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This bulletin is compiled by the Centre for Central Banking Research (CCBR) of the Maldives Monetary Authority (MMA). It covers developments in the domestic and international economy during the fourth quarter of 2025. The analyses are based on information provided by relevant government authorities, commercial banks operating in the country, public enterprises and other private sector sources, as at 01 February 2026. Where actual data is not readily available, estimates have been made by CCBR based on available information. The timely receipt of data is therefore crucial to the compilation of this publication and the analyses contained herein.

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Abbreviations

BPT	business profit tax
CMF SD-Facility	Commodity Murabahah Facility Standing Deposit Facility
CPI	Consumer Price Index
ECB	European Central Bank
FAO	Food and Agriculture Organization
GDP	gross domestic product
G-GST	general goods and services tax
GIR	gross international reserves
GST	goods and services tax
GVA	gross value added
GWP	gross written premium
HICP	Harmonised Index of Consumer Prices
IMF	International Monetary Fund
MBS	Maldives Bureau of Statistics
MLO	Main Liquidity Operations
MMA	Maldives Monetary Authority
MRR	minimum reserve requirement
NDA	net domestic assets
NFA	net foreign assets
NPL	non-performing loan
ODF	overnight deposit facility
OMO	open market operations
OPEC+	Organization of the Petroleum Exporting Countries
PMI	purchasing managers' index
QNA	quarterly national accounts
RBC	risk-based capital
RBI	Reserve Bank of India
ROA	return on assets

ROE	return on equity
SD-Facility	standing deposit facility
SLO	Structural Liquidity Operations
STO	State Trading Organization
T-GST	tourism goods and services tax
UNWTO	United Nations World Tourism Organization
UK	United Kingdom
US	United States
VIA	Velana International Airport
WEO	World Economic Outlook

RECENT ECONOMIC DEVELOPMENTS

Macroeconomic Outlook

As per the January 2026 World Economic Outlook (WEO) Update published by the International Monetary Fund (IMF), the global economy is estimated to have grown by 3.3% in 2025, and growth momentum is expected to be maintained in 2026. Growth for 2026 is also forecast at 3.3%, and the updated forecast for 2026 represents an upward revision of 0.2 percentage points compared to the October 2025 WEO. Tariffs and general uncertainty around trade policy continue to exert headwinds on global economic activity; however, these effects are projected to fade in 2026 and are expected to be offset by growing momentum in high-tech sectors due to increased investment in technology and artificial Intelligence (AI), particularly in North America and in Asia.

In 2026, the advanced economies are projected to grow by 1.8%. Among the advanced economies, the US economy is expected to grow by 2.4%, an upward revision of 0.3 percentage points compared to the October 2025 forecasts, on the back of expansionary fiscal policy, a lower policy rate, and the waning of headwinds from trade policy. Growth for the Euro area is forecast at 1.3%, largely unchanged from the October 2025 forecasts. The Euro area is forecasted to benefit less from the AI and technology-driven investment boom. In addition, the persistence of high energy prices due to the war in Ukraine is further expected to weigh down on manufacturing output in the region. Growth in the emerging market and developing economies (EMDEs) is projected to grow by 4.2% in 2026. Within the EMDEs, economic activity in China is expected to grow by 4.5% in 2026, an upward revision of 0.3 percentage points, relative to the projections made in October 2026. This revision primarily reflects lower US effective tariff rates on Chinese exports, and fiscal stimulus from policy measures that are likely to be implemented over the next 2 years.

Global inflation is projected to decelerate further, with headline inflation projected at 3.8% for 2026. These estimates are unchanged from the forecasts in the October 2025 WEO and largely reflect the trends of easing global demand and lower energy prices. In the US, core inflation is projected to return to the 2% target during 2027, despite the pass-through from tariffs. In the Euro area, inflation is projected to hover around 2% in 2026. As for the EMDEs, inflation in China is expected to start rising after a prolonged period of low inflation.

Regarding the growth forecasts for the Maldivian economy, as per the forecasts prepared jointly by the Maldives Monetary Authority (MMA) and the Ministry of Finance and Planning in October 2025 for the Government Budget 2026, real GDP growth for 2025 is projected at 5.4%. In 2026, real GDP growth is projected to range between 4.8% and 5.3% —with impetus expected from the tourism, transportation and communication, and wholesale and retail trade sectors.

While tourist arrivals to the Maldives were projected at 2,236,185 for 2025 as per the revised forecasts of October 2025, actual arrivals slightly exceeded the forecasts, with arrivals totalling 2,246,516 in 2025, representing a year-on-year growth of 10%. Meanwhile, supported by continued positive expectations for the tourism sector and the full operationalisation of Velana International Airport, tourist arrivals are projected to reach 2.4 million in 2026, representing a year-on-year growth of 9%.

Looking at domestic consumer prices, average inflation rose from 1.4% in 2024 to 4.0% in 2025—higher than the long-run average growth trend of 1.3%. The uptick in inflation mainly reflected the increase in import duty on tobacco products in November 2024. Given the dissipation of the base effect of this policy change in Q4-2025, domestic inflation is anticipated to stabilise at around 1.1% in 2026.

With respect to the external sector, the latest balance of payments estimates released by the MMA in October 2025 indicate that the current account deficit is forecast to widen moderately to US$627.7 million or 7.8% of GDP in 2026 from US$524.8 million or 7.0% of GDP estimated for 2025. This deterioration is to be driven by elevated goods imports and a larger deficit in the secondary income account which is expected to be partially offset by strong growth in tourism receipts. The deficit in the primary income account is projected to further narrow in 2026, supported by a decline in the government's interest payments on external debt. In contrast, the secondary income account is anticipated to deteriorate, with the deficit widening to US$671.8 million in 2026 from an estimated US$617.3 million in 2025, mainly driven by higher remittances sent abroad by expatriate workers, alongside an expected reduction in government grant inflows during the year. With respect to the financial account, net inflows into the financial account are projected to fall from US$1,031.5 million in 2025 to reach US$682.8 million in 2026. This decline is primarily attributed to net outflows in other investments, driven by the repayment of the sukuk and the maturity of the swap with the Reserve Bank of India. Meanwhile, inflows from direct investments are projected to increase to US$894.5 million in 2026, from US$849.5 million in 2025.

At the end of 2025, gross international reserves (GIR) exceeded projections and rose to US$983.0 million—a 46% growth compared to 2024. While the forecasts generated in October 2025 project GIR to reach US$903.7 million by the end of 2026, the better-than-expected outcome for GIR at the end of 2025 suggests that this momentum might continue, and result in a higher-than-expected figure at the end of 2026. The expansion of GIR in 2026 is to be primarily driven by higher foreign currency revenue collections by the Maldives Inland Revenue Authority (MIRA), alongside substantial foreign exchange inflows to the MMA due to mandatory conversions under the Foreign Currency Act. In addition, the projection for 2026 assumes the refinancing of the US$500 million sukuk repayment scheduled for April 2026.

Risks to the global growth outlook continue to remain tilted towards the downside. The resilient and steady outlook for global growth is expected to be driven by investment in technology-driven sectors, and further supported by conducive monetary and fiscal policy. However, sectoral shocks could potentially disrupt growth. Particularly, if expectations about AI-driven increases in productivity are found to be overly optimistic, this could result in a sharp decline in investment into the sector, and could weigh down on global economic growth. Uncertainties around trade policy continue to linger, and additional sector-specific tariffs have the potential to create supply bottlenecks and negatively impact economic growth. A significant escalation in geopolitical tensions in the Middle East and/or Ukraine could also disrupt major shipping routes and critical supply chains, resulting in higher global inflation.

The balance of risks to the domestic growth outlook, although mixed, are also slightly tilted to the downside. On the downside, uncertainty surrounding the global economic conditions and the potential for the escalation of conflicts in the Middle East could weigh on growth prospects On the upside, the opening of the new passenger terminal at the Velana International Airport (VIA) has the potential to boost real economic activity in the tourism sector, as the new passenger terminal is expected to ease some of the existing operational bottlenecks in the airport, and could increase the airport's capacity to cater to additional flight connections during peak hours. Risks to the inflation outlook remain sensitive to external price developments. Fluctuations in global commodity prices, particularly oil and food, in key source markets such as UAE and Oman for oil, and India, Sri Lanka, and Malaysia for food, could pass through to domestic inflation. Global oil prices are currently projected to ease over the medium term, including into 2026, which could help moderate inflationary pressures. At the same time, any unanticipated policy measures implemented in 2026 could further influence the trajectory of domestic inflation.

Overview

According to the available high-frequency indicators, real GDP is estimated to have increased in annual terms during Q4-2025, following an annual growth of 8.6% in Q3-2025. The estimated growth is mainly driven by the strong performance of the tourism sector, followed by a pickup in the fisheries sector, which continued to rebound during the quarter. Additionally, high-frequency indicators of the construction and real estate sectors also exhibited signs of solid growth, while performance of the wholesale and retail trade sector is estimated to have picked up and contributed positively to the real GDP growth in Q4-2025.

The rate of inflation (as measured by the annual percentage change in the national Consumer Price Index [CPI]) significantly decelerated to 1.9% in Q4-2025, from 4.0% in Q3-2025. The deceleration in domestic inflation in Q4-2025 primarily reflected the slowdown in the growth of price of tobacco as well as the decline in costs of restaurants and café services. During the quarter, major upward contributions stemmed from price of tobacco as well as food inflation. In contrast, the decline in prices of energy-related items and costs of restaurants and café services as well as costs of information and communication category provided the most downward contribution to inflation.

Turning to fiscal developments, according to latest available monthly government finance statistics, total government revenue (excluding grants) recorded an annual increase during Q3-2025, primarily due to the marked growth in tax revenue, followed by an increase in non-tax revenue during the quarter. Total expenditure (excluding debt amortisation) observed a decline, stemming from the decrease in capital expenditure, whereas a marginal increase was recorded in recurrent expenditure. The decline in capital expenditure largely reflected decreased expenditure on infrastructure assets, while the marginal increase in recurrent expenditure primarily reflected the increase in salaries and wages, which was largely offset by the decline in administrative and operational expenses.

Looking at recent monetary policy changes, to further support active liquidity management, the MMA launched 14-day Main Liquidity Operations (MLO) at a rate of 1.90% in December 2025, complementing the Structural Liquidity Operations (SLO) commenced in the preceding quarter. Interest and profit rates across all tenors under the SLOs were also increased by 100 basis points during the quarter, effective November 2025, further incentivising the banks to participate in the operations. As such, the 28-day, 91-day, 182-day and 364-day tenors are offered at rates of 2.90%, 3.27%, 3.63% and 4.00%, respectively. Additionally, the interest and profit rates of the Standing Deposit Facility (SD-Facility) and the Commodity Murabahah Facility Standing Deposit Facility (CMF SD-Facility) were reduced from 0.50% to 0.25%.

As for monetary developments, reserve money observed an annual increment of 17% at the end of December 2025, while broad money registered an annual growth of 21%. The growth in broad money primarily reflected an increase in net domestic assets (NDA) of the banking system coupled with a growth in net foreign assets (NFA) of the banking system. The annual growth in NDA of the banking system mirrored the increase in NDA of commercial banks, while the NDA of the MMA recorded an annual decline. Meanwhile, the annual growth in NFA of the banking system solely mirrored a prominent rise in NFA of the MMA, which offset the notable decline in NFA of commercial banks.

With regard to the external sector, the merchandise trade deficit widened slightly from US$867.7 million in Q4-2024 to US$877.7 million in Q4-2025, driven by an increase in merchandise imports, which outpaced the increase in merchandise exports during the quarter. The growth in merchandise exports was primarily driven by the increase in domestic exports, followed by an increase in re-exports. Meanwhile, the growth in merchandise imports largely reflected increased import expenditure on machinery and mechanical appliances and parts, petroleum products, food items and construction-related items, which offset the decline in import expenditure on transport equipment and parts, furniture, fixtures and fittings, tobacco and tobacco accessories and electronic and electrical appliances.

Meanwhile, GIR rose to US$983.0 million at the end of Q4-2025, increasing by 46% year-on-year and 14% quarter-on-quarter. The annual growth was mainly driven by higher net foreign currency purchases, as foreign currency receipts outpaced foreign currency payments. This was followed by an increase in short-term foreign liabilities.

