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# ANNUAL REPORT 2022



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# 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 2022 to achieve its main objectives, and the activities and developments of the MMA for the year 2022. It also covers developments in the domestic economy during 2022 and presents an overview of events in the global economy during the year. An outlook for 2023 is also included in the report. All analyses are based on information relating to the year 2022, received from relevant government authorities, financial sector agencies, public enterprises and other private sector sources. All data is as of April 2023. 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 2022 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.



*“Amid the post-pandemic economic revival, the banking sector recorded strong growth and high profitability ratios. In addition, to ensure a stable financial system in the country, the MMA continued to formulate and issue regulations with the aim of protecting the integrity and security of the financial system.”*

# Governor's Statement

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The Maldivian economy prospered in 2022, with real GDP growth estimated at 13.9% and exceeding pre-pandemic levels by the end of the year. Despite the headwinds from the global economic and geopolitical uncertainties resulting from the Russia-Ukraine war, surging global commodity prices, tightening of global financial conditions, as well as China's zero-COVID policy, the growth of the domestic economy was supported by tailwinds from further easing of global travel restrictions, and pent-up travel demand from traditional source markets in Europe as well as key source markets in Asia. The buoyancy of domestic economic activity was supported by the robust growth of the tourism sector and the spill-over effects on the growth of other related sectors, with total tourist arrivals surpassing the government's annual target of 1.6 million for the year. The year also witnessed the recovery of the construction sector with sectoral growth accelerating owing to the resumption of large-scale development projects, while the growth of the fisheries sector also improved during the year.

Following a year of low and stable inflation in 2021, prices accelerated in 2022 and averaged 2.3% for the year. The acceleration in the domestic inflation rate primarily mirrored high global commodity prices during the year, resulting from global supply chain disruptions exacerbated by the war in Ukraine. Upward pressure on inflation was contributed by the increase in prices of most food and energy-related items as well as the higher cost of several services during the year. However, this was offset to an extent mainly by declines in the cost of information and communication services.

Amid elevated global commodity prices as well as pick-up in post-pandemic domestic demand, import expenditure increased during the year, leading to worsening of the merchandise trade deficit, and ultimately widening the current account deficit estimated for 2022. However, the deterioration of the merchandise trade deficit was moderated to an extent by the improvements in both re-exports and domestic exports. Concurrently, inflows on the services account rose owing to the robust performance of the tourism sector during the year. With the net inflows from the financial account outpacing the current account deficit, the reserve position improved in 2022.

The growth prospects for the Maldivian economy appear optimistic, with the upward growth trajectory expected to be maintained in 2023. Nevertheless, the balance of risks to growth outlook remains tilted to the downside. These risks include the probable escalation of the Russia-Ukraine conflict and the tightening of the global financial conditions contributed by the recent financial sector turmoil and the ensuing amplification of debt distress. These shocks could weaken growth in Europe and potentially dampen travel demand from the region. Despite these headwinds, domestic economic growth may be supported by stronger-than-anticipated pent-up demand across numerous economies, and the reopening of China's borders for outbound travel. As for the outlook on price pressures, the domestic inflation rate is projected to accelerate in 2023, driven mainly by domestic policy changes such as the hike in GST rates.

During 2022, the MMA was proactive in implementing monetary policy measures to avert potential financial and economic disruptions, while supporting economic activity and maintaining price

stability. In this regard, the MMA expanded the amount of foreign exchange provided to the market during the year to alleviate the US dollar supply shortages in the economy and meet the surge in foreign exchange demand from both state-owned enterprises and the public. Although the majority of the changes to the policy instruments implemented during the COVID-19 pandemic were reverted in 2021, changes to the foreign currency minimum reserve requirement (MRR) was kept in place, as foreign currency liquidity issues persisted. However, based on the macroeconomic developments over the course of the year, the foreign currency MRR was reverted to the pre-pandemic level in October 2022.

Reflecting the continued efforts by the MMA to ensure a healthy and stable financial system in the country, the financial sector remained robust and well-capitalised, with prudential indicators remaining within the minimum regulatory requirements. Amid the post-pandemic economic revival, the banking sector recorded strong growth and high profitability ratios. In addition, to ensure a stable financial system in the country, the MMA continued to formulate and issue regulations with the aim of protecting the integrity and security of the financial system. In this regard, the “Risk Management Guidelines for Banks, Finance Companies, and Insurance Companies” was issued by the MMA in March 2022, to improve risk management within the financial sector.

Improving the effectiveness of controls and managing risks to the provision of its services is vital to strengthening the governance of the institution. Accordingly, the Enterprise Risk Management Policy of the MMA—which defines the risk governance structure, the principal risks faced by the Authority as well as the approach to managing those risks—was revised during the year, with key amendments brought to the governance structure and reporting process. Additionally, a risk assessment procedure for new projects was introduced to ensure the conduct of appropriate risk assessment and mitigation of risks that arise during the project development stage.

An efficient and secure payment system is part of any sound and stable financial sector. Accordingly, the MMA made strides in its efforts to modernize the payment system of the country, through the Maldives Payment System Development Project. While the first phase of the project—which initially included the launching of Instant Payment Services (IPS) along with the open banking functionalities— was changed such that the go-live comprises only the IPS; the introduction of open banking functionalities has been set for a later date. Additionally, several milestones of the project were met during the year, such as the deployment of the instant payment solution and the commencement of the ongoing System Integration Testing, and User Acceptance Testing. As for the second phase, although the timeline has been delayed to some extent owing to the changes in the overall project timeline, the scoping and finalization of the solution specifications were completed early in the year, followed by the commencement of Payment Platform implementation.

As part of its role in fostering the growth of the financial sector, the MMA has long prioritized financial inclusion to achieve further prosperity and lessen regional wealth disparities across the country. The MMA celebrated the Global Money Week, a yearly initiative that took place during the last week of March 2022, with the goal of fostering financial knowledge of children and youth. In this regard, the MMA in collaboration with financial institutions organized a series of webinars and carried out a social media campaign (through Facebook and videos on the MMA social media) covering key financial awareness topics. The MMA also continued the work on formulating the

National Financial Inclusion Strategy for the Maldives, with a national level demand-side survey conducted in June 2022 to gather the necessary data required for the formulation of the strategy. The survey examined the degree of financial inclusion currently in the country and assisted in identifying the opportunities and obstacles to accomplish the objectives of the strategy. Aided by the technical assistance from the Alliance for Financial Inclusion, the MMA also conducted a multi-stakeholder workshop on inclusive green finance and developed an action plan to promote inclusive green finance in the Maldives.

The continued progress of our financial system bear witness to the remarkable efforts made by the most vital asset of the institution—the past and present members—and the MMA remained steadfast in incentivising and retaining the best workforce. During the year, two staff members of the MMA were selected to pursue postgraduate studies in the field of Economics and Finance, as well as Law. Additionally, the MMA conducted a total of 146 trainings during 2022, facilitating opportunities for staff to learn new skills and hone their abilities in a variety of areas. Furthermore, the MMA continued to provide financial benefits to staff members through short-term loans provided under the staff loan scheme.

Although the adverse risks to the health of the economy have moderated, uncertainties remain for the year ahead. Nevertheless, the MMA remains committed to forging a path towards inclusive, stable, and sustainable economic growth for the country. I wish to extend my profound gratitude to the MMA Board of Directors and my colleagues at the MMA for their hard work, dedication and steadfast support, without which tackling both the foreseen and unforeseen challenges would not have been possible. I have no doubt that the competent personnel of MMA will remain steadfast in their efforts to address the financial and economic issues facing our country and reaffirm our commitment to maintaining monetary and financial stability in the Maldives.

**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



**Ms Neeza Imad**

Ministry of Economic Development



**Uz Ashraf Rasheed**

Ministry of Finance



**Mr Asad Ali**

Private Sector

# Executive Committee



## Right to Left

### **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

## **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 Najeel**

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

ACH	Automated Clearing House
ADB	Asian Development Bank
AFI	Alliance for Financial Inclusion
AFIR	Asian Forum of Insurance Regulators
AML/CFT	Anti-Money Laundering and Combating the Financing of Terrorism
BOP	balance of payments
bps	basis points
BPT	business profit tax
CIB	Credit Information Bureau
CIR	Credit Information Reports
CPI	consumer price index
ECB	European Central Bank
FDI	foreign direct investment
FIU	Financial Intelligence Unit
FSAP	Financial Sector Assessment Program
GDP	gross domestic product
G-GST	general goods and services tax
GIR	gross international reserves
GMW	Global Money Week
GVA	gross value added
GWP	gross written premium
HICP	Harmonised Index of Consumer Prices
IAIS	International Association of Insurance Supervision
IMF	International Monetary Fund
IT	Information Technology
ITRS	International Transaction Reporting System
MIFCO	Maldives Industrial Fisheries Company
MMA TI	MMA Training Institute
MOF	Ministry of Finance
MPC	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>NRA</b>	National Risk Assessment
<b>NPL</b>	non-performing loan
<b>NWP</b>	net written premium
<b>ODF</b>	overnight deposit facility
<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>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>SARTTAC</b>	South Asian Regional Training and Technical Assistance Center
<b>SCoMMA</b>	Shariah council of the MMA
<b>SMEs</b>	small and medium-sized enterprises
<b>SOEs</b>	state-owned enterprises
<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



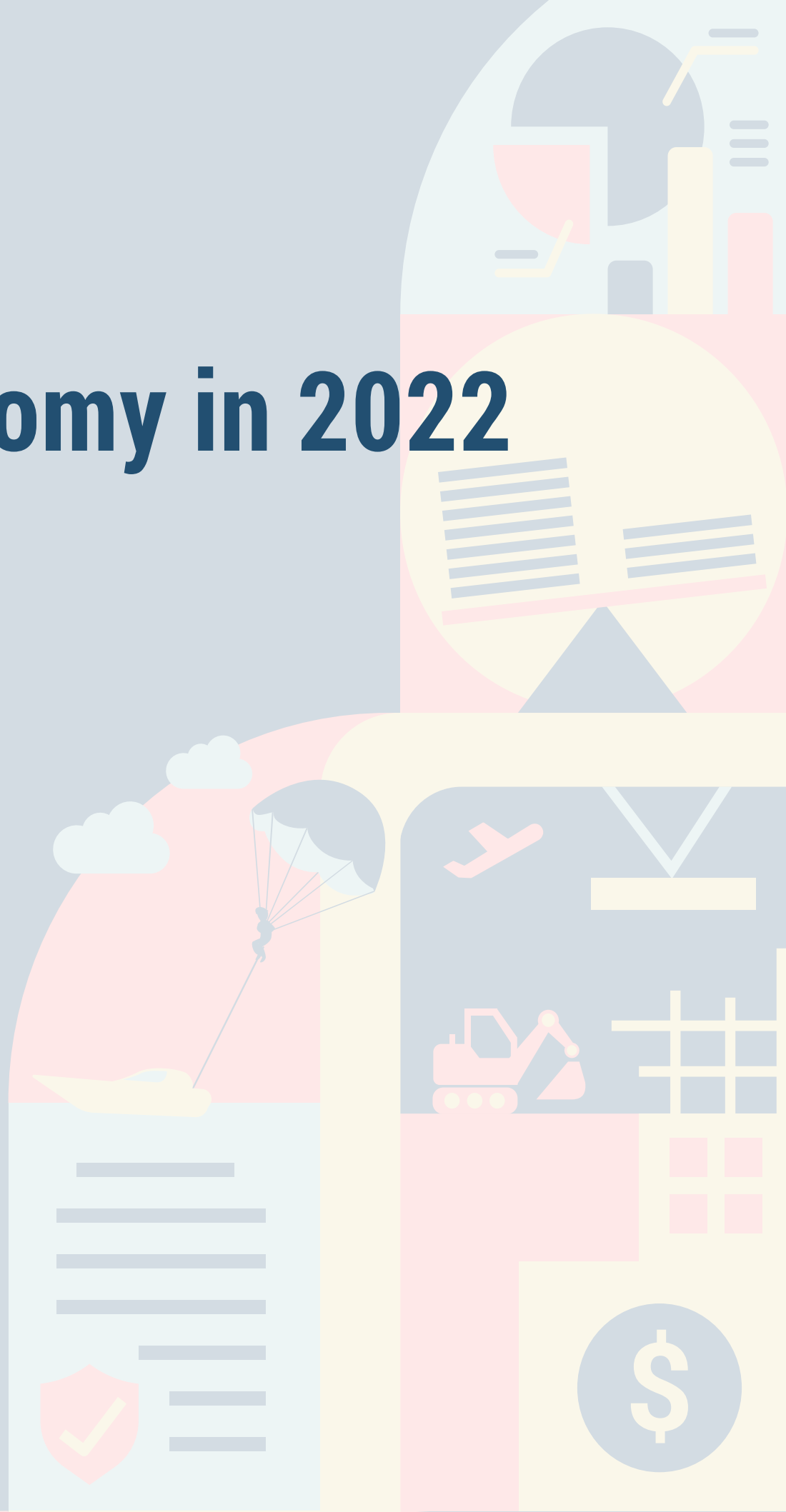
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# Economy in 2022



# Economic Highlights 2022

## TOURISM

**27%**

### Annual increase in arrivals

Tourist arrivals grew strongly primarily mirroring the pent-up demand from traditional source markets of Europe as well as key Asian source markets.

## FISHERIES

**1%**

### Volume of fish exports decline

Despite the modest decline in the volume of fish exports, the fisheries sector performance improved in annual terms, in line with the estimated growth in fish catch for the year.

## INFLATION

**2.3%**

### Inflation rate

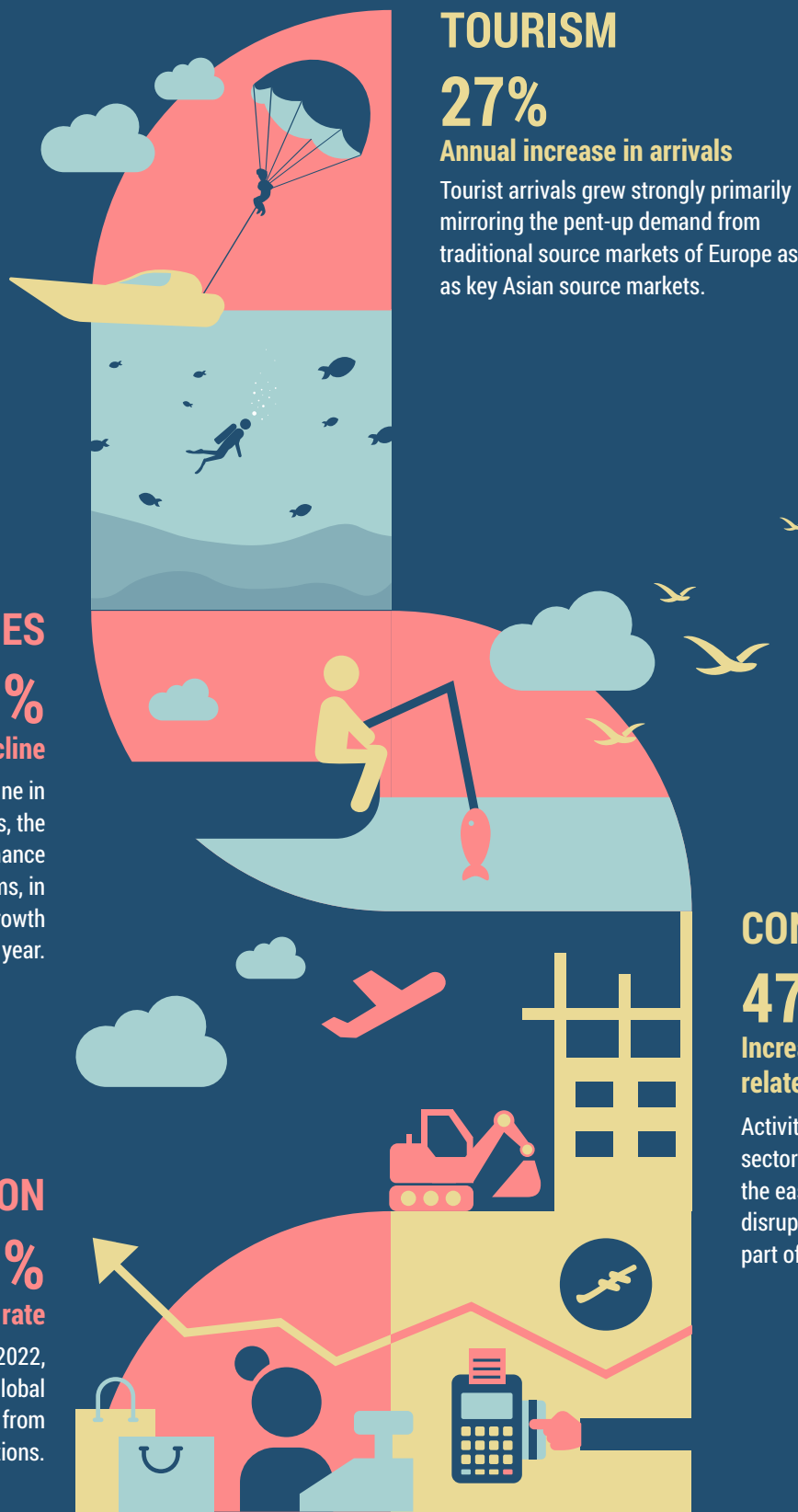
Average inflation picked up in 2022, driven primarily by elevated global commodity prices stemming from global supply chain disruptions.

## CONSTRUCTION

**47%**

### Increase in construction related imports

Activity in the construction sector grew significantly with the easing of supply chain disruptions during the latter part of the year.



## EXTERNAL SECTOR

**17%**

**Current account deficit as a percentage of GDP**

Despite the significant growth in tourism-related receipts, the current account deficit widened largely due to the surge in import expenditure amid elevated global commodity prices and higher domestic demand.



## PUBLIC FINANCE

**11.9%**

**Fiscal deficit as a percentage of GDP**

The fiscal deficit narrowed due to a strong growth in total revenue, despite a marked increase in total expenditure.

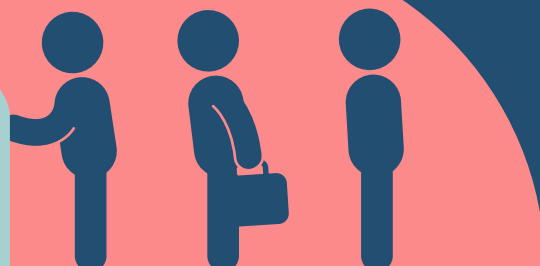
## FINANCIAL SECTOR

**7%**

**Annual growth in total assets of banks**

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

ATM

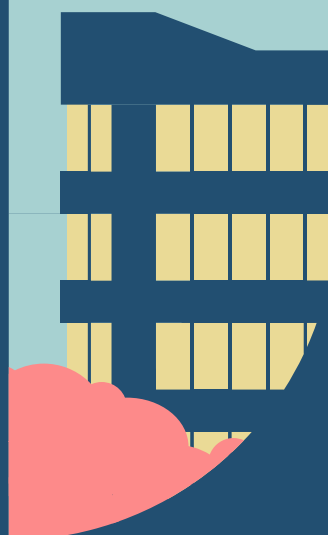


## PRIVATE SECTOR CREDIT

**5%**

**Private sector credit growth**

Annual growth of credit to the private sector observed a modest acceleration during the year.



# Overview

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According to preliminary estimates based on the Quarterly National Accounts (QNA) released in early April 2023, the Maldivian economy is estimated to have expanded by 13.9% in 2022 and exceeded pre-pandemic level, after registering a growth of 41.7% in 2021. This is also 1.6 percentage points higher than the most likely scenario for real GDP growth projected in October 2022. The robustness in growth during 2022 was driven by the buoyant tourism sector owing to the pent-up demand from traditional source markets of Europe as well as key Asian source markets, despite the strong headwinds from geopolitical and economic uncertainties as well as from China's zero-COVID policy. Further, the domestic economy was benefitted by the easing of global travel restrictions and improvement in the flight operational capacity with the opening of new runway in the Velana International Airport in October 2022. Meanwhile, activity in sectors closely related to tourism such as transportation and communication; and wholesale and retail trade also strengthened during the year. Similarly, the growth of the construction sector and fisheries sector accelerated, owing to increase in construction activity and estimated fish catch, respectively, during the year.

The average rate of inflation accelerated to 2.3% in 2022, from 0.5% in 2021, reflecting the elevated global commodity prices during the year, owing to global supply chain issues caused by the Russia-Ukraine war and COVID-19-related lockdowns in China. During the year, upward inflationary pressures were exerted by the growth in prices of most of the food items, energy-related items as well as higher cost of certain services. Meanwhile, declines in prices

of information and communication services, international passenger transport by air and vegetables contributed to the downward pressure on inflation.

On the fiscal front, the fiscal deficit narrowed to 11.9% of GDP in 2022, due to a significant increase in total revenue, which also surpassed the budgeted target. This mirrored sizeable increases in tax revenue as well as in non-tax revenue, driven by the robustness of the tourism sector performance. Further, revenue was boosted by the implementation of some of the new revenue measures proposed for 2021. Meanwhile, total expenditure depicted a sizeable increase due to a significant growth in both recurrent and capital expenditure. The largest increase in recurrent expenditure stemmed from administrative and operational expenses, while the growth in capital expenditure stemmed from higher spending on public sector investment programme (PSIP). This mirrored faster implementation of the development projects with the recovery of the economy from the pandemic and ease of global supply chain disruptions. In 2022, the fiscal deficit was mainly financed through domestic sources. With regard to public debt, the total stock of debt rose to MVR91.5 billion, while total public debt as a percentage of GDP rose to 96% of GDP in 2022 from 94% in 2021.

With regard to monetary developments, the MMA continued to maintain an accommodative monetary policy stance to avert potential economic and financial disruptions in the country, although the minimum reserve requirement (MRR) on foreign currency was reverted to pre-pandemic level, following a

strong growth in economic activity in 2022. During the year, annual growth in broad money was driven by the rise in net domestic assets (NDA) of the banking system. This reflected an increase in domestic assets, mainly on the account of a rise in net claims on central government (NCG), together with increase in commercial banks' credit to the private sector and public non-financial corporations. Meanwhile, net foreign assets (NFA) of the banking system posted a decline, mirroring a decline in foreign currency demand deposits held abroad by commercial banks as well as due to a significant rise in foreign liabilities of the MMA, stemming from the impact of the foreign currency swap with the Reserve Bank of India (RBI) accessed in December 2022.

During 2022, the financial sector remained robust and well capitalised. The banking sector—which accounts for over 90% of the financial institutions' assets—observed strong growth with high profitability ratios and capital buffers at prudent levels. Meanwhile, non-performing loans (NPLs) and loan-loss provisions also remained at prudent levels. As for the insurance industry, the profitability of the general insurance industry observed a modest growth, as the increase in net premium

outpaced the rise in gross claims in 2022. With regard to non-bank financial sector, the profitability of the sector recorded a modest decline in 2022, reflecting the increase in loan-loss provisions (owing to growth in NPLs), as well as higher non-interest expenses.

With regard to the balance of payments (BOP), the current account deficit widened to 17% of GDP in 2022, from 8% in 2021, largely due to the surge in import expenditure, amid elevated global commodity prices and higher domestic demand. Further, this was contributed by the growth in interest payments on external debt, profit repatriation and reinvestment of earnings by the tourism sector, as well as the rise in worker's remittances. In 2022, the current account deficit was largely financed by inflows from foreign direct investments as well as from borrowings by the government and private sector. Further, with the overall financial account position outpacing the current account deficit, the overall balance of payments recorded a surplus of US\$22.5 million, while the gross international reserves (GIR or official reserve assets) stood at US\$827.7 million at the end of 2022.

# Macroeconomic Developments



# International Economic Developments

## Global Output

Following a brief upswing in 2021, global economic growth slowed substantially in 2022, largely reflecting the war in Ukraine—which exacerbated COVID-19-related global supply chain disruptions and soaring commodity prices—tighter global financial conditions resulting from monetary tightening and the lockdowns in China. Meanwhile, headline inflation accelerated during 2022, owing to the rise in global commodity prices stemming from supply chain issues and temporary idiosyncratic factors amid global economic and geopolitical instability.

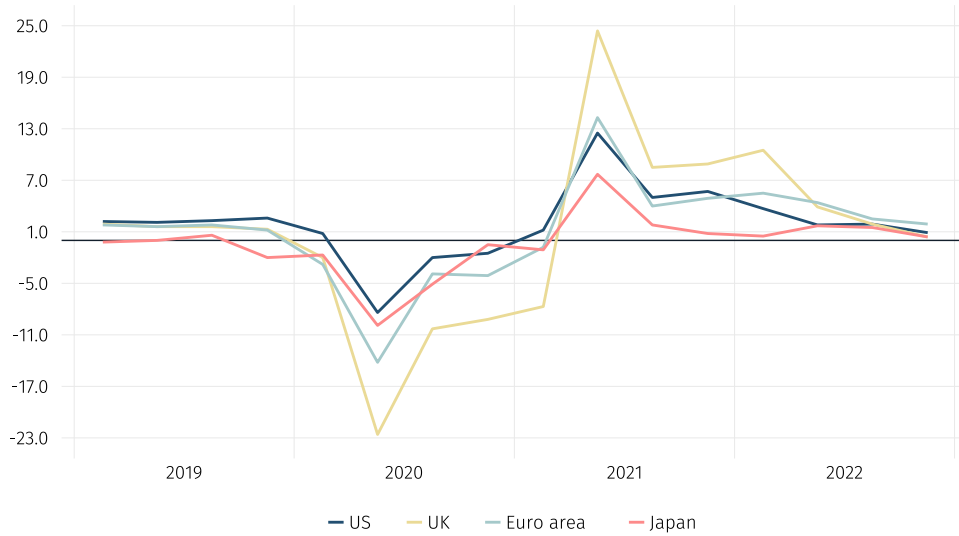
Global economic growth slowed significantly in 2022, contributed by the war in Ukraine, tighter financing conditions, and lockdowns in China. Following the outbreak of the Russia-Ukraine war, global food and energy prices skyrocketed, adding to existing supply disruptions in commodity markets and persistent inflationary pressure. To contain the rise in inflation, monetary policy was tightened in many advanced economies resulting in tighter financial conditions worldwide, while the economic slowdown in China owing to COVID-19-related lockdowns further weighed down global growth. However, majority of the economies remained relatively resilient despite the global economic and geopolitical instability during the year. Consequently, according to the International Monetary Fund (IMF) World Economic Outlook (WEO) April 2023 report, global growth<sup>1</sup> is estimated to slow down to 3.4% in 2022 (1.5 percentage points lower than in the October 2022 WEO), from an estimated growth of 5.9% in 2021, with similar growth paths observed for both the advanced and the emerging market and developing economies.

Looking at the advanced economies, activity in the United States (US) slowed down and recorded a growth of 2.1% in 2022, following a growth of 5.9% in 2021 (Figure 1). The economic growth during the year was primarily driven by the rise in personal consumption expenditure—the main driver of the economy—as the surge in expenditure on services offset the decline in goods. Despite the positive contributions to economic activity, private consumption decelerated during 2022, as domestic demand remained subdued amid high inflation and tighter financial conditions in the country. Additionally, the improvement in net exports (the fall in imports coupled with higher exports) also boosted economic activity in the country, along with higher private inventory investment and non-residential fixed investment, which partially offset the declines in residential fixed investment and federal government spending.

The economic performance in the euro area moderated in 2022, owing to the war in Ukraine which tightened financial conditions. As such, the region recorded a growth of

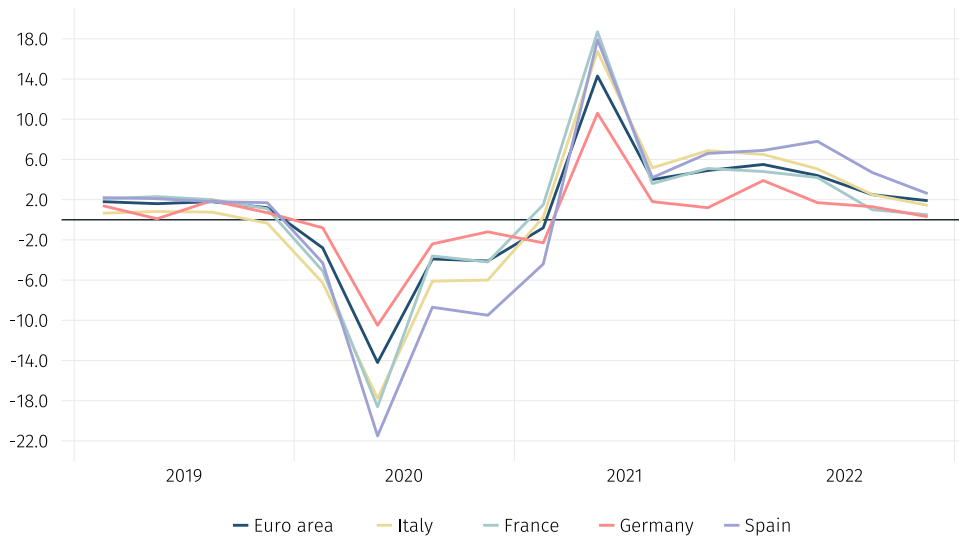
<sup>1</sup> International Monetary Fund, 'World Economic Outlook', April 2023.

