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Maldives Monetary Authority

This Bulletin is compiled by the Monetary Policy and Research Division (MPRD) of the Maldives Monetary Authority. It covers developments in the domestic economy during the first quarter of 2012. The report also gives an overview of the developments in the international economy during the first quarter. The analyses are based on information provided by relevant government authorities, commercial banks operating in the country, public enterprises and other private sector sources, as at June 2012. Where actual data is not readily available, estimates have been made by MPRD based on available information. The timely receipt of data is therefore crucial to the compilation of this publication and the analysis contained herein.

We thank all those who have contributed to the information contained in this Bulletin and welcome constructive feedback from readers.

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Abbreviations

ASEAN	Association of Southeast Asian Nations
BML	Bank of Maldives plc
BOP	Balance of Payments
BPT	Business Profit Tax
CMDA	Capital Market Development Authority
CPI	Consumer Price Index
Dhiraagu	Dhivehi Raajjeyge Gulhun plc
GDP	Gross Domestic Product
GST	Goods and Services Tax
M0	Monetary Base
M1	Narrow Money
M2	Broad Money
MMA	Maldives Monetary Authority
MRR	Minimum Reserve Requirement
MTCC	Maldives Transport and Contracting Company plc
MTDC	Maldives Tourism Development Corporation plc
NBFIs	Non-Bank Financial Institutions
NCG	Net Credit to the Government
NDA	Net Domestic Assets

NFA	Net Foreign Assets
NPLs	Non-performing Loans
ODF	Overnight Deposits Facility
OMO	Open Market Operations
RWA	Risk Weighted Assets
SAARC	South Asian Association for Regional Cooperation
SOEs	State-owned Enterprises
STO	State Trading Organization plc
T-bills	Treasury Bills
UK	United Kingdom
US	United States
WAIR	Weighted Average Interest Rate

International Economic Developments

International Economic Developments

1. Output

Despite the improvement in the United States (US) economy, the pace of global growth slowed down during Q1-2012[1], due to the ongoing euro sovereign debt and financial crisis.

With respect to major advanced economies, real GDP growth of the US economy expanded to 2.0% during Q1-2012 from a 1.6% growth in Q4-2011. Growth in the US economy was supported by the recent extension of US payroll tax relief and unemployment benefits, which averted fiscal tightening which could have potentially harmed the US economy. The euro area economy contracted by 0.04% during Q1-2012, down from a modest growth of 0.7% recorded in Q4-2011. While consumer spending continued to decline in the euro area, unemployment remained high and austerity measures on fiscal spending increasingly dragged down economic growth. Meanwhile, the United Kingdom (UK) weakened by 0.2% during Q1-2012, down from a 0.6% growth in Q4-2011. The weakening of economic activity in the UK was due to the continued decline in the construction and manufacturing sector, weak domestic demand and deteriorating private sector confidence. In contrast, the Japanese economy rebounded to 2.7% in the review quarter from a 0.5% contraction in Q4-2011, driven by growth in the export sector and continued expansion in post-disaster reconstruction efforts.

As for the emerging economies, the Chinese economy expanded, albeit at a slower pace, from 9.1% in Q4-2011 to 8.1% in Q1-2012. This was mainly due to a moderation in the agricultural, manufacturing and services sector. Similarly, the Indian economy also grew at a slower pace of 5.7% due to a widening trade gap and poor investment. The economy grew by 6.4% in Q4-2011.

1 Q1-2012 refers to the first quarter of 2012, the period between January and March (inclusive). Similarly, Q2 refers to the second quarter, from April to June; Q3 from July to September; Q4 from October to December. In each case, the corresponding year is stated immediately afterwards.

2. Inflation

Global inflation decelerated during Q1-2012 due to weaker global demand and falling commodity prices. According to the International Monetary Fund's (IMF) World Economic Outlook, April 2012, inflation in advanced economies remained under check at 2.4%. Similarly, in the emerging economies inflation decelerated to 6.2% during Q1-2012. Hence, both advanced and emerging economies opted for accommodative monetary policies amidst uncertainties in the global economy and decelerating inflationary pressures. In this regard, many central banks lowered their key policy rates in their efforts to stimulate domestic economic growth.

3. Commodity prices

The decelerating trend followed by global commodity prices during 2011 continued into Q1-2012. This trend can be largely associated with the slowdown in global demand. The growth in the IMF commodity price index went down to 3% from 11% in Q4-2011. The non-fuel commodity price index registered a 14% decline which can be attributed to improvements in supply conditions for the year. As such, food prices, which declined by 3% during Q4-2011, decreased by 9% during Q1-2012.

Though global commodity prices followed a decelerating trend, the price of oil in the international markets[2] continued to trend upwards from Q4-2011 and reached US$110.7 per barrel in Q1-2012. A year ago, crude oil prices were at US$99.5 per barrel, and prices rose to US$101.7 in Q4-2011. The factors that contributed to escalating oil prices include; tensions in the Middle East and North Africa region (mainly Iran); dwindling inventories; and expectations that policy action by the leading economies would accelerate global growth.

2 Average of Brent and West Texas Intermediate.

4. Exchange rate

During Q1-2012, the US dollar depreciated against most trading currencies, as the Federal Reserve signalled its intention to maintain extremely low interest rates to foster domestic growth.

On the eastern front, Bank of Japan's interventions in the foreign exchange market to battle the effects of 'safe haven' inflows seem to have had a desirable effect as the US dollar appreciated significantly against the Japanese yen by 6%. In contrast, the dollar depreciated against other Asian currencies such as the Indian rupee by 4% and the Chinese yuan by less than 1%.

Despite major setbacks experienced in the euro area during the previous year, the Sterling pound and the euro appreciated against the US dollar during the review quarter by 4% and 3%, respectively. This was in line with the aforementioned monetary easing by the Federal Reserve. Meanwhile, the markets of Europe are expected to remain volatile due to uncertainties that linger over the future of the euro.

Domestic Economic Developments

Domestic Economic Developments

1. Overview

Following a robust growth in 2011, the Maldivian economy was initially projected to grow strongly in 2012 as well, buttressed by the growth projected for the tourism sector. With over 900 thousand tourists recorded in 2011, the government of Maldives has set a new record target of one million tourists for 2012. Nonetheless, due to the economic and political instability in the domestic economy and a highly uncertain external economic environment, the Maldivian economy may not grow as predicted.

Despite the first quarter of the year coinciding with the peak season of the tourism industry, the sector depicted a slight moderation during Q1-2012. This was largely due to the plunge in tourist arrivals, especially from China, since February 2012. Notwithstanding the quarterly decline in arrivals, other key indicators of the sector such as tourist bednights and average stay showed increases in quarterly terms. This reflected the slight revival of the European source markets during the quarter; tourists from Europe are normally observed to spend a longer period in the Maldives than tourists from other major markets, such as China. The fisheries sector, which continues to be of significant importance to the economy both in terms of livelihood and employment, performed poorly during the quarter. Similarly, the construction sector also moderated in quarterly terms, although the sector performed well compared to Q1-2011. Meanwhile, notwithstanding the slowdown in overall economic activity, the distribution sector grew steadily during the review quarter.

As regards domestic price developments, consumer price inflation, measured by the 3-month average of Consumer Price Index (CPI) for Male' reached a record high of 19.8% during Q1-2012. Inflation during the quarter was largely driven by the increase in food prices, especially fish prices, owing to the continued decline in fish catch. Meanwhile, increase in prices of other food items largely reflected the increase in the rate of Goods and

Services Tax (GST) from 3.5% to 6.0% in January 2012. In addition, inflation during the quarter was also contributed by the increase in the price of tobacco due to the large increase in import duty levied on tobacco products.

As per the cash flow statement of the government, the fiscal deficit worsened during the Q1-2012, compared to both Q4-2011 and Q1-2011. This decline in the fiscal balance was largely due to higher government expenditure owing to a large increase in debt repayments during the quarter, despite the improvement in government revenue.

With regard to developments in the monetary sector, the total money supply or broad money (M2) recorded a moderate increase wholly contributed by the net foreign assets (NFA) of the banking system, while the net domestic assets (NDA) of the banking system contributed marginally to the broad money growth during the quarter. The increase in NFA of the banking system was led by a decline in the net foreign liability position of the commercial banks together with an increase in the NFA of the Maldives Monetary Authority (MMA) during the quarter. Meanwhile, domestic claims increased in both quarterly and annual terms. The quarterly growth in domestic claims was mainly due to the continued increase in the net claims on government (NCG), whereas claims on other sectors declined slightly. With regard to the financial sector, the performance of the banking sector weakened slightly in Q1-2012 compared to the previous quarter. This was mainly due to an increase in the level of non-performing loans (NPLs) and the corresponding need for higher loan loss reserves.

On the external front, the quarter witnessed a slight improvement of 6% in the trade deficit. This improvement can be attributed to a decline in merchandise imports into the country, although merchandise exports also declined during the quarter. Nonetheless, the merchandise trade balance worsened compared to Q1-2011. Meanwhile, gross international reserves increased to US$353.8 million at the end of March 2012 from US$334.9 million at the end of December 2011. Hence, in terms of import cover, gross reserves improved to 2.8 months at the end of March 2012. This was also partly due to lower imports during the quarter.

2. Production and Prices

2.1 Tourism

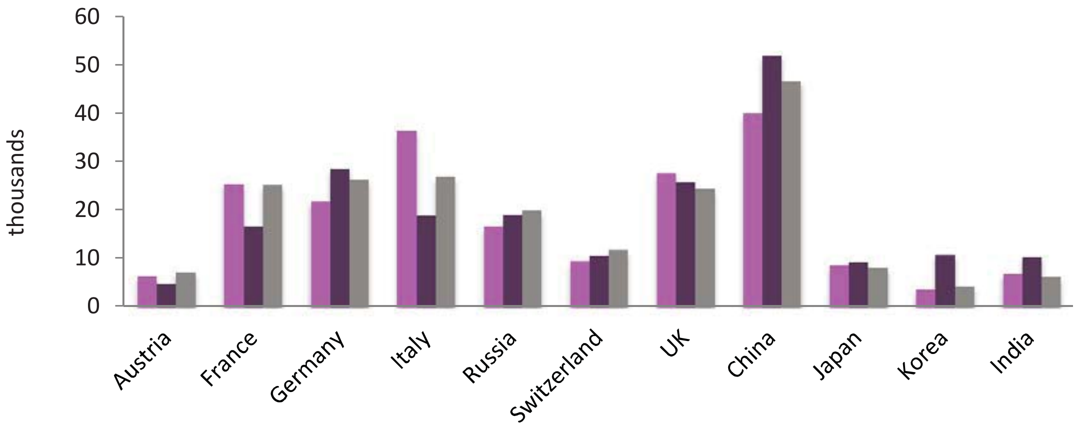
The year 2012 is anticipated as a promising year with the industry celebrating its 40th anniversary and thus high expectations are aimed for the nation's biggest income generator. With over 900 thousand tourists recorded in 2011, the government has aimed to achieve a million tourists by the end of 2012.

However, the first quarter of 2012 showed a poor performance in terms of tourist arrivals with the arrivals declining by 2%. This dampened hopes for the one million target as the first quarter of the year is normally the best quarter in terms of tourist arrivals, with the quarter coinciding with the peak season of the tourism industry. In terms of numbers, tourist arrivals for the quarter declined to 255.9 thousand from 262.2 thousand tourists in Q4-2011. However, Q1-2012 still registered a 3% growth in tourist arrivals compared to Q1-2011.

Europe continues its dominance in the tourist arrivals by region, contributing 65% of the market share in Q1-2012. Meanwhile, Asia, highly driven by the Chinese market, constituted 29% of the total tourist arrivals during the quarter. Further, the Americas, Oceania and Middle-East together contributed 5% to total tourist arrivals. Classifying arrivals by country for the quarter as depicted in Chart 1, China has been maintaining its pole position with 46.7 thousand tourists, followed by Italy (26.9 thousand), Germany (26.4 thousand) and France (25.2 thousand). Meanwhile, UK, one of the strongholds of the tourist arrivals over the years continued its downward trend since Q1-2011. Compared in annual terms, although China recorded an increase, the main source markets from Europe, except for Germany, depicted declines during Q1-2012.