International Economic Developments

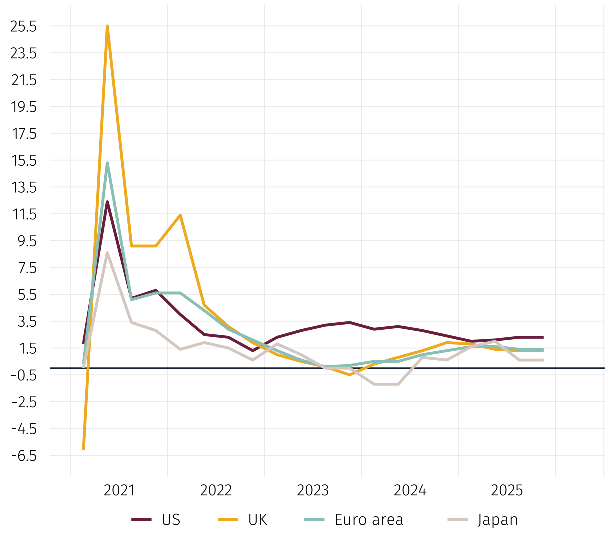
Global Output

In Q4-2025, global economic activity remained resilient despite moderating growth and uneven momentum, with mixed developments across both the advanced economies; and the emerging market and developing economies. The uneven trajectory in global economic activity during the quarter reflected divergent domestic demand conditions, varying export performance, and the impact of country-specific policy and structural factors across both advanced economies; and the emerging market and developing economies.

Looking at the advanced economies, leading indicators suggest that the US economy moderated in Q4-2025 (Figure 1). The average Purchasing Managers Index (PMI) contracted from 54.5 in Q3-2025 to 53.8 in Q4-2025. This decrease in average PMI is attributed to the decline in new sales growth for both manufacturers and service providers in the lead up to the holiday season.

As per Eurostat flash estimates, the euro area economy grew by 0.3% during Q4-2025, unchanged from the growth rate recorded in the previous quarter. Among the major eurozone economies, the German economy expanded by 0.3% in Q4-2025, with household and government final consumption and expenditure increasing after a turbulent year marked by contraction and stagnation in the previous quarters. In contrast, economic activity in France continued its moderate recovery for the fourth consecutive quarter, increasing by 0.2% in Q4-2025, supported primarily by increased net exports and sustained household consumption. Similarly, in Spain, advanced estimates pointed to a further

Figure 1: Real GDP Growth in the Advanced Economies, 2021 - 2025
(annual percentage change)



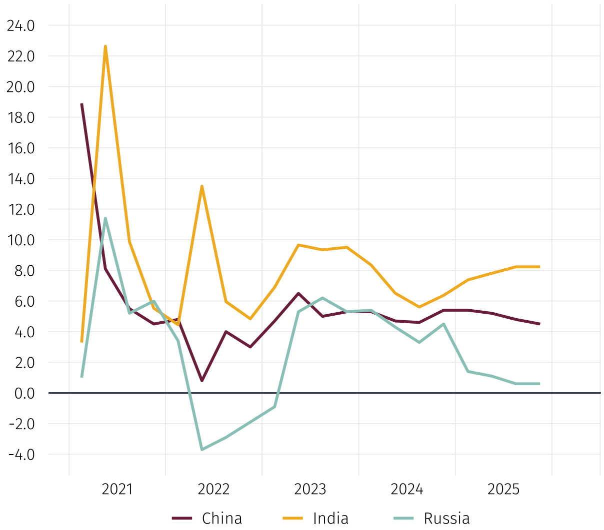
Source: Bloomberg Database

acceleration in growth during Q4-2025, driven by higher household consumption and growth in net exports. Meanwhile, preliminary estimates for Italy indicated an expansion in economic activity with a growth of 0.3% during the review quarter.

Following a contraction of 0.6% in Q3-2025, the growth momentum of the Japanese economy subdued in Q4-2025, as indicated by leading indicators. The average PMI moderated to 51.5 in the review quarter compared to the average PMI of 51.6 recorded in Q3-2025. This decline was mainly due to a reduction in housing investment following the earlier surge in construction starts ahead of the enforcement of revisions to the Building Standards Act and other regulations, as well as a decline in exports reflecting the earlier front-loading of demand prior to the implementation of higher tariffs. Meanwhile, the United Kingdom (UK) economy grew by 0.1% in Q4-2025, following a decline of 0.1% in Q3-2025. Economic growth during the review quarter was primarily driven by increased production, marking the first annual growth in production since 2021.

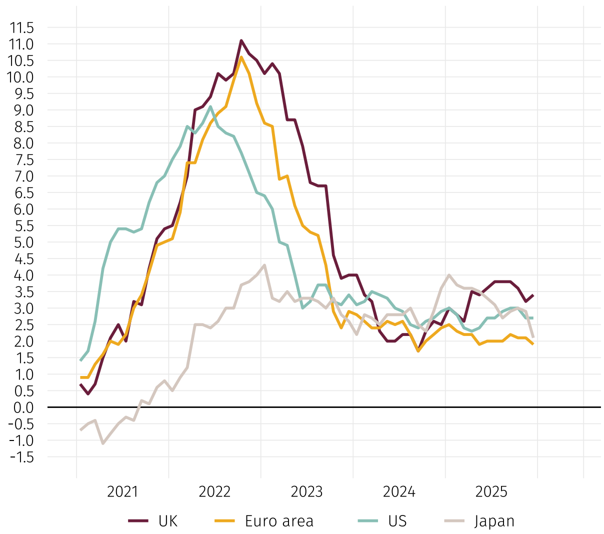
Among the emerging market and developing economies, China's economic growth declined further by 0.3 percentage points to 4.5% in Q4-2025 (Figure 2). This slowdown was driven by both weak domestic spending and persistent deflationary strains. Turning to the Indian economy, growth momentum is expected to remain robust in Q4-2025, following a strong GDP growth of 8.2% in Q3-2025. Growth in Q4-2025 was driven by declining unemployment and improvements in export performance and sustained consumption. Meanwhile, high frequency indicators for the Russian economy indicated that growth remained stagnant at 0.6% in Q4-2025, following a contraction in Q3-2025 as the economy continued to be weighed down by tight monetary conditions set forth by the central bank to combat inflation.

Figure 2: Real GDP growth in the Emerging Economies, 2021 - 2025
(annual percentage change)



Source: Bloomberg Database

Figure 3: Inflation Rate in the Advanced Economies, 2021 - 2025
(percent)



Source: Bloomberg Database

Global Inflation

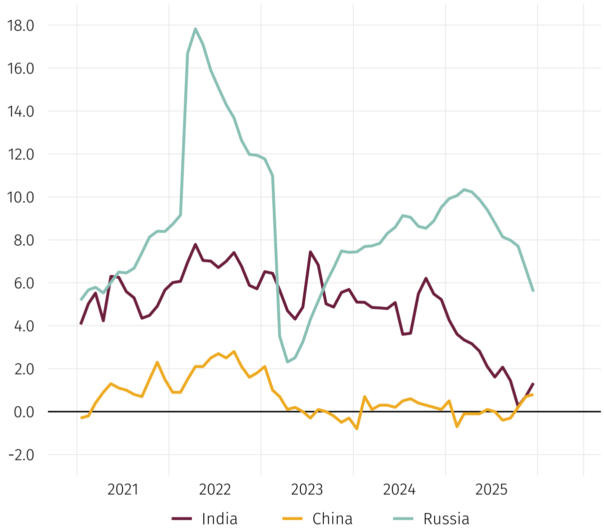
Global inflation exhibited mixed developments during the fourth quarter of 2025. In this regard, headline inflation in most advanced economies as well as emerging market and developing economies picked up during Q4-2025.

Looking at developments in inflation in the advanced economies, the rate of inflation in the US, as measured by the Consumer Price Index (CPI), rose to 3.2% in Q4-2025 from 2.7% in Q3-2025 (Figure 3). The upward inflationary pressure stemmed mainly from food and beverages as well as services such as housing rent, electricity, and motor vehicle insurance. In the euro area, the rate of inflation, as measured by the annual percentage change in the Harmonised Index of Consumer Prices (HICP), remained at 2.1% in Q4-2025. During the quarter, upward inflationary pressures were mainly driven by rising prices of services, food including alcohol and tobacco, and restaurants and hotels, whereas downward pressures were largely attributed to declining energy prices. Meanwhile, the rate of inflation in the UK remained above the 2% target, declining to 3.4% in Q4-2025 from 3.8% in the previous quarter. This reflected higher costs for clothing and footwear, along with inflationary pressures in the education sector and in housing, water, electricity, gas, and other fuels.

As for Japan, the rate of inflation decelerated further to 2.5% in Q4-2025, from 2.7% in the Q3-2025. The slowdown in inflation was primarily owed to the dissipation of the impact of food price increases and elevated energy costs that were prominent in 2024.

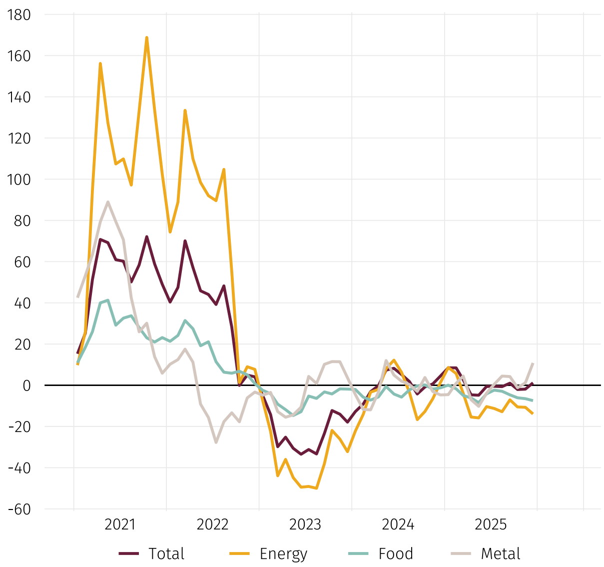
Turning to emerging market and developing economies, inflation in China increased in Q4-2025, averaging around 0.6% in Q4-2025, compared with -0.2% in Q3-2025 (Figure 4). The increase in inflation is attributed to the rise in prices of food, tobacco and liquor together with the prices of fresh fruits and fresh vegetables and beef which was driven by pre-new year holiday shopping and supportive policies aimed at boosting consumer prices. The rate of inflation in India decelerated further to 0.8% in Q4-2025, from 1.7% in the preceding quarter, mainly due to the steep decline in food prices during the quarter, reflecting favourable weather conditions and higher production that boosted supply. As for Russia, tight monetary conditions reflected the acceleration of inflation, which averaged 4.3% in Q4-2025 from 4.1% in the preceding quarter. This reflected uneven price dynamic across the consumer basket components as volatile items such as motor fuel prices and fruit and vegetable prices significantly impacted the slowdown in inflation.

Figure 4: Inflation Rate in the Emerging Economies, 2021 - 2025
(percent)



Source: Bloomberg Database

Figure 5: Commodity Prices, 2021 - 2025
(annual percentage change)



Source: IMF

Commodity Prices

During Q4-2025, the IMF price index for all commodities rose by 2.0% and 1.0% in annual and quarterly terms, respectively (Figure 5). The annual increase was primarily driven by higher prices for metals, which fully offset the decline in energy and food prices. The decline in energy prices reflected lower crude oil and natural gas prices, as growing global supply and seasonally weaker regional demand outweighed the impact of geopolitical tensions and trade uncertainties, while food prices declined mainly due to lower prices across all major categories, including cereals, vegetable oils, dairy, and meat.

Energy Prices

The price of crude oil[1] averaged US$62.1 per barrel during Q4-2025, representing a decline of 15% and 8% in annual and quarterly terms,

[1] Quarterly average of Brent, West Texas Intermediate and Dubai Fateh.

respectively. The annual decline in crude oil prices was driven by a growing global surplus, as higher OPEC+ production and seasonally weaker regional demand outweighed geopolitical tensions and trade uncertainties.

Metal Prices

Turning to major commodities in the non-energy index, the base metal index increased by 11% and 9% in annual terms and in quarterly terms, respectively. The annual rise in base metal was driven by supply constraints, robust demand, geopolitical tensions and the continued shift toward green energy which increases demand for metals used in renewable energy, electric vehicles and electrified infrastructure with China as the dominant consumer, significantly influencing global base metal markets.

Food Prices

As for global food prices, the IMF food price index declined by 7% in annual terms and by 1% in quarterly terms during Q4-2025. Meanwhile, the Food and Agriculture Organization (FAO) food price index decreased by 2% in annual terms and by 3 % in quarterly terms. The decline in the FAO food price index was led by decreases in the prices of most staples, including cereals, vegetable oils, dairy, and meat. Vegetable oil prices dropped amid ample supplies of palm, soybean, and sunflower oils, along with weaker global demand. Meat prices declined due to lower pork and poultry prices and a fall in ovine meat prices, which more than offset higher bovine meat prices. The overall decline reflected strong exportable supplies, heightened global competition, and weaker import demand from key markets such as China and the US. However, sugar prices recorded an increase due to a sharp drop in sugar production in Brazil, reflecting lower sugarcane crushing and reduced use of sugarcane for sugar production.

Global Financial Markets

In Q4-2025, global financial conditions improved across most advanced economies as well as emerging market and developing economies, as many central banks adopted a less restrictive monetary policy stance in response to evolving domestic growth and inflation trends.

