

Annual Financial Statements



Abbreviations and Acronyms of Annual Financial Statements

ACH	Automated Clearing House
ACU	Asian Clearing Union
ADB	Asian Development Bank
AHS	Affordable Housing Scheme
BCCI	Bank for Credit and Commerce International
BIS	Bank for International Settlements
CGS	Credit Guarantee Scheme
CMF	Commodity Murabahah Financing
CNY	Chinese Yuan
COVID	Coronavirus Disease
DR	Disaster Recovery
EAD	Exposure at Default
ECL	Expected Credit Loss
EIR	Effective Interest Rate
ERP	Enterprise Resource Planning System
FARR	Foreign Asset Revaluation Reserve
FSI	Floor Space Index
FVOCI	Fair value through other comprehensive income
FVPL	Fair value through profit or loss
HDC	Housing Development Corporation
IAS	International Accounting Standards
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
ICBC	Industrial and Commercial Bank of China
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
ITFC	International Islamic Trade Financing Corporation
LGD	Loss Given Default
MCIB	Maldives Credit Information Bureau

MIGA	Multilateral Investment Guarantee Agency
MIPS	Maldives Interoperable Payment System
MIRA	Maldives Inland Revenue Authority
MMA	Maldives Monetary Authority
MOF	Ministry of Finance
MRR	Minimum Reserve Requirement
MRTGS	Maldives Real Time Gross Settlement
MVR	Maldivian Rufiyaa
OCI	Other Comprehensive Income
ODF	Other Comprehensive Income
OLF	Overnight Lombard Facility
OMO	Open Market Operation
PD	Probability of Default
POCI	Purchased or Originated Credit-Impaired
RCF	Rapid Credit Facility
RDF	Randhihafaheh
RTGS	Real Time Gross Settlement
SDF	Sovereign Development Fund
SDR	Special Drawing Rights
SICR	Significant increase in credit risk
SME	Small and Medium Enterprises
SPPI	Solely payments of principle and interest
STO	State Trading Organisation
STR	Secured Transaction Registry
SWIFT	Society for Worldwide Interbank Financial Telecommunication
USD	United States Dollar
WIP	Work in Progress
XDR	Special Drawing Rights

Independent auditor's report

To the Board of Directors of Maldives Monetary Authority

Our opinion

We have audited the financial statements of Maldives Monetary Authority (the Authority). The financial statements of the Authority comprise:

- the statement of financial position as at 31 December 2023;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of material accounting policy information.

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

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Authority in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Other information

Management is responsible for the other information. The other information comprises the Annual Report for the year ended 31 December 2023, but does not include the financial statements and our auditor's report thereon.



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.

Other matter

The financial statements of the Authority for the year ended 31 December 2022 were audited by another firm of auditors whose report, dated 19 April 2023, expressed an unmodified opinion on those statements.

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

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

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

Those charged with governance are responsible for overseeing the Authority'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.

Deloitte.

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

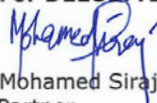
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority'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 Authority 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.

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24 April 2024.

For DELOITTE PARTNERS


Mohamed Siraj Muneer
Partner

Statement of Financial Position

As at 31 December 2023

(all amounts in Maldivian Rufiyaa unless otherwise stated)

	Note	2023	2022
ASSETS			
Foreign currency financial assets			
Cash and balances with banks	7	4,710,404,870	9,073,112,707
IMF related assets	8	458,405,766	470,848,361
Investments in securities	9	4,247,968,201	3,590,947,121
Subscriptions to international agencies	10	833,140	833,140
Interest and other receivables	11	49,025,121	43,915,635
Total foreign currency financial assets		9,466,637,098	13,179,656,964
Local currency financial assets			
Cash and balances with banks	7	46,233,396	48,339,797
Subscriptions to international agencies	10	8,264,330	8,264,330
Investments in securities	9	77,566,132	71,704,342
Investment in Government treasury bonds	12	14,508,238,577	8,321,741,391
Advances to Government	13	-	3,942,570,726
Short term loans	14	1,658,184	1,400,338
Long term loans	15	45,709	40,164
Interest and other receivables	11	6,050,879	5,786,804
Total local currency financial assets		14,648,057,207	12,399,847,892
Total financial assets		24,114,694,305	25,579,504,856
Local currency non-financial assets			
Gold and silver assets	16	53,990,038	46,698,395
Inventories	17	71,533,774	84,841,242
Property, plant and equipment	18	573,261,978	151,719,346
Intangible assets	19	14,112,651	11,197,009
Other assets	20	16,261,712	21,434,459
Total local currency non-financial assets		729,160,153	315,890,451
Total assets		24,843,854,458	25,895,395,307

The accounting policies and notes on pages 131 to 203 form an integral part of the financial statements.

Statement of Financial Position

As at 31 December 2023

(all amounts in Maldivian Rufiyaa unless otherwise stated)

	Note	2023	2022
LIABILITIES			
Foreign currency financial liabilities			
Balances of commercial banks	21	4,701,247,614	5,590,879,563
Balances of the Government and Government institutions	22	866,358,479	576,865,705
Payable to Asian Clearing Union	23	705,152,864	735,059,638
IMF related liabilities	24	498,787,818	494,609,032
Interest bearing loans	25	75,813,830	77,174,032
Deposits of international financial institutions	26	833,140	833,140
Other liabilities	27	68,996,321	1,736,538,275
Total foreign currency financial liabilities		6,917,190,066	9,211,959,385
Local currency financial liabilities			
Balances of commercial banks	21	11,476,130,301	10,171,947,880
Balances of the Government and Government institutions	22	908,717,465	1,842,388,272
Currency in circulation	29	4,046,139,454	3,726,277,357
Balances of insurance companies and payment service providers	30	14,792,176	14,792,176
Deposits of international financial institutions	26	25,279,537	10,362,037
Deposit insurance fund	31	15,146	191,136
Other liabilities	27	114,013,404	124,384,012
Debt Instruments	32	210,929,978	-
Total local currency financial liabilities		16,796,017,461	15,890,342,870
Total financial liabilities		23,713,207,527	25,102,302,255
Other liabilities			
Deferred grants	28	2,447,329	3,021,834
Pension and other employment benefits payable		24,058,681	30,759,377
Total other liabilities		26,506,010	33,781,211
Total liabilities		23,739,713,537	25,136,083,466
EQUITY			
Capital	34	50,000,000	50,000,000
Reserves	34	1,054,140,921	709,311,841
Total equity		1,104,140,921	759,311,841
Total liabilities and equity		24,843,854,458	25,895,395,307

The Board of Directors of the Maldives Monetary Authority approved these financial statements on 24 April 2024.

Signed for and on behalf of the Board by,



Ali Hashim - Governor



Asad Ali - Director

The accounting policies and notes on pages 131 to 203 form an integral part of the financial statements.

Statement of Comprehensive Income

As at 31 December 2023

(all amounts in Maldivian Rufiyaa unless otherwise stated)

	Note	2023	2022
OPERATING INCOME			
Foreign currency income and expenses	35		
Interest income on foreign currency financial assets		411,781,400	153,468,968
Interest expense on foreign currency financial liabilities		(119,270,566)	(4,911,999)
Net foreign currency income		292,510,834	148,556,969
Local currency income and expenses	36		
Interest income on local currency financial assets		328,486,513	238,926,821
Profit from local currency financial assets		528,156	492,111
Interest expense on local currency financial liabilities		(123,995,651)	(111,230,117)
Profit remuneration on commodity murabahah facility		(12,532,381)	(691,973)
Net local currency income		192,486,637	127,496,842
Other income			
Other income	37	42,287,871	42,222,201
Income from foreign exchange management		88,473,774	80,809,280
Net investment income		(20,319,262)	(21,135,796)
Net foreign exchange revaluation loss		(5,354,401)	(19,288,741)
Total other income		105,087,982	82,606,944
Total net operating income		590,085,453	358,660,755
OPERATING EXPENSES			
Personnel expenses	38	113,435,877	98,175,224
Administration expenses	39	150,712,877	107,455,610
Depreciation, amortisation and impairment		21,801,665	18,429,703
Total operating expenses		285,950,419	224,060,537
Net impairment (loss) / reversal on financial instruments	45	(160,092)	1,410,811
Net profit for the year		303,974,942	136,011,029
OTHER COMPREHENSIVE INCOME			
Items that are or may be reclassified subsequently to profit or loss:			
Net unrealised gain / (loss) from securities at FVOCI		118,248,839	(119,318,930)
Gain on gold and silver revaluation	16	7,291,643	310,452
		125,540,482	(119,008,478)
Items that will not be reclassified to profit or loss:			
Re-measurement (loss) / gain from defined benefit plan	33	(7,036,459)	1,875,453
		(7,036,459)	1,875,453
Total other comprehensive income		118,504,023	(117,133,025)
Total comprehensive income		422,478,965	18,878,004
Transferred to FVOCI reserve	34	(118,248,839)	119,318,930
Transferred to FARR-gold and silver revaluation gain	34	(7,291,643)	(310,452)
Transferred to FARR-foreign exchange revaluation loss	34	5,354,401	19,288,741
Transferred to Other reserves	34	7,036,459	(1,875,453)
Profit for the year per MMA Act		309,329,343	155,299,770

The accounting policies and notes on pages 131 to 203 form an integral part of the financial statements.

Statement of Changes in Equity

As at 31 December 2023

(all amounts in Maldivian Rufiyaa unless otherwise stated)

	Note	Contributed capital	General reserve	Foreign asset revaluation reserve	Retained earnings	FVOCI reserve	Property revaluation reserve	Other reserves	Total
As at 1 January 2022		50,000,000	477,033,483	99,357,338	105,756,825	(27,033,796)	34,788,975	531,012	740,433,837
Profit re-appropriation to the Government	40	-	-	-	-	-	-	-	-
Transfer to general reserve	34.2	-	105,756,825	-	(105,756,825)	-	-	-	-
Profit for the year		-	-	-	136,011,029	-	-	-	136,011,029
Transfer of foreign currency revaluation loss	34.3	-	-	(19,288,741)	19,288,741	-	-	-	-
Other comprehensive gain from gold and silver revaluation	16	-	-	310,452	-	-	-	-	310,452
Other comprehensive gain from defined benefit plan	34.6	-	-	-	-	-	-	1,875,453	1,875,453
Other comprehensive loss arising from change in value of securities at FVOCI		-	-	-	-	(119,318,930)	-	-	(119,318,930)
As at 31 December 2022		50,000,000	582,790,308	80,379,049	155,299,770	(146,352,726)	34,788,975	2,406,465	759,311,841
As at 1 January 2023		50,000,000	582,790,308	80,379,049	155,299,770	(146,352,726)	34,788,975	2,406,465	759,311,841
Profit re-appropriation to the Government	40	-	-	-	(77,649,885)	-	-	-	(77,649,885)
Transfer to general reserve	34.2	-	77,649,885	-	(77,649,885)	-	-	-	-
Profit for the year		-	-	-	303,974,942	-	-	-	303,974,942
Transfer of foreign currency revaluation loss	34.3	-	-	(5,354,401)	5,354,401	-	-	-	-
Other comprehensive gain from gold and silver revaluation	16	-	-	7,291,643	-	-	-	-	7,291,643
Other comprehensive loss from defined benefit plan	34.6	-	-	-	-	-	-	(7,036,459)	(7,036,459)
Other comprehensive gain arising from change in value of securities at FVOCI		-	-	-	-	118,248,839	-	-	118,248,839
As at 31 December 2023		50,000,000	660,440,193	82,316,291	309,329,343	(28,103,887)	34,788,975	(4,629,994)	1,104,140,921

The accounting policies and notes on pages 131 to 203 form an integral part of the financial statements.

Statement of Cash Flows

As at 31 December 2023

(all amounts in Maldivian Rufiyaa unless otherwise stated)

	Note	2023	2022
Cash flows from operating activities			
Receipts			
Interest received - foreign currency		406,478,657	122,850,133
Interest received - local currency		330,655,537	235,454,592
Fees, commission and other miscellaneous income received		22,392,962	19,077,309
		759,527,156	377,382,034
Disbursements			
Interest paid - foreign currency		(117,396,279)	(2,454,607)
Interest paid - local currency		(124,480,951)	(109,995,632)
Profit Remuneration - local currency		(12,289,684)	(583,151)
Payments to employees		(127,042,020)	(96,282,554)
Payments to suppliers		(88,221,730)	(69,793,288)
Fees/commission paid		(49,742,277)	(27,936,281)
		(519,172,941)	(307,045,513)
Net cash generated from operating activities	41	240,354,215	70,336,521
Cash flows from investing activities			
Receipts and Disbursements			
Net increase / (decrease) in currency deposits		2,308,835,894	(1,533,236,158)
Net increase in deposits from financial institutions		730,028,401	1,001,040,494
Net increase in deposits from the Government and Government institutions		3,174,771,519	120,899,382
Net increase / (decrease) in other liabilities		422,129	(107,810)
Net decrease in assets held with the IMF		16,168,369	3,250,925
Net increase in investments in short term securities		(538,093,128)	(895,941,857)
Net increase in loans and advances to the Government and Government institutions		(6,507,539,042)	(2,116,698,150)
Expenditure on development projects and intangible assets		(5,002,888)	(3,001,157)
Purchase of property, plant and equipment		(441,257,051)	(18,029,249)
Profit paid to the Government		(77,649,885)	-
Net increase in other assets		(287,141)	(220)
Net cash used in investing activities		(1,339,602,823)	(3,441,823,800)
Cash flows from financing activities			
Sources:			
Net increase / (decrease) in currency in circulation		319,862,097	(64,403,449)
Net (decrease) / increase in liabilities with other central banks		(1,541,580,948)	1,542,509,019
Net (decrease) / increase in payable to Asian Clearing Union		(29,859,560)	203,300,361
Net decrease in interest bearing loans		(1,960,216)	(1,965,979)
Repayment of lease liabilities		(376,102)	(327,680)
Net decrease in liabilities with IMF		-	(441,574,502)
Net decrease in grants received		(148,365)	(2,346,997)
Net cash (used in) / generated from financing activities		(1,254,063,094)	1,235,190,773
Net decrease in cash and cash equivalents		(2,353,311,702)	(2,136,296,506)
Exchange rate effect on cash and cash equivalents		(8,006,872)	2,628,286
Cash and cash equivalents as at the beginning of the year		6,041,684,964	8,175,353,187
Cash and cash equivalents as at the end of the year	42	3,680,366,390	6,041,684,967

The accounting policies and notes on pages 131 to 203 form an integral part of the financial statements.

Notes to the Financial Statements

Year ended 31 December 2023

(all amounts in Maldivian Rufiyaa unless otherwise stated)

1. REPORTING ENTITY AND STATUTORY BASE

These are the financial statements of the Maldives Monetary Authority (the Authority); the institution established under the Maldives Monetary Authority Act (MMA Act) of 1981 of the Republic of Maldives. The Authority is domiciled in the Republic of Maldives and is situated at Majeedhee Building, Male', Republic of Maldives.

The Authority was established in 1981 and has the following primary objectives: -

- (a) To maintain price stability conducive to the sustainable growth of the economy;
- (b) without prejudice to attainment of the objective (a), to maintain financial stability; and,
- (c) without prejudice to attainment of objectives (a) and (b), to support the Government in achieving macroeconomic stability and economic growth.

These financial statements for the year ended 31 December 2023 were authorised for issue by the Board of Directors of the Authority in accordance with the Section 35 of MMA Act.

1.1. NATURE AND EXTENT OF ACTIVITIES

In carrying out its mandate as the central bank of the Maldives, the Authority, undertakes the following functions in accordance with Section 22 of MMA Act; -

- i. determine and implement monetary policy of Maldives;
- ii. advise on the exchange rate regime;
- iii. determine and implement the exchange rate and exchange rate policies, in order to implement the exchange rate regime;
- iv. maintain and manage External Reserves of Maldives;
- v. issue and manage the currency of Maldives;
- vi. regulate and supervise the financial sector, other than those Securities Businesses and services regulated under the Law No. 2/2006 (Maldives Securities Act);
- vii. organize, operate and participate in payment systems and Securities settlement systems;
- viii. open accounts for, and accept deposits from, the Government, its agencies and Government affiliated institutions, as well as Banks in Maldives and other Financial Institutions;
- ix. provide services as correspondent, banker, agent or depository for any Monetary authority, central bank or Financial Institution;
- x. open and maintain accounts with such Banks or other depositories in or outside Maldives, and appoint them as correspondents or agents of the Authority, as may be required;
- xi. purchase, sell or deal in gold coins, Bullion or foreign currency;
- xii. purchase, sell, invest, or deal in Treasury Bills, other Securities and financial instruments issued or guaranteed by foreign governments or Financial Institutions;
- xiii. purchase, sell, invest, or deal in Treasury Bills and other Securities issued or guaranteed by the Government;

Notes to the Financial Statements

Year ended 31 December 2023

(all amounts in Maldivian Rufiyaa unless otherwise stated)

- xiv. grant loans, advances and Re-discounts to Banks and other Financial Institutions in Maldives for a period not exceeding 90 (Ninety) days on such terms and conditions as prescribed by the Board; Upon the expiry of the aforementioned period of 90 (Ninety) days after considering the circumstances, the term of such a loan, advance or Re-discount may be extended by additional periods not exceeding 90 (Ninety) days and such extensions may only be given a maximum of 3 (Three) times;
- xv. grant temporary advances to the Government upon agreed terms and conditions;
- xvi. grant advances to the Government on terms and conditions to be agreed upon, in respect of subscriptions and other expenses relating to the membership of Maldives in any international Financial Institution, the participation of Maldives in any account thereof, and any transactions and operations undertaken in connection therewith;
- xvii. act as a banker to the Government, and as a financial advisor and fiscal agent to the Government and to any other public authority in Maldives;
- xviii. borrow money and issue guarantees, inside or outside Maldives, on such terms and conditions the Board prescribes;
- xix. organise and operate a Clearing House, in conjunction with the Banks;
- xx. collect, compile, analyse and publish statistics and information for the purpose of achieving the objectives of the Authority;
- xxi. carry out development projects for the purposes of developing the financial sector of the Maldives and increasing financial inclusion within the Maldives, and levy fees or charges for services provided under such projects;
- xxii. acquire, purchase, seize, hold, assign interests in, transfer, lease, sell or mortgage immovable property such as land or buildings as well as moveable property;
- xxiii. oversee payment, clearing, and Securities settlement systems, and regulate and oversee payment instruments;
- xxiv. manage funds for the Government and public authorities;
- xxv. undertake issuance and management of Securities issued by the Government or a public authority or a company whose majority shares are owned by the Government;
- xxvi. issue Securities in its own name and purchase, sell, redeem, Discount and Re-discount such Securities;
- xxvii. appoint and remove primary dealers of the Securities issued in the name of the Authority;
- xxviii. purchase, sell or invest in Securities and financial instruments specified by the Board;
- xxix. carry out any functions assigned to the Authority by any other statute; and
- xxx. carry out any activities necessary to achieve the objectives of the Authority or to exercise the functions of the Authority.

The activities carried out in order to achieve its objective of price and financial system stability of the country can be broadly segregated into foreign currency and local currency activities. Results of these activities are classed as operating activities in the context of the statement of comprehensive income.

Notes to the Financial Statements

Year ended 31 December 2023

(all amounts in Maldivian Rufiyaa unless otherwise stated)

Foreign currency activities

Foreign currency activities result mainly from the Authority's holdings of foreign currency assets under its foreign reserves management function. The foreign reserves portfolio comprises foreign currency assets held for investment and settlement purposes. The majority of foreign currency assets are denominated in United States Dollars, Euros, Pound Sterling, Australian Dollars and Chinese Yuan. Investment of the country's foreign reserves is in investment grade instruments with counter parties with low credit risk and terms to maturity generally less than three years. Investments are held to maturity, other than certain investments that are held to collect contractual cash flow and for sale.