In analysing the other key indicators of the sector, tourist bednights saw a quarterly increase of 4%, as a result of the increase in the average duration of tourist stay from 6.7 days in Q4-2011 to 7.2 days in Q1-2012. The increase in tourist stay reflected the slight

Chart 1: Tourist Arrivals by Country, Q1-2011 - Q2-2012



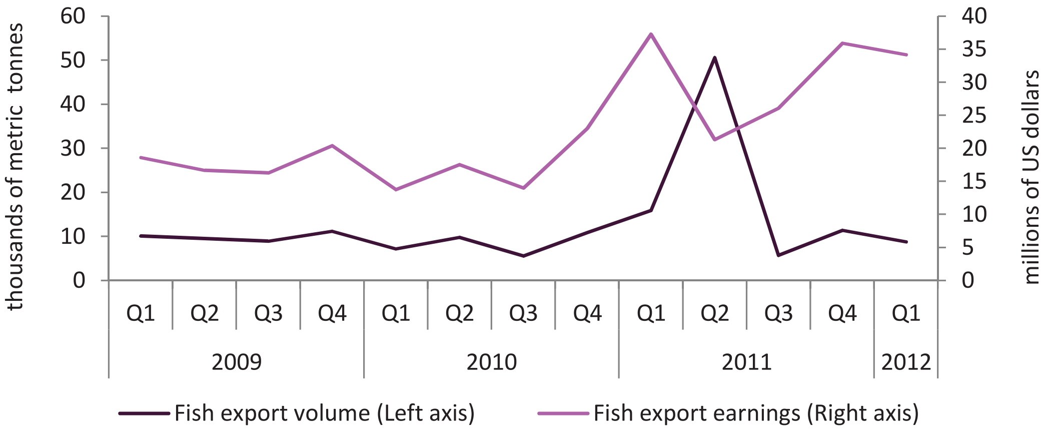
Source: Ministry of Tourism, Arts and Culture improvement in arrivals from the European region, who usually spend a longer period compared with tourists from other regions. Nonetheless, compared in annual terms, Q1-2012 recorded a slight decrease of less than 1% in bednights as the average stay fell from 7.5 days in Q1-2011. This decline was largely contributed by Chinese arrivals, whose stay are shorter compared to other markets. With the opening of three new resorts during Q1-2012, the operational bed capacity of the industry rose by 155 beds. Despite this, the occupancy rate of the industry rose to 82% in Q1-2012, reflecting the increase in bednights. Nonetheless, occupancy rate declined from 84% in Q1-2011.

Given the review quarter's figures and due to the uncertainty in the European economies, the possibility of a slowdown in the tourism sector is on the horizon. Under these circumstances, achieving the target of one million tourists for the year 2012 may prove to be difficult.

2.2 Fisheries

Fisheries activities during Q1-2012 were sluggish compared to Q1-2011. Examining the major indicators of the sector, fish purchases by commercial buyers declined to 9.7 thousand metric tonnes in Q1-2012, a plunge of 7% in annual terms. This dip could be gauged as a result of the downward trend in fish catch since Q1-2011– a slight recovery in fish catch numbers was seen in Q1-2011.

Chart 2: Fish Export Volume and Earnings, 2009 - 2012



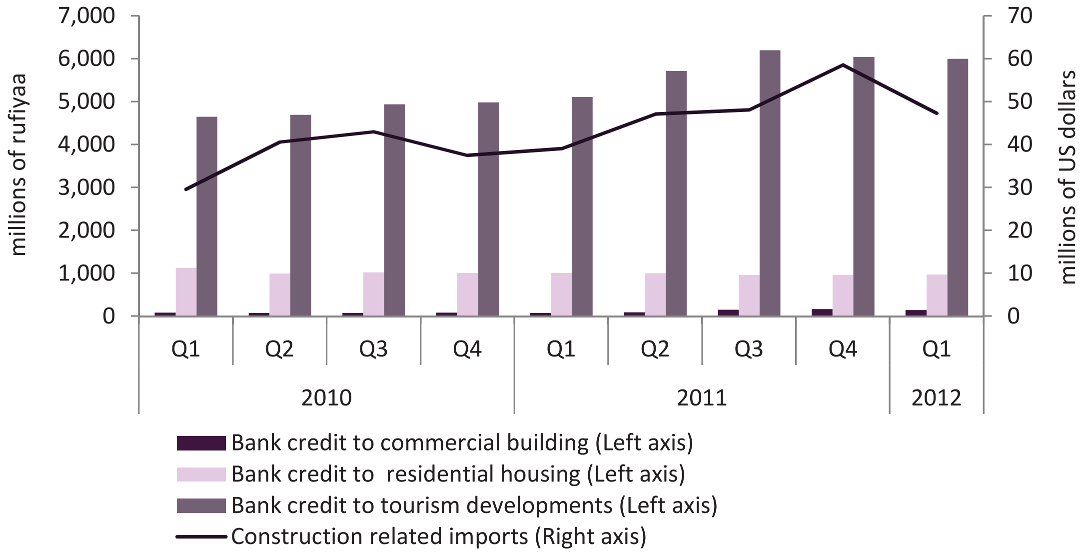
Source: Maldives Customs Service

As depicted in Chart 2, the export front saw declines in both the volume and earnings on fish exports. The total volume of fish exports which had a promising outcome in 2011, showed drastic declines in Q1-2012 compared in both quarterly and annual terms, by 23% and 45%, respectively. The total volume of fish exports for the review quarter totalled 8.8 thousand metric tonnes. The effects of lower fish exports volume were also reflected on the export earnings. Earnings from fish exports totalled US$34.2 million for Q1-2012, declining by 5% in quarterly terms and by 8% in annual terms. With these results for the review quarter, it paints a worrying picture for the sector.

2.3 Construction

Overall, construction activity slowed in Q1-2012 compared to Q4-2011, though still

Chart 3: Major Indicators of Construction Sector, 2010 - 2012



Source: Maldives Customs Service; Maldives Monetary Authority

maintaining an annual growth. As such, construction related imports, the major indicator of the sector, totalled US$47.2 million in Q1-2012, depicting a quarterly decline of 19% (US$11.4 million) as seen in Chart 3. Nonetheless, such imports increased by 21% (US$8.2 million) from Q1-2011.

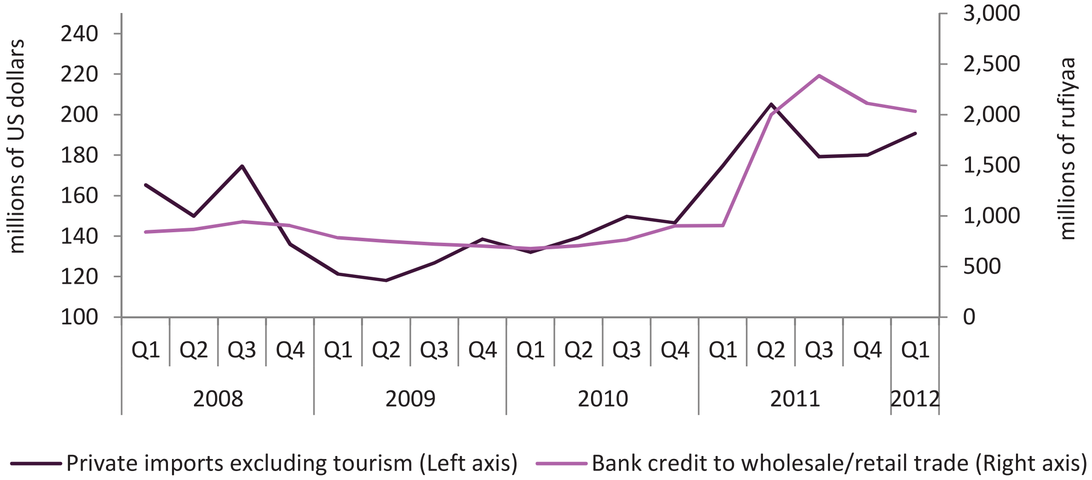
Likewise, loans and advances made to the construction sector, the second major indicator of the sector, accumulated to MVR1,182.3 million by the end of Q1-2012. This showed a slight decline of less than 1% in quarterly terms, largely due to the decline in credit lent for construction of commercial buildings for the first time in several quarters. Such loans fell by 12% in quarterly terms. In contrast, credit lent to the construction sector stood 6% higher compared to Q1-2011, although this largely reflected the depreciation effect of the Maldivian rufiyaa in April 2011.

2.4 Distribution

Despite the moderation in overall economic activity, the distribution sector reflected a steady growth during Q1-2012 as indicated by private imports (excluding tourism) in Chart 4. Private imports (excluding tourism), a key indicator of the sector, totalled US$189.6 million in Q1-2012. This was an increase of 5% (US$9.6 million) from Q4-2011. Similarly, such imports rose by 8% (US$14.8 million) from Q1-2011.

Total bank credit lent to wholesale and retail trade, which totalled MVR2,034.0 million at the end of Q1-2012, showed a slight dip in quarterly terms. Although loans given to the sector declined by 4% (MVR78.7 million) in quarterly terms, such credit increased by a substantial MVR1,129.1 million, or by 125% from Q1-2011. Nonetheless, the annual increase largely reflected the impact of the depreciation of the rufiyaa.

Chart 4: Major Indicators of Distribution Sector, 2008 - 2012



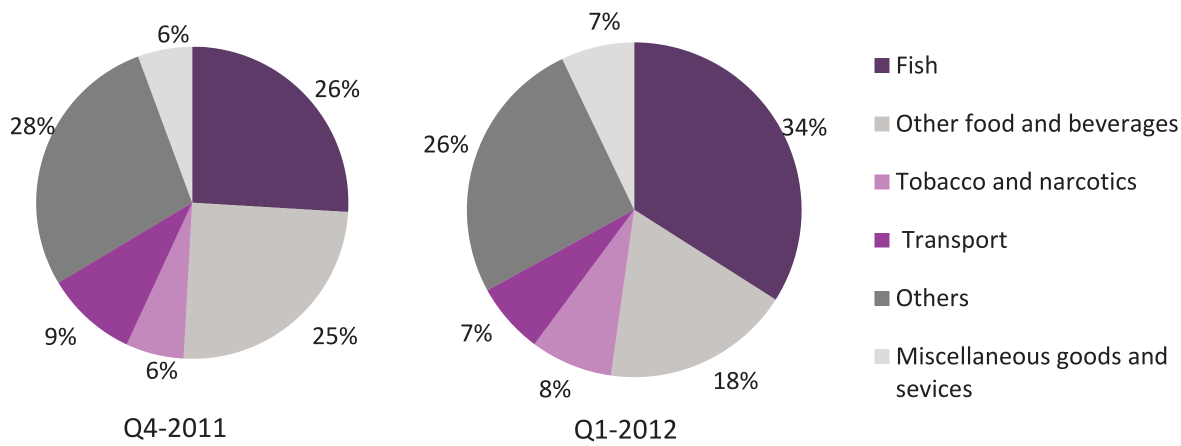
Source: Maldives Customs Service; Maldives Monetary Authority

2.5 Inflation

The rate of inflation, measured by the annual percentage change in 3-month average of the CPI for Male', reached a record high of 19.8% by the end of Q1-2012, from 15.7% at the end of Q4-2011. Annually, the inflation level has more than tripled from 6.5% in Q1-2011. The main contributor to inflation remained as food, particularly fish. As for other measures of inflation, inflation excluding fish stood at 13.8% whereas inflation excluding food was at 14.1%.

As depicted in Chart 5, food prices accounted for more than half of the increase in prices (52%), largely contributed by the increase in fish prices. Fish prices rose considerably from 83.8% in Q4-2011 to 132.0% in Q1-2012, owing to the persistent decline in fish catch that continues to push up prices. Meanwhile, price of other food items also went up during the quarter driven by increase in prices of meat, dairy products (specifically milk and eggs), edible oils, and certain types of fruits

Chart 5: Contribution to Inflation, Q4-2011 - Q1-2012



Source: Department of National Planning

and vegetables. The rise in prices of other food items reflected the full effect of the increase in GST from 3.5% to 6.0% in January 2012. This was also seen in the rise in prices of miscellaneous goods (27.1%), clothing (27.4%) and household furnishing (19.3%).

Additionally, tobacco prices have maintained its upward trend during Q1-2012. Following an increase of 62.0% in Q4-2011, price of tobacco products rose by 102.1% in Q1-2012. This was due to the drastic increase (150%-200%) in import duty on cigarettes and tobacco since 1 December 2011.

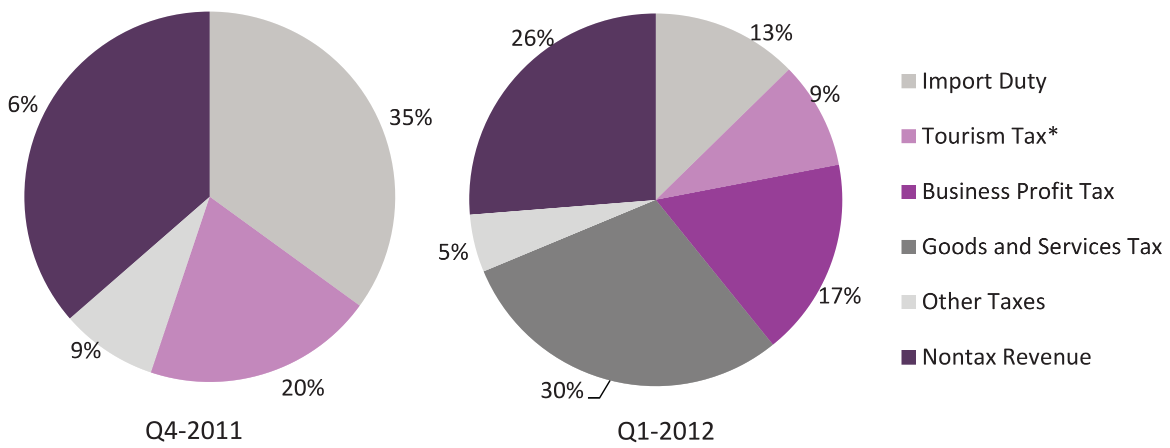
3. Public Finance

The cash flow statement of the government for Q1-2012 depicted a worsening of the fiscal position of the government from both Q4-2011 and Q1-2011.