Most of the major advanced economies eased monetary policy measures during the review quarter. Accordingly, central banks in the advanced economies, except for the European Central Bank (ECB) and the Bank of Japan, reduced their policy rates during Q42025. In this regard, the Bank of England reduced its Bank Rate by 0.25 percentage points, from 4.00% to 3.75% in December 2025, as inflation continued to fall toward the 2.0% target, and evidence of subdued economic growth and rising slack in the labour market supported the case for easing monetary policy.

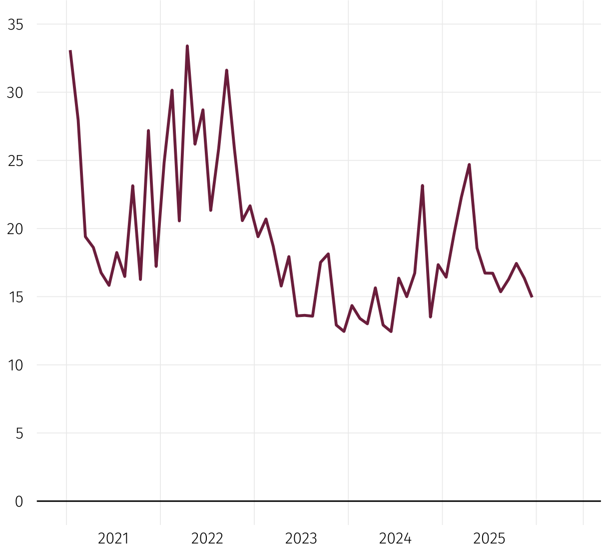
In contrast, the ECB kept its three key interest rates unchanged during the quarter, to ensure the stabilization of inflation around its 2% medium-term target while assessing the outlook and effects of previous policy measures. Meanwhile, during Q4-2025, the Federal Reserve cut interest rates by 25 basis points in December 2025, amid slowing job growth and broader economic uncertainty. Conversely the Bank of Japan raised its key policy rate from 0.50% to 0.75%, the highest level since 1995. The decision reflects the Bank of Japan's efforts to normalize monetary policy amid persistent inflationary pressures, with the weak yen contributing to higher price trends.

Meanwhile in the emerging market and developing economies, the Reserve Bank of India reduced the policy repo rate by 25 basis points to 5.25% amid easing inflation and a positive growth outlook. The move supports the central bank's efforts to sustain economic momentum and is expected to lower borrowing costs, potentially benefiting the housing market. Similarly, the People's Bank of China left the one-year and over-five-year Loan Prime Rates unchanged at 3.00% and 3.50%, respectively. In contrast, the Central Bank of Russia reduced its key interest rate from 16.50% to 16.00% in December 2025, reflecting its ongoing efforts to balance slowing inflation with tight monetary conditions. The Bank of Russia will maintain monetary conditions as tight as necessary to return inflation to the target, indicating that monetary policy is expected to remain restrictive for an extended period.

The yield-to-maturity on longer-term sovereign bonds showed mixed developments across most advanced economies compared with Q4-2024, while also exhibiting mixed movements relative to the previous quarter. The average share prices in advanced economies increased both in annual terms and compared with the previous quarter. The yield-to-maturity on longer-term sovereign bonds in the majority of emerging market and developing economies declined compared with Q4-2024, while showing mixed movements relative to the previous quarter. Meanwhile, the implied volatility of the US stock market registered an increase in quarterly terms during the review quarter (Figure 6).

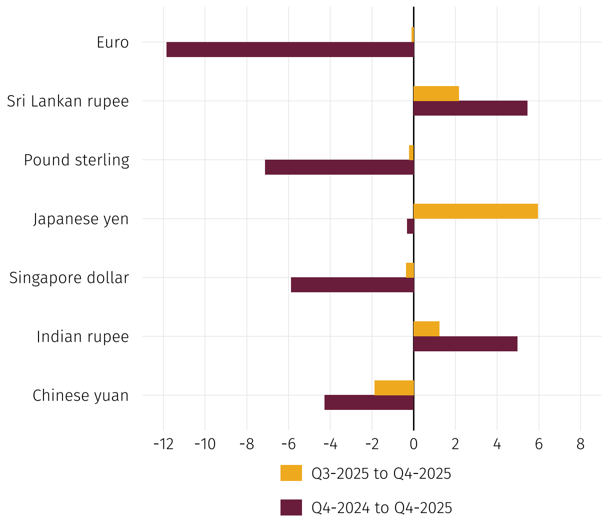
In the foreign exchange markets, the US dollar strengthened against most currencies of the major trading partners of the Maldives at the end of Q4-2025, in both annual and quarterly terms (Figure 7). In this regard, when compared with the previous quarter, the US dollar weakened against all currencies except the Japanese yen, Sri Lankan rupee, and Indian rupee at the end of the review quarter. Meanwhile, when compared with Q4-2024, the US dollar weakened against all currencies except the Indian rupee and Sri Lankan rupee.

Figure 6: Volatility Index, 2021 - 2025
(percent)



Source: Bloomberg Database

Figure 7: Exchange Rates, Q4-2025
(percentage change)



Source: Bloomberg Database
Note: Percentage changes have been calculated using spot rates at the end of each quarter.

Economic Developments in the Maldives

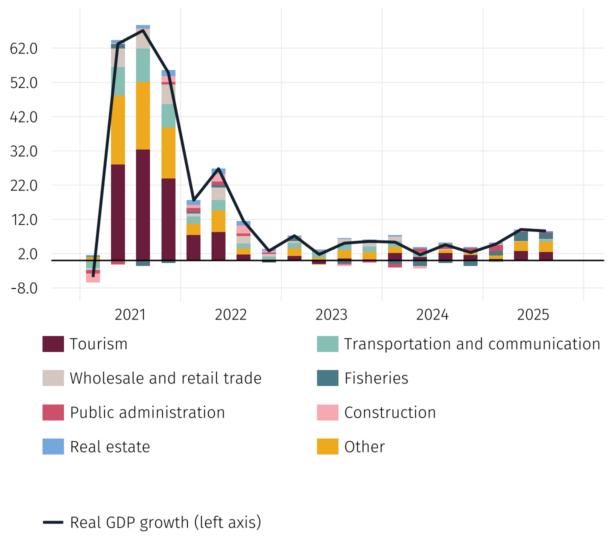
Real Economy

Gross Domestic Product

According to the high-frequency indicators of the key economic sectors, real GDP growth is estimated to have increased in annual terms during the fourth quarter of 2025. The estimated growth is primarily driven by the performance of the tourism sector, followed by a pickup in the fisheries sector, which maintained its recovery momentum. In addition, high-frequency indicators of the construction and real estate sectors also exhibited signs of solid growth. Moreover, performance of the wholesale and retail trade sector is estimated to have picked up and contributed positively to the real GDP growth in Q4-2025.

According to the latest rebased[2] Quarterly National Accounts (QNA)[3] estimates released by the Maldives Bureau of Statistics (MBS) on 30 December 2025, year-on-year growth in real GDP stood at 8.6% in Q3-2025[4], after registering a growth of 9.0% in Q2-2025 (Figure 8). During the quarter, all major sectors registered growths, with strong contributions from the tourism sector (2.5 percentage points) and the fisheries sector (1.8 percentage points). Similarly, notable growths were observed in sectors such as financial services (0.9 percentage points), transportation and communication (0.6 percentage points), human health and social work activities (0.5 percentage points), and manufacturing (0.4 percentage points).

Figure 8: Contribution to Real GDP Growth by Economic Sectors, 2021 - 2025
(annual percentage change, percentage point contribution)



Source: Maldives Bureau of Statistics

Tourism

During 2025, tourist arrivals totalled 2,246,516, registering a growth of 10% when compared with 2024, achieving the government's revised target of 2.2 million arrivals for the year. Further, tourist arrivals reached 610,027 in the fourth quarter with the onset of tourism peak season, recording an annual rise of 10%. Within the quarter, the month of December recorded a new all-time high for monthly tourist arrivals to the Maldives, with 224,455 visitors, surpassing the previous record of 217,392

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[2] Quarterly real GDP was rebased from the year 2014 to the year 2019. Additionally, some methodological improvements were brought while data sources utilised in the compilation of quarterly real GDP was also expanded.

[3] Latest QNA data available at the time of compilation of this report was for Q3-2025. Real QGDP is released with a three-month lag.

[4] As QNA data for Q3-2025 was used in this analysis is based on advance estimates, the data is subject to change in the upcoming revisions.

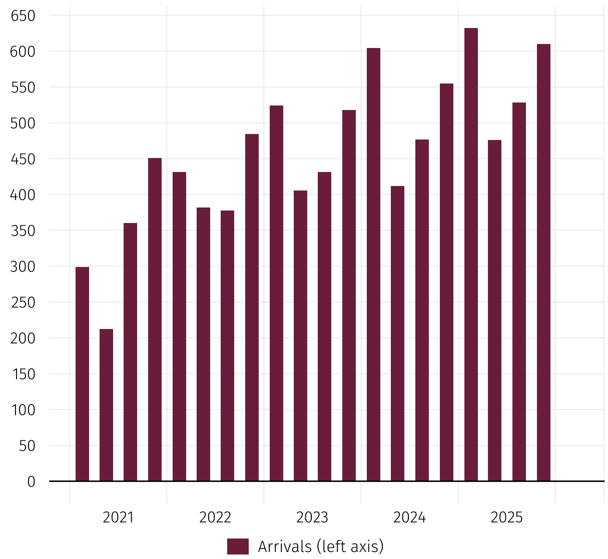
arrivals in February 2024. Similarly, a growth of 15% was observed when compared with the preceding quarter as the off-peak season in the tourism sector came to a conclusion (Figure 9).

The annual growth in total tourist arrivals was primarily driven by the increase in arrivals from China and the top source markets of Europe. Looking into developments in total tourist bednights, a growth of 5% was observed during the quarter, driven by the growth in both resort bednights (4%) and guesthouse bednights (15%) (Figure 10). Meanwhile, average stay rose to 7.1 days in Q4-2025 from 6.8 days in Q4-2024, despite remaining broadly unchanged when compared with Q3-2025. Summing up these developments, the overall performance of the sector is estimated to have expanded in the quarter.

With regard to arrivals by region, Europe remained the leading market in Q4-2025, with a market share of 63%, broadly unchanged from Q4-2024. This was followed by Asia and the Pacific, with its market share slightly increasing to 28% in Q4-2025 from 27% recorded in the corresponding quarter of 2024. As for the top source markets, Russia emerged as the leading source market with a market share of 13%, overtaking China (10%), which dropped to second at the end of Q4-2025. This was followed by the UK (9%), Germany (9%), Italy (7%), and India (6%).

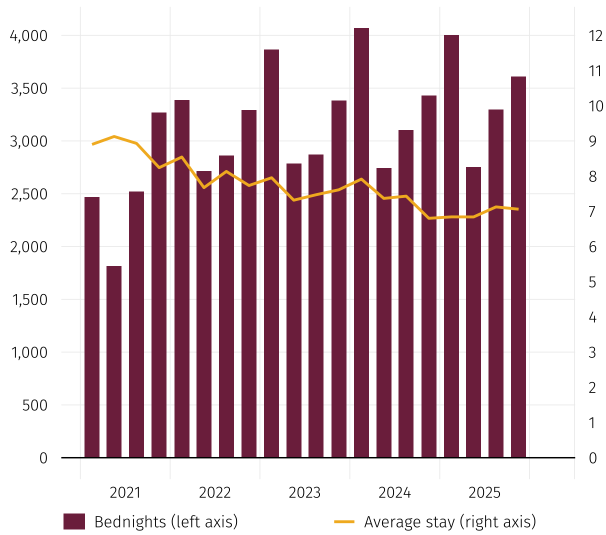
Delving into the arrival trends of key source markets, arrivals from Russia posted an annual growth of 26%, while China—the leading single source market from Asia—showed a marked growth of 51% in Q4-2025 (Figure 11). Additionally, arrivals from the UK continued its upward trajectory in annual terms, with a growth of 4% in the review quarter. Likewise, arrivals from Germany and Italy registered growths of 5% and 6%, respectively. However, arrivals from India fell by 9% during the quarter.

Figure 9: Inbound Tourist Arrivals, 2021 - 2025
(thousands)



Source: MInistry of Tourism and Environment

Figure 10: Bednights and Average Stay, 2021 - 2025
(thousands, days)



Source: MInistry of Tourism and Environment

According to international flight movements[5] at the Velana International Airport (VIA), the number of flight movements registered a growth of 1% in annual terms. The growth of flight movements reflected an increase in movements by carriers such as Air Arabia, Afcom Holdings, Malaysian Airlines, and Chongqing Airlines during the quarter.