**Figure 1: Real GDP Growth in the Advanced Economies, 2019 - 2022**  
(annual percentage change)



Source: Bloomberg Database

**Figure 2: Real GDP Growth in the Euro Area, 2019 - 2022**  
(annual percentage change)



Source: Bloomberg Database



3.5% in 2022, after registering a growth of 5.3% in 2021 (Figure 2). While the first half of the year witnessed a period of robust growth in the region as the economies reopened following the lifting of COVID-19 restrictions, the second half of the year was marked by subdued consumption and production due to surging energy prices. Similar to several other major economies, declining global demand and tightened monetary policy amid high domestic inflation slowed down the euro area economies with negative effects on consumer spending and production. Despite this, the overall labour market in the euro area remained robust and showed signs of stability according to the short-term labour market indicators. It is noteworthy that the euro area exhibited unexpected resiliency amid recessionary concerns in the region, with energy prices easing during the last quarter of 2022.

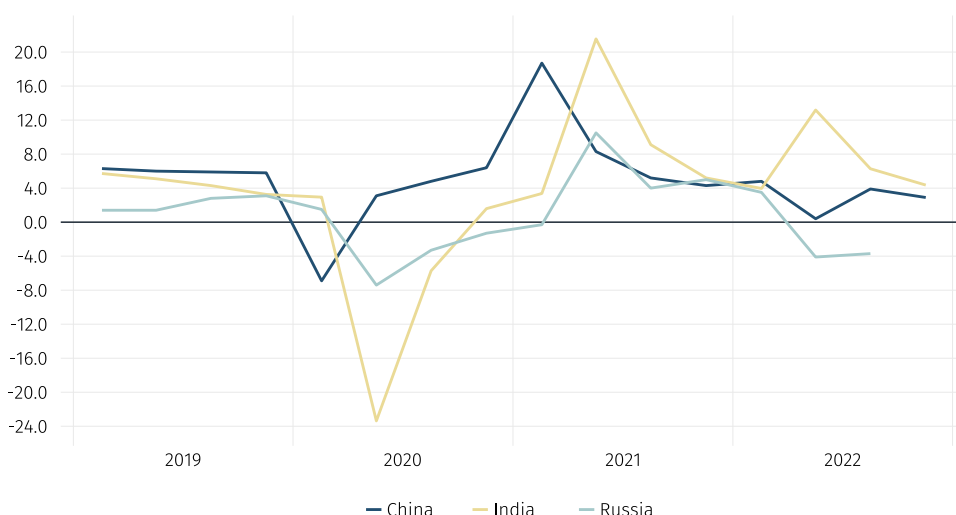
Looking at the growth estimates of the main economies in the region, the German economy exhibited subdued growth in 2022. Despite high inflation in the country, economic growth was aided by the increase in demand brought on by the post-pandemic reopening of the economy. However, economic growth was subdued as investment and private consumption remained low with economic activity moderating in the second half of the year. Meanwhile, on the back of significant carry-over effect of the robust economic growth recorded during 2021, the French economy remained buoyant in 2022, although economic activity moderated owing to supply chain bottlenecks and surging global commodity prices. Further, economic activity in Italy also remained strong, driven by domestic demand during the year. The Spanish economy exhibited resiliency during 2022, driven by the strong revival of the tourism sector, the growth in private consumption, and positive labour market developments, against the negative shocks of the war in Ukraine.

The Japanese economy—the third largest in the world—registered a muted growth of 1.0% in 2022, a slight moderation compared to the growth of 2.1% in 2021. 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 gross domestic product (GDP). However, this was partially offset by negative contributions from both public and residential private investment, while imports also increased during the year. Meanwhile, the employment levels in Japan exhibited a recovery during the year, with job availability in the country improving for the first time in four years.

In the United Kingdom (UK), GDP growth decelerated to 4.0% in 2022, from a growth of 7.6% in 2021. The growth momentum of the UK economy remained weak amid the decline in real wages and tight financial conditions in the country. While growth in household consumption and business investment as well as government spending contributed positively to economic growth in the country, it remained subdued relative to the previous year. Further, economic growth was also supported by the rise in construction sector output and the improvement in the services sector. However, this was offset by the deficit in trade balance as imports exceeded exports.

In the emerging market and developing economies, economic growth slowed down, owing to surging global prices and tightened financial conditions worldwide amid concerns of an economic slump (Figure 3). In China, growth moderated significantly to 3.0% in 2022, from 8.1% in 2021. Despite the prolonged COVID-related restrictions, economic activity in China was bolstered by the growth in the services sector, which mainly included modern services industries such as technology

**Figure 3: Real GDP Growth in Emerging Markets and Developing Economies, 2019 - 2022**  
(annual percentage change)



Source: Bloomberg Database

and financial services, while industrial production also remained robust during 2022. Nonetheless, the growth momentum remained subdued amid uncertainties surrounding the evolution of the pandemic—a sharp increase in COVID-19 cases in the country following the sudden relaxation of the pandemic-related restrictions towards the end of the year—and the property market predicament in the country.

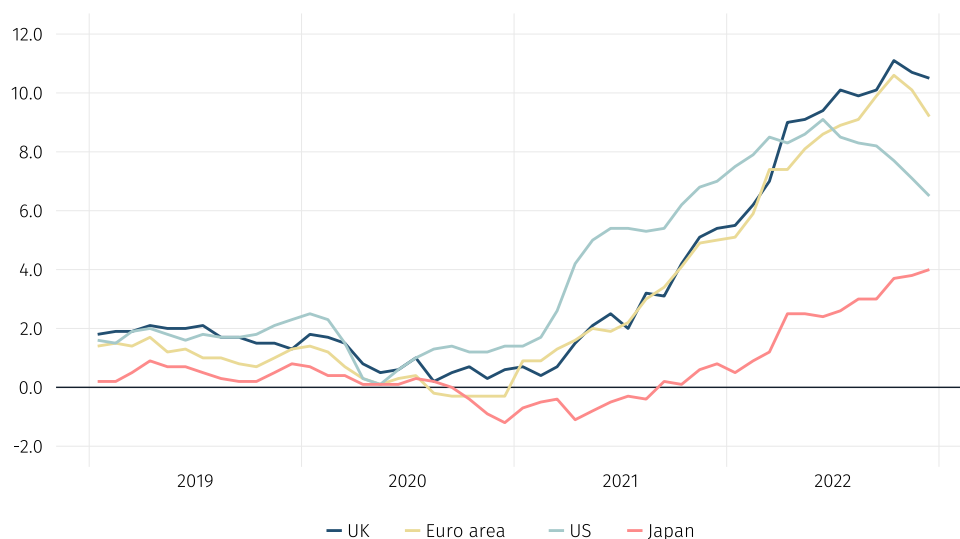
As for India, economic growth is estimated to have moderated to 6.6% in 2022, following a growth of 8.8% in 2021. The economy recovered with the lifting of the COVID-19 restrictions in mid-2022. However, an intensification of inflationary pressures owing to the war in Ukraine, led to a tightening of the RBI's monetary policy stance. The services as well as manufacturing sectors remained subdued during the year, although the economy remained resilient despite global recessionary concerns, persistent geopolitical conflicts, and tightened financial conditions.

Following an expansion of 5.6% in 2021 the Russian economy contracted by 2.5% in 2022, reflecting the impact of the Russia-Ukraine war. However, the contraction of the Russian economy was lower than forecasted, with output driven primarily by steadily improving construction and agricultural sectors. Conversely, the manufacturing sector shrank owing to the decline in the production of non-food consumer goods, while consumer demand remained muted. Meanwhile, investments remained relatively elevated during the year, despite the external shocks and rising uncertainty.

## Global Inflation

Against the backdrop of supply chain bottlenecks owing to geopolitical conflicts and surging global commodity prices, headline inflation accelerated in all advanced and emerging market and developing economies during 2022. Reflecting these developments, core inflation also edged up above the central

**Figure 4: Inflation in the Advanced Economies, 2019 - 2022**  
(annual percentage change)



Source: Bloomberg Database

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 rose to 8.0% from 4.7% recorded in 2021 (Figure 4). This has been the highest ever recorded since 1990 and exceeded the 2.0% inflation target set by the Federal Reserve. While the acceleration was mostly driven by the rise in prices of the services sector, all major categories observed increases during the year. In addition, housing and commodities prices also exerted upside pressure on inflation while the decline in communication prices dampened this effect to a certain extent.

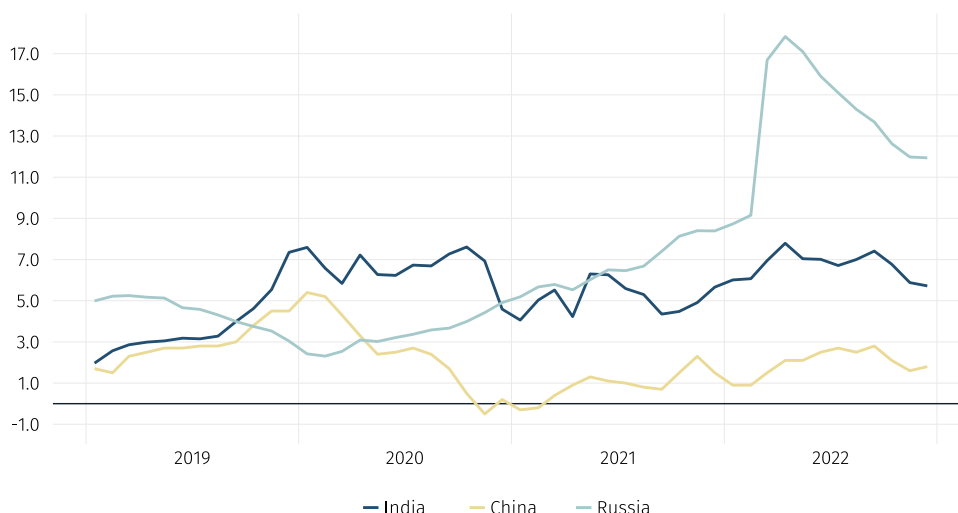
In the euro area, the rate of inflation, as measured by the Harmonised Index of Consumer Prices (HICP), accelerated to 8.4% in 2022, up from 2.6% in 2021, moving beyond the 2.0% target rate of the European Central Bank (ECB). The major upward contributors were energy-related items, as reflected by the increase in the cost of electricity and fuels

amid an increase in the usage of personal transport equipment. Meanwhile, downward contributions stemmed from cost of the communication services during the year.

After recording a negative 0.2% in 2021, the rate of inflation in Japan rose substantially to 2.5% in 2022, slightly above the Bank of Japan's target rate of 2.0%. The increase was largely contributed by rising energy and food prices, and the resultant increase in related items during the year. Meanwhile, downward pressure on inflation primarily stemmed from declining costs in the communication sector.

In the UK, the rate of inflation surged to 7.9% in 2022, up from 2.5% in 2021, significantly higher than the Bank of England's target rate of 2.0% due to broad-based increases in all categories. During the year, inflationary pressures stemmed from both housing, water, electricity, gas, and other fuels; and the transport categories, which mirrored the impact of rising energy costs on related categories. In addition, food prices and services of restaurants and

**Figure 5: Inflation in Emerging Markets and Developing Economies,  
2019 - 2022**  
(annual percentage change)



Source: Bloomberg Database

hotels also contributed to the upward pressure on inflation.

Turning to price developments in emerging market and developing economies, the rate of inflation in China accelerated to 2.0% in 2022, from 0.9% in 2021, although it remained within 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, prices in all major consumption categories rose and were driven primarily by the growth in transport and communication costs as well as the increase in prices of food, tobacco, and alcohol.

The rate of inflation in India rose to 5.9% in 2022, from 4.9% in the previous year, falling within the upper margin of the target band of 4.0% to 6.0% set by the RBI. During the first half of the year, food and energy prices in India remained elevated, with high prices passing through to related sectors. This reflected supply chain

disruptions due to the Russia-Ukraine war, the surge in oil prices, and the poor crop harvests as a result of excessive heat in several regions of the nation. However, as global oil prices cooled during the latter half of the year, prices in the energy sector decelerated, whereas food prices continued to remain high.

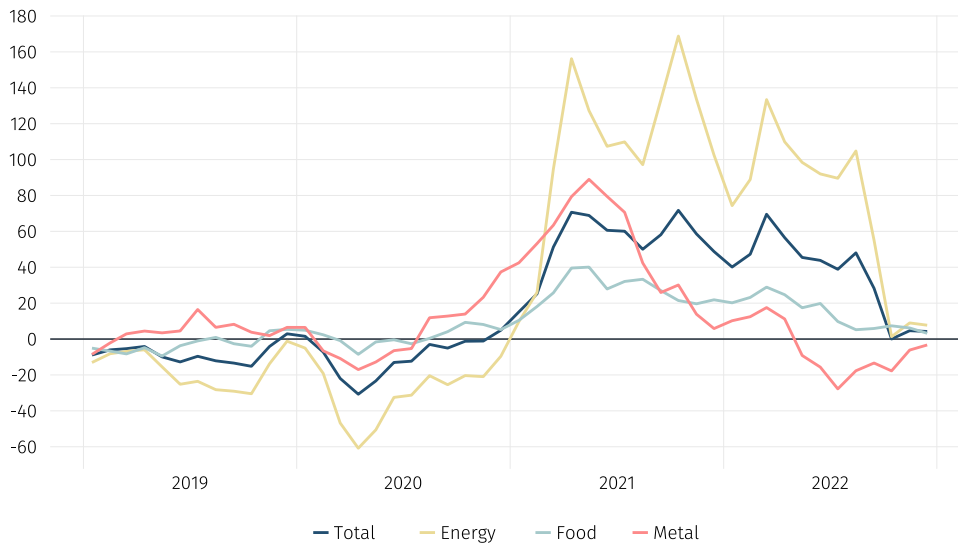
In Russia, the rate of inflation is estimated to have accelerated and remained well above the Bank of Russia's target inflation rate of 4.0% during 2022, up from 6.7% in the previous year. As such, the rate of annual inflation in December 2022 stood at 11.9%, with upward inflationary pressures stemming from broad-based price increases across all goods and services on the back of a weaker ruble amid foreign trade and financial restrictions.

## Commodity Prices

Following a year of elevated prices, global commodity markets witnessed further hikes in prices during 2022 with the IMF price index

**Figure 6: Global Commodity Price Indices, 2019 - 2022**

(annual percentage change)



Source: Bloomberg Database

for all commodities registering a significant growth of 34% in 2022. This was led by energy prices, primarily reflecting supply chain disruptions caused by the war in Ukraine and COVID-19-related lockdowns in China. In 2022, global food prices remained elevated throughout, despite having eased from peak levels following the start of the war in Ukraine, while global metal prices registered an overall decline during the year—after having retreated from the record levels reached in March—owing to recessionary fears and prolonged COVID-related restrictions in China (Figure 6).

## Energy Prices

The IMF energy price index increased by 64% in 2022 as average global crude oil prices surged to US\$97.1 per barrel, from the US\$69.1 per barrel recorded in 2021. The hike in oil prices during the year was primarily attributed to supply-side issues and Russia's war in Ukraine.

Robust oil demand, particularly for transportation fuels, amid a further relaxation of travel restrictions aided the continued increase in prices during 2022. Meanwhile, the surge in gas prices led to substitution away from natural gas, increasing the demand for oil. Upward pressure on prices was attributed to strong demand from the US and Europe, as well as rising demand from other Asian consumers. Conversely, lockdowns in China led to a contraction in oil demand, while Organisation for Economic Cooperation and Development (OECD) countries also registered a moderation in demand towards the end of the year. This led to a downward revision of oil demand in Q3-2022 with downward pressure on oil prices at the end of 2022, although prices remained higher relative to the preceding year.

On the supply front, oil drilling activity in the US returned to near pre-pandemic levels, although suppliers remained challenged by substantial input cost inflation and supply chain issues.

Moreover, in the wake of the Russia-Ukraine war global oil prices skyrocketed, although the Russian oil supply exhibited higher-than-anticipated resiliency during the year. Additionally, the reduction of the OPEC+ production target in November provided upward pressure on oil prices.

## Metal Prices

Base metal prices, which reached record levels in the first half of 2022 due to supply fears following the outbreak of the war in Ukraine registered a sizeable decline in the second half of the year, weighed down by subdued demand from China, recession concerns worldwide, and a strong US dollar. Meanwhile, precious metal prices grew, supported by the economic stimulus programme in China, although they fell during the second half of the year owing to the steady decline in demand mirroring the impact of the interest rate hikes by the US Federal Reserve.

## Food Prices

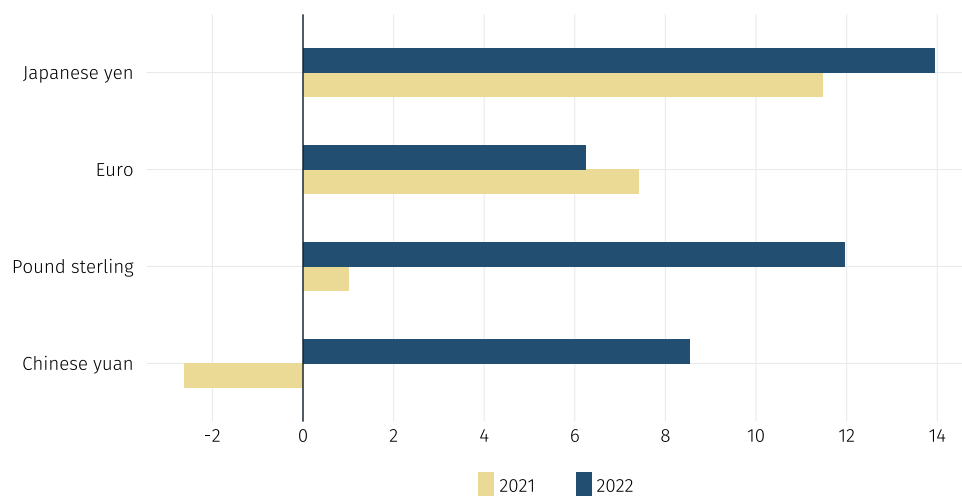
The IMF food price index recorded an increase of 14% in 2022, following a growth of 26% in 2021. In this regard, notable gains were observed for staples such as oils, sugar, and cereals, owing to several factors such as substantial market disruptions caused by the war in Ukraine (Russia and Ukraine are the two largest exporters of wheat), higher energy and input costs, unfavourable weather conditions in some key supplier countries and persistently high global food demand. Likewise, meat and dairy prices also recorded considerable increases during the year. Meanwhile, prices of beverages grew, owing to the increase in prices of Arabica and Robusta coffee which reflected

the weather-induced output decline of the previous year in Brazil as well as prolonged rainfall in Vietnam.

## Exchange Rates

Following a relatively strong performance during the first half of 2022, the US dollar continued to remain robust during the second half of the year, maintaining the appreciation trend witnessed against the currencies of several major advanced economies, and emerging markets and developing economies in 2021 (Figure 7). At the end of the first half of 2022, the US dollar appreciated against the Chinese yuan, the pound sterling, and the euro, as well as the Japanese yen. Further, the year ended on a stronger dollar against all the currencies of the selected major advanced economies and emerging markets. At the end of 2022, the US dollar appreciated 14%, year-on-year, against the Japanese yen, reflecting the weakening of the Japanese yen as a result of higher US yield amid the ultra-easy policy stance by the Bank of Japan. Likewise, the US dollar appreciated 6% against the euro, which reflected the impact of the surge in energy prices as well as elevated inflation rates amid geopolitical tensions in the area. Meanwhile, the US dollar appreciated 12% against the pound sterling, reflecting the significant negative external shock to the country due to soaring global energy prices. It is noteworthy that the depreciation of the Japanese yen, the euro, and the pound sterling was lower in relative terms during the second half of the year. Similarly, the US dollar appreciated 9% against the Chinese yuan, mirroring the economic slowdown in the country due to prolonged COVID-19 restrictions.

**Figure 7: Changes in the Exchange Rates of Major Currencies against the US Dollar, 2021 - 2022**  
(annual percentage change)



Source: Bloomberg Database

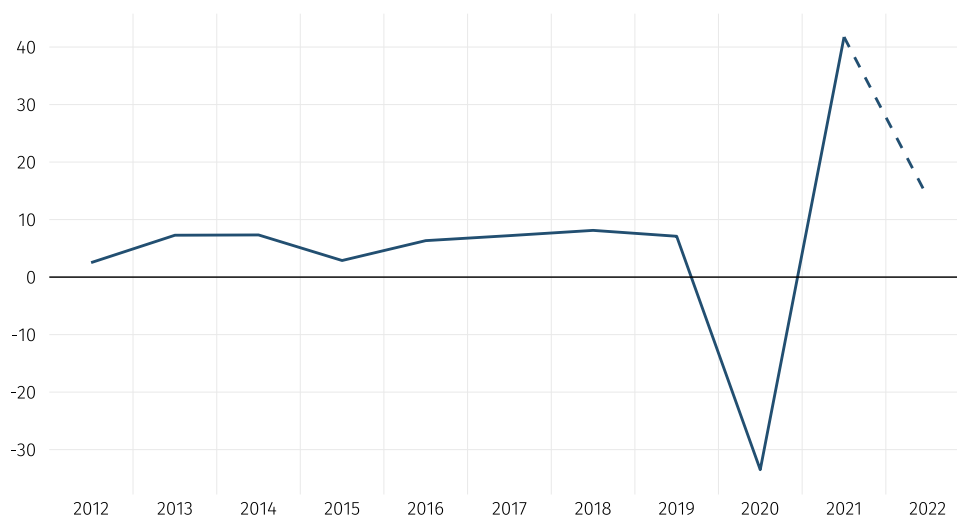
Note: Percentage changes have been calculated using year-end rates.

# Domestic Economic Developments

## Real Economy

According to preliminary estimates based on the Quarterly National Accounts (QNA) released in early April 2023, the Maldivian economy is estimated to have expanded by 13.9% in 2022, year-on-year, after recording a significant rebound of 41.7% in 2021 (Figure 8). The strong growth in real GDP was led by the continued recovery of the tourism sector, despite strong headwinds from geopolitical and economic uncertainties. During the year, sectors that are closely linked to the developments in the tourism sector, such as transportation and communication, and wholesale and retail trade, also registered strong positive growths. Similarly, the growth of the construction sector and fisheries sector improved, reflecting higher construction activity and estimated fish catch, respectively, during the year. In addition, real GDP growth was also supported by the public administration sector as well as entertainment, recreation, and other services sector.

Figure 8: Real GDP Growth, 2012 - 2022  
(annual percentage change)



Source: Maldives Bureau of Statistics, Maldives Monetary Authority, Ministry of Finance  
Note: Dashed line represents estimate as of April 2023.



## Tourism

The robust recovery of the tourism sector continued in 2022, despite strong headwinds from geopolitical and economic uncertainties as well as from China's zero-COVID policy. Based on the preliminary Quarterly National Accounts (QNA) estimates, the gross value added (GVA) of the tourism sector is estimated to have registered an annual growth of 22.4% during 2022, following the significant rebound of 152.0% observed in 2021.

The beginning of the year was marked by the diverse challenges posed by the Russia-Ukraine war, as both the Russian and Ukraine markets were major drivers of the recovery in tourist arrivals to the Maldives since the re-opening of the international borders in July 2020, with Russia accounting for the second highest source market in 2020 and 2021. The commencement of the war resulted in the suspension of three airlines operating direct flights to the Maldives from both countries in early March 2022. This led to a significant drop in the average daily arrivals from both

countries during the period. However, during the second quarter, Aeroflot—Russia's flag carrier and the largest airline—resumed its operations, which resulted in an increase in daily average arrivals from Russia.

Despite the headwinds from these developments, total tourist arrivals for the year surpassed the government's target of 1.6 million tourists for the year, reaching a total of 1,675,303 arrivals in 2022 (98% of levels in 2019) (Figure 9). Total tourist arrivals rose by 27% when compared with 2021, although a 2% decline was observed when compared to 2019. The increase in arrivals primarily reflected the pent-up demand from traditional source markets of Europe as well as key Asian source markets. Meanwhile, tourist bednights posted a growth of 22%, while the average stay moderately declined to 8.0 days from 8.8 days in 2021. Reflecting these developments, total tourism receipts observed an annual increase of 28% and is estimated at US\$4.5 billion in 2022, up from US\$3.5 billion in 2021<sup>2</sup>. This

**Figure 9: Tourism Indicators, 2012 - 2022**  
(thousands, annual percentage change)



Source: Ministry of Tourism

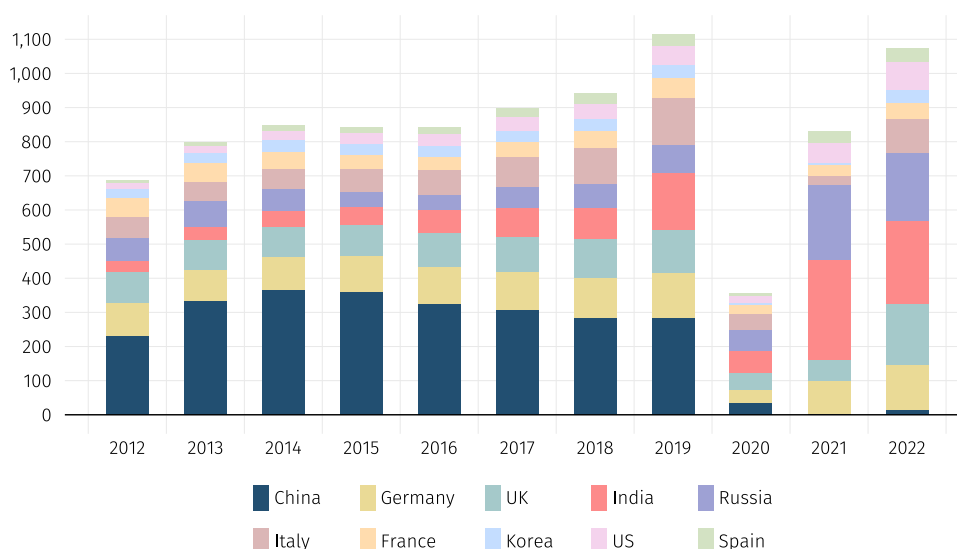
<sup>2</sup> The tourism receipts figures are based on the estimates made by the MMA.

was a growth of 41% when compared to the US\$3.2 billion registered in 2019.

According to the United Nations World Tourism Organization (UNWTO) Barometer, international tourist arrivals more than doubled when compared with 2021, with over 900 million tourists in 2022. However, international arrivals remained 37% below pre-pandemic levels of 2019. During the year, arrivals to the Middle East region observed the smallest relative decline (17%) when compared with 2019, followed by Europe (21%), Africa (35%) and the Americas (35%). Meanwhile, Asia and the Pacific region contracted significantly by 77% during the year. Nevertheless, when compared with 2021 all regions registered significant growth. According to the UNWTO, the stronger-than-expected recovery in international tourist arrivals stemmed from buoyant pent-up demand and the easing of the travel restrictions across many countries.

In line with these developments, international flight movements to the country surged by 19% or 2,402 flights when compared with 2021—an 11% growth when compared with pre-pandemic levels. This mainly reflected the rise in flight movements from major carriers such as Singapore Airlines, Emirates, SriLankan Airlines, Gulf Air, Fly Dubai, Qatar Airways, and Turkish Airlines. At the end of 2022, there were 34 airlines operating flights to the Maldives (compared with 30 in 2021 and 37 in 2019). However, the average seat occupancy remained low at 22% during 2022, when compared with the 57% recorded in 2019—although an improvement was observed when compared with the 8% registered in 2021. During the year, new airlines which commenced operations to the Maldives at the start of the peak season include Eurowings Discover (a new leisure airline of the Lufthansa Group), Kuwait Airways, and Wizz Air (a Hungarian ultra-low-cost carrier).

