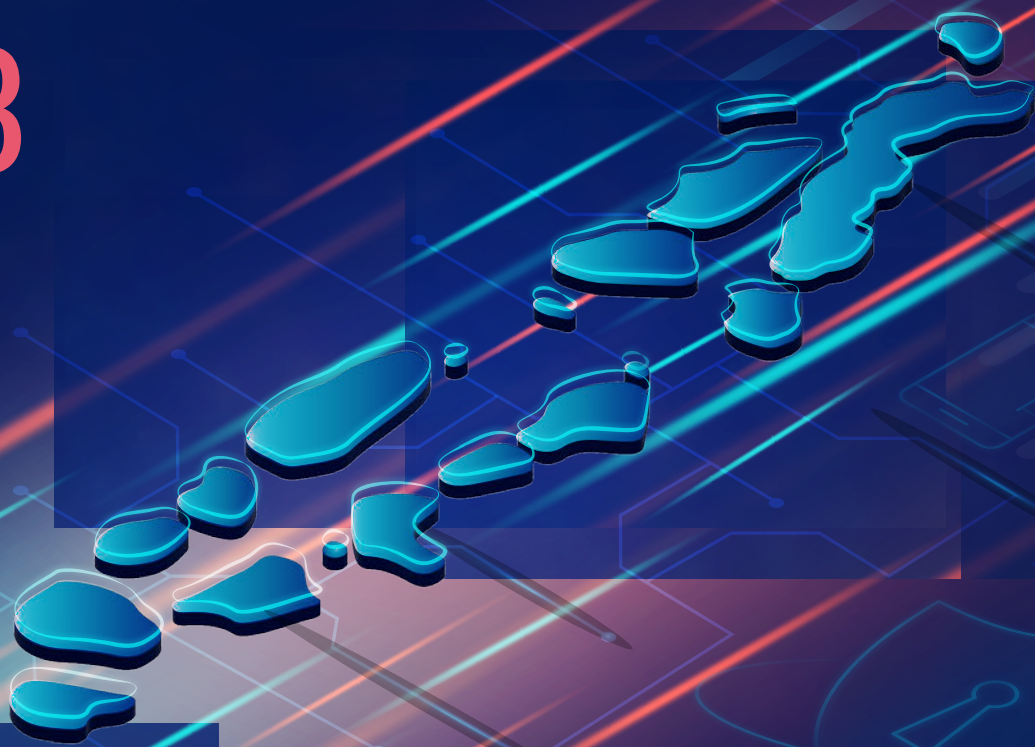


# ANNUAL REPORT

2023





# ANNUAL REPORT 2023



[mma.gov.mv](http://mma.gov.mv)



# Preface

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In accordance with Article 35 (b) of the Maldives Monetary Authority Act 1981, this Annual Report covers policies adopted by the MMA during the year 2023 to achieve its main objectives, and the activities and developments of the MMA for the year 2023. It also covers developments in the domestic economy during 2023 and presents an overview of events in the global economy during the year. An outlook for 2024 is also included in the report. All analyses are based on information relating to the year 2023, received from relevant government authorities, financial sector agencies, public enterprises and other private sector sources. All data is as of April 2024. The views expressed in this report, however, are those of the MMA and do not necessarily represent those of the source of data. This report also includes a copy of the Financial Statements for the year ended 31 December 2023 that have been examined and certified by the external auditors. We thank all those who have contributed to the publication of this report including the provision of the information contained herein.



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*As part of efforts to modernise the country's payment system, the Maldives Payment System Development Project (MPSD) was initiated in 2020 by the MMA. In August 2023, the go-live was successfully launched with three banks (Bank of Maldives, Maldives Islamic Bank and State Bank of India), with two other banks (Mauritius Commercial Bank and Bank of Ceylon) going live in December 2023.*

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# Governor's Statement

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The Maldivian economy exhibited resiliency and stability amidst a whirlwind of global shocks—persistent geopolitical tensions and tightened financial conditions in major economies. In this regard, real gross domestic product (GDP) growth was estimated at 4.0% in 2023 and is projected to reach 5.5% in 2024. The buoyancy of the Maldivian economy in 2023 was supported by the expansion of the transportation and communication sector, compensating for the downturn in tourism sector as well as the wholesale and retail trade sector. Meanwhile, sectors such as the public administration, financial services as well as the real estate sector also provided some momentum to the growth of the Maldivian economy in 2023. However, the construction sector saw only moderate growth while the fisheries sector remained muted throughout 2023.

In 2023, the rate of inflation accelerated slightly compared to 2022, and averaged 2.9% for the year. The acceleration in the domestic inflation rate primarily mirrored the rise in the general goods and services tax (G-GST) rate implemented in January 2023. During the year, upward inflationary pressure was exerted by higher prices of food items, certain services such as those provided by restaurants, cafes, passenger transport, and healthcare, as well as the price of energy-related items. However, this was offset to an extent by the downward pressure exerted by the decline in prices of information and communication services during the year.

With the decline in the inflows on the services account—owing to the fall in tourism-related receipts, in line with the contraction in resort bednights—coupled with the increase in estimated interest payments on external debt, the current account deficit further widened during 2023. However, this was offset to an extent by the narrowing of the merchandise trade deficit during the year, reflecting the growth in re-exports and domestic export earnings as well as the marginal decline in import expenditure. Meanwhile, the net inflows from financial account fell short of the deficit on the current account, resulting in a decrease of gross international reserves in 2023.

The balance of risks to growth prospects for the Maldivian economy lean towards the downside, with factors such as a potential decline in tourism revenue from key source markets and commodity price spikes due to geopolitical tensions and adverse weather events. On the upside, better-than-anticipated tourist arrivals, alongside faster recovery of Chinese economy and a slower withdrawal of fiscal support in major economies could boost domestic economic activity. As for the outlook on price pressures, inflation risks remain tilted upwards, driven by potential domestic subsidy reforms and geopolitical tensions leading to renewed supply chain bottlenecks and an increase in global commodity prices. However, a significant moderation in crude oil prices could alleviate inflationary pressures during the year. Regarding the external sector, the current account deficit is expected to narrow due to an anticipated increase in the services surplus, driven by a rise in travel receipts supported by the expansion of the tourism sector. Meanwhile, gross international reserves are forecasted to increase by the end of 2024 compared to 2023.

In 2023, the MMA took proactive steps to implement monetary policy measures aimed at avoiding potential economic disruptions while supporting economic activity and maintaining price stability. This included increasing the supply of foreign exchange to alleviate US dollar shortage and meet the growing foreign exchange demand from both the state-owned enterprises and the public. Taking into consideration the banking system liquidity level, no changes were made to monetary policy instruments, as pandemic-related measures had been phased out in 2022, except for the commencement of remuneration on local currency Islamic minimum reserve requirement (MRR) at 1% per annum from January 2023. Additionally, the temporary suspension of clauses 32 (a), (d) and (e) in the Fiscal Responsibility Act (2013), which allowed the government to overdraw above the limit from the public bank account (PBA), was lifted on 31 December 2023. Moreover, outstanding balances on the PBA as at the end of February 2022, and March and December 2023 were converted into long-term amortizing bonds on three separate occasions.

Reflecting the ongoing efforts of the MMA to maintain a sound financial system, the financial sector remained resilient and adequately capitalized, with prudential indicators meeting regulatory requirements. Amid the continued post-pandemic economic revival, the banking sector recorded strong growth and high profitability ratios. While the general insurance industry saw an increase in gross written premiums, profitability declined due to higher claims. Similarly, non-bank financial institutions experienced a decrease in profitability attributed to an increase in non-performing loans during the period.

A vital part of strengthening the governance of the institution is improving the effectiveness of controls and managing the risks to the provision of its services. As such, during 2023, the MMA implemented several measures to strengthen its risk management and compliance framework. These included automating transaction screening processes using SWIFT, revisions to internal guidelines, and the development of a transaction processing guideline for processing government payments. The MMA also revised its Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) Policy—to incorporate a risk-based approach—and provided a training for MMA staff on AML/CFT and risk management to enhance compliance awareness. Additionally, the Business Continuity Plan and the IT Disaster Recovery Plan were developed in 2023, to ensure operational resilience, while operational due diligence of external asset managers was also conducted. Moreover, to include the oversight of the risk and compliance function of the MMA, the Board Audit Committee was changed to the Board Audit and Risk Committee. In addition, the Maturity Assessment Tool developed by the IMF was used to assess the maturity level of the risk assessment function of the MMA.

An efficient and secure payment system is essential for a sound and stable financial sector. In this regard, the MMA currently operates the Maldives Real-Time Gross Settlement (MRTGS) System, the Automated Clearing House (ACH) System and the Maldives Instant Payment System (MIPS) - Favara. As part of efforts to modernise the country's payment system, the Maldives Payment System Development Project (MPSD) was initiated in 2020 by the MMA. In August 2023, the go-live was successfully launched with three banks (Bank of Maldives, Maldives Islamic Bank and State Bank of India), with two other banks (Mauritius Commercial Bank and Bank of Ceylon) going live in December 2023. Meanwhile, the open banking functionalities are scheduled for introduction in 2024. Despite delays in the project timeline, several other milestones were achieved in 2023,

including the deployment of the instant payment solution and the initiation of System Integration Testing and User Acceptance Testing. The second phase saw progress as well, with the scoping and finalization of solution specifications completed early in the year, followed by the implementation of the Payment Platform.

As part of its efforts to support the development of the financial sector, the MMA has long emphasized the importance of financial inclusion to promote prosperity and reduce regional wealth disparities within the country. One of the key initiatives undertaken by the MMA to improve financial inclusion in the Maldives is the formulation of the National Financial Inclusion Strategy (NFIS). This strategy is being developed through extensive consultations with various internal and external stakeholders. Within the realm of financial inclusion, significant attention has been given to the Inclusive Green Finance (IGF)—a major pillar of the NFIS. Given the Maldives' susceptibility to climate change, as part of collaborative efforts to mitigate its impacts and enhance resilience, the MMA has initiated the development of a green finance taxonomy specifically tailored to the Maldives. This taxonomy aims to assist the banking sector in identifying economic activities that contribute to climate change mitigation and adaptation. The proposed taxonomy is being developed within the MMA's budget and through a consultancy project partially funded by the Alliance for Financial Inclusion's In-Country Implementation grant.

The ongoing advancement of our financial system is a testament to the dedication of our institution's most valuable asset—its past and present members. As such, the MMA remained committed to incentivizing and retaining the best taskforce. During the year, two MMA staff members were chosen to pursue postgraduate studies in Cybersecurity and Financial Technology (FinTech). Additionally, a total of 256 staff were offered opportunities to enhance their skills and expertise across various areas through short-term trainings. Furthermore, the MMA continued to support staff members by providing financial benefits, including short-term loans through the staff loan scheme.

While the Maldivian economy continues the recovery path, uncertainties continue to linger for the year ahead. Nonetheless, the MMA remains unwavering in its mission to foster inclusive, stable, and sustainable economic growth. I want to express my deep appreciation to the MMA Board of Directors and my colleagues for their tireless efforts and unwavering support, essential in overcoming both the expected and unexpected challenges. I am optimistic about the prospects for the Maldivian economy for 2024, foreseeing robust growth and further progress in the financial sector, fostering enhanced financial inclusion and competitiveness across the nation. It is my firm belief that the growth and development of the Maldivian economy will pave the way for widespread prosperity for all Maldivians.

**Ali Hashim**  
Governor

# Objectives

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The Maldives Monetary Authority (MMA) functions as the central bank of the Maldives and was established on 1 July 1981 under the Law no. 6/81 (Maldives Monetary Authority Act 1981).

The primary objectives of the MMA are as follows:

- Maintain price stability conducive to the sustainable growth of the economy.
- Without prejudice to maintaining price stability, maintain financial stability.
- Without prejudice to maintaining price stability and financial stability, support the government in achieving macroeconomic stability and economic growth.

# Board of Directors

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**Mr Ali Hashim**  
Chairperson (Governor)



**Mr Ahmed Imad**  
Deputy Governor



**Ms Idham Hussain**  
Assistant Governor



**Uz Mohamed Shahdy Anwar**  
Private Sector



**Uz Ashraf Rasheed**  
Ministry of Finance



**Mr Asad Ali**  
Private Sector

# Executive Committee



## Left to Right

### **Mr Ahmed Imad**

Deputy Governor

### **Ms Mariyam Hussain Didi**

Assistant Governor, Banking Operations

### **Ms Mariyam Shifa**

Assistant Governor, Financial Stability

### **Mr Ali Hashim**

Governor

### **Ms Fathimath Jawza**

Senior Executive Director, Corporate Services

### **Ms Idham Hussain**

Assistant Governor, Monetary Policy, Research and Statistics

# Management Committee

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## **Ms Aishath Nadhiya**

Banking Operations

## **Ms Mariyam Najeela**

Financial Stability

## **Mr Abdul Hameed Mohamed**

General Services Division

## **Uza Sheeza Ahmed**

Legal Section

## **Ms Lubna Abdul Gadir**

Human Resource Division

## **Ms Muna Ibrahim**

Public Bank

## **Ms Mariyam Rashfa**

Research Division

## **Mr Moosa Ahmed Manik**

Technology Services Division

## **Uz Hassan Fiyaz**

Insurance Division

## **Ms Hamida Shakeela**

Banks and Other Financial Institutions Division

## **Mr Mansoor Zubair**

Statistics Division

## **Ms Siya Ahmed Najeeb**

Internal Audit

## **Mr Ahmed Shihad Abdul Hameed**

Building, Property and Security Management Division

## **Ms Aishath Jabeen**

Financial Controls Division

## **Ms Aminath Shaheeda**

Banking and Payments Division

## **Ms Aishath Asha Ali**

Reserve Management and Market Operations Division

## **Ms Aminath Shafwath**

Monetary Policy and Exchange Rate Division

## **Ms Hawwa Latheef**

Payment Systems and Oversight Division

## **Mr Safiyyuddeen Rasheed**

Strategic Planning and Development Projects Section

## **Ms Aishath Shazra**

Public Banking Service Division

# Abbreviations and Acronyms

<b>ACH</b>	Automated Clearing House
<b>ADB</b>	Asian Development Bank
<b>AFI</b>	Alliance for Financial Inclusion
<b>AFIR</b>	Asian Forum of Insurance Regulators
<b>AML/CFT</b>	Anti-Money Laundering and Combating the Financing of Terrorism
<b>BIS</b>	Bank of International Settlements
<b>BML</b>	Bank of Maldives
<b>BOC</b>	Bank of Ceylon
<b>BOP</b>	balance of payments
<b>bps</b>	basis points
<b>BPT</b>	business profit tax
<b>BSAS</b>	Bursa Suq Al Sila'
<b>CBDC</b>	central bank digital currency
<b>CIB</b>	Credit Information Bureau
<b>CIR</b>	Credit Information Reports
<b>CMDA</b>	Capital Market Development Authority
<b>CMF</b>	Commodity Murabahah Facility
<b>CPI</b>	consumer price index
<b>CSP</b>	commodity supplying participant
<b>DAG</b>	Data Analytics Group
<b>ECB</b>	European Central Bank
<b>FDI</b>	foreign direct investment
<b>FIU</b>	Financial Intelligence Unit
<b>FRA</b>	Fiscal Responsibility Act
<b>FSAP</b>	Financial Sector Assessment Program
<b>FSI</b>	Financial Soundness Indicators
<b>GDP</b>	gross domestic product
<b>G-GST</b>	general goods and services tax
<b>GIR</b>	gross international reserves
<b>GMW</b>	Global Money Week

<b>GVA</b>	gross value added
<b>GWP</b>	gross written premium
<b>HBL</b>	Habib Bank Limited
<b>HICP</b>	Harmonised Index of Consumer Prices
<b>HSBC</b>	Hongkong and Shanghai Banking Corporation Limited
<b>IAIS</b>	International Association of Insurance Supervision
<b>IFI</b>	Islamic Financial Institutions
<b>IFSB</b>	Islamic Finance Services Board
<b>IGF</b>	Inclusive Green Finance
<b>IMF</b>	International Monetary Fund
<b>INPD</b>	In Professional Development
<b>IT</b>	Information Technology
<b>ITRS</b>	International Transaction Reporting System
<b>MCB</b>	Mauritius Commercial Bank
<b>MIPS</b>	Maldives Instant Payment System
<b>MITRS</b>	Maldives International Transactions Reporting System
<b>MIFCO</b>	Maldives Industrial Fisheries Company
<b>MMA TI</b>	MMA Training Institute
<b>MOF</b>	Ministry of Finance
<b>MPC</b>	Monetary Policy Committee
<b>MPSD</b>	Maldives Payment System Development Project
<b>MRR</b>	minimum reserve requirement
<b>MRTGS</b>	Maldives Real Time Gross Settlement
<b>NCG</b>	net claims on central government
<b>NDA</b>	net domestic assets
<b>NFA</b>	net foreign assets
<b>NFIS</b>	National Financial Inclusion Strategy
<b>NRA</b>	National Risk Assessment
<b>NPL</b>	non-performing loan
<b>NWP</b>	net written premium
<b>ODF</b>	overnight deposit facility
<b>OFC</b>	Other financial corporations
<b>OLF</b>	overnight Lombard facility

<b>OMO</b>	open market operations
<b>OPEC</b>	Organization of the Petroleum Exporting Countries
<b>PBA</b>	Public Bank Account
<b>PNFC</b>	Public non-financial corporation
<b>PSIP</b>	public sector investment programme
<b>PSP</b>	payment service providers
<b>QEB</b>	Quarterly Economic Bulletin
<b>QBS</b>	Quarterly Business Survey
<b>QNA</b>	Quarterly National Accounts
<b>RBI</b>	Reserve Bank of India
<b>ROA</b>	return on assets
<b>ROE</b>	return on equity
<b>SAARC</b>	South Asian Association for Regional Cooperation
<b>SARFII</b>	South Asia Region Financial Inclusion Initiative
<b>SARTTAC</b>	South Asian Regional Training and Technical Assistance Center
<b>SCoMMA</b>	Shariah council of the MMA
<b>SDFC</b>	SME Development Finance Corporation
<b>SMEs</b>	small and medium-sized enterprises
<b>SOEs</b>	state-owned enterprises
<b>SPDPS</b>	Strategic Planning and Development Projects Section
<b>TA</b>	Technical Assistance
<b>T-GST</b>	tourism goods and services tax
<b>UAE</b>	United Arab Emirates
<b>UAT</b>	User Acceptance Testing
<b>UNWTO</b>	United Nations World Tourism Organization
<b>UNDP</b>	United Nations Development Programme
<b>UPG</b>	Unified Payment Gateway
<b>UK</b>	United Kingdom
<b>US</b>	United States
<b>WAIR</b>	weighted average interest rate
<b>WBG</b>	World Bank Group
<b>WEO</b>	World Economic Outlook

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# Economy in 2023

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# Economic Highlights 2023



## Tourism

**2%**

Annual decline in resort bednights

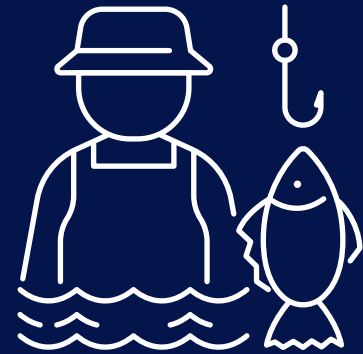
The tourism sector observed a contraction in annual terms, reflecting the decline in resort bednights in 2023.

## Fisheries

**4%**

Growth in volume of fish exports

Despite the modest growth in the volume of fish exports, the fisheries sector performance remained broadly unchanged in annual terms.



## Construction

**7%**

Increase in construction related imports

Although the construction sector observed a growth in annual terms, it continued to remain significantly below pre-pandemic levels.

## Inflation

**2.9%**

Inflation rate

Average inflation accelerated in 2023, driven primarily by the hike in the general goods and services tax (G-GST) rate implemented in January 2023.





## External Sector

**20.3%**

Current account deficit  
as a percentage of GDP

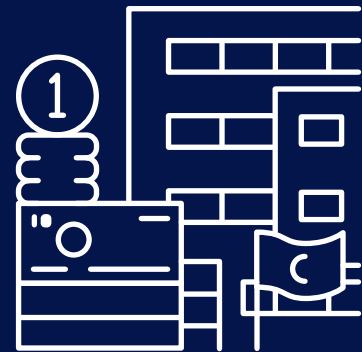
The current account deficit widened largely due to the decline in the surplus on the services account together with the increase in estimated interest payments on external debt.

## Public Finance

**12.7%**

Fiscal deficit as a  
percentage of GDP

The fiscal deficit widened owing to a higher-than-expected outturn for total expenditure, despite a marked increase in total revenue.



## Financial Sector

**7%**

Annual growth in total  
assets of banks

The financial sector remained robust and well-capitalised, with key prudential indicators well above the minimum regulatory requirements in the sector.

## Private Sector Credit

**9%**

Growth in private  
sector credit

Annual growth in credit to the private sector observed an acceleration when compared to the previous year.



# Overview

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According to the latest Quarterly National Account (QNA) estimates, following a growth of rate of 13.9% in 2022, the growth of the Maldivian economy is estimated to have moderated, registering a growth of 4.0% in 2023. This is 4.7 percentage points lower than the real gross domestic product (GDP) growth projected jointly by the MMA and the Ministry of Finance in October 2023 made for the Government Budget 2024. The lower-than-projected economic growth was mainly on account of the slower-than-expected outturn in the construction sector, together with the contraction of the tourism sector—owing to the drop in resort bednights. Further, the moderation was also contributed by the contraction of wholesale and retail trade sector, which is closely linked to the performance of the tourism sector. During the year, growth impetus was led primarily by the expansion of the transportation and communication sector, while modest growths were observed in both construction and fisheries sector.

The average rate of inflation accelerated further to 2.9% in 2023, from 2.3% in 2022, driven by the hike in the general goods and services tax (G-GST) rate in January 2023. During the year, upward inflationary pressure was exerted by the growth in prices of food items, certain services—services of restaurants and cafés, passenger transport services and health services—as well as the cost of energy-related items. This was offset to an extent by the downward pressure exerted by the decline in prices of information and communication services during the year.

On the fiscal front, the fiscal deficit widened to 12.7% of GDP in 2022, owing to the higher-than-expected increase in total expenditure which

mainly reflected the delayed implementation of expenditure reduction policies proposed for 2023, despite the total revenue surpassing the budgeted target for the year. Total expenditure also outpaced the budgeted amounts in both recurrent and capital expenditure. The growth in recurrent expenditure stemmed from the rise in expenditure on the national health insurance (Aasandha) scheme, and subsidies, amid the delayed implementation of revised fuel and electricity subsidy regimes, while capital expenditure surged due to the higher spending on the public sector investment programme (PSIP). The growth in capital expenditure reflected the commencement of development projects delayed due to the pandemic. Meanwhile, the surge in total revenue was driven by the upward revision of tax rates for both G-GST and tourism goods and services tax (T-GST) and the implementation of some of the new revenue measures proposed over the past years. During 2023, the fiscal deficit was financed primarily through domestic sources. As for public debt, the debt stock totalled MVR110.2 billion, while debt as a percentage of GDP rose to 102.7% of GDP in 2023 from 96.4% in 2022. Meanwhile, for public debt including publicly guaranteed debt, debt stock reached to 124.2 billion, with debt as a percentage of GDP increasing to 115.9% of GDP in 2023 from 114.3% in 2022.

As for monetary developments, the MMA continued to maintain an accommodative monetary policy stance, while holding the minimum reserve requirement (MRR) for both local and foreign currency unchanged at 10% during 2023. In 2023, the annual broad money growth accelerated slightly driven entirely by the rise in net domestic assets (NDA) of the banking system. This was owing to an

increase in net domestic assets, primarily due to a rise in net claims on central government (NCG), coupled with an increase in commercial banks' credit to the private sector and public non-financial corporations. Meanwhile, net foreign assets (NFA) of the banking system observed a decline mainly due to a sizable reduction in foreign asset accumulation of the MMA, despite the decline in the MMA's foreign liabilities during the year.

During 2023, the financial sector remained resilient and well capitalised. The banking sector— which accounts for over 90% of the financial institutions' assets—depicted robust asset growth while maintaining strong capital and profitability indicators. Further, the sector continued to maintain prudent levels of liquidity buffers while non-performing loans (NPLs) also decreased. With regard to the insurance industry, profitability of the sector declined owing to increased net claims, although gross written premiums (GWP) of the industry observed an annual increase in 2023. As for the non-bank financial sector, mirroring the growth in loan-loss provisions, the profitability of the sector recorded an annual decline during the year.

As for the balance of payments (BOP), the current account deficit widened further to 20.3% of GDP in 2023, from 16.3% in 2022, primarily due to the decline in the surplus on the services account, which reflected both the decline estimated travel receipts during the year, as well as growth in expenses abroad by Maldivian travellers. Further, the widening deficit was also contributed by an increase in estimated interest payments on external debt during the year. However, this was offset to an extent by the narrowing of the merchandise trade deficit, reflecting the growth in export earnings coupled with a decline in import expenditure. In 2023, the current account deficit was financed mainly by foreign direct investment (FDI) inflows, together with borrowings by the government and the private sector. With the current account deficit exceeding the net inflows from the financial account, the overall BOP recorded a deficit of US\$236.2 million, while the gross international reserves (GIR or official reserve assets) stood at US\$590.5 million at the end of 2023.

# Macroeconomic Developments

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# International Economic Developments

## Global Output

The global economy witnessed further slowdown in 2023, amid ongoing inflationary pressures and stringent financial conditions. Nevertheless, the global economy performed better than expected, buoyed by robust contributions from both government and private spending. Meanwhile, headline inflation tapered off during 2023, owing to declining oil prices.

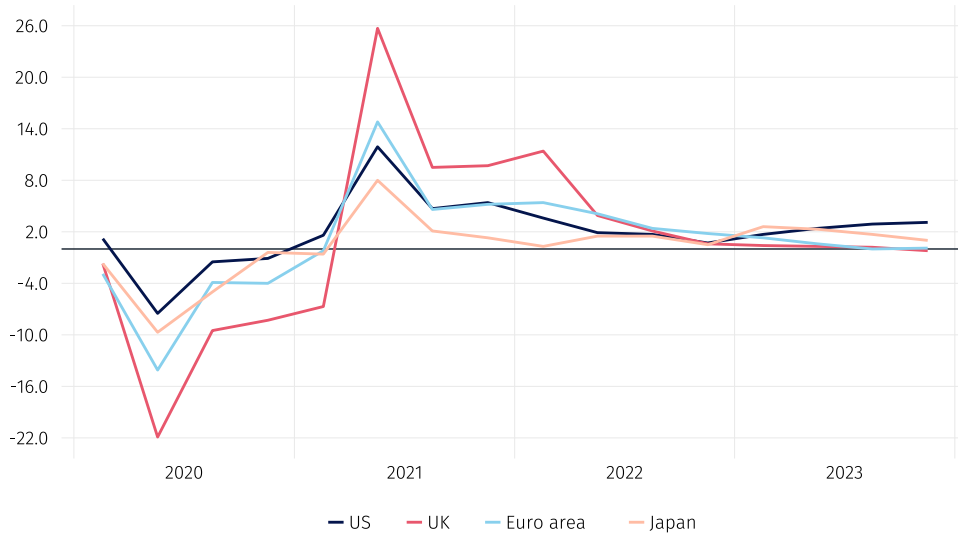
According to the International Monetary Fund (IMF) World Economic Outlook (WEO) April 2024 report, global growth is estimated at 3.2% for 2023 (0.3 percentage points higher than in the October 2023 WEO), from an estimated growth of 3.5% in 2022. Despite the slowdown, global economy remained stronger-than-anticipated, continuing the recovery path following the COVID-19 pandemic, Russia-Ukraine war, and the cost-of-living crisis. In several instances, private consumption boosted economic activity with household consumption supported by increases in real disposable income amid tight labour markets, despite a recent easing. Additionally, households tapped into savings accumulated during the pandemic. As such, similar growth paths were observed across majority of the advanced and emerging market and developing economies.

Looking at the advanced economies, activity in the United States (US) accelerated and recorded a growth of 2.5% in 2023, following a growth of 1.9% in 2022 (Figure 1). The economic growth during the year was primarily driven by increases in consumer spending, non-residential fixed investment, and government spending. The rise in consumer spending reflected higher expenditures on

both services—particularly healthcare—and goods, led by recreational goods and vehicles. Additionally, the improvement in net exports (the fall in imports coupled with higher exports) also boosted economic activity in the country. However, the positive contributions to economic activity were partly offset by the declines in residential fixed investment as well as inventory investment.

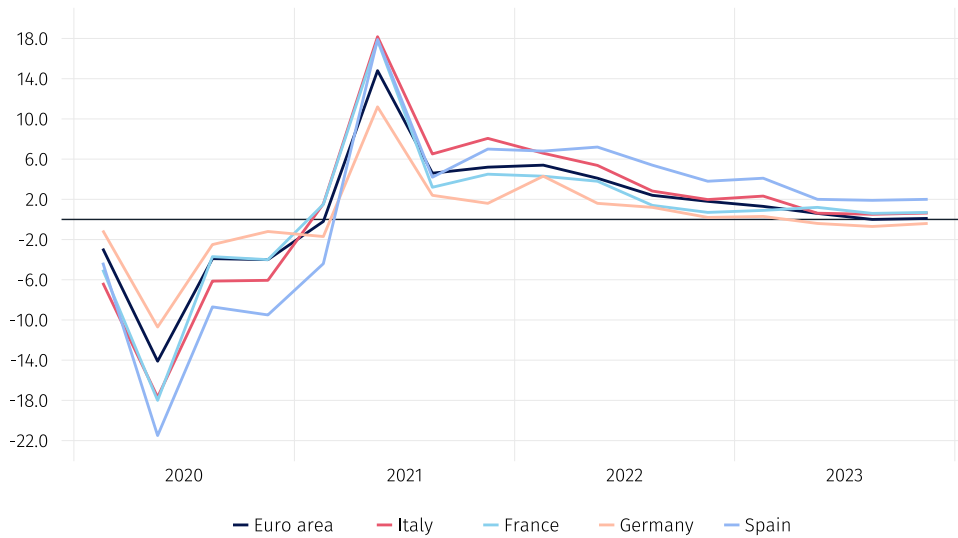
The economic performance in the euro area significantly moderated in 2023, owing to the relatively substantial exposure to the war in Ukraine. As such, the region recorded a growth of 0.5% in 2023, after registering a growth of 3.4% in 2022 (Figure 2). Following muted growth in the first half of the year, the euro area economy further weakened during the latter half of the year due to reduced confidence among businesses and consumers, ongoing geopolitical tensions and constricted financial conditions. Looking at the growth estimates of the main economies in the region, the German economy contracted in 2023, reflecting persistently high inflation throughout the year and rising interest rates alongside low domestic and external demand. Despite recording a slight expansion, the French economy slowed down when compared with 2022, amid weak

**Figure 1: Real GDP Growth in the Advanced Economies, 2020 - 2023**  
(annual percentage change)



Source: Bloomberg Database

**Figure 2: Real GDP Growth in the Euro Area, 2020 - 2023**  
(annual percentage change)



Source: Bloomberg Database

production and household consumption. Nevertheless, the economy was boosted by the significant rise in economic activity during the second quarter of the year, while activity remained steady for the remainder of the year. Further, economic activity in Italy was driven by domestic demand, although the rate of growth remained muted during the year, relative to 2022. As per initial estimations, the Spanish economy is expected to exhibit the strongest growth among the main economies in the region, with positive contributions from private consumption and investment.

The Japanese economy—the third largest in the world—registered a growth of 1.9% in 2023, a slight acceleration compared to the growth of 1.0% in 2022. Growth was driven by the increase in domestic demand as evidenced by the positive contributions from private consumption, which accounted for more than half of the GDP. Additionally, the positive contributions from net exports also boosted economic activity in the country. However, this was partially offset by negative contributions from private inventories. Meanwhile, the employment levels in Japan remained robust during the year, with the drop in the number of unemployed people and higher level of employed people. These trends suggest a tightening labour market, characterised by labour shortages amid the continued economic recovery from the COVID-19 pandemic.

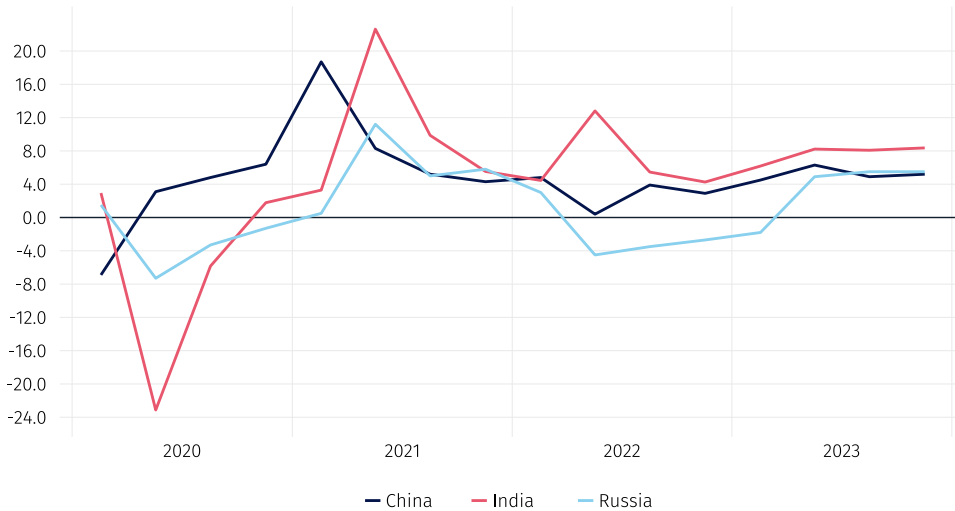
In the United Kingdom (UK), GDP growth decelerated to 0.1% in 2023—the weakest growth recorded since the financial crisis in 2009, excluding 2020 (when the COVID-19 pandemic hit)—from a growth of 4.3% in 2022. The growth momentum of the UK economy reflected broad-based weakness across the economy, with the real GDP growth recording contractions in the final two quarters of the year. Despite easing during the year, elevated

inflation and the consequently high interest rates continued to weigh on economic activity in the country, while the trade balance remained in deficit as imports exceeded exports. Meanwhile, growth in household consumption and government spending contributed positively to economic growth, although it remained subdued relative to the previous year.

In the emerging market and developing economies, economic activity picked up during the year, owing to the rebound in domestic demand amid easing of inflationary pressures in most of the economies (Figure 3). In China, growth accelerated to 5.2% in 2023, from 3.0% in 2022. Economic growth in China was bolstered by the robust performances in the final three quarters of the year, as consumption levels saw a rebound in the Q2-2023. Major sectors of the economy such as industrial production, manufacturing and services sector exhibited strong recovery after COVID-19 restrictions were lifted earlier in the year. Additionally, weaker sectors of the economy such as foreign trade and private sector investment also picked up towards the latter half of the year. Despite these positive developments, challenges persisted due to the prolonged downturn in the property market, low consumer, and business confidence, and increasing local government debt.

As for India, economic growth is estimated to have picked up to 7.3% in 2023, following a growth of 7.2% in 2022. Despite challenges such as unfavourable monsoon conditions impacting agriculture, subdued external demand, potential risks to the global supply chain conditions due to geopolitical tensions and high policy interest rates, the economy was supported by robust investment activity. Additionally, both the manufacturing and services sectors saw improvement, amid rising

**Figure 3: Real GDP Growth in Emerging Markets and Developing Economies, 2020 - 2023**  
(annual percentage change)



Source: Bloomberg Database

business confidence and optimistic consumer sentiments. The Russian economy is estimated to grow by 3.5% in 2023, following a contraction of 1.2% in 2022. The stronger-than-anticipated rebound of the Russian economy was primarily driven by fiscal stimulus measures reflecting higher military spending. Additionally, economic growth in Russia was further supported by the continued growth in domestic demand driven by heightened consumer activity, propelled by both the rise in real wages and robust credit growth amid a tight labour market in the country.

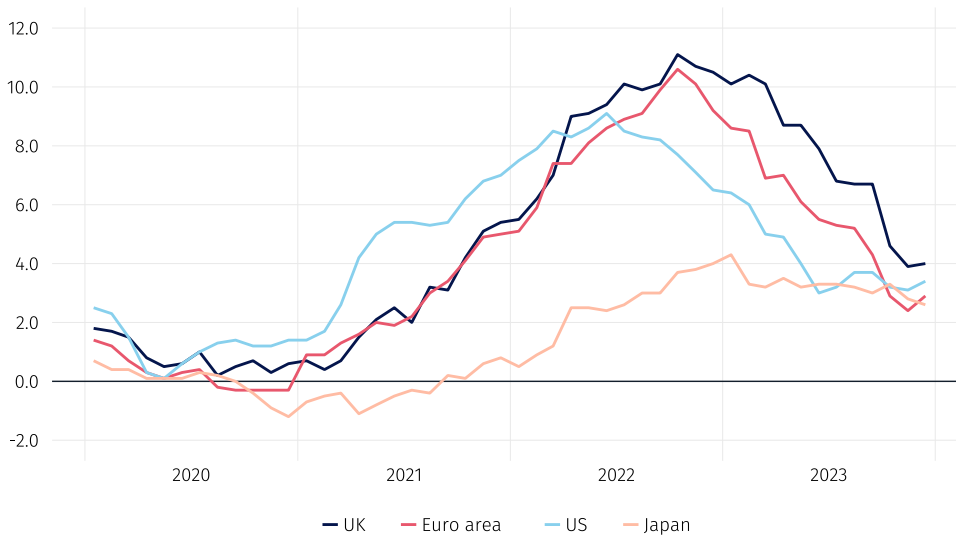
## Global Inflation

Against the backdrop of declining global oil prices, headline inflation moderated in majority of the advanced and emerging market and developing economies during 2023. Nevertheless, inflation levels continued to remain elevated in majority of the economies, remaining above the central banks' target in most countries in both the country groups.

With respect to the inflation trends observed in the advanced economies, the rate of inflation in the US, as measured by the Consumer Price Index (CPI), decelerated to 4.1% during 2023—remaining above the Federal Reserve's inflation target—from 8.0% recorded in 2022 (Figure 4). The deceleration of the inflation rate in the country was mostly driven by the easing of energy prices. Meanwhile, upward inflationary pressure during the year stemmed primarily from the rise in prices of services. In the euro area, the rate of inflation, as measured by the Harmonised Index of Consumer Prices (HICP), slowed down to 5.4% in 2023, from 8.7% in 2022, remaining beyond the 2.0% target rate of the European Central Bank (ECB). The major downward contributions stemmed from the decline in prices in the energy sector. Meanwhile, the upward contributors were prices in the food including alcohol and tobacco category, services, and non-energy industrial goods, as well as restaurants and hotels sectors.

Figure 4: Inflation in the Advanced Economies, 2020 - 2023

(annual percentage change)



Source: Bloomberg Database

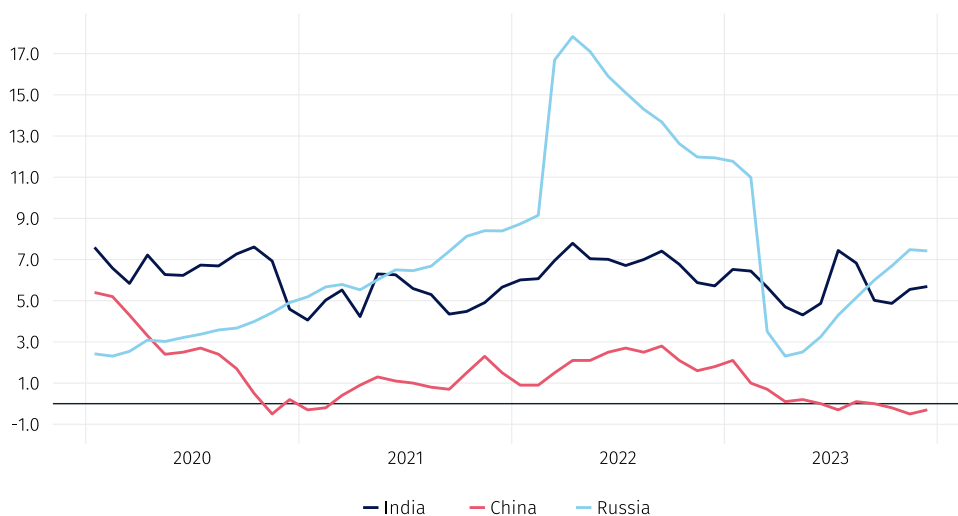
After recording 2.5% in 2022, the rate of inflation in Japan rose to 3.2% in 2023, remaining above the Bank of Japan's target rate of 2.0%. The increase was largely contributed by rising food prices in the country, and the resultant increase in related items during the year. Additionally, upward inflationary pressures persisted from the passthrough of cost increases to consumer prices—led by the prior surge in import prices—coupled with the slight increase in price of services. Meanwhile, downward pressure on inflation primarily stemmed from the decline in prices in the energy sector, induced by government measures. In the UK, the rate of inflation moderated to 7.3% in 2023, from 9.1% in 2022, remaining significantly higher than the Bank of England's target rate of 2.0%. Despite broad-based increases across all categories, inflation rate decelerated mainly due to downward pressure from the decline in fuel prices.

Turning to price developments in emerging market and developing economies, the rate of inflation in China decelerated to 0.2% in 2023, from 2.0% in 2022, remaining well

below the target rate of 3.0% set by the Bank of China (Figure 5). The inflation dynamics reflected subdued domestic demand owing to prolonged COVID-19 restrictions as well as the property market slump in the country. Meanwhile, downward inflationary pressures stemmed from falling food prices, particularly the price of pork—a staple meat in China. The rate of inflation in India slowed down slightly to 5.6% in 2023, from 5.9% in the previous year, falling within the upper margin of the target band of 4.0% to 6.0% set by the Reserve Bank of India (RBI). While upward inflationary pressures were from elevated food prices during the year—given the concerns surrounding the yield of the kharif crop, which heavily relies on adequate rainfall and the El Niño phenomenon—downward pressures were contributed by declining fuel prices.

In Russia, the rate of inflation is estimated to have significantly moderated to 5.9% in 2023—although it remained well above the Bank of Russia's target inflation rate of 4.0%—from 13.8% in the previous year. During the first half of the year, inflation remained moderate

**Figure 5: Inflation in Emerging Markets and Developing Economies, 2020 - 2023**  
(annual percentage change)



Source: Bloomberg Database

reflecting cautious consumer behaviour in the face of widespread uncertainty and slow adaptation to a new supply structure in consumer market amid external restrictions to production, supply chains and payments. However, inflation levels increased in the latter half of the year due to rising inflationary pressures across an increasingly broader group of goods and services. This was driven by the depreciation of the ruble and labour shortages in the country, while businesses passed through elevated costs directly to consumers to keep up with the surging domestic demand.

## Commodity Prices

Following a year of elevated prices, global commodity markets witnessed a turnaround during 2023, with the IMF price index for all commodities registering a significant decline of 23% in annual terms. This was led by energy prices, mainly reflecting apprehensions regarding the oil demand and supply dynamics. Additionally, the decline in global food and metal prices during the year also

contributed to the fall in the all commodities index, mainly reflecting the decrease in prices of vegetable oils, dairy, cereals, and meat amid the persistent property market crisis in China (Figure 6).

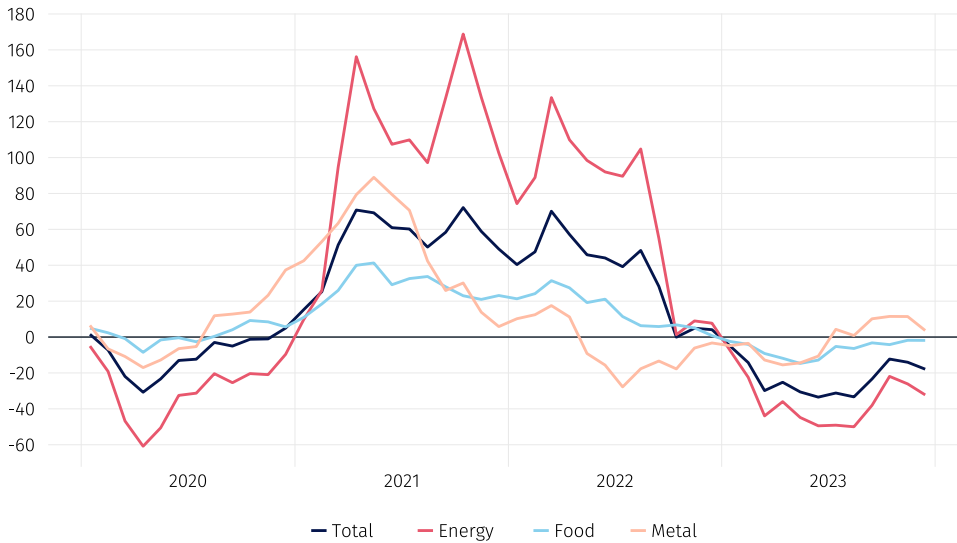
## Energy Prices

The IMF energy price index decreased by 37% in 2023 as average global crude oil prices declined to US\$80.8 per barrel, from the US\$97.1 per barrel recorded in 2022. The decline in oil prices during the year was primarily attributed to concerns regarding the balance of supply and demand. Despite efforts by Organization of the Petroleum Exporting Countries plus other oil-producing countries (OPEC+) to reduce supply, global crude oil demand did not reach anticipated levels, offsetting the effects of the supply cuts.

During the year, concerns over crude oil demand weighed on crude oil prices. While there was initial optimism that the reopening of the Chinese economy would significantly

**Figure 6: Global Commodity Price Indices, 2020 - 2023**

(annual percentage change)



Source: Bloomberg Database

boost crude oil demand in 2023, this expectation was dampened by a pessimistic macroeconomic outlook and higher global interest rates. Despite this, China remained the largest contributor to global oil demand, driven by increased usage in transportation and petrochemical industries. Meanwhile, demand from Organisation for Economic Co-operation and Development (OECD) countries remained subdued due to ongoing declines in manufacturing and slow economic growth. Similarly, European demand was weak amid a broad industrial slowdown in the continent. Nevertheless, global oil demand was buoyed to some extent by the uptick in demand for jet fuel and kerosene globally, driven by a resurgence in air travel across both advanced and developing economies.

On the supply front, global oil supply dynamics shifted during the year, transitioning away from key producers in the Middle East to the US and other Atlantic Basin countries. Despite concerns regarding a potential slowdown due to cost increases and capacity constraints in

oil field services, US oil production significantly increased, driven by advancements in drilling technologies and increased productivity in shale oil fields. On the other hand, OPEC+ maintained hefty supply cuts during the year and recorded the lowest level of market share since their establishment in 2016. While significant production cuts were implemented, particularly by Saudi Arabia, the impact was offset to some extent by the Iranian production reaching a five-year high.

## Metal Prices

Despite the decline in base metal prices during the first half of 2023 due to the slow growth momentum of the Chinese economy and its manufacturing industry, prices registered an increase in the second half of the year, driven by the significant demand for green products. The initial optimism regarding demand for base metals at the beginning of the year subsided amid looming global recessionary fears and the persistent difficulties in the property sector of China, which accounts for

a substantial fraction of global demand for metals. Nevertheless, green demand—green technologies such as electric vehicles, solar panels, and wind turbines as well as other energy-efficient appliances that require base metals—served as a significant counterbalance for the decline in traditional metal demand drivers such as construction and electronic goods. Meanwhile, precious metal prices grew during the year, driven by the increase in gold prices amid geopolitical tensions and recessionary concerns.

### Food Prices

The IMF food price index recorded a decline of 7% in 2023, following a growth of 15% in 2022. In this regard, declines were observed for prices of staples such as oils, dairy, cereals, and meat, mirroring robust harvests as global supply conditions continued to improve. Conversely, sugar prices recorded considerable increases during the year, attributed to the El

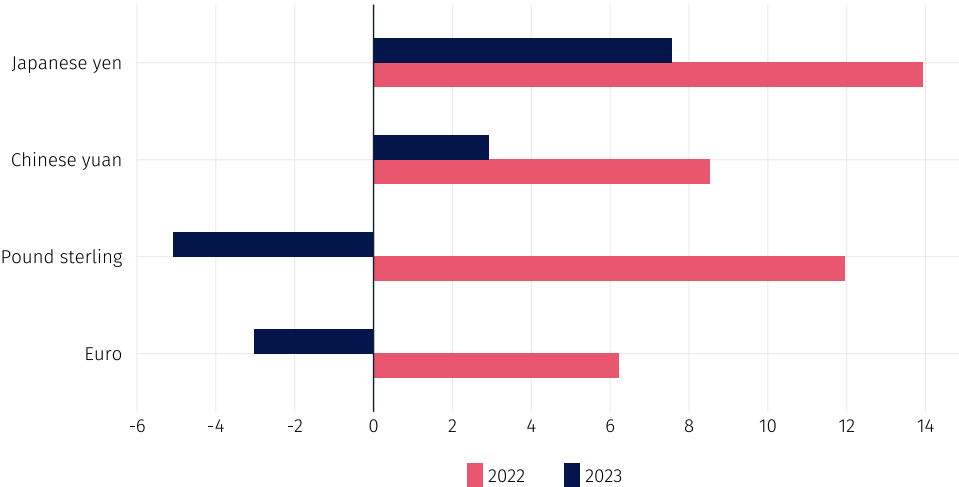
Niño phenomenon-related reduction in output among key producers. Meanwhile, prices of beverages grew, owing to the increase in prices of Robusta coffee, which reflected steep demand amid drought-related supply shortages and transportation difficulties linked with the Red Sea crisis.

### Exchange Rates

Following the appreciation trend witnessed in 2022, the US dollar exhibited varied performance against the currencies of some of the major advanced economies and emerging market and developing economies in 2023 (Figure 7). As such, during the year, the US dollar appreciated against the Chinese yuan and the Japanese yen, while the US dollar depreciated against the pound sterling and the euro.

At the end of 2023, the US dollar appreciated 8%, year-on-year, against the Japanese yen,

**Figure 7: Changes in the Exchange Rates of Major Currencies against the US Dollar, 2022 - 2023**  
(annual percentage change)



Source: Bloomberg Database  
Note: Percentage changes have been calculated using year-end rates.

reflecting the weakening of the Japanese yen, influenced by higher US yield alongside the ultra-easy policy stance of the Bank of Japan. Likewise, the US dollar appreciated 3% against the Chinese yuan, driven by a combination of factors—consistent property market crisis, subdued consumer spending and declining credit growth in China coupled with tightened monetary policy stance in the US. It is noteworthy that the depreciation of the Chinese yuan was lower in relative terms during the second half of the year.

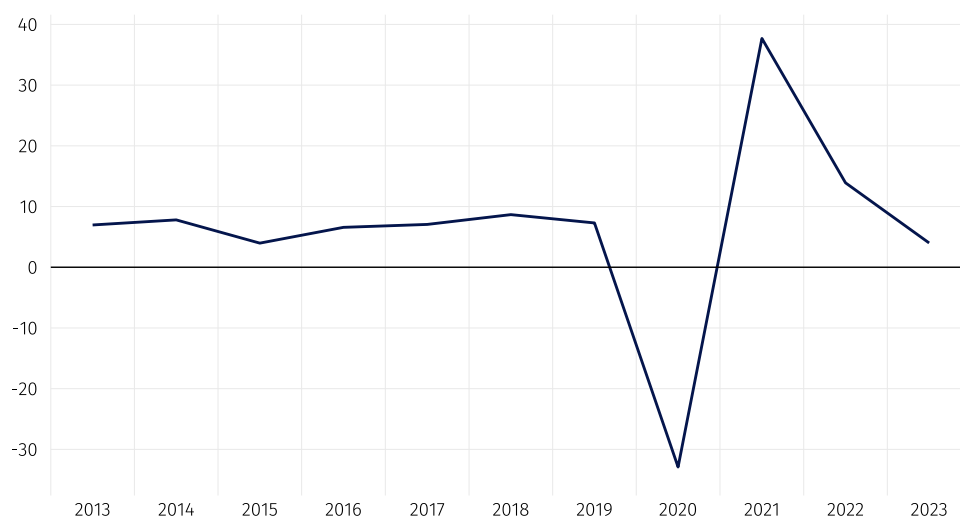
Conversely, the US dollar depreciated 5% against the pound sterling, amid persistent inflationary pressures in the UK—Bank of England is expected to maintain high interest rates, boosting the bond yields and consequently the pound sterling. Similarly, the US dollar depreciated 3% against the euro, mirroring tightened monetary policy stance in the euro area.

# Domestic Economic Developments

## Real Economy

According to the preliminary estimates based on the Quarterly National Accounts (QNA) released in early April 2024, the Maldivian economy is estimated to have expanded by 4.0% in 2023, year-on-year, after recording a growth of 13.9% in 2022 (Figure 8). However, this is 4.7 percentage points lower than the real GDP growth projected jointly by the MMA and the Ministry of Finance in October 2023 made for the Government Budget 2024. The lower-than-projected economic growth was mainly on account of the slower-than-expected outturn in the construction sector, together with the contraction of the tourism sector. In 2023, real GDP growth was led primarily by the expansion of the transportation and communication sector, which offset the decline in the tourism sector, and the wholesale and retail trade sector—a sector closely linked to the tourism sector. The decline in the tourism sector was stemmed from the drop in resort bednights, which drives the gross value added (GVA) of the sector instead of total tourist bednights. Further, real GDP growth was also supported by the public administration, financial services, real estate, as well as electricity, water, and waste management sectors during the year. However, both construction and fisheries sector observed modest growths in 2023.

Figure 8: Real GDP Growth, 2013 - 2023  
(annual percentage change)



Source: Maldives Bureau of Statistics

## Tourism

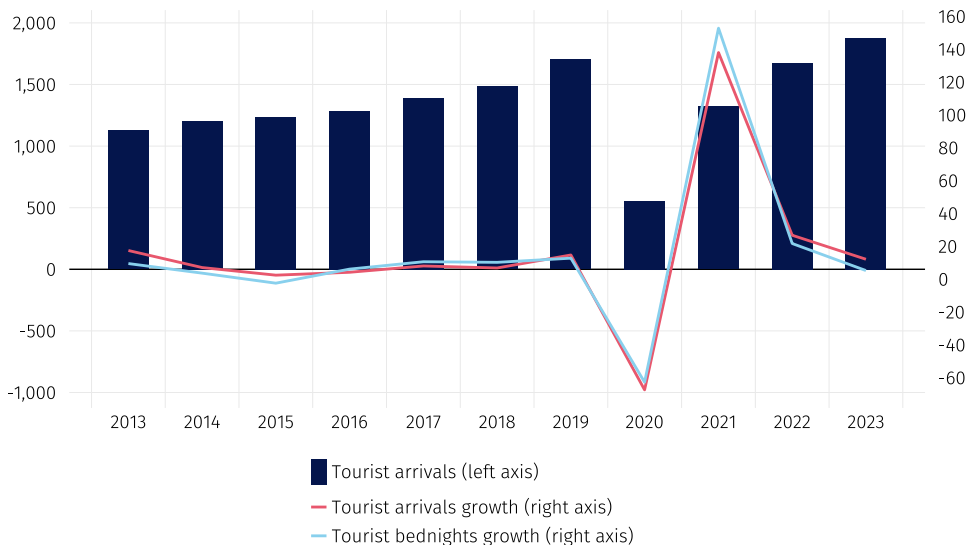
Following a year of robust recovery in 2022, the tourism sector experienced a contraction during 2023, reflecting a decline in resort bednights. Based on the preliminary QNA estimates, the GVA of the tourism sector is estimated to have observed an annual decline of -1.0% during 2023, following a growth of 20.4% recorded in 2022.

