continued)**

If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment.

Any gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item of property and equipment, and are recognised net within other income in the statement of comprehensive income.

ii. Subsequent costs

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

The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in the statement of comprehensive income as incurred.

iii. Derecognition

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

When replacement costs are recognised in the carrying amount of an item of property and equipment, the remaining carrying amount of the replaced part is derecognised. Major inspection costs are capitalised. At each such capitalisation, the remaining carrying amount of the previous cost of inspections is derecognised.

iv. Depreciation

Depreciation is recognised in the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property and equipment since this reflects most closely the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the property and equipment are as follows:

Leasehold building	Over the lease period
Computer equipment	4 Years
Furniture and fittings	5 Years
Office equipment	5 Years
Machinery and equipment	10 Years
Motor vehicles	5 Years
Vault	10 Years

Depreciation methods, useful lives and residual values are reassessed at the reporting date. A full month's depreciation is provided in the month of intended use while, no depreciation is provided in the month of disposal.

NOTES TO THE FINANCIAL STATEMENTS

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.17 Intangible assets

i. Recognition and measurement

Intangible assets that are acquired by the Bank are stated at cost less accumulated amortisation and impairment losses.

Expenditure on internally developed software is recognised as an asset when the bank is able to demonstrate, that the product is technically feasible, its intention and ability to complete the development and use the software in a manner that will generate future economic benefits and that it can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software, and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and any accumulated impairment losses.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognised in the statement of comprehensive income when incurred.

iii. Derecognition of intangible assets

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

iv. Amortisation

Amortisation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of assets unless such lives are indefinite. The estimated useful lives estimated by the Bank are as follows:

Computer software	5 Years
Core banking and database software	7 Years

4.18 Impairment of non-financial assets

At each reporting date, the Bank reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that is largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less cost of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. Impairment losses, if any, are recognised in the statement of comprehensive income.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**4.19 Provisions**

A provision is recognised if, as a result of a past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Bank from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Bank recognises any impairment loss on the assets associated with that contract.

4.20 Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

4.21 Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided and recognised as personnel expenses in profit or loss. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

The Bank has enrolled its employees in the Maldives Retirement Pension Scheme ("MRPS") with effect from 01st May 2011 based on the Regulation on Maldives Retirement Pension Scheme published by the Government of Maldives. The Bank deducts 7% from each employee's pensionable wages on behalf of the employees between 16 and 65 years and makes payment to Maldives Pension Administration Office (MPAO). The Bank contributes to the Retirement Pension Scheme at the rate of 7% on pensionable wages.

4.22 Operating expenses

All operating expenses incurred in the running of the Bank and in maintaining the capital assets in a state of efficiency has been charged to the profit or loss in arriving at profits or loss for the period. Expenses incurred for the purpose of acquiring, expanding or improving assets of a permanent nature by means of which to carry on the business or for the purpose of increasing the earning capacity of the Bank have been treated as capital expenses.

4.23 Earnings per share

The Bank presents basic and diluted EPS data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss that is attributable to ordinary shareholders of the Bank by the weighted-average number of ordinary shares outstanding during the period. The basic and diluted EPS are the same for the Bank.

4.24 Segment reporting

An operating segment is a component of the Bank that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to transactions with any of the Bank's other components, whose operating results are regularly reviewed by the Bank's chief operating decision maker ("CODM") to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

NOTES TO THE FINANCIAL STATEMENTS

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.24 Segment reporting (continued)

Segment results that are reported to the Bank's CEO (being the CODM) include items that are directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses and tax assets and liabilities.

5. STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new standards are effective for annual periods beginning after 1 January 2026 and earlier application is permitted; however, the Bank has not early adopted the new or amended standards in preparing these financial statements.

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

- Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after 1 January 2026)
- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements, and IAS 7 Statement of Cash Flows (effective for annual periods beginning on or after 1 January 2026)
- IFRS 19 Subsidiaries without Public Accountability: Disclosures (effective for annual periods beginning on or after 1 January 2027)
- IFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after 1 January 2027)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

6 OPERATING SEGMENT

(a) Basis for segmentation

The bank has the following three strategic divisions, which are reportable segments. These divisions offer different products and services, and are managed separately based on the bank's management and internal reporting structure.

Reportable segments	Operations
Corporate banking and retail	Receivable from financing activities, deposits and other transactions and balances with corporate customers and retails customers.
Card and electronic banking	Issuing card and managing POS, ATM, internet banking services & mobile banking services.
Treasury	Funding and centralised risk management activities through borrowings (fundings), investing in securities and investing in liquid assets such as short term placements and government securities.

The bank's Management Committee reviews internal management reports from each division at least monthly.

(b) Information about reportable segments

Information related to each reportable segment is set out below. Segment profit before tax, as included in internal management reports reviewed by the bank's Management Committee, is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments. Inter-segment pricing is determined on an arm's length basis.

	Corporate and retail banking MVR	Card and electronic banking MVR	Treasury MVR	Total MVR
For the year ended 31 December 2025				
Income from financing activities	785,955,495	-	-	785,955,495
Profit paid on customer accounts	(207,900,153)	-	-	(207,900,153)
Net profit earned from financing activities	578,055,342	-	-	578,055,342
Fee and commission income	96,516,661	117,724,387	-	214,241,048
Fee and commission expense	(5,086,821)	(58,587,160)	-	(63,673,981)
Net fee and commission income	91,429,840	59,137,227	-	150,567,067
Foreign exchange gain	(114,396)	-	-	(114,396)
Dividend income	-	-	5,329,000	5,329,000
Net income from other financial instruments	-	-	163,603,477	163,603,477
Total operating income	669,370,786	59,137,227	168,932,477	897,440,490
Net impairment losses on financial assets	(17,869,522)	-	(438,971)	(18,308,493)
Personnel costs	(175,936,947)	(21,948,739)	(8,280,153)	(206,165,839)
General and administrative expenses	(103,103,544)	(19,561,682)	(6,375,853)	(129,041,080)
Depreciation and amortisation	(39,966,474)	(10,643,401)	(637,616)	(51,247,491)
Total operating expenses including impairment provision	(336,876,487)	(52,153,823)	(15,732,593)	(404,762,903)
Profit before tax				492,677,587
Income tax				(121,939,986)
Profit for the year				370,737,601
Other comprehensive income, net of tax				(11,737,500)
Total comprehensive income				359,000,101

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2025

6 OPERATING SEGMENT

(b) Information about reportable segments (continued)

	Corporate and retail banking	Card and electronic banking	Treasury	Total
	MVR	MVR	MVR	MVR
For the year ended 31 December 2024				
Income from financing activities	599,348,633	-	-	599,348,633
Profit paid on customer accounts	(130,642,491)	-	-	(130,642,491)
Net profit earned from financing activities	468,706,142	-	-	468,706,142
Fee and commission income	72,199,425	73,340,695	-	145,540,120
Fee and commission expense	(1,788,514)	(31,210,899)	-	(32,999,413)
Net fee and commission income	70,410,911	42,129,796	-	112,540,707
Foreign exchange gain	(99,170)	-	-	(99,170)
Dividend income	-	-	5,001,000	5,001,000
Net income from other financial instruments	-	-	123,108,004	123,108,004
Total operating income	539,017,883	42,129,796	128,109,004	709,256,683
Net impairment losses on financial assets	(30,546,754)	-	(378,402)	(30,925,156)
Personnel costs	(132,443,090)	(16,485,869)	(6,201,144)	(155,130,103)
General and administrative expenses	(88,403,617)	(16,681,469)	(5,443,850)	(110,528,936)
Depreciation and amortisation	(34,051,302)	(9,255,472)	(481,318)	(43,788,092)
Total operating expenses including impairment provision	(285,444,763)	(42,422,810)	(12,504,714)	(340,372,287)
Profit before tax				368,884,396
Income tax				(90,963,106)
Profit for the year				277,921,290
Other comprehensive income, net of tax				10,875,000
Total comprehensive income				288,796,290
	Corporate and retail banking	Card and electronic banking	Treasury	Total
	MVR	MVR	MVR	MVR
As at 31 December 2025				
Assets				
Cash and balances with other banks	671,244,314	-	-	671,244,314
Balances with Maldives Monetary Authority	2,605,101,582	-	-	2,605,101,582
Due from banks	-	-	462,124,460	462,124,460
Investments in equity securities	-	-	111,350,000	111,350,000
Investments in other financial instruments	-	-	4,584,703,192	4,584,703,192
Net receivables from financing activities	7,505,033,555	-	-	7,505,033,555
Property and equipment	112,296,901	39,111,890	-	151,408,791
Right-of-use assets	195,336,509	28,169,531	10,810,129	234,316,169
Intangible assets	10,786,471	6,149,127	-	16,935,598
Other assets	288,848,941	-	-	288,848,941
Deferred tax asset (unallocated)	-	-	-	19,188,982
Total assets	11,388,648,273	73,430,548	5,168,987,781	16,650,255,584



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 2025

6 OPERATING SEGMENT

(b) Information about reportable segments (Continued)

	Corporate and retail banking	Card and electronic banking	Treasury	Total
	MVR	MVR	MVR	MVR
As at 31 December 2025 (Continued)				
Liabilities				
Customers' accounts	13,637,345,933	-	-	13,637,345,933
Due to banks	-	-	1,209,120,845	1,209,120,845
Provision	1,541,375	-	-	1,541,375
Current tax liability (unallocated)	-	-	-	85,486,582
Lease liabilities	95,426,018	16,890,251	4,874,201	117,190,470
Other liabilities	136,588,856	4,117,811	-	140,706,667
Total liabilities	13,870,902,182	21,008,062	1,213,995,046	15,191,391,872
As at 31 December 2024				
Assets				
Cash and balances with other banks	416,135,436	-	-	416,135,436
Balances with Maldives Monetary Authority	1,620,234,331	-	-	1,620,234,331
Investments in equity securities	-	-	153,992,319	153,992,319
Investments in other financial instruments	-	-	127,000,000	127,000,000
Due from banks	-	-	2,897,867,398	2,897,867,398
Net receivables from financing activities	5,744,456,182	-	-	5,744,456,182
Property and equipment	90,838,437	27,446,250	-	118,284,687
Right-of-use assets	86,415,491	15,509,558	4,070,425	105,995,474
Intangible assets	9,670,326	2,344,201	-	12,014,527
Other assets	261,404,312	-	-	261,404,312
Deferred tax asset (unallocated)	-	-	-	5,020,273
Total assets	8,229,154,515	45,300,009	3,182,930,142	11,462,404,939
Liabilities				
Customers' accounts	9,127,012,881	-	-	9,127,012,881
Due to banks	-	-	955,364,134	955,364,134
Provision	3,051,972	-	-	3,051,972
Current tax liability (unallocated)	-	-	-	64,753,647
Lease liabilities	66,793,722	15,688,422	3,076,705	85,558,849
Other liabilities	71,823,449	3,178,194	-	75,001,643
Total liabilities	9,268,682,024	18,866,616	958,440,839	10,310,743,126

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

7 CASH AND BALANCES WITH OTHER BANKS

	2025 MVR	2024 MVR
Cash in hand (Note 7.1)	323,182,535	271,563,239
Balances with other banks (Note 7.2)	348,176,804	144,810,000
	<u>671,359,339</u>	<u>416,373,239</u>
Less: Impairment allowance on balances with other banks	(115,025)	(237,803)
Cash and balances with other banks	<u>671,244,314</u>	<u>416,135,436</u>

7.1 Cash in hand

	2025			2024		
	Foreign currency	Exchange rate	Carrying amount	Foreign currency	Exchange rate	Carrying amount
USD	12,496,952	15.395	192,390,576	8,982,727	15.395	138,289,083
MVR	-	-	130,791,959	-	-	133,274,156
Total			<u>323,182,535</u>			<u>271,563,239</u>

7.2 Balances with other banks

	2025			2024		
	Foreign currency	Exchange rate	Carrying amount	Foreign currency	Exchange rate	Carrying amount
Habib American Bank (USD)	7,772,557	15.395	119,658,512	1,591,323	15.395	24,498,411
AB Bank Limited (USD)	2,134,353	15.395	32,858,358	504,648	15.395	7,769,056
Bank of Maldives PLC (USD)	26,361	15.395	405,835	102,061	15.395	1,571,236
Bank of Maldives PLC (MVR)	-	-	28,499,531	-	-	14,840,074
State Bank of India (USD)	282,791	15.395	4,353,567	282,941	15.395	4,355,877
State Bank of India (MVR)	-	-	683,645	-	-	637,879
Amana Bank PLC (USD)	54,688	15.395	841,916	35,095	15.395	540,294
Mashreq Bank (USD)	9,449,850	15.395	145,480,440	5,884,844	15.395	90,597,173
Zhejiang Chouzhou Commercial Bank (USD)	1,000,000	15.395	15,395,000	-	-	-
Total			<u>348,176,804</u>			<u>144,810,000</u>

The bank has its Nostro accounts at Habib American Bank - New York (HAB) and Mashreq Bank - Dubai. This account is used to facilitate its foreign remittance and trade finance activities.

	2025 MVR	2024 MVR
Cash and balances with banks as per the statement of financial position	671,359,339	416,373,239
Add: Balance with MMA in excess of minimum reserve requirement	1,494,064,553	775,924,927
Cash and cash equivalents as per the cash flow statement	<u>2,165,423,892</u>	<u>1,192,298,166</u>

8 BALANCES WITH MALDIVES MONETARY AUTHORITY

	2025 MVR	2024 MVR
Minimum Reserve Requirement (MRR) (Note 8.1)	1,111,037,029	844,309,404
Balance in Excess of MRR with MMA (Note 8.2)	1,494,064,553	775,924,927
Total	<u>2,605,101,582</u>	<u>1,620,234,331</u>

8.1 Minimum Reserve Requirement (MRR)

Effective from 24 July 2025, the Minimum Reserve Requirement (MRR) on foreign currency deposits was reduced from 7.5% to 5%, while the MRR on MVR deposits remained unchanged at 10%.