**Figure 10: Tourist Arrivals from Major Inbound Markets, 2012 - 2022**  
(thousands)



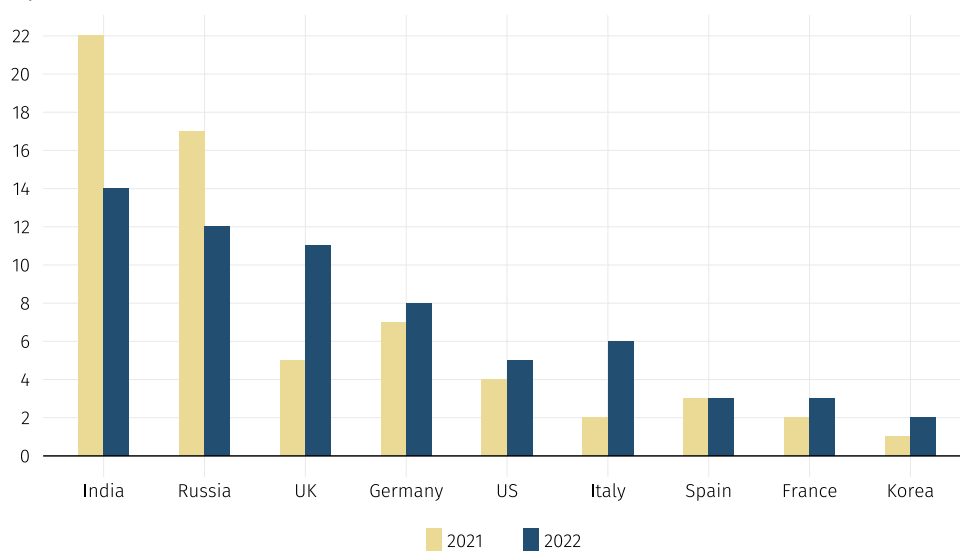
Source: Ministry of Tourism

During the year, the European market remained the dominant regional market—accounting for 61% of the total arrivals—followed by Asia and the Pacific market (Figure 10). The market share of the European region rose by 3 percentage points when compared with 2021 and registered an increase of 12 percentage points when compared with pre-pandemic levels (2019). Among the European source markets, Russia remained the key source market, accounting for 12% of total arrivals—although this was a decline of 5 percentage points compared to 2021—reflecting the fall in arrivals from Russia due to the Russia-Ukraine war. In 2022, the UK was the second major European source market (11%), followed by Germany (8%) and Italy (6%), reflecting the pent-up demand from these source markets. Similarly, the share of arrivals from the Americas and Middle Eastern markets rose during the year, with the arrivals from the US accounting for 5% of total arrivals.

Meanwhile, tourist arrivals from the Asia and the Pacific region constituted 25% of the total

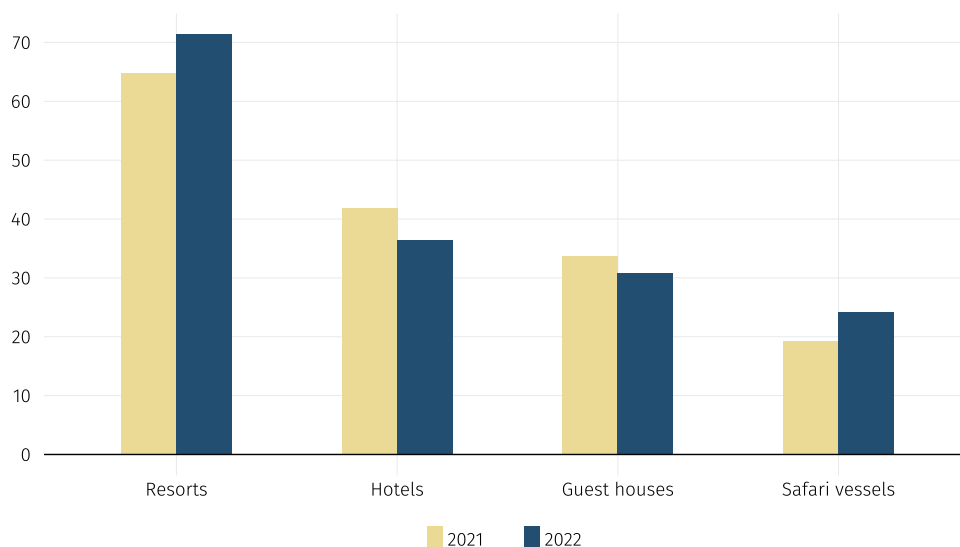
arrivals in 2022. This was a marginal decline from the 26% recorded in 2022 and was 16 percentage points lower than in 2019. The significant drop in market share relative to 2019 mirrored the fall in arrivals from China—the largest source market to the Maldives prior to the pandemic—as the Chinese borders remained closed for outbound travellers since March 2020. India was the single largest source market from Asia, accounting for 14% of total arrivals during the year (Figure 11). However, arrivals from the Indian market were 8% lower than 2021, partly owing to the base effect related to the transit arrivals from the country during 2021. Contrastingly, the arrivals from South Korea, Bangladesh, Thailand, and Singapore rose during the year largely reflecting the removal of travel restrictions in mid-2022 and direct air connectivity. It is noteworthy that South Korea—an emerging top source market prior to the pandemic as well—became one of the top ten source markets in 2022, primarily owing to the improved marketing efforts by the Maldives Marketing and Public Relations Corporation (MMPRC) during the year.

**Figure 11: Shares of Key Inbound Markets, 2021 - 2022**  
(percent)



Source: Ministry of Tourism

**Figure 12: Occupancy Rates for the Tourism Industry, 2021 - 2022**  
(percent)



Source: Ministry of Tourism

On the supply front, the total number of resorts in operation expanded to 168 resorts in 2022, from 161 resorts in 2021. This was a 4% increase when compared with 2021, and a growth of 11% when compared with 2019. As for guesthouses, the number of guesthouses in operation rose markedly to 872 at the end of 2022, from 613 guesthouses at the end of 2021, and 607 in 2019. Similarly, the number of safari vessels in operation increased by 12 vessels to 157 at the end of the year. Reflecting these developments, the average operational bed capacity of the industry grew significantly by 17% compared with the previous year and exceeded pre-pandemic levels by 21%. Additionally, the overall occupancy rate of the industry rose to 59% in 2022 from 56% in 2021, although the occupancy rate remained 5 percentage points below the pre-pandemic levels (Figure 12).

## Fisheries

As per the preliminary QNA estimates, the GVA of the fisheries sector is estimated to have

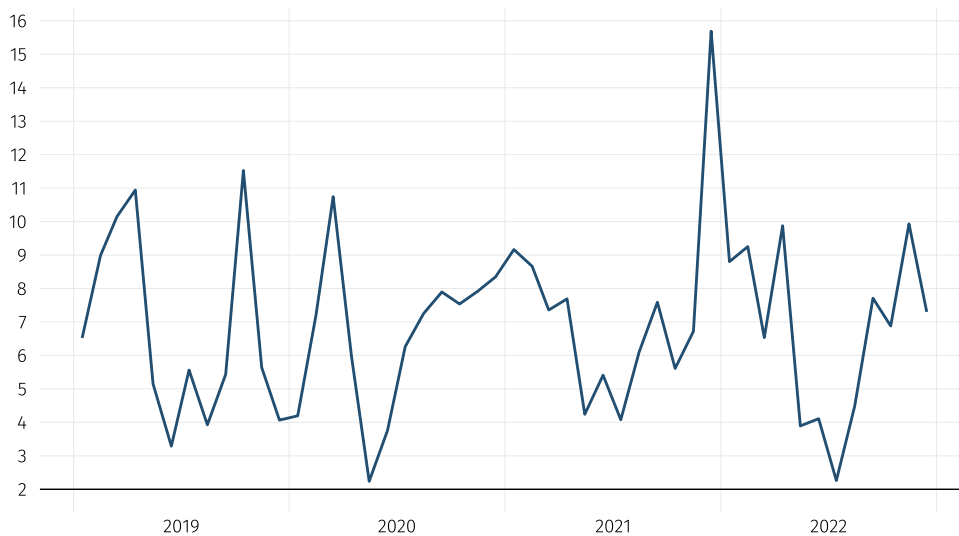
improved by 3.1% in 2022, after registering a decline of 2.4% during 2021. This mainly reflected the estimated growth in fish catch during the year, although fish purchases by the fish processing companies registered a decline—primarily reflecting domestic factors.

The total fish purchases by the domestic fish processing companies declined by 8% in 2022 and totalled 81.0 thousand metric tonnes, following an annual increment of 11% in 2021 (Figure 13). The decline stemmed largely from a fall in yellowfin tuna purchases, followed by a fall in skipjack tuna purchases. While the lower yellowfin tuna purchases reflected low catch due to the depletion of yellowfin tuna stocks in the Indian Ocean, the modest decline in skipjack tuna mirrored the base effect of higher purchases in 2021, which was an excellent year for skipjack tuna fishery. Both skipjack and yellowfin tuna purchases continued to collectively account for approximately 99% of the total fish purchases.

With regard to the prices of tuna in the domestic market<sup>3</sup>, average purchase prices of both fresh

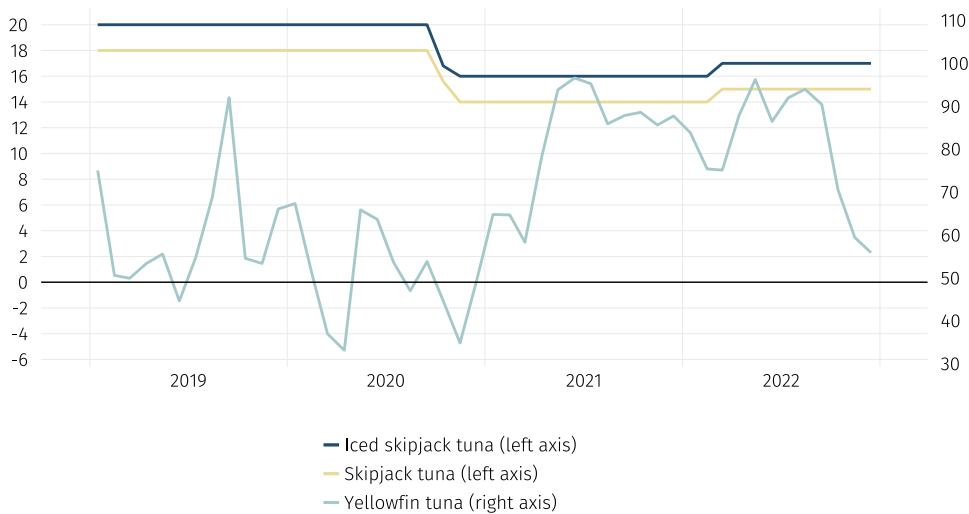
<sup>3</sup> Based on prices collected by the Ministry of Fisheries, Marine Resources and Agriculture.

**Figure 13: Fish Purchases, 2019 - 2022**  
(thousand metric tonnes)



Source: Ministry of Fisheries, Marine Resources and Agriculture

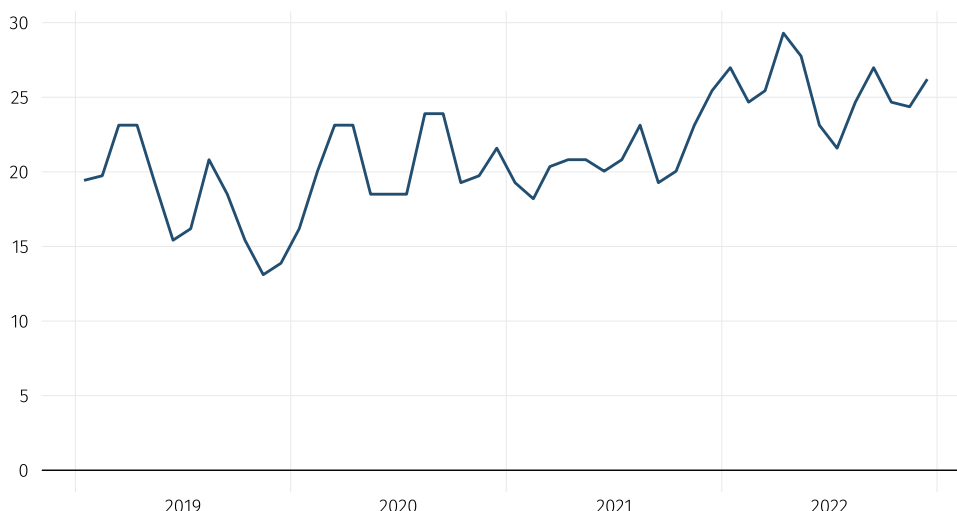
**Figure 14: Prices Paid for Fish by Local Processing Companies, 2019 - 2022**  
(rufiyaa per kilogram)



Source: Ministry of Fisheries, Marine Resources and Agriculture

**Figure 15: Skipjack Tuna Prices, 2019 - 2022**

(rufiyaa per kilogram)



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

and iced skipjack tuna, rose to MVR15.0 and MVR17.0 per kilogram, from an average of MVR14.0 and MVR16.0 per kilogram in 2021, respectively. As for yellowfin tuna, purchase prices fluctuated throughout the year, reaching a peak of MVR99.2 per kilogram in August 2022, although it dropped to MVR57.0 per kilogram in December 2022. Meanwhile, the purchase price of yellowfin tuna fell marginally during the year and averaged MVR80.1 per kilogram, from an average of MVR81.6 per kilogram in 2021 (Figure 14). As for tuna prices in the international market, the price of skipjack tuna in the Bangkok market averaged MVR25.5 per kilogram in 2022—an increase from the MVR20.9 per kilogram recorded in 2021 (Figure 15). During the year, Thailand continued to be the main export destination for Maldivian skipjack tuna.

Looking at the developments in the fish processing sector, the volume of fish exports posted a modest decline and totalled 76.1 thousand metric tonnes, primarily due to the fall in the volume of frozen yellowfin tuna, and

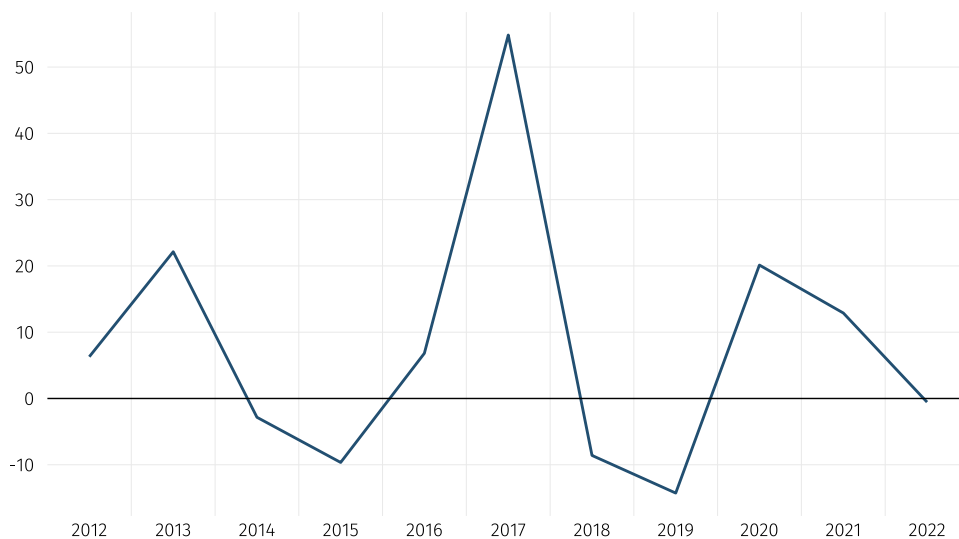
fresh or chilled yellowfin tuna exports. It is noteworthy that the volume of yellowfin tuna exports dropped below 10 thousand metric tonnes during the year, for the first time since 2010. However, the decline was offset to an extent by the growth in the export volume of skipjack tuna together with canned or pouched tuna—the third main export category (Figure 16).

## Construction

According to preliminary estimates of the QNA, following a decline of 4.9% in 2021, the GVA of the construction sector is estimated to have increased by 18.3% during the year, although it continued to remain significantly below pre-pandemic levels. In 2022, the substantial expansion in construction activity reflected the easing of supply chain disruptions during the latter half of the year, as indicated by the significant growth in construction-related imports, which registered an annual growth of 47%, after recording a growth of 6% during the preceding year (Figure 17).

**Figure 16: Volume of Fish Exports, 2012 - 2022**

(annual percentage change)



Source: Maldives Customs Service

**Figure 17: Construction-related Imports, 2012 - 2022**

(millions of US dollars, annual percentage change)



Source: Maldives Customs Service

Meanwhile, commercial bank credit to the construction sector<sup>4</sup>, a key indicator used to assess the performance of the sector, remained broadly unchanged from the previous year. As for construction-related loans, notable increases were observed in loans extended for real estate of residential housing projects, construction of other projects and commercial building projects, as well as the real estate of commercial buildings. However, this increase was largely offset by the decline in loans extended for the construction of residential housing projects<sup>5</sup>, new resort development, construction of guesthouses, property development projects, and renovation of resorts. 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

Wholesale and retail trade activity continued to remain robust in 2022, in line with the strong recovery of the tourism sector and overall rebound in economic activity. According to preliminary estimates, the GVA of the wholesale and retail trade sector is expected to have improved by 11.5% in 2022, after registering a significant growth of 41.7% in 2021. Following a growth of 38% in 2021, private sector imports (excluding tourism) grew by a robust 30% in 2022, year-on-year, while commercial bank credit to the sector recorded a growth of 10% at the end of 2022, after registering a growth of 5% during the previous year.

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<sup>4</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.

<sup>5</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

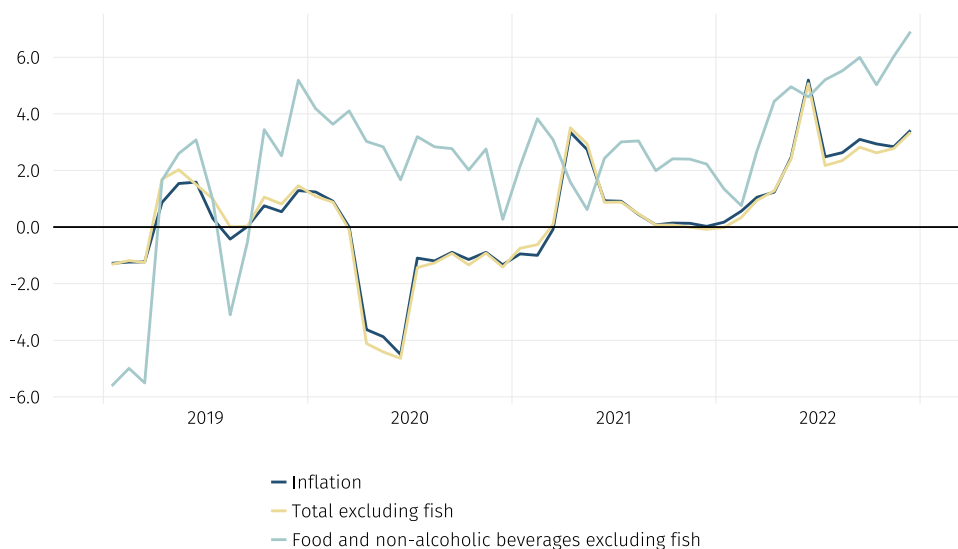
According to the rebased Consumer Price Index (CPI) data released by the Maldives Bureau of Statistics in February 2023—with the base period changed from August 2019 to November 2022—the average rate of inflation accelerated to 2.3% in 2022, from 0.5% in 2021, driven primarily by elevated global commodity prices. During the year, prices of food items, energy-related items, and cost of certain services such as passenger transport services, health services and services of restaurants and cafés contributed to the upward pressure on inflation. 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 2.3% in 2022, after registering 0.5% in 2021 (Figure 18). The acceleration in the domestic inflation rate mainly reflected the elevated global commodity prices during the year, mainly driven by global supply chain disruptions caused by the Russia-Ukraine war and COVID-19-related lockdowns in China.

The rate of inflation picked up 0.6% during the first quarter of the year and accelerated to 2.9% in the second quarter of the year,

mainly reflecting the rapid growth in prices of food and energy-related items which was driven by negative spill-over effects from the Russia-Ukraine war and global supply disruptions. However, although the rate of inflation moderated slightly to 2.7% during the third quarter, it picked up once again to reach 3.1% during the last quarter of 2022. For the year as a whole, upward inflationary pressures were exerted by the growth in price of most of the food items, energy-related items as well as higher cost of certain services such as those related to transport, health, and restaurants and cafés. Meanwhile, declines in prices of

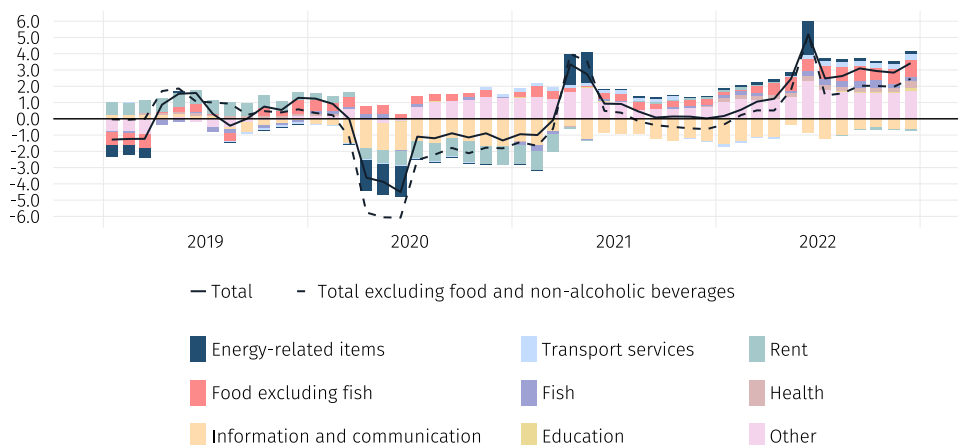
**Figure 18: Inflation (National), 2019 - 2022**  
(annual percentage change, August 2019=100)



Source: Maldives Bureau of Statistics

**Figure 19: Contribution of Major Categories to CPI Inflation (National), 2019 - 2022**

(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.

information and communication services contributed to the downward pressure on inflation (Figure 19).

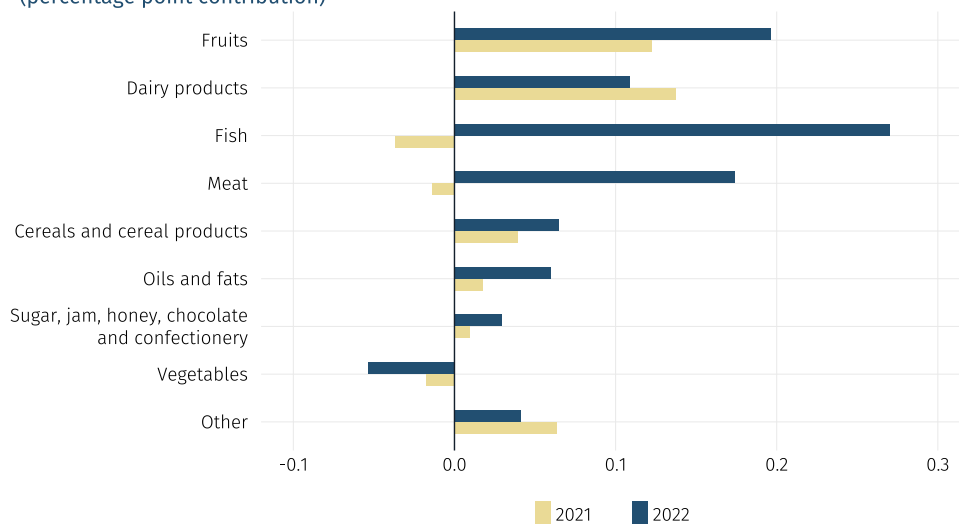
With regard to developments in the major categories of the CPI, the food and non-alcoholic beverages category—which carries the second largest weight in the CPI basket—registered the highest growth during 2022. Food inflation grew by 4.8% in 2022, from 1.8% in 2021, which mainly reflected the increase in fish prices as well as higher import prices stemming from elevated global food prices (Figure 20). Higher global food prices primarily mirrored the supply chain disruptions to food production and trade. During the year, food inflation was contributed by the increase in prices of fish, fruits, meat, dairy products, cereals, and cereal products, as well as oils and fats. However, this was dampened to

some extent by the decrease in the prices of vegetables.

The energy sub-category<sup>6</sup> was the second major contributor to the annual inflation, reflecting the increase in the price of petrol and the cost of electricity during the year. The price of petrol rose significantly by 53.1% in 2022, from 13.8% in 2021, owing to the adjustments made to the administered petrol price by the State Trading Organization (STO), in line with the trends in global oil prices (Figure 22). Global crude oil prices soared to US\$116.8 per barrel in June 2022, from US\$83.9 per barrel at the start of the year, which stemmed from the exacerbated supply chain disruptions caused by the Russia-Ukraine war. Further, although electricity inflation decelerated (from 7.4% in 2021) it remained elevated during the year at 3.5%—partly owing to the dissipation of the

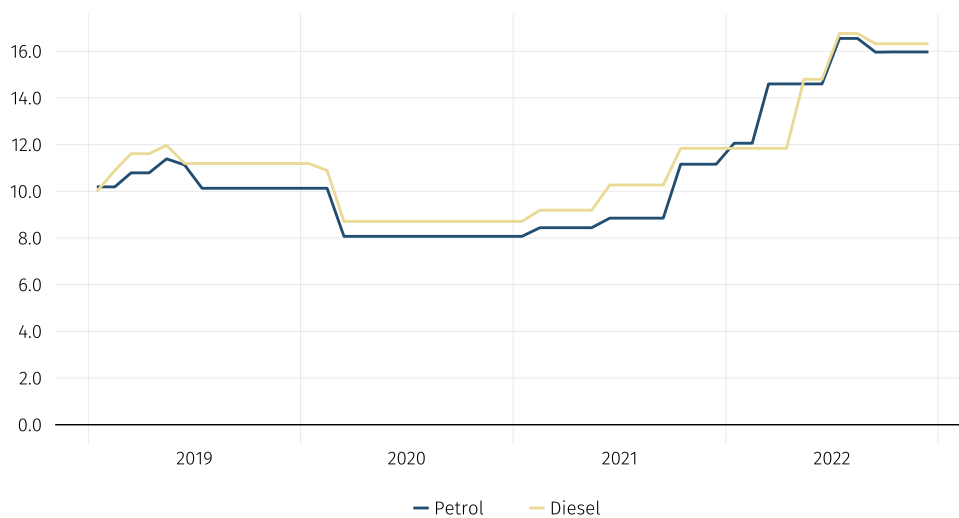
<sup>6</sup> Energy-related items include the price charged on electricity, gas and other fuels, and price of fuels and lubricants for personal transport equipment.

**Figure 20: Contribution of Food Categories to CPI Inflation (National), 2021 - 2022**  
(percentage point contribution)



Source: Maldives Bureau of Statistics

**Figure 21: Domestic Fuel Prices, 2019 - 2022**  
(rufiyaa per litre)



Source: State Trading Organization

Note: Prices are based on retail price of Fuel Supply Maldives.

base effects related to electricity discounts provided by the government<sup>7</sup> in June 2021 following a surge in COVID-19 cases.