With the high season of the tourism industry coinciding with the first quarter of the year, total revenue of the government increased by almost a fifth from Q4-2011 to MVR2,483.9 million and easily surpassed the revenue generated in Q1-2011 nearly by 50%. This improvement mainly came from the increase in revenue from GST and the Business Profit Tax (BPT). Meanwhile, total expenditure of the government increased by 19% over Q4-2012 and also remained 34% higher than that of Q1-2011, largely due to a huge increase in debt repayment during the review quarter. Despite the increase in revenue, the expansion in government expenditure led to a worsening of the fiscal deficit during the review quarter to MVR957.5 million from MVR742.5 million in Q4-2011 and MVR908.2 million in Q1-2011.

Tax revenue registered a significant increase, both in comparison to Q4-2011 and Q1-2011, making up for both the losses from the abolishment of import duty from a number of items and lower non-tax revenue receipts. As seen in Chart 6, the major sources of tax revenue for the quarter were GST, BPT, and import duty. GST received in the quarter more than doubled from Q4-2011 to MVR733.3 million, and recorded an increase of MVR557.7 million compared to Q1-2011. The first payments of BPT for year 2011, which was later deferred to 2012, was made in January 2012, and such revenue amounted MVR427.7 million in Q1-2012. Meanwhile, with the abolishment of majority of import taxes, import duty collected in the quarter went down to MVR314.4 million. This was a decline of 58% from such revenue received in Q4-2011 and a 45% drop from Q1-2011.

Chart 6: Revenue Composition, Q4-2011 - Q1-2012

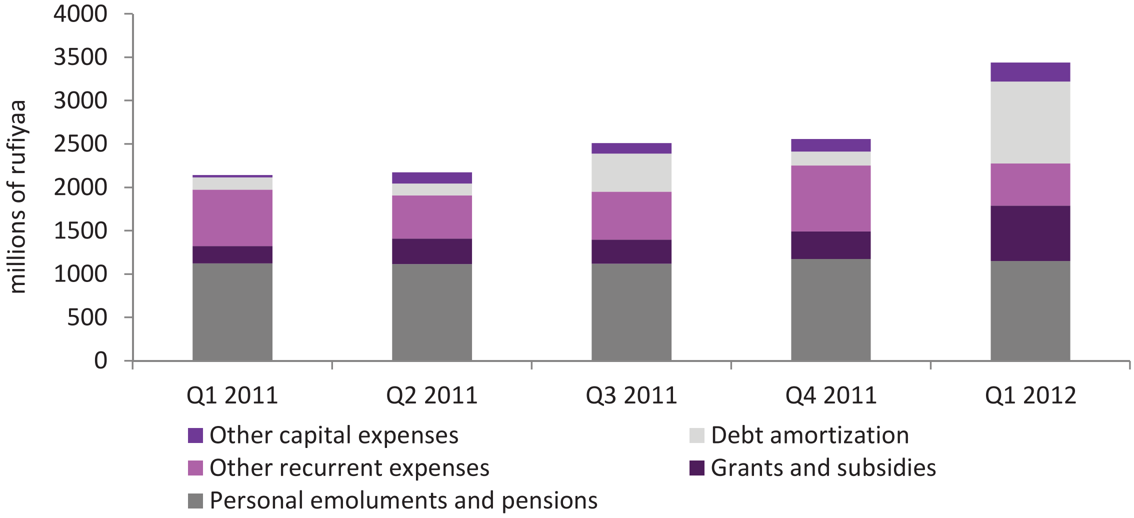


* Tax from the tourism sector (T-GST) is included under Tourism Tax in Q4-2011 whereas it is included under Goods and Services Tax (GST) in Q1-2012

Source: Ministry of Finance and Treasury

Meanwhile, non-tax revenue collected in the quarter was lower compared to Q4-2011 and Q1-2011. The fall was mostly due to

Chart 7: Government Expenditure, Q1-2011 - Q1-2012



Source: Ministry of Finance and Treasury

lower transfers from state-owned enterprises (SOEs) and resort lease rent[3], both of which constituted roughly 60% of non-tax revenue in Q4-2011.

As shown in Chart 7, both the quarterly and annual increase in total expenditure during the quarter was from a substantial increase in debt repayments which more than doubled to MVR948.0 million from MVR323.7 million in Q4-2011. Meanwhile, the annual increase in government expenditure was also due to an increase in investment in SOEs which rose by 85% compared to Q1-2011.

Recurrent expenditure of the government was lower both in comparison to Q4-2011 and Q1-2011. Salaries, wages and allowances and pensions which constituted 51% of the recurrent expenditure, totalled MVR1,152.0 million in the review quarter, and went down by 12% compared to Q1-2011. Meanwhile, grants, contribution and subsidies, constituting 28% of the recurrent expenditure, notched up by more than a fifth from Q4-2011 while such expenditure almost doubled compared to Q1-2011.

3 Since January 2011, resort lease rent is required to be paid on a quarterly basis as an advance payment, for example, the payment for the following quarter should be paid in the current quarter. Since this change was brought in Q1-2011, payment for both Q1 and Q2 of 2011 was made during Q1-2011. This was the reason for both the quarterly and annual decline in resort lease payment during Q1-2012.

4. Monetary Sector

4.1 Monetary Policy and Monetary Developments

In Q1-2012, the monetary policy framework and the policy instruments remained unchanged. The MMA continued to target exchange rate as the main anchor for price stability. Under the existing monetary policy framework, this objective is achieved through meeting a predefined reserve money target, with the latter being the policy operational target.

Given the high level of liquidity creation by the central government and the inflationary pressures in the domestic economy, MMA had to absorb the excess liquidity in the banking system in order to achieve reserve money target. In this regard, MMA conducted Open Market Operations (OMO) to withdraw the excess liquidity in the system through the use of Reverse Repurchase. In addition, Overnight Deposit Facility (ODF) was also available for banks to park their excess liquidity in MMA at 0.25 per cent.

With regard to monetary developments, M2 (broadest measure of money supply) showed a moderate growth, while reserve money (M0) declined during Q1-2012. However, both M2 and M0 increased on annual basis, although at a slower pace compared to Q4-2011. The increase in M2 is almost due to the growth in NFA of the banking system, as the expansion in NDA was marginal. Conversely, the annual increase in monetary aggregates partly reflected the sharp depreciation of the rufiyaa against the US dollar in April 2011.

4.2 Reserve Money

Reserve money declined by MVR32.6 million during Q1-2012 compared to a growth of MVR452.5 million in Q4-2011. Meanwhile, it increased by 12% in annual terms and stood at MVR7,518.7 million at the end of the review quarter. About half of this annual increment was due to the exchange rate depreciation.

At the end of March 2012, the currency in circulation remained at MVR2,204.0 million, which grew by less than 1% during the quarter, compared to a 4% growth in Q4-2011. Given that the majority of the economic transactions are in cash, this moderation in growth indicates a dampening of economic activities during Q1-2012. Meanwhile, commercial banks' deposits held at the MMA remained at a constant level with a slight decline from MVR5,294.2 million in Q4-2011 to MVR5,235.1 million by the end of March 2012.

The liquidity absorbed through OMO declined by 20% on average or from MVR400.5 million in Q4-2011 to MVR320.4 million. Similarly, commercial banks' placement on ODF also declined from an average of MVR258.1 million in Q4-2011 to MVR253.6 million. As such, during the quarter average liquidity absorbed through monetary operations declined from MVR658.6 million in Q4-2011 to MVR573.9 million. This decline partly reflects the temporary suspension of OMO in order to facilitate central government's budget financing needs via Treasury Bills (T-bills).

4.3 Net Foreign Assets

At the end of March 2012, NFA of the banking sector increased while there was a slight contraction in NDA of the banking sector. The NFA increased by 29% from MVR2,873.0 million to MVR3,710.7 million during Q1-2012. This was largely due to a decline in the net foreign liability position of the commercial banks coupled with an increase in the NFA of the MMA during the period.

During Q1-2012, the NFA of the MMA increased from MVR4,725.5 million to MVR5,016.7 million, equivalent to an increase of US$18.9 million. This largely reflected the bilateral loan facility of US$20.0 million obtained from the Indian government for budget support. In annual terms, the NFA of the MMA improved by 15% (MVR642.9 million), equivalent to an increase of US$41.7 million.

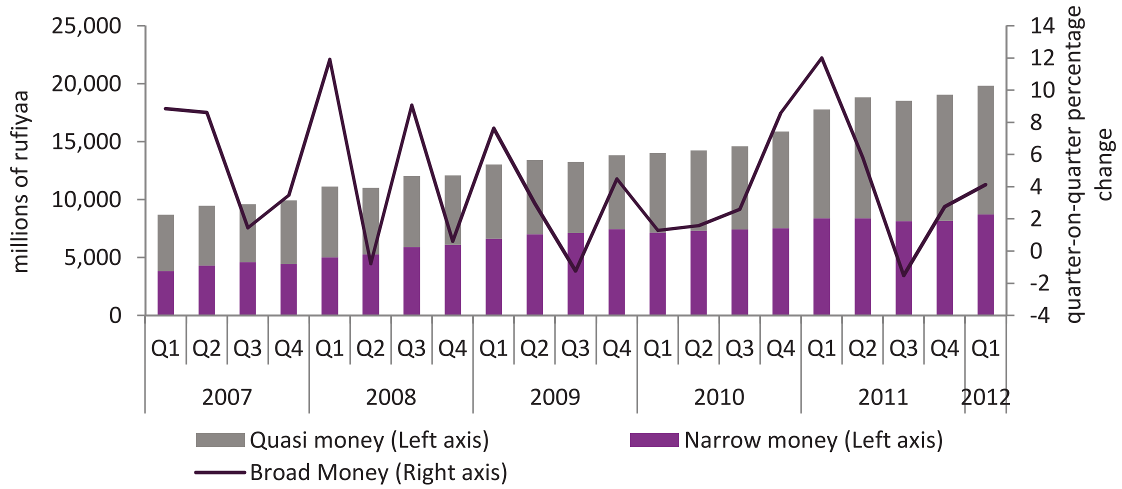
The commercial banks' net foreign liability position declined by 29% (US$35.5 million) with the repayments of foreign borrowings and the accumulation of foreign assets in Q1-2012. During the quarter, total liquidity in the banking system was increased partly by the increase in NFA of the banks together with the slowdown in private sector credit growth. During the quarter, the commercial banks' foreign liability decreased by MVR210.7 million (US$13.7 million) and foreign assets increased by MVR335.8 million (US$21.8 million).

4.4 Money Supply

Broad money expanded by 4% during Q1-2012, which is higher than the 3% growth recorded in the previous quarter (Chart 8). This quarterly growth can be mainly attributed to the strong growth in narrow money together with a minimal contribution from the increase in quasi money. The annual growth rate in M2 slowed down from 20% in the Q4-2011 to 12% in Q1-2012.