In accordance with the regulations issued by the Maldives Monetary Authority (MMA), the Bank is required to maintain reserve deposits equivalent to 10% of local currency deposits and 5% of foreign currency deposits, calculated on a 14-day average of customers' deposits, excluding interbank deposits from other banks in the Maldives and letter of credit margin deposits. The Bank complied with the minimum reserve requirements throughout the period.

MRR balances are not available for the Bank's day-to-day operations. MVR MRR balances are placed under the MMA MRR Commodity Murabaha Facility and earn a profit rate of 1% per annum. No income is earned on USD MRR placements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

8.2 Balance in excess to minimum reserve requirement

The balance in excess of MRR does not carry any return and those funds will be utilised for operational, future financing and investment activities of the bank.

9 DUE FROM BANKS

	2025	2024
	MVR	MVR
Wakala bi al-isthithmar	462,228,461	154,026,975
Less: Impairment allowance on balances due from banks	(104,001)	(34,656)
	<u>462,124,460</u>	<u>153,992,319</u>

The Wakala bi al-isthithmar represent placements made with Bank of Maldives for a tenure of three months.

10 INVESTMENT IN EQUITY SECURITIES

	2025	2024
	MVR	MVR
Investment securities designated at FVOCI - (Note 10.1)	111,350,000	127,000,000
	<u>111,350,000</u>	<u>127,000,000</u>

10.1 Investment securities designated at FVOCI - equity investments

The bank designated certain investments shown in the following table as equity securities at FVOCI. The FVOCI designation was made because the investments are expected to be held for the long-term for strategic purposes.

	Fair value as at 31 December 2025	Dividend income recognised for the year 2025	Fair value as at 31 December 2024	Dividend income recognised for the year 2024
	MVR	MVR	MVR	MVR
Investment in equity shares - Ooredoo Maldives PLC	96,200,000	4,459,000	110,500,000	4,251,000
Investment in equity shares - Dhivehi Rajjeyge Gulhun PLC	15,150,000	870,000	16,500,000	750,000
	<u>111,350,000</u>	<u>5,329,000</u>	<u>127,000,000</u>	<u>5,001,000</u>
		Ooredoo Maldives PLC	Dhivehi Raajjeyge Gulhun PLC	Total
As at 1 st January 2024		97,500,000	15,000,000	112,500,000
Change in the fair value during the year		13,000,000	1,500,000	14,500,000
As at 31 st December 2024		<u>110,500,000</u>	<u>16,500,000</u>	<u>127,000,000</u>
As at 1 st January 2025		110,500,000	16,500,000	127,000,000
Change in the fair value during the year		(14,300,000)	(1,350,000)	(15,650,000)
As at 31 st December 2025		<u>96,200,000</u>	<u>15,150,000</u>	<u>111,350,000</u>

Equity investment securities designated at FVOCI are the investments in the quoted shares of Dhivehi Rajjeyge Gulhun PLC (Dhiraagu) and Ooredoo Maldives PLC (Ooredoo). The investment at Dhiraagu comprised of 100,000 shares with nominal value of MVR 2.5 which were purchased at MVR 80 per share. As at 31st December 2025, the shares were valued at MVR 151.50 each (2024: MVR 165). The investment at Ooredoo comprised of 1,300,000 shares with nominal value of MVR 1 which were purchased at MVR 30 per share. The shares were valued at MVR 74 each as at 31st December 2025 (2024: MVR 85).

No strategic investments were disposed off during 2025, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

10 INVESTMENT IN EQUITY SECURITIES (CONTINUED)

10.2 Fair value reserve

	2025 MVR	2024 MVR
As at 1 st January	60,000,000	49,125,000
(Reversal) / recognised during the year	(15,650,000)	14,500,000
Deferred tax on reversal / (recognition) during the year	3,912,500	(3,625,000)
As at 31 st December	48,262,500	60,000,000

11 INVESTMENTS IN OTHER FINANCIAL INSTRUMENTS

	2025 MVR	2024 MVR
Investments mandatorily measured at FVTPL (Note 11.1)	121,199,392	121,682,729
Investments measured at amortised cost (Note 11.2)	4,464,508,315	2,776,819,559
Less: Impairment loss allowance on other financial instruments (Note 11.2)	(1,004,515)	(634,890)
	4,584,703,192	2,897,867,398

11.1 Investments in other financial instruments mandatorily measured at FVTPL

Investments in other financial instruments include Wakalah and Mudharabah placements where the return is linked to the profit generated by the investee. Since this criteria does not meet the requirement of SPPI as per the 'IFRS 9 - Financial Instruments', these instruments have been reclassified as FVTPL.

Investment	Invested currency	Contract type	Country	Maturity	2025 MVR	2024 MVR
Islamic Treasury Bill	MVR	Mudharabah	Maldives	98 Days	121,199,392	121,682,729
					121,199,392	121,682,729

11.2 Investments measured at amortised cost

Investment	Invested currency	Contract type	Country	Maturity	2025 MVR	2024 MVR
Islamic Treasury Bills	MVR	Wakalah Bi Al-Isthithmar	Maldives	28-364 days	3,236,838,958	1,731,242,655
Commodity Murabahah Facility Standing Deposit Facility	MVR	Commodity Murabahah	Maldives		924,193,632	469,153,111
Sale & Lease Back Facility	MVR	SLBF	Maldives	3 years	103,142,026	264,221,629
Islamic Treasury Bills	USD	Wakalah Bi Al-Isthithmar	Maldives	1 year	-	312,202,164
Commodity Murabahah Facility Deposit	MVR	Commodity Murabahah	Maldives		200,333,699	-
					4,464,508,315	2,776,819,559
Impairment loss allowance on Wakalah Bi Al-Isthithmar Treasury Bills					(961,853)	(592,228)
Impairment loss allowance on Commodity Murabahah Overnight Deposit Facility					(42,662)	(42,662)
Impairment loss allowance					(1,004,515)	(634,890)
Net investments measured at amortised cost					4,584,703,192	2,897,867,398

12 NET RECEIVABLES FROM FINANCING ACTIVITIES

	2025 MVR	2024 MVR
Receivables from financing activities measured at amortised cost (Note 12.1)	7,671,339,258	5,891,258,987
Less: Impairment loss allowance (Note 12.1)	(166,305,703)	(146,802,805)
Net receivables from financing activities	7,505,033,555	5,744,456,182

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

12 NET RECEIVABLES FROM FINANCING ACTIVITIES**12.1 Receivables from financing activities measured at amortised cost**

	2025 MVR	2024 MVR
Diminishing Musharaka	3,796,654,381	3,096,257,669
Murabaha	1,689,221,787	1,833,240,022
Istisna'	81,896,265	107,256,687
Wakala Bi Al-Istithmar	148,390,961	46,390,956
Tawarruq	1,955,175,861	808,113,650
Ijarat-ul-Askhas	3	3
Total gross receivables from financing activities	7,671,339,258	5,891,258,987
Impairment loss allowance on individually assessed customers	(50,707,388)	(64,441,151)
Impairment loss allowance on collectively assessed customers	(115,598,315)	(82,361,654)
Total loss allowance	(166,305,703)	(146,802,805)
Net receivables from financing activities	7,505,033,555	5,744,456,182

12.2 Movement in impairment allowance

	Receivables from financing activities MVR	Financial assets at amortised cost MVR	Due from banks MVR	Placements with other banks MVR	Total MVR
As at 1 January 2024	111,968,456	291,143	-	479,913	112,739,512
Impairment expenses recognized during the year for on balance sheet exposure	34,834,349	343,747	34,656	(242,110)	34,970,642
As at 31 December 2024	146,802,805	634,890	34,656	237,803	147,710,154
As at 1 January 2025	146,802,805	634,890	-	237,803	147,675,498
Impairment expenses recognized during the year for on balance sheet exposure	19,502,898	369,625	69,345	(122,778)	19,819,090
As at 31 December 2025	166,305,703	1,004,515	104,001	115,025	167,494,588

12.3 Receivables from financing activities measured at amortised cost

	2025			2024		
	Gross amount	ECL allowance	Net carrying amount	Gross amount	ECL allowance	Net carrying amount
	MVR	MVR	MVR	MVR	MVR	MVR
Diminishing Musharaka	3,796,654,381	26,616,793	3,770,037,588	3,096,257,669	33,444,178	3,062,813,491
Murabaha	1,689,221,787	137,144,761	1,552,077,026	1,833,240,022	112,148,443	1,721,091,579
Istisna'	81,896,265	1,123,603	80,772,662	107,256,687	1,208,645	106,048,042
Wakala Bi Al-Istithmar	148,390,961	3,010	148,387,951	46,390,956	1,539	46,389,417
Tawarruq	1,955,175,861	-	1,955,175,861	808,113,650	-	808,113,650
Education financing	3	-	3	3	-	3
Total gross receivable	7,671,339,258	164,888,167	7,506,451,091	5,891,258,987	146,802,805	5,744,456,182

12.4 Net impairment loss on financial assets

	2025 MVR	2024 MVR
Impairment recognized during the year for on balance sheet exposure (Note 12.2)	19,819,090	34,970,642
Impairment reversed during the year for off balance sheet exposure (Note 19)	(1,510,597)	(4,045,486)
	18,308,493	30,925,156

12.5 Significant changes in the gross carrying amount

The following table provides an explanation of how significant changes in the gross carrying amount of financial instruments during the period contributed to changes in loss allowance.

	2025			2024		
	Impact: Increase / (decrease)			Impact: Increase / (decrease)		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Murabaha	1,296,169	479,742	(10,377,871)	4,319,204	1,406,874	5,228,342
Istisna'	(377)	-	-	-	-	-
Diminishing Musharakah	593,912	133,009	1,225,731	1,337,479	(708,969)	6,393,172
Tawarruq	7,533,036	2,072,637	1,832,802	5,417,611	1,258,396	949,617
Wakala Bi Al-Istithmar	1,907	-	-	1,539	-	-
	9,424,647	2,685,388	(7,319,338)	11,075,833	1,956,301	12,571,131
Commitments	(1,510,597)	-	-	(4,045,486)	-	-

MALDIVES ISLAMIC BANK PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

13 PROPERTY AND EQUIPMENT

	Leasehold building		Computer equipment		Furniture and fittings		Office equipment		Machinery and equipment		Motor vehicles		Capital work in progress		Total		
	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	
Cost																	
As at 1st January 2025	50,518,410	84,531,332	17,361,383	56,846,782	2,909,247	1,407,178	12,955,511	226,529,843									
Additions during the year	2,147,919	11,969,777	8,006,937	617,297	-	-	39,874,916	62,616,846									
Disposals during the year	(78,876)	(21,412)	(410,597)	-	-	-	-	(510,885)									
Transferred from capital work-in progress	12,555,195	206,921	663,720	9,396,122	-	-	(22,821,958)	-									
As at 31st December 2025	65,142,648	96,686,618	25,621,443	66,860,201	2,909,247	1,407,178	30,008,469	288,635,804									
Accumulated depreciation																	
As at 1st January 2025	18,512,538	51,015,384	8,783,691	28,363,056	981,948	588,539	-	108,245,156									
Depreciation for the year (Note 33)	5,027,714	12,267,965	3,031,505	8,580,408	291,879	224,640	-	29,424,111									
Released for the year	(78,876)	(21,412)	(341,966)	-	-	-	-	(442,254)									
As at 31st December 2025	23,461,376	63,261,937	11,473,230	36,943,464	1,273,827	813,179	-	137,227,013									
Net carrying amount																	
As at 31st December 2025	41,681,272	33,424,681	14,148,213	29,916,737	1,635,420	593,999	30,008,469	151,408,791									

Notes:

- Capital work in progress includes the amount incurred by the Bank on construction of ATM premises, new data recovery center and office space.
- There were no restrictions existed on the title of the property and equipment of the Bank as at the reporting date.
- There were no items of property and equipment pledged as securities for liabilities as at the reporting date.
- There were no idle property and equipment as at the reporting date.
- The cost of fully-depreciated property and equipment of the Bank as at 31 December 2025 is MVR 100,449,977.

MALDIVES ISLAMIC BANK PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

13 PROPERTY AND EQUIPMENT (CONTINUED)

	Leasehold building	Computer equipment	Furniture and fittings	Office equipment	Machinery and equipment	Motor vehicles	Capital work in progress	Total
	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR
Cost								
As at 1 January 2024	40,712,342	63,483,875	13,084,181	35,903,795	2,909,247	1,407,178	19,827,182	177,327,800
Additions during the year	2,603,464	7,111,046	3,361,367	1,112,228	-	-	35,013,938	49,202,043
Disposals during the year	-	-	-	-	-	-	-	-
Write offs during the year	-	-	-	-	-	-	-	-
Transferred from capital work-in progress	7,202,604	13,936,411	915,835	19,830,759	-	-	(41,885,609)	-
As at 31 December 2024	50,518,410	84,531,332	17,361,383	56,846,782	2,909,247	1,407,178	12,955,511	226,529,843
Accumulated depreciation								
As at 1 January 2024	14,295,901	41,508,651	6,646,278	21,852,983	690,007	354,433	-	85,348,253
Depreciation for the year (Note 33)	4,216,637	9,506,733	2,137,413	6,510,073	291,941	234,106	-	22,896,903
As at 31 December 2024	18,512,538	51,015,384	8,783,691	28,363,056	981,948	588,539	-	108,245,156
Net carrying amount								
As at 31 December 2024	32,005,872	33,515,948	8,577,692	28,483,726	1,927,299	818,639	12,955,511	118,284,687

Notes:

- Capital work in progress includes the amount incurred by the Bank on construction of ATMs, new data recovery center and office space.
- There were no restrictions existed on the title of the property and equipment of the Bank as at the reporting date.
- There were no items of property and equipment pledged as securities for liabilities as at the reporting date.
- There were no idle property and equipment as at the reporting date.
- The cost of fully-depreciated property and equipment of the Bank as at 31 December 2024 is MVR 61,935,286

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

14 RIGHT-OF-USE ASSETS

Right-of-use assets relate to leased properties that do not meet the definition of investment property.