(a) Local currency activities

Local currency activities largely involve the Authority offsetting the daily net flows to or from Government or market by advancing funds to or withdrawing funds from the banking system. Financial operations undertaken in the market with the objective of achieving policy objectives are undertaken at prevailing interest rates with terms to maturity less than thirty days and are fully collateralized with high quality government assets. In cooperation with the government, the Authority helps manage certain economic development programs including holding long term securities or providing guarantees. In addition to this, the majority of the Authority's operating expenses are also in local currency.

2. BASES OF ACCOUNTING

Basis of preparation

The financial statements are prepared on the historical cost basis, except for certain assets and liabilities that have been measured at fair value as identified in specific accounting policies below.

Going Concern basis

The financial statements have been prepared on a going concern basis, as Board of Directors is satisfied that the Authority has adequate resources to continue as a going concern for the foreseeable future. In making this assessment, the Authority has considered a wide range of information including projections of profitability, regulatory capital requirements and funding needs. The assessment also includes consideration of reasonably possible downside economic scenarios and their potential impacts on the profitability, capital and liquidity of the Authority.

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and the MMA Act. In the event of any conflict between the requirements of the Act and the IFRS, the Authority is required to comply with the Act.

Notes to the Financial Statements

Year ended 31 December 2023

(all amounts in Maldivian Rufiyaa unless otherwise stated)

Reporting format

The Authority presents financial assets and financial liabilities, and their associated income and expense streams, by distinguishing between foreign currency and local currency activities. In the statement of financial position, assets and liabilities are presented broadly in order of liquidity within such distinguished category. The Authority considers that this reporting approach provides appropriate reporting of the Authority's activities.

Currency of presentation

The financial statements are presented in Maldivian Rufiyaa, unless otherwise stated, and are rounded to the nearest Rufiyaa.

Foreign currency translation

The Authority's functional and presentation currency is Maldivian Rufiyaa. Transactions in foreign currencies are initially recorded in the functional currency ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All differences are included in the statement of comprehensive income. In addition to that, the Authority shall require to adhere section 28 of the MMA Act. Gains or losses arising from foreign currency translation are excluded to derive the profit for the year as per MMA Act. For the purposes of retranslation, the following Maldivian Rufiyaa exchange rates for major currencies were used:

	31 December 2023	31 December 2022
	MVR	MVR
1 Australian Dollar	10.5501	10.3816
1 Euro	17.1206	16.3795
1 Japanese Yen	0.1089	0.1149
1 Singapore Dollar	11.6870	11.4320
1 Special Drawing Rights (SDR)	20.6617	20.5040
1 Pound Sterling	19.7259	18.4963
1 Chinese Yuan	2.1621	2.2080
1 United States Dollar	15.4000	15.4000

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rates at the dates of initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The exchange rate of Maldivian Rufiyaa against USD is permitted to fluctuate within a $\pm 20\%$ band of MVR 12.85 per USD. This band took effect from 11 April 2011 and was made in accordance with the Chapter 3, Section 13 of MMA Act prior to the fourth amendment.

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3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The application of the Authority's accounting policies requires management to exercise judgements. This may involve a higher degree of judgement or complexity, and major sources of estimation of uncertainty that have a significant risk of resulting in a material adjustment within the next financial year are set out in the following paragraphs. 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.

Classification and measurement of financial assets and financial liabilities and impairment

(i) Classification of assets

The Authority's foreign currency financial assets are classified at amortised cost, Fair value through profit or loss (FVPL) or Fair value through other comprehensive income (FVOCI). A financial asset managed by a supranational financial institution is classified as FVPL while externally managed financial assets and fixed income securities are classified as FVOCI. The remaining financial assets of the Authority's financial assets are classified at amortised cost. The Authority has also assessed its holdings of local currency financial assets at amortised cost.

(ii) Measurement of the expected credit loss allowance

The measurement of the expected credit loss (ECL) allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of banks and security issuers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 45.1.2.3.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing and incorporating forward-looking scenarios relevant for each type of instrument for the calculation of ECL associated with the instrument;
- Establishing groups of similar financial assets for the purposes of measuring ECL.
- Detailed information about the judgements and estimates made by the Authority in the above areas is set out in note 45.1.2.3.

Fair value of financial instruments

Where the fair values of financial assets and financial liabilities cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data

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where possible, but if this is not available, judgment is required to establish fair values. The judgments include considerations of liquidity and inputs such as discount rates.

Pensions, gratuity and other post-employment benefit plans

The cost of defined benefit plans is determined using an internal valuation. This valuation involves making assumptions about discount rates, rate of compensation and future pension/gratuity increases/decreases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. Assumptions used are disclosed separately in the notes to the financial statements (see note 33).

Revaluation of freehold land

The Authority engaged independent professional valuers to determine the fair value of its freehold land. It is determined using valuation techniques that include the use of mathematical models as there is no active market to derive the prices of similar assets. The inputs to these models are derived from observable market data where possible, but if this is not available, judgment is required to establish fair values (see note 18.3).

4. MATERIAL ACCOUNTING POLICIES

The accounting policies applied are consistent with those used in the previous financial year.

4.1 Financial assets and liabilities

Measurement methods

Amortised cost and effective interest rate

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees.

When the Authority revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

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Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for:

Financial assets that are not Purchased or Originated Credit-Impaired (POCI) but have subsequently become credit-impaired (or 'stage 3'), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision).

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Authority becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on value-date, the date on which the Authority purchases or sells the asset.

At initial recognition, the Authority measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at FVPL, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in the statement of comprehensive income. Immediately after initial recognition, an ECL is recognised for certain financial assets measured at amortised cost and investments in debt instruments measured at FVOCI, as described in note 45.1.5, which results in an accounting loss being recognised in the statement of comprehensive income when an asset is newly originated.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognizes the difference as follows:

- (a) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.
- (b) In all other cases, the difference is deferred, and the timing of recognition of deferred day one gain or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

4.1.1 Financial assets

(i) Classification and subsequent measurement

The Authority classifies its financial assets in the following measurement categories:

- Fair value through other comprehensive income (FVOCI); or
- Fair value through profit or loss (FVPL); or
- Amortised cost.

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

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds, both foreign and domestic.

Classification and subsequent measurement of debt instruments depends on:

- (i) the Authority's business model for managing the asset; and
- (ii) the cash flow characteristics of the asset.

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

- **Amortised 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 amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in note 45.1.4. Interest income from these financial assets is included under 'Operating income' using the effective interest rate (EIR) method.
- **FVOCI:** Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent SPPI, and that are not designated at FVPL, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income (OCI), except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'Net Investment Income'. Interest income from these financial assets is included under 'Operating income' using the effective interest rate method.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss within 'Net trading income' in the period in which it arises, unless it arises from debt instruments that were designated at fair value or which are not held for trading, in which case they are presented separately in 'Net investment income'. Interest income from these financial assets are included in 'Interest income' using effective interest rate method.

Business model: the business model reflects how the Authority manages the assets in order to generate cash flows. That is, whether the Authority's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable, then the financial assets are

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classified as part of 'other' business model and measured at FVPL. Factors considered by the Authority in determining the business model for assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. The domestic currency portfolios are mostly held for the purpose of collecting the contractual cash flows. The Authority's regular program of fixed term policy instruments are held until maturity.

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Authority assesses whether the financial instruments' meet the 'SPPI test'. In making this assessment, the Authority considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPI.

The Authority reclassifies debt securities when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

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 Authority does not currently hold any equity holdings.

(ii) Impairment

The Authority assesses, on a forward-looking basis, the ECL associated with its debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from loans, deposits, advances and commitments and financial guarantee contracts. The Authority recognizes a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

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Note 44.1.2 provides more detail of how the expected credit loss allowance is measured.

Presentation of allowance for ECL in the statement of financial position

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

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantee contracts: as a provision;
- debt instruments measured at FVOCI: no allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is recognised in profit or loss and disclosed in Note 45.1.4.

The Authority would only write-off its 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. Note 45.1.6 provides more detail on how the conclusion is made.

(iii) Modification of lending arrangements

The Authority may sometimes renegotiate or otherwise modify the contractual cash flows of loans to banks. When this happens, the Authority will assess whether or not the new terms are substantially different to the original terms. The Authority would do 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.
- Whether any substantial new terms are introduced, that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Change in the currency the loan is denominated in.
- 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 Authority would derecognize the original financial asset and recognize a 'new' asset at fair value and recalculate a new EIR for the asset. The date of renegotiation would be 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 Authority would also assess whether the new financial asset recognised 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 would also be recognised in the income statement 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 Authority would recalculate the gross carrying amount based on the

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revised cash flows of the financial asset and recognize a modification gain or loss in the income statement. The new gross carrying amount would be recalculated by discounting the modified cash flows at the original EIR (or credit-adjusted EIR for purchased or originated credit-impaired financial assets).

(iv) Derecognition other than on a modification

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

4.1.2 Financial liabilities

(i) Classification and subsequent measurement

Financial liabilities are classified and subsequently measured at amortised cost, except for;

- Financial guarantee contracts (see note 4.2)

(ii) Derecognition

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

The exchange between the Authority and its original counterparties 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 EIR, 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 recognised 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 amortised over the remaining term of the modified liability.

4.2 Financial guarantee contracts

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.

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Financial guarantee contracts are initially measured at fair value and subsequently measured based on the amount of the loss allowance (calculated as described in note 44.1.5). For financial guarantee contracts, the loss allowance is recognised as a provision.

4.3 Financial instruments

(a) Cash and balances with banks

Cash and balances with banks comprise foreign currency held at the Authority's premises, cash and balances held in both domestic and foreign currency in local and foreign banks and financial institutions.

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

(b) International Monetary Fund (IMF) related assets and liabilities

In accordance with Section 22 (q) of the MMA Act, the Authority acts as fiscal agent of the Government in its dealings with International Financial Institutions, transact with the International Financial Institutions and undertake financial agency work for the Government.

In compliance with the MMA Act, the accounts with International Monetary Fund (IMF), which records all transactions with the IMF, have been included in these financial statements.

The cumulative allocation of SDR by the IMF is treated as a liability. Exchange gains and losses arising on revaluation of IMF assets and liabilities are recognised in the statement of comprehensive income.

All other charges and interest pertaining to balances with the IMF are recorded immediately in the statement of comprehensive income.

(c) Investment in securities

Investment in securities comprise of investment in securities with foreign banks, investment in Government treasury bills and investment in held to collect contractual cash flows and for sale securities. The Authority has classified these debt securities at amortised cost, except for those held to collect contractual cash flows and for sale which are classified as FVOCI.

(d) Loans and advances

Loans and advances include loans and advances to the Authority's employees; they were initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method.

(e) Deposits and borrowings

Financial liabilities under deposits and borrowings include balances of commercial banks, balances of the government and government institutions, interest bearing loans received from

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Ministry of Finance (MOF) and balance of insurance and remittance companies that are measured at amortised cost.

Deposits and borrowings are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method.

(f) Interest

Effective interest rate

Interest income and expense are recognised in the income statement using the effective interest method. The EIR is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial instrument to:

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

When calculating the EIR for financial instruments other than credit-impaired assets, the Authority estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

For credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses.

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

Amortised cost and gross carrying amount

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount recognised and the maturity amount and for, financial assets, adjusted for any expected credit loss allowance.

The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

Calculation of interest income and expense

In calculating interest income and expense, the EIR is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the EIR to the amortised cost of the

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financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

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

For information on when financial assets are credit-impaired, see Note 45.1.2.2.

Presentation

Interest income and expense presented in the statement of comprehensive income include:

- interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis; and
- interest on debt instruments measured at FVOCI calculated on an effective interest basis.

Interest income and expense on all financial assets and financial liabilities are considered to be incidental to the Authority's trading operations and are presented in the net operating income (see note 35 to 36).

(g) Currency in circulation

MMA is the sole statutory authority to issue currency to the public and is carried out in line with the MMA Act. Currency issued by the Authority represents a claim on the Authority in favour of the holder. The liability for currency in circulation is recorded at the face value in the financial statements and is considered to be its fair value. Movements in circulation currency are included as part of financing activities in line with prevailing industry practices among those central banks which present statement of cash flows.

(h) Leases

At inception of a contract, the Authority 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 of consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Authority uses the definition of a lease in IFRS 16.

Authority acting as a lessee

The Authority recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at the amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to the lease asset.

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

The liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicated in the lease or if that rate cannot be determined, the lessee's incremental borrowing rate. The incremental borrowing rate is the rate of interest that a lessee 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. As such, the incremental borrowing rate applied to the Authority's lease is 5.5%. This is the coupon rate of a Government security with a tenure of 10 years.

The lease liability is re-measured when there is a change in future lease payments arising from change in an index or rate, if there is a change in the Authority's estimate of the amount expected to be payable under a residual value guarantee, if the Authority changes its assessment of whether it will exercise an extension option, and penalties for early termination option or if there is a revision in substance to fixed lease payment.

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

The Authority presents right-of-use assets in property, plant and equipment (Note 18) and lease liabilities in other liabilities under local currency financial liabilities (Note 27.4) in the statement of financial position.

4.4 Non-financial assets

(a) Gold and Silver

As permitted by Section 21 (2) of the MMA Act which specifies the composition of external reserve, the Authority holds gold as part of its external reserves. Accordingly, gold is fair valued at the current market price and translated into domestic currency.

Additionally, the Authority holds silver as part of its non-financial assets. Silver is also fair valued at the current market price and translated into domestic currency.

These gains or losses are recognised in OCI and transferred to Foreign Asset Revaluation Reserve (FARR). In the event of a sale, the realised gains and losses are recognised in profit or loss.

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(b) Inventories

Inventories of currency on hand are carried at lower of cost and net realisable value. Costs of currency on hand include the cost of bringing inventories to their present location and condition. The value of each category of inventory is determined on first-in-first-out basis. When currency is issued, the value of inventory is reduced, and an expense is recorded as currency issuance costs.

(c) Property, plant and equipment

Except for the freehold land, property, plant and equipment is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. The cost of day to day servicing excludes the cost of replacing part of such property, plant and equipment when that cost is incurred if the asset recognition criteria are met.

Freehold land is stated at fair value and the resulting revaluation gain/ (loss) is recognised in OCI within Property Revaluation Reserve. The value for freehold land is based on an independent professional valuation.

Depreciation is calculated on a straight-line method over the following estimated useful life or the lease term.

Class of asset	Useful life (Years)
Buildings on freehold land	30
Machinery and equipment	5-15
Furniture and fittings	5-15
Motor vehicles	10
Computer equipment	5
Right of Use Asset	10

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The asset's residual values, useful life and methods are reviewed, and adjusted if appropriate, regularly.

(d) Intangible assets

The Authority's intangible assets consist of software namely; Maldives Credit Information Bureau (MCIB) software, and the Maldives Real Time Gross Settlement System (MRTGS), the Automated Clearing House (ACH), Oracle E-Business Suite and other software. Costs of these intangible assets are recognised only when the cost can be measured reliably, and it is probable that the expected future economic benefits that are attributable to it will flow to the Authority.

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The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management.

In particular, these costs include costs of materials and services used or consumed in generating the intangible asset and finance charges as defined by IAS 23 Borrowing Costs. Selling, administrative and other general overhead expenditure are not components of the cost of an internally generated intangible asset and are charged to statement of comprehensive income as and when they are incurred unless this expenditure can be directly attributed to preparing the asset for use. Identified inefficiencies and initial operating losses incurred before the asset achieves planned performance are also treated the same as the above.

Amortisation of intangible assets is calculated on a straight-line method over the following estimated useful lives:

Class of asset	Useful life (Years)
Oracle E-business suite (ERP)	9
RTGS software	7
Automated clearing house	7
Credit information bureau software	5-10
Other software	3
Central Payments Infrastructure (FAVARA)	10

(e) Impairment of non-financial assets

The Authority assesses at each reporting date whether there is an indication that a non-financial asset may be impaired and if events or changes in circumstances indicate that the carrying value of a non-financial asset may be impaired, the Authority makes an estimate of the asset's recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, and other available fair value indicators.

For assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Authority estimates the asset's or cash generating unit's recoverable amount.

Previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed

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its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income.

(f) Deferred replacement cost

Issuing cost of Randhihafaheh (RDF) banknotes includes a component related to replacement of old notes that are already in circulation. The cost of banknotes that are replaced are initially deferred and charged to income statement over the period of their useful life. The unamortised cost of banknotes is recorded as deferred replacement cost in the statement of financial position.

Amortisation of replacement cost is calculated on a sum of year digit method over the following estimated useful lives:

Denomination	Useful life (Years)
Rufiyaa 500	12
Rufiyaa 100	10
Rufiyaa 50	10
Rufiyaa 20	7
Rufiyaa 10	7
Rufiyaa 5	7

(g) Other receivables

Other receivables are stated at amortised cost.

4.5 Non-financial liabilities

(a) Provisions

Provisions are recognised when the Authority has a present obligation (legal or constructive) as a result of a past event, 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. Where the Authority expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

(b) Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Authority has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

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(ii) Defined contribution plans

Employees are eligible for Maldives Pension Administration Office contributions in line with the Maldives Pension Act of 8/2009. The Authority contributes 7% of employees' pensionable salary to the Maldives Pension Administration Office contributions which is a separately administered defined contribution plan. Accrued rights payable for the past service to those employees in employment with the Authority has been accounted separately in these financial statements per the provisions of Maldives Pension Act of 8/2009.

(iii) Retirement gratuity

The Authority provides retirement gratuity for all eligible employees under its staff regulation. Employees who have served the authority for a period of 10 years are entitled for this benefit upon retirement at the age of 65 years. These benefits are recognised in other liabilities in respect of employee's services and are measured at the present value of future payments expected to be made based on services provided by employees up to the reporting date.

Changes in the value of the liability for retirement gratuities and post-retirement benefits are included in the statement of comprehensive income in personnel expenses within operating expenses. The Re-measurement gain or loss is included in other comprehensive income.

(c) Grants

Grants are recognised at their fair value (where there is a reasonable assurance that the grant will be received and all attaching conditions, if any, will be complied with) are shown under other liabilities. When the grant relates to an expense item, it is recognised in the statement of comprehensive income over the periods necessary to match them to the expenses it is intended to compensate on a systematic basis.

Where the grant relates to an asset, including situations where an asset is given to the Authority the fair value is credited to a deferred grant account and is released to the statement of comprehensive income over the expected useful life of the relevant asset on a systematic basis consistent with the depreciation policy of the related asset. Where assets received under a grant are inventory or an operational expense in nature, the grant amount is taken to the statement of comprehensive income when the inventory is issued, or the expense is incurred.

(d) Other liabilities

Other liabilities are initially recognised at their fair value and subsequently recognised at amortised cost.

4.6 Current tax

Effective 1 January 2020, Maldives Inland Revenue Authority (MIRA), replaced the prevailing Business Profit Tax (Law number 5/2011) with the Income Tax Act (Law number 25/2019). According to chapter 3, section 12 (e) of the Income Tax Act, the Authority's income is exempt

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(all amounts in Maldivian Rufiyaa unless otherwise stated)

from tax. Additionally, according to chapter 8, section 54 of the Income Tax Act, the Authority deducted employee withholding tax from the gross amount of each payment made to the employees each month in the manner stipulated in the Act.

4.7 Revenue and expenses

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Authority and the revenue can be reliably measured. Expenses are recognised in the statement of comprehensive income on the basis of direct association between the cost incurred and the earning of specific items of income.

All expenditure incurred in running the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to statement of comprehensive income in arriving at the result for the year.

The following specific recognition criteria must also be met before revenue and expenses are recognised:

(a) Interest income and expenses

Interest income and expense are recognised in the statement of comprehensive income on an accrual basis using the effective interest rate method based on the gross carrying amount of the asset (when the asset is not credit impaired) or to the amortised cost of the liability (see note 4.3(f)). Interest income mainly includes interest earned from fixed deposit investments, coupon earned from fixed income securities, discount accrued from treasury bills and other discounted instruments.