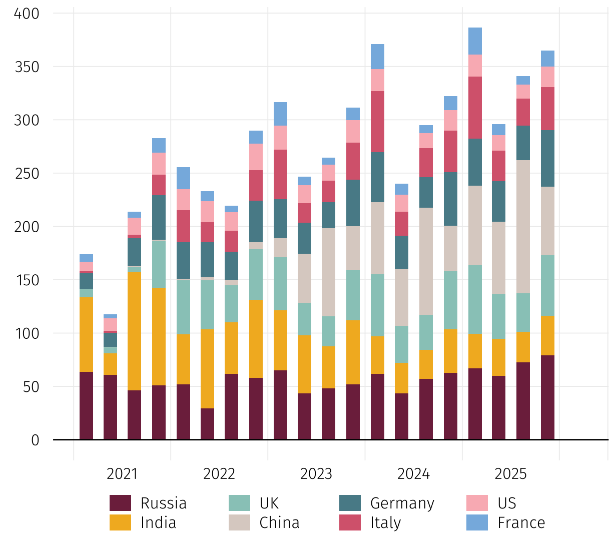
[5] International flight movements data include all international scheduled and non-scheduled charters.

Conversely, notable declines were observed in frequency of movements from Wizz Air, Air Vistara, Qatar Airways, Emirates and Flydubai during the quarter. It is also worth noting that following the opening of the new passenger terminal on 26 July 2025, all international flights operations were fully migrated to the new terminal during the review quarter.

On the supply side, the average number of operational resorts rose to 177 resorts in Q4-2025, from 172 in the corresponding quarter of 2024. Likewise, the operational bed capacity of the industry increased by 6% during the review quarter, with resorts accounting for 67% of beds, followed by guesthouses (25%). During the quarter, the average occupancy rate of resorts remained broadly unchanged at 69% in Q4-2025, when compared with Q4-2024. Meanwhile, the occupancy rate of guesthouses increased in annual terms, while a decline was observed for hotels.

As for recent developments in global tourism, according to the latest available data from the United Nations World Tourism Organization's (UNWTO) World Tourism Barometer, international tourist arrivals grew annually by 4% in 2025. As such, growth trends reverted to pre-pandemic trends as solid performances were recorded in most destinations, despite tourism services-related inflation and geopolitical challenges. Across regions, Africa recorded the strongest performance while the Asia and the Pacific continued to rebound, amid increased air connectivity and enhanced visa facilitation. Elsewhere, Europe showed solid growth while the Americas depicted a marginal growth due to mixed results across subregions. Further, Middle East posted its strongest results post-pandemic. Looking ahead, global tourism activity is expected to grow by 3% to 4% in 2026 relative to 2025, given that

Figure 11: Arrivals from Major Inbound Markets, 2021 - 2025
(thousands)



Source: MInistry of Tourism and Environment

the Asia and the Pacific region continue to recover, global economic conditions remain favourable with managed tourism service inflation, and geopolitical conflicts have not escalated further.

Construction and Real Estate

According to the high-frequency indicators, both the construction sector and the real estate sector are estimated to have observed growths in annual terms during Q4-2025, following a solid growth in the preceding quarter. As such, the gross value added (GVA) of the construction sector rose by 3.0%, while the GVA of the real estate sector also posted a growth of 3.0% in Q3-2025, relative to the corresponding period of 2024.

As for high-frequency indicators, the import expenditure on construction-related items rose by 7%, while commercial bank credit[6] to the construction sector[7], registered an annual increase of 13% during the review quarter. The growth in commercial bank credit was mainly owing to the rise in credit

[6] Although a substantial portion of the financing for public infrastructure projects, resort development and social housing development is sourced externally, commercial bank credit to the construction sector remains an important indicator to gauge the performance of the sector.

[7] Construction sector-related loans include loans for new resort development, resort renovation and construction of guesthouses (classified as tourism sector loans), as well as loans to the real estate sector. Hence, this figure will be different from the loans to the construction sector reported under Monetary Developments.

extended for new resort development together with credit lent for construction of residential or housing projects, and property development. In addition, notable growths were observed in credit provided for guesthouses, renovation of resorts, real estate of residential or housing projects, and commercial buildings, which offset a small decline in credit lent for other real estate projects.

Fisheries

Activity in the fisheries sector is estimated to have accelerated during the quarter in annual terms based on the high-frequency indicators of the sector, following a 145.1% expansion in the sector's GVA in Q3-2025. Moreover, high-frequency indicators depicted strong growth in fish purchases by fish processing companies and the volume of fish exports during the review quarter.

During Q4-2025, fish purchases totalled 18,560.6 metric tonnes, increasing by 37% (5,013.1 metric tonnes) when compared with Q4-2024. This increase in fish purchases primarily reflected the marked growth in purchases of skipjack tuna which grew substantially by 53% (4,872.1 metric tonnes), combined with a marginal increase of 1% (56.8 metric tonnes) in purchases of yellowfin tuna. As for local purchase prices[8], the average purchase price of skipjack tuna and iced skipjack tuna stood at MVR14.0 per kilogram and MVR16.0 per kilogram, respectively, in Q4-2025, unchanged from Q4-2024, as the last revision in administered prices came in July 2024. Conversely, the average purchase price of yellowfin tuna by the local companies fell to MVR56.8 per kilogram in Q4-2025, from MVR59.2 per kilogram in Q4-2024.

Wholesale and Retail Trade

According to the available high-frequency indicators, total imports observed an annual growth of 3%, while commercial bank credit to the sector posted an annual growth of 10% during the review quarter. Meanwhile, GVA of the wholesale and retail trade sector posted an annual growth of 1.0% during Q3-2025.

[8] Based on prices collected by the Ministry of Fisheries and Ocean Resources.

Inflation

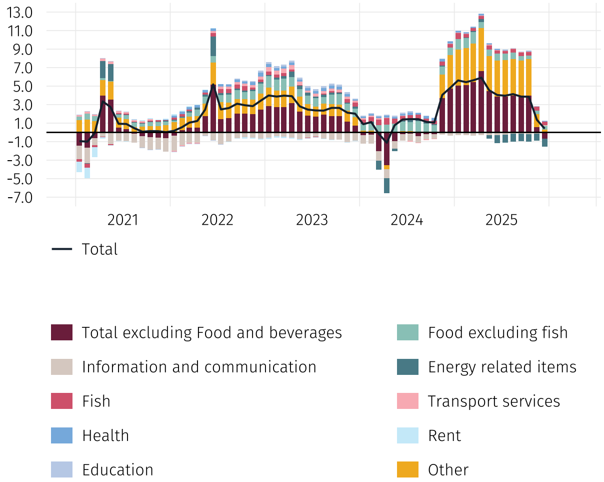
The rate of inflation (as measured by the annual percentage change in the national Consumer Price Index [CPI]) significantly decelerated to 1.9% in Q4-2025, from 4.0% in Q3-2025 (Figure 12). This deceleration primarily reflected the slowdown in the growth of price of tobacco as well as the decline in costs of restaurants and café services. During the quarter, upward contributions to inflation stemmed from price of tobacco as well as increases in prices across major food categories. Conversely, the decline in prices of energy-related items, costs of restaurants and café services, as well as costs of information and communication category provided the most downward contribution to inflation.

Despite the slowdown in growth, the increase in tobacco prices was the largest contributor to inflation in Q4-2025. Accordingly, price of tobacco rose by 35.1% (0.9 percentage points contribution) during the quarter, driven by the increase in price of cigarettes. This reflected the new amendment to the Export-Import Act, which brought significant upward revisions to the import duties on tobacco and related products, effective from November 2024 onwards.

Secondly, prices in the food and non-alcoholic beverages category (the category which carries the second highest weight in the CPI basket at 23.5%) grew by 3.6% and contributed 0.9 percentage point to inflation in Q4-2025, down from 4.2% recorded during Q3-2025 (Figure 13). As for housing rent—a significant category which carries a weight of 16.8% in the CPI basket—remained broadly unchanged during the review quarter.

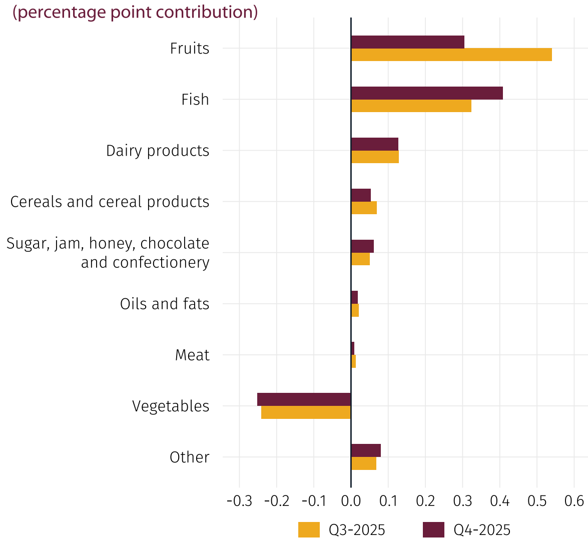
Prices of energy-related items in the CPI fell by 13.4% in Q4-2025, after registering a decline of 13.7% in Q3-2025—contributing -0.8 percentage points to annual inflation—and exerted the most downward contribution on inflation during the quarter. The decline in prices of energy-related items stemmed primarily from the decline in the cost of electricity by 16.7%, following a decline of 17.0% in the preceding quarter. This largely reflected the reduced electricity tariff rates implemented in June 2025. Similarly, the price of petrol observed an annual decline of 5.4% during the review quarter, after registering a decline of 5.3% in Q3-2025. The price of petrol in the domestic market averaged

Figure 12: Contribution of Sub-Categories to CPI Inflation (National), 2021 - 2025
(annual percentage change, percentage point contribution)



Source: Maldives Bureau of Statistics
Note: Main categories in other are furnishing, personal care, restaurant and accomodation services, tobacco and narcotics, and water supply.

Figure 13: Contribution of Food Categories to CPI Inflation (National), Q4-2025
(percentage point contribution)



Source: Maldives Bureau of Statistics

at MVR13.50 per litre during the review quarter, reflecting the impact of the downward adjustment to the administered price of petrol by the State Trading Organization (STO) in March 2025, mirroring the changes in global oil prices. In this regard, the domestic price of petrol during the quarter was lower compared to an average of MVR13.98 per litre in Q4-2024 but remained broadly unchanged from Q3-2025. The price of crude oil[9] in the global market averaged US$62.1 per barrel during the review quarter, lower than the average of US$67.5 per barrel recorded in Q3-2025, and the average of US$72.9 per barrel in Q4-2024.

The decline in costs of restaurant and café services (-0.5 percentage points contribution) was another major downward contributor to inflation, largely reflecting a higher base effect stemming from the increase in cigarette prices sold in restaurants and cafés following the amendment to the Import-Export Act in November 2024. Prices in the information and communication category observed a decline of 2.5% (-0.2 percentage points contribution), after recording a decline of 4.1% in Q3-2025. This largely stemmed from the continued decline in the cost of information and communication services, primarily due to the fall in prices of mobile telephone equipment as well as mobile communication services. The reduction in cost of mobile communication services can be associated with the persistence of the base effects of regulatory changes on internet pricing as well as shifting consumer consumption patterns to more affordable packages offered by the telecommunication services providers.

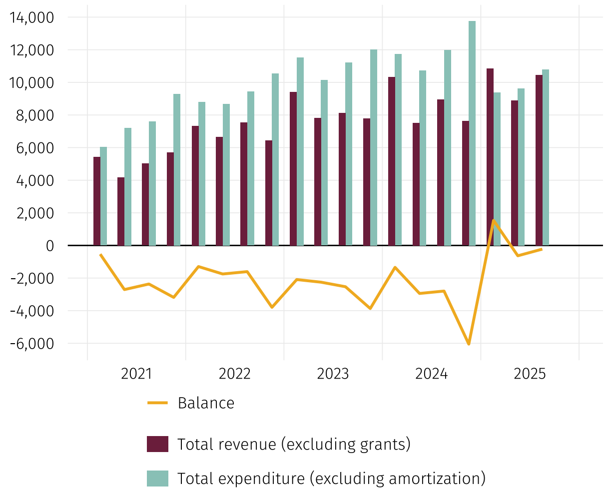
[9] Quarterly average of Brent, West Texas Intermediate and Dubai Fateh.

Public Finance

According to the latest available data[10], total government revenue (excluding grants) increased by MVR504.4 million during Q3-2025, when compared with Q3-2024 and totalled MVR9.6 billion at the end of the quarter (Figure 14). Total government revenue (excluding grants) increased, primarily owing to the marked growth in tax revenue, together with a marginal increase in non-tax revenue during the quarter.