The year commenced favourably for the tourism sector with significant milestones achieved within the first quarter. Following a three-year hiatus, the reopening of China's borders in early January and subsequent resumption of Chinese arrivals to the Maldives during the month, compensated for the annual drop in arrivals from leading source markets to the Maldives such as India, which has observed annual declines in arrivals for the second consecutive year. Consequently, China reestablished its position as one of the top ten source markets during the first quarter. Notably, despite the ongoing Russia-Ukraine war, tourist arrivals from Russia remained robust and the country positioned itself as the second largest source market during the

review year. Supported by the arrivals from Europe and Asian source markets, total tourist arrivals surpassed half a million in the first quarter—the highest tourist arrivals recorded for a quarter.

Underpinned by the robust arrivals from major source markets, tourist arrivals totalled 1,878,543 by the end of 2023 and exceeded the government's annual target of 1.8 million tourists (Figure 9). This reflected a 12% increase in total tourist arrivals when compared with 2022, and a 10% increase relative to the pre-pandemic levels of 2019. The upward trajectory observed in arrivals during the year primarily reflected the surge in arrivals from China, although India has remained the dominant single source market since 2020. Despite the strong growth in arrivals, total tourist bednights registered a modest annual growth of 5%, driven mainly by the growth in guesthouse bednights, which more than offset the decline in resort bednights. As such, a significant increase in guesthouse bednights was observed in 2023, posting a growth of 58% compared to 2022, while resort bednights

**Figure 9: Tourism Indicators, 2013 - 2023**  
(thousands, annual percentage change)



Source: Ministry of Tourism

declined by 2%—a first-time negative growth observed for resort bednights since the COVID-19 pandemic. Mirroring the drop in resort bednights, the average stay declined to 7.6 days from 8.0 days in 2022. Despite improvements in total bednights and the arrivals, the GVA<sup>1</sup> of the sector is expected to have contracted in 2023 due to the decline in resort bednights. Reflecting these developments, total travel receipts is estimated to have declined by 6% to US\$4.2 billion in 2023, a reduction from US\$4.5 billion in 2022<sup>2</sup>. However, when compared with 2019, travel receipts observed an increase of 32%, indicative of the strong recovery since the pandemic.

As for the developments in global tourism, according to the United Nations World Tourism Organization's (UNWTO) World Tourism Barometer, international tourist arrivals recovered to 88% of the pre-pandemic levels in 2023, supported by robust pent-up demand. The estimated number of tourists who travelled internationally stood at around 1.3 billion for the year 2023—an increase of 34% compared with 2022. The continued strong recovery of the global tourism was mainly due to the sustained strong performance of the Middle East region with arrivals exceeding pre-pandemic levels by 22%, and Europe reaching 94% of pre-pandemic levels. Additionally, Africa and the Americas recovered 96% and 90% of pre-pandemic levels, respectively, while the Asia and the Pacific region achieved 65% of the pre-pandemic levels.

Reflecting these developments, international flight movements in the Velana International Airport (VIA) observed a modest increase of 4% (594 flights) when compared with the previous year and a 15% growth when compared

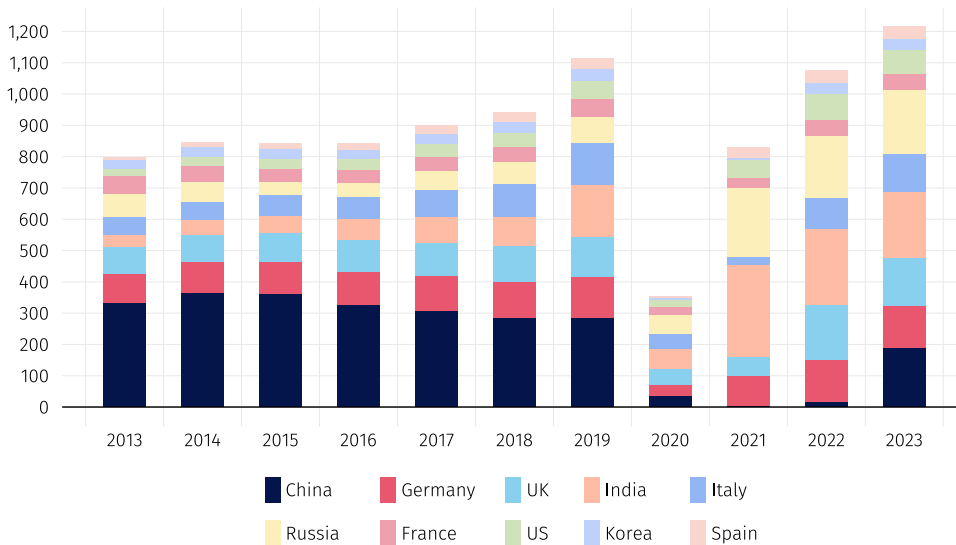
with the pre-pandemic levels. This mainly reflected the rise in flight movements from major carriers such as Fly Dubai, Air Asia, Wizz Air, Air Vistara, China Eastern, Etihad Airways, and Batik Air. Reflecting the reopening of the China's borders during the year, China Eastern, Beijing Capital Airlines and Sichuan Airlines resumed their operations to the Maldives. Meanwhile, the commencement of operations from Flynas (Saudi Arabian low-cost carrier), Batik Air, Virgin Atlantic, Beond (world's first premium leisure airline with its first base in the Maldives), and HiSky Europe increased direct air connectivity to the Maldives during the year. Conversely, notable declines were observed in the frequency of movements from GoAir, business jets movements in the VIA, Saudia, and Turkish Airlines. The significant decline in movements of GoAir was due to the halt in its operations in March 2023.

In 2023, the European market remained as the dominant regional market—accounting for 56% of total arrivals—followed by the Asia and the Pacific market (Figure 10). The market share of the European market declined by 5 percentage points when compared with 2022, although an increase of 7 percentage points was registered when compared with pre-pandemic levels (2019). Among the European source markets, Russia remained the leading source market, accounting for 11% of total arrivals—although this was a marginal decline of 1 percentage point compared to 2022. In 2023, the UK was the second major European source market (8%), followed by Germany (7%) and Italy (6%). Notably, the market shares reported for the key European source markets (UK and Germany) declined when compared with 2022, while Italy's market share observed no change.

<sup>1</sup> The gross value added (GVA) of the tourism sector is driven by resort bednights, instead of total bednights. Hence, a negative impact on resort bednights imposes a prominent impact on the growth of the sector.

<sup>2</sup> The tourism receipts figures are based on the estimates made by the MMA.

**Figure 10: Tourist Arrivals from Major Inbound Markets, 2013 - 2023**  
(thousands)



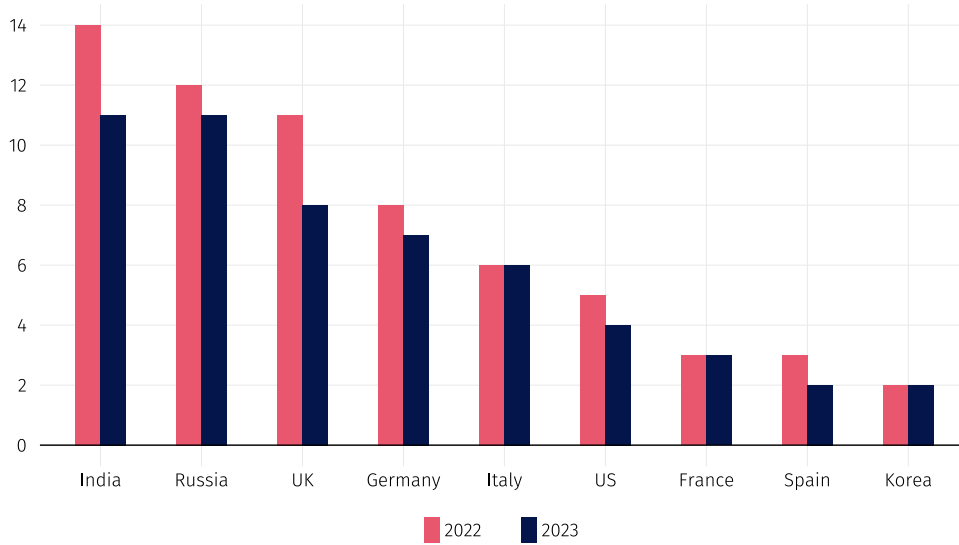
Source: Ministry of Tourism

Meanwhile, tourist arrivals from the Asia and the Pacific region constituted 32% of the total arrivals in 2023. This was a notable increase from the 25% recorded in 2022, although 9 percentage points lower than in 2019. The reduction in market shares relative to 2019 reflected the fall in arrivals from China due to the pandemic-led closure of its borders as China was the largest source market to the Maldives prior to the pandemic. Since 2020, India has been the leading single largest source market from Asia, and accounted for 11% of total arrivals during the year—although a 3 percentage point drop was observed compared to 2022 (Figure 11). This was followed by China, which accounted for a market share of 10%, with the resumption of arrivals from the country in January 2023—positioning itself as the third leading source market. It is noteworthy that South Korea, which became one of the top ten markets in 2022, remained among the top markets in 2023 as well.

On the supply front, the total number of resorts in operation increased to 176 resorts at the end of 2023, from 168 resorts at the end of 2022. This was a 5% increase when compared with 2022, and a growth of 16% when compared with 2019. As for guesthouses, the number of guesthouses in operation declined<sup>3</sup> to 809 at the end of 2023, from 872 guesthouses at the end of 2022. However, guesthouses observed an increase of 33% relative to 2019. Reflecting these developments, the average operational bed capacity of the industry increased by 8% (4,308 beds) compared with the previous year and exceeded the pre-pandemic levels by 30%. While the average operation bed capacity of resorts increased by 5% (2,148 beds), that of guesthouses increased by 14% (1,786 beds). Additionally, the overall occupancy rate of the industry dropped marginally to 58% in 2023 from 59% in 2022 and remained 5 percentage points below the pre-pandemic levels (Figure 12).

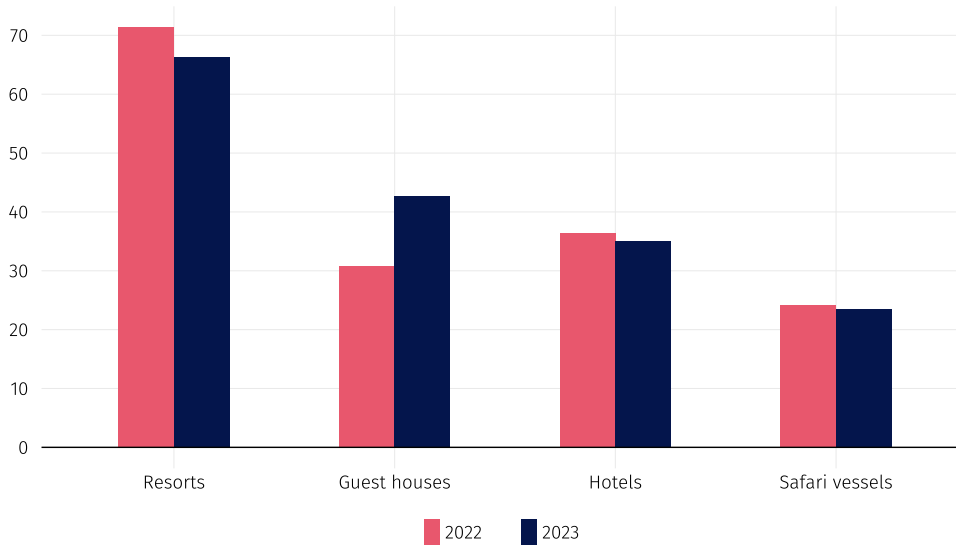
<sup>3</sup> The decline in guesthouses mainly reflected the review of the list of operational guesthouses by the Ministry of Tourism by the end of 2023, during which guesthouses operating with expired licenses or had other issues were removed.

Figure 11: Shares of Key Inbound Markets, 2022 - 2023  
(percent)



Source: Ministry of Tourism

Figure 12: Occupancy Rates for the Tourism Industry, 2022 - 2023  
(percent)



Source: Ministry of Tourism

## Fisheries

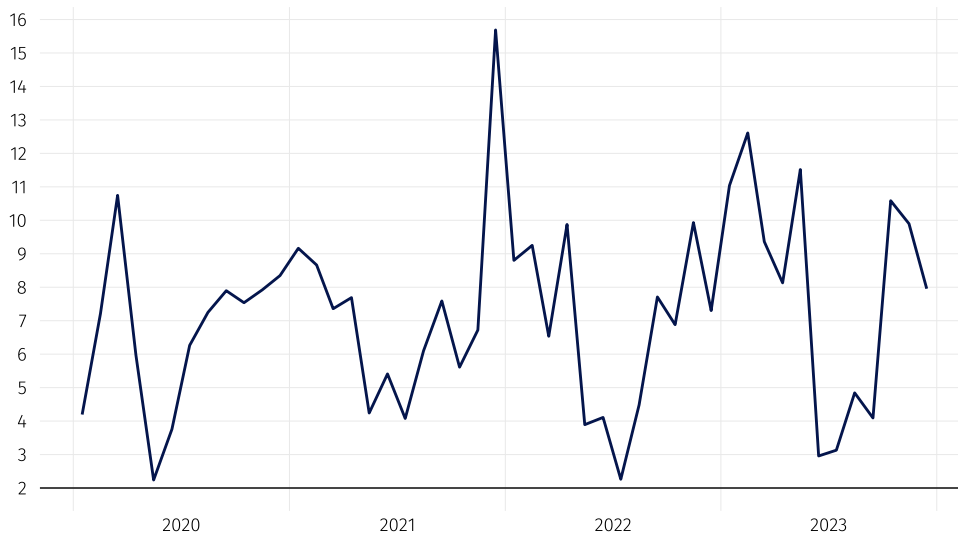
According to the preliminary QNA estimates, following a growth of 3.1% in 2022, the GVA of the fisheries sector is estimated to have observed a modest growth (0.5%) in 2023. This primarily reflected the growth in fish purchases by fish processing companies.

The total fish purchases by the domestic fish processing companies increased significantly by 19% in 2023 and totalled 96.1 thousand metric tonnes—the largest volume of purchases recorded in the past 10 years—following an annual decline of 8% in 2022 (Figure 13). Notably, fish purchases have approximately doubled since 2013. The increase stemmed primarily from an increase in both skipjack tuna and yellowfin tuna purchases in 2023. Both skipjack tuna (83% of total fish purchases) and yellowfin tuna (17% of total fish purchases) purchases continued

to collectively account for approximately over 99% of the total fish purchases.

As for the local purchase prices of tuna<sup>4</sup>, the average purchase prices of both iced skipjack tuna and skipjack tuna rose to MVR25.0 and MVR23.0 per kilogram, from an average of MVR17.0 and MVR15.0 per kilogram in 2022, respectively. This significant rise in prices was due to MIFCO raising its purchase prices in September 2023. Meanwhile, the average purchase price of yellowfin tuna fell significantly during the year and averaged MVR65.5 per kilogram, from an average of MVR80.1 per kilogram in 2022 (Figure 14). As for tuna prices in the international market, the price of skipjack tuna in the Bangkok market averaged MVR28.0 per kilogram in 2023—an increase from the MVR25.5 per kilogram recorded in 2022. During the year, Thailand

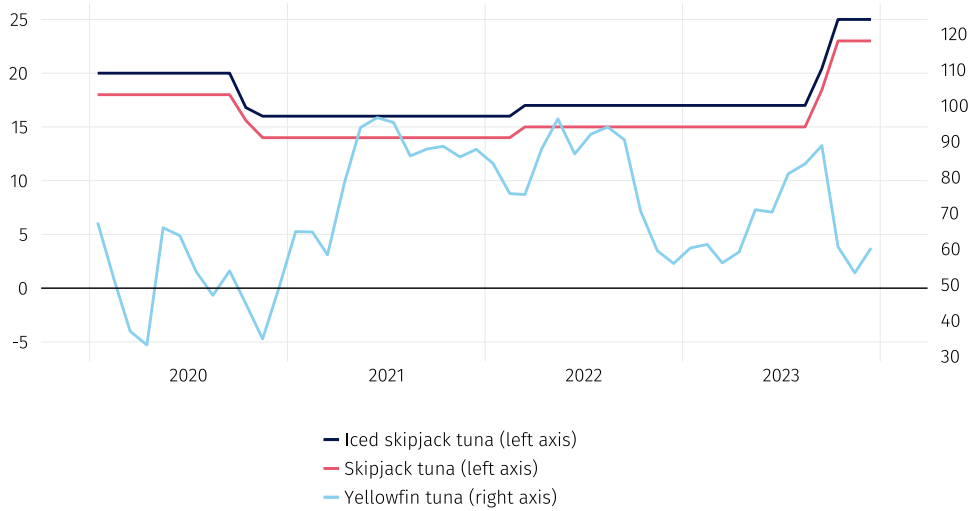
**Figure 13: Fish Purchases, 2020 - 2023**  
(thousand metric tonnes)



Source: Ministry of Fisheries and Ocean Resources

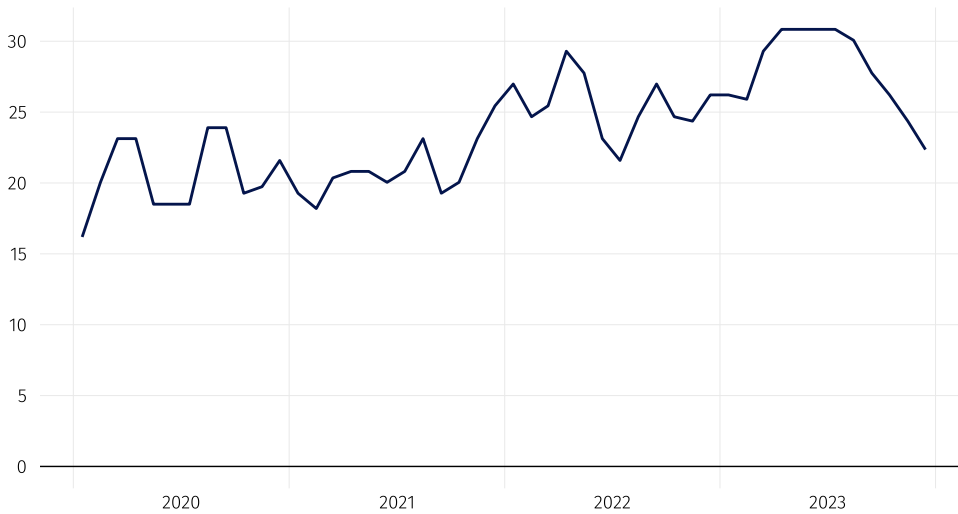
<sup>4</sup> Based on prices collected by the Ministry of Fisheries and Ocean Resources.

**Figure 14: Prices Paid for Fish by Local Processing Companies, 2020 - 2023**  
(rufiyaa per kilogram)



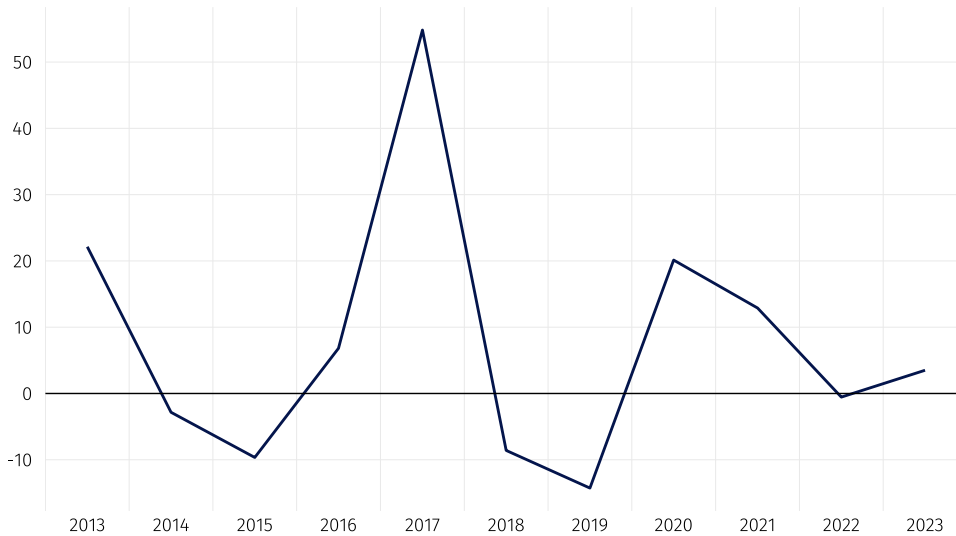
Source: Ministry of Fisheries and Ocean Resources

**Figure 15: Skipjack Tuna Prices, 2020 - 2023**  
(rufiyaa per kilogram)



Source: Ministry of Fisheries and Ocean Resources  
Note: Prices are based on Bangkok frozen market prices.

**Figure 16: Volume of Fish Exports, 2013 - 2023**  
(annual percentage change)



Source: Maldives Customs Service

continued to be the main export destination for Maldivian skipjack tuna (Figure 15).

Looking at the developments in the fish processing sector, the volume of fish exports posted a modest growth of 4% (2,666.6 metric tonnes) and totalled 78.8 thousand metric tonnes, mainly owing to the increase in canned or pouched exports, which grew by 47% (3,978.1 metric tonnes), followed by frozen yellowfin tuna (increased by 10% or 559.9 metric tonnes). These were largely offset by the significant declines in fresh or chilled yellowfin tuna and frozen skipjack tuna, which decreased by 22% (817.1 metric tonnes) and 1% (811.0 metric tonnes), respectively (Figure 16).

## Construction

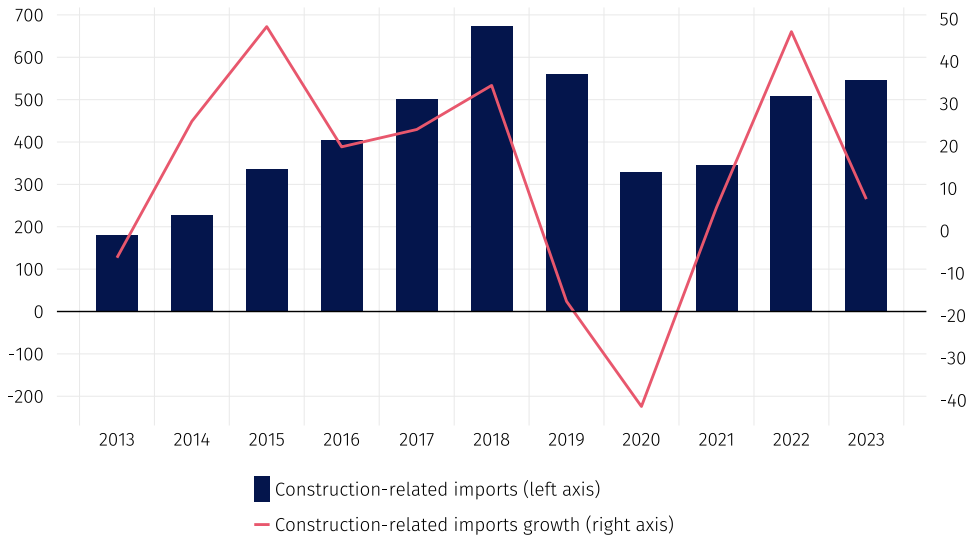
As per the preliminary QNA estimates, although it continued to remain significantly below pre-pandemic levels, the GVA of the construction sector is estimated to have increased by 3.6% during the year, following a sizable growth of 34.1% in 2022. During 2023, construction activity continued to expand as indicated by the significant growth in construction-related imports<sup>5</sup>, which registered an annual growth of 7%, after recording a growth of 47% during the preceding year (Figure 17).

Meanwhile, commercial bank credit to the construction sector<sup>6</sup>, a key indicator used to assess the performance of the sector, posted

<sup>5</sup> Construction sector-related imports include import of wood, metal, cement and aggregates and construction related items not elsewhere specified.

<sup>6</sup> Construction sector-related loans include loans for new resort development, resort renovation and construction of guesthouses (classified as tourism sector loans), as well as loans to the real estate sector. Hence, this figure will be different from the loans to the construction sector reported under Monetary Developments.

**Figure 17: Construction-related Imports, 2013 - 2023**  
(millions of US dollars, annual percentage change)



Source: Maldives Customs Service

an increase of 5% compared to the previous year. This increase in credit to the sector was mainly owing to the increase in loans extended for construction of new resort developments, real estate of residential or housing projects, construction of residential or housing projects<sup>7</sup>, construction of commercial buildings, real estate of commercial buildings, credit lent for renovation of resorts, and guesthouses. Conversely, declines were observed in loans extended for the other real estate projects, other construction projects, and construction of property development projects. It should be noted that a significant share of financing for resort development projects is sourced from abroad, while funding for public infrastructure projects is obtained from the government budget and through external borrowings.

## Wholesale and Retail Trade

In line with the contraction of the tourism sector, activity in the wholesale and retail trade sector registered a modest decline in 2023. As per the preliminary QNA estimates, the GVA of the wholesale and retail trade sector is estimated to have contracted moderately (0.3%) in 2023, following a significant growth of 20.2% in 2022. As for the main indicators for the sector, total imports observed a marginal decline of 1%, year-on-year, following a growth of 37% in 2022, while commercial bank credit to the sector recorded a significant growth of 15% at the end of 2023, after registering a growth of 10% during the previous year.

<sup>7</sup> Credit lent for construction of residential or housing projects refers to credit provided for construction or refurbishment of residential or housing properties and which is or will be used by the owner (borrower) or rented for housing purposes. In contrast, credit lent for real estate residential, or housing projects includes loans secured whereby the proceeds are used for purchase of the property and construction or refurbishment improvements which are used for residential purposes.

## Inflation

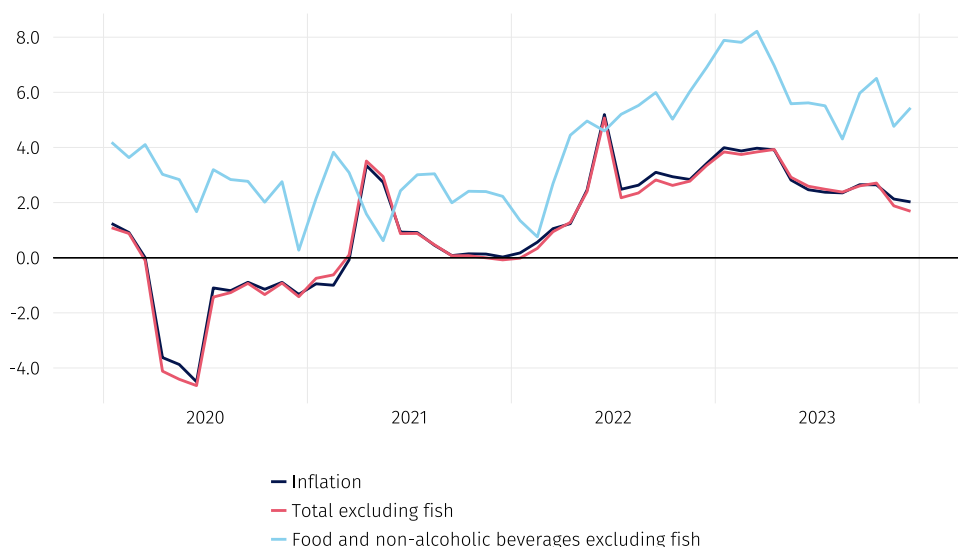
According to CPI data released by the Maldives Bureau of Statistics in January 2024, the average rate of inflation accelerated to 2.9% in 2023, from 2.3% in 2022, driven primarily by the domestic policy change on general goods and services tax (G-GST) rate. During the year, prices of food items, together with cost of certain services such as services of restaurants and cafés, passenger transport services and health services, as well as price of energy-related items contributed most to upward inflationary pressures. This was offset to some extent by declines in the prices of information and communication services.

The rate of inflation, based on the annual percentage change in the 12-month moving average of the national CPI, accelerated to 2.9% in 2023, after registering 2.3% in 2022 (Figure 18). The acceleration in the domestic inflation rate mainly reflected the domestic policy change on the G-GST rate.

The rate of inflation picked up to 3.9% during the first quarter of the year, largely reflecting the impact of the increase in the G-GST rate from 6% to 8% effective from 1 January 2023, together with lagged effects of the

pass-through of elevated global commodity prices from previous year. The inflation rate decelerated to 3.1% in the second quarter of the year as food inflation moderated due to ease in supply shortages of certain food products, despite the continued impact of the increase in the G-GST rate. This was followed by further decelerations in the rate of inflation to 2.5% and 2.3%, during the third and fourth quarter, respectively, partly mirroring the lagged pass-through effects of the moderation in global commodity prices. For the year as a whole, upward inflationary pressures were

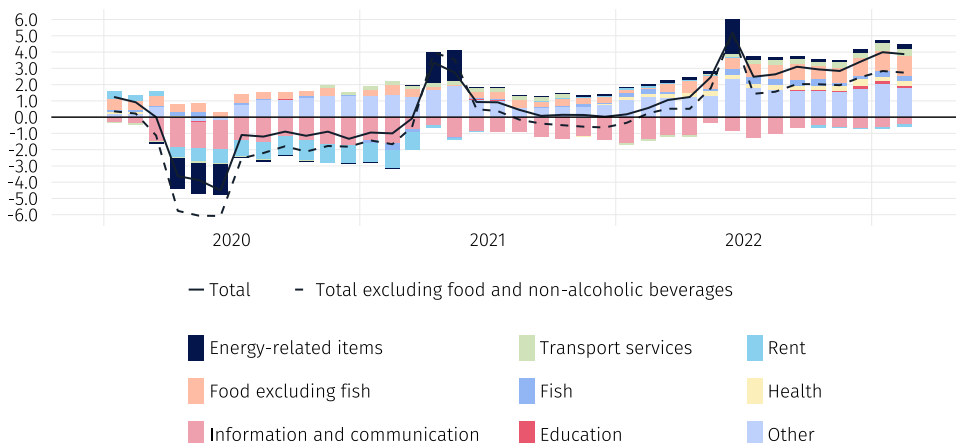
**Figure 18: Inflation (National), 2020 - 2023**  
(annual percentage change, August 2019=100)



Source: Maldives Bureau of Statistics

**Figure 19: Contribution of Major Categories to CPI Inflation (National), 2020 - 2023**

(annual percentage change, percentage point contribution, November 2022=100)



Source: Maldives Bureau of Statistics

Note: Main categories in other are furnishing, personal care, restaurant and accommodation services, tobacco and narcotics, and water supply.

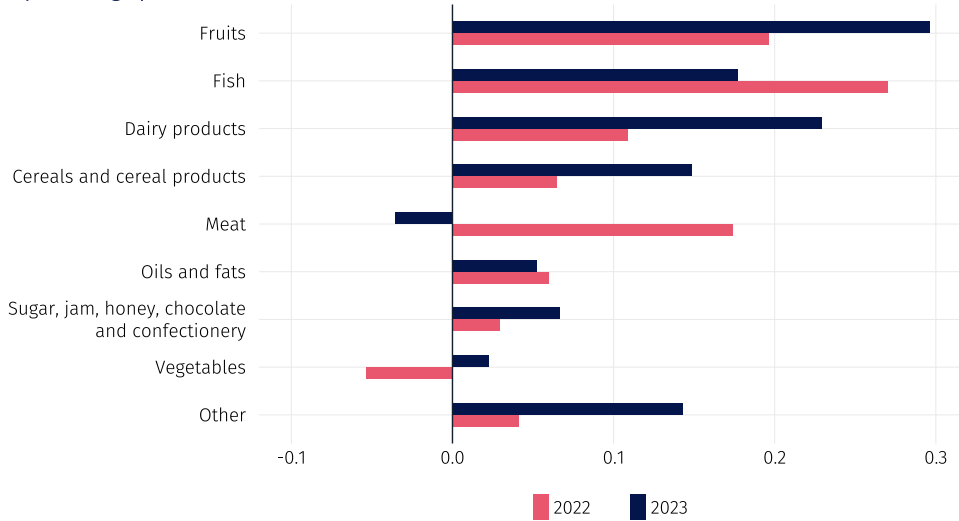
exerted by the growth in prices of most of the food items together with higher cost of certain services, such as services of restaurants and cafés, passenger transport services, and health services, as well as price of energy-related items. Meanwhile, the decline in prices of information and communication services contributed to the most downward pressure on inflation (Figure 19).

With regard to developments in the major categories of the CPI, the food and non-alcoholic beverages category—which carries the second largest weight in the CPI basket—accounted for the largest upward contribution to inflation during 2023. Food inflation grew by 5.8% in 2023, up from 4.8% in 2022, due to the combined effects of the impact of the G-GST rate increase, lagged pass-through effects of elevated global food prices from previous year and supply shortages—particularly towards the end of year (Figure 20). During the year, food inflation was mainly contributed by the

increase in prices of fruits, dairy products, fish, cereals and cereal products, and other food products. In contrast, this was dampened to some extent by the decrease in the prices of meat.

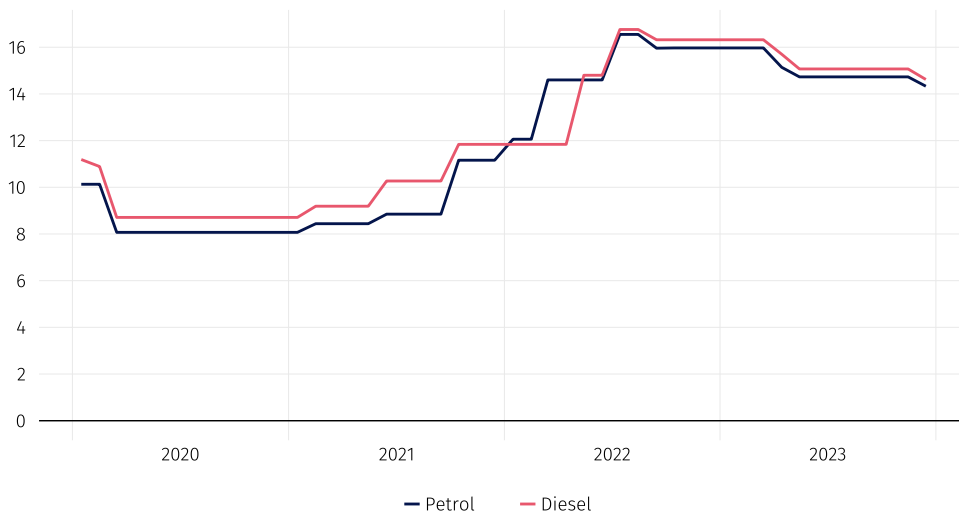
This was followed by the growth in cost of certain services such as cost of restaurant and accommodation services, which grew by 7.2% in 2023. Within this category, upward price pressures mainly stemmed from the cost of restaurants and cafés partly mirroring the rise in tax rate, observing a growth of 7.3% during the year. This was an acceleration from 3.3% in 2022. Further, the cost of passenger transport services rose by 9.6% in 2023, further up from the 3.4% registered in 2022. This was owing to the rise in the cost of domestic passenger air transport and passenger transport by sea, by 17.3% and 7.2%, respectively, while the cost of passenger transport by road observed a deceleration from 11.6% in 2022 to 9.3% in 2023. It is noteworthy that, Maldivian, the

**Figure 20: Contribution of Food Categories to CPI Inflation (National), 2022 - 2023**  
(percentage point contribution)



Source: Maldives Bureau of Statistics

**Figure 21: Domestic Fuel Prices, 2020 - 2023**  
(rufiyaa per litre)



Source: State Trading Organization  
Note: Prices are based on retail price of Fuel Supply Maldives.

national airline of the Maldives, increased its ticket prices in March 2023. Meanwhile, the deceleration in passenger transport by road mirrored the dissipation of the upward adjustment of taxi fares in the Greater Male' Region in July 2022, towards the second half of 2023.

The energy sub-category<sup>8</sup> was another major contributor to the annual inflation, reflecting the increase in the cost of electricity stemming from higher consumption in comparison to the preceding year as the tariff rates remained unchanged. As such, cost of electricity accelerated to 5.2% in 2023, after recording a growth of 2.9% in 2022. In contrast, the price of petrol rose by 0.3% in 2023, a significant slowdown from the 53.1% increase in 2022, owing to the adjustments made to the administered price of petrol by the State Trading Organization (STO), in line with the trends in global oil prices (Figure 22). In 2023, global crude oil prices stood at US\$80.8 per barrel in 2023, down from US\$97.1 per barrel in 2022, largely mirroring the imbalances in demand and supply. Accordingly, domestic price of petrol averaged MVR15.04 per litre<sup>9</sup> in 2023, down from an average of MVR15.07 per litre recorded in 2022.

Similarly, health inflation rose to 4.5% in 2023, although this was a slight deceleration from

the 4.6% recorded in 2022. The growth in health inflation primarily stemmed from the increase in the cost of outpatient care services, which reflected higher doctor's consultation fees in private hospitals, although cost of medicines observed a slowdown during the year. Further, the cost of education services also increased mainly owing to the rise in the cost of early childhood and primary education.

Meanwhile, the information and communication category, which fell by 7.5% exerted the most downward pressure on inflation during 2023, albeit at a slightly slower pace compared to the fall of 7.9% recorded in 2022 (Figure 21). This was largely driven by the decline in the cost of information and communication services, primarily owing to the fall in mobile communication services (-15.6%) together with the fall in prices of mobile telephone equipment (-4.9%). The reduction in cost of mobile communication services mainly reflected the lower unit prices in mobile broadband provided by telecommunication companies. This can be associated with the introduction of new and cost-effective mobile packages by telecommunication service providers. Further, housing rent—which carries a weight of 16.8% in the CPI basket—observed a decline of 0.4% in 2023, after remaining broadly unchanged in the preceding year.

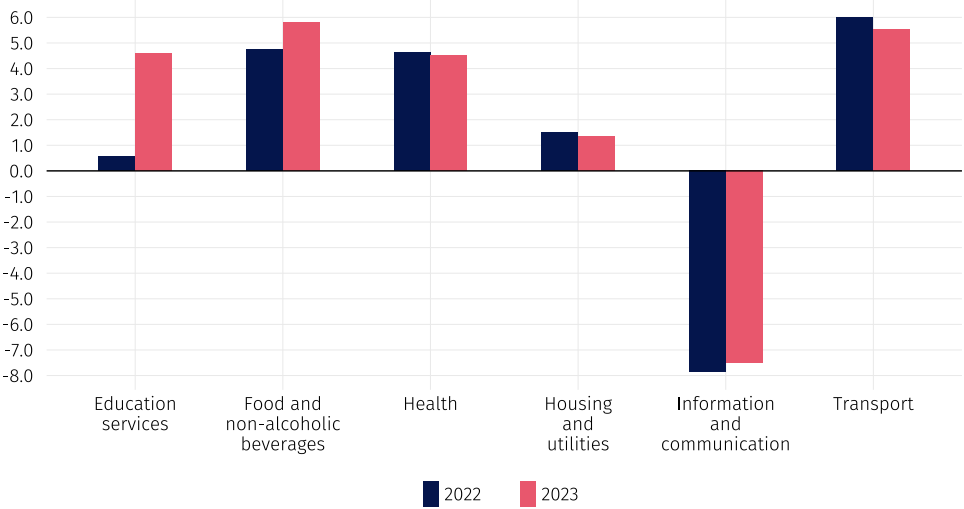
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<sup>8</sup> Energy-related items include the price charged on electricity, gas and other fuels, and price of fuels and lubricants for personal transport equipment.

<sup>9</sup> This is based on the retail price of Fuel Supply Maldives (FSM), a subsidiary of STO—the largest importer of petroleum products in the Maldives.

Figure 22: Inflation Rates of Selected Categories of CPI (National), 2022 - 2023

(annual percentage change)



Source: Maldives Bureau of Statistics

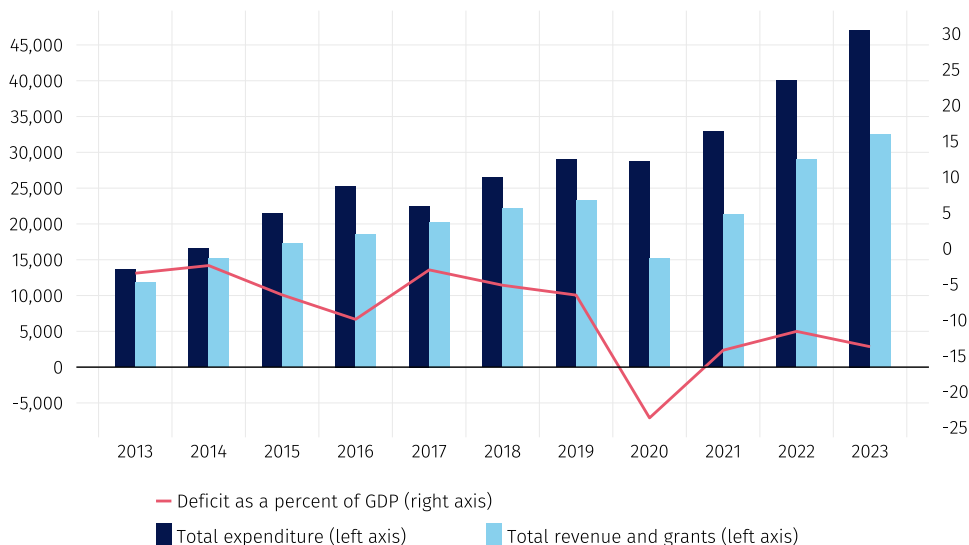
## Public Finance

The fiscal deficit worsened to 12.7% of GDP in 2023, owing to a higher-than-expected outturn for expenditure resulting from delays in the implementation of the expenditure reduction policies set for the 2023 government budget, despite total revenue surpassing the budgeted target for the year. Total revenue rose due to the increase in tax collection, which reflected the hikes in both the G-GST and T-GST rates, as well as the execution of new revenue measures. Meanwhile, total expenditure outpaced the budgeted target due to a significant growth in both recurrent and capital expenditure.

According to the government budget 2023, fiscal policy was primarily geared towards the reduction of the elevated risks that surfaced due to the global pandemic, the Russia-Ukraine war, and the rise in global inflation. Further, the budget was aimed towards maintaining debt at a manageable level and the fiscal situation at a sustainable level, while allowing fiscal space to fulfil the key pledges of the government, as well as deploy the national resilience recovery plan and complete ongoing projects.

Total expenditure exceeded the approved budgeted amount, owing to increased spending on the national health insurance scheme (Aasandha), subsidies, and PSIP. As such, increased expenditure on Aasandha was driven by the delayed implementation of bulk procurement of drugs which was targeted for 2023. Additionally, the delay in implementation of the revised fuel and electricity subsidy regimes, and the commencement of developmental projects in 2023 that were

**Figure 23: Government Revenue and Expenditure, 2013 - 2023**  
(millions of rufiyaa, annual percentage change)



Source: Ministry of Finance

delayed due to the pandemic, consequently increased the cost burden, and exceeded the expenditure estimates set for 2023. Reflecting this, the fiscal deficit worsened to MVR13.6 billion in 2023 from MVR11.4 billion in 2022. This was MVR5.0 billion higher than the fiscal deficit target (8.3% of GDP) set for the year, driven by a surge in total expenditure. In terms of GDP, the overall fiscal deficit<sup>10</sup> is estimated to have widened to 12.7% of GDP in 2023, from 12.0% of GDP in 2022 (Figure 23). Similarly, the primary deficit<sup>11</sup> worsened to 9.0% of the GDP in 2023 from 8.3% in 2022. In 2023, total revenue increased, primarily driven by the growth in tax revenue, reflecting the upward revision of tax rates at the beginning of the year, combined with the implementation of new revenue policy measures. With the increase of the G-GST rate from 6% to 8% and the T-GST rate from 8% to 12%, effective from 1 January 2023, total revenue collection observed favourable results during 2023. Meanwhile, total expenditure posted a sizeable increase driven by a significant increase in both recurrent and capital expenditure.

## Revenue

Total government revenue (excluding grants) rose to MVR32.9 billion in 2023, which was a significant growth of 17% when compared with 2022. Further, total revenue (excluding grants) also surpassed the budgeted amount for 2023 by MVR3.2 billion. This growth in revenue was primarily owing to the increase in tax revenue, underpinned by the increase in the tax rates for both G-GST and T-GST<sup>12</sup>. In addition, total revenue (excluding grants) was boosted by the implementation of some of the new revenue

measures proposed in past Budgets, such as the expatriate quota fee, and the plastic bag fees. Meanwhile, non-tax revenue posted an annual decline of MVR262.5 million.

Tax revenue, the largest component of total revenue—73% of total revenue (excluding grants)—observed a growth of MVR4.6 billion, and totalled MVR24.1 billion during the year (Figure 24). This largely stemmed from the increase in the collection from goods and services tax category, mainly from T-GST followed by G-GST, which rose by MVR2.1 billion (to reach MVR8.7 billion), and MVR1.3 billion (to reach MVR4.5 billion), respectively, owing to the tax hike (Figure 25). This was followed by receipts from the business and property tax<sup>13</sup>, which observed the second-largest increase during the year. This primarily stemmed from the growth in business profit tax (BPT), followed by withholding tax revenue. Additionally, compared to 2022, revenue receipts from both the airport service charge and green tax increased, indicative of the robust tourist arrivals recorded for the year. Notably, revenue from T-GST did not reach the budgeted revenue target by MVR353.9 million, likely due to the annual reduction in resort bednights observed over the last three quarters of 2023.

In 2023, non-tax revenue—26% of total revenue (excluding grants)—plunged by MVR262.5 million and totalled MVR8.5 billion due to the decline in all the non-tax revenue categories, except for the other non-tax revenue category. The increase in the other non-tax revenue was largely driven by the increase in cross-subsidy earnings<sup>14</sup>. The largest decline stemmed from the fees and charges category, which decreased

<sup>10</sup> Latest data available from the Ministry of Finance, as of 19 February 2024.

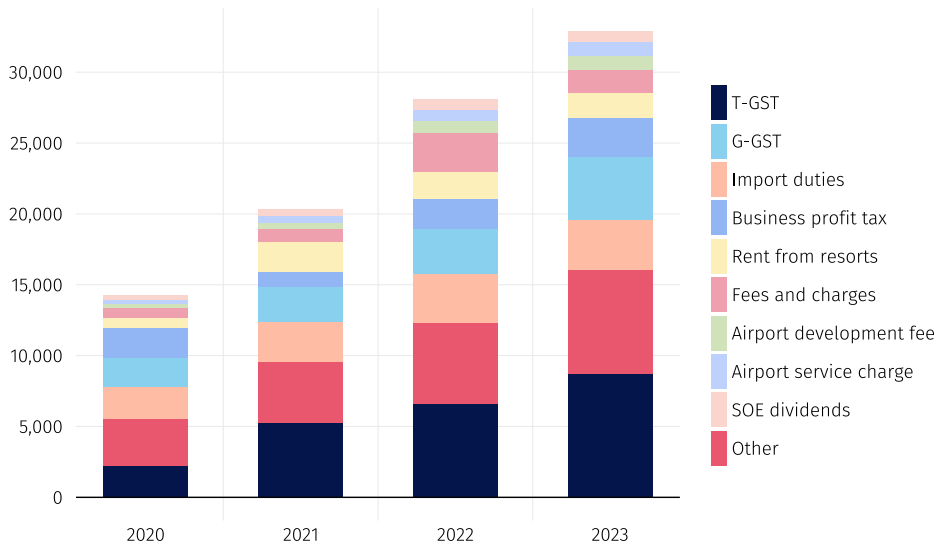
<sup>11</sup> This is the total budget balance excluding interest expenditure.

<sup>12</sup> According to the Sixth Amendment of the Goods and Services Tax, effective from 1st January 2023, the G-GST rate was revised upwards from 6% to 8%, and the T-GST rate from 12% to 16%.

<sup>13</sup> Business and Property Tax revenues for 2022 were collected during 2023.

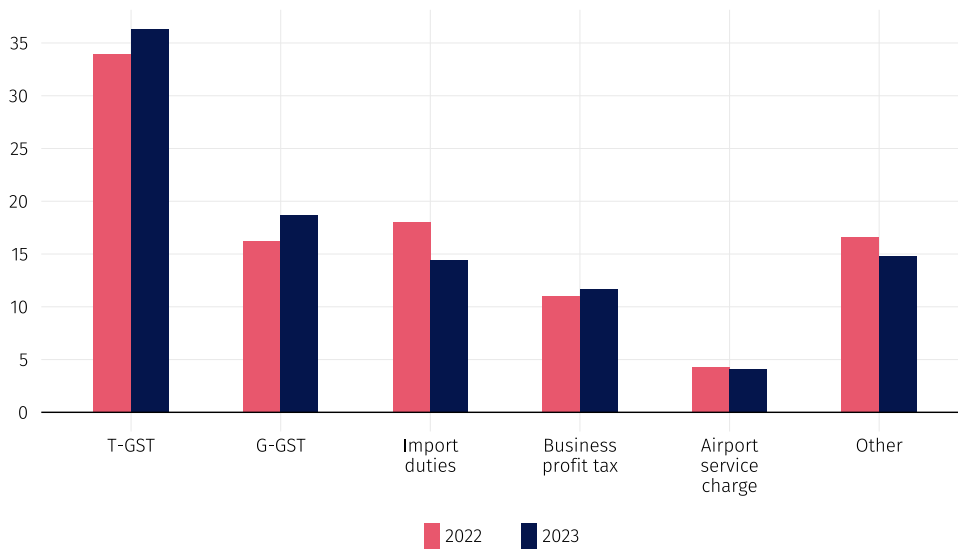
<sup>14</sup> Cross-subsidy regulation (2022/R-125) outlines that the state could allocate islands, land plots, or lagoons for tourism purposes to private financiers or contractors to carry out projects with socioeconomic benefits.

**Figure 24: Breakdown of Revenue (Excluding Grants), 2020 - 2023**  
(millions of rufiyaa)



Source: Ministry of Finance

**Figure 25: Composition of Tax Revenue, 2022 - 2023**  
(percent)



Source: Ministry of Finance

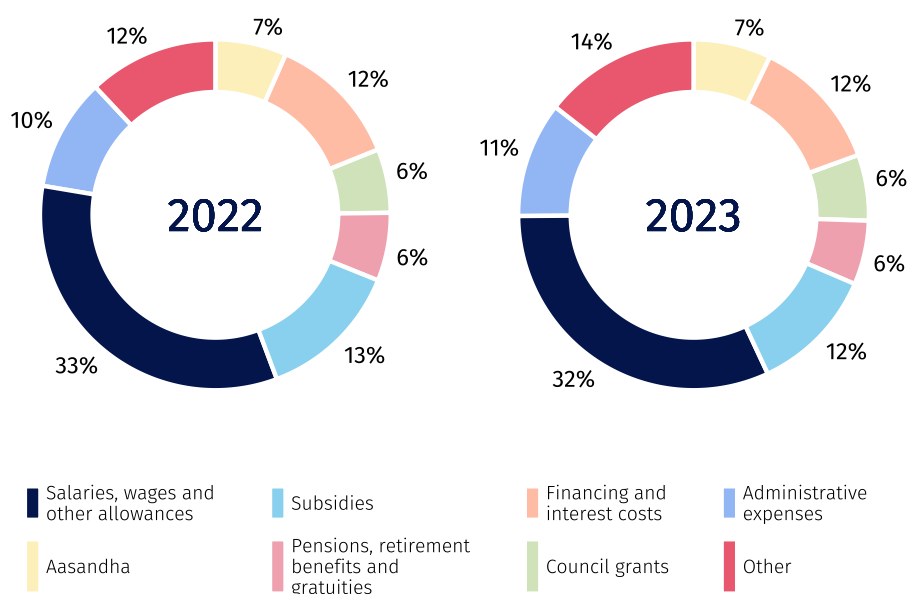
by MVR1.0 billion, primarily reflecting the drop in earnings from other fees and charges. The significant decline in other fees and charges can be attributed to the reduced earnings from lease period extension fees. Further, additional declines in non-tax revenue were observed from interests, profit, and dividends; property income, as well as fines and penalties, which decreased by MVR243.6 million, MVR233.1 million, and MVR87.3 million, respectively. The annual decline in property income mainly stemmed from the fall in collection of rent from resorts.

## Expenditure

Total government expenditure (excluding net lending) amounted to MVR47.0 billion in 2023, registering a growth of MVR7.1 billion in annual terms. The annual increase in total expenditure was driven by a significant growth in both recurrent and capital expenditure, surpassing the budgeted amount for 2023.

Recurrent expenditure—which accounted for 68% of total expenditure—increased by MVR3.9 billion, and totalled MVR31.9 billion (Figure 26). This was 11% higher than the amount budgeted for recurrent expenditure in 2023. The largest increase in recurrent expenditure stemmed from administrative and operational expenses, which grew by MVR2.5 billion in annual terms and totalled MVR19.4 billion, followed by salaries and wages, which rose by MVR935.2 million and totalled MVR12.0 billion in 2023. Delving into the major contributors to administrative and operational expenses, a marked growth of MVR1.2 billion was observed in the grants, contributions, and subsidies category—which also accounted for the highest share of the total recurrent expenditure. This primarily mirrored a significant growth in expenses on other grants and contributions and the national health insurance scheme (Aasandha), which observed an annual growth of MVR495.0 million and MVR441.7 million, respectively. The expenditure on Aasandha

Figure 26: Government Recurrent Expenditure



Source: Ministry of Finance

totalled MVR2.3 billion—MVR1.2 billion higher than the amount budgeted for 2023, mainly owing to the delay in implementation of the bulk procurement of drugs planned for 2023 (Figure 27).

Meanwhile, salaries and wages—a major component of recurrent expenditure—recorded a growth of 8% in annual terms, driven by increases in salaries and wages, and allowances to employees. These increases can be attributed to the rise in costs on new employees with the formulation of new agencies during the year, as well as the pay harmonisation of health sector in May 2023.

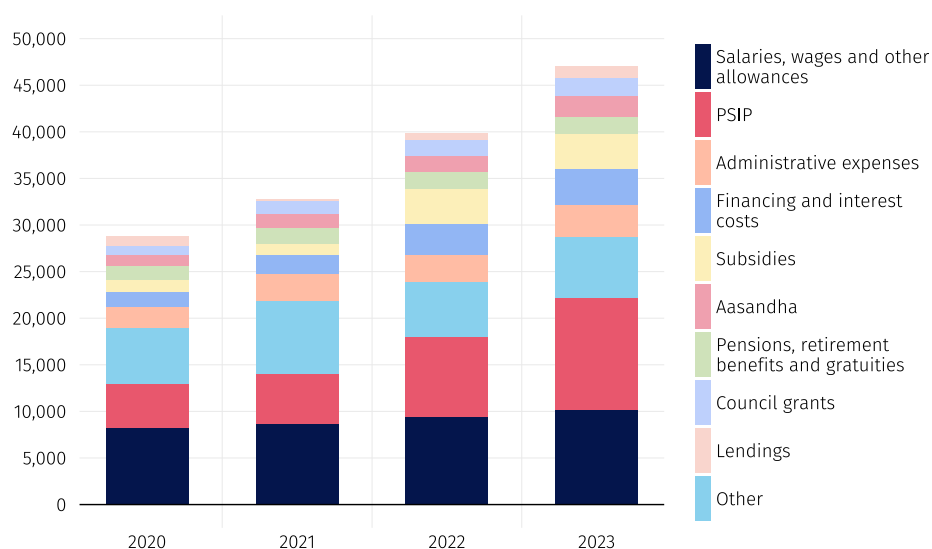
Capital expenditure (32% of total expenditure) recorded a growth of MVR3.3 billion, and totalled MVR15.1 billion in 2023—exceeding the approved budget amount for 2023 by MVR928.0 million. The annual growth in capital expenditure was largely driven by spending on infrastructure assets, due to the increase in the PSIP expenditure and posted an increase of MVR3.4 billion when compared with 2022.

