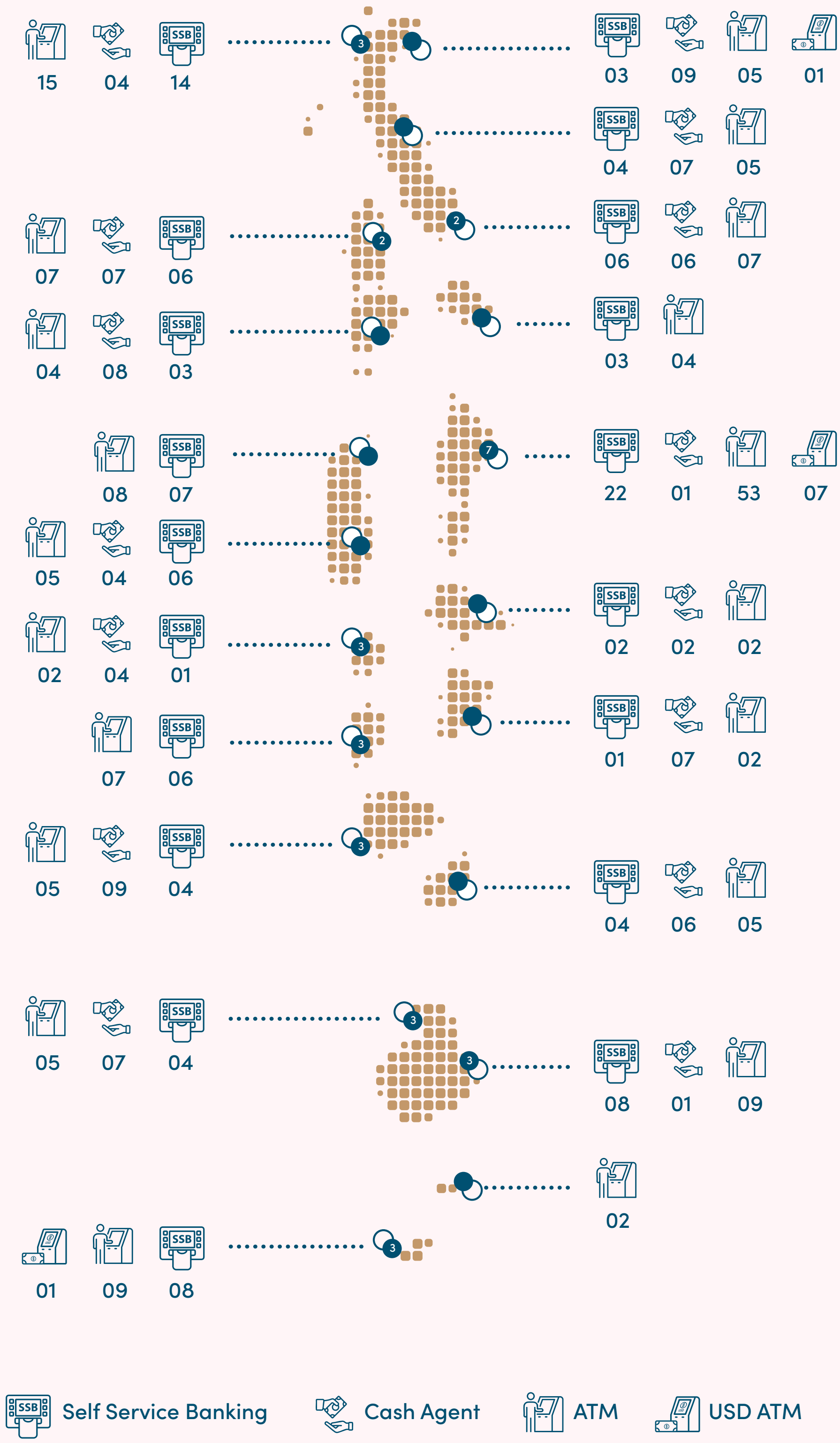
ANNUAL REPORT 2024

BANKING ON PROGRESS:
DIGITAL FIRST, CUSTOMER FOCUSED

Contents

We are Bank of Maldives

Largest Banking Network in the Country



Customers

365,000+

POS Merchants

5,800+

Branches

39

POS Terminals

7,800+

Self Service
Banking Centres

100

E-Commerce
Merchants

3,300+

ATMs

165

Employees

1,000+

ATM Transactions Annually

14m

Value
MVR40bn

POS Transactions Annually

55m

Value
MVR20bn

E-Commerce Transactions Annually

9m

Value
MVR28bn

Card Transactions Annually

87m

Value
MVR95bn

Cross-border card Transactions Annually

9m

Value
MVR6bn

International Money Transfers Annually

361k

Value
MVR45bn

Complete Suite of Banking Solutions

CORPORATE BANKING

SME BANKING

RETAIL BANKING

ISLAMIC BANKING

POS & PAYMENT GATEWAY

BRANCH IN EACH ATOLL

SELF SERVICE BANKING CENTRES

MOBILE WALLET

INTERNET AND MOBILE BANKING

INTERNATIONAL DEBIT, CREDIT & PREPAID CARDS

LEADERSHIP

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

INNOVATION

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

GOVERNANCE

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

PEOPLE

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

CUSTOMER BASE

We are dominant in the Maldives with over 365,000 customers, and market leaders in Retail, Corporate and SME segments. We are also the market leader in Self Service banking with the largest number of online and ATM users.

FINANCIAL STRENGTH

Bank of Maldives is a systemically important bank with Net Profit After Tax of MVR 2.24 billion, Total Assets of MVR 48 billion, a strong deposit base of MVR 32 billion and a strong capital ratio of 58% well above regulatory requirements.

SERVICE DELIVERY

We have the largest network of branches, Agents, ATMs and POS terminals in Maldives. We are the exclusive acquirer and issuer of American Express cards in Maldives. We are the principal member in the Maldives for Visa and Mastercard, and our partners include RuPay, UnionPay, Discover, Diners and accept payments from all international wallets including Apple Pay, Google Pay, AliPay and WeChat Pay.

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

Vision and Strategic Focus Areas

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

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

FOCUSING ON

DIGITAL FIRST

CUSTOMER SERVICE

SUSTAINABILITY

THROUGH

Engaged and committed workforce and strong, robust risk management

Highlights

Financial Highlights

Operating Profit
MVR2.85bn

Net Profit
MVR2.25bn

Deposits
MVR32.03bn

Total Assets
MVR48.44bn

Net Loans
MVR20.21bn

New Loans to Individuals and Businesses
MVR5bn

Capital Adequacy Ratio
58%

Non - Financial Highlights

Customers
365,000+

New Customers
21,000+

Internet and Mobile Banking Logins per day
1,000,000+

ATM Transactions per day
38,000+

POS Transactions per day
150,000+

Internet and Mobile Banking Transactions per day
295,000+

Card Transactions per day
238,000+

BML Islamic 10th Anniversary

Our International Partners

Payment Partners

Banking Partners

Chairperson's Statement

Banking on Progress

Dear Shareholders,

Reflecting on a year of success, I take great pleasure in presenting to you the Annual Report of Bank of Maldives for the financial year ending 31st December 2024.

I am delighted to have joined the Bank as Chairperson at a key point in its journey of exceptional growth. We ended the year with a Profit After Tax of MVR 2.2 billion, an increase of 8% compared to 2023. Total Assets grew by MVR 2.7 billion while deposits grew by MVR 1.2 billion. On the back of our strong performance for the year, the Board proposed an increased dividend payout of MVR 296 million amounting to MVR 55 per share, further enhancing shareholder returns.

Our shareholders will be proud to reflect on the Bank's achievements, its pioneering endeavors and its role as the National Bank. Over the years, the Bank's strategic direction has evolved, and today we operate in an increasingly competitive environment that requires us to be fast paced in delivering our strategy while upholding strong governance standards.

We were pleased to welcome back Mr. Mohamed Shareef as Chief Executive Officer (CEO) in October 2024. Shareef brings with him exceptional leadership and expertise to the Bank at a critical time in its journey of digitalization and excellence in customer service. With renewed focus on delivering this strategy, we are already seeing the results of many changes leading to better banking and financial solutions for our customers.

We took on an ambitious initiative to install ATMs in all inhabited islands by the end of year 2025, through the "Mulhi Raajje ah BML ATM" campaign inaugurated by His Excellency President Dr. Mohamed Muizzu. I am pleased to report we are continuing to reach the milestones set and with the pace of our progress, we are on track to complete installation of ATMs on every inhabited island by year-end. As our banking footprint expands, we are fulfilling an important part of our financial inclusion strategy to bring banking closer to our island communities, allowing basic self-service banking 24/7 with cash deposit and withdrawal, payment and transfer services.

This year, we are proud to celebrate the 10th anniversary of our Islamic banking services. As the largest Islamic Bank in the country, we offer a comprehensive suite of Shari'ah-compliant financial solutions with accounts, cards and financing for both personal and business customers. As we continue to meet the demands of our customers, in addition to our BML Islamic dedicated branch in Male' City, we have now embarked on an exciting journey to implement a "Islamic Finance First" policy in our branches, which four of our newly BML Islamic branded branches now provide.

"As our banking footprint expands, we are fulfilling an important part of our financial inclusion strategy to bring banking closer to our island communities."

We remain committed to supporting our customers, and I am pleased the Bank is in a position to address challenges in often demanding times. In November last year, we were pleased to announce an increase in the Foreign Transaction Limit for Debit Cards to USD 1,200 for Maldivian students abroad - a much-awaited change. We also increased the Foreign Transaction Limit for individuals traveling to Umrah this Ramadan to USD 1,500 in addition to the existing limit of USD 250. To support this important segment of our customer base, we further introduced a dedicated dollar purchase service for customers traveling to Umrah this year. I am confident that we will move forward with heightened focus into the next phase of our journey - we have the team, strategy and ambition. As the National Bank, we have the immense privilege of positively impacting individuals, communities, and businesses alike.

It goes without saying that the dedication of the teams across the country, who worked tirelessly to ensure seamless service for our customers, is reflected in the continuous solid performance over the years. I also take this opportunity to thank the Executive Management for your leadership and expertise, and my fellow Board members for your support and counsel. And to our shareholders and customers, thank you for the confidence you place in us each and every day.

Mr. Ahmed Ali Habeeb
Chairperson

Customers can now **bank** at any time, **from anywhere;** and are **able to perform** all **transactions online**

Chief Executive's Statement

A Pivotal Year

It is truly a privilege to return to the Bank as its first local CEO and to lead the Bank at a time of change and opportunity. With my extensive first-hand experience at the Bank and a thorough understanding of the market, we have been able to rapidly identify the key challenges our customers face and implement solutions that have driven meaningful change.

I am eager and excited to work with the talented teams across the country with renewed vigour and determination. We are already seeing the success of our collective efforts and I look forward to sharing the positive results with our staff, customers, shareholders, and key stakeholders.

Solid Financial Performance

Looking back on 2024, I am proud to report that it was another year of great progress for the Bank.

BML has continued to show strong growth, ending the financial year with record profits. We kept our operating costs steady despite inflationary pressures, ending the year with an Operating Profit of MVR 2.8 billion. Our net loan book grew by 5%, and customer deposits increased by MVR 1.2 billion. The Bank lent over MVR 5.0 billion last year, supporting both individual and corporate customers with their financial needs.

Digital First

What makes the achievements of the past year even more remarkable is that we achieved them despite the many challenges and uncertainties, which we navigated through by maintaining an unwavering focus on our strategy and commitment to serve our customers. Our best-in-class financial performance paves the way for us to build on progress and drive sustainable growth in the years ahead.

From being the first bank in the country to introduce debit cards, ATMs and internet banking to being the first to introduce Scan to Pay for cash- and card-less transactions and the first to introduce instant financing for customers to access loans and financing from wherever they are, our digital journey continues strong.

Last year alone, more than MVR 107 million transactions were carried out through Internet Banking – a huge feat. With continued enhancements to our digital banking services, there is now little need for our customers to visit branches for everyday banking. This, however, does not mean we have achieved our goals. There is much work still to be done but I am confident that with our strategic focus on digitalization, we will drive meaningful changes, the way today's modern customers expect.

Our sights to become the best in class digitally is not limited to just the Maldives. Our aims are set higher and with the right investments in technology and people, we aim to be the best digital bank in the region.

Serving You Better

We continue to offer the lowest home financing rates in the country and have made significant changes to our Housing Financing portfolio in the beginning of 2025. With these enhancements, we are now able to offer even more individuals and families access to financing they need to become homeowners; and reflects our broader commitment to offer sustainable, customer-centric banking and financing solutions.

As the largest and the leading bank in the country, our support for the tourism industry continues and we introduced Green Resort Financing for resorts. I was delighted to be joined by the Chairman of Crown and Champa Resorts, Hussain Afeef, to launch the new product exclusively designed to provide resorts with the financial flexibility needed to implement sustainable solutions. We are also gearing up to introduce the first ever Islamic Resort Financing in the country, which will be a game-changer for the entire industry – more details to come on this soon.

Supporting businesses is immensely important to us, and we understand the crucial role we play in nurturing the growth of this community. In addition to financing over MVR 3 billion to businesses, the Bank provided crucial support for many key initiatives including the introduction of an exchange portal for the mandatory currency exchange required by the Foreign Currency Act and MMA Foreign Currency Regulation. Tourist establishments can now conveniently exchange the required foreign currency online, through the Bank.

We play a key role in providing support for the development of the tourism industry, from financing new resort development to implementing green energy schemes. This year, to provide further flexibility, we made positive changes to guesthouse financing for both new and existing guesthouse operations.

We are also proud to provide businesses with 24/7 seamless payment services and this year, we partnered with MIFCO to enable regular payments to fishermen which in turn enables them to streamline their operations. Today, fishermen receive payments within 48 hours of their catch delivery to MIFCO, whether it is a working day or public holiday.

"What makes the achievements of the past year even more remarkable is that we achieved them despite the many challenges and uncertainties"

Our People

The team we have at the Bank, as always, continues to be our greatest asset. We have a dedicated, long serving and loyal workforce who drive the Bank forward and we recognize the importance of taking care of our people so they can focus on serving our customers better.

One area we have been able to quickly address is the challenge our employees face in accessing housing finance. Earlier this year, we were pleased to introduce exclusive staff housing financing rates offering greater flexibility than ever before to allow our staff to become homeowners. This was a positive, highly impactful start and we will remain focused on our rewards and benefits program for staff including affordable housing options.

Last year, we bid farewell to one of our longest serving team members and a dear colleague, Aishath Noordeen. We recognize the lasting impact she made during her 42 years of service, and we are immensely grateful for her commitment and passion to the Bank and her role in shaping our team and the entire industry. Her leadership over the years guided the Bank, from navigating through challenges to celebrating successes together.

Supporting Our Communities

Empowering and supporting our communities is at our core; and I am pleased that we can continue re-investing in and supporting communities as a result of our strong financial position. Over the past few years, we have established strong programs that continue to benefit our communities.

We launched our wheelchair donation program in 2017 and to date, we are proud to have donated more than 300 wheelchairs, enhancing the quality of life for many individuals and their families. The BML Community Fund, which provided financial support to a total of 100 community-led projects, was revamped last year as the Bank Fund, to provide even better opportunities to community organizations. It is a joy to know that we will be re-investing MVR 1 million every year through the Fund for sustainable projects that create a lasting positive impact for many.

Looking Forward

The world around us is evolving, and so are the needs of our customers. Competition is inevitably going to get stronger, but we are going to strive to be even better. We are confident in our ability to adapt to uncertainty and continue to grow at a steady pace. Above all, we are committed to supporting our customers across the country.

We are also welcoming a new generation of customers with different financial expectations—more digital, more instant, more personalized. Our job is to stay ahead, to anticipate their needs, and to deliver the best financial solutions.

With strong financial performance to back community investments, we are going into 2025 with a positive outlook and a solid strategy.

I would like to thank all our customers for their loyalty and support, and the strong team at the Bank for their unwavering dedication and commitment. Thank you to the Chairperson and the Board for their guidance and oversight, and our shareholders for having faith in our continued success.

Mr. Mohamed Shareef
CEO & Managing Director

American Express 20th Anniversary Partnership

2024 Review

Financial Review

The Maldives' economy in 2024 showed strong growth driven by tourism, with visitor arrivals reaching pre-pandemic levels and contributing significantly to GDP. Economic growth was recorded at 4.7% and the country welcomed 2.05 million tourists in 2024, marking a 9% increase compared to the previous year. The government continued efforts to diversify the economy, focusing on sustainable sectors like fisheries, renewable energy, and infrastructure development.

This economic expansion positively impacted the Bank, resulting in a growth of over MVR 2.8 billion in our balance sheet. At end of 2024, total assets have surpassed MVR 48 billion (over USD 3 billion), and operating profit reached MVR 2.8 billion, reflecting a 6% year-on-year increase.

The Net loan portfolio expanded by more than MVR 950 million, or 5%, compared to 2023. The non-performing asset (NPA) ratio (on MMA basis) stands at 1.4%, while the IFRS 9 Stage 3 loan ratio decreased from 7.1% in 2023 to 6.9% in 2024.

Customer deposits grew by MVR 1.2 billion, with a significant portion in USD. We now hold over 55% of the market share. The Bank remains well-capitalized with a Total Capital Adequacy Ratio of 58%, well above regulatory requirements. Liquidity in both MVR and USD remain strong and healthy.

MVR '000	2024	2023	+/-
Operating Profit	2,847,584	2,681,912	+6%
Net Profit After Tax	2,245,536	2,074,467	+8%
Net Loans and Advances	20,208,810	19,255,490	+5%
Customer Deposits	32,032,041	30,787,420	+4%
Total Assets	48,439,022	45,667,150	+6%
Total Liabilities	34,236,110	33,490,630	+2%
Shareholders' Fund	14,202,912	12,176,520	+17%
Dividend Per Share (MVR)	55*	50	+10%
Gross NPA Ratio	1.40%	1.40%	-
Stage 3 Loans Ratio	6.9%	7.1%	-3%
Capital Adequacy Ratio	58%	51%	+14%
Liquidity Coverage Ratio – MVR	147%	185%	-20%
Liquidity Coverage Ratio – USD	160%	107%	+50%

* Proposed. Subject to shareholders' approval.

Interest & Non-Interest Income

The Bank experienced growth in both its loan and investment portfolios, generating MVR 2.9 billion in interest income, which is an 8% increase from the previous year. All business segments (Corporate, Retail, and Islamic) showed positive growth in business volumes.

Improvements in USD liquidity and a rise in government securities contributed positively to treasury income, which grew by over 8% compared to the previous year. With stronger interest income and controlled interest expenses, net interest income rose by 9% year-on-year.

Net Fee and commission income recorded a 4% increase in 2024 with the increase in card fee income. Excluding recoveries, fee-based income accounts for 18% of the total gross income. Cards is the significant contributor to our Fee Income with almost 50% of total net fee and commission income.

▲ 8%

NET INTEREST INCOME

MVR 2.8 billion

OPERATING PROFIT

Operating Expenses

The Bank continued investing in network enhancements, technology infrastructure, community initiatives, and staff development. Total expenses for 2024 amounted to MVR 764 million, reflecting a 7% increase from the previous year. Despite the increase, the cost-to-income ratio remains healthy at 21%.

21%

COST INCOME RATIO 2024

Impairment Charges

The overall credit quality of the Bank's loan portfolio improved during the year, leading to an impairment loss reversal of over MVR 84.7 million. The Stage 3 loan ratio decreased from 7.1% in 2023 to 6.9% in 2024.

Financial Position (Balance Sheet)

The Bank closed the year with total assets totaling MVR 48.4 billion (USD 3.2 billion), an increase of over MVR 2.8 billion compared to the previous year. This growth was driven by the loan book, investment portfolio, and liquid assets, supported by both profits and customer deposits. The balance sheet remains robust and sustainable.

MVR 2.8 billion

GROWTH FROM THE PREVIOUS YEAR

Loans and Advances

The Bank's net loan book grew by MVR 953 million, or 5%, as it continued to support the economy through lending to businesses and individuals. Over MVR 5 billion in new loans were disbursed during the year.

▲ 5%

GROWTH IN THE NET LOAN BOOK

Loan Book Quality

The IFRS 9 Stage 3 loan balance stood at MVR 1.4 billion, with no significant new NPAs during the year.The Stage 3 loan ratio decreased from 7.1% in 2023 to 6.9% in 2024. The gross NPA ratio, as per the Maldives Monetary Authority (MMA) guidelines, was maintained at 1.4%, with a strong provision coverage of 100%.

7%

STAGE 3 LOAN RATIO WAS MAINTAINED

Liquidity

Despite the challenges related to supplying USD against the local currency (MVR), both MVR and USD liquidity remained very strong at the end of 2024, with Liquidity Coverage Ratios (LCR) of 147% for MVR and 160% for USD. The Bank's LCR (both local & foreign currency) is well above the Basel recommendation of 100%.

147% MVR LCR

160% USD LCR ratio

Customer Deposits

Customer deposits reached MVR 32 billion, reflecting a growth of MVR 1.2 billion, or 4%, from 2023. All business segments—Retail, Corporate, and BML Islamic—contributed to this growth. CASA (Current Account Savings Account) deposits now represent over 88% of total deposits. USD deposits comprise more than 50% of total deposits, with the Bank holding over 55% of the market share. The loan-to-deposit ratio remains healthy at 63%.

▲ **4%**

GROWTH IN CUSTOMER DEPOSITS

Shareholders' Fund

The Bank's strong capital base continues to be one of its key strengths, enabling it to underwrite large loans and withstand financial shocks, as demonstrated during the Covid-19 pandemic. Total Shareholders' Funds reached MVR 14.2 billion, primarily driven by retained earnings. The Capital Adequacy Ratio (CAR) was well above the minimum regulatory requirement of 12%, finishing the year at 58% (compared to 51% in 2023).

SHAREHOLDERS' FUNDS

MVR 14.2 billion

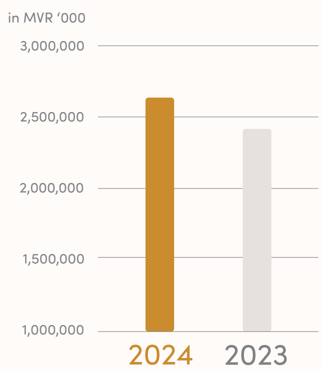
Dividend Payment

The Bank adheres to a consistent growth dividend policy. As of the end of 2023, the issued and paid-up share capital remained at 5,381,920 shares with a MVR 50 par value per share. Based on the Bank's strong financial position, the Board has recommended a final dividend of MVR 55 per share for 2024 (MVR 50 in 2023).

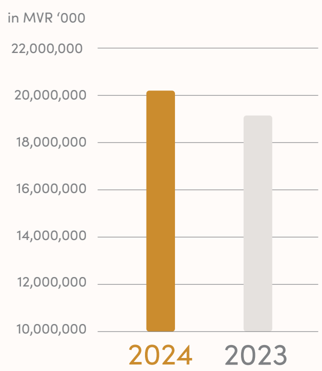
MVR 55

PER SHARE PROPOSED FINAL DIVIDEND

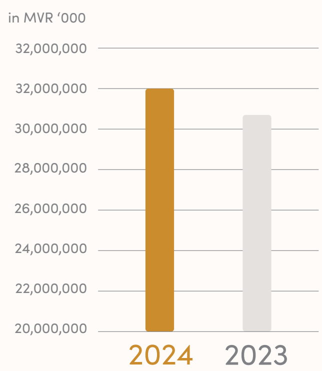
NET INTEREST INCOME



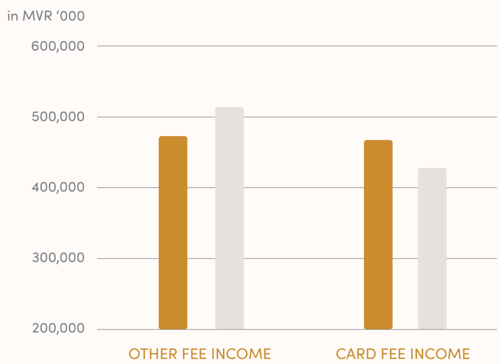
CUSTOMER LOANS



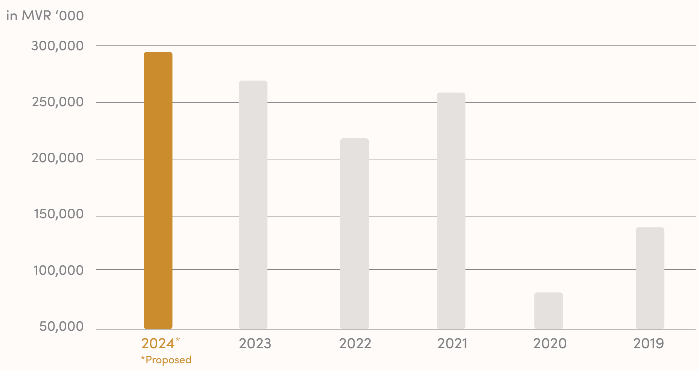
CUSTOMER DEPOSITS



NET FEE INCOME



DIVIDEND PAYOUT



Business Review

2024 was a year of continued progress and innovation for Bank of Maldives, as we expanded our offerings, enhanced digital banking services, and reinforced our commitment to supporting individuals and businesses across the Maldives. With a focus on customer-centric solutions, we introduced a range of new products and services, streamlined banking processes, and strengthened our nationwide presence to ensure accessible and seamless banking experiences.

Housing Finance

To address the growing demand for housing finance, we continue to work with developers, supporting new housing projects in the market and providing end-user financing. Furthermore, as an enhancement to our existing product portfolio, we introduced new loan and financing solutions. The Home Build Loan and Financing, offering up to MVR 2 million, provides a convenient solution for home construction and renovations with no additional collateral requirements. Additionally, the Home Equity Loan and Financing allows existing customers to tap into usable equity at a low 10% rate, offering financial flexibility with extended repayment periods.

In a first for the Maldives, we revolutionized personal lending with the launch of instant approval for personal loans and financing. Customers can now apply via Internet or Mobile Banking, receive approvals instantly, and have funds disbursed within four hours—reducing processing times from five days to just minutes.

Student Financing

Reaffirming our commitment to fostering a knowledge-based economy, we reduced the interest rate on the BML Kiyavaa Loan and Education Financing to 2.5%, making higher education more accessible and demonstrating the Bank's dedication to supporting the local community and the education sector. This reduction, effective from February 2024, now covers up to 90% of tuition fees and living expenses, with automatic adjustments to repayment terms for existing customers, easing their financial commitments.

To better serve students abroad, we increased the monthly foreign transaction limit for student debit cards to USD 1,200, ensuring greater financial flexibility for those pursuing education overseas. We also enhanced our Kids' Saver Account introducing a rewards program to encourage early savings habits.

Shari'ah Compliant Banking

This year marks the 10th anniversary of BML Islamic, a significant milestone for Shari'ah compliant banking in Bank of Maldives. As the country's largest Islamic bank, we have remained committed to providing banking solutions that are Shari'ah compliant with complete segregation of funds, following international best practices in Islamic banking. In 2024, we facilitated MVR 1.06 billion in new Shari'ah compliant facilities for retail and business customers, enhancing our financing asset portfolio and maintaining strong asset quality. Today, in alignment with our strategy, four of our branches in Eydhafushi, Mahibadhoo, Gan and Kulhudhufushi have also been rebranded as BML Islamic branches, focusing on "Islamic Finance First" policy in providing banking services.