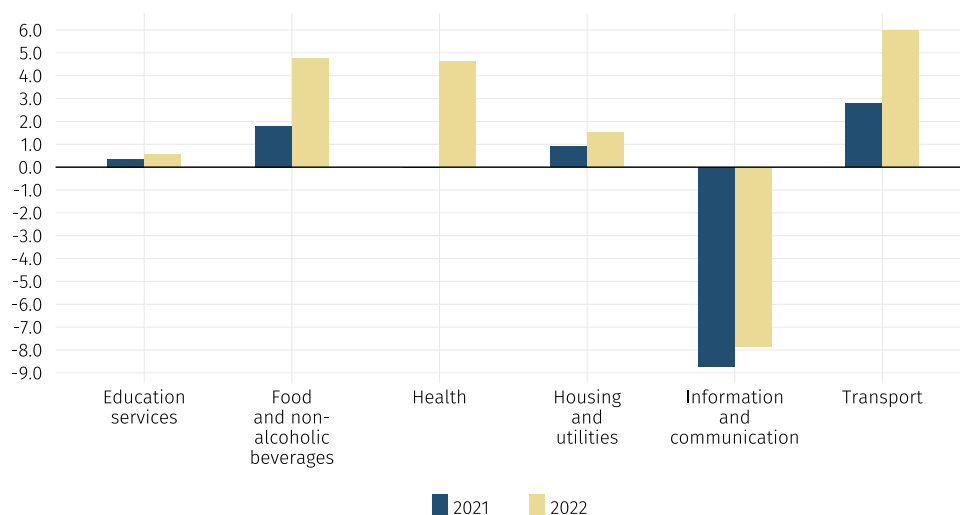
As for the cost of passenger transport services, in contrast to a decline of 4.9% recorded in 2021, an increase of 3.4% was registered in 2022. This was owing to the rise in the cost of domestic passenger air transport and passenger transport by taxi and hired cars, by 15.2% and 12.6%, respectively. The upward adjustment of taxi fares in the Greater Male' Region in July 2022 stemmed from the hike in petrol prices. However, this increase was offset to an extent by the significant decline (9.4%) in the cost of international passenger air transport, which mirrored the discounts provided amid the re-opening of borders in several destinations.

Similarly, health inflation rose sharply to 4.6% in 2022, predominantly due to the increase in the cost of medicines as well

as outpatient care services which reflected higher doctor's consultation fees in private hospitals. Meanwhile, the cost of restaurants and accommodation services also recorded growth, primarily owing to the higher cost of services of restaurants and cafés during the year.

Meanwhile, the information and communication category, which fell by 7.9% exerted the most downward pressure on inflation during 2022, although at a slower pace—a fall of 8.7% was recorded in 2021 (Figure 21). This was largely driven by the decline in the cost of information and communication services owing to the fall in mobile communication services (-16.7%) and internet access provision and net storage services (-3.2%). The reduction in prices mainly reflected the lower unit prices owing to the promotional offers provided by telecommunication companies, which also included the FIFA World Cup-related promotions during the year.

**Figure 22: Inflation Rates of Selected Categories of CPI (National), 2021 - 2022**  
(annual percentage change)



Source: Maldives Bureau of Statistics

<sup>7</sup> In June 2021, the government provided subsidy following the tightening of movement restrictions in May 2021, owing to surge in COVID-19 caused by the Delta variant.

## Public Finance

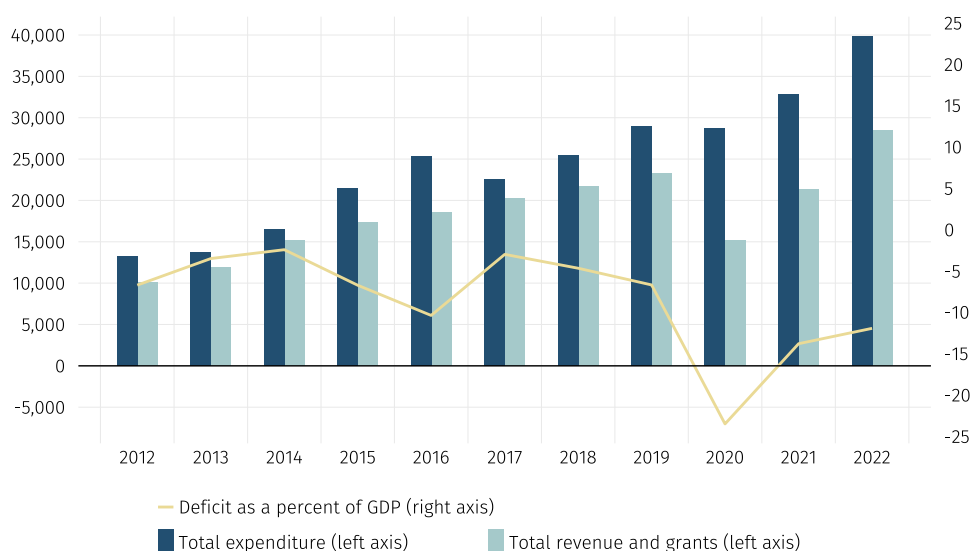
The fiscal deficit narrowed to 11.9% of GDP in 2022, owing to strong growth in total revenue driven by the robust growth of the tourism sector. Further, revenue was boosted by the implementation of some of the new revenue measures proposed for 2021, although the implementation of several new revenue measures proposed for 2022 did not materialise during the year. In this regard, total revenue also surpassed the budgeted target, while total expenditure also posted a marked increase, due to significant growth in both recurrent and capital expenditure.

According to the government budget 2022, fiscal policy was primarily geared towards supporting economic growth and building the resiliency of the Maldivian economy with the highest importance given to recovery from the COVID-19 pandemic to pre-pandemic levels. Further, the budget strived towards maintaining debt at a manageable level and fiscal situation at a sustainable level, while allowing fiscal space to fulfil the priorities outlined in the Strategic Action Plan (SAP) as well as the pledges of the government.

In addition, considerable importance was given to building the self-sufficiency of the government, diversifying the economy, and promoting decentralisation.

On the back of the robust tourism sector performance, economic activity grew strongly, and total revenue collection observed significant improvement during 2022. Subsequently, the fiscal deficit also narrowed slightly to MVR11.4 billion in 2022 from MVR11.5 billion in 2021. However, this

**Figure 23: Government Revenue and Expenditure, 2012 - 2022**  
(millions of rufiyaa, annual percentage change)



Source: Ministry of Finance

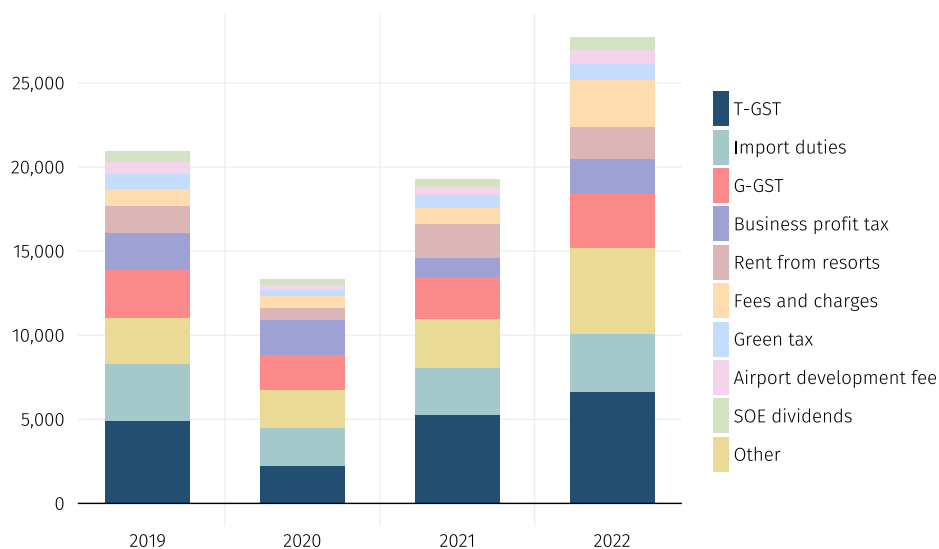
was MVR1.5 billion higher than the fiscal deficit target for the year, due to higher total expenditure. In terms of GDP, the overall fiscal deficit<sup>8</sup> is estimated to have narrowed to 11.9% in 2022, from 13.8% in 2021 (Figure 23). Similarly, the primary deficit<sup>9</sup> narrowed to 8.3% of the GDP in 2022 from 11.2% in 2021. In 2022, total revenue observed a significant increase driven by a significant growth in tax revenue as well as non-tax revenue. This was primarily due to the strong performance of the tourism sector. While growth in tourist arrivals due to the pent-up demand from source markets was the key factor driving the sector, improvement in the flight operational capacity with the opening of a new runway in the Velana International Airport also contributed to this increase. Meanwhile, total expenditure also posted a sizeable increase driven by a significant increase in both recurrent and capital expenditure.

## Revenue

Total government revenue (excluding grants) rose to MVR28.1 billion in 2022, a significant growth of 38% when compared with 2021. Further, revenue also surpassed the target by MVR6.7 billion. This pickup in revenue was on account of significant growth in tax revenue as well as non-tax revenue during the year, largely due to the strong performance of the tourism sector. In addition, revenue was boosted by the implementation of some of the new revenue measures proposed for 2021, although the implementation of several new revenue measures proposed for 2022 did not materialise during the year.

Tax revenue, the largest component of total revenue, observed a growth of MVR4.8 billion, owing to a broad-based increase in all major revenue sources, and totalled MVR19.5

**Figure 24: Breakdown of Revenue (Excluding Grants), 2019 - 2022**  
(millions of rufiyaa)



Source: Ministry of Finance

<sup>8</sup> Latest data available from the Ministry of Finance, as of 15 March 2023.

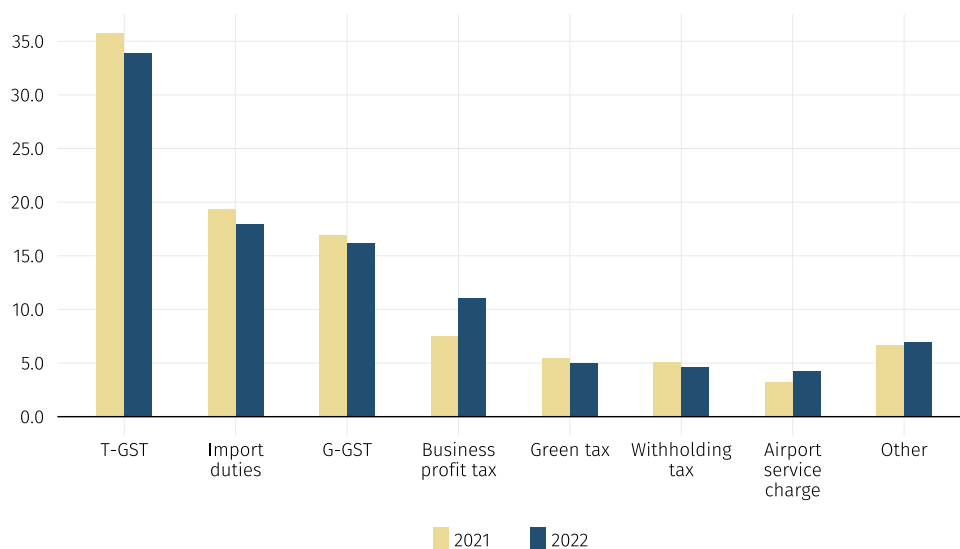
<sup>9</sup> This is the total budget balance excluding interest expenditure.

billion during the year (Figure 24). This largely stemmed from the increase in the collection from goods and services tax, particularly from tourism goods and services tax (T-GST) which rose by MVR1.3 billion, mirroring the buoyant performance of the tourism sector. Further, the collection of general goods and services tax (G-GST) increased by MVR668.4 million, owing to the overall pick-up in domestic economic activity on the back of a robust tourism sector. This was followed by receipts from the business and property tax<sup>10</sup> which observed the second-largest increase during the year. This primarily stemmed from the growth in business profit tax (BPT), depicting the strong performance of the economy in the preceding year. In addition, the growth in tourism activity was mirrored in revenues from both airport service charge and green tax, revenue sources that carry direct implications from the developments in the tourism sector.

Considering the composition of tax revenue, T-GST remained the main single source of

revenue for the government, and totalled MVR6.6 billion in 2022 (Figure 25). Revenue from T-GST also surpassed the budgeted revenue target by MVR1.8 billion. This was followed by the collection of BPT and G-GST, which rose by MVR1.0 billion and MVR668.4 million, respectively. Further, import duties observed a notable growth—the second-largest source of revenue—driven by higher import demand amid the strong performance of the domestic economy. Further, mirroring the strong performance in the tourism sector, both airport service charge and green tax also observed significant growths of MVR357.1 million and MVR170.9 million, respectively. Moreover, growths were observed in revenue from other business and property tax (which consists mainly of bank profit tax), withholding tax, and individual income tax. The growth in other business and property tax mirrored high profit declaration by the banks for the year 2021, while the growth in individual income tax was led by faster economic recovery from the COVID-19 downturn.

**Figure 25: Composition of Tax Revenue, 2021 - 2022**  
(percent)



Source: Ministry of Finance

<sup>10</sup> Business and Property Tax revenues for 2021 were collected during 2022.

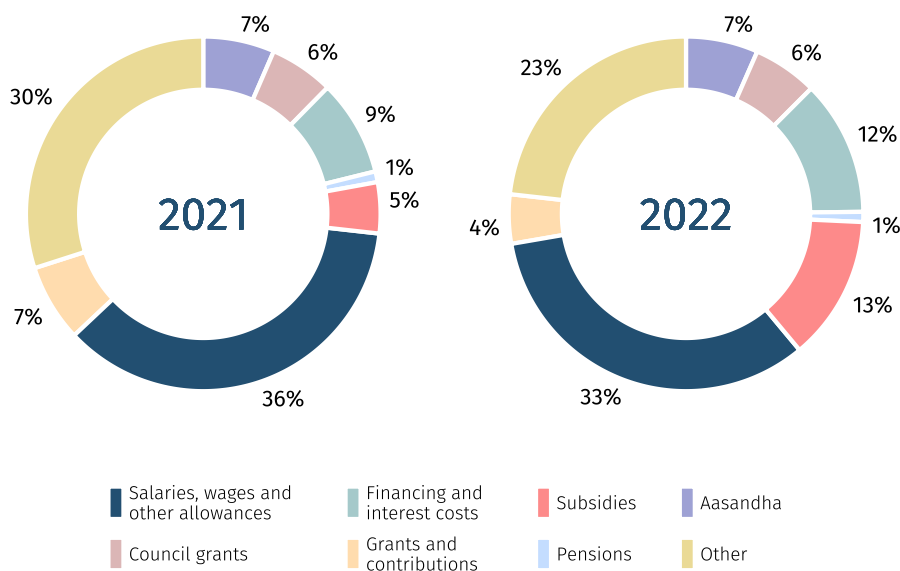
Non-tax revenue rose by MVR3.2 billion, and totalled MVR8.8 billion during 2022. This was mainly on account of the increase in fees and charges, which posted a growth of MVR2.2 billion, driven by a sizeable growth in other fees and charges together with higher collections from airport development fee. The growth in other fees and charges primarily reflected the increase in collection of lease period extension fee, and revenue fee—a fee which was levied on the value of goods imported, exported, or re-exported from the Maldives from October 2020 onward. Meanwhile, the growth in airport development fee mirrored the growth in the number of international travellers as well as the amendment to the Airport Taxes and Fees Act<sup>11</sup> which became effective in January 2022. Further, notable growths were observed in interests and profits, and dividends from state-owned enterprises (SOE), which grew by MVR687.9 million and MVR268.7 million, respectively. The growth in interest and

profits can be attributed to the receipt of interest deferred due to the pandemic, while SOE dividends increased due to the better performance of major government SOEs. On the downside, a decline was observed in rent from resorts in annual terms due to a higher base effect reflecting the receipt of deferred payments during the previous year.

## Expenditure

Total government expenditure (excluding net lending) amounted to MVR39.9 billion in 2022, registering a growth of MVR7.1 billion in annual terms. The annual increase in total expenditure was driven by significant growth in both recurrent and capital expenditure. Moreover, total expenditure also surpassed the budget for the year due to higher recurrent expenditure, although capital expenditure fell marginally short of the budgeted amount.

Figure 26: Government Recurrent Expenditure



Source: Ministry of Finance

<sup>11</sup> These amendments were initially proposed in the Government Budget 2021. This included an increase in the rates together with the introduction of bands based on travel class.

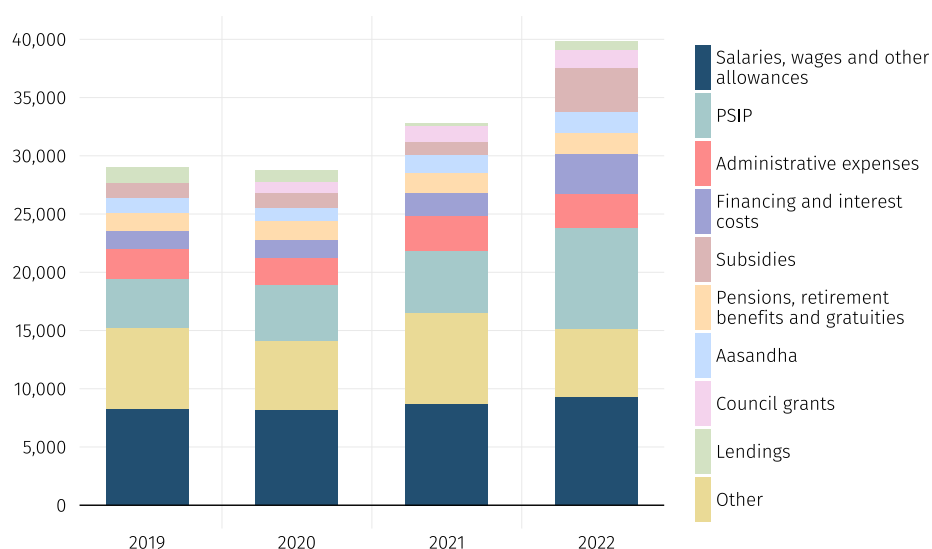


Recurrent expenditure—which accounted for 70% of total expenditure—increased by MVR4.0 billion, and totalled MVR28.0 billion (Figure 26). This was 13% higher than the amount budgeted for recurrent expenditure in 2022. The largest increase in recurrent expenditure stemmed from administrative and operational expenses which grew by MVR3.4 billion in annual terms. Delving into the major contributors, a marked growth of MVR2.7 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 subsidies, which observed an annual growth of MVR2.6 billion, a more than threefold increase when compared with the previous year. The higher expenditure on subsidies can be attributed largely to additional burden on the government budget due to elevated global oil prices. It is also noteworthy that the measures envisioned to reduce such expenditure have not materialised. Further, increases were observed for grants to councils and the national health insurance scheme (Aasandha), which posted annual growths of MVR282.0 million and

MVR247.9 million, respectively. However, sizeable falls were recorded in other grants and contributions and job seeker allowance. The fall in expenditure on job seeker allowance was due to the base effect of higher payouts during the previous year following the pandemic. Meanwhile, financing and interest costs rose significantly owing to the accumulation of higher debt to finance the fiscal deficit (Figure 27). On the other hand, notable declines were observed in expenditures on operational consumables and training expenses.

Meanwhile, salaries and wages—a major component of recurrent expenditure—recorded a growth of 7% in annual terms, driven by increases in allowances to employees, and salaries and wages. These increases can be attributed to rise in costs on new employees with the formulation of new agencies during the year as well as revisions brought to the pay structure of government employees. As such, the minimum wage was introduced during the review year, while pay harmonisation policies were implemented in the education sector.

**Figure 27: Breakdown of Expenditure, 2019 - 2022**  
(millions of rufiyaa)



Source: Ministry of Finance

Capital expenditure recorded a growth of MVR3.0 billion, and totalled MVR11.9 billion in 2022, although this fell moderately short of the amount budgeted for the year. The annual growth in capital expenditure was largely driven by spending on the public sector investment programme (PSIP), which posted an increase of MVR3.3 billion when compared with 2021. This was primarily due to the faster implementation of the development projects with the recovery of the economy from the pandemic and ease of global supply chain disruptions. In this regard, the most notable growths were recorded in spending on roads, bridges and airports, and land and buildings which posted an annual increase of MVR1.6 billion and MVR815.5 million, respectively, mirroring the spending on mega infrastructure projects of the government such as the ThilaMale' Bridge Project. Further, spending on other infrastructure assets, mostly consisting of water and sewerage, and environmental protection projects, posted a sizeable growth, while expenditure as lending posted an annual increase of MVR540.6 million. In contrast, expenditure on both development projects and investment outlays, and capital equipment posted declines during the year. The decline in development projects and investment outlays largely showed the higher base effect from the previous year, although Urbanco (formerly Housing Development Corporation Limited) was provisioned support from the budget at the beginning of 2022 as the corporation was unable to access finance from the foreign market due to unfavourable market conditions.

## Financing

Although the fiscal deficit was slightly lower when compared with 2021 owing to growth in total revenue, net borrowing was

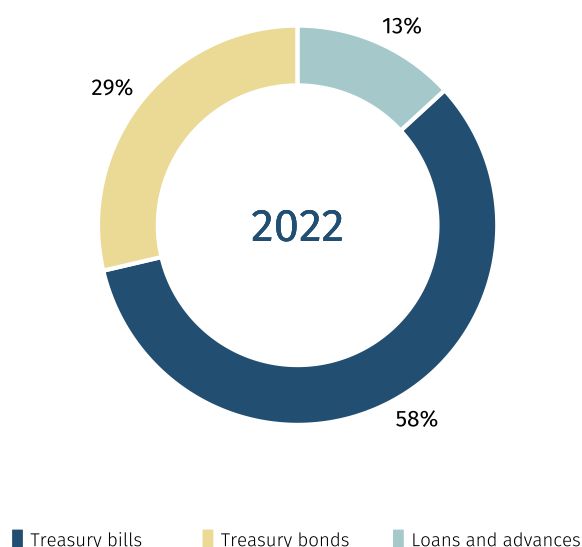
higher in annual terms in 2022, reflecting the marked surge in total expenditure during the year. In 2022, the fiscal deficit was mainly financed through domestic sources. As such, net borrowing through domestic sources significantly outpaced the budgeted target, while net borrowing through external sources was significantly less than budgeted during the year.

Domestic borrowing by the government—consisting of both short-term and long-term loans and debt securities—represented a net borrowing of MVR9.9 billion in 2022, a significant increase when compared with the net borrowing of MVR6.8 billion recorded in the previous year. This was primarily driven by the increase in issuance of government securities, although a slight slowdown was observed in the issuance of treasury bills. Further, the issuance of government securities—treasury bills and treasury bonds<sup>12</sup>—was the primary source of domestic borrowing in 2022 (Figure 28). This mostly stemmed from the net issuance of treasury bills, which recorded a net borrowing of MVR5.2 billion, while a net borrowing of MVR3.9 billion was recorded for treasury bonds, largely mirroring the conversion of MVR2.5 billion out of the public bank account deficit to a 40-year amortising bond in during the year.

External financing includes borrowings as loans—contracted from buyer's credit, bilateral and multilateral sources, and commercial banks—and debt securities issued in the international market. During 2022, external financing recorded a net borrowing of MVR3.6 billion. This largely stemmed from the growth in external borrowings obtained from multilateral sources, followed by borrowings in the form of private loans as well as proceeds acquired as buyer's credit.

<sup>12</sup> The pension recognition bond is not classified as a treasury bond as it is non-tradable.

Figure 28: Composition of Domestic Claims on Government



Source: Maldives Monetary Authority

## Public Debt

The total outstanding stock of public debt increased to MVR91.5 billion at the end of 2022, from MVR77.9 billion at the end of 2021, largely owing to the increase in domestic debt together with external debt. Similarly, public debt as a percentage of GDP increased to 96% in 2022 from 94% recorded in 2021 (Figure 29). With regard to the composition of public debt, domestic debt remained the largest component with a share of 64%, while the share of external debt stood at 36% at the end of 2022. Meanwhile, total public and publicly guaranteed debt as a percentage of GDP rose to 113% of GDP in 2022 from 109% in 2021. Guaranteed debt, which primarily consisted of external debt, observed a significant increase at the end of the year. This largely mirrored the access of the US\$100 million foreign currency swap facility from RBI in December 2022 (Figure 30).

Domestic debt totalled MVR58.4 billion at the end of 2022, up from MVR48.5 billion in

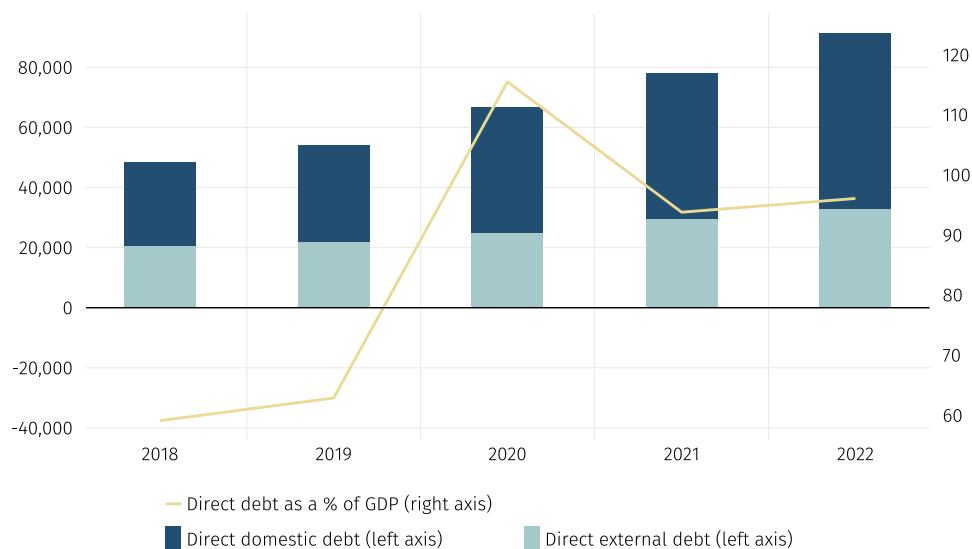
2021. This largely reflected the increase in investments by other financial corporations and commercial banks in treasury bills. However, the share of treasury bills in total domestic debt slightly dropped to 58% in 2022 from 59% in 2021, while the share of treasury bonds increased to 29% in 2022, from 26% 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 MVR33.1 billion at the end of 2022, up from MVR29.5 billion at the end of 2021. During this period, external financing acquired as buyer's credit and through the issuance of bonds 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 58% of the total outstanding treasury bills, followed by the other financial corporations

(38%) (Figure 31). With regard to maturity, investor preference has been shifting towards long-term maturities as treasury bill issuance reverted to a tap system in 2014 (Figure 32). Accordingly, the majority of treasury bills (73%)

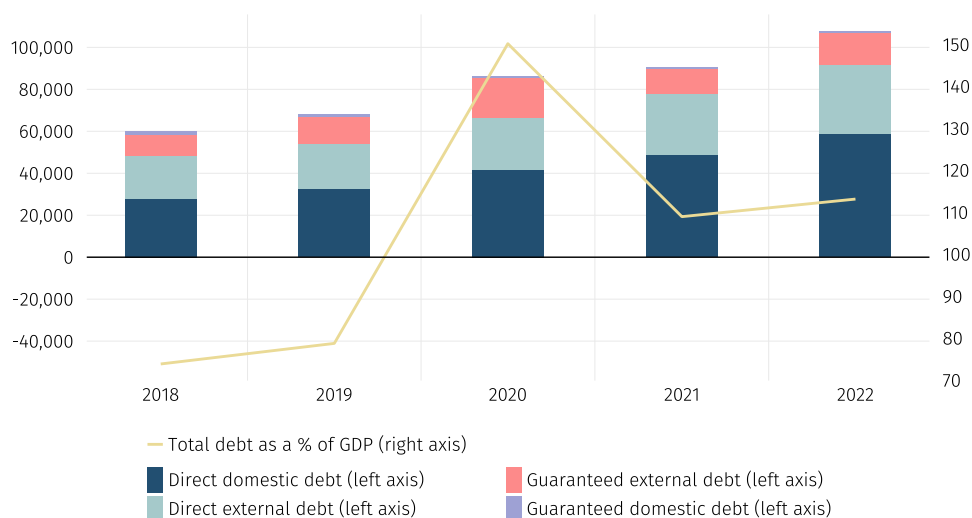
were invested in 1-year treasury bills at the end of the year. The stock of 1-month, 3-months and 6-months treasury bills outstanding at the end of 2022 was 7%, 9%, and 11%, respectively.