This was primarily due to the faster-than-anticipated implementation and progress of projects, following the slowdown caused by the COVID-19 pandemic. In this regard, the most notable growths were observed in expenditure on land and buildings, and on roads, bridges, and airports, which posted an annual increase of MVR2.2 billion and MVR707.3 million, respectively, mirroring the spending on mega infrastructure projects of the government such as the ThilaMale’ Bridge Project, Gulhifalhu land reclamation and port development project, the development of Velana International Airport, and the Addu city road construction project. Conversely, expenditure on both development projects and investment outlays posted declines during the year, while both lendings as well as expenditure on capital equipment increased marginally in 2023.

## Financing

The estimated fiscal deficit for 2023 was MVR2.2 billion higher compared with 2022, and MVR5.0 billion higher than the approved

**Figure 27: Breakdown of Expenditure, 2020 - 2023**  
(millions of rufiyaa)



Source: Ministry of Finance

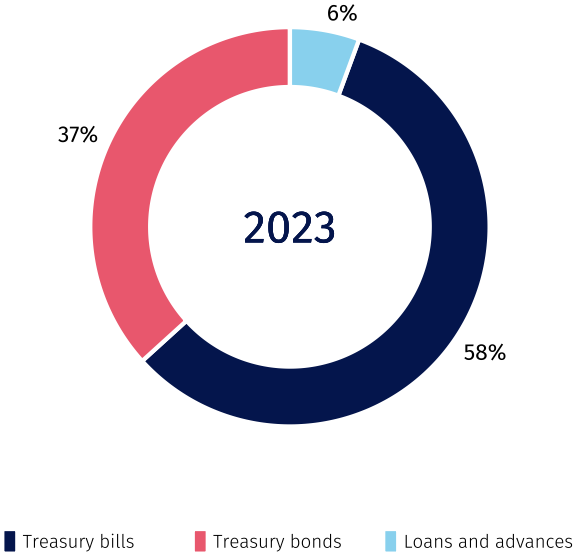
budget for 2023. This was owing to the growth in total expenditure, resulting in increased net borrowing in annual terms for 2023. In 2023, the fiscal deficit was mainly financed through domestic sources. As such, net borrowing through domestic sources significantly outpaced the budget target, while net borrowing through external sources was less than the amount budgeted for the year.

Domestic borrowing by the government—consisting of both short-term and long-term loans and debt securities—represented a net borrowing of MVR14.4 billion in 2023, a significant increase when compared with the net borrowing of MVR9.7 billion recorded in the previous year. This was primarily driven by the increase in the issuance of government securities. Further, the issuance of government securities—treasury bills and treasury bonds<sup>15</sup>—was the primary source of domestic

borrowing in 2023 (Figure 28). This mostly stemmed from the net issuance of treasury bonds, which recorded a net borrowing of MVR8.5 billion, while a net borrowing of MVR5.2 billion was recorded for treasury bills. The increase in treasury bonds largely reflects the conversion of MVR6.3 billion out of the public bank account deficit to an amortising bond during the year.

External financing includes borrowing as loans—contracted as buyer’s credit, bilateral, multilateral, private, and other sources as well as bonds issued in the international market. During 2023, external financing recorded a net borrowing of MVR4.3 billion. This largely stemmed from the growth in external borrowing obtained as buyer’s credit, followed by borrowings from multilateral sources and bilateral sources.

Figure 28: Composition of Domestic Claims on Government



Source: Maldives Monetary Authority

<sup>15</sup> The pension recognition bond is not classified as a treasury bond as it is non-tradable.

## Public Debt

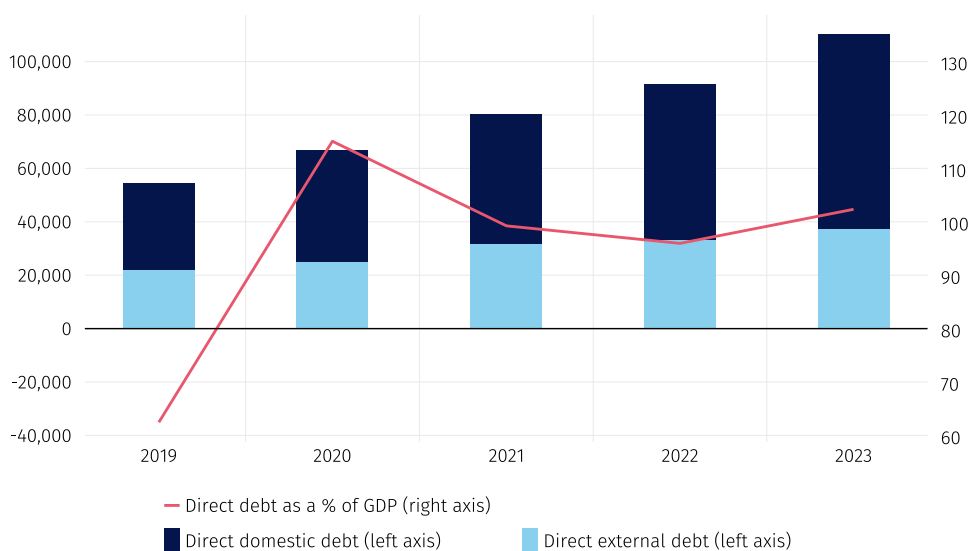
The total outstanding stock of public debt increased to MVR110.2 billion at the end of 2023, from MVR91.5 billion at the end of 2022, largely owing to the increase in domestic debt together with external debt. Similarly, public debt as a percentage of GDP increased to 102.7% in 2023 from 96.4% recorded in 2022 (Figure 29). Delving into the composition of public debt, domestic debt remained as the largest component with a share of 66%, while the share of external debt stood at 34% at the end of 2023. Meanwhile, total public and publicly guaranteed (PPG) debt stood at MVR124.2 billion in 2023 and PPG debt as a percentage of GDP rose to 115.9% in 2023 from 114.3% in 2022. Guaranteed debt, which primarily consist of external debt, observed a drop at the end of the year. This largely mirrored the repayment of US\$100 million foreign currency swap facility availed from the RBI in December 2023 (Figure 30).

Domestic debt totalled MVR72.8 billion at the end of 2023, up from MVR58.4 billion

in 2022, largely reflecting the increase in investments in treasury bonds by the MMA. Delving into the share of securities, the share of treasury bills in total domestic debt remained broadly unchanged at 58% in 2023, while the share of treasury bonds increased to 37% in 2023, from 29% recorded at the end of the previous year. Meanwhile, external debt, which consists of external borrowings in the form of loans and sovereign bonds issued in the international market, totalled MVR37.4 billion at the end of 2023, up from MVR33.1 billion at the end of 2022. During this period, external financing acquired as buyer's credit, other and multilateral sources dominated the composition of external debt.

Turning to the outstanding stock of treasury bills by holder, commercial banks remained the main investor in terms of holdings, with a share of 53%—a five percentage drop in share compared to 2022—of the total outstanding treasury bills, followed by the other financial corporations (44%) (Figure 31). With regard to

**Figure 29: Total Outstanding Stock of Public Debt, 2019 - 2023**  
(millions of rufiyaa, percent)

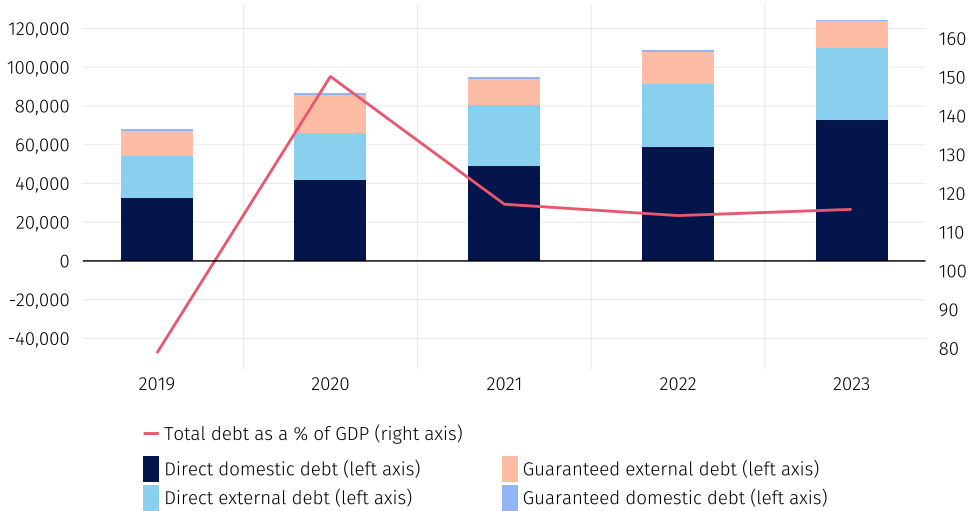


Source: Ministry of Finance

maturity, investor preference remains towards longer-term maturities as treasury bill issuance reverted to a tap system in 2014 (Figure 32). Accordingly, the majority of treasury bills (63%)

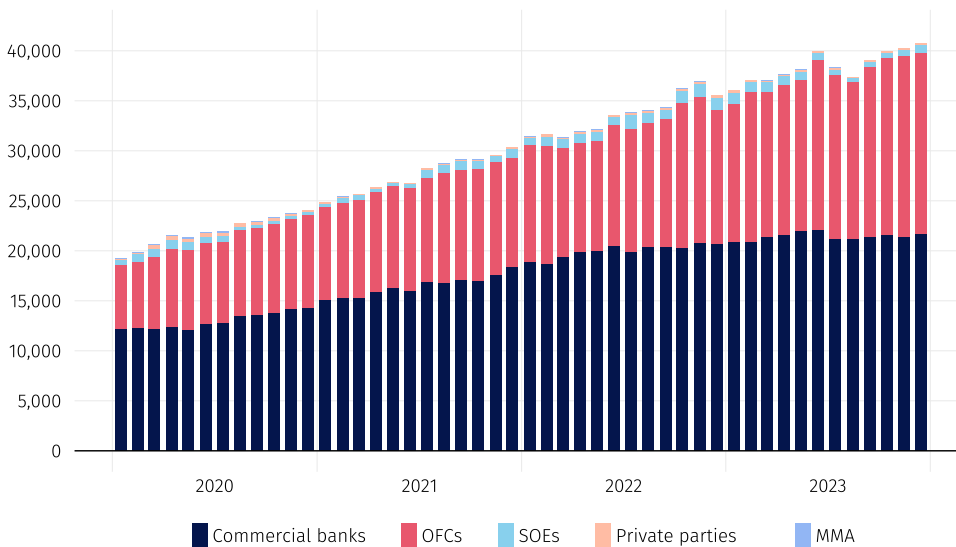
were invested in 1-year treasury bills at the end of the year. The stock of 1-month, 3-months and 6-months treasury bills outstanding at the end of 2023 was 19%, 5%, and 13%, respectively.

**Figure 30: Total Outstanding Stock of Public and Publicly Guaranteed Debt, 2019 - 2023**  
(millions of rufiyaa, percent)



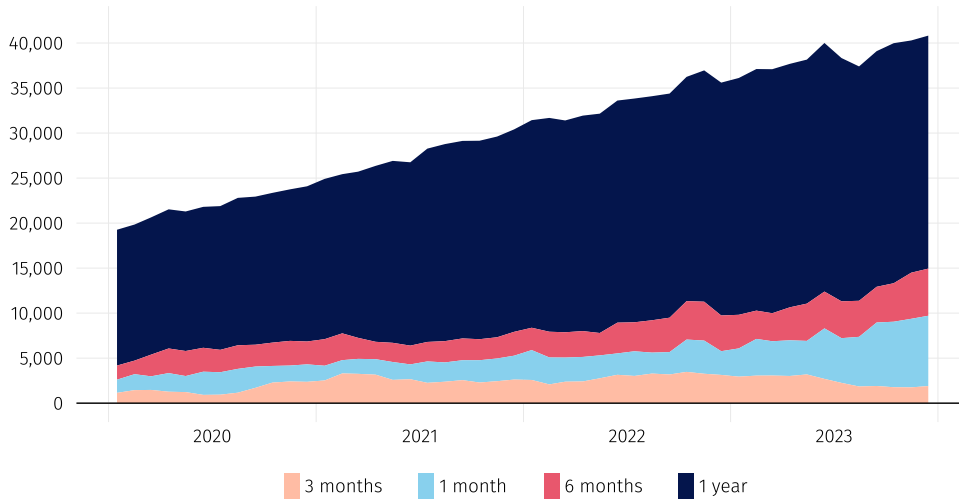
Source: Ministry of Finance

**Figure 31: Outstanding Treasury Bills by Holder, 2020 - 2023**  
(millions of rufiyaa)



Source: Maldives Monetary Authority

**Figure 32: Treasury Bills Holdings by Maturity, 2020 - 2023**  
 (millions of rufiyaa)



Source: Maldives Monetary Authority

Note: The outstanding amount of 1 month treasury bills for December 2021 includes treasury bills less than one month.

## Monetary Developments

In 2023, the MMA continued to maintain an accommodative monetary policy stance, while the minimum reserve requirement (MRR) for both local and foreign currency stood at 10%. Further, from January 2023 onwards, the MMA commenced remuneration of local currency Islamic MRR at 1% per annum. During the year, broad money increased solely due to the annual growth in net domestic assets (NDA) of the banking system. This reflected an increase in domestic assets, mainly on the account of a rise in NCG, together with an increase in commercial banks' credit to the private sector and public non-financial corporations (PNFCs).

With regard to monetary developments, reserve money registered a marginal annual decline in 2023, as a significant increase in NDA of the MMA was largely offset by a decline in net foreign assets (NFA) of the MMA. As for broad money, an annual increase was recorded, owing to a sizeable increase in NDA, despite a decline in NFA of the banking system.

### Reserve Money

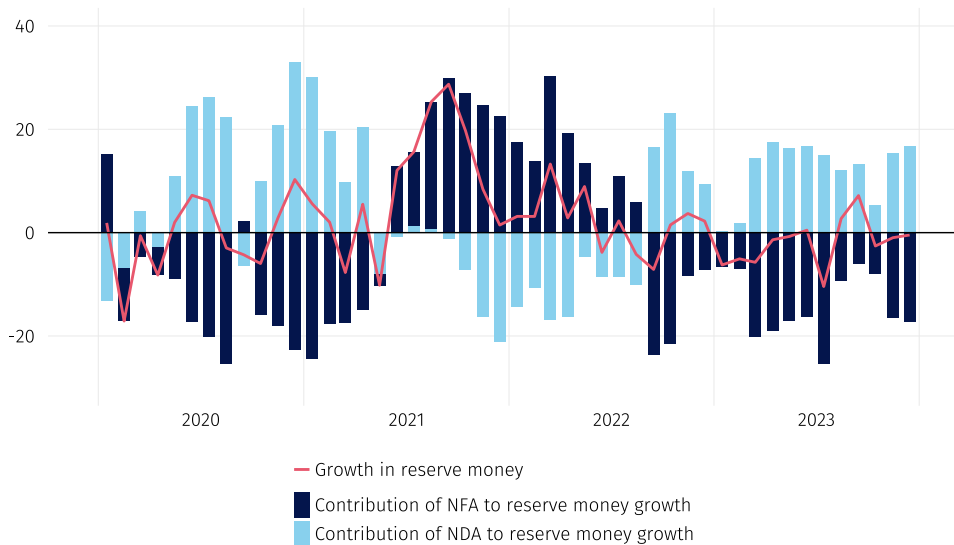
Reserve money stood at MVR12.6 billion at the end of 2023—registering a marginal annual decline of 0.5% (Figure 33). The marginal

decline in reserve money stemmed mainly from the decline in NFA of the MMA, which offset the increase in NDA of the MMA. The fall in NFA was driven by a decline in foreign asset accumulation, despite a decrease in foreign liabilities. The decrease in foreign liabilities largely reflected the repayment of US\$100 million foreign currency swap<sup>16</sup> in December 2023, which was availed from the RBI in December 2022.

Meanwhile, the growth in NDA was solely due to a sizeable increase in NCG, stemming from a rise in claims on central government

Figure 33: Sources of Reserve Money, 2020 - 2023

(annual percentage change, contribution percent)



Source: Maldives Monetary Authority

<sup>16</sup> The repayment of foreign currency swap decreases both foreign currency assets and liabilities.

coupled with a decline in liabilities to central government. As such, the increase in claims on central government mirrored the impact of the conversion of the overdrawn amount of the public bank account (PBA) to an amortising bond and continued monetary financing, despite the increase in overnight deposit facility (ODF) placements. In this regard, the overdrawn amount of the PBA was converted to an amortising bond on two occasions—MVR4.4 billion in March 2023 and MVR1.9 billion in December 2023—which further increased the holdings of government securities by the MMA (Box 1).

With regard to the components of reserve money, commercial bank deposits at the MMA—which constituted 66% of reserve money at the end of 2023—decreased by 7% in annual terms. Meanwhile, currency in circulation, which accounted for 32% of reserve money, recorded a growth of 9% at the end of 2023. Further, securities issued by the MMA to public

non-financial corporations (PNFCs) accounted for 2% at the end of the year.

### Monetary Operations

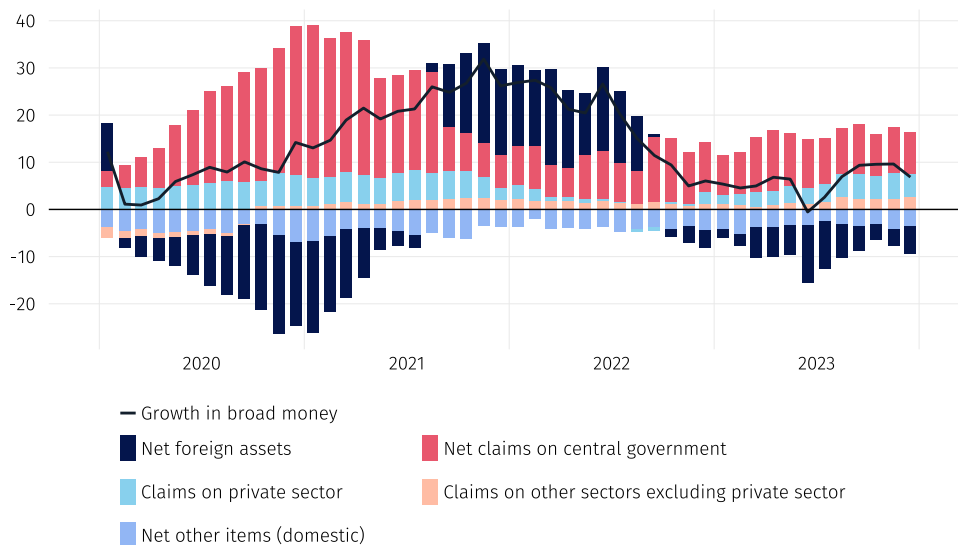
During 2023, commercial bank investments in the ODF facilitated the absorption of excess rufiyaa liquidity in the banking system. While daily investments in the ODF by commercial banks averaged MVR7.1 billion during the year, this represented a growth of 19% when compared with the average investments in the ODF during 2022, largely reflecting the increase in local currency liquidity (Box 3).

### Broad Money

Broad money observed an annual growth of 7% and increased to MVR59.2 billion at the end of 2023, a slight acceleration compared to the growth of 6% recorded at the end of 2022 (Figure 34). The acceleration in broad money growth stemmed from a sizeable growth in

**Figure 34: Contribution to Broad Money Growth, 2020 - 2023**

(annual percentage change, percentage point contribution)



Source: Maldives Monetary Authority

NDA of the banking system, while NFA of the banking system posted a significant decline.

The NDA of the banking system recorded an annual increase of 16% at the end of December 2023, owing to the rise in NDA of the commercial banks and the MMA. The rise in NDA of commercial banks was mainly on the account of the increase in commercial banks' credit to the private sector, which grew by MVR2.7 billion. This was followed by the rise in NCG, which posted a growth of MVR1.8 billion, primarily reflecting the annual expansion of investments in government securities. Further, commercial banks' credit to the PNFCs also contributed to this increase, recording a growth of MVR1.6 billion. Meanwhile, the growth in NDA of the MMA stemmed from a notable increase in NCG, which outpaced the increase in ODF placements by commercial banks.

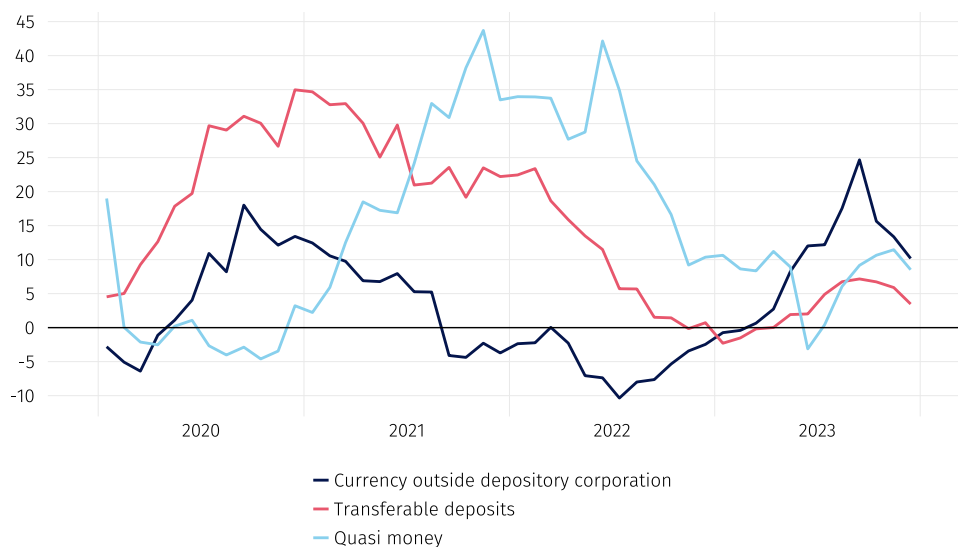
The NFA of the banking system recorded an annual decline of 27% at the end of December 2023, driven by the fall in NFA of both the MMA and the commercial banks. The fall in NFA of

the MMA mainly reflected the significant fall in foreign asset accumulation, despite the decline in foreign liabilities. Similarly, the fall in NFA of commercial banks stemmed from a fall in foreign assets owing to the decline in foreign currency demand deposits held abroad.

With regard to the components of broad money, its annual growth rate was mostly driven by the annual growth of quasi money (Figure 35). However, quasi money, which accounted for 60% of broad money, observed a slight deceleration in growth to 9% at the end of 2023, after recording a growth of 10% in 2022, largely reflecting an annual decline in demand deposits denominated in foreign currency. In contrast, notable growths were observed in time deposits denominated in both foreign and local currency, and savings deposits denominated in local currency. Meanwhile, narrow money, accounting for 40% of broad money, accelerated to 4% at the end of 2023, after remaining broadly unchanged at the end of 2022, primarily reflecting a growth in local currency demand deposits.

**Figure 35: Components of Broad Money, 2020 - 2023**

(annual percentage change)



Source: Maldives Monetary Authority

## Net Claims on Central Government

At the end of 2023, NCG totalled MVR38.0 billion and registered an annual growth of 15%, although this was a deceleration compared with the 20% growth recorded in 2022. In this regard, NCG by the MMA rose by 32%, largely owing to the increase in claims on central government, stemming from the conversion of the overdrawn amount of the PBA to an amortising bond in March and December 2023. Meanwhile, NCG of commercial banks grew by 8% at the end of 2023, driven by commercial banks' investments in government securities. The outstanding stock of government

securities held by commercial banks, which consisted mostly of treasury bills, amounted to MVR28.4 billion at the end of the review year. This represented an annual growth of 9%, primarily reflecting commercial banks' net investments in treasury bills.

In 2023, the MMA's NCG stood at MVR12.6 billion and accounted for 99% of the domestic assets of the MMA. Meanwhile, commercial banks' NCG amounted to MVR25.4 billion and accounted for 32% of the domestic assets of the commercial banks.

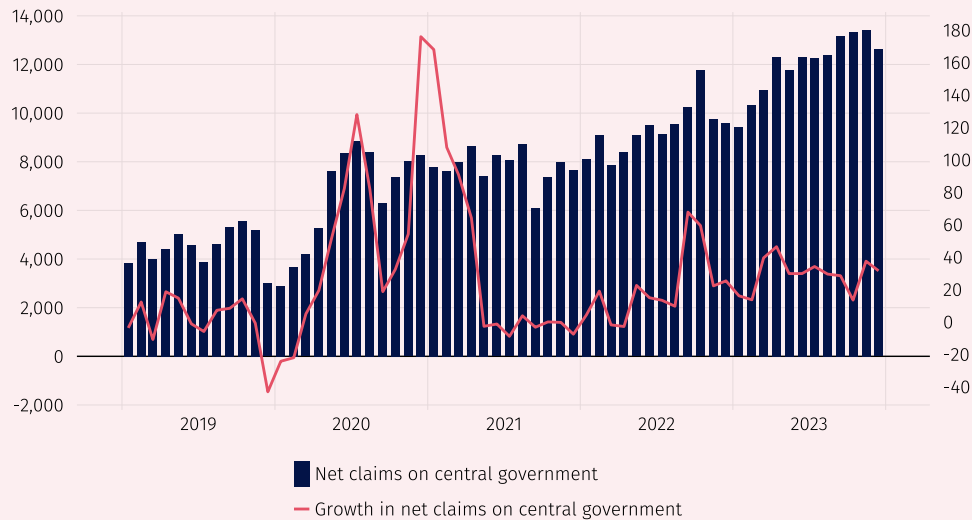
### Box 1: Trends in MMA's Net Claims on Central Government, 2019 – 2023

Net claims on central government (NCG) by the MMA stood at MVR12.6 billion at the end of 2023, registering a substantial increase of MVR9.7 billion when compared with the beginning of 2020 (Figure 1). At the onset of COVID-19 pandemic, upon the request of the government, the People's Majlis temporarily suspended Chapter 32, Articles (a), (d) and (e) of the Fiscal Responsibility Act (FRA), temporarily increasing the overdrawn limit of the public bank account (PBA) for a period of one year until April 2021. This allowed the government to overdraw the PBA up to MVR4.4 billion without any interest charges.

As per the FRA, which came into effect in 2014, the government was limited to short-term borrowings (up to 91 days) from the MMA to amounts equal to 1% of the average government revenue in the past three years. Further, the government was only allowed to obtain 14-day maturity loans for cash flow and debt management purposes. However, the FRA includes an escape clause, that allows exemption to the adherence to fiscal rules in the event of a natural disaster or a severe economic downturn, with the approval of the People's Majlis upon the request of the government, for a period of one year. A natural disaster is an instance where 15% of the population suffer damages due to natural causes. The definition of an economic downturn in the FRA is vague; however, it mainly covers instances where national output registers stagnant growth in consecutive periods, inflation and unemployment increases and when there is a systemic banking or financial sector crisis or a balance of payments crisis.

**Figure 1: MMA's Net Claims on Central Government, 2019 - 2023**

(millions of rufiyaa, annual percentage change)



Source: Maldives Monetary Authority

With the suspended articles of FRA, which allows the government to overdraw the PBA up to MVR4.4 billion, NCG showed a significant growth in the subsequent months of 2020, despite remaining relatively stable pre-pandemic (2019) and peaked in December 2020 with an annual growth rate of 176% before the growth rate started to slowdown in the following months. Meanwhile, an extension to the suspended articles was granted for an additional one-year period until April 2022, upon the expiry of the initial suspension in 2021. Further, the People’s Majlis approved the government’s request for the extension of the overdraft facility in November 2021 until December 2023.

While no changes were brought to the overdrawing limit, the MMA began charging an interest rate of 1.5% per annum on the daily overdraft amount of the PBA on each day the PBA is overdrawn, starting from February 2022. This was followed by the conversion of MVR2.5 billion out of the PBA deficit amount to a 40-year bond by the government in the same month. A year later, the overdrawn balance of MVR4.4 billion was converted to a 40-year amortising bond in March 2023, which further increased the holdings of government securities by the MMA, while the overdrawing limit was lowered to MVR2.0 billion on the same date. This was also evidenced from the data as NCG growth peaked for the year in April 2023, mirroring both the impact of securitisation and continued monetary financing. In December 2023, the government submitted a request to the People’s Majlis to terminate the suspension of Chapter 32, Articles (a), (d) and (e) of the FRA, discontinuing the overdrawing of the PBA, and converted the overdrawn balance of MVR1.9 billion to a 30-year amortising bond.

## Credit to the Private Sector

The annual growth in the outstanding stock of commercial banks' credit to the private sector stood at 9% at the end of 2023, an acceleration from the 5% recorded at the end of 2022 (Figure 36). The annual growth in private sector credit stemmed from both local and foreign currency lending, which grew by 10% and 8%, respectively. In 2023, local currency lending accounted for 56% of total private sector credit, while the share of foreign currency lending stood at 44%.

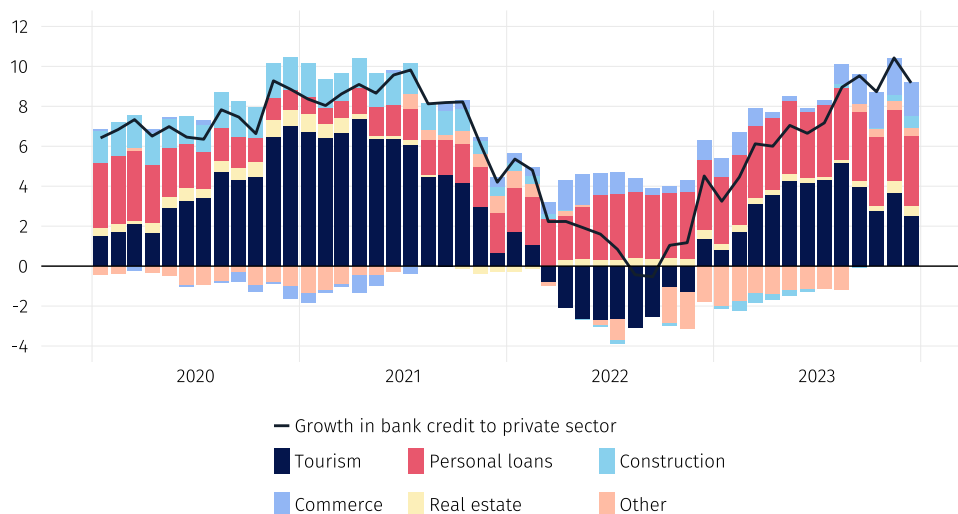
With regard to the breakdown of private sector credit by economic sectors, credit extended to the tourism sector, which accounted for 38% of total private sector credit, recorded an annual growth of 6% at the end of 2023, an acceleration from the 3% recorded at the end of 2022. This reflected the substantial growth in working capital loans to the sector in both foreign and local currency, as well as credit extended for new resort development in both foreign and local currency. Further, foreign currency lending for renovation of resorts, yacht safari building, and guesthouses observed increases and offset the declines in these categories in local currency lending. Loans to the construction

sector, which accounted for 19% of total private sector credit, registered a growth of 3% in 2023, after remaining broadly unchanged in 2022. This primarily stemmed from the growth in credit extended for residential housing loans in local currency, which offset the decline in credit extended for other housing category in foreign currency. During the year, credit extended as personal loans (18% of total private sector credit) observed the largest increase, recording a growth of 23%, primarily due to the rise in local currency lending in the form of credit cards and loans extended for consumer durables.

Meanwhile, credit extended to the commerce sector (12% of total private sector credit) observed a growth of 14%, while real estate financing (7% of total private sector credit) posted a growth of 7%. The growth in commerce sector credit stemmed from an annual increase in lending for wholesale and retail trade in both foreign as well as local currency, whereas the growth in credit for real estate mainly stemmed from the increase in credit for residential housing category in local currency (Box 2).

**Figure 36: Contribution to Bank Credit to Private Sector by Economic Sectors, 2020 - 2023**

(annual percentage change, percentage point contribution)



Source: Maldives Monetary Authority

## Box 2: Bank Lending Conditions in 2023

### Introduction

Lending by commercial banks play a critical role in fostering investment and growth within the Maldivian economy, with its developments having broader monetary and financial implications. To enhance the MMA's understanding of credit conditions and supplement monetary policy decision making, the MMA conducts the Bank Credit Survey (BCS) on a quarterly basis. The survey aims to capture the commercial banks' perceptions of current and expected changes in the demand for and supply of bank credit, covering both the business and household lending markets. In 2023, commercial banks generally reported a tightened stance towards bank lending, despite the elevated demand for credit, on average. The results of the surveys conducted in 2023 are summarized below.

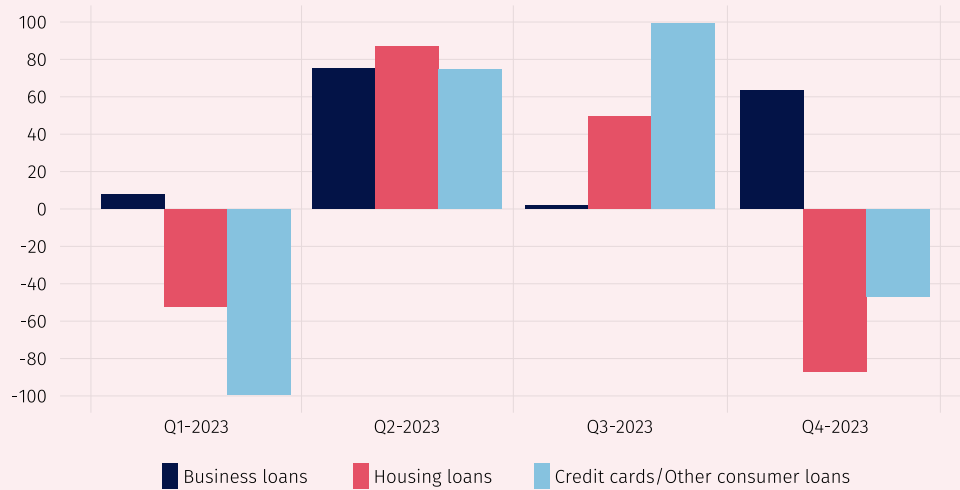
### Demand for Credit

The demand for business loans was reported to have increased throughout 2023, with significant increases reported during the second and fourth quarter, largely stemming from the demand for longer-tenure business loans. During the year, the increase in demand was predominantly driven by the wholesale and retail sector, followed by the tourism sector. Overall, banks cited funding requirements for inventories and working capital, capital investments, and refinancing needs to be the key forces behind the increase in demand for business loans during 2023.

After a notable decline in Q1-2023, the demand for housing loans was reported to have picked up significantly in the second and third quarters, although a decline in demand was reported in Q4-2023. The main factors attributable to the upswing in demand were positive housing market prospects due to the increase in social housing projects, together with refinancing requirements. Meanwhile, the decline, especially during the last quarter, was denoted to have been driven by the completion of and revisions to the terms and conditions of social housing projects.

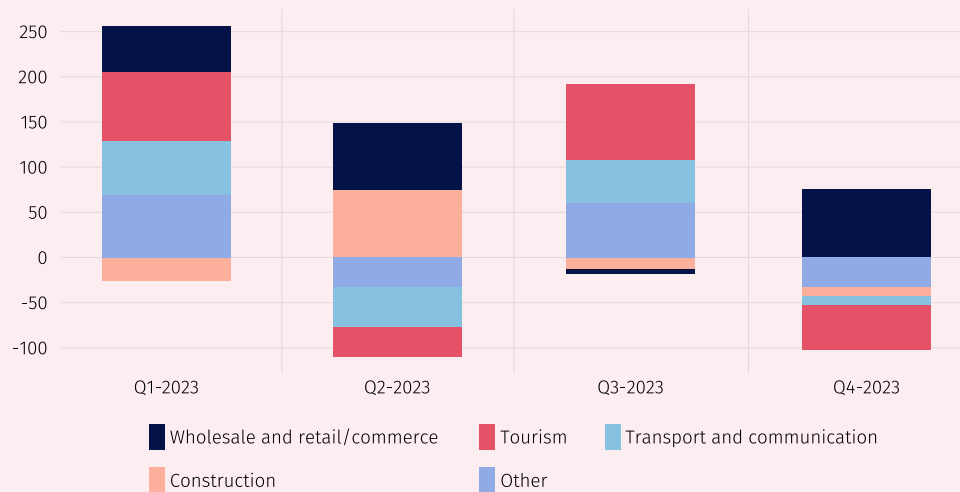
Similar to housing loans, banks indicated a decline in the demand for credit cards and other consumer loans during the first and fourth quarters, with significant hikes in demand reported during mid-year. Spending on durable goods and general consumption, supplemented with promotional campaigns conducted by banks, were highlighted to have been the prime contributors to the increase in demand during the year. Meanwhile, banks reported to have seen a decline in demand following the end of promotional campaigns (Figure 1 and 2).

**Figure 1: Demand for Credit, 2023**  
(diffusion index)



Source: Maldives Monetary Authority

**Figure 2: Demand for Business Loans by Economic Sector, 2023**  
(diffusion index)



Source: Maldives Monetary Authority

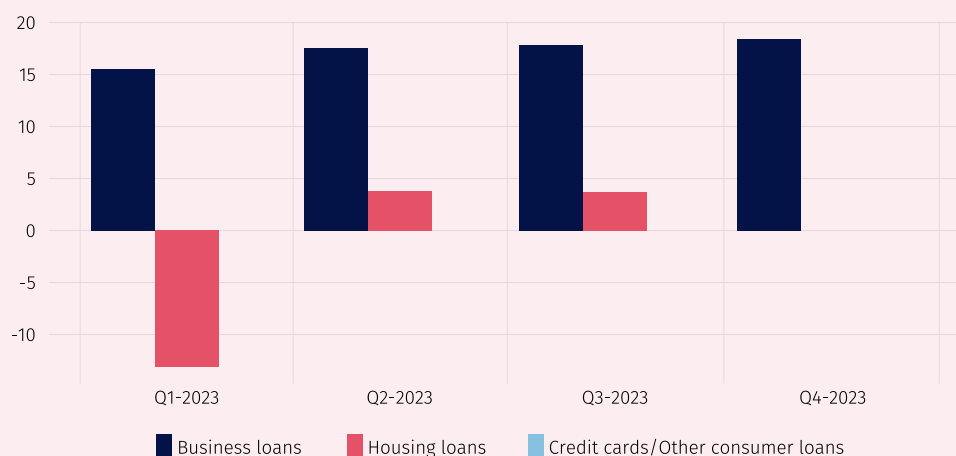
## Supply of Credit

Following the past trend, commercial banks reported that the supply of business loans was consistently tightened throughout the year, reflecting the tightening of both short-term and long-term loans. As such, the terms and conditions of business loans were tightened by increasing the interest charged on foreign currency loans, decreasing the maturity and size of loans, and raising loan requirements such as equity contributions and collateral.

Considering the supply of housing loans, banks reported a moderate increase during Q1-2023, through the ease of terms and conditions, which increased the loan eligibility for a significant number of applicants. This was followed by a marginal tightening in the following two quarters, with the supply of housing loans reported to have remained unchanged in Q4-2023. By comparison, banks reported the supply of credit cards and other consumer loans to have remained broadly unchanged throughout the year, similar to the terms and conditions of such loans.

Moreover, when asked about the general factors affecting the supply of all loan categories, banks reported cost of funds, balance sheet constraints and risk perspectives to have had a major impact on lending for all three types of loans in 2023. In particular, banks indicated exposure limits to specific sectors, risk on collateral demanded, NPLs, uncertain general economic conditions and cost of funds for foreign currency loans to have had a tightening impact on lending during the year (Figure 3).

**Figure 3: Supply of Credit, 2023**  
(diffusion index)



Source: Maldives Monetary Authority

Note: Positive diffusion index (DI) indicates a tightening of credit supply, while negative DI indicates an ease in credit supply.

## Further Insights

Apart from the general questions assessing the demand and supply of credit during each quarter, the BCS also includes contemporary questions to further understand the developments in the credit market. In light of the continued foreign currency liquidity challenges within the economy post Covid-19, starting from Q3-2021, the BCS included a question on the impact of tourism sector seasonality on foreign currency liquidity, and its subsequent impact on the banks' foreign currency lending. Overall, banks expressed that foreign currency liquidity continued to have a tightening impact on foreign currency lending to businesses and households in 2023, regardless of the fluctuations in liquidity in line with tourism sector seasonality.

Since Q2-2022, the survey also asked banks regarding the impact of global interest rate hikes on banks' foreign borrowings (including borrowings from banks' headquarters). Generally, banks indicated the foreign borrowings declined or to have remained unchanged in the face of the interest rate hikes in 2023.

Further, an open-ended question was included in the Q1-2023 survey, to gauge banks' perceptions regarding the main determinants of interest rates. Most of the banks cited characteristics of individual borrowers and businesses such as credit rating, proposed collateral and debt serviceability to be one of the main determinants of interest rates charged by the banks. Alongside this, financing purpose and loan characteristics such as tenure and size were also reported as strong contributing factors in determining the level of interest rates set by the banks. Banks also listed the cost of funding, and banks' strategy and profitability to be key determinants of interest rates.

## Interest Rates

The indicative policy rate of the MMA remained at 4.00%, unchanged since its last revision in September 2014. The interest rates on treasury bills also remained unchanged since their last revision in November 2014. Accordingly, the interest rates on 1-month, 3-months, 6-months and 1-year treasury bills stood at 3.50%, 3.87%, 4.23% and 4.60% per annum, respectively, throughout the year.

With regard to the weighted average interest rates (WAIR) levied on loans and advances, the rate on local currency-denominated

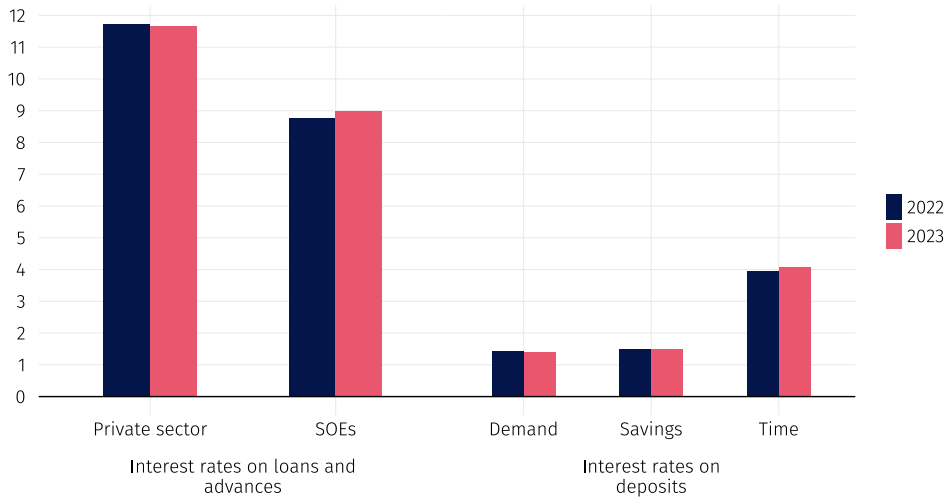
loans to the private sector decreased by 8 basis points (bps), while the rate on foreign currency-denominated loans to the private sector increased by 18 bps, in annual terms, at the end of 2023. Moreover, the WAIR on local currency loans extended to PNFCs increased in annual terms by 21 bps, although the rate on foreign currency loans extended to PNFCs decreased by 3 bps (Figures 37 and 38).

With regard to the interest rates on deposits at the end of the year, the WAIR on local currency demand deposits decreased by 3 bps, while

such deposits denominated in foreign currency increased by 9 bps. Meanwhile, the WAIR on local currency savings deposits remained broadly unchanged, although the rate on foreign currency savings deposits fell by 2 bps.

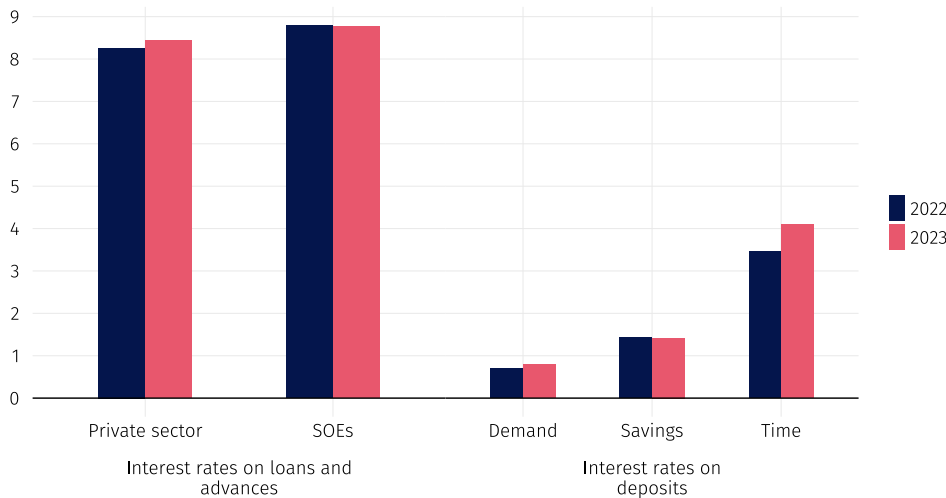
For time deposits (maturity of six months to one year), the WAIR on both local and foreign currency time deposits rose by 12 bps and 64 bps, respectively.

**Figure 37: Interest Rates for Loans and Deposits (Local Currency), 2022 - 2023**  
(weighted average interest rates per annum)



Source: Maldives Monetary Authority

**Figure 38: Interest Rates for Loans and Deposits (Foreign Currency), 2022 - 2023**  
(weighted average interest rates per annum)



Source: Maldives Monetary Authority

## Box 3: Commodity Murabahah Facility

Islamic finance in the Maldives has come a long way from its humble beginnings two decades ago. What began as a simple agency operation of a Sri Lankan takaful operator has matured into a vibrant and comprehensive industry. The lack of a well-established money market that facilitate the participation of Islamic financial institutions (IFI) has hindered the growth of Islamic finance in the country. Additionally, this absence has hindered the inclusion of IFIs in the monetary policy operations of the MMA. To address this challenge the MMA developed the Commodity Murabahah Facility (CMF). The CMF are monetary policy instruments and a liquidity management mechanism based on the Islamic principle of Tawarruq, using a Shari'ah compliant commodity as the underlying asset. It provides certainty of returns as it is undertaken based on a pre-agreed 'mark-up' from the sale and purchase of the underlying commodity.

Tawarruq is a popular Shari'ah compliant financing structure used in various jurisdictions to manage short-term liquidity. It consists of two separate sale and purchase transactions. The first transaction involves the sale of an asset or commodity by a seller to a buyer on a deferred payment basis. Subsequently, in the second transaction, the buyer will sell the same asset or commodity to a third party for cash on spot basis. Most Southeast Asian jurisdictions such as Malaysia hold the view that Tawarruq is an over-arching arrangement where multiple contracts work together; Wakalah (Agency), Murabahah (Cost-plus profit sale) and Musawamah (simple sale) to complete the arrangement. These jurisdictions also prefer the term Commodity Murabahah to define the same arrangement.

### What is Commodity Murabahah Facility?



- Commodity Murabahah Facility is an arrangement between the MMA and an IFI for the purpose of generating liquidity through a sale mechanism involving commodities.
- The underlying contacts in the arrangement are:

- Wakalah (Agency) - The IFI appoints the MMA as its agent to buy or sell commodities on its behalf.
  - Murabahah (Cost-plus profit sale) - The sale of commodities between the MMA and IFI at cost-plus profit to be settled at a future date.
  - Musawamah (Simple sale) - The sale of the commodities between the contacting parties and the Exchange for same day settlement.
- The buying and selling of commodities under the Murabahah contract results in a financial obligation by one party, and the sale of the same commodities under the Musawamah generates liquidity that can be utilized by the debtor.

The CMF is designed to utilise Shari'ah compliant commodities traded in the Bursa Suq Al Sila' (BSAS) commodity exchange as an underlying commodity. BSAS is a commodity trading platform, owned and operated by Bursa Malaysia, specifically dedicated to facilitating liquidity management of IFIs. It is a fully electronic web-based trading platform that enables participants to undertake multi-commodity and multicurrency trades.

IFIs that want to participate in the CMF must sign a Master Agency Agreement and a Master Murabahah Agreement. The Master Agency Agreement designates the MMA either as a purchasing agent (for deposit products) to procure commodities or as a selling agent (for financing products) to sell commodities on behalf of the IFI. The Master Murabahah Agreement governs the buying and selling of commodities between the MMA and the IFI.

The CMF is comprised of two broad product categories. Namely deposit products and financing products. The deposit product termed as CMF Deposit is used for the following purposes:

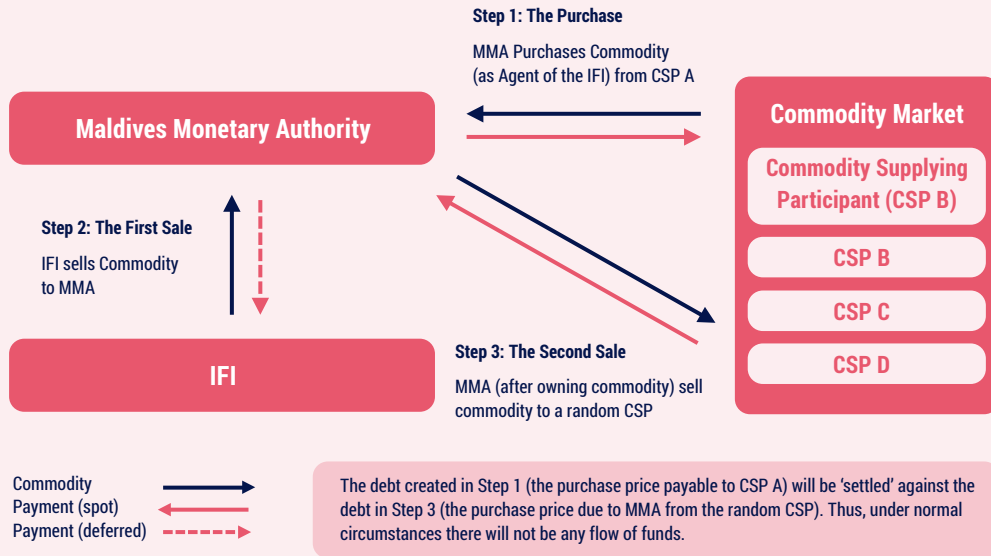
- Offer standing overnight deposit facilities to interested institutions.
- Remunerate the reserves maintained by Islamic banks and Islamic banking windows to fulfil the MRR.
- Absorb excess liquidity from the system through open market operations (OMO).

On the other hand, the financing product termed as CMF Financing will be used for the following purposes:

- Offer standing overnight financing facilities to interested institutions.
- Inject liquidity into the system through OMO.

## CMF Deposit Product Structure

The CMF Deposit Structure consists of three steps; the purchase, the first sale and the second sale.



**The Purchase:** The IFI places a purchase instruction as per the Master Agency Agreement to purchase specific commodities from BSAS. Based on the instruction, the MMA will purchase the commodities. This purchase is on debt basis between the MMA (in its capacity as the agent) and the supplier (with BSAS acting as the settlement agent of the supplier) to be settled or set-off by the closing of the market for the day. The MMA is obligated to acquire the commodities from the supplier only when the IFI has supplied funds equivalent to the purchase price. On the completion of the purchase, the legal ownership of the commodities will be transferred to the IFI, denoted by an electronic certificate issued by the BSAS. Likewise, the MMA will take constructive possession of the commodities on behalf of the IFI.

**The First Sale:** Once the IFI has the ownership of the commodities, the MMA (in its own capacity and not in its capacity as an Agent) will offer to purchase the commodities and upon the IFI accepting such an offer, a Murabahah sale (the First Sale) will be affected between the IFI and the MMA on deferred payment basis. This transaction will also be conducted via the BSAS. Legal title will move from the IFI to the MMA denoting the transfer of ownership of the commodities. This transfer will be represented by a second electronic certificate issued by the BSAS. The quantum of the deferred payment for the first sale will be the sum of (1) the purchase price paid under the purchase; and (2) a profit amount agreed between the MMA and the IFI beforehand.

The Second Sale: After finalizing the initial sale and acquiring ownership of the commodities, which are now in its constructive possession, the MMA will proceed with the sale of these commodities via BSAS to a random commodity supplier, on debt basis to be settled before the closing of the Market for the day by BSAS. Upon conclusion of the second sale, the legal title and thus the ownership of the commodities will be transferred from the MMA to the random commodity supplier. This transfer of ownership will be denoted by a third electronic certificate issued by the BSAS.

After the conclusion of the second sale, the debt created under the purchase (the purchase price payable to the initial supplier of the commodities) will be 'settled' against the debt created under the second sale (the purchase price due to the MMA from the random commodity supplier). This set-off process is carried out in line with the 'debt settlement through agents' process adopted and followed by the BSAS.

The MMA has adopted a phased approach to the implementation of the CMF, with Overnight Deposit Facility on 1 December 2022 and MRR remuneration on 2 January 2023. During the year 2023, a daily average of MVR437 million was placed as CMF overnight deposits earning a profit of almost MVR20,000 a day. At the same time, an average MRR of almost MVR596 million was remunerated<sup>1</sup>, earning the IFIs an average profit of MVR226,000.

With the successful implementation of the CMF ODF and MRR remuneration, the MMA is currently working towards expanding the CMF to include overnight financing and OMO instruments.

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<sup>1</sup> MRR placements are calculated and remunerated every two weeks. In 2023 IFIs were remunerated 25 times for their MRR placements.

## Financial Sector

The financial sector remained well capitalized and resilient. Banks, which make up more than 90% of the financial institutions' assets, remained strong with growth in assets, robust capital and profitability indicators, and continued maintenance of prudent levels of the NPLs and liquidity buffers. Gross written premiums (GWP) of the general insurance industry increased but the profitability declined due to increased claims. The profitability of the non-bank financial institutions also declined; the reason being the increase in non-performing loans during the year

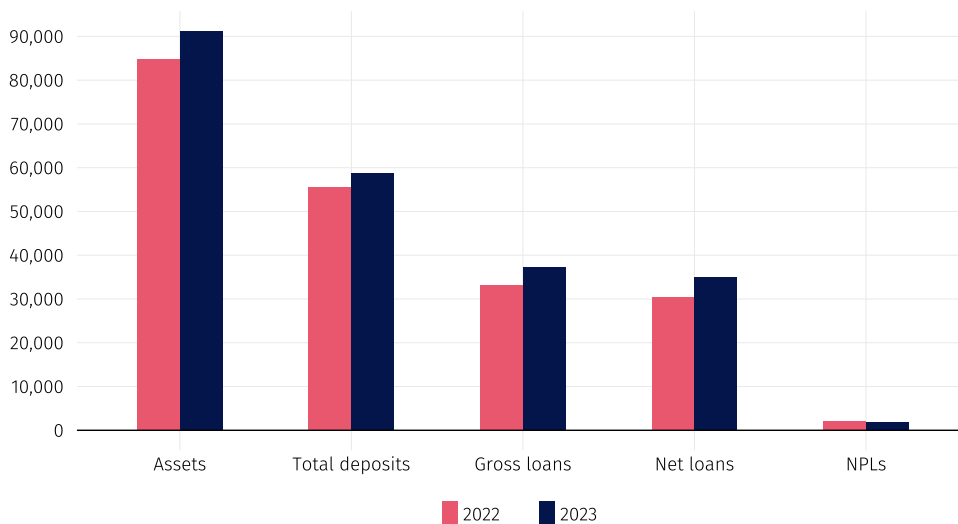
The financial sector of the Maldives regulated by the MMA consists of banks, non-bank financial institutions, and payment service providers. The banking sector consists of eight commercial banks, of which one is fully locally owned; two more are partly locally owned; one is a subsidiary of a foreign bank; and four are foreign bank branches. The non-bank financial institutions include five insurance companies, three finance companies, two money remittance providers, and four payment service providers. The Pension Fund as well as

the activities related to the capital market are regulated by the Capital Market Development Authority.