In 2024, we facilitated MVR 1.06 billion in new Shari'ah compliant facilities for retail and business customers, enhancing our financing asset portfolio and maintaining strong asset quality

In 2024, BML Islamic also became the first banking institution in the country to invest in an Islamic capital market instrument issued by a statutory body through the subscription of the IUM Sanabil Sukuk. This investment demonstrates our unwavering commitment to advancing the Islamic banking and finance sector while fostering the growth of Islamic education. This project is expected to generate enduring benefits for both the Islamic University of Maldives and the local community, promoting the development of a knowledge-based economy.

Expanding our footprint

Our focus on expanding banking access saw the establishment of multiple new Self-Service Banking ATM Centres in 2024 across key locations, including Gulhi, Keyodhoo, Gaafaru, Feridhoo, Bodufolhudhoo, and Himandhoo. In November 2024, the Bank announced its ambitious initiative to install ATMs in all inhabited islands by the end of year 2025 under the "Mulhi Raajje ah BML ATM" project inaugurated by His Excellency President, Dr. Mohamed Muizzu. With the addition of ATMs in Dhaalu atoll in February 2025 and Haa Alif atoll in March 2025, the Bank's network now has 165 ATMs, 100 Self Service Banking Centres and 39 branches across all 20 atolls.

In Maafushi, we strengthened banking accessibility by transforming our branch into a full-service banking hub, complete with USD deposit and withdrawal services. The first USD ATM outside Male' City was also established in Maafushi, and since its establishment, we have strengthened our USD ATM network with new ATMs in the cities of Addu and Kulhudhuffushi to add to the current network in Male', Hulhumale and Velana International Airport to cater to the increasing demand for foreign currency transactions.

This year marked 20 years of exclusive partnership with American Express. As the sole issuer and acquiring bank for American Express in the Maldives, we celebrated this milestone with special promotions for our cardholders. We also introduced the Maldives' first Sharia'h-compliant American Express Credit Card, further diversifying our financial solutions.

Over the past year, we have made significant progress in digital payment acceptance with the introduction of WeChat Pay and RuPay cards

Business Banking

Recognizing the evolving needs of freelancers and small businesses, we enabled transactions with foreign online money transfer platforms and digital wallets, allowing smoother cross-border payments.

Over the past year, we have made significant progress in digital payment acceptance. We expanded our merchant network by introducing WeChat Pay on our POS terminals, facilitating seamless QR payments for Chinese tourists, and began accepting RuPay cards, enhancing payment convenience for the growing Indian visitor market.

For our business customers, we launched our new Mastercard Business Prepaid Card, a practical and secure payment solution for managing expenses efficiently and reducing dependency on cash. As part of our commitment to fostering local entrepreneurship, we continued the BML Startup Grant initiative, awarding MVR 500,000 to two emerging businesses and providing advisory services to successfully grow the businesses, reinforcing our role in driving economic development.

With our extensive network, we continue to scale our services to better meet the needs of small businesses through relevant, targeted products and enhanced relationship management. With positive changes to our business portfolio including guesthouse, working capital and real estate financing announced in February this year, we are now able to provide the financial support businesses need to expand, innovate and thrive in today's dynamic market.

The Bank is committed to supporting businesses by providing 24/7 payment services, ensuring seamless and efficient transactions throughout the year. A prime example of this is our payment services to MIFCO, whereby fishermen receive payments regularly at any time which in turn enables them to streamline their operations and access their earnings without delays. By offering round-the-clock payment solutions, the Bank can empower our customers to manage their financial needs at their convenience, supporting both personal and business success.

Tourism Financing

Tourism is the mainstay of our economy and as the biggest bank in the country, we play a significant role providing financing support whether it is for new resort development, infrastructure expansion, green energy investment, resort acquisition or cash flow support for operations. In the last five years, USD 400 million has been extended to the industry, and significantly, 94% of current exposure is in US Dollars. We also marked a significant milestone this year with our first ever Islamic financing for resort development; and as customer demand grows, this is bound to be the first of many Shari'ah compliant financing for the tourism sector.

To enable compliance with the Foreign Currency Act and MMA Foreign Currency Regulation for tourism establishments, we also announced the implementation of the mandatory foreign currency exchange service through our Internet Banking platform, to streamline mandatory exchanges for the tourism sector, enhancing businesses to manage their currency exchanges conveniently and effectively while ensuring compliance with regulatory requirements.

Our comprehensive payment solutions such as business internet banking, payment gateway, API integration and the acceptance of international payment methods such as Apple Pay, Union Pay and RuPay make us the preferred banking partner for our corporate customers. Earlier this year, we launched two new financing products, a short-term overdraft facility for enable immediate access to working capital and our Green Resort Financing for eco-friendly and sustainable resort projects.

As we close another successful year, we remain committed to innovation, financial inclusion, and customer satisfaction. With an expanding network, enhanced digital banking capabilities, and a steadfast focus on retail and business growth, we look forward to driving even greater value for our customers and stakeholders in 2025 and beyond.

USD 400 million in financial support has been extended to the tourism industry, and 94% of current exposure is in US Dollars

As we close another successful year, we remain committed to innovation, financial inclusion, and customer satisfaction

Digital First

This year has marked a pivotal moment in our journey towards becoming a fully digital bank. At the heart of everything we do is our commitment to making banking simpler, faster, and more accessible for our customers.

In 2024, we launched instant loans and financing for the first time in the country, reducing a 5-day processing timeframe to just hours.

Today, more than 90% of our transactions are conducted digitally.

- 24/7 Banking services through digital channels
- Deposit and withdrawal of cash
- Fund transfer
- Repayments
- Pay for goods and services
- Send money abroad
- Apply for loans and cards
- Manage cards
- Pay Fitr Zakt
- POS, Ecommerce

During the year, we announced the expansion of our digital services, enabling customers to access all banking services online without visiting branches

Card Delivery
We have streamlined our card delivery process, ensuring that our customers receive their new or replacement cards directly to their residence.

Increased Transaction Limits
Recognizing the evolving financial needs of our business customers, we have increased transaction limits for ATMs for greater flexibility and reducing the dependency on cheques.

Straight Through Processing for Inward and Outward Remittances
We have introduced instant crediting of all Inward Remittances up to USD 10,000 following verification, and for TTs, up to USD 5,000 will be processed instantly.

Digital Onboarding
Gone are the days of in-branch visits and lengthy paperwork. Our digital onboarding process allows new personal and business customers to open accounts and access services from anywhere using instant verification to set up accounts in minutes.

POS Settlement
We have overhauled our POS settlement process, making it faster and more efficient for merchants, resulting in receiving settlements in 24 hours, improving cash flow and business operations.

AI's Role in Transformation
Artificial Intelligence (AI) will be the cornerstone of our digital transformation. From personalized customer service to enhanced fraud detection, AI will enable us to offer smarter, faster, and more efficient services; and pave the way for future innovations.

Looking Ahead

The focused shift towards digital first has significantly reduced and even eliminated the need for branch visits. Customers can now bank at any time, from anywhere; and are able to perform almost all transactions online, saving time and effort while enjoying the same level of service and security.

As routine tasks become automated, our staff will be able to focus on delivering exceptional customer service, assisting on more complex queries and offering personalized advice across our branch network.

As we look to the future, our commitment to digitalization remains unwavering. We are excited about the possibilities that lie ahead and are dedicated to continuously improving with the goal to become the best digital bank in the region.

Customer Focus

Our goal is to be the bank of choice for our customers. To do this, our approach is to prioritize customer-centricity in everything we do.

While there is much to do on our journey, with renewed focus on digitalization, customer loyalty and service quality, we are progressing steadily.

Over the past year, as we continued to enhance customer experience and strengthen our bonds with customers, we reported a 4% reduction in customer complaints. By leveraging on customer feedback and focusing on providing improved services, we are on our way to maintaining the high standards customers expect from the country's largest financial institution.

We placed greater emphasis on upholding service quality with staff training across the Bank. While we roll out the best banking solutions for our customers, we need to ensure we bridge the gaps in service delivery.

We launched BML Moments, a series of educational articles designed to provide valuable financial advice and guidance to our customers at important life milestones. These resources were designed to empower our customers with the right information to navigate life's most significant moments.

We remain deeply committed to hearing our customers' voices, as we embrace new opportunities for engagement, and continue our efforts to elevate the customer experience in ways that truly matter.

By leveraging on customer feedback and focusing on providing improved services, we are on our way to maintaining the high standards customers expect from the country's largest financial institution.

People and Culture

Employee First

2024 marked a transformative year in our journey toward building our "Employees First" strategy—an unwavering commitment to developing a workplace where employees feel valued, engaged, and empowered. As the largest bank in the Maldives, we recognize that fostering a motivated, high-performing workforce is key to delivering excellence to our customers and driving the Bank's success.

Building on this foundation, in collaboration with Deloitte, we completed a comprehensive job grading exercise, following which we aligned our pay and reward structure to ensure market competitiveness and internal equity. These enhancements have strengthened employee satisfaction and reinforces our commitment to continuous improvement in our people strategies. We further took important steps in simplifying our organizational structure to drive efficiency and better align with our strategic priorities, particularly our focus on digitalization and customer service excellence. The new structure enables greater agility in meeting evolving business needs and help accelerating delivery of our strategic priorities.

Our commitment to talent development remained steadfast throughout 2024. The Management and Leadership Development Program delivered by the Singapore Management University (SMU) continued to be a cornerstone of our talent strategy, successfully preparing the next generation of leaders. We maintained our comprehensive learning initiatives through a multi-faceted approach that included specialized role-based training programs, international certifications for professional development, regular refresher sessions, and continuous learning opportunities delivered through our digital learning platform.

Throughout the year, we placed significant emphasis on employee engagement and wellbeing initiatives. The BML Glow program enhanced its offerings, particularly in mental health support, providing employees with improved access to professional mental health services. We reimagined our Employees with Long Service Awards to create more meaningful recognition for our dedicated long-term employees. Our performance recognition initiatives, including the monthly Star Awards and Annual Staff Awards, celebrated excellence while fostering a culture of high achievement. The UnitedBML, our social and recreational club, played a pivotal role in strengthening our corporate culture through various engagement activities throughout the year. These initiatives helped create an inclusive and collaborative environment where employees can thrive both personally and professionally.

As we continue our journey of transformation, we remain focused on enhancing our people strategies through several key initiatives. Our strategic priorities include strengthening our digital capabilities, advancing our human-centric excellence agenda, and implementing initiatives to reinforce our position as an employer of choice in the Maldives.

Through these focused efforts, and our continued emphasis on employee development, engagement and wellbeing, we are building a workforce that is both prepared for the future of banking and dedicated to delivering exceptional service to our customers and value to our stakeholders.

Our commitment to our people remains unwavering as we work together to achieve our vision of excellence in banking.

Throughout the year, we placed significant emphasis on employee engagement and wellbeing initiatives. The BML Glow program enhanced its offerings, particularly in mental health support, providing employees with improved access to professional mental health services.

Employees with Long Service

Current Employees with 35 years and above service

Fathimath Manike
Director of Islamic Banking
Years of service: 42 years

Hussain Rasheed
Head of Customer Engagement
Years of service: 36 years

Moosa Mohamed
Properties Upkeep Manager
Years of service: 42 years

Aminath Hassan
Audit Manager
Years of service: 36 years

Fathimath Rasheeda
Head of Internal Audit
Years of service: 41 years

Aminath Naseer
Deputy Senior Officer
Years of service: 36 years

Hassan Shaam
Director of Executive Affairs, Properties & Administration
Years of service: 40 years

Amshooda Naeem
Manager, Financial Transactions & Trade Finance
Years of service: 35 years

Zulfa Mohamed Ali
Customer Service Manager
Years of service: 38 years

Aminath Naseem
Customer Service Manager
Years of service: 35 years

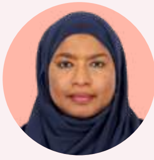
Firag Ahmed
Senior Reconciliation Officer
Years of service: 37 years

Aishath Shadna
Manager,Financial Transactions & Trade Finance
Years of service: 35 years

Former Employees with Long Service

Former employees who served the Bank for more than 25 years in leadership roles

Aishath Noordeen
Years of service: 42 years



Nadiya Hassan
Years of service: 29 years

Mohamed Ahmed
Years of service: 38 years

Yamyn Adam
Years of service: 29 years

Fathimath Rasheeda
Years of service: 35 years

Abdul Raheem Mohamed
Years of service: 28 years

Late Abdulla Shameem
Years of service: 33 years

Hidaya Ahmed
Years of service: 28 years

Ahmed Rasheed
Years of service: 31 years

Mohamed Haleem
Years of service: 29 years

Community

At Bank of Maldives, our commitment to Corporate Social Responsibility (CSR) is deeply rooted in our mission to create a positive and lasting impact on the communities we serve. In 2024, we continued to prioritize sustainability, community development, and social welfare through a wide range of initiatives that align with our core values of being a sustainable, responsible business.

One of the highlights of 2024 was the launch of the Bank Fund, a new initiative designed to support projects in education, environment, sports, and community development. Each year, five projects are awarded MVR 200,000 to promote sustainability and innovation in local communities. This initiative replaces the successful Community Fund, which over its five-year tenure supported 100 projects across local island communities.

Our longstanding Wheelchair Donation Program, launched in 2017, continued to make a significant impact with over 300 motorized wheelchairs now distributed across the Maldives. This initiative has greatly improved the quality of life for individuals with physical disabilities.

We reinforced our commitment to health and well-being by supporting the Cancer Society of Maldives in raising awareness and conducting cancer screening programs on selected islands. We also donated MVR 50,000 to the Diabetics Society of the Maldives through our annual Staff Charity Run, which saw over 300 employees participating the run. To engage with communities, we hosted Eid Sai celebrations in seven islands, partnering with local councils and NGOs to welcome over 4,000 people, fostering a sense of unity and celebration.

We completed the high impact initiatives launched for the 40th-anniversary celebrations, including the refurbishment of the Home for People with Special Needs in K. Guraidhoo, the construction, renovation, and refurbishment of three housing projects in Sh. Funadhoo, ADh. Maamigilli, and N. Velidhoo, and the Small Grant projects in K. Himmafushi, B. Kihaadhoo, HDh. Kumundhoo and G Dh Vaadhoo.

Environmental conservation remains a key focus of our CSR strategy. In 2024, we organized a land and coastal cleanup in collaboration with Male' City Council, Dive Club, and Maldives Ocean Plastic Alliance (MOPA) where over 200 staff participated resulting in the collection of more than 4 tons of waste. We also launched our Waste Management Grant, providing NGOs with essential machinery such as glass crushers and balers to enhance waste management facilities in Male City', AA. Ukulhas, K. Gaafaru, and ADh. Dhigurah.

We also donated more than 300 bicycles to children aged 14-17 years across six islands to encourage sustainable living and physical activity.

Education remains a cornerstone of our CSR efforts. In 2024, we awarded the BML Scholarship Fund to three deserving students — Reesham Mohamed, Noorhan Mohamed Moosa, and Aishath Shara Naseer — enabling them to pursue banking and finance-related studies at leading universities worldwide.

We continued to raise awareness on scams and online financial safety. Our Technology teams conducted information sessions on cybersecurity, scams, and fraud awareness in schools on ADh. Mahibadhoo and ADh. Maamigilli, while also highlighting career opportunities in ICT and Data Engineering for students.

We continued to prioritize sustainability, community development, and social welfare through a wide range of initiatives that align with our core values of being a sustainable, responsible business.

We also supported young entrepreneurs through the BML Startup Grant, which awarded financial aid to aspiring entrepreneurs. This year's winners, Niyaf Mohamed (The Island Factory) and Mohamed Shamin Ali (After School), are set to introduce high-quality Maldivian snacks and provide STEM kits and coding programs for young learners, respectively.

We continued to invest in sports as a means of fostering talent and promoting healthy lifestyles. The BML Sports Scholarship managed by the Maldives Olympics Committee, was awarded to Aminath Himna Hassan, who will undergo specialized training in Jamaica for one year.

The Bank reinforced its commitment to nurturing sporting excellence through sustained partnerships with national sports associations for Swimming, Tennis, and Surfing. These strategic collaborations aim to develop athletic talent and promote these sports at both grassroots and competitive levels, contributing to the nation's sporting achievements.

In 2024, we remained steadfast in its commitment to creating a positive impact on society through our CSR initiatives. From supporting education and environmental sustainability to promoting health, sports, and community development, we are proud to contribute to the well-being and progress of the communities we serve. As we move forward, we will continue to innovate and expand our efforts to ensure a sustainable and inclusive future for all.

The bank proactively evaluates its processes to ensure alignment with industry best practices.

Risk Management

RISK OVERVIEW

The Bank has in place a robust risk management framework designed to provide a structured approach to managing risks. This framework identifies, assesses, manages, and mitigates risks that could impair the delivery of the Bank's strategic and business objectives.

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

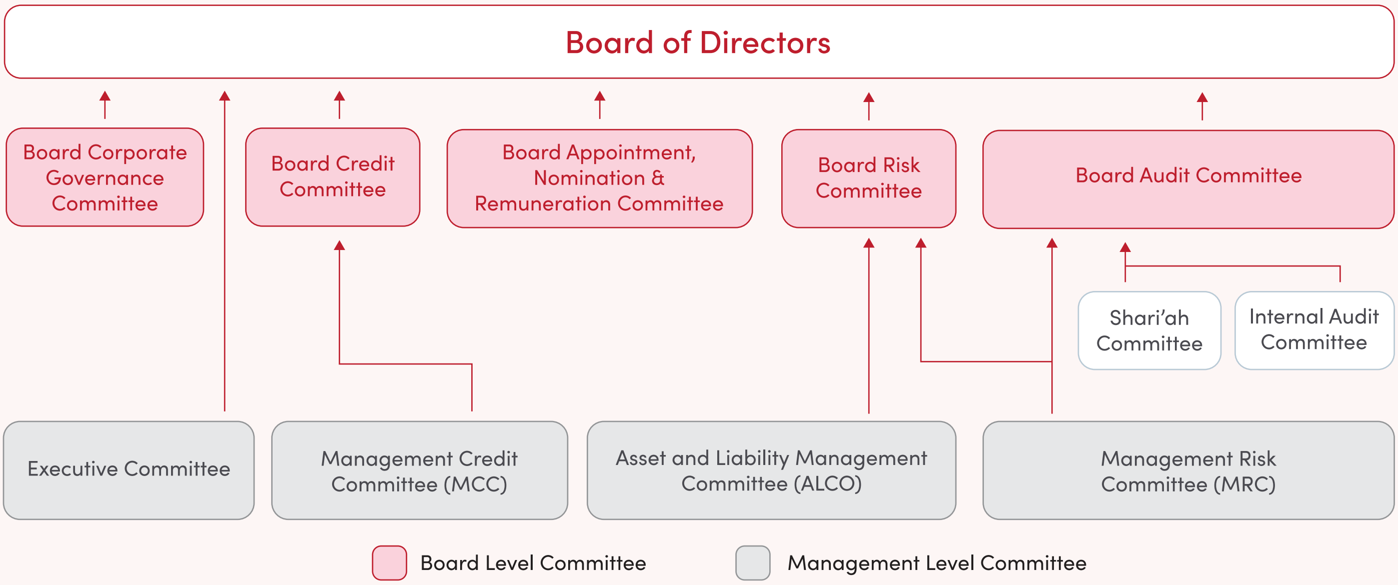
RISK GOVERNANCE

A comprehensive risk governance structure is embedded throughout the Bank, with an active and engaged Board of Directors supported by an experienced Senior Management team. The ultimate responsibility for the risk management framework rests with the Board. The Bank's Risk Appetite Statement addresses the broad set of risks that we face and supports the Bank in achieving its strategic objectives. The Board's risk governance is supported by the Board Risk Committee and Board Audit Committee as well as various management committees within delegated mandates.

The Bank's governance structure follows the principles of three lines of defence, which separates the control functions (Risk Management, Compliance, and Internal Audit) from risk taking functions and risk owners. The Risk Management department engages with business units to ensure risks are monitored and managed effectively within our Risk Appetite Statement and Framework to instill and enhance a robust risk culture within the organization. Relevant technical training and risk awareness courses are provided to all staff. The Compliance Department assists management in ensuring compliance with internal procedures and processes, applicable laws, regulations, and ethical standards. The Compliance Department plays a crucial role in the oversight and supervision of Anti-Money Laundering (AML), Fraud, and Conflict of Interest (COI) activities. The Compliance Department maintains a comprehensive framework for managing the bank's compliance risks in line with international laws and guidelines, local laws, regulations and our own risk appetite. The Internal Audit Department assesses and validates the adequacy and effectiveness of internal controls and procedures and provides objective, independent assurance directly to the Board Audit Committee.

1st Line – Risk Ownership	2nd Line – Risk Oversight	3rd Line – Risk Assurance
Measures, assesses and controls risks through day-to-day activities	Provides independent oversight and reports to Board Risk/Audit Committees and the Board	Provides independent and objective assurance to the Board Audit Committee and the Board
BUSINESS / SUPPORT FUNCTIONS	**RISK AND COMPLIANCE**	**INTERNAL AUDIT**

RISK MANAGEMENT FRAMEWORK



Board Committees

BOARD AUDIT COMMITTEE (BAC)

Board Audit Committee reviews the integrity of the Bank's financial statements and financial reporting processes as well as its systems of internal accounting and financial controls. In addition, the committee oversees Bank's Compliance with legal and regulatory compliance, reviews the engagement of the external auditors and the evaluation of the independence, objectivity and performance of the external auditors. The Chief Internal Auditor reports directly to the Board Audit Committee.

APPOINTMENT, NOMINATION AND REMUNERATION COMMITTEE (ANR)

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

BOARD CREDIT COMMITTEE (BCC)

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

BOARD RISK COMMITTEE (BRC)

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

CORPORATE GOVERNANCE COMMITTEE (CGC)

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

Management Committees

MANAGEMENT CREDIT COMMITTEE (MCC)

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

ASSET AND LIABILITY MANAGEMENT COMMITTEE (ALCO)

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

MANAGEMENT RISK COMMITTEE (MRC)

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

In 2024 the Asset Quality Review Committee (AQRC) was constituted to serve as a subcommittee for harmonizing IFRS 9 calculations, staging and capital adequacy across Finance, Risk and Credit departments. The committee is responsible for ensuring the accurate computation, validation and reporting of financial instruments and exposures in accordance with IFRS 9, Basel capital requirements and MMA standards and regulations.

OPERATIONAL RISK COMMITTEE (ORC)

The Operational Risk Committee is established to ensure Bank's overall operational risk management standards are robust and well-functioning. The Committee reviews Bank's overall operational risks and determines appropriate preventative and mitigating actions where necessary.

EXECUTIVE COMMITTEE (EXCO)

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

Risk Appetite Statement and Framework

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

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

The Management Risk Committee was established to ensure the Bank's risk management framework subscribes to sound corporate governance principles and is efficient and robust.

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

KEY RISK METRICS / FIGURES

OPERATING PROFIT	2024	2023
Net Loans and Advances	20,208,810	19,255,490
Net Loans and Advances as % of Deposits	63.1%	62.5%
Total Risk Weighted Assets	24,329,094	23,701,864
Stage 3 Exposures as a % of Total Loans and Advances	6.9%	7.1%
Total Capital base	14,192,924	12,179,339
Tier 1 Capital	11,477,192	9,664,512
Total Capital Ratio	58.34%	51.39%
Tier 1 Capital Ratio	47.17%	40.78%
Leverage Ratio	23.69%	21.16%
Liquidity Coverage Ratio:		
MVR	147%	185%
USD	160%	107%
Consolidated	152%	149%
NSFR	191%	204%

Risk Categories

a) CREDIT RISK

Credit risk is defined as the risk arising from an obligor's (typically a client or counterparty) failure to meet the terms of any agreement thereby resulting in a loss to the Bank. Credit risk arises mainly from country exposure, interbank exposure, commercial loans, consumer loans, advances, and loan commitments arising from various lending activities but can also arise from credit enhancement provided, such as through issuing or receiving financial guarantees, letters of credit, endorsements, and acceptances.

Throughout 2024, the bank has consistently maintained and improved its asset quality, reflecting resilience in our existing credit portfolios, ongoing improvement in overall asset quality and sound credit granting criteria. Sound management and strategic oversight have ensured that our financial assets have remained robust and have performed reliably in the face of various negative geopolitical dynamics and economic challenges around the globe. The Bank's credit risk has continued to improve through the year and is in line with the risk appetite parameters set by the Board including concentration risk limits. The Bank is prudent in its approach to credit risk and is well-positioned to absorb potential future credit impairments.

INTERNAL (BASEL) RATING (MVR'000)	STAGE 1 12M ECL	STAGE 2 LIFETIME ECL	STAGE 3 LIFETIME ECL	TOTAL
High grade	17,441,522	106,607	45,839	17,593,968
Standard grade	3,614	14,282	-	17,896
Sub-Standard grade	523,828	203,920	707	728,455
Low grade	-	1,380,650	772,074	2,152,724
Individual impairment	-	-	628,462	628,462
Gross carrying amount	17,968,964	1,705,459	1,447,082	21,121,505
Loss allowance	92,912	288,936	509,498	891,348
Carrying amount	17,876,052	1,416,523	937,584	20,230,159

MANAGEMENT OF CREDIT RISK

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

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

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

The Bank's credit risk management process is articulated in the relevant lending policies, which are approved by the Board of Directors. These policies lay down the conditions and guidelines for the granting, maintenance, monitoring and management of credit at both individual transaction and portfolio levels. These policies are consistent with prudent practices and with relevant regulatory requirements. Additionally, Bank's credit rating system has been enhanced to strengthen credit risk decision making through the adoption of multiple credit evaluation models integrated into our daily credit assessment process. Concentration risk limits have been prescribed to limit the Bank's exposure to any single borrower, group of specific borrowers and specific industries/sectors.

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

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

RISK APPETITE AND POSITIONING

The Bank has consistently aimed to build a diversified loan portfolio whilst supporting the Maldivian economy and its constituents through our lending activities. Acknowledging the Bank's significant lending within certain segments of the economy, the Bank has in place concentration risk limits to restrict over exposure to certain sectors, financial instruments, counterparties, borrowing groups, and single borrowers to ensure the portfolio remains appropriately diverse and our lending remains prudent. Furthermore, our credit risk monitoring regime assesses relevant key risk indicators to ensure we promptly identify, and respond to increasing levels of risk within our portfolios.

We currently remain within all tolerance levels in our Risk Appetite Statement and Framework for Credit Risk.

For the financial year ended 31st December 2024, Stage 3 loan ratio reduced from 7.1% in 2023 to 6.9% in 2024. Bank has maintained a strong financial position, reflected in key ratios, capital ratio of 58% and strong NPAT at MVR 2.2 billion.

Overall, lending and performance of the portfolio saw continued improvement in 2024.

b) LIQUIDITY RISK

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

Over the course of the financial year ending December 2024, the liquidity ratios for the domestic currency have been consistently strong, reflecting a solid domestic liability base. Foreign currency liquidity remains a key area of focus given systemic challenges in the economy with few sources of USD supply in the local market. The key factors contributing to the shortage of USD in the market stem from our economy's import-focused needs which makes the Maldives economy highly dependent on US dollar inflows. The demand for USD in the market appears to exceed current supply and remains a potential systemic vulnerability. We anticipate an improved USD liquidity position with the Foreign Currency Act which came in to effect in January 2025.