	2025 MVR	2024 MVR
Cost		
As at 1 st January	178,567,391	172,231,120
Additions during the year	151,647,908	2,926,025
Modifications during the year	1,584,653	3,410,246
Terminations during the year	(23,459,224)	-
As at 31 st December	<u>308,340,728</u>	<u>178,567,391</u>
Accumulated depreciation		
As at 1 st January	72,571,917	57,165,338
Depreciation charged during the year (Note 33)	18,486,433	15,406,579
Terminations during the year	(17,033,791)	-
As at 31 st December	<u>74,024,559</u>	<u>72,571,917</u>
Net carrying amount	<u>234,316,169</u>	<u>105,995,474</u>

15 INTANGIBLE ASSETS**As at 31st December 2025**

	Core banking and database software MVR	Other computer software MVR	Capital work in progress MVR	Total MVR
Cost				
As at 1st January 2025	20,057,883	25,259,505	4,904,243	50,221,631
Additions during the year	-	21,082	8,236,936	8,258,018
Transferred from capital work-in-progress	-	260,102	(260,102)	-
As at 31st December 2025	<u>20,057,883</u>	<u>25,540,689</u>	<u>12,881,077</u>	<u>58,479,649</u>
Accumulated amortization				
As at 1st January 2025	19,561,180	18,645,924	-	38,207,104
Amortization for the year (Note 33)	270,930	3,066,017	-	3,336,947
As at 31st December 2025	<u>19,832,111</u>	<u>21,711,941</u>	<u>-</u>	<u>41,544,051</u>
Net carrying amount as at 31st December 2025	<u>225,772</u>	<u>3,828,748</u>	<u>12,881,077</u>	<u>16,935,598</u>

As at 31st December 2024

	Core banking and database software MVR	Other computer software MVR	Capital work in progress MVR	Total MVR
Cost				
As at 1st January 2024	20,057,883	22,827,995	1,129,238	44,015,116
Additions during the year	-	1,115,628	5,090,887	6,206,515
Transferred from capital work-in-progress	-	1,315,882	(1,315,882)	-
As at 31st December 2024	<u>20,057,883</u>	<u>25,259,505</u>	<u>4,904,243</u>	<u>50,221,631</u>
Accumulated amortization				
As at 1st January 2024	18,943,220	13,779,274	-	32,722,494
Amortization for the year (Note 33)	617,960	4,866,650	-	5,484,610
As at 31st December 2024	<u>19,561,180</u>	<u>18,645,924</u>	<u>-</u>	<u>38,207,104</u>
Net carrying amount as at 31st December 2024	<u>496,703</u>	<u>6,613,581</u>	<u>4,904,243</u>	<u>12,014,527</u>

15.1 Software work-in-progress mainly includes payments made by the bank for procuring software relating to card-scheme implementation.

15.2 There were no restrictions on the title of the intangible assets of the Bank as at the reporting date. Further, there were no items pledged as securities for liabilities.

MALDIVES ISLAMIC BANK PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

16 OTHER ASSETS

	2025	2024
	MVR	MVR
Refundable deposits	36,803,776	18,497,796
Prepayments	13,367,589	8,301,847
Advance payments against financing assets (Note 16.1)	173,101,702	174,255,586
Other receivables	65,575,874	60,349,083
	<u>288,848,941</u>	<u>261,404,312</u>

16.1 Advance payments against financing assets comprised of the advance payments made to suppliers for the procurement of goods under Trade and Ujala consumer financing facilities.

17 CUSTOMERS' ACCOUNTS

	2025	2024
	MVR	MVR
Current accounts	3,979,482,227	2,614,385,323
Savings accounts	4,971,639,904	3,726,920,576
Term deposits	4,318,440,098	2,624,417,938
Margin accounts	222,088,054	49,773,101
Other deposits	145,695,650	111,515,943
	<u>13,637,345,933</u>	<u>9,127,012,881</u>

18 DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

	2025	2024
	MVR	MVR
Wakalah Placement by BML (Note 18.1)	707,107,146	643,921,175
Wakalah Placement by MMA (Note 18.2)	502,013,699	311,442,959
	<u>1,209,120,845</u>	<u>955,364,134</u>

18.1 During the year, the Bank has entered in to further Wakala arrangements with Bank of Maldives ("BML"). The Bank has been appointed as agent of the BML for investing their funds and the Bank is authorized to enter into Shariah compliant transactions on behalf of BML.

18.2 During the year, the Bank has entered in to Wakala arrangements with Maldives Monetary Authority ("MMA"). The Bank has been appointed as agent of MMA for investing their funds and the Bank is authorized to enter into Shariah compliant transactions on behalf of MMA.

18.3 The Commodity Murabaha Facility from the Islamic Corporation for the Development of private sector ("ICD") was fully settled during the year.

19 PROVISIONS

	2025	2024
	MVR	MVR
As at 1 January	3,051,972	7,097,459
Provision reversed during the year - undrawn credit facilities	(1,510,597)	(4,045,487)
As at 31 December	<u>1,541,375</u>	<u>3,051,972</u>

The above provision represents the ECL provision recognized by the Bank for undrawn credit facilities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

20 LEASE LIABILITIES

The Bank leases its head office premises, branches, and ATM locations. The leases typically run for a period of 3 to 25 years, with an option to renew the lease after that date.

Information about leases for which the Bank is a lessee is presented below.

	2025	2024
	MVR	MVR
As at 1 st January	85,558,849	90,556,067
Additions during the year	52,238,560	2,926,024
Modifications during the year	1,584,653	3,410,247
Financing expense on lease liabilities	5,319,856	5,051,593
Payments made during the year	(18,879,481)	(16,385,082)
Lease terminations during the year	(8,631,967)	-
As at 31 st December	<u>117,190,470</u>	<u>85,558,849</u>

Maturity analysis of undiscounted cash flows as follows

Less than one year	21,294,058	17,033,395
More than one year	121,712,183	86,757,358
	<u>143,006,241</u>	<u>103,790,753</u>

Sensitivity analysis of lease liabilities

The below table reflects the sensitivity of lease liabilities as at 31 December 2025 to reasonably possible changes in Incremental Borrowing Rate (Incremental Financing Rate).

	-1%	No Change	+1%
Lease liabilities	121,039,941	117,190,470	113,543,617

20.1 Amount recognised in profit or loss

Financing expense on lease liabilities	5,319,856	5,051,593
Amortization of right of use asset	18,486,433	15,406,579

20.2 Amount recognised in statement of cash flows

	<u>13,559,625</u>	<u>11,333,489</u>
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20.3 Extension options

Some leases of branches contain extension options exercisable by the Bank up to three/five years before the end of the non-cancellable contract period. The Bank included extension options in lease agreements to provide operational flexibility and the management decided that the Bank is most likely to exercise the extension options. The future lease payments resulted in an increase in lease liability of MVR 56,847,947 as a result of the extensions as at 31 December 2025 (as at 31 December 2024: MVR 11,390,277).

21 OTHER LIABILITIES

	2025	2024
	MVR	MVR
Accrued expenses	7,241,865	5,645,887
Pension payable	1,088,926	852,913
Payable to suppliers	24,628,384	20,625,238
Cashiers cheque	958,453	425,150
Charity funds from financing	4,020,040	934,647
Retention on Istisna' projects	204,440	431,440
Dividend payable	1,372,773	595,351
Other liabilities*	101,191,786	45,491,017
	<u>140,706,667</u>	<u>75,001,643</u>

*Other liabilities mainly include bonus payable to staff, clearing inter-bank transfers, withholding tax payable to MIRA and other fund-clearing accounts.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

22 SHARE CAPITAL**22.1 Authorized share capital**

	2025 MVR	2024 MVR
100,000,000 ordinary shares of MVR 10 each (2024: 100,000,000 ordinary shares of MVR 10 each)	1,000,000,000	1,000,000,000

22.2 Issued and fully paid up share capital

	No. of shares	Ordinary share capital MVR	Ordinary share premium MVR	Total share capital and share premium MVR
As at 1 January 2025	22,500,007	225,000,070	112,500,000	337,500,070
Bonus share issue	1,464,338	14,643,380	36,608,450	51,251,830
As at 31 December 2025	23,964,345	239,643,450	149,108,450	388,751,900
As at 1 January 2024	22,500,007	225,000,070	112,500,000	337,500,070
As at 31 December 2024	22,500,007	225,000,070	112,500,000	337,500,070

As at 1 January 2025, the issued share capital comprised 18,000,007 ordinary shares of MVR 10 each issued at par and 4,500,000 ordinary shares of MVR 10 each issued at a premium of MVR 25 per share. During the year, the Company issued additional ordinary shares of MVR 10 each by way of a bonus issue at a premium of MVR 25 per share. (2024: 18,000,007 ordinary shares of MVR 10 each issued at par and 4,500,000 ordinary shares of MVR 10 each issued at a premium of MVR 25 per share.)

22.3 Shareholders

	2025		2024	
	No. of shares	%	No. of shares	%
Islamic Corporation for the Development of the Private Sector	7,910,807	33%	7,425,000	33%
The Government of Maldives	6,712,200	28%	6,300,000	28%
Maldives Pension Administration Office	2,524,394	11%	2,369,370	11%
Amana Takaful Maldives Plc	1,924,773	8%	1,806,372	8%
Others	4,892,171	20%	4,599,265	20%
Total	23,964,345	100%	22,500,007	100%

22.4 Dividends and voting rights

The holders of the ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote as per Articles of Association of the Bank.

During the year ended 31 December 2025, the Bank declared total dividends of MVR 4.58 per share, comprising a cash dividend of MVR 2.29 per share and a bonus share distribution of MVR 2.29 per share in lieu of cash, aggregating to MVR 103,050,032.06.

During the year ended 31 December 2024, dividends of MVR 2.90 per share were declared, amounting to MVR 65,250,020.

23 FAIR VALUE RESERVE

The bank has elected to recognise changes in the fair value of certain investments in equity securities in OCI (Note 10). These changes are accumulated within the FVOCI reserve within equity. The bank transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

24 STATUTORY RESERVE

In accordance with the Maldives Banking Act No. 24/2010 and the Prudential Regulation on Capital Adequacy (2015/R-166) issued by the Maldives Monetary Authority, the Bank is required to appropriate a portion of its net distributable profits to a statutory reserve.

As at 31 December 2025, the statutory reserve amounted to MVR 150,000,000, which is equal to the Bank's minimum required assigned capital. Accordingly, no transfer to the statutory reserve was required or made during the year ended 31 December 2025.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

25 NON-DISTRIBUTABLE CAPITAL RESERVE

In accordance with the Maldives Monetary Authority ("MMA") guideline on financing receivable loss provisioning (CN-BSD/2017/8), the Bank has created a separate reserve to record the difference in impairment amounts provided between IFRS provision and impairment provision made in accordance with MMA guidelines (MMA Prudential Regulation 2015/R-168: Regulation on Asset Classification, Provisioning and Suspense of Profit).

Total provision for impairment in accordance with MMA guidelines was higher than the ECL provision, and there was a reversal of MVR 12,464,233 from the non-distributable capital reserve as at 31 December 2025 (31 December 2024: additional MVR 1,294,076 transferred to non-distributable capital reserve).

	2025	2024
	MVR	MVR
Impairment provision per MMA Prudential Regulation as at 31 December	172,785,163	167,257,095
Less: Impairment provision per IFRS 9 as at 31 December (Note 12.2 & 19)	(167,847,078)	(149,854,777)
Non-distributable capital reserve as at 31 December	<u>4,938,085</u>	<u>17,402,318</u>
26 NET PROFIT EARNED FROM FINANCING ACTIVITIES	2025	2024
	MVR	MVR
Income from financing activities (Note 26.1)	785,955,495	599,348,633
Profit paid on customer accounts (Note 26.2)	(207,900,153)	(130,642,491)
Net profit from financing activities	<u>578,055,342</u>	<u>468,706,142</u>
26.1 Income from financing activities - measured at amortised cost		
Income from Education financing	3,438	664
Income from Murabaha	423,785,736	305,269,910
Income from Istisna'	9,377,016	12,915,873
Income from Diminishing Musharaka	340,090,183	280,870,576
Income from Wakalah Bi Al-Isthithmar	10,425,217	644,765
Income from financing activities using the effective profit method	<u>783,681,590</u>	<u>599,701,788</u>
Net impact of modification of financial assets measured at amortised cost (Note 26.3)	2,273,905	(353,155)
Total income from finance activities using the effective profit method	<u>785,955,495</u>	<u>599,348,633</u>
26.2 Profit paid on customer accounts & others - measured at amortised cost		
General investment accounts	119,980,273	68,155,991
Savings accounts	46,659,892	41,405,426
Inter-bank financing	41,259,988	21,081,074
	<u>207,900,153</u>	<u>130,642,491</u>
26.3 Net loss arising from modification of financial assets measured at amortised cost		

The bank has recognized additional losses from the modification of financial assets measured at amortized cost. These losses primarily relate to modifications made to restructuring and rescheduling of financing facilities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

26 NET PROFIT EARNED FROM FINANCING ACTIVITIES (CONTINUED)**26.3 Net loss arising from modification of financial assets measured at amortised cost (Continued)**

	2025			2024		
	Murabaha	Diminishing Musharakah	Total	Murabaha	Diminishing Musharakah	Total
Amortised cost before modification	786,069	-	786,069	7,063,998	63,513,976	70,577,974
Loss on modification	(66,348)	-	(66,348)	(213,520)	(2,837,809)	(3,051,329)
Unwinding effect during the year	47,768	2,292,485	2,340,253	583,452	2,114,722	2,698,174
Net impact to profit or loss	(18,580)	2,292,485	2,273,905	369,932	(723,087)	(353,155)

27 NET FEE AND COMMISSION INCOME

	2025 MVR	2024 MVR
Fee and commission income (Note 27.1)	214,241,048	145,540,120
Fee and commission expense (Note 27.2)	(63,673,981)	(32,999,413)
Net fee and commission income	150,567,067	112,540,707

27.1 Disaggregation of fee and commission income

In the following table, fee and commission income from contracts with customers in the scope of IFRS 15 is disaggregated by major type of services. The table also includes a reconciliation of the disaggregated fee and commission income with the Bank's reportable segments.