(b) Miscellaneous

Miscellaneous income and expenses are recognised on an accrual basis.

Net gains and losses of a revenue nature on the disposal of property, plant and equipment have been accounted for in the statement of comprehensive income, having deducted from proceeds on disposal, the carrying amount of the assets and related selling expenses.

Gains and losses arising from incidental activities to the main revenue generating activities and those that are not material are aggregated, reported and presented on a net basis.

4.8 Contingent liabilities and commitments including off balance sheet items

All guarantees of indebtedness, forward foreign exchange transactions, foreign currency swaps and other commitments which represents off balance sheet items are shown under respective headings. Where applicable, such amounts are measured at best estimates.

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4.9 Fair value measurement

The Authority analyses fair value measurements by level in the fair value hierarchy as detailed in Note 46.

4.10 Cash flow statement

The statement of cash flows has been prepared by using the 'Direct Method' in accordance with IAS 7 on statement of cash flows, whereby gross cash receipts and gross cash payments of operating activities, financing activities and investing activities have been recognised. Cash and cash equivalents comprise mainly cash balances, money at overnight placements and highly liquid investments that has original maturity of three months or less.

4.11 Comparatives

Where necessary, comparatives figures have been adjusted to confirm with changes in presentation in the current year.

5. NEW ACCOUNTING STANDARDS ADOPTED IN 2023

The Authority has adopted and applied the following standards and amendments for the first time for the annual reporting periods commencing 1 January 2023. Most of the amendments listed below did not have any significant impact on amounts recognised in prior periods and are not expected to significantly affect the current or future periods. The Authority did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards:

- IFRS 17 - Insurance Contracts and amendments to IFRS 17 Insurance Contracts
- Disclosure of Accounting Policies (Amendments to IAS 1, Presentation of Financial Statements, and IFRS Practice Statement 2, Making Materiality Judgments)
- Definition of Accounting Estimates (Amendments to IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12, Income Taxes)
- International Tax Reform—Pillar Two Model Rules (Amendments to IAS 12)

6. ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET EFFECTIVE

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Authority.

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The Authority is currently assessing the impact of the following amendments:

- Supplier Finance Arrangements (Amendment to IAS 7, Statement of Cash Flows and IFRS 7, Financial Instruments: Disclosures)

Additionally, the following new and revised standards are not expected to have a material impact on the Authority's financial statements in the current or future reporting periods and on foreseeable future transactions:

- Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants (Amendments to IAS 1, Presentation of Financial Statements)
- Lease Liability in a Sale-and-Leaseback (Amendments to IFRS 16, Leases)
- Lack of exchangeability (Amendment to IAS 21, The Effects of Changes in Foreign Exchange Rates)

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7	CASH AND BALANCES WITH BANKS	2023	2022
7.1	Foreign currency balances		
	Foreign currency cash in hand	100,829,902	13,300,753
	Balances with other central banks	31,588,803	46,715,573
	Balances with other foreign banks	4,435,931	175,047,537
	Balances with external asset manager	9,114,639	37,892,213
	Balances with local banks - related parties	50,897	51,051
	Money at overnight placements with other central banks (Note 7.3)	280,280,000	1,238,160,000
	Investment in fixed deposits with foreign banks (Note 7.4)	4,285,820,000	7,563,710,000
	Expected credit losses	(1,715,302)	(1,764,420)
		4,710,404,870	9,073,112,707
7.2	Local currency balances		
	Balances with local banks - related parties	46,246,218	48,347,840
	Expected credit losses	(12,822)	(8,043)
		46,233,396	48,339,797
		4,756,638,266	9,121,452,504
7.3	Money at overnight placements with other central banks		
	The Authority invested USD 18,200,000(2022: USD 80,400,000) in an overnight deposit facility under the repurchase agreement with the Federal Reserve Bank of New York at an interest rate of 5.30% per annum (2022: 4.30%).		
7.4	Investment in fixed deposits with foreign banks		
		2023	2022
	Fixed deposits with maturity of 3 months or less	3,207,820,000	4,482,170,000
	Fixed deposits with maturity more than 3 months	1,078,000,000	3,081,540,000
		4,285,820,000	7,563,710,000
	Expected credit losses	(1,678,732)	(1,659,845)
		4,284,141,268	7,562,050,155
8	IMF RELATED ASSETS		
		2023	2022
	Holding of special drawing rights (Note 8.1)	19,577,168	35,564,577
	IMF quota (Note 8.2)	438,028,040	434,684,800
	Interest receivables	800,558	598,984
		458,405,766	470,848,361

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(all amounts in Maldivian Rufiyaa unless otherwise stated)

8 IMF RELATED ASSETS (CONTINUED)

8.1 Holding of special drawing rights (SDR)

SDR is an international reserve asset, created by the IMF to supplement its member countries' official reserves. Its value is based on a basket of five key international currencies and SDRs can be exchanged for freely usable currencies.

Holding of SDRs is potentially a claim on freely usable currencies of IMF members, in that holders of SDRs can exchange their currencies for SDRs. The SDRs value as a reserve asset derives from the commitments of members to hold and accept SDRs and to honor various obligations connected with the operation of the SDR system. The IMF ensures that the SDRs claim on freely usable currencies is being honored in two ways: by designating IMF members with a strong external position to purchase SDRs from members with weak external positions, and through the arrangement of voluntary exchanges between participating members in a managed market.

A general allocation of SDR was made to IMF member countries during August 2021 to help countries struggling to cope with the impact of COVID-19 crisis. From this allocation Maldives received an amount of SDR 20,319,247 and this amount was exchanged to USD during the year 2021. The equivalent amount of MVR was transferred to Ministry of Finance under an agreement entered between MMA and Ministry of Finance in August 2022.

The amount shown above represents the total holdings of SDRs by the Authority as at the respective reporting dates.

8.2 IMF Quota

The International Monetary Fund (IMF) is an international organization of 190 member countries. It was established to promote international monetary cooperation, exchange stability, and orderly exchange arrangements; to foster economic growth and high levels of employment; and to provide temporary financial assistance to countries to help ease balance of payments adjustment. The IMF receives its resources from its member countries and quota subscriptions are a central source of IMF's financial resources. Each country's subscription, or quota, is determined broadly on the basis of the economic size of the country, and taking into account quotas of similar countries.

A member's subscription to IMF resources is equal to its quota and determines the maximum amount of financial resources the member is obliged to provide to the IMF. A member must pay its subscription in full. A country must pay 25% of its quota in widely accepted foreign currencies or SDRs, and the remaining 75% in its own currency.

The quota defines a member's voting power in IMF decisions. Each IMF member has IMF basic votes plus one additional vote for each SDR 0.1 millions of quota. IMF basic votes are fixed at 5.502% of the total votes. As at 31 December 2023, The Republic of Maldives has 1,671 votes representing 0.03% of total votes. The amount of financing a member can obtain from the IMF (access limits) is also based on its quota. Under Stand-By and Extended Arrangements, for instance, a member can currently borrow up to 145% of its quota annually and 435% cumulatively. Access may be higher in exceptional circumstances and to meet specific problems.

The Republic of Maldives has been a member of the IMF since 1978. The Maldives Monetary Authority acts as both fiscal agent and the depository for the IMF. As fiscal agent the Authority is authorised to carry out all operations and transactions with IMF. As depository the Authority maintains IMF's currency holdings and ensures that the assets and liabilities of IMF membership are properly reflected in its accounts and presented in its financial statements. The quota of the Maldives is its membership subscription which is granted mainly by the issue of promissory notes in favour of the IMF and partly by foreign currency payments by the Government of Maldives.

As at 31 December 2023, the IMF Quota of Maldives is SDR 21.2 million (2022: SDR 21.2 million).

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9 INVESTMENTS IN SECURITIES

	2023	2022
Foreign currency balances		
Short term investments in securities (Note 9.1)	33,864,639	29,454,031
Investment in securities at FVOCI (Note 9.2)	4,069,233,590	3,418,202,658
Investment in securities at FVPL (Note 9.3)	144,869,972	143,290,432
	4,247,968,201	3,590,947,121
Local currency balances		
Investments held at local banks - related parties	17,606,313	14,907,752
Short term investments in securities (Note 9.1)	59,964,700	56,799,070
Expected credit losses	(4,881)	(2,480)
	77,566,132	71,704,342

9.1 Short term investments in securities

Investment in Government treasury bills

Under Article 35 (b) of the Maldives Banking Act (Law no. 24/2010), the Authority shall hold the funds of the dormant accounts in a special account to be invested in Government securities.

	2023	2022
Foreign currency balances		
Purchased during the year	33,864,639	29,454,031
Balance as at 31 December	33,864,639	29,454,031

As at 31 December 2023 the Authority has invested in USD Government treasury bills with face values of USD 2,300,000 at purchase price of USD 2,199,003 maturing in 2024. As at 31 December 2022 the Authority invested in USD Government treasury bills amounting to USD 1,912,599 which matured in 2023.

	2023	2022
Local currency balances		
Purchased during the year	57,655,130	54,595,488
Interest receivable on Government treasury bills	2,309,570	2,203,582
Balance as at 31 December	59,964,700	56,799,070

As at 31 December 2023 the Authority has invested in MVR Government treasury bills with face values of MVR 60,300,000 million at purchase price of MVR 57,655,130 maturing in 2024. As at 31 December 2022, the Authority invested in MVR Government treasury bills amounting to MVR 54,595,488 which matured in 2023.

The balance under interest receivable on Government treasury bills comprises of discount receivable from MVR treasury bills of MVR 1,188,319 (2022: MVR 1,165,581) and reverse dual currency treasury bills of MVR 1,121,251 (2022: MVR 1,038,001).

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(all amounts in Maldivian Rufiyaa unless otherwise stated)

9 INVESTMENTS IN SECURITIES (CONTINUED)

9.2 Investments in securities at FVOCI

	2023	2022
Balance as at 1 January	3,418,202,658	2,414,856,576
Purchased during the year	5,186,415,920	2,322,332,180
Sold and matured during the year	(4,636,672,789)	(1,177,178,187)
Unrealised fair value changes during the year	109,591,061	(141,597,209)
Realised loss during the year	(7,923,725)	(1,722,408)
Effects of exchange rates	(379,535)	1,511,705
Balance as at 31 December	4,069,233,590	3,418,202,657

This balance represents the investments in debt instruments by the Authority and its appointed external asset managers under the investment policy. As of 31 December 2023 USD 65 million (2022: USD 65 million) has been provided to the Authority's external asset managers and securities with facevalues amounting USD 206 million (2022: USD 166 million) has been invested by the Authority in bonds issued by foreign counterparties.

9.3 Investments in securities at FVPL

	2023	2022
Balance as at 1 January	143,290,432	-
Purchased during the year	-	154,490,760
Unrealized fair value changes during the year	4,596,279	2,951,328
Effects of exchange rates	(3,016,739)	(14,151,655)
Balance as at 31 December	144,869,972	143,290,433

This balance includes the investment by the Authority in a mutual fund during the year 2022 to diversify its reserve management activities. This is a CNY denominated investment, equivalent to USD 10,000,000 invested via an external asset manager.

10 SUBSCRIPTIONS TO INTERNATIONAL AGENCIES

	2023	2022
MOF promissory notes issued		
Foreign currency		
Multilateral Investment Guarantee Agency	833,140	833,140
Local currency		
International Bank for Reconstruction and Development	8,264,330	8,264,330
	9,097,470	9,097,470

The Authority is designated as the depository of the International Bank for Reconstruction and Development (IBRD), Asian Development Bank (ADB) and Multilateral Investment Guarantee Agency (MIGA) for the Republic of Maldives. The above balances represent the promissory notes issued by MOF to the said institutions for membership subscriptions and related purposes. These promissory notes are non-negotiable and non-interest bearing notes payable to the above institutions on demand.

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11 INTEREST AND OTHER RECEIVABLES

11.1 Foreign currency

	2023	2022
Interest receivable on Cash and balances with banks		
Balance as at 1 January	31,236,585	3,490,133
Interest accrued during the year	211,664,779	60,686,613
Interest realised during the year	(217,045,793)	(32,922,497)
Effect of Exchange rate	66,756	(17,664)
	25,922,327	31,236,585
Expected credit losses	(6,821)	(6,848)
Balance as at 31 December	25,915,506	31,229,737
Interest receivable on Investments in securities		
Balance as at 1 January	12,594,292	10,319,755
Interest accrued during the year	84,772,269	46,363,451
Interest realised during the year	(74,285,028)	(44,090,588)
Effect of Exchange rate	10,618	1,674
	23,092,151	12,594,292
Expected credit losses	(3,465)	(1,505)
Balance as at 31 December	23,088,686	12,592,787
Other receivables		
Other receivables	20,929	93,111
Total foreign currency interest and other receivables	49,025,121	43,915,635

11.2 Local currency

	2023	2022
Profit receivable from local currency financial assets		
Balance as at 1 January	781,990	665,871
Profit accrued during the year	528,156	483,619
Profit realised during the year	-	(367,500)
	1,310,146	781,990
Expected credit losses	(363)	(130)
Balance as at 31 December	1,309,783	781,860
Interest receivable from local currency financial assets		
Balance as at 1 January	5,004,944	-
Interest accrued during the year	32,294,213	47,064,475
Interest realised during the year	(32,558,061)	(42,059,531)
Balance as at 31 December	4,741,096	5,004,944
Other receivables		
Other receivables	4,053,012	4,053,012
Less: Allowance for doubtful receivables	(4,053,012)	(4,053,012)
Balance as at 31 December	-	-
Total local currency interest and other receivables	6,050,879	5,786,804

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12 INVESTMENT IN GOVERNMENT TREASURY BONDS

	2023	2022
Balance as at 1 January	8,321,741,391	5,933,096,664
Investment in MVR treasury bond	6,350,000,000	2,500,000,000
Settled during the year	(163,502,814)	(111,355,273)
Balance as at 31 December (Note 12.1)	14,508,238,577	8,321,741,391

On 30 December 2014, the existing balance of government treasury bond and overdraft balance of the Public Bank Account due from Government of Maldives amounting to MVR 6,440,640,354 was re-structured into a long term bond with a maturity of 50 years and carrying an interest of 2.4% per annum.

On 23 February 2022, the authority invested in an additional Government treasury bond of MVR 2.5 billion with a 40 year maturity at an interest rate of 2.4% per annum.

On 28 March 2023, the authority invested in a Government treasury bond of MVR 4.35 billion with a 40 year maturity at an interest rate of 2.9% per annum.

On 28 December 2023, the authority invested in an additional Government treasury bond of MVR 1.998 billion with a 30 year maturity at an interest rate of 2.9% per annum.

The interest and principal repayments are to be made on a monthly basis.

12.1 Remaining term to maturity

	2023	2022
Within one year	224,278,148	120,207,234
Two to five years	961,789,069	510,124,593
Six to ten years	1,353,760,952	710,158,361
More than ten years	11,968,410,408	6,981,251,203
	14,508,238,577	8,321,741,391

13 ADVANCES TO GOVERNMENT

	2023	2022
Overdraw of Public Bank Account	-	3,942,570,726
Balance as at 31 December	-	3,942,570,726

On 23 April 2020, upon the request of the Ministry of Finance, the People's Majilis of the Maldives approved to suspend subsection a) d) and e) of article 32 of the Fiscal Responsibility Act to increase the public bank overdraft limit to MVR 4.4 billion for a period of one year in order to manage the cash flow difficulties due to the COVID-19 pandemic. Due to the sustained impacts of Covid-19 pandemic, on 26 April 2021, upon approval from the parliament, the Ministry of Finance requested to extend the overdraft period by another year (April 2022). This was further extended till 31 December 2023 as per the decision taken by the parliament on 17 November 2021. However, the overdraft limit was reduced to MVR 2 billion on 28 March 2023 via an agreement between the MoF and the Authority.

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14 SHORT TERM LOANS

	2023	2022
Balance as at 1 January	1,400,338	1,362,264
Loans disbursed during the year	2,499,000	2,334,588
Settled during the year	(2,241,154)	(2,296,514)
Balance as at 31 December	1,658,184	1,400,338

The Authority has granted interest free loans to its staff with a repayment period of 6 to 18 months.

15 LONG TERM LOANS

	2023	2022
Balance as at 1 January	40,164	49,006
Loans disbursed during the year	16,418	-
Settled during the year	(10,873)	(8,842)
Balance as at 31 December	45,709	40,164

The Authority has granted interest free loans to its staff with a repayment period of upto 7 years.

16 GOLD AND SILVER ASSETS

	2023	2022
Gold assets		
Balance as at 1 January	46,190,840	45,899,620
Fair value gain	7,278,958	291,220
Balance as at 31 December	53,469,798	46,190,840
Silver assets		
Balance as at 1 January	507,555	488,323
Fair value gain	12,685	19,232
Balance as at 31 December	520,240	507,555
Gold and silver assets as at 31 December	53,990,038	46,698,395

The Authority holds gold and silver as part of its reserves. Gold and silver assets, except gold other articles and silver coins, are fair valued and the gains or losses are recognised in other comprehensive income. Total gain recognised in other comprehensive income for the year ended 31 December 2023 is MVR 7,291,643 (2022: MVR 310,452).

17 INVENTORIES

	2023	2022
Notes for circulation	44,995,777	54,600,282
Coins for circulation	10,209,526	13,875,809
Coins held abroad in storage (Note 17.1)	10,116,173	10,116,173
Commemorative notes and coins	6,126,127	6,160,044
Circulating coin sets	86,171	88,934
Total inventories	71,533,774	84,841,242

17.1 Coins held abroad amounting MVR 10,116,173 (2022: MVR 10,116,173) represents the cost incurred to mint the coins held at the warehouses of the minting company to be imported upon requirement.

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18	PROPERTY, PLANT AND EQUIPMENT	Freehold	Freehold	Buildings on	Buildings on	Machinery	Machinery and	Furniture	Motor	Computer	Computer	Central Payments	Central Payments	Right of	Total
18.1	Cost/ Revalued	land	Land - WIP	freehold land	freehold land WIP	and equipment	equipment WIP	and fittings	vehicles	equipment	equipment WIP	Infrastructure Hardware	Infrastructure Hardware - WIP	use assets	
	Balance as at 1 January 2022	35,788,975	-	39,574,822	528,659	96,659,431	6,720,708	20,525,588	3,501,426	45,129,760	-	-	46,484,374	4,082,491	298,996,234
	Additions during the year	-	-	56,196	-	13,988,016	-	969,913	-	9,530,797	-	-	-	-	18,029,250
	Assets capitalised during the year	-	-	-	205,036	-	(6,720,708)	-	-	-	-	-	-	-	18,029,250
	Disposals/ transfers during the year	-	-	-	-	(3,661,665)	-	(321,538)	(51,251)	(3,160,097)	-	-	-	-	(7,194,551)
	Balance as at 31 December 2022	35,788,975	-	39,631,018	733,695	106,985,782	-	21,173,963	3,450,175	51,500,460	-	-	46,484,374	4,082,491	327,860,183
	Balance as at 1 January 2023	35,788,975	-	39,631,018	733,695	106,985,782	-	21,173,963	3,450,175	51,500,460	-	-	46,484,374	4,082,491	309,830,933
	Additions during the year	210,929,443	-	-	-	5,214,337	-	1,332,701	-	2,899,802	-	46,484,374	-	-	441,257,051
	Assets capitalised during the year	-	210,929,978	-	-	-	-	-	-	-	9,950,790	-	(46,484,374)	-	441,257,051
	Disposals/ transfers during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Balance as at 31 December 2023	246,718,418	210,929,978	39,631,018	733,695	112,200,119	-	22,506,664	3,450,175	54,400,262	9,950,790	46,484,374	-	4,082,491	1,192,346,035
	Accumulated Depreciation														
	Balance as at 1 January 2022	-	-	15,576,768	-	85,224,921	-	18,196,836	1,591,022	28,541,107	-	-	-	816,498	149,947,153
	Depreciation charge for the year	-	-	1,320,079	-	6,450,050	-	511,980	288,958	6,374,407	-	-	-	408,249	15,353,722
	Disposals/ transfers during the year	-	-	-	-	(3,661,665)	-	(316,319)	(51,251)	(3,160,053)	-	-	-	-	(7,189,288)
	Balance as at 31 December 2022	-	-	16,896,847	-	88,013,306	-	18,392,497	1,828,729	31,765,461	-	-	-	1,224,747	158,111,587
	Balance as at 1 January 2023	-	-	16,896,847	-	88,013,306	-	18,392,497	1,828,729	31,765,461	-	-	-	1,224,747	158,111,587
	Depreciation charge for the year	-	-	1,321,171	-	6,912,950	-	733,021	288,744	6,176,586	-	-	-	408,249	15,840,721
	Disposals/ transfers during the year	-	-	-	-	-	-	-	-	-	-	3,873,698	-	-	3,873,698
	Balance as at 31 December 2023	-	-	18,218,018	-	94,926,256	-	19,125,518	2,117,473	37,932,047	-	3,873,698	-	1,632,996	177,826,006
	Carrying amounts														
	As at 1 January 2022	35,788,975	-	23,998,054	528,659	11,434,510	6,720,708	2,328,752	1,910,404	16,588,653	-	-	46,484,374	3,265,993	149,049,082
	As at 31 December 2022	35,788,975	-	22,734,171	733,695	18,972,476	-	2,781,466	1,621,446	19,744,999	-	-	46,484,374	2,857,744	151,719,346
	As at 31 December 2023	246,718,418	210,929,978	21,413,000	733,695	17,273,863	-	3,381,146	1,332,702	16,468,215	9,950,790	42,610,676	-	2,449,495	573,261,978

18.2 As at 31 December 2023, property, plant and equipment includes fully depreciated assets having gross carrying amount of MVR 143,264,903 (2022 : MVR 130,673,631) that are still in use.