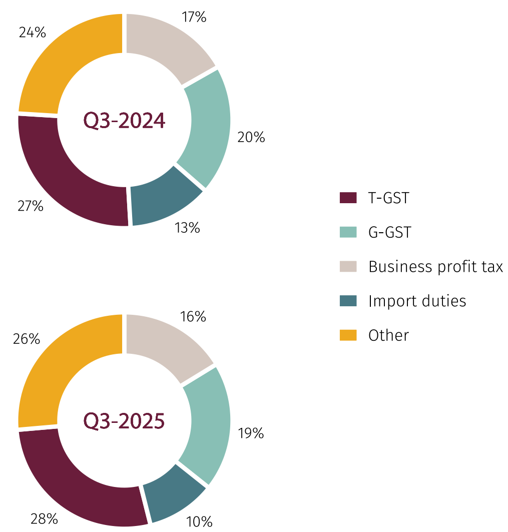
Tax revenue, which accounted for 75% of the total revenue during the period, registered an increment of MVR586.2 million in annual terms and totalled MVR7.2 billion in Q3-2025. The increase in tax revenue during the quarter was primarily driven by other taxes and duties, of which green tax and airport service charge (departure tax) posted an increase of MVR287.3 million and MVR213.3 million, respectively. The growth in green tax[11] revenue reflected increase in such rates together with higher tourist arrivals and bednights during the period. Similarly, the growth in revenue from airport service charge can also be attributed to higher rates[12] as well as increased departures. This was followed by revenue from goods and services tax (GST) category, which rose by MVR274.9 million. Within this category, tourism goods and services tax (T-GST) increased by MVR202.1 million mirroring the buoyant tourism sector performance during the quarter, whilst general goods and services tax (G-GST) posted an increment of MVR72.8 million reflecting increased collections (Figure 15). Conversely, revenues from import duties fell by MVR92.3 million, partly reflecting the decline in imports during the quarter. Additionally, the business and property tax category declined, mainly owing to the MVR177.4 million decline in

Figure 14: Government Revenue and Expenditure, 2021 - 2025
(millions of rufiyaa)



Source: Ministry of Finance and Planning
Note: Figures do not accord with the methodology of IMF's GFS Manual 1986.

Figure 15: Composition of Tax Revenue, 2024 - 2025



Source: Ministry of Finance and Planning

[10] Government revenue and expenditure data as of 6 October 2025. These figures might vary due to ongoing data reconciliation.

[11] According to the Third Amendment of the Green Tax, effective from 1st January 2025, the Green Tax rates have increased from 6% to 12% in most of the major categories.

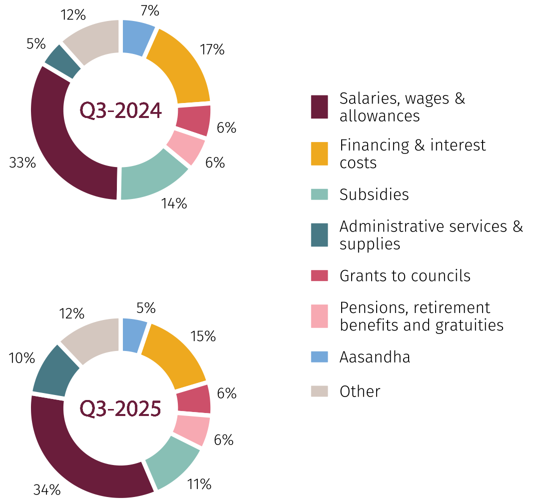
[12] According to the Second Amendment of the Departure Tax, effective from 1st December 2024, the Departure Tax rates have increased for both Maldivians and foreigners in all the classes, except Maldivians departing via economy class.

withholding tax, despite the increased revenue from business profit tax (BPT).

Non-tax revenue, which accounted for 24% of total revenue during the period, registered a growth of MVR33.0 million and totalled MVR2.3 billion in Q3-2025. This was mainly driven by the revenue from fees and charges which increased by MVR524.3 million, primarily owing to the increase in other fees and charges, reflecting the rise in revenue collected from lease period extension fee. Further, revenue from airport development fee increased by MVR234.0 million. In contrast, revenue from other non-tax revenue category posted a decline of MVR291.8 million during the quarter. Likewise, revenue from property income category declined, mainly due to the decrease in revenue earned from land acquisition and conversion fee (MVR142.0 million) and as rent from resorts (MVR70.0 million).

Total expenditure (excluding debt amortisation) recorded a decline of MVR1.6 billion in annual terms and totalled MVR10.4 billion during Q3-2025, primarily owing to the decline in capital expenditure, despite a marginal rise in recurrent expenditure. Recurrent expenditure, which accounted for 85% of total expenditure, rose marginally by MVR20.6 million and totalled MVR8.9 billion in Q3-2025 (Figure 16). The growth in recurrent expenditure primarily reflected the increase in salaries and wages, which was largely offset by the decline in administrative and operational expenses. As such, expenditure on salaries and wages category increased by MVR147.0 million, reflecting increases in all the sub-categories. On the contrary, the decline in administrative and operational expenses category largely mirrored the decline in grants, contributions and subsidies (MVR404.2 million), with the expenditure on subsidies and Aasandha, the national health scheme, observing the most notable declines within this category. Further, financing and interest costs also registered a significant decline. However, expenditure on administrative

Figure 16: Composition of Recurrent Expenditure, 2024 - 2025



Source: Ministry of Finance and Planning

supplies and operational consumables posted growths of MVR495.0 million and MVR80.4 million, respectively.

Capital expenditure, which accounted for 15% of total expenditure, registered a marked decline of MVR1.6 billion in annual terms and totalled MVR1.5 billion in Q3-2025. This primarily reflected the decline in expenditure on infrastructure assets category, primarily owing to the fall in expenditure on roads, bridges and airports which declined by MVR666.7 million, together with decreased expenditure on land and buildings, and other infrastructure assets. Similarly, the decrease in expenditure on capital equipment also contributed to the decline in capital expenditure, recording a fall of MVR566.3 million during the review quarter, owing to lower spending on furniture; machinery and equipment; and vehicles.

Monetary Developments

Monetary Policy

The monetary policy framework of the MMA continued to be centred on maintaining the exchange rate peg with the US dollar within the horizontal band of MVR10.28 and MVR15.42. This entails conducting foreign exchange market intervention operations and absorbing the surplus liquidity of the Maldivian rufiyaa in the banking system using monetary policy instruments.

In December 2025, to further support active liquidity management, the MMA launched 14-day main liquidity operations (MLOs) at a rate of 1.90%, complementing the structural liquidity operations (SLOs) commenced in the preceding quarter. Interest and profit rates across all tenors under the SLOs were also increased by 100 basis points during the quarter, effective November 2025, further incentivising the banks to participate in the operations. As such, the 28-day, 91-day, 182-day and 364-day tenors are offered at rates of 2.90%, 3.27%, 3.63% and 4.00% respectively. In addition, the interest and profit rates of the Standing Deposit Facility (SD-Facility) and the Commodity Murabahah Facility Standing Deposit Facility (CMF SD-Facility) were reduced from 0.50% to 0.25%.

Reserve Money

Reserve money totalled MVR13.5 billion at the end of December 2025, having grown 17% year-on-year—a notable acceleration from the 5% annual pace registered at the end of September 2025.

With respect to monetary operations, average daily investment by commercial banks in the SD-Facility stood at MVR4.5 billion during Q4-2025, a decline of 19% (MVR1.1 billion) from the corresponding quarter of 2024. On a quarter-on-quarter basis, average SD-Facility investment declined by 9% (MVR411.2 million) from MVR4.9 billion in Q3-2025. This reduction in SD-Facility placements over the second half of 2025 reflects a reallocation of funds towards the MMA's Open Market Operations (OMOs), which commenced in July 2025. The average investment in reverse repurchases under the OMOs totalled MVR2.0 billion during the review quarter, compared to MVR2.1 billion in the previous quarter.

Broad Money

Broad money (M2 or money supply) stood at MVR71.9 billion at the end of December 2025, reflecting an annual growth of 21%—an acceleration from the 17% recorded at the end of September 2025 (Figure 17).

On the components side, the acceleration in broad money growth was primarily driven by an expansion in transferable deposits (demand deposits), alongside growth in other deposits (savings and time deposits) (Figure 18). Other deposits, which accounted for 29% of the total money supply, grew by 28% at the end of December 2025, moderating slightly from the 31% recorded at the end of September 2025.

The growth in other deposits was largely attributable to a substantial rise in time deposits, denominated in both local and foreign currency, followed by an increase in savings deposits across both local and foreign currencies. Meanwhile, demand deposits—accounting for 65% of the total money supply—registered an annual growth of 20% at the end of December 2025 which was an acceleration from the 12% recorded at the end of September 2025.

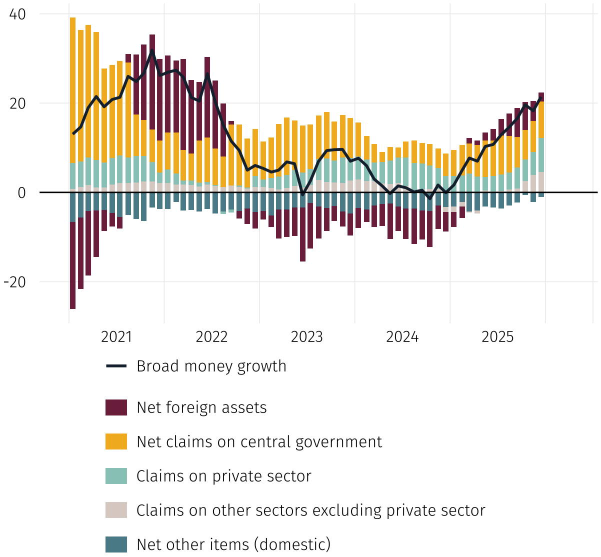
On the sources side, broad money growth was primarily driven by a significant expansion in net domestic assets (NDA), complemented by growth in net foreign assets (NFA) of the banking system. NDA rose annually by 22% at the end of December 2025, driven solely by the increase in NDA of commercial banks, as NDA of the MMA recorded an annual decline. The expansion in NDA of commercial banks was primarily driven by growth in government securities investments, which rose by 22%, alongside a 13% increase in private sector lending over the period. Meanwhile, the decline in NDA of the MMA was largely attributable to liquidity absorbed through OMOs, together with an increase in liabilities to the government; despite this decline, there was an increase in claims on commercial banks. Outstanding investments in reverse repurchases stood at MVR3.0 billion at the end of December 2025 compared with MVR2.0 billion at the end of September 2025.

With respect to developments in NFA of the banking system, an annual growth of 17% (MVR1.2 billion) was recorded at the end of December 2025, driven solely by an increase in NFA of the MMA. This was largely attributable to higher foreign asset accumulation, reflecting robust growth in other deposits held abroad. Meanwhile, MMA's foreign liabilities rose marginally over this period. The decline in NFA of commercial banks was primarily driven by a decrease in foreign assets, reflecting lower foreign currency transferable deposits and other deposits held abroad. Foreign liabilities of commercial banks increased by 6% over the same period.

Credit to Private Sector

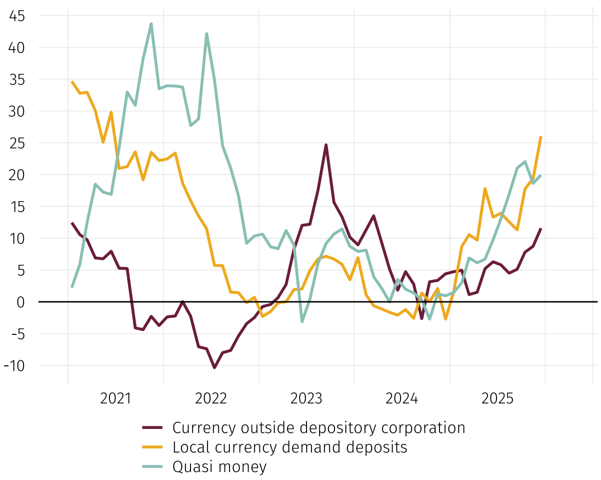
Credit to the private sector by commercial banks stood at MVR38.3 billion at the end of December 2025, reflecting an annual growth of 13% (MVR4.5 billion) — an acceleration from the

Figure 17: Contribution to Broad Money, 2021 - 2025
(annual percentage change, percentage point contribution)



Source: Maldives Monetary Authority

Figure 18: Components of Broad Money, 2021 - 2025
(annual percentage change)



Source: Maldives Monetary Authority
Note: Quasi money includes time and savings deposits in both local and foreign currency plus foreign currency demand deposits and securities issued by the MMA which are held by public nonfinancial corporations.