MANAGEMENT OF LIQUIDITY RISK

Maintaining adequate liquidity is essential to manage the expected and unexpected fluctuations in the assets and liabilities of the Bank and to provide funds for growth. The Bank deals with the management of risks arising from changes in liquidity due to internal and external factors, changes in interest rate movements and changes in exchange rates through its ALCO (asset and liability management committee) processes and treasury activities.

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

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

The Bank maintains a statutory deposit with MMA equal to 10% of customer deposits for local currency and 7.5% of customer deposits for foreign currency and maintains a separate reserve of 10% for foreign and local currencies, of which no interest income is earned for the balances in demand and time deposits held in its Islamic banking operations. Furthermore, the Bank maintains a ratio of net liquid assets to liabilities to reflect market conditions.

The Bank proactively oversees its liquidity position, ensuring consistent adherence to statutory and Basel requirements throughout the year. This involves the continual monitoring of LCR, NSFR, LR, NOP ratios , and various other liquidity indicators formally through the ALCO process and daily through risk and treasury oversight. The ALCO conducts a thorough monthly assessment of the Bank's liquidity position.

Bank's contingency plan was enhanced and strengthened during 2024 with revised stress tests and possible scenarios that the bank can pursue to remain liquid in an adverse economic situation coupled to a deterioration of internal liquidity indicators.

RISK APPETITE AND POSITIONING

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

As at the end of the year, the LCR and NSFR levels of the Banks stood at 152% and 191% respectively and were maintained above the Basel minimum required level throughout the year. Despite the challenges related to supplying USD against the local currency (MVR), both MVR and USD liquidity remained very strong at the end of 2024, with Liquidity Coverage Ratios (LCR) of 147% for MVR and 160% for USD. Management continues to monitor the liquidity position carefully to ensure sufficient liquidity is available to meet customer and Bank needs.

c) MARKET RISK

Market risk relates to the impact of fluctuations in market rates on the Bank's assets and liabilities, or the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The Bank is exposed to insignificant market risk.

MANAGEMENT OF MARKET RISK

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

RISK APPETITE AND POSITIONING

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

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

d) OPERATIONAL RISK

Operational risk is the loss resulting from inadequate or failed internal processes, people and systems or from external events. The Bank manages and controls operational risk by identifying and controlling risks in all activities according to a set of pre-determined parameters by applying appropriate management policies and procedures. The full spectrum of Operational Risk is extensive and there are a number of sub-types which are managed within the ambit of the broader Operational Risk Management framework. These sub-types include Business Continuity Risk, Conduct Risk, Technology Risk, Cyber Risk, Legal Risk, Reputational Risk, Fraud Risk and Third-party Risk. The Bank continues to expand its Operational Risk Management framework to cover the full spectrum of material Operational Risk types. During the financial year ending December 2024 a project was undertaken to enhance and strengthen the Bank's operational risk management to align with Basel IV requirements and evolving international operational risk best practices.

It is pleasing to note that during fiscal year 2024, our financial performance reflected minimal financial losses from operational risks, indicating sound control mechanisms embedded throughout our business units. This result highlights the effective design and implementation of our risk management strategies.

MANAGEMENT OF OPERATIONAL RISK

The management of operational risk represents a fundamental component of the Bank's overall approach to risk management. Operational risk is inherent in every part of the Bank including its products, people, processes and technology. The Bank has an Operational Risk Policy which outlines its framework for the management of operational risk including identification, assessment, measurement, monitoring, reporting and mitigation.

The Bank's Management Risk Committee has responsibility for reviewing the risk environment and the Bank's performance against the full spectrum of risks faced in its activities, determining appropriate preventive and mitigating actions where necessary. In terms of operational risk specifically, the Bank has in place an Operational Risk Committee (ORC) which meets monthly and reports to the Management Risk Committee (MRC).

RISK APPETITE AND POSITIONING

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

The Bank has in place an extensive process of analysis and response to identify, investigate, review, and mitigate future losses following the emergence of an operational loss incident. Operational losses are at one of the lowest recorded levels over the last five years.

STRESS TESTING

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

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

Compliance

The Bank operates within a clearly defined governance framework, which enables delegation of authority and clear lines of responsibility, while allowing the Board to retain effective control. The Board is supported by specific committees, each mandated to provide counsel, recommendations and specific expert guidance on matters affecting the Bank's activities. Acting on the direction set by the Board, Executive Management is entrusted with the operational management of the business, with their performance and actions closely monitored against set objectives and policies.

The Compliance Department regularly updates Board and employees to stay informed about changes in laws, regulations, and industry standards that may impact the Bank's operations and monitors regulatory developments to assess any potential impact on the Bank's compliance obligations and risk exposure. The Board receives regular Compliance management reports on the Bank's status of compliance, including updates on regulatory matters, enforcement actions, or emerging compliance issues and regulations.

The Bank has in place a robust regulatory compliance framework designed to provide a structured approach to managing risks. This framework identifies, assesses, manages, and mitigates risks that could impair the delivery of the Bank's strategic and business objectives.

The Bank's Compliance Department encourages and follows strict compliance and adherence to various laws, rules and regulations including but not limited to Compliance with Corporate Governance for Maldives, CMDA Regulations, AML Act, MMA CG Code, MMA Prudential regulations and Guidelines, Maldives Banking Act, International financial reporting standards (IFRS), Financial Action Task Force guidelines (FATF), Patriots Act, CRS reporting and underlying Basel principles.

The Bank ensures that the organization and its staff at all times adhere to both the letter and spirit of applicable laws, rules and regulations, generally accepted business and industry standards, as well as international codes and best practices. We promote a compliance-oriented culture with a view to supporting banks business lines in delivering fair outcomes for customers and preserving the Bank's reputation, while helping to achieve business objectives.

The strategic principles and objectives of the compliance function follows a risk-based approach. The Compliance function reviews and implements specific policies and procedures pertaining to governance, KYC, customer onboarding, Customer Due Diligence (CDD), Enhanced Due Diligence (EDD), managing correspondent banks' compliance queries, compliance audits, Enterprise-Wide Risk Assessments (EWRA), and educating staff on compliance matters. Regular status updates and reports are presented to Board Audit Committee and the Board of Directors.

The Bank continuously updates and trains its staff members to remain abreast of new developments in AML/CFT. In this regard, staff members from the AML/CFT Unit of the Bank have undergone specialized training on (i) Beneficial Ownership Registers; (ii) Targeted Financial Sanctions; (iii) Money Laundering and Terrorist Financing Risks; (iv) Proliferation Financing; (vi) Fraud Risk Management; (vii) Anti Bribery and Corruption trainings. Further, regular bank wide training to all staff and Board have been conducted. Moreover, staff are provided with on-the-job training while focusing on a hands-on approach in their learning process.

ANTI MONEY LAUNDERING

The Bank is subject to and complies with legislation on Prevention of Money Laundering and Terrorist financing (Act 10/2014). The legislation together with regulations, rules and industry best practices form the Cornerstone of The Banks' AML framework.

The Banks AML policies and procedures incorporate standards and guidelines set by the MMA as well as, international bodies including Basel standards (BIS), FATF, APG and set minimum control requirements , including, but not limited to:

- Appointment of a Chief Compliance Officer
- Establishing and maintaining a risk-based approach to AML
- Establishing and maintaining a risk-based customer due diligence, identification and verification and know your customer (KYC) procedures, including enhanced due diligence.

SANCTIONS

Sanctions are restrictions imposed by organizations such as the European Union (EU), the United Nations (UN), and individual countries (e.g., the UK and the US) on activities involving specific countries, governments, entities, individuals, or industries.

As a financial institution engaged in international trade, BML complies with all relevant sanctions, laws and regulations in the jurisdictions where it operates or where our correspondent banks require specific compliance. Additionally, Correspondent banks may enforce stricter sanctions policies beyond local legal requirements to protect their reputation and business interests.

BML's Anti-Money Laundering policy and procedures help employees recognize and manage sanctions-related risks. The policy outlines essential control measures, including legal compliance, risk assessments, transaction and customer screening, escalation processes, and record retention.

ANTI-BRIBERY AND CORRUPTION STATEMENT

BML is committed to ethical business and has a zero-tolerance approach to bribery and corruption and these activities are prohibited in any form, both directly and indirectly. By committing to a zero-tolerance approach to bribery and corruption, BML ensures compliance to the principles embodied in the relevant policies and procedures and stipulated in the requisite laws and regulations.

Breaches or allegations of breaches are assessed and where appropriate, investigated and action taken to the full extent contained in the applicable laws, regulations and internal disciplinary codes and policies.

The Bank's Anti-Bribery and Corruption policy clearly describes Banks' approach to Anti-Bribery and Corruption and aims to:

- Articulate Bank's commitment to prohibiting bribery and corruption and to be in compliance with Prevention and Prohibition of Corruption Act (Act. No. 2/2000).
- Define principles for identifying and preventing potential bribery and corruption in order to protect the integrity, reputation, and financial soundness of the Bank.
- Clearly set out and communicate personal and collective responsibilities on Anti-Bribery and Corruption principles and
- Provide a framework for Bank's Anti-Bribery and Corruption Program

WHISTLEBLOWING POLICY

BML is committed to the highest standards of accountability and probity. An important aspect of accountability and transparency is a mechanism to enable stakeholders of the organization to voice concerns in a responsible and effective manner without fear of retaliation and or identification.

BML's whistleblower program and board approved policy supports those who come forward with concerns of suspected or confirmed wrongdoings, undesirable activities which are against the Bank's policies and procedures and/or which may have an adverse effect on the Bank's business or the society at large including violations of any laws and regulations.

FRAUD AND SCAMS

A core focus in support of the financial resilience of our customers is through our implementation of measures to combat and prevent fraud and scam activity. Globally there is an increase year on year in socially engineered scams and has been described internationally as a 'Scamdemic'.

Bank has taken multiple steps to arrest the increase in scams including OTP management, Authenticator, introduction of Kill switch and significant effort in awareness and collaborations with relevant government authorities. All scams reported to the Bank are reported to the regulators and Maldives Police service for investigation.

Multiple media alerts are sent on a frequent basis to encourage customers to be more diligent and cautious in their financial dealings. Social media posts by the Bank on scam awareness during the year 2024 reached 2.4 million impressions.

Bank also conducts regular awareness campaigns to keep our customers updated on the most recent scams and to warn them to be aware of scams. These campaigns include a dedicated fraud hotline, TikTok Challenges, ATM screen popups, Media TV clips, and videos done in collaboration with Maldives Polices service.

The Bank ensures that the organization and its staff always adhere to the letter and spirit of applicable laws, regulations, industry standards, and international best practices.

Governance

Current Board of Directors

DIRECTORS NOMINATED BY THE GOVERNMENT

Mr. Ahmed Ali Habeeb
Noovilaage, S. Hithadhoo

Mr. Ahmed Ali Habeeb is the Chairperson of the Bank.

Mr. Habeeb is also the Principal Secretary to the President on Cabinet Affairs from 17th November 2023. Prior to this appointment, he was the General Manager of Apollo Holdings Private Limited from 15th January 2006 till 16th November 2023.

Mr. Habeeb served as a Board Member for Housing Development Corporation from April 2012 until February 2019.

Mr. Habeeb is a member of the Chartered Institute of Management Accountants (CIMA), UK.

Other Directorships: None

Mr. Mohamed Shareef
M. Ifaau, Male'

Mr. Mohamed Shareef currently serves as the Chief Executive Officer and Managing Director of the Bank. He rejoined the Bank in October 2024.

Mr. Shareef has over 25 years of experience in the financial sector, including more than 7 years at the senior executive level and board level. At BML, Mr. Shareef contributed to modernizing the Bank's operations and promoting its growth. He was involved in implementing core banking systems, introducing debit and credit card services, and expanding digital banking solutions such as internet banking, mobile banking, self-service banking, and e-commerce payment gateways. These initiatives enhanced the Bank's financial performance and improved its service delivery and digital transformation.

Mr. Shareef played a significant role in the Bank's strategic development during his tenure, managing key departments such as Islamic Banking, Technology, Marketing, Retail Banking, and Operations.

Mr. Shareef holds an MBA from the University of Manchester and completed the Senior Executive Programme at London Business School, which is renowned for its focus on CEOs and senior executives globally. Additionally, he strengthened his leadership qualifications by serving as the elected Vice Chairman of the Asian Bankers Association from 2018 to 2020.

Other Directorships: None

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

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

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

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

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

Other Directorships:

Managing Director:
Faris and Co LLP
AFM Holdings Pvt Ltd
FHE Holdings Pvt Ltd
Handy Cold Storage Facilities LLP
Maldives Securities Management Corporation Pvt Ltd
Maldives Securities Trading Pvt Ltd
Maldives Tennis Academy Pvt Ltd

Partner:
FCLLP Risk Advisory LLP

President:
M.T.A

Mr. Adil Moosa
Fen Aaru, B. Eydhafushi

Mr. Adil Moosa currently serves as the Chief Operating Officer at Tree Top Hospital since 2020. Prior to this, he served as the Managing Director of Maldives Airports Company Limited (MACL) from January 2015 to November 2018.

Mr. Adil joined MACL in June 1992 and has held several positions within the company, including Head of Investment Programme, Head of Finance and Information Technology and Assistant Director.

Mr. Adil served as a Board Member for Maldives Inflight Catering Services from 2009 to 2010 and from 2013 to 2018. He served as a Board Member of Addu International Airport from January 2015 to November 2018. In addition, Mr. Adil was also a Board Member at the Maldives Association for Tourism Industry (MATI) from January 2018 to January 2019.

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

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

Other Directorships: None.

Dr. Mariyam Suzy Adam
M. Amazon, Malé

Dr. Mariyam Suzy Adam is the Registrar and Managing Director at Nazeer Education Services (NES). She is also the Managing Director of Island Scenery Maldives since 2018. Prior to this, she served as the Vice President of the Clemency Board at the Attorney General's Office from March 2010 till April 2015.

Dr. Suzy served as a Committee Member of the Special Achievements Awards Committee of the President's Office from March 2015 to March 2019.

Dr. Suzy was a consultant for Live and Learn Environmental Education. In addition, she served as the Dean of the Maldives National University School of Business.

Dr. Suzy is the current Chairperson of the Board Corporate Governance Committee.

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

Other Directorships: None.

Mr. Ali Irufan
Daylight Villa, S. Maradhoo Feydhoo

Mr. Ali Irufan is a public financial management professional with over 16 years of experience in the public sector. He currently serves as the Director's Advisor at the Asian Development Bank (ADB), representing Mongolia, Pakistan, the Philippines, Kazakhstan, the Maldives, the Marshall Islands, and Timor-Leste.

Prior to joining ADB, Mr. Irufan held several key roles at the Ministry of Finance (MOF) in the Maldives. As Project Director for the Public Finance Modernization and Reform Department, he led efforts to modernize the country's public financial management systems. He also oversaw the successful implementation of the World Bank-funded Public Financial Management (PFM) project.

During the COVID-19 pandemic, Mr. Irufan was seconded to the Ministry of Health as a consultant, where he provided technical assistance to improve the Ministry's finance and procurement functions. He also served as the Voice Secondee for Finance and Grant Operations at the Global Partnership for Education (GPE) at the World Bank from March 2023 until September 2023.

Mr. Irufan has served on various boards and committees, including as Vice Chairman of the National Tender Board, a member of the State Internal Audit Committee, and the Finance Commission of the Maldives Red Crescent. Additionally, he was a member of the Capital Market Development Authority's Trust Fund Committee and the Tax and Public Policy Committee for the Institute of Chartered Accountants of the Maldives.

Mr. Irufan is a fellow member of the Chartered Institute of Management Accountants (CIMA), UK, and a member of the Chartered Institute of Public Finance and Accountancy (CIPFA), UK. He also holds a Master of Business Administration from the University of the West of England, UK, and a Bachelor of Arts in Accountancy and Finance from Heriot-Watt University, UK.

Other Directorships: Director, SYI Pvt Ltd.

Mr. Mohamed Shahid
Hulhumalé Flat No 90-2-02, Malé

Mr. Mohamed Shahid has been providing financial consultancy services from 2019 onwards. He served as the Chief Financial Officer (CFO), overseeing the Investment Advisory, Investment Operations, Financial Planning and Control functions of the Maldives Pension Administration Office (MPAO) from October 2018 to July 2023.

Mr. Shahid served as the Director General at various departments in Maldives Inland Revenue Authority (MIRA) including Revenue Operations Department, Enforcement and Compliance Department, and Individual Business Department from October 2010 till October 2018. He served at various technical committees in the field of finance and taxation.

He was the Board Secretary at MIRA from August 2010 to August 2015. He was also a Spokesperson of MIRA.

Mr. Shahid holds a Master of Science (MSc) in Finance at International Islamic University Malaysia (IIUM) and a BA (Hons) in Accounting and Finance from University of East London, UK.

Other Directorships: None.

DIRECTORS ELECTED BY THE PUBLIC SHAREHOLDERS

Mr. Abdulla Naseem
Karankaa Villa, Ha. Filladhoo

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

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

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

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

Other Directorships: None.

Mr. Moosa Rasheed
M. Gaseem, Malé

Mr. Moosa Rasheed has been the Chief Financial Officer at Aasandha Company Limited since 2019. Prior to this, he served as the Head of Accounts and Financial Controller at Allied Insurance Company Limited. He also worked in the finance department of Island Aviation Services Limited from 2000 to 2011.

With over 25 years of professional experience in finance, Mr. Moosa was elected as a Director by public shareholders serving from 13th June 2008 to 18th August 2009.

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

Other Directorships/Partnerships: Surf Deck LLP, Kuredhi Trade LLP

Mr. Najeem Ibrahim Zakariyya
M. Dhaashin, Malé

Mr. Najeem Ibrahim Zakariyya has over 14 years' experience in several industries of the private sector. At present. he is the General Manager at Shinetree Holding Pvt Ltd.

Mr. Najeem provides advisory services in personal finance, wealth, investment and governance.
In addition, Mr. Najeem was also an Assistant Lecturer at the Maldives College of Higher Education (National University), teaching Finance and Accounting subjects to Bachelor's Degree and Diploma level students.

Mr. Najeem served on the Bank's Board as a Government appointed Director from 30th July 2019 to 15th July 2021.

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

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

Other Directorships: Director, Marine Quest Pvt Ltd.

EXECUTIVE MANAGEMENT

Mr. Mohamed Shareef
CEO and Managing Director

Mr. Mohamed Shareef currently serves as the Chief Executive Officer and Managing Director of the Bank. He rejoined the Bank in October 2024.

Mr. Shareef has over 25 years of experience in the financial sector, including more than 7 years at the senior executive level and board level. At BML, Mr. Shareef contributed to modernizing the Bank's operations and promoting its growth. He was involved in implementing core banking systems, introducing debit and credit card services, and expanding digital banking solutions such as internet banking, mobile banking, self-service banking, and e-commerce payment gateways. These initiatives enhanced the Bank's financial performance and improved its service delivery and digital transformation.

Mr. Shareef played a significant role in the Bank's strategic development during his tenure, managing key departments such as Islamic Banking, Technology, Marketing, Retail Banking, and Operations.

Mr. Shareef holds an MBA from the University of Manchester and completed the Senior Executive Programme at London Business School, which is renowned for its focus on CEOs and senior executives globally. Additionally, he strengthened his leadership qualifications by serving as the elected Vice Chairman of the Asian Bankers Association from 2018 to 2020.

Ms. Sahar Waheed
Deputy CEO & Chief Operating Officer

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

Ms. Sahar has 18 years of experience in banking and she has held key positions at the Bank including Head of Strategic Planning and Change Management and most recently as the People and Change Director.

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

Mr. Adly Ahmed Didi
Chief Technology Officer

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

With over 25 years of experience in the field of Information Technology, Mr. Adly began his career at the Bank as Manager, Information Technology. He went on to serve as Head of Information Technology and was appointed to the Bank's Executive Committee as Technology Director in 2014.

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

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

Ms. Moosa Nimal
Chief Business Officer

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

During the span of his career at the Bank, he has gained extensive knowledge and experience in multiple areas of banking. Nimal has held various positions in branch operations, customer services as well as in international banking and retail banking; and has been part of notable projects and change initiatives.

Prior to his appointment as CBO, he held the position of Director of Retail, Business & SME Banking.

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

Mr. Hassan Kalaam
Chief Islamic Banking Officer

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

During his 12 years at the Bank, Kalaam has played a key role in contributing to the success of the Bank's steadily growing Islamic Banking arm. Prior to his appointment as CIBO , Kalaam held the position of Islamic Banking Director.

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

Mr. Nandana Senevirathne
Chief Financial Officer

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

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

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

Mr. Gary Laughton
Chief Risk Officer

Mr. Gary Laughton joined the Bank in January 2020.

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

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

Ms. Rashfa Jaufar
Chief Credit Officer

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

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

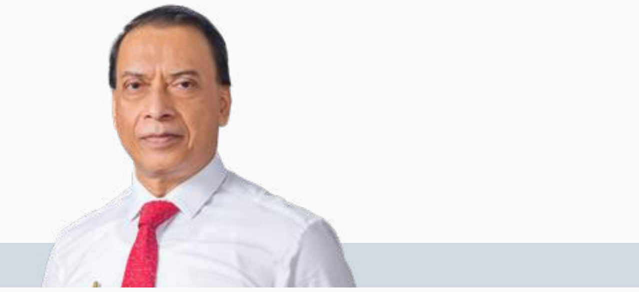
Ms. Rashfa holds a Master of Arts in Accountancy – Political Economy from the University of Aberdeen, Scotland.

Ms. Aishath Zamra Zahir
Chief Marketing Officer

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

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

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



Mr. Bishwajit Mazumder
Chief Internal Auditor

Mr. Bishwajit Mazumder joined the Bank in April 2022.

Mr. Bishwajit has over 35 years of experience in Internal Auditing, Business Operations and Strategic Planning. Bishwajit has held chief audit positions in several banks and was most recently the Chief Internal Auditor of Ghazanfar Bank, Kabul.

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

FORMER MEMBERS OF THE EXECUTIVE COMMITTEE

Mr. Karl Stumke
Chief Executive Officer & Managing Director, 2022 - 2024

Ms. Aishath Noordeen
Deputy Chief Executive Officer, 1982 - 2024

Mr. Morgan Beanland
Director of Operations, 2023 - 2024

Ms. Gulnaz Mahir
Director of Customer Service, 2020 - 2025

Mr. Ahmed Aseef
Director of Corporate Banking, 2012 - 2024.

DIRECTORS' REPORT

The Board of Directors presents the Directors' Report 2024. This report is prepared in accordance with the Maldives Banking Act (Law 24/2010), Companies Act of the Republic of Maldives (Law No. 7/2023), the Maldives Securities Act (Law No. 2/2006), the Listing Rules of the Maldives Stock Exchange, and the Maldives Securities (Continuing Disclosure Obligations of Issuers) Regulations 2019. The Board aims to ensure transparency, protect shareholder rights, and uphold governance principles, in compliance with the Corporate Governance (CG) Code of the Capital Market Development Authority (CMDA) and the Maldives Monetary Authority (MMA) Regulation on Corporate Governance for Banks, Insurance Companies, and Finance Companies of the Maldives. This report supports these commitments.

BOARD COMPOSITION

The Board of Directors consists of 11 members. The Government nominates eight directors, including the Chairperson and Managing Director, who are then elected by the shareholders. The remaining three directors are elected by the General Shareholders. In accordance with Articles 79 and 80 of the Bank's Articles of Association (AOA), the Board appoints the Chairperson and the Managing Director from among the directors nominated by the Government.

In accordance with the CG Code of the CMDA and the MMA Regulation on Corporate Governance for Banks, Insurance Companies, and Finance Companies, the Board of Directors includes a combination of executive, non-executive, and independent directors. This structure aims to maintain impartiality and competence while providing effective guidance to the Management and promoting good governance practices. The Board consists of members with diverse skills, qualifications, talents, and expertise necessary to offer informed and prudent guidance concerning the operations and interests of the Bank and its shareholders.

DUTIES OF THE BOARD

The overall duties of the board include providing control and direction for the Bank, setting strategic aims and objectives, and approving the strategic plan, business plan, and annual budget. The board reviews the Bank's business and financial performance against these plans and budgets. It ensures the establishment and effectiveness of internal controls to assess and manage risks. The board sets the Bank's strategic objectives and risk appetite, leading the culture, values, and behaviors that deliver them. Additionally, the board oversees management, performance, and corporate governance frameworks, ensures adequate human resources, and meets obligations to shareholders and other stakeholders. Finally, the board ensures compliance with all relevant laws, regulations, the Board Charter, the Bank's AOA, and corporate governance codes.

To perform its duties or other required functions, the Board may delegate its authority to appropriate subcommittees of the Board, corporate management, external professionals, consultants, or any parties deemed suitable by the Board in the Bank's best interests.

During the year 2024, the following members were on the Board[1].

NAME	CATEGORY	DURATION
Mr. Ahmed Ali Habeeb	Chairperson, Independent & Non-Executive Director	21st September 2024 – till date
Mr. Mohamed Shareef	CEO & Managing Director, Executive Director	30th October 2024 – till date
Mr. Adil Moosa	Independent & Non-Executive Director	28th May 2024 – till date
Mr. Ali Faris Mohamed	Independent & Non-Executive Director	25th March 2024 – till date
Dr. Mariyam Suzy Adam	Independent & Non-Executive Director	28th May 2024 – till date
Mr. Mohamed Shahid	Independent & Non-Executive Director	21st September 2024 – till date
Mr. Ali Irufan	Independent & Non-Executive Director	21st September 2024 – till date
Mr. Abdulla Naseem	Independent & Non-Executive Director	24th October 2021 – till date
Mr. Najeem Ibrahim Zakariyya	Independent & Non-Executive Director	20th July 2024 – till date
Mr. Moosa Rasheed	Independent & Non-Executive Director	20th July 2024 – till date
Mr. Hassan Zareer	Independent & Non-Executive Director	25th March 2024 – 23rd May 2024
Mr. Yooshau Saeed	Independent & Non-Executive Director	15th July 2021 – 25th March 2024
Mr. Karl Stumke	CEO & Managing Director, Executive Director	10th January 2023 – 21st September 2024
Ms. Aishath Noordeen	Deputy CEO, Executive Director	31st August 2020 – 25th August 2024
Ms. Juwairiya Saeed	Non-Independent & Non-Executive Director	30th July 2019 – 28th May 2024
Mr. Abdulla Hassan	Independent & Non-Executive Director	31st August 2020 - 28th May 2024
Mr. Abdulla Husam Shareef	Non-Independent & Non-Executive Director	15th July 2021 - 25th March 2024
Ms. Aishath Sajny	Independent & Non-Executive Director	24th October 2021 - 21st September 2024
Mr. Ibrahim Mohamed	Non-Independent & Non-Executive Director	7th August 2009 – 20th July 2024
Mr. Ahmed Mohamed	Independent & Non-Executive Director	30th July 2019 - 20th July 2024

1 1) As stated under Part 2, section 1.2 (f), (h) and (j) (ii) of the Corporate Governance Code of CMDA, directors who are considered as 'Non-Executive' and 'Independent' are those directors who:
- At least a minimum of one year has passed following completion of six consecutive years of directorship.; or
- have not, or whose immediate family members have not, held a key position in the Bank and who have not, or whose immediate family members have not, had any substantial financial dealings with the Bank during the last one (1) year.