### Banking Sector

The banking sector remained strong with growth in the assets, and robust capital and profitability indicators. The deposits and loan portfolio of the banks increased, while the NPLs decreased, with sufficient loan loss provisions coverage being maintained (Figure 39).

**Figure 39: Key Indicators of Banking Industry, 2022 - 2023**  
(millions of rufiyaa)



Source: Maldives Monetary Authority  
Note: Data for 2023 is from unaudited financial statements.

The capital adequacy ratios remained strong and well above the regulatory requirements. Total capital as a percentage of risk-weighted assets stood at 51%, while leverage capital, measured by tier 1 capital to total assets, was 19%; both the ratios being significantly higher than the minimum regulatory requirements of 12% and 5%, respectively. The high risk-based capital ratio is on account of the large portion of assets being low-risk. At the end of the year, aggregate capital stood at MVR22.5 billion, which is an annual growth of 12% (Figure 40).

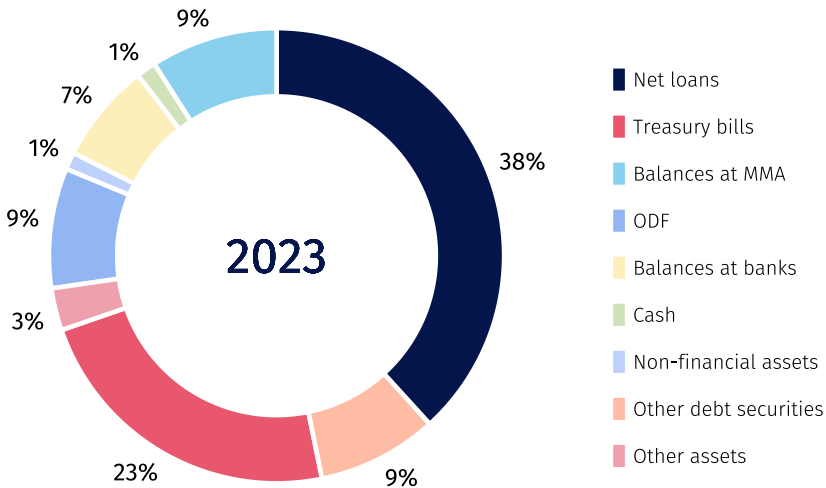
Total assets recorded an annual growth of 7% (MVR6.3 billion) and stood at MVR91.2 billion, driven by the growth in deposits and capital during the year. An annual growth of MVR3.2 billion was recorded in deposits and capital improved by MVR2.4 billion. In terms of asset composition, net loans (gross loans less loan-loss provisions) accounted for 38% (MVR34.9 billion), followed by investments in treasury bills with 23% (MVR20.9 billion), while other debt securities including treasury bonds

amounting to MVR7.8 billion accounted for 9% (Figure 41). The combined investments in treasury bills and other debt securities grew by 9% (MVR2.4 billion). Lending increased significantly compared to the previous year, with gross loans showing a growth of 13% against 6% in 2022, while net loans increased by 15% (MVR4.4 billion) annually.

The NPLs decreased by 7% (MVR138.5 million) mainly owing to the movement of large loan to performing category, with the percentage of NPLs to total loans decreasing from 6% to 5%. Loan-loss provisions also showed an annual decline of 6% and stood at MVR2.5 billion, mainly owing to reversal of provisions made on risky loans and loans that were written off. Specific loan-loss provisions coverage was at 118% of NPLs, as a result of provisions being made on performing loans with higher credit risk (Figure 42).

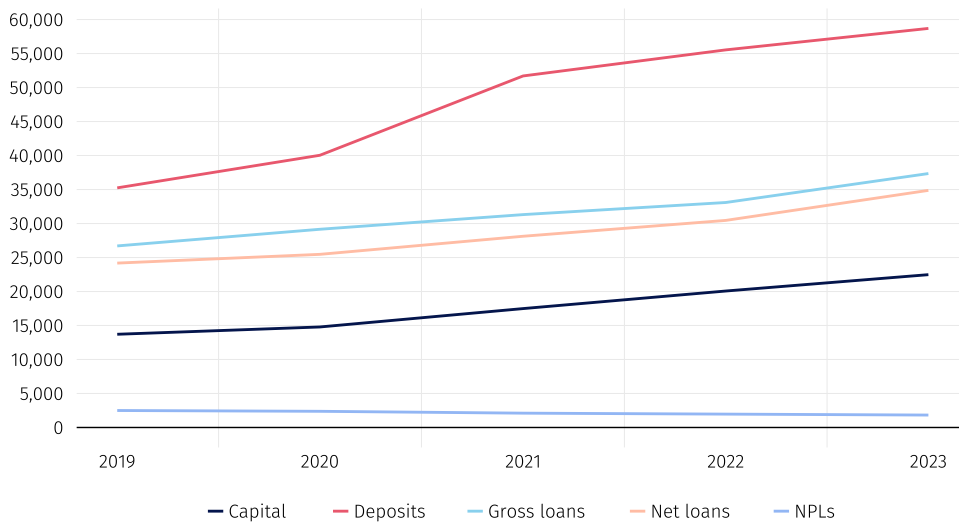
The profitability improved with a 16% annual increase in pre-tax profits, reaching MVR4.5

**Figure 40: Net Asset Composition of the Banking Industry, 31 December 2023**



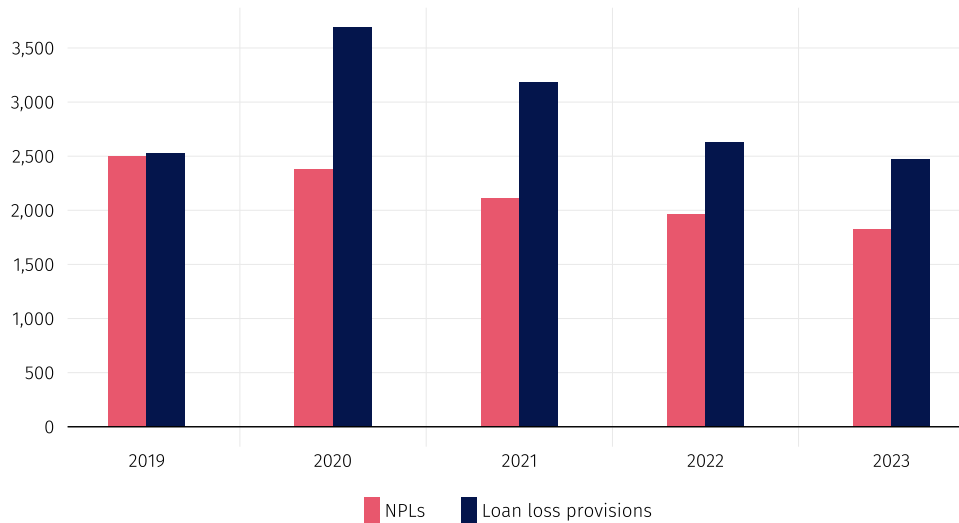
Source: Maldives Monetary Authority  
 Note: Data for 2023 is from unaudited financial statements.

**Figure 41: Key Indicators of the Banking Industry, 2019 - 2023**  
(millions of rufiyaa)



Source: Maldives Monetary Authority  
Note: Data for 2023 is from unaudited financial statements.

**Figure 42: NPLs and Loan Loss Provisions, 2019 - 2023**  
(millions of rufiyaa)



Source: Maldives Monetary Authority  
Note: Data for 2023 is from unaudited financial statements.

billion, with profit after tax of MVR3.3 billion. The main driver of profitability was the increase in net interest income, which increased by 18%, reflecting the increase in lending during the year. The profitability ratios, return on average assets (ROA) and return on average equity (ROE), remained strong; with ROA increasing from 3.6% to 3.8%, while the ROE decreased slightly from 15.9% to 15.6%, compared to the previous year.

At the end of the year, liquidity remained adequate, with the credit-to-deposit ratio at 63%, and 43% of assets held in liquid form as cash, placements at banks and the MMA, and investments in treasury bills. The ratio of liquid assets to total deposits and borrowings declined from 63% to 59% due to the increased lending and investments in long-term debt securities by the banks during the year. Similarly, the foreign currency liquid assets to total foreign currency deposits and borrowings also declined from 42% to 35%. Total deposits registered a growth of 6% (MVR3.2 billion) to reach MVR58.7 billion; 86% of the growth being local currency. In terms of annual growth, local currency deposits increased by 10%, mainly due to the effects of monetization, while the foreign currency deposits also recorded an increase of 2%, with the increase in tourism inflows towards the end of the year. Local currency deposits accounted for 52% of total deposits.

At the end of the year 2023, there were a total of 62 bank branches along with various service providing centers and 188 ATMs in the country. Out of the total, 40 bank branches or centers and 111 ATMs were located outside the Greater Male' region.

## Finance Companies

Finance companies include a specialised housing finance corporation, a company providing leasing and financing services, and a government-owned SME finance company.

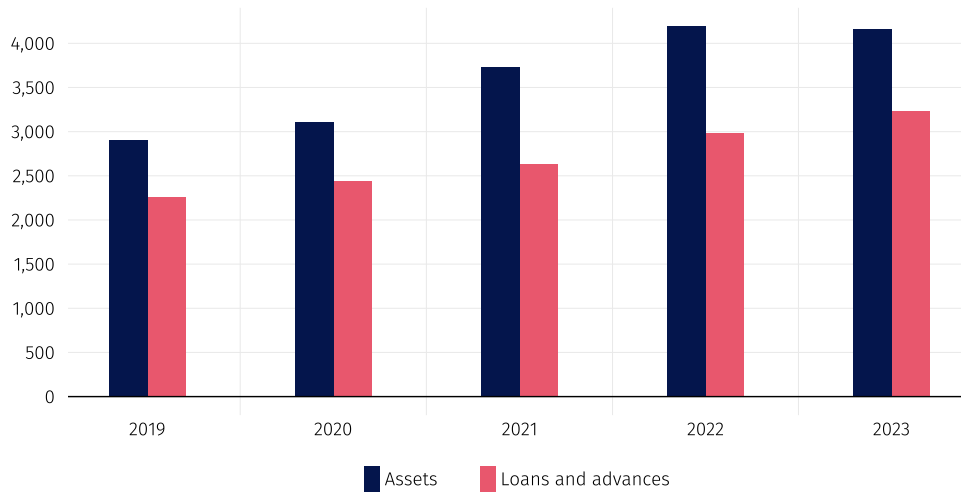
During the year 2023, the non-bank financial institutions sector recorded growth in net loans, while net assets remained the same with no significant growth. Net loans exhibited an annual growth of 8%, reaching MVR3.2 billion at the end of the year, while net assets stood at MVR4.2 billion (Figure 43).

Capital strength of the industry remained robust, with the ratio of total capital to risk weighted assets at 54%, indicating high capacity to absorb losses.

Absolute NPLs decreased by 5% (MVR18.2 million), mainly owing to bad loans being written off from the SME sector, driving the percentage of NPLs to total loans slightly down from 11% to 10%. In contrast, loan-loss provisions increased by 35% over the year to reach MVR270.5 million, resulting in higher coverage to NPLs. At the end of the year, specific loan-loss provisions coverage was at 55% of NPLs, compared to 37% a year ago.

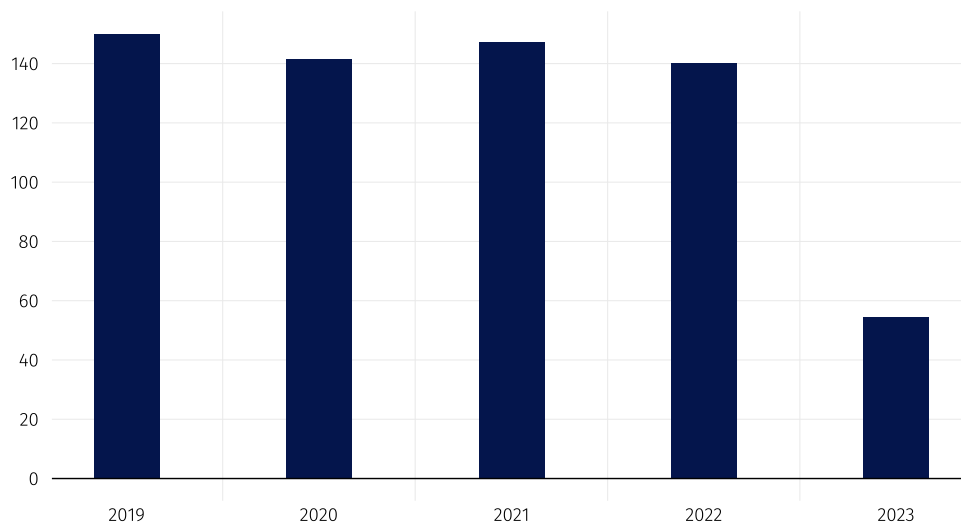
Led by the increased loan-loss provisions, the profitability of the non-bank financial sector declined annually, recording pre-tax profits of MVR54.5 million (unaudited) at the end of 2023, which is a 61% decline compared to a year ago, while net profit after tax amounted to MVR30.8 million, a decline of 74% (Figure 44). The profitability ratios: ROA and ROE also declined significantly from 3.0% and 6.4%, to 0.7% and 1.5% respectively, when compared with the ratios for 2022.

**Figure 43: Loans and Advances, and Assets of Finance Companies, 2019 - 2023**  
(millions of rufiyaa)



Source: Maldives Monetary Authority  
Note: Data for 2023 is from unaudited financial statements.

**Figure 44: Pre-tax Profits of Finance Companies, 2019 - 2023**  
(millions of rufiyaa)



Source: Maldives Monetary Authority  
Note: Data for 2023 is from unaudited financial statements.

## Insurance Companies

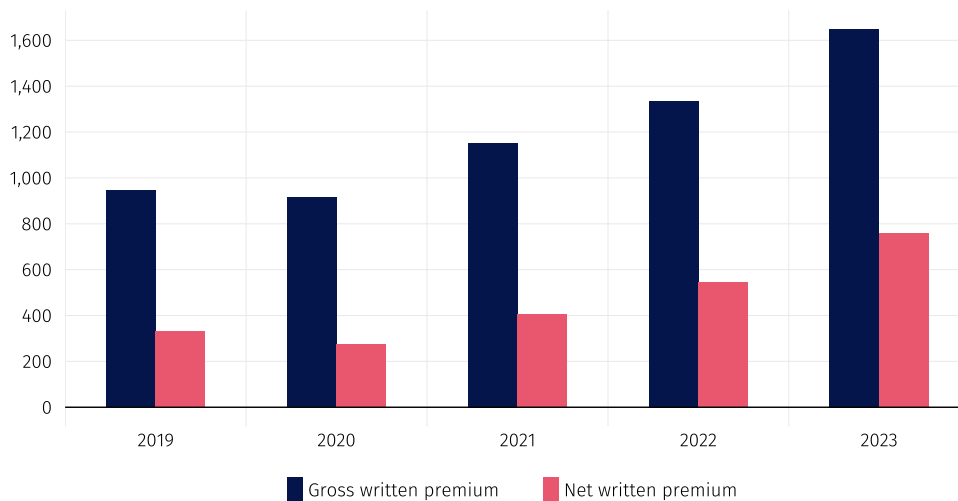
During the year 2023, the general insurance sector exhibited robust performance and maintained sound prudential indicators. The volume of insurance policies sold saw an annual increase of 11%, as a result of which the GWP saw a notable increase (Figure 45). GWP excluding inward reinsurance increased by 21% from the previous year, reaching MVR1.5 billion. Including inward reinsurance, the GWP increased by 23%, totalling MVR1.6 billion by year-end. With an NWP to annualised equity ratio of 99% and an equity to assets ratio of 30%, the insurance companies have maintained a robust level of capitalisation relative to the business they underwrite and retain.

The upsurge in GWP has led to a simultaneous increase in insurance penetration and density, recognized as pivotal benchmarks indicating the maturity of the insurance sector (Figure 46). Insurance penetration, represented as the

ratio of GWP to GDP, and insurance density, a measure of GWP per capita, both experienced notable improvements. In 2023, the insurance penetration for general insurance business stood at 1.5%, while the insurance density rose from US\$149.6 to US\$181.1 per capita.

The significant increase in GWP in 2023 was primarily led by the health insurance class, which contributed to over 45% of the GWP growth, and increased by MVR140.2 million (40%), continuing the upward trend observed in the past two years. This growth was mainly driven by insurers' adjustments in pricing to reflect the rising costs of healthcare services. Additionally, fire insurance, contractors' all risk, and public liability classes also saw moderate year-on-year increases in GWP, totalling MVR53.3 million, MVR14.6 million, and MVR13.2 million, respectively (Figure 47). In 2023, the health insurance class accounted for

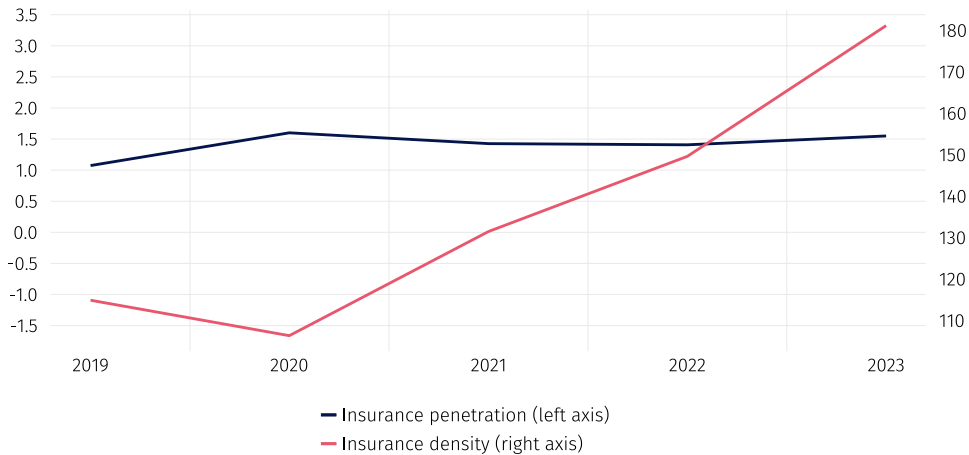
**Figure 45: Premiums, 2019 - 2023**  
(millions of rufiyaa)



Source: Maldives Monetary Authority

Note: Data for 2023 is from unaudited financial statements. Data for gross written premium includes reinsurance inwards.

**Figure 46: Insurance Penetration and Density, 2019 - 2023**  
(percent, US dollars)



Source: Maldives Monetary Authority

Note: Data for 2023 is from unaudited financial statements.

Insurance penetration is GWP as a percentage of nominal GDP for the year.

Insurance density is ratio of total GWP to mid-year population estimate for the year.

the largest share of the total GWP distribution at 30%, followed by fire insurance at 28%, and marine insurance at 10%.

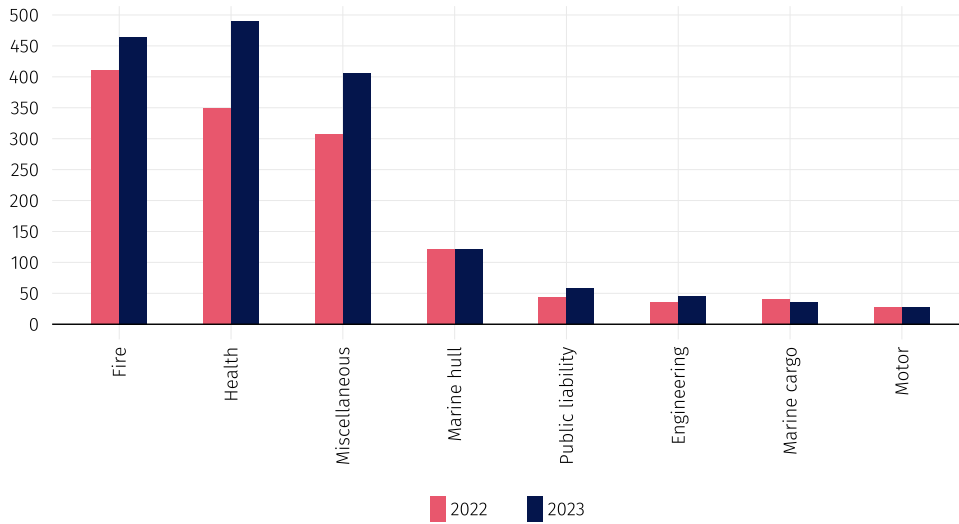
The retention ratio, measured by the NWP relative to GWP, serves as a key indicator of the extent of reinsurance utilised. This ratio varies based on the lines of business, reflecting diverse risk levels and insurers' corresponding risk appetites. Typically, insurers opt to retain a smaller fraction of premium for classes of insurance with a higher claim's volatility, while retaining a larger percentage for those with lower volatility. Throughout the year, the retention ratio for the general insurance industry experienced growth from 41% to 46% (Figure 48). The significant increased premiums in the health insurance class, which typically has a high retention ratio, amounting to 98% in 2023, was the primary contributor towards this increase.

In 2023, there was a notable decrease of MVR153.9 million (20%) in the aggregate gross

claims compared to the previous year. However, the net incurred claims, which represent the claims burden borne by local insurance companies after reinsurance adjustments, saw a substantial increase of MVR171.1 million (63%) compared to 2022 (Figure 49). This increase in net incurred claims in contrast to the trend of gross claims is primarily due to the increase in claims from the health class, which is almost entirely borne by the local insurers. The increase in health claims is largely attributed to medical inflation.

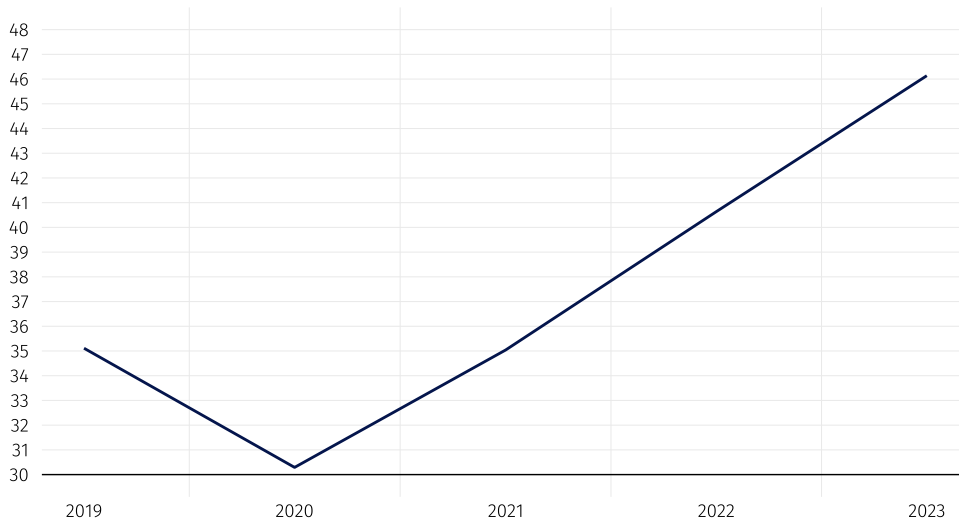
In terms of the asset composition of the general insurance industry, investments constituted 32% of total assets, with reinsurance recoverable and premium receivables comprising 19% and 13% of assets, respectively. At the end of 2023, the majority of insurance companies' investments were in local treasury bills, equity securities, and fixed deposits, accounting for 45%, 25%, and 21% of total investments, respectively. The absence of Shari'ah-compliant investment instruments

**Figure 47: GWP by Class of Insurance, 2022 - 2023**  
(millions of rufiyaa)



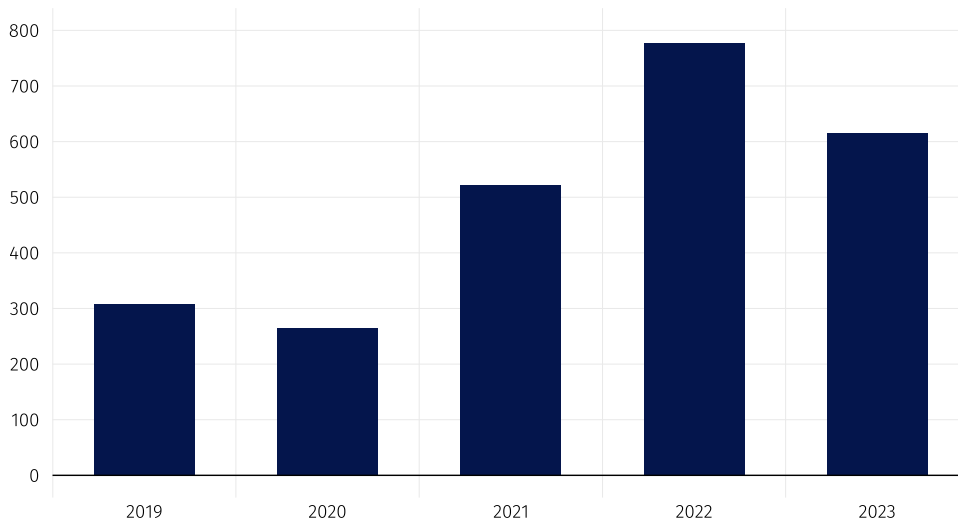
Source: Maldives Monetary Authority  
Note: Data for 2023 is from unaudited financial statements.

**Figure 48: Retention Ratio, 2019 - 2023**  
(percent)



Source: Maldives Monetary Authority  
Note: Data for 2023 is from unaudited financial statements.

**Figure 49: Gross Claims, 2019 - 2023**  
(millions of rufiyaa)



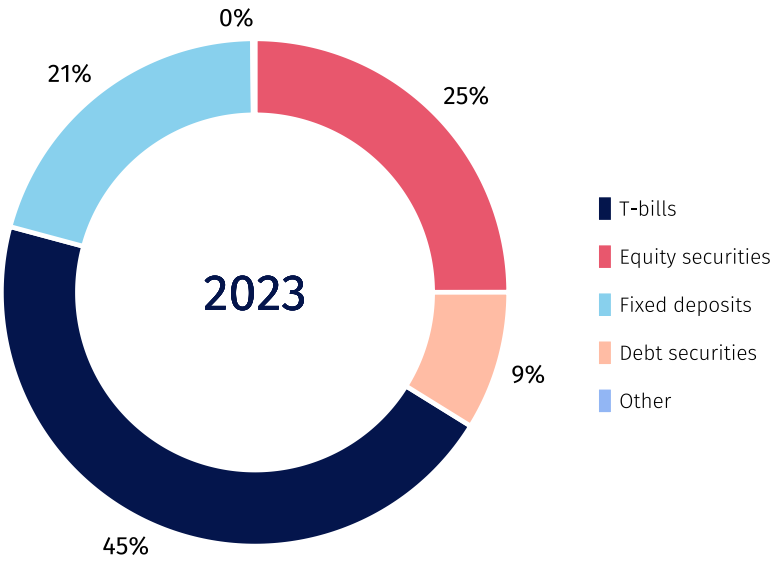
Source: Maldives Monetary Authority  
Note: Data for 2023 is from unaudited financial statements.

has resulted in a significant portion of Takaful funds being invested in fixed deposits (Figure 50).

The net loss ratio, calculated by dividing net incurred claims by net earned premium, is a key indicator of underwriting profitability, and the ratio increased from 58% in 2022 to 66% in 2023 for the general insurance

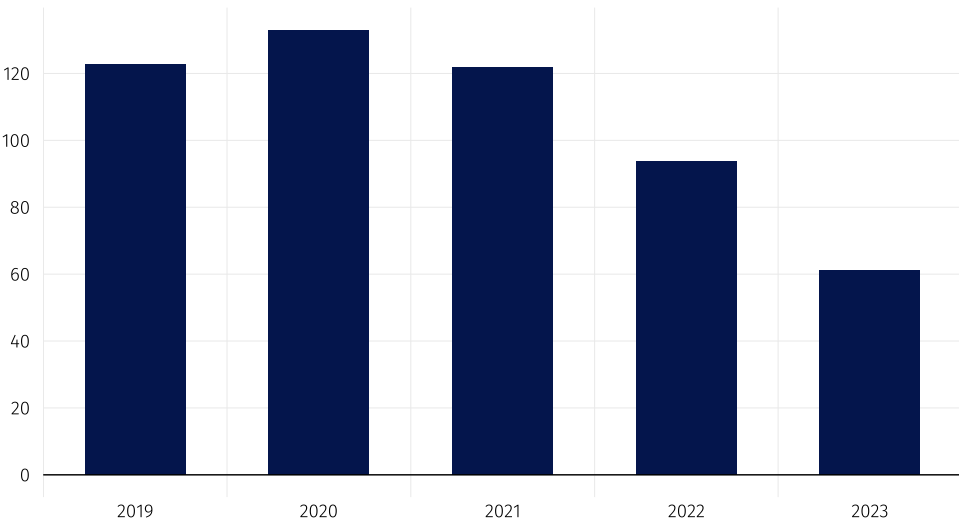
industry, indicating reduced profitability on account of increased net claims. In addition, underwriting expenses increased year-on-year as well, contributing further to the decline in profitability. As a result, pre-tax profits of the general insurance sector decreased by 35% to MVR 61.0 million (Figure 51). Key profitability ratios, ROA and ROE, stood at 1.9% and 6.5%, respectively.

Figure 50: Investment Composition of Insurance Companies



Source: Maldives Monetary Authority  
 Note: Data for 2023 is from unaudited financial statements.

Figure 51: General Insurance Profitability (Before Tax), 2019 - 2023 (millions of rufiyaa)



Source: Maldives Monetary Authority  
 Note: Data for 2023 is from unaudited financial statements.

## External Sector

The current account deficit widened further in 2023, mainly owing to the decline in the surplus on the services account, together with the increase in estimated interest payments on external debt during the year. The decline in the services account surplus reflected the decrease in estimated travel receipts during the year, coupled with an increase in expenditure abroad by Maldivian travellers. However, this was offset to an extent by the narrowing of the merchandise trade deficit during the year, reflecting both the growth in export earnings and the decline in import expenditure. In terms of GDP, the current account deficit widened to 20.3% in 2023, from 16.3% in 2022. Similar to the previous year, the current account deficit was financed primarily by foreign direct investment (FDI) inflows, as well as borrowings by the government and private sector. In line with these developments, the overall BOP observed a deficit in 2023, with GIR recording a decline for the year.

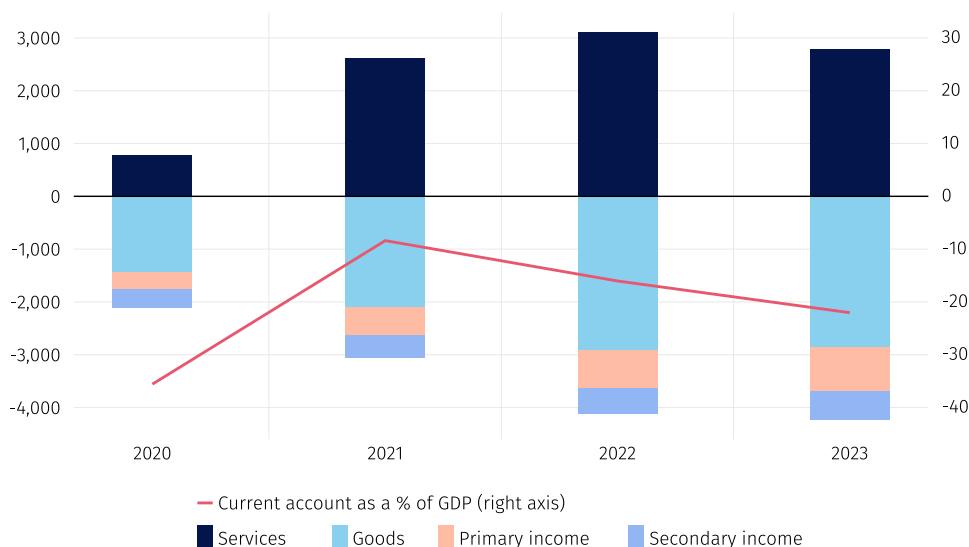
### Current Account

The current account deficit is an important indicator in assessing the external position of the Maldivian economy, due to the high degree of openness to trade and excessive reliance on imports and tourism. According to the revised BOP estimates of March 2024, the current account deficit deteriorated to US\$1.4

billion in 2023, from US\$1.0 billion in 2022. In terms of GDP, this was an expansion to 20.3% of GDP, from 16.3% in the previous year (Figure 52). The worsening deficit primarily reflected the decline in inflows on the services account, as travel receipts decreased, owing to the lacklustre performance of resort bednights.

Figure 52: Composition of Current Account, 2020 - 2023

(millions of US dollars, percent)



Source: Maldives Monetary Authority

This was further contributed by the increase in outflows on the services account, reflecting the growth in expenditure by Maldivians traveling abroad. The worsening of the current account deficit also mirrored the growth in estimated interest payments on private sector debt. However, this was moderated to an extent by the narrowing of the merchandise trade deficit, which reflected increases in earnings from both re-exports and domestic exports, coupled with a decline in import expenditure during the year.

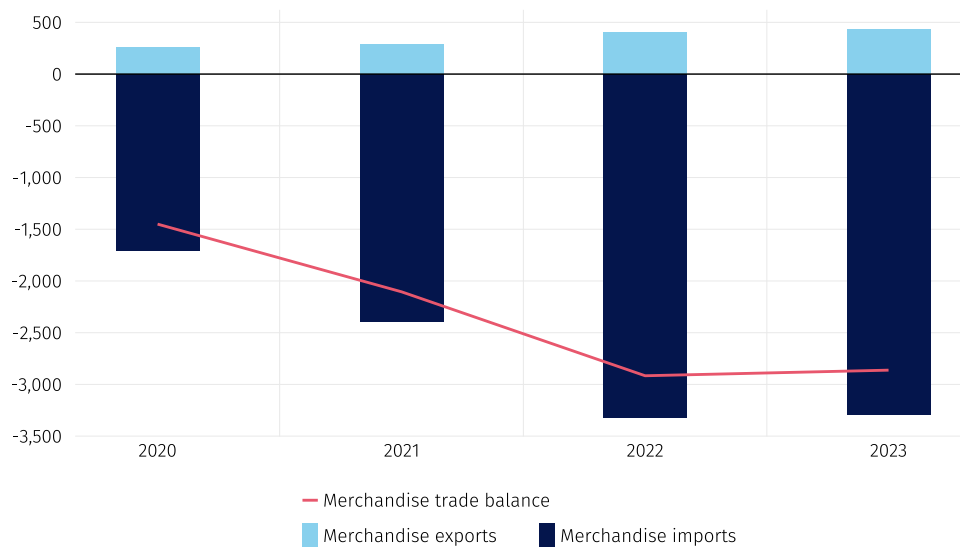
### Goods

The merchandise trade deficit narrowed by US\$54.2 million when compared with 2022, to total US\$2.9 billion in 2023 (Figure 53)<sup>17</sup>. The narrowing of the trade deficit reflected

both the growth in receipts from re-exports and domestic exports, as well as the decline in import expenditure. The hike in exports earnings, which rose by US\$33.9 million, stemmed from the “other re-exports (non-fuel re-exports)” category, while domestic exports (which mainly comprises fish exports) also rose, owing to the increase in export earnings from canned or pouched tuna, and frozen skipjack tuna (Box 4). The improvement of the trade deficit was also contributed by the decline in import expenditure (US\$20.3 million), which predominantly reflected the decline in import expenditure across majority of petroleum products (except for petrol), particularly marine gas oil (diesel), despite the rise in import volumes of such products. This was in line with the decline in average global crude oil prices during the year.

**Figure 53: Merchandise Trade Balance, 2020 - 2023**

(millions of US dollars)



Source: Maldives Monetary Authority

<sup>17</sup> The figures for merchandise trade are in freight on board (f.o.b) terms.

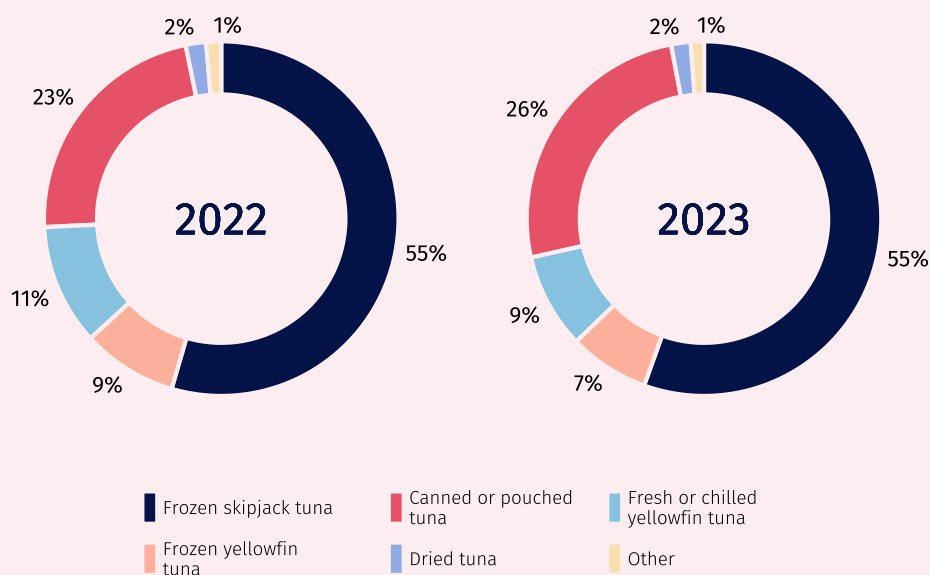
## Box 4: Merchandise Trade<sup>1</sup>

### Merchandise Exports

Total merchandise exports, which constituted domestic exports (38%) and re-exports (62%), increased by 5% (US\$21.6 million) and totaled US\$421.4 million during 2023. The rise in merchandise exports was primarily driven by the notable gain in re-exports earnings.

Accordingly, re-export earnings surpassed the peak reached during 2022, observing an annual increase of 8% (US\$18.4 million) and totaled US\$259.2 million by the end of 2023. The gain in re-export earnings reflected both the significant increase in the other re-exports category and the moderate increment in jet fuel re-exports, which surged by 75% (US\$19.6 million) and 2% (US\$3.0 million), respectively during 2023. Despite the moderation in re-export earnings from jet fuel, the surge in total re-export earnings stemmed from growth in earnings from non-fuel re-exports.

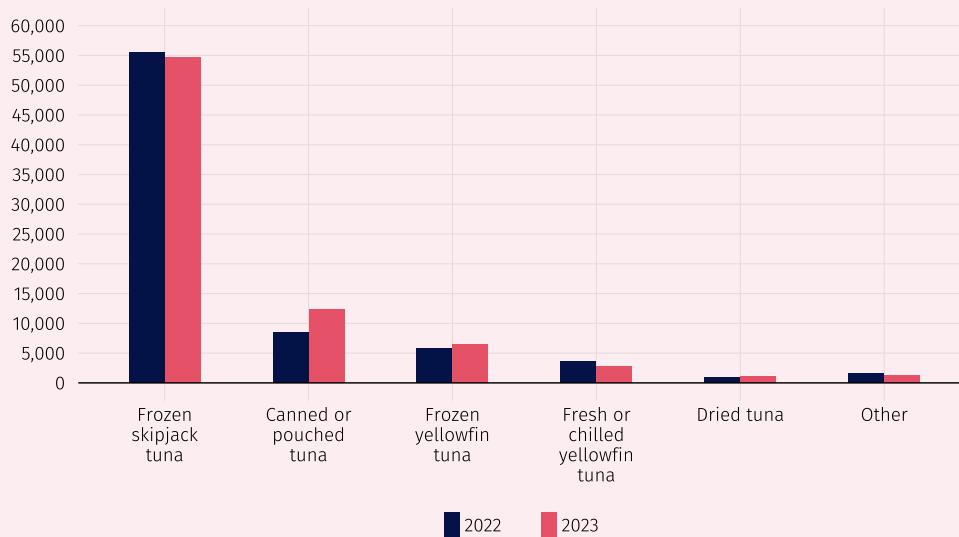
Figure 1: Composition of Fish Exports (Earnings)



Source: Maldives Customs Service

<sup>1</sup> Based on the trade statistics compiled and disseminated by the Maldives Customs Service, hence figures may be different in balance of payments statistics due to the adjustments made in BOP.

**Figure 2: Composition of Fish Exports (Volume), 2022 - 2023**  
(thousands of metric tonnes)



Source: Maldives Customs Service

Domestic exports, which predominantly comprises fish exports (93%), rose by 2% (US\$3.2 million) and totaled US\$162.2 million at the end of the year. The overall growth in domestic exports mainly stemmed from the increase in export earnings from both canned or pouched tuna and frozen skipjack tuna, which increased by 17% (US\$5.6 million) and by 5% (US\$4.1 million), respectively during the year (Figure 1). While the growth in export earnings from canned or pouched tuna exports was in tandem with the doubling of export volume of such exports, the volume of frozen skipjack tuna exports registered a slight decline of 1% during 2023. However, the increase in export earnings from both canned or pouched tuna and frozen skipjack tuna was largely offset by the drop in export earnings from both fresh or chilled yellowfin tuna and frozen yellowfin tuna by 19% (US\$3.0 million) and 13% (US\$1.7 million), respectively. Concurrently, the volume of fresh or chilled yellowfin tuna exports fell by 22%, although a 10% increase was observed in the volume of frozen yellowfin tuna exports during the year (Figure 2).

## Merchandise Imports

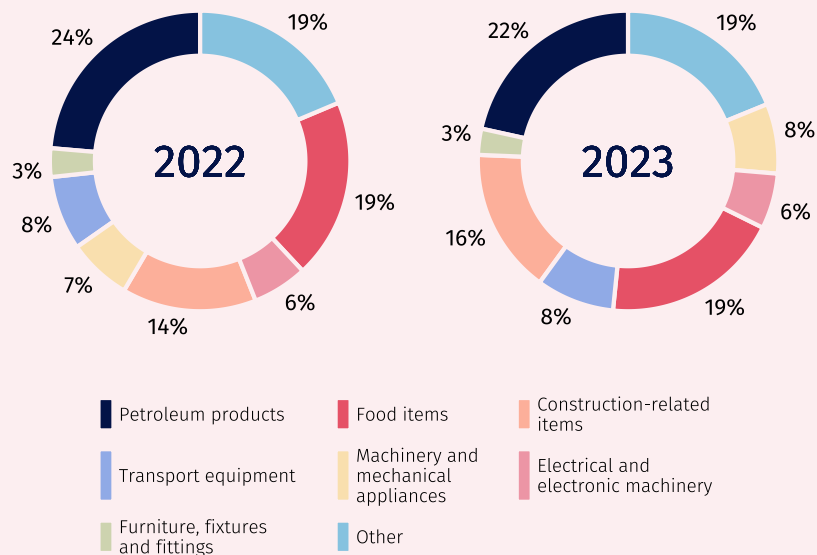
Total merchandise imports (c.i.f) decreased marginally by 1% (US\$18.5 million) relative to 2022 and totaled US\$3.5 billion at the end of 2023. The decline in merchandise imports was mainly driven by a notable 9% (US\$77.5 million) decrease in import expenditure across all petroleum products, particularly diesel (marine gas

oil), mirroring the decline in global crude oil prices during the year as a marginal increase was observed in the volume of such imports (Figure 3). In 2023, the average global crude oil prices<sup>2</sup> declined to US\$80.8 per barrel in 2023, from US\$97.1 per barrel in 2022.

With regard to other major categories of imports, considerable declines were observed in import expenditure on plastics and articles of plastic; and furniture, fixtures and fittings, which decreased by 17% (US\$12.5 million) and 9% (US\$10.0 million), respectively, during the year. Moreover, import expenditure on electronic and electrical appliances also registered a sizeable decline of 14% (US\$9.9 million) during 2023.

However, the significant declines in some of the major categories was offset to a certain extent by increases in import expenditure on construction-related items, other imports category, machinery and mechanical appliances, and transport equipment and parts. As such, import expenditure on construction-related items, machinery and mechanical appliances and parts imports rose by 7% (US\$38.0 million) and 9% (US\$22.8 million), respectively, during the year. In addition, import expenditure on

Figure 3: Composition of Imports



Source: Maldives Customs Service

<sup>2</sup> Annual average of Brent, West Texas Intermediate and Dubai Fateh.

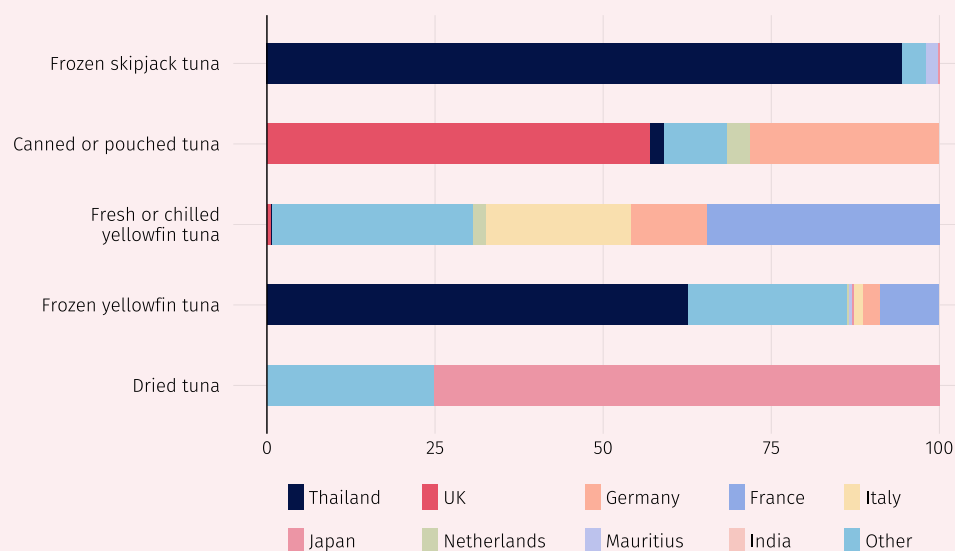
other items increased 21% (US\$21.1 million) largely owing to the marked rise of expenditure on other intermediate and capital goods during 2023. This was followed by import expenditure on transport equipment and parts, which rose by 5% (US\$12.7 million).

## Direction of Trade

### Exports

With a share of 66%, the Asian market remained the main export destination for Maldivian exports in 2023. This was followed by the European market, which held a market share of 31% during the year. In the Asian market, Thailand remained as the single largest export market, accounting for 54% of the total Maldivian exports during the year 2023, up from 49% in 2022 (Figure 4). Accordingly, export earnings from frozen skipjack tuna from the Thai market increased by 18% (US\$12.1 million) during the year, in line with the growth in both the volume and imputed price of such exports to the market. However, both earnings and volume of yellowfin tuna exports from the Thai market registered declines during 2023. Meanwhile, share of exports to India declined slightly and stood at 3%, as exports earnings from all categories of fish exports observed declines during the year. Accordingly, as reported by the Food and Agriculture Organization (FAO) in its Globefish Highlights, the decline in

**Figure 4: Direction of Trade by Major Domestic Export Categories, 2023**  
(percent)



Source: Maldives Customs Service

the demand for frozen tuna, both whole and semi-processed, in Southeast Asia and Europe from January to September 2023 was attributed to the reduced interest in canned and other tuna-based products among end users, coupled with high raw material prices.

The European market continued to remain as the second largest export region, accounting for 31% of the total Maldivian exports in 2023, an increment from the 30% recorded in 2022. Moreover, the UK emerged as the largest European export market, accounting for 14% of total Maldivian exports during 2023—a notable increase from the 9% registered in 2022. The growth in export earnings from canned or pouched tuna heavily contributed to the overall rise of the total export earnings from the UK market during the year. Germany and France accounted for the second and third largest export markets from the region. Although, export earnings from Germany declined by 16% (US\$2.3 million) largely owing to a 17% (US\$2.2 million) decline in canned or pouched tuna exports during the year. Meanwhile, the French market share slightly declined and stood at 3% in 2023—a decrease from the 4% recorded during 2022. The decline in export earnings from France mainly reflected the drop in earnings from frozen skipjack tuna exports by 100% (US\$1.1 million), despite the increase in earnings from frozen yellowfin tuna during the year.

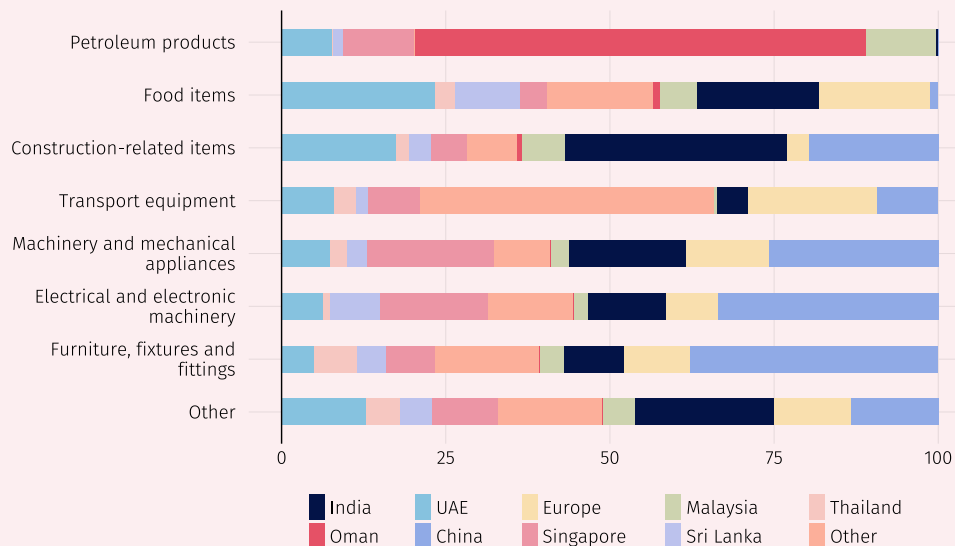
Looking at other regions, the share of the US, the main exporting country in North America stood at 1%, observing a minor drop from 2% share recorded in 2022. Meanwhile, the share of exports to Mauritius contracted by 5 percentage points, registering 1% and totaling US\$1.5 million during the year, reflecting the significant decline in earnings from frozen skipjack tuna by 82% (US\$6.6 million) despite remaining as the largest African export market. It is also noteworthy that, Mauritius accounted for the largest negative contribution to export growth in the year.

## Imports

Regarding the direction of imports, the highest proportion of imports during the year (84% of the total imports) were sourced from Asia. From this region, India accounted for the highest share of imports to the Maldives (16%), followed by Oman and the United Arab Emirates (UAE). Imports from India observed a substantial increase of 10% (US\$48.6 million) driven mostly by the imports of construction-related items and food items during the year (Figure 5).

As for imports from Oman, a decline of 16% (US\$97.7 million) was recorded largely owing to the significant drop observed in import expenditure on petroleum products during the year. Meanwhile, imports from the UAE grew by 10% (US\$41.4 million),

**Figure 5: Direction of Trade by Import Categories, 2023**  
(percent)



Source: Maldives Customs Service

primarily due to the increase in construction-related items and constituted to 13% of the total Maldivian imports during the year—an increase from 12% in 2022. Similarly, imports from China increased notably by 6% (US\$23.0 million) reflecting the significant increase in import expenditure on machinery and mechanical appliances during the year.

Meanwhile, imports from the European region, which accounted for 9% of the total imports, observed a decline of 7% (US\$24.3 million) during the year. Within this region, Germany, the main supplier of imports to the Maldives from the region observed a significant increase which was largely offset by the decline in imports from France and Netherlands. The overall drop in European imports during the year was predominantly contributed by the notable declines in import expenditure on transport equipment and parts, and machinery and mechanical appliances and parts. This was offset to some extent by the increases in import expenditure on electrical and electronic machinery and equipment; and clothing, footwear, and fashion accessories during the year.

## Services

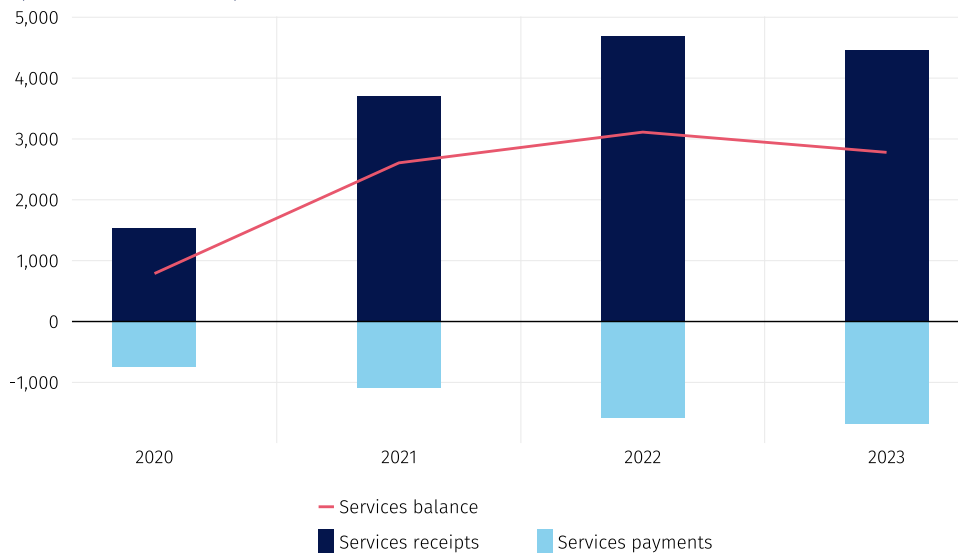
As a tourism-based economy, the surplus on the services account is an inherent key feature of the current account of the Maldives. During 2023, the surplus on the services account declined by US\$333.9 billion, and totalled US\$2.8 billion, from an estimated US\$3.1 billion over the previous year. The drop in the services surplus was mainly due to the fall in tourism-related receipts, in line with the decline in resort bednights during the year, despite the increase in total tourist arrivals and total bednights. Additionally, the services surplus also narrowed owing to the hike in travel expenditure which reflected the rise in demand for international travel by Maldivians (Figure 54).

On the receipts side, total services receipts are estimated to have declined to US\$4.5 billion in 2023, after recording US\$4.7 billion in the previous year—a sizeable decline of US\$237.7 million. This was primarily owing to the estimated decline in travel receipts—which accounted for 95% of all services receipts during the year—reflecting the decline in

resort bednights. Accordingly, travel receipts observed a decrease of US\$267.7 million (6%), and totalled US\$4.2 billion in 2023, after recording US\$4.5 billion in the previous year. However, travel receipts observed a growth of 34% when compared to pre-pandemic levels (US\$3.2 billion in 2019). The impact of the decline in travel receipts was moderated by the growth in receipts from transport services (by US\$17.6 million), reflecting the increase in airports' receipts of landing and handling charges.

With regard to the payments side, total expenditure on services rose by US\$96.3 million, and totalled US\$1.7 billion in 2023—from US\$1.6 billion in 2022. Similar to the previous year, the rise in services expenditure was led by the surge in travel expenditure, in line with the hike in demand for international travel by Maldivians. Accordingly, expenditure by Maldivians travelling abroad is estimated to have surged by US\$127.0 million during the year. This was followed by payments for construction-related services acquired from

**Figure 54: Trade in Services, 2020 - 2023**  
(millions of US dollars)



Source: Maldives Monetary Authority

non-residents and international transport services, which rose by US\$21.8 million and US\$17.8 million, respectively. The payments for construction-related services represent estimated payments made by residents to non-resident construction service providers, which mainly reflects payments made for government PSIP projects. Meanwhile, payments for international transport services reflect the growth in airfare expenditure by Maldivians traveling abroad.