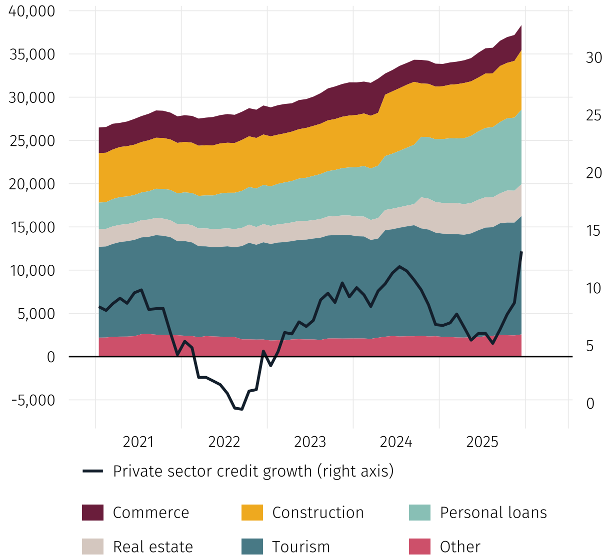
6% recorded at the end of September 2025 (Figure 19). As of December 2025, the largest shares of outstanding credit were concentrated in tourism, personal loans, construction, real estate, and commerce. Tourism sector credit, accounting for 36% of total private sector credit, registered an annual growth of 14% at the end of December 2025, driven primarily by increased lending for new resort development and working capital requirements. This represented a notable acceleration from the 0.5% recorded at the end of September 2025. Credit to the tourism sector also accounted for the largest sectoral increase during the quarter.

Personal loans also continued to expand, registering an annual growth of 19%, though this moderated slightly from the 20% recorded in September 2025. Growth in personal loans reflected increased lending through credit cards and for consumer durables.

Notably, construction sector lending grew by 13% in annual terms, reversing the 11% decline recorded for the sector in September 2025, driven primarily by residential and housing loans.

Lending related to the real estate sector increased by 4% during this period, attributed to growth in residential and housing loans, as well as loans for commercial buildings. However, this increase was a significant deceleration from the 42% recorded in September 2025. Lending to the commerce sector registered a 10% increase driven by wholesale and retail trade in December 2025, decelerating from the 14% growth recorded in September 2025.

Figure 19: Private Sector Credit, 2021 - 2025
(millions of rufiyaa, annual percentage change)

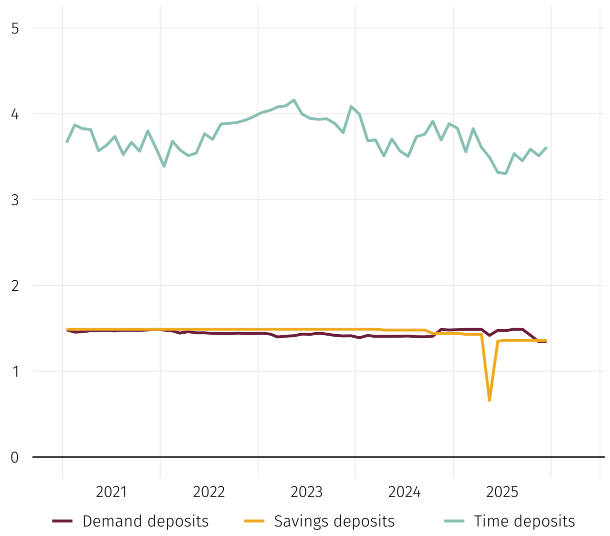


Source: Maldives Monetary Authority

Interest Rates

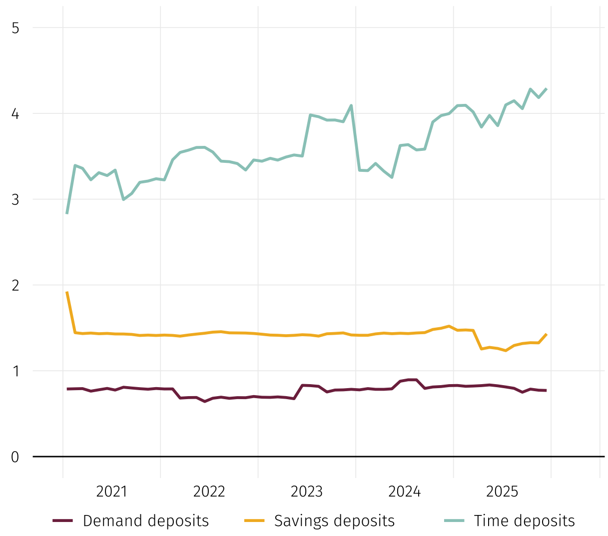
The interest rates on both local currency and foreign currency demand deposits recorded an annual decline at the end of December 2025. Similarly, the rate on both local currency and foreign currency denominated savings deposits decreased during the quarter. Meanwhile, the interest rate on local currency denominated time deposits (maturity of six months to one year) recorded a decrease, although the rate on foreign currency time deposits recorded an increase over the period. (Figure 20 and 21). With regards to the interest rates on loans to the private sector, the interest rate on local currency denominated loans recorded a decline during the review period, whereas foreign currency denominated loans recorded an increase (Figure 22).

Figure 20: Interest Rate on National Currency Deposits, 2021 - 2025
(weighted average)



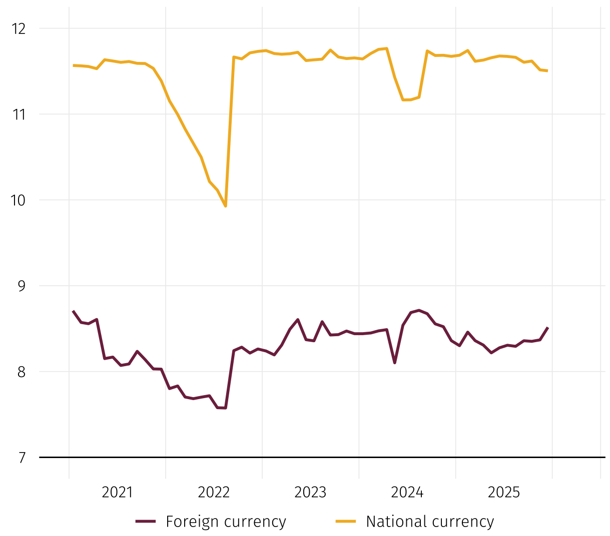
Source: Maldives Monetary Authority

Figure 21: Interest Rate on Foreign Currency Deposits, 2021 - 2025
(weighted average)



Source: Maldives Monetary Authority

Figure 22: Interest Rate on Private Sector Loans and Advances, 2021 - 2025
(weighted average)



Source: Maldives Monetary Authority

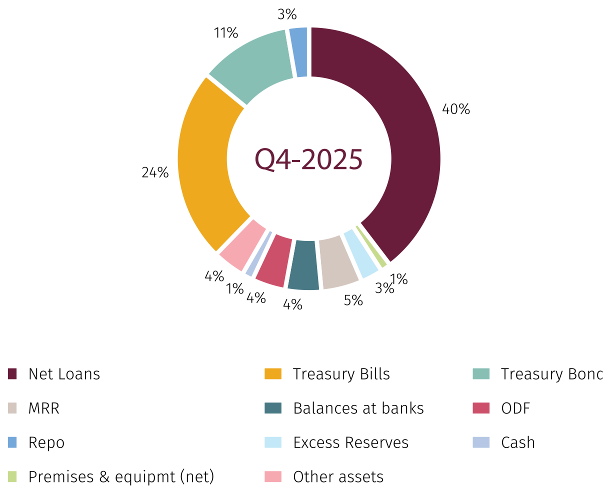
Financial Sector

Banking Sector

As at the end of the fourth quarter of the year 2025, the banking sector continued to demonstrate stability, with strong capital and profitability indicators. The total Risk-Based Capital (RBC) ratio stood at 46%, well above the regulatory minimum of 12%, supported by banks' continued investments in low-risk assets such as treasury bills. Similarly, the leverage ratio, representing the proportion of Tier 1 capital to total assets, held steady at 18%, significantly exceeding the minimum requirement of 5%.

The sector's total assets reached MVR111.1 billion, marking a significant quarter-on-quarter increase of 8% (MVR8.2 billion), largely driven by a stronger deposit base, which grew 8% (MVR5.6 billion) amid the peak tourism season (Figure 23).

Figure 23: Net Asset Composition of Banking Industry, Q4-2025



Source: Maldives Monetary Authority

Net loans accounted for 40% of the asset portfolio. Gross lending expanded by 9% (MVR3.7 billion) from the previous quarter, reaching MVR46.2 billion. While the value of non-performing loans (NPLs) remained largely unchanged, the expansion of loan portfolio led to a decline in the NPL ratio to 3% from 4% in the previous quarter.

Liquid assets represented 39% of total assets, with treasury bills comprising the largest share at 24% of the asset portfolio. This was followed by cash and bank balances at 6%, the Overnight Deposit Facility at 4%, and both excess reserves and repo investments, each representing 3% of the total assets.

As of the quarter end, banks reported a pre-tax profit of MVR5.2 billion reflecting a year-on-year increase of 14% (or MVR642.2 million). While net profit after tax also increased by 15% (MVR516.5 million) mainly owing to increase in net interest income and decrease in provision expense.

Net interest income amounted to MVR5.1 billion, which is an annual increase of 5%, while net non-interest income also grew by MVR151.1 million. These gains were further enhanced by the decrease in provision expense of MVR267.9 million compared to the previous year. Thus, the banking sector remained profitable, recording a return on average assets (ROA) of 3.8% and a return on average equity (ROE) of 15.6%, both higher than last year's ratios of 3.6% and 14.3%, respectively.

Financing Companies

Financing companies continued to demonstrate resilience, underpinned by strong capital adequacy and profitability. At the end of the fourth quarter, total industry assets reached MVR4.8 billion, reflecting a 13% increase compared to the previous quarter.

The industry remained well capitalized, with the total capital to risk-weighted assets ratio and leverage capital ratio standing at 60% and 47% respectively, exceeding the regulatory minimum requirements of 12% and 10%.

Lending activity recorded a marginal increase of 2% (MVR62.7 million) during the quarter, bringing the loan portfolio to MVR3.7 billion. Asset quality improved over the period, as absolute NPLs declined by 4% (MVR27.8 million) during the quarter to MVR634.4 million, and by 10% (MVR56.9 million) on an annual basis, largely driven by a reduction in NPLs at one institution. Consequently, the NPL ratio improved to 17.2% at the end of the quarter, while specific provisions for loan losses covered 40.1% of total NPLs.

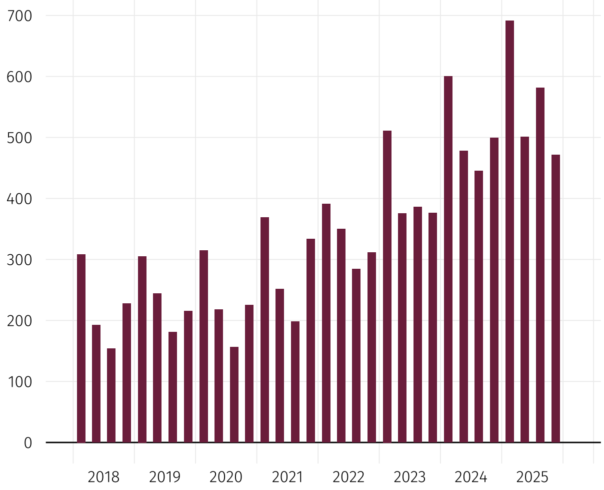
Industry profitability strengthened, with pre-tax profits increasing by 26% year-on-year to MVR219.1 million, and profit after tax reaching MVR192.7 million. The improvement was primarily driven by a reduction in loan-loss provisioning and an increase in net interest income compared to the same period last year. However, profitability ratios declined compared to a year ago, with ROA declining from 4.5% to 4.3%, and ROE decreasing from 8.6% to 8.3%.

Insurance Sector

In 2025, the Gross Written Premium (GWP)[13] of the general insurance segment reached MVR2.1 billion, representing a 14% increase compared to 2024 (Figure 24). This increase in GWP was primarily driven by significant growth in the fire, aviation, and marine insurance classes, which recorded growth rates of 17%, 39%, and 21%, respectively. By the end of 2025, the fire class accounted for 31% of total GWP, while health and miscellaneous insurance represented 29% and 11%, respectively (Figure 25).

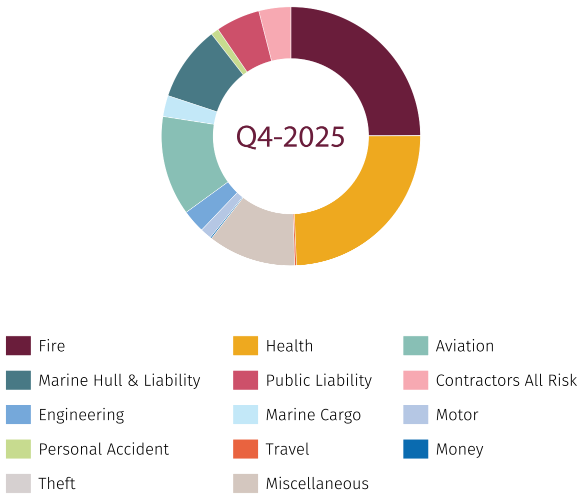
The life insurance segment experienced an 11% rise in gross premiums compared to 2024, reaching MVR12.8 million by the end of 2025.