(a) All Directors nominated by the Government must be considered "Non-Independent" as per section 5(c) (2) of MMA Regulation on Corporate Governance for Banks, Insurance Companies and Finance Companies (Reg. No. 2020/R-59).

2)(b) All Directors elected by the General Shareholders must be considered "Independent" as per section 5 (c) of MMA Regulation on Corporate Governance for Banks, Insurance Companies and Finance Companies (Reg. No. 2020/R-59).

FREQUENCY OF MEETINGS

In accordance with section 15(g) of the Maldives Banking Act (Law No. 24/2010), the Board meetings in 2024 were conducted with the required quorum, which is three-fourths of the entire Board. The Board convened at least once per month as mandated by law. In total, the Board of Directors held 29 meetings in 2024, with attendance detailed below.

DIRECTORS	MEETINGS ATTENDED	MEETINGS TO ATTEND
Mr. Ahmed Ali Habeeb[1]	8	8
Mr. Mohamed Shareef[2]	4	4
Mr. Ali Faris Mohamed[3]	24	25
Mr. Adil Moosa[4]	19	21
Dr. Mariyam Suzy Adam[4]	21	21
Mr. Abdulla Naseem	26	29
Mr. Moosa Rasheed[5]	17	17
Mr. Najeem Ibrahim Zakariyya[5]	17	17
Mr. Mohamed Shahid[6]	8	8
Mr. Ali Irufan[6]	8	8
Mr. Hassan Zareer[7]	4	4
Mr. Yooshau Saeed[12]	3	4
Mr. Karl Stumke[8]	21	21
Ms. Aishath Noordeen[9]	18	18
Ms. Juwairiya Saeed[10]	8	8
Mr. Abdulla Hassan[10]	7	8
Mr. Ahmed Mohamed[11]	12	12
Mr. Ibrahim Mohamed[11]	12	12
Ms. Aishath Sajny[8]	20	21
Mr. Abdulla Husam Shareef[12]	4	4

1 Appointed as the Bank's Chairperson after EGM held on 21st September 2024.
2 Appointed to the Board at the EGM held on 30th October 2024.
3 Appointed at the EGM held on 25th March 2024.
4 Appointed at the 41st AGM held on 28th May 2024.
5 Appointed at the EGM held on 20th July 2024.
6 Appointed at the EGM held on 21st September 2024.
7 Tenure ended after resignation from Board on 23rd May 2024.
8 Tenure ended after the Bank's EGM held on 21st September 2024.
9 Tenure ended after resignation from Board on 25th August 2024.
10 Tenure ended after the Bank's AGM held on 28th May 2024.
11 Tenure ended after the EGM held on 20th July 2024.
12 Tenure ended after the Bank's EGM held on 25th March 2024.

The Board of Directors, as per Articles 65 and 66 of the Bank's AOA, created a Board Credit Committee (BCC) with seven members. This committee was given a specific level of approval authority for credit proposals to maintain business continuity.

The Board Credit Committee held 08 meetings during 2024. The membership and attendance of the BCC are disclosed in Directors Report, Page 68.

The Board of Directors resolved to reinstate the Board Special Committee on 29th January 2023, comprising seven members under its discretionary powers as provided in the Bank's AOA. The Board also resolved to reconstitute the Board Special Committee on 21st September 2024, comprising five members for the purpose of CEO recruitment. During this period, nine meetings were held. Following the completion of the CEO recruitment process, the Committee was dissolved on 16th October 2024.

The Board is responsible for overseeing the Company's business to achieve the Bank's objectives and long-term goals. The Bank's values, standards, and the Board's responsibilities are outlined in the Board's Charter.

Corporate strategies and the annual plan are presented to the Board as part of the ongoing efforts to achieve the Bank's objectives and long-term goals, considering its core values and standards through the vision and mission of the Bank.

The Chairperson of the Board oversees corporate governance practices, leadership, and the effectiveness of the Board. Under the Chairperson's leadership, the Board addresses key issues in a timely manner and fulfills its responsibilities. Directors are encouraged to share their views on the Bank's affairs and have access to senior management to address any queries they may have.

DIRECTORS' SHAREHOLDING

The following Directors held shares of the Bank as of 31st December 2024.

DIRECTOR	NO. OF SHARES HELD
Mr. Abdulla Naseem	100
Mr. Ali Faris Mohamed	12,850
Mr. Najeem Ibrahim Zakariyya	1
Mr. Moosa Rasheed	70
Mr. Mohamed Shareef	10
Mr. Adil Moosa	20
Mr. Mohamed Shahid	60
Mr. Ali Irufan	2

BOARD EXPERTISE AND ATTRIBUTES

The board consists of directors who contribute a diverse array of skills, expertise, and experience, thereby enhancing overall board effectiveness. The Appointment, Nomination, and Remuneration (ANR) Committee evaluates and recommends to the board the essential skill sets required by directors to ensure effective oversight. These skills include industry experience, technical/strategic competencies, behavioral and personal attributes, among others.

The ANR Committee has identified the necessary skills and expertise for the Bank's directors, taking into account business requirements. These needs are periodically reassessed to align with the evolving changes and demands of the Bank. The Bank has systematically mapped the skills possessed by the directors against those identified, based on the information provided by the directors. A tabular representation of this mapping is shown below:

SKILL AREA	Mr. Ahmed Ali Habeeb	Mr. Mohamed Shareef	Mr. Ali Faris Mohamed	Mr. Adil Moosa	Dr. Mariyam Suzy Adam	Mr. Mohamed Shahid	Mr. Ali Irufan	Mr. Abdulla Naseem	Mr. Najeem Ibrahim Zakariyya	Mr. Moosa Rasheed
CEO/DCEO/Chairperson/CFO	✓	✓		✓	✓	✓		✓	✓	✓
Banking		✓					✓	✓	✓	✓
Finance	✓	✓	✓	✓		✓	✓	✓	✓	✓
Business	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Accounting & Auditing	✓	✓	✓	✓		✓	✓	✓	✓	✓
IT		✓			✓					
Governance	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Insurance										✓
Tourism		✓		✓					✓	✓
Tax			✓			✓				
Securities Market			✓							
Aviation				✓						✓
International Exposure		✓			✓		✓			
Experience (in years)	23+	36+	17+	32+	23+	30+	16+	24+	15+	25+
Age	42	59	40	51	53	55	34	46	37	46

BOARD REMUNERATION

The directors' fees for the board members remained unchanged for the year 2024.

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

The Board members received a total remuneration of MVR 2,903,901 for the year 2024. The attendance of the Board members at Board meetings and subcommittee meetings from January to December 2024, along with the remuneration paid for the year, is detailed below.

NAME	BOARD	BCC	AC	ANR	CG	RC	BSC	AMOUNT (MVR)
Mr. Ahmed Ali Habeeb	8/8	3/3	-	-	-	-	8/8	104,667
Mr. Mohamed Shareef	4/4	1/1	-	-	-	-	-	26,742
Mr. Adil Moosa	19/21	-	13/13	19/19	-	11/11	9/9	237,613
Mr. Ali Faris Mohamed	24/25	6/6	12/13	6/6	1/2	13/13	8/9	243,726
Dr. Mariyam Suzy Adam	21/21	3/3	-	19/19	10/10	7/7	1/1	201,613
Mr. Mohamed Shahid	8/8	-	3/3	3/3	1/1	4/4	-	71,333
Mr. Ali Irufan	8/8	-	-	6/6	3/3	-	-	65,333
Mr. Abdulla Naseem	26/29	7/8	19/19	3/3	11/17	16/16	6/8	324,000
Mr. Moosa Rasheed	17/17	4/4	7/7	10/10	5/5	-	1/1	142,581
Mr. Najeem Ibrahim Zakariyya	17/17	-	10/10	10/10	5/5	8/8	8/9	184,581
Mr. Hassan Zareer	4/4	1/1	-	-	-	-	-	44,613
Mr. Yooshau Saeed	3/4	2/2	-	-	-	-	-	66,339
Mr. Karl Stumke	21/21	5/5	-	-	-	-	-	115,050
Ms. Aishath Noordeen	17/17	5/5	-	-	-	-	-	104,774
Ms. Aishath Sajny	20/21	5/5	-	24/24	17/17	-	-	238,050
Mr. Abdulla Husam Shareef	4/4	2/2	-	5/5	-	3/3	-	59,274
Ms. Juwairiya Saeed	8/8	-	6/6	-	10/10	5/5	-	119,387
Mr. Abdulla Hassan	7/8	-	5/6	11/11	-	5/5	-	119,387
Mr. Ahmed Mohamed	12/12	-	9/9	17/17	15/15	8/8	-	223,419
Mr. Ibrahim Mohamed	12/12	4/4	9/9	17/17	15/15	-	-	211,419
Total								**2,903,901**

The total remuneration paid to Key Management Personnel (Executive Management) is MVR 41,996,396. This amount encompasses annual salary, bonuses, and benefits in-kind. A more detailed breakdown of aggregate remuneration is not disclosed, as this could potentially place the Bank at a competitive disadvantage compared to local counterparts who do not publish such information.

CONFLICTS OF INTEREST

In accordance with the Corporate Governance Code, Regulation on Corporate Governance for Banks, Insurance Companies, and Finance Companies, as well as the Bank's AOA, the Board has approved a Conflict of Interest Policy. This policy aims to protect the independent judgment of the Board from third-party influence. Directors are required to disclose any potential or actual conflicts of interest that may affect their ability to act in the Bank's best interests. The Company Secretary is tasked with maintaining a conflict register, recording both actual and potential conflicts as they occur.

RELATIONSHIP WITH SHAREHOLDERS AND CUSTOMERS

The Bank ensures the timely and fair dissemination of material information to shareholders, investors, and the public. To maintain transparency, the Bank provides shareholders and customers with necessary information and services. Key developments, including quarterly financials, announcements, and notices, are available on the Bank's website and social media platforms for shareholders and the public.

The Bank's Corporate Affairs Unit handles shareholder inquiries and concerns daily. Shareholding details and dividend history are provided on request.

The Board and Management of the Bank encourage shareholder participation at General Meetings. Communication channels, such as corporateaffairs@bml.com.mv, are available for stakeholders to share their views, feedback, and complaints. The Bank addresses these inputs accordingly and engages with shareholders annually at the AGM or EGMs. Additionally, the Bank engages with stakeholders through various channels to understand and address their key concerns.

GENERAL MEETINGS HELD IN 2024

Details of the General Meetings held during the year 2024 are provided below.

DETAILS	MEETING DATE
Extraordinary General Meeting	25th March 2024
41st Annual General Meeting	28th May 2024
Extraordinary General Meeting	20th July 2024
Extraordinary General Meeting	21st September 2024
Extraordinary General Meeting	30th October 2024

The Bank provided Shareholders with a Notice of Annual General Meeting at least 21 days before the meeting held in 2024. The General Meetings are considered important for shareholder engagement. The Bank convened its 41st Annual General Meeting (AGM) on May 28, 2024. All resolutions proposed by the Board were subject to poll voting and passed with a significant majority of votes.

The Maldives Stock Exchange served as the poll administrator for the 41st AGM and the EGMs, facilitating remote participation and voting facilities through its Fahi Vote System.

At the AGM and EGMs, shareholders were provided with the opportunity to pose questions, encompassing both financial and non-financial performance as well as long-term strategies of the Bank. Shareholders could submit their inquiries through the Fahi Vote System during the meeting or ask questions in person. The Directors responded to the questions raised by shareholders during the session.

Resolutions from the General Meetings of the Bank were posted on the Bank's website within 24 hours of the meeting.

The following is the attendance record of members at the General Meetings.

NAME	EGM 25 MARCH 2024	AGM 28 MAY 2024	EGM 20 JULY 2024	EGM 21 SEPTEMBER 2024	EGM 30 OCTOBER 2024
Mr. Hassan Zareer	NA	NA	NA	NA	NA
Mr. Karl Stumke	✓	✓	✓	✓	NA
Ms. Aishath Noordeen	✓	✓	✓	NA	NA
Ms. Aishath Sajny	✓	✓	✓	✗	NA
Mr. Ibrahim Mohamed	✓	✓	✓	NA	NA
Mr. Ahmed Mohamed	✓	✓	✗	NA	NA
Mr. Ahmed Ali Habeeb	NA	NA	NA	NA	✓
Mr. Mohamed Shareef	NA	NA	NA	NA	NA
Mr. Ali Faris Mohamed	NA	✓	✓	✓	✓
Mr. Adil Moosa	NA	NA	✓	✓	✗
Dr. Mariyam Suzy Adam	NA	NA	✓	✓	✓
Mr. Ali Irufan	NA	NA	NA	NA	✗
Mr. Mohamed Shahid	NA	NA	NA	NA	✓
Mr. Abdulla Naseem	✓	✓	✓	✗	✓
Mr. Najeem Ibrahim Zakariyya	NA	NA	NA	✓	✓
Mr. Moosa Rasheed	NA	NA	NA	✓	✓
Mr. Abdulla Hassan	✗	✓	NA	NA	NA
Mr. Abdulla Husam Shareef	✓	NA	NA	NA	NA
Mr. Yooshau Saeed	✓	NA	NA	NA	NA
Ms. Juwairiya Saeed	✓	✗	NA	NA	NA

DECLARATION OF DIVIDEND FOR 2023

In 2024, the Board passed a resolution to declare a dividend of MVR 269,096,000, which amounts to MVR 50 per share for the fiscal year 2023.

FINANCIAL REPORTING

The Bank published its annual consolidated financial statements, which are prepared in accordance with International Financial Reporting Standards (IFRS), as well as MMA and CMDA Regulations. These detailed disclosures help shareholders assess the Bank's performance and outlook. The Bank also updates its financial performance on a quarterly basis on its website.

APPOINTMENT OF EXTERNAL AUDITORS

The Audit Committee annually reviews the appointment of the external auditor. The Committee advises the Board on the evaluation and makes recommendations accordingly. The Board of Directors approved to select and recommend for shareholders' approval at the 41st Annual General Meeting (AGM), to appoint Ernst & Young (EY) as the External Auditors of the Bank for the year 2025.

The external auditors are also required to provide confirmation to the Audit Committee that they have maintained independence throughout the audit engagement in compliance with all relevant professional and regulatory requirements.

SHARI'AH GOVERNANCE

The Board is accountable for the Shari'ah governance mechanism and responsible for overseeing the level of Shari'ah compliance at the Bank. To fulfill these responsibilities, the Board has established a Shari'ah Committee to advise on the operations of the Bank's Islamic Banking window, "BML Islamic", ensuring its operations comply with Shari'ah principles.

RELATED PARTY TRANSACTIONS

The Board reviewed related party transactions exceeding thresholds to ensure they were fair, reasonable, on normal commercial terms, beneficial to the Bank, and not harmful to minority shareholders.

The Board reviewed the Bank's recurring related party transactions to ensure they were necessary for operations, conducted in the ordinary course of business, and not more favorable than terms available to the public.

KEY BOARD DECISIONS

During the year, the Board of Directors reviewed and provided approvals for the following, where necessary.

- Revision to the Organization Structure.
- Bank's Insurance for the year 2024.
- Bank's Net Open Position and USD Forex Position.
- Bank's audited Financial Statement for Year ended 31st December 2023.
- Counterparty Exposure Limit.
- Management Letter 2023 and External Auditors Report on Reliability of Controls.
- Amendment to Retail Products.
- Government and SOE exposure limit.
- Maldives Monetary Authority's Onsite Examination Report on Cybersecurity.
- Bank's Pay & Reward framework.
- Strategic Plan Updates.
- External Audit Plan for the year 2025.
- Bank's Budget for the year 2025.

CORPORATE GOVERNANCE

The Bank complied with CG Code of CMDA and MMA regulations by:
- Publishing the 2023 Annual Report on time.
- Making audited accounts available to shareholders in accordance with International Accounting Standards.
- Ensuring board members with conflicts of interest abstained from meetings.
- Having non-executive directors discuss key matters and strategy without Management or executive directors.

BOARD TRAINING AND ACCESS TO INFORMATION

The Board, through the Corporate Governance Committee, conducts an annual assessment of the training needs of its directors and encourages them to participate in various professional training programs to enhance their contributions to the Board. The Bank maintains a policy that provides for Directors to receive training at the Company's expense in areas pertinent to their roles as Directors or Board Committee members.
In 2024, Directors participated in the following training sessions:

TRAINING	TRAINING TYPE	INSTITUTE	TRAINING PERIOD
Corporate Governance for Board of Directors	Governance, Risk & ESG in Banking	Nexia Maldives	October 2024
CMDA Directors Training Program	Corporate Governance	Institute of Corporate Directors & Secretaries	November 2024

The Chairperson ensures Board agendas address strategy, risk, performance, and other value creation issues. Directors receive timely and high-quality information via an online system for board papers, allowing sufficient preparation time. Executive Directors provide regular updates on key business developments and give presentations during formal meetings.

RESPONSIBILITY STATEMENT

The Board of Directors hereby certifies that:

i. The relevant accounting policies were carefully considered and consistently followed throughout the preparation of the Bank's annual accounts, with proper explanations provided for any material departures.

ii. The accounting policies selected were applied consistently, and reasonable and prudent judgments and estimates were made to present a fair and true view of the Bank's state of affairs.

iii. Proper and sufficient care was taken in maintaining adequate accounting records in accordance with International Financial Reporting Standards (IFRS), the provisions of the Companies' Act of the Republic of Maldives (Law no.7/2023), the Maldives Banking Act (Law no. 24/2010), Prudential Regulations issued by the MMA for safeguarding the assets of the Bank, and preventing and detecting frauds and other irregularities. Additionally, compliance was ensured with the Maldives Securities Act (Law no. 02/2006), the Listing Rules, and Securities (Continuing Disclosure Obligations of Issuers) Regulations (2019/R-1050) issued by the CMDA.

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

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

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

vii. The borrowings of the Bank as at the end of 2024 accounting period were as follows:

DETAILS	(IN '000 MVR)
Not later than 1 year	238,698
Between 1 to 2 years	81,509
Between 2 to 3 years	47,882
Over 3 years	36,141

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

	(IN '000 MVR)
2023	35,933,816
2024	34,236,110

ix. There are no other interests of the Directors of the Bank except those disclosed in this report and the accompanying financial statements. Please refer to the notes to the financial statements, page no. 163 & 164 for details on related party transactions.

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

xi. Controlling shareholders have not pledged any shares.

Declaration by the Board of Directors

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

The Board of Directors confirms that this report complies with the Companies Act (Law No.: 7/2023), the Maldives Banking Act (Law No.: 24/2010), Prudential Regulations by the MMA, the Maldives Securities Act (Law No.: 2/2006), the Securities Disclosure Regulations 2019 (Regulation No.: 2019/R-1050), the CG Code of CMDA, the MMA's Corporate Governance Regulation for Banks, Insurance, and Finance Companies (Regulation No: 2020/R-59), and the Listing Rules of the Maldives Stock Exchange.

In carrying out its duties and responsibilities, the Board of Directors has maintained principles of transparency, fairness, and diligence, focusing on protecting the interests of shareholders and creating value for them.

On behalf of the Board of Directors:

Mr. Ahmed Ali Habeeb
Chairperson

Mr. Mohamed Shareef
CEO & Managing Director

Appointment, Nomination and Remuneration Committee Report

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

COMPOSITION AND FREQUENCY OF MEETINGS

The Committee is made up entirely of Non-Executive Directors. In 2024, the Committee held 30 meetings. The Membership and attendance of the ANR Committee are disclosed in Directors Report, page 68.

APPOINTMENT OF NEW DIRECTORS

The Board of Directors has assigned responsibilities to the ANR Committee to ensure that the Board includes a variety of skills and qualities necessary for making objective decisions in the Bank's best interests. When identifying candidates for nomination to the Board, the Committee selects candidates based on merit and the needs of the Bank, considering competencies, expertise, skills, backgrounds, and other qualities identified by the Board as needed. This selection and nomination process is conducted annually by the Committee.

Article 47 of the AOA of the Bank states that at least eight directors appointed to the Board must be nominated by the Government. Throughout the year, government-nominated directors were presented for shareholders' approval during the 41st Annual General Meeting on 28th May 2024, as well as at the Extraordinary General Meetings held on 25th March 2024, 21st September 2024, and 30th October 2024.

As outlined in Article 47 of the Bank's AOA, at least three directors on the Board must be nominated by the General Shareholders. Following the notice issued on 4th February 2024, inviting public shareholders to apply for these positions, three candidates applied and were submitted for approval at the 41st Annual General Meeting. After the tenure of two Elected Directors ended, the Bank issued another notice on 29th May 2024, inviting applications from public shareholders for the vacant positions. Four candidates applied, and two eligible candidates were submitted for approval at the EGM held on 20th July 2024.

REMUNERATION POLICY

The Bank has a formal remuneration policy for senior management, aligning with its strategy and long-term goals. The ANR Committee implements these policies and recommends remuneration packages to the Board. The Board approves remuneration policies for all employees, including Executive Directors and senior management.

SUCCESSION PLANNING

Executive succession planning is an essential aspect of the Bank's peoples strategy. Throughout the year, the Committee diligently reviewed the status and progress of the Bank's initiatives for attracting and retaining top talent. The Succession Plan for the Bank undergoes an annual review by the Committee.

Furthermore, the Committee had a substantial role in the appointments of Senior Management that took place during the year.

GENDER DIVERSITY

The Bank recognizes the importance of measuring progress in gender diversity. In 2024, the Bank met its gender diversity target for the Board, which includes a minimum of 2 female representatives, as specified in Section 1.6 (vi) of the Corporate Governance (CG) Code issued by the Capital Market Development Authority (CMDA). After Ms. Aishath Noordeen's resignation from the Bank's Board effective 25th August 2024, one female representative position remains vacant. The Bank is committed to improving gender diversity and is actively working to expand the pool of qualified female candidates.

COMMITTEE ACTIVITIES

The Committee also reviewed the following:

- Corporate (Staff) Health Insurance Scheme for 2024.
- Applications and Nominations received for Public Director and Nominee Director positions.
- Annual Performance Bonus for the year 2023.
- Succession Planning and Talent Management Plan.
- Recruitment of Shari'ah Committee members.
- Annual Assessment of Shari'ah Committee members.
- Employment contracts of two Executive Committee members.
- Pay and Reward Review.
- Staff Loan Review
- Organization Structure Changes.
- Human Resources related matters
- Policies under the mandate of the ANR Committee.

On behalf of the Appointment, Nomination and Remuneration Committee.

Adil Moosa
Chairperson

Audit Committee Report

The primary purpose of the Audit Committee is to assist the Board in overseeing various aspects of the Bank's operations. These responsibilities include ensuring the integrity of financial statements, compliance with legal and regulatory requirements, and the qualifications and performance of internal and external auditors. The committee also oversees internal controls, disclosure procedures, and compliance with internal policies. Additionally, it reviews and recommends financial statements and dividends, approves audit scopes, receives audit reports, and ensures corrective actions are taken. The committee also oversees the whistleblowing system and reviews necessary policies for approval.

COMPOSITION AND FREQUENCY OF MEETINGS

The Committee consists of Non-Executive Directors only, with a membership designed to offer the necessary financial expertise and commercial knowledge to carry out its duties.

In 2024, the Committee held 19 meetings. Membership and attendance details of the Audit Committee are in the Directors Report, Page 68.

The total number of meetings encompasses the special sessions conducted between the Non-Executive Directors of the Committee and representatives from the external auditors, EY, without the presence of any Executive Director or management personnel.

KEY COMMITTEE ACTIVITIES

The Committee also reviewed the following:

- Bank's Financial Statement for Year 2023.
- External Auditors Management letter for the year 2023 and Report on Reliability of Internal Controls.
- Proposals regarding the appointment of External Auditors for the year 2024.
- Quarterly Financial Statements.
- Internal Audit Reports, including Quarterly Report.
- Quarterly Compliance Reports.
- Expected Credit Loss as per the IFRS9.
- Proposed Final Dividend for 2023.
- Bank's Budget for the year 2025.
- MMA Onsite Examination Report.
- Internal Audit Plan for the year 2025.
- Matters received via the Bank's Whistleblowing system.
- Policies under the mandate of the Audit Committee.

FINANCIAL REPORTING

The Committee engaged in discussions with management and external auditors, thoroughly reviewing the Bank's quarterly and annual financial statements before their approval by the Board. The primary focus was on:

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

EXTERNAL AUDIT

The Committee examined and deliberated on the external auditors' annual audit plan, which details the proposed scope of work, prior to the initiation of the audit of the Bank's financial statements.

In addition, the Committee examined and evaluated the proposed audit fees for the external auditors in relation to their audit of the Bank's financial statements and recommended them to the Board for approval.

Furthermore, the Committee performed its yearly evaluation in accordance with the Bank's policy on the independence of external auditors. This evaluation served as the basis for the Committee's recommendation to the shareholders for the reappointment of the external auditors.

Audit Committee met with external auditors before conclusion of the External Audit for the year 2024 and Auditors presented their observations on significant control matters and key audit findings.

INTERNAL AUDIT

The Internal Audit Department of the Bank, following the plan approved by the Committee, helps the Board maintain a sound internal control system. Reporting to the Committee, it regularly reviews governance, risk management, and internal controls to ensure policies are adhered to and effectively address risks.

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

The Committee reviews internal audit reports quarterly, covering various operations and functions. While the audits identified some control weaknesses, they were not significant or impactful to the Bank's operations. Measures are being taken to address these weaknesses, with follow-up to ensure management resolves them adequately.

ANTI-MONEY LAUNDERING AND COUNTER FINANCING OF TERRORISM

The Committee assessed reports concerning Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT) Policy requirements, along with other significant regulatory compliance updates impacting the Bank, prior to recommending them to the Board for approval.

WHISTLEBLOWING

The Bank values an environment where employees and stakeholders can report unethical or illegal conduct without fear. To support this, a Whistleblower Policy is in place and shared with employees. The whistleblowing portal is accessible on the website and BML intranet.

In 2024, the Committee reviewed 46 issues via the Bank's whistleblowing system which includes matters such as customer service related issues and people and process related concerns. All issues were deliberated on and due action was taken where needed.

On behalf of the Audit Committee.

Najeem Ibrahim Zakariyya
Chairperson

Corporate Governance Committee Report

The CG Committee assists the Board uphold corporate governance standards by creating, recommending, and monitoring guidelines and procedures for the Bank, aiming to make it a leader in corporate governance.

COMPOSITION AND FREQUENCY OF MEETINGS

The Committee consists only of Non-Executive Directors and held 20 meetings in 2024. Membership and attendance details of the CG Committee are disclosed in Directors Report, Page 68.

ASSESING BOARD EFFECTIVESNESS

The Bank has a process to annually assess the effectiveness of the Board, its committees, and Board members according to the Code. This assessment uses an appraisal mechanism, where each Director completes questionnaires related to the Board of Directors, Committees, Board Chairperson, and Individual Directors, and submits them to the Company Secretary. The evaluation results are then presented to the Board.