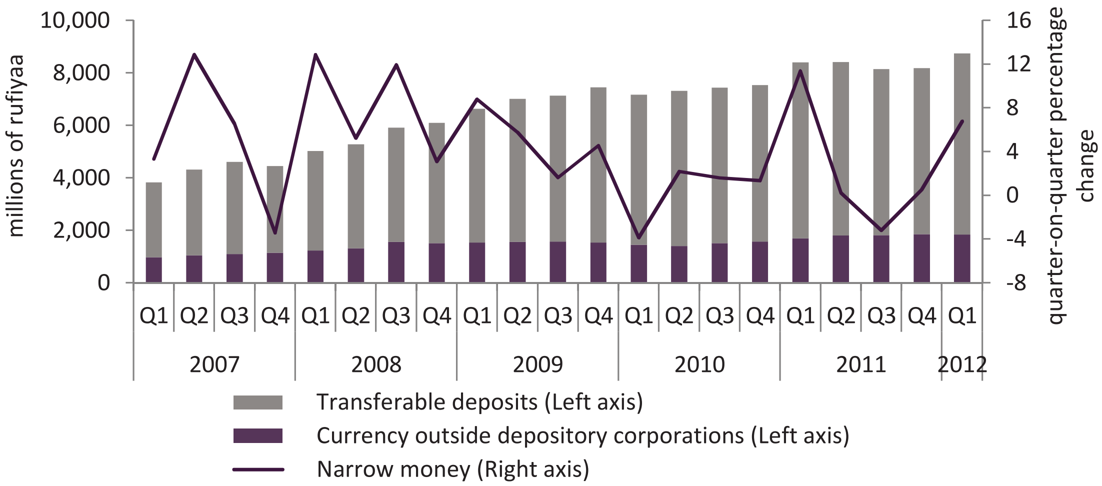
During Q1-2012, narrow money grew by 7% which is particularly strong compared to the previous quarter's rate of 1% (Chart 9). Despite this strong quarterly growth, narrow money grew annually by only 4% in Q1-2012 compared to an annual growth rate of 9% in Q4-2011. This quarterly increase in narrow money for Q1-2012 can be attributed to

Chart 8: Components of Broad Money, 2007 - 2012



Source: Maldives Monetary Authority

Chart 9: Sources of Narrow Money, 2007 - 2012

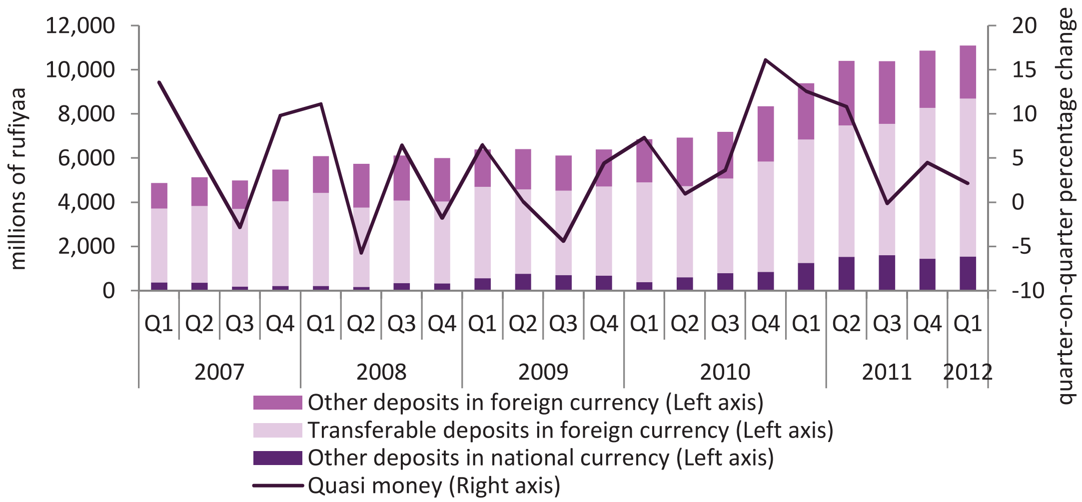


Source: Maldives Monetary Authority

the expansion in transferable deposits of the banking system which represents a significant proportion of the narrow money. The total transferable deposits in the banking system rose by 9% compared to a small dip of less than 1% in Q4-2011.

With regard to the developments in quasi money, it is observed that the growth rate in quasi money decelerated during Q1-2012, registering only a 2% growth compared to 5% in Q4-2011 (Chart 10). Similarly, the annual growth rate of quasi money also decelerated from 30% in Q4-2011 to 18% in Q1-2012. This quarterly deceleration in the growth of quasi money during Q1-2012 can be attributed to the considerable slowdown in the growth of transferable deposits in foreign currency which decelerated from 15% in Q4-2011 to 5% in Q1-2012. The above mentioned trend in the review quarter is largely due to the relative decline in the tourism sector compared to the previous quarter and also due to the fall in merchandise exports during the quarter. Despite the deceleration in the growth rate of foreign currency transferable

Chart 10: Sources of Quasi Money, 2007 - 2012



Source: Maldives Monetary Authority

deposits, the performance of the other deposits (term deposits) in local currency soared by 7% compared to a decline of 10% during Q4-2011.

4.5 Domestic Credit

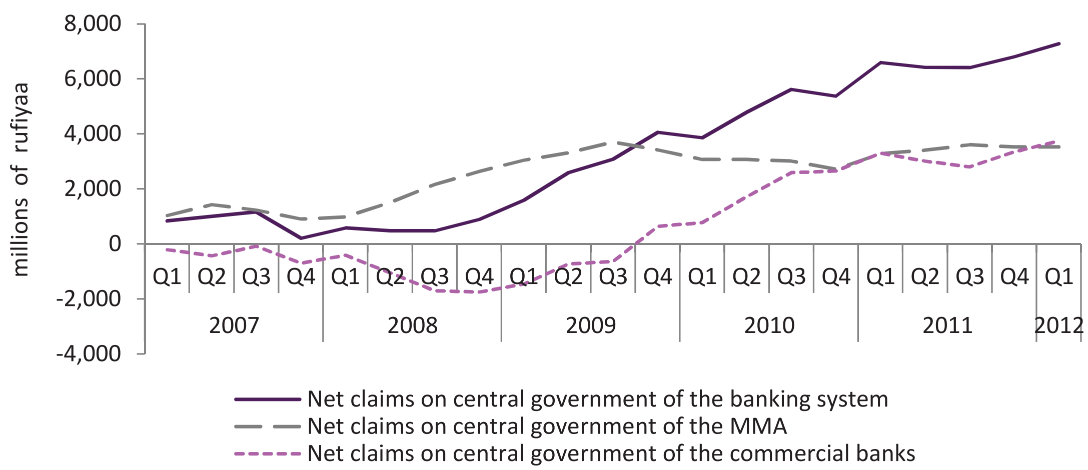
The domestic claims within the banking system increased by 1% during Q1-2012 after a negative growth rate of 2% recorded in Q4-2011. In terms of annual changes, there was a deceleration in growth to 7% in Q1-2012 from 11% in Q4-2011. The quarterly increase in domestic claims was mainly triggered by the increase in the net claims on central government that recorded a positive growth of 7% while claims on other sectors shrank slightly.

Net claims on government

The total NCG amounted to MVR7,286.9 million at the end of March 2012, with an increase of MVR475.4 million during the quarter. This growth in the NCG in Q1-2012 is slightly higher than Q4-2011. However, on annual basis the growth rate in NCG decelerated from 27% in Q4-2011 to 10% in Q1-2012. Despite this slowdown in annual growth rate, an overall rising trend for total NCG in the banking system is seen in Chart 11. This increase in NCG can be largely attributed to the persistently growing budget deficit which is partly financed by T-bills.

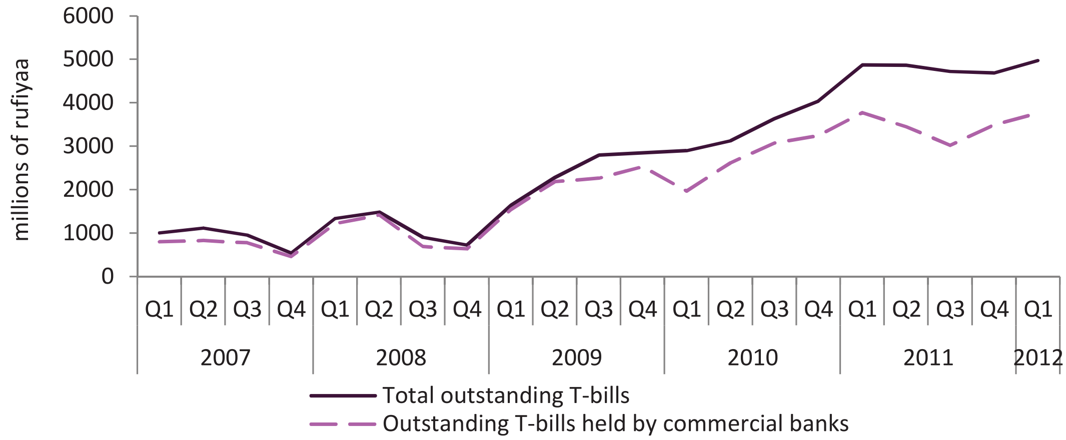
With regard to the developments in T-bills, the total outstanding increased from MVR4,684.5 million in Q4-2011 to MVR4,975.5 million in Q1-2012, recording a 6% growth, which is particularly high compared to a 1% decline in Q4-2011. The main holders of T-bills continue to be the commercial banks (Chart 12) accounting for 76% of the total outstanding T-bills while the remaining are held by other investors (SOEs, government special funds and Housing Development Finance Corporation plc). The share of outstanding T-bills held by commercial banks has been declining since June 2009 (Chart 12), while investments by other investors in the T-bills market have been on the rise.

Chart 11: Net Claims on Central Government, 2007 - 2012



Source: Maldives Monetary Authority

Chart 12: Outstanding Treasury Bills, 2007 - 2012



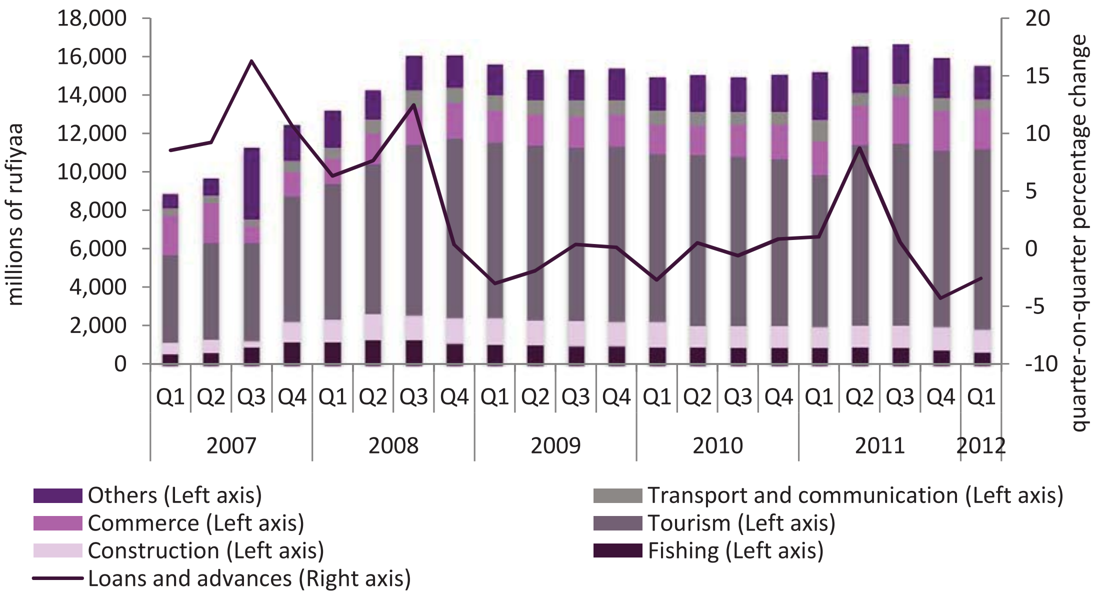
Source: Maldives Monetary Authority

Claims on private sector

As the private sector is the leading sector (which accounts for 63% of the total domestic credit), its decline during the review quarter is a major reason for the mild increase in domestic claims. Claims on private sector rose by 2% annually from March 2011 until March 2012. On a quarterly basis, claims on private sector declined by 3% compared to a 4% decline during Q4-2011.

The decline in private sector credit is largely due to the constraints faced by banks in their lending activities. These include the slowdown in tourism sector as a result of the global financial crisis, the rise in the total NPLs and the restructuring of banks' lending practices in order to abide by the new prudential regulations of the MMA.

Chart 13: Loans and Advances to Private Sector, 2007 - 2012



Source: Maldives Monetary Authority

As for the sector-wise distribution of private sector (Chart 13), loans and advances directed towards tourism sector grew by 2%, while loans and advances directed towards fishing, commerce and transportation contracted significantly ranging between 4%-13%. Tourism sector continues to be the dominant sector as it accounts for 60% of the total outstanding loans followed by commerce (13%), construction (8%), fishing (4%) and transport and communication (3%).

5. Financial Sector

5.1 Banking Sector

The performance of the banking sector weakened slightly in Q1-2012 compared to Q4-2011. This was mainly due to an increase in the level of NPLs and the corresponding need for higher loan loss reserves. Due to the lending remaining stagnant, and the absolute value of NPLs increasing, earnings of the banks in Q1-2012 are the lowest in the past four corresponding quarters. The commercial banks maintained their capital adequacy ratios above the set minimum levels.