### Primary Income Account

The deficit on the primary account is driven by FDI-related inflows—predominantly represented by estimates of dividends to shareholders and reinvested earnings—as well as interest payments on external debt. The deficit on the primary income account widened by US\$59.5 million, to reach US\$771.0 million in 2023. This was a growth of 8% when compared with a deficit of US\$711.5 million in the previous year. The worsening of the primary account outflow was contributed largely by the surge in interest payments on private external debt during the year, which grew by US\$39.2 million. Meanwhile, interest payments on government bonds and loans observed a decline of US\$4.1 million. During the year, profit repatriation and reinvestment of earnings by FDI companies observed only moderate increases, although they accounted for a large portion of the outflow on the primary income account. Accordingly, profit remittances rose by US\$13.2 million, while re-invested earnings grew by US\$8.7 million relative to the previous year. As for inflows, an increase of US\$15.7 million was observed, mainly owing to the growth in interest income received from investments by the MMA.

### Secondary Income Account

The secondary income account is dominated by transactions related to worker's remittances, and government grants. The deficit on the secondary income account is estimated to have worsened by US\$50.9 million. This largely reflected the decline in inflows to the account, which decreased by US\$38.6 million during the year, owing to the fall in foreign grant inflows (by US\$40.0 million). On the outflows side, workers remittances rose by US\$22.6 million, and totalled US\$587.2 million during the year.

### Financial Account

Financial account records transactions of financial assets and liabilities for the residents of an economy and the rest of the world—which are categorized into direct investments, portfolio investment and other investments. The financial account recorded a net inflow of US\$1.1 billion in 2023, up from US\$847.4 million in 2022. The net inflows on the financial account during the year consisted predominantly of inflows from FDIs and other investments (Figure 55).

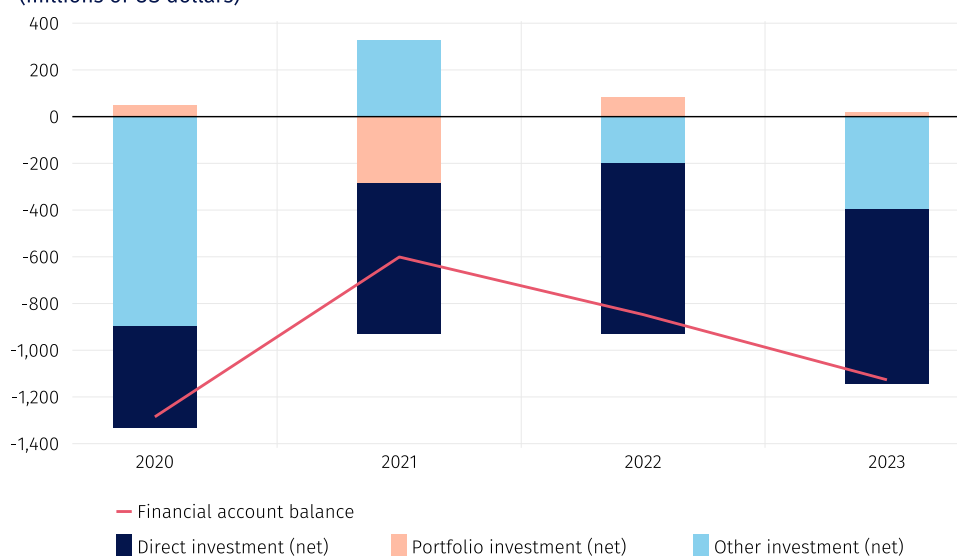
As in previous years, a large proportion of all external financial inflows to the Maldives during the year consisted of net inflows from direct investments. Such inflows recorded US\$751.4 million in 2023, a moderate increment from US\$732.2 million in 2022. The increment in net inflows reflected the growth in FDI inflows<sup>18</sup> (by US\$13.5 million)—primarily in line with the growth in new equity investments by foreign investors mainly within the tourism sector—and the reinvestment of earnings of foreign investors, which rose by US\$5.7 million during the year.

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<sup>18</sup> Only the proceeds from inward FDIs are included in the direct investment account.

**Figure 55: Financial Account, 2020 - 2023**

(millions of US dollars)



Source: Maldives Monetary Authority

With regard to portfolio investments—which comprise cross-border financial transactions involving equity and debt securities (other than those included in direct investments)—it observed a net outflow of US\$17.9 million in 2023, following a net outflow of US\$83.0 million in 2022. The net outflow during the year entirely reflected investments in non-resident securities by deposit-taking corporations.

As for other investments, which comprise financial transactions other than direct investments and portfolio investments, a net inflow of US\$393.2 million was registered during the year. This was an increase of US\$195.0 million in 2023, when compared with the net outflow of US\$198.1 million recorded in 2022. The main contributors to the net inflow of such investments during the year were net borrowings in the form of government and government-guaranteed loan disbursements, followed by private sector loans. This was

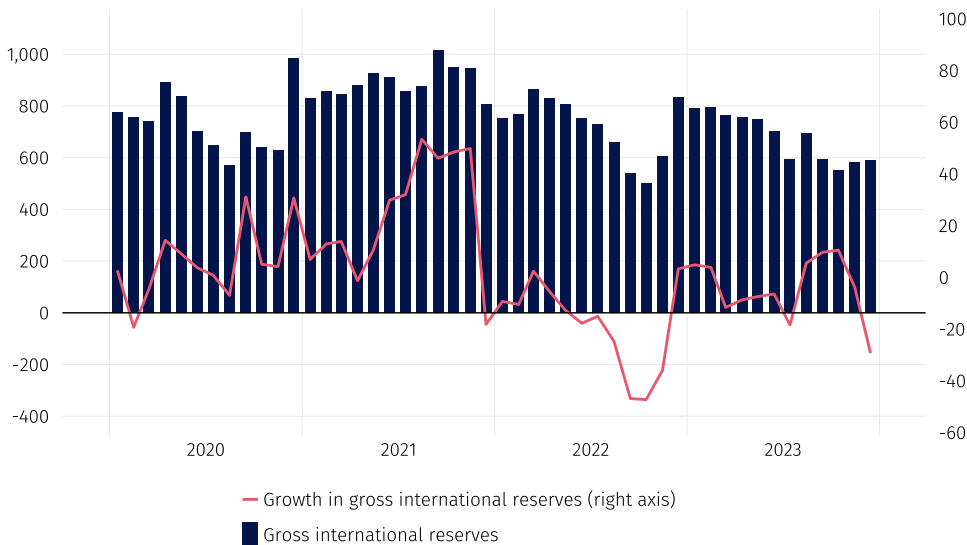
offset to an extent by the reduction in liabilities of the MMA, owing to the repayment of the US\$100 million swap agreement between the MMA and RBI in December 2023, which was accessed in December 2022. Meanwhile, net acquisition of financial assets observed an inflow, contributing to the increase in inflows on other investments. This represented drawings on deposits abroad by both the commercial banks and the private sector.

## Overall Balance and Gross International Reserves

As the deficit on the current account outpaced the net inflows from the financial account during 2023, the overall BOP registered a deficit of US\$236.2 million, following a surplus of US\$26.8 million in 2022. Accordingly, GIR (official reserve assets)<sup>19</sup> fell to US\$590.5 million in 2023, from US\$832.1 million in

<sup>19</sup> Official reserve assets comprise foreign currency deposits of the MMA and the government, commercial banks' US dollar reserve accounts and Maldives' reserve position at the IMF.

**Figure 56: Gross International Reserves, 2020 - 2023**  
(millions of US dollars, annual percentage change)



Source: Maldives Monetary Authority

2022—a decline of 29% when compared with the previous year (Figure 56). With regard to developments in GIR during 2023, it fluctuated throughout the year, reaching a peak in February 2023 (US\$795.8 million), before moving to a declining trend until the end of year, except for August 2023 and hitting lowest in October 2023.

The annual decline in the GIR was primarily due to the decrease in short-term foreign liabilities, which fell by 27% in 2023. The fall in short-term foreign liabilities predominantly reflected the repayment of the US\$100 million foreign currency swap in December 2023, availed from RBI in December 2022. In addition, a notable decline was observed in foreign currency reserve account balances of the commercial banks held at the MMA, despite an increase in government foreign currency deposits. The decrease in reserve account balances of the commercial banks held at MMA can be attributed to higher net foreign currency

transfers, together with changes to foreign currency asset portfolio.

During 2023, foreign currency payments observed a growth in annual terms, largely owing to the increase in repayment of government securities. In contrast, foreign currency intervention in the domestic market remained broadly unchanged in annual terms, while a decline was observed in loan repayments and loan servicing. As for foreign currency receipts, a considerable growth was observed as well relative to the previous year, contributed primarily by the marked increase in foreign currency inflows received for budget financing in the form of investments in government securities. This was followed by an increase in tourism-related revenue receipts<sup>20</sup>, due to increased collection mirroring the T-GST rate hike, while disbursement of loans also contributed to the rise in foreign currency receipts.

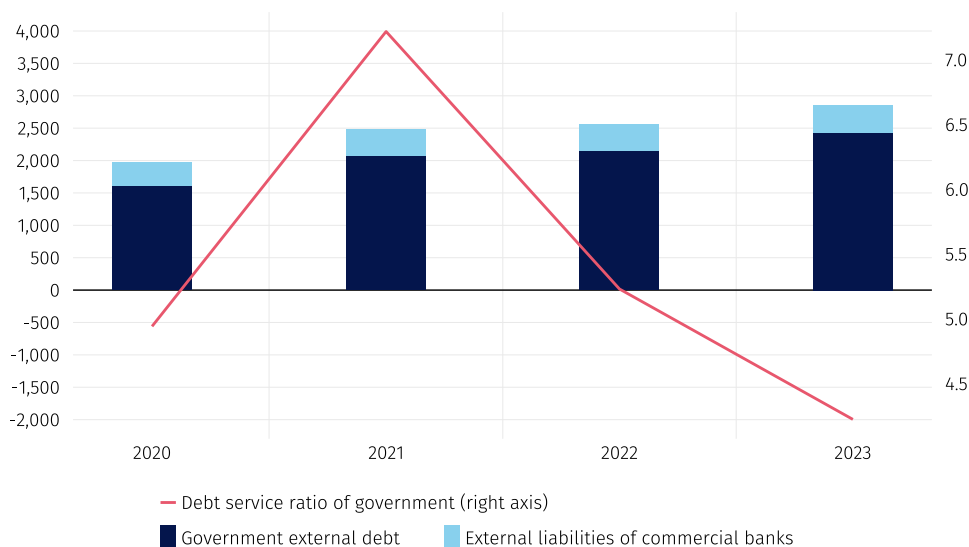
<sup>20</sup> These include receipts from T-GST, tourism land rent, green tax, airport service charge and airport development fee.

## External Debt

As per the latest available statistics<sup>21</sup>, the total external debt stock (government and commercial banks) increased by US\$286.0 million and totalled US\$2,844.3 million at the end of 2023. However, the stock of external debt as a ratio to GDP slightly decreased to 41.2% in 2023, from 41.6% in 2022, reflecting a higher nominal GDP growth, relative to the growth in total external debt (Figure 57). During 2023, the growth in external debt primarily reflected the rise in loans by the government obtained in the form of buyer’s credit<sup>22</sup>, while growths were also observed in government borrowings from multilateral and bilateral sources, together with commercial bank borrowings from foreign depository corporations.

Regarding the composition of the total outstanding stock of external debt, the government external borrowing—which consists of buyer’s credit, debt securities and loans obtained from multilateral, bilateral, and private sources—rose by US\$277.3 million, and totalled US\$2,426.6 million at the end of 2023 (Figure 58). However, in terms of GDP, the outstanding stock of government external debt remained broadly unchanged at 35.2% in 2023, from the previous year. Debt obtained in the form of buyer’s credit observed a growth of US\$227.0 million and totalled US\$1,030.6 million in 2023. Meanwhile, both borrowings from multilateral sources and bilateral sources observed growths of US\$36.1 million and

**Figure 57: External Debt, 2020 - 2023**  
(millions of US dollars, percent)

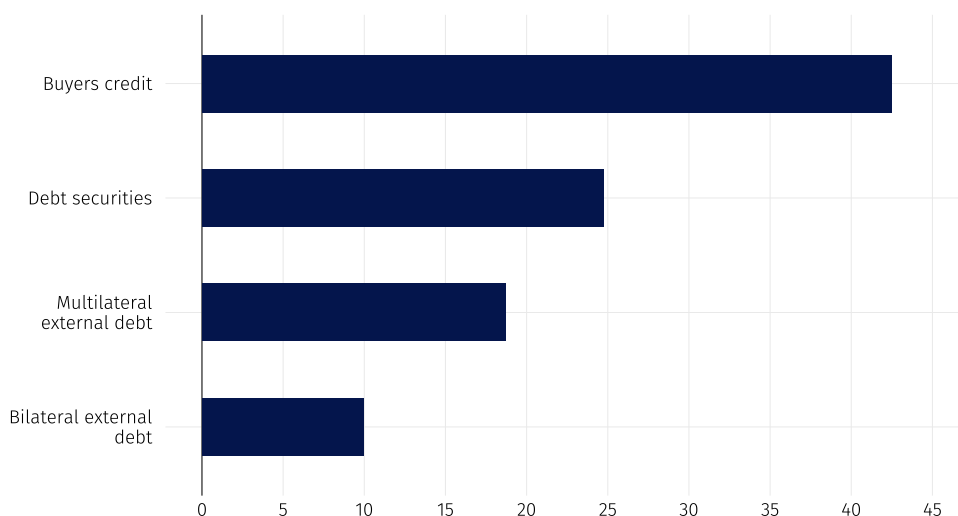


Source: Ministry of Finance and Maldives Monetary Authority

<sup>21</sup> External debt statistics mentioned here refer to government external borrowings (which are different from external debt under public debt as it includes publicly guaranteed external debt) and foreign liabilities of commercial banks.

<sup>22</sup> Buyer’s credit is a loan facility extended to an importer by a bank or financial institution to finance the purchase of goods or services and other high-cost items.

**Figure 58: Composition of Total Government External Debt Outstanding, 2023**  
(percent)



Source: Ministry of Finance

US\$14.1 million and totalled US\$454.4 million and US\$241.6 million, respectively, at the end of the year.

As for the foreign liabilities of commercial banks, an increase of US\$8.7 million was registered, owing to a growth in borrowings from foreign commercial banks, which offset the decrease in borrowings from head offices and branches, closing at US\$417.7 million at the end of 2023. In terms of GDP, the outstanding stock of commercial banks' borrowings fell to 6.1% in 2023, from 6.6% in 2022.

The total cost of debt servicing<sup>23</sup> declined by US\$61.3 million and amounted to US\$205.3 million (3.0% of GDP) in 2023, mainly reflecting the decline in principal payments on debt securities. Meanwhile, mirroring the decrease in debt service payments, the debt service ratio<sup>24</sup>—which measures the adequacy of a country's foreign exchange earnings to meet maturing debt obligations—declined to 4.2% in 2023 from 5.2% in 2022, despite a decline in exports of goods and services during the year.

<sup>23</sup> Includes both principal and interest payments.

<sup>24</sup> Debt service ratio is the ratio of debt service payments to export of goods and services.

# Outlook for 2024

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Amid the resilient recovery during 2023 from the effects of the COVID-19 pandemic, geopolitical tensions and the cost-of-living crisis, activity in the global economy is expected to remain stable in 2024 as well. Global economic growth for 2024 is expected to be supported by the faster-than-expected fall in inflation, resilient performance of the United States economy as well as several large emerging market and developing economies. In addition, although the growth of China's economy is expected to slow down, further fiscal support is planned to be provided by the Chinese government to boost growth. However, the short-term effects of continuously high borrowing costs and the potential withdrawal of fiscal support across countries as high debt levels linger, as well as the longer-term impact from the COVID-19 pandemic, the Russia-Ukraine war, weak productivity growth and worsening geoeconomic fragmentation are expected to weigh on growth during the year. As per the IMF World Economic Outlook (WEO) April 2024, global growth is projected at 3.2% for both 2023 and 2024—remaining well below the historical average of 3.8% (over the decade from 2000 to 2019). The growth projection for 2024 is 0.1 percentage point higher than the January 2024 WEO Update, and 0.3 percentage point higher than that in the October 2023 WEO.

As per the October 2023<sup>25</sup> growth forecast, real GDP growth of the Maldivian economy is projected to reach 5.5% in 2024—lower than the long run average growth trend of 6.6% (over the decade from 2000 to 2019)—following the estimated 4.0% growth in 2023. For 2024,

growth impetus is anticipated to be provided by the tourism sector—driven by improved performance of resort bednights—together with the transport and communication sector. As for total tourist arrivals, following 1.9 million arrivals in 2023, the estimated number is expected to surpass 2.0 million by the end of 2024. Based on the strong performance of tourist arrivals over the first quarter of 2024, which mirrored the significant growth in arrivals from key markets such as China and the European region, total tourist arrivals for the year are anticipated to exceed the current projections.

As per the revised forecasts of September 2023, with the potential implementation of the proposed subsidy reform, domestic inflation is expected to rise to 3.9% in 2024 from 2.9% in 2023. The subsidy reform, which has been factored in from Q3-2024 onwards, includes the removal of subsidies provided for staple food items and electricity, and planned to be replaced by a targeting system. However, inflation is expected to be at 1.0% if the proposed reforms are not implemented during the year. As for the trajectory of inflation, the rate of inflation is projected to decelerate to 0.7% in Q1-2024 (from 2.3% in Q4-2023) with the dissipation of the impact of the G-GST rate hike in January 2023. While inflation is expected to hover around 1.0% over the second quarter of the year, it is projected to accelerate significantly with the planned implementation of the subsidy reform from Q3-2024 onwards, with inflation rates reaching around 7.0% to 6.9% over the last two quarters of the year.

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<sup>25</sup> According to growth forecast scenarios estimated in October 2023 jointly by the MMA and the Ministry of Finance.

With regard to the 2024 Government Budget, the budget deficit is projected to narrow to 12.3% in 2024, following an expansion to 13.8% in 2023 (from 11.6% in 2022). However, the budget deficit continues to remain significantly above pre-pandemic levels (6.5% in 2019). The narrowing of the fiscal deficit is on the back of planned implementation of expenditure reduction measures<sup>26</sup> geared towards targeting social welfare expenditure—which is projected to result in only a modest increment in total expenditure—coupled with a rise in tax revenue. The primary contributor to the projected increase in government revenue and grants for the year 2024, relative to the previous year, is the anticipated increment in tax revenue reflecting the improvements in the tourism industry and overall economic growth. As per the 2024 Budget, the fiscal deficit is expected to be financed primarily from foreign sources (approximately 70.5%), followed by domestic sources. While the total public debt stock is expected to rise further in 2024, total public debt as a share of GDP is projected to reach 114.6% (from 112.8% in 2023). Risks to fiscal outcomes remain tilted heavily to the downside, with key risks on the expenditure and financing side including delays in the implementation of expenditure reduction measures as well as measures to finance the budget, rising global commodity prices, higher capital injections to SOEs, PSIPs exceeding budget with the acceleration of project implementation due to the easing of the bottlenecks that resulted from the pandemic. Risks to revenue include potential reduction in tourist arrivals caused by economic slowdown of the key source markets such as China and Europe, decline in tourism prices, and lower tax compliance.

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<sup>26</sup> Transitioning from universal subsidies on staple foods, fuel, electricity, and sanitation to a targeted direct cash transfer mechanism, targeting coverage within the Aasandha scheme, staggered implementation of pay harmonization, enhancing the criteria in the provision of aid through the welfare system.

As for the external front, the current account deficit is projected to narrow to 18.8% of GDP in 2024 from 20.3% in 2023. This reflects the growth in the services surplus which stems from the expected surge in travel receipts during 2024, supported by the buoyant performance of the tourism sector forecasted for the year. The growth in the services surplus is expected to completely offset the growth in the merchandise trade deficit, which is anticipated to stem from an increase in imports. However, the projections for the current account deficit may vary in line with the risk to the secondary account inflows—impacted predominantly by the grant amounts received during the year. The gross international reserves (GIR) is anticipated to be at US\$605.7 million at the end of 2024, up from US\$590.5 million at the end of 2023.

## Risks to Outlook

The risks to global growth outlook have moderated since the projections were made for the October 2023 WEO and remain broadly balanced. On the upside, faster-than-anticipated reduction in inflationary pressures which could allow central banks to push forward easing plans, as well as slower-than-expected withdrawal of fiscal support in key economies are anticipated to boost growth over the year. Key downside risks include potential commodity price spikes emanating from geopolitical tensions such as the war in Ukraine and the conflict in Gaza and Israel, coupled with the persistence of core inflation may lead to an elevation of interest rate expectations and reductions asset prices. Additionally, the intensifying geoeconomic fragmentation could result in a supply-side

slackening due to greater barriers to the movement of goods, capital, and labour. The ongoing property sector woes in China which could impact the country's growth momentum as well as that of trading partners. Further, higher interest rates may result in financial stress as households tackle higher debt levels amid the reset of fixed-rate mortgages. As elevated risks of debt distress remain, countries could also reign in fiscal support to reduce the high debt ratios, which may lead to weakening economic activity and reduction in confidence.

For the domestic economy, the balance of risks to growth remains tilted to the downside. On the downside, such risks include the potential fall in tourism-related receipts stemming from the economic slowdown in key tourism source markets such as China and the European region, as well as commodity price spikes owing to the ongoing geopolitical tensions and adverse weather events which could

further exacerbate the current account deficit and the government budget deficit. Further, tightening policy rates to reign in core inflation could result in more stringent global financial conditions, leading to higher interest costs and a reduction in access to market financing for the Maldivian government. Key upside risks for the economy include higher-than-expected tourist arrivals into the country, amid faster recovery of economic activity in China and slower withdrawal of fiscal support in key economies.

With respect to domestic inflation, risks continue to remain tilted to the upside, with the potential implementation of domestic subsidy reforms, and the escalation of geopolitical turmoil which could exacerbate supply chain bottlenecks. However, with the unwinding of supply-side issues, a higher-than-anticipated moderation in global crude oil prices may lower inflationary pressure during the year.

# Internal Management, Policies and Organisational Developments

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# Monetary Policy

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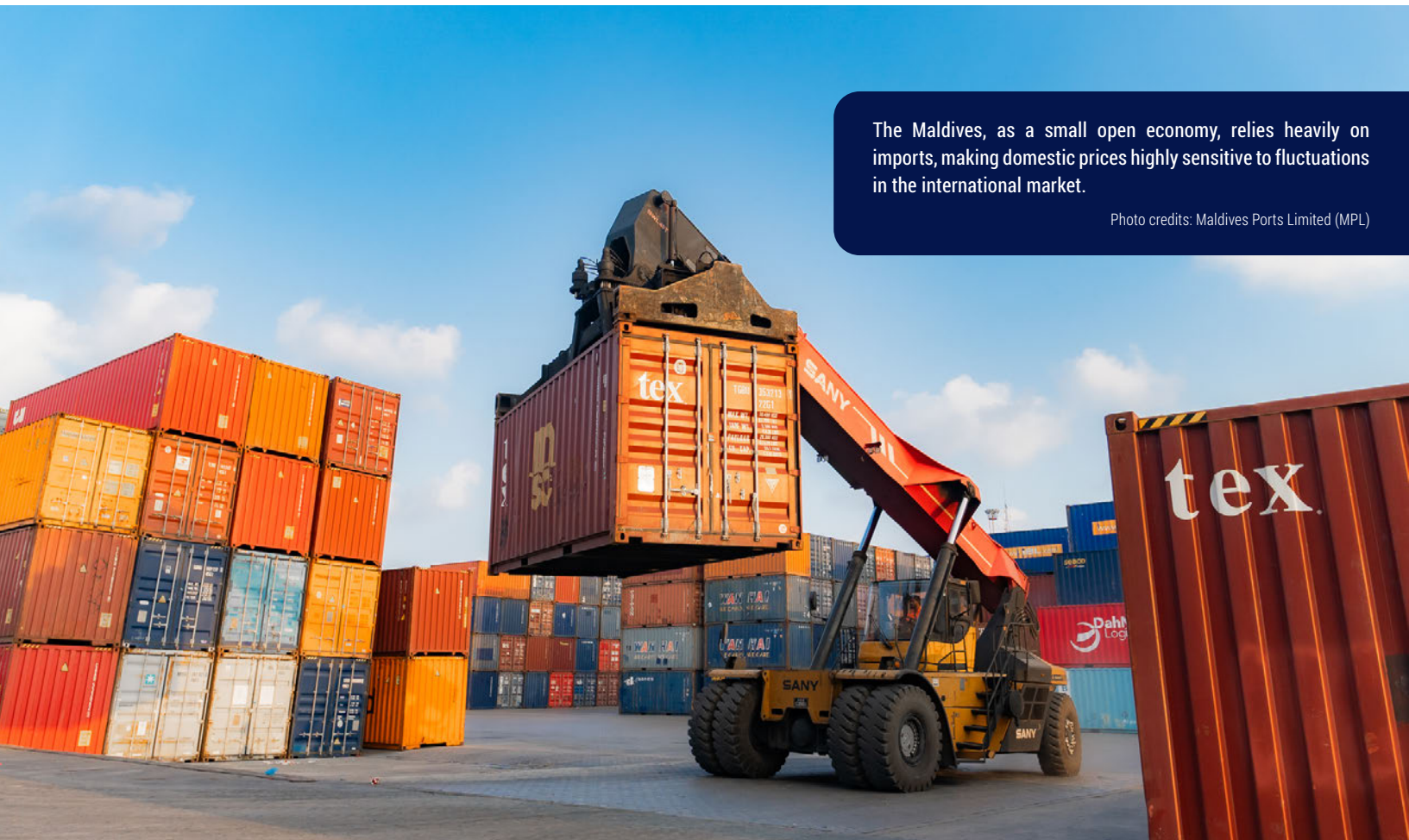
## Monetary Policy Framework

One of the key responsibilities of the MMA is the formulation and implementation of the country's monetary policy. The main aim of the MMA's monetary policy is to maintain price stability conducive to the sustainable growth of the economy. The MMA uses an exchange rate-based monetary policy framework to maintain price stability in the domestic economy, as the Maldives is a small open economy that is heavily reliant on imports and where domestic prices are highly susceptible to price fluctuations in the international market and to variations in the exchange rate. Given this, the MMA strives to maintain the exchange rate within a stipulated band of MVR10.28–15.42, by conducting foreign exchange market intervention operations in

addition to managing the surplus liquidity of Maldivian rufiyaa in the banking system.

To implement the monetary policy, the MMA has the following monetary policy instruments at its disposal: a Minimum Reserve Requirement (MRR), Open Market Operations (OMO), foreign exchange swaps and standing facilities, which consist of both an Overnight Deposit Facility (ODF) and Overnight Lombard Facility (OLF).

Any changes to monetary policy formulation and the instruments are proposed by the Monetary Policy Committee. The Board of Directors of the MMA make the final decision after a thorough reflection of proposals put forward by the committee.



The Maldives, as a small open economy, relies heavily on imports, making domestic prices highly sensitive to fluctuations in the international market.

Photo credits: Maldives Ports Limited (MPL)

## Implementation of Monetary Policy

The MMA's monetary policy framework remained unchanged in 2023 and centred on maintaining the exchange rate peg with the USD within the band of MVR10.28–15.42. Accordingly, the MMA engaged in two key operations to address exchange rate pressures within the domestic economy: interventions in the foreign exchange market and management of rufiyaa liquidity. These operations are crucial for managing exchange rate pressures within the domestic economy.

Amid overlapping global shocks in 2023, the Maldivian economy continued to recover, although at a moderate pace. Against this backdrop—and considering the liquidity level in the banking system along with the exception of the MMA commencing remuneration on the Islamic MVR MRR at 1% p.a., effective 2 January 2023—no adjustments to monetary policy instruments were made because the COVID-19 pandemic-related measures were entirely wound down in 2022. Meanwhile, the temporary suspension of clauses 32 a), d) and e) of the Fiscal Responsibility Act (2013), which provided leeway for the government to overdraw from the Public Bank Account, was reverted at the end of 2023. Further, the outstanding balances in February 2022, as well as March and December 2023 were converted into long-term amortising bonds on three separate occasions.

Regarding its foreign exchange intervention policy in 2023, the MMA continued to remain supportive and significantly increased the supply of foreign currency provided to the domestic economy via commercial banks. Further, the MMA repaid the 100 million USD foreign currency swap availed from the Reserve Bank of India in December 2022.

## Exchange Rate Stability

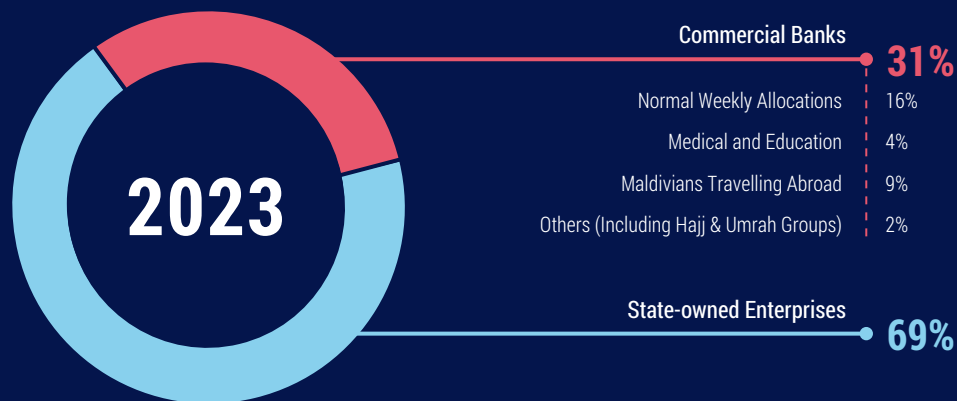
Similar to previous years, the MMA regularly intervened in the domestic foreign exchange market to cater for the foreign exchange demand of public and state-owned enterprises (SOEs). Thus, the total sales by the MMA reached USD995.5 million in 2023, which is a yearly increment of 0.2%.

The largest proportion of the total USD sales was made to SOEs, which made up 69% and totalled USD687.8 million in 2023. This denotes a 5% decline in sales to SOEs compared with the previous year. In addition to the USD sales made for the purposes of importing fuel, staple food, medicine and medical equipment, USD sales were also made to SOEs to facilitate foreign debt repayments.

Simultaneously, the MMA continued to facilitate USD to commercial banks to provide for the foreign exchange demand of public and local businesses. The USD sales to commercial banks amounted to USD307.6 million, which is a notable annual increment of 15% compared to 2022. This was comprised of USD159.6 million as normal weekly allocations, in addition to USD43.7 million for Maldivians traveling abroad for medical and education purposes. Further, the MMA continued the policy of facilitating a maximum of USD500 per person for Maldivians traveling abroad from Velana International Airport via the Bank of Maldives (BML). Thus, a total of USD85.5 million was sold in 2023, which is a staggering annual increase of 40%. Additionally, USD18.8 million was provided through banks to cater for the foreign currency requirements of the public, including USD sales to Hajj and Umrah groups.

# US\$995.5 MILLION

US Dollars Injected to the Domestic Market, 2023



## Liquidity Management of the Banking System

To absorb the surplus Rufiyaa liquidity in the banking system, the MMA mainly used ODF as the policy instrument. During 2023, ODF placements averaged MVR7.5 billion, which is an increase of 17% compared with 2022. Although the Commodity Murabahah Facility was introduced in December 2022 for Islamic commercial banks, similar to the conventional ODF, the rise in ODF investments primarily reflects the increase in conventional ODF placements.

The local currency MRR and foreign currency MRR remained unchanged at 10% since their last revisions in June 2021 and October 2022, respectively.

## Reserve Management

The foreign exchange reserves act as a safety buffer to absorb external shocks to the economy, maintaining market confidence and upholding international credibility to fulfill current and future debt commitments. Further, the reserves function as a crucial policy instrument for intervening in the market, supporting the local currency and implementation of monetary and exchange rate policies.

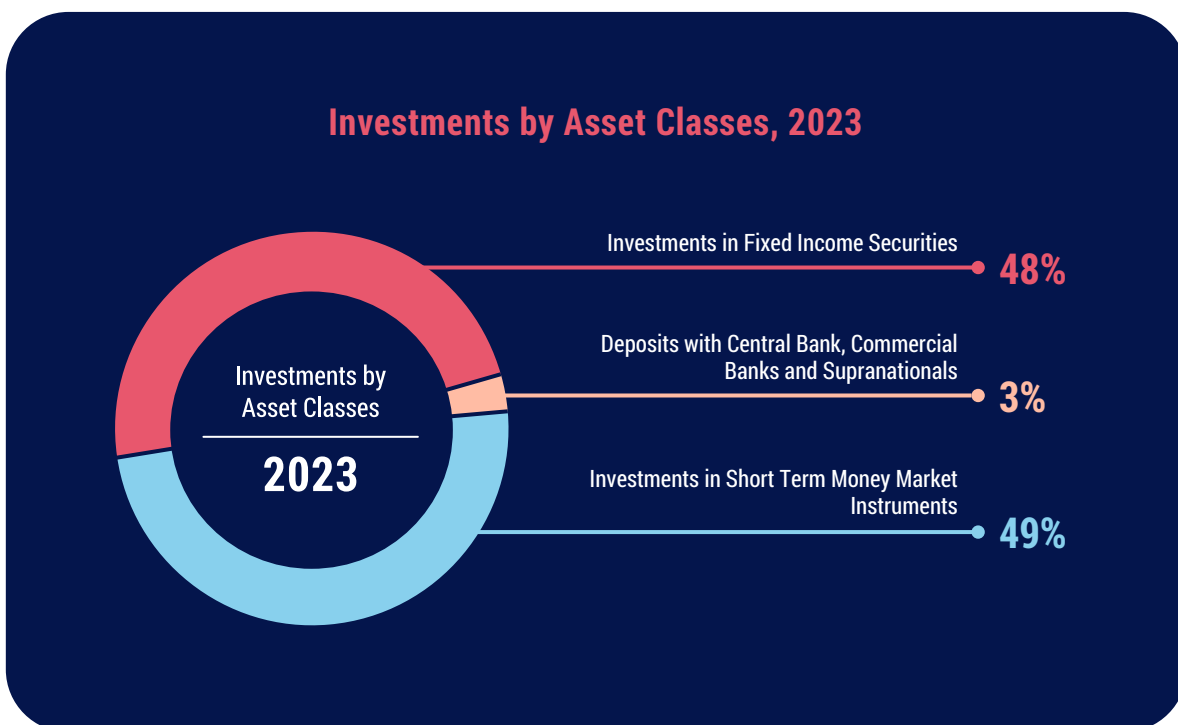
The MMA manages the foreign exchange reserves of the Maldives in line with the MMA Act of 1981, adhering to the Reserve Management Policy defined by the Board of Directors of the MMA, and the Investment Guidelines formulated by the Investment Committee. The primary goals of reserve management pursued by the MMA encompass

capital preservation, ensuring sufficient liquidity of funds and generating additional returns while upholding the MMA's investment objective of safety and liquidity.

To achieve these objectives, the MMA allocates the foreign reserves to a diverse portfolio spanning different asset classes, counterparties and maturities. This involves monitoring various investment-related risks within specified limits outlined in the Investment Guidelines. Consistent with previous years, thorough research has been conducted to identify potential new investment opportunities, while remaining informed regarding advances in the global financial market.

In 2023, most of the foreign reserves were invested in money market instruments, followed by investments in fixed income securities issued by sovereigns, supranational institutions and government agencies. Compared with the previous year, a higher proportion was invested in money market instruments to take advantage of increasing interest rates.

The MMA continued to establish new counterparty relationships with banks and international financial institutions to support and expand reserve management activities. At the end of 2023, the MMA maintained counterparty relationships with 26 institutions.



# Financial Stability

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Maintaining a healthy and stable financial system in the Maldives is a fundamental goal and is essential for maintaining public confidence in the financial system. To accomplish this goal, the MMA licenses, regulates and supervises financial institutions to identify risks to the financial system and assess the system's capacity to deal with threats. Further, the MMA initiates measures to enhance and promote the financial sector. Commercial banks, insurance companies, finance companies, insurance brokers and agents, and Payment Service Providers (PSPs) such as money remittance services, card acquirers and electronic money issuers are among the financial institutions and service providers that fall under the regulatory purview of the MMA.

## Developments to the Regulatory Framework

In 2023, a circular was issued to financial institutions with the aim of strengthening the supervisory and regulatory activities of the financial sector:

Circular no. CN/2023/4356 was issued on 17 May 2023, outlining additional criteria for financing businesses when submitting fit and proper standards for major shareholders, directors and senior management of financing businesses.

## Licensing, Supervision and Other Regulatory Activities

As part of the MMA's mandate to ensure financial stability, it is necessary to ensure

that financial institutions function in a safe and sound manner, and within the laws and regulations governing these institutions. Accordingly, the MMA conducts regular on-site examinations and off-site monitoring of these institutions, and undertakes work related to the issuance and cancellation of licences issued to financial institutions.

## On-site Examinations

During on-site examinations, areas of risk in financial institutions' operations are identified, and the degree of compliance with applicable regulatory requirements and internal policies checked. On-site examinations of all financial institutions are undertaken based on their risk profiles. Section 52 (b) of Law No. 24/2010 (the Maldives Banking Act) requires the MMA to conduct on-site examinations of all banks at least every two years.

The following on-site examinations of financial institutions were conducted in 2023:

An examination of the Hongkong and Shanghai Banking Corporation Limited (HSBC) was conducted focusing on assessing the compliance of the bank with the Regulation on Corporate Governance for Banks, Finance Companies and Insurance Companies and the Risk Management Guidelines for Banks, Finance Companies and Insurance Companies.

An examination of Habib Bank Limited (HBL) is ongoing from August 2023, and focuses on assessing the compliance of the bank with the Regulation on Corporate Governance for Banks, Finance Companies and Insurance Companies and the Risk Management

Guidelines for Banks, Finance Companies and Insurance Companies.

An examination of the Mauritius Commercial Bank (MCB) is ongoing from October 2023 with a focus on assessing compliance of the bank with the Regulation on Corporate Governance for Banks, Finance Companies and Insurance Companies, as well as the Risk Management Guidelines for Banks, Finance Companies and Insurance Companies. Additionally, inspections are conducted regarding the bank's anti-money laundering/combating the financing of terrorism (AML/CFT) risk management and compliance with respect to remittance activities including MoneyGram services.

An examination of the Bank of Ceylon (BOC) is ongoing from December 2023 focusing on assessing compliance of the bank with the Regulation on Corporate Governance for Banks, Finance Companies and Insurance Companies and the Risk Management Guidelines for Banks, Finance Companies and Insurance Companies. The examination also addresses follow-up issues from a previous on-site examination.

An examination of the BML is ongoing from December 2023, when the MMA appointed KPMG Maldives to carry out a comprehensive assessment of the cyber resiliency of the bank.

A limited-scope examination of Solarelle Insurance Pvt. Ltd. that began in November 2022 to evaluate and ensure compliance with the Regulation on Corporate Governance for Banks, Insurance Companies and Finance Companies and the Risk Management Guidelines for Banks, Finance Companies, and Insurance Companies was concluded.

A limited-scope examination of the Allied Insurance Company of the Maldives Pvt. Ltd. was conducted to evaluate and ensure compliance with the Regulation on Corporate Governance for Banks, Insurance Companies and Finance Companies and the Risk Management Guidelines for Banks, Finance Companies and Insurance Companies.

A full-scope on-site examination of Amana Takaful (Maldives) Plc. was carried out to evaluate its operations and overall compliance with insurance industry regulations and guidelines.

## Off-site Monitoring

Off-site monitoring of financial institutions involves reviewing and analysing financial reports and other information submitted to the MMA by these institutions; the findings are compiled into off-site reports. A risk-based approach to supervision is currently being practised with the intention of identifying significant risks that a financial institution may face, and assessing the institution's management of risks and vulnerability to potential risks. The off-site reports also focuses on the institution's compliance with regulatory requirements.

Regular off-site monitoring activities of banks, finance companies and insurance companies were conducted during 2023. Financial statements and information submitted by institutions were reviewed regularly, and quarterly off-site reports were prepared using a risk-based approach. These reports covered key financial performance indicators, effectiveness of risk management and compliance with regulatory requirements.

## Licences Issued and Revoked During the Year

- Four insurance agent licences (including one for which an application was received in 2022) were issued during the year.
- Fourteen money changer licences were cancelled during the year either at the licensee's request or as a result of non-compliance with licensing conditions.

## Licence Applications

- Bank licence: one application received during the year was under evaluation as of year end.
- Finance leasing licence: one application received in 2022 was rejected during the year because of issues identified in relation to funding of proposed capital, fitness and proprietary nature of the board, and management and forecasted expenses.
- Insurance companies: one application was received during the year and was rejected after review.
- Insurance agents: seven applications were received during the year, two applications were under evaluation at year end and two licence applications were cancelled during the year.

## Development of the Financial Sector

In an effort to sustainably develop the financial sector and foster inclusive growth in the Maldives, several initiatives were undertaken by the MMA. The key initiatives focused mainly on enhancing financial consumer

protection and fostering financial inclusion in the Maldives.

The MMA worked towards strengthening the financial infrastructure to enhance the efficiency of the financial sector. In this regard, the MMA continued its work in relation to the Maldives Payment System Development Project ('the MPSD Project'), Credit Information Bureau (CIB), Islamic finance and financial consumer protection. Additionally, the formulation of a National Financial Inclusion Strategy (NFIS) is underway.

## Credit Information Bureau

The CIB of the Maldives was established in 2011, governed by Regulation No. 2011/R-29 (Credit Information Regulation 2011) issued under Law no. 24/2010 (Maldives Banking Act). This initiative of the MMA is financed by the Asian Development Bank (ADB) to establish a credit information registry for the Maldives to improve access to finance and further develop and improve the efficiency of the financial sector of the country. The main objective of the CIB is to provide a national credit information registry that will aid the financial sector in making more informed credit decisions. The CIB also aims to provide a Secured Transactions Registry to facilitate and encourage the availability of loans and other forms of credit facilities through use of movable property as collateral for such loans and credit.

## The Credit Information System

The Credit Information System collects credit information from all banks and financial institutions that are members of the CIB. All banks with a licence to operate in the Maldives, as well as the Housing Development Finance

Corporation Plc., Maldives Finance and Leasing Company Pvt. Ltd. and SME Development Finance Corporation Pvt. Ltd. in the Maldives are members of the CIB and are legally bound to submit credit information to it. The credit information collected from members includes public record data, statutory information, identity information, credit transactions and payment histories for individual consumers and commercial entities. The credit data are collated and compiled into credit information reports (CIRs) that provide support for member institutions in making more informed credit decisions; further, self-inquiry reports (SIRs) can be requested by individuals or corporate entities to identify their credit standing.

During 2023 a total of 73,628 CIRs were obtained by the member institutions of the CIB. This included 68,106 consumer CIRs and 5,522 commercial CIRs. This is an increase of 3.79% compared to the number of CIRs generated in the previous year.

Meanwhile, the demand for SIRs has been increasing in line with the increase in public awareness of the service and the reliance on SIRs for financial evaluation by other institutions. This led to an increase of 94% of SIRs issued during 2023. To further enhance the efficiency of SIR issuance, the government digital identity mechanism 'eFaas' has been integrated into the SIR request process.

## Financial Consumer Protection Section

In pursuit of maintaining stability and customer trust in the financial sector of the Maldives, a complaint handling mechanism for financial consumer complaints is established at the MMA. During 2023, the Financial Consumer Protection Section received 25 written complaints, all of which were investigated,

and responses made to the complainants. With the revisions to the MMA Act of 1981, the MMA has acquired the legal power required to investigate financial consumer complaints and ensure financial consumer protection. Hence, the MMA is currently working on formulating the Financial Consumer Protection Regulation through a technical assistance (TA) programme facilitated through the Maldives Competitiveness & Growth Project, financed by the World Bank.

A key initiative being undertaken by the MMA to enhance the level of financial inclusion in the Maldives is formulation of the NFIS for the Maldives. The strategy is being developed through broad consultation with relevant internal and external stakeholders. To this end, technical committees have been formed, comprised of members representing key public and private sector stakeholders, to provide TA in the formulation of the strategy. Stakeholder workshops are currently being conducted to draft the strategy based on available demand-side and supply-side data on financial inclusion.

As part of financial inclusion, significant work was carried out on one of the key pillars of the NFIS; that is, Inclusive Green Finance. As the Maldives is highly vulnerable to climate change, a collective effort is required to mitigate and build resilience against the impacts of climate change. The MMA, as the central bank, recognises the importance of introducing inclusive green finance policies to promote sustainable and green investments in the country. In this regard, the MMA has taken the initiative to develop a green finance taxonomy for the Maldives to assist the banking sector in assessing and identifying economic activities—including those of individuals and Micro, Small and Medium

Enterprises (MSMEs)—that contribute to climate change mitigation and adaptation. The green taxonomy will facilitate the banking sector in developing new green loan products and promote green initiatives in the country. The proposed taxonomy is being developed through the MMA’s budget and under a consultancy project that is partially funded through an Alliance for Financial Inclusion (AFI) In-country Implementation grant.

At the request of the MMA, the World Bank and the International Monetary Fund (IMF) implemented the Financial Sector Assessment Program (FSAP) in the Maldives in 2023. The FSAP, which is an in-depth examination of a country’s financial sector, has two main components: a financial stability assessment and a financial development assessment. The FSAP missions conducted comprehensive assessments on these areas through focused discussions with financial sector regulators, along with selected financial and non-financial sector institutions. Upon completion of the assessments, the FSAP team presented recommendations to the management of MMA.

### Islamic Finance Section

In 2023, the MMA Commodity Murabahah Facility was expanded to address the liquidity management challenges faced by Islamic financial institutions, to include MVR MRR remuneration. The MMA also worked on arrangements for remuneration of the security deposit for takaful companies.

During the year, the MMA gave approval to the SME Development Finance Corporation to commence operations on its Islamic window.

### Measures Taken to Prevent Financial Crime

The MMA remains committed to preserving the integrity of the financial system and upholding public confidence in it. A key focus of these efforts is proactively addressing potential financial crime, especially that associated with money laundering and the financing of terrorism.

In 2023, an essential milestone was achieved with the signing of an information-sharing memorandum of understanding (MoU) between the Financial Intelligence Unit (FIU) and the Japan Financial Intelligence Center. This strategic collaboration strengthens the cross-border cooperation that is essential for effectively combating financial crime. Additionally, a coordination MoU was signed with the Institute of Chartered Accountants of the Maldives and the Capital Market Development Authority, facilitating information exchange, AML/CFT supervision, TA and training. Concurrently, as part of a collaborative initiative with the Elections Commission of the Maldives, the FIU published comprehensive guidelines for banks on managing special election accounts. This joint initiative aims to offer clear directives to financial institutions ensuring transparency and adherence with regulatory standards during electoral processes.



The MMA maintains vigilance against illicit financial activities, particularly money laundering and terrorism financing.

Further, as a step towards obtaining Egmont membership, co-sponsors from the Egmont group to the Maldives conducted their final on-site assessment with the FIU during the last quarter of 2023.

As part of its ongoing commitment to combat financial crime, the FIU remained vigilant in supervising financial institutions, utilising a risk-based approach to monitor their compliance with regulatory frameworks. In line with this commitment, an AML/CFT

on-site examination was conducted for a reporting entity including a series of off-site monitoring activities and compliance checks involving several other entities throughout 2023. Additionally, the FIU collaborated with the Capital Market Development Authority to conduct joint examinations of two securities dealing companies. These efforts are collectively contributing to a robust system that not only deters financial crime but ensures the sustained integrity of the financial landscape.

# Currency, Banking and Payment Systems

## Currency

The MMA is the sole issuer of the Maldivian currency and has the legal obligation to ensure that the demand for currency is met adequately. The MMA is also responsible for safeguarding the integrity and quality of the Maldivian currency. Thus, the MMA oversees the complete lifecycle of banknotes and coins, adding new security features, printing and minting new banknotes and coins, issuing new banknotes and coins, and destroying and replacing banknotes and coins that are unfit for circulation.

## Destruction of Banknotes

The MMA regularly destroys banknotes that are unfit for circulation as per its banknote destruction policy.

The total of unfit banknotes received by the MMA declined by 16.3% compared to 2022. In 2023, a total of 391,957 banknotes (valued at MVR22,811,960.00) were destroyed.

## Currency in Circulation

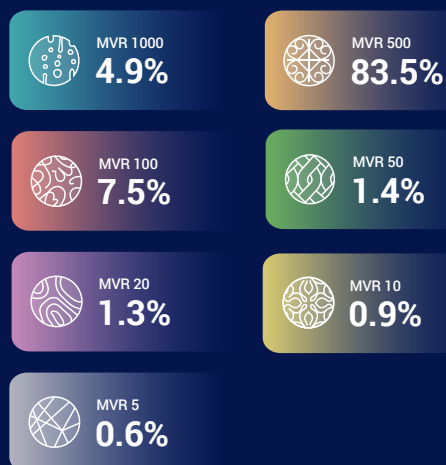
The total value of banknotes in circulation stood at 4.0 billion MVR at the end of 2023, an annual increase of 8.65%. The total value of coins in circulation increased by 5.75% from the previous year and was recorded at MVR84.4 million at the end of 2023.

### Quantity of Banknotes Destroyed, 2023



### Value of Banknotes in Circulation, 31 December 2023

**MVR4 | BILLION**  
31 December 2023



## Value of Coins in Circulation, 31 December 2023

**MVR84.4 | MILLION**

31 December 2023



MVR 2  
**33.9%**



MVR 1  
**50.1%**



MVR 0.50  
**9.8%**



MVR 0.25  
**4.5%**



MVR 0.10  
**0.8%**



MVR 0.05  
**0.7%**



MVR 0.02  
**0.1%**



MVR 0.01  
**0.1%**

## Payment Systems and Services

### Payment Systems

A well-functioning payment system plays an important role in promoting financial stability and contributes to the strengthening of financial market infrastructure. Such a system enables swift and secure conduct of financial transactions between economic agents. Thus, developing and establishing an efficient payment system in the Maldives is one of the key goals of the MMA.

The payment systems currently operated by the MMA are the Maldives Real-time Gross Settlement (MRTGS) System, the Automated Clearing House (ACH) System and the Favara - Maldives Instant Payment System (MIPS). The MRTGS System settles high-value and urgent inter-bank transactions in real time on a gross basis. The ACH System clears high volumes

of low-value transactions in batches. The MIPS, unveiled in August 2023, facilitates the provision of instant payment functionality on a 24/7/365 basis for MVR transactions.

Since their introduction, the volume of transactions settled through the MRTGS and ACH payment systems has been increasing annually. During 2023, 431,081 transactions were processed through the MRTGS System—an increase of 4.76% over the previous year. In terms of the total value of transactions, this is an increase of 16.87%. Over the same period, the volume of direct credit transactions settled through the ACH System increased by 23.46% to a total of 1,651,720 transactions, reaching a total value of MVR 15.92 billion at the end of 2023.

## Value of Transactions Settled through Payment Systems, 2023

**MVR3.85** TRILLION

Transactions settled through MRTGS

**MVR15.92** BILLION

Transactions settled through ACH Direct Credit

**MVR29.78** BILLION

Transactions settled through ACH Cheque

**MVR2.76** BILLION

Transactions settled through Favara Transfer

**MVR0.005** BILLION

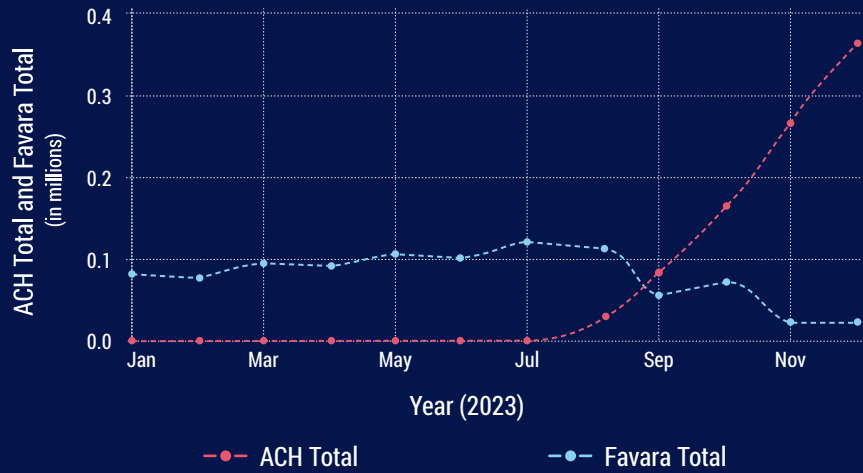
Transactions settled through Favara Request

Additionally, it should be noted that the volume of cheques processed via the ACH System decreased significantly by 16.64% over the year. In terms of value, this is a decline of 13.15%. The decline in usage of cheques aligned with a similar trend from preceding years, stemming largely from the repercussions of the COVID-19 pandemic. However, the use of digital alternatives in the interim and efforts undertaken by stakeholders to reduce the use of cheques under the initial Action Plan on Reducing the Usage of Cheques (2020–21) formulated by the MMA has also played a significant role. Further, facilitating interoperable instant payments through the MIPS has contributed to this decline.

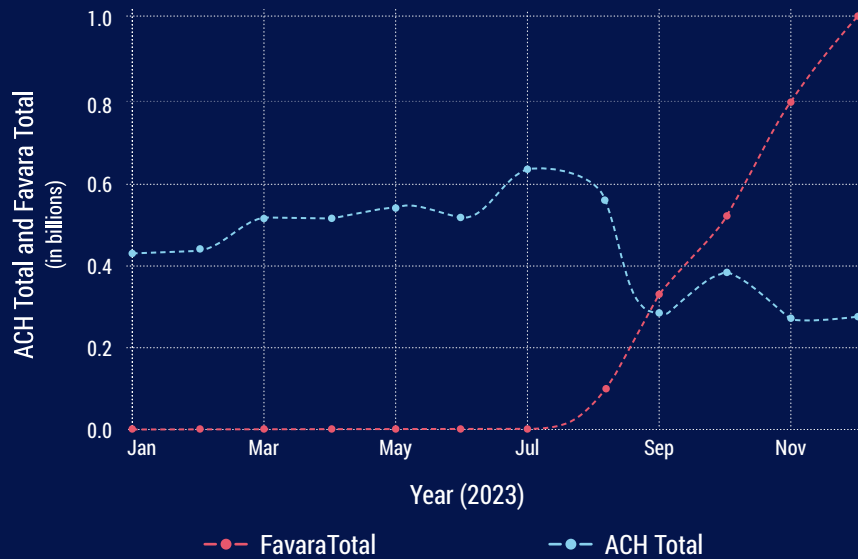
In 2022, the MMA published a revised Action Plan on Reducing the Usage of Cheques, which was planned to be implemented over a two-year period from July 2022 to June 2024. However, after further deliberations with banks and other key stakeholders, implementation was postponed indefinitely to allow more time for preparation.

Following the introduction of the MIPS in August 2023, the total volume of Favara transfers and Favara requests processed were 912,802 and 2,657 respectively, reaching a total value of MVR2.76 billion and MVR0.0046 billion within just over three months of operation. Since its inception, the volume and value of transactions processed through Favara have significantly exceeded those processed via the ACH System.