**Figure 29: Total Outstanding Stock of Public Debt, 2018 - 2022**  
(millions of rufiyaa, percent)



Source: Ministry of Finance

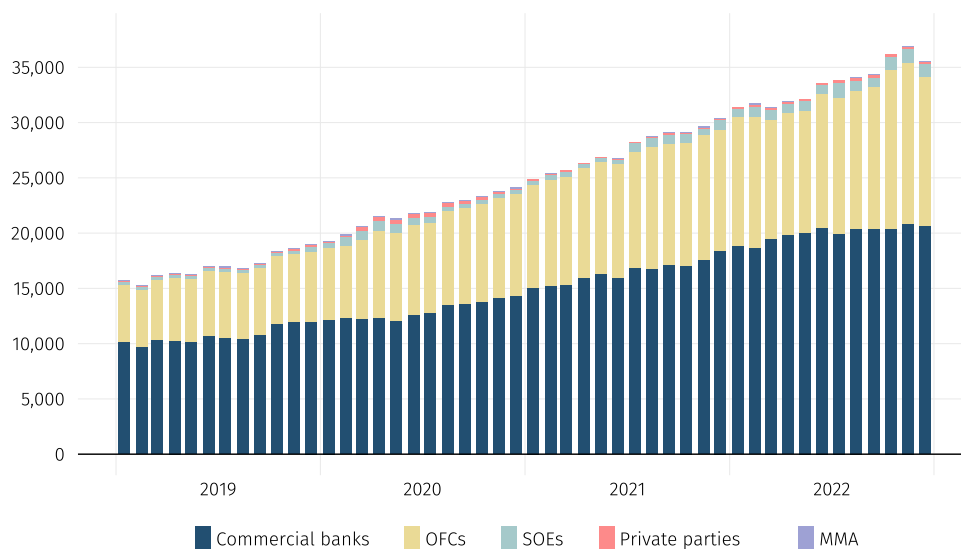
**Figure 30: Total Outstanding Stock of Public and Publicly Guaranteed Debt, 2018 - 2022**  
(millions of rufiyaa, percent)



Source: Ministry of Finance

**Figure 31: Outstanding Treasury Bills by Holder, 2019 - 2022**

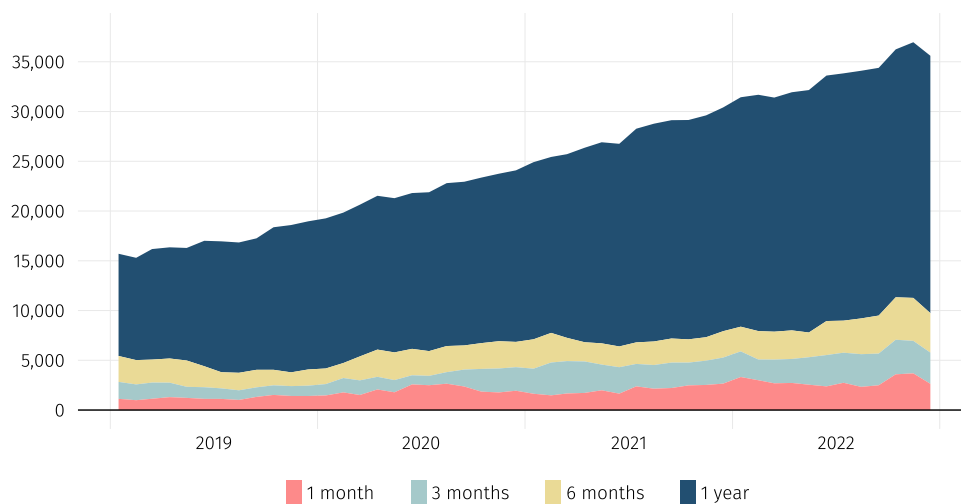
(millions of rufiyaa)



Source: Maldives Monetary Authority

**Figure 32: Treasury Bills Holdings by Maturity, 2019 - 2022**

(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

Despite the reversal of the foreign currency minimum reserve requirement (MRR) during the year, the MMA continued to maintain an accommodative monetary policy stance to avert potential economic and financial disruptions in the country. During the year, broad money increased largely 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 net claims on central government (NCG), together with an increase in commercial banks' credit to the private sector and public non-financial corporations.

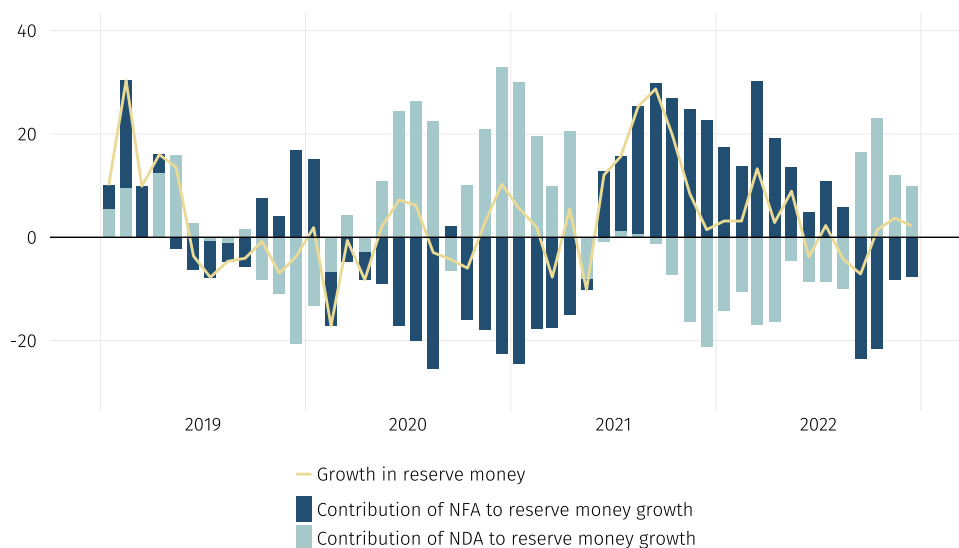
With regard to monetary developments, reserve money registered a marginal growth in 2022, as a significant increase in NDA of the MMA was largely offset by a decline in net foreign assets (NFA) of the MMA. As for broad money, an annual increase was recorded owing to a sizeable increase in NDA, which was counterbalanced entirely by the impact of the decline in NFA of the banking system.

### Reserve Money

Reserve money stood at MVR12.7 billion at the end of 2022—registering a marginal growth of 2% (Figure 33). The marginal growth in reserve money stemmed solely from an increase in NDA of the MMA, which was largely offset by the decrease in NFA of the MMA. The growth in NDA was mainly due to a sizeable increase in NCG, stemming from a rise in claims on central

Figure 33: Sources of Reserve Money, 2019 - 2022

(annual percentage change, contribution percent)



Source: Maldives Monetary Authority

government, which entirely offset the increase in liabilities to central government. As such, the increase in claims on central government mirrored the impact of the expansion in monetary financing<sup>13</sup>, despite the increase in overnight deposit facility (ODF) placements. It is noteworthy that MVR2.5 billion out of the public bank account deficit was converted to a 40-year amortising bond in February 2022, which created space for further monetary financing.

Meanwhile, the fall in NFA was driven by a notable increase in foreign liabilities, which increased more than the growth in foreign assets. The increase in foreign liabilities largely reflected the US\$100 million foreign currency swap facility<sup>14</sup> obtained from the RBI in December 2022.

With regard to the components of reserve money, commercial bank deposits at the MMA—which constituted 71% of reserve money at the

end of 2022—increased by 4% in annual terms. Meanwhile, currency in circulation, which accounted for 29% of reserve money, recorded a decrease of 2% at the end of the year.

## Monetary Operations

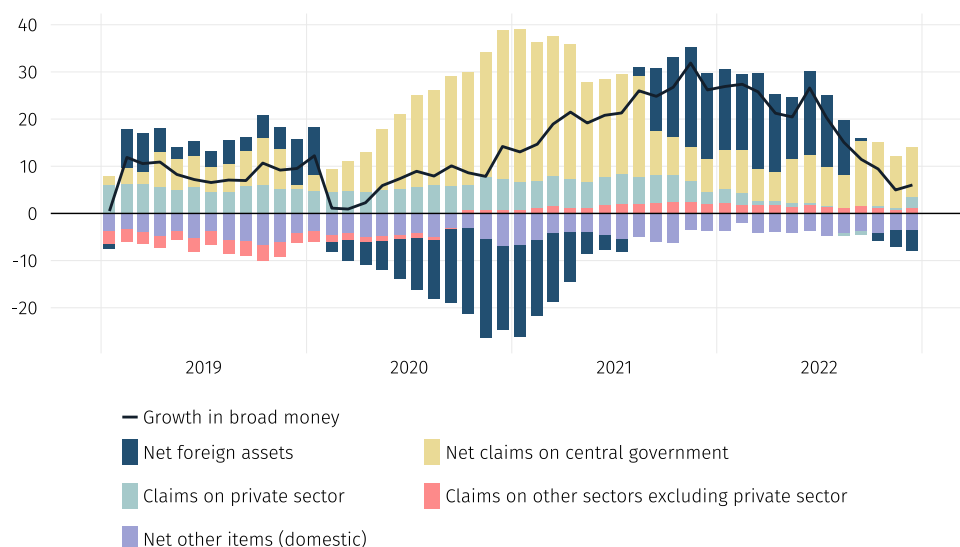
During 2022, commercial bank investments in the ODF facilitated the absorption of excess rufiyaa liquidity in the market. While daily investments in the ODF by commercial banks averaged MVR6.0 billion during the year, this represented a significant growth of 34% when compared with the average investments in the ODF during 2021, largely reflecting the increase in local currency liquidity due to the monetary financing of the fiscal deficit.

## Broad Money

Broad money observed an annual growth of 6% and the total stock of broad money stood

**Figure 34: Contribution to Broad Money Growth, 2019 - 2022**

(annual percentage change, percentage point contribution)



Source: Maldives Monetary Authority

<sup>13</sup> This was enacted following the suspension of certain clauses of the Fiscal Responsibility Act by the People's Majlis, at the request of the government, allowing long-term loans to be taken from the MMA. This suspension stands until the end of 2023.

<sup>14</sup> The obtainment of foreign currency swap increases both foreign currency assets and liabilities.

at MVR55.4 billion at the end of 2022 (Figure 34). However, this was a marked deceleration compared to the growth of 26% recorded at the end of 2021. The deceleration in broad money growth stemmed from a sizeable decline in NFA of the banking system, while NDA of the banking system posted an increase and contributed to the annual growth in broad money.

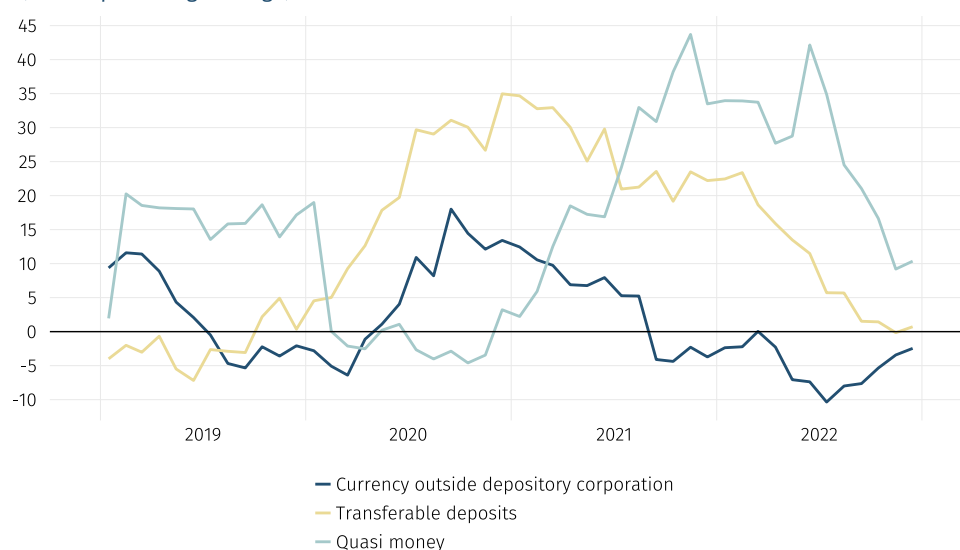
The growth in NDA of the banking system was due to a rise in NDA of both commercial banks and the MMA. The rise in NDA of commercial banks was mainly on the account of a rise in NCG which grew by MVR3.4 billion, primarily reflecting the annual expansion of investments in government securities. Further, commercial banks' credit to the private sector and public non-financial corporations (PNFCs) also contributed to this increase, recording growths of MVR1.2 billion and MVR420.1 million, respectively. Meanwhile, the growth in NDA of the MMA stemmed from a sizeable increase NCG, reflecting the impact of monetary financing.

The NFA recorded an annual decline of 16% at the end of December 2022, driven by the fall in NFA of commercial banks as well as the MMA. 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. On the other hand, the fall in NFA of the MMA mainly reflected the significant rise in foreign liabilities, which surpassed the surge in foreign assets of the MMA.

With regard to the components of broad money, its annual growth was mostly driven by the annual growth of quasi money (Figure 35). Quasi money, which accounted for 60% of broad money, decelerated sharply to 10% at the end of 2022 after recording a growth of 33% in 2021, largely reflecting a slowdown in the growth of transferable (demand) deposits denominated in foreign currency. Further, decelerations in the growth of time deposits denominated in local currency, and savings deposits denominated in both local and foreign currency contributed to this slowdown. Meanwhile, narrow money, accounting for 40%

**Figure 35: Components of Broad Money, 2019 - 2022**

(annual percentage change)



Source: Maldives Monetary Authority



of broad money, remained largely unchanged at the end of 2022, primarily reflecting a sizeable slowdown in local currency demand deposits growth, after recording a growth of 18% at the end of the preceding year.

## Net Claims on Central Government

At the end of 2022, NCG totalled MVR33.1 billion and registered an annual growth of 20%, an acceleration compared with the 12% recorded in 2021. This acceleration largely reflected the annual expansion in government securities. In this regard, NCG of commercial banks grew by 17% at the end of 2022, 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 MVR26.4 billion at the end of the review year. This represented an annual growth of 20%, primarily reflecting commercial banks' net investments in treasury bills. In addition, NCG by the MMA rose by 26%, largely owing to the increase in claims on central government stemming from the partial conversion of public bank account deficit to a 40-year amortised bond, despite a growth in liabilities to central government.

In 2022, the MMA's NCG stood at MVR9.7 billion and accounted for 99% of the domestic assets of the MMA. Meanwhile, commercial banks' NCG amounted to MVR23.5 billion and accounted for 32% of the domestic assets of the commercial banks.

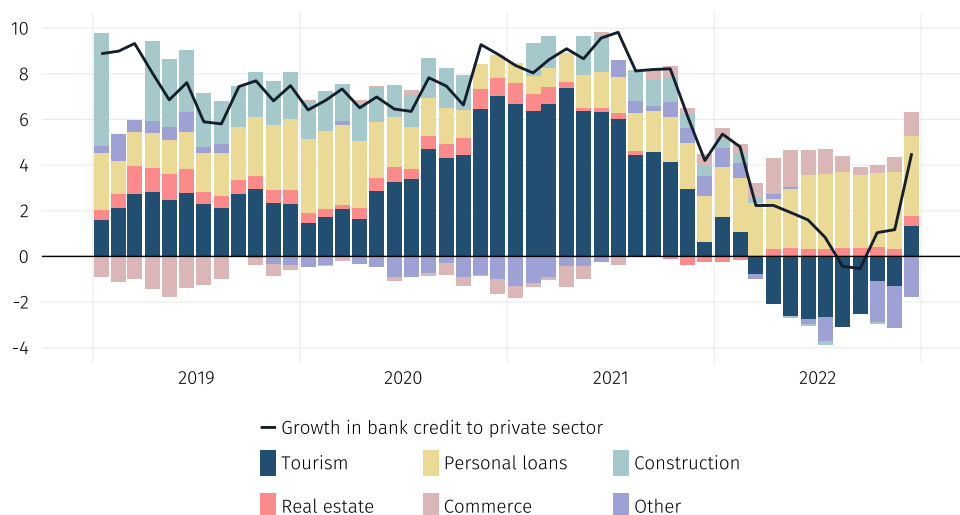
## Credit to the Private Sector

In 2022, with the pickup in economic activity, the MRR for foreign currency was reverted to 10%, after being lowered to 5% in 2020. Meanwhile, the MRR for local currency remained unchanged at 10% since its last

reversion in June 2021. While the MMA eased prudential regulations in April 2020 following the pandemic, which facilitated a six-month debt moratorium by commercial banks on loan repayments, these changes were effective until Q1-2021. However, some banks extended the moratorium until the end of Q4-2021. Against the backdrop of these developments, the annual growth in the outstanding stock of commercial banks' credit to the private sector stood at 5% at the end of 2022, a slight acceleration from 4% recorded at the end of 2021 (Figure 36). During the year, the annual growth in private sector credit was driven by the rise in local currency lending which grew by 7%, while growth in foreign currency lending was registered at 1%. In 2022, local currency lending accounted for 55% of total private sector credit.

With regard to the breakdown of private sector credit by economic sectors, credit extended to the tourism sector which accounted for 39% of total private sector credit, recorded an annual growth of 3% at the end of 2022, a slight acceleration from 2% recorded at the end of 2021. This reflected huge growth in working capital loans to the sector in both local and foreign currency, and credit extended for renovation of resorts in foreign currency, which was offset by sizeable falls in lending for new resort development in both foreign and local currency, and credit lent in local currency for renovation of resorts. Further, credit lent for guesthouses in both local and foreign currency observed declines during the period. Loans to the construction sector, which accounted for 20% of total private sector credit, remained broadly unchanged in annual terms as the growth in credit extended for other housing category in foreign currency were offset by a decline in credit extended for residential housing loans in local currency. During the year, credit extended as personal loans (16% of

**Figure 36: Contribution to Bank Credit to Private Sector by Economic Sectors, 2019 - 2022**  
(annual percentage change, percentage point contribution)



Source: Maldives Monetary Authority

total private sector credit) observed the largest increase recording a growth of 27% primarily due to a 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 9%, 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.

## 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

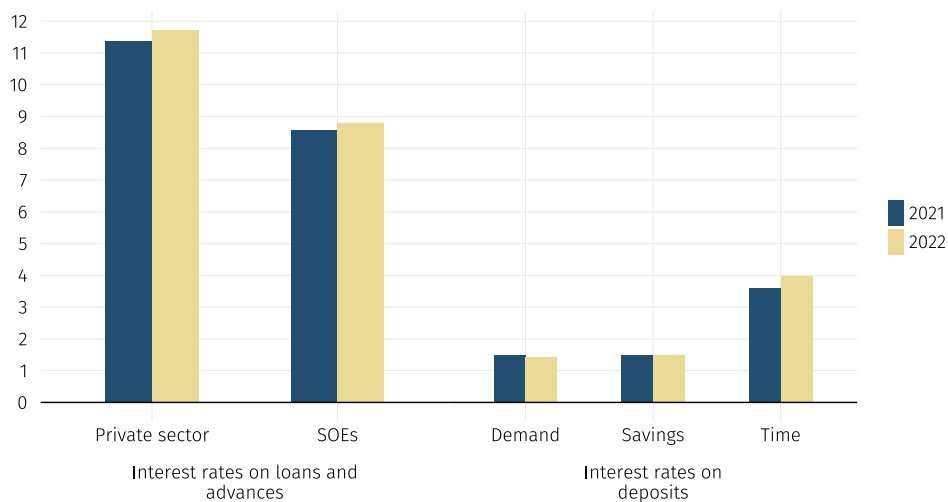
and 1-year treasury bills stood at 3.50%, 3.87%, 4.23% and 4.60% per annum, respectively, throughout the year.

With regard to the weighted average interest rates (WAIR) levied on loans and advances, the rates on both local and foreign currency-denominated loans to the private sector increased in annual terms by 34 basis points (bps) and 23 bps, respectively. Similarly, the WAIR on both local and foreign currency loans extended to PNFCs increased in annual terms by 20 bps and 76 bps, respectively (Figures 37 and 38).

Focusing on the interest rates on deposits at the end of the year, the WAIR on both local and foreign currency demand deposits decreased by 5 bps and 9 bps, respectively. Meanwhile, the WAIR on local currency savings deposits remained broadly unchanged, although the rate on foreign currency savings deposits rose by 2 bps. For time deposits (maturity of six months to one year), the WAIR on local currency time deposits rose by 36 bps, while the rate on such deposits denominated in foreign currency increased by 22 bps.

**Figure 37: Interest Rates for Loans and Deposits (Local Currency),  
2021 - 2022**

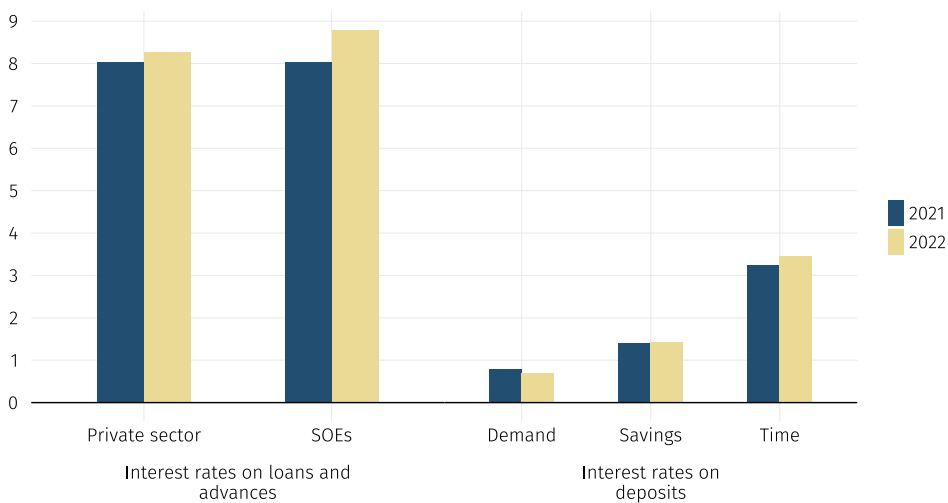
(weighted average interest rates per annum)



Source: Maldives Monetary Authority

**Figure 38: Interest Rates for Loans and Deposits (Foreign Currency),  
2021 - 2022**

(weighted average interest rates per annum)



Source: Maldives Monetary Authority

## Financial Sector

The financial sector remained robust and well capitalised. Banks, which make up more than 90% of the financial institutions' assets, showed strong growth and high profitability ratios, while the non-performing loans and liquidity buffers remained at prudent levels. The finance companies and the insurance companies also remained well capitalised, with the insurance industry showing strong growth in premiums.

The financial sector of the Maldives consists of banks, non-bank financial institutions, and payment service providers. The banking sector consists of eight commercial banks; of which four are locally incorporated and four branches of foreign banks. The non-bank financial institutions regulated by the MMA include five insurance companies, three finance companies, two money remittance providers, and two payment service providers. The Pension Fund as well as the activities related to the capital market are regulated by the Capital Market Development Authority.

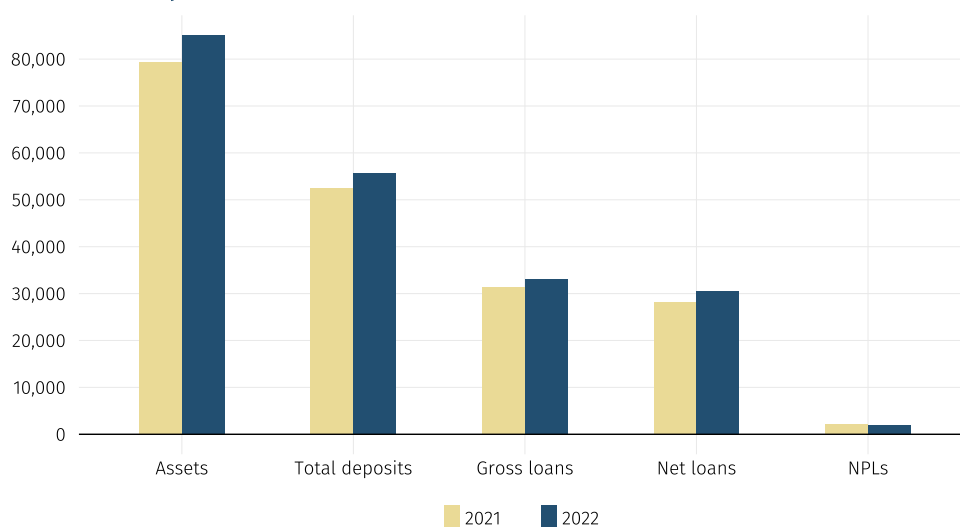
### Banking Sector

The banking sector remained robust with strong capital and profitability ratios. Deposits and loans increased while non-performing loans (NPLs) decreased, remaining at prudent levels with adequate loan-loss provisions (Figure 39).

The capital adequacy ratios remained strong and well above the regulatory requirements, with improvements compared to a year ago. Total capital as a percentage of risk weighted assets was at 51% and leverage capital,

Figure 39: Key Indicators of Banking Industry, 2021 - 2022

(millions of rufiyaa)



Source: Maldives Monetary Authority

Note: Data for 2022 is from unaudited financial statements.

measured by tier 1 capital to total assets, stood at 18% against the minimum regulatory requirements of 12% and 5%, respectively. Risk-based capital percentages stood high due to a large portion of the assets being low-risk. At the end of the year, aggregate capital stood at MVR20.1 billion, which is an annual growth of 15% (Figure 40).

Total assets had an annual growth of 7% (MVR5.8 billion) and stood at MVR85.0 billion. An annual growth of MVR3.3 billion was recorded in deposits and capital improved by MVR2.7 billion. In terms of composition of the asset portfolio, net loans (total loans less loan loss provisions) made up 36% (MVR30.4 billion), while investments in debt securities accounted for 24% (MVR20.0 billion). Net loans showed an annual growth of 8% (MVR2.3 billion), investment in debt securities grew by 15% (MVR2.6 billion) (Figure 41).

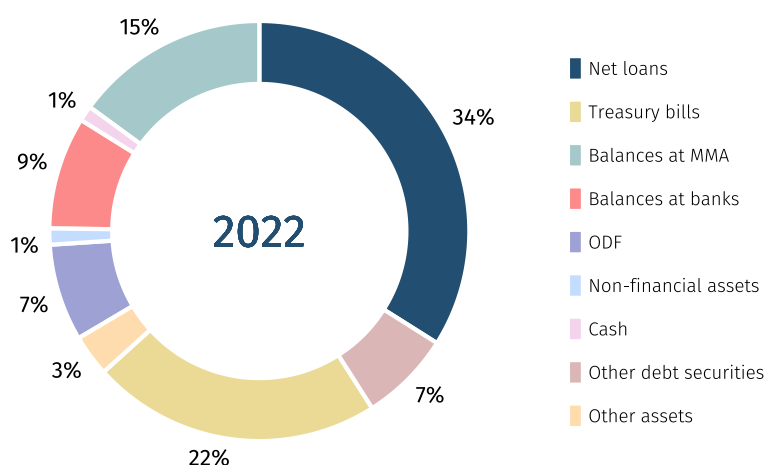
Total deposits experienced a growth of 6% (MVR3.3 billion); 61% of the deposit increase

being foreign currency, on account of robust growth in the tourism sector and the overall economy.

NPLs decreased by 7% (MVR141.0 million), mainly owing to bad loans being written off, and the percentage of NPLs to total loans decreased slightly from 7% to 6%. Loan loss provisions also experienced an annual decline of 18% and stood at MVR2.6 billion, which were results of the reversal of provisions made on risky loans and loans that were written-off. Specific loan loss provisions coverage was at 119% of NPLs, as a result of provisions being made for performing loans with higher credit risk (Figure 42).