For the financial year 2024, both the CG Committee and the Board concluded that they had effectively fulfilled their duties. They found the contributions of each Director, including the Chief Executive, to be satisfactory. The Board also deemed its composition in terms of size, balance, and skill mix to be adequate. Additionally, it has been mindful of gender diversity among women directors, as detailed on page 75 of the Appointment, Nomination & Remuneration Committee Report.

KEY COMMITTEE ACTIVITIES

The Committee reviewed the following during the year 2024:

- Annual General Meeting Minutes and Extraordinary General Meeting Minutes held during the year.
- Board Evaluation Forms of Board, Chairperson, Committees, Individual Director & Company Secretary.
- Composition of Board Sub-Committees.
- Board Training 2024.
- Amendments to Bank's Memorandum of Association and Articles of Association.
- Policies under the mandate of Risk Commitee

On behalf of the Corporate Governance Committee.

Dr. Mariyam Suzy Adam
Chairperson

Risk Committee Report

The Risk Committee responsibilities include reviewing the Bank's risk strategy, tolerance, and appetite, overseeing the risk culture, and ensuring compliance with regulatory risk requirements. The committee also examines the effectiveness of the Bank's risk management framework, reviews non-financial risks, business continuity plans, and safety strategies, and assists the Board in implementing the risk strategy. Additionally, the committee reviews third-party opinions on the risk governance framework and internal control systems, and places necessary policies for approval.

COMPOSITION AND FREQUENCY OF MEETINGS

The Committee is composed entirely of Non-Executive Directors, with members who possess the fundamental experience and competencies in risk management and control practices. In 2024, the Committee held 16 meetings. Membership and attendance details of the Risk Committee are disclosed in Directors Report, Page 68.

RISK MANAGEMENT FUNCTION

The Risk Management Department supports the implementation of the risk management framework and processes for business or operating units and continuously reviews risks to ensure they are adequately identified, evaluated, managed, and controlled. Each quarter, Risk Management Department prepares a report on significant risks, the status of risk reviews, and the implementation of action plans for review by the Risk Committee.

Business continuity management is part of the Bank's risk management process. The Bank has established business continuity plans to reduce disruptions in case of failures in critical IT systems, facilities, and operational processes. These plans are documented for the Bank's core operations and are reviewed and updated regularly.

KEY RISK AREAS

The Bank identifies, evaluates, and manages strategic, financial, and operational risks within its risk appetite framework. It upholds high standards of governance and responsible business practices throughout its operations, ensuring no compromise on the safety, health, and security of its employees and customers. The Bank strictly prohibits any form of unethical activity, non-compliance with applicable laws, or any other actions that may adversely impact its reputation.

The Board and Management of the Bank acknowledge that significant risk exposures inherent in the operating environment and business activities could substantially hinder the achievement of the Bank's business and corporate objectives, and negatively impact its ability to create and protect value.

KEY COMMITTEE ACTIVITIES

The Committee reviewed the following:
- Risk Management Reports, including Quarterly Report.
- Government Exposure limit for 2024.
- Review of Unsecured lending cap.
- Bank's Net Open Position and Liquidity Position.
- Bank's Insurance.
- Risk Appetite Statement and Framework.
- Policies under the mandate of Risk Commitee.

On behalf of the Risk Committee.

Abdulla Naseem
Chairperson

Shari'ah Committee Report

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

In carrying out the roles and responsibilities of the SC as prescribed in the Islamic Banking Regulation 2011, we hereby submit the following report for the financial year ended 31 December 2024;

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

During 2024, the Shari'ah Department submitted four quarterly reports to the SC detailing its monitoring of BML Islamic's operations, the degree of compliance, and the steps taken to strengthen operations. In addition, BML Islamic has also submitted a Shari'ah audit report and disclosed its Quarterly Financial Reports to the SC.

On that note, we, being the members of the SC, do hereby confirm that, with the exception of identified issues that are being remedied or resolved, in our opinion:

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

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

Therefore, in our opinion, the operations of BML Islamic for the financial year ended 31 December 2024 have been conducted in accordance with the rules and principles of Islamic Shari'ah and the guidelines and directives given by the Shari'ah Council of MMA and the Bank's SC.

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

Sheikh Mahomed Shoaib Omar	Mufti Yusuf Suliman	Assoc. Professor Dr. Ziyaad Mahomed	Uz. Ali Nishan
Chairman	Member	Member	Member

External Auditor's Report

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

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

DN/NJ/VS
Independent auditor's report
To the Shareholders of Bank of Maldives PLC

Report on the audit of the financial statements

Opinion

We have audited the financial statepments of Bank of Maldives PLC ("the Bank"), which comprise the statement of financial position as at 31 December 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31 December 2024 and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Key audit matter	How our audit addressed the key audit matter
Expected Credit Losses of Loans and Advances measured at amortised cost Expected credit losses of loans and advances measured at amortised cost as disclosed in Notes 20 and 35.4.3, is determined by management based on the accounting policies described in Note 3.6.3, Note 3.7.6 (ii) to the financial statements. This was a key audit matter due to • the involvement of significant management judgements, assumptions and level of uncertainty associated with estimating future cash flows to recover such loans and advances; and • the materiality of the reported amount of expected credit losses. Key areas of significant judgements, assumptions and estimates made by management in the assessment of expected credit losses for loans and advances include forward-looking macroeconomic scenarios, associated weightages and considerations that indicate significant increase in credit risk. These are subject to inherently heightened levels of estimation uncertainty. Information of such key estimates, assumptions and judgements are disclosed in Notes 3.6.3	In addressing the adequacy of expected credit losses of loan and advances, our audit procedures included the following key procedures: • Assessed the Bank's expected credit loss computations with the underlying methodology including responses to economic conditions to its accounting policies, based on the best available information up to the date of our report. • Evaluated the design, implementation, and operating effectiveness of controls over estimation of expected credit losses, which included assessing the level of oversight, review, and approval of expected credit losses, policies and procedures by the Board of Directors and management. • Tested the completeness, accuracy and reasonableness of the underlying data used in the expected credit loss computations by agreeing details to relevant source documents and accounting records of the Bank. • Evaluated the reasonableness of credit quality assessments and related stage classifications. The following procedures were also performed: For loans and advances assessed on an individual basis for impairment: • Tested the arithmetical accuracy of the underlying individual impairment calculations. • Evaluated the reasonableness of key inputs used in the expected credit losses made with economic conditions. Such evaluations were carried out considering the value and timing of cash flow forecasts, status of recovery action of the collaterals. For loans and advances assessed on a collective basis for impairment: • Tested the key inputs and the calculations used in the allowances for expected credit losses. • Assessed the reasonableness of judgements, assumptions and estimates used by the Management in the underlying methodology and the management overlays. Our testing included evaluating the reasonableness of forward-looking information used, economic scenarios considered, and probability weighting assigned to each scenario. • Assessed the adequacy of the related financial statement disclosures set out in Notes 3.6.3, 20, 3.7.6 (ii) and 35.4.3.

Key audit matter	How our audit addressed the key audit matter

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

Other information included in the Bank's 2024 Annual Report.

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

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

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

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Dhunya Nizar.

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

18 March 2025
Male'

Financial Statements

BANK OF MALDIVES PLC

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2024

(All amounts in MVR 000' unless otherwise stated)

	Notes	2024	2023
Gross income	4	4,823,401	4,456,034
Interest income	5	2,879,395	2,655,641
Interest expense	5	(215,362)	(206,430)
Net interest income	5	2,664,033	2,449,211
Fees and commission income	6	1,743,574	1,568,885
Fees and commission expense	6	(996,431)	(853,383)
Net fee and commission income	6	747,143	715,502
Net foreign exchange income	7	80,394	83,629
Other operating income	8	120,038	147,879
Total operating income		3,611,608	3,396,221
Credit impairment reversals	9	58,997	199,749
Net operating income		3,670,605	3,595,970
Personnel expenses	10	(444,426)	(376,989)
Other operating expenses	11	(319,599)	(337,320)
Total operating expenses		(764,025)	(714,309)
Profit before tax		2,906,580	2,881,661
Income tax expense	12	(661,044)	(807,194)
Net profit for the year		2,245,536	2,074,467
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Net gains on re-measurement of FVOCI equity investments		64,166	58,005
Net income tax relating to components of re-measurement of equity investments	12.3	(16,041)	(14,417)
Other comprehensive income for the year net of tax		48,125	43,588
Total comprehensive income for the year		2,293,661	2,118,055
Earnings per share - Basic/diluted (MVR)	13	417	385

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

BANK OF MALDIVES PLC

STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

(All amounts in MVR 000' unless otherwise stated)

	Notes	2024	2023
Assets			
Cash and cash equivalents	15	3,782,456	3,734,027
Statutory deposit with Maldives Monetary Authority	16	3,267,874	3,976,238
Placements with banks	17	5,677,395	7,138,045
Financial assets at amortized cost - Debt and other instruments	19	13,263,177	9,630,746
Financial assets at amortized cost - Loans and advances to customers	18	20,208,810	19,255,490
Financial assets at FVOCI	21	356,280	292,114
Property, plant and equipment	22	688,049	711,548
Right-of-use assets	23	132,624	144,632
Intangible assets	24	76,343	82,481
Other assets	25	986,014	701,829
Total assets		48,439,022	45,667,150
Liabilities			
Due to customers	26	32,032,041	30,787,420
Term debt and other borrowed funds	27	404,231	502,859
Lease liability	28	132,393	139,863
Government grants	29	58,858	63,521
Income tax liability	12.2	32,538	449,430
Deferred tax liabilities	12.3	123,559	92,654
Other liabilities	30	1,452,490	1,454,883
Total liabilities		34,236,110	33,490,630
Equity			
Share capital	31	362,096	362,096
Retained earnings		2,252,845	2,081,776
Other reserves	32	11,587,971	9,732,648
Total equity		14,202,912	12,176,520
Total liabilities and equity		48,439,022	45,667,150
Commitments and contingencies	35.4.15	1,431,211	2,532,967

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

....	....	....
Nandana Senevirathne	Mohamed Shareef	Najeem Ibrahim Zakariyya
Chief Financial Officer	CEO and Managing Director	Audit Committee Chairperson

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

18 March 2025
Male'

BANK OF MALDIVES PLC

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2024

(All amounts in MVR '000 unless otherwise stated)

		Share capital		Reserves						Total
	Notes	Ordinary voting shares	Share premium	Retained earnings	Statutory reserve	Assigned capital reserve	General reserve	Revaluation reserve	FVOCI reserve	
Balance at 1 January 2023		269,096	93,000	1,631,582	150,000	6,000	7,730,111	216,750	175,376	10,271,915
Net profit for the year		-	-	2,074,467	-	-	-	-	-	2,074,467
Other comprehensive income		-	-	-	-	-	-	-	58,005	58,005
Deferred tax on OCI		-	-	-	-	-	-	-	(14,417)	(14,417)
Total comprehensive income		-	-	2,074,467	-	-	-	-	43,588	2,118,055
Depreciation transfer on revaluation assets		-	-	7,309	-	-	-	(7,309)	-	-
Deferred tax on excess depreciation	12.3	-	-	-	-	-	-	1,827	-	1,827
Transfer to general reserves		-	-	(1,416,305)	-	-	1,416,305	-	-	-
Dividends to equity holders	14.1	-	-	(215,277)	-	-	-	-	-	(215,277)
Balance as at 31 December 2023		269,096	93,000	2,081,776	150,000	6,000	9,146,416	211,268	218,964	12,176,520
Net profit for the year		-	-	2,245,536	-	-	-	-	-	2,245,536
Other comprehensive income		-	-	-	-	-	-	-	64,166	64,166
Deferred tax on OCI		-	-	-	-	-	-	-	(16,041)	(16,041)
Deferred Tax on Revaluation Surplus		-	-	-	-	-	-	-		-
Total comprehensive income		-	-	2,245,536	-	-	-	-	48,125	2,293,661
Depreciation transfer on revaluation assets		-	-	7,309	-	-	-	(7,309)	-	-
Deferred tax on excess depreciation	12.3	-	-	-	-	-	-	1,827	-	1,827
Transfer to general reserves		-	-	(1,812,680)	-	-	1,812,680	-	-	-
Dividends to equity holders	14.1	-	-	(269,096)	-	-	-	-	-	(269,096)
Balance as at 31 December 2024		269,096	93,000	2,252,845	150,000	6,000	10,959,096	205,786	267,089	14,202,912

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

BANK OF MALDIVES PLC

STATEMENT OF CASH FLOWS

Year ended 31 December 2024

(All amounts in MVR '000 unless otherwise stated)

	Notes	2024	2023
Cash flows from operating activities			
Profit before tax		2,906,580	2,881,661
Adjustments for:			
Other non cash items included in profit before tax	37.2	(39,365)	(320,865)
Increase in operating assets	37.3	(2,547,749)	(4,173,957)
Increase in operating liabilities	37.4	1,117,757	1,685,591
Finance cost of lease		(11,657)	(12,261)
Income tax paid	12.2	(1,061,245)	(505,740)
Net cash flows generated from operating activities		364,321	(445,571)
Cash flows from investing activities			
Purchase of property, plant and equipment	22.1	(50,495)	(79,433)
Purchase of intangible assets	24	(9,677)	(7,878)
Proceeds from the sale of property, plant and equipment	22.9	265	10
Net cash flows used in investing activities		(59,907)	(87,301)
Cash flows from financing activities			
Principal element of lease liability paid	28	(8,070)	(7,992)
Dividends paid to equity holders		(247,915)	(231,135)
Net cash flows used in financing activities		(255,985)	(239,127)
Net Increase (decrease) in cash and cash equivalents		48,429	(771,999)
Cash and cash equivalents at 1 January		3,734,027	4,506,026
Cash and cash equivalents at 31 December	37.1	3,782,456	3,734,027

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

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

(All amounts in MVR '000 unless otherwise stated)

1 Corporate information

1.1 Reporting entity

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

1.2 Principal activities and nature of operations

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

2 Basis of preparation

2.1 Statement of compliance

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

2.2 Approval of financial statements by the Board of Directors

The financial statements of the Bank for the year ended 31 December 2024 were authorized for issue by the Board of Directors (together referred to as the "Board") in accordance with the resolution of the Board on 18 March 2025.

3 Summary of material accounting policy information

3.1 Basis of measurement

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

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

3.2 Functional and presentation currency

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

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

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

(All amounts in MVR '000 unless otherwise stated)

3.3 Presentation of financial statements

The Bank's items presented in the statements of financial position are grouped by nature and are listed in an order that reflects their relative liquidity and maturity pattern. No adjustments have been made for inflationary factors affecting the financial statements. An analysis of recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 38 to the financial statements.

3.4 Materiality and aggregation

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

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

3.5 Comparative information

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

3.6 Significant accounting judgements, estimates and assumptions

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

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

3.6.1 Going concern

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

3.6.2 Fair value of financial instruments

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

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

(All amounts in MVR '000 unless otherwise stated)

3.6.3 Impairment losses on financial assets

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

Accounting judgements and estimates include:

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

3.6.4 Fair value of property, plant and equipment

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

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

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

3.6.6 Estimating the incremental borrowing rate

As the Bank cannot readily determine the interest rate implicit in the lease, it uses its Incremental Borrowing Rate ('IBR') to measure the lease liabilities. The IBR is the rate of interest that the Bank would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the Right-of-Use asset in a similar economic environment.

BANK OF MALDIVES PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2024

(All amounts in MVR '000 unless otherwise stated)

3.6.7 Provisions for liabilities, commitments and contingencies

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

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

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

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

3.7.1 Date of recognition

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

3.7.2 Initial measurement of financial instruments

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

3.7.3 Day 1 profit or loss

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

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

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

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3.7.4 Measurement categories of financial assets and liabilities

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

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

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

3.7.5 Determination of fair value

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

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

3.7.6 Financial assets

(i) Classification and subsequent measurement of financial assets

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

- Amortized cost; or
- Fair value through other comprehensive income (FVOCI).
- The classification requirements for debt and equity instruments are described below.

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Debt instruments

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

Classification and subsequent measurement of debt instruments depend on:

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

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

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

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

Business model assessment

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

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

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

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The SPPI test

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

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

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

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

Equity instruments

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

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

Dividends, when representing a return on such investments, continue to be recognized in profit or loss as other income when the Bank's right to receive payments is established.

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

Financial assets at amortized cost

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

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

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

Debt instruments and placements with banks

After initial measurement, these assets are subsequently measured at amortized cost (gross carrying amount using the EIR, less provision for impairment). Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortization is included in interest income, while the losses arising from impairment are recognized in credit impairment losses in the statement of comprehensive income.

Loans and advances to customers

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

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

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

In the case of impairment, the impairment loss is reported as a deduction from the carrying value of the loan and advances and recognized in the statement of comprehensive income as credit impairment losses.

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

Cash and cash equivalents

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

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

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

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

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

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The losses arising from impairment of such investments are recognized in 'credit impairment losses' in the statement of comprehensive income and removed from equity.

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

In the case of debt instruments classified as FVOCI, the Bank assesses individually whether there is objective evidence of impairment based on the same criteria as financial assets carried at amortized cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in the statement of comprehensive income. Future interest income is based on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. This interest income is recorded as part of interest income under loans and advances to customers.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to a credit event occurring after the impairment loss was recognized in the statement of comprehensive income, the impairment loss is reversed through the statement of comprehensive income.

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

Financial guarantee contracts and loan commitments

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

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

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

Loan commitments provided by the Bank are measured as the amount of the loss allowance (calculated as described in Note 35.4.3 to the financial statements). The Bank has not provided any commitment to provide loans at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

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

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(ii) Impairment of financial assets

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

Individual assessment - credit-impaired financial assets

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

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

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

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

Collective assessment

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

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

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

Measurement of ECL

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

Stage 1 – Performing loans: when loans are first recognized, the Bank recognizes an allowance based on 12 months expected credit losses.

Stage 2 – Underperforming loans: when a loan shows a significant increase in credit risk, the Bank records an allowance for the lifetime expected credit loss.

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

The calculation of ECL

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

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

- **Probability of Default (PD)**

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

- **Exposure at Default (EAD)**

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

- **Loss Given Default (LGD)**

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

Forward looking information

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

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

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

(iii) Modification of loans and advances

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

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The Bank does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate. Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Change in the currency the loan was originally denominated. Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Bank derecognizes the original financial asset and recognizes a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Bank also assesses whether the new financial asset recognized is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognized in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Bank recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognizes a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate.

The impact of modifications of financial assets on the Expected Credit Loss (ECL) calculation is discussed in Note 35.4.7 to the financial statements.

(iv) Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognized when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Bank transfers substantially all the risks and rewards of ownership, or (ii) the Bank neither transfers nor retains substantially all the risks and rewards of ownership and the Bank has not retained control.

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

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

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

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3.7.7 Financial liabilities

(i) Classification and subsequent measurement

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

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

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

- The details of the Bank's financial liabilities at amortized cost are shown in Note 26,27,28 and Note 30 to the financial statements.

- Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition, whereby a financial liability is recognized for the consideration received for the transfer. In subsequent periods, the Bank recognizes any expense incurred on the financial liability; and

- Financial guarantee contracts and loan commitments (refer Note 3.17 to the financial statements).

(ii) Derecognition

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

The exchange between the Bank and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortized over the remaining term of the modified liability.

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3.7.8 Offsetting of financial assets and financial liabilities

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

3.8 Foreign currency transactions and balances

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

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

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

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

3.9 IFRS 16 Leases

At inception of a contract, the Bank assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Bank uses the definition of a lease in IFRS 16. This policy is applied to contracts entered on or after 1st January 2019.

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

The Bank leases various offices and godowns as leased buildings and rental contracts are typically made for fixed periods of 12 months or longer but may have extension options as described in Note 3.9.2 to the financial statements below.

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

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

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

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Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed lease payments (including in-substance fixed payments).
Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

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

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

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

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

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

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

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

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

The Bank has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. Short term leases are leases with a lease term of 12 months or less. Low-value assets comprise underlying asset value of which is less than USD 5,000 (MVR 77,100).

3.9.3 Lessor accounting

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

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3.9.4 Extension and termination options

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

3.10 Property, plant and equipment

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

3.10.1 Recognition

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

3.10.2 Measurement

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

3.10.3 Cost model

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

3.10.4 Revaluation model

The Bank applies the revaluation model to the entire class of freehold land and buildings. Such properties are carried at a revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Freehold land and buildings of the Bank are revalued every five years on a roll over basis to ensure that the carrying amounts do not differ materially from the fair values at the reporting date. On revaluation of an asset, any increase in the carrying amount is recognized in 'other comprehensive income' and accumulated in equity, under revaluation reserve or used to reverse a previous revaluation decrease relating to the same asset, which was charged to the statement of comprehensive income. In this circumstance, the increase is recognized as income to the extent of the previous write-down.

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Any decrease in the carrying amount is recognized as an expense in the statement of comprehensive income or debited in the other comprehensive income to the extent of any credit balance existing in the capital reserve in respect of that asset.

The decrease recognized in other comprehensive income reduces the amount accumulated in equity under capital reserves. Any balance remaining in the revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

3.10.5 Subsequent cost

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

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

3.10.6 Derecognition

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

3.10.7 Depreciation

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

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

3.10.8 Changes in estimates

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

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3.10.9 Capital work-in-progress

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

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

3.11 Intangible assets

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

3.11.1 Basis of recognition

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

3.11.2 Computer software

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

3.11.3 Subsequent expenditure

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

3.11.4 Derecognition of intangible assets

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

3.11.5 Amortization of intangible assets

Intangible assets, except for goodwill, are amortized on a straight-line basis in the statement of comprehensive income from the date when the asset is available for use, over the best estimate of its useful economic life based on a pattern in which the asset's economic benefits are consumed by the Bank. Amortization methods, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

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

Asset category	Useful life years
Computer software	5-10 years

3.11.6 Impairment of intangible assets not available for use

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

3.12 Dividend payable

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

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

3.13 Employee benefits

3.13.1 Staff provident fund

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

3.13.2 Retirement pension scheme

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

3.14 Provisions

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

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Provisions are measured at the present value of management best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

3.15 Fiduciary activities

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

3.15.1 Custodian account of Maldives Retirement Pension Scheme (MRPS)

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

3.16 Government grants

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

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

3.17 Commitments and contingencies

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

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

Details of commitments and contingencies are given in Note 35.5.3 to the financial statements.

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3.17.1 Financial guarantees

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

3.17.2 Legal claims

Litigation is a common occurrence in the banking industry due to the nature of the business undertaken. The Bank has formal controls and policies for managing legal claims. Once professional advice has been obtained and the amount of loss reasonably estimated, the Bank makes adjustments to account for any adverse effects which the claims may have on its financial standing. There were no pending litigations against the Bank as at 31 December 2024, which would have a material impact on the financial statements. Further details are provided under Note 39 to the financial statements.

3.18 Operational risk events

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

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

3.19 Recognition of income and expenses

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

3.19.1 Interest income and interest expense

Under IFRS 9, interest income is recorded using the EIR method for all financial assets measured at amortized cost. Interest income on interest bearing financial assets measured at FVOCI under IFRS 9 is also recorded using the EIR method. Interest expense is also calculated using the EIR method for all financial liabilities held at amortized cost.

The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or liability or, when appropriate, a shorter period, to the gross carrying amount of the financial asset. The EIR (and therefore, the amortized cost of the financial asset) is calculated by taking into account transaction costs and any discount or premium on the acquisition of the financial asset, as well as fees and costs that are an integral part of the EIR.

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

3.19.2 Fee and commission income

The Bank earns fee and commission income from a diverse range of services it provides to its customers. Fee and commission income is recognized at an amount that reflects the consideration to which the Bank expects to be entitled in exchange for providing the services. Fee income can be divided into the following two categories.

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

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

3.19.2.2 Fee income from providing transaction services

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

3.19.3 Fee and commission expenses

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

3.19.4 Dividend income

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

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

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

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3.20 Tax expense

In accordance with IAS 12 – Income Taxes, tax expense is the aggregate amount included in determination of profit or loss for the period in respect of current and deferred taxation. Income tax expense is recognized in the statement of comprehensive income except to the extent it relates to items recognized directly in 'equity' or 'other comprehensive income (OCI)'.

3.20.1 Current tax

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

3.20.2 Deferred tax

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

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

3.21 IFRS 15 Revenue from contracts with customers

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

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

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

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

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

3.22 Changes in Material Accounting policies

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

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3.23 New and amended Accounting Standards and Interpretation

The new and amended standards and interpretations that are issued up to the date of issuance of the Bank financial statements but are not effective for the current annual reporting period, are disclosed below. The Bank intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Lack of exchangeability – Amendments to IAS 21

In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

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

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Bank is currently assessing the impact the amendments will have on current practice.

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IFRS 9 and IFRS 7 Classification and Measurement of Financial Instruments

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

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

The amendments will be effective for annual reporting periods beginning on or after 1 January 2026. Entities can early adopt the amendments that relate to the classification of financial assets plus the related disclosures and apply the other amendments later.

The Bank is currently assessing the impact the amendments will have on current practice.

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

In December 2024, IASB issued amendments to IFRS 9 and IFRS 7, contracts referencing nature-dependent Electricity, which clarify the application of 'own-use' requirements, permitting these contracts to be used as a hedge instruments and adding new disclosure requirements.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2026. Entities can early adoption is permitted and must be disclosed.

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

Annual improvements to IFRS Accounting Standards – Volume II: Annual improvements in the form of clarifications, update to language and/ or cross references have been made to the following IFRS Accounting Standards.

These improvements are effective for annual reporting periods beginning on or after beginning on or after 1 January 2026. Earlier application is permitted.

- IFRS 1 First-time Adoption of International Financial Reporting Standards
- IFRS 9 Financial Instruments
- IFRS 7 Financial Instruments: Disclosures
- IFRS 10 Consolidated Financial Instruments
- IAS 7 Statement of Cashflows

The Bank is currently assessing the impact the amendments will have on current practice.