18.3 The Authority revalued its freehold land as at 31 December 2019 and the valuation was performed by an independent professional valuer based on a combination of income approach and open market approach. The valuation techniques are consistent with principles in IFRS 13 and make use of unobservable inputs such that the fairvalue measurement has been classified as Level 3 in the fairvalue hierarchy. The parameters used to arrive at the fairvalue include built up area rate per sq ft and derived FSI cost for developed land which is used as estimated land rate per sq ft.

The revaluation gain of MVR 34,788,975 has been included in the property revaluation reserve through other comprehensive income. The carrying amount of freehold land if stated at cost would have been MVR 1,000,000.

The following table demonstrates the sensitivity to a reasonably possible change in the key assumptions employed with all other variables held constant in the freehold land valuation for the total land sq ft of 11,111.

Increase / (decrease) in freehold land value	Sensitivity effect on property revaluation reserve	
	Increase/(decrease) for the year	
Increase in market rate by MVR 100 per sq.ft	1,111,100	1,111,100
Decrease in market rate by MVR 100 per sq.ft	(1,111,100)	(1,111,100)

18.4 Additions during the year under Freehold Land includes the cost price of a 43,401.12 square feet land in Hulhumale', purchased by the Authority on 15th March 2023.

The balance under Freehold Land - WIP includes the purchase price of a 43,401.23 square feet land agreed in principle via the issuance of a promissory note maturing on 19 March 2024. The Authority settled the promissory note early and paid the remaining 50% on 30 January 2024.

18.5 The balance under Buildings on freehold land - WIP relates to expenses that were incurred to design and build a 3 storey storage facility in the car parking area, which has not been completed as at 31 December 2023. The balance under Computer Equipment - WIP includes work related to computer server upgrade, which has not been completed as at 31 December 2023. The amount capitalised during the year under Central Payments Infrastructure hardware - WIP consists of expenses incurred in relation to hardware components of the Maldives Payments Development Project which was completed in August 2023.

18.6 The balance under Right of use assets relate to a lease contract for an apartment unit between the Authority and Housing Development Corporation (HDC) (related party), details of which are presented under Note 27.4.

Notes to the Financial Statements

Year ended 31 December 2023

(all amounts in Maldivian Rufiyaa unless otherwise stated)

19 INTANGIBLE ASSETS

19.1 Cost	Maldives Credit Information Bureau System	Maldives Real Time Gross Settlement System	Automated Clearing House System	Oracle E-Business Suite	Oracle E-Business Suite - WIP	Software - Others	Software - Others WIP	Central Payments Infrastructure	Central Payments Infrastructure - WIP	Total
Balance as at 1 January 2022	21,740,581	19,057,862	23,589,046	15,679,058	-	3,896,824	7,912,125	69,255	2,948,723	94,893,474
Additions during the year	-	153,900	-	-	-	600,861	929,898	-	1,353,386	3,038,045
Disposals/ transfers during the year	-	-	-	-	-	-	-	-	-	-
Impairments during the year	-	-	-	-	-	-	(7,949,013)	-	-	(7,949,013)
Balance as at 31 December 2022	21,740,581	19,211,762	23,589,046	15,679,058	-	4,497,685	893,010	69,255	4,302,109	89,982,506
Balance as at 1 January 2023	21,740,581	19,211,762	23,589,046	15,679,058	-	4,497,685	893,010	69,255	4,302,109	89,982,506
Additions during the year	-	461,700	-	-	-	1,773,303	-	6,869,111	(4,302,109)	4,802,005
Assets capitalised during the year	-	-	-	-	200,883	-	-	-	-	200,883
Disposals/ transfers during the year	-	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2023	21,740,581	19,673,462	23,589,046	15,679,058	200,883	6,270,988	893,010	6,938,366	-	94,985,394
Accumulated Amortisation										
Balance as at 1 January 2022	18,224,104	19,057,862	23,233,067	12,267,303	-	2,963,491	-	577	-	75,746,404
Amortisation charge for the year	1,036,761	153,900	185,728	1,021,009	-	634,769	-	6,926	-	3,039,093
Balance as at 31 December 2022	19,260,865	19,211,762	23,418,795	13,288,312	-	3,598,260	-	7,503	-	78,785,497
Balance as at 1 January 2023	19,260,865	19,211,762	23,418,795	13,288,312	-	3,598,260	-	7,503	-	78,785,497
Amortisation charge for the year	457,794	16,489	170,251	499,364	-	655,205	-	288,143	-	2,087,246
Balance as at 31 December 2023	19,718,659	19,228,251	23,589,046	13,787,676	-	4,253,465	-	295,646	-	80,872,743
Carrying amounts										
As at 1 January 2022	3,516,477	-	355,979	3,411,755	-	933,333	7,912,125	68,678	2,948,723	19,147,070
As at 31 December 2022	2,479,716	-	170,251	2,390,746	-	899,425	893,010	61,752	4,302,109	11,197,009
As at 31 December 2023	2,021,922	445,211	-	1,891,382	200,883	2,017,523	893,010	6,642,720	-	14,112,651

19.2 As at 31 December 2023, intangible assets include fully amortised/impaired assets having gross carrying amount of MVR 74,776,160 (2022 : MVR 72,548,788) that are still in use.

19.3 The balance under Software Others - WIP includes Software Cost for DR Site SWIFT Set up, which has not been completed as at 31 December 2023. The amount under Oracle E-Business Suite - WIP includes the expenses incurred for ERP Database Upgrade Project and the implementation of ERP at MMA DR Site, which has not been completed as at 31 December 2023.

19.4 The amount capitalised during the year under Central Payments Infrastructure - WIP include expenses incurred for the acquisition of software solutions for the Maldives Payments Systems Development Project.

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Year ended 31 December 2023

(all amounts in Maldivian Rufiyaa unless otherwise stated)

20 OTHER ASSETS

	2023	2022
Prepayments and receivables	10,473,322	11,576,865
Provision for bad debts	(184,392)	-
Deferred employee benefits	176,517	137,848
Deferred replacement cost	5,796,265	9,719,746
	16,261,712	21,434,459

21 BALANCES OF COMMERCIAL BANKS

	2023	2022
Foreign currency balances		
Related parties	2,310,288,417	2,370,834,024
Others	2,390,959,197	3,220,045,539
Total foreign currency balances of commercial banks	4,701,247,614	5,590,879,563
Local currency balances		
Related parties	2,690,354,941	2,269,137,571
Others	999,775,360	1,118,810,309
	3,690,130,301	3,387,947,880
Overnight placement deposits		
Related parties	6,826,000,000	5,732,000,000
Others	960,000,000	1,052,000,000
	7,786,000,000	6,784,000,000
Total local currency balances of commercial banks	11,476,130,301	10,171,947,880
Total balances of commercial banks	16,177,377,915	15,762,827,443

21.1 In accordance with Section 22(f) of the MMA Act, the Authority is acting as the regulator of the commercial banks operating in the Maldives. In carrying out this duty, the Authority opens accounts and accepts deposits to facilitate interbank transfers and, monitors minimum reserve requirements imposed on the commercial banks. The MRR for both local and foreign currency deposits currently stand at 10%.

On 2nd January 2023, MMA commenced the Commodity Murabahah Facility (CMF) Minimum Reserve Requirement under the Shariah concept of Commodity Murabahah, whereby the Authority opens accounts and accepts deposits to facilitate interbank transfers and, monitors minimum reserve requirements imposed on the Islamic commercial banks. The CMF MRR profit rate for local currency deposits is 1% since the commencement of the facility.

21.2 The Authority offers overnight deposit facility to the commercial banks, whereby banks can place their excess funds at MMA overnight. As at 31 December 2023 and 31 December 2022, the interest rate on overnight deposits of commercial banks at MMA was 1.5% per annum. Additionally MMA commenced the Commodity Murabahah Facility (CMF) Overnight Deposit Facility on 1st December 2022 under the Shariah concept of Commodity Murabahah, whereby Islamic commercial banks and Islamic commercial banking windows can place their excess funds at the MMA overnight. The CMF ODF profit rate is 1.5% per annum, effective 1st December 2022.

22 BALANCES OF THE GOVERNMENT AND GOVERNMENT INSTITUTIONS

Related parties	2023	2022
Foreign currency deposits		
MOF and Government institutions	866,358,479	576,865,705
	866,358,479	576,865,705
Local currency deposits		
MOF and Government institutions	908,717,465	1,842,388,272
	908,717,465	1,842,388,272
Total balances of the Government and Government institutions	1,775,075,944	2,419,253,977

The deposits can be withdrawn on demand and do not carry any interest.

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Year ended 31 December 2023

(all amounts in Maldivian Rufiyaa unless otherwise stated)

23 ASIAN CLEARING UNION

23.1 Payable to Asian Clearing Union

	2023	2022
ACU Dollar balances	701,470,000	732,270,000
Accrued charges	3,682,864	2,789,638
	705,152,864	735,059,638

The Asian Clearing Union (ACU) was established in 1974 under the auspices of the Economic and Social Commission for Asia and the Pacific as a mechanism for settlement of payments among participating countries' Central Banks. Maldives became a member of ACU in June 2009. The other participants are Bangladesh, the Islamic Republic of Iran, Nepal, Pakistan, India, Bhutan, Myanmar and Sri Lanka. This is a clearing facility to settle payments for current international transactions among territories of participants, on a multilateral basis. Net position as at end of each month is settled or received, after a two-month credit period. Interest is paid by net debtors to net creditors under the arrangement at the end of each settlement period.

The rate of interest applicable for a settlement period will be the closing rate on the first working day of the last week of the previous calendar month offered by the Bank for International Settlements (BIS) for one month US Dollar and Euro deposits. Interest on ACU Dollar transactions were between 4.32% and 5.35% in 2023. Above balance represents the amounts due to and from ACU as at the reporting date.

24 IMF RELATED LIABILITIES

	2023	2022
IMF Securities Account (Note 24.1)	333,888,051	331,339,658
IMF No. 1 Account (Note 24.2)	4,878,186	4,840,953
IMF No. 2 Account (Note 24.3)	6,095	6,049
Allocation of SDR (Note 24.4)	158,911,366	157,698,478
Charges payable on SDR allocation (Note 24.5)	1,104,120	723,894
	498,787,818	494,609,032

24.1 IMF Securities Account

The Authority maintains the IMF securities account which represent non-negotiable, non-interest bearing securities issued by the MOF in favour of the IMF, which are payable on demand. These securities are issued for 75% of the quota liability payable in Maldivian Rufiyaa, for use of IMF credit facilities such as Emergency Assistance Facility and Stand-By Agreement etc., and for the revaluations of the accounts. Even though the revaluation is made on a monthly basis, the balances in the Authority's books are revalued as at the last working day of each week. The IMF accounts were last revalued on 31 December 2023 by IMF.

	2023	2022
Balance as at 1 January	331,339,658	348,073,086
Exchange rate effect on IMF Securities account	2,548,393	(16,733,428)
Balance as at 31 December	333,888,051	331,339,658

Notes to the Financial Statements

Year ended 31 December 2023

(all amounts in Maldivian Rufiyaa unless otherwise stated)

24 IMF RELATED LIABILITIES (CONTINUED)

24.2 IMF No.1 Account

The No. 1 Account is used for IMF transactions and operations, including subscription payments, purchases, repurchases, repayment of borrowing, and sales in Maldivian Rufiyaa.

24.3 IMF No.2 Account

The No. 2 Account is used for the IMF's administrative expenditures and receipts (for example, receipts from sales of IMF publications) in the member's currency and within its territory. Small out-of-pocket expenses, such as telecommunication charges may be debited to this account on a quarterly basis.

24.4 Allocation of SDR

The SDR is an international reserve asset, created by the IMF to supplement its member countries' official reserves. Its value is based on a basket of five key international currencies and SDRs can be exchanged for freely usable currencies of IMF members.

A general allocation of SDR was made to IMF member countries during August 2021 to help countries struggling to cope with the impact of COVID-19 crisis. From this allocation Maldives received an amount of SDR 20,319,247 and this amount was exchanged to USD during the year 2021. The equivalent MVR of this was transferred to Ministry of Finance under an agreement entered between MMA and Ministry of Finance in August 2022.

Therefore, the amount shown above represents the total allocation of SDRs to the Authority as at the respective reporting dates, excluding the new SDR allocation received in 2021.

24.5 Charges payable on SDR allocation

SDR allocations are subject to interest charges on each participant's net cumulative allocation. SDR interest rate is determined on each Friday, based on the weighted average interest rate on 3 month debt in the money markets of the five currencies in the SDR basket (i.e. US dollar, Pound Sterling, Euro, Japanese Yen and Chinese Yuan). Charges on SDR allocations are paid quarterly.

25 INTEREST BEARING LOANS - THE MOF

	MCIB	MIPS	Total 2023	Total 2022
Balance as at 1 January	6,902,292	70,271,740	77,174,032	83,108,269
Repayments during the year	(394,574)	(1,565,643)	(1,960,217)	(1,965,979)
Effects of exchange rates	50,211	549,804	600,015	(3,968,258)
Balance as at 31 December	6,557,929	69,255,901	75,813,830	77,174,032

25.1 On 23 July 2009, the MOF and the Authority have entered into a subsidiary loan agreement to fund the MCIB project for total loan amounting to SDR 439,000.

The loan has to be repaid in 48 equal semi-annual instalments. The first instalment has been paid on 15 November 2016 and the last instalment fall due on 15 May 2040. The Authority has to pay interest charge at the rate of 1% per annum during the grace period and 1.5% per annum thereafter on the amount withdrawn. As at the reporting date the Authority has repaid SDR 144,271.

Notes to the Financial Statements

Year ended 31 December 2023

(all amounts in Maldivian Rufiyaa unless otherwise stated)

25 INTEREST BEARING LOANS - THE MOF (CONTINUED)

25.2 The MOF provided a loan to the Authority for an amount equal to SDR 3,766,177 to undertake the Maldives Interoperable Payment System (MIPS) project. As at the reporting date, the loan amount outstanding is SDR 3,351,898.

Total loan amount	SDR 3,766,177	
Interest rate	0.75% per annum	
Repayment dates	15 March and 15 September of each year	
Annual repayment	From 15/09/2018 to 15/03/2028	SDR 75,324/-
	From 15/09/2028 to 15/03/2048	SDR 150,647/-

26 DEPOSITS OF INTERNATIONAL FINANCIAL INSTITUTIONS

	2023	2022
Foreign currency deposits		
Multilateral Investment Guarantee Agency	833,140	833,140
Balance as at 31 December	833,140	833,140

	2023	2022
Local currency deposits		
International Bank for Reconstruction and Development	8,407,223	8,407,223
Asian Development Bank	16,351,862	1,434,362
International Development Association	348,008	348,008
Multilateral Investment Guarantee Agency	172,444	172,444
Balance as at 31 December	25,279,537	10,362,037

26.1 The Authority is the designated depository of the International Development Association (IDA), International Bank for Reconstruction and Development (IBRD), Asian Development Bank (ADB) and Multilateral Investment Guarantee Agency (MIGA) for the Republic of Maldives. The above balances represent amounts collected and obligations of the Government of Maldives in terms of subscriptions to these supranational institutions for various purposes as at the respective reporting dates.

Notes to the Financial Statements

Year ended 31 December 2023

(all amounts in Maldivian Rufiyaa unless otherwise stated)

27 OTHER LIABILITIES

	2023	2022
Foreign currency other liabilities		
Payables to other central banks (Note 27.1)	-	1,541,509,019
Bank of Credit and Commerce International (BCCI)	15,077,822	15,077,822
Accrued charges and other payables	52,820,731	178,853,666
Commercial banks human resource development deposits	798,414	798,414
Other deposits	299,354	299,354
	68,996,321	1,736,538,275
	2023	2022
Local currency other liabilities		
Government contribution to IMF Quota (Note 27.2)	92,720,021	92,720,021
Credit Guarantee Scheme (Note 27.3)	8,483,497	8,208,300
Accrued charges and other payables	6,537,307	16,794,402
Lease liabilities (Note 27.4)	3,004,009	3,380,111
Bank of Credit and Commerce International (BCCI)	2,778,102	2,778,102
Commercial banks human resource development deposits	367,316	367,316
Expected credit losses - provision on guarantee	123,152	135,760
	114,013,404	124,384,012

27.1 Payables to other central banks

These were payables recorded under a currency swap agreement entered between the Authority and Reserve Bank of India on 8 December 2022. This swap facility would allow the Authority to withdraw up to USD 200 million from Reserve Bank of India. On 27 December 2022, the Authority withdrew USD 100 million under this agreement for a period of six months, matured on 27 June 2023. This withdrawal was subsequently rolled over for another six month, matured on 27 December 2023. As at the reporting date, this amount has been fully repaid.

27.2 Government's contribution to IMF quota

The MOF has made four payments towards the IMF Quota which represents the foreign currency portion of quota payments made by the MOF for the quota increments in 1992, 1999, 2011 and 2016. There were no payments made during the year 2023.

27.3 Credit Guarantee Scheme

The Authority received initial capital of MVR 15 million from Ministry of Finance for provision for default of guaranteed loans of Credit Guarantee Scheme (CGS). The Authority launched CGS on 7 August 2016, with the aim of facilitating access to finance for the Small and Medium Enterprises (SME) sector. All retail banks (7 banks) in Maldives participated in the scheme.

The scheme guarantees 90% of the loan amount of commercially viable loans between MVR 100,000 and MVR 1 million, issued to Maldivian owned SMEs with no collateral. The loans are offered at 9% interest rate with a maximum repayment period of 5 years. The scheme has been discontinued effective from 1 February 2021.

Notes to the Financial Statements

Year ended 31 December 2023

(all amounts in Maldivian Rufiyaa unless otherwise stated)

27 OTHER LIABILITIES (CONTINUED)

27.4 Lease liabilities

The Authority has entered into a lease contract with HDC with a lease period of 10 years and recognized a lease liability of value MVR 4,082,491 in 2020. Information relating to the lease is presented below.

27.4.1 Right of use assets

The right of use asset related to the lease is presented within Property, Plant and Equipment in note 18.