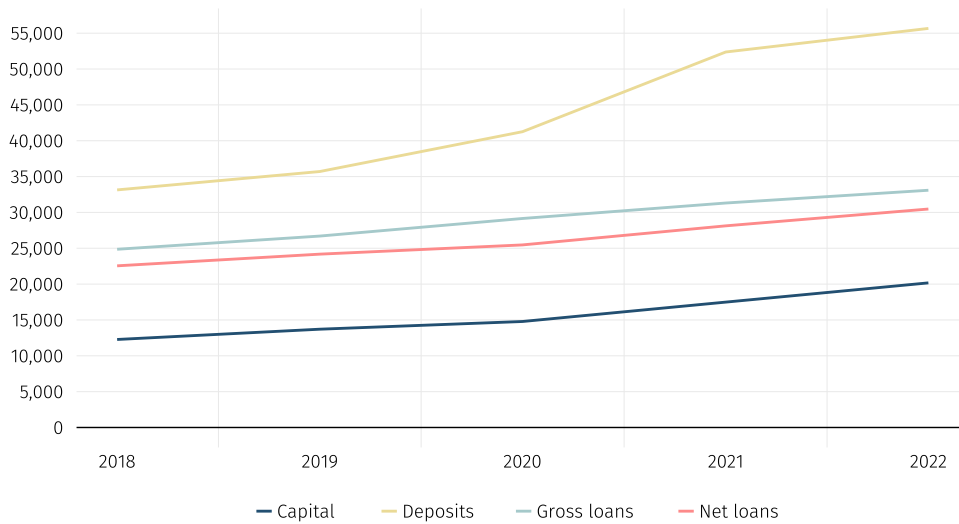
The profitability of the banking sector improved by 2% in annual terms, with a total pre-tax profit of MVR4.2 billion, and profit-after-tax of MVR3.2 billion. While the net interest income showed a substantial increase of 13%, it was largely offset by the decreased non-interest income relative to the previous year where the

**Figure 40: Net Asset Composition of the Banking Industry, 31 December 2022**



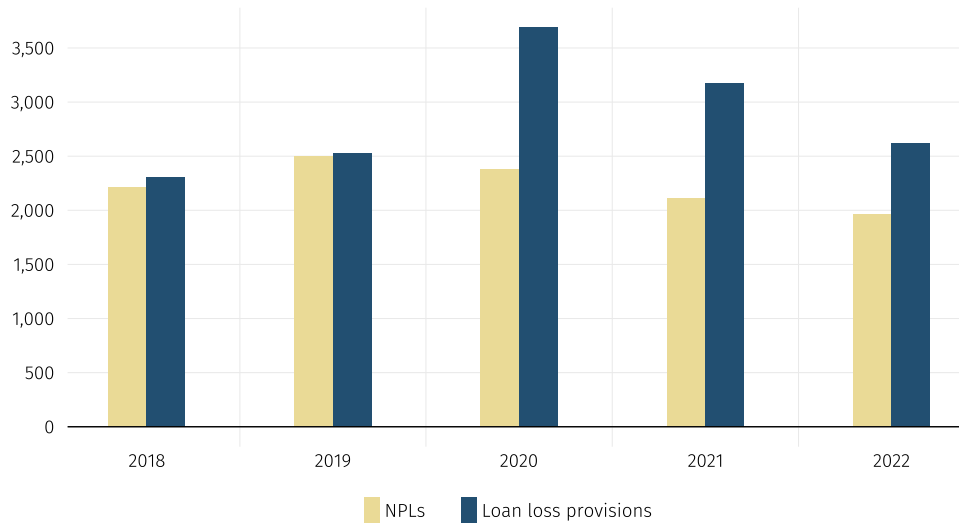
Source: Maldives Monetary Authority  
Note: Data for 2022 is from unaudited financial statements.

**Figure 41: Key Indicators of the Banking Industry, 2018 - 2022**  
(millions of rufiyaa)



Source: Maldives Monetary Authority  
Note: Data for 2022 is from unaudited financial statements.

**Figure 42: NPLs and Loan Loss Provisions, 2018 - 2022**  
(millions of rufiyaa)



Source: Maldives Monetary Authority  
Note: Data for 2022 is from unaudited financial statements.

non-interest income and profits were inflated due to the recoveries of a few large loans that has been written-off. Consequently, while the profits increased slightly, the profitability ratios relative to assets and equity, return on average assets (ROA) and return on average equity (ROE), both showed slight declines; from 4.4% and 19.5%, respectively, in 2021 to 3.9% and 17.1% in 2022.

At the end of the year, liquidity remained strong, with the credit-to-deposits ratio at 59% and 46% of the assets in liquid form; as placements in banks and the MMA, and investment in treasury bills. Liquid assets to total deposits and borrowings declined from 65% to 63%. 50% of total deposits were in foreign currency and the foreign currency liquid assets to total foreign currency deposits and borrowings stood at 42%, while it stood at 51% a year ago. The decline in foreign currency liquidity is mainly due to a substantial borrowing by one bank for the purpose of investing in local foreign currency treasury bonds.

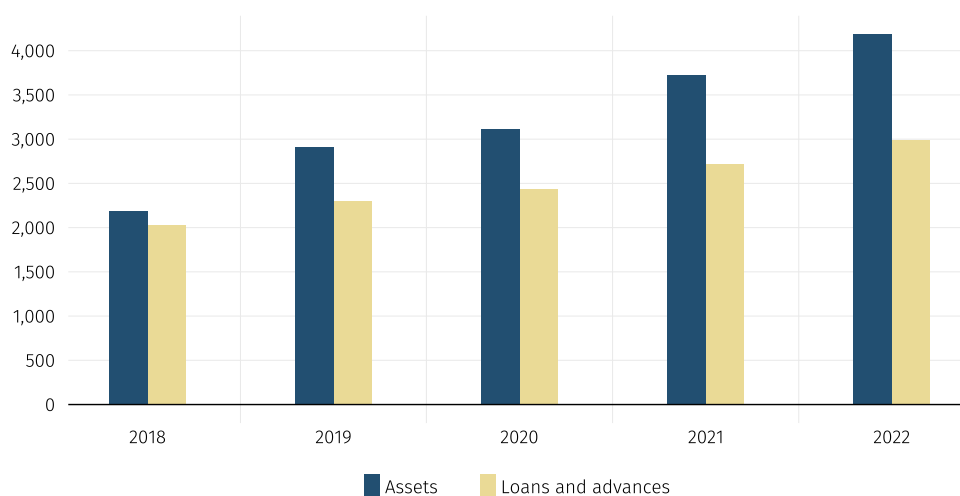
At the end of 2022, there were a total of 55 bank branches and 182 ATM in the country. Out of the total, 37 bank branches and 106 ATM were located outside the greater Male' region.

## Finance Companies

Finance companies comprises a specialized housing finance corporation, a company offering leasing and financing services, and a government-owned SME finance company.

The performance of the non-bank financial sector improved in the year 2022, recording growth in assets and loans, with an annual growth of 12% in assets, reaching MVR4.2 billion, and 14% annual growth in net loans, amounting MVR3.0 billion at the end of the year (Figure 43). The asset growth during the year was mainly on account of the capital injection of a state-owned institution, which was utilised to lend to the small and medium enterprises (SME) sector.

**Figure 43: Loans and Advances, and Assets of Finance Companies, 2018 - 2022**  
(millions of rufiyaa)



Source: Maldives Monetary Authority

Note: Data for 2022 is from unaudited financial statements.

Capital strength of the industry remained strong, with the ratio of total capital to risk weighted assets at 56%, indicating high capacity to absorb losses.

However, absolute NPLs increased by 53% (MVR125.0 million) annually, owing to the non-performing loans of the SME sector, resulting in the NPL ratio increasing to 11% from 9% of previous year. Loan-loss provisions increased by 57% over the year, with 37% of NPLs being covered by specific provisions.

The profitability of the non-bank financial sector declined annually, recording pre-tax profits of MVR139.2 million (unaudited) at the end of 2022, which is a 5% decline compared to a year ago, while net profit after tax amounted to MVR115.7 million, decline of 7% (Figure 44). The decrease in profits was mainly on account of increase in loan-loss provisions for the increased NPLs, as well as due to increase in non-interest expenses. Hence, the profitability ratios; ROA and ROE, declined to 2.9% and 6.1%, from 3.6% and 7.9% respectively, when compared with the annual profitability ratios of 2021.

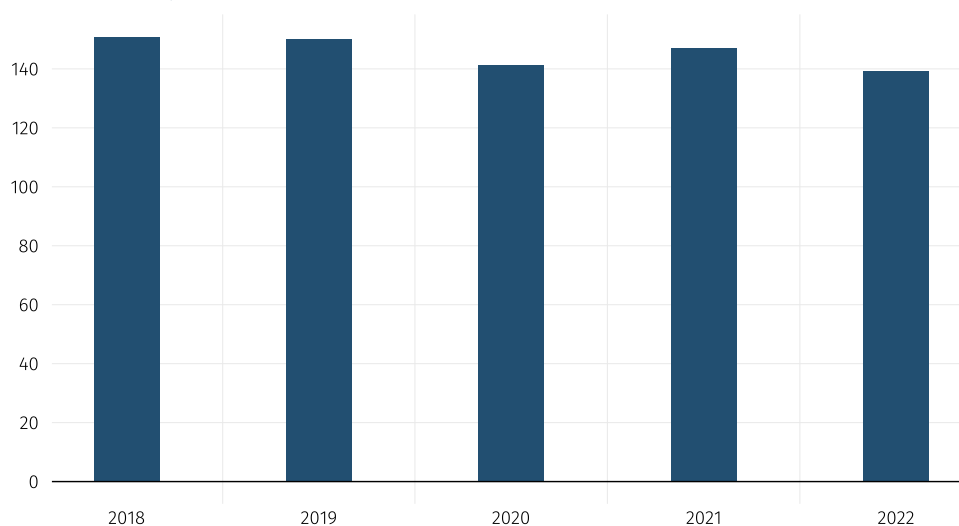
## Insurance Companies

The performance and prudential indicators of the general insurance sector remained robust during the year 2022. The general insurance sector recorded a gross written premium (GWP) of MVR1.3 billion in 2022, a 16% increase from the previous year (Figure 45). Likewise, there was a notable annual growth of 30% in the volume of insurance policies sold. The ratio of net written premium (NWP) to annualised equity of 76%, and the ratio of equity to assets of 30% indicate that the insurance companies have maintained a strong level of capitalisation in relation to the business they underwrite and retain.

The growth in GWP is reflected in the improvement in insurance penetration and density, which are widely recognized as key indicators of the maturity of the insurance industry (Figure 46). Insurance penetration is typically expressed as the ratio of GWP to GDP, while insurance density is a measure of GWP per capita. In 2022, the insurance penetration for general insurance business was at 1.4%,

**Figure 44: Pre-tax Profits of Finance Companies, 2018 - 2022**

(millions of rufiyaa)



Source: Maldives Monetary Authority

Note: Data for 2022 is from unaudited financial statements.



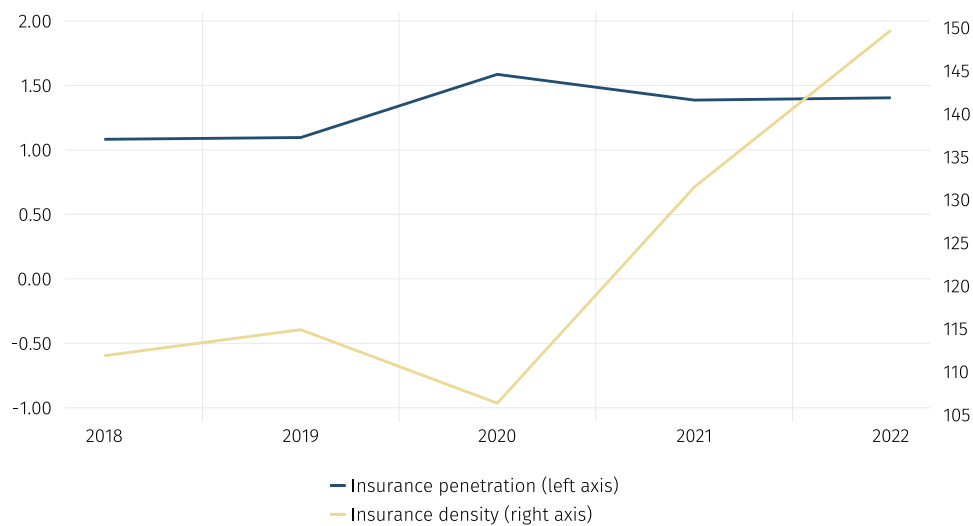
**Figure 45: Premiums, 2016 - 2022**  
(millions of rufiyaa)



Source: Maldives Monetary Authority

Note: Data for 2022 is from unaudited financial statements.

**Figure 46: Insurance Penetration and Density, 2018 - 2022**  
(percent, US dollars)



Source: Maldives Monetary Authority

Note: Data for 2022 is from unaudited financial statements.

while the insurance density increased from US\$131.5 to US\$149.7.

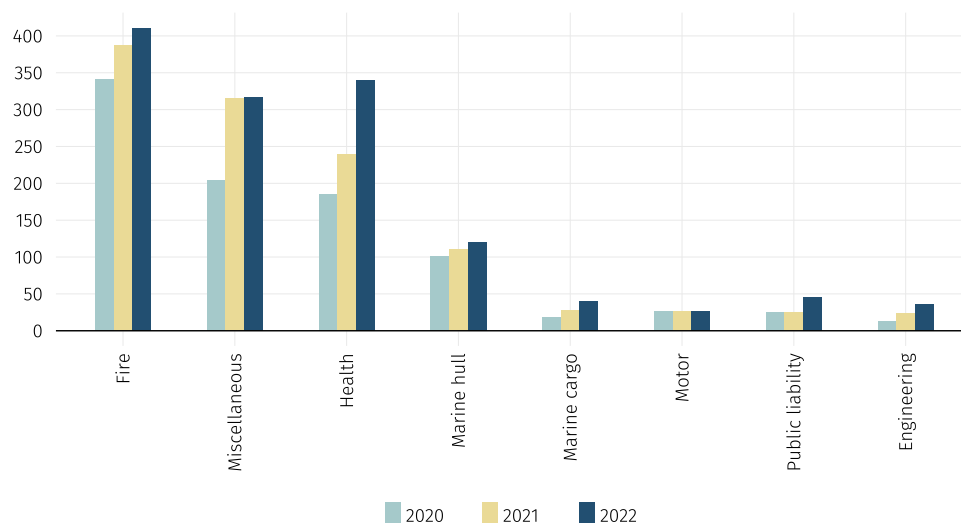
Throughout 2022, there was an increase in premium across all major insurance classes in the general insurance sector (Figure 47). As is typical for the Maldivian insurance industry, fire insurance retained its position as the largest class of insurance, accounting for 31% of GWP and growing by MVR24.0 million (6%). However, the most significant increase in premium was recorded in the health class, which saw a remarkable MVR101.3 million (42%) growth. Premium income from public liability class also rose substantially, with an 84% increase amounting to MVR20.9 million. The marine, health, and fire classes accounted for 12%, 25%, and 31% of the GWP, respectively.

The retention ratio, which measures the amount of premium retained by local companies (net written premium or NWP) as a percentage of GWP, is an indicator of the level of reinsurance. The retention ratio

varies according to the lines of business, reflecting the varying levels of risk involved and the insurers' respective risk appetites. Generally, insurers tend to retain less of the premium associated with businesses that present higher claims volatility, while retaining a higher percentage of those associated with lower claims volatility. The retention ratio of the general insurance industry increased from 35% to 40% over the year and appears to be returning to normal rates observed during the years prior to the pandemic (Figure 48). Health class is the highest contributor to the increase in retention ratio, having retained 98% of the premium. It also contributed to over 55% of the growth in GWP.

With the increase in economic activities, the general insurance industry also witnessed a resurgence of claims in 2022. There was a significant annual increase in gross claims amounting to MVR160.0 million (31%), following the significant increase of 97% in gross claims the previous year (Figure 49).

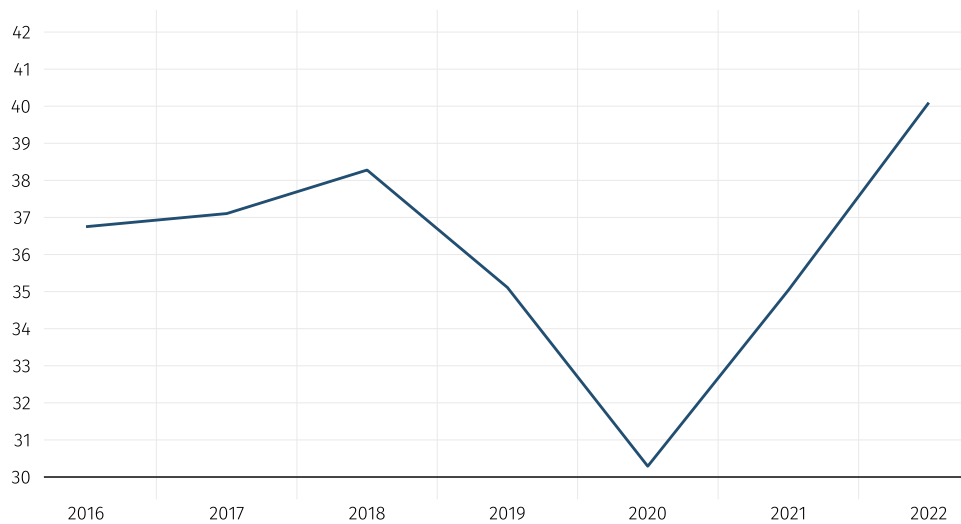
**Figure 47: GWP by Class of Insurance, 2020 - 2022**  
(millions of rufiyaa)



Source: Maldives Monetary Authority

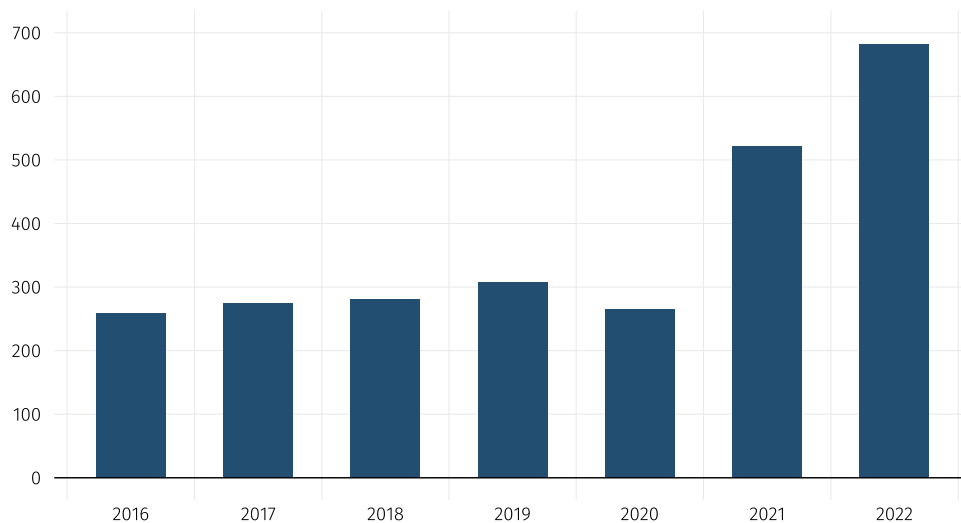
Note: Data for 2022 is from unaudited financial statements.

**Figure 48: Retention Ratio, 2016 - 2022**  
(millions of rufiyaa)



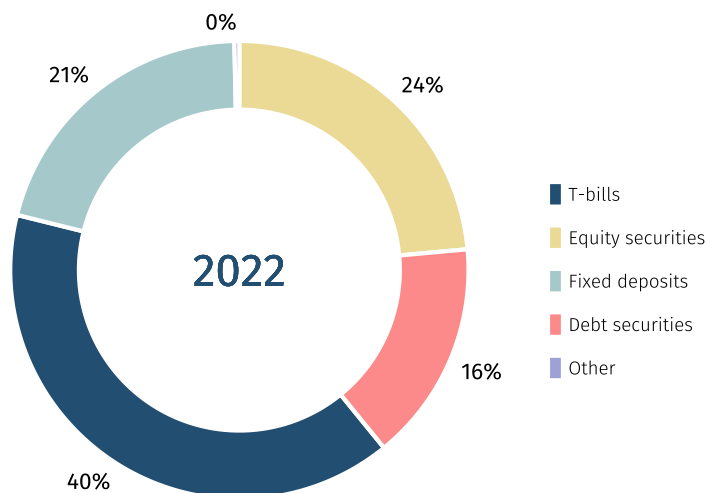
Source: Maldives Monetary Authority  
Note: Data for 2022 is from unaudited financial statements.

**Figure 49: Gross Claims, 2016 - 2022**  
(millions of rufiyaa)



Source: Maldives Monetary Authority  
Note: Data for 2022 is from unaudited financial statements.

Figure 50: Investment Composition of Insurance Companies



Source: Maldives Monetary Authority  
Note: Data for 2022 is from unaudited financial statements.

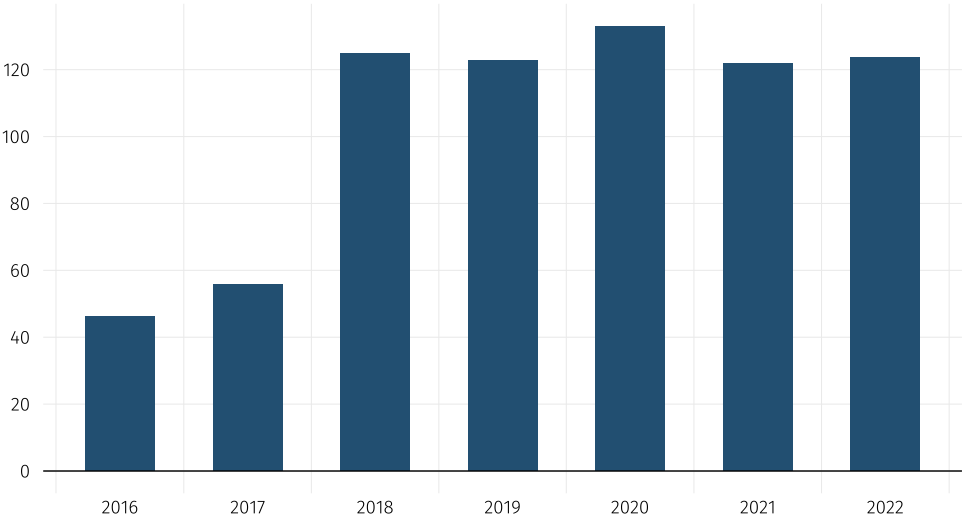
The health class was the primary contributor to this increase in claims, with reported claims of MVR214.8 million in 2022, a 120% increase from 2021. The increase is mainly due to an increase in the cost of healthcare services in the market. Additionally, the marine and fire classes also saw increases in claims by MVR76.5 million (111%) and MVR20.8 million (8%), respectively.

In terms of the asset composition of the general insurance industry, investments accounted for 26% of total assets, while reinsurance recoverables and premium receivables made up 33% and 14% of the assets, respectively. At the end of 2022, most of the insurance companies' investments were in treasury bills, equity securities, and fixed deposits,

accounting for 40%, 24%, and 21% of total investments, respectively. The lack of Shari'ah compliant investment instruments has led to a substantial portion of Takaful funds being invested in fixed deposits (Figure 50).

The net loss ratio (net incurred claims to net earned premium), a key measure of underwriting profitability, stood at 60% for the year 2022. In tandem with the upswing in net premium, which outpaced the rise in gross claims, the general insurance industry's profitability showed a modest improvement in 2022. As a result, pre-tax profits of the general insurance industry increased by 2% to MVR123.6 million during the period (Figure 51).

Figure 51: General Insurance Profitability (Before Tax), 2016 - 2022  
(millions of rufiyaa)



Source: Maldives Monetary Authority  
Note: Data for 2022 is from unaudited financial statements.

## External Sector

The current account deficit widened in 2022, primarily due to the worsening of the merchandise trade deficit, in addition to the increase in estimated interest payments on external debt, profit repatriation and reinvestment of earnings by the tourism sector during the year. Further, the rise in worker's remittances also contributed to the widening of the current account deficit. However, this was offset to an extent by the hike in merchandise re-exports as well as the improvement in the inflows on the services account, reflecting the significant growth in tourist arrivals. In terms of GDP, the current account deficit widened to 17% in 2022, from 8% in 2021. During the year, the current account deficit was financed largely by foreign direct investment (FDI) inflows, as well as borrowings by the government and private sector. In line with these developments, the overall BOP recorded a surplus in 2022, with GIR observing an increase for the year.

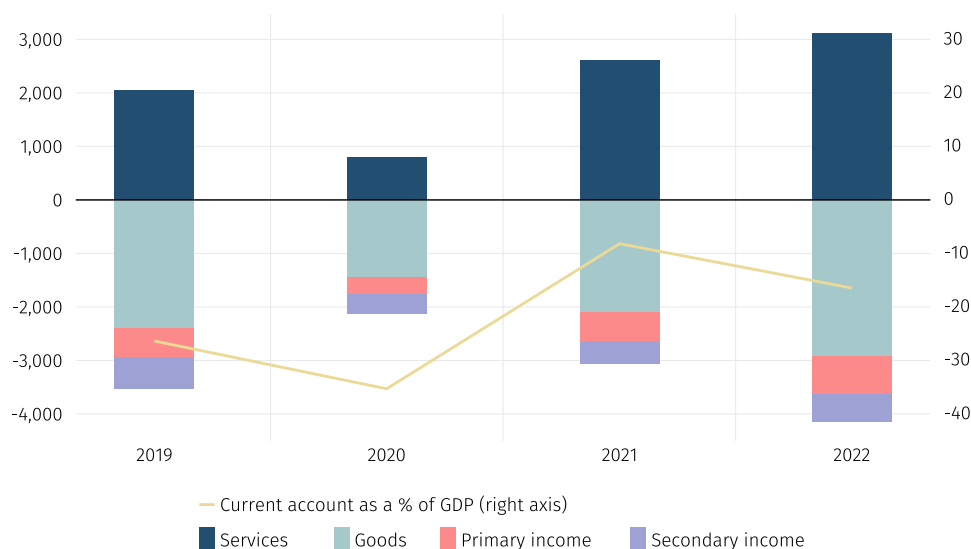
### Current Account

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. As per the revised BOP estimates of April 2023, the current account deficit widened to US\$1.0 billion in 2022, from US\$455.0 million in 2021. In terms of GDP, the current account deficit expanded to 17% in 2022

from 8% in the previous year (Figure 52). The widening of the deficit predominantly reflected the worsening merchandise trade deficit, on the back of a surge in import expenditure amid elevated global commodity prices, as well as the continued post-pandemic pickup in domestic demand. This was moderated to an extent by the increase in both re-exports and domestic exports, as well as the improvement

Figure 52: Composition of Current Account, 2019 - 2022

(millions of US dollars, percent)



Source: Maldives Monetary Authority

in inflows on the services account, which was contributed by the robust performance of the tourism sector during the year. Conversely, the worsening of the current account deficit mirrored the growth in estimated interest payments on both government and private sector external debt, reinvestment of earnings, and profit repatriation by the tourism sector, as well as the rise in worker's remittances.

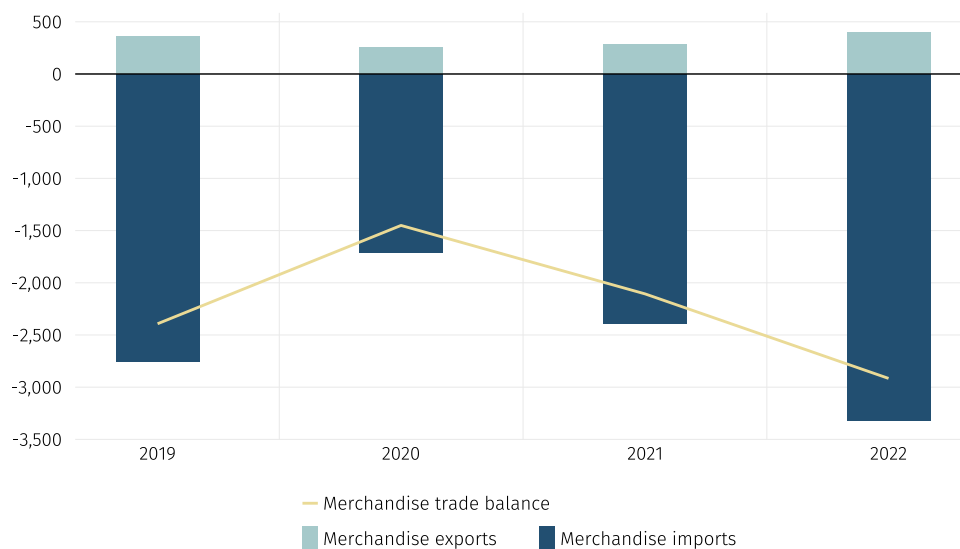
## Goods

The merchandise trade deficit widened by US\$809.2 million when compared with 2021, to total US\$2.9 billion in 2022 (Figure 53)<sup>15</sup>. This was primarily due to the hike in imports, which mirrored the impact of elevated global commodity prices, as well as improved domestic activity levels post-pandemic. The contribution of higher global commodity prices to the surge in import expenditure was

particularly evident with regard to import expenditure on petroleum products—which rose significantly both in terms of import volume and expenditure—mainly owing to the hike in global oil prices during the year. Meanwhile, import expenditure observed broad-based increases across major categories, apart from imports of medical and surgical supplies as well as pharmaceuticals (Box 1). However, the deterioration of the trade deficit was offset to an extent by the rise in re-exports, followed by domestic exports (which mainly comprise fish exports). The surge in re-exports was due to the increase in jet fuel sold to airlines, on the back of increased flight movements to the Maldives by international carriers. This reflected the buoyant performance of the tourism sector stemming from the strong pent-up demand from key source markets, and the relaxation of travel restrictions across a large number of markets.