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4 Gross income

	2024	2023
Interest income (Note 5)	2,879,395	2,655,641
Fees and commission income (Note 6)	1,743,574	1,568,885
Foreign exchange income (Note 7)	80,394	83,629
Other operating income (Note 8)	120,038	147,879
	4,823,401	4,456,034

5 Net interest income

	2024	2023
Interest income		
Loans and advances to customers	2,095,393	1,929,286
Financial assets at amortized cost (Note 5.1)	547,709	417,876
Placements with banks	219,977	291,428
Reserve deposits	16,316	17,051
	2,879,395	2,655,641
Less: interest expense		
Due to customers	169,247	151,736
Term debts and other borrowed funds	34,458	42,433
Finance cost for lease liabilities (Note 28)	11,657	12,261
	215,362	206,430
Net interest income	2,664,033	2,449,211

5.1 Interest income - financial assets at amortized cost

	2024	2023
Interest income from Government of Maldives Securities and related financial instruments	521,133	369,260
Interest income from financial instruments other than securities issued by Government of Maldives	26,576	48,616
	547,709	417,876

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

6 Net fee and commission income

	2024	2023
Cards operation	1,447,268	1,259,022
Pay orders	106,755	123,476
Loans	87,792	80,817
Administration fees on development funds	14,455	11,901
Trade services	11,844	17,061
Fee income on branch operations	69,329	69,711
Custodian services fee	4,750	5,075
Others	1,381	1,822
	1,743,574	1,568,885
Fee and commission expense	(996,431)	(853,383)
Net fee and commission income	747,143	715,502

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

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7 Net foreign exchange income

	2024	2023
Net foreign exchange income	80,394	83,629
	80,394	83,629

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

8 Other operating income

	2024	2023
Recoveries of written off loan and receivables	88,098	114,682
Dividend income	1,607	1,396
Others	30,333	31,801
	120,038	147,879

9 Credit impairment losses/(reversals)

	2024			
	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers	(32,562)	(55,378)	3,198	(84,742)
Financial assets at amortized cost	31,946	-	-	31,946
Placements with banks	(10,053)	-	-	(10,053)
Other assets	-	-	3,852	3,852
	(10,669)	(55,378)	7,050	(58,997)

	2023			
	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers	(138,379)	(51,069)	(30,325)	(219,773)
Financial assets at amortized cost	52,794	(243,888)	173,716	(17,378)
Placements with banks	37,811	-	-	37,811
Other assets	-	-	(409)	(409)
	(47,774)	(294,957)	142,982	(199,749)

10 Personnel expenses

	2024	2023
Salaries, wages and other related expenses	425,752	358,972
Defined contribution plan expense - 7% to Maldives Retirement Pension Scheme	14,092	13,526
Defined contribution plan expense - 3% to Employee Provident Fund	4,582	4,491
	444,426	376,989

11 Other operating expenses

	2024	2023
Depreciation of property, plant and equipment (Note 22.3)	71,003	76,598
Amortisation of intangible assets (Note 24)	13,739	17,160
Depreciation of right-of-use assets (Note 23)	13,312	13,857
Administration and establishment expenses	51,971	50,794
Software license fees and hardware maintenance expenses	79,107	68,191
Provision for claims / (reversals)	(31,579)	(13,547)
Communication expenses	29,591	29,144
Advertising and promotional expenses	20,209	15,595
Travel and transport expenses	24,981	20,036
Consultancy fees	7,670	9,496
Subscription fees	11,989	10,011
Expense relating to short term leases	1,544	1,666
Donation	13,810	21,939
Directors' emoluments	2,904	2,975
Auditors' remuneration	1,653	1,574
Professional and legal expenses	1,408	1,549
Other expenses	6,287	10,282
	319,599	337,320

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12 Income tax expense	2024	2023
Income tax		
Income tax charge (Note 12.2)	643,041	628,077
Adjustment in respect of Income tax of prior years	1,312	13,780
Deferred tax		
Origination and reversal of temporary differences (Note 12.3)	16,691	165,337
Income tax expense reported in the statement of comprehensive income (Note 12.1)	661,044	807,194

12.1 Reconciliation of the income tax expenses

Reconciliation between accounting profit to taxable income;	2024	2023
Accounting profit before tax	2,906,580	2,881,661
Non-deductible expenses	766,722	488,955
Deductible expenses	(1,101,139)	(858,309)
Taxable income for the year	2,572,163	2,512,307
Income tax at 25%	643,041	628,077

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

	2024	2023
Accounting profit before tax	2,906,580	2,881,661
Tax effect at the Income tax rate - 25%	726,645	720,416
Tax effect of non-deductible expenses	(40,347)	85,791
Tax effect of deductible expenses	(26,566)	(12,793)
Under/(over) provision of taxes in respect of prior years	1,312	13,780
Income tax expense reported in the statement of comprehensive income	661,044	807,194
Effective tax rate (excluding deferred tax and prior year adjustment)	22%	22%
Effective tax rate (including deferred tax and prior year adjustment)	23%	28%

12.2 Income tax liability

	2024	2023
At 1 January	449,430	313,313
Income tax charge for the year	643,041	628,077
Adjustment in respect of prior year	1,312	13,780
Tax paid during the year	(1,061,245)	(505,740)
As at 31 December	32,538	449,430

12.3 Deferred tax

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

Deferred tax assets / (liabilities)	Property, plant and equipment	Provision of loans and receivables	Revaluation of the bank premises	Net gains on re-measuring of FVOCI equity investments	Total
As at 1 January 2023	(4,384)	192,834	(44,761)	(58,416)	85,273
Statement of comprehensive income	(17,676)	(147,662)	-	-	(165,338)
Other comprehensive income	-	-	-	(14,417)	(14,417)
Statement of changes in equity	-	-	1,827	-	1,827
As at 31 December 2023	(22,060)	45,172	(42,934)	(72,833)	(92,654)
Statement of comprehensive income	(27,170)	10,479	-	-	(16,691)
Other comprehensive income	-	-	-	(16,041)	(16,041)
Statement of changes in equity	-	-	1,827	-	1,827
As at 31 December 2024	(49,230)	55,651	(41,107)	(88,874)	(123,559)

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13 Earnings per share - basic/diluted (MVR)

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

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

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

	2024	2023
Profit attributable to ordinary equity holders	2,245,536	2,074,467
Weighted average number of ordinary shares in issue (Note 31)	5,381,920	5,381,920
Basic/diluted earnings per share (MVR)	417	385

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

14 Dividends to equity holders

14.1 Declared and paid during the year

	2024	2023
Interim dividend of MVR 20 per share and final dividend of MVR 20 per share was declared for 2022 and paid in 2023	-	215,277
Final dividend of MVR 50 per share was declared for 2023 and paid in 2024	269,096	-

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

	2024	2023
Final dividend		
Dividend per share 2024: MVR 55 (2023: MVR 50)	296,006	269,096
Total dividend	296,006	269,096

15 Cash and cash equivalents

	2024	2023
Cash in hand	888,365	863,525
Balances with other banks	2,894,091	2,870,502
	3,782,456	3,734,027

16 Statutory deposit with Maldives Monetary Authority (MMA)

	2024	2023
Statutory deposit for Conventional banking	2,961,486	3,772,089
Statutory deposit for Islamic banking	306,388	204,149
	3,267,874	3,976,238

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

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17 Placements with banks

	2024	2023
Placements with banks	5,706,458	7,177,161
Less: total impairment for placement with banks (Note 20)	(29,063)	(39,116)
Net placements with banks	5,677,395	7,138,045

All the Placements with banks are categorised under Stage 1

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

	2024	2023
Gross loans and advances	21,121,505	20,339,321
Less: total impairment for loans and advances to customers (Note 20)	(912,695)	(1,083,831)
Net loans and advances	20,208,810	19,255,490

18.1 Product wise analysis

	2024	2023
Commercial term loans	11,433,588	11,725,897
Overdrafts	3,057,140	2,861,529
Personal loans	2,682,760	2,405,968
Islamic financing facilities	2,757,583	2,329,484
Credit cards	836,445	682,388
Staff loans	257,684	274,237
Trade finance	95,941	57,646
Development banking loans	364	2,172
	21,121,505	20,339,321

18.2 Currency wise analysis

	2024	2023
Maldivian Rufiyaa	13,209,866	13,038,183
United States Dollar	7,906,046	7,297,598
Euro	5,593	3,540
	21,121,505	20,339,321

19 Financial assets at amortized cost - Debt and other instruments

	2024	2023
Treasury bills issued by Government of Maldives	10,864,146	8,164,008
Treasury bonds issued by Government of Maldives	2,423,339	1,521,216
Corporate bonds	62,116	-
Less: total impairment for financial assets at amortized cost (Note 20)	(86,424)	(54,478)
	13,263,177	9,630,746

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

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(All amounts in MVR '000 unless otherwise stated)

20 Movement in provision for impairment losses

	Financial assets at amortized cost - Loans and advances to customers	Financial assets at amortized cost - Debt and other instruments	Placements with banks	Other assets	Total
As at 1 January 2023	1,369,009	245,572	1,305	40,094	1,655,980
Net charge to profit or loss (Note 9)	(219,773)	(17,378)	37,811	(409)	(199,749)
Reversal of interest	(9,749)	-	-	-	(9,749)
Written-off during the year as uncollectible	(55,655)	(173,716)	-	(5,057)	(234,428)
As at 31 December 2023	1,083,831	54,478	39,116	34,628	1,212,054
Net charge to profit or loss (Note 9)	(84,742)	31,946	(10,053)	3,852	(58,997)
Reversal of interest	26,849	-	-	-	26,849
Written-off during the year as uncollectible	(113,243)	-	-	(7,782)	(121,025)
As at 31 December 2024	912,695	86,424	29,063	30,697	1,058,879

21 Financial assets at FVOCI

	2024	2023
Equity instruments:		
Equities - quoted (Note 21.1)	354,750	291,331
Equities - unquoted (Note 21.2)	1,530	783
	356,280	292,114

21.1 Equities - quoted

	2024			2023		
	No. of shares	Per share price (US$)	Amount (MVR'000)	No. of shares	Per share price (US$)	Amount (MVR'000)
Visa Incorporated	15,030	1,264.16	288,995	15,030	1,041.40	238,071
MasterCard Incorporated	8,210	526.57	65,755	8,210	426.51	53,260
			354,750			291,331

21.2 Equities - unquoted

	2024		2023	
	No. of shares	Amount (MVR'000)	No. of shares	Amount (MVR'000)
Society for Worldwide Interbank Financial Telecommunication (SWIFT)	12	1,530	6	783
		1,530		783

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

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(All amounts in MVR '000 unless otherwise stated)

22 Property, plant and equipment

	Land	Buildings	Buildings on leasehold land	Computer hardware	Furniture and fittings	Office equipment	Motor vehicles	Total
22.1 Cost/fair value								
As at 1 January 2023	228,173	237,596	38,274	323,095	151,935	77,552	6,220	1,062,845
Additions at cost	-	8,587	156	51,246	10,479	7,302	4,035	81,805
Disposals/written-off	-	-	-	(21,011)	(543)	(497)	-	(22,051)
As at 31 December 2023	228,173	246,183	38,430	353,330	161,871	84,357	10,255	1,122,599
Additions at cost	-	525	592	44,425	5,841	2,701	-	54,084
Disposals/written-off	-	(568)	(6,600)	(11,524)	(4,474)	(1,759)	(2,438)	(27,363)
As at 31 December 2024	228,173	246,140	32,422	386,231	163,238	85,299	7,817	1,149,320
22.2 In the course of construction (CWIP)								
As at 1 January 2023	-	-	4,766	2,960	-	-	-	7,725
Reclassification at cost	-	8,587	(17,936)	700	8,550	100	-	1
Additions at cost	-	-	14,574	51,692	1,929	7,203	4,035	79,433
Transfers at cost	-	(8,587)	(156)	(51,246)	(10,479)	(7,303)	(4,035)	(81,806)
As at 31 December 2023	-	-	1,248	4,106	-	-	-	5,353
Additions at cost	-	-	5,635	36,715	2,808	5,337	-	50,495
Transfers at cost	-	(525)	(592)	(44,425)	(5,841)	(2,701)	-	(54,084)
Reclassification at cost	-	525	(4,614)	3,692	3,033	(2,636)	-	-
As at 31 December 2024	-	-	1,677	88	-	-	-	1,764
Total cost/fair value 2023	228,173	246,183	39,678	357,436	161,871	84,357	10,255	1,127,952
Total cost/fair value 2024	228,173	246,140	34,099	386,319	163,238	85,299	7,817	1,151,084
22.3 Depreciation								
As at 1 January 2023	-	785	17,372	159,451	114,179	62,340	5,431	359,558
Depreciation charge for the year	-	9,840	1,132	44,997	12,928	7,020	681	76,598
Disposals/written-off	-	-	-	(18,794)	(465)	(493)	-	(19,752)
As at 31 December 2023	-	10,625	18,504	185,654	126,642	68,867	6,112	416,404
Depreciation charge for the year	-	9,887	930	40,263	12,570	6,468	885	71,003
Disposals/written-off	-	(36)	(4,789)	(11,431)	(4,270)	(1,754)	(2,092)	(24,372)
As at 31 December 2024	-	20,476	14,645	214,486	134,942	73,581	4,905	463,035
22.4 Net book value								
As at 31 December 2023	228,173	235,558	21,174	171,782	35,229	15,490	4,143	711,548
As at 31 December 2024	228,173	225,664	19,454	171,833	28,296	11,718	2,912	688,049

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22 Property, plant and equipment (Continued)

22.5 At 31 December 2024, property, plant and equipment included fully depreciated assets which are still in use, the cost of which amounted MVR 263,373,300 (2023: MVR 277,147,666).

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

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

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

The Bank revalued its premises as at 28 December 2022 and the valuation was performed by G.H.A.P.K Fernando FRICS, Chartered Valuation Surveyor at the request of Faris & Co. LLP. The valuation was based on either of the depreciated replacement cost or the market comparable method. The following parameters were applied in arriving at fair value:

Level 3 inputs used by the valuer are derived and evaluated as follows:

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

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

Land	**2024**	**2023**
Cost	58,731	58,731
Net book value	58,731	58,731

Buildings	**2024**	**2023**
Cost	165,625	157,038
Additions at cost	524	8,587
Disposals/written-off	(568)	-
Depreciation for year	(51,927)	(42,081)
Net book value	113,654	123,544

22.9 Property, plant and equipment disposed during the year

	2024	**2023**
Sales proceeds	265	10
Cost	27,363	22,051
Accumulated depreciation	(24,372)	(19,752)
Net book value	2,991	2,299
Loss from disposal of property, plant and equipment	(2,726)	(2,289)

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(All amounts in MVR '000 unless otherwise stated)

23 Right-of-use assets

Buildings at cost	2024	2023
As at 1 January	210,704	214,720
Additions	1,098	724
Disposals/written-off	(4,072)	(7,150)
ROU Modifications	2,407	2,410
As at 31 December	210,137	210,704
Depreciation and impairment		
As at 1 January	66,072	57,206
Depreciation charge for the year (Note 11)	13,312	13,857
Disposals/written-off	(1,871)	(4,991)
As at 31 December	77,513	66,072
Net book value		
As at 31 December	132,624	144,632

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

24 Intangible assets

Computer software

Cost	2024	2023
As at 1 January	224,696	213,169
Transfer from CWIP	12,698	13,722
Disposals/written-off	(42,119)	(2,195)
As at 31 December	195,275	224,696
In the course of construction (CWIP)		
As at 1 January	7,660	13,504
Additions at cost	9,677	7,878
Transfers at cost	(12,698)	(13,722)
As at 31 December	4,639	7,660
Total cost as at 31 December	199,914	232,356
Amortisation and impairment		
As at 1 January	149,875	133,359
Amortisation charge for the year (Note 11)	13,739	17,160
Disposals/written-off	(40,043)	(644)
As at 31 December	123,571	149,875
Net book value		
As at 31 December	76,343	82,481

24.1 Amortisation method

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

24.2 Intangible assets as at the reporting date include fully amortised assets amounting to MVR 91,323,377 (2023: MVR 45,846,659).

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24.3 Intangible assets disposed during the year

	2024	2023
Sales proceeds	-	-
Cost	42,119	2,195
Accumulated depreciation	(40,043)	(644)
Net book value	2,076	1,551
Loss from disposal of Intangible assets	(2,076)	(1,551)

25 Other assets

	2024	2023
Deposits and prepayments	306,972	306,548
Card receivables	569,028	336,696
Other receivables	83,344	59,716
Un-amortised cost on staff loans (Note 25.1)	57,367	33,496
	1,016,711	736,456
Less : Provision for other losses (Note 20)	(30,697)	(34,627)
	986,014	701,829

25.1 Unamortised cost on staff loans

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

26 Due to customers

	2024	2023
Total amount due to customers	32,032,041	30,787,420
	32,032,041	30,787,420

26.1 Product wise analysis

	2024	2023
Demand deposits	17,540,304	18,162,684
Saving deposits	8,491,965	8,591,099
Time deposits	3,730,432	1,958,924
Wadi'ah deposits of BML Islamic	1,137,235	1,144,381
Saving deposits of BML Islamic	892,185	765,728
Time deposits of BML Islamic	136,797	104,691
Margins on letters of credit	87,290	34,694
Margins on bank guarantee	15,833	25,219
	32,032,041	30,787,420

26.2 Currency wise analysis

Maldivian Rufiyaa	15,940,433	17,021,418
United States Dollar	15,994,907	13,608,681
Euro	96,701	156,830
Singapore Dollar	-	491
	32,032,041	30,787,420

27 Term debt and other borrowed funds

	2024	2023
Borrowings from Government of Maldives (Note 27.1):		
International Fund for Agricultural Development (IFAD) credit line	-	559
Asian Development Bank (ADB) credit line	5,206	5,818
Islamic Development Bank (IDB) credit line	10,791	12,950
Borrowings from commercial banks and other financial instituitions abroad (Note 27.2)	236,058	483,532
Borrowings from commercial banks - local	152,176	-
	404,231	502,859

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27.1 Borrowings from Government of Maldives

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

27.2 Borrowings from commercial banks and other financial institutions abroad

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

27.3 Maturity of borrowings

	2024				
Lender	Not later than 1 year	Later than 1 year and not later than 5 years	Later than 5 years	Weighted average rate of interest	Currency
Borrowings under Government of Maldives:					
ADB Credit Line	630	2,441	2,136	3.0%	SDR / USD
IDB Credit Line	2,258	8,533	-	4.0%	MVR
Borrowings from commercial banks and other financial institutions abroad	83,685	146,669	5,704	Fixed rated loans of 2% / USD 6M SOFR+Margin (between 2% to 9.50%)	USD
Borrowings from commercial banks and other financial institutions local	152,176	-	-	3.0%	USD
	238,748	157,643	7,840		

	2023				
Lender	Not later than 1 year	Later than 1 year and not later than 5 years	Later than 5 years	Weighted average rate of interest	Currency
Borrowings under Government of Maldives:					
IFAD Credit Line	559	-	-	5.0%	SDR / USD
ADB Credit Line	632	2,441	2,746	3.0%	SDR / USD
IDB Credit Line	2,283	8,533	2,133	4.0%	MVR
Borrowings from commercial banks and other financial institutions abroad	252,395	214,027	17,111	Based on LIBOR / SOFR 6M between 4.772% to 9.50%	USD
	255,868	225,001	21,990		

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28 Lease liability

This note provides information for leases where the Bank is a lessee.	2024	2023
Balance as at 1 January	139,863	147,531
Contracts added during the year	1,098	725
Finance cost	11,657	12,261
Lease modifications during the year	2,227	2,196
Derecognition of contracts	(2,725)	(2,597)
Interest paid	(11,657)	(12,261)
Lease principle payments during the year	(8,070)	(7,992)
Balance as at 31 December	132,393	139,863

28.1 Incremental borrowing rate

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

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

29 Government grants

	2024	2023
Balance as at 1 January	63,521	-
Received during the year	-	64,275
Released to the statement of comprehensive income	(4,663)	(754)
Balance as at 31 December	58,858	63,521

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

30 Other liabilities

	2024	2023
Development funds	648,257	534,027
Sundry creditors	557,006	709,919
Dividend payables	132,385	111,205
Accrued expenses	61,861	53,086
Prepaid card accounts	51,703	46,139
Cashier's cheques	1,278	507
	1,452,490	1,454,883

Sundry creditors consist of cards and merchant payables amounting to MVR 434,687,394 (2023: MVR 600,956,355), personnel expenses payable MVR 94,018,149 (2023: MVR 57,839,937) and miscellaneous payable amounting to MVR 28,300,175 (2023: MVR 51,122,466).

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31 Share capital

	No. of shares	Ordinary share capital	Share premium	Total share capital
As at 1 January 2024	5,381,920	269,096	93,000	362,096
As at 31 December 2024	5,381,920	269,096	93,000	362,096

The total authorized number of ordinary shares are 16,000,000 shares (2023: 16,000,000 shares) with a par value of MVR 50 per share (2023: MVR 50 per share).

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

32 Other reserves

	Statutory reserve	Assigned capital reserve	General reserve	Revaluation reserve	FVOCI reserve	Reserve for loan loss provision	Total
As at 1 January 2023	150,000	6,000	7,730,111	216,750	175,376	-	8,278,237
Transferred during the year 2023	-	-	1,416,305	(5,482)	43,588	-	1,454,411
As at 31 December 2023	150,000	6,000	9,146,416	211,268	218,964	-	9,732,648
Transferred during the year 2024	-	-	1,812,680	(5,482)	48,125	-	1,855,323
As at 31 December 2024	150,000	6,000	10,959,096	205,786	267,089	-	11,587,971

(a) Statutory reserve

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

(b) Assigned capital reserve

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

(c) General reserve

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

(d) Revaluation reserve

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

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(All amounts in MVR '000 unless otherwise stated)

32 Other reserves (continued)

(e) FVOCI reserve

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

(f) Reserve for loan loss provision

The excess of provision for loan losses as per MMA Prudential Regulation 2015/R-168 over the impairment provision as per IFRS 9 is maintained in a separate reserve in the statement of changes in equity. As of the date of reporting, impairment provision as per IFRS 9 was higher than loan loss provision as per MMA Prudential Regulation 2015/R-168 and therefore the bank does not require to reserve for loan loss provisions as at the reporting date. The amount of reserve created earlier had been transferred to retained earnings.

32.1 Movement in reserve for loan loss provision

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

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

Provision for impairment of loans and receivables	MMA	IFRS	Total
Balance at 1 January 2023	703,077	1,369,009	-
Impairment movement during 2023	17,152	(285,178)	-
As at 31 December 2023	720,229	1,083,831	-
Impairment movement during 2024	(18,472)	(171,136)	-
As at 31 December 2024	701,757	912,695	-

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

	2024	2023
(i) Specific provision		
As at 1 January	417,729	452,110
Provision made during the year	224,635	527,314
Provision reversed during the year	(170,197)	(524,323)
Loans written-off during the year as uncollectible	(73,978)	(37,372)
As at 31 December	398,189	417,729
(ii) General provision		
As at 1 January	246,756	215,663
Provision made during the year	163,417	308,818
Provision reversed during the year	(152,771)	(277,725)
As at 31 December	257,402	246,756
Total provision	655,591	664,485

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

	2024	2023
As at 1 January	55,744	35,304
Amount suspended during the year	53,510	51,150
Amount reversed during the year	(23,823)	(12,427)
Loans written-off during the year as uncollectible	(39,265)	(18,283)
As at 31 December	46,166	55,744
Total provision and IIS	701,757	720,229

32.4 Total equity

Total equity of the Bank as at 31 December 2024 was MVR 14,202,912,747 (2023: MVR 12,176,519,474).

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33 Analysis of financial assets and liabilities by measurement basis

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

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

As at 31 December 2023	Amortized cost	Fair value through other comprehensive income (FVOCI)	Total
Financial assets			
Cash and cash equivalents	3,734,027	-	3,734,027
Statutory deposit with Maldives Monetary Authority	3,976,238	-	3,976,238
Placements with banks	7,138,045	-	7,138,045
Financial assets at amortized cost - Loans and advances to customers	19,255,490	-	19,255,490
Financial assets at amortized cost - Debt and other instruments	9,630,746	-	9,630,746
Financial assets at FVOCI	-	292,114	292,114
Other assets	608,764	-	608,764
Total financial assets	44,343,310	292,114	44,635,424
Financial liabilities			
Due to customers	30,787,420	-	30,787,420
Term debt and other borrowed funds	502,859	-	502,859
Lease liability	139,863	-	139,863
Other liabilities	1,442,935	-	1,442,935
Total financial liabilities	32,873,077	-	32,873,077

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34 Fair value of financial instruments

Financial instruments recorded at fair value

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

Determination of fair value and fair value hierarchy

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

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

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

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

34.1 Financial assets at FVOCI

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

34.2 Determination of fair value and fair value hierarchy

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

	2024		2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	3,782,456	3,782,456	3,734,027	3,734,027
Statutory deposit with Maldives Monetary Authority	3,267,874	3,267,874	3,976,238	3,976,238
Placements with banks	5,677,395	5,677,395	7,138,045	7,138,045
Financial assets at amortized cost - Loans and advances to customers	20,208,810	20,208,810	19,255,490	19,255,490
Financial assets at amortized cost - Debt and other instruments	13,263,177	13,263,177	9,630,746	9,630,746
Financial assets at FVOCI	356,280	356,280	292,114	292,114
Other assets	873,524	873,524	608,764	608,764
Total financial assets	47,429,516	47,429,516	44,635,424	44,635,424
Financial liabilities				
Due to customers	32,032,041	32,032,041	30,787,420	30,787,420
Term debt and other borrowed funds	404,231	404,231	502,859	502,859
Lease liability	132,393	132,393	139,863	139,863
Other liabilities	1,440,805	1,440,805	1,442,935	1,442,935
Total financial liabilities	34,009,470	34,009,470	32,873,077	32,873,077

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

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

As at 31 December 2023	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and cash equivalents	-	3,734,027	-	3,734,027
Statutory deposit with Maldives Monetary Authority	-	3,976,238	-	3,976,238
Placements with banks	-	7,138,045	-	7,138,045
Financial assets at amortized cost - Loans and advances to customers	-	19,255,490	-	19,255,490
Financial assets at amortized cost - Debt and other instruments	-	9,630,746	-	9,630,746
Financial assets at FVOCI	291,331	-	783	292,114
Other assets	-	608,764	-	608,764
Total financial assets	291,331	44,343,310	783	44,635,424
Financial liabilities				
Due to customers	-	30,787,420	-	30,787,420
Term debt and other borrowed funds	-	502,859	-	502,859
Lease liability	-	139,863	-	139,863
Other liabilities	-	1,442,935	-	1,442,935
Total financial liabilities	-	32,873,077	-	32,873,077

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

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

Assets for which fair value approximates carrying value

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

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35 Risk management

35.1 Introduction

Risk management is an ongoing process of identification, measurement and monitoring, and is subject to risk limits and internal controls as outlined in the Bank's risk appetite statement. The Bank's most significant risk exposures are considered to be in the areas of credit risk, operational risk and liquidity risk. The impact of other risks such as reputational risk, compliance risk and legal risk are also monitored carefully along with external risks such as changes in the political, regulatory and economic environment.

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

35.2 Risk management objectives, policies and processes

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

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

35.3 Risk management structure

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

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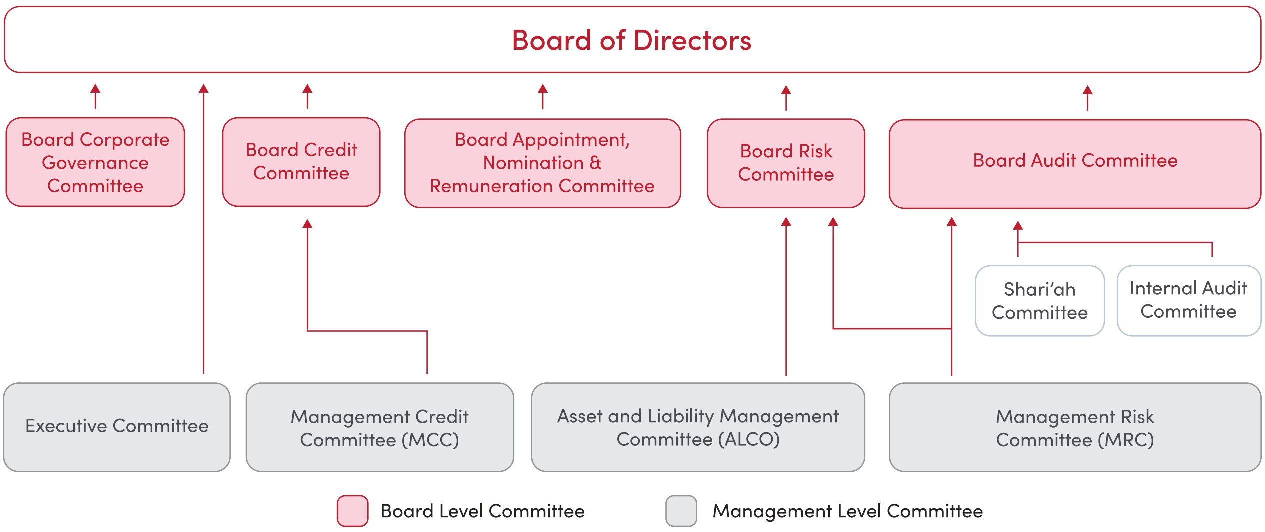
35.3 Risk management structure (Continued)



35.3.1 Board Risk Committee (BRC)

Board Risk Committee reviews the Bank's risk strategy, risk tolerance and risk appetite which the Board of Directors considers acceptable, keeping in mind current and potential future risks and operating environment. The Committee ensures that the Bank operates within existing legal and regulatory framework and subscribes to international best practices. In addition, BRC examines the adequacy and effectiveness of Bank's risk management framework, which cover principles, policies, guidelines, instructions, methodologies, systems, processes, procedures and people. The Committee also oversee risk culture of the Bank, and review the Bank's reputation, non-financial risks and business continuity plans.