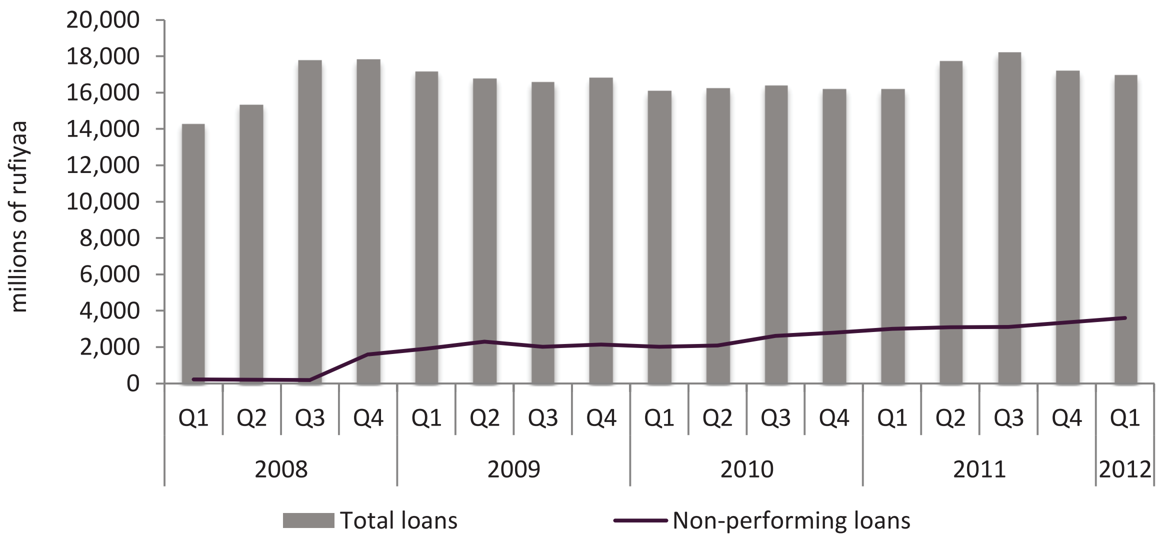
Composition of assets

Total assets of MVR29.3 billion were reported by banks at the end of Q1-2012, an increase of 2% compared to year end 2011. This growth continues to be seen in low-risk assets such as bank balances and T-bills, with an increase of 7% compared to Q4-2012. Loans have made up 60%-70% of banks' assets for the past several years, but due to low levels of lending since 2008, following the effect of the global financial crisis and deterioration of asset quality in the banking sector, the share of loans in assets have declined to 58% at the end of Q1-2012. Gross loans totalled MVR16.9 billion in Q1-2012, with growth declining for three consecutive quarters mainly due to the decline in new lending and writing off of bad loans in banks' balance sheets.

Non-performing loans

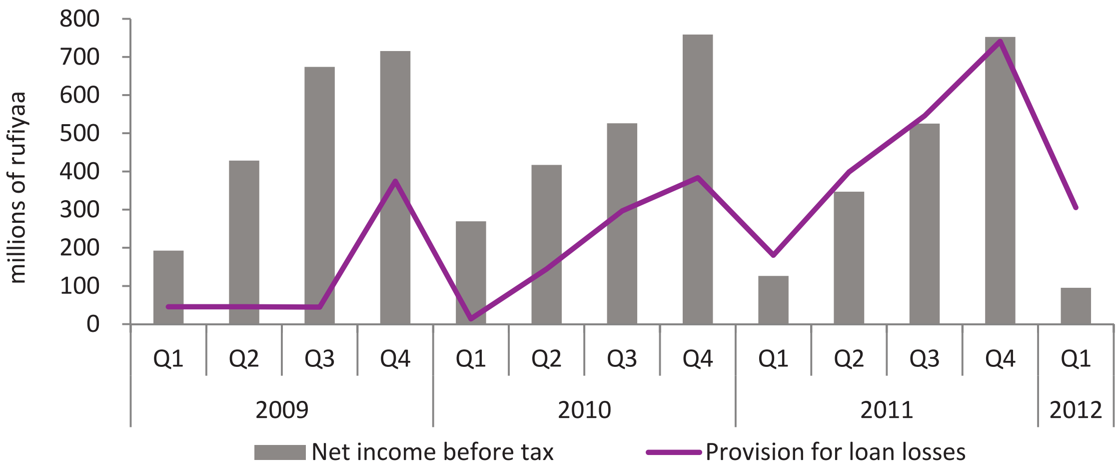
NPLs totalled MVR3.6 billion, an increase of 21% (MVR601.5 million) compared to Q1-2011. NPLs now comprise 21% of the total loans and have been on an increasing trend since Q3-2008 as in Chart 14. The increase in NPLs was partly related to poor performance of over-leveraged borrowers, especially in the tourism sector after the financial crisis of 2008/09. NPL numbers have also increased due to better recognition of poor quality assets.

Chart 14: Non-performing Loans, 2008 - 2012



Source: Commercial banks

Chart 15: Provision for Losses, 2009 - 2012

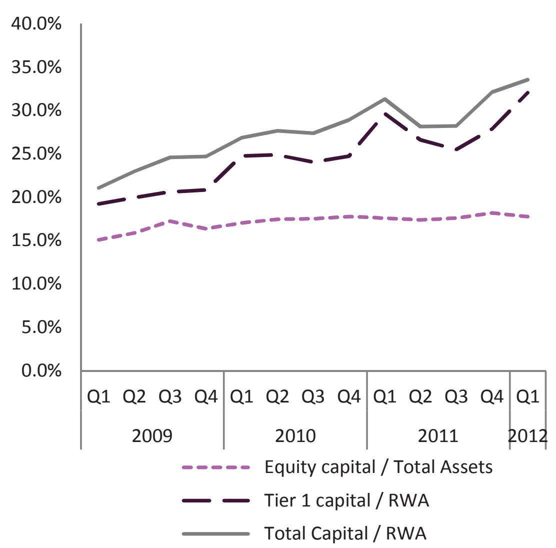


Source: Commercial banks

Profitability

The net income before tax totalled MVR95.1 million for Q1-2012, a 25% decline compared to Q1-2011. Net income from lending declined to MVR12.4 million, the lowest in four years, representing a decline of 87% (MVR82.8 million) compared to Q1-2011. Earnings have declined mainly due to higher provisioning for loan loss reserves and reduction in interest income due to the increase in NPLs. Provisions for loan loss reserves amounted to an additional MVR305.4 million as shown in Chart 15. This was an increase of 69% compared to Q1-2011. The sharp increase in loan loss provisions reflected that a more appropriate amount of provisioning has been made for the increasing poor quality assets, which resulted in a more accurate reporting of earnings and capital of the banks.

Chart 16: Capital Ratios, 2009 - 2012



Source: Commercial banks

Capital levels

Capital ratios for the industry were satisfactory as depicted in Chart 16, as the ratios appear well above the minimum requirements set by the MMA. Equity capital/total assets, tier 1 capital[4]/RWA[5], and total capital/RWA were 18%, 32%, and 34%, respectively. Capital adequacy has been maintained as most banks had retained capital funds without distributing to shareholders or remitted back to home countries in order to comply with other prudential regulatory limits such as single borrower limits and foreign currency exposure limits.

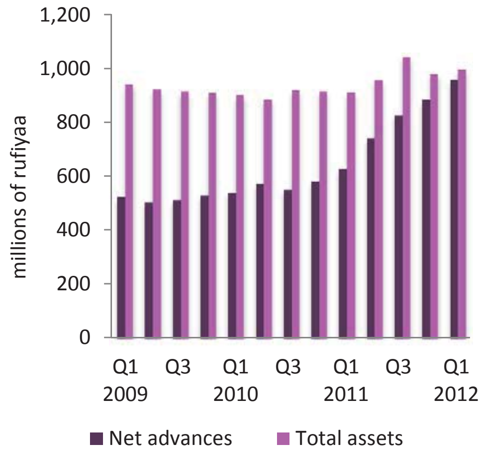
4 Tier 1 (core) capital – includes permanent shareholders' equity plus disclosed reserves plus minority interests in the equity of consolidated subsidiaries, less goodwill and other intangible assets, loan loss provisions and all other asset revaluation reserves, future income tax benefits, losses carried forward, and encumbered assets. The Tier 1 RBC ratio is calculated by dividing Tier 1 capital by total risk-weighted assets.

5 Risk weighted assets.

Local currency liquidity

Total liquidity in the banking system was regarded as adequate in Q1-2012. Basic liquidity ratio (liquid assets as a percentage of deposits plus borrowed funds) was 38% in Q1-2012, indicating an adequate liquidity position in the industry. This stems from the commercial banks' holdings of short-term securities such as T-bills and the decrease in lending activities. Foreign currency liquidity (mainly in US dollars), however, was still strained in most banks. Even though overall foreign currency liquidity ratio for the industry stood at 25% in Q1-2012, whereas individual banks' foreign currency liquidity ratio was as low as 7%.

Chart 17: Net Advances and Total Assets, 2009 - 2012



Source: Commercial Banks

5.2 Non-Bank Financial Sector

Finance companies

In Q1-2012, advances comprised 88% of total assets. When compared to Q1-2011, advances increased significantly by 50% to MVR877.3 million in Q1-2012 as in Chart 17. The huge increase was mainly due to the increase of advances in one of the finance companies.

Money Remittance Companies

The total inward remittance received from money remittance companies for Q1-2012 was US$0.7 million, while outward remittances amounted to US$24.9 million during the same period.

5.3 Capital Market

During the quarter, shares of Dhiraagu and Amana Takaful Maldives were opened for trading on the Maldives Stock Exchange.

Table 1: Market Capitalisation by Company, Q1-2011 - Q1-2012

(in millions of rufiyaa)

	2011								2012	
	Q1		Q2		Q3		Q4		Q1	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
MTCC	32.5	3	35.0	3	125.0	9	72.5	6	50.0	1
BML	376.7	33	430.6	32	403.6	30	392.9	31	1210.9	14
STO	394.4	34	507.1	38	507.1	38	507.1	39	456.4	5
MTDC	349.0	30	371.0	28	314.4	23	314.4	24	314.4	4
Dhiraagu	-	-	-	-	-	-	-	-	6460.0	76
Amana Takaful	-	-	-	-	-	-	-	-	60.7	1
Total	**1152.6**	**100**	**1343.7**	**100**	**1350.2**	**100**	**1286.9**	**100**	**8552.5**	**100**

Source: Capital Market Development Authority

As shown in Table 1, with these new developments, the total market capitalisation increased significantly from MVR1,286.9 million in Q4-2011 to MVR8,552.5 million by the end of Q1-2012. Similarly, the total volume of shares traded increased from 202 shares in Q4-2011 to 958 shares in the review quarter. The Weighted Average Trading Price of all the companies fell from MVR102.1 to MVR77.3 during the review quarter.

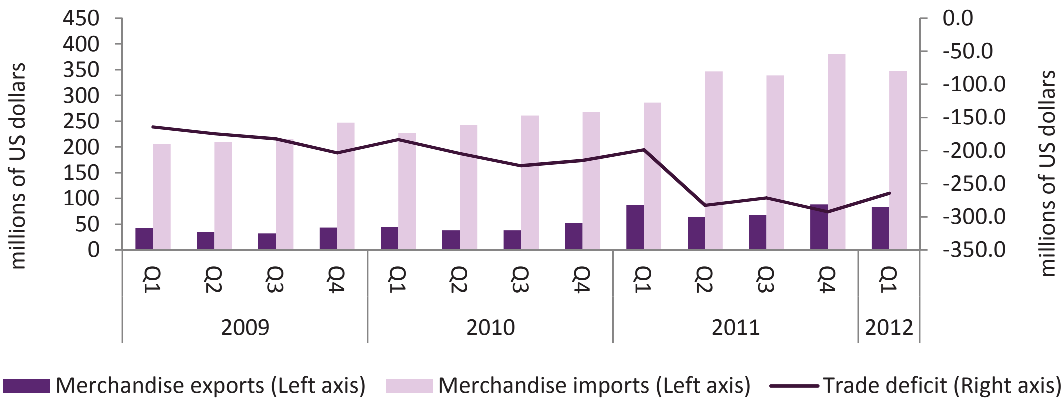
6. External Sector

6.1 Merchandise Trade

6.2 Composition of Exports

Merchandise exports recorded a decline mainly due to the significant decline in re-exports during the review quarter. Re-exports mainly constitute fuel sold to foreign carriers at Maldivian ports and accounted for 62% of the merchandise exports during Q1-2012. Domestic exports constituted the remaining 38% of the total merchandise exports during the quarter.

Chart 18: Trade balance, 2009 - 2012



Source: Maldives Customs Service

Merchandise exports declined by 16% to record US$95.0 million in Q1-2012. This was mainly due to a 21% decline in re-exports while domestic exports also declined by 5% during the review quarter. Merchandise imports declined by 9% and recorded US$375.6 million during the review quarter.

Trade balance slightly improved to US$252.9 million in Q1-2012 from US$268.5 million in Q4-2011 as seen in Chart 18, due to lower level of imports into the country during the review quarter. However, this is still a major deterioration compared to the trade balance of US$194.7 million in Q1-2011.

The composition of domestic exports was dominated by fish exports (96% during the review quarter). Fish export earnings declined by 5% and recorded US$34.2 million during Q1-2012. This was mainly due to the decline in earnings from fresh, chilled or frozen tuna (79% of fish exports during the review quarter) by 12% when compared to Q4-2011.

Table 2: Composition of Imports

(in millions of US dollars)

	Q1 2011	Q4 2011	Q1 2012
o/w Food items	63.6	76.8	78.1
Petroleum products	93.4	99.9	117.5
Wood, metal, cement & aggregates	31.2	40.7	37.0
Machinery and mechanical appliances	16.3	21.3	17.2
Electrical and electronic machinery equipment	13.9	38.1	11.0
Transport equipment	16.7	20.4	24.2
Total imports	**311.8**	**412.7**	**375.7**

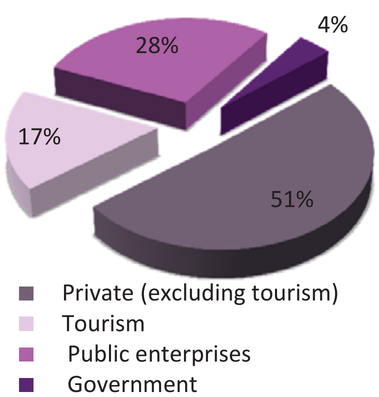
Source: Maldives Customs Service

6.3 Composition of Imports

Chart 19 depicts how imports were divided between the four major sectors during Q1-2012. Private sector imports (excluding tourism sector imports) was the leading sector with 51%.