### Favara VS ACH (Volume)



### Favara VS ACH (Value)



# Payment Services

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## Licensing, Oversight and Other Regulatory Activities

A robust and effective legal framework is crucial for establishing a secure and efficient payments market. The dynamic evolution of the payments sector has led to the emergence of various PSPs in the market, facilitating innovative business models. This has increased the need for a strengthened and continuously updated legal framework that accounts for new regulatory challenges. This is to ensure both the stability of the payment market and the prudent conduct of PSPs in the market.

To strengthen and enhance the payment systems oversight function, the MMA has been in the process of developing a comprehensive oversight framework that aligns with international best practices and standards. This oversight framework for the payment systems and PSPs operating in the Maldives is expected to be finalised over the coming year, with preliminary engagements having commenced during the last quarter of 2023.

The year 2023 also marked publication of the inaugural Payments Bulletin by the MMA, providing a holistic overview of the payments landscape of the Maldives. This first edition includes data from 2019 to 2022 and covers details of market players, payment infrastructure and instruments, and trends in their usage. Henceforth, the Payments Bulletin will be an annual publication.

## On-site Examinations

As part of its oversight responsibilities, the MMA conducts regular on-site examinations

of licenced PSPs to assess risk, management practices and compliance with regulatory requirements. During 2023, an examination of NBL Money Transfer (Maldives) Pvt. Ltd. was conducted, focusing on issues identified in the previous examination.

## Off-site Examinations

Regular and continuous off-site monitoring activities of all licenced PSPs were conducted during 2023. Off-site monitoring activities are comprised of reviewing and analysing the financial reports and other information submitted by these institutions to the MMA at a frequency stipulated by the authority. Based on this information, the MMA evaluates a provider's financial condition and compliance with applicable regulatory requirements and provides recommendations on measures required to address any areas of concern.

## Electronic Money Issuance Service

Since 2022, the electronic money issuance service market in the Maldives has been served by a total of four electronic money issuance service providers.

While over 89 thousand electronic money accounts were registered to the four PSPs as at the end of 2023, only just over 22 thousand of these accounts were active during the year. This is a reduction of 12% from 2022.

Despite this, marginal growth was recorded in the volume and value of transactions processed by customers through their electronic money accounts. In terms of

volume, there was an increase of 4% compared with the previous year, from 1.6 million to 1.7 million transactions. Correspondingly, this contributed to a 6% surge in transaction value. The figures increased by more than MVR399 million to over MVR424 million.

Similar to 2022, airtime top-up was the most popular type of transaction conducted by customers, making up 64.9% of the volume of all transactions; while 28.0% of electronic money transactions conducted during 2023 were for post-paid bill payments. However, contrasting figures were observed for these two types of transaction in terms of value: 29.1% of the value was for airtime top-ups and 58.4% for post-paid bill payments.

An 11% increase in the number of merchants and agents was observed during the year. As at the end of 2023, there are over 1,700 merchants and agents in the market, compared with just over 1,500 the previous year. It should also be noted that more than 85% of all inhabited islands of the Maldives are now covered by

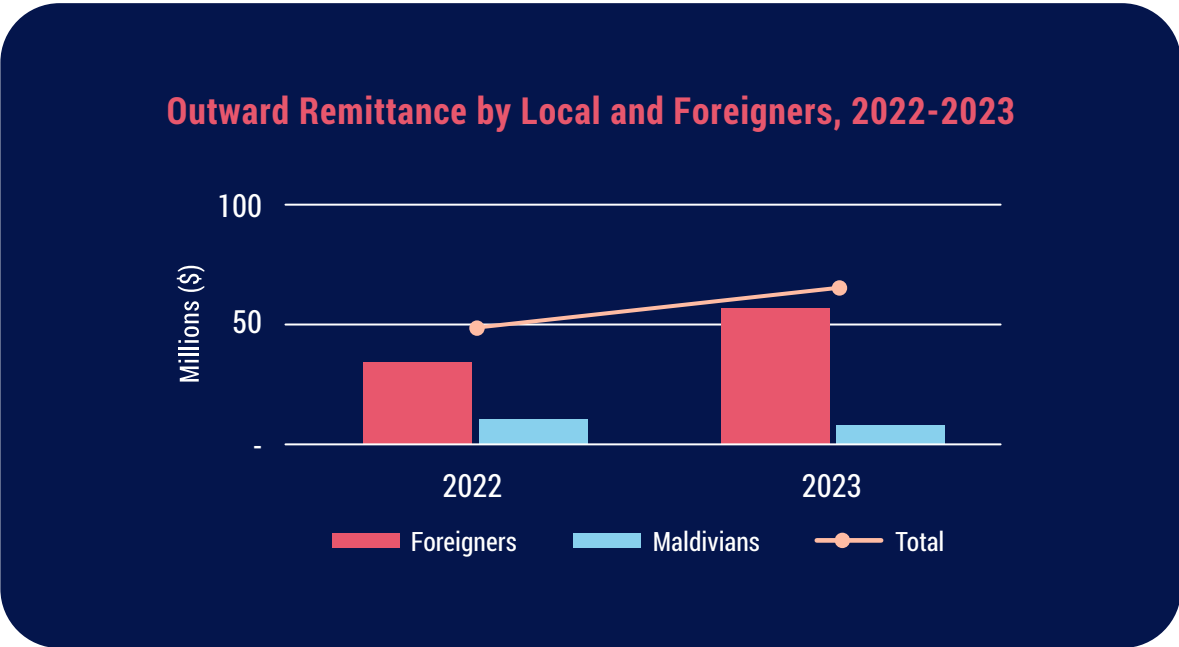
the distribution network of electronic money issuance service providers.

## Remittance Service

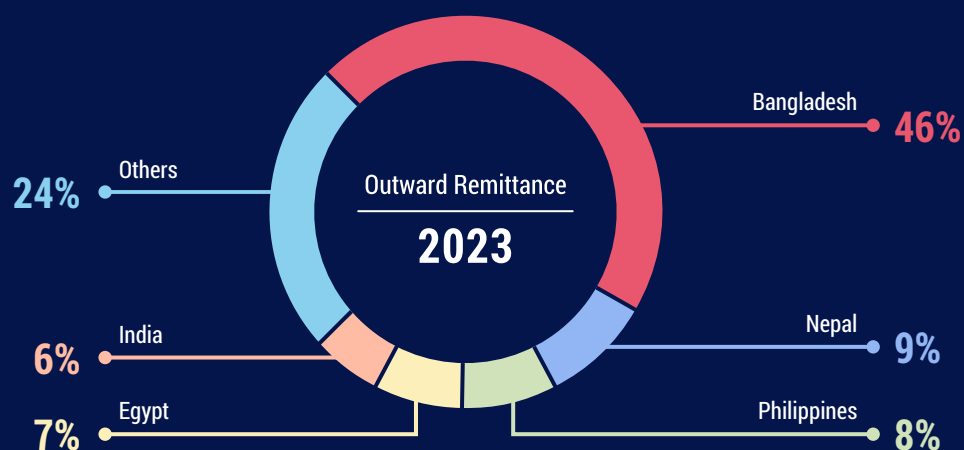
During 2023, Island Financial Services Pvt. Ltd. and NBL Money Transfer (Maldives) Pvt. Ltd. were operational in providing remittance services.

## Outward Remittances

In 2023, a total of 84 thousand outward remittance transactions with a value upwards of USD70 million were conducted. This marked a substantial increase of 24% in volume and 43% in value compared with the previous year, which had seen declines in both volume and value. In a similar trend to preceding years, the majority of the value of outward remittance transactions during 2023 was conducted by foreigners, making up 84% of all transactions, with Maldivians responsible for only 16% of the value. It was also notable that the value of outward remittances conducted by Maldivians



## Composition of Outward Remittances by Destination Countries, 2023



decreased by 14% compared with 2022, while the value of outward remittances conducted by foreigners increased substantially, by 63%.

Bangladesh remained the top remittance destination from the Maldives, being the recipient of 46% of the value of all outward remittances. The second-highest value of outward remittances was sent to Nepal with 9% of the value, while Philippines and Egypt took a similar share at 8% and 7%, respectively.

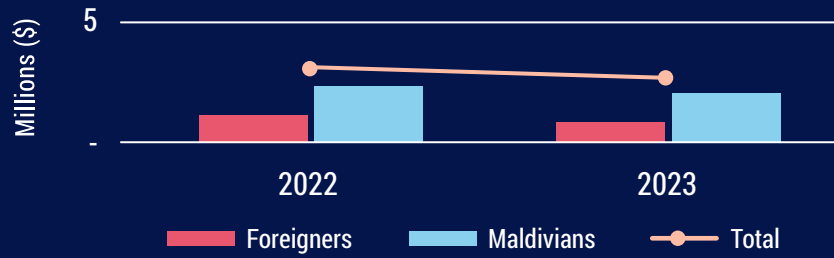
### Inward Remittances

A total of more than three thousand inward remittance transactions worth USD2.8 million were conducted during 2023. Compared with the preceding year, both the volume and value of inward remittance transactions declined by 2% and 8%, respectively.

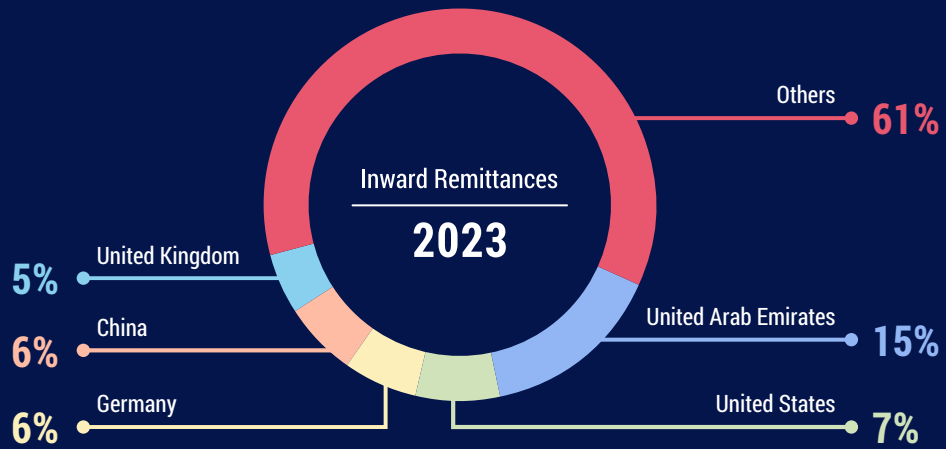
The majority of the inward remittances was comprised of transactions received by Maldivians, representing over 77% of the total value of all inward remittances; a similar percentage as that for 2022. Compared with the previous year, the total value of inward remittances received by Maldivians declined by 7%, and those received by foreigners also reduced by 14%.

United Arab Emirates was the single highest remitting country to the Maldives, having originated 15% of all inward remittance transactions. The United States was the second highest, taking up 7% of the value of inward remittances. This was followed by Germany and China, with each being the source of 6% of the total value of all remittances received by the Maldives during the year.

### Inward Remittance by Local and Foreigners, 2022-2023



### Composition of Inward Remittances by Destination Countries, 2023



## Payment Transactions Acquisition Service

Under the newly established National Payment System Act, Global Payments Asia-Pacific Maldives Pvt. Ltd. and V.T.T Finance Pvt. Ltd. were issued PSP licences in March 2022 to provide payment transactions acquisition services in the Maldives. As at the end of 2023, they remain the only two PSPs providing this service.

While banks in the Maldives are involved in the issuance of cards and the acquisition of card payments, PSPs engage exclusively in card payments acquiring services.

Representing a value of over MVR41.8 billion, more than 43 million transactions were acquired by both banks and PSPs during 2023. This was a decrease in both volume and value compared with the previous year, with a decline of 11% in volume and 13% in value of all transactions.

Similar to 2022, banks have continued to capture a larger share of the market, acquiring over 98% of the total volume and 78% of the total value of transactions. The services of the banks currently dominate the Greater Male' Area, resorts and other local areas.

## Maldives Payment System Development Project

As part of its efforts to modernise the payment landscape of the Maldives, the MMA formally started work on implementation of an instant payment system in 2020 under the MPSD Project.

The MPSD Project is comprised of two phases: Phase I includes the implementation of the Favara-MIPS while Phase II encompasses

the delivery of a payment platform with a supporting white-label mobile application.

Phase I of the project—Favara—was successfully launched in August 2023, allowing the facilitation of innovative, convenient and affordable access to digital financial services. As the infrastructure of the system was designed such that all banks and other PSPs will be linked to the central infrastructure to facilitate real-time, 24/7/365 payments, this has effectively revolutionised the payment landscape of the Maldives.

### Phase I—Instant Payment System

During 2022, a major change was introduced to the approach and timeline for implementing Phase I of the MPSD Project. Initially Phase I included launching instant payment service and open banking functionalities. However, the timeline has been revised and the go-live part of Phase I consisted solely of the launch of the instant payment service in 2023, with the open banking functionality currently being planned for launch in 2024.

The main purpose of this change was to provide adequate time for banks to complete the requirements and ensure readiness for the launch of the instant payment service. Accordingly, the necessary development in collaboration with the participating banks and the vendor took place during 2023.

Throughout the year, multiple milestones for the project were achieved, with the major highlight being the successful pilot and go-live of the instant payment solution in August 2023 with three banks: the BML, Maldives Islamic Bank and State Bank of India. To make this possible, the MMA conducted testing with the banks throughout the year to ensure the readiness of the system and its participants.

During the last two quarters of 2023, user acceptance testing was carried out for an additional two banks, the MCB and the BOC. Following the successful completion of testing and a trial run, they went live in December 2023.

## Phase II—Payment Platform

Owing to the changes in the overall timeline of the MPSD Project, the timeline of Phase II was delayed.

The scope of work for 2023 for Phase II consisted of finalising the mobile app requirements and preparing for commencement of testing of the app and the payment platform.

## Banking Services to the Government

The MMA, as the main banker to the government, continued its services in 2023 to operate the government's single treasury account, the Public Bank Account, as well as accounts related to the government's various projects.

In addition, the project for automation and streamlining of financial communications between institutions—which was initiated in 2019 with the aim of strengthening and enhancing the banking services provided to the government—was continued in 2023.

Favara, since its inception in August 2023, has consistently processed a higher volume and value of transactions compared to other systems.



# Economic Research and Statistics

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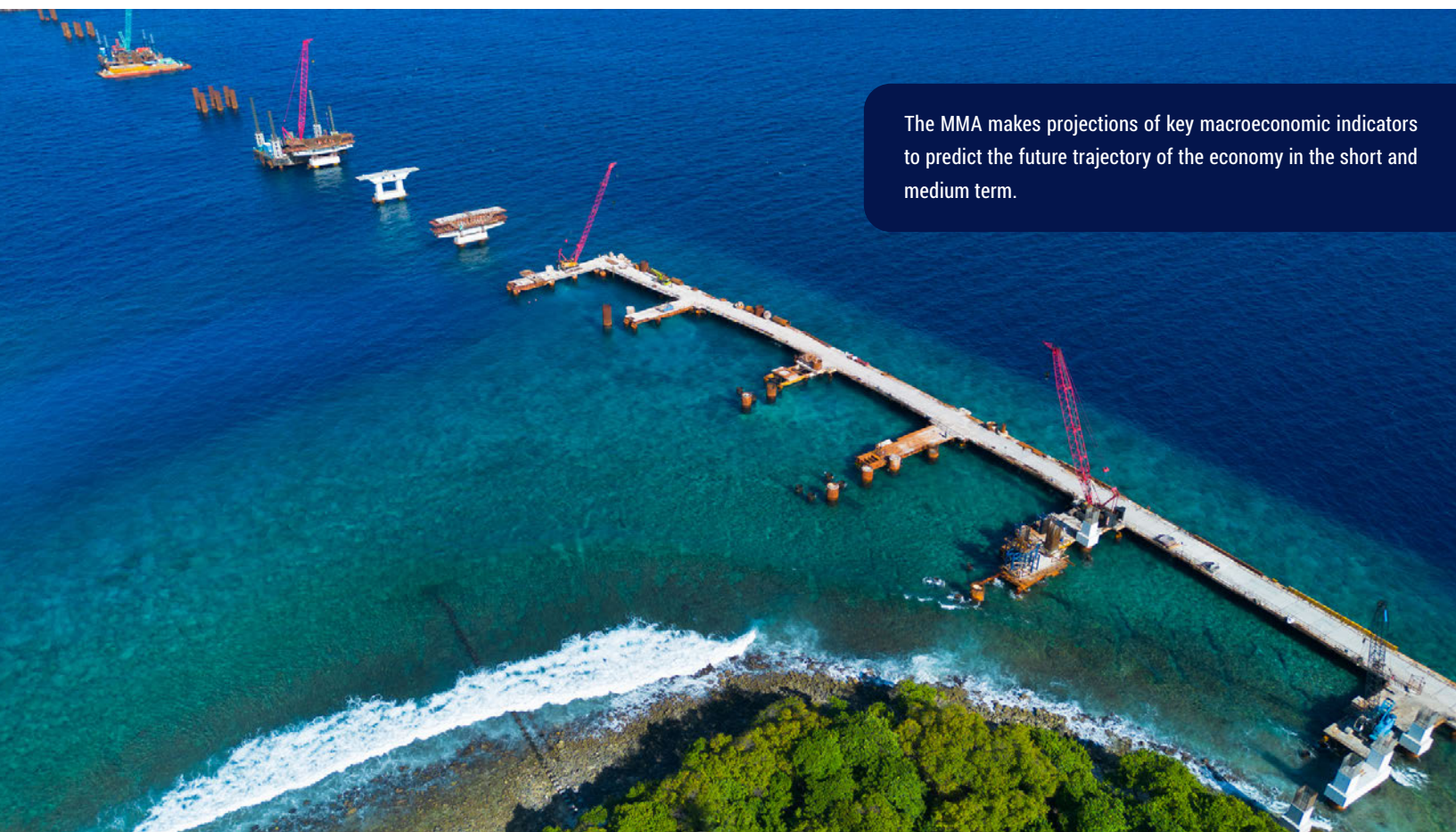
The MMA conducts research and analysis on economic and financial developments in the domestic and global economy, which is imperative for formulating an effective monetary policy. Such research endeavours also provide analytical support to efficiently achieve the objectives of the MMA. Further, the MMA compiles and disseminates macroeconomic statistics on a regular basis.

## Economic Research

The MMA continued its work during 2023 to produce in-depth research into specific areas of the broader economy, from monetary policy to other key economic and financial issues. The results of analyses on topics related to monetary policy and the real, fiscal, financial

and external trade sectors were disseminated through the MMA's Research and Policy Notes series, the monthly Economic Update, the Quarterly Economic Bulletin (QEB) and the annual report, all of which were published on the MMA website.

The MMA produces projections of key macroeconomic indicators to estimate the forward trajectory of the economy in the short and medium term. This is achieved using econometric models that assist in providing constructive analytical input to formulate effective macroeconomic policies. In this way, the authority produces projections for the gross international reserves, inflation of the National Consumer Price Index and indicators for the tourism sector. The MMA, in collaboration



The MMA makes projections of key macroeconomic indicators to predict the future trajectory of the economy in the short and medium term.



Throughout the year, the MMA conducts surveys to assess current business trends and anticipate future economic activity.

with the Ministry of Finance, also produces bi-annual forecasts of the Gross Domestic Product of the economy. In addition, during 2023, the MMA commenced the bi-annual inclusion in the Quarterly Economic Bulletin of a near-term inflation outlook. Further, similar to previous years, the MMA provided its professional opinion to the People's Majlis regarding the proposed government budget for 2024.

## Economic Surveys

As in previous years, the MMA conducted sample surveys to complement existing monetary and financial data and in areas where statistics are not available. In this regard, the MMA continued to conduct the Quarterly Business Survey (QBS), which aims to provide

a rapid assessment of current business trends and expected future economic activity. In Q3-2023, as part of shifting to a more internet-based survey, the survey was completely migrated to the online portal and is now solely administered through the portal. Henceforth, businesses can fill out the survey seamlessly and utilise the 'print' feature to keep records for themselves.

The MMA continued to conduct the Bank Credit Survey on a quarterly basis in 2023. This qualitative survey aims to capture and understand current developments and expectations regarding the demand for and supply of bank credit extended by commercial banks to the domestic market. The results of this survey complement existing statistics on domestic credit from the banking system and assist in the formulation of monetary policy.

## Statistics

Similar to preceding years, during 2023, the MMA collected, processed and disseminated to the public comprehensive macroeconomic and financial data and metadata.

During the year, the Statistics Division streamlined data processes to reduce data processing time and expand visualisations. Similarly, MMA Statistics Database and 'Viya' web app errors were reviewed and amended accordingly. In 2023, the MMA was represented on the Irving Fisher Committee (IFC) on Central Bank Statistics established by the Bank for International Settlements (BIS).

Further, discussions were conducted with the Maldives Custom Services on data accuracy, development and integration to enhance imports and exports data provided to the MMA.

In 2023, the MMA received TA to improve its Financial Soundness Indicator (FSI) statistics. A TA mission was conducted by the IMF with MMA staff from 12 to 21 March 2023 to assist in compiling FSIs based on the IMF's 2019 FSI Compilation Guide.

Based on the mission's guidance, the MMA achieved significant milestones in its FSI compilation for the domestic financial system. As such, the current coverage of FSI was expanded from deposit takers/commercial banks to include other financial corporations:

insurance corporations, pension funds and others. Further, the MMA enhanced the FSI dataset with the introduction of quarterly data on other financial corporations. In addition, the periodicity and coverage of FSIs on deposit takers were improved from quarterly to monthly data, and new indicators were added to the FSI dataset.

## The Maldives International Transaction Reporting System

In 2023, the Balance of Payments Section (BOP) carried out significant work to further improve the current data collection mechanism for external sector statistics. The Maldives International Transaction Reporting System (MITRS) was formally announced, and system development commenced during the year. The business requirement specifications were completed by an external technical consultant and the system requirements were produced by the developer. During the year, the MITRS Working Group was formed with representatives from banks and the Balance of Payments Section, to liaise with banks regarding issues related to system development and ensure banks' readiness for MITRS implementation. Additionally, the new extended purpose codes and administrative codes were designed and discussed with the banks.

# Governance

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## Board of Directors

The Board of Directors (also, 'the Board') is the policymaking body of the MMA. It defines and adopts monetary policies, and makes appropriate decisions in relation to monetary objectives, key interest rates, the supply of currency in the Maldives and other matters. The Board also determines policies in relation to the functions of the Authority and general policies in relation to the administration and operation of the Authority.

The current Board of Directors is comprised of seven executive and non-executive members, including the Governor and Deputy Governor. Board of Directors as at 31 December 2023 are below.

Mr Ali Hashim—Chairperson (Governor)

Mr Ahmed Imad—Deputy Governor

Ms Idham Hussain—Assistant Governor

Uz Ashraf Rasheed—Ministry of Finance

Mr Asad Ali—Private sector

Uz Mohamed Shahdy Anwar—Private sector

## Main Resolutions Adopted by the Board of Directors in 2022

During 2023, six meetings of the Board of Directors were held. The main resolutions adopted at these meetings were:

- Approval of the first revisions to the procurement policy of the MMA
- Allocation of distributable profit
- Approval of revisions to AML/CTF policy of the MMA

- Appointment of external auditors for 2023–25
- Approval of a board audit and risk committee charter.

## Audit and Risk Committee

The Audit and Risk Committee is a subcommittee of the Board of Directors of the MMA, established to assist the Board in providing independent oversight of the MMA's governance, risk management, compliance and internal control practices.

The main responsibilities of the Audit and Risk Committee include providing the Board with independent, objective advice on the adequacy of management arrangements concerning values and ethics, organisational governance, risk management, fraud prevention and detection, internal control framework, compliance, internal audit, external audit and the financial reporting process.

The Audit Committee was renamed to the Audit and Risk Committee on 19 November 2023, after the Audit Committee charter was revised to include comprehensive oversight of the risk and compliance function of the MMA within the mandate of the committee.

The Audit and Risk Committee consists of three non-executive directors of the Board. Members of the Audit and Risk Committee as at 31 December 2023 are:

Mr Asad Ali—Chairperson (Private sector)

Uz Ashraf Rasheed—Ministry of Finance

## Executive and Management Committee

According to Law no. 6/81 (Maldives Monetary Authority 1981), the Governor is the executive head of the MMA responsible for implementing the policies and decisions undertaken by the Board of Directors and carrying out the day-to-day management and operations of the MMA. Mr Ali Hashim has been Governor of the MMA since his appointment on 8 September 2019.

Although the Governor remains accountable and responsible for the day-to-day management and operations of the MMA, areas and divisions are created for the implementation of operations. In this regard, the Executive Committee—which consists of the Governor, Deputy Governor and respective area heads—acts as the highest-level body to carry out the functions of the MMA.

The Executive Committee assists in implementing policies formulated by the Board to achieve key objectives of the MMA, and assists the Governor in day-to-day running of the MMA.

## Internal Audit

The objective of the MMA's internal audit is to provide independent and objective assurance and consulting services designed to add value and improve the operations of the MMA. Internal Audit helps the MMA accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the MMA's risk management, controls and governance processes. Internal Audit reports functionally to the Board's Audit and Risk Committee and administratively to the Governor.

During 2023, Internal Audit conducted audits and consultancy engagements that included AML policy compliance audits, access control

audits, reserve management process audits, and cash counts and information technology security reviews including a vulnerability assessment and penetration testing. Further, monitoring logs of the SWIFT system were reviewed by Internal Audit. Internal Audit staff also observed the process of destruction of unfit notes that were removed from circulation during the year.

## Shari'ah Council

A physical meeting of the Shari'ah Council of the MMA was held during 2023 to discuss approval of product structures and industry challenges. Overall, seven product structures were approved by the council to be made available to the public in 2023.

## Risk Management

The MMA adopts a cohesive strategy for risk management by prioritising a business strategy that actively identifies, evaluates, measures, manages and reports risks. The aim is to use risk information to improve decision-making processes and formulate effective business strategies.

During 2023, the MMA executed a series of initiatives to strengthen its risk management and compliance framework including screening of all existing counterparties, with a specific emphasis on identifying and mitigating risks associated with high-risk entities. Transaction screening processes were automated using SWIFT to enhance risk assessments before payment processing. Internal guidelines were revised to reflect changes in transaction screening procedures, and transaction processing guidelines were developed to ensure robust internal controls when processing government payments. Additionally, the AML/CFT policy was revised, introducing a risk-based approach and incorporating enhanced due diligence measures.

The Business Continuity Plan of the MMA, which identifies and documents recovery strategies for critical business functions and systems, was also approved during 2023. As part of the Business Continuity Plan, the IT Disaster Recovery Plan was also developed to ensure operational resilience. Operational due diligence of external asset managers was assessed as part of the annual external asset manager's review.

The risk and compliance registers were updated to ensure they provide accurate and up-to-date records. Reports detailing enterprise risk and compliance levels were presented to the Executive Committee. To provide an overview of the risks faced by the Authority, the enterprise risk report was also presented to the Board Audit Committee. Additionally, to include oversight of the risk and compliance function of the MMA, the Board Audit and Risk Committee was established.

Initiatives such as automating the risk register and risk assessment of critical systems including IPS, the ACH, RTGS, PO, CIB, ERP and SWIFT, were taken. In addition, the maturity assessment tool developed by the IMF was used to assess the maturity level of the risk assessment function of the MMA. The findings of the assessment and recommendations on how to reach the desired level of maturity were shared with the Governor and Board of Directors. Standardisation of policies, procedure manuals and SOPs was also initiated during the year, with the aim of creating a uniformly structured framework across the MMA.

Additionally, incident reporting guidelines were developed to ensure consistent incident management. Training on AML/CFT and risk management was conducted with all staff to create awareness and foster a culture of compliance.

## Strategic Planning and Development Projects

Throughout 2023, the Strategic Planning and Development Projects Section (SPDPS) carried out a range of tasks in line with its mandate. A policy framework aimed at revising the MMA's organisational structure was formulated and approved. Additionally, mandate documents for all functional business units were developed and approved.

Complementary efforts throughout the year led to the completion of drafting work to enhance the Authority's governance policies, particularly in data loss prevention, internal policy development, data classification and handling, and implementation of electronic signatures. These policy revisions are slated for adoption in 2024.

The SPDPS also conducted monitoring and evaluation to assess the implementation of the Authority's Strategic Plan in 2023. A notable achievement was the completion of 20 targeted action items, marking a 25% increase from the previous year.

Originally set to conclude in 2022, the current Strategic Plan has been extended to the end of 2024 because of disruptions due to the COVID-19 pandemic. In the interim, the SPDPS has crafted a preliminary work plan in preparation for developing the Authority's next Strategic Action Plan for 2025–29.

The SPDPS has also provided management support for the MPSD Project throughout 2023 as part of its mandate to ensure effective execution of development projects. The project's goal is to create a comprehensive, secure and robust real-time retail payment infrastructure that promotes innovative payment services.

With the successful execution of Phase I, which involved rolling out an instant payment system in 2023, the Authority has enabled fast, secure, and convenient payment methods across the Maldives. Looking ahead, Phase II focuses on establishing a digital bank and a mobile application, projected for completion in 2024.

## The Data Analytics Group

The establishment of the Data Analytics Group (DAG) in 2023 marked a significant step forward for the Authority in harnessing the power of data and statistical analysis for enhancing its decision making and policy formulation processes. Right from the outset, the DAG has prioritised collaboration and responsiveness by inviting stakeholder requests for data analytics support. This approach ensures that efforts are closely aligned with actual needs, fostering a culture of partnership.

The development of a budget dashboard as the DAG's inaugural project underscores the group's commitment to providing practical solutions by providing immediate access to essential budget data, enabling rapid and informed decision making. This tool integrates data from various departments, presenting a comprehensive view of the Authority's finances, thus promoting accountability and strategic management.

Simultaneously, the DAG's engagement with a consultant, Dr Eugene Cleveland from Deutsche Bundesbank to draft a comprehensive roadmap for the DAG and the MMA's future activities highlights the strategic foresight of the group. This roadmap is designed to enhance data analytics capabilities systematically, ensuring alignment with both present and future requirements.



The MMA utilizes data and statistical analysis to drive informed decisions and shape effective policies.

# Human Resources

The MMA steadfastly aligns itself with the imperative of preserving and cultivating its human capital to facilitate the delivery of high-quality services. To this end, the Authority prioritises the recruitment of adept candidates, places significant emphasis on staff retention and capacity-building initiatives and diligently works towards fostering a conducive and comfortable working environment. These principles are encapsulated in the MMA's internal policies, which are meticulously designed to foster staff unity, establish a robust framework for retention and incentives, and ensure the provision of essential training and development opportunities.

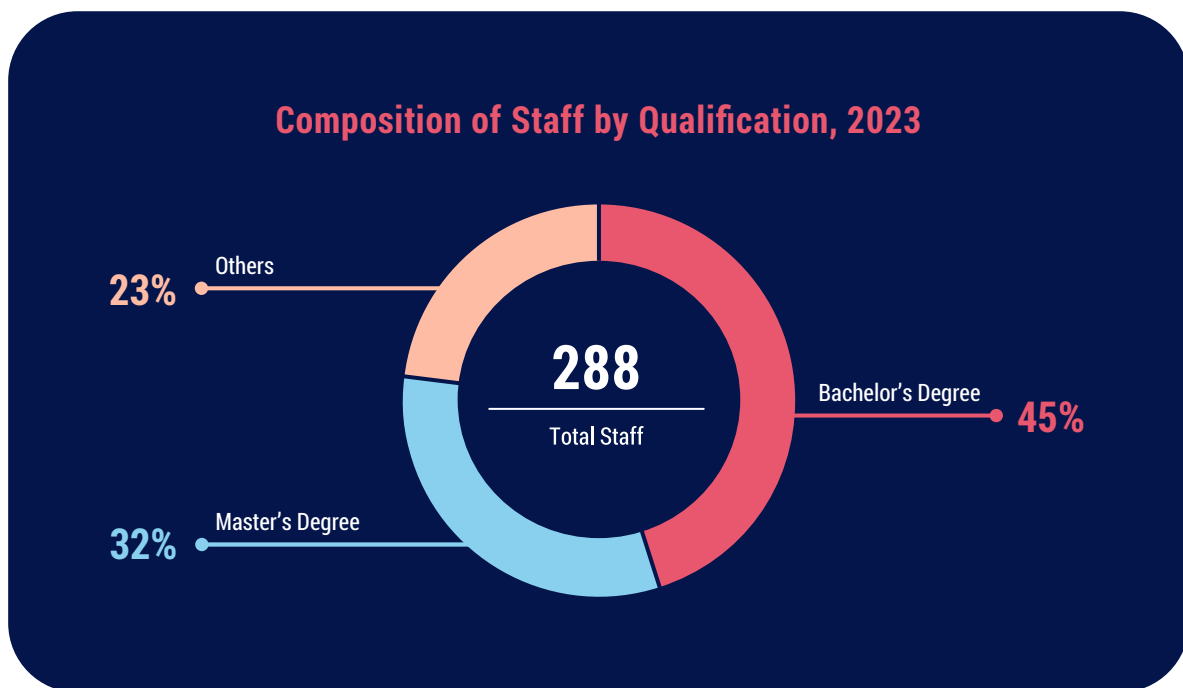
## Staff Recruitment

As of the conclusion of 2023, the Authority's workforce was comprised of a total of 288 dedicated professionals. During the year, 32

new staff members were strategically recruited, and an additional 4 employees re-joined the Authority following successful conclusion of their advanced studies.

Throughout the year, 16 employees departed from the Authority, citing diverse reasons. Of note, 7 employees pursued academic endeavours overseas, reflecting their commitment to continuous personal and professional development.

The Authority has always attached importance to gender equality by providing equal opportunities for both genders to compete in securing placements from the MMA, advancing their careers and receiving training. In line with this commitment, the Authority has maintained a female-to-male ratio of 51:49. Regarding the academic qualifications of the staff, 77% are graduates, with 45% holding a first degree and 32% holding a master degree.



## Changes to the MMA's Organisational Structure and Management

To facilitate a more data-oriented decision-making process, the MMA has directed its efforts and resources towards the development and establishment of the DAG. This group is responsible for researching and analysing data across all units and divisions of the Authority, starting from 2 January 2023.

Effective from 1 March 2023, integration of the International Financial Institutions Section with the International Foreign Relations Section under the Governor's Office has been implemented. This strategic consolidation is driven by similarities in the nature of work undertaken in both sections, and aims to enhance overall efficiency in engaging with external organisations.

With the aim of enhancing the technological infrastructure of the Authority and emphasising the secure network management, the Cybersecurity and Information Assurance Section was created within the Technology Services Division. Further, to streamline the delegation and organisation of functions within the Technology Services Division, the remaining sections have been renamed as follows, effective 1 April 2023:

The Development and Technology Projects Section was renamed to the Innovation and Application Engineering Services Section.

The Infrastructure and Information Security Section was renamed to the Infrastructure, Engineering and Client Services Section.

The Operations and Services Section was renamed to the Management and Information Services Section.

## Staff Loan Scheme

The staff loan scheme introduced in 2017 under Regulation No. 2017/R-50 (Regulation on Issuing Loans to Employees of the Maldives Monetary Authority) was continued during 2023. Accordingly, 57 staff were provided with short-term loans for various purposes.

## Staff Training and Development

In 2023, the Human Resource Division achieved significant success in terms of training and meetings, conducting a total of 152 sessions throughout the year. Over 256 staff were given opportunities to develop their skills and enhance their knowledge in various fields. Notably, 114 staff were given opportunities to travel globally to take part in 75 international training programmes, and 68 staff members participated in 35 international meetings.

In addition, 42 staff members engaged in 17 online training programmes during the year and 22 staff members benefited from 11 local training programmes and meetings conducted in collaboration with various local institutions. Thus, the MMA delivered strong performance with regard to training and development of its staff, by utilising the budget effectively and efficiently to reach its strategic goals.

To ensure staff are provided with the best opportunities in their respective areas and to obtain the most appropriate and effective platforms for training and meetings, the Human Resource Division has screened local markets and is in communication with companies and institutions. This is aimed towards developing an automated and modernised administrative system that will enhance the existing database of training and meetings, and allow empirical research and data analytics.



During the internal futsal tournament organized by the MMA Social Club, the club hosts several events to foster a sense of teamwork among colleagues.

## MMA Scholarship Program

In 2023, the MMA HRD Scholarship was awarded to two staff to support them in studying for master degrees in the fields of cybersecurity and financial technology (FinTech), both of which are identified as core needs in the long-term skills requirement of the Authority.

The MMA HRD Scholarship has consistently been successful in ensuring that Authority staff are equipped with the most relevant and up-to-date skills, and works towards ensuring a rich and comprehensive skills inventory.

## Staff Social Activities

In 2023, the MMA Social Club organised a variety of successful events including Maahefun, MMA Badminton Tournament, Faigathalmaa Foari, Kandu Foari, One Day

Futsal Cup, FIFA Tournament, a fishing trip and various Ramadan activities such as the Ramadan Quiz, Carrom Clash, Ramadan Digu Tournament and Ramadan Quran Competition. These events brought members together, fostering unity and engagement within the club.

In addition to these internal events, the MMA Social Club actively participated in various external competitions including the Inter-Office Handball Tournament 2023, Milo Cricket Carnival, Club Maldives Cup, 36th National Oratory Competition, Inter-Office Carrom Tournament and Trivia Quiz by Villa, in which the MMA took out 1st place. The club intends to continue participating in such events in the future and is confident that its members will represent the MMA Social Club with pride and excellence.

Further, the club organised an annual trip to V.Thinadhoo, providing members with a refreshing break to rejuvenate and unwind. The year concluded with the MMA Social Club Night to honour winners of various competitions and commemorate the year's accomplishments.

Overall, 2023 was an eventful year for the MMA Social Club, marked by numerous activities and achievements. The club looks forward to another year of exciting events and active member participation, believing that its success lies in its members' enthusiasm and commitment to shared values.

### MMA Training Institute

In 2023, the MMA Training Institute (MMA TI) conducted various training programmes to address the needs of financial institutions and develop the knowledge and skills of its staff. A total of 301 participants attended these training programmes—mostly officials from the MMA and other financial institutions.

The programmes conducted at the MMA

TI include a Banknotes Seminar; Business Communications Programme conducted by the British Council; Counterfeit Detection Course conducted by De La Rue; Procurement Process and Best Practices Training conducted by the Auditor General's Office; Elasticsearch Engineer Course; Elastic Observability Engineer Course; Customer Service Skills; Emotional Intelligence Leadership Course conducted by In Professional Development, United Kingdom; Leadership Enhancement Programme for the MMA Security Services staff; and Employee Orientation Training for new staff members who joined the MMA during 2023, to familiarise them with the work of the Authority.

In addition to these training programmes, the MMA TI conducted awareness programmes, including Macroeconomic Awareness Workshops for secondary school students, an information session for Villa College students regarding macroeconomic issues in a local context, and a fire awareness programme conducted by the Maldives National Defence Force for all staff of the MMA. A total of 763 participants attended these programmes.



Who is in charge at MMA?

An information session to increase macroeconomic awareness conducted for school students.

# Operational Infrastructure

A series of major projects have been successfully completed, aimed at enhancing the functionality and safety of the working environment. Routine maintenance activities were diligently carried out, ensuring optimal conditions and addressing any necessary changes in the office interior to foster a pleasant and secure atmosphere conducive

to productivity. Notably, a comprehensive overhaul of the air conditioning systems was undertaken.

To address space limitations and enhance security measures at the central bank, the MMA has acquired land from Hulhumale' for construction of a new office building.



The MMA takes strides towards operational efficiency in multiple areas, as employees work diligently to streamline processes and boost productivity.

# International Relations

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The MMA continues to work closely with other central banks as well as bilateral and multilateral organisations to foster a safe and sound financial system in the Maldives by sharing expertise and best practice. In this regard, the MMA maintains close collaborations with international financial institutions and development agencies such as the IMF, the World Bank, the ADB and the South Asian Association for Regional Cooperation Finance (SAARCFINANCE) Network.

## International Monetary Fund

As a member of the IMF, the Maldives holds a place on the IMF Board of Governors. Governor Mr Ali Hashim represents the Maldives on the Board of Governors as the Governor of the IMF for the Republic of Maldives, while the Assistant Governor of the MMA, Ms Mariyam Hussain Didi is the Alternate Governor to the IMF.

Governor Ali Hashim of the MMA has been elected Chair of the Board of Governors for both the IMF and the World Bank Group (WBG). Governor Ali Hashim's election received unanimous support from the participating countries and was officially announced during the 2023 IMF–WBG Annual Meeting in Marrakech, Morocco. This marks the first time in the Maldives' 45-year history as an IMF member that it has been granted such an opportunity. The Maldives' appointment as chair of both the WBG and the IMF are a historic achievement.

The Maldives represents its interests and partakes in IMF decision making in a

constituency including 10 other countries. Mr Mahmoud Mohieldin is Executive Director of this constituency. Currently, the Maldives' quota in the IMF is SDR21.2 million, representing 0.004% of the total IMF quota. In 2021, the IMF made a general allocation of SDRs equivalent to USD650 billion to all member countries (in proportion to their quota) to address the long-term global need for reserves and foster the resilience and stability of the global economy. The general SDR allocation to the Maldives in 2021, amounting to 20.3 SDRmillion (USD28.7 million), was utilised by the government for COVID relief expenses. It is noteworthy that legal liability for the general SDR allocation was transferred from the MMA to the government.

## International Monetary Fund Staff Visit

The IMF's charter includes staff visits and missions to member countries to assess the performance of the economy and to provide consultation. In this regard, IMF teams visited the Maldives from 30 July to 6 August 2023. The staff visits were led by the Deputy Division Chief, Mission Chief for the Maldives, Asia and Pacific Department, Ms Piyaporn Nikki Sodsriwiboon.

The IMF teams discussed economic and financial issues with ministers in charge of economic sectors; high-level officials of other government institutions and companies related to economic and financial sectors; private sector companies; and other key stakeholders. Similar to previous years, the Maldives continued to receive training opportunities and TA from the IMF in 2023.

## South Asia Regional Training and Technical Assistance Centre

The South Asia Regional Training and Technical Assistance Centre (SARTTAC) is a training and TA centre established in 2017 by the IMF, the member countries (Bangladesh, Bhutan, India, Maldives, Nepal, Sri Lanka) and development partners, to increase the institutional and human capacity of member country institutions in the design and implementation of macroeconomic and financial policies. In this regard, the SARTTAC provided various training opportunities and TA to the MMA during 2023.

The SARTTAC TA missions visited Maldives from 29 October to 2 November 2023, to understand the potential TA needs in financial regulation and supervision and assist in the strengthening of its banking supervision capacity.

## International Monetary Fund Technical Assistance on Banking Supervision Area Financial Sector Regulation and Supervision

At the request of the MMA, the SARTTAC provided TA for banking supervision, to assist in aligning regulatory returns for banks with IFRS (International Financial Reporting Standards) 9 requirements to ensure consistency in reporting; revise the liquidity reporting schedules of the returns; review the draft liquidity regulation and macroprudential regulation to assist staff in better understanding the requirements; develop bank licensing guidelines tailored for digital banks; conduct on-site supervision of banks' operational risk; and potentially develop a bank resolution framework as a result of the FSAP.

TA was received for insurance supervision to revise the regulatory returns for insurance companies to align with the new IFRS 17 requirements; change the draft solvency regulation to ensure it aligns with IFRS 17 and maintains consistency with the new standard; and enhance the capacity for examiners to conduct both off-site and on-site supervision of insurance companies.

## SAARCFINANCE NETWORK

The MMA is a member of the SAARCFINANCE Network, which is a regional network of the SAARC, consisting of central bank governors and finance secretaries from the region. The main objectives of the SAARCFINANCE Network are to promote cooperation among central banks and finance ministries in the SAARC member countries and to learn from shared experiences among member countries regarding macroeconomic policy challenges facing the region.

## SAARCFINANCE Governors' Group Meeting

The MMA participated in a meeting held for the SAARCFINANCE Governors' Group on 12 October 2023, during the IMF–WBG Annual Meetings held in Marrakesh, Morocco. The meeting was hosted by the Governor of the State Bank of Pakistan. The Assistant Governor of the MMA, Ms Mariyam Shifa, Executive Director Ms Asha Ali participated in the meetings. The meeting was attended by governors and deputies from other SAARC central banks: the Royal Monetary Authority of Bhutan; Reserve Bank of India; Nepal Rastra Bank; State Bank of Pakistan; and Central Bank of Sri Lanka.

## Alliance for Financial Inclusion

The AFI functions as a network of financial policymakers from developing nations dedicated to fostering financial inclusion. The AFI facilitates the exchange of knowledge and best practices among its member countries in the form of knowledge exchange programmes and peer learning, and aids in the formulation of policies that support financial inclusion. The MMA has held the status of a principal member of the AFI since 2010 and takes an active role in all working groups of the AFI on enhancing financial inclusion. The MMA participated in the AFI's Global Policy Forum for 2023, which was held on 12–15 September in Manila, Philippines.

### South Asia Region Financial Inclusion Initiative

The South Asia Region Financial Inclusion Initiative (SARFII), inaugurated during the

12th AFI Global Policy Forum in Jordan in September 2022, seeks to act as a catalyst in accelerating financial inclusion to improve lives and establish financial security across South Asia. Member institutions, including Bhutan, Bangladesh, Nepal, Maldives, Pakistan and Sri Lanka, share common concerns regarding financial inclusion, encompassing issues of access, usage and quality. Throughout the past decade, the member countries have demonstrated dedication to the mandate of financial inclusion, implementing various policies to ensure continued access to financial services for the unbanked and underbanked populations in the region.

In 2023, two leaders' roundtable meetings were convened. The 2nd SARFII Leaders Roundtable, held virtually on 3–5 July 2023 and jointly organised by the MMA and AFI centred around the theme 'Collaboration and Partnerships: Advancing Digital Financial Inclusion Amid Economic Uncertainty'. The



The MMA Governor Ali Hashim speaks at the 2023 AFI Global Policy Forum.

Photo Credits: Alliance For Financial Inclusion

primary objective was to explore strategies for financial regulators in the SARFII region, with the aim of promoting resilience and facilitating recovery from economic uncertainties. The 3rd roundtable took place on 13 September 2023, in Manila. The dialogue was chaired by the MMA and directed towards 'Payment Innovations and Risks in South Asia'.

## Other Institutions

The MMA is a member of the SAARC Payment Council, the International Association of Insurance Supervisors (IAIS), the Islamic Financial Services Board, the Asian Clearing Union, the Asia Pacific Group on Money Laundering and the AFI. The MMA continues to receive assistance from these institutions for financial sector development.

## Participation at International Meetings and Forums

**High-level Conference:** Governor Mr Ali Hashim participated in the High-level Conference organised by the IMF and IMF SARTTAC held in New Delhi, India, 5–6 January 2023.

**Official meetings in Kuala Lumpur, Malaysia:** Governor Mr Ali Hashim had several meetings during his official visit to Kuala Lumpur, Malaysia, 16–17 January 2023. The Governor met the former Governor of Bank Negara, Dr Zeti Akthar Aziz, the Executive Director of the AFI, Dr Alfred Hannig and the Director of SEACEN—Financial Stability Supervision and Payments, Mr Glenn Tasky. The Governor was accompanied by the Assistant Manager of the MMA TI, Mr Ali Shaan Abbas.

**IMF–JICA Joint Conference:** Governor Mr Ali Hashim and Senior Research Analyst Ms Dhaha

Shuhaib attended a joint conference organised by JICA and the IMF held in Tokyo, Japan, 13–14 February 2023. The conference topic was 'Recovery from the Pandemic in Developing Asia: Achieving Inclusive and Sustainable Growth with Sound Fiscal Management'.

### **Seventh High-level Central Bank Governance**

**Forum:** Deputy Governor Mr Ahmed Imad and Board Member Mr Asad Ali attended the Seventh High-level Central Bank Governance Forum entitled 'Sound Board Oversight Key Enablers of Good Governance and Developments in Digitalization and Central Bank Digital Currencies', held in Dubai, 1–3 May 2023.

### **Virtual 51st ACU Standing Technical**

**Committee Meeting:** Senior Executive Director Ms Aishath Nadhiya, Assistant Executive Director Ms Aminath Shaheeda and Senior Manager Ms Fathimath Ulfa participated in the 51st ACU Standing Technical Committee Meeting held virtually on 23 May 2023.

### **Virtual 51st ACU Board of Directors Meeting:**

The 51st ACU Board of Directors Meeting, held virtually, was chaired by Governor Mr Ali Hashim. Senior Executive Director Ms Aishath Nadhiya, Assistant Executive Director Ms Aminath Shaheeda and Senior Manager Ms Fathimath Ulfa also participated in this meeting held on 24 May 2023.

### **Asian Insurance Meet:**

Deputy Manager Ms Mariyam Jailam Mujuthaba and Deputy Manager Mr Musab Habeeb attended the Asian Insurance Meet hosted by the Nepal Insurance Authority in collaboration with the IAIS, the Access to Insurance Initiative (A2ii) and the ADB, 8–10 June 2023 in Kathmandu, Nepal. The theme of the conference was 'Building Resilience of Insurance towards Emerging

Risks', addressing the impact of climate change on the insurance sector and fostering inclusive insurance and digital innovations.

**Central Banking Digital Currency (CBDC) Study**

**Tour:** Deputy Governor Mr Ahmed Imad, Chief Software Architect Mr Ahmed Adhly, Executive Director Ms Hawwa Latheef, Assistant Counsel Ms Maisha Mohamed Mustafa and Manager Mr Hussain Nasih participated in the CBDC study tour, 21–22 June 2023, held in Singapore.

**IMF Staff Visit:** IMF staff visited Maldives from 30 July to 6 August 2023.

**21st IFSB Annual Meeting:** Deputy Governor Mr Ahmed Imad and Manager Mr Ibrahim Shaugee participated in the 21st IFSB Annual Meeting held in Riyadh, Saudi Arabia, 14–16 August 2023.

**Official visit to Colombo, Sri Lanka:** Governor Mr Ali Hashim, Assistant Governor Ms Idham Hussain, Senior Research Analyst Ms Dhaha Shuab and Manager Mr Ahmad Nazeeh Mohamed visited Colombo to meet senior officials of the Central Bank of Sri Lanka, from 30 August to 1 September 2023.

**AFI Global Policy Forum:** Governor Mr Ali Hashim, Assistant Governor Ms Mariyam Hussain Didi, Senior Manager Ms Aishath Asna Hamdi, Senior Manager Ms Fathimath Faisha, Senior Manager Mr Ahamed Saruvash Hameed, Manager Mr Ibrahim Shaugee, Manager Ms Fathimath Sadiq, Manager Mr Hassan Nasih and Manager Mr Ahmad Nazeeh Mohamed participated in the AFI Global Policy Forum held in Manila, Philippines, 12–15 September 2023.

**The Regional Forum on Strengthening the Enabling Environment for Disaster and Pandemic Risk Financing:**

Options for Enhancing Financial Resilience: Deputy Manager Mr Musab Habeeb attended the meeting organised by the ADB, 19–20 September 2023 in Bangkok, Thailand.

**8th China–ASEAN PSummit Forum on Insurance Cooperation and Development:**

Deputy Manager Ms Mariyam Jailam Mujuthaba and Assistant Manager Ms Aishath Hawra attended the meeting held in Nanning, Guangxi, China on 21 September 2023.

**Sixth Asia–Pacific high-level Meeting on Insurance Supervision:**

Executive Director Uz Hassan Fiyaz and Assistant Manager Mr Mohamed Liwaz Latheef attended the meeting held on 9 October 2023. This meeting was jointly organised by the Asian Forum of Insurance Regulators (AFIR), the Financial Stability Institute of the Bank for International Settlements, and the IAIS.

**IMF–World Bank Annual Meeting:**

Governor Mr Ali Hashim, Assistant Governor Ms Mariyam Shifa, Executive Director Ms Asha Ali and Senior Economist Ms Aminath Shafwath participated in the IMF–World Bank Annual Meeting held in Marrakesh, Morocco, 9–15 October 2023. During the meeting, Governor Ali Hashim was conferred as chair of both the IMF and World Bank Group for 2024. This was a closely contested seat among the IMF–World Bank representatives from the Asia–Pacific Region, and represents the first time the Maldives has contested and been awarded the chair roles.

During the IMF meeting, the team from the MMA also held meetings with SAARCFINANCE, De La

Rue, Crown Agents Bank, the Commonwealth and IMF Executive Director His Excellency Mahmoud Moheildin.

**18th Annual Meeting and Conference of the**

**AFIR:** Executive Director Uz Hassan Fiyaz and Assistant Manager Mr Mohamed Liwaz Latheef attended the meeting held in Kuala Lumpur, 10–11 October 2023. The event drew 70 delegates from 14 member jurisdictions. Experts from Bank Negara Malaysia, the IAIS, the A2ii, the Organisation for Economic Co-operation and Development (OECD), the European Insurance and Occupational Pensions Authority, the ADB and the Global Asia Insurance Partnership presented insights on various topics including takaful opportunities, emerging technologies, climate-related risks, pandemic protection gaps and fostering public–private collaboration.

**Fintech Festival—Singapore:** Deputy Governor Mr Ahmed Imad and Executive Director Mr Moosa Ahmed Manik participated in the Fintech Festival held in Singapore, 13–17 November 2023.

**High-level Seminar on Climate Change Issues:**

Deputy Governor Mr Ahmed Imad, Senior Executive Director, Financial Stability Ms Maryam Najeela and Manager, Financial and Consumer Services Division Ms Fathimath Sadiq participated in the High-level Seminar on Climate Change Issues held in Bangkok, Thailand, 12–13 December 2023.

**The OECD–OJK Roundtable on Leveraging Technology for Risk Assessment and Risk Reduction in Insurance:**

Executive Director Uz Hassan Fiyaz attended this meeting held in Bali, Indonesia, 14–15 December 2023.

# Annual Financial Statements

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# Abbreviations and Acronyms of Annual Financial Statements

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

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

# Deloitte.

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:

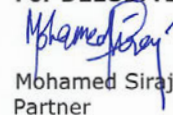
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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.