35.3.2 Board Audit Committee (BAC)

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

35.3.3 Board Credit Committee (BCC)

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

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35.3.4 Corporate Governance Committee (CGC)

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

35.3.5 Executive Committee (EXCO)

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

35.3.6 Management Risk Committee (MRC)

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

In 2024 the Asset Quality Review Committee (AQRC) was constituted to serve as a sub committee for harmonizing IFRS 9 calculations, staging and capital adequacy across Finance, Risk and Credit departments. The committee is responsible for ensuring the accurate computation, validation and reporting of financial instruments and exposures in accordance with IFRS 9, Basel capital requirements and MMA standards and regulations.

35.3.7 Asset and Liability Management Committee (ALCO)

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

35.3.8 Management Credit Committee (MCC)

Management Credit Committee is a delegated authority credit approving Committee with authority and responsibilities delegated upto a specific level defined in the Bank's Delegation of Authority (DOA) Policy. The Committee's responsibilities include reviewing and approving credit proposals in line with the Bank's DOA Policy. Furthermore, the Committee ensures that the Bank's loan portfolio and credit risk profile are in compliance with the Bank's Credit Policy and Risk Appetite Statement and Framework.

35.3.9 Operational Risk Committee (ORC)

The Operational Risk Committee (ORC) is established to ensure Bank's overall operational risk management standards are robust and well-functioning. The Committee reviews Bank's overall operational risks, and determines appropriate preventive and mitigating actions where necessary.

35.4 Credit risk

Credit risk is defined as the risk arising from an obligor's (typically a client or counterparty) failure to meet the terms of any agreement thereby resulting in a loss to the Bank. Credit risk arises mainly from country exposure, interbank exposure, commercial loans, consumer loans, advances, and loan commitments arising from various lending activities but can also arise from credit enhancement provided, such as through financial guarantees, letters of credit, endorsements, and acceptances.

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35.4.1 Management of credit risk

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

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

(a) Loan origination and credit appraisal comprising initial screening for all loan proposals.

(b) Clear guidelines and policies have been established for loan approvals within delegated credit approval authorities.

(c) Credit administration and disbursement is performed by the Loan Service Department (for retail loans) and Corporate Banking Division (for corporate loans). These units are responsible for ensuring that the origination and disbursement of credit is made only after stipulated conditions have been met and relevant security documents obtained in order to protect the Bank's rights as lender.

(d) Timely portfolio reviews are performed pertaining to inherent and evolving risk. Additionally, responsibilities for monitoring and tracking any early warning signals pertaining to deterioration in the financial health of borrowers have been assigned to the respective business units who are also responsible for identifying and managing any customers who need special attention or close monitoring.

(e) Non-performing loans and receivables are managed by the Recoveries Department. This unit's responsibilities include restructuring of the credit, monitoring the value of the applicable collateral and liaising with the customer until all legal recovery matters are finalized.

The Bank's credit risk management process is articulated in the relevant lending policies, which are approved by the Board of Directors. These policies lay down the conditions and guidelines for the granting, maintenance, monitoring and management of credit at both individual transaction and portfolio levels. These policies are consistent with prudent practices and with relevant regulatory requirements. Additionally, Bank's credit rating system has been enhanced to strengthen credit risk decision making through the adoption of multiple credit evaluation models integrated into our daily credit assessment process. Concentration risk limits have been prescribed to limit the Bank's exposure to any single borrower, group of specific borrowers and specific industries/sectors.

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

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

35.4.2 Credit risk measurement

Loans and advances to customer (including loan commitments and guarantees)

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Bank measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). This is similar to the approach used for the purposes of measuring Expected Credit Loss (ECL) under IFRS 9. Refer to Note 35.4.3 for more details.

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35.4.3 Expected credit loss measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below;

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Bank.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. Refer to Note 35.4.3.1 for a description of how the Bank determines when a significant increase in credit risk has occurred.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'. Refer to Note 35.4.3.2 for a description of how the Bank defines credit-impaired and default.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. Please refer to Note 35.4.3.3 for a description of inputs, assumptions and estimation techniques used in measuring the ECL.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information. Note 35.4.3.4 includes an explanation of how the Bank has incorporated this in its ECL models.

Further explanation is also provided of how the Bank determines appropriate groupings when ECL is measured on a collective basis (refer to Note 35.4.3.5).

The following diagram summarises the impairment requirements under IFRS 9:

Change in credit quality since initial recognition

Stage 1	**Stage 2**	**Stage 3**
(Initial recognition)	(Significant increase in credit risk since initial recognition)	(Credit-impaired assets)
12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

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

35.4.3.1 Significant increase in credit risk (SICR)

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Bank considers reasonable and supportable information that is relevant and available without cost or effort. This includes both quantitative and qualitative information analysis, based on the Bank's historical experience and expert credit assessment and including forward looking information.The Bank considers a financial instrument to have significantly increased credit risk when contractual payments of a customer are more than 30 days past due in accordance with the rebuttable presumption in IFRS 9.

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

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

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

Qualitative criteria

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

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

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

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

The assessment of SICR incorporates forward-looking information (refer to Note 35.4.3.4 for further information) and is performed on a quarterly basis at a portfolio level for all retail financial instruments held by the Bank. In relation to corporate and investment financial instruments, where a watch list is used to monitor credit risk, this assessment is performed at the counterparty level and on a quarterly basis. The criteria used to identify SICR are monitored and reviewed annually for appropriateness by the Bank.

The Bank has not used the low credit risk exemption for any financial instrument in the year ended 31 December 2024.

35.4.3.2 Definition of default and credit-impaired assets

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

Quantitative criteria

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

Qualitative criteria

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

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

The criteria above have been applied to all financial instruments held by the Bank and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss given Default (LGD) throughout the Bank's Expected Credit Loss (ECL) calculations.

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

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

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

Probability of Default (PD) estimation process

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

12 Months PD

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

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

Lifetime PD

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

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

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

Ageing bucket	PD
Above 90 Days	100% PD

Exposure at Default (EAD)

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

Credit cards and revolving facilities

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

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35.4.3.3 Loss Given at Default (LGD)

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

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

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

Grouping financial assets measured on a collective basis

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

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

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

A collective assessment is performed for exposures as follows;

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

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

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

Stage 1

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

Stage 2

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

Stage 3

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

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35.4.3.4 Forward-looking information incorporated in the ECL model

Incorporation of Forward Looking information

The economic scenarios used as at December 31, 2024 included the following key indicators for Maldives for the years ending December 31, 2025 to 2029.

		2025	2026	2027	2028	2029
GDP growth rate	Base	4.18%	3.75%	4.19%	4.79%	5.55%
	Upside	6.00%	6.77%	9.32%	12.72%	17.22%
	Downside	3.07%	2.30%	1.97%	1.69%	1.44%
Interest rate	Base	11.70%	11.69%	11.70%	11.69%	11.69%
	Upside	11.68%	11.66%	11.65%	11.63%	11.61%
	Downside	11.73%	11.75%	11.76%	11.76%	11.77%
Exchange rate	Base	15.42	15.42	15.42	15.42	15.42
	Upside	15.42	15.42	15.42	15.42	15.42
	Downside	15.42	15.42	15.42	15.42	15.42
Inflation	Base	4.50%	4.52%	4.49%	4.46%	4.43%
	Upside	4.37%	4.31%	4.20%	4.10%	3.99%
	Downside	4.67%	4.80%	4.86%	4.92%	4.98%
Unemployment	Base	3.00%	3.01%	3.00%	2.98%	2.97%
	Upside	2.95%	2.92%	2.88%	2.84%	2.79%
	Downside	3.07%	3.12%	3.14%	3.16%	3.18%

Sensitivity of impairment provision on loans and advances to customers

		Investments	Loan	Credit cards	LCs	Overdrafts commitment	Loan commitment	Total
Economic Factor Adjustment	+5%	121,261	857,872	52,566	4,595	8,836	8,986	1,054,116
Economic Factor Adjustment	-5%	109,712	822,558	49,697	4,157	7,995	8,130	1,002,249
Probability of Default	+5%	121,261	857,872	52,566	4,542	8,836	8,961	1,054,038
Probability of Default	-5%	109,712	822,558	49,697	4,157	7,995	8,130	1,002,249
Loss Given Default	+5%	121,261	871,344	51,132	4,595	8,836	8,986	1,066,154
Loss Given Default	-5%	109,712	809,087	48,575	4,157	7,995	8,130	987,656

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35.4.3.5 Grouping of instruments for losses measured on a collective basis

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

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

Segmentation approach

(a) Loan portfolio

Level 1

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

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

Level 2

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

(b) Investment portfolio

- No segmentation was done within the investment portfolio.

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

35.4.4 Credit risk exposure

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

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

	2024			
	ECL staging			
	Stage 1	Stage 2	Stage 3	
Credit grade	12-month ECL	Lifetime ECL	Lifetime ECL	Total
Investment grade	22,838,515	-	-	22,838,515
Standard monitoring	15,977,536	327,667	50,621	16,355,824
Special monitoring	207	106,557	16,915	123,679
Default	1,991,221	1,271,235	1,379,546	4,642,002
Gross carrying amount	40,807,479	1,705,459	1,447,082	43,960,020
Impairment allowance	(214,330)	(302,891)	(510,962)	(1,028,182)
Net carrying amount	40,593,149	1,402,568	936,120	42,931,838

Reconciliation to the financial statements line items

	Total
Cash and cash equivalents	3,782,456
Financial assets at amortized cost - Debt and other instruments	13,263,177
Placements with banks	5,677,395
Financial assets at amortized cost - Loans and advances to customers	20,208,810
	42,931,838

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

	2023			
	ECL staging			
	Stage 1	Stage 2	Stage 3	
	12-month	Lifetime	Lifetime	
Credit grade	**ECL**	**ECL**	**ECL**	**Total**
Investment grade	20,596,413	-	-	20,596,413
Standard monitoring	16,138,097	1,474,377	3,597	17,616,071
Special monitoring	-	1,272,871	30,836	1,303,707
Default	-	8,591	1,410,952	1,419,543
Gross carrying amount	36,734,510	2,755,839	1,445,385	40,935,734
Impairment allowance	(224,999)	(358,269)	(594,158)	(1,177,425)
Net carrying amount	36,509,511	2,397,570	851,227	39,758,308

Reconciliation to the financial statements line items	**Total**
Cash and cash equivalents	3,734,027
Financial assets at amortized cost - Debt and other instruments	9,630,746
Placements with banks	7,138,045
Financial assets at amortized cost - Loans and advances to customers	19,255,490
	39,758,308

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

35.4.4.2 Collateral and other credit enhancements

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

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

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

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

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

The Bank's policy is to sell the repossessed assets at the earliest possible opportunity and the Bank's policy regarding obtaining collateral have not significantly changed during the reporting period. There has been no significant change in the overall quality of the collateral held by the Bank since the prior period.

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35.4.4.2 Collateral and other credit enhancements (continued)

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

	2024			
Credit-impaired assets	**Gross exposure**	**Impairment allowance**	**Carrying amount**	**Fair value of collateral held**
Loans to individuals:				
- Overdrafts	10,057	(10,057)	-	-
- Credit cards	22,436	(22,436)	-	-
- Term loans	249,569	(64,578)	184,991	52,565
- Mortgages	191,240	(82,480)	108,760	195,876
Loans to corporate entities:	-	-	-	-
- Large corporate customers	871,958	(290,288)	581,670	1,843,168
- Small and medium-sized enterprises (SMEs)	101,822	(41,123)	60,699	73,343
Total credit-impaired assets	1,447,082	(510,962)	936,120	2,164,952

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

35.4.5 Loss allowance

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

- Transfers between Stage 1 and Stages 2 or Stage 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent step up (or step down) between 12-month and Lifetime ECL.
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period.
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models.
- Impacts on the measurement of ECL due to changes made to models and assumptions.
- Interest unwind within ECL due to the passage of time, as ECL is measured on a present value basis.
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period (see Note 35.4.6).
- As at the reporting date loans and advances with a carrying value of MVR 4,911,768/- where no expected credit losses were required to be recognised as such facilities were fully covered through cash collateral.

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35.4.5 Loss allowance (continued)

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

	2024			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Impairment allowances;				
At 1 January 2024	224,999	358,269	594,158	1,177,425
Movements with profit or loss impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(76,858)	76,858	-	-
Transfer from Stage 1 to Stage 3	(47,038)	-	47,038	-
Transfer from Stage 2 to Stage 3	-	(13,557)	13,557	-
Transfer from Stage 3 to Stage 2	-	11,097	(11,097)	-
Transfer from Stage 3 to Stage 1	18,493	-	(18,493)	-
Transfer from Stage 2 to Stage 1	134,874	(134,874)	-	-
New financial assets originated	137,207	81,442	173,205	391,854
Financial assets derecognized during the year other than write-offs	(177,347)	(76,344)	(201,012)	(454,703)
Net reversal of interest	-	-	26,849	26,849
Total net charge to profit or loss during the year	(10,669)	(55,378)	30,047	(36,000)
Other movements with no profit or loss impact				
Write-offs	-	-	(113,243)	(113,243)
At 31 December 2024	214,330	302,891	510,962	1,028,182

	2023			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Impairment allowances;				
At 1 January 2023	272,688	653,240	689,960	1,615,887
Movements with profit or loss impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(21,000)	21,000	-	-
Transfer from Stage 1 to Stage 3	(34,623)	-	34,623	-
Transfer from Stage 2 to Stage 3	-	(142,468)	142,468	-
Transfer from Stage 3 to Stage 2	-	113,103	(113,103)	-
Transfer from Stage 3 to Stage 1	(43,904)	-	43,904	-
Transfer from Stage 2 to Stage 1	(140,013)	140,013	-	-
New financial assets originated	215,049	4,661	76,409	296,119
Financial assets derecognized during the year other than write-offs	(23,198)	(431,280)	(40,983)	(495,460)
Net reversal of interest	-	-	(9,749)	(9,749)
Total net charge to profit or loss during the	(47,688)	(294,971)	133,569	(209,090)
Other movements with no profit or loss impact				
Write-offs	-	-	(229,371)	(229,371)
At 31 December 2023	224,999	358,269	594,158	1,177,425

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35.4.5 Loss allowance (continued)

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

	2024			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Gross carrying amount;				
At 1 January 2024	36,734,510	2,755,839	1,445,385	40,935,734
Transfers:				
Transfer from Stage 1 to Stage 2	(10,646)	10,646	-	-
Transfer from Stage 1 to Stage 3	(12,815)	-	12,815	-
Transfer from Stage 2 to Stage 3	-	(5,691)	5,691	-
Transfer from Stage 3 to Stage 2	-	2,646	(2,646)	-
Transfer from Stage 3 to Stage 1	19,280	-	(19,280)	-
Transfer from Stage 2 to Stage 1	115,508	(115,508)	-	-
New financial assets originated	21,346,470	(266,460)	713,672	21,793,682
Financial assets derecognized during the year other than write-offs	(17,384,828)	(676,013)	(595,312)	(18,656,153)
Write-offs	-	-	(113,243)	(113,243)
At 31 December 2024	40,807,479	1,705,459	1,447,082	43,960,020

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

35.4.6 Write-off policy

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

The Bank may write-off financial assets that are still subject to enforcement activity. The outstanding contractual amounts of such assets written off during the year ended 31 December 2024 was MVR 113,243,435 (2023: MVR 229,370,921). The Bank still seeks to recover amounts which it is legally entitled to in full, but which have been fully/partially written off due to no reasonable expectation of full recovery.

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35.4.7 Modification of financial assets

The Bank sometimes modifies the terms of loans provided to customers due to commercial renegotiations, or for distressed loans, with a view to maximising recovery.

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

The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original asset (refer to Notes 3.7.6 (iii)). The Bank monitors the subsequent performance of modified assets. The Bank may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL). This is only the case for assets which have performed in accordance with the new terms for six consecutive months or more. The Bank continues to monitor if there is a subsequent significant increase in credit risk in relation to such assets through the use of specific information for modified assets.

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

	Loans and advances to customers
Amortised cost (In MVR)	684,082,375

35.4.8 Residential mortgages lending

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

	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL
Less than 50%	176,213	539	340	25	-	-	176,553	564
50% to 59%	135,855	400	-	-	1,624	547	137,479	947
60% to 69%	209,066	584	3,486	347	3,010	595	215,562	1,526
70% to 79%	262,983	848	7,119	1,268	10,292	4,190	280,394	6,306
80% to 89%	147,096	501	-	-	356	194	147,452	695
90% to 99%	63,048	197	4,208	762	10,435	4,831	77,691	5,790
100% and more	12,095	43	-	-	4,942	1,533	17,037	1,576
	1,006,356	**3,112**	**15,153**	**2,402**	**30,659**	**11,890**	**1,052,168**	**17,404**

35.4.9 Investments in equity instruments designated at FVOCI

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

The fair value of these investments is MVR 356,279,756 as at 31 December 2024 (2023: MVR 292,113,711). There was no dividend recognised during the period nor transfers of the cumulative gain within equity.

35.4.10 Loans and advances to customers are summarised as follows

	2024	2023
Stage 1 - Performing	17,968,964	16,138,097
Stage 2 - Significant increase in credit risk (SICR)	1,705,459	2,755,839
Stage 3 - Credit impaired (Default)	1,447,082	1,445,385
Gross loans and advances to customers	21,121,505	20,339,321
Less: allowance for impairment	(912,695)	(1,083,831)
Net Loans and advances to customers	20,208,810	19,255,490

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

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

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

	2024	2023
Tourism	7,899,327	7,159,717
Construction	3,807,614	4,184,855
Consumer	4,828,440	4,054,957
Transport and services	1,791,916	2,233,641
Real estate	1,098,429	1,109,525
Commerce	806,062	622,324
Fishing	26,289	52,241
Manufacturing	21,135	28,099
Other	842,293	893,962
	21,121,505	20,339,321

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

	2024								
	Gross loans and advances			Allowance for ECL			ECL Coverage		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Tourism	5,948,161	1,334,008	617,158	24,132	232,988	115,877	0.4%	17.5%	18.8%
Construction	3,591,471	94,334	121,810	12,483	15,877	46,545	0.3%	16.8%	38.2%
Consumer	4,450,139	104,105	274,196	34,355	13,000	88,741	0.8%	12.5%	32.4%
Transport and services	1,636,769	900	154,247	9,815	58	123,204	0.6%	6.4%	79.9%
Real estate	915,657	76,306	106,466	3,405	13,541	45,135	0.4%	17.7%	42.4%
Commerce	619,369	47,354	139,339	3,903	7,927	66,500	0.6%	16.7%	47.7%
Fishing	15,612	3,686	6,991	109	263	1,768	0.7%	7.1%	25.3%
Manufacturing	78	19,548	1,509	1	2,086	572	1.3%	10.7%	37.9%
Other	791,708	25,218	25,366	4,709	3,196	21,158	0.6%	12.7%	83.4%
	17,968,964	**1,705,459**	**1,447,082**	**92,912**	**288,936**	**509,500**	**0.5%**	**16.9%**	**35.2%**

	2023								
	Gross loans and advances			Allowance for ECL			ECL Coverage		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Tourism	4,089,757	2,445,569	624,392	30,387	296,566	188,046	0.7%	12.1%	30.1%
Construction	3,963,861	101,699	119,296	26,131	27,070	53,453	0.7%	26.6%	44.8%
Consumer	3,751,412	120,530	183,015	34,910	19,073	75,617	0.9%	15.8%	41.3%
Transport and services	2,027,901	6,024	199,715	11,143	1,175	122,522	0.5%	19.5%	61.3%
Real estate	954,607	15,445	139,473	6,193	4,601	75,038	0.6%	29.8%	53.8%
Commerce	448,830	31,075	142,419	4,926	5,107	53,559	1.1%	16.4%	37.6%
Fishing	29,652	8,183	14,405	386	924	6,324	1.3%	11.3%	43.9%
Manufacturing	141	25,471	2,487	1	1,954	949	0.7%	7.7%	38.2%
Other	871,936	1,843	20,183	5,432	161	16,806	0.6%	8.7%	83.3%
	16,138,097	**2,755,839**	**1,445,385**	**119,509**	**356,631**	**592,314**	**0.7%**	**12.9%**	**41.0%**

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

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

		Gross Loans and Advances 2024			Impairment Allowance 2024		
Internal (Basel) rating grade	**12 month Basel PD range**	**Stage 1**	**Stage 2**	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 3**
High grade	0.00% -5%	17,441,522	106,607	45,839	89,229	18,201	12,410
Standard grade	5% -11.70%	3,614	14,282	-	302	2,082	-
Sub-standard grade	11.70 -29.50%	523,828	203,920	707	3,381	24,871	186
Low-grade	29.50% -100%	-	1,380,650	772,074	-	243,782	412,169
Individual impairment	100%	-	-	628,462	-	-	84,733
Total		17,968,964	1,705,459	1,447,082	92,912	288,936	509,498
Coverage Ratio		**1%**	**17%**	**35%**			

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

35.4.13 Loans and advances are summarised as follows

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

(a) Stage 1 - Performing

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

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

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

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

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

Stage 1 – Performing	Overdrafts	Credit cards	Term loans	Mortgages	Retail banking	Corporate entities	Total
31 December 2024	6,788	774,314	107,117	4,085,594	3,722,807	9,272,344	17,968,964
31 December 2023	6,459	643,115	154,310	4,374,902	3,146,990	7,812,321	16,138,097

(b) Stage 2 – SICR

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

Stage 2 – SICR	Overdrafts	Credit cards	Term loans	Mortgages	Retail banking	Corporate entities	Total
31 December 2024	55	39,695	6,292	171,441	69,191	1,418,785	1,705,459
31 December 2023	1,340	25,226	23,271	120,057	102,721	2,483,224	2,755,839

(c) Stage 3 – Credit impaired (Default)

Stage 3 – Credit impaired	Overdrafts	Credit cards	Term loans	Mortgages	Retail banking	Corporate entities	Total
31 December 2024	34,587	22,436	36,218	229,907	251,976	871,958	1,447,082
31 December 2023	27,686	14,046	45,908	248,750	170,401	938,594	1,445,385

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

(d) Loans and advances renegotiated

Renegotiated loans totaled MVR 730,587,647 as at 31 December 2024 (2023: MVR 108,758,532)

Renegotiated loans and advances to customers	2024	2023
Individuals		
Continuing to be impaired after restructuring	27,590	49,591
Non-impaired after restructuring – would otherwise have been impaired	58,629	30,897
Non-impaired after restructuring – would otherwise not have been impaired	14,613	20,170
Corporate entities		
Continuing to be impaired after restructuring	-	-
Non-impaired after restructuring – would otherwise have been impaired	-	-
Non-impaired after restructuring – would otherwise not have been impaired	629,756	8,100
	730,588	108,758

35.4.15 Commitments and contingencies

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

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

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

As at 31 December	2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Guarantees	113,529	-	-	113,529
Documentary credit	236,526	37,983	2,600	277,109
Acceptances	11,745	37,008	609	49,362
Capital commitments	48,127	-	-	48,127
Loan commitments	1,531,234	7,768	2,323	1,541,325
Overdraft commitments	489,014	29,877	-	518,891
Impairment	(11,811)	(1,651)	(1,914)	(15,376)
Net commitments and contingencies	2,418,364	110,985	3,618	2,532,967

35.5 Liquidity risk

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

35.5.1 Management of liquidity risk

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

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

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

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

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35.5.2 Contractual maturities of undiscounted cash flows of assets and liabilities

As at 31 December 2024	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial assets					
Cash and cash equivalents	3,782,456	-	-	-	3,782,456
Statutory deposit with Maldives Monetary Authority	3,267,874	-	-	-	3,267,874
Placements with banks	5,120,098	603,779	-	-	5,723,877
Financial assets at amortized cost - Loans and advances to customers	2,856,739	3,719,382	12,175,423	6,035,180	24,786,724
Financial assets at amortized cost - Debt and other instruments	4,929,850	7,014,350	1,540,399	62,707	13,547,306
Financial assets at FVOCI	-	-	-	356,280	356,280
Other assets	652,373	-	-	221,151	873,524
Total undiscounted financial assets	20,609,390	11,337,511	13,715,822	6,675,318	52,338,041
Financial liabilities					
Due to customers	29,032,761	2,500,970	653,029	-	32,186,760
Term debt and other borrowed funds	202,217	48,215	170,636	8,025	429,093
Lease liability	5,563	16,688	56,160	155,952	234,363
Other liabilities	1,440,805	-	-	-	1,440,805
Total undiscounted financial liabilities	30,681,346	2,565,873	879,825	163,977	34,291,021
Net undiscounted financial assets/(liabilities)	(10,071,956)	8,771,638	12,835,997	6,511,341	18,047,020

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

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

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

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35.5.3 Contractual maturities of commitments and contingencies

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

As at 31 December 2024	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Contingencies					
Guarantees	13,061	44,830	6,771	-	64,662
Documentary credit	61,673	63,976	6,422	-	132,071
Acceptances	11,914	73,989	-	-	85,903
	86,648	182,795	13,193	-	282,636
Commitments					
Capital commitments	18,043	18,685	-	-	36,728
Loan commitments	295,353	280,835	85,181	7,987	669,356
Overdraft commitments	236,404	227,436	-	-	463,840
	549,800	526,956	85,181	7,987	1,169,924
	636,448	709,751	98,374	7,987	1,452,560

As at 31 December 2023	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Contingencies					
Guarantees	56,208	52,321	5,000	-	113,529
Documentary credit	78,091	192,210	6,808	-	277,109
Acceptances	3,579	45,783	-	-	49,362
	137,878	290,314	11,808	-	440,000
Commitments					
Capital commitments	21,386	26,741	-	-	48,127
Loan commitments	714,140	554,677	206,693	65,815	1,541,325
Overdraft commitments	343,463	175,428	-	-	518,891
	1,078,989	756,846	206,693	65,815	2,108,343
	1,216,867	1,047,160	218,501	65,815	2,548,343

35.6 Market risk

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

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

Management of market risk

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

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35.6.1 Interest rate risk

Interest rate risk is an inherent risk created when there is a mismatch between the tenors of an asset vis-à-vis the tenors of liabilities or when there is a mismatch between floating and fixed rate assets and liabilities. Interest rate risk results from the differences in interest rate changes on assets, liabilities and off-balance sheet instruments.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.