The main categories of import composition are given in the Table 2. During the review quarter, the most dominant component of imports was petroleum products with 31% followed by food items which accounted for 21% of total imports. Wood, metal, cement and aggregates collectively comprised 9% of imports while transport equipment accounted for 6%.

Chart 19: Composition of Imports, Q1 2012



Source: Maldives Customs Service

During the review quarter, imports of petroleum products increased by 18% while no other notable deviations were observed in other categories.

6.4 Direction of Trade

Export destinations seem to have shifted during the review quarter (Table 3). In this regard, exports to the region of the Association of South East Asian Nations (ASEAN) declined significantly while exports to the "Other Asia" category increased. Further analysis revealed this to be an increase in exports of fresh, chilled and frozen tuna to China during the review quarter. In addition to this, there was a significant increase in exports to the European region making it the leading export destination for Q1-2012.

As seen in Table 4, Singapore and the United Arab Emirates (UAE) were the largest contributors to imports during Q1-2012. Imports from the UAE were primarily petroleum products (78% during the review quarter).

Table 3: Major Origins of Export

(as a percentage of total exports)

	Q4-2011	Q1-2012
o/w ASEAN	40	12
SAARC*	11	12
Middle-East	3	2
Other Asia	7	18
Europe	38	52
Total Exports f.o.b (millions of US dollars)	**37.6**	**35.7**

*South Asian Association for Regional Cooperation

Source: Maldives Customs Service

Table 4: Major Origins of Import

(as a percentage of total imports)

	Q4-2011	Q1-2012
o/w Singapore	20	20
UAE	23	31
SAARC	15	16
Other Asia	15	7
Europe	9	8
Total Imports c.i.f (millions of US dollars)	**412.7**	**375.7**

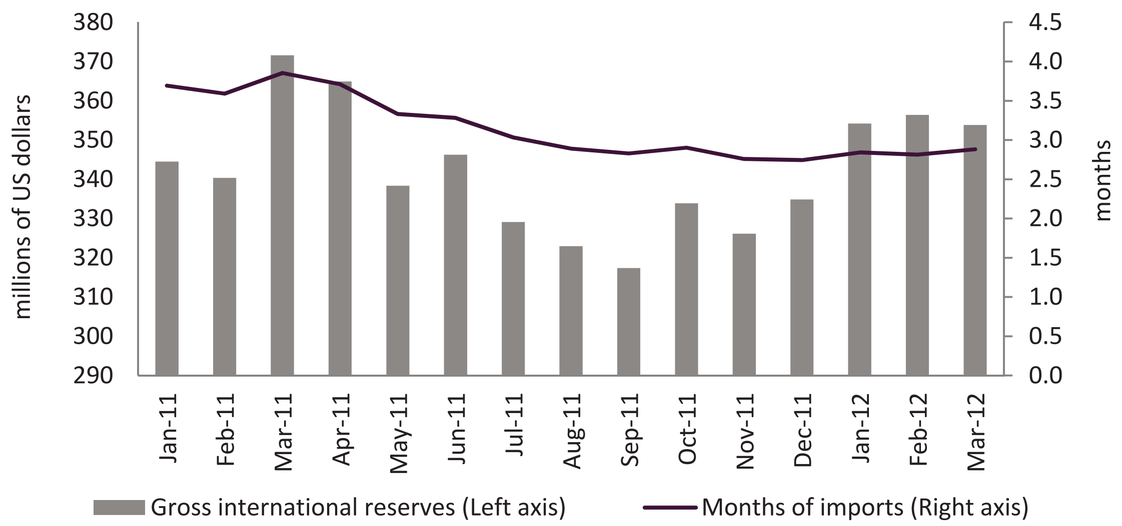
Source: Maldives Customs Service

6.5 Gross International Reserves

Chart 20 depicts the movements in gross international reserves from the beginning of 2011 through Q1-2012. Reserves increased from US$334.9 million at the end of 2011 to US$353.8 million at the end of March 2012.

Reserves in terms of months of imports, which is calculated by dividing gross reserves by the average amount of imports for the past 12 months, increased from 2.7 months at the end of 2011 to 2.8 months during the review quarter (Chart 20).

Chart 20: International Reserves, 2011 - 2012



Source: Maldives Monetary Authority

6.6 Exchange Rate

When compared to Q4-2011, the rufiyaa depreciated against most of the major trading partner currencies. It depreciated by 3% against the Singapore dollar, by 4% against the Indian rupee and by 2% against both the euro and the Sterling pound. The rufiyaa, however, appreciated by 12% against the Sri Lankan rupee and by 7% against the Japanese yen compared to Q4-2011.

Appendix

List of Statistical Tables

Table 1: Consumer Price Inflation - National, 2009 - 2012
(Index 2004 = 100)

	weights	2009	2010	2011	2011				2012
					Mar	Jun	Sep	Dec	Mar
Food and non-alcoholic beverages	*33.3*	0.2	8.3	28.8	7.0	21.6	24.3	28.8	32.5
Fish	*4.6*	*-27.7*	*32.2*	*127.8*	*15.1*	*87.0*	*67.1*	*127.8*	*159.5*
Other food	*25.7*	*4.0*	*6.3*	*16.0*	*6.3*	*11.9*	*17.3*	*16.0*	*12.7*
Non-alcoholic beverages	*3.0*	*5.6*	*2.4*	*24.3*	*1.5*	*11.6*	*18.3*	*24.3*	*23.6*
Tobacco and narcotics	*2.8*	-3.2	0.0	96.9	5.6	24.5	37.0	96.9	86.7
Clothing and footwear	*6.0*	5.8	1.1	19.9	2.2	12.5	16.5	19.9	21.4
Housing, water, electricity, gas and other fuels	*19.5*	9.1	4.0	2.9	4.4	2.2	1.6	2.9	4.2
Furnishing, household equipment and routine maintenance	*5.3*	9.9	7.0	17.3	8.1	6.3	10.1	17.3	18.9
Health	*5.4*	2.0	10.7	12.2	5.4	9.6	13.3	12.2	6.4
Transport	*5.1*	2.0	2.2	21.3	5.2	14.2	15.3	21.3	21.0
Communication	*5.8*	-0.2	0.0	-0.5	0.0	0.6	0.2	-0.5	-0.5
Recreation and culture	*4.9*	8.4	3.3	1.5	4.9	0.2	2.2	1.5	-2.1
Education	*3.1*	29.3	3.5	14.5	18.6	14.5	14.5	14.5	13.8
Hotels, cafes and restaurants	*0.8*	1.5	2.1	37.8	0.0	13.2	22.3	37.8	42.7
Miscellaneous goods and services	*7.9*	5.7	4.3	17.0	2.3	7.6	11.2	17.0	21.1
Religion	*0.1*	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
National	***100.0***	**4.0**	**6.9**	**20.9**	**5.3**	**12.7**	**16.2**	**20.9**	**19.5**
Total Index excluding fish	-	5.6	6.1	16.3	4.8	8.9	13.4	16.3	12.4
Total Index, excluding food	-	6.4	6.1	16.0	4.3	7.4	11.3	16.0	11.6

Source: Department of National Planning

Table 2: Consumer Price Inflation - Male', 2009 - 2012
(Index 2004 = 100)

	weights	2009	2010	2011	2011				2012
					Mar	Jun	Sep	Dec	Mar
Food and non-alcoholic beverages	*13.4*	0.8	14.3	23.9	9.0	24.0	23.0	23.9	32.2
Fish	*2.4*	*-20.2*	*27.8*	*102.0*	*14.1*	*73.5*	*58.7*	*102.0*	*126.2*
Other food	*9.9*	*4.7*	*13.3*	*10.3*	*8.7*	*14.3*	*15.3*	*10.3*	*12.5*
Non-alcoholic beverages	*1.1*	*4.3*	*2.3*	*23.3*	*0.7*	*12.5*	*18.2*	*23.3*	*26.0*
Tobacco and narcotics	*0.9*	-1.4	2.1	112.7	3.3	26.3	29.8	112.7	95.4
Clothing and footwear	*2.4*	5.8	-0.2	24.9	1.7	11.2	18.0	24.9	27.6
Housing, water, electricity, gas and other fuels	*12.3*	9.6	4.5	2.1	4.1	4.2	1.7	2.1	3.0
Furnishing, household equipment and routine maintenance	*2.9*	10.5	4.9	13.2	3.2	1.2	3.2	13.2	20.8
Health	*2.8*	2.4	5.2	16.1	5.3	13.0	15.3	16.1	15.2
Transport	*2.9*	-0.3	3.1	22.9	4.1	14.8	16.2	22.9	20.2
Communication	*3.8*	-0.3	0.0	-0.5	0.0	1.0	0.7	-0.5	-0.4
Recreation and culture	*2.1*	9.8	1.9	-1.4	1.6	-2.7	-4.9	-1.4	-0.8
Education	*1.5*	42.4	5.1	16.9	22.9	16.9	16.9	16.9	16.6
Hotels, cafes and restaurants	*0.8*	1.5	2.1	37.8	0.0	13.2	22.3	37.8	42.7
Miscellaneous goods and services	*3.0*	7.1	2.6	17.9	-0.4	5.9	10.8	17.9	28.3
Religion	*0.1*	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
National	***48.9***	**5.4**	**6.9**	**16.7**	**5.7**	**12.7**	**12.9**	**16.7**	**20.2**
Total Index excluding fish		6.8	6.1	12.5	5.2	9.3	10.1	12.5	14.1
Total Index, excluding food		7.7	3.5	13.0	4.2	7.3	7.9	13.0	14.4

Source: Department of National Planning

Table 3: Consumer Price Inflation - Atolls, 2009 - 2012

(Index 2004 = 100)

	weights	2009	2010	2011	2011				2012
					Mar	Jun	Sep	Dec	Mar
Food and non-alcoholic beverages	*19.9*	0.2	4.2	32.6	5.7	19.7	25.3	32.6	32.4
Fish	*2.1*	*-35.5*	*38.1*	*158.9*	*16.3*	*102.0*	*76.1*	*158.9*	*197.3*
Other food	*15.9*	*4.0*	*1.8*	*20.2*	*4.8*	*10.0*	*18.7*	*20.2*	*12.7*
Non-alcoholic beverages	*1.9*	*6.4*	*2.4*	*24.9*	*2.3*	*11.1*	*18.3*	*24.9*	*22.0*
Tobacco and narcotics	*1.8*	-4.1	-0.9	88.9	6.7	23.7	40.5	88.9	82.5
Clothing and footwear	*3.5*	7.4	2.7	14.6	2.0	12.3	14.1	14.6	16.0
Housing, water, electricity, gas and other fuel	*7.2*	7.8	3.7	3.0	4.8	-1.9	0.3	3.0	5.8
Furnishing, household equipment and routine maintenance	*2.4*	4.7	8.9	9.1	2.9	7.6	11.3	9.1	16.3
Health	*2.7*	0.0	37.4	8.9	5.9	5.3	14.1	8.9	-23.3
Transport	*2.1*	6.8	0.2	19.2	8.1	13.5	14.2	19.2	20.2
Communications	*2.0*	0.0	0.0	-0.6	0.0	0.0	-0.6	-0.6	-0.6
Recreation and culture	*2.8*	-1.5	1.7	4.5	4.2	3.9	7.0	4.5	0.3
Education	*1.6*	12.0	0.0	2.5	2.5	2.5	2.5	2.5	0.0
Miscellaneous goods and services	*5.0*	4.6	5.2	16.1	4.1	8.3	11.2	16.1	16.4
Atolls	*51.1*	2.7	6.9	24.8	4.9	12.7	19.4	24.8	18.9
Total Index, excluding fish	-	4.5	6.0	19.8	4.4	8.6	16.4	19.8	10.7
Total Index, excluding food	-	4.7	9.0	19.2	4.3	7.6	14.9	19.2	8.8

Source: Department of National Planning

Table 4: Depository Corporations Survey, 2009 - 2012 1/

(In millions of rufiyaa; end of period)