Figure 24: Gross Written Premium, 2018 - 2025
(millions of rufiyaa)



Source: Maldives Monetary Authority
Note: Gross Written Premium from March 2022 onwards excludes inward reinsurance.

Figure 25: Premium Contributions by the Classes of Insurance, Q4-2025



Source: Maldives Monetary Authority
Note: Classwise distribution of GWP excludes inward reinsurance.

[13] For the purposes of this report, GWP refers to gross written premium excluding inward reinsurance.

The growth was mainly driven by the stronger contribution in 2025 by an existing market participant that began offering life insurance products in the third quarter of 2024. In 2025, the general takaful segment amounted to MVR450.9 million, accounting for 21% of total GWP. The segment recorded a 19% increase compared to the previous year, reflecting continued growth, largely attributable to significant expansion in the takaful health class.

Insurance companies demonstrated an adequate capital position, as indicated by an equity-to-assets ratio of 24% and an annualized net written premium to equity ratio of 91%, although this represents a decline from 99% in 2024. These indicators suggest that insurers held sufficient capital reserves relative to their underwriting and retention activities.

By the end of 2025, the total assets for general insurance segment reached MVR4.0 billion, reflecting a 15% increase from the previous year. Investments accounted for 28% of the total asset portfolio, amounting to MVR1.1 billion (Figure 26). Of this investment portfolio, debt securities made up 39%, while fixed deposits and equity securities represented 34% and 25%, respectively. The life insurance segment recorded a 5% growth in total assets, reaching MVR195.7 million by the end of Q4-2025, with investments totaling MVR150.1 million.

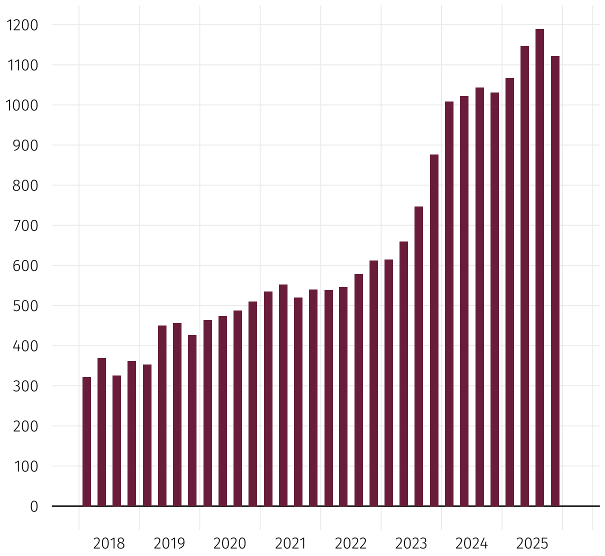
In 2025, the gross claims of general insurance sector increased by 45% compared to 2024, rising from MVR683.9 million to MVR991.7 million. Net incurred claims, which reflect the claims burden on local insurers after reinsurance adjustments, also grew by 12% from the previous year, reaching MVR521.7 million. This increase in net incurred claims was largely driven by the health and marine classes of insurance. Additionally, as at the end of 2025, insurers retained an average of 40% of premiums, as reflected in the retention ratio (Figure 27).

In 2025, the combined ratio, which assesses the overall underwriting profitability of insurers by summing the net expense ratio and the net loss ratio, deteriorated to 90% from 85% in 2024. The net loss ratio, which compares net incurred claims to net earned premiums, increased to 58% in 2025 from 55% in the previous year (Figure 28). Simultaneously, the net expense ratio, which compares management and distribution expenses to net earned premiums, recorded an increase from 29% to 32%. The 5% point increase in the combined ratio indicates a deterioration in the industry's underwriting profitability during the year, driven by higher expenses and increased net incurred claims.

Profit after tax[14] saw a 10% increase, rising from MVR152.7 million in 2024 to MVR168.0 million by 2025, driven mainly by growth in total income excluding other comprehensive income (Figure 29). Accordingly, ROA and ROE as at the end of 2025 stood at 4.3% and 17.2%, respectively, compared to 4.6% and 17.0% in 2024.

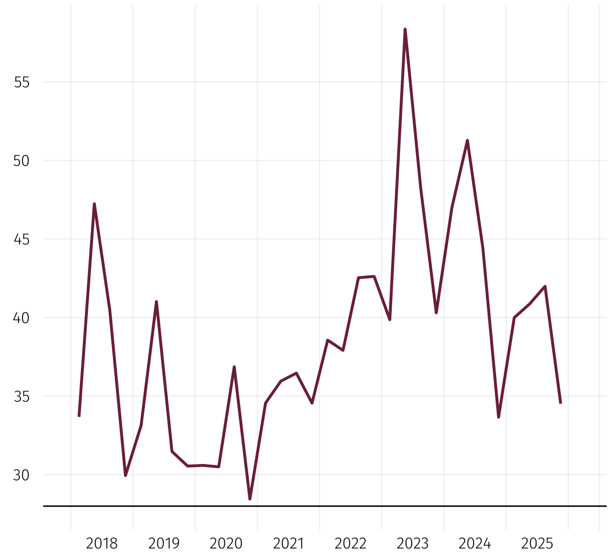
[14] Profit after tax is calculated excluding Other Comprehensive Income (OCI).

Figure 26: Investments, 2018 - 2025
(millions of rufiyaa)



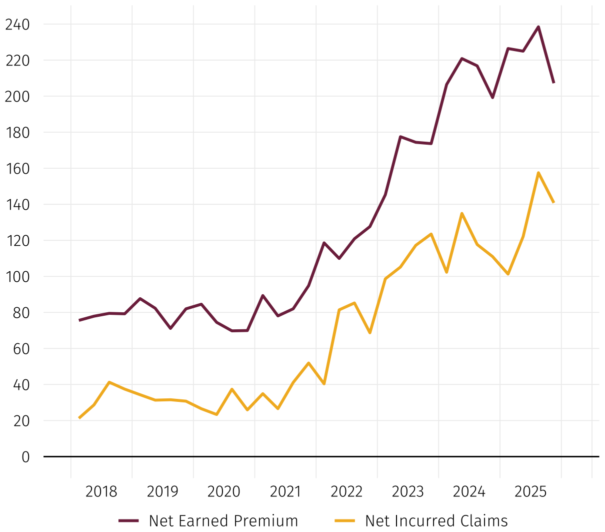
Source: Maldives Monetary Authority

Figure 27: Retention Ratio, 2018 - 2025
(percent)



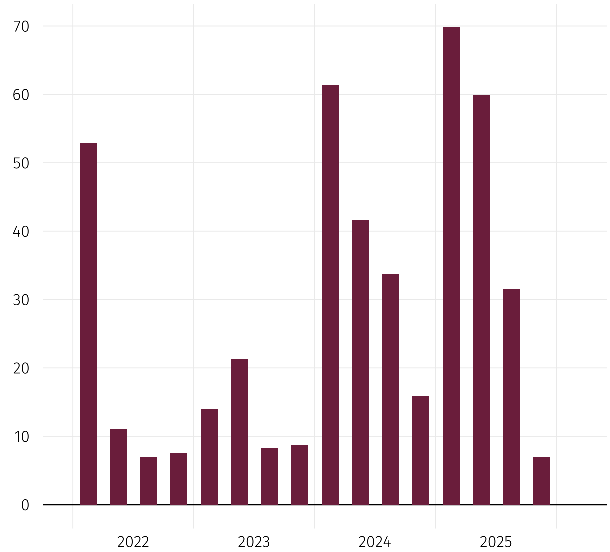
Source: Maldives Monetary Authority

Figure 28: Net Earned Premium vs Net Incurred Claims, 2018 - 2025
(millions of rufiyaa)



Source: Maldives Monetary Authority

Figure 29: Profit after Tax, 2022 - 2025
(millions of rufiyaa)



Source: Maldives Monetary Authority

External Sector

Merchandise Trade Balance

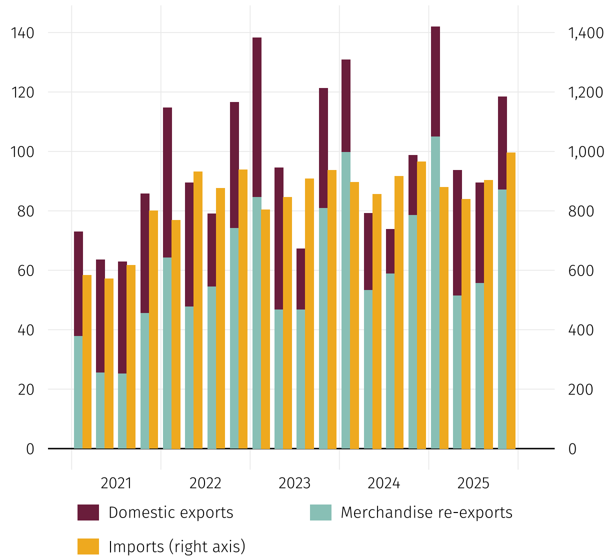
The merchandise trade deficit widened by 1%, up from US$867.7 million in Q4-2024 to US$877.7 million in Q4-2025. The deficit was driven by a growth in merchandise imports, which outpaced the increase in merchandise exports during the quarter (Figure 30). Similarly, the trade deficit widened by 8% (US$63.7 million) when compared to Q3-2025.

Merchandise Exports

Total merchandise exports (f.o.b.), comprising domestic exports and re-exports, rose by 20% (US$19.7 million) year-on-year in the last quarter of 2025, totalling US$118.4 million. The growth in merchandise exports was driven primarily by the increase in domestic exports, followed by an increase in re-exports. Merchandise re-exports registered an increment of 11% (US$8.7 million), primarily owing to the increase in the other re-export category (US$6.0 million). Meanwhile, jet fuel re-exports registered a growth of 3% (US$1.9 million), reflecting the increase in flight movements during the period.

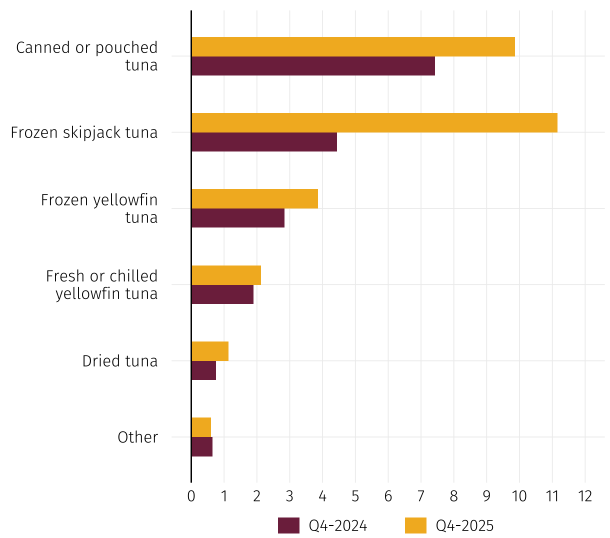
Domestic exports, which predominantly consist of fish and fish products, registered a 54% increase (US$11.0 million) totalling US$31.2 million in Q4-2025. The growth was largely driven by a substantial rise in earnings from frozen skipjack tuna, which increased by US$6.7 million during the quarter (Figure 31). This reflected higher export volumes of frozen skipjack tuna, alongside an increase in international prices, with the Bangkok frozen market price rising by 10%, averaging US$1.6 per kilogram in Q4-2025. Additionally, export earnings from canned or pouched tuna rose by 33% (US$2.4 million), while export earnings from frozen yellowfin tuna and dried tuna increased by 36% (US$1.0 million) and 48% (US$0.4 million), respectively.

Figure 30: Total Trade Summary, 2021 - 2025
(millions of US dollars)



Source: Maldives Custom Service

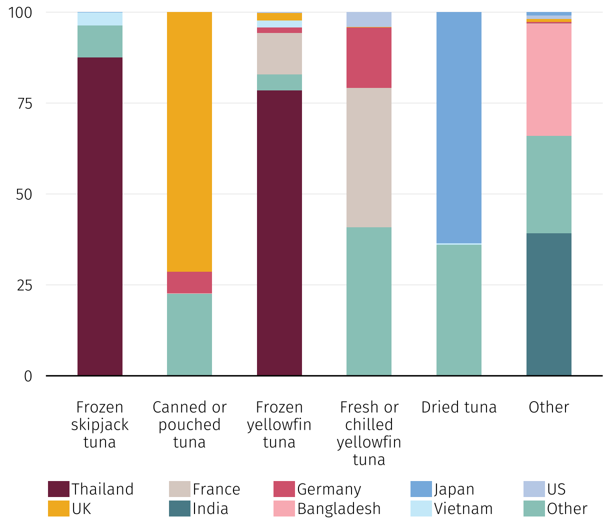
Figure 31: Composition of Fish Export Earnings, 2024 - 2025
(millions of US dollars)



Source: Maldives Customs Service

As for direction of exports, Asia maintained its position as the largest continental market for domestic exports, accounting for 61% in Q4-2025—an increase from 47% market share in the corresponding period of 2024. Within Asia, Thailand emerged as the leading export destination, accounting for 41% of total domestic exports (Figure 32). Meanwhile, Sri Lanka ranked second within the region with a market share of 7%, followed by India and Japan, with a market share of 4% and 2%, respectively. Europe remained as the second largest continental market for domestic exports, accounting for 34% of total domestic exports in Q4-2025, up from 32% in Q4-2024. Within Europe, UK continued to be the leading export destination, representing 23% of total domestic exports, followed by France and Germany, with market shares of 4% and 3%, respectively.