MALE`

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
<b>ASSETS</b>			
<b>Foreign currency financial assets</b>			
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
<b>Total foreign currency financial assets</b>		<b>9,466,637,098</b>	<b>13,179,656,964</b>
<b>Local currency financial assets</b>			
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
<b>Total local currency financial assets</b>		<b>14,648,057,207</b>	<b>12,399,847,892</b>
<b>Total financial assets</b>		<b>24,114,694,305</b>	<b>25,579,504,856</b>
<b>Local currency non-financial assets</b>			
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
<b>Total local currency non-financial assets</b>		<b>729,160,153</b>	<b>315,890,451</b>
<b>Total assets</b>		<b>24,843,854,458</b>	<b>25,895,395,307</b>

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
<b>LIABILITIES</b>			
<b>Foreign currency financial liabilities</b>			
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
<b>Total foreign currency financial liabilities</b>		<b>6,917,190,066</b>	<b>9,211,959,385</b>
<b>Local currency financial liabilities</b>			
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	-
<b>Total local currency financial liabilities</b>		<b>16,796,017,461</b>	<b>15,890,342,870</b>
<b>Total financial liabilities</b>		<b>23,713,207,527</b>	<b>25,102,302,255</b>
<b>Other liabilities</b>			
Deferred grants	28	2,447,329	3,021,834
Pension and other employment benefits payable		24,058,681	30,759,377
<b>Total other liabilities</b>		<b>26,506,010</b>	<b>33,781,211</b>
<b>Total liabilities</b>		<b>23,739,713,537</b>	<b>25,136,083,466</b>
<b>EQUITY</b>			
Capital	34	50,000,000	50,000,000
Reserves	34	1,054,140,921	709,311,841
<b>Total equity</b>		<b>1,104,140,921</b>	<b>759,311,841</b>
<b>Total liabilities and equity</b>		<b>24,843,854,458</b>	<b>25,895,395,307</b>

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
<b>OPERATING INCOME</b>			
<b>Foreign currency income and expenses</b>	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)
<b>Net foreign currency income</b>		<b>292,510,834</b>	<b>148,556,969</b>
<b>Local currency income and expenses</b>	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)
<b>Net local currency income</b>		<b>192,486,637</b>	<b>127,496,842</b>
<b>Other income</b>			
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)
<b>Total other income</b>		<b>105,087,982</b>	<b>82,606,944</b>
<b>Total net operating income</b>		<b>590,085,453</b>	<b>358,660,755</b>
<b>OPERATING EXPENSES</b>			
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
<b>Total operating expenses</b>		<b>285,950,419</b>	<b>224,060,537</b>
Net impairment (loss) / reversal on financial instruments	45	(160,092)	1,410,811
<b>Net profit for the year</b>		<b>303,974,942</b>	<b>136,011,029</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items that are or may be reclassified subsequently to profit or loss:</b>			
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
		<b>125,540,482</b>	<b>(119,008,478)</b>
<b>Items that will not be reclassified to profit or loss:</b>			
Re-measurement (loss) / gain from defined benefit plan	33	(7,036,459)	1,875,453
		<b>(7,036,459)</b>	<b>1,875,453</b>
<b>Total other comprehensive income</b>		<b>118,504,023</b>	<b>(117,133,025)</b>
<b>Total comprehensive income</b>		<b>422,478,965</b>	<b>18,878,004</b>
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)
<b>Profit for the year per MMA Act</b>		<b>309,329,343</b>	<b>155,299,770</b>

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
<b>As at 1 January 2022</b>		<b>50,000,000</b>	<b>477,033,483</b>	<b>99,357,338</b>	<b>105,756,825</b>	<b>(27,033,796)</b>	<b>34,788,975</b>	<b>531,012</b>	<b>740,433,837</b>
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)
<b>As at 31 December 2022</b>		<b>50,000,000</b>	<b>582,790,308</b>	<b>80,379,049</b>	<b>155,299,770</b>	<b>(146,352,726)</b>	<b>34,788,975</b>	<b>2,406,465</b>	<b>759,311,841</b>
<b>As at 1 January 2023</b>		<b>50,000,000</b>	<b>582,790,308</b>	<b>80,379,049</b>	<b>155,299,770</b>	<b>(146,352,726)</b>	<b>34,788,975</b>	<b>2,406,465</b>	<b>759,311,841</b>
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
<b>As at 31 December 2023</b>		<b>50,000,000</b>	<b>660,440,193</b>	<b>82,316,291</b>	<b>309,329,343</b>	<b>(28,103,887)</b>	<b>34,788,975</b>	<b>(4,629,994)</b>	<b>1,104,140,921</b>

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
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
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
		<b>759,527,156</b>	<b>377,382,034</b>
<b>Disbursements</b>			
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)
		<b>(519,172,941)</b>	<b>(307,045,513)</b>
<b>Net cash generated from operating activities</b>	<b>41</b>	<b>240,354,215</b>	<b>70,336,521</b>
<b>Cash flows from investing activities</b>			
<b>Receipts and Disbursements</b>			
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)
<b>Net cash used in investing activities</b>		<b>(1,339,602,823)</b>	<b>(3,441,823,800)</b>
<b>Cash flows from financing activities</b>			
<b>Sources:</b>			
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)
<b>Net cash (used in) / generated from financing activities</b>		<b>(1,254,063,094)</b>	<b>1,235,190,773</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(2,353,311,702)</b>	<b>(2,136,296,506)</b>
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
<b>Cash and cash equivalents as at the end of the year</b>	<b>42</b>	<b>3,680,366,390</b>	<b>6,041,684,967</b>

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.

## Notes to the Financial Statements

Year ended 31 December 2023

(all amounts in Maldivian Rufiyaa unless otherwise stated)

### 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

## Notes to the Financial Statements

Year ended 31 December 2023

(all amounts in Maldivian Rufiyaa unless otherwise stated)

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.

## Notes to the Financial Statements

Year ended 31 December 2023

(all amounts in Maldivian Rufiyaa unless otherwise stated)

### *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.

## Notes to the Financial Statements

Year ended 31 December 2023

(all amounts in Maldivian Rufiyaa unless otherwise stated)

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

## Notes to the Financial Statements

Year ended 31 December 2023

(all amounts in Maldivian Rufiyaa unless otherwise stated)

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

## Notes to the Financial Statements

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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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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	<b>Foreign currency balances</b>		
	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)
		<b>4,710,404,870</b>	<b>9,073,112,707</b>
7.2	<b>Local currency balances</b>		
	Balances with local banks - related parties	46,246,218	48,347,840
	Expected credit losses	(12,822)	(8,043)
		<b>46,233,396</b>	<b>48,339,797</b>
		<b>4,756,638,266</b>	<b>9,121,452,504</b>
7.3	<b>Money at overnight placements with other central banks</b>		
	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	<b>Investment in fixed deposits with foreign banks</b>		
		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
		<b>4,285,820,000</b>	<b>7,563,710,000</b>
	Expected credit losses	(1,678,732)	(1,659,845)
		<b>4,284,141,268</b>	<b>7,562,050,155</b>
8	<b>IMF RELATED ASSETS</b>		
		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
		<b>458,405,766</b>	<b>470,848,361</b>

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### 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).

## Notes to the Financial Statements

Year ended 31 December 2023

(all amounts in Maldivian Rufiyaa unless otherwise stated)

### 9 INVESTMENTS IN SECURITIES

	2023	2022
<b>Foreign currency balances</b>		
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
	<b>4,247,968,201</b>	<b>3,590,947,121</b>
<b>Local currency balances</b>		
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)
	<b>77,566,132</b>	<b>71,704,342</b>

#### 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
<b>Foreign currency balances</b>		
Purchased during the year	33,864,639	29,454,031
<b>Balance as at 31 December</b>	<b>33,864,639</b>	<b>29,454,031</b>

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

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).

## Notes to the Financial Statements

Year ended 31 December 2023

(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
<b>Balance as at 31 December</b>	<b>4,069,233,590</b>	<b>3,418,202,657</b>

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)
<b>Balance as at 31 December</b>	<b>144,869,972</b>	<b>143,290,433</b>

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

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.

## Notes to the Financial Statements

Year ended 31 December 2023

(all amounts in Maldivian Rufiyaa unless otherwise stated)

### 11 INTEREST AND OTHER RECEIVABLES

#### 11.1 Foreign currency

	2023	2022
<b>Interest receivable on Cash and balances with banks</b>		
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)
	<b>25,922,327</b>	<b>31,236,585</b>
Expected credit losses	(6,821)	(6,848)
<b>Balance as at 31 December</b>	<b>25,915,506</b>	<b>31,229,737</b>
<b>Interest receivable on Investments in securities</b>		
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
	<b>23,092,151</b>	<b>12,594,292</b>
Expected credit losses	(3,465)	(1,505)
<b>Balance as at 31 December</b>	<b>23,088,686</b>	<b>12,592,787</b>
<b>Other receivables</b>		
Other receivables	20,929	93,111
<b>Total foreign currency interest and other receivables</b>	<b>49,025,121</b>	<b>43,915,635</b>

#### 11.2 Local currency

	2023	2022
<b>Profit receivable from local currency financial assets</b>		
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)
	<b>1,310,146</b>	<b>781,990</b>
Expected credit losses	(363)	(130)
<b>Balance as at 31 December</b>	<b>1,309,783</b>	<b>781,860</b>
<b>Interest receivable from local currency financial assets</b>		
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)
<b>Balance as at 31 December</b>	<b>4,741,096</b>	<b>5,004,944</b>
<b>Other receivables</b>		
Other receivables	4,053,012	4,053,012
Less: Allowance for doubtful receivables	(4,053,012)	(4,053,012)
<b>Balance as at 31 December</b>	<b>-</b>	<b>-</b>
<b>Total local currency interest and other receivables</b>	<b>6,050,879</b>	<b>5,786,804</b>

## Notes to the Financial Statements

Year ended 31 December 2023

(all amounts in Maldivian Rufiyaa unless otherwise stated)

### 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)
<b>Balance as at 31 December (Note 12.1)</b>	<b>14,508,238,577</b>	<b>8,321,741,391</b>

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
	<b>14,508,238,577</b>	<b>8,321,741,391</b>

### 13 ADVANCES TO GOVERNMENT

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

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.

## Notes to the Financial Statements

Year ended 31 December 2023

(all amounts in Maldivian Rufiyaa unless otherwise stated)

### 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)
<b>Balance as at 31 December</b>	<b>1,658,184</b>	<b>1,400,338</b>

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)
<b>Balance as at 31 December</b>	<b>45,709</b>	<b>40,164</b>

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

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
<b>Total inventories</b>	<b>71,533,774</b>	<b>84,841,242</b>

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.

## Notes to the Financial Statements

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(all amounts in Maldivian Rufiyaa unless otherwise stated)

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	-	-	-	-	24,544,922	
	Assets capitalised during the year	-	-	-	205,036	-	(6,720,708)	-	-	-	-	-	-	-	(6,515,672)	
	Disposals/ transfers during the year	-	-	-	-	(3,661,665)	-	(321,538)	(51,251)	(3,160,097)	-	-	-	-	(7,194,551)	
	<b>Balance as at 31 December 2022</b>	<b>35,788,975</b>	<b>-</b>	<b>39,631,018</b>	<b>733,695</b>	<b>106,985,782</b>	<b>-</b>	<b>21,173,963</b>	<b>3,450,175</b>	<b>51,500,460</b>	<b>-</b>	<b>-</b>	<b>46,484,374</b>	<b>4,082,491</b>	<b>309,830,933</b>	
	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	-	-	266,860,657	
	Assets capitalised during the year	-	210,929,978	-	-	-	-	-	-	-	9,950,790	-	(46,484,374)	-	174,396,394	
	Disposals/ transfers during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	<b>Balance as at 31 December 2023</b>	<b>246,718,418</b>	<b>210,929,978</b>	<b>39,631,018</b>	<b>733,695</b>	<b>112,200,119</b>	<b>-</b>	<b>22,506,664</b>	<b>3,450,175</b>	<b>64,400,262</b>	<b>9,950,790</b>	<b>46,484,374</b>	<b>-</b>	<b>4,082,491</b>	<b>761,087,984</b>	
	<b>Accumulated Depreciation</b>															
	Balance as at 1 January 2022	-	-	15,576,768	-	85,224,921	-	18,196,836	1,591,022	28,541,107	-	-	-	816,498	149,947,152	
	Depreciation charge for the year	-	-	1,320,079	-	6,450,050	-	511,980	288,958	6,374,407	-	-	-	408,249	15,353,723	
	Disposals/ transfers during the year	-	-	-	-	(3,661,665)	-	(316,319)	(51,251)	(3,160,053)	-	-	-	-	(7,189,288)	
	<b>Balance as at 31 December 2022</b>	<b>-</b>	<b>-</b>	<b>16,896,847</b>	<b>-</b>	<b>88,013,306</b>	<b>-</b>	<b>18,392,497</b>	<b>1,828,729</b>	<b>31,755,461</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,224,747</b>	<b>158,111,587</b>	
	Balance as at 1 January 2023	-	-	16,896,847	-	88,013,306	-	18,392,497	1,828,729	31,755,461	-	-	-	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	
	<b>Balance as at 31 December 2023</b>	<b>-</b>	<b>-</b>	<b>18,218,018</b>	<b>-</b>	<b>94,926,256</b>	<b>-</b>	<b>19,125,518</b>	<b>2,117,473</b>	<b>37,932,047</b>	<b>-</b>	<b>3,873,698</b>	<b>-</b>	<b>1,632,996</b>	<b>177,826,006</b>	
	<b>Carrying amounts</b>															
	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	
	<b>As at 31 December 2023</b>	<b>246,718,418</b>	<b>210,929,978</b>	<b>21,413,000</b>	<b>733,695</b>	<b>17,273,863</b>	<b>-</b>	<b>3,381,146</b>	<b>1,332,702</b>	<b>16,468,215</b>	<b>9,950,790</b>	<b>42,610,676</b>	<b>-</b>	<b>2,449,495</b>	<b>673,261,978</b>	

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.

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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)
<b>Balance as at 31 December 2022</b>	<b>21,740,581</b>	<b>19,211,762</b>	<b>23,589,046</b>	<b>15,679,058</b>	<b>-</b>	<b>4,497,685</b>	<b>893,010</b>	<b>69,255</b>	<b>4,302,109</b>	<b>89,982,506</b>
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	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 31 December 2023</b>	<b>21,740,581</b>	<b>19,673,462</b>	<b>23,589,046</b>	<b>15,679,058</b>	<b>200,883</b>	<b>6,270,988</b>	<b>893,010</b>	<b>6,938,366</b>	<b>-</b>	<b>94,985,394</b>
<b>Accumulated Amortisation</b>										
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
<b>Balance as at 31 December 2022</b>	<b>19,260,865</b>	<b>19,211,762</b>	<b>23,418,795</b>	<b>13,288,312</b>	<b>-</b>	<b>3,598,260</b>	<b>-</b>	<b>7,503</b>	<b>-</b>	<b>78,785,497</b>
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
<b>Balance as at 31 December 2023</b>	<b>19,718,659</b>	<b>19,228,251</b>	<b>23,589,046</b>	<b>13,787,676</b>	<b>-</b>	<b>4,253,465</b>	<b>-</b>	<b>295,646</b>	<b>-</b>	<b>80,872,743</b>
<b>Carrying amounts</b>										
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
<b>As at 31 December 2023</b>	<b>2,021,922</b>	<b>445,211</b>	<b>-</b>	<b>1,891,382</b>	<b>200,883</b>	<b>2,017,523</b>	<b>893,010</b>	<b>6,642,720</b>	<b>-</b>	<b>14,112,651</b>

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.

## Notes to the Financial Statements

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
	<b>16,261,712</b>	<b>21,434,459</b>

### 21 BALANCES OF COMMERCIAL BANKS

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

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

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

## Notes to the Financial Statements

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
	<b>705,152,864</b>	<b>735,059,638</b>

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
	<b>498,787,818</b>	<b>494,609,032</b>

#### 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)
<b>Balance as at 31 December</b>	<b>333,888,051</b>	<b>331,339,658</b>

## 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)
<b>Balance as at 31 December</b>	<b>6,557,929</b>	<b>69,255,901</b>	<b>75,813,830</b>	<b>77,174,032</b>

#### 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
<b>Foreign currency deposits</b>		
Multilateral Investment Guarantee Agency	833,140	833,140
<b>Balance as at 31 December</b>	<b>833,140</b>	<b>833,140</b>

	2023	2022
<b>Local currency deposits</b>		
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
<b>Balance as at 31 December</b>	<b>25,279,537</b>	<b>10,362,037</b>

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
<b>Foreign currency other liabilities</b>		
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
	<b>68,996,321</b>	<b>1,736,538,275</b>
	<b>2023</b>	<b>2022</b>
<b>Local currency other liabilities</b>		
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
	<b>114,013,404</b>	<b>124,384,012</b>

#### 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)
<b>Balance as at 31 December</b>	<b>3,004,009</b>	<b>3,380,111</b>

##### 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
	<b>3,524,064</b>	<b>4,074,213</b>	<b>3,004,009</b>	<b>3,380,111</b>

## Notes to the Financial Statements

Year ended 31 December 2023

(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)
<b>Balance as at 31 December</b>	<b>2,447,329</b>	<b>3,021,834</b>

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
<b>Coins</b>			
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
		<b>84,432,404</b>	<b>79,839,152</b>
<b>Notes</b>			
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
		<b>3,961,707,050</b>	<b>3,646,438,205</b>
<b>Total net currency in circulation</b>		<b>4,046,139,454</b>	<b>3,726,277,357</b>

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

Year ended 31 December 2023

(all amounts in Maldivian Rufiyaa unless otherwise stated)

### 30 BALANCES OF INSURANCE COMPANIES AND PAYMENT SERVICE PROVIDERS

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

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
	<b>15,146</b>	<b>191,136</b>

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
<b>Promissory notes</b>		
Issued during the year	210,929,978	-
<b>Balance as at 31 December 2023</b>	<b>210,929,978</b>	<b>-</b>

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.

## Notes to the Financial Statements

Year ended 31 December 2023

(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
	<b>24,058,681</b>	<b>30,759,377</b>

#### 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
<b>Present value of Pre- Maldives Pension Act 8/2009 Pensions</b>	<b>2,753,716</b>	<b>3,132,186</b>
Employee and employer pension contribution payable	709,069	660,844
<b>Balance as at 31 December</b>	<b>3,462,785</b>	<b>3,793,030</b>

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

## Notes to the Financial Statements

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)
<b>Present value as at 31 December</b>	<b>20,595,896</b>	<b>26,966,347</b>

- 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.

## Notes to the Financial Statements

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
	<b>411,781,400</b>	<b>153,468,968</b>

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
	<b>119,270,566</b>	<b>4,911,999</b>

### 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
	<b>328,486,513</b>	<b>238,926,821</b>

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
	<b>528,156</b>	<b>492,111</b>

#### 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
	<b>123,995,651</b>	<b>111,230,117</b>

#### 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	-
	<b>12,532,381</b>	<b>691,973</b>

## Notes to the Financial Statements

Year ended 31 December 2023

(all amounts in Maldivian Rufiyaa unless otherwise stated)

### 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
	<b>42,287,871</b>	<b>42,222,201</b>

### 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
	<b>113,435,877</b>	<b>98,175,224</b>

### 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
	<b>150,712,877</b>	<b>107,455,610</b>

## Notes to the Financial Statements

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
<b>Distributable profit/ (loss)</b>	<b>309,329,343</b>	<b>155,299,770</b>

### 41 RECONCILIATION OF NET PROFIT WITH OPERATING CASH FLOWS

	2023	2022
<b>Net profit for the year</b>	303,974,942	136,011,029
<b>Add/(subtract) non-cash items:</b>		
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)
<b>Add/(subtract) movements in other working capital items:</b>		
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
<b>Net cash flow generated from operating activities</b>	<b>240,354,215</b>	<b>70,336,521</b>

### 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
<b>Cash and cash equivalent as at the end of the year</b>	<b>3,680,366,390</b>	<b>6,041,684,967</b>

## Notes to the Financial Statements

Year ended 31 December 2023

(all amounts in Maldivian Rufiyaa unless otherwise stated)

### 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
<b>Foreign currency financial liabilities</b>					
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
<b>Total foreign currency financial liabilities</b>	<b>6,917,190,066</b>	<b>993,368,511</b>	<b>4,702,176,264</b>	<b>1,204,773,822</b>	<b>16,871,469</b>
<b>Local currency financial liabilities</b>					
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
<b>Total local currency financial liabilities</b>	<b>16,796,017,461</b>	<b>908,717,465</b>	<b>11,569,894,568</b>	<b>27,159,312</b>	<b>4,290,246,116</b>
<b>Total financial liabilities</b>	<b>23,713,207,527</b>	<b>1,902,085,976</b>	<b>16,272,070,832</b>	<b>1,231,933,134</b>	<b>4,307,117,585</b>
<b>Other liabilities</b>					
Deferred grants	2,447,329	-	-	-	2,447,329
Pension and other employment benefit payable	24,058,681	-	-	-	24,058,681
<b>Total other liabilities</b>	<b>26,506,010</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>26,506,010</b>
<b>Total Liabilities</b>	<b>23,739,713,537</b>	<b>1,902,085,976</b>	<b>16,272,070,832</b>	<b>1,231,933,134</b>	<b>4,333,623,595</b>

## Notes to the Financial Statements

Year ended 31 December 2023

(all amounts in Maldivian Rufiyaa unless otherwise stated)

### 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
<b>Foreign currency financial liabilities</b>					
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
<b>Total foreign currency financial liabilities</b>	<b>9,211,959,385</b>	<b>832,059,437</b>	<b>5,591,745,265</b>	<b>1,230,501,810</b>	<b>1,557,652,873</b>
<b>Local currency financial liabilities</b>					
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
<b>Total local currency financial liabilities</b>	<b>15,890,342,870</b>	<b>1,941,736,250</b>	<b>10,174,504,091</b>	<b>10,362,037</b>	<b>3,763,740,492</b>
<b>Total financial liabilities</b>	<b>25,102,302,255</b>	<b>2,773,795,687</b>	<b>15,766,249,356</b>	<b>1,240,863,847</b>	<b>5,321,393,365</b>
<b>Other liabilities</b>					
Deferred grants	3,021,834	-	-	-	3,021,834
Pension and other employment benefit payable	30,759,377	-	-	-	30,759,377
<b>Total other liabilities</b>	<b>33,781,211</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>33,781,211</b>
<b>Total Liabilities</b>	<b>25,136,083,466</b>	<b>2,773,795,687</b>	<b>15,766,249,356</b>	<b>1,240,863,847</b>	<b>5,355,174,576</b>

## Notes to the Financial Statements

Year ended 31 December 2023

(all amounts in Maldivian Rufiyaa unless otherwise stated)

### 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
<b>Foreign currency financial assets</b>					
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
<b>Total foreign currency financial assets</b>		<b>144,869,972</b>	<b>4,069,233,590</b>	<b>5,252,533,536</b>	<b>9,466,637,098</b>
<b>Local currency financial assets</b>					
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
<b>Total local currency financial assets</b>		<b>-</b>	<b>-</b>	<b>14,648,057,207</b>	<b>14,648,057,207</b>
<b>Total financial assets</b>		<b>144,869,972</b>	<b>4,069,233,590</b>	<b>19,900,590,743</b>	<b>24,114,694,305</b>
<b>Foreign currency financial liabilities</b>					
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
<b>Total foreign currency financial liabilities</b>		<b>-</b>	<b>-</b>	<b>6,917,190,066</b>	<b>6,917,190,066</b>
<b>Local currency financial liabilities</b>					
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
<b>Total local currency financial liabilities</b>		<b>-</b>	<b>-</b>	<b>16,796,017,461</b>	<b>16,796,017,461</b>
<b>Total financial liabilities</b>		<b>-</b>	<b>-</b>	<b>23,713,207,527</b>	<b>23,713,207,527</b>

## Notes to the Financial Statements

Year ended 31 December 2023

(all amounts in Maldivian Rufiyaa unless otherwise stated)

### 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
<b>Foreign currency financial assets</b>					
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
<b>Total foreign currency financial assets</b>		<b>143,290,433</b>	<b>3,418,202,657</b>	<b>9,618,163,874</b>	<b>13,179,656,964</b>
<b>Local currency financial assets</b>					
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
<b>Total local currency financial assets</b>		<b>-</b>	<b>-</b>	<b>12,399,847,892</b>	<b>12,399,847,892</b>
<b>Total financial assets</b>		<b>143,290,433</b>	<b>3,418,202,657</b>	<b>22,018,011,766</b>	<b>25,579,504,856</b>
<b>Foreign currency financial liabilities</b>					
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
<b>Total foreign currency financial liabilities</b>		<b>-</b>	<b>-</b>	<b>9,211,959,385</b>	<b>9,211,959,385</b>
<b>Local currency financial liabilities</b>					
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
<b>Total local currency financial liabilities</b>		<b>-</b>	<b>-</b>	<b>15,890,342,870</b>	<b>15,890,342,870</b>
<b>Total financial liabilities</b>		<b>-</b>	<b>-</b>	<b>25,102,302,255</b>	<b>25,102,302,255</b>

## Notes to the Financial Statements

Year ended 31 December 2023

(all amounts in Maldivian Rufiyaa unless otherwise stated)

### 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.

## Notes to the Financial Statements

Year ended 31 December 2023

(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
<b>Foreign currency financial assets</b>		
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
<b>Local currency financial assets</b>		
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
<b>Total</b>	<b>24,116,437,959</b>	<b>25,581,288,282</b>

## Notes to the Financial Statements

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(all amounts in Maldivian Rufiyaa unless otherwise stated)

### 45 FINANCIAL RISK MANAGEMENT (CONTINUED)

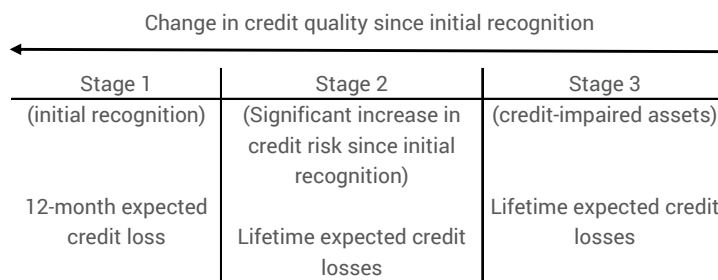
#### 45.1 Credit risk (Continued)

##### 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:



## Notes to the Financial Statements

Year ended 31 December 2023

(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)

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

## Notes to the Financial Statements

Year ended 31 December 2023

(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.

## Notes to the Financial Statements

Year ended 31 December 2023

(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)

##### 45.1.2.3 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.

## Notes to the Financial Statements

Year ended 31 December 2023

(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)

##### 45.1.2.3 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.

## Notes to the Financial Statements

Year ended 31 December 2023

(all amounts in Maldivian Rufiyaa unless otherwise stated)

### 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
<b>Gross carrying amount</b>	<b>5,254,259,124</b>	-	-	-	<b>5,254,259,124</b>	<b>9,619,936,647</b>
Loss allowance	(1,725,588)	-	-	-	(1,725,588)	(1,772,773)
<b>Carrying amount</b>	<b>5,252,533,536</b>	-	-	-	<b>5,252,533,536</b>	<b>9,618,163,874</b>
<b>At FVOCI</b>						
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	-	-	-	-	-	-
<b>Gross carrying amount</b>	<b>4,069,233,590</b>	-	-	-	<b>4,069,233,590</b>	<b>3,418,202,657</b>
Loss allowance	(573,375)	-	-	-	(573,375)	(360,904)
<b>Carrying amount</b>	<b>4,068,660,215</b>	-	-	-	<b>4,068,660,215</b>	<b>3,417,841,753</b>
<b>At FVPL</b>						
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	-	-	-	-	-	-
<b>Gross carrying amount</b>	<b>144,869,972</b>	-	-	-	<b>144,869,972</b>	<b>143,290,433</b>
Loss allowance	-	-	-	-	-	-
<b>Carrying amount</b>	<b>144,869,972</b>	-	-	-	<b>144,869,972</b>	<b>143,290,433</b>
<b>Total</b>	<b>9,466,637,098</b>	-	-	-	<b>9,466,637,098</b>	<b>13,179,656,964</b>
<b>Local currency financial assets</b>						
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
<b>Gross carrying amount</b>	<b>14,648,075,273</b>	-	-	-	<b>14,648,075,273</b>	<b>12,399,858,545</b>
Loss allowance	(18,066)	-	-	-	(18,066)	(10,653)
<b>Carrying amount</b>	<b>14,648,057,207</b>	-	-	-	<b>14,648,057,207</b>	<b>12,399,847,892</b>
<b>Guarantees</b>						
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	-	-	-	-	-	-
<b>Gross carrying amount</b>	-	-	-	-	-	-
Loss allowance	(123,152)	-	-	-	(123,152)	(135,759)
<b>Carrying amount</b>	-	-	-	-	-	-

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'.

## Notes to the Financial Statements

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(all amounts in Maldivian Rufiyaa unless otherwise stated)

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

## Notes to the Financial Statements

Year ended 31 December 2023

(all amounts in Maldivian Rufiyaa unless otherwise stated)

### 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		
<b>Interest and other receivables</b>					
Loss allowance as at 1 January 2022	111	-	-	-	111
Changes in PDs/LGDs/EADs	19	-	-	-	19
<b>Loss allowance as at 31 December 2022</b>	<b>130</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>130</b>
Loss allowance as at 1 January 2023	130	-	-	-	130
Changes in PDs/LGDs/EADs	233	-	-	-	233
<b>Loss allowance as at 31 December 2023</b>	<b>363</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>363</b>

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

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

## Notes to the Financial Statements

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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)
<b>Total financial assets (except foreign cash in hand)</b>	<b>24,013,864,403</b>	<b>25,566,204,103</b>

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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
<b>Potential loss of interest income</b>	<b>5,396,603</b>	<b>5,738,296</b>

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(all amounts in Maldivian Rufiyaa unless otherwise stated)

### 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
<b>Interest sensitive foreign currency financial assets</b>								
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	-	-
<b>Total interest sensitive foreign currency financial assets</b>		<b>4,536,138,646</b>	<b>647,921,940</b>	<b>801,682,585</b>	<b>1,457,119,094</b>	<b>1,629,415,027</b>	-	-
<b>Non-interest sensitive foreign currency financial assets</b>								
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	-	-	-	-	-
<b>Total non-interest sensitive foreign currency financial assets</b>		<b>4,930,498,452</b>	<b>4,331,747,461</b>	<b>159,889,811</b>	-	-	-	<b>438,861,180</b>
<b>Total foreign currency financial assets</b>		<b>9,466,637,098</b>	<b>4,979,669,401</b>	<b>961,572,396</b>	<b>1,457,119,094</b>	<b>1,629,415,027</b>	-	<b>438,861,180</b>
<b>Interest sensitive foreign currency financial liabilities</b>								
IMF related liabilities	4.10%	158,911,366	-	-	-	-	-	158,911,366
Payables to Asian Clearing Union	5.35%	701,470,000	701,470,000	-	-	-	-	-
<b>Total interest sensitive foreign currency financial liabilities</b>		<b>860,381,366</b>	<b>701,470,000</b>	-	-	-	-	<b>158,911,366</b>
<b>Non-interest sensitive foreign currency financial liabilities</b>								
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
<b>Total non-interest sensitive foreign currency financial liabilities</b>		<b>6,056,808,700</b>	<b>5,632,172,738</b>	<b>976,881</b>	<b>1,953,762</b>	<b>6,639,443</b>	<b>65,266,863</b>	<b>349,799,013</b>
<b>Total foreign currency financial liabilities</b>		<b>6,917,190,066</b>	<b>6,333,642,738</b>	<b>976,881</b>	<b>1,953,762</b>	<b>6,639,443</b>	<b>65,266,863</b>	<b>508,710,379</b>
<b>Foreign currency interest rate sensitivity gap</b>		<b>3,675,757,280</b>	<b>(53,548,060)</b>	<b>801,682,585</b>	<b>1,457,119,094</b>	<b>1,629,415,027</b>	-	<b>(158,911,366)</b>

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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
<b>Non-interest sensitive local currency financial assets</b>								
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	-	-	-	-	-
<b>Total non-interest sensitive local currency financial assets</b>		<b>14,648,057,207</b>	<b>201,058,931</b>	<b>149,122,040</b>	<b>231,311,966</b>	<b>736,122,404</b>	<b>13,322,177,536</b>	<b>8,264,330</b>
<b>Total local currency financial assets</b>		<b>14,648,057,207</b>	<b>201,058,931</b>	<b>149,122,040</b>	<b>231,311,966</b>	<b>736,122,404</b>	<b>13,322,177,536</b>	<b>8,264,330</b>
<b>Non-interest sensitive local currency financial liabilities</b>								
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	-	-	-	-	-
<b>Total non-interest sensitive local currency financial liabilities</b>		<b>16,796,017,461</b>	<b>12,602,171,290</b>	<b>217,548</b>	<b>453,419</b>	<b>1,519,567</b>	<b>603,767</b>	<b>4,191,051,870</b>
<b>Total local currency financial liabilities</b>		<b>16,796,017,461</b>	<b>12,602,171,290</b>	<b>217,548</b>	<b>453,419</b>	<b>1,519,567</b>	<b>603,767</b>	<b>4,191,051,870</b>
<b>Local currency interest rate sensitivity gap</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net liquidity gap</b>		<b>401,486,778</b>	<b>(13,755,085,696)</b>	<b>1,109,500,007</b>	<b>1,686,023,879</b>	<b>2,357,378,421</b>	<b>13,256,306,906</b>	<b>(4,252,636,739)</b>

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
<b>Interest sensitive foreign currency financial assets</b>								
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	-	-
<b>Total interest sensitive foreign currency financial assets</b>		<b>4,882,853,682</b>	<b>2,050,617,984</b>	<b>452,293,290</b>	<b>877,493,410</b>	<b>1,502,448,998</b>	-	-
<b>Non-interest sensitive foreign currency financial assets</b>								
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	-	-	-	-	-
<b>Total non-interest sensitive foreign currency financial assets</b>		<b>8,296,803,282</b>	<b>7,168,285,342</b>	<b>693,000,000</b>	-	-	-	<b>435,517,940</b>
<b>Total foreign currency financial assets</b>		<b>13,179,656,964</b>	<b>9,218,903,326</b>	<b>1,145,293,290</b>	<b>877,493,410</b>	<b>1,502,448,998</b>	-	<b>435,517,940</b>
<b>Interest sensitive foreign currency financial liabilities</b>								
IMF related liabilities	2.92%	157,698,478	-	-	-	-	-	157,698,478
Payables to Asian Clearing Union	4.09%	732,270,000	732,270,000	-	-	-	-	-
<b>Total interest sensitive foreign currency financial liabilities</b>		<b>889,968,478</b>	<b>732,270,000</b>	-	-	-	-	<b>157,698,478</b>
<b>Non-interest sensitive foreign currency financial liabilities</b>								
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
<b>Total non-interest sensitive foreign currency financial liabilities</b>		<b>8,321,990,907</b>	<b>7,898,535,680</b>	<b>969,425</b>	<b>1,938,851</b>	<b>5,816,552</b>	<b>67,479,779</b>	<b>347,250,620</b>
<b>Total foreign currency financial liabilities</b>		<b>9,211,959,385</b>	<b>8,630,805,680</b>	<b>969,425</b>	<b>1,938,851</b>	<b>5,816,552</b>	<b>67,479,779</b>	<b>504,949,098</b>
<b>Foreign currency interest rate sensitivity gap</b>		<b>3,992,885,204</b>	<b>1,318,347,984</b>	<b>452,293,290</b>	<b>877,493,410</b>	<b>1,502,448,998</b>	-	<b>(157,698,478)</b>

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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
<b>Non-interest sensitive local currency financial assets</b>								
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	-	-	-	-	-
<b>Total non-interest sensitive local currency financial assets</b>		<b>12,399,847,892</b>	<b>4,117,684,629</b>	<b>60,350,186</b>	<b>122,587,767</b>	<b>399,551,043</b>	<b>7,691,409,937</b>	<b>8,264,330</b>
<b>Total local currency financial assets</b>		<b>12,399,847,892</b>	<b>4,117,684,629</b>	<b>60,350,186</b>	<b>122,587,767</b>	<b>399,551,043</b>	<b>7,691,409,937</b>	<b>8,264,330</b>
<b>Non-interest sensitive local currency financial liabilities</b>								
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
<b>Total non-interest sensitive local currency financial liabilities</b>		<b>15,890,342,870</b>	<b>12,030,974,175</b>	<b>191,620</b>	<b>427,255</b>	<b>1,438,429</b>	<b>1,138,325</b>	<b>3,856,173,066</b>
<b>Total local currency financial liabilities</b>		<b>15,890,342,870</b>	<b>12,030,974,175</b>	<b>191,620</b>	<b>427,255</b>	<b>1,438,429</b>	<b>1,138,325</b>	<b>3,856,173,066</b>
<b>Local currency interest rate sensitivity gap</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net liquidity gap</b>		<b>477,202,601</b>	<b>(7,325,191,900)</b>	<b>1,204,482,431</b>	<b>997,715,071</b>	<b>1,894,745,060</b>	<b>7,622,791,833</b>	<b>(3,917,339,894)</b>

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	
<b>As at 31 December 2023</b>									
<b>Foreign currency financial assets</b>									
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
<b>Total foreign currency financial assets</b>	<b>8,833,750,557</b>	<b>10,673,020</b>	<b>1,143,791</b>	<b>3,551,611</b>	<b>458,405,766</b>	<b>908,019</b>	<b>144,869,972</b>	<b>13,334,362</b>	<b>9,466,637,098</b>
<b>Proportion</b>	<b>93.31%</b>	<b>0.11%</b>	<b>0.01%</b>	<b>0.04%</b>	<b>4.84%</b>	<b>0.01%</b>	<b>1.53%</b>	<b>0.14%</b>	<b>100%</b>
<b>Foreign currency financial liabilities</b>									
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
<b>Total foreign currency financial liabilities</b>	<b>6,342,326,737</b>	<b>247,642</b>	<b>-</b>	<b>9,123</b>	<b>574,601,648</b>	<b>4,916</b>	<b>-</b>	<b>-</b>	<b>6,917,190,066</b>
<b>Proportion</b>	<b>91.69%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>8.31%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>100%</b>
<b>Net foreign currency exposure</b>	<b>2,491,423,820</b>	<b>10,425,378</b>	<b>1,143,791</b>	<b>3,542,488</b>	<b>(116,195,882)</b>	<b>903,103</b>	<b>144,869,972</b>	<b>13,334,362</b>	<b>2,549,447,032</b>

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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
<b>As at 31 December 2022</b>									
<b>Foreign currency financial assets</b>									
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
<b>Total foreign currency financial assets</b>	<b>12,521,594,152</b>	<b>9,625,239</b>	<b>1,028,297</b>	<b>18,974,432</b>	<b>470,848,361</b>	<b>226,379</b>	<b>143,290,433</b>	<b>14,069,671</b>	<b>13,179,656,964</b>
<b>Proportion</b>	<b>95.01%</b>	<b>0.07%</b>	<b>0.01%</b>	<b>0.14%</b>	<b>3.57%</b>	<b>0.00%</b>	<b>1.09%</b>	<b>0.11%</b>	<b>100%</b>
<b>Foreign currency financial liabilities</b>									
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
<b>Total foreign currency financial liabilities</b>	<b>8,640,073,524</b>	<b>93,595</b>	<b>-</b>	<b>4,987</b>	<b>571,783,064</b>	<b>4,215</b>	<b>-</b>	<b>-</b>	<b>9,211,959,385</b>
<b>Proportion</b>	<b>93.79%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>6.21%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>100%</b>
<b>Net foreign currency exposure</b>	<b>3,881,520,628</b>	<b>9,531,644</b>	<b>1,028,297</b>	<b>18,969,445</b>	<b>(100,934,703)</b>	<b>222,164</b>	<b>143,290,433</b>	<b>14,069,671</b>	<b>3,967,697,579</b>

## Notes to the Financial Statements

Year ended 31 December 2023

(all amounts in Maldivian Rufiyaa unless otherwise stated)

### 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
<b>Assets at fair value</b>								
<b>Foreign currency financial assets</b>								
<b>Investments at FVOCI</b>	<b>4,069,233,590</b>	-	-	<b>4,069,233,590</b>	<b>3,418,202,657</b>	-	-	<b>3,418,202,657</b>
<b>Investments at FVPL</b>	<b>144,869,972</b>	-	-	<b>144,869,972</b>	<b>143,290,433</b>	-	-	<b>143,290,433</b>

## Notes to the Financial Statements

Year ended 31 December 2023

(all amounts in Maldivian Rufiyaa unless otherwise stated)

### 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
	<b>14,602,067,916</b>	<b>12,350,565,218</b>
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
	<b>1,858,143,783</b>	<b>2,816,175,481</b>

## Notes to the Financial Statements

Year ended 31 December 2023

(all amounts in Maldivian Rufiyaa unless otherwise stated)

### 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	-
<b>Total Compensation to the key management personnel</b>	<b>8,260,095</b>	<b>4,941,051</b>

## 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

#### 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.

# Statistical Appendix

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**Table 1: Gross Domestic Product, 2019-2023 <sup>1/</sup>**

(millions of rufiyaa at constant prices)

	2019	2020	2021	2022	2023
<b>Gross domestic product (at market prices)</b>	<b>88,079.0</b>	<b>59,093.3</b>	<b>81,363.8</b>	<b>92,678.8</b>	<b>100,753.1</b>
<b>Gross domestic product (at basic prices)</b>	<b>77,247.1</b>	<b>54,023.5</b>	<b>72,262.3</b>	<b>83,070.2</b>	<b>na</b>
o/w Agriculture	882.7	856.7	907.0	933.8	na
Fisheries	3,075.6	3,360.9	3,279.9	3,383.0	na
Manufacturing	1,877.2	1,516.5	1,707.7	1,811.8	na
Electricity, water and waste management	1,663.1	1,987.3	1,674.5	2,136.1	na
Construction	6,978.6	3,430.0	3,233.8	4,335.3	na
Wholesale and retail trade	7,814.4	4,844.6	6,787.9	8,161.2	na
Tourism	18,992.5	6,688.0	17,333.2	20,874.2	na
Transportation	4,536.7	2,768.0	4,070.6	4,596.1	na
Postal and telecommunication	2,929.8	2,674.5	3,118.0	3,652.0	na
Real estate activities	6,265.6	6,467.6	6,973.3	7,921.6	na
Public administration and defence; compulsory social security	7,164.5	6,922.7	6,733.8	7,378.0	na
	Annual percentage change				
<b>Gross domestic product (at market prices)</b>	<b>7.3</b>	<b>(32.9)</b>	<b>37.7</b>	<b>13.9</b>	<b>8.7</b>
o/w Agriculture	1.7	(2.9)	5.9	2.9	na
Fisheries	(10.5)	9.3	(2.4)	3.1	na
Manufacturing	3.0	(19.2)	12.6	6.1	na
Electricity, water and waste management	15.1	19.5	(15.7)	27.6	na
Construction	(0.1)	(50.8)	(5.7)	34.1	na
Wholesale and retail trade	2.5	(38.0)	40.1	20.2	na
Tourism	14.3	(64.8)	159.2	20.4	na
Transportation	15.9	(39.0)	47.1	12.9	na
Postal and telecommunication	7.6	(8.7)	16.6	17.1	na
Real estate activities	4.8	3.2	7.8	13.6	na
Public administration and defence; compulsory social security	13.3	(3.4)	(2.7)	9.6	na
<b>Memorandum items</b>					
Real GDP (market price, in millions of US dollars)	5,712.0	3,832.2	5,276.5	6,010.3	6,533.9
Nominal GDP (market prices, in millions of rufiyaa)	88,079.0	57,104.6	80,773.8	94,945.3	106,377.8
Nominal GDP (market prices, in millions of US dollars)	5,712.0	3,703.3	5,238.2	6,157.3	6,898.7
Real GDP per capita (in rufiyaa)	164,960.1	106,010.9	143,155.0	159,976.0	170,682.1
Real GDP per capita (in US dollars)	10,697.8	6,874.9	9,283.7	10,374.6	11,068.9
Nominal GDP per capita (in US dollars)	10,697.8	6,643.5	9,216.4	10,628.3	11,686.8
Total mid-year population <sup>2/</sup>	533,941	557,426	568,362	579,330	590,297

Source: Maldives Bureau of Statistics; Ministry of Finance; Maldives Monetary Authority

<sup>1/</sup> GDP base year is 2019 and the data broadly complies with the guidelines of the System of National Accounts 2008. Figures for 2023 are projections available as at 31 October 2023, forecasted by the Maldives Monetary Authority and the Ministry of Finance.<sup>2/</sup> This represents projected mid-year population of Maldives published by the Maldives Bureau of Statistics. Figures include local and expatriate population.

**Table 2: Tourism Indicators, 2019-2023**

	2019	2020	2021	2022	2023
<b>Tourist arrivals</b>	<b>1,702,887</b>	<b>555,494</b>	<b>1,321,937</b>	<b>1,675,303</b>	<b>1,878,543</b>
o/w Europe	833,939	348,349	772,460	1,022,725	1,054,709
o/w Germany	131,561	36,435	95,358	133,432	135,091
United Kingdom	126,199	52,720	62,777	179,309	155,994
Russia	83,369	61,387	222,422	201,954	209,146
Asia	661,000	134,279	336,546	396,261	570,376
o/w China	284,029	34,245	2,238	15,023	187,125
India	166,030	62,960	291,787	241,382	209,193
Japan	44,251	8,479	937	8,543	23,041
South Korea	37,073	5,895	6,849	35,948	36,324
Americas	84,794	32,060	88,910	121,151	111,483
o/w USA	54,474	19,759	55,760	80,697	74,838
Tourist bednights ('000)	10,689	3,985	10,073	12,260	12,903
Average stay (days) <sup>1/</sup>	6.3	7.2	8.8	8.0	7.6
Operational capacity (beds in operation)	47,274	27,745	48,960	57,254	61,562
Bednight capacity ('000)	17,260	10,146	17,877	20,905	22,472
Occupancy rate (percentage)	62	26	56	59	58
Total number of arrival flights <sup>2/</sup>	13,781	5,896	12,887	15,289	15,883
Scheduled flights <sup>3/</sup>	12,800	4,795	10,382	13,151	14,608
General flights <sup>4/</sup>	981	1,101	2,505	2,138	1,275
Travel receipts <sup>5/</sup> (millions of US dollars)	3,157.1	1,397.9	3,508.4	4,498.0	4,230.3

Source: Ministry of Tourism; Maldives Monetary Authority; Maldives Airports Company Limited

<sup>1/</sup> From April 2020 to June 2020, average stay and tourist bednights is based on the estimated number of tourists in the Maldives during the months April, May and June 2020 as due to the COVID-19 pandemic, some tourists in the Maldives were unable to travel back to their home country. Furthermore, from August 2020 average stay is based on a new data source available from Maldives Immigration portal.

<sup>2/</sup> This data refers to flight movements at Velana International Airport.

<sup>3/</sup> From April 2020 onward, data for scheduled flights include cargo flights.

<sup>4/</sup> This data refers to chartered flights and private flights.

<sup>5/</sup> Estimates made by Maldives Monetary Authority for the travel component of the balance of payments statistics. This refers to data available as at 25 April 2024.

**Table 3: Fish Production and Volume of Fish Exports, 2019-2023**

(quantity in metric ton)

	2019	2020	2021	2022	2023
<b>Fish catch</b>	<b>135,068.9</b>	<b>148,583.0</b>	<b>144,992.7</b>	<b>155,205.4</b>	<b>na</b>
<b>Fish purchases</b>	<b>81,199.9</b>	<b>79,341.0</b>	<b>88,313.2</b>	<b>81,033.4</b>	<b>96,120.4</b>
<b>Volume of fish exports</b>	<b>56,421.9</b>	<b>67,779.1</b>	<b>76,890.8</b>	<b>76,099.8</b>	<b>78,766.4</b>
Fresh, chilled or frozen tuna	46,000.5	57,410.9	66,476.4	65,576.3	64,347.5
o/w Skipjack tuna	27,340.7	42,001.2	49,848.4	55,551.2	54,732.4
Yellowfin tuna	18,381.7	15,395.9	16,440.0	9,529.5	9,272.3
Fresh, chilled or frozen fish (excluding tuna)	1,273.3	829.5	777.7	705.0	633.7
Canned or pouched	7,235.7	7,148.7	7,861.2	8,439.6	12,417.7
Other processed fish	1,912.5	2,389.9	1,775.6	1,378.8	1,367.4

Source: Ministry of Fisheries and Ocean Resources; Maldives Customs Service

**Table 4: Consumer Price Index - National, 2019-2023****(November 2022 = 100)**

	<b>Weight</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Total index</b>	<b>100.0</b>	<b>97.8</b>	<b>96.4</b>	<b>97.0</b>	<b>99.2</b>	<b>102.1</b>
Food and non-alcoholic beverages	23.5	89.5	92.0	93.6	98.1	103.7
o/w Food	20.1	89.1	91.8	93.4	98.1	103.8
o/w Fish	4.5	93.3	95.6	94.8	100.6	104.6
Alcoholic beverages, tobacco and narcotics	2.0	70.2	78.9	95.2	100.3	104.1
Clothing and footwear	3.9	99.3	97.4	98.2	99.4	101.1
Housing, water, electricity, gas and other fuel	25.8	102.6	97.7	98.6	100.1	101.5
Furnishing, household equipment, carpets and other floor coverings	5.4	96.9	96.3	96.1	99.0	103.2
Health	5.8	95.0	95.5	95.5	99.9	104.4
Transport	7.0	90.2	89.3	91.8	97.3	102.6
Information and communication	10.0	133.8	120.7	110.2	101.5	93.9
Recreation, sport and culture	1.8	95.2	95.0	96.8	99.9	100.9
Education services	3.9	98.5	98.5	98.8	99.4	103.9
Restaurants and accommodation services	5.8	95.1	96.1	96.4	99.6	106.7
Insurance and financial services	0.1	100.0	100.0	100.0	100.0	104.6
Personal care, social protection and miscellaneous goods and services	5.1	97.3	97.2	97.3	99.0	103.5
Total excluding fish	95.5	98.0	96.5	97.1	99.2	102.0
Total excluding food and non-alcoholic beverages	76.5	100.4	97.9	98.0	99.6	101.6

Inflation (annual percentage change of the CPI)

<b>Total rate</b>	<b>0.2</b>	<b>(1.4)</b>	<b>0.5</b>	<b>2.3</b>	<b>2.9</b>
Food and non-alcoholic beverages	(0.8)	2.7	1.8	4.8	5.8
o/w Food	(0.9)	3.0	1.8	5.0	5.9
o/w Fish	(2.8)	2.5	(0.8)	6.2	3.9
Alcoholic beverages, tobacco and narcotics	(0.9)	12.4	20.6	5.3	3.8
Clothing and footwear	(2.7)	(1.9)	0.8	1.3	1.7
Housing, water, electricity, gas and other fuel	2.2	(4.7)	0.9	1.5	1.3
Furnishing, household equipment, carpets and other floor coverings	(0.5)	(0.6)	(0.3)	3.0	4.3
Health	1.9	0.5	(0.0)	4.6	4.5
Transport	0.3	(1.1)	2.8	6.0	5.5
Information and communication	(0.1)	(9.8)	(8.7)	(7.9)	(7.5)
Recreation, sport and culture	(2.1)	(0.2)	2.0	3.2	1.0
Education services	0.0	(0.1)	0.4	0.6	4.6
Restaurants and accommodation services	4.0	1.0	0.4	3.2	7.2
Insurance and financial services	na	-	-	-	4.6
Personal care, social protection and miscellaneous goods and services	(0.3)	(0.1)	0.1	1.7	4.6
Total excluding fish	0.5	(1.6)	0.6	2.2	2.9
Total excluding food and non-alcoholic beverages	0.7	(2.6)	0.2	1.6	2.1

Source: Maldives Bureau of Statistics

Note: Data refers to the twelve-month average.

**Table 5: Summary of Central Government Finance, 2019-2023 <sup>1/</sup>**

(millions of rufiyaa)

	2019	2020	2021	2022	2023
<b>Total revenue and grants</b>	<b>23,231.8</b>	<b>15,221.9</b>	<b>21,353.4</b>	<b>28,515.8</b>	<b>33,402.2</b>
Total revenue	22,161.0	14,449.0	20,333.0	28,274.2	32,909.8
Tax revenue	16,530.5	10,959.2	14,681.6	19,455.6	24,065.3
Non-tax revenue	5,609.9	3,478.2	5,636.6	8,800.8	8,538.3
Capital receipts	20.6	11.6	14.8	17.8	306.2
Grants	1,154.9	958.0	1,031.8	408.0	523.8
Less: Subsidiary loan repayment	(84.1)	(185.1)	(11.5)	(166.4)	(31.4)
<b>Total expenditure</b>	<b>28,994.7</b>	<b>28,753.5</b>	<b>32,806.2</b>	<b>39,876.9</b>	<b>47,000.5</b>
Recurrent expenditure	21,372.0	20,307.4	23,983.3	28,004.8	31,868.5
Capital expenditure	7,622.8	8,446.1	8,822.9	11,872.1	15,132.0
<b>Primary balance</b>	<b>(4,222.1)</b>	<b>(11,927.8)</b>	<b>(9,348.3)</b>	<b>(7,908.4)</b>	<b>(9,686.8)</b>
<b>Overall balance</b>	<b>(5,762.9)</b>	<b>(13,531.6)</b>	<b>(11,452.7)</b>	<b>(11,361.1)</b>	<b>(13,598.3)</b>
	As a percentage of GDP				
Total revenue	25	25	25	30	31
Tax revenue	19	19	18	20	23
Non-tax revenue	6	6	7	9	8
Capital receipts	0	0	0	0	0
Grants	1	2	1	0	0
Total expenditure	33	50	41	42	44
Recurrent expenditure	24	36	30	29	30
Capital expenditure	9	15	11	13	14
Overall balance	(7)	(24)	(14)	(12)	(13)
<b>Memorandum items:</b>					
Nominal GDP <sup>2/</sup>	88,079.0	57,104.6	80,773.8	94,945.3	106,377.8

Source: Ministry of Finance; Maldives Bureau of Statistics; Maldives Monetary Authority

<sup>1/</sup> Format is based on Monthly Fiscal Developments published by Ministry of Finance.<sup>2/</sup> Figures for 2023 are projections available as at 31 October 2023, forecasted by the Maldives Monetary Authority and the Ministry of Finance.



**Table 7: Central Government Expenditure, 2019-2023 <sup>1/</sup>****(millions of rufiyaa)**

	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Total expenditure</b>	<b>28,994.7</b>	<b>28,753.5</b>	<b>32,806.2</b>	<b>39,876.9</b>	<b>47,000.5</b>
Recurrent expenditure	21,372.0	20,307.4	23,983.3	28,004.8	31,868.5
Salaries, wages and pensions	9,835.0	9,768.9	10,331.3	11,100.4	12,035.6
Salaries and wages	4,642.9	4,378.0	4,625.5	4,926.5	5,335.8
Allowances to employees	3,651.3	3,827.8	4,055.9	4,414.2	4,815.1
Pensions, retirement benefits and gratuities	1,540.8	1,563.1	1,649.9	1,759.7	1,884.7
Administrative and operational expenses	10,046.7	10,352.3	13,422.1	16,859.4	19,361.5
o/w Travelling expenses	231.3	140.7	183.2	238.9	263.5
Administrative supplies and services	2,567.8	2,261.2	2,939.3	2,901.6	3,396.4
Training expenses	564.2	459.1	567.4	352.4	466.9
Financing and interest costs	1,540.8	1,603.9	2,104.5	3,452.7	3,911.5
Grants, contributions and subsidies	3,760.3	4,547.9	5,779.0	8,449.4	9,669.1
Aasandha	1,313.5	1,206.4	1,562.4	1,844.4	2,286.1
Subsidies	1,281.2	1,245.1	1,115.0	3,695.4	3,693.2
Council Grants	-	947.2	1,405.0	1,652.9	1,940.6
Other Grants and contributions	1,165.6	1,149.2	1,696.5	1,256.8	1,749.1
Losses and write-offs	1,490.3	186.2	229.8	45.0	471.4
Capital expenditure	7,622.8	8,446.1	8,822.9	11,872.1	15,132.0
Capital equipments	461.7	417.4	665.1	542.9	590.2
Infrastructure Assets	4,250.3	4,791.2	5,363.2	8,659.6	12,044.9
Development projects and investments outlays	1,585.6	2,227.6	2,586.8	1,921.2	1,306.2
Lendings	1,325.2	1,010.0	207.8	748.4	1,190.7
			As a percentage of GDP		
Recurrent expenditure	24	36	30	29	30
o/w Salaries and wages	5	8	6	5	5
Pensions, retirement benefits and gratuities	2	3	2	2	2
Grants, contributions and subsidies	4	8	7	9	9
Capital expenditure	9	15	11	13	14
o/w Infrastructure Assets	5	8	7	9	11

Source: Ministry of Finance

<sup>1/</sup> Format is based on Monthly Fiscal Developments published by Ministry of Finance.