27.4.2 Amounts recognized in the statement of comprehensive income

	2023	2022
Interest expense on lease liability	174,047	193,411
Depreciation of right of use asset	408,249	408,249

27.4.3 Amounts recognised in the statement of cash flows

	2023	2022
Total cash out flow from the lease	550,149	521,090

27.4.4 Lease liability

	2023	2022
Balance as at 1 January	3,380,111	3,707,790
Interest charges during the year	174,047	193,411
Lease payments during the year	(550,149)	(521,090)
Balance as at 31 December	3,004,009	3,380,111

27.4.5 Remaining term to maturity

	Contractual outflows		Carrying value	
	2023	2022	2023	2022
Within one year	579,207	550,149	427,255	376,102
Two to five years	2,324,640	2,322,687	1,972,986	1,865,684
Six to ten years	620,216	1,201,376	603,768	1,138,325
	3,524,064	4,074,213	3,004,009	3,380,111

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(all amounts in Maldivian Rufiyaa unless otherwise stated)

28 DEFERRED GRANTS

The movement of deferred grants - Other liabilities

	2023	2022
Balance as at 1 January	3,021,834	4,284,094
Recognised in the statement of comprehensive income	(574,505)	(1,262,260)
Balance as at 31 December	2,447,329	3,021,834

The Authority has received a grant for the development of the Secured Transaction Registry (STR) of MCIB from the MOF. The agreed limit for disbursement under the grant arrangement was USD 1,024,767. As at 31 December 2022, USD 970,464 has been disbursed to the Authority in the form of payments to the legal and operational consultants and for the purchase of software for the MCIB enhancement project. During the year, USD 27,513 was released to the statement of comprehensive income, which is consistent with the amortisation policy on software.

The Authority has received a car as a grant from the MOF in the year 2018. Grant value of the car of MVR 1,509,440 is deferred over its useful life and credited to the statement of comprehensive income on a monthly basis. During the year, MVR 150,944 was released to the statement of comprehensive income, which is consistent with the depreciation policy for motor vehicles.

29 CURRENCY IN CIRCULATION

29.1 The Authority, as the sole currency issuing Authority in the Republic of Maldives continue to perform the function of issuing legal tender currency. The amount of currency issued by the Authority and in circulation as at respective reporting dates are as follows;

Net currency in circulation

		2023	2022
Coins			
1	Laari	98,366	97,857
2	Laari	49,643	49,656
5	Laari	557,165	556,317
10	Laari	692,855	690,310
25	Laari	3,835,831	3,701,157
50	Laari	8,299,912	8,012,472
1	Rufiyaa	42,286,442	39,444,061
2	Rufiyaa	28,612,190	27,287,322
		84,432,404	79,839,152
Notes			
5	Rufiyaa	23,485,880	20,747,935
10	Rufiyaa	34,540,470	31,701,770
20	Rufiyaa	51,854,400	46,901,300
50	Rufiyaa	56,092,900	50,932,400
100	Rufiyaa	296,405,900	284,683,300
500	Rufiyaa	3,306,210,500	3,002,440,500
1000	Rufiyaa	193,117,000	209,031,000
		3,961,707,050	3,646,438,205
Total net currency in circulation		4,046,139,454	3,726,277,357

29.2 Currency in circulation shown above are after deducting the Authority's holding of Rufiyaa notes and coins amounting to MVR 592,469,386 and MVR 856,150,702 as at 31 December 2023 and 2022 respectively.

Notes to the Financial Statements

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(all amounts in Maldivian Rufiyaa unless otherwise stated)

30 BALANCES OF INSURANCE COMPANIES AND PAYMENT SERVICE PROVIDERS

	2023	2022
Balances of insurance companies		
Related parties	4,000,000	4,000,000
Others	9,292,176	9,292,176
Balance as at 31 December	13,292,176	13,292,176
Balances of payment service providers		
Related parties	250,000	250,000
Others	1,250,000	1,250,000
Balance as at 31 December	1,500,000	1,500,000
Grand total	14,792,176	14,792,176

The above balances represent the statutory deposits of the insurance companies and payment service providers operating in the Maldives. These deposits carry interest at the rate of 1% per annum.

31 DEPOSIT INSURANCE FUND

	2023	2022
Deposit insurance fund	15,146	191,136
	15,146	191,136

31.1 In order to maintain a stable financial system and to protect the rights of depositors a Deposit Insurance Scheme regulation came into effect on 24 August 2015. Under this regulation the Authority established a "Deposit Insurance Fund" and all the banks in Maldives are members. Member banks are required to pay an initial contribution that is payable over five years and an annual premium to the fund. The fund covers deposits up to MVR 30,000 or its equivalent in foreign currency deposits per depositor per member bank.

31.2 On behalf of the fund, the Authority has invested MVR 45,606,777 in Government treasury bills during 2023. Discount received on Government treasury bill upon maturity of the investment is added to the balance of the fund.

32 DEBT INSTRUMENTS

	2023	2022
Promissory notes		
Issued during the year	210,929,978	-
Balance as at 31 December 2023	210,929,978	-

32.1 On 15 March 2023, the Authority acquired a land from Hulhumale' for MVR 421 million, to construct an office building. The authority issued a promissory note for 50% of the total acquisition cost, maturing on 19 March 2024.

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(all amounts in Maldivian Rufiyaa unless otherwise stated)

33 PENSION AND OTHER EMPLOYMENT BENEFITS PAYABLE

	2023	2022
Pre- Maldives Pension Act 8/2009 Pensions (Note 33.1)	3,462,785	3,793,030
Retirement gratuity obligation (Note 33.2)	20,595,896	26,966,347
	24,058,681	30,759,377

33.1 Pre- Maldives Pension Act 8/2009 Pensions

	2023	2022
Pre- Maldives Pension Act 8/2009 Pensions Opening balance	3,132,186	3,497,046
Less: payments during the year	(522,551)	(526,474)
Add: winding of interest	144,081	161,614
Present value of Pre- Maldives Pension Act 8/2009 Pensions	2,753,716	3,132,186
Employee and employer pension contribution payable	709,069	660,844
Balance as at 31 December	3,462,785	3,793,030

The Authority provides defined benefit plans (“Pre- Maldives Pension Act 8/2009 Pensions”) for those employees who have completed 20 years of service and opted to continue to receive such benefits. This is a frozen calculation, where the pension payment amount was determined based on the salary received by the employee at the date of completing 20 years of service. Pre- Maldives Pension Act 8/2009 Pension was worked out as follows:

- a) An employee who became eligible (by working in public sector for 20 years) to pension arrangement between 5 April 2007 and 10 October 2007 receive a monthly pension under “Pre-New Pension Act Pension” calculated at 1/2 month’s salary at the eligibility point until they reach age of 65.
- b) All employees who became eligible after 10 October 2007 up until 31 July 2010 will receive a pension calculated at 1/3 of monthly salary at the eligibility point until they reach age of 65.
- c) The principal assumptions used in determining employee benefit obligations for Pre- Maldives Pension Act 8/2009 Pensions plan are shown below:

	2023	2022
Nominal value of the benefit obligation	3,333,679	3,856,229
Present value of the benefit obligation	2,753,716	3,132,186
Unrecognised interest component	579,963	724,043
Discount rate: 364 day treasury bill rate	4.60%	4.60%
Number of employees in the scheme	10	10
Average remaining years of service	6.20	6.55
Retirement age	65	65

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Year ended 31 December 2023

(all amounts in Maldivian Rufiyaa unless otherwise stated)

33 PENSION AND OTHER EMPLOYMENT BENEFITS PAYABLE (CONTINUED)

33.2 Retirement gratuity obligation

	2023	2022
Balance as at 1 January	26,966,347	26,621,581
Charge for the year	3,146,128	1,406,355
Interest for the year	1,440,279	1,375,277
Re-measurement loss / (gain) for the year	7,036,459	(1,875,453)
Less: Payments during the year	(17,993,317)	(561,413)
Present value as at 31 December	20,595,896	26,966,347

- a) In accordance with the staff regulation, employees who have served the Authority for a period of 10 years are entitled for the benefit plan upon retirement at the age of 65 years. This is a non-contributory plan whereby the cost of benefits is wholly borne by the Authority. As such, a provision is recognised in other liabilities in respect of employee's services and are measured at the present value of future payments expected to be made based on services provided by employees as at the reporting date. During the year, the staff regulation was amended allowing staff to claim a portion of the gratuity obligation after 20 years of service, which led to the increase in payments during the year.
- b) The present value of the benefit obligation is based on a series of key valuation assumptions comprising of discount rate, staff turnover and salary increment rates. The average term to maturity of the obligation is 30.20 years (2022: 30.27 years).

The following assumptions and data were used in valuing the defined benefit obligation:

	2023	2022
Discount rate	5.50%	5.50%
Staff turnover rate	7.00%	6.28%
Expected salary increment	4.12%	4.06%
Retiring age	65 years	65 years

c) Sensitivity Analysis

The increase or decrease in one of the assumptions by 100 basis points, given that others remain constant, would have affected the defined benefit obligation by the amounts shown below:

	31 December 2023		31 December 2022	
	Increase	Decrease	Increase	Decrease
Discount rate	(3,336,403)	3,740,463	(2,505,994)	2,827,521
Staff turnover rate	382,640	(434,332)	309,378	(351,172)
Expected salary increment	3,754,719	(3,408,982)	2,840,103	(2,561,772)
Retiring age	(159,166)	159,746	(128,004)	137,562

Notes to the Financial Statements

Year ended 31 December 2023

(all amounts in Maldivian Rufiyaa unless otherwise stated)

34 EQUITY AND RESERVES

34.1 Capital

The Authority's authorised and contributed capital is MVR 50 million.

In addition to the retained earnings, reserves comprise the following;

34.2 General Reserve

The General Reserve is established in accordance with Chapter V, Section 27 of the MMA Act. In accordance with provisions of the Act, the Authority shall allocate 50% of the net profit of the Authority, to General Reserve account until the General Reserve is equal to the authorised capital of the Authority, after which the Authority shall allocate 25% of its net profit to the General Reserve account until the General Reserve is equal to twice of the authorised capital.

After the third amendment to the MMA Act which became effective from 17 August 2015, the Act now states that once the General Reserve is equal to twice the amount of the authorised capital, the Authority shall credit to the General Reserve such amount determined by the Board of Directors of the Authority. During the year 2023, MVR 77,649,885 (2022: MVR 105,756,825) was transferred to General Reserve from the Authority's net profit for the year 2022.

34.3 Foreign Asset Revaluation Reserve

The Authority established Foreign Asset Revaluation Reserve (FARR) in accordance with Chapter V, Section 28 of the MMA Act. In accordance with the provision of the Act, gains and losses arising from any change in the valuation of the Authority's assets or liabilities in gold, foreign currencies or other units of account, as a result of alterations of the external value of the Rufiyaa, or of any change in the values, parities, or exchange rates in respect of such assets in relation to the Rufiyaa shall be credited to FARR.

These gains or the losses from change in valuation of foreign currency assets, liabilities, gold or other units of account should not be included in the computation of net profit or loss as per MMA Act.

34.4 FVOCI reserve

FVOCI reserve comprises of unrealized gains and losses arising from the valuation of investments in debt instruments classified under held to collect contractual cash flows and for sale which will be reclassified to profit and loss account in subsequent periods, when the associated assets are sold, impaired or matured.

34.5 Property revaluation reserve

Property revaluation reserve comprises of revaluation gains arising from valuation of property. Any revaluation decrease arising from a valuation will be recognised as an expense to the extent that it exceeds any amount previously credited to the property revaluation reserve relating to the same asset.

When a revalued asset is disposed of, any revaluation surplus may be transferred directly to the General Reserve, or it may be left in property revaluation reserve. The transfer to General Reserve shall not be made through statement of comprehensive income.

34.6 Other reserves

Other reserves comprises of re-measurement gains related to defined benefit plan arising from changes in underlying assumptions of retirement gratuity obligation. Re-measurement gain and losses are recognised in Other comprehensive income and the accumulated gain and losses are accounted within other reserves.

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Year ended 31 December 2023

(all amounts in Maldivian Rufiyaa unless otherwise stated)

35 FOREIGN CURRENCY INCOME AND EXPENSES

35.1 Interest income from foreign currency financial assets

	2023	2022
Interest on overnight placements	21,005,346	9,154,427
Receipts on SDR holdings	4,666,881	1,571,196
Interest on fixed deposit	311,829,525	94,616,449
Interest income from investments in fixed income securities	43,202,502	26,901,663
Interest from external asset management	31,077,146	21,225,233
	411,781,400	153,468,968

Foreign currency interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets.

35.2 Interest expense on foreign currency financial liabilities

	2023	2022
Interest on reserve deposits	280,510	157,735
Charges on SDR allocations	6,038,106	3,245,245
Currency swap charges	112,951,950	1,509,019
	119,270,566	4,911,999

36 LOCAL CURRENCY INCOME AND EXPENSES

36.1 Interest income from local currency financial assets

	2023	2022
Interest on Government treasury bonds	294,547,114	192,328,367
Discounts on Government treasury bills	3,952,268	3,541,133
Interest on advances to Government	29,512,733	42,718,824
Other interest income	474,398	338,497
	328,486,513	238,926,821

Local currency interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets. Interest on advances to Government is charged at the end of each month at an annual interest rate of 1.5% starting from February 2022.

36.2 Profit from local currency financial assets

	2023	2022
Profit from investments held at local banks - related parties	528,156	492,111
	528,156	492,111

36.3 Interest expense on local currency financial liabilities

	2023	2022
Interest on reserve deposits	23,271,783	21,398,440
Interest on overnight deposit facility	100,578,452	89,691,082
Interest on security deposits of insurance companies and payment service providers	145,416	140,595
	123,995,651	111,230,117

36.4 Local currency profit remuneration

	2023	2022
Profit remuneration on commodity murabahah overnight deposit facility	6,561,616	691,973
Profit remuneration on MRR under commodity murabahah facility	5,970,765	-
	12,532,381	691,973

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37 OTHER INCOME

	2023	2022
Commissions received	21,507,574	20,204,626
Bank charges received	1,416,519	1,340,602
Annual and application fees from financial institutions	4,704,100	4,455,716
Profit on sale of commemorative coins and notes	768,121	897,162
Profit on sale of currency notes and coins	890,537	665,481
Income from credit information services	11,099,800	10,641,450
Miscellaneous income	1,901,220	4,017,164
	42,287,871	42,222,201

38 PERSONNEL EXPENSES

	2023	2022
Salaries and wages	103,758,842	90,881,347
Defined contribution costs	4,125,628	3,818,664
Defined benefit plan	4,586,407	2,781,632
Remuneration to the board and shariah council members	965,000	693,581
	113,435,877	98,175,224

39 ADMINISTRATION EXPENSES

	2023	2022
Remuneration charges for SDF custody account	40,582,741	19,750,506
Payment charges	22,235,397	7,878,954
Notes and coins related expenses	17,194,269	17,543,444
Software license renewal and maintenance	14,923,232	13,698,162
Staff development expenses	12,375,375	10,896,676
Staff expenses	5,311,877	3,536,042
Public outreach expenses	4,492,612	1,243,525
Expert expenses	4,454,685	5,932,309
Utility charges	4,028,911	3,816,270
Other administrative expenses	3,819,654	3,252,288
Communication expenses	3,777,541	3,405,000
Asset management and custody fees	3,357,310	2,985,168
Memberships, subscriptions and reference materials	2,903,377	2,613,296
Charges on import of banknotes	2,774,844	2,699,244
Services fees to Reserve Advisory and Management Program	2,616,300	2,464,225
Maintenance expenses	2,880,018	2,788,902
Audit fees	1,415,893	1,354,779
Insurance	784,317	758,251
Development activities and project expenses	610,477	645,158
Interest expense on lease liability	174,047	193,411
	150,712,877	107,455,610

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Year ended 31 December 2023

(all amounts in Maldivian Rufiyaa unless otherwise stated)

40 PROFIT RE-APPROPRIATION TO THE GOVERNMENT

Under Section 27 (2) of the MMA Act, as amended, the Authority's net profit, as determined in accordance with the Act, is paid to the Government after making necessary appropriations to provision and reserves under Sections 26 and 27(1) respectively. During the year, the Authority transferred MVR 77,649,885 to the Government in respect of profit for the year ended 31 December 2022.

	2023	2022
Profit for the year per MMA Act	309,329,343	155,299,770
Distributable profit/ (loss)	309,329,343	155,299,770

41 RECONCILIATION OF NET PROFIT WITH OPERATING CASH FLOWS

	2023	2022
Net profit for the year	303,974,942	136,011,029
Add/(subtract) non-cash items:		
Depreciation, amortisation and impairment	21,801,665	18,429,703
Revaluation loss on foreign exchange	5,354,401	19,288,741
Expected credit loss allowance / (reversed)	160,092	(1,410,811)
Add/(subtract) movements in other working capital items:		
Decrease in interest receivable	(3,661,875)	(34,583,175)
Increase in other receivables	(88,049,421)	(82,818,376)
Increase in interest payable	1,388,987	3,691,876
(Decrease) / Increase in other payables	(614,576)	11,727,534
Net cash flow generated from operating activities	240,354,215	70,336,521

42 CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS

	2023	2022
Foreign currency cash in hand	100,829,902	13,300,753
Balances with other central banks	31,588,803	46,715,573
Balances with other foreign banks	4,435,931	175,047,537
Balances with external asset manager	9,114,639	37,892,213
Balances with local banks - related parties	46,297,115	48,398,891
Money at overnight placements with other central banks	280,280,000	1,238,160,000
Investment in fixed deposits with maturities of 3 months or less	3,207,820,000	4,482,170,000
Cash and cash equivalent as at the end of the year	3,680,366,390	6,041,684,967

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43 CONCENTRATIONS OF FUNDING

The Authority's year-end significant concentrations of funding were as follows:

As at 31 December 2023	2023 Total	Government of Maldives	Commercial banks	Supranational financial institutions	Others
Foreign currency financial liabilities					
Balances of commercial banks	4,701,247,614	-	4,701,247,614	-	-
Balances of the Government and Government institutions	866,358,479	866,358,479	-	-	-
Payable to Asian Clearing Union	705,152,864	-	-	705,152,864	-
IMF related liabilities	498,787,818	-	-	498,787,818	-
Interest bearing loans	75,813,830	75,813,830	-	-	-
Deposits of international financial institutions	833,140	-	-	833,140	-
Other liabilities	68,996,321	51,196,202	928,650	-	16,871,469
Total foreign currency financial liabilities	6,917,190,066	993,368,511	4,702,176,264	1,204,773,822	16,871,469
Local currency financial liabilities					
Balances of commercial banks	11,476,130,301	-	11,476,130,301	-	-
Balances of the Government and Government institutions	908,717,465	908,717,465	-	-	-
Currency in circulation	4,046,139,454	-	-	-	4,046,139,454
Balances of insurance companies and payment service providers	14,792,176	-	-	-	14,792,176
Deposits of international financial institutions	25,279,537	-	-	25,279,537	-
Deposit insurance fund	15,146	-	15,146	-	-
Other liabilities	114,013,404	-	93,749,121	1,879,775	18,384,508
Debt Instruments	210,929,978	-	-	-	210,929,978
Total local currency financial liabilities	16,796,017,461	908,717,465	11,569,894,568	27,159,312	4,290,246,116
Total financial liabilities	23,713,207,527	1,902,085,976	16,272,070,832	1,231,933,134	4,307,117,585
Other liabilities					
Deferred grants	2,447,329	-	-	-	2,447,329
Pension and other employment benefit payable	24,058,681	-	-	-	24,058,681
Total other liabilities	26,506,010	-	-	-	26,506,010
Total Liabilities	23,739,713,537	1,902,085,976	16,272,070,832	1,231,933,134	4,333,623,595

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43 CONCENTRATIONS OF FUNDING (CONTINUED)

Comparative figures as at 31 December 2022 are as follows:

As at 31 December 2022	2022 Total	Government of Maldives	Commercial banks	Supranational financial institutions	Others
Foreign currency financial liabilities					
Balances of commercial banks	5,590,879,563	-	5,590,879,563	-	-
Balances of the Government and Government institutions	576,865,705	576,865,705	-	-	-
Payable to Asian Clearing Union	735,059,638	-	-	735,059,638	-
IMF related liabilities	494,609,032	-	-	494,609,032	-
Interest bearing loans	77,174,032	77,174,032	-	-	-
Deposits of international financial institutions	833,140	-	-	833,140	-
Other liabilities	1,736,538,275	178,019,700	865,702	-	1,557,652,873
Total foreign currency financial liabilities	9,211,959,385	832,059,437	5,591,745,265	1,230,501,810	1,557,652,873
Local currency financial liabilities					
Balances of commercial banks	10,171,947,880	-	10,171,947,880	-	-
Balances of the Government and Government institutions	1,842,388,272	1,842,388,272	-	-	-
Currency in circulation	3,726,277,357	-	-	-	3,726,277,357
Balances of insurance companies and payment service providers	14,792,176	-	-	-	14,792,176
Deposits of international financial institutions	10,362,037	-	-	10,362,037	-
Deposit insurance fund	191,136	-	191,136	-	-
Other liabilities	124,384,012	99,347,978	2,365,075	-	22,670,959
Total local currency financial liabilities	15,890,342,870	1,941,736,250	10,174,504,091	10,362,037	3,763,740,492
Total financial liabilities	25,102,302,255	2,773,795,687	15,766,249,356	1,240,863,847	5,321,393,365
Other liabilities					
Deferred grants	3,021,834	-	-	-	3,021,834
Pension and other employment benefit payable	30,759,377	-	-	-	30,759,377
Total other liabilities	33,781,211	-	-	-	33,781,211
Total Liabilities	25,136,083,466	2,773,795,687	15,766,249,356	1,240,863,847	5,355,174,576

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44 CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

The following table provides a reconciliation between line items in the Statement of Financial Position and categories of Financial Instruments.