	Corporate and retail banking		ATM card and electronic banking		Total	
	2025 MVR	2024 MVR	2025 MVR	2024 MVR	2025 MVR	2024 MVR
Banking services	44,535,395	38,950,898	-	-	44,535,395	38,950,898
Trade finance services	3,556,350	2,734,732	-	-	3,556,350	2,734,732
Remittances	48,424,916	30,507,874	-	-	48,424,916	30,507,874
ATM, POS, Faisa Net and Gateway services	-	-	117,724,387	73,340,695	117,724,387	73,340,695
Other fees and commissions income	-	5,921	-	-	-	5,921
Total fee and commission income from contracts with customers	96,516,661	72,199,425	117,724,387	73,340,695	214,241,048	145,540,120

27.2 Fee and commission expense

Fee and Commission Expense	5,086,821	1,788,514	58,587,160	31,210,899	63,673,981	32,999,413
	5,086,821	1,788,514	58,587,160	31,210,899	63,673,981	32,999,413

28 NET FOREIGN EXCHANGE (LOSS)/GAIN

	2025 MVR	2024 MVR
Net foreign exchange (loss)/gain	(114,396)	(99,170)

Net foreign exchange gain represent net income received from buying and selling of foreign currency.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

29 INCOME FROM INVESTMENTS IN EQUITY SECURITIES	2025 MVR	2024 MVR
Dividend income from investment measured at FVOCI	5,329,000	5,001,000
	<u>5,329,000</u>	<u>5,001,000</u>
Dividend income represents dividends received during the year from investments in quoted shares of Dhivehi Raajjeyge Gulhun PLC ("Dhiraagu") and Ooredoo Maldives PLC ("Ooredoo").		
Dividend income from Dhiraagu includes a final dividend of MVR 7.04 per share for 2024 and an interim dividend of MVR 1.66 per share for 2025 (2024: final dividend of MVR 5.84 per share for 2023 and interim dividend of MVR 1.66 per share for 2024).		
Dividend income from Ooredoo includes a final dividend of MVR 3.43 per share for 2024 (2024: final dividend of MVR 3.27 per share for 2023).		
30 NET INCOME FROM OTHER FINANCIAL INSTRUMENTS		
30.1 Investments in other financial instruments mandatorily measured at FVTPL	2025 MVR	2024 MVR
Mudharabah income mandatorily measured at FVTPL	10,413,505	12,208,946
	<u>10,413,505</u>	<u>12,208,946</u>
30.2 Income from investments measured at amortised cost	2025 MVR	2024 MVR
Income from Wakalah Bi Al-Isthithmar & SLBF	129,364,451	94,771,204
Income from Commodity Murabaha placement	17,218,500	12,118,739
Income from Wakalah Bi Al-Isthithmar inter-bank facility	6,607,021	4,009,115
	<u>153,189,972</u>	<u>110,899,058</u>
31 PERSONNEL EXPENSES	2025 MVR	2024 MVR
Salaries and wages	101,268,167	80,116,975
Housing allowance	17,254,318	13,919,908
Annual and ramadhan bonus	47,066,873	35,661,581
Contribution to defined contribution plans	6,625,038	4,849,799
Medical insurance (Takaful)	5,670,446	4,427,355
Other staff expenses	19,709,649	9,857,046
Training and development	6,479,836	4,840,496
Executive allowance	1,720,565	1,358,846
Uniforms	370,947	98,097
	<u>206,165,839</u>	<u>155,130,103</u>
32 GENERAL AND ADMINISTRATIVE EXPENSES	2025 MVR	2024 MVR
Technology related expenses	36,526,596	22,523,094
Financing expenses on lease liabilities	5,319,856	5,051,593
Connectivity and internet charges	8,867,304	6,626,443
Electricity expenses	6,842,582	5,984,828
Marketing and advertising expenses	14,356,389	11,751,136
Premises security and insurance	5,020,018	4,523,700
Directors allowance and board related expenses	7,414,343	8,486,192
Other operating expenses	6,980,937	11,752,673
Stationary costs	2,816,869	2,075,999
Legal and professional expenses	14,753,170	13,964,712
Communication expenses	4,791,595	2,933,367
Financing related expenses	3,428,779	3,398,612
Utility expenses	2,986,346	2,241,853
Maintenance expense	6,185,418	5,875,066
Travelling expenses	2,794,897	1,868,937
Shari'ah committee related expenses	1,141,133	1,454,913
Rent	104,194	15,818
(Gain) / loss on lease termination	(2,206,534)	-
Corporate Social Responsibility (CSR) expenses	917,188	-
	<u>129,041,080</u>	<u>110,528,936</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

33 DEPRECIATION AND AMORTISATION	2025	2024
	MVR	MVR
Depreciation on property plant and equipment (Note 13)	29,424,111	22,896,903
Depreciation on right of use assets (Note 14)	18,486,433	15,406,579
Amortisation on intangible assets (Note 15)	3,336,947	5,484,610
	<u>51,247,491</u>	<u>43,788,092</u>
34 INCOME TAX	2025	2024
	MVR	MVR
34.1 Amounts recognised in profit or loss		
Current tax (Note 34.3)	132,196,195	95,414,503
Deferred tax asset (Note 34.5)	(10,256,209)	(4,451,397)
	<u>121,939,986</u>	<u>90,963,106</u>
34.2 Amounts recognised in other comprehensive income		
<i>Items that will not be reclassified to profit or loss;</i>		
Deferred tax liability / (asset) on movement in fair value reserve (equity instruments) (Note 34.5)	(3,912,500)	3,625,000
	<u>(3,912,500)</u>	<u>3,625,000</u>
34.3 Current tax		

The bank is liable to pay income tax (at the rate of 25%) in accordance with the Income Tax Act (Law Number 25/2019) issued on 17 December 2019 by the Government of Maldives. A reconciliation between taxable profit and the accounting profit is as follows.

	2025	2024
	MVR	MVR
Accounting profit before tax	492,677,587	368,884,396
Tax effect at the Income tax rate - 25%	123,169,397	92,221,099
Tax effect of non-deductible expenses	12,784,546	14,826,667
Tax effect of deductible expenses	(3,757,748)	(11,633,263)
Current tax	132,196,195	95,414,503
<i>Numerical reconciliation of income tax expense to prima facie tax payable</i>		
Accounting profit before tax	492,677,587	368,884,396
Tax effect at the Income tax rate - 25%	123,169,397	92,221,099
Tax effect of non-deductible expenses	(7,243,102)	9,537,056
Tax effect of deductible expenses	2,101,191	(7,248,878)
Income tax expense reported in the statement of comprehensive income	118,027,486	94,509,277
Effective tax rate (Excluding deferred tax)	27%	26%
Effective tax rate (Including deferred tax)	25%	25%

34.4 Current tax liability	2025	2024
	MVR	MVR
As at 1 January	64,753,647	39,560,190
Current tax	132,196,195	95,414,503
Tax paid during the year	(111,463,260)	(70,221,046)
As at 31 December	<u>85,486,582</u>	<u>64,753,647</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

34 INCOME TAX (CONTINUED)

34.5 Deferred tax (asset) / liability

	2025 MVR	2024 MVR
As at 1 January	(5,020,273)	(4,193,876)
Recognition in profit or loss		
Deferred tax asset recognized during the year	(10,256,209)	(4,451,397)
Recognition in other comprehensive income		
Deferred tax (assets) / liabilities recognised during the year	(3,912,500)	3,625,000
As at 31 December	<u>(19,188,982)</u>	<u>(5,020,273)</u>

34.6 Deferred tax liability / (asset) attributable for following:

	2025		2024	
	Temporary difference	Tax effect	Temporary difference	Tax effect
	MVR	MVR	MVR	MVR
Property and equipment	(24,791,520)	(6,197,880)	(16,715,240)	(4,178,810)
Intangible assets	2,048,824	512,206	2,920,468	730,117
Investments in equity securities	64,350,000	16,087,500	80,000,000	20,000,000
Impairment loss allowance on receivables from financing activities	(118,363,232)	(29,590,808)	(86,286,320)	(21,571,580)
	<u>(76,755,928)</u>	<u>(19,188,982)</u>	<u>(20,081,092)</u>	<u>(5,020,273)</u>

Deferred tax assets and liabilities are calculated on all taxable and deductible temporary differences arising from the differences between accounting bases and tax bases of assets and liabilities. Deferred tax is provided at the rate of 25% (2024: 25%).

Movement in deferred tax (asset) / liability

	Balance as at 1 January 2025	Recognized in profit or loss	Recognized in OCI	Balance as at 31 December 2025
	MVR	MVR	MVR	MVR
Property and equipment	(4,178,810)	(2,019,070)	-	(6,197,880)
Intangible assets	730,117	(217,911)	-	512,206
Investments in equity securities	20,000,000	-	(3,912,500)	16,087,500
Impairment loss allowance on receivables from financing activities	(21,571,580)	(8,019,228)	-	(29,590,808)
	<u>(5,020,273)</u>	<u>(10,256,209)</u>	<u>(3,912,500)</u>	<u>(19,188,982)</u>

35 BASIC AND DILUTED EARNINGS PER SHARE

35.1 The calculation of basic and diluted earnings per share is based on profit for the year attributable to the ordinary shareholders and weighted average number of ordinary shares outstanding as at reporting date. Basic earnings per share is calculated as follows:

	2025 MVR	2024 MVR
Profit attributable to ordinary shareholders	370,737,601	277,921,290
Weighted average number of ordinary shares	23,964,345	22,500,007
Basic earnings per share - MVR	<u>15.47</u>	<u>12.35</u>

35.2 Net assets per share as of 31 December

60.88	<u>51.18</u>
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MALDIVES ISLAMIC BANK PLC
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

36 CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The following table provides a reconciliation between line items in the statement of financial position and categories of financial instruments.

31 December 2025		Note	Mandatorily at FVTPL	Designated at FVOCI	Amortised cost	Total carrying amount
			MVR	MVR	MVR	MVR
Cash and balances with other banks	7	-	-	-	671,244,314	671,244,314
Balances with Maldives Monetary Authority	8	-	-	-	2,605,101,582	2,605,101,582
Due from banks	9	-	-	-	462,124,460	462,124,460
Investments in equity securities	10	-	-	111,350,000	-	111,350,000
Investments in other financial instruments	11	-	121,199,392	-	4,463,503,800	4,584,703,192
Net receivables from financing activities	12	-	-	-	7,505,033,555	7,505,033,555
Other assets	16	-	-	-	275,481,352	275,481,352
Total financial assets			121,199,392	111,350,000	15,982,489,063	16,215,038,455
Customers' accounts	17	-	-	-	13,637,345,933	13,637,345,933
Due to banks and other financial institutions	18	-	-	-	1,209,120,845	1,209,120,845
Lease liabilities	20	-	-	-	117,190,470	117,190,470
Other liabilities	21	-	-	-	133,464,802	133,464,802
Total financial liabilities			-	-	15,097,122,050	15,097,122,050
31 December 2024						
		Note	Mandatorily at FVTPL	Designated at FVOCI	Amortised cost	Total carrying amount
			MVR	MVR	MVR	MVR
Cash and balances with other banks	7	-	-	-	416,135,436	416,135,436
Balances with Maldives Monetary Authority	8	-	-	-	1,620,234,331	1,620,234,331
Due from banks	9	-	-	-	153,992,319	153,992,319
Investments in equity securities	10	-	-	127,000,000	-	127,000,000
Investments in other financial instruments	11	-	121,682,729	-	2,776,184,669	2,897,867,398
Net receivables from financing activities	12	-	-	-	5,744,456,182	5,744,456,182
Other assets	16	-	-	-	253,102,465	253,102,465
Total financial assets			121,682,729	127,000,000	10,964,105,402	11,212,788,131
Customers' accounts	17	-	-	-	9,127,012,881	9,127,012,881
Due to banks and other financial institutions	18	-	-	-	955,364,134	955,364,134
Lease liabilities	20	-	-	-	85,558,849	85,558,849
Other liabilities	21	-	-	-	69,355,756	69,355,756
Total financial liabilities			-	-	10,237,291,620	10,237,291,620

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

37 FINANCIAL RISK MANAGEMENT

The Bank has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

This note presents information about the Bank's objectives, policies and processes for measuring and managing risk.

The Bank's Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Board of Directors has established the Risk Management and Compliance Unit (RMCU), which is responsible for developing and monitoring risk management policies.

The Bank's risk management policies are established to identify and analyze the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Bank's activities. The Bank, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board Audit Committee (BAC) oversees how management monitors compliance with the Bank's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Bank. The BAC is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the BAC.

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework.