**Table 8: Public and Publicly Guaranteed Debt of Central Government, 2019-2023 <sup>1/</sup>****(millions of rufiyaa)**

	2019	2020	2021	2022	2023
<b>Total outstanding</b>	<b>67,956.9</b>	<b>86,759.9</b>	<b>94,665.5</b>	<b>108,499.2</b>	<b>124,237.4</b>
Domestic	33,207.3	42,712.5	49,297.4	58,982.8	73,079.8
Central government	32,227.0	41,842.7	48,668.6	58,399.0	72,792.4
Guaranteed	980.3	869.8	628.8	583.8	287.4
External	34,749.6	44,047.4	45,368.1	49,516.4	51,157.6
Central government	22,021.3	24,968.9	31,822.3	33,100.2	37,370.1
Guaranteed	12,728.3	19,078.5	13,545.8	16,416.2	13,787.5
	As a percentage of GDP				
Total outstanding	77	152	117	114	117
Domestic	38	75	61	62	69
Central government	37	73	60	62	68
Guaranteed	1	2	1	1	0
External	39	77	56	52	48
Central government	25	44	39	35	35
Guaranteed	14	33	17	17	13

Source: Ministry of Finance; Maldives Bureau of Statistics; Maldives Monetary Authority

<sup>1/</sup> This table represents data available as at 28 February 2024.

**Table 9: Claims on Central Government, 2019-2023**

(millions of rufiyaa)

	2019	2020	2021	2022	2023
Outstanding stock					
<b>Total domestic claims on central government</b>	<b>32,281.5</b>	<b>44,691.2</b>	<b>51,444.1</b>	<b>60,949.8</b>	<b>70,834.6</b>
Government securities	28,591.2	37,566.1	44,000.8	53,139.8	66,848.2
Treasury bonds <sup>1/</sup>	9,626.4	13,478.6	13,589.9	17,536.5	26,023.5
MMA	6,086.7	6,011.0	5,933.1	8,323.0	14,511.0
Commercial banks	201.1	4,099.8	4,289.0	5,796.8	7,115.1
Other financial corporations	3,338.7	3,367.8	3,367.8	3,416.7	4,397.4
Treasury bills and Islamic instruments <sup>2/</sup>	18,964.7	24,087.5	30,411.0	35,603.3	40,824.6
MMA	103.6	91.3	97.4	87.9	95.7
Commercial banks	11,954.4	14,350.1	18,381.7	20,668.7	21,650.2
Other financial corporations	6,372.8	9,253.6	10,939.2	13,442.5	18,162.7
State owned enterprises	434.3	288.3	875.6	1,145.0	775.9
Others	99.7	104.3	117.1	259.1	140.2
Loans and advances <sup>1/</sup>	3,690.3	7,125.1	7,443.2	7,810.0	3,986.4
MMA	-	3,296.8	3,689.9	3,946.3	2.0
Commercial banks	147.2	186.4	12.9	10.4	7.6
Other financial corporations <sup>3/</sup>	3,543.2	3,641.9	3,740.4	3,853.3	3,976.9
Change					
<b>Total domestic claims on central government</b>	<b>4,565.6</b>	<b>12,409.7</b>	<b>6,752.8</b>	<b>9,505.8</b>	<b>9,884.7</b>
Government securities	4,329.2	8,975.0	6,434.7	9,139.0	13,708.3
Treasury bonds	378.0	3,852.2	111.3	3,946.7	8,487.0
MMA	(74.3)	(75.7)	(77.9)	2,389.9	6,188.0
Commercial banks	201.1	3,898.7	189.2	1,507.8	1,318.3
Other financial corporations	251.3	29.1	-	49.0	980.6
Treasury bills and Islamic instruments	3,951.2	5,122.8	6,323.4	5,192.3	5,221.4
MMA	13.2	(12.3)	6.1	(9.5)	7.8
Commercial banks	2,348.9	2,395.7	4,031.6	2,287.1	981.5
Other financial corporations	1,355.7	2,880.8	1,685.7	2,503.3	4,720.2
State owned enterprises	233.3	(146.0)	587.3	269.4	(369.1)
Others	-	4.6	12.8	142.0	(119.0)
Loans and advances	236.4	3,434.8	318.1	366.8	(3,823.6)
MMA	-	3,296.8	393.0	256.4	(3,944.3)
Commercial banks	128.1	39.2	(173.4)	(2.5)	(2.8)
Other financial corporations	108.3	98.7	98.5	112.9	123.6
<b>Memorandum items:</b>					
Exchange rate	15.38	15.41	15.39	15.40	15.40

Source: Maldives Monetary Authority; Ministry of Finance

<sup>1/</sup> Treasury bond data represents the purchase price and accrued interest receivable, loans and advances include accrued interest and accounts receivable.<sup>2/</sup> Figures represent the face value of treasury bills and Islamic instruments.<sup>3/</sup> This includes recognition bond.

**Table 10: Central Bank Survey, 2019-2023**

(millions of rufiyaa)

	2019	2020	2021	2022	2023
<b>Net foreign assets</b>	<b>11,009.9</b>	<b>8,497.0</b>	<b>11,265.4</b>	<b>10,376.9</b>	<b>8,211.2</b>
Claims on non-residents	11,597.9	15,186.9	12,410.5	12,823.4	9,103.1
Liabilities to non-residents	(588.0)	(6,689.9)	(1,145.1)	(2,446.5)	(892.0)
<b>Net domestic assets</b>	<b>96.3</b>	<b>3,751.7</b>	<b>1,163.7</b>	<b>2,329.2</b>	<b>4,437.5</b>
Domestic claims	3,077.8	8,974.1	7,880.5	9,669.7	12,693.4
Net claims on central government	3,000.1	8,277.8	7,650.5	9,588.5	12,612.0
o/w Claims on central government	6,188.8	9,397.8	9,696.6	12,355.6	14,606.8
Claims on other sectors	77.7	696.2	229.9	81.2	81.4
Other items (net)	(2,981.5)	(5,222.3)	(6,716.7)	(7,340.4)	(8,255.9)
<b>Monetary base</b>	<b>11,106.2</b>	<b>12,248.7</b>	<b>12,429.1</b>	<b>12,706.1</b>	<b>12,648.7</b>
Currency in circulation	3,599.7	3,942.1	3,790.7	3,726.3	4,046.1
Liabilities to other depository corporations	7,506.5	8,306.6	8,638.5	8,979.8	8,391.6
Liabilities to other sectors	-	-	-	-	210.9
	Annual percentage change				
Net foreign assets	21	(23)	33	(8)	(21)
Claims on non-residents	6	31	(18)	3	(29)
Liabilities to non-residents	(69)	1,038	(83)	114	(64)
Net claims on central government	(43)	176	(8)	25	32
Monetary base	(4)	10	1	2	(0)
o/w Currency in circulation	(2)	10	(4)	(2)	9
Liabilities to other depository corporations	(5)	11	4	4	(7)

Source: Maldives Monetary Authority

**Table 11: Other Depository Corporations Survey, 2019-2023**

(millions of rufiyaa)

	2019	2020	2021	2022	2023
<b>Net foreign assets</b>	<b>2,031.9</b>	<b>(1,879.1)</b>	<b>2,897.9</b>	<b>1,840.8</b>	<b>748.3</b>
Claims on non-residents	4,541.5	4,499.5	10,524.1	9,474.3	8,310.4
Liabilities to non-residents	(2,509.5)	(6,378.6)	(7,626.2)	(7,633.5)	(7,562.1)
<b>Net domestic assets</b>	<b>31,216.1</b>	<b>39,869.1</b>	<b>46,055.1</b>	<b>50,345.8</b>	<b>54,701.5</b>
Domestic claims	47,814.4	59,675.2	67,001.5	73,242.8	79,776.2
Claims on central bank	10,246.5	13,322.1	15,217.7	16,017.8	16,555.6
Net claims on central government	10,298.6	16,455.6	20,052.8	23,587.4	25,419.3
o/w Claims on central government	12,067.1	18,208.3	21,989.5	26,103.3	28,352.1
Claims on other sectors	27,269.4	29,897.5	31,731.0	33,637.6	37,801.3
Claims on other financial corporations	803.1	676.1	630.0	791.3	631.4
Claims on public non-financial corporations	1,691.1	2,063.6	2,953.0	3,422.1	5,054.2
Claims on private sector	24,775.2	27,157.8	28,148.1	29,424.2	32,115.8
Other items (net)	(16,598.3)	(19,806.1)	(20,946.3)	(22,897.0)	(25,074.7)
<b>Transferable, other deposits and securities other than shares included in broad money</b>	<b>33,248.0</b>	<b>37,990.0</b>	<b>48,953.0</b>	<b>52,186.5</b>	<b>55,449.8</b>
	Annual percentage change				
Net foreign assets	170	(192)	(254)	(36)	(59)
Claims on non-residents	50	(1)	134	(10)	(12)
Liabilities to non-residents	11	154	20	0	(1)
Net claims on central government	33	60	22	18	8
Claims on other sectors	7	10	6	6	12
Claims on other financial corporations	20	(16)	(7)	26	(20)
Claims on public non-financial corporations	(6)	22	43	16	48
Claims on private sector	7	10	4	5	9

Source: Maldives Monetary Authority

**Table 12: Depository Corporations Survey, 2019-2023**

(millions of rufiyaa)

	2019	2020	2021	2022	2023
<b>Net foreign assets</b>	<b>13,041.8</b>	<b>6,617.9</b>	<b>14,163.3</b>	<b>12,217.7</b>	<b>8,959.5</b>
Central bank	11,009.9	8,497.0	11,265.4	10,376.9	8,211.2
Other depository corporations	2,031.9	(1,879.1)	2,897.9	1,840.8	748.3
<b>Net domestic assets</b>	<b>23,199.6</b>	<b>34,767.0</b>	<b>38,058.4</b>	<b>43,157.0</b>	<b>50,213.7</b>
Domestic claims	40,582.5	54,641.2	59,447.2	66,830.5	75,848.8
Net claims on central government	13,298.7	24,733.4	27,703.3	33,175.9	38,031.2
Claims on other sectors	27,283.8	29,907.7	31,743.9	33,654.7	37,817.6
o/w Claims on private sector	24,789.6	27,168.0	28,161.0	29,441.3	32,132.0
Other items (net)	(17,382.8)	(19,874.1)	(21,388.8)	(23,673.5)	(25,635.1)
<b>Broad money</b>	<b>36,241.4</b>	<b>41,385.0</b>	<b>52,221.7</b>	<b>55,374.7</b>	<b>59,173.2</b>
Narrow money	14,556.9	19,002.6	22,343.0	22,400.7	23,391.5
Quasi money	21,684.5	22,382.4	29,878.6	32,974.0	35,781.6
	Annual percentage change				
Net foreign assets	33	(49)	114	(14)	(27)
Central bank	21	(23)	33	(8)	(21)
Other depository corporations	170	(192)	(254)	(36)	(59)
Domestic claims	3	35	9	12	13
Net claims on central government	2	86	12	20	15
Claims on other sectors	4	10	6	6	12
Broad money	10	14	26	6	7
Narrow money	(0)	31	18	0	4
Quasi money	17	3	33	10	9
<b>Memorandum items:</b>					
Dollarization ratio	52.9	45.7	46.5	47.9	46.7

Source: Maldives Monetary Authority

**Table 13: Other Financial Corporations Survey, 2019-2023**

(millions of rufiyaa)

	2019	2020	2021	2022	2023
<b>Net foreign assets</b>	<b>129.7</b>	<b>242.1</b>	<b>581.2</b>	<b>761.9</b>	<b>457.0</b>
Claims on nonresidents	437.1	525.3	886.1	1,131.2	975.0
Liabilities to nonresidents	(307.4)	(283.2)	(304.9)	(369.3)	(518.0)
<b>Net domestic assets</b>	<b>14,307.2</b>	<b>15,983.5</b>	<b>17,853.0</b>	<b>20,060.2</b>	<b>22,681.2</b>
Domestic claims	17,153.1	19,081.9	21,669.9	24,516.9	27,047.4
Claims on depository corporations	981.7	1,135.3	1,507.1	2,043.5	2,612.4
Net claims on central government	13,043.2	14,475.5	16,423.1	18,242.2	19,643.9
Claims on Central Government	13,081.7	14,507.9	16,447.3	18,269.4	19,686.1
Liabilities to Central Government	(38.5)	(32.4)	(24.2)	(27.1)	(42.2)
Claims on other sectors	3,128.2	3,471.0	3,739.6	4,231.1	4,791.0
Claims on Public Non-financial Corporations	138.2	170.8	160.8	200.4	432.5
Claims on Private Sector	2,989.9	3,300.2	3,578.9	4,030.7	4,358.5
Other items (net)	(2,845.9)	(3,098.4)	(3,816.9)	(4,456.7)	(4,366.1)
<b>Insurance technical reserves</b>	<b>14,436.9</b>	<b>16,225.6</b>	<b>18,434.2</b>	<b>20,822.1</b>	<b>23,138.2</b>
		Annual percentage change			
Net foreign assets	270	87	140	31	(40)
Net claims on central government	15	11	13	11	8

Source: Maldives Monetary Authority

**Table 14: Financial Corporations Survey, 2019-2023**

(millions of rufiyaa)

	2019	2020	2021	2022	2023
<b>Net foreign assets</b>	<b>13,171.5</b>	<b>6,860.0</b>	<b>14,744.5</b>	<b>12,979.6</b>	<b>9,416.5</b>
Central bank	11,009.9	8,497.0	11,265.4	10,376.9	8,211.2
Other depository corporations	2,031.9	(1,879.1)	2,897.9	1,840.8	748.3
Other financial corporations	129.7	242.1	581.2	761.9	457.0
<b>Net domestic assets</b>	<b>36,983.2</b>	<b>49,976.9</b>	<b>54,894.0</b>	<b>61,788.7</b>	<b>70,979.1</b>
Domestic claims	55,950.8	71,911.6	78,980.0	88,512.6	99,652.4
Net claims on central government	26,341.9	39,209.0	44,126.4	51,418.1	57,675.2
Claims on other sectors	29,608.9	32,702.6	34,853.5	37,094.5	41,977.2
o/w Claims on private sector	27,779.5	30,468.2	31,739.8	33,472.0	36,490.5
Other items (net)	(18,967.6)	(21,934.7)	(24,085.9)	(26,723.9)	(28,673.3)
Currency outside financial corporations	2,993.1	3,394.8	3,268.5	3,188.0	3,512.3
Deposits	32,736.6	37,227.9	47,946.9	50,766.3	53,755.4
Insurance technical reserves	14,425.0	16,214.3	18,423.1	20,813.9	23,127.9

Source: Maldives Monetary Authority

**Table 15: Assets and Liabilities of the Maldives Monetary Authority, 2019-2023**

(millions of rufiyaa)

	2019	2020	2021	2022	2023
<b>Assets</b>	<b>18,688.5</b>	<b>26,178.0</b>	<b>23,225.5</b>	<b>26,138.1</b>	<b>25,108.3</b>
Foreign assets	11,597.9	15,186.9	12,410.5	12,823.4	9,103.1
Claims on central government	6,188.8	9,397.8	9,696.6	12,355.6	14,606.8
Claims on other sectors	77.7	696.2	229.9	81.2	81.4
Other assets	347.9	363.9	353.2	336.8	339.6
Non-financial assets	476.2	533.2	535.3	541.2	977.4
<b>Liabilities</b>	<b>18,688.5</b>	<b>26,178.0</b>	<b>23,225.5</b>	<b>26,138.1</b>	<b>25,108.3</b>
Currency in circulation	3,599.7	3,942.1	3,790.7	3,726.3	4,046.1
Claims to central government	3,188.7	1,119.9	2,046.1	2,767.1	1,994.8
Claims to other depository corporations	7,506.5	8,306.6	8,638.5	8,979.8	8,391.6
Claims to other sectors	13.7	13.6	13.5	14.8	14.8
Other liabilities to other depository corporations	2,296.1	4,619.4	6,193.4	6,786.5	7,788.9
Foreign liabilities	588.0	6,689.9	1,145.1	2,446.5	892.0
Other liabilities	768.7	799.7	657.9	657.9	875.9
Shares and other equity	727.2	686.8	740.4	759.3	1,104.1
	Annual percentage change				
Foreign assets	6	31	(18)	3	(29)
Claims on central government	(1)	52	3	27	18
Currency in circulation	(2)	10	(4)	(2)	9
Claims to central government	227	(65)	83	35	(28)
<b>Memorandum items:</b>					
Monetary Operations (average investment)					
Overnight Deposit Facility	2,347.5	3,138.2	4,508.2	6,025.5	7,143.2

Source: Maldives Monetary Authority

**Table 16: Assets and Liabilities of Other Depository Corporations, 2019-2023**

(millions of rufiyaa)

	2019	2020	2021	2022	2023
<b>Assets</b>	<b>56,505.4</b>	<b>68,911.9</b>	<b>83,234.6</b>	<b>88,546.4</b>	<b>94,622.6</b>
Foreign assets	4,541.5	4,499.5	10,524.1	9,474.3	8,310.4
Cash	606.2	547.2	522.0	538.1	533.7
Deposits with central bank	9,640.2	12,774.9	14,695.6	15,479.7	16,021.9
Securities other than shares	12,276.2	18,289.8	22,151.6	26,169.1	28,344.5
Loans and advances	26,956.8	29,701.7	31,465.9	33,419.7	37,706.8
Shares and other equity	103.5	64.2	53.1	102.1	102.1
Other assets	975.7	1,315.4	1,945.8	1,264.4	1,377.2
Non-financial assets	1,405.2	1,719.2	1,876.6	2,099.1	2,226.0
<b>Liabilities</b>	<b>56,505.4</b>	<b>68,911.9</b>	<b>83,234.6</b>	<b>88,546.4</b>	<b>94,622.6</b>
Foreign liabilities	2,509.5	6,378.6	7,626.2	7,633.5	7,562.1
Deposits	33,248.0	37,990.0	48,953.0	52,186.5	55,449.8
Central government liabilities	1,768.5	1,752.6	1,936.8	2,515.9	2,932.8
Other liabilities	5,060.6	7,502.0	6,861.2	5,848.7	5,881.4
Shares and other equity	13,918.6	15,288.6	17,857.5	20,361.7	22,796.5
<b>Memorandum items</b>					
Transferable deposits	25,851.2	29,944.8	38,530.0	40,260.5	40,703.7
Local currency	11,563.5	15,607.7	19,074.4	19,212.6	19,879.1
Foreign currency	14,287.7	14,337.2	19,455.6	21,048.0	20,824.6
Other deposits	7,396.9	8,045.2	10,423.0	11,926.0	14,746.1
Local currency	2,526.1	3,449.2	5,610.5	6,463.8	7,913.8
Foreign currency	4,870.7	4,595.9	4,812.5	5,462.2	6,832.3

Source: Maldives Monetary Authority

**Table 17: Assets and Liabilities of Other Financial Corporations, 2019-2023**

(millions of rufiyaa)

	2019	2020	2021	2022	2023
<b>Assets</b>	<b>18,466.2</b>	<b>20,688.1</b>	<b>23,674.3</b>	<b>26,808.5</b>	<b>29,464.8</b>
Foreign assets	437.1	525.3	886.1	1,131.2	975.0
Cash	0.3	0.1	0.1	0.1	0.1
Deposits with central bank	12.0	12.0	12.0	12.0	12.0
Deposits with other depository corporations	843.5	994.0	1,363.6	1,869.1	2,078.2
Securities other than shares	9,987.4	11,278.0	13,265.5	14,947.2	16,606.2
Loans and advances	6,144.6	6,581.9	6,963.4	7,525.4	7,914.2
Shares and other equity	652.6	660.3	648.0	721.4	1,096.6
Other assets	237.5	440.3	329.9	377.9	531.9
Non-financial assets	151.0	196.2	205.6	224.2	250.6
<b>Liabilities</b>	<b>18,466.2</b>	<b>20,688.1</b>	<b>23,674.3</b>	<b>26,808.5</b>	<b>29,464.8</b>
Foreign liabilities	307.4	283.2	304.9	369.3	518.0
Deposits	89.5	81.2	79.4	82.4	83.1
Central government liabilities	38.5	32.4	24.2	27.1	42.2
Credit from other depository corporations	744.8	696.2	657.4	790.1	677.3
Securities other than shares	468.5	432.5	574.7	564.3	650.7
Loans	90.4	85.0	72.3	45.9	5.9
Insurance technical reserves	14,436.9	16,225.6	18,434.2	20,822.1	23,138.2
Other liabilities	707.4	820.1	1,042.4	1,281.5	1,331.3
Shares and other equity	1,582.7	2,031.8	2,484.8	2,825.8	3,018.2

Source: Maldives Monetary Authority

**Table 18: Private Sector Loans and Advances by Other Depository Corporations  
(By Economic Group), 2019-2023**

(millions of rufiyaa)

	2019	2020	2021	2022	2023
<b>Total loans and advances <sup>1/</sup></b>	<b>24,499.5</b>	<b>26,669.2</b>	<b>27,789.2</b>	<b>29,043.4</b>	<b>31,708.0</b>
Agriculture	1.9	1.8	0.3	0.2	10.9
Fishing	434.3	343.7	294.8	288.1	258.2
Manufacturing	108.1	103.8	100.2	85.6	52.4
Construction <sup>2/</sup>	5,305.8	5,719.2	5,837.9	5,829.7	6,001.1
Real estate <sup>2/</sup>	1,842.4	2,041.3	1,973.0	2,104.1	2,252.0
Tourism	8,979.3	10,695.6	10,866.5	11,236.2	11,960.0
Commerce	3,098.2	2,940.7	3,072.2	3,357.3	3,837.5
Transport and communication	898.3	711.4	1,016.6	675.3	771.3
Electricity, gas, water and sanitary services	0.7	-	-	7.7	10.0
Personal loans	2,783.2	3,020.7	3,565.7	4,533.6	5,559.2
Other	1,047.3	1,091.2	1,061.8	925.5	995.5
	As a percentage of total				
Fishing	2	1	1	1	1
Construction	22	21	21	20	19
Real estate	8	8	7	7	7
Tourism	37	40	39	39	38
Commerce	13	11	11	12	12
Transport and communication	4	3	4	2	2
	Annual percentage change				
Total loans and advances	7	9	4	5	9
o/w Fishing	(7)	(21)	(14)	(2)	(10)
Construction	10	8	2	(0)	3
Real estate	9	11	(3)	7	7
Tourism	6	19	2	3	6
Commerce	(1)	(5)	4	9	14
Transport and communication	4	(21)	43	(34)	14

Source: Maldives Monetary Authority

<sup>1/</sup> Data represents total loans and advances excluding accrued interest receivable and accounts receivable.

<sup>2/</sup> From June 2017 onwards, construction loans are reported as real estate loans when all proceeds under the loan have been advanced as per instructions in MMA financial returns.

**Table 19: Total Loans by Financial Institutions, 2019-2023 <sup>1/</sup>****(millions of rufiyaa)**

	2019	2020	2021	2022	2023
<b>Total loans and advances <sup>2/</sup></b>	<b>28,095.1</b>	<b>30,905.6</b>	<b>33,298.5</b>	<b>35,468.3</b>	<b>40,152.9</b>
Agriculture	4.4	6.5	6.4	6.2	16.6
Fishing	523.4	432.8	525.6	590.5	674.1
Manufacturing	159.2	155.0	203.2	209.4	180.6
Construction <sup>3/</sup>	6,615.0	7,074.8	7,120.1	7,303.4	7,749.1
Real estate <sup>3/</sup>	2,533.5	2,743.5	2,627.5	2,727.5	3,088.6
Tourism	9,104.0	10,867.6	11,154.6	11,611.2	12,438.7
Commerce	3,483.3	3,575.0	4,082.6	4,112.5	4,826.8
Transport and communication	1,610.6	1,627.7	2,711.2	2,873.9	3,719.3
Electricity, gas, water and sanitary services	71.1	39.3	39.2	194.2	593.5
Personal loans	2,897.1	3,070.5	3,684.8	4,727.8	5,752.4
Other	1,093.5	1,313.1	1,143.1	1,111.8	1,113.2
As a percentage of total					
Fishing	2	1	2	2	2
Construction	24	23	21	21	19
Real estate	9	9	8	8	8
Tourism	32	35	33	33	31
Commerce	12	12	12	12	12
Transport and communication	6	5	8	8	9
Annual percentage change					
Total loans and advances	7	10	8	7	13
o/w Fishing	(10)	(17)	21	12	14
Construction	10	7	1	3	6
Real estate	8	8	(4)	4	13
Tourism	7	19	3	4	7
Commerce	(2)	3	14	1	17
Transport and communication	8	1	67	6	29

Source: Maldives Monetary Authority

<sup>1/</sup> This refers to loans and advances to private sector and public non-financial corporations by Other Depository Corporations and Other Financial Corporations.<sup>2/</sup> Data represents total loans and advances excluding accrued interest receivable and accounts receivable.<sup>3/</sup> From June 2017 onwards, construction loans are reported as real estate loans when all proceeds under the loan have been advanced as per instructions in MMA financial returns.

**Table 20: Interest Rates, 2019-2023**

(weighted average interest rates per annum; end of period)

	2019	2020	2021	2022	2023
<b>Maldives Monetary Authority</b>					
<b>Monetary Operations</b>					
<b>Standing Facilities</b>					
Overnight Deposit Facility	1.50	1.50	1.50	1.50	1.50
Overnight Lombard Facility	10.00	10.00	10.00	10.00	10.00
<b>Government</b>					
<b>Treasury bills</b>					
28 days	3.50	3.50	3.50	3.50	3.50
91 days	3.87	3.87	3.87	3.87	3.87
182 days	4.23	4.23	4.23	4.23	4.23
364 days	4.60	4.60	4.60	4.60	4.60
<b>Commercial banks</b>					
<b>Deposits</b>					
<b>Transferable deposits</b>					
Local currency	1.48	1.51	1.49	1.44	1.41
Foreign currency	0.73	0.80	0.79	0.70	0.79
<b>Savings deposits</b>					
Local currency	1.50	1.49	1.49	1.49	1.49
Foreign currency	2.00	1.92	1.41	1.43	1.42
<b>Time deposits (up to 3 months)</b>					
Local currency	2.98	2.50	2.20	2.21	2.33
Foreign currency	2.66	2.27	3.28	3.39	2.45
<b>Time deposits (3 to 6 months)</b>					
Local currency	2.65	3.04	2.74	2.76	3.15
Foreign currency	3.11	3.18	2.81	2.98	3.14
<b>Time deposits (2 to 3 years)</b>					
Local currency	4.72	4.75	4.39	4.00	4.71
Foreign currency	1.75	1.75	1.75	1.75	5.07
<b>Loans and advances</b>					
<b>Public non-financial corporations</b>					
Local currency	9.83	8.74	8.58	8.78	8.99
Foreign currency	8.58	7.91	8.03	8.79	8.76
<b>Private sector</b>					
Local currency	11.59	11.55	11.39	11.73	11.65
Foreign currency	8.49	8.48	8.03	8.26	8.44
<b>Other financial institutions</b>					
<b>Share prices</b>					
MASIX index (period average)	189.22	197.32	194.94	305.31	408.90
MASIX index (end of period)	199.05	199.25	191.07	311.21	383.08

Source: Maldives Monetary Authority; Maldives Stock Exchange

**Table 21: Financial Soundness Indicators, 2019-2023 <sup>1/</sup>****(In percent)**

	2019	2020	2021	2022	2023
<b>Capital adequacy</b>					
Regulatory capital to risk-weighted assets	46.4	46.3	46.9	50.7	50.5
Tier 1 capital to risk-weighted assets	39.0	41.0	36.4	41.2	41.4
Non-performing loans net of provisions to capital	9.3	21.0	14.2	8.1	7.1
Tier 1 capital to assets	20.9	19.3	15.9	17.9	19.1
<b>Asset quality</b>					
Non-performing loans to total gross loans	11.6	18.8	12.6	9.4	8.3
Loan concentration by economic sectors <sup>2/</sup>	86.8	87.0	88.1	86.1	84.3
Provisions to non-performing loans	65.1	51.7	54.8	60.6	58.6
<b>Earnings and profitability</b>					
Return on assets (ROA)	4.6	2.5	5.8	4.7	5.0
Return on equity (ROE)	13.3	7.5	19.8	15.9	15.7
Interest margin to gross income	65.0	71.6	58.1	63.1	64.5
Non-interest expenses to gross income	31.8	31.8	28.8	32.6	32.6
<b>Liquidity</b>					
Liquid assets to total assets (Liquid asset ratio)	25.4	32.3	35.8	32.2	30.6
Liquid assets to short-term liabilities	40.5	52.2	55.0	51.1	49.6
<b>Net open position in foreign exchange to capital</b>	<b>6.4</b>	<b>(9.2)</b>	<b>6.1</b>	<b>(7.0)</b>	<b>(10.5)</b>

Source: Maldives Monetary Authority

<sup>1/</sup> This table has been compiled in line with the IMF 2019 Financial Soundness Indicators Compilation Guide.<sup>2/</sup> Refers to lending to the three largest economic sectors as a proportion to the total gross loans to the nonfinancial corporations

**Table 22: Financial Access Survey, 2018-2022 <sup>1/</sup>**

	2018	2019	2020	2021	2022
<b>Commercial banks</b>					
No. of institutions	8	8	8	8	8
No. of branches	46	51	52	52	52
No. of ATMs	131	149	165	174	182
No. of depositors	400,148	419,345	472,926	523,437	571,643
No. of deposit accounts	538,268	503,261	532,030	542,446	593,787
No. of borrowers	59,829	72,567	76,286	112,208	133,532
No. of loan accounts	66,673	70,632	80,955	132,158	157,782
Outstanding loans (millions of MVR)	24,248.7	25,956.2	28,764.4	30,710.9	32,432.0
Outstanding deposits (millions of MVR)	29,515.3	32,647.1	37,143.5	47,864.2	50,682.6
<b>Other financial intermediaries</b>					
No. of institutions	2	3	3	3	3
No. of customers	8,733	9,411	7,622	7,400	8,692
No. of customer accounts	9,598	10,440	8,014	7,424	8,747
No. of borrowers	8,733	9,411	7,622	7,400	8,692
No. of loan accounts	8,896	9,535	7,132	6,471	7,795
<b>Insurance corporations</b>					
No. of companies	5	5	5	5	5
No. of insurance policy holders	65,626	68,497	66,564	94,833	104,313
No. of insurance policies	149,636	182,068	139,309	164,943	218,569

Source: Maldives Monetary Authority

<sup>1/</sup> This table is compiled based on information available as at 31 May 2023 in accordance with IMF's Financial Access Survey.

Note: Number of deposit accounts or number of loan accounts counted refers to total number of every single corporate, individual and / or joint account, whilst number of depositors or number of borrowers counted refers to total number of corporate, individual, joint account holders who are counted as one depositor or borrower irrespective of the number of accounts held by the holders.

**Table 23: Key Indicators of General Insurance Business, 2019-2023<sup>1/</sup>****(millions of rufiyaa)**

	2019	2020	2021	2022	2023
<b>Premium</b>					
Gross written premium	945.9	914.0	1,152.3	1,336.4	1,648.8
Net written premium	324.1	284.4	405.5	537.0	760.7
Net earned premium	323.1	298.8	344.3	477.1	670.9
<b>Claims</b>					
Gross claims	283.1	267.6	452.2	685.8	615.7
Net claims incurred	128.0	113.2	154.6	275.7	444.6
<b>Reinsurance</b>					
Reinsurance business ceded	621.8	629.6	746.8	799.4	888.1
Reinsurance recoveries	138.3	178.2	375.3	381.3	231.3
Reinsurance commission	112.3	117.2	121.6	125.5	116.1
<b>Ratio (%)</b>					
Retention ratio	34.3	31.1	35.2	40.2	46.1
Insurance penetration <sup>2/</sup>	1.1	1.6	1.4	1.3	1.5
Net claim ratio	39.6	37.9	44.9	57.8	66.3
Net expense ratio	30.6	28.9	30.7	35.0	34.4
Net combined ratio	70.2	66.8	75.6	92.8	100.7
Insurance density (USD) <sup>2/</sup>	114.9	106.3	131.5	145.0	181.1
Profit	153.9	139.4	117.6	121.8	129.6

Source: Maldives Monetary Authority

<sup>1/</sup> Figures are from unaudited quarterly returns submitted to the MMA.<sup>2/</sup> Figures are calculated from audited financial statements submitted to MMA.

**Table 24: Insurance Premium and Claims by Class, 2019-2023 <sup>1/</sup>****(millions of rufiyaa)**

	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Total gross written premium</b>	<b>945.9</b>	<b>914.0</b>	<b>1,152.3</b>	<b>1,336.4</b>	<b>1,648.8</b>
Marine cargo	28.7	17.8	27.2	40.5	36.3
Marine hull	114.4	101.4	110.2	120.7	120.6
Fire	310.0	341.1	387.1	411.0	464.3
Health	232.2	185.7	238.8	342.0	485.5
Motor	29.9	26.3	25.8	26.8	28.1
Personal accident	8.0	8.0	9.1	10.9	14.1
Public liability	25.2	24.9	24.7	44.3	57.5
Engineering	11.4	12.2	23.5	36.0	45.6
Travel	2.1	1.4	1.9	5.5	4.2
Miscellaneous	183.9	195.3	304.0	298.7	392.5
<b>Total gross claims</b>	<b>283.1</b>	<b>267.6</b>	<b>452.2</b>	<b>685.8</b>	<b>615.7</b>
Marine cargo	3.1	5.2	4.5	13.9	6.4
Marine hull	58.0	58.6	64.2	130.8	62.7
Fire	76.2	62.1	248.8	270.5	171.3
Health	99.9	79.9	97.7	215.7	323.1
Motor	2.5	2.9	2.2	2.9	4.8
Personal accident	1.0	0.4	0.6	0.9	1.8
Public liability	5.1	3.0	0.3	0.1	0.5
Engineering	1.9	2.3	(0.0)	1.0	0.7
Travel	0.6	0.5	0.3	0.5	0.1
Miscellaneous	34.7	52.7	33.5	49.6	44.2

Source: Maldives Monetary Authority

<sup>1/</sup> Figures are from unaudited quarterly returns submitted to the MMA.

**Table 25: Assets and Liabilities of Insurance Corporations, 2019-2023**

(millions of rufiyaa)

	2019	2020	2021	2022	2023
<b>Assets</b>	<b>1,607.4</b>	<b>1,880.6</b>	<b>2,319.5</b>	<b>2,784.0</b>	<b>2,980.1</b>
Foreign assets	436.6	524.8	885.7	1,130.8	974.0
o/w Prepaid premiums and outstanding claims: Nonresidents <sup>1/</sup>	255.5	332.9	439.6	307.0	194.5
Deposits with central bank	12.0	12.0	12.0	12.0	12.0
Deposits with ODC	208.6	223.5	258.3	296.2	326.2
Securities other than shares	255.7	311.2	339.9	387.7	552.1
Loans & advances	280.9	336.1	329.8	366.7	390.9
Shares & other equity	94.6	102.3	90.0	163.4	236.9
Other assets	188.5	221.7	247.9	257.1	296.7
Non-financial assets	130.4	148.9	155.9	170.1	191.3
<b>Liabilities</b>	<b>1,607.4</b>	<b>1,880.6</b>	<b>2,319.5</b>	<b>2,784.0</b>	<b>2,980.1</b>
Foreign liabilities	202.3	224.2	249.0	325.1	504.0
Central govt. liabilities	34.2	29.3	22.0	22.9	38.5
Insurance technical reserves	548.9	654.9	1,000.4	1,228.4	1,126.8
Other liabilities	313.6	374.1	416.0	457.2	481.4
Shares & other equity	508.4	598.1	632.0	750.3	829.5

Source: Maldives Monetary Authority

<sup>1/</sup> This includes reinsurance.

**Table 26: Reserve Data Template, 2019-2023 <sup>1/</sup>****(millions of US dollars)**

	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Official reserve assets</b>	<b>753.5</b>	<b>984.9</b>	<b>805.8</b>	<b>832.1</b>	<b>590.5</b>
Foreign currency reserves	744.1	975.3	796.4	823.4	582.8
Securities	73.7	104.8	156.9	231.3	273.6
Currency and deposits	670.3	870.5	639.5	592.1	309.2
Other national central banks, BIS and IMF	57.6	48.5	47.1	96.7	30.0
Banks headquartered outside reporting country	612.7	822.0	592.4	495.4	279.2
IMF reserve position	6.6	6.9	6.7	6.4	6.4
SDRS	2.8	2.7	2.7	2.3	1.3
Other reserve assets	-	-	-	-	-
<b>Other foreign currency assets</b>	<b>2.5</b>	<b>42.5</b>	<b>11.7</b>	<b>1.9</b>	<b>2.2</b>
Securities not included in official reserve assets	2.5	2.1	1.7	1.9	2.2
Deposits not included in official reserve assets	0.0	40.4	10.0	0.0	0.0
Other	-	-	-	-	-
<b>Predetermined short-term net drains</b>	<b>(438.6)</b>	<b>(811.9)</b>	<b>(393.2)</b>	<b>(564.5)</b>	<b>(411.8)</b>
Loans, securities, and deposits	(410.6)	(788.7)	(332.7)	(504.1)	(361.6)
Forwards, futures, and swaps	-	-	-	-	-
Other <sup>2/</sup>	(28.0)	(23.1)	(60.5)	(60.3)	(50.2)

Source: Maldives Monetary Authority

<sup>1/</sup> This table includes reserve data compiled as per the International Reserves and Foreign Currency Liquidity data template guideline by IMF (2013). It includes only on-balance sheet items of Maldives Monetary Authority.<sup>2/</sup> This includes net of repos, reverse repos, trade credit, accounts payable and accounts receivable.

**Table 27: Balance of Payments, 2019-2023 <sup>1/</sup>**

(millions of US dollars)

	2019	2020	2021	2022	2023
<b>Current account balance</b>	<b>(1,478.3)</b>	<b>(1,327.2)</b>	<b>(453.4)</b>	<b>(1,003.7)</b>	<b>(1,400.9)</b>
Balance on goods and services	(337.0)	(661.9)	502.4	196.4	(83.4)
Balance on goods	(2,382.2)	(1,450.5)	(2,105.2)	(2,916.3)	(2,862.2)
Export	360.7	257.6	285.4	399.7	433.6
Import	2,742.9	1,708.1	2,390.6	3,316.1	3,295.8
Balance on services	2,045.2	788.6	2,607.6	3,112.7	2,778.7
Export	3,381.4	1,528.9	3,699.4	4,695.9	4,458.2
Import	1,336.2	740.3	1,091.8	1,583.2	1,679.5
Balance on primary income	(559.8)	(305.8)	(535.3)	(711.5)	(771.0)
Balance on secondary income	(581.5)	(359.5)	(420.6)	(488.6)	(546.5)
<b>Capital account balance <sup>2/</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial account <sup>3/</sup> (excludes reserves and related items)</b>	<b>(1,034.2)</b>	<b>(1,285.1)</b>	<b>(600.9)</b>	<b>(847.4)</b>	<b>(1,062.2)</b>
Direct investment	(961.0)	(440.7)	(642.8)	(732.2)	(761.5)
Portfolio investment	168.6	49.5	(283.9)	83.0	17.9
Other investment	(241.7)	(894.0)	325.8	(198.1)	(318.6)
<b>Net errors and omissions</b>	<b>486.3</b>	<b>244.3</b>	<b>(326.3)</b>	<b>178.8</b>	<b>102.5</b>
<b>Overall balance</b>	<b>42.2</b>	<b>202.3</b>	<b>(178.8)</b>	<b>26.8</b>	<b>(236.2)</b>
<b>Reserve and related items</b>	<b>42.2</b>	<b>202.3</b>	<b>(178.8)</b>	<b>26.8</b>	<b>(236.2)</b>
<b>Memorandum items:</b>					
Exports of goods and services	3,742.1	1,786.5	3,984.8	5,095.6	4,891.9
Current account as a percent of GDP	(26)	(36)	(9)	(16)	(20)
Gross International Reserves	753.5	984.9	805.8	832.1	590.5
Nominal GDP <sup>4/</sup>	5,712.0	3,703.3	5,238.2	6,157.3	6,898.7

Source: Maldives Monetary Authority; Maldives Bureau of Statistics; Ministry of Finance

<sup>1/</sup> This table is compiled based on information available as at 25 April 2024.<sup>2/</sup> Capital grants are included in secondary income account from 2016 onwards since it could not be segregated from total grants.<sup>3/</sup> Positive sign indicates net lending and negative sign indicates net borrowing.<sup>4/</sup> Figures for 2023 are projections available as at 31 October 2023, forecasted by the Maldives Monetary Authority and the Ministry of Finance.

**Table 28: Current and Capital Account of Balance of Payments, 2019-2023 <sup>1/</sup>****(millions of US dollars)**

	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Current account balance</b>	<b>(1,478.3)</b>	<b>(1,327.2)</b>	<b>(453.4)</b>	<b>(1,003.7)</b>	<b>(1,400.9)</b>
Balance on goods and services	(337.0)	(661.9)	502.4	196.4	(83.4)
Balance on goods	(2,382.2)	(1,450.5)	(2,105.2)	(2,916.3)	(2,862.2)
Export	360.7	257.6	285.4	399.7	433.6
Domestic exports	158.0	162.8	151.3	159.0	174.5
Re-exports	202.6	94.8	134.1	240.7	259.2
Import	2,742.9	1,708.1	2,390.6	3,316.1	3,295.8
Balance on services	2,045.2	788.6	2,607.6	3,112.7	2,778.7
Export	3,381.4	1,528.9	3,699.4	4,695.9	4,458.2
o/w Travel	3,157.1	1,397.9	3,508.4	4,498.0	4,230.3
Transportation	150.1	84.2	138.2	136.0	153.5
Import	1,336.2	740.3	1,091.8	1,583.2	1,679.5
o/w Travel	349.0	111.6	153.4	302.8	429.8
Transportation	381.5	211.2	344.2	470.0	487.8
Balance on primary income	(559.8)	(305.8)	(535.3)	(711.5)	(771.0)
o/w Debit: Investment income	580.4	320.1	547.0	747.1	822.3
Balance on secondary income	(581.5)	(359.5)	(420.6)	(488.6)	(546.5)
o/w Debit: Workers remittance	595.4	395.9	495.7	564.6	587.2
<b>Capital account balance <sup>2/</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Source: Maldives Monetary Authority

<sup>1/</sup> This table is compiled based on information available as at 25 April 2024.<sup>2/</sup> Capital grants are included in secondary income account from 2016 onwards since it could not be segregated from total grants.

**Table 29: Financial Account of Balance of Payments, 2019-2023 <sup>1/</sup>****(millions of US dollars)**

	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Financial account <sup>2/</sup> (excludes reserves and related items)</b>	<b>(1,034.2)</b>	<b>(1,285.1)</b>	<b>(600.9)</b>	<b>(847.4)</b>	<b>(1,062.2)</b>
Direct investment	(961.0)	(440.7)	(642.8)	(732.2)	(761.5)
Net acquisition of financial assets	-	-	-	-	-
Net incurrence of liabilities	961.0	440.7	642.8	732.2	761.5
o/w Equity and investment fund shares	961.0	440.7	642.8	732.2	761.5
Equity other than reinvestment of earnings	780.2	343.8	452.6	515.5	536.2
Reinvestment of earnings	180.8	96.9	190.2	216.7	225.4
Portfolio investment	168.6	49.5	(283.9)	83.0	17.9
Net acquisition of financial assets	6.7	20.2	0.0	8.7	17.9
Equity and investment fund shares	4.2	2.3	0.0	(0.6)	-
Debt Instruments	2.4	17.9	0.0	9.3	17.9
Net incurrence of liabilities	(161.9)	(29.3)	283.9	(74.3)	-
Equity and investment fund shares	(30.4)	(0.7)	9.9	(5.7)	-
Debt Instruments	(131.5)	(28.6)	274.0	(68.6)	-
o/w General government	-	-	307.0	(58.0)	-
Other sectors	(131.5)	(28.6)	(33.1)	(10.5)	-
Other investment	(241.7)	(894.0)	325.8	(198.1)	(318.6)
Net acquisition of financial assets	244.2	(28.4)	248.6	(51.2)	(132.0)
o/w Debt Instruments	244.2	(28.4)	248.6	(51.2)	(132.0)
o/w Central bank	(0.1)	(0.0)	-	-	-
Deposit-taking corporations	92.5	(45.1)	391.2	(87.3)	(78.0)
Other sectors	151.7	16.7	(142.6)	36.0	(54.0)
Net incurrence of liabilities	485.9	865.6	(77.2)	146.9	186.6
o/w Debt Instruments	485.3	894.4	(105.6)	146.9	186.6
o/w Central bank	(85.8)	396.3	(388.4)	113.4	(101.0)
Deposit-taking corporations	16.0	250.8	80.8	0.2	(4.0)
General Government	105.6	148.2	133.4	38.3	330.6
Other sectors	450.1	70.3	68.6	(5.0)	(39.0)
<b>Reserve and related items</b>	<b>42.2</b>	<b>202.3</b>	<b>(178.8)</b>	<b>26.8</b>	<b>(236.2)</b>

Source: Maldives Monetary Authority

<sup>1/</sup> This table is compiled based on information available as at 25 April 2024.<sup>2/</sup> Positive sign indicates net lending and negative sign indicates net borrowing.

**Table 30: Import and Export by Sector, 2019-2023**

(millions of US dollars)

	2019	2020	2021	2022	2023
<b>Total imports (cif)</b>	<b>2,887.5</b>	<b>1,837.9</b>	<b>2,573.1</b>	<b>3,515.7</b>	<b>3,497.2</b>
Private imports	2,303.1	1,398.2	1,895.1	2,403.9	2,547.0
Tourism	753.2	352.6	447.3	522.1	515.2
Private (excluding tourism)	1,549.9	1,045.5	1,447.8	1,881.7	2,031.8
Public imports	584.4	439.7	678.0	1,111.8	950.2
Public enterprises	511.4	390.0	601.9	1,062.8	889.6
Government	73.0	49.7	76.1	49.0	60.5
<b>Total exports (fob)</b>	<b>360.7</b>	<b>285.7</b>	<b>285.3</b>	<b>399.8</b>	<b>421.4</b>
Domestic exports	158.0	162.8	151.3	159.0	162.2
Private exports	97.9	92.1	67.4	80.2	64.3
Public exports	60.1	70.7	83.9	78.8	97.9
Re-exports	202.6	122.9	134.1	240.7	259.2
Jet fuel	134.9	50.3	99.5	193.2	196.2
<b>Memorandum items:</b>					
Crude oil average prices (US dollars per barrel) <sup>1/</sup>	61.4	41.3	69.1	97.1	80.8

Source: Maldives Customs Service; Maldives Airports Company Limited; Gan International Airport; Maamigili International Airport; The World Bank

<sup>1/</sup>This is an average of Brent, Dubai and WTI crude oil prices.

**Table 31: Composition of Exports (fob), 2019-2023**

(millions of US dollars)

	2019	2020	2021	2022	2023
<b>Merchandise exports</b>	<b>360.7</b>	<b>285.7</b>	<b>285.3</b>	<b>399.8</b>	<b>421.4</b>
Domestic exports	158.0	162.8	151.3	159.0	162.2
Fish exports	150.1	155.2	139.9	146.5	151.3
Fresh, chilled or frozen tuna	106.8	111.7	101.8	109.2	108.6
o/w Skipjack	43.2	63.2	66.4	79.9	84.0
Yellowfin tuna	62.6	48.4	35.2	28.9	24.2
Fresh, chilled or frozen fish (excluding tuna)	3.2	2.1	1.7	1.4	1.2
Canned or pouched	35.1	34.8	32.1	33.0	38.7
Other processed fish	5.1	6.6	4.3	3.0	2.9
Fish products, sea food, other marine products and live fish	1.4	1.0	1.2	1.6	1.8
Garments and other exports	6.5	6.7	10.2	10.9	9.1
Re-exports	202.6	122.9	134.1	240.7	259.2

Source: Maldives Customs Service; Maldives Airports Company Limited; Gan International Airport; Maamigili International Airport

**Table 32: : Composition of Imports (cif), 2019-2023**

(millions of US dollars)

	2019	2020	2021	2022	2023
<b>Total imports</b>	<b>2,887.5</b>	<b>1,837.9</b>	<b>2,573.1</b>	<b>3,515.7</b>	<b>3,497.2</b>
Food items	546.1	380.8	572.8	681.7	674.5
Furniture, fixtures and fittings	159.1	77.5	87.1	108.1	98.1
Electronic and electrical appliances	88.1	61.2	66.9	70.7	60.7
Petroleum products	465.1	264.1	453.6	831.0	753.4
o/w Petrol	59.1	27.9	52.0	87.8	93.2
Diesel (marine gas oil)	353.0	206.9	359.7	664.9	579.1
Transport equipments and parts	243.3	87.7	176.3	281.2	293.9
Wood, metal, cement and aggregates	426.2	229.9	236.1	375.5	381.7
Machinery and mechanical appliances and parts	186.3	127.9	184.9	240.3	263.1
Electrical, electronic machinery and equipments and parts	150.1	114.9	147.8	208.5	208.6
Other items	623.2	494.1	647.5	718.8	763.1

Source: Maldives Customs Service

**Table 33: Direction of Trade - Export of Goods, 2019-2023**

(millions of US dollars)

	2019	2020	2021	2022	2023
<b>Domestic exports</b>	<b>158.0</b>	<b>162.8</b>	<b>151.3</b>	<b>159.0</b>	<b>162.2</b>
Asia	80.0	91.5	93.1	98.0	107.5
o/w Sri Lanka	5.1	4.6	2.3	1.3	1.4
India	3.4	3.3	6.0	6.4	5.2
Thailand	57.6	70.9	70.2	78.3	87.4
Europe	62.3	57.6	46.5	48.5	50.3
o/w France	15.0	13.1	6.2	5.8	5.6
Germany	18.6	15.8	17.3	15.0	12.7
Italy	6.0	6.9	3.2	3.4	3.0
UK	11.3	11.7	10.3	13.5	22.3
North America	15.1	12.1	6.0	3.5	2.5
o/w USA	13.9	8.6	4.4	2.9	2.1
Oceania	0.4	0.8	0.0	-	-
South America	0.0	0.1	0.8	-	0.0
Africa	0.2	0.8	4.9	9.1	1.9

Source: Maldives Customs Service

**Table 34: Direction of Trade - Import of Goods, 2019-2023****(millions of US dollars)**

	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Total imports</b>	<b>2,887.5</b>	<b>1,837.9</b>	<b>2,573.1</b>	<b>3,515.7</b>	<b>3,497.2</b>
Asia	2,329.3	1,527.4	2,104.5	2,914.7	2,930.8
o/w China	469.4	267.6	323.6	382.6	405.6
India	290.3	241.9	318.0	496.4	545.0
Malaysia	191.5	138.9	134.6	218.6	205.2
Oman	18.2	154.0	337.5	625.3	527.6
Singapore	354.5	200.7	261.8	321.7	321.9
Sri Lanka	165.4	117.0	142.1	158.4	162.2
United Arab Emirates	543.4	228.3	333.2	416.0	457.4
Europe	351.0	188.6	276.3	352.7	328.4
North America	86.4	50.6	91.5	105.9	110.4
Oceania	78.5	45.1	59.0	70.6	63.9
South America	17.0	10.6	19.6	34.6	26.6
Africa	25.2	15.7	22.1	37.2	37.1

Source: Maldives Customs Service

**Table 35: External Debt, 2019-2023 <sup>1/</sup>****(millions of US dollars)**

	2019	2020	2021	2022	2023
Outstanding stock					
<b>Total external debt outstanding</b>	<b>2,363.1</b>	<b>3,217.2</b>	<b>3,358.8</b>	<b>3,624.3</b>	<b>3,739.6</b>
Central government and publicly guaranteed external debt	2,259.4	2,858.4	2,947.9	3,215.4	3,321.9
Central government external debt	1,431.8	1,620.3	2,067.7	2,149.4	2,426.6
Debt securities	350.0	350.0	658.0	600.0	600.0
Loans	1,081.8	1,270.3	1,409.7	1,449.4	1,726.6
o/w Multilateral	314.7	412.3	422.4	418.3	454.4
Bilateral	171.7	243.1	230.8	227.5	241.6
Commercial banks	1.0	-	-	-	-
Buyers credit	594.5	614.9	756.4	803.6	1,030.6
Publicly guaranteed external debt	827.6	1,238.1	880.2	1,066.0	895.3
Other depository corporations	103.7	358.8	411.0	409.0	417.7
o/w Head offices or branches	58.9	312.4	305.3	346.3	338.8
Non-resident ODC	44.8	46.4	95.6	56.6	76.8
Flow					
<b>Central government debt disbursed and debt service</b>					
Disbursements <sup>2/</sup>	166.7	200.5	688.6	285.4	387.6
Debt service	101.1	88.3	287.6	266.5	205.3
Principal repayment	61.1	52.8	246.2	158.0	105.2
Interest payments	40.1	35.5	41.4	108.5	100.1
<b>Debt service ratio (central government)</b>	<b>2.7</b>	<b>4.9</b>	<b>7.2</b>	<b>5.2</b>	<b>4.2</b>
As a percentage of GDP					
Total external debt outstanding	41	87	64	59	54
Central government and publicly guaranteed external debt	40	77	56	52	48
Central government external debt	25	44	39	35	35
Publicly guaranteed external debt	14	33	17	17	13
Other depository corporations	2	10	8	7	6
Annual percentage change					
Total external debt outstanding	14	36	4	8	3
Central government and publicly guaranteed external debt	13	27	3	9	3
Central government external debt	7	13	28	4	13
Publicly guaranteed external debt	23	50	(29)	21	(16)
Other depository corporations	50	246	15	(0)	2
<b>Memorandum items:</b>					
Nominal GDP (millions of US dollars) <sup>3/</sup>	5,712.0	3,703.3	5,238.2	6,157.3	6,898.7
Exchange rate	15.38	15.41	15.39	15.40	15.40
Exports of goods and services (millions of US dollars)	3,742.1	1,786.5	3,984.8	5,095.6	4,891.9

Source: Ministry of Finance; Maldives Monetary Authority; Maldives Bureau of Statistics

<sup>1/</sup> Figures represent data available as at 28 February 2024. Total external debt outstanding represents external debt of central government, publicly guaranteed external debt and external debt of other depository corporations (commercial banks).<sup>2/</sup> This refers to debt securities and loans disbursements.<sup>3/</sup> Figures for 2023 are projections available as at 31 October 2023, forecasted by the Maldives Monetary Authority and the Ministry of Finance.

**Table 36: Exchange Rates, 2019-2023<sup>1/</sup>****(rufiyaa per foreign currency; end of period mid-rate)**

	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
US dollar	15.3800	15.4100	15.3900	15.4000	15.4000
Japanese yen	0.1406	0.1485	0.1334	0.1147	0.1088
Singapore dollar	11.3321	11.5446	11.3140	11.3396	11.5892
Indian rupee	0.2147	0.2090	0.2056	0.1851	0.1843
Sri Lankan rupee	0.0876	0.0845	0.0784	0.0435	0.0491
Pound sterling	20.0371	20.6816	20.6091	18.3778	19.4389
Euro	17.0659	18.7141	17.2788	16.1786	16.8098

Source: Maldives Monetary Authority; Bank of Maldives plc

<sup>1/</sup> The US dollar rate refers to the reference rate of the Maldives Monetary Authority whereas all other currency rates refer to the mid-rate of the buying and selling rates of the Bank of Maldives.

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