Figure 32: Direction of Trade by Domestic Export Categories, Q4-2025
(percent)



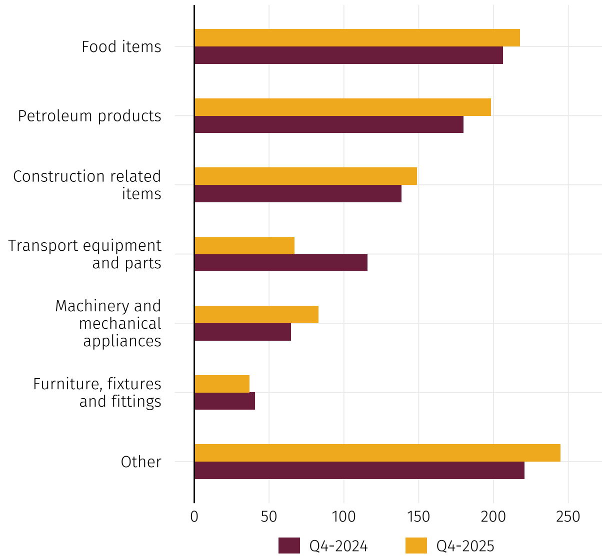
Source: Maldives Customs Service

Merchandise Imports

Total merchandise imports (c.i.f.) recorded a growth of 3% (US$29.7 million) in Q4-2025, reaching US$996.1 million. This largely reflected increased import expenditure on machinery and mechanical appliances and parts, petroleum products, food items and construction-related items, which offset the decline in import expenditure on transport, equipment and parts, furniture, fixtures and fittings, tobacco and tobacco accessories and electronic and electrical appliances.

During the quarter, the highest growth was observed in imports of machinery and mechanical appliances and parts as well as petroleum products which recorded an increase of 28% (US$18.3 million) and 10% (US$18.3 million), respectively (Figure 33). This was followed by imports of food items, which rose by 5% (US$11.2 million), and imports of construction-related items which increased by 7% (US$10.3 million). In contrast, these growths were largely offset owing to the decline in imports of transport equipment and parts by 42% (US$48.8 million). Additionally, declines were observed in

Figure 33: Composition of Imports, 2024 - 2025
(millions of US dollars)

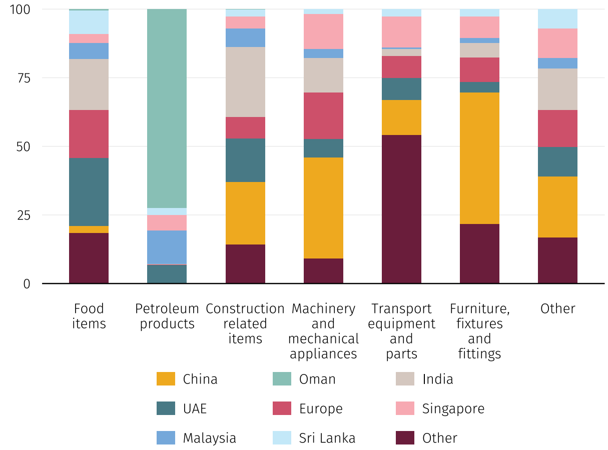


Source: Maldives Customs Service

imports of furniture, fixtures and fittings by 9% (US$3.6 million), tobacco and tobacco accessories by 30% (US$2.1 million) and electronic and electrical appliances by 3% (US$0.4 million).

As for direction of imports, Asia remained the largest source of imports, accounting for 82% of total merchandise imports in Q4-2025, a marginal drop from 83% recorded in the corresponding quarter of 2024 (Figure 34). Within Asia, China emerged as the leading source market, with a 15% market share, followed closely by Oman (15%). China's market share increased from 14% in Q4-2024, while Oman's share rose sharply from 2% over the same period. This was followed by India (13%), the United Arab Emirates (UAE) (13%), and Singapore (7%). Meanwhile, Europe accounted for 11% of total merchandise imports in Q4-2025, up from 9% in Q4-2024. Within Europe, Turkey emerged as the leading source market, with a market share of 2%, followed closely by Germany (2%), Italy (2%), and France (1%).

Figure 34: Direction of Trade by Import Categories, Q4-2025
(percent)

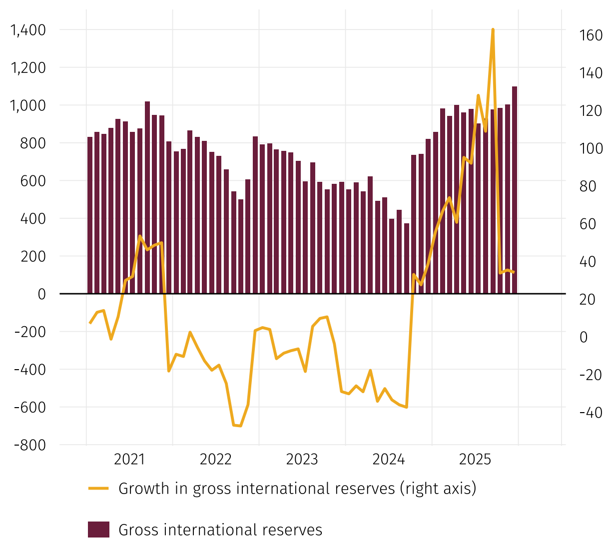


Source: Maldives Customs Service

Gross International Reserves

Gross international reserves (GIR)[15] rose to US$983.0 million at the end of Q4-2025, registering a growth of 46% (US$309.2 million), when compared with the corresponding quarter of 2024. Similarly, compared with the preceding quarter, GIR increased by 14% (US$123.6 million) (Figure 35). The annual increase in GIR was primarily driven by an increase in net purchase of foreign currency, reflecting the growth in foreign currency receipts which outpaced the growth in foreign currency payments. This was followed by an increase in short-term foreign liabilities.

Figure 35: Gross International Reserves, 2021 - 2025
(millions of US dollars, annual percentage change)



Source: Maldives Monetary Authority

[15] Also called official reserve assets, comprises foreign currency deposits of the MMA and government, commercial banks' US dollar reserve and the Maldives' reserve position at the IMF.

STATISTICAL APPENDIX

Table of Selected Economic Indicators, 2022 - 2025

(annual percentage change over the corresponding period, unless stated otherwise)

	2022	2023	2024	2024 Q1	2024 Q2	2024 Q3	2024 Q4	2025 Q1	2025 Q2	2025 Q3	2025 Q4
Real Sector											
Tourist arrivals	27	12	9	15	1	10	7	5	16	11	10
Bednights of resorts	20	-2	8	10	4	16	4	-8	1	3	4
Operational capacity of resorts	10	5	1	3	2	-2	-1	1	4	6	4
Occupancy rate of resorts (%)	71	66	71	87	60	68	69	80	59	66	69
Average stay (days)	8.0	7.6	7.4	7.9	7.4	7.4	6.8	6.8	6.8	7.1	7.1
Fish purchases	-8	19	-45	-28	-54	-53	-52	25	129	189	37
Prices [1]											
Total (Republic)	2.3	2.9	1.4	0.6	0.3	1.3	3.3	5.6	4.8	4.0	1.9
Total excluding fish	2.2	2.9	1.0	0.2	-0.2	0.9	3.1	5.4	4.7	3.9	1.5
Food and non-alcoholic beverages excluding fish	4.5	6.2	4.8	4.3	5.1	5.3	4.2	6.1	3.8	3.6	2.5
Government Securities (millions of rufiyaa)											
Government securities outstanding	57,697.7	72,250.0	81,152.4	73,666.4	76,026.7	78,814.5	81,152.4	84,708.7	85,572.4	86,952.6	90,296.3
Treasury bonds	22,094.4	31,425.4	34,441.6	32,180.0	32,869.5	32,884.3	34,441.6	36,223.9	36,629.9	38,630.9	38,022.1
Treasury bills	35,603.3	40,824.6	46,710.8	41,486.4	43,157.1	45,930.2	46,710.8	48,484.8	48,942.5	48,321.7	52,274.2
MMA	87.9	95.7	99.6	95.7	94.5	101.1	99.6	99.6	83.5	127.4	117.3
Commercial bank	20,668.7	21,650.2	23,530.1	20,385.0	21,638.5	22,916.0	23,530.1	25,238.1	26,357.1	25,682.1	27,347.9
Others	14,846.6	19,078.7	23,081.1	21,005.6	21,424.2	22,913.2	23,081.1	23,147.0	22,501.9	22,512.3	24,808.9

Source:

Ministry of Tourism and Environment; Ministry of Fisheries and Ocean Resources; Ministry of Finance and Planning; Maldives Bureau of Statistics; Maldives Customs Service, Maldives Airports Company Limited; Gan International Airport; Maldives Monetary Authority

[1] The inflation rate for the year refers to the period average values, whereas inflation for the quarter represents the annual percentage change in the three-month-average.

	2022	2023	2024	2024 Q1	2024 Q2	2024 Q3	2024 Q4	2025 Q1	2025 Q2	2025 Q3	2025 Q4
Money and banking											
Broad money	6	7	0	3	1	0	0	8	11	17	21
Net foreign assets	-14	-22	-28	-22	-33	-52	-28	7	23	105	17
Net domestic assets	13	15	5	10	8	8	5	8	9	11	22
Net claims on central government	20	15	8	7	3	7	8	11	12	10	12
Claims on other sectors	6	13	4	12	13	10	4	6	5	8	18
o/w Private sector	5	9	7	8	11	10	7	8	6	8	13
Reserve money	2	0	-9	-5	-3	-11	-9	4	-1	5	17
Standing Deposit Facility	34	19	-10	8	-9	-15	-24	-18	-4	-20	-19
External trade											
Merchandise exports (f.o.b.)	40	5	-9	-5	-16	10	-19	9	18	21	20
Domestic exports	5	2	-43	-42	-46	-26	-50	19	63	125	54
o/w Fish exports	5	3	-46	-45	-47	-31	-52	22	68	155	60
Re-exports	80	8	12	18	14	26	-3	5	-3	-5	11
Merchandise imports (c.i.f.)	37	-1	4	12	1	1	3	-2	-2	-1	3
o/w Food	19	-1	12	14	8	16	10	5	9	0	5
o/w Petroleum	83	-9	0	26	13	-21	-10	-22	-16	9	10
o/w Construction-related imports	47	7	-7	-9	-16	-4	0	15	11	12	7

Source:

Ministry of Tourism and Environment; Ministry of Fisheries and Ocean Resources; Ministry of Finance and Planning; Maldives Bureau of Statistics; Maldives Customs Service, Maldives Airports Company Limited; Gan International Airport; Maldives Monetary Authority

	2022	2023	2024	2024 Q1	2024 Q2	2024 Q3	2024 Q4	2025 Q1	2025 Q2	2025 Q3	2025 Q4
Direction of Trade of Imports of Goods (as a percentage of total)											
o/w China	11	12	13	12	13	15	14	16	13	14	15
o/w India	14	16	14	15	14	14	13	16	15	16	13
o/w Oman	18	15	8	16	13	1	2	0	10	12	15
o/w UAE	12	13	20	16	15	23	25	27	19	13	13
o/w Europe	10	9	10	8	11	12	9	8	11	10	11
Direction of Trade of Exports of Goods (as a percentage of domestic)											
o/w Thailand	49	54	35	42	45	23	20	56	58	40	41
o/w India	4	3	5	4	3	7	5	3	2	3	4
o/w UK	9	14	22	17	20	26	29	17	18	22	23
o/w France	4	3	4	4	4	5	4	2	2	4	4
o/w Germany	9	8	10	13	9	7	10	2	2	3	3
External Reserves											
Official reserve assets (millions of US dollars)	832.1	590.5	673.9	541.8	509.2	371.2	673.9	791.0	832.4	859.5	983.0

Source:

Ministry of Tourism and Environment; Ministry of Fisheries and Ocean Resources; Ministry of Finance and Planning; Maldives Bureau of Statistics; Maldives Customs Service, Maldives Airports Company Limited; Gan International Airport; Maldives Monetary Authority

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