Management of interest rate risk

The Bank does not carry a trading portfolio and does not generally invest in stocks or shares other than government treasury bills and money market placements. These investments are generally less than 12 months and are held to maturity. The Bank prepares an interest rate sensitivity of assets and liabilities which is presented to the Bank's Asset and Liability Management Committee (ALCO) on a monthly basis.

The table below analyses the Bank's interest rate risk exposure on financial assets and liabilities. Financial assets and liabilities are included at carrying amount and categorised by the earlier of contractual re-pricing or maturity dates.

As at 31 December 2024	Interest bearing				Non interest bearing	Total
	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years		
Financial assets						
Cash and cash equivalents	-	-	-	-	3,782,456	3,782,456
Statutory deposit with Maldives Monetary Authority	2,560,755	-	-	-	707,119	3,267,874
Placements with banks	5,447,914	229,481	-	-	-	5,677,395
Financial assets at amortized cost - Loans and advances to customers	2,673,493	2,638,503	10,000,835	4,895,979	-	20,208,810
Financial assets at amortized cost - Debt and other instruments	4,881,573	6,835,966	1,483,528	62,109	-	13,263,177
Financial assets at FVOCI	-	-	-	-	356,280	356,280
Other assets	652,373	-	-	221,151	-	873,524
Total discounted financial assets	16,216,109	9,703,950	11,484,363	5,179,239	4,845,855	47,429,516
Financial liabilities						
Due to customers	10,248,404	2,452,758	550,181	-	18,780,698	32,032,041
Term debt and other borrowed funds	197,638	41,060	157,694	7,840	-	404,231
Lease liability	2,768	8,669	25,734	95,222	-	132,393
Other liabilities	1,440,805	-	-	-	-	1,440,805
Total discounted financial liabilities	11,889,615	2,502,487	733,609	103,062	18,780,698	34,009,470
Total interest rate sensitivity gap	4,326,494	7,201,463	10,750,754	5,076,177	(13,934,843)	13,420,046

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35.6.1 Interest rate risk (continued)

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

35.6.2 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. This represents exposures the Bank has due to changes in the values of current holdings and future cash flow positions denominated in currencies other than the local currency.

Foreign currency	Impact on equity 2024	2023
Strengthening of US$ by 10%	(171,847)	(207,137)
Weakening of US$ by 10%	171,847	207,137
Strengthening of Euro by 10%	5,437	(9,304)
Weakening of Euro by 10%	(5,437)	9,304
Strengthening of GBP by 10%	-	(109)
Weakening of GBP by 10%	-	109
Strengthening of JPY by 10%	33	3
Weakening of JPY by 10%	(33)	(3)
Strengthening of SGD by 10%	581	725
Weakening of SGD by 10%	(581)	(725)

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35.6.3 Management of currency risk

The majority of transactions in the Bank, other than those in the local currency of Maldivian Rufiyaa (MVR), are carried out in United States Dollars (USD). Up to April 2011, the exchange rate of USD against MVR was fixed and since then it has been maintained within the 20% cap and floor of the base rate determined by the Maldives Monetary Authority (MMA). Therefore, the Bank is not susceptible to any major currency fluctuation risk. The Bank does not engage in large scale transactions in foreign currencies on a speculative basis.

The risk associated with changes in foreign exchange rates from holding open positions in a particular currency or combination of currencies, is controlled through a combination of foreign exchange position limits and transaction limits which comply with regulatory requirements. These exposures are monitored on a fortnight basis and reported to the Bank's Asset and Liability Management Committee (ALCO).

As at 31 December 2024

	MVR	USD	EUR	GBP	JPY	SGD	Others	Total
Assets								
Cash and cash equivalents	349,238	3,281,532	145,552	-	326	5,808	-	3,782,456
Statutory deposit with Maldives Monetary Authority	1,829,418	1,438,456	-	-	-	-	-	3,267,874
Placements with banks	4,738,436	938,959	-	-	-	-	-	5,677,395
Financial assets at amortized cost - Loans and advances to customers	12,381,983	7,821,313	5,514	-	-	-	-	20,208,810
Financial assets at amortized cost - Debt and other instruments	12,349,220	913,957	-	-	-	-	-	13,263,177
Financial assets at FVOCI	-	356,280	-	-	-	-	-	356,280
Other financial assets and non-financial assets	1,302,701	580,329	-	-	-	-	-	1,883,030
Total assets	32,950,996	15,330,826	151,066	-	326	5,808	-	48,439,022
Liabilities								
Due to customers	15,940,433	15,994,907	96,701	-	-	-	-	32,032,041
Term debt and other borrowed funds	15,997	388,234	-	-	-	-	-	404,231
Lease liability	132,393	-	-	-	-	-	-	132,393
Income tax liability	32,538	-	-	-	-	-	-	32,538
Other financial liabilities and non-financial liabilities	968,754	666,153	-	-	-	-	-	1,634,907
Total liabilities	17,090,115	17,049,294	96,701	-	-	-	-	34,236,110
Net on-balance sheet financial position	15,860,881	(1,718,468)	54,365	-	326	5,808	-	14,202,912

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35.6.3 Management of currency risk (continued)

As at 31 December 2023

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

35.6.4 Equity price risk

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

	2024	2023
Market value of equity securities as at 31 December	354,750	291,331
Stress level		
Shock of 10% on equity prices (upward)	35,475	29,133
Shock of 10% on equity prices (downward)	(35,475)	(29,133)

35.7 Country risk

Country risk is the risk that an occurrence within a country could have an adverse affect on the Bank directly by impairing the value of the Bank or indirectly through an obligor's ability to meet its obligations to the Bank. The Bank does not carry any exposures outside the country of operations other than short-term money market placements.

35.8 Operational risk

Operational risk is the loss resulting from inadequate or failed internal processes, people and systems or from external events. The Bank manages and controls operational risk by identifying and controlling risks in all activities according to a set of pre-determined parameters by applying appropriate management policies and procedures.

35.8.1 Management of operational risk

The management of operational risk represents a fundamental component of the Bank's overall approach to risk management. Operational risk is inherent in every part of the Bank including its products, people, processes and technology. The Bank has an Operational Risk Policy which outlines its framework for the management of operational risk including identification, assessment, measurement, monitoring, mitigation and reporting.

The Bank's Management Risk Committee (MRC) is responsible for reviewing the risk environment and the Bank's performance against the full spectrum of risks faced in its activities, determining appropriate preventive and mitigating actions where necessary. In terms of operational risk specifically, the Bank has in place an Operational Risk Committee (ORC) and reports to the MRC.

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36 Net asset value per ordinary share

	2024	2023
Total equity holders funds	14,202,912	12,176,520
Number of ordinary shares in issue	5,381,920	5,381,920
Net assets per share (MVR)	2,639	2,262

37 Additional cash flow information

37.1 Cash and cash equivalents for cash flow purpose

	2024	2023
Cash in hand	888,365	863,525
Balance with other banks	2,894,091	2,870,502
	3,782,456	3,734,027

37.2 Adjustments for items included in profit before tax

	2024	2023
Depreciation of property, plant and equipment (Note 22.3)	71,003	76,598
Amortisation of intangible assets (Note 24)	13,739	17,160
Depreciation of right-of-use assets (Note 23)	13,312	13,857
Loss on disposal of property, plant and equipment and intangibles (Note 24.3)	4,802	3,841
Gain from derecognising lease liability	(704)	(656)
Finance cost on lease liabilities (Note 5)	11,657	12,261
Impairment charge and interest reversal on loans and receivables excluding impairment on other assets (Note 20)	(36,000)	(209,089)
Loans written-off during the year (Note 20)	(113,243)	(229,371)
Impairment (reversal) / charge on other assets	(3,931)	(5,466)
	(39,365)	(320,865)

37.3 Net change in operating assets

	2024	2023
Net change in statutory deposit with Maldives Monetary Authority	708,364	(288,348)
Net change in placement with banks	1,470,703	(734,794)
Net change in loans and receivables to customers	(782,184)	(2,079,276)
Net change in debt and other instruments (Note 37.3.1)	(3,664,377)	(1,037,869)
Net change in other assets	(280,255)	(33,669)
	(2,547,749)	(4,173,957)

37.3.1 Net change in debt and other instruments

	2024	2023
Investment made during the year	(4,708,782)	(1,518,104)
Proceeds from investment matured during the year	1,044,405	480,235
	(3,664,377)	(1,037,869)

37.4 Net change in operating liabilities

	2024	2023
Net change in due to customers	1,244,621	1,565,753
Net change in term debt and other borrowed funds (37.4.1)	(98,628)	(241,356)
Net change in receivable from Government grants	(4,663)	63,521
Net change in other liabilities	(23,573)	297,673
	1,117,757	1,685,591

37.4.1 Net change in term debt and other borrowed funds

	2024	2023
Borrowed during the year	988,650	317,000
Repaid during the year	(1,087,278)	(558,356)
	(98,628)	(241,356)

BANK OF MALDIVES PLC

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(All amounts in MVR '000 unless otherwise stated)

38 Maturity analysis of assets and liabilities

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

	2024			2023		
Assets	**Within 12 months**	**After 12 months**	**Total**	**Within 12 months**	**After 12 months**	**Total**
Cash and cash equivalents	3,782,456	-	3,782,456	3,734,027	-	3,734,027
Statutory deposit with Maldives Monetary Authority	3,267,874	-	3,267,874	3,976,238	-	3,976,238
Placements with banks	5,677,395	-	5,677,395	7,138,045	-	7,138,045
Financial assets at amortized cost - Loans and advances to customers	5,311,996	14,896,814	20,208,810	4,715,856	14,539,634	19,255,490
Financial assets at amortized cost - Debt and other instruments	11,717,539	1,545,637	13,263,177	8,130,746	1,500,000	9,630,746
Financial assets at FVOCI	-	356,280	356,280	-	292,114	292,114
Property, plant and equipment	-	688,049	688,049	-	711,548	711,548
Right-of-use assets	-	132,624	132,624	-	144,632	144,632
Intangible assets	-	76,343	76,343	-	82,481	82,481
Other assets	764,863	221,151	986,014	489,477	212,352	701,829
Total assets	30,522,125	17,916,898	48,439,022	28,184,389	17,482,761	45,667,150
Liabilities						
Due to customers	31,481,860	550,181	32,032,041	30,362,997	424,423	30,787,420
Term debt and other borrowed funds	238,698	165,534	404,231	255,868	246,991	502,859
Lease liability	11,437	120,956	132,393	15,506	124,357	139,863
Income tax liability	32,538	-	32,538	449,430	-	449,430
Deferred tax liabilities	118,617	4,942	123,559	92,654	-	92,654
Other liabilities	1,511,348	-	1,511,348	1,518,404	-	1,518,404
Total liabilities	33,394,498	841,612	34,236,110	32,694,859	795,771	33,490,630
Net assets/ (liabilities)	(2,872,373)	17,075,285	14,202,912	(4,510,470)	16,686,990	12,176,520
Commitments and contingencies	1,431,211	-	1,431,211	2,532,967	-	2,532,967

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39 Material litigation against the Bank

Litigation is a common occurrence in the banking industry due to the nature of the business undertaken. The Bank has formal controls and policies for managing legal claims. Once professional advice has been obtained and the amount of loss reasonably estimated, the Bank makes adjustments to account for any adverse effects which the claims may have on its financial standing. At year-end, the Bank had a small number of unresolved legal claims but none that would materially impact the financial statements of the Bank.

40 Related Party Disclosure

The Bank carries out transactions in the ordinary course of business with parties who are defined as 'Related Parties' in IAS 24 - Related party disclosures. The terms and conditions of such transactions are disclosed under Notes 40.4 and 40.5.

40.1 Parent and ultimate controlling party

The Government of Maldives holds 50.80% of the ordinary shares of the Bank, 15.47% of shares by State Owned Enterprises and institutions, whereas the remaining 33.73% of the shares are widely held.

40.2 Transactions with key management personnel of the Bank

The Bank has identified and disclosed personnel having authority and responsibility for planning, directing and controlling the activities of the Bank as 'key management personnel' in accordance with IAS 24 - Related party disclosures. Accordingly, the Board of Directors, Chief Executive Officer and Managing Director and Deputy Chief Executive Officer have been identified as Key Management Personnel.

40.3 Compensation of key management personnel of the Bank

	2024	2023
Short-term benefits	9,319	9,496
Post employment benefits - Provident Fund contribution	197	291
	9,516	9,787

40.4 Transactions with key management personnel of the Bank

The Bank enters into transactions, arrangements and agreements with key management personnel and close family members of key management personnel in the ordinary course of business. The transactions below were made in the ordinary course of business and on substantially the same terms, including interest/commission rates and security, as for comparable transactions with persons of a similar standing or, where applicable, with other employees.

	2024	2023
Assets		
Loans and advances		
As at 1 January	72,044	54,250
New loans granted during the year	13,340	20,076
Repayment made during the year	(38,999)	(2,282)
As at 31 December	46,385	72,044
Liabilities		
Deposits		
As at 1 January	21,311	16,476
New deposits during the year	10,429	8,839
Deposit withdrawals made during the year	(12,280)	(4,004)
As at 31 December	19,460	21,311
Income and expenses		
Interest income	3,582	6,531
Interest expense	364	641

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Year ended 31 December 2024

(All amounts in MVR '000 unless otherwise stated)

40.5 Transactions with Government of Maldives and government related entities of the Bank

The Bank enters into transactions, arrangements and agreements with Government of Maldives and government related entities in the ordinary course of business. The transactions below were made in the ordinary course of business on substantially the same terms, including interest/commission rates and security, as for comparable transactions with unrelated counterparties.

Assets	**2024**	**2023**
Loans and advances (Gross)	2,690,321	2,984,368
Credit impairment for loans and advances	(138,393)	(142,748)
Loans and advances (Net)	2,551,928	2,841,620
Investment in Government of Maldives treasury bills and treasury bonds	13,287,485	9,685,224
Investment in corporate bonds	62,116	-
Statutory deposit with Maldives Monetary Authority	3,267,874	3,976,238
	19,169,403	16,503,081
Liabilities		
Deposits and borrowings	1,893,117	3,550,675
Commitments and contingencies		
Guarantees, letter of credit and others	264,229	758,957
Income and expenses		
Interest income	831,868	607,653
Interest expense	14,632	8,651
Fee and commission income	22,596	24,995

41 Events after the reporting date

The Board of Directors have recommended final dividend of MVR 55 per share to be paid for the financial year ended 31 December 2024, in the form of cash dividend.

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

42 Capital management

The Bank has in place a Capital Policy to support its long term capital objectives, risk appetite and business activities, as well as to meet its regulatory requirements. The Bank's objectives when managing capital are:

- To comply with the capital requirements under the Maldives Monetary Authority (MMA) Prudential Regulation on Capital Adequacy.
- To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders.
- To maintain a strong capital base to support the development of its business.

MMA requires each bank or banking group to hold a minimum level of regulatory capital of MVR 150 million and to maintain a ratio of total regulatory capital to risk-weighted assets (the Basel ratio) at or above 12%.

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(All amounts in MVR '000 unless otherwise stated)

The Bank's regulatory capital is divided into two tiers:

- Tier 1 Capital: Share capital, retained earnings and reserves created by appropriations of retained earnings; and
- Tier 2 Capital: Current year earnings, general provision and qualifying subordinated loan capital.

Risk-weighted assets reflect an estimate of credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees as per MMA Prudential Regulation on Capital Adequacy. A similar treatment is adopted for off-balance sheet exposures, with some adjustments to reflect the more contingent nature of the potential losses.

The table below summarises the composition of regulatory capital and the capital adequacy ratios of the Bank for the years ended 31 December 2024 and 31 December 2023. The Bank complied with all regulatory capital requirements during both the years.

42.1 Capital adequacy as regulated by MMA

Tier 1 capital	**2024**	**2023**
Share capital	269,096	269,096
Assigned capital reserve	6,000	6,000
Share premium	93,000	93,000
General reserve	10,959,096	9,146,416
Statutory reserves	150,000	150,000
Total qualifying tier 1 capital	11,477,192	9,664,512
Tier 2 Capital		
Current earnings	2,245,536	2,074,467
Revaluation reserve (discounted by 55%)	212,794	193,604
General provision (Limited to 1.25% of RWA)	257,402	246,756
Total qualifying tier 2 capital	2,715,732	2,514,827
Total capital base	14,192,924	12,179,339
Risk-weighted assets (RWA)		
On-balance sheet	22,876,534	21,153,521
Off-balance sheet	1,452,560	2,548,343
Total risk-weighted assets	24,329,094	23,701,864
Tier 1 risk based capital ratio	47.17%	40.78%
Total risk based capital ratio	58.34%	51.39%

42.2 Basel 3 capital computation

As per Basel 3 guidelines, the Total Capital Ratio must be maintained at or above 8% including Tier 1 and Tier 2 Capital. The Bank reported Tier 1 Capital Ratio - 45.5% and Total Capital Ratio - 56.3% for the year ended 2024 (2023: Tier 1 Capital Ratio - 40.2%, Total Capital Ratio - 50.7%.

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(All amounts in MVR '000 unless otherwise stated)

43 Segment analysis

By business segment

The Bank operates in different business segments, each of which has unique risks and returns. The primary segments of the Bank are:

- Corporate, Business and Retail banking: Providing loan facilities, trade finance and deposit services to large corporate, business (micro, small and medium sized enterprises) and retail customers respectively.
- Cards and Electronic banking: Acquiring and issuing debit and credit cards and managing POS, ATM and internet banking services.
- Treasury: Capital and liquidity management activities such as investments, borrowings and managing money market instruments.
- BML Islamic: Providing Shari'ah compliant banking products and services under the window basis.

Transactions between business segments are on normal commercial terms and conditions. Segment assets and liabilities comprise loans and advances and customer deposits.

43.1 Segment reporting - Statement of comprehensive income

	2024				
	Corporate, business and retail banking	**Card and electronic banking**	**Treasury**	**BML Islamic**	**Total**
Gross income	2,078,167	1,609,580	787,607	348,047	4,823,401
Extracts of results					
Interest income/income from financing and investments held to maturity	1,575,565	208,375	787,607	307,848	2,879,395
Interest expense/profit paid	(169,388)	-	(32,312)	(13,662)	(215,362)
Net interest/profit income	1,406,177	208,375	755,295	294,186	2,664,033
Fees and commission income	268,943	1,447,268	-	27,363	1,743,574
Fees and commission expense	(23,135)	(973,296)	-	-	(996,431)
Net fee and commission income	245,808	473,972	-	27,363	747,143
Net foreign exchange income	125,364	(47,669)	-	2,700	80,394
Other operating income (net)	108,295	1,607	-	10,136	120,038
Credit impairment (losses)/reversal	75,226	-	(21,893)	5,664	58,997
Net operating income	1,960,869	636,284	733,402	340,049	3,670,605
Depreciation of property, plant and equipment	(60,810)	(6,726)	-	(3,467)	(71,003)
Amortisation of intangible assets	(11,282)	(2,457)	-	-	(13,739)
Segment result	1,888,777	627,100	733,402	336,582	3,585,863
Expenses of BML Islamic	-	-	-	(15,664)	(15,664)
Un-allocated expenses					(663,619)
Profit before tax					2,906,580
Income tax					(661,044)
Net profit for the year					2,245,536
Other comprehensive income net of tax					48,125
Total comprehensive income for the year					2,293,661

BANK OF MALDIVES PLC

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(All amounts in MVR '000 unless otherwise stated)

43.1 Segment reporting - Statement of comprehensive income (continued)

	2023				
	Corporate, business and retail banking	**Card and electronic banking**	**Treasury**	**BML Islamic**	**Total**
Gross income	1,957,482	1,492,758	713,687	292,107	4,456,034
Extracts of results					
Interest income/income from financing and investments held to maturity	1,515,662	167,752	713,687	258,539	2,655,641
Interest expense/profit paid	(156,952)	-	(35,990)	(13,488)	(206,430)
Net interest/profit income	1,358,710	167,752	677,697	245,051	2,449,211
Fees and commission income	282,090	1,259,022	-	27,773	1,568,885
Fees and commission expense	(219,460)	(633,923)	-	-	(853,383)
Net fee and commission income	62,630	625,099	-	27,773	715,502
Net foreign exchange income	16,683	64,587	-	2,359	83,629
Other operating income (net)	143,047	1,396	-	3,436	147,879
Credit impairment losses	232,168	(6,768)	(20,433)	(5,218)	199,749
Net operating income	1,813,238	852,066	657,264	273,401	3,595,970
Depreciation of property, plant and equipment	(50,504)	(20,703)	-	(5,391)	(76,598)
Amortisation of intangible assets	(14,314)	(2,846)	-	-	(17,160)
Segment result	1,748,420	828,517	657,264	268,010	3,502,212
Expenses of BML Islamic	-	-	-	(16,502)	(16,502)
Un-allocated expenses					(604,049)
Profit before tax					2,881,661
Income tax					(807,194)
Net profit for the year					2,074,467
Other comprehensive income net of tax					43,588
Total comprehensive income for the year					2,118,055

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43.2 Segment reporting - Statement of financial position

	2024				
	Corporate, business and retail banking	Card and electronic banking	Treasury	BML Islamic	Total
Assets					
Cash and cash equivalents	3,777,725	-	-	4,730	3,782,456
Statutory deposit with Maldives Monetary Authority	2,961,486	-	-	306,388	3,267,874
Placements with banks	3,298,337	-	1,736,132	642,926	5,677,395
Financial assets at amortized cost - Loans and advances to customers	16,606,066	785,314	-	2,817,430	20,208,810
Financial assets at amortized cost - Debt and other instruments	-	-	13,201,061	62,116	13,263,177
Financial assets at FVOCI	210,526	145,754	-	-	356,280
Property, plant and equipment	685,987	-	-	2,061	688,048
Right-of-use assets	118,562	-	-	14,062	132,624
Intangible assets	61,984	14,359	-	-	76,343
Other assets	351,402	620,478	-	14,134	986,014
Total assets	28,072,075	1,565,905	14,937,193	3,863,848	48,439,021
Liabilities					
Due to customers	29,870,748	-	-	2,161,293	32,032,041
Term debt and other borrowed funds	-	-	252,131	152,100	404,231
Lease liability	132,393	-	-	-	132,393
Government grants	58,858	-	-	-	58,858
Deferred tax liabilities (Unallocated)	123,559	-	-	-	123,559
Other liabilities	585,477	433,868	-	433,145	1,452,490
Income tax liability (Unallocated)	32,538	-	-	-	32,538
Total liabilities	30,803,573	433,868	252,131	2,746,538	34,236,110

	2023				
	Corporate, business and retail banking	Card and electronic banking	Treasury	BML Islamic	Total
Assets					
Cash and cash equivalents	3,730,045	-	-	3,982	3,734,027
Statutory deposit with Maldives Monetary Authority	3,772,088	-	-	204,150	3,976,238
Placements to banks	6,671,711	-	239,319	227,015	7,138,045
Loans to and receivables from customers	16,761,515	647,528	-	1,846,447	19,255,490
Financial assets at amortized cost	-	-	9,630,746	-	9,630,746
Financial assets at FVOCI	147,325	144,789	-	-	292,114
Property, plant and equipment	709,216	-	-	2,332	711,548
Right-of-use assets	127,261	-	-	17,371	144,632
Intangible assets	65,640	16,841	-	-	82,481
Other assets	168,114	520,803	-	12,912	701,829
Total assets	32,152,915	1,329,961	9,870,065	2,314,208	45,667,150
Liabilities					
Due to customers	28,778,445	-	-	2,008,975	30,787,420
Term debt and other borrowed funds	-	-	502,859	-	502,859
Lease Liability	139,863	-	-	-	139,863
Government grants	63,521	-	-	-	63,521
Deferred tax liabilities (Unallocated)	92,654				92,654
Other liabilities	777,521	626,954	-	50,408	1,454,883
Income tax liability (Unallocated)	449,430	-	-	-	449,430
Total liabilities	30,301,434	626,954	502,859	2,059,383	33,490,630

Investor Relations

Investor Relations

CAPITAL STRUCTURE

During the financial year 2024, the Authorized Share Capital of the Bank was MVR 800,000,000, which remained unchanged. As of 31st December 2024, the Issued, Subscribed, and Paid-up Capital of the Bank was also unchanged at MVR 269,096,000. The Bank listed its equity securities on the Maldives Stock Exchange on 29th December 2004.

SHAREHOLDING STRUCTURE

Below is the Bank's shareholding structure at the end of 2023 and 2024.

	2024			2023		
Shareholders	Total Shares	Share Capital (MVR)	%	Total Shares	Share Capital (MVR)	%
Government (MOF)	2,733,868	136,693,400	50.80%	2,733,868	136,693,400	50.80%
Maldives Pension Administration Office (MPAO)	394,380	19,719,000	7.33%	394,380	19,719,000	7.33%
Maldives Transport and Contracting Company (MTCC)	219,096	10,954,800	4.07%	219,096	10,954,800	4.07%
Island/Atoll Councils	219,096	10,954,800	4.07%	219,096	10,954,800	4.07%
General Public	1,815,480	90,774,000	33.73%	1,815,480	90,774,000	33.73%
Total	**5,381,920**	**269,096,000**	**100.00%**	**5,381,920**	**269,096,000**	**100.00%**

TOP TEN SHAREHOLDERS

Top 10 shareholders of the Bank are listed in the table below.

NO.	SHAREHOLDER NAME	NUMBER OF SHARES
1	Ministry of Finance and Planning	2,733,868
2	Maldives Pension Administration Office	394,380
3	Champa Brothers Maldives Pvt Ltd	268,619
4	Maldives Transport & Contracting Co. Plc	219,096
5	Individual Shareholder	73,888
6	H.Dh Atoll/Island Council	30,723
7	R. Atoll/Island Council	26,352
8	H.A Atoll/Island Council	18,792
9	A.Dh Atoll/Island Council	18,720
10	B. Atoll/Island Council	15,912

SHARE PRICE MOVEMENT

In 2024, a total of 216 transactions encompassing 7,332 shares were executed through the Maldives Stock Exchange. The Weighted Average Price for the year was MVR 733.26, resulting in a total trade value of MVR 5,376,226. At the beginning of the year, the market price per share stood at MVR 800, with the initial traded price recorded at MVR 790 per share. By the end of the year, the last traded price was MVR 710. Throughout the year, the highest quoted price reached MVR 850, while the lowest quoted price was MVR 455.

MARKET STATISTICS (MVR)	2024	2023
First Traded Price	790.00	794.00
Highest Price	850.00	900.00
Lowest Price	455.00	510.00
Last Traded Price	710.00	800.00
Weighted Average Price	733.26	765.29
Market Capitalization at financial year end	3,821,163,200	4,305,536,000

INFORMATION ON SHARE TRADING	2024	2023
Number of Transactions	216	65
Number of Shares Traded	7332	397,933
Value of Shares Traded (MVR)	5,376,226	304,533,851

INFORMATION PER ORDINARY SHARE (MVR)	2024	2023
Earnings per share	417	385
Net Asset per share	2,369	2,263
Market value per share	710	800