**Figure 53: Merchandise Trade Balance, 2019 - 2022**

(millions of US dollars)



Source: Maldives Monetary Authority

<sup>15</sup> The figures for merchandise trade are in freight on board (f.o.b) terms.

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

### Merchandise Exports

Reflecting the recovery of economic activity in both Maldives and abroad, merchandise exports—which comprises domestic exports (40%) and re-exports (60%)—rose markedly by 40% (US\$114.4 million), and totalled US\$399.7 million during 2022, surpassing pre-pandemic levels of 2019. The increase in merchandise exports was driven predominantly by the significant surge in re-exports earnings, which mainly consist of the re-export of aviation gas (jet fuel).

During 2022, re-exports earnings rose sharply by 80% (US\$106.7 million), and totalled US\$240.7 million—the highest level since 2004—contributed largely by the re-export of aviation gas (jet fuel). Re-export earnings from jet fuel surged by 94% (US\$193.2 million) in 2022, owing to marked increases in both the price and volume of aviation gas re-exports. While the hike in global oil prices was driven primarily by supply constraints caused by the Russia-Ukraine war, the growth in the volume of such re-exports was driven by the increase in flight movements to the Maldives by international carriers, reflecting the strong performance of the tourism sector amid pent-up demand and relaxation of travel restrictions in a large number of countries.

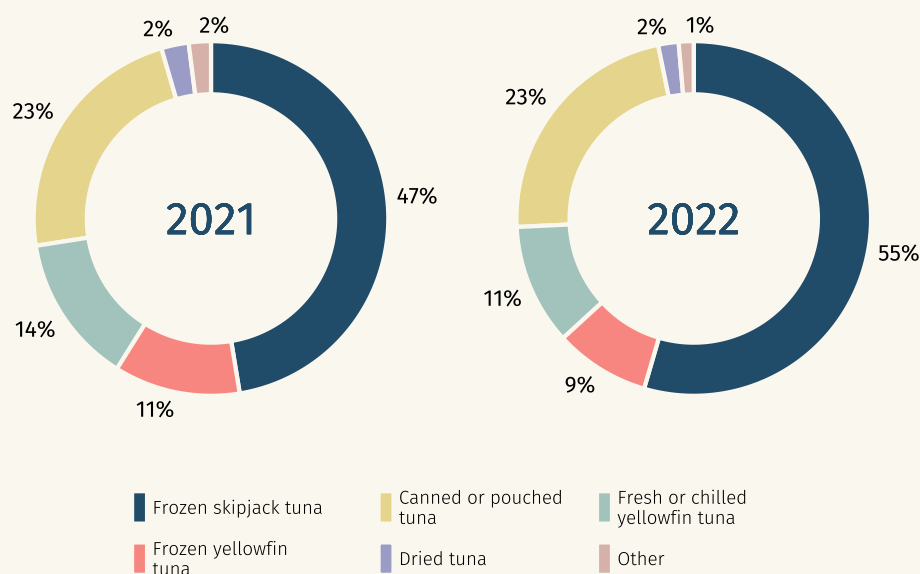
Domestic exports, which predominantly comprises fish exports (92%) increased by 5% (US\$7.7 million), and totalled US\$159.0 million in 2022. The overall growth in domestic exports stemmed mainly from the growth in export earnings from frozen skipjack tuna, which rose by 20% (US\$13.5 million). Moreover, the volume of such exports registered a notable increase of 11% during the year, in line with the solid recovery of the trade of non-canned tuna in the global market<sup>2</sup> (Figure 1). Concurrently, earnings from canned or pouched tuna exports increased by 3% (US\$0.9 million), while the export volume observed a growth of 7% during the year. However, the increase in overall export earnings was partially offset by the decline in export earnings from both frozen, and fresh or chilled yellowfin tuna by 21% (US\$3.4 million) and 15% (US\$2.9 million), respectively. The volume of such exports fell by 45% and 37%, respectively (Figure 2). This reflected the decrease in yellowfin tuna purchases by the domestic fish processing companies, mainly owing to lower catch resulting from the depletion of yellowfin tuna stock in the Indian Ocean.

<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.

<sup>2</sup> As per the Globefish Highlights by the Food and Agriculture Organization (FAO).

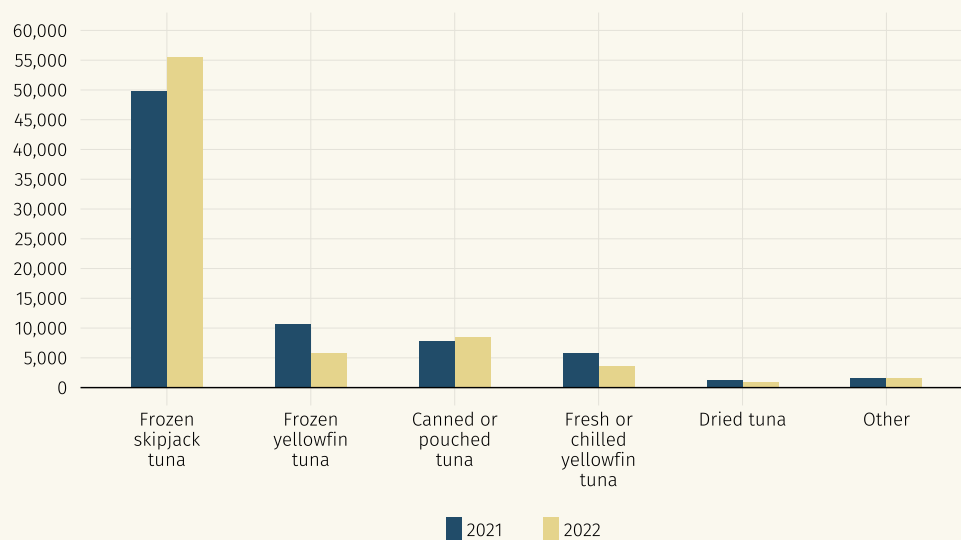


Figure 1: Composition of Fish Exports (Earnings)



Source: Maldives Customs Service

Figure 2: Composition of Fish Exports (Volume), 2021 - 2022  
(thousands of metric tonnes)



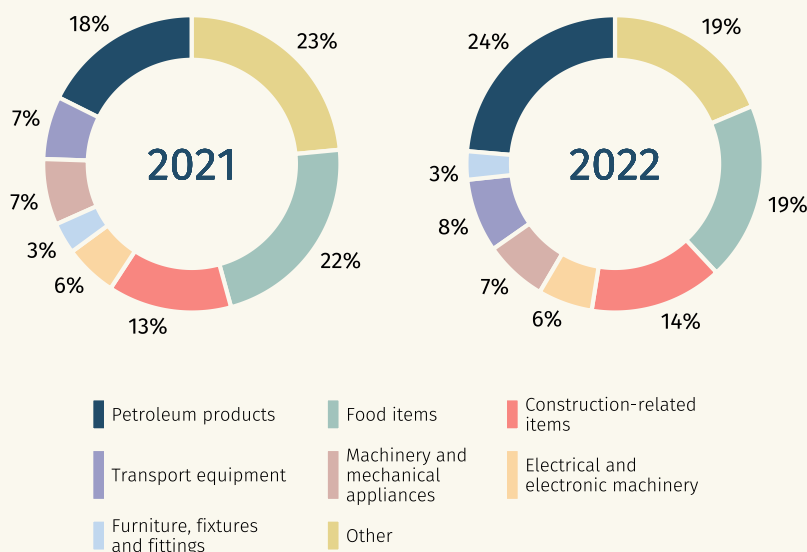
Source: Maldives Customs Service

## Merchandise Imports

Total merchandise imports (c.i.f) rose significantly by 37% (US\$942.6 million), with broad-based increases in all major import categories, and totalled US\$3.5 billion during 2022. As such, the increase in imports were driven predominantly by a marked surge in import expenditure on petroleum products—specifically, diesel (marine gas oil)—which rose by 83% (US\$377.3 million) during the year (Figure 3). This mainly reflected the hike in global oil prices owing to tight supply amid Russia-Ukraine war as well as higher domestic demand. Import expenditure on construction-related items, accounting for 14% of imports posted positive contributions to merchandise import expenditure, recording a significant growth of 47% (US\$162.7 million).

As for other major categories, import expenditure on food items, accounting for 18% of imports, rose during the year by 19% (US\$108.9 million) largely owing to the marked increase in import expenditure on meat, fish and seafood. This was followed by import expenditure on transport equipment; and electrical and electronic machinery, which increased by 60% (US\$104.9 million) and 41% (US\$60.7 million), respectively. Similarly, notable increases were observed in import expenditure on machinery and mechanical appliances, which rose by 30% (US\$55.3 million).

Figure 3: Composition of Imports



Source: Maldives Customs Service

Conversely, two categories—medical and surgical supplies as well as pharmaceuticals—registered declines during 2022, reflecting a higher base effect from the pandemic-led surge in import expenditure on such products in 2021. While the import expenditure on medical and surgical supplies fell by 38% (US\$31.3 million), import expenditure on pharmaceuticals registered a moderate decline of 6% (US\$3.3 million) during the year.

## Direction of trade

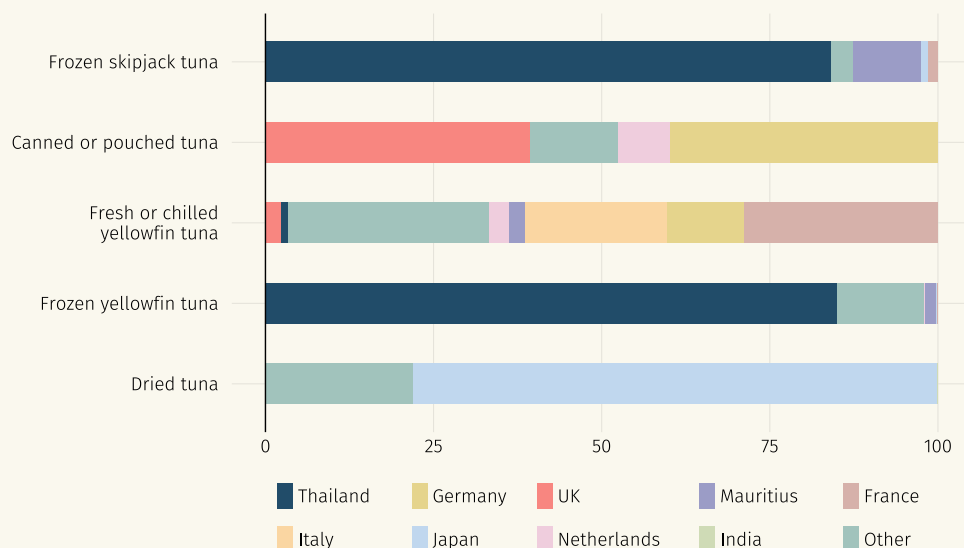
### Exports

With a share of 62%, the Asian market remained as the main export destination for Maldivian exports in 2022. This was followed by the European market, which held a market share of 30% during the year.

Within the Asian market, Thailand remained as the single largest export market, accounting for 49% of the total Maldivian exports during 2022, up from 46% in 2021 (Figure 4). Accordingly, earnings from frozen skipjack tuna exports to the Thai market, increased by 20% (US\$11.2 million) during the year. Moreover, both the volume and prices of such exports rose in tandem. As for frozen yellowfin tuna exports to the Thai market, contrary to previous year, both the earnings and volume from such exports declined significantly during the year. The second largest market within Asia was India, of which the share of exports remained unchanged and stood at 4%, although a growth was observed in earnings from processed fish exports.

The European market remained as the second largest export destination, accounting for 30% of the total export earnings in 2022, which registered a slight dip from the 31% recorded in 2021. Germany was the largest export market (9%) within the European region, despite registering the biggest decline in export earnings received from the region. Export earnings from Germany declined by 13% (US\$2.3 million) in 2022, owing primarily to a decline in fresh or chilled yellowfin tuna exports (US\$1.0 million). Meanwhile, the UK further cemented its position as the second-largest European export market (9%), while France remained the third-largest export market (4%). The market share of the UK recorded an increase from 7% in 2021, largely due to the increases in export earnings from canned or pouched tuna to the country. As for the French market, the market share remained unchanged despite the marginal decline observed in export earnings from fresh or chilled yellowfin tuna, as well as frozen skipjack tuna.

**Figure 4: Direction of Trade by Major Domestic Export Categories, 2022**  
(percent)



Source: Maldives Customs Service

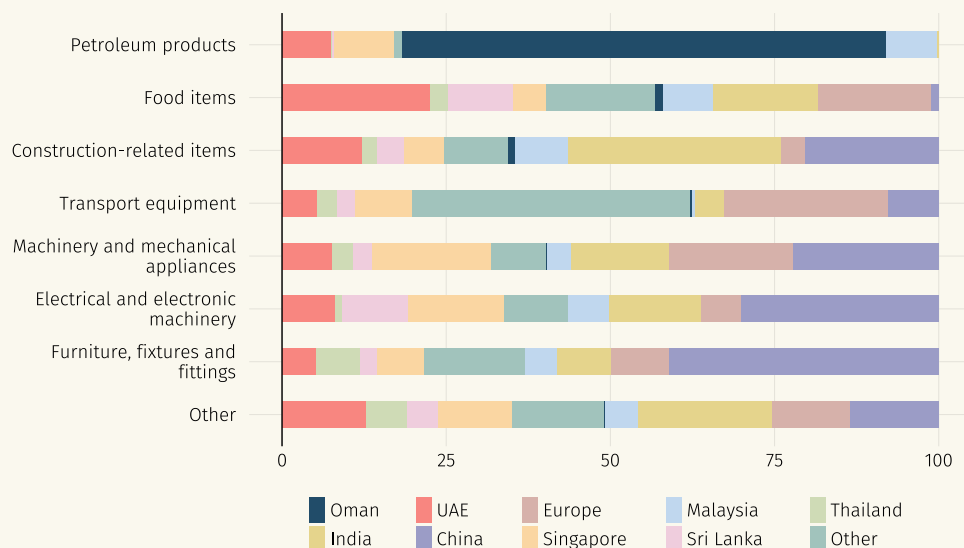
An emerging export market during the year was Mauritius—the largest export market in Africa— which witnessed a doubling in terms of exports share, to reach 6%, and totalled US\$8.8 million during 2022. This mirrored the marked increase in earnings from frozen skipjack tuna and frozen yellowfin tuna.

## Imports

Regarding the direction of imports, the highest proportion of imports during the year (83% of the total imports) were sourced from Asia. Oman accounted for the highest share of imports to the country (18%), followed by India (14%), the United Arab Emirates (12%) and China (11%). Imports from the Oman rose significantly by 85% (US\$287.8 million), driven mostly by the imports of petroleum products during the year (Figure 5).

As for imports from India, a marked growth of 56% (US\$178.4 million) was registered, largely owing to significant increases observed in import expenditure on construction-related items; electrical and electronic machinery; and food items. Similarly, imports from the UAE rose considerably by 25% (US\$82.8 million), driven an increase in import expenditure on food items. Meanwhile, imports from China increased notably by 18% (US\$59.9 million) reflecting the significant rise in

**Figure 5: Direction of Trade by Import Categories, 2022**  
(percent)



Source: Maldives Customs Service

import expenditure on electrical and electronic machinery; furniture, fixtures and fittings; and machinery and mechanical appliances during the year.

Imports from the European region, which accounted for 10% of the total imports, registered a growth of 28% (US\$76.4 million) during the year, with France as the main supplier of imports to the country, followed by Germany, Italy and the Netherlands. Considerable increases in import expenditure were observed for transport equipment; machinery and mechanical appliances; food items; and medical and surgical supplies.

## Services

The surplus on the services account—an inherent key feature of the current account of the tourism-based Maldivian economy—rose by US\$499.8 million, and totalled US\$3.1 billion in 2022. The significant increase in the services surplus was mainly owing to the surge in tourism-related receipts, in line with the strong performance of the tourism sector amid higher global tourism demand (Figure 54).

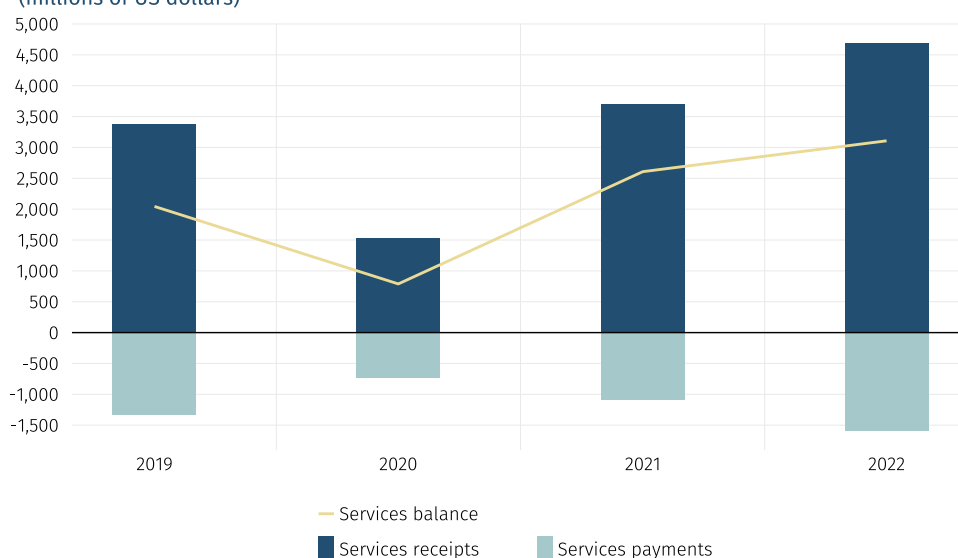
With regard to the receipts side, total services receipts are estimated to have increased to US\$4.7 billion in 2022—a marked annual surge of US\$996.5 million. This was primarily on account of the estimated rise in travel receipts—which accounted for 96% of all services receipts during the year—owing to the robust tourism sector performance. Accordingly, travel receipts registered an increase of over US\$989.6 million, and totalled US\$4.5 billion in 2022, which was a growth of 28% when compared with the receipts recorded in 2021 (US\$3.5 billion). This was also a growth of 42% when compared to pre-pandemic

levels (US\$3.2 billion in 2019). However, receipts from transport services observed a moderate decline (by US\$2.2 million), due to the decrease in passenger transport and port service revenues.

On the payments side, total expenditure on services recorded a significant increase of US\$496.6 million, and totalled US\$1.6 billion in 2022—from US\$1.1 billion in 2021. The growth in services expenditure was led by the hike in travel expenditure, owing to the rise in demand for international travel by Maldivians, following further relaxation of pandemic-induced travel restrictions across the globe. As such, expenditure by Maldivians travelling abroad is estimated to have increased by US\$154.9 million during the year. This was followed closely by the US\$125.6 million increase in expenditure on the payments made for international transport services, which was in line with the rise in freight expenses on imports, owing to the significant hike in imports as well as higher freight charges stemming from global supply chain disruptions during the year.

**Figure 54: Trade in Services, 2019 - 2022**

(millions of US dollars)



Source: Maldives Monetary Authority

Additionally, an increase of US\$116.4 million was observed for expenditure on professional and management consultancy services sought externally for various business requirements—which mainly represents management fees in the tourism industry.

### Primary Income Account

The deficit on the primary income account is driven predominantly by the FDI-related outflows, mainly in the form of estimates of dividends to shareholders and reinvested earnings. Additional contributors to the deficit include interest payments on external debt. During 2022, the primary income account deficit widened by US\$166.5 million, to reach US\$701.8 million. This was a growth of 31% when compared with the deficit of US\$535.3 million in the previous year. The worsening of the primary account outflow was contributed largely by the increase in interest payments on both private and government debt during the year, which rose by US\$51.8 million and US\$37.9 million, respectively. During the year, the rise in reinvestment of earnings as well as the repatriation of profits was owing to the strong growth of the tourism sector, as the majority of the companies in the tourism sector are FDIs. While profit remittances of FDI companies increased by US\$36.9 million, reinvested earnings rose by US\$23.4 million during the year. Similarly, inflows to the primary account also observed an increase of US\$24.1 million, owing mainly to the rise in interest income received from investments by the commercial banks and the MMA.

### Secondary Income Account

Movements in the secondary income account continued to be dominated by transactions in workers' remittances, and government

grants. The deficit on the account is estimated to have worsened by US\$102.2 million, to reach US\$522.8 million—from US\$420.6 million in 2021. This was mainly due to the increase in outflows led by the hike in worker's remittances, which rose by US\$61.0 million during the year. On the inflows side, a decline of US\$31.4 million was observed, largely due to the decline in foreign grant inflows, followed by a moderate fall in insurance claims received from non-resident insurance companies.

### 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 2022, up from US\$462.6 million in 2021. The net inflows on the financial account during 2022 consisted largely of inflows from foreign direct investments and other investments (Figure 55).

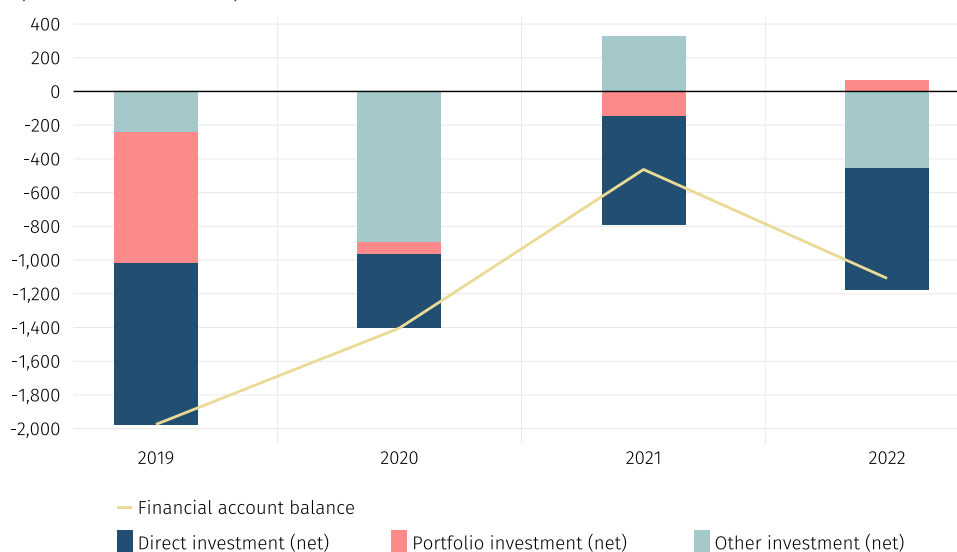
The majority of all external financial inflows to the Maldives during the year consisted of net inflows from direct investments. Accordingly, these inflows registered US\$721.9 million in 2022, a modest increase from the US\$642.8 million recorded in 2021. The rise in net inflows mirrored the growth in FDI inflows<sup>16</sup> (by US\$55.7 million) primarily reflecting the increase in new equity investments by foreign investors mainly within the tourism sector. Further, the reinvestment of earnings of foreign investors also rose by US\$23.4 million during the year.

As for portfolio investments—which comprise cross-border financial transactions involving equity and debt securities (other than those

<sup>16</sup> Only the proceeds from inward FDIs are included in the direct investment account.

**Figure 55: Financial Account, 2019 - 2022**

(millions of US dollars)



Source: Maldives Monetary Authority

included in direct investments)—it recorded a net outflow of US\$67.3 million in 2022, following a net inflow of US\$145.6 million in 2021. The net outflow during the year predominantly reflected the partial repayment (US\$58.0 million) of the inaugural sovereign bond issued in the international market by the government in 2017.

With regard to other investments—which comprise financial transactions other than direct investments and portfolio investments—a net inflow of US\$453.8 million was recorded. This was a substantial increase of US\$779.6 million when compared with the outflow of US\$325.8 million recorded in 2021. The main contributors to the net inflow of such investments during the year were net borrowings in the form of loans by the government and private sector. Additionally, the increase in inflows was also contributed by the growth in liabilities of the MMA, owing to

the US\$100 million swap arrangement between MMA and the RBI, accessed in December 2022. Meanwhile, the net acquisition of financial assets recorded an inflow, also contributing to the increased inflows of other investments. This was mainly due to drawing on deposits abroad by the commercial banks.

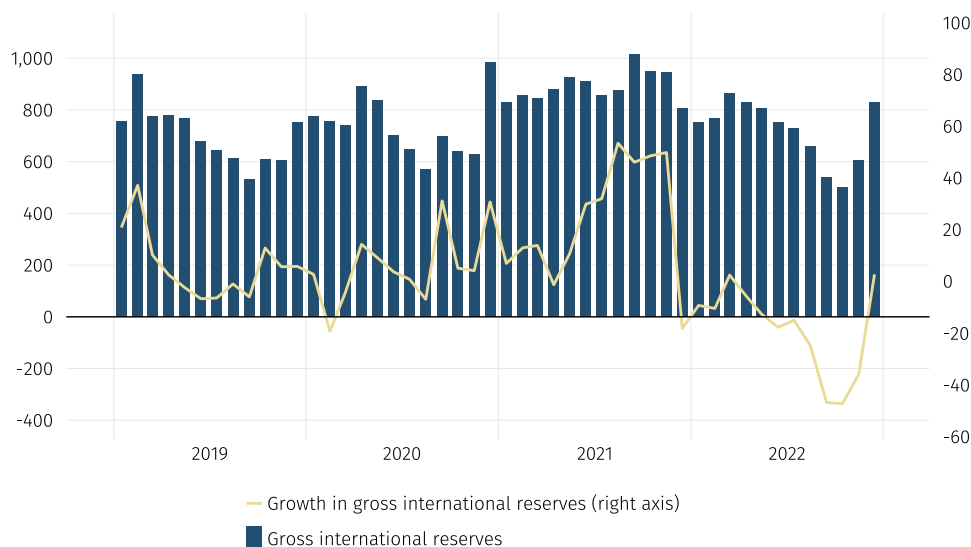
## Overall Balance and Gross International Reserves

As the net inflows from the financial account outpaced the deficit on the current account during 2022, the overall balance of payments registered a surplus of US\$22.5 million, after recording a deficit of US\$178.8 million in 2021. In line with these developments, gross international reserves (GIR or official reserve assets)<sup>17</sup> rose to US\$827.7 million in 2022, from US\$805.8 million in 2021—a 3% growth when compared with the previous year (Figure

<sup>17</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, 2019 - 2022**  
(millions of US dollars, annual percentage change)



Source: Maldives Monetary Authority

56). The GIR fluctuated throughout the year, reaching a peak in March (US\$865.2 million), before moving to a declining trend from April until the end of October 2022. The declining trend reversed from November onwards, with the highest surge for the year observed in December 2022.

The annual growth in the GIR was entirely due to the increase in short-term foreign liabilities, which rose by 42% in 2022. The growth in short-term foreign liabilities predominantly reflected the US\$100 million foreign currency swap facility with the RBI, accessed in December 2022. Additionally, increases were observed in other components such as foreign currency reserve account balances of the commercial banks held at the MMA and the government foreign currency deposits excluded from broad money. The increase in reserve account balances of the commercial banks held at

MMA can be attributed to foreign currency deposits and changes to foreign currency asset portfolio.

During 2022, foreign currency payments observed a significant growth relative to the previous year, contributed by the increases observed in payments in the form of foreign currency intervention in the domestic market, loan repayments and loan servicing, as well as repayments of government securities. As for foreign currency receipts, a considerable growth was observed as well relative to the previous year, contributed primarily by the marked increases in tourism-related revenue receipts<sup>18</sup>, reflecting the robust performance of the tourism sector. This was followed by an increase in foreign currency inflows received for budget financing. However, inflows from investments in government securities declined (26%) when compared with the previous year.

<sup>18</sup> These include receipts from T-GST, tourism land rent, green tax, airport service charge and airport development fee.