As at 31 December 2023	Note	FVPL	FVOCI	Amortised Cost	Total carrying amount
Foreign currency financial assets					
Cash and balances with banks	7	-	-	4,710,404,870	4,710,404,870
IMF related assets	8	-	-	458,405,766	458,405,766
Investments in securities	9	144,869,972	4,069,233,590	33,864,639	4,247,968,201
Subscriptions to international agencies	10	-	-	833,140	833,140
Interest and other receivables	11	-	-	49,025,121	49,025,121
Total foreign currency financial assets		144,869,972	4,069,233,590	5,252,533,536	9,466,637,098
Local currency financial assets					
Cash and balances with banks	7	-	-	46,233,396	46,233,396
Subscriptions to international agencies	10	-	-	8,264,330	8,264,330
Investments in securities	9	-	-	77,566,132	77,566,132
Investment in Government treasury bonds	12	-	-	14,508,238,577	14,508,238,577
Short term loans	14	-	-	1,658,184	1,658,184
Long term loans	15	-	-	45,709	45,709
Interest and other receivables	11	-	-	6,050,879	6,050,879
Total local currency financial assets		-	-	14,648,057,207	14,648,057,207
Total financial assets		144,869,972	4,069,233,590	19,900,590,743	24,114,694,305
Foreign currency financial liabilities					
Balances of commercial banks	21	-	-	4,701,247,614	4,701,247,614
Balances of the Government and Government institutions	22	-	-	866,358,479	866,358,479
Payable to Asian Clearing Union	23	-	-	705,152,864	705,152,864
IMF related liabilities	24	-	-	498,787,818	498,787,818
Interest bearing loans	25	-	-	75,813,830	75,813,830
Deposits of international financial institutions	26	-	-	833,140	833,140
Other liabilities	27	-	-	68,996,321	68,996,321
Total foreign currency financial liabilities		-	-	6,917,190,066	6,917,190,066
Local currency financial liabilities					
Balances of commercial banks	21	-	-	11,476,130,301	11,476,130,301
Balances of the Government and Government institutions	22	-	-	908,717,465	908,717,465
Currency in circulation	29	-	-	4,046,139,454	4,046,139,454
Balances of insurance companies and payment service providers	30	-	-	14,792,176	14,792,176
Deposits of international financial institutions	26	-	-	25,279,537	25,279,537
Deposit insurance fund	31	-	-	15,146	15,146
Other liabilities	27	-	-	114,013,404	114,013,404
Debt instruments	32	-	-	210,929,978	210,929,978
Total local currency financial liabilities		-	-	16,796,017,461	16,796,017,461
Total financial liabilities		-	-	23,713,207,527	23,713,207,527

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44 CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

The following table provides a reconciliation between line items in the Statement of Financial Position and categories of Financial Instruments.

As at 31 December 2022	Note	FVPL	FVOCI	Amortised Cost	Total carrying amount
Foreign currency financial assets					
Cash and balances with banks	7	-	-	9,073,112,707	9,073,112,707
IMF related assets	8	-	-	470,848,361	470,848,361
Investments in securities	9	143,290,433	3,418,202,657	29,454,031	3,590,947,121
Subscriptions to international agencies	10	-	-	833,140	833,140
Interest and other receivables	11	-	-	43,915,635	43,915,635
Total foreign currency financial assets		143,290,433	3,418,202,657	9,618,163,874	13,179,656,964
Local currency financial assets					
Cash and balances with banks	7	-	-	48,339,797	48,339,797
Subscriptions to international agencies	10	-	-	8,264,330	8,264,330
Investments in securities	9	-	-	71,704,342	71,704,342
Investment in Government treasury bonds	12	-	-	8,321,741,391	8,321,741,391
Advances to Government	13	-	-	3,942,570,726	3,942,570,726
Short term loans	14	-	-	1,400,338	1,400,338
Long term loans	15	-	-	40,164	40,164
Interest and other receivables	11	-	-	5,786,804	5,786,804
Total local currency financial assets		-	-	12,399,847,892	12,399,847,892
Total financial assets		143,290,433	3,418,202,657	22,018,011,766	25,579,504,856
Foreign currency financial liabilities					
Balances of commercial banks	21	-	-	5,590,879,563	5,590,879,563
Balances of the Government and Government institutions	22	-	-	576,865,705	576,865,705
Payable to Asian Clearing Union	23	-	-	735,059,638	735,059,638
IMF related liabilities	24	-	-	494,609,032	494,609,032
Interest bearing loans	25	-	-	77,174,032	77,174,032
Deposits of international financial institutions	26	-	-	833,140	833,140
Other liabilities	27	-	-	1,736,538,275	1,736,538,275
Total foreign currency financial liabilities		-	-	9,211,959,385	9,211,959,385
Local currency financial liabilities					
Balances of commercial banks	21	-	-	10,171,947,880	10,171,947,880
Balances of the Government and Government institutions	22	-	-	1,842,388,272	1,842,388,272
Currency in circulation	29	-	-	3,726,277,357	3,726,277,357
Balances of insurance companies and payment service providers	30	-	-	14,792,176	14,792,176
Deposits of international financial institutions	26	-	-	10,362,037	10,362,037
Deposit insurance fund	31	-	-	191,136	191,136
Other liabilities	27	-	-	124,384,012	124,384,012
Total local currency financial liabilities		-	-	15,890,342,870	15,890,342,870
Total financial liabilities		-	-	25,102,302,255	25,102,302,255

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45 FINANCIAL RISK MANAGEMENT

Maldives Monetary Authority as the banker of the Government ensures that its reserves are safeguarded. To this effect, the Authority issues currency, regulates the availability of the Maldivian Rufiyaa and promotes its stability, licenses, supervises and regulates institutions in the financial sector, formulates and implements monetary policy, and advises the Government on issues relating to the economy and financial system in order to foster an environment conducive to the orderly and balanced economic development of the Maldives.

The Authority's principal financial liabilities comprise of amounts payable to commercial banks, Government, public entities, international financial institutions and currency in circulation while foreign currency cash and cash equivalents, investment in securities, Government bond and IMF related assets are its main financial assets.

The Authority's most significant risk exposures are considered to be in the areas of credit risk, country risk, operational risk, liquidity risk and market risk.

Financial risk is normally any risk associated with any form of financing. Risk is probability of unfavourable condition if actual returns are less than expected return. The principal risk for the Authority is credit risk.

The following section discusses the Authority's risk management policies. The measurement of ECL under IFRS 9 uses the information and approaches that Authority uses to manage credit risk, though certain adjustments are made in order to comply with the requirements of IFRS 9. The approach taken for IFRS 9 measurement purposes is discussed separately in Note 45.1.1.

45.1 Credit risk

Credit risk is the risk of suffering financial loss, should any of the customers, clients or market counterparties fail to fulfil their contractual obligations to the Authority. Credit risk arises mainly from financial assets and financial guarantees.

For the management of credit risk related to foreign exposures, the Authority has established base criteria of exposure to counterparties and issuers of fixed income securities.

The evaluation and monitoring process of the eligible counterparties is based on the analysis and the rating determined by the principal rating agencies; Standard & Poor's, Moody's and Fitch. This process also includes reviewing performance of several other market indicators.

The Authority has established other qualitative and/or quantitative limits on the exposure level for the issuer/financial institution on an individual basis, category, or combined category and instrument basis.

The Authority does not actively manage credit risk for financial assets originated for the purposes of monetary policy operations. For these financial assets, which are mainly short term (3 months or less), the primary consideration is the need of monetary policy. Further, the principal policy of the Authority is to require high quality collateral and these assets are subject to management approval.

45.1.1 Credit risk measurement

a) Foreign currency financial assets held abroad

Foreign currency financial assets that are held abroad includes deposits held in foreign banks, investments in fixed deposits, investments in fixed income securities and IMF related assets. As a general guideline, the Authority's investments are made within the investment grade. The Authority has a minimum eligible credit rating limit set in the investment guideline.

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(all amounts in Maldivian Rufiyaa unless otherwise stated)

45 FINANCIAL RISK MANAGEMENT (CONTINUED)

45.1 Credit risk (Continued)

45.1.1 Credit risk measurement (Continued)

b) Foreign currency financial assets held locally

Foreign currency financial assets that are held locally include cash and balances with banks and investment in securities with local counterparties. As at 31 December 2023, these financial assets include investment in Government treasury bills, and balances held with local banks, which are either sovereign guaranteed or an exposure with a related party.

c) Local currency financial assets

Local currency financial assets include cash and balances with banks, investment in Government securities and loans provided to staff. It also includes facilities such as Open Market Operation (OMO) and Overnight Lombard Facility (OLF) which require prior approval from the management. These facilities are fully collateralized with high grade Government securities.

d) Guarantees

Guarantees include financial guarantees the Authority has committed to as at 31 December 2023. As per IFRS 9, the Authority has assessed the credit risk of these financial guarantees.

The following table sets out the gross carrying amount (principal plus accrued interest) of the financial assets that are exposed to credit risk as at 31 December 2023 and 31 December 2022.

	2023	2022
Foreign currency financial assets		
Cash and balances with banks	4,712,120,172	9,074,877,127
IMF related assets	458,405,766	470,848,361
Investment in securities		
at amortised cost	33,864,639	29,454,031
at FVOCI	4,069,233,590	3,418,202,657
at FVPL	144,869,972	143,290,433
Subscriptions to international agencies	833,140	833,140
Interest and other receivables	49,035,407	43,923,988
Local currency financial assets		
Cash and balances with banks	46,246,218	48,347,840
Subscriptions to international agencies	8,264,330	8,264,330
Investments in securities	77,571,013	71,706,822
Investment in Government treasury bonds	14,508,238,577	8,321,741,391
Advances to Government	-	3,942,570,726
Short term loans	1,658,184	1,400,338
Long term loans	45,709	40,164
Interest and other receivables	6,051,242	5,786,934
Total	24,116,437,959	25,581,288,282

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(all amounts in Maldivian Rufiyaa unless otherwise stated)

45 FINANCIAL RISK MANAGEMENT (CONTINUED)

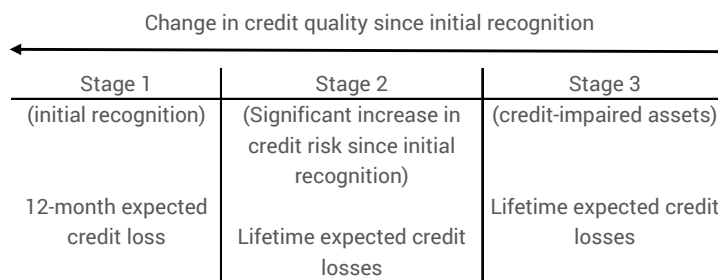
45.1 Credit risk (Continued)

45.1.2 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 asset that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Authority.
- If a significant increase in credit risk (SICR) since initial recognition is identified, the financial asset is moved to 'Stage 2' but is not yet deemed to be credit-impaired. Please refer to note 45.1.2.1 for a description of how the Authority determines when a significant increase in credit risk has occurred.
- If the financial asset is credit-impaired, the financial asset is then moved to 'Stage 3'. Please refer to note 45.1.2.2 for a description of how the Authority defines credit-impaired and default.
- Financial assets in stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Financial assets in stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. For financial assets with a maturity of less than 12 months, the lifetime PD is the same as the 12-month PD. Please refer to Note 45.1.2.3 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 45.1.2.4 includes an explanation of how the Authority has incorporated this in its ECL models.
- Purchased or Originated Credit-Impaired (POCI) financial assets are those financial assets that are credit- impaired

The following diagram summarises the impairment requirements under IFRS 9 for assets other than POCI financial assets:



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45 FINANCIAL RISK MANAGEMENT (CONTINUED)

45.1 Credit risk (Continued)

45.1.2 Expected Credit loss measurement (Continued)

The key judgments and assumptions adopted by the Authority in addressing the requirements of the standard are discussed below:

45.1.2.1 Significant increase in credit risk (SICR)

The Authority considers reasonable and supportable information that is relevant and available, without undue cost or effort, when determining whether the risk of default on a financial assets has increased significantly since initial recognition. This includes both quantitative and qualitative information and analysis based on the Authority's historical experience and experts' credit assessments which include forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- the remaining lifetime probability of default (PD) as at the reporting date; with the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

All financial assets will be first classified in Stage 1 except for POCI financial assets. The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative changes in PDs and qualitative factors.

The credit risk of a particular exposure in foreign currency financial assets held abroad is deemed to have increased significantly since initial recognition if:

- The credit rating from all three rating agencies declines below; BBB- for Standard & Poor's and its' equivalent for Moody's and Fitch; or
- The credit rating from one of the agencies goes to BB-; or
- There is a delay in the repayment of an obligation to the Authority by 30 calendar days or more.

The credit risk of a particular exposure in foreign and local currency financial assets held locally and financial guarantees are deemed to have increased significantly since initial recognition depending on the repayment period if:

- There is a delay in the repayment of an obligation to the Authority

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(all amounts in Maldivian Rufiyaa unless otherwise stated)

45 FINANCIAL RISK MANAGEMENT (CONTINUED)

45.1 Credit risk (Continued)

45.1.2 Expected Credit loss measurement (Continued)

45.1.2.2 Definition of default and credit-impaired assets

Definition of default

The Authority considers an exposure as a default when a classification of a financial asset falls to stage 3. In the event of a default the financial asset would be considered as a provisional exposure where the asset would be individually assessed and impairment losses recognised.

Quantitative Criteria

To classify foreign currency financial assets held abroad in stage 3, there should be an even higher credit risk whereby the borrower is essentially in default and shall be assessed based on the following:

- The credit rating from all three rating agencies declines below; CCC- for Standard & Poor's and its' equivalent for Moody's and Fitch; or
- The credit rating from one of the agencies goes to D; or
- There is a delay in the repayment of an obligation to the Authority by 90 calendar days or more.

To classify foreign and local currency financial assets held locally and financial guarantees in stage 3, there should be a higher credit risk whereby the borrower is essentially in default and is assessed based on the following:

- There is a delay in the repayment of an obligation to the Authority by a counterparty by 90 calendar days or more.

Qualitative Criteria

The authority considers a financial asset as credit-impaired when any of the following instances are observed:

- Significant financial difficulty of the issuer or borrower;
- A breach of contract, such as a default or past-due event;
- The lenders for economic or contractual reasons relating to the borrower's financial difficulty granted the borrower a concession that would not otherwise be considered;
- It becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for the financial asset because of financial difficulties;
- The purchase or origination of a financial asset at a deep discount that reflects incurred credit losses.

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45 FINANCIAL RISK MANAGEMENT (CONTINUED)

45.1 Credit risk (Continued)

45.1.2 Expected Credit loss measurement (Continued)

45.1.2.3 Measuring ECL - Explanation of inputs, assumptions and estimation techniques

The ECL is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the PD, Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired" above), either over the next 12-month PD, or over the remaining lifetime PD of the obligation. As most of the Authority's financial assets has a maturity of less than 12 months, the lifetime and 12-month PDs are the same.
- EAD is based on the amounts the Authority expects to be owed at the time of default, over the next 12 months EAD or over the remaining lifetime EAD.
- LGD represents the Authority's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of EAD. LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The ECL is determined by projecting the PD, LGD and EAD for each future year, or period to maturity if less, and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival. This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The lifetime PD, where applicable, is developed by applying a maturity profile to the current 12-month PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans.

For assessing the risk of default, at initial recognition, the Authority assigns the rating from credit rating agencies for that particular counterparty. The Authority reviews the counterparty's credit ratings on a frequent basis.

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by financial asset type.

- For secured financial assets, LGD is primarily based on collateral type and projected collateral values. Since the Authority requires a significant margin on the collateral provided for these assets such as repos, the LGD is taken as zero. For other secured financial assets such as staff loans the loss is assessed on an individual case basis.
- For unsecured financial assets, such as foreign securities, LGD's are based on Basel II approach or credit rating agency's research calculations.

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45 FINANCIAL RISK MANAGEMENT (CONTINUED)

45.1 Credit risk (Continued)

45.1.2 Expected Credit loss measurement (Continued)

45.1.2.3 Measuring ECL - Explanation of inputs, assumptions and estimation techniques (Continued)

Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. These assumptions vary by financial asset type. Refer to Note 45.1.2.4 for an explanation of forward-looking information.

The assumptions underlying the ECL calculation are monitored and reviewed on an annual basis. There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

45.1.2.4 Forward-looking information incorporated in the ECL models

The calculation of ECL incorporates forward-looking information. The Authority has performed historical analysis for key economic variables impacting credit risk and expected credit losses for each portfolio. However, the Authority generally does not have any experience of credit loss.

For the foreign currency assets held abroad, the Authority generally relies on the rating agency's default study, as forward looking information is already incorporated in the transition tables used.

As the Authority has responsibilities in relation to the Maldivian economy, including forecasts, the potential impact on the Authority's domestic assets are monitored. The Authority takes necessary measures to mitigate its own exposures from the policy operations.

For sovereign issuances in foreign currency, forward-looking economic variables are incorporated in the determination of the PD through respective rating in transition matrices published by external rating agencies.

For financial assets held locally, various other forward-looking considerations are incorporated such as the impact of any regulatory, legislative or political changes. This is reviewed and monitored for appropriateness on a regular basis.

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45 FINANCIAL RISK MANAGEMENT (CONTINUED)

45.1 Credit risk (Continued)

45.1.3 Credit risk exposures

a) Maximum exposure to credit risk - Financial assets 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 Authority's maximum exposure to credit risk on these assets.