(i) Credit risk

'Credit risk' is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Bank's financing to customers and deposits and placements with other banks, and investment in securities. For risk management reporting purposes, the Bank considers and consolidates all elements of credit risk exposure (such as individual obligor default risk, country and sector risk).

The market risk in respect of changes in value in trading assets arising from changes in market prices applied to securities and specific assets included in trading assets is managed as a component of market risk.

The Bank's exposure to credit risk is influenced mainly by the individual characteristics of each customer. There is no concentration of credit risk geographically.

Settlement risk

The Bank's activities may give rise to risks at the time of settlement of transactions and trades. Settlement risk is the risk of loss due to the failure of an entity to honor its obligations to deliver cash, securities or other assets as contractually agreed.

For certain types of transactions, the Bank mitigates this risk by conducting settlements through a settlement/clearing agent to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations. Settlement limits form part of the credit approval/limit monitoring process described earlier. Acceptance of settlement risk on free-settlement trades requires transaction-specific or counterparty-specific approvals from RMCU.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

37 FINANCIAL RISK MANAGEMENT (CONTINUED)**(i) Credit risk (Continued)*****Management of credit risk***

The Board of Directors has delegated responsibility for the oversight of credit risk to its Board Risk and Compliance Committee (BRCC). A separate Risk Management Department, reporting to the board of directors, is responsible for managing the Bank's credit risk, including the following:

- Formulating credit policies in accordance with the financing manual approved by the Board and in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- Establishing the authorization structure for the approval and renewal of credit facilities. Authorization limits are allocated to Financing & Investment Committee (FIC) of the Management. Larger facilities require approval by the Board of Directors as appropriate.
- Reviewing and assessing credit risk: FIC of the Management assesses all credit exposures within its designated limits while exposures are assessed by BRCC in excess of designated limits, before facilities are committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.
- Limiting concentrations of exposure to counterparties, geographies and industries (for financing receivable and advances "financing", financial guarantees and similar exposures), and by issuer, credit rating band, market liquidity and country (for investment securities).
- Developing and maintaining risk grading system to categorize exposures according to the degree of risk of financial loss faced and to focus management on the attendant risks. The risk grading system is used in determining where impairment provisions may be required against specific credit exposures. The current risk grading framework consists of five grades reflecting varying degrees of risk of default. The responsibility for setting risk grades lies with the Business department while its validation and regular reviews is the responsibility of the RMCU.
- Reviewing compliance of business units with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports on the credit quality of local portfolios are provided to FIC, which may require appropriate corrective action to be taken.
- Providing advice, guidance and specialist skills to business units to promote best practice throughout the Bank in the management of credit risk.

The business unit is required to implement Bank's credit policies and procedures and is responsible for the quality and performance of its credit portfolio and for monitoring and controlling all credit risks in its portfolios. Regular audits of business units and RMCU's processes are undertaken by internal audit department.

Diversification of financing and investment activities;

Reviewing compliance, on an ongoing basis, with agreed exposure limits relating to counterparties, industries and countries and reviewing limits in accordance with risk management strategy and market trends.

In addition, the Bank manages the credit exposure by obtaining security where appropriate and limiting the duration of exposure. In certain cases, the Bank may also close out transactions or assign them to other counterparties to mitigate credit risk.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

37 FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Credit risk (Continued)

(a) i. Credit quality analysis

The following table sets out information about the credit quality of financial assets measured at amortised cost. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For financing commitments (undrawn financing facilities), the amounts in the table represent the amounts committed respectively.

Explanation of terms "Stage 1", "Stage 2" and "Stage 3" is included in Note 4.8 (vii)

	2025			2024				
	Stage 1 MVR	Stage 2 MVR	Stage 3 MVR	Total MVR	Stage 1 MVR	Stage 2 MVR	Stage 3 MVR	Total MVR
<i>Receivable from financing activities measured at amortised cost - gross carrying amount</i>								
Grade 1 - low risk (0 days)	6,922,713,595	-	-	6,922,713,595	5,173,331,172	-	-	5,173,331,172
Grade 2 - low risk (1 - 30 days)	341,270,405	-	-	341,270,405	373,434,813	-	-	373,434,813
Grade 3 - fair risk (31 - 60 days)	-	80,490,985	-	80,490,985	-	47,785,972	-	47,785,972
Grade 4 - fair risk (61 - 89 days)	-	58,788,447	-	58,788,447	-	36,900,889	-	36,900,889
Grade 5 - default (over 90 days)	-	-	268,075,826	268,075,826	-	-	259,806,141	259,806,141
Loss allowance	7,263,984,000	139,279,432	268,075,826	7,671,339,258	5,546,765,985	84,686,861	259,806,141	5,891,258,987
Carrying amount	(21,859,309)	(12,082,730)	(132,363,664)	(166,305,703)	(21,834,349)	(8,258,360)	(116,710,096)	(146,802,805)
	7,242,124,691	127,196,702	135,712,162	7,505,033,555	5,524,931,636	76,428,501	143,096,045	5,744,456,182
<i>Receivable from financing activities measured at amortised cost - gross carrying amount</i>								
Current	6,922,713,595	-	-	6,922,713,595	5,173,331,172	-	-	5,173,331,172
Overdue < 30 days	341,270,405	-	-	341,270,405	373,434,813	-	-	373,434,813
Overdue > 30 days	-	139,279,432	268,075,826	407,355,258	-	84,686,861	259,806,141	344,493,002
Total	7,263,984,000	139,279,432	268,075,826	7,671,339,258	5,546,765,985	84,686,861	259,806,141	5,891,258,987
<i>Financing commitments (undrawn financing facilities)</i>								
Grades 1-4: low-fair risk	1,497,100,844	389,623	97,063	1,497,587,530	1,172,292,826	831,079	97,063	1,173,220,968
Loss allowance	(1,519,277)	(22,098)	-	(1,541,375)	(2,939,048)	(112,924)	-	(3,051,972)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

37 FINANCIAL RISK MANAGEMENT (CONTINUED)
(i) Credit risk (Continued)
(a) ii. Cash and cash equivalents

The Bank held cash and cash equivalents of MVR 2,165,423,892 as at 31st December 2025 (31st December 2024 - MVR 1,192,298,166). These balances are maintained with central banks and financial institution counterparties, which are considered to have minimal credit risk exposure.

(b) i. Collateral held and other credit enhancement
Type of credit exposure

	Note	Percentage of exposure that is subject to collateral requirements		Principal type of collateral held
		2025	2024	
Receivable from financing activities				
Education financing		0%	0%	None
Tawarruq		7%	4%	Land and property
Murabaha		25%	15%	Land and property
Wakala		100%	100%	Land and property
Istisna'		100%	100%	Land and property
Diminishing Musharaka		100%	100%	Land and property

ii. Finance-to-value ratio

The table below stratify credit exposures from financing facilities to customers by ranges of Finance-to-value (FTV) ratio. FTV is calculated as the ratio of the gross amount of the finance facility or the amount committed for finance facility commitments to the value of the collateral. The value of the collateral is based on the collateral value at origination updated to reflect the current market values. For credit-impaired finance the value of collateral is based on the most recent appraisals.

FTV Ratio	2025	2024
	MVR	MVR
Less than 50%	2,378,913,600	1,627,427,140
51% - 70%	827,714,987	803,149,063
71% - 90%	900,399,887	686,490,586
91% - 100%	346,332,103	417,615,803
No collateral required (consumer financing)	3,217,978,681	2,356,576,395
Total	<u>7,671,339,258</u>	<u>5,891,258,987</u>
Credit-impaired financing		
Less than 50%	153,209,601	177,130,021
51% - 70%	-	2,245,539
More than 70%	252,714	-
No collateral required (consumer financing)	114,613,511	80,430,581
	<u>268,075,826</u>	<u>259,806,141</u>

As at 31st December 2025, the Bank did not hold any financial instruments for which no loss allowance is recognized because of collateral.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

37 FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Credit risk (Continued)**(b) ii. Finance-to-value ratio (Continued)****Receiveable from financing activities given to corporate customers**

As at 31 December 2025, the net carrying amount of credit impaired financing facilities granted to corporate customers is MVR 72,832,923 (2024: MVR 91,356,912) and the value of identifiable collateral (mainly land and property) held against those financing facilities amounted to MVR 224M (2024: MVR 445M). For each financing facility, the value of disclosed collateral is capped at the nominal amount of the finance facility that it is held against.

Receiveable from financing facilities mandatorily measured at FVTPL

As at 31 December 2025, the maximum exposure to credit risk of investment securities measured at FVTPL was their carrying amount of MVR 121,199,392 (2024: MVR 121,682,729). The bank has minimized the credit risk exposure of all of these financing activities by obtaining sovereign guarantee.

(c) Amounts arising from expected credit loss ("ECL")**Inputs, assumptions and techniques used for estimating impairment****(c) i. Significant increase in credit risk**

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

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- the remaining lifetime probability of default (PD) as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

The bank uses below criteria for determining whether there has been a significant increase in credit risk:

- quantitative test based on movement in PD;
- qualitative indicators; and
- a backstop of 30 days past due.

(c) ii. Generating the term structure of Probability of Default (PD)

Days past due has taken as the primary input into determination of the term structure of PD for exposures. The bank collects performance and default information about its credit risk exposures analyzed by type of product and customer.

The bank employs statistical models to analyze the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

For all financing portfolios except for Trade Finance Murabaha, a Transition Matrix based on days past due is used. For the Trade Finance Murabaha portfolio, since the above methods did not provide a statistically significant output, flow rate analysis is used.

This analysis includes the identification and calibration of relationship between changes in default rates and changes in key macro-economic factors as well as in-depth analysis of the impact of the certain other factors (e. g. forbearance experience) on the risk of default. For forward looking adjustments, the bank has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for the loan (financing) portfolio.

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

Using variety of external actual and forecasted information, the bank formulates a "Base Case" view of the future direction of relevant economic variables (mainly GDP Growth, inflation, unemployment with lag effect of these variable) as well as representative range (Best Case and Worst Case) of other possible forecast scenarios. The bank then uses the forecasts to adjust its estimates of PDs.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

37 FINANCIAL RISK MANAGEMENT (CONTINUED)**(i) Credit risk (Continued)****(c) Amounts arising from expected credit loss ("ECL") (Continued)****(c) iii. Determining whether credit risk has increased significantly**

The bank assesses whether credit risk has increased significantly since initial recognition at each reporting date. Determining whether an increase in credit risk is significant depends on the characteristics of the financial instrument and the borrower (customer).

As a backstop, the Bank considers that a significant increase in credit risk occurs no later than when an asset is equal or more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received.

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured as 12-month ECL. When contractual terms of a loan (financing facility) have been modified, evidence that the criteria for recognising lifetime ECL are no longer met includes a history of up-to-date payment performance against the modified contractual terms.

The Bank monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews.

(c) iv. Definition of default

The Bank considers a financial asset to be in default when:

- the customer is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank to actions such as realising security (if any is held);
- the customer is more than 90 days past due on any material credit obligation to the Bank. Overdrafts are considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding; or
- it is becoming probable that the borrower (customer) will restructure the asset as a result of bankruptcy due to the customer's inability to pay its credit obligations.

In assessing whether a borrower (customer) is in default, the bank considers indicators that are:

- qualitative: e.g. extension to terms granted, arrears within the last 12 months, significant changes in business, financial and/or economic conditions of the customer and actual or expected restructuring.
- quantitative: e.g. overdue status and non-payment on another obligation of the same issuer to the Bank; and
- based on data developed internally and obtained from external sources.

The definition of default largely aligns with that applied by the Group for regulatory capital purposes

(c) v. Incorporation of Forward-looking Information

The Bank incorporates forward-looking information into its measurement of ECL.

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

The Bank has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macroeconomic variables and credit risk and credit losses.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

37 FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Credit risk (Continued)

(c) Amounts arising from expected credit loss ("ECL") (Continued)

(c) v. Incorporation of forward-looking information (Continued)

Periodically, the Bank carries out stress testing of more extreme shocks to calibrate its determination of the upside and downside representative scenarios. A comprehensive review is performed at least annually on the design of the scenarios the Bank's internal team.

The Bank has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macroeconomic variables and credit risk and credit losses.

The economic scenarios used as at 31 December 2025 included the following key indicators for Maldives for the years ending 31 December 2026 to 2030.

		2026	2027	2028	2029	2030
GDP growth rate	<i>Base</i>	4.5%	4.1%	4.0%	4.0%	4.0%
	<i>Upside</i>	7.7%	7.3%	7.2%	7.2%	7.3%
	<i>Downside</i>	1.3%	0.9%	0.8%	0.8%	0.8%
Inflation rate	<i>Base</i>	2.5%	2.0%	2.0%	2.0%	2.0%
	<i>Upside</i>	1.5%	1.0%	1.0%	1.0%	1.0%
	<i>Downside</i>	3.5%	3.0%	3.0%	3.0%	3.0%
Unemployment rate	<i>Base</i>	4.2%	4.2%	4.2%	4.2%	4.2%
	<i>Upside</i>	3.6%	3.6%	3.6%	3.6%	3.6%
	<i>Downside</i>	4.8%	4.8%	4.8%	4.8%	4.8%

Predicted relationships between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analysing historical data over the past 8 years.

Economic variable assumptions

The below table reflects the sensitivity of Expected Credit Losses as at 31 December 2025 to reasonably possible changes to the key economic factor adjustments held constant in the ECL model.

	-1%	No Change	+1%
Inflation rate	163,823,054	167,847,078	171,752,349
GDP growth rate	168,653,597	167,847,078	167,034,097
Unemployment rate	158,367,228	167,847,078	176,727,628

(c) vi. Modified financial assets

The contractual terms of a loan (financing facility) may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan (financing facility) whose terms have been modified may be derecognised and the renegotiated loan (financing facility) recognised as a new loan (financing facility) at fair value.