	2009	2010	2011	2011				2012
				Mar	Jun	Sep	Dec	Mar
Net foreign assets 2/	**-1338.7**	**685.6**	**2,873.0**	**1809.7**	**2,012.6**	**1,298.1**	**2,873.0**	**3,710.7**
Central bank	3,071.7	4,067.6	4,725.5	4,373.8	4,863.0	4,447.8	4,725.5	5,016.7
Claims on non-residents	3349.5	4491.3	5,169.6	4765.3	5,333.1	4,893.8	5,169.6	5,460.2
Liabilities to non-residents	-277.8	-423.6	-444.1	-391.6	-470.1	-446.0	-444.1	-443.5
Other depository corporations	-4410.4	-3382.0	-1,852.5	-2564.1	-2,850.4	-3,149.6	-1,852.5	-1,306.0
Claims on non-residents	888.4	1,034.1	1,755.6	1,583.7	2,035.7	1,720.6	1,755.6	2,091.4
Liabilities to non-residents	-5298.8	-4416.2	-3,608.1	-4147.8	-4,886.1	-4,870.2	-3,608.1	-3,397.4
Domestic claims	**21187.4**	**22181.2**	**24,662.3**	**23404.3**	**24,599.6**	**25,210.1**	**24,662.3**	**24,998.2**
Net claims on central government	4,062.7	5,380.7	6,811.4	6,602.7	6,427.9	6,415.4	6,811.4	7,286.9
Claims on central government	7564.7	8586.9	9,102.6	9027.8	8,988.4	8,659.0	9,102.6	9,339.4
Liabilities to central government	-3,502.0	-3,206.2	-2,291.2	-2,425.2	-2,560.5	-2,243.5	-2,291.2	-2,052.5
Claims on other sectors	17124.7	16800.5	17,850.9	16801.6	18,171.6	18,794.6	17,850.9	17,711.3
Claims on other financial corporations	172.0	144.5	98.8	150.1	184.5	178.4	98.8	52.3
Claims on public non-financial corporations	1,398.9	1,465.0	1,668.1	1,324.0	1,310.9	1,840.9	1,668.1	2,014.2
Claims on private sector	15,553.8	15,191.0	16,084.0	15,327.5	16,676.2	16,775.3	16,084.0	15,644.9
Broad money	**13,855.3**	**15,884.0**	**19,056.8**	**17,790.9**	**18,828.7**	**18,545.5**	**19,056.8**	**19,845.3**
Narrow money	7,456.6	7,538.7	8,186.9	8,396.4	8,414.9	8,145.7	8,186.9	8,742.7
Currency outside depository corporations	1,541.4	1,571.0	1,857.6	1,700.1	1,800.4	1,814.4	1,857.6	1,845.9
Transferable deposits	5,915.2	5,967.7	6,329.4	6,696.3	6,614.5	6,331.3	6,329.4	6,896.8
Quasi money	6,398.7	8,345.2	10,869.9	9,394.5	10,413.8	10,399.8	10,869.9	11,102.6
In national currency	681.5	856.3	1,443.3	1,265.0	1,533.3	1,600.2	1,443.3	1,548.2
In foreign currency	5,717.1	7,489.0	9,426.6	8,129.5	8,880.5	8,799.6	9,426.6	9,554.4
Securities other than shares included in broad money	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deposits excluded from broad money	**218.5**	**302.6**	**336.9**	**285.6**	**336.3**	**405.1**	**336.9**	**303.5**
Securities other than shares excluded from broad money	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Loans	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Shares and other equity	**4,682.5**	**5,111.3**	**6,349.1**	**5,407.3**	**6,092.7**	**6,010.4**	**6,349.1**	**6,445.9**
Other items (net)	**1,092.5**	**1,568.9**	**1,792.6**	**1,730.1**	**1,354.3**	**1,547.2**	**1,792.6**	**2,114.0**
(Twelve month percentage change)								
Net foreign assets	**-22.7**	**-151.2**	**319.0**	**-620.8**	**-326.0**	**-190.2**	**319.0**	**105.0**
Central bank	1.6	32.4	16.2	18.3	35.3	43.6	16.2	14.7
Other depository corporations	-7.2	-23.3	-45.2	-36.6	-36.5	-30.6	-45.2	-49.1
Domestic claims	**14.0**	**4.7**	**11.2**	**15.1**	**15.0**	**12.5**	**11.2**	**6.8**
Net claims on central government	353.3	32.4	26.6	70.9	34.0	14.2	26.6	10.4
Claims on other sectors	-3.2	-1.9	6.3	2.0	9.6	12.0	6.3	5.4
Claims on private sector	-4.1	-2.3	5.9	1.2	9.9	11.2	5.9	2.1
Broad money	**14.4**	**14.6**	**20.0**	**26.8**	**32.1**	**26.8**	**20.0**	**11.5**
Narrow money	22.3	1.1	8.6	17.2	14.9	9.5	8.6	4.1
Currency outside depository corporations	2.1	1.9	18.2	17.4	28.4	19.6	18.2	8.6
Quasi money	6.4	30.4	30.3	36.8	50.2	44.7	30.3	18.2
Memorandum items:								
Dollarization ratio 3/	41.3	47.1	49.5	45.7	47.2	47.4	49.5	48.1

1/ New format is based on IMF Monetary and Financial Statistics Manual 2000 (MFSM 2000).
2/ Since July 2007 to Oct 2010, net foreign assets represent a net liability position (due to the net liability position of commercial banks).
3/ Foreign currency deposits (including foreign currency deposits of commercial banks and MMA, excluding government and non-residence deposits) are in per cent of broad money.

NOTES:
1/"Claims on" represent all claims including loans and advances to and holdings of securities, shares and other equity issued by the respective sector.
2/ "Claims to" represent all liabilities issued by the banking system to the respective sector.

Source: Maldives Monetary Authority

Table 5: Central Bank Survey, 2009 - 2012 [1/]

(In millions of rufiyaa: end of period)

	2009	2010	2011	2011				2012
				Mar	Jun	Sep	Dec	Mar
Net foreign assets	**3,071.7**	**4,067.6**	**4,725.5**	**4,373.8**	**4,863.0**	**4,447.8**	**4,725.5**	**5,016.7**
Claims on non-residents	3,349.5	4,491.3	5,169.6	4,765.3	5,333.1	4,893.8	5,169.6	5,460.2
Liabilities to non-residents	-277.8	-423.6	-444.1	-391.6	-470.1	-446.0	-444.1	-443.5
Claims on other depository corporations	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Net claims on central government	**3,419.2**	**2,725.0**	**3,527.4**	**3,289.4**	**3,414.8**	**3,613.1**	**3,527.4**	**3,524.0**
Claims on central government	4,213.0	3,921.5	3,920.2	3,833.4	3,842.2	3,934.1	3,920.2	3,894.2
Liabilities to central government	-793.8	-1,196.5	-392.8	-544.0	-427.4	-321.0	-392.8	-370.3
Claims on other sectors	**4.8**	**5.9**	**4.7**	**4.7**	**4.3**	**4.8**	**4.7**	**5.4**
Claims on other financial corporations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Claims on public non-financial corportations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Claims on private sector	4.8	5.9	4.7	4.7	4.3	4.8	4.7	5.4
Monetary base	**6,143.9**	**6,064.3**	**7,551.3**	**6,722.4**	**7,334.4**	**7,098.8**	**7,551.3**	**7,518.7**
Currency in circulation	1,799.7	1,871.1	2,196.7	1,977.8	2,108.0	2,117.3	2,196.7	2,204.0
Liabilities to other depository corporations	4,308.5	4,182.6	5,294.2	4,732.5	5,209.3	4,976.0	5,294.2	5,235.1
Liabilities to other sectors	35.7	10.5	60.4	12.1	17.1	5.5	60.4	79.7
Other liabilities to other depository corporations	**15.7**	**496.7**	**85.3**	**620.2**	**390.3**	**594.3**	**85.3**	**493.3**
Deposits and securities other than shares excluded from monetary base	**0.1**	**10.1**	**10.1**	**10.1**	**10.1**	**10.1**	**10.1**	**10.0**
Deposits included in broad money	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Securities other than shares included in broad money	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deposits excluded from broad money	0.1	10.1	10.1	10.1	10.1	10.1	10.1	10.0
Securities other than shares excluded from broad money	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loans	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Shares and other equity	**432.7**	**349.8**	**752.1**	**388.0**	**680.0**	**591.0**	**752.1**	**735.9**
Other items (net)	**-96.6**	**-122.2**	**-141.3**	**-72.8**	**-132.7**	**-228.6**	**-141.3**	**-212.0**
(Twelve month percentage change)								
Net foreign assets	**1.6**	**32.4**	**16.2**	**18.3**	**35.3**	**43.6**	**16.2**	**14.7**
Claims on non-residents	8.4	34.1	15.1	17.9	34.1	40.3	15.1	**14.6**
Liabilities to non-residents	313.1	52.5	4.8	13.2	23.2	14.4	4.8	13.3
Net claims on central government	**29.5**	**-20.3**	**29.4**	**7.0**	**11.0**	**19.6**	**29.4**	**7.1**
Claims on central government	25.2	-6.9	0.0	-8.0	-6.7	1.3	0.0	1.6
Monetary base	**14.1**	**-1.3**	**24.5**	**28.3**	**29.2**	**23.8**	**24.5**	**11.8**
Currency in circulation	2.1	4.0	17.4	18.9	26.0	18.0	17.4	**11.4**
Liabilities to other depository corporations	19.4	-2.9	26.6	34.1	33.9	27.7	26.6	**10.6**

1/ New format is based on IMF Monetary and Financial Statistics Manual 2000 (MFSM 2000).

NOTES:

1/"Claims on" represent all claims including loans and advances to and holdings of securities, shares and other equity issued by the respective sector.

2/ "Claims to" represent all liabilities issued by the central bank to the respective sector.

Source: Maldives Monetary Authority

Table 6: Other Depository Corporations Survey, 2009 - 2012 [1/]

(In millions of rufiyaa; end of period)

	2009	2010	2011	2011				2012
				Mar	Jun	Sep	Dec	Mar
Net foreign assets	**-4,410.4**	**-3,382.0**	**-1,852.5**	**-2,564.1**	**-2,850.4**	**-3,149.6**	**-1,852.5**	**-1,306.0**
Claims on non-residents	888.4	1,034.1	1,755.6	1,583.7	2,035.7	1,720.6	1,755.6	2,091.4
Liabilities to non-residents	-5,298.8	-4,416.2	-3,608.1	-4,147.8	-4,886.1	-4,870.2	-3,608.1	-3,397.4
Claims on central bank	**4,638.6**	**4,979.6**	**5,696.4**	**5,646.1**	**5,894.2**	**5,859.1**	**5,696.4**	**6,109.0**
Currency	258.3	300.1	339.1	277.6	307.6	302.9	339.1	358.1
Deposits	4,370.2	4,587.5	5,357.3	5,192.3	5,201.5	5,556.3	5,357.3	5,750.9
Securities other than shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other claims	10.0	92.0	0.0	176.1	385.1	0.0	0.0	0.0
Net claims on central government	**643.5**	**2,655.7**	**3,284.1**	**3,313.3**	**3,013.1**	**2,802.4**	**3,284.1**	**3,762.9**
Claims on central government	3,351.7	4,665.4	5,182.5	5,194.5	5,146.2	4,724.9	5,182.5	5,445.1
Liabilities to central government	-2,708.2	-2,009.7	-1,898.4	-1,881.2	-2,133.1	-1,922.5	-1,898.4	-1,682.2
Claims on other sectors	**17,119.9**	**16,794.5**	**17,846.2**	**16,796.9**	**18,167.3**	**18,789.8**	**17,846.2**	**17,705.9**
Claims on other financial corporations	172.0	144.5	98.8	150.1	184.5	178.4	98.8	52.3
Claims on public non-financial corporations	1,398.9	1,465.0	1,668.1	1,324.0	1,310.9	1,840.9	1,668.1	2,014.2
Claims on private sector	15,549.0	15,185.0	16,079.3	15,322.8	16,671.9	16,770.5	16,079.3	15,639.5
Liabilities to central bank	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Transferable deposits included in broad money	**9,923.0**	**10,942.5**	**13,105.7**	**12,275.3**	**12,558.6**	**12,352.1**	**13,105.7**	**14,014.3**
Other deposits included in broad money	**2,355.2**	**3,359.9**	**4,033.1**	**3,808.0**	**4,459.2**	**4,437.4**	**4,033.1**	**3,945.3**
Securities other than shares included in broad money	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Deposits excluded from broad money	**218.5**	**292.6**	**326.8**	**275.5**	**326.2**	**395.0**	**326.8**	**293.5**
Securities other than shares excluded from broad money	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Loans	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Shares and other equity	**4,249.8**	**4,761.5**	**5,597.0**	**5,019.3**	**5,412.8**	**5,419.4**	**5,597.0**	**5,710.0**
Other items (net)	**1,245.1**	**1,691.4**	**1,911.7**	**1,814.0**	**1,467.5**	**1,697.8**	**1,911.7**	**2,308.6**
(Twelve month percentage change)								
Net foreign assets	**-7.2**	**-23.3**	**-45.2**	**-36.6**	**-36.5**	**-30.6**	**-45.2**	**-49.1**
Claims on nonresidents	19.3	16.4	69.8	29.6	204.9	121.2	69.8	32.1
Liabilities to nonresidents	-3.6	-16.7	-18.3	-21.2	-5.2	-8.4	-18.3	-18.1
Claims on central bank	**20.5**	**7.4**	**14.4**	**11.7**	**18.2**	**32.3**	**14.4**	**8.2**
Currency	2.5	16.2	13.0	29.1	13.6	8.9	13.0	29.0
Deposits	21.5	5.0	16.8	31.9	16.7	38.0	16.8	10.8
Claims on central government	**319.4**	**39.2**	**11.1**	**51.9**	**25.9**	**4.5**	**11.1**	**4.8**
Liabilities to central government	**6.5**	**-25.8**	**-5.5**	**-28.5**	**-9.8**	**0.0**	**-5.5**	**-10.6**
Claims to other sectors	**-3.2**	**-1.9**	**6.3**	**2.0**	**9.6**	**12.0**	**6.3**	**5.4**
Claims on other financial corporations	75.9	-16.0	-31.6	18.5	40.2	37.6	-31.6	-65.2
Claims on public non-financial corporations	1.6	4.7	13.9	9.9	2.3	16.9	13.9	52.1
Claims on private sector	-4.1	-2.3	5.9	1.2	9.9	11.2	5.9	2.1

1/ New format is based on IMF Monetary and Financial Statistics Manual 2000 (MFSM 2000).