Foreign currency financial assets						
2023						2022
At Amortised cost	ECL Staging			Purchased credit-impaired	Total	Total
	Stage 1	Stage 2	Stage 3			
Credit grade	12-month ECL	Lifetime ECL	Lifetime ECL			
Rated AAA	298,074,938	-	-	-	298,074,938	1,402,645,052
Rated AA- to AA+	71,357,975	-	-	-	71,357,975	255,103,196
Rated A- to A+	4,283,271,516	-	-	-	4,283,271,516	7,445,211,894
Rated B- to B+	50,641	-	-	-	50,641	47,484
PD Negligible	593,954,377	-	-	-	593,954,377	514,529,396
Floor Rate	7,549,677	-	-	-	7,549,677	2,399,625
Gross carrying amount	5,254,259,124	-	-	-	5,254,259,124	9,619,936,647
Loss allowance	(1,725,588)	-	-	-	(1,725,588)	(1,772,773)
Carrying amount	5,252,533,536	-	-	-	5,252,533,536	9,618,163,874
At FVOCI						
Rated AAA	188,372,877	-	-	-	188,372,877	169,612,366
Rated AA- to AA+	2,953,860,792	-	-	-	2,953,860,792	2,262,627,363
Rated A- to A+	926,999,921	-	-	-	926,999,921	985,962,928
Rated B- to B+	-	-	-	-	-	-
Floor Rate	-	-	-	-	-	-
Gross carrying amount	4,069,233,590	-	-	-	4,069,233,590	3,418,202,657
Loss allowance	(573,375)	-	-	-	(573,375)	(360,904)
Carrying amount	4,068,660,215	-	-	-	4,068,660,215	3,417,841,753
At FVPL						
Rated AAA	-	-	-	-	-	-
Rated AA- to AA+	-	-	-	-	-	-
Rated A- to A+	-	-	-	-	-	-
Rated B- to B+	-	-	-	-	-	-
Floor Rate	-	-	-	-	-	-
PD Negligible	144,869,972	-	-	-	144,869,972	143,290,433
Loss allowance	-	-	-	-	-	-
Gross carrying amount	144,869,972	-	-	-	144,869,972	143,290,433
Loss allowance	-	-	-	-	-	-
Carrying amount	144,869,972	-	-	-	144,869,972	143,290,433
Total	9,466,637,098	-	-	-	9,466,637,098	13,179,656,964
Local currency financial assets						
2023						2022
At Amortised cost	ECL Staging			Purchased credit-impaired	Total	Total
	Stage 1	Stage 2	Stage 3			
Credit grade	12-month ECL	Lifetime ECL	Lifetime ECL			
Floor Rate	65,162,677	-	-	-	65,162,677	64,037,580
Standard Monitoring	-	-	-	-	-	-
PD Negligible	14,582,912,596	-	-	-	14,582,912,596	12,335,820,965
Gross carrying amount	14,648,075,273	-	-	-	14,648,075,273	12,399,858,545
Loss allowance	(18,066)	-	-	-	(18,066)	(10,653)
Carrying amount	14,648,057,207	-	-	-	14,648,057,207	12,399,847,892
Guarantees						
2023						2022
At Amortised cost	ECL Staging			Purchased credit-impaired	Total	Total
	Stage 1	Stage 2	Stage 3			
Credit grade	12-month ECL	Lifetime ECL	Lifetime ECL			
Financial guarantees	-	-	-	-	-	-
PD Negligible	-	-	-	-	-	-
Gross carrying amount	-	-	-	-	-	-
Loss allowance	(123,152)	-	-	-	(123,152)	(135,759)
Carrying amount	-	-	-	-	-	-

Information on how the Expected Credit Loss (ECL) is measured and how the three stages above are determined is included in note 45.1.2 'Expected credit loss measurement'.

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45 FINANCIAL RISK MANAGEMENT (CONTINUED)

45.1 Credit risk (Continued)

45.1.4 Loss allowance

The following tables shows reconciliations from the opening to the closing balance of the loss allowance by class of financial instruments. Explanation of these terms: 12-month ECL, lifetime ECL and credit-impaired are included in note 45.1.2.

	Foreign currency financial assets				Total
	Stage 1	Stage 2	Stage 3	Purchased credit-impaired	
	12-month ECL	Lifetime ECL	Lifetime ECL		
Cash and balances with banks					
Loss allowance as at 1 January 2022	3,159,749	-	-	-	3,159,749
Changes in PDs/LGDs/EADs	(1,395,329)	-	-	-	(1,395,329)
Loss allowance as at 31 December 2022	1,764,420	-	-	-	1,764,420
Loss allowance as at 1 January 2023	1,764,420	-	-	-	1,764,420
Changes in PDs/LGDs/EADs	(49,118)	-	-	-	(49,118)
Loss allowance as at 31 December 2023	1,715,302	-	-	-	1,715,302
Investment in securities at FVOCI					
Loss allowance as at 1 January 2022	411,946	-	-	-	411,946
Changes in PDs/LGDs/EADs	(51,042)	-	-	-	(51,042)
Loss allowance as at 31 December 2022	360,904	-	-	-	360,904
Loss allowance as at 1 January 2023	360,904	-	-	-	360,904
Changes in PDs/LGDs/EADs	212,471	-	-	-	212,471
Loss allowance as at 31 December 2023	573,375	-	-	-	573,375
Interest and other receivables					
Loss allowance as at 1 January 2022	3,099	-	-	-	3,099
Changes in PDs/LGDs/EADs	5,254	-	-	-	5,254
Loss allowance as at 31 December 2022	8,353	-	-	-	8,353
Loss allowance as at 1 January 2023	8,353	-	-	-	8,353
Changes in PDs/LGDs/EADs	1,933	-	-	-	1,933
Loss allowance as at 31 December 2023	10,286	-	-	-	10,286
Local currency financial assets					
	Stage 1	Stage 2	Stage 3	Purchased credit-impaired	Total
	12-month ECL	Lifetime ECL	Lifetime ECL		
Cash and balances with banks					
Loss allowance as at 1 January 2022	7,853	-	-	-	7,853
Changes in PDs/LGDs/EADs	190	-	-	-	190
Loss allowance as at 31 December 2022	8,043	-	-	-	8,043
Loss allowance as at 1 January 2023	8,043	-	-	-	8,043
Changes in PDs/LGDs/EADs	4,779	-	-	-	4,779
Loss allowance as at 31 December 2023	12,822	-	-	-	12,822
Investment in securities					
Loss allowance as at 1 January 2022	2,480	-	-	-	2,480
Changes in PDs/LGDs/EADs	-	-	-	-	-
Loss allowance as at 31 December 2022	2,480	-	-	-	2,480
Loss allowance as at 1 January 2023	2,480	-	-	-	2,480
Changes in PDs/LGDs/EADs	2,401	-	-	-	2,401
Loss allowance as at 31 December 2023	4,881	-	-	-	4,881

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45 FINANCIAL RISK MANAGEMENT (CONTINUED)

45.1 Credit risk (Continued)

45.1.4 Loss allowance (Continued)

	Local currency financial assets				Total
	Stage 1	Stage 2	Stage 3	Purchased credit-impaired	
	12-month ECL	Lifetime ECL	Lifetime ECL		
Interest and other receivables					
Loss allowance as at 1 January 2022	111	-	-	-	111
Changes in PDs/LGDs/EADs	19	-	-	-	19
Loss allowance as at 31 December 2022	130	-	-	-	130
Loss allowance as at 1 January 2023	130	-	-	-	130
Changes in PDs/LGDs/EADs	233	-	-	-	233
Loss allowance as at 31 December 2023	363	-	-	-	363

	Guarantees				Total
	Stage 1	Stage 2	Stage 3	Purchased credit-impaired	
	12-month ECL	Lifetime ECL	Lifetime ECL		
Financial Guarantees					
Loss allowance as at 1 January 2022	105,662	-	-	-	105,662
Changes in PDs/LGDs/EADs	30,097	-	-	-	30,097
Loss allowance as at 31 December 2022	135,759	-	-	-	135,759
Loss allowance as at 1 January 2023	135,759	-	-	-	135,759
Changes in PDs/LGDs/EADs	(12,607)	-	-	-	(12,607)
Loss allowance as at 31 December 2023	123,152	-	-	-	123,152

Net Impairment loss on financial instruments

The following tables shows the expected credit loss on Authority's financial assets and guarantees. During the year 2023, no financial assets were impaired.

As at 31 December 2022	Stage 1	Stage 2	Stage 3	Purchased credit-impaired	Total
	12-month ECL	Lifetime ECL	Lifetime ECL		
Loss allowance reversal for the year	(1,410,811)	-	-	-	(1,410,811)
As at 31 December 2023	Stage 1	Stage 2	Stage 3	Purchased credit-impaired	Total
	12-month ECL	Lifetime ECL	Lifetime ECL		
Loss allowance for the year	160,092	-	-	-	160,092

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45 FINANCIAL RISK MANAGEMENT (CONTINUED)

45.1 Credit risk (Continued)

45.1.5 Calculation of ECL

The Authority uses different methodologies for assessing the ECLs on its different portfolios.

Foreign currency financial assets held abroad

For the purposes of estimating the ECL on foreign currency financial assets held abroad, the Authority uses ratings published by the rating agencies. For the ECL calculation the PDs are based on one year transition rates published by the rating agency. The Authority assigns floor rate (a minimum PD) based on Basel II framework, for financial institutions, corporates and sovereign counterparties where the transition tables indicate a lower PD than the floor rate. The Authority applies practical expedient option due to high credit quality of its financial assets, whereby ECL is calculated only for 12 months. However, when necessary, lifetime PD would be computed using information provided by rating agencies for ECL.

Foreign currency and local currency financial assets held locally and financial guarantees

The Authority considers country rating while assigning a PD for financial assets backed by sovereign guarantees and financial assets issued by the Government.

The Authority does not consider that it has any credit exposure on its holdings of securities issued by the Government. Although a PD is assigned, LGD is deemed negligible for such assets. As it is required under IFRS 9, the Authority has looked at alternative scenarios on the Maldivian economy.

The Authority has used historical loss rate and market rates for non-performing loans as the basis for calculating PD for its exposures towards guarantees provided for affordable housing scheme during the year 2023.

45.1.6 Write off policy

The Authority would only write-off its 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 Authority'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.

45.1.7 Modification of financial assets

The contractual terms of a financial asset may be modified for a number of reasons, including changing market conditions, and other factors that are not related to a current or potential credit deterioration of the counterparty. An existing asset whose terms have been modified may be derecognised and the renegotiated asset recognised as a new one at fair value in accordance with the accounting policy set out in 4.2.1. When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of:

- its remaining lifetime PD at the reporting date based on the modified terms; with
- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms.

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45 FINANCIAL RISK MANAGEMENT (CONTINUED)

45.2 Country risk

The foreign reserve invested in overseas is exposed to the country credit risk due to political, economic and financial events in the country of investment. Country risk includes the possibility of nationalization or expropriation of assets, Government repudiation of external indebtedness, changes in exchange control policies and currency depreciation or devaluation. Majority of the Authority's foreign reserve investments are in economically advanced and politically stable countries to limit the exposure to country risk.

The Authority's year-end significant concentrations of credit exposure by geographical area (based on the entity's country of ownership) are as follows:

	2023	2022
Maldives	14,673,747,408	12,421,192,408
United States of America	2,660,105,173	3,197,474,095
Saudi Arabia	2,252,535,463	363,746,500
Spain	1,125,515,681	-
Qatar	932,177,084	3,095,520,980
Supranational financial institutions	884,608,385	875,824,075
France	431,865,014	1,936,722,856
South Korea	353,489,319	70,305,640
Japan	160,015,862	83,284,256
United Arab Emirates	134,460,401	485,401,659
China	113,031,052	613,981,931
Singapore	100,036,062	443,763,120
New Zealand	70,759,299	4,380,970
Canada	44,922,284	57,552,523
Germany	27,977,364	41,936,079
Australia	19,354,021	226,394
United Kingdom	8,724,969	42,215,671
Denmark	7,829,727	-
Luxembourg	7,498,781	172,095
Netherlands	3,849,887	1,823,445,373
Finland	3,104,821	3,067,349
Sweden	-	7,773,555
Expected credit losses	(1,743,654)	(1,783,426)
Total financial assets (except foreign cash in hand)	24,013,864,403	25,566,204,103

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45 FINANCIAL RISK MANAGEMENT (CONTINUED)

45.3 Operational risk

Operational risk is the result of inadequate controls or failed processes such as human fraud and system errors as a result of external events. The Authority has in place a number of operational controls to minimise the financial and reputational damage against such risks. These include:

1. Segregation of duties and proper authorisation and approval procedures, which assist in better control by avoiding potential outright fraud or collusion among staff.
2. Preparation of monthly reconciliations of accounts.
3. Maintaining processes relating to data integrity and backup systems.
4. Protecting the physical assets against theft and fire by the surveillance of security and fire alarm systems.

45.4 Liquidity risk

Liquidity risk is the risk arising from the inability to sell a financial asset at close to its fair value at short notice due to inadequate market depth or market disruptions. To manage liquidity risk the majority of foreign reserves are invested in short term money market instruments in highly accredited financial institutions. Refer to interest rate risk (Note 45.6) for the undiscounted maturity period for financial assets and financial liabilities since the assets and liabilities do not have earlier repricing than their respective maturity.

45.5 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices and includes currency and interest rate risks.

1. Currency risk is the risk of loss on foreign assets and liabilities arising from changes in foreign exchange rates.
2. Interest rate risk is the risk of loss arising from changes in market interest rates.

Market risks are mitigated through investing the majority of foreign reserves in US Dollar denominated assets, in highly accredited financial institutions.

45.6 Interest rate risk

Interest rate risk is the risk of loss arising from the changes in market interest rates.

a) Interest rate sensitivity

The interest rate sensitivity analysis measures the potential loss due to a drop in interest rate by 10 basis points for interest bearing assets and increase in interest by 10 basis points for interest bearing liabilities. Impact to the income statement is given below.

	2023	2022
Potential loss of interest income	5,396,603	5,738,296

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45 FINANCIAL RISK MANAGEMENT (CONTINUED)

45.6 Interest rate risk (Continued)

b) Assets and liabilities will mature or re-price within the following periods.

Foreign currency interest rate sensitivity gap	Weighted Ave. Int. Rate %	2023 Total	Less than 6 Months	6 to 12 Months	1 to 2 Years	2 to 5 Years	More than 5 Years	No fixed maturity
Interest sensitive foreign currency financial assets								
Cash and balances with banks	5.10%	302,457,916	302,457,916	-	-	-	-	-
IMF related assets	4.10%	19,577,168	19,577,168	-	-	-	-	-
Investments in securities	4.49%	4,214,103,562	325,886,856	801,682,585	1,457,119,094	1,629,415,027	-	-
Total interest sensitive foreign currency financial assets		4,536,138,646	647,921,940	801,682,585	1,457,119,094	1,629,415,027	-	-
Non-interest sensitive foreign currency financial assets								
Cash and balances with banks		4,407,946,954	4,253,946,954	154,000,000	-	-	-	-
IMF related assets		438,828,598	800,558	-	-	-	-	438,028,040
Investments in securities		33,864,639	27,974,828	5,889,811	-	-	-	-
Subscriptions to international agencies		833,140	-	-	-	-	-	833,140
Interest and other receivables		49,025,121	49,025,121	-	-	-	-	-
Total non-interest sensitive foreign currency financial assets		4,930,498,452	4,331,747,461	159,889,811	-	-	-	438,861,180
Total foreign currency financial assets		9,466,637,098	4,979,669,401	961,572,396	1,457,119,094	1,629,415,027	-	438,861,180
Interest sensitive foreign currency financial liabilities								
IMF related liabilities	4.10%	158,911,366	-	-	-	-	-	158,911,366
Payables to Asian Clearing Union	5.35%	701,470,000	701,470,000	-	-	-	-	-
Total interest sensitive foreign currency financial liabilities		860,381,366	701,470,000	-	-	-	-	158,911,366
Non-interest sensitive foreign currency financial liabilities								
Balances of commercial banks	0.01%	4,701,247,614	4,701,247,614	-	-	-	-	-
Balances of the Government and Government institutions		866,358,479	866,358,479	-	-	-	-	-
Payable to Asian Clearing Union		3,682,864	3,682,864	-	-	-	-	-
IMF related liabilities		339,876,452	5,988,401	-	-	-	-	333,888,051
Interest bearing loans	0.81%	75,813,830	976,881	976,881	1,953,762	6,639,443	65,266,863	-
Deposits by international financial institutions		833,140	-	-	-	-	-	833,140
Other liabilities		68,996,321	53,918,499	-	-	-	-	15,077,822
Total non-interest sensitive foreign currency financial liabilities		6,056,808,700	5,632,172,738	976,881	1,953,762	6,639,443	65,266,863	349,799,013
Total foreign currency financial liabilities		6,917,190,066	6,333,642,738	976,881	1,953,762	6,639,443	65,266,863	508,710,379
Foreign currency interest rate sensitivity gap		3,675,757,280	(53,548,060)	801,682,585	1,457,119,094	1,629,415,027	-	(158,911,366)

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45 FINANCIAL RISK MANAGEMENT (CONTINUED)

45.6 Interest rate risk (Continued)

Local currency interest rate sensitivity gap	Weighted Ave. Int. Rate %	2023 Total	Less than 6 Months	6 to 12 Months	1 to 2 Years	2 to 5 Years	More than 5 Years	No fixed maturity
Non-interest sensitive local currency financial assets								
Cash and balances with banks		46,233,396	46,233,396	-	-	-	-	-
Subscriptions to international agencies		8,264,330	-	-	-	-	-	8,264,330
Investments in securities		77,566,132	36,056,057	35,890,319	-	5,619,756	-	-
Investment in Government treasury bonds	2.62%	14,508,238,577	111,778,722	112,499,426	231,301,272	730,487,797	13,322,171,360	-
Short term loans		1,658,184	933,195	724,989	-	-	-	-
Long term loans		45,709	6,682	7,306	10,694	14,851	6,176	-
Interest and other receivables		6,050,879	6,050,879	-	-	-	-	-
Total non-interest sensitive local currency financial assets		14,648,057,207	201,058,931	149,122,040	231,311,966	736,122,404	13,322,177,536	8,264,330
Total local currency financial assets		14,648,057,207	201,058,931	149,122,040	231,311,966	736,122,404	13,322,177,536	8,264,330
Non-interest sensitive local currency financial liabilities								
Balances of commercial banks	1.31%	11,476,130,301	11,476,130,301	-	-	-	-	-
Balances of the Government and Government institutions		908,717,465	908,717,465	-	-	-	-	-
Currency in circulation		4,046,139,454	-	-	-	-	-	4,046,139,454
Balances of insurance companies and payment service providers	1.00%	14,792,176	-	-	-	-	-	14,792,176
Deposits by international financial institutions		25,279,537	-	-	-	-	-	25,279,537
Deposit insurance fund		15,146	-	-	-	-	-	15,146
Other liabilities		114,013,404	6,393,546	217,548	453,419	1,519,567	603,767	104,825,557
Debt instruments		210,929,978	210,929,978	-	-	-	-	-
Total non-interest sensitive local currency financial liabilities		16,796,017,461	12,602,171,290	217,548	453,419	1,519,567	603,767	4,191,051,870
Total local currency financial liabilities		16,796,017,461	12,602,171,290	217,548	453,419	1,519,567	603,767	4,191,051,870
Local currency interest rate sensitivity gap		-	-	-	-	-	-	-
Net liquidity gap		401,486,778	(13,755,085,696)	1,109,500,007	1,686,023,879	2,357,378,421	13,256,306,906	(4,252,636,739)

Net liquidity gap represents the excess / (deficit) of the total financial assets over the financial liabilities.