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly by analysing both qualitative and based on the delinquency status before the modification of terms of the contract.

The bank renegotiates loans (financing facilities) to customers in financial difficulties (referred to as "forbearance activities") to maximise collection opportunities and minimise the risk of default.

The revised terms usually include extending the maturity, changing the timing of profit payments and amending the terms of loan (financing) covenants.

For financial assets modified as part of the bank's forbearance policy, the estimate of PD reflects whether the modification has improved or restored the bank's ability to collect profit and principal and the bank's previous experience of similar forbearance action. As part of this process, the bank evaluates the borrower(customer)'s payment performance against the modified contractual terms and considers various behavioural indicators.

37 FINANCIAL RISK MANAGEMENT (CONTINUED)**(i) Credit risk (Continued)****(c) Amounts arising from expected credit loss ("ECL") (Continued)****(c) vii. Measurement of ECL**

The key inputs into the measurement of ECL are the term structure of the following variables:

Probability of default (PD)

Loss given default (LGD)

Exposure at default (EAD)

ECL for exposures in Stage 1 is calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD.

Probability of default (PD)

PD estimates are estimates at a certain date, which are calculated based on statistical models, and assessed using various categories based on homogenous characteristics of exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. Where it is available, market data may also be used to derive the PD for large corporate counterparties.

The methodology of estimating PDs is discussed above under the heading 'Generating the term structure of PD.'

Loss given default (LGD)

LGD is the magnitude of the likely loss if there is a default. The bank estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim and recovery costs of any collateral that is integral to the financial asset. For financings secured by retail property, FTV ratios are a key parameter in determining LGD. LGD estimates are recalibrated for different economic scenarios and, for real estate financing, to reflect possible changes in property prices. They are calculated on a discounted cash flow basis using the effective profit rate as the discounting factor.

Exposure at default (EAD)

EAD represents the expected exposure in the event of a default. The bank derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortization. The EAD of a financial asset is its gross carrying amount. For financing commitments and financial guarantees, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts.

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the bank measures ECL considering the risk of default over the maximum contractual period over which it is exposed to credit risk. even if, for risk management purposes, the bank considers a longer period. The maximum contractual period extends to the date at which the bank has the right to require repayment (payment) of an advance or terminate a loan (financing) commitment or guarantee.

However, for Murabahah Trade Financing facilities that include both a financing and an undrawn commitment component, the bank measures ECL over a period longer than the maximum contractual period if the bank's contractual ability to demand repayment (payment) and cancel the undrawn commitment does not limit the bank's exposure to credit losses to the contractual notice period. These facilities do not have a fixed term or repayment (payment) structure and are managed on a collective basis. The bank can cancel them with immediate effect but this contractual right is not enforced in the normal day-to-day management. but only when the bank becomes aware of an increase in credit risk at the facility level.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

37 FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Credit risk (Continued)

(c) Amounts arising from expected credit loss ("ECL") (Continued)

(c) vii. Measurement of ECL (Continued)

Exposure at default (EAD) (Continued)

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics that include:

- instrument type
- collateral type
- remaining term to maturity

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

(c) viii. Loss allowance

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instruments.

	31 December 2025			
	Stage 1 MVR	Stage 2 MVR	Stage 3 MVR	Total MVR
<i>Receivable from financing activities measured at amortised cost and undrawn financing facilities.</i>				
As at 1 January 2025	9,196,894	6,248,388	134,409,495	149,854,777
Transfers:				
Transfer from Stage 1 to Stage 2	(628,719)	5,704,359	-	5,075,640
Transfer from Stage 1 to Stage 3	(515,138)	-	19,398,716	18,883,578
Transfer from Stage 2 to Stage 3	-	(2,456,334)	8,926,613	6,470,279
Transfer from Stage 3 to Stage 2	-	1,161,435	(7,583,475)	(6,422,040)
Transfer from Stage 3 to Stage 1	16,195	-	(15,909,455)	(15,893,260)
Transfer from Stage 2 to Stage 1	135,774	(2,624,006)	-	(2,488,232)
Net remeasurement of loss allowance	(10,605,341)	(844,322)	2,822,045	(8,627,618)
New financial assets originated	10,111,593	2,883,237	7,999,124	20,993,954
As at 31 December 2025	<u>7,711,258</u>	<u>10,072,757</u>	<u>150,063,063</u>	<u>167,847,078</u>
	31 December 2024			
	Stage 1 MVR	Stage 2 MVR	Stage 3 MVR	Total MVR
<i>Receivable from financing activities measured at amortised cost and undrawn financing facilities.</i>				
As at 1 January 2024	18,544,688	4,018,153	96,503,074	119,065,915
Transfers:				
Transfer from Stage 1 to Stage 2	(753,299)	3,614,301	-	2,861,002
Transfer from Stage 1 to Stage 3	(902,342)	-	19,372,768	18,470,426
Transfer from Stage 2 to Stage 3	-	(1,794,838)	6,500,004	4,705,166
Transfer from Stage 3 to Stage 2	-	785,357	(242,638)	542,719
Transfer from Stage 3 to Stage 1	15,254	-	(10,940,884)	(10,925,630)
Transfer from Stage 2 to Stage 1	119,979	(2,582,790)	-	(2,462,811)
Net remeasurement of loss allowance	(19,574,910)	(527,244)	3,482,497	(16,619,657)
New financial assets originated	11,747,524	2,735,449	19,734,674	34,217,647
As at 31 December 2024	<u>9,196,894</u>	<u>6,248,388</u>	<u>134,409,495</u>	<u>149,854,777</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

37 FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Credit risk (Continued)

(c) Amounts arising from expected credit loss ("ECL") (Continued)

(c) viii. Loss allowance (Continued)

Credit-impaired financial assets

The following table sets out a reconciliation of changes in the gross carrying amount of credit impaired financing facilities to customers.

	2025 MVR	2024 MVR
Opening balance of credit-impaired financing facilities to customers	259,806,141	174,100,117
Classified as credit-impaired during the year	104,369,161	153,377,317
Transferred to not credit-impaired during the year	(72,070,706)	(58,808,608)
Change in carrying amount of facilities that remained credit-impaired	(24,028,770)	(8,862,684)
Closing balance of credit-impaired financing facilities to customers	268,075,826	259,806,141

(d) Concentration of credit risk

Bank reviews on regular basis its concentration of credit granted in each of the products offered. The diversification was made to ensure that an acceptable level of risk in line with the risk appetite of the Bank is maintained. The diversification decision was made at the Assets-Liability Committee (ALCO), where it sets targets and present strategies to the Management and optimising the diversification. The product development team of the Bank is advised on the strategic decisions taken in diversification of the portfolio to align their product development activities accordingly.

The Bank monitors concentration of credit risk by Industry and by whether the customer is a business customer or an individual customer. An analysis of concentrations of credit risk from loans and advances (financing) to customers and loan commitments (financing commitments) and financial guarantees issued are shown below.

	Receivable from financing activities		Finance commitments and financial guarantees issued	
	2025 MVR	2024 MVR	2025 MVR	2024 MVR
Concentration by Industry				
Consumer goods	3,098,396,814	2,340,123,764	141,380,232	580,268,985
Transport and communications	160,908,790	175,775,645	-	14,653,954
Commerce - wholesale and retail trade	575,102,139	330,260,504	1,140,756,566	363,535,910
Construction - residential financing	2,605,517,149	2,202,651,352	561,446,853	136,649,121
Construction - commercial building financing	593,381,453	436,804,474	41,126,391	131,150,338
Electricity, lighting and power	23,984,217	11,802,451	-	-
Tourism	531,693,789	337,831,613	17,070,046	46,217,896
Fishing	71,298,341	48,348,931	-	-
Others	11,056,566	7,660,253	-	-
Total	7,671,339,258	5,891,258,987	1,901,780,088	1,272,476,204
Concentration by sector				
Business	1,956,422,297	1,337,206,495	1,371,354,390	633,853,641
Individual	5,714,916,961	4,554,052,492	530,425,698	638,622,563
Total	7,671,339,258	5,891,258,987	1,901,780,088	1,272,476,204

(ii) Liquidity risk

Liquidity risk is the risk that the Bank will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. The Bank's management reviews the asset and liability position of the Bank on a regular basis to ensure that there is no mismatch of assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

37 FINANCIAL RISK MANAGEMENT (CONTINUED)**(ii) Liquidity risk****Management of liquidity risk**

The bank's board of directors sets the bank's strategy for managing liquidity risk. Board has approved the liquidity policy for the bank whereby responsibility for oversight of the implementation of this policy is delegated to Management Committee (MC). MC oversees bank's liquidity policies and procedures implementation. Treasury function manages the bank's liquidity position on a day-to-day basis and reviews daily reports covering the liquidity position of the bank. A summary report, including any exceptions and remedial action taken, is submitted regularly to MC.

The bank's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the bank's reputation. The key elements of the bank's liquidity strategy are as follows.

- Maintaining a diversified funding base consisting of customer deposits (both retail and corporate) and wholesale market deposits and maintaining contingency facilities. encumbered and so not available as potential collateral for obtaining funding.
- Carrying a portfolio of highly liquid assets, diversified by currency and maturity.
- Monitoring liquidity ratios, maturity mismatches, behavioral characteristics of the bank's financial assets and financial liabilities, and the extent to which the bank's assets are encumbered and so not available as potential collateral for obtaining funding.
- Carrying out stress testing of the bank's liquidity position.

Treasury function receives information from other business units regarding the liquidity profile of their financial assets and financial liabilities and details of other projected cash flows arising from projected future business. Treasury function then maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities, financing and advances to banks and facilities, to ensure that sufficient liquidity is maintained within the bank as a whole.

Regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. The scenarios are developed taking into account both bank-specific events (e.g. a rating downgrade) and market-related events (e.g. prolonged market illiquidity, reduced fungibility of currencies, natural disasters or other catastrophes).

(a) Exposure to liquidity risk

The key measure used by the bank for managing liquidity risk is the ratio of liquid assets to liquid liabilities. For this purpose, liquid assets are those assets that are traded in active and primary market and include, Cash in hand, Current account balances with MMA, Balances with other banks including placements, Un-encumbered approved government securities, Investments in shares (held for trading), and Units of open-ended mutual funds. Liquid liabilities are amounts which fall due for immediate payment, e.g. demand liabilities etc. Details of the reported bank ratio of liquid assets to liquid liabilities at the reporting date were as follows.

	2025	2024
As at the reporting date	70.94%	63.24%

(b) Maturity analysis for financial liabilities and financial assets

The amounts shown in the maturity analysis below have been compiled by applying discounted cash flows which exclude future applicable profits. for the Issued financial guarantee contracts, and unrecognised finance commitments, earliest possible contractual maturity has been considered. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called. Some estimated maturities will vary due to changes in contractual cash flows such as early repayment (payment) option of financing. As part of the management of liquidity risk arising from financial liabilities, the bank holds liquid assets comprising cash and cash equivalents and balances with Maldives Monetary Authority.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

37 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Maturity analysis for financial liabilities and financial assets (Continued)

(ii) Liquidity risk (Continued)

The following tables set out the remaining contractual maturities of the Bank's financial liabilities and financial assets.

As at 31 December 2025	Carrying amount	Gross nominal inflow (outflow)	0-12 Months	1-2 Years	2-5 Years	More than five years
	MVR	MVR	MVR	MVR	MVR	MVR
Financial assets by type - Non derivative						
Cash and balances with other banks	671,244,314	671,359,339	671,359,339	-	-	-
Balances with Maldives Monetary Authority	2,605,101,582	2,605,101,582	2,605,101,582	-	-	-
Due from banks	462,124,460	462,228,461	462,228,461	-	-	-
Investments in equity securities *	111,350,000	111,350,000	-	-	-	111,350,000
Investments in other financial instruments *	4,584,703,192	4,585,707,707	4,585,707,707	-	-	-
Net receivables from financing activities	7,505,033,555	11,012,807,403	2,613,192,422	1,805,230,558	3,572,971,874	3,021,412,549
Other assets	275,481,352	275,481,352	275,481,352	-	-	-
	<u>16,215,038,455</u>	<u>19,724,035,844</u>	<u>11,213,070,863</u>	<u>1,805,230,558</u>	<u>3,572,971,874</u>	<u>3,132,762,549</u>
Financial liability by type - Non derivative						
Deposits from customers *	13,637,345,933	13,637,345,933	12,436,949,613	272,080,577	928,315,743	-
Due to banks and other financial institutions *	1,209,120,845	1,209,120,845	1,209,120,845	-	-	-
Lease liabilities	117,190,470	143,006,241	21,294,058	20,595,792	68,230,236	32,886,155
Other liabilities	133,464,802	133,464,802	133,464,802	-	-	-
	<u>15,097,122,050</u>	<u>15,122,937,821</u>	<u>13,800,829,318</u>	<u>292,676,369</u>	<u>996,545,979</u>	<u>32,886,155</u>
Net gap	<u>1,117,916,405</u>	<u>4,601,098,023</u>	<u>(2,587,758,455)</u>	<u>1,512,554,189</u>	<u>2,576,425,895</u>	<u>3,099,876,394</u>
As at 31 December 2024						
	Carrying amount	Gross nominal inflow (outflow)	0-12 Months	1-2 Years	2-5 Years	More than five years
	MVR	MVR	MVR	MVR	MVR	MVR
Financial assets by type - Non derivative						
Cash and balances with other banks	416,135,436	416,373,239	416,373,239	-	-	-
Balances with Maldives Monetary Authority	1,620,234,331	1,620,234,331	1,620,234,331	-	-	-
Due from banks	153,992,319	154,026,975	154,026,975	-	-	-
Investments in equity securities *	127,000,000	127,000,000	-	-	-	127,000,000
Investments in other financial instruments *	2,897,867,398	2,897,867,398	2,634,280,659	264,221,629	-	-
Net receivables from financing activities	5,744,456,182	8,488,476,513	2,004,940,844	1,422,231,786	2,628,716,855	2,432,587,028
Other assets	253,102,465	253,102,465	253,102,465	-	-	-
	<u>11,212,788,131</u>	<u>13,957,080,921</u>	<u>7,082,958,513</u>	<u>1,686,453,415</u>	<u>2,628,716,855</u>	<u>2,559,587,028</u>
Financial liability by type - Non derivative						
Deposits from customers *	9,127,012,881	9,127,012,881	8,482,793,525	376,667,983	267,551,373	-
Due to banks and other financial institutions *	955,364,134	955,364,134	955,364,134	-	-	-
Lease liabilities	85,558,849	103,790,753	17,033,395	15,045,213	43,223,665	28,488,480
Other liabilities	69,355,756	69,355,756	69,355,756	-	-	-
	<u>10,237,291,620</u>	<u>10,255,523,524</u>	<u>9,524,546,810</u>	<u>391,713,196</u>	<u>310,775,038</u>	<u>28,488,480</u>
Net gap	<u>975,496,511</u>	<u>3,701,557,397</u>	<u>(2,441,588,297)</u>	<u>1,294,740,219</u>	<u>2,317,941,817</u>	<u>2,531,098,548</u>

* Changes to share prices in future cannot be determined at this point in time thus carrying amount of equity investments are taken as gross nominal inflow. Future profit receivable from investments in other financial instruments & profit payable to customers cannot be determined as at the year end as they are on Mudharaba basis, thus the carrying amount is taken as gross nominal inflow/outflow.