NOTE:

1/ "Claims on'' represent all claims including loans and advances to and holdings of securities, shares and other equity issued by the respective s

2/ ''Claims to'' represent all liabilities issued by ODCs to the respective sector.

Source: Maldives Monetary Authority

Table 7: Other Depository Corporations Private Sector Loans and Advances by Economic Group, 2009 - 2012 [1/]

(In millions of rufiyaa; end of period)

	2009	2010	2011	2011				2012
				Mar	Jun	Sep	Dec	Mar
Total [2/]	**15,403.6**	**15,094.2**	**15,963.7**	**15,248.9**	**16,579.0**	**16,675.0**	**15,963.7**	**15,542.8**
Agriculture	31.3	28.7	25.0	27.6	27.1	25.8	25.0	24.7
Fishing	960.5	896.0	772.3	871.2	936.2	876.9	772.3	672.0
Manufacturing	532.0	493.1	492.0	804.2	518.5	507.4	492.0	331.5
Construction	1,264.0	1,119.7	1,187.4	1,114.6	1,139.4	1,163.6	1,187.4	1,182.3
Residential/housing	1,121.0	1,011.3	961.5	1,004.6	1,000.2	962.7	961.5	973.3
Commercial building	84.7	80.0	165.8	73.7	93.8	150.2	165.8	145.1
Other	58.3	28.4	60.0	36.3	45.4	50.6	60.0	63.9
Real estate	357.8	691.2	721.1	676.8	694.6	748.8	721.1	678.2
Residential/housing	291.4	218.2	109.3	212.1	224.3	107.1	109.3	105.8
Commercial building	66.4	335.6	481.3	337.5	346.8	494.7	481.3	454.7
Other	0.0	137.4	130.5	127.3	123.4	147.0	130.5	117.7
Tourism	9,148.9	8,698.3	9,170.3	7,899.4	9,373.3	9,483.5	9,170.3	9,387.1
New resort development	4,790.9	4,986.8	6,040.2	5,109.3	5,717.0	6,201.8	6,040.2	5,999.1
Renovation of resorts	1,388.1	898.5	784.2	835.0	911.4	833.6	784.2	962.3
Yacht safari buildings	733.9	830.3	186.4	116.4	274.6	183.9	186.4	187.3
Working capital	2,235.9	1,982.7	2,159.5	1,838.6	2,470.3	2,264.3	2,159.5	2,238.4
Commerce	1,587.9	1,774.3	2,131.1	1,766.3	2,022.3	2,408.0	2,131.1	2,045.6
Wholesale and retail	701.5	902.2	2,112.7	904.9	1,999.4	2,385.2	2,112.7	2,034.0
Restaurants and cafes	886.4	872.1	18.4	861.4	22.9	22.7	18.4	11.6
Transport and communication	814.5	677.7	614.0	1,071.5	673.5	683.2	614.0	535.6
Transport	774.9	644.6	585.6	1,040.2	643.4	654.2	585.6	508.5
Communication	39.6	33.1	28.4	31.3	30.1	29.0	28.4	27.1
Electricity, gas, water and sanitary services	3.8	7.7	241.0	3.7	4.3	242.3	241.0	0.8
Other loans and advances not adequately described	702.9	707.5	609.5	1,013.5	1,189.9	535.6	609.5	685.0
(In per cent of total; end of period)								
Fishing	6.2	5.9	4.8	5.7	5.6	5.3	4.8	4.3
Construction	8.2	7.4	7.4	7.3	6.9	7.0	7.4	7.6
Tourism	59.4	57.6	57.4	51.8	56.5	56.9	57.4	60.4
Commerce	10.3	11.8	13.3	11.6	12.2	14.4	13.3	13.2
Transport and Communication	5.3	4.5	3.8	7.0	4.1	4.1	3.8	3.4
(Twelve month percentage change)								
Total	**-4.5**	**-2.0**	**5.8**	**1.8**	**10.1**	**11.4**	**5.8**	**1.9**
Fishing	-11.8	-6.7	-13.8	-7.8	0.7	-2.0	-13.8	-22.9
Construction	-7.7	-11.4	6.0	-11.8	3.2	2.1	6.0	6.1
Tourism	-1.8	-4.9	5.4	-9.7	5.8	7.9	5.4	18.8
Commerce	-13.6	11.7	20.1	16.6	33.3	48.4	20.1	15.8
Transport and Communication	3.5	-16.8	-9.4	38.8	-9.3	-4.0	-9.4	-50.0

1/ New format is based on IMF Monetary and Financial Statistics Manual 2000 (MFSM 2000).
2/ Includes total loans and advances to private sector excluding accrued interest receivable and accounts receivables.

Source: Maldives Monetary Authority

Table 8: Composition of Exports, 2009 - 2012

(In millions of US dollars)

	2009	2010	2011	2011				2012
				Q1	Q2	Q3	Q4	Q1
Merchandise exports (f.o.b)	**169.0**	**197.5**	**346.4**	**91.5**	**70.2**	**72.1**	**112.6**	**95.0**
Domestic exports	**76.4**	**73.9**	**127.4**	**39.2**	**23.0**	**27.7**	**37.6**	**35.7**
Total marine exports	73.7	70.3	122.9	37.8	21.9	26.7	36.5	34.8
Fish exports	72.0	68.3	120.6	37.3	21.3	26.1	35.9	34.2
Fresh, chilled or frozen tuna	50.7	46.9	96.3	29.5	15.0	21.1	30.7	26.9
Skipjack	*17.5*	*18.4*	*31.5*	*13.6*	*3.4*	*3.3*	*11.2*	*5.5*
Yellowfin tuna	*32.8*	*28.2*	*64.5*	*16.0*	*11.6*	*17.6*	*19.4*	*21.3*
Other Tuna	*0.4*	*0.3*	*0.4*	*0.0*	*0.0*	*0.2*	*0.1*	*0.1*
Fresh, chilled or frozen fish	2.2	2.5	4.0	1.1	1.3	0.6	1.0	1.6
Canned or pouched	6.5	5.8	9.2	3.0	3.0	1.9	1.4	3.0
Processed fish, nes	12.6	13.1	11.1	3.7	2.1	2.5	2.8	2.7
o/w Processed tuna, nes	12.0	12.5	10.3	3.4	1.9	2.3	2.6	2.4
Fish Products	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Sea Food	0.3	0.6	1.0	0.3	0.3	0.2	0.2	0.2
Marine products, nes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Live fish	1.3	1.4	1.3	0.3	0.3	0.3	0.4	0.4
Other exports	2.7	3.6	4.4	1.4	1.0	1.0	1.0	1.0
Re- exports	**92.7**	**123.6**	**219.0**	**52.3**	**47.3**	**44.4**	**75.0**	**59.2**

Source: Maldives Customs Service

Table 9: Composition of Imports, 2009 - 2012

(In millions of US dollars)

	2009	2010	2011	2011				2012
				Q1	Q2	Q3	Q4	Q1
Total imports c.i.f.	**962.5**	**1,090.9**	**1,465.3**	**311.8**	**374.3**	**366.5**	**412.7**	**375.6**
Private imports	**687.6**	**779.8**	**1,010.9**	**236.0**	**266.1**	**245.6**	**263.2**	**255.0**
Private (excluding tourism)	504.7	568.1	739.2	174.8	205.1	179.3	180.0	190.8
Tourism	182.9	211.6	271.7	61.2	61.0	66.3	83.1	64.3
Total public imports	**274.9**	**311.1**	**454.4**	**75.8**	**108.2**	**120.9**	**149.6**	**120.6**
Public enterprises	246.7	263.9	347.0	68.9	85.9	87.2	104.9	105.5
Government	28.3	47.2	107.4	6.9	22.3	33.6	44.7	15.2
Total imports c.i.f.	**962.5**	**1,090.9**	**1,465.3**	**311.8**	**374.3**	**366.5**	**412.7**	**375.6**
Food Items	206.3	236.0	296.9	63.6	74.6	81.9	76.8	78.2
Price administered staples	28.3	28.1	23.5	2.4	6.6	8.7	5.9	4.8
Vegetables, rootcrops and spices	28.3	33.2	47.8	10.4	12.6	12.6	12.3	12.9
Fruit, nuts and seeds	23.2	26.7	32.4	7.9	7.6	8.3	8.5	8.8
Meat, fish and seafood	29.4	38.5	54.8	11.1	11.4	15.4	16.9	15.4
Dairy and egg	27.4	32.4	41.3	9.1	9.6	14.2	8.7	10.0
Beverages and confectionaries	46.1	50.9	61.3	14.4	17.0	13.9	15.9	16.1
Other food items	23.6	26.2	35.9	8.5	9.8	8.9	8.8	10.1
Furniture, fixtures and fittings	37.7	36.7	50.8	10.9	10.6	12.6	16.8	11.0
Electronic and electrical appliances	33.8	37.2	39.3	8.7	10.2	10.8	9.6	8.0
Petroleum products	198.6	250.6	366.4	93.4	91.3	81.8	99.9	117.4
Petrol	19.0	24.3	33.4	9.0	9.2	7.0	8.3	10.8
Diesel (Marine gas oil)	153.2	198.9	289.3	72.4	73.5	66.2	77.2	90.3
Aviation gas	14.0	11.9	25.2	7.3	4.4	4.7	8.8	13.4
Other petroleum products	12.5	15.5	18.4	4.7	4.3	3.9	5.6	2.9
Transport equipment and parts	65.7	68.7	110.5	16.7	48.6	24.9	20.4	24.2
Wood, metal, cement and aggregates	96.8	111.1	140.6	29.0	35.3	38.4	37.8	34.3
Machinery and mechanical appliances and parts, nes	61.2	64.3	81.4	16.3	19.5	24.4	21.3	17.1
Electrical and electronic machinery and equipment and parts, nes	59.8	66.3	96.8	13.9	17.6	27.2	38.1	11.1
Other Items	202.5	219.9	282.6	59.4	66.7	64.5	92.1	74.2

Source: Maldives Customs Service

Table 10: Exchange Rates, 2009 - 2012

(Rufiyaa per foreign currency; end of period mid rate)

		U.S. dollar 1/	Japanese yen	Singapore dollar	Indian rupee	Sri Lankan rupee	Sterling pound	Euro	SDR
2009	March	12.8000	0.1360	8.3184	0.2589	0.1159	18.5195	17.0007	19.1369
	June	12.8000	0.1354	8.8378	0.2585	0.1141	20.4967	17.2718	19.8685
	September	12.8000	0.1732	9.0290	0.2914	0.1203	20.6650	18.7034	20.2799
	December	12.8000	0.1713	9.1807	0.3005	0.1213	20.8479	18.9506	20.0664
2010	March	12.8000	0.1406	9.0982	0.3048	0.1221	18.7504	16.7437	19.4335
	June	12.8000	0.1410	9.1118	0.2966	0.1221	18.1840	14.9497	18.9299
	September	12.8000	0.1506	9.6955	0.3025	0.1239	20.0025	17.1221	19.9192
	December	12.8000	0.1568	9.8057	0.2861	0.1239	19.4329	16.4776	19.7124
2011	March	12.8000	0.1593	10.0783	0.2869	0.1239	20.2316	17.6542	20.2944
	June 2/	15.2100	0.1895	12.3136	0.3432	0.1402	24.2029	21.6083	24.3428
	September	15.2100	0.1999	12.0766	0.3214	0.1392	23.7197	20.5231	23.7522
	December	15.2100	0.1985	11.8028	0.2910	0.1352	23.7940	19.7321	23.3515
2012	March	15.2100	0.1855	12.1731	0.3032	0.1188	24.2292	20.1246	23.5617

1/ Refers to the MMA daily reference exchange rate, which is the mid point of the weighted average buying and selling rates of all commercial banks. All other rates (except US dollar) refers to the exchange rate from Bank of Maldives plc.

2/ In April 2011, the exchange rate regime was changed from a fixed rate regime to a band of 20 per cent around a central parity of MVR12.85 per US dollar

Source: Maldives Monetary Authority; Bank of Maldives

MALDIVES MONETARY AUTHORITY

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