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45 FINANCIAL RISK MANAGEMENT (CONTINUED)

45.6 Interest rate risk (Continued)

Comparative figures as at 31 December 2022 were as follows:

Foreign currency interest rate sensitivity gap	Weighted Ave. int. rate %	2022 Total	Less than 6 Months	6 to 12 Months	1 to 2 Years	2 to 5 Years	More than 5 Years	No fixed maturity
Interest sensitive foreign currency financial assets								
Cash and balances with banks	4.35%	1,285,796,015	1,285,796,015	-	-	-	-	-
IMF related assets	2.92%	35,564,577	35,564,577	-	-	-	-	-
Investments in securities	3.60%	3,561,493,090	729,257,392	452,293,290	877,493,410	1,502,448,998	-	-
Total interest sensitive foreign currency financial assets		4,882,853,682	2,050,617,984	452,293,290	877,493,410	1,502,448,998	-	-
Non-interest sensitive foreign currency financial assets								
Cash and balances with banks		7,787,316,692	7,094,316,692	693,000,000	-	-	-	-
IMF related assets		435,283,784	598,984	-	-	-	-	434,684,800
Investments in securities		29,454,031	29,454,031	-	-	-	-	-
Subscriptions to international agencies		833,140	-	-	-	-	-	833,140
Interest and other receivables		43,915,635	43,915,635	-	-	-	-	-
Total non-interest sensitive foreign currency financial assets		8,296,803,282	7,168,285,342	693,000,000	-	-	-	435,517,940
Total foreign currency financial assets		13,179,656,964	9,218,903,326	1,145,293,290	877,493,410	1,502,448,998	-	435,517,940
Interest sensitive foreign currency financial liabilities								
IMF related liabilities	2.92%	157,698,478	-	-	-	-	-	157,698,478
Payables to Asian Clearing Union	4.09%	732,270,000	732,270,000	-	-	-	-	-
Total interest sensitive foreign currency financial liabilities		889,968,478	732,270,000	-	-	-	-	157,698,478
Non-interest sensitive foreign currency financial liabilities								
Balances of commercial banks	0.01%	5,590,879,563	5,590,879,563	-	-	-	-	-
Balances of the Government and Government institutions		576,865,705	576,865,705	-	-	-	-	-
Payable to Asian Clearing Union		2,789,638	2,789,638	-	-	-	-	-
IMF related liabilities		336,910,554	5,570,896	-	-	-	-	331,339,658
Interest bearing loans	0.82%	77,174,032	969,425	969,425	1,938,851	5,816,552	67,479,779	-
Deposits by international financial institutions		833,140	-	-	-	-	-	833,140
Other liabilities		1,736,538,275	1,721,460,453	-	-	-	-	15,077,822
Total non-interest sensitive foreign currency financial liabilities		8,321,990,907	7,898,535,680	969,425	1,938,851	5,816,552	67,479,779	347,250,620
Total foreign currency financial liabilities		9,211,959,385	8,630,805,680	969,425	1,938,851	5,816,552	67,479,779	504,949,098
Foreign currency interest rate sensitivity gap		3,992,885,204	1,318,347,984	452,293,290	877,493,410	1,502,448,998	-	(157,698,478)

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45 FINANCIAL RISK MANAGEMENT (CONTINUED)

45.6 Interest rate risk (Continued)

Local currency interest rate sensitivity gap	Weighted Ave. int. rate %	2022 Total	Less than 6 Months	6 to 12 Months	1 to 2 Years	2 to 5 Years	More than 5 Years	No fixed maturity
Non-interest sensitive local currency financial assets								
Cash and balances with banks		48,339,797	48,339,797	-	-	-	-	-
Subscriptions to international agencies		8,264,330	-	-	-	-	-	8,264,330
Investments in securities		71,704,342	59,719,343	-	-	11,984,999	-	-
Investment in Government treasury bonds	2.40%	8,321,741,391	60,398,577	59,808,658	122,575,127	387,549,466	7,691,409,563	-
Advances to Government		3,942,570,726	3,942,570,726	-	-	-	-	-
Short term loans		1,400,338	864,332	536,006	-	-	-	-
Long term loans		40,164	5,050	5,522	12,640	16,578	374	-
Interest and other receivables		5,786,804	5,786,804	-	-	-	-	-
Total non-interest sensitive local currency financial assets		12,399,847,892	4,117,684,629	60,350,186	122,587,767	399,551,043	7,691,409,937	8,264,330
Total local currency financial assets		12,399,847,892	4,117,684,629	60,350,186	122,587,767	399,551,043	7,691,409,937	8,264,330
Non-interest sensitive local currency financial liabilities								
Balances of commercial banks	1.31%	10,171,947,880	10,171,947,880	-	-	-	-	-
Balances of the Government and Government institutions		1,842,388,272	1,842,388,272	-	-	-	-	-
Currency in circulation		3,726,277,357	-	-	-	-	-	3,726,277,357
Balances of insurance companies and payment service providers	1.00%	14,792,176	-	-	-	-	-	14,792,176
Deposits by international financial institutions		10,362,037	-	-	-	-	-	10,362,037
Deposit insurance fund		191,136	-	-	-	-	-	191,136
Other liabilities		124,384,012	16,638,023	191,620	427,255	1,438,429	1,138,325	104,550,360
Total non-interest sensitive local currency financial liabilities		15,890,342,870	12,030,974,175	191,620	427,255	1,438,429	1,138,325	3,856,173,066
Total local currency financial liabilities		15,890,342,870	12,030,974,175	191,620	427,255	1,438,429	1,138,325	3,856,173,066
Local currency interest rate sensitivity gap		-	-	-	-	-	-	-
Net liquidity gap		477,202,601	(7,325,191,900)	1,204,482,431	997,715,071	1,894,745,060	7,622,791,833	(3,917,339,894)

Net liquidity gap represents the excess / (deficit) of the total financial assets over the financial liabilities.

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45 FINANCIAL RISK MANAGEMENT (CONTINUED)

45.7 Foreign currency risk

Effective management of foreign exchange risk is vital to maintain the Authority's credibility. If foreign reserve risk is managed properly and effectively it will strengthen public confidence in the monetary policy. Foreign exchange reserves risk management concerns balancing many objectives and issues, from broad macro-economic policy objectives, such as monetary policy and foreign exchange management. Foreign currency activities result mainly from the Authority's holding of foreign currency assets which are managed by the Reserve Management and Market Operations Division of the Authority. Volatility of the foreign exchange markets may expose the Authority to exchange rate risk.

a) Net exposure to foreign currencies

As at 31 December 2023, the Authority's net exposure to major currencies was as follows:

	Currency of denomination								Total
	US Dollar	Euro	Singapore Dollar	Pound Sterling	Special Drawing Rights	Australian Dollar	Chinese Yuan	Japanese Yen	
As at 31 December 2023									
Foreign currency financial assets									
Cash and balances with banks	4,680,847,498	10,634,174	1,143,791	3,540,676	-	904,369	-	13,334,362	4,710,404,870
IMF related assets	-	-	-	-	458,405,766	-	-	-	458,405,766
Investments in Securities	4,103,098,229	-	-	-	-	-	144,869,972	-	4,247,968,201
Subscriptions to international agencies	833,140	-	-	-	-	-	-	-	833,140
Interest and other receivables	48,971,690	38,846	-	10,935	-	3,650	-	-	49,025,121
Total foreign currency financial assets	8,833,750,557	10,673,020	1,143,791	3,551,611	458,405,766	908,019	144,869,972	13,334,362	9,466,637,098
Proportion	93.31%	0.11%	0.01%	0.04%	4.84%	0.01%	1.53%	0.14%	100%
Foreign currency financial liabilities									
Balances of commercial banks	4,701,247,614	-	-	-	-	-	-	-	4,701,247,614
Balances of the Government and Government institutions	866,358,479	-	-	-	-	-	-	-	866,358,479
Payable to Asian Clearing Union	705,152,864	-	-	-	-	-	-	-	705,152,864
IMF related liabilities	-	-	-	-	498,787,818	-	-	-	498,787,818
Interest bearing loans	-	-	-	-	75,813,830	-	-	-	75,813,830
Deposits of international financial institutions	833,140	-	-	-	-	-	-	-	833,140
Other liabilities	68,734,640	247,642	-	9,123	-	4,916	-	-	68,996,321
Total foreign currency financial liabilities	6,342,326,737	247,642	-	9,123	574,601,648	4,916	-	-	6,917,190,066
Proportion	91.69%	0.00%	0.00%	0.00%	8.31%	0.00%	0.00%	0.00%	100%
Net foreign currency exposure	2,491,423,820	10,425,378	1,143,791	3,542,488	(116,195,882)	903,103	144,869,972	13,334,362	2,549,447,032

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45 FINANCIAL RISK MANAGEMENT (CONTINUED)

45.7 Foreign currency risk (Continued)

a) Net exposure to foreign currencies (Continued)

As at 31 December 2022, the Authority's net exposure to major currencies was as follows:

	Currency of Denomination								
	US Dollar	Euro	Singapore Dollar	Pound Sterling	Special Drawing Rights	Australian Dollar	Chinese Yuan	Japanese Yen	Total
As at 31 December 2022									
Foreign currency financial assets									
Cash and balances with banks	9,029,209,442	9,605,948	1,028,297	18,974,432	-	224,917	-	14,069,671	9,073,112,707
IMF related assets	-	-	-	-	470,848,361	-	-	-	470,848,361
Investments in Securities	3,447,656,688	-	-	-	-	-	143,290,433	-	3,590,947,121
Subscriptions to international agencies	833,140	-	-	-	-	-	-	-	833,140
Interest and other receivables	43,894,882	19,291	-	-	-	1,462	-	-	43,915,635
Total foreign currency financial assets	12,521,594,152	9,625,239	1,028,297	18,974,432	470,848,361	226,379	143,290,433	14,069,671	13,179,656,964
Proportion	95.01%	0.07%	0.01%	0.14%	3.57%	0.00%	1.09%	0.11%	100%
Foreign currency financial liabilities									
Balances of commercial banks	5,590,879,563	-	-	-	-	-	-	-	5,590,879,563
Balances of the Government and Government institutions	576,865,705	-	-	-	-	-	-	-	576,865,705
Payable to Asian Clearing Union	735,059,638	-	-	-	-	-	-	-	735,059,638
IMF related liabilities	-	-	-	-	494,609,032	-	-	-	494,609,032
Interest bearing loans	-	-	-	-	77,174,032	-	-	-	77,174,032
Deposits of international financial institutions	833,140	-	-	-	-	-	-	-	833,140
Other liabilities	1,736,435,478	93,595	-	4,987	-	4,215	-	-	1,736,538,275
Total foreign currency financial liabilities	8,640,073,524	93,595	-	4,987	571,783,064	4,215	-	-	9,211,959,385
Proportion	93.79%	0.00%	0.00%	0.00%	6.21%	0.00%	0.00%	0.00%	100%
Net foreign currency exposure	3,881,520,628	9,531,644	1,028,297	18,969,445	(100,934,703)	222,164	143,290,433	14,069,671	3,967,697,579

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45 FINANCIAL RISK MANAGEMENT (CONTINUED)

45.7 Foreign currency risk (Continued)

b) The following represents sensitivities of profit or loss and equity to reasonably possible appreciation and depreciation of foreign currencies by 10% at the end of the reporting period relative to the Rufiyaa, with all other variables held constant. The majority of the Authority's foreign currency transactions are carried out in USD and the exchange rate of Maldivian Rufiyaa against USD is permitted to fluctuate within a $\pm 20\%$ band of MVR 12.85 per USD. This band took effect from 11 April 2011 and was made in accordance with the Chapter 3, Section 13 of MMA Act prior to the fourth amendment. Therefore, the Authority is not exposed to major depreciation in the value of rufiyaa resulting under this methodology.

	2023	2022
Changes in profit/equity due to 10% appreciation in the value of the Rufiyaa	(254,944,703)	(396,769,758)
Changes in profit/equity due to 10% depreciation in the value of the Rufiyaa	254,944,703	396,769,758

46 Fair value of financial instruments

Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on solely observable market data (that is, unobservable inputs). Management applies judgment in categorising financial instruments using the fair value hierarchy. If a fair value measurement requires observable inputs that require significant adjustment, that measurement is level 3 measurement. The significance of valuation inputs is assessed against the fair value measurement in its entirety.

Recurring fair value measurements

Recurring fair value measurements are those that the accounting standards require or permit in the statement of financial position at the end of each reporting period. The level in the fair value hierarchy into which the recurring fair value measurements are categorised are as follows:

	2023				2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets at fair value								
Foreign currency financial assets								
Investments at FVOCI	4,069,233,590	-	-	4,069,233,590	3,418,202,657	-	-	3,418,202,657
Investments at FVPL	144,869,972	-	-	144,869,972	143,290,433	-	-	143,290,433

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47 RELATED PARTIES TRANSACTION DISCLOSURES

47.1 Transactions with the Government and Government related entities

- a) In the normal course of its operations, the Authority enters into transactions with related parties. Related parties include the Government of Maldives, various Government departments and Government related entities. Particulars of transactions, and arrangements entered into by the Authority with the Government and Government related entities are as follows:

	2023	2022
Profit re-appropriation to the Government (Note 40)	77,649,885	-
Gross foreign exchange transactions during the year		
- Sales	22,800,076,082	21,389,183,160
- Purchases	22,879,294,024	20,068,579,559
Gross value of goods and services obtained	222,089,454	9,602,023

- b) Through the operations the Authority earns interest, charges and commission from the services provided to the Government and other Government related entities, which are included as part of the Authority's income and thus paid out as dividend to the Government.

	2023	2022
Interest income earned from related parties	328,012,115	238,588,323
Finance charges paid	41,013,280	20,395,664
Interest expense on lease liability	174,047	193,411
Charges and commissions earned from related parties	22,218,686	21,033,753

- c) The aggregate balances due from and due to the Government and Government related entities, as at 31 December are given below.

	2023	2022
Investment in Government treasury bonds (Note 12)	14,508,238,577	8,321,741,391
Advances to Government (Note 13)	-	3,942,570,726
Investment in Government treasury bills (Note 9.1)	93,829,339	86,253,101
	14,602,067,916	12,350,565,218
Government deposits with the Authority (Note 22)	1,775,075,944	2,419,253,977
Security deposits held by insurance companies (Note 30)	4,000,000	4,000,000
Security deposits held by payment service providers (Note 30)	250,000	250,000
Interest bearing loans (Note 25)	75,813,830	77,174,032
Investments on behalf of SDF Custodian Account	-	312,117,361
Lease liability (Note 27.4)	3,004,009	3,380,111
	1,858,143,783	2,816,175,481

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47 RELATED PARTIES TRANSACTION DISCLOSURES (CONTINUED)

47.1 Transactions with the Government and Government related entities (continued)

- d) The Authority performs the functions of implementing its monetary policy mainly through the monetary tools which are minimum reserve requirement, open market operations, foreign currency swap facility and standing facilities which are overnight deposit facility and overnight lombard facility. Further, the Authority acts as the banker to both commercial banks and Government institutions. The Government of Maldives as a related party has shareholding in Bank of Maldives Plc and Maldives Islamic Bank. Please refer to Notes 7 and 21 for the gross outstanding balances as at 31 December 2023.
- e) Empowered by the Article 4 (c) of the MMA Act, the Authority carries out the regulatory and supervisory functions of the banks licensed by the Authority. Bank of Maldives Plc and Maldives Islamic Bank Plc in which the Government has a significant influence, falls under the supervision of the Authority.
- f) The Authority carries out its regulatory and supervisory functions in respect of insurance companies in Maldives. Accordingly, Allied Insurance Company of the Maldives is a related entity under the supervision of the Authority (Refer Note 30).
- g) In accordance with Section 22 (m) of MMA Act, the Authority may buy, sell, invest, or deal in treasury bills and other securities issued or guaranteed by the Government. In this regard, the Authority has invested in Government treasury bills.
- h) The Authority, in carrying out the normal operations, enters into transactions to obtain various goods and services with Government entities or entities in which the Government has significant influence or control (Refer Note 47.1 (b)).
- i) The Authority did not provide any guarantee over any of the borrowings of a related party during the year ending 31 December 2023.

47.2 Transactions with key managerial personnel (present and former)

Key managerial personnel of the Authority are the members of the Executive Committee and Board of Directors that includes Governor, Deputy Governor and other members of the Board. During 2023, a director was appointed to represent private sector. Particulars of transactions with key managerial personnel were as follows:

	2023	2022
Compensation and short-term employee benefits	5,345,470	4,941,051
Post-employment benefits	2,914,625	-
Total Compensation to the key management personnel	8,260,095	4,941,051

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48 CONTINGENT LIABILITIES, CAPITAL COMMITMENTS AND OFF-BALANCE SHEET ITEMS

48.1 Guarantees

In accordance with section 22 (r) of the amended MMA Act, the Authority could borrow money or issue guarantees, inside or outside Maldives, on such terms and conditions as the Board may prescribe.

As at 31 December 2023 the Authority has given guarantees to the following schemes:

Credit Guarantee Scheme introduced by the Authority on 7 August 2016 (refer to note 27.3), a total value of MVR 45,353,435 was guaranteed as at 31 December 2023. The total outstanding guarantee as at 31 December 2023 is MVR 5,461,965.92. The scheme has been terminated effective from 1 February 2021.

The Affordable Housing Scheme (AHS) regulation was published in the August 2017 and as per the AHS regulation, the scheme is to be operated for a period of three years. A fund of MVR 30 million was set up to guarantee the down payment or equity component of the loans under the scheme. As at December 2023, guarantee in lieu of equity/down payment was issued by the Authority to the amount of MVR 23,965,000 for loans approved under the phase one of AHS. The total outstanding guarantee as at 31 December 2023 is MVR 23,465,000. As the tenor of the regulation lapsed in August 2020, the Scheme was discontinued as per the regulation.

48.2 Fiduciary activities

The Authority carries out fiduciary activities under the provisions of the MMA Act. Acting in such capacity results in holding or placing of funds on behalf of various parties. However, the Authority does not expect any liability to arise on account of such activities.

As at the reporting date, the Authority does not hold any investments on behalf of SDF.

48.3 Legal claims

A case was on-going at the Employment Tribunal as of 31 December 2023. However, the case was concluded on 21 January 2024, and the Employment Tribunal delivered its decision in favor of MMA.

48.4 Commitments

On the request made by the MOF, with reference to the loan agreements signed between the Government and the Islamic Development Bank, the Authority undertakes to provide the foreign exchange required to repay the loans inclusive of service fees when repayment instalments and service fees fall due. As at 31st December 2023, the total outstanding loans amounted XDR 5,367,098.

In addition to this, with regard to the loan agreement signed between HDC and Industrial and Commercial Bank of China (ICBC), the Authority undertakes to provide the foreign currency required to repay the loan, maturing on 20th June 2027. As at 31st December 2023, the outstanding loan amounted USD 12,036,748.

Moreover, as per the trade financing agreement signed between International Islamic Trade Finance Corporation (ITFC) and State Trading Organization PLC (STO), MMA engages in providing the foreign currency needed to make the loan repayments.

In consideration, the MOF on behalf of the Government has counter guaranteed to pay the Authority, the equivalent Rufiyaa for the aforesaid payments.

Notes to the Financial Statements

Year ended 31 December 2023

(all amounts in Maldivian Rufiyaa unless otherwise stated)

48 CONTINGENT LIABILITIES, CAPITAL COMMITMENTS AND OFF-BALANCE SHEET ITEMS (CONTINUED)

48.5 Off balance sheet items

Other IMF related obligations - Rapid Credit Facility

The IMF provides Rapid Credit Facility (RCF) as a concessional financial assistance with limited conditionality to low-income countries facing an urgent balance of payment need, including in times of crisis.

Under the RCF, the Government of Maldives received a disbursement of SDR 21.2 million (USD 28.9 million) on 24 April 2020, to help cover balance of payments and fiscal needs, stemming from the COVID-19 pandemic. The loan which carries a zero percent interest rate will mature on 24 April 2030 and the first repayment is due on 23 October 2025. The Authority undertakes its responsibility as the fiscal agent in ensuring timely servicing of financial obligations to the IMF. As per the Memorandum of Understanding signed between the Authority and MOF, repayments and all costs related to the RCF disbursement, are the responsibility of MOF.

49 EVENTS OCCURRING SUBSEQUENT TO REPORTING DATE

49.1 Acquisition of a Land

On 15 March 2023, the Authority has acquired a land from Hulhumale' for MVR 421 million, to construct an office building. The authority initially paid 50% of the total acquisition cost, and issued a promissory note for the remaining amount maturing on 19 March 2024. The authority has paid the total acquisition cost on 30th January 2024.