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

(c) Liquidity reserves

The following table sets out the components of the Bank's liquidity reserves. The carrying value of the balances equals the fair value of such balances.

	2025 MVR	2024 MVR
Balances with Maldives Monetary Authority	2,605,101,582	1,620,234,331
Balances with other banks	348,061,779	144,572,197
Other cash and cash equivalents	323,182,535	271,563,239
Total liquidity reserves	<u>3,276,345,896</u>	<u>2,036,369,767</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

37 FINANCIAL RISK MANAGEMENT (CONTINUED)**(iii) Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and profit rates will affect the Bank's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Management of market risk

Board has approved Market Risk policy defining parameters for each type of risk in aggregate and for portfolios. MC is set-up with authority to implement these policies and monitor limits on day-to-day basis with market liquidity being a primary factor in determining the level of exposures set for trading portfolios within the defined parameters.

The Bank employs a range of tools to monitor and limit market risk exposures. These are discussed below.

Exposure to market risk - Non-trading portfolios

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market profit rates. Profit rate risk is managed principally through monitoring profit rate gaps and by having pre-approved limits for repricing bands. MC is the monitoring body for compliance with these limits and is assisted by Treasury function in its day-to-day monitoring activities.

Equity price risk is subject to regular monitoring by MC, but is not currently significant in relation to the overall results and financial position of the Bank.

The Bank monitors any concentration risk in relation to any individual foreign currency or in regard to the translation of foreign currency transactions and monetary assets and liabilities into the functional currency of the Bank in accordance with the Foreign Exchange Exposure Limits (FEEL) and Net Open Position (NOP) thresholds stipulated by Maldives Monetary Authority.

(a) Exposure to market risk

The following table sets out the allocation of assets and liabilities subject to market risk.

	Carrying amount	
	2025	2024
	MVR	MVR
Assets subject to market risk		
Cash and cash equivalents	192,390,576	138,289,083
Receivables from financing activities	3,726,293,913	2,748,610,359
Investment in equity securities	111,350,000	127,000,000
Investment in money market securities and other investments	121,199,392	121,682,729
	<u>4,151,233,881</u>	<u>3,135,582,171</u>
Liabilities subject to market risk		
Deposits	9,290,080,002	6,351,338,514
Lease liabilities	117,190,470	85,558,849
	<u>9,407,270,472</u>	<u>6,436,897,363</u>

(b) Exposure to profit rate risk - Non-trading portfolios

Profit rate risk exists in profit-bearing assets, due to the possibility of a change in the asset's value resulting from the variability of profit rates. Since profit rate risk management has become imperative, the Bank takes proactive measures to manage the exposure by forecasting the rate fluctuations.

At the reporting date, the Banks profit rate-bearing financial instruments were:

	2025	2024
	MVR	MVR
Fixed rate instruments		
<i>Financial assets</i>		
Net receivables from financing activities	7,505,033,555	5,744,456,182
Investments measured at amortised cost	4,464,508,315	2,776,819,559
	<u>11,969,541,870</u>	<u>8,521,275,741</u>
<i>Financial liabilities</i>		
Customers' accounts	9,290,080,002	6,351,338,514
Due to banks and other financial institutions	1,209,120,845	955,364,134
	<u>10,499,200,847</u>	<u>7,306,702,648</u>
Variable rate instruments		
<i>Financial assets</i>		
Investments mandatorily measured at FVTPL	121,199,392	121,682,729

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

37 FINANCIAL RISK MANAGEMENT (CONTINUED)

(iii) Market risk (Continued)

(d) Exposure to currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to change in foreign exchange rates and arises from financial instrument denominated in foreign currency. In accordance with MMA's prudential regulations, the foreign exchange risk exposure in any single currency, shall not exceed 25% of a bank's capital base for a long position, and 15% of a bank's capital base for a short position. The overall foreign currency exposure (short and long currency positions) for all currencies and on-balance sheet and off-balance sheet combined, using spot mid-rates and the shorthand method shall not exceed 40% of a bank's capital base.

(d) i. Exposure to currency risk - Non-trading Portfolios

The bank's exposure to foreign currency risk is as follows based on notional amount.

	2025	2024
	US\$	US\$
Cash and balances with other banks	33,211,465	17,368,419
Balances with Maldives Monetary Authority	76,880,034	52,882,561
Investments in other financial instruments	-	20,273,105
Due from banks	30,018,295	10,005,000
Net receivables from financing activities	88,897,960	51,843,449
Property and equipment	1,154,451	586,091
Intangible assets	705,830	277,902
Other assets	13,717,046	11,840,777
Customers' accounts	(222,903,655)	(131,638,802)
Other liabilities	(2,593,573)	(2,346,257)
Net statement of financial position exposure	19,087,853	31,092,245

The following significant exchange rates were applied during the year:

	Average rate		Reporting date	
	Year	Year	spot rate	
	ended	ended	Year	Year
	2025	2024	ended	ended
	2025	2024	2025	2024
1 US\$: Maldivian Rufiyaa	15.395	15.395	15.395	15.395

In respect of the monetary assets and liabilities denominated in US\$, the Bank has a limited currency risk exposure on such balances since the Maldivian Rufiyaa is pegged to the US Dollar within a band to fluctuate within $\pm 20\%$ of the mid-point of exchange rate.

(e) Exposure to equity price risk

Equity price risks arises as a result of fluctuations in market prices of individual equities.

For equity investments designated as FVOCI equity investments, a 10% decrease in the prices of Maldives Stock Exchange would have decreased equity and Investments measured at FVOCI as at 31 December 2025 by MVR 11,135,000 (2024: MVR 12,700,000).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

37 FINANCIAL RISK MANAGEMENT (CONTINUED)

(iv) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the bank's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks, such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the bank's operations.

The bank's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the bank's reputation with overall cost effectiveness and innovation. In all cases, the bank's policy requires compliance with all applicable legal and regulatory requirements.

The board of directors has delegated responsibility for operational risk to the bank's management committee, which is responsible for the development and implementation of controls to address operational risk. This responsibility is supported by the development of overall the bank standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements;
- Documentation of controls and procedures;
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- Requirements for the reporting of operational losses and proposed remedial action;
- Development of contingency plans;
- Training and professional development;
- Ethical and business standards; and
- Risk mitigation, including insurance where this is cost effective.

Compliance with the bank's standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of internal audit reviews are submitted to the audit committee and senior management of the bank.

38 CAPITAL MANAGEMENT

The bank has in place a capital management 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:

1. Maintain sufficient capital to meet minimum regulatory capital requirements set by the Maldives Monetary Authority ("MMA")
2. Hold sufficient capital to support the bank's risk appetite.
3. Allocate capital to support the bank's strategic objectives.
4. Ensure that the bank maintains capital in order to achieve debt rating objectives and to withstand the impact of potential stress events.

(a) Regulatory capital adequacy

MMA, as the regulator of the bank sets and monitors capital requirements for the bank. In implementing current capital ratio requirements, MMA requires the bank to maintain prescribed minimum ratios.

Maldives Monetary Authority has allowed the bank to recognize the full impact on the adoption of the impairment requirements under IFRS 9 and has requested the banks that the banks may recognize the additional impairment provision under its equity when Regulatory impairment provision exceeds the impairment provision calculate under the requirement of IFRS 9.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

38 CAPITAL MANAGEMENT

(a) Regulatory capital adequacy (continued)

The bank's regulatory capital consists of the sum of the following elements;

	2025 MVR	2024 MVR
Tier 1 ("Core") Capital		
Share capital	388,751,900	337,500,070
Retained earnings (shown as previous year amount as MMA requirement)	483,709,393	310,132,211
Statutory reserve (shown as previous year amount as MMA requirement)	150,000,000	150,000,000
Less: Future income tax benefits	(25,020,273)	(20,568,876)
Total Tier 1 Capital	997,441,020	777,063,405
Tier 2 ("Supplementary") Capital		
Current year-to-date profit	370,737,601	277,921,290
Valuation adjustment (discounted 55%)	21,718,125	27,000,000
General provisions (limited to 1.25% of RWA)	36,065,836	28,571,090
Sub total	428,521,562	333,492,380
Eligible Tier 2 Capital (Limited to 100% of Tier 1 Capital)	428,521,562	333,492,380
Total Tier 1 and Tier 2 Capital	1,425,962,582	1,110,555,785
Core capital (Tier 1 Capital)	997,441,020	777,063,405
Capital base (Tier 1 and Tier 2 Capital)	1,425,962,582	1,110,555,785
Risk-weighted assets	8,828,434,768	7,495,616,603
Tier 1 Risk based capital ratio (minimum 6%)	11.3%	10.4%
Total risk based capital ratio (minimum 12%)	16.2%	14.8%

The risk-weighted assets have been calculated by multiplying the value of each category of asset using the risk weight specified by the Maldives Monetary Authority.

The bank's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain the future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Bank recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The bank complied with Basel I framework as adopted by the MMA.

(b) Capital allocation

Management uses regulatory capital ratios to monitor its capital base. The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily on regulatory capital requirements, but in some cases the regulatory requirements do not fully reflect the varying degree of risk associated with different activities. In such cases, the capital requirements may be flexed to reflect differing risk profiles, subject to the overall level of capital to support a particular operation or activity not falling below the minimum amount required for regulatory purposes. The process of allocating capital to specific operations and activities is undertaken independently of those responsible for the operation by Risk Management and Compliance Unit (RMCU), and is subject to review by the Board Risk and Compliance Committee (BRCC).

Although maximisation of the return on risk-adjusted capital is the principal basis used in determining how capital is allocated to particular operations or activities, it is not the sole basis used for decision making. Account is also taken of synergies with other operations and activities, the availability of management and other resources, and the fit of the activity with longer-term strategic objectives of the bank. The bank's policies in respect of capital management and allocation are reviewed regularly by the board of directors.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

39 (a) Valuation models

The bank measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include discounted cash flow models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premiums used in estimating discount rates.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The bank uses widely recognised valuation models to determine the fair value of common and simple financial instruments, such as profit rate, that use only observable market data and require little management judgment and estimation. Observable prices or model inputs are usually available in the market for listed equity securities. The availability of observable market prices and model inputs reduces the need for management judgment and estimation and also reduces the uncertainty associated with determining fair values. The availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

(b) Valuation framework

The bank has an established control framework with respect to the measurement of fair values. This framework includes a Product Control function, which is independent of front office management and reports to the Head of Finance, and which has overall responsibility for independently verifying the results of trading and investment operations and all significant fair value measurements. Specific controls include:

- Verification of observable pricing;
- Re-performance of model valuations;
- A review and approval process for new models and changes to models involving both Product Control and Bank Market Risk;
- Quarterly calibration and back-testing of models against observed market transactions;

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

39 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Valuation Framework (Continued)

- Analysis and investigation of significant daily valuation movements; and
- Review of significant unobservable inputs, valuation adjustments and significant changes to the fair value measurement of Level 3 instruments compared with the previous month, by a committee of senior Product Control and Bank Market Risk personnel. When third party information, such as broker quotes or pricing services, is used to measure fair value, Product Control assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS. This includes:
 - Verifying that the broker or pricing service is approved by the Bank for use in pricing the relevant type of financial instrument;
 - Understanding how the fair value has been arrived at, the extent to which it represents actual market transactions and whether it represents a quoted price in an active market for an identical instrument;
 - When prices for similar instruments are used to measure fair value, how these prices have been adjusted to reflect the characteristics of the instrument subject to measurement; and
 - If a number of quotes for the same financial instrument have been obtained, then how fair value has been determined using those quotes.
- Significant valuation issues are reported to the Audit Committee.

The bank uses widely recognised valuation models to determine the fair value of common and simple financial instruments. The availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determining fair values. The Bank uses observable market prices and inputs to determine the value investment securities designated at FVOCI.

(c) Fair value hierarchy - financial instruments measured at fair value

The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the statement of financial position. The fair values include any deferred differences between the transaction price and the fair value on initial recognition when the fair value is based on a valuation technique that uses unobservable inputs.

Measured at fair value	Level 1 MVR	Level 2 MVR	Level 3 MVR	Total MVR
As at 31 December 2025				
Investments mandatorily measured at FVTPL	-	121,199,392	-	121,199,392
Investments				
Equity investments measured at FVOCI	111,350,000	-	-	111,350,000
	<u>111,350,000</u>	<u>121,199,392</u>	<u>-</u>	<u>232,549,392</u>
Measured at fair value	Level 1 MVR	Level 2 MVR	Level 3 MVR	Total MVR
As at 31 December 2024				
Investments mandatorily measured at FVTPL	-	121,682,729	-	121,682,729
Investments				
Equity investments measured at FVOCI	127,000,000	-	-	127,000,000
	<u>127,000,000</u>	<u>121,682,729</u>	<u>-</u>	<u>248,682,729</u>
<i>Total gains and losses recognised in OCI:</i>			2025 MVR	2024 MVR
Fair value reserve (equity instruments) - net change in fair value (excluding tax) (Note 10.2)			(15,650,000)	14,500,000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

39 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(d) Level 3 fair value measurements

i. Reconciliation

Except for one instrument, all the other financial instruments which needs to be measure mandatorily at fair value has got profit reset option to the bank for each 3 months and accordingly, the maximum fair value exposure would be for the next 3 months variation of the profit rate as the instruments are backed with the Sovereign guarantees. Further, the remaining maturity of the remaining financial instrument is 7 months and since the counterparty is a reputed financial institution, there had not been any significant fair value adjustment through that instrument and accordingly, it has been concluded that the carrying value of the instrument provides a fair approximation of the fair value.

ii. Observable inputs used in measuring fair value - Level 2

The Bank has determined the indicative profit rates in order to determine fair value of the instrument as the inputs used as at 31 December 2025 in measuring financial instruments categorised as Level 2 in the fair value hierarchy.

iii. The effect of observable inputs on fair value measurement

Although the bank believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. However, as the bank only has done the fair valuation of the financial instruments mandatorily measured at FVTPL which are in short term nature with minor impact of the fair valuation due to the fact that those facilities are largely provided for 3 months period where the profit would be reset in each 3 months if required and one facility only with a total period of 1 year, there is no such fair value impact of those instruments and the change of methods or assumptions would not result in any major change to those fair values. Valuation technique for investments mandatorily measured at FVTPL are based on discount cashflow analysis and key inputs to the model is estimated cashflows and indicative profit rates.

(e) Financial instruments not measured at fair value

The following table sets out the fair values of financial instruments not measured at fair value. For the majority of the financial assets and liabilities, the fair values are not materially different from their carrying amounts, since the profit payable on these borrowings (fundings) is either close to market rates or the borrowings (fundings) are of a short-term nature.

	Financial assets at	Financial	Total carrying
	amortised cost	liabilities at	amount
	MVR	amortised cost	MVR
		MVR	
As at 31 December 2025			
Assets			
Cash and balances with other banks	671,244,314	-	671,244,314
Balances with Maldives Monetary Authority	2,605,101,582	-	2,605,101,582
Due from banks	462,124,460	-	462,124,460
Investments in other financial instruments measured at amortised cost	4,464,508,315	-	4,464,508,315
Receivables from financing activities	7,505,033,555	-	7,505,033,555
Other assets	275,481,352	-	275,481,352
	<u>15,983,493,578</u>	<u>-</u>	<u>15,983,493,578</u>
Liabilities			
Customers' accounts	-	13,637,345,933	13,637,345,933
Due to banks and other financial institutions	-	1,209,120,845	1,209,120,845
Lease liabilities	-	117,190,470	117,190,470
Other liabilities	-	133,464,802	133,464,802
	<u>-</u>	<u>15,097,122,050</u>	<u>15,097,122,050</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

39 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(e) Financial instruments not measured at fair value (continued)

	Financial assets at amortised cost	Financial liabilities at amortised cost	Total carrying amount
	MVR	MVR	MVR
As at 31 December 2024			
Assets			
Cash and balances with other banks	416,135,436	-	416,135,436
Balances with Maldives Monetary Authority	1,620,234,331	-	1,620,234,331
Due from banks	154,026,975	-	154,026,975
Investments in other financial instruments measured at amortised cost	2,776,819,559	-	2,776,819,559
Receivables from financing activities	5,744,456,182	-	5,744,456,182
Other assets	253,102,465	-	253,102,465
	<u>10,964,774,948</u>	<u>-</u>	<u>10,964,774,948</u>
Liabilities			
Customers' accounts	-	9,127,012,881	9,127,012,881
Due to banks and other financial institutions	-	955,364,134	955,364,134
Lease liabilities	-	85,558,849	85,558,849
Other liabilities	-	69,355,756	69,355,756
	<u>-</u>	<u>10,237,291,620</u>	<u>10,237,291,620</u>

Where they are available, the fair value of loans and advances (financing) is based on observable market transactions. Where observable market transactions are not available, fair value is estimated using valuation models, such as discounted cash flow techniques.

To improve the accuracy of the valuation estimate for retail and smaller commercial loans (financing facilities), homogeneous loans (financing facilities) are grouped into portfolios with similar characteristics such as vintage, LTV ratios, the quality of collateral, product and borrower (customer) type, prepayment and delinquency rates, and default probability.

The fair value of deposits from customers is estimated using discounted cash flow techniques, applying the rates that are offered for deposits of similar maturities and terms. The fair value of deposits payable on demand is the amount payable at the reporting date.

40 RELATED PARTY TRANSACTIONS

40.1 The bank carried out transactions in the ordinary course of business on an arm's length basis at commercial rates with parties who are defined as related parties as per the International Accounting Standard – IAS 24 on "Related Party Disclosures".

40.2	Name of the related party	Relationship	Product	Nature of the transaction	Amount	
					2025 MVR	2024 MVR
	ICD	Shareholder	Commodity	Opening balance	-	31,009,207
			Murabaha	Profit for the period	-	506,171
			(borrowing)	Settlement	-	(31,515,378)
					<u>-</u>	<u>-</u>
	Government of Maldives	Shareholder	Islamic T-Bills	Opening balance	2,164,535,320	1,760,427,983
				New investments	1,200,000,000	467,900,000
				Profit recognised for the period	139,777,956	106,980,150
				Profit received for the period	(146,274,926)	(170,180,585)
				Impairment allowance	(728,289)	(592,228)
					<u>3,357,310,061</u>	<u>2,164,535,320</u>

FOR THE YEAR ENDED 31 DECEMBER 2025

40 RELATED PARTY TRANSACTIONS (CONTINUED)

40.2	Name of the related party	Relationship	Product	Nature of the transaction	Amount	
					2025 MVR	2024 MVR
	Government of Maldives	Shareholder	Istisna'	Opening balance	4,413,285	7,563,615
Profit for the period				243,263	570,484	
Settlement				(3,720,814)	(3,720,814)	
				935,734	4,413,285	
Impairment allowance				(209)	(993)	
					935,525	4,412,292
	Maldives Monetary Authority	Related to a shareholder	Central Bank Reserve	Minimum Reserve Requirement	1,111,037,029	844,309,404
				Balance in Excess of MRR with MMA	1,494,064,553	775,924,927
					2,605,101,582	1,620,234,331
	Maldives Monetary Authority	Related to a shareholder	Commodity Murabaha	Investment in Commodity Murabaha	1,124,000,000	469,000,000
				Profit recognised for the period	9,232,701	12,118,739
				Profit received for the period	(8,705,370)	(11,965,628)
				Impairment allowance	(252,978)	(42,662)
					1,124,274,353	469,110,449
	Maldives Monetary Authority	Related to a shareholder	Wakala Bi Al-Isthithmar	Investment in Wakala	500,000,000	307,900,000
				Profit recognised for the period	2,013,699	3,542,959
					502,013,699	311,442,959
	Maldives Pension Administration Office	Shareholder	Deposit	Opening balance	889,261,507	588,343,006
				Transactions during the year	768,994,355	300,918,501
					1,658,255,862	889,261,507
	Amana Takaful (Maldives) Plc.	Shareholder	Deposit	Opening balance	36,460,118	43,249,014
				Transactions during the year	585,277	(6,788,896)
					37,045,395	36,460,118

40.3 Collectively, but not individually, significant transactions

The Government of Maldives holds 28% of the shareholding of the Bank. The Bank conducted transactions with entities directly or indirectly controlled by the Government of Maldives through its authorities, agencies, affiliations and other organizations, collectively referred to as government entities. The Bank conducted transactions with other government related entities including but not limited to Investments, financing and deposits.

40.4 Transactions with key management personnel

The aggregate values of transactions and outstanding balances related to key management personnel were as follows.

	Transaction values for the year ended 31 December		Maximum balance for the year ended 31 December		Balance outstanding as at 31 December	
	2025	2024	2025	2024	2025	2024
Secured financing	3,999,351	4,171,811	26,425,968	27,601,657	17,273,926	17,615,722
Other financing	1,047,574	2,697,085	3,661,367	3,652,703	3,766,831	3,304,077
Deposits received	59,104,717	77,935,905	11,414,232	10,380,556	6,839,406	8,021,961
	64,151,642	84,804,801	41,501,567	41,634,916	27,880,162	28,941,761

The profit charged on balances outstanding from key management personnel amounted to MVR 839,268 (2024: MVR 922,635). The profit paid on balances outstanding to key management personnel amounted to MVR 22,847 (2024: MVR 29,484). The mortgages and secured financing granted are secured over property of the respective borrowers (customers). Other balances are not secured and no guarantees have been obtained.

No impairment losses have been recorded against balances outstanding during the period with key management personnel, and no specific allowance has been made for impairment losses on balances with key management personnel and their immediate relatives at the reporting date.

The key management personnel are the members of the Board of Directors and Executive members. The Bank has paid an amount of MVR 34,342,669 as short-term employment benefits to the key management personnel during the year ended 31 December 2025. (2024: MVR 29,404,044).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

41 Maturity analysis for liabilities and assets

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

	31 December 2025			31 December 2024		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
	MVR	MVR	MVR	MVR	MVR	MVR
ASSETS						
Cash and balances with other banks	671,244,314	-	671,244,314	416,135,436	-	416,135,436
Balances with Maldives Monetary Authority	2,605,101,582	-	2,605,101,582	1,620,234,331	-	1,620,234,331
Due from banks	462,124,460	-	462,124,460	153,992,319	-	153,992,319
Investments in equity securities	-	111,350,000	111,350,000	-	127,000,000	127,000,000
Investments in other financial instruments	4,584,703,192	-	4,584,703,192	2,633,645,769	264,221,629	2,897,867,398
Net receivables from financing activities	1,712,644,224	5,792,389,331	7,505,033,555	1,305,842,291	4,438,613,891	5,744,456,182
Property and equipment	-	151,408,791	151,408,791	-	118,284,687	118,284,687
Right-of-use assets	-	234,316,169	234,316,169	-	105,995,474	105,995,474
Intangible assets	-	16,935,598	16,935,598	-	12,014,527	12,014,527
Other assets	288,848,941	-	288,848,941	261,404,312	-	261,404,312
Deferred tax asset	-	19,188,982	19,188,982	-	5,020,273	5,020,273
Total assets	10,324,666,713	6,325,588,871	16,650,255,584	6,391,254,458	5,071,150,481	11,462,404,939
LIABILITIES						
Customers' accounts	12,436,949,613	1,200,396,320	13,637,345,933	8,482,793,525	644,219,356	9,127,012,881
Due to banks and other financial institutions	1,209,120,845	-	1,209,120,845	955,364,134	-	955,364,134
Provisions	-	1,541,375	1,541,375	-	3,051,972	3,051,972
Current tax liability	85,486,582	-	85,486,582	64,753,647	-	64,753,647
Lease liabilities	15,113,008	102,077,462	117,190,470	12,551,737	73,007,112	85,558,849
Other liabilities	140,706,667	-	140,706,667	75,001,643	-	75,001,643
Total liabilities	13,887,376,715	1,304,015,157	15,191,391,872	9,590,464,686	720,278,440	10,310,743,126
Net assets / (liabilities)	(3,562,710,002)	5,021,573,714	1,458,863,712	(3,199,210,228)	4,350,872,041	1,151,661,813

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

42 COMMITMENTS

	2025 MVR	2024 MVR
(i) Financial commitments		
Letter of credits	367,542,933	47,623,685
Guarantees and bonds	18,060,544	35,004,531
Bill collection acceptance	18,589,081	16,627,020
	<u>404,192,558</u>	<u>99,255,236</u>
(ii) Financing commitments		
Undrawn financing facilities	<u>1,497,587,530</u>	<u>1,173,220,968</u>
Total	<u><u>1,901,780,088</u></u>	<u><u>1,272,476,204</u></u>

43 CAPITAL COMMITMENTS

During the year, the Bank entered into multiple supplier agreements for the development of a new disaster recovery center, construction of office facilities, and expansion of ATM and service centers across several islands. As at 31 December 2025, the capital commitments of the Bank is MVR 42,889,545 (year ended 31 December 2024 - MVR 17,859,755).

44 EVENTS AFTER THE REPORTING DATE

No other circumstances have risen since the reporting date which require adjustments to/or disclosure in the financial statements.

45 TERMINOLOGY USED IN FINANCIAL STATEMENTS

As mentioned in Note 2 (i) " Basic of Preparation", these financial statements have been prepared and presented in accordance with International Financial Reporting Standards ("IFRSs"). The following comparison is given for the readers of the financial statements to understand the terminologies as in line with Shari'ah Law.

IFRSs Terminology	Shari'ah Terminology
Borrower	Customer
Lender	Financier (Bank)
Borrowing	Financing
Loan	Financing facility
Interest rate	Profit / Rental rate
Incremental Borrowing rate	Incremental Financing rate
Repayment	Payment