## External Debt

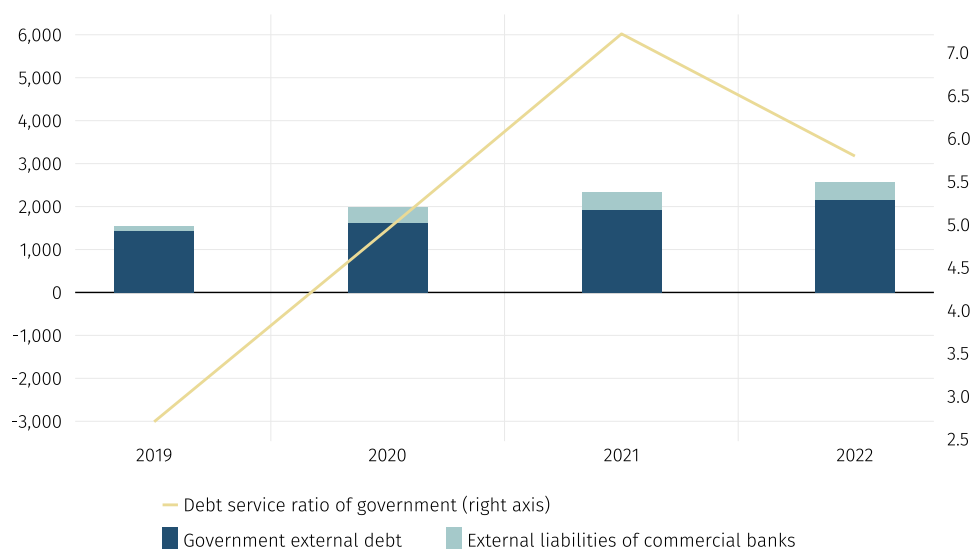
As per the latest available statistics<sup>19</sup>, the total external debt stock (government and commercial banks) increased by US\$232.3 million, and totalled US\$2,558.3 million at the end of 2022. However, the stock of external debt as a ratio to GDP declined to 41% in 2022, from 43% in 2021, owing to the higher nominal GDP growth relative to the growth in total external debt (Figure 57). During 2022, the growth in external debt reflected rise in loans obtained by the government from multilateral and private sources, as well as loans in the form of buyer's credit<sup>20</sup>, followed by commercial bank borrowings from head offices and branches.

Regarding the composition of the total outstanding stock of external debt, foreign liabilities of commercial banks registered a

decline of US\$2.0 million, predominantly due to the decline in borrowings from non-resident commercial banks, which was offset to an extent by the increase in borrowings from head offices and branches, closing at US\$409.0 million at the end of 2022. In terms of GDP, the outstanding stock of commercial banks' borrowings declined to 7% in 2022, from 8% in 2021.

As for the government external borrowing—which primarily consists of buyer's credit, debt securities and loans obtained from multilateral, bilateral, and private sources—rose by US\$234.3 million, and totalled US\$2,149.3 million at the end of 2022 (Figure 58). In terms of GDP, the outstanding stock of central government external debt observed a moderate decline to

**Figure 57: External Debt, 2019 - 2022**  
(millions of US dollars, percent)

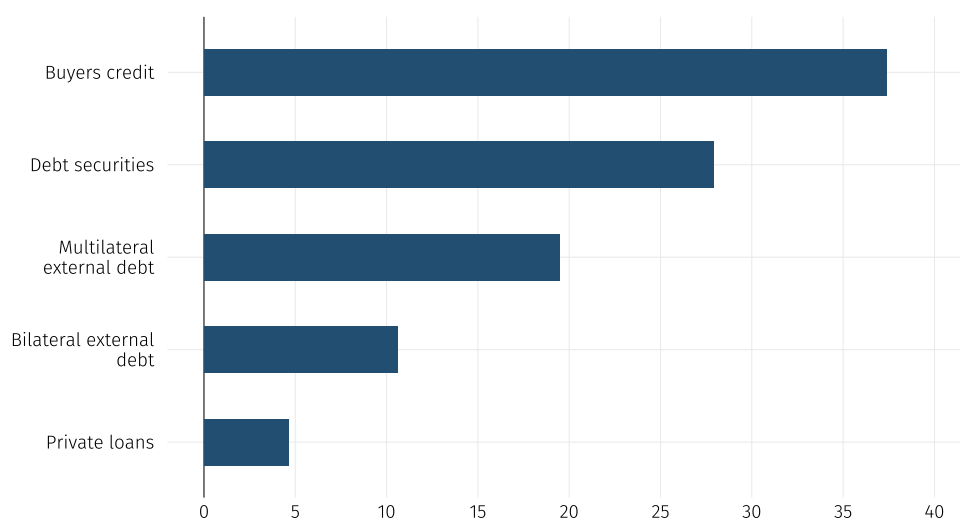


Source: Ministry of Finance and Maldives Monetary Authority

<sup>19</sup> External debt statistics mentioned here refer to government external borrowings and foreign liabilities of commercial banks, which are different from external debt under public debt.

<sup>20</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, 2022**  
(percent)



Source: Ministry of Finance

35% in 2022, from 36% in 2021. Debt obtained in the form of multilateral loans increased by US\$148.7 million to total US\$418.5 million in 2022, followed by a US\$100.0 million private loan obtained during the year. Meanwhile, debt obtained in the form of buyer's credit observed a growth of US\$47.2 million and totalled US\$803.6 million in 2022. Conversely, both debt securities and debt obtained in the form of bilateral loans observed declines of US\$58.0 million and US\$3.6 million, to total US\$600.0 million and US\$227.2 million, respectively, during the year.

The total cost of debt servicing<sup>21</sup> declined by US\$21.1 million and amounted to US\$266.5 million (4% of GDP) in 2022, mainly reflecting the decline in principal payments on debt securities. Meanwhile, mirroring both the decrease in debt service payments and the growth in exports of goods and services, the debt service ratio<sup>22</sup>—which measures the adequacy of a country's foreign exchange earnings to meet maturing debt obligations—declined to 5.8% in 2022, from 7.2% in 2021.

<sup>21</sup> Includes both principal and interest payments.

<sup>22</sup> Debt service ratio is the ratio of debt service payments to export of goods and services.

# Outlook for 2023

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The recovery of global economic activity gained momentum during the latter half of 2022, particularly during the third quarter, with real GDP growth surprises observed for major economies across both country groups—advanced economies and emerging market and developing economies. The growth surprises stemmed mainly from domestic factors, which included higher private consumption and investment—reflecting pent-up demand—together with stronger-than-anticipated fiscal support. Additionally, growth was supported by easing supply chain bottlenecks and the resultant decline in transportation costs, amid the quicker adjustment of energy markets to the shock from the Russia-Ukraine war. Nonetheless, the tightening financial conditions stemming from the rise in central bank rates to combat global inflationary pressures and the impact of the war in Ukraine continue to weigh on global economic activity. As per the IMF World Economic Outlook (WEO) April 2023 report, following an estimated growth of 3.4% in 2022, global growth is projected to moderate further to 2.8% in 2023—0.1 percentage point higher than the projections of October 2022.

The growth momentum of the Maldivian economy is expected to have reached pre-pandemic levels by the end of 2022 and is expected to continue its upward growth trajectory during 2023, driven by the robust performances projected for all major sectors. According to the forecasts made in October 2022<sup>23</sup>, real GDP growth is estimated to reach 7.6% in 2023, following the 13.9% growth in 2022. Additionally, the latest available high-frequency data indicate a stronger-than-

expected performance of the tourism industry, mainly due to strong arrivals from Russia, India and other key European source markets. In line with these developments, total tourist arrivals are expected to exceed the pre-pandemic (2019) level of 1.7 million, to reach over 1.9 million by the end of 2023, and the real GDP forecasts are expected to surpass the current projections.

The domestic inflation rate is projected to accelerate to 3.4% in 2023, primarily reflecting domestic policy changes such as the hike in G-GST rate—from 6% to 8% from January 2023 onwards. The latest forecasts are 2 percentage points lower than that of October 2022, reflecting the removal of the assumption regarding the implementation of electricity subsidy reforms in 2023, and the lower passthrough of global energy and commodity prices compared with the Budget 2023 forecasts as international organisations have revised their forecasts downwards. With regard to the inflation trajectory, the rate of inflation is projected to pick up during Q1-2023 (from 3.1% during Q4-2022), predominantly reflecting the changes to the G-GST rate. However, inflation is expected to decelerate modestly over Q2 and Q3-2023, before stabilising during the last quarter of the year.

As for the 2023 Government Budget, the budget deficit is projected to narrow to 8.3% in 2023 from 11.9% in 2022, entirely due to the anticipated growth in total revenue, followed by grants. Total revenue is expected to be driven by the hikes in the rates of both G-GST and T-GST. Total expenditure is also

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<sup>23</sup> According to growth forecast scenarios estimated in October 2022 jointly by the MMA and the Ministry of Finance.

projected to increase during 2023, albeit at a slower pace, reflecting a growth in recurrent spending on the back of higher expenditure on salaries, wages and allowances, while fiscal space has been allocated for the completion of mega infrastructure projects. According to the 2023 Budget, the fiscal deficit is expected to be financed by both external and domestic financing. While the total public debt stock is expected to rise in 2023, total public debt as a share of GDP is projected to reach 108.9%. Risks to the fiscal outcomes remain tilted to the downside, with key risks including delays in the implementation of measures to reduce expenditure as well as measures to finance the budget, tightening of global financial market resulting in higher interest rates, potential reduction in profit transfers from SOEs and higher capital injections to such companies.

On the external front, the current account deficit is projected to narrow to 12% of GDP in 2023, from 17% in 2022. This reflects the anticipated moderation of global oil prices during 2023, as well as the strengthening of tourism-related receipts stemming from the strong performance of the tourism sector forecasted for the year, along with improvement in overall domestic economic activity. However, the projections for the current account deficit may vary in line with the risk to the secondary account credit, which could be impacted by the grant amounts received during the year.

## Risks to Outlook

The balance of risks to the growth outlook of both the global economy and the Maldives remains tilted to the downside, despite the moderation of the adverse risks to growth projections from October 2022. On the downside, major risks include the potential escalation of the Russia-Ukraine war, the tightening global financial conditions and the resultant exacerbation of debt distress. Additionally, the recent financial sector turmoil is also a potential risk that could lead to further tightening of financial conditions. These shocks could weaken growth in Europe, dampening travel demand and resulting in lower-than-expected tourist arrivals from the region. On the upside, growth could be boosted by stronger-than-anticipated pent-up demand from major source markets, and the resumption of air travel between China and the Maldives, which could result in higher-than-anticipated boost in tourism sector performance.

With respect to inflation, risks continue to remain tilted to the upside, with major risks arising from the potential escalation of the Russia-Ukraine war and geopolitical fragmentation, which could exacerbate the supply chain bottlenecks. However, with the downward revisions of the forecasts for global crude oil prices, a greater-than-anticipated moderation in crude oil prices may result in lower inflationary pressure during the year.

# Internal Management, Policies and Organisational Developments



# Monetary Policy

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## Monetary Policy Framework

One of the key responsibilities of the MMA is the formulation and implementation of the monetary policy. The main aim of 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, heavily reliant on imports, where domestic prices are highly susceptible to price fluctuations in the international market and to the variations in the exchange rate. As such, the MMA strives to maintain the exchange rate within the stipulated band of MVR10.28 and MVR15.42, 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: the Minimum Reserve Requirement (MRR), Open Market Operations (OMOs), foreign exchange swaps, and standing facilities which consist of both Overnight Deposit Facility (ODF) and Overnight Lombard Facility (OLF).

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

## Implementation of Monetary Policy

While the global economy continued to recover from the COVID-19 pandemic, it faced significant challenges and heightened uncertainty in 2022, owing to broadened inflationary pressures due to surge in global fuel and commodity prices pertaining to the Russia-Ukraine conflict, and an overall tightening of global financial conditions. Although the strong performance of the tourism industry continued to drive the post-pandemic recovery of the Maldivian economy, significant foreign exchange pressures persisted, and this was worsened as a result of the hike in global fuel prices. The MMA continued to carry out foreign exchange market interventions and rufiyaa liquidity management during the year, as the two fundamental operations to reduce the exchange rate pressures within the domestic economy.

While majority of the adjustments to policy instruments in response to the COVID-19 pandemic were winded down in 2021, changes to the foreign currency MRR was maintained due to the persistent foreign currency liquidity issues at the time. However, based on the macroeconomic developments during the year, the foreign currency MRR was reverted to the pre-pandemic level. The MMA introduced a short-term money market instruments for the Islamic Banking segment, the Commodity Murabahah Facility (CMF) Overnight Deposit Facility on 1st December 2022 under the Shariah concept of Commodity Murabahah.



As for the MMA's foreign exchange intervention policy in 2022, the MMA continued to remain supportive and significantly increased the supply of foreign currency provided to the domestic economy through commercial banks. Further, to maintain an adequate level of gross international reserves and foster market confidence, in December 2022, the MMA availed US\$100 million through a foreign currency swap arrangement between the RBI and MMA.

## Exchange Rate Stability

To maintain exchange rate stability, the MMA continued to regularly intervene in the domestic foreign exchange market. The US dollar sales to the domestic market were increased significantly during the year, to cater for the increased foreign exchange demand of the public and state-owned enterprises (SOEs). In 2022, the total US dollar sales by the MMA reached US\$993.7 million, which is a significant annual increase of 53% compared to 2021.

The largest proportion of the total US dollar sales was made to SOEs, which comprised 73%, and totalled US\$726.0 million in 2022. Annually, this is a staggering increase of 90% and it is mainly associated with the rise in global oil prices, in addition to increase in cost of external borrowings. The MMA has been facilitating the foreign exchange demand of SOEs since 2017, and currently prioritises for SOEs foreign debt repayments.

Along with SOEs, the MMA continued to allocate US dollars to commercial banks to provide for the foreign exchange demand of the public and local businesses. The US dollar sales to commercial banks amounted to US\$267.7 million, an annual increment of 1%. This comprise US\$158.1 million as normal weekly allocations, in addition to US\$33.3 million for Maldivians traveling abroad for medical and education purposes. Further, the MMA continued the policy of facilitating a maximum of US\$500 per person for Maldivians traveling abroad from the Velana International Airport via the Bank of Maldives. As such,



The Monetary Policy Committee of MMA deliberates on recommendations for monetary policy decisions.

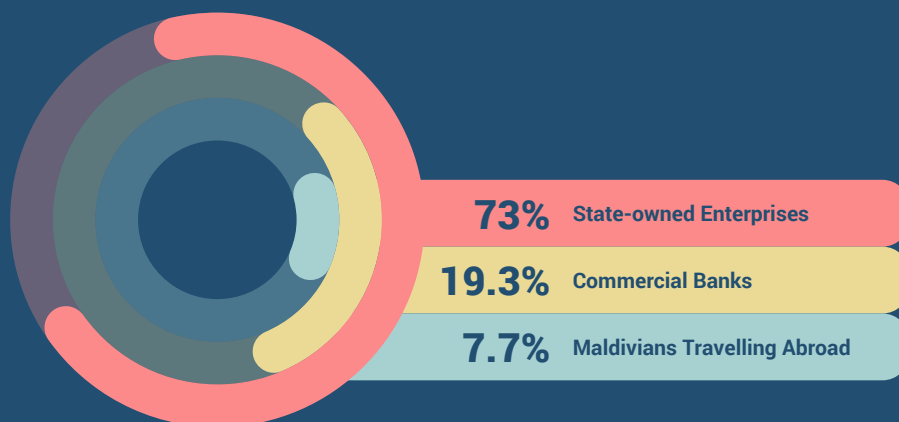


# US\$993.7 MILLION

US Dollar Injected to the Domestic Market, 2022

**+53%**

US dollar sales by the MMA increased by 53%



US\$60.9 million was sold under this category in 2022, which has more than doubled since 2021, given the more than anticipated increase in Maldivians traveling abroad during the year. Additionally, US\$15.4 million was provided through banks to cater for other foreign currency requirements of the public, including US dollar sales to Hajj and Umrah Groups.

## Liquidity Management of the Banking System

To mop-up surplus rufiyaa liquidity in the banking system, the MMA mainly used the ODF as the policy instrument. During 2022, ODF placements averaged MVR6.0 billion, which is an increase of 34% when compared to that of 2021. It is notable that a Commodity Murabahah Facility was introduced in December 2022, whereby Islamic commercial banks and windows can park their rufiyaa funds at the MMA on an overnight basis, akin to the conventional ODF. In addition to this, the MMA

worked on developing local currency MRR remuneration for Islamic financial institutions.

Among the policy measures taken in response to the COVID-19 pandemic, the reduction in foreign currency MRR was reverted to 10% in October 2022 from 5%, given the improvement in economic conditions and level of foreign currency liquidity in the banking system, while the local currency MRR remain unchanged at 10% since its last revision in June 2021.

## Reserve Management

The foreign exchange reserves provide a safety buffer to absorb external shocks to the economy while upholding market confidence and international credibility to meet current and future debt obligations. In addition, they serve as a key policy tool for market intervention to support the local currency and implement monetary and exchange rate policies.

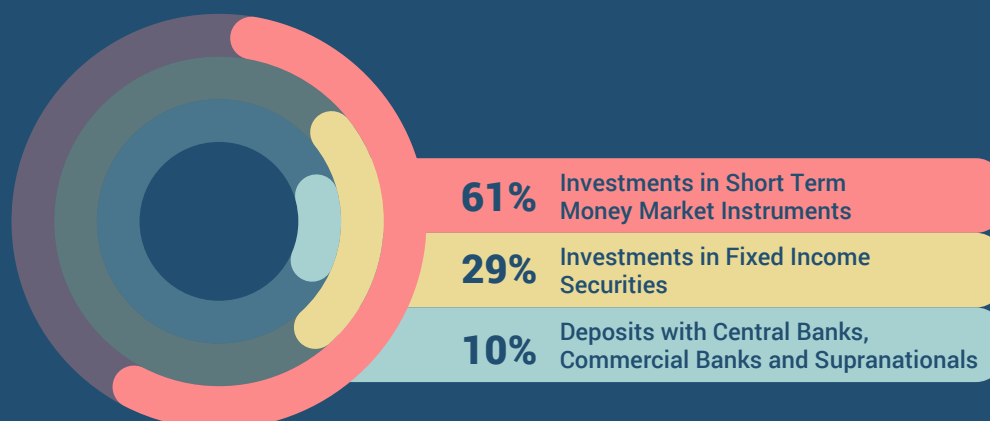
The MMA manages the Maldives' foreign exchange reserves as mandated by the MMA Act of 1981, in accordance with the Reserve Management Policy set out by the Board of Directors of the MMA, and the investment guidelines formulated by the MMA's Investment Committee. The three key objectives of reserve management pursued by the MMA are capital preservation, ensuring sufficient liquidity of funds, and generating excess returns without prejudice to the MMA's investment objectives of safety and liquidity.

As such, the MMA invests the foreign reserves in a diverse portfolio across different asset classes, counterparties and maturities to achieve these objectives, while monitoring various investment-related risks within prescribed limits as per the investment guidelines. Similar to previous years, research was undertaken to explore potential new avenues of investments, keeping up to date with the latest developments in the global financial market.

In 2022, 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 to the previous year, a higher proportion was invested in money market instruments to take advantage of increasing interest rates. During the year, the reserve management framework was further reviewed to strengthen and achieve a desired risk-return profile of the overall reserves in an efficient and transparent manner. The main objective of this change is to ensure that adequate liquidity is available to meet the short-term obligations and to enhance risk management while optimising returns.

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 2022, the MMA maintained counterparty relationships with 23 institutions.

### Reserve Investments by Main Asset Classes, 2022



# Financial Stability

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Maintaining a healthy and stable financial system in the Maldives is one of the fundamental goals of the MMA, and it is critical for maintaining public trust in the financial system. To accomplish this goal, the MMA licenses, regulates, and supervises financial institutions in order to identify risks to the financial system and assess the system's capacity to deal with threats. Furthermore, the MMA initiates measure to enhance and promote the financial sector. Commercial banks, insurance companies, finance companies, insurance brokers and agents, and payment service providers such as money remittance services, card acquirers and electronic money issuers are among the financial institutions and service providers fall under the regulatory purview of the MMA.

## Developments to the Regulatory Framework

In 2022, measures were undertaken to develop the existing regulatory framework with the aim of strengthening the supervisory and regulatory activities of the financial sector and preventing financial crimes.

## Regulations Passed in 2022

- Regulation no. 2022/R-42 (Regulation on Payment Services), came into force on 13 March 2022. The Regulation provides for licensing, regulation and supervision of payment services and connected matters and specifies the responsibilities of custodian banks.
- Regulation no. 2022/R-117 (First Amendment to the Regulation on Financing

Business), came into force on 7 July 2022. This Amendment excludes money lending activities conducted by the Government and money lending or finance leasing activities conducted by local councils from the definition of financing business.

- Regulation no. 2022/R-120 (Credit Information System Regulation), came into force on 25 July 2022 and repealed Regulation no. 2011/R-29 (Credit Information Regulation 2011). The Regulation prescribes the credit providers who shall participate in the credit information system established by the MMA, the measures to ensure confidentiality of the information submitted to the system, and other matters in relation to the operation of the system.

To strengthen risk management within the financial sector, the MMA issued the Risk Management Guidelines for Banks, Finance Companies and Insurance Companies on 10 March 2022. The Guidelines are issued to provide guidance to banks, insurance and finance companies on minimum standards of risk management.

To strengthen the supervisory and regulatory activities of the financial sector, the following circular were issued to the financial institutions in 2022.

- Circular no. CN-BSD/2022/5 was issued on 10 March 2022, along with the Risk Management Guidelines for Banks, Finance Companies, and Insurance Companies, providing guidance on the minimum standards of risk management, to ensure

that the financial institutions have adequate risk management framework.

- Circular no. CN/2022/2154 was issued on 6 October 2022, increasing the foreign currency MRR back to 10%, after the MRR in both local and foreign currencies had been temporarily reduced in 2020 to support the banks' liquidity during the COVID-19 pandemic.
- Circular no. CN/2022/2818 was issued on 7 December 2022, directing banks to discontinue levying charges on US dollar sale transactions in violation of Section 24 (b) of the Maldives Monetary Authority Act.
- Circular no. CN/2022/2805 was issued on 7 December 2022, requiring banks to develop and implement a stress testing framework that are commensurate with the operations and risk profile of the respective banks. This is to determine whether the bank has adequate buffers to withstand any adverse economic developments or risks.
- Circular no. CN/2022/2364 was issued on 26 October 2022, to set fit and proper standards for shareholders, directors and senior management of financing businesses after the implementation of the new Regulation on Financing Businesses in 2021.
- Circular no. CN-INS/2022/1 was issued on 27 February 2022, on the submission of strategic plan and budget by insurance companies, requiring insurance companies to submit a board approved budget for the following year, with key premium and claim assumptions, and a strategic plan by 31 of December every year.
- Circular no. CN/2022/2911 was issued on 14 December 2022 on fitness and propriety

assessments to insurance companies requiring companies to ensure that all key persons, including members appointed to the board and the senior management are fit and proper in accordance with the standards stipulated by the MMA.

## 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 the licences issued to the financial institutions.

### On-site Examinations

During on-site exams, areas of risk in financial institutions' operations were identified, and the degree of compliance with applicable regulatory requirements and internal policies were checked. On-site examinations of all financial institutions are undertaken based on the risk profiles of the institutions. Section 52 (b) of Maldives Banking Act requires the MMA to conduct an on-site examination of all the banks at an interval not exceeding two years.

The following on-site examinations of the financial institutions were conducted in 2022:

- An examination of Commercial Bank of Maldives Pvt. Ltd. (CBM) was conducted focusing on Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT) risk management practices,



The MMA regularly performs on-site assessments of financial institutions to evaluate their compliance with necessary regulations and internal policies.

compliance with AML/CFT laws and regulations, and compliance with the Regulation on Corporate Governance.

- An examination of Maldives Islamic Bank Plc. (MIB) was conducted focusing on assessing the compliance on Regulation on Corporate Governance for Banks, Risk Management Guidelines and follow-up issues related to the previous examination.
- An examination of Solarelle Insurance Pvt. Ltd. is ongoing since November 2022 focusing on assessing the compliance of the company to the Regulation on Corporate Governance for Banks, Insurance Companies and Finance Companies, and the Risk Management Guidelines for Banks, Finance Companies, and Insurance Companies.

## Off-site Examinations

Off-site monitoring of financial institutions involves reviewing and analysing the financial reports and other information submitted to the MMA by these institutions. A risk-based approach to supervision is currently being practiced with the intention of identifying the significant risks financial institution may face, assessing the institution's management of risks, and the institution's financial vulnerability to potential risks. Off-site reports also focus on the institution's compliance with regulatory requirements.

Regular off-site monitoring activities of banks, finance companies and insurance companies were conducted during 2022. 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

- Two Insurance brokers and 20 insurance agents were issued licences during the year.
- 33 money changer's licences were cancelled during the year either at the licensee's request or as a result of non-compliance to licensing conditions.

## Licence Applications

- Bank Licence: One application under review as at the end of 2021 was rejected. Another application received during the year was under evaluation as of the year-end, awaiting completion of documents requested.
- Finance leasing Licence: One application received, awaiting evaluation due to incompleteness of documents required.
- Insurance Agents: 16 applications were received during the year; 20 insurance agent licences were issued, while one was under evaluation at year end. Additionally, four licence applications were cancelled.
- Insurance brokers: Three insurance broker applications were received; three applications were rejected, and one application was cancelled.

## Development of the Financial Sector

In the effort to sustainably develop the financial sector and to foster inclusive growth in the

Maldives, several initiatives were undertaken by the MMA. As such, the key initiatives undertaken 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 to carry on the work related to the Maldives Payment System Development Project, Credit Information Bureau (CIB), Islamic finance, and financial consumer protection. Furthermore, in order to facilitate financial inclusion and to formulate a strategy a national level demand-side survey was carried out in 2022.

## Credit Information Bureau

The Credit Information Bureau (CIB) of the Maldives was established in 2011, governed by Regulation No. 2011/R-29 (Credit Information Regulation 2011) issued under the Law no. 24/2010 (Maldives Banking Act). It is an initiative of the MMA and financed by Asian Development Bank (ADB), to establish a credit information registry for the Maldives to improve access to finance and to further develop and improve the efficiency of the financial sector of the country. The main objective of the Credit Information Bureau 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 who are members of the bureau. All banks with a licence to operate in the Maldives, 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 bureau and are legally bound to submit credit information to the bureau. The credit information collected from the members includes public record data, statutory information, identity information, credit transactions and payment histories of individual consumers and commercial entities. The credit data is collated and compiled into Credit Information Reports (CIR) which provides credit-decision support for member institutions in making more informed credit decisions, and to obtain Self-Inquiry Reports (SIR) which can be requested by individuals or corporate entities in order to identify their credit standing.

Accordingly, during 2022 a total of 70,941 CIRs were obtained by the member institutions of the CIB. This included 68,378 consumer CIRs and 2,563 commercial CIRs. This is an increase of 26% compared to the number of CIRs generated in the previous year.

Meanwhile, the demand for SIRs has been improving in line with the increase in public awareness of the service with an increase in 75% during the year 2022.

Additionally, in relation to the fourth amendment to the MMA Act (Law no. 6/81) a new Credit Information System Regulation has been published in the Government Gazette on 25 July 2022. Furthermore, to expand the scope of the Bureau and strengthen its operations, the Credit Information System Bill has been finalised and sent to the Attorney General's Office.

## **The Secured Transactions Registry**

The purpose of the registry is to provide easier access to information for the banks and other financial institutions regarding moveable collateral assets, as well as to facilitate SMEs to use moveable assets as collateral to gain easier access to credit. The work on finalising the 'Secured Transactions Act', which is vital to implement the Secured Transactions Registry developed in 2018, was continued in 2022.

## **Financial Consumer Protection Section**

In pursuit of maintaining stability in the financial sector of the Maldives and to uphold customer trust in the financial sector, a complaint handling mechanism, for financial consumer complaints is established at the MMA. During 2022, Financial Consumer Protection Section received 17 written complaints, all of which were looked into, and responses were given to the complainants. With the revisions to the MMA Act, the MMA has acquired the legal power to investigate financial consumer complaints and ensure financial consumer protection and the MMA is working on formulating the Financial Consumer Protection Regulation.

As the central bank, the MMA highly emphasises the importance of promoting financial awareness among the public as it complements the development of the financial sector. As part of financial awareness, the MMA has continued to celebrate Global Money Week (GMW), an annual financial awareness campaign held during the last week of March to inspire children and young people to learn about money matters, livelihoods, and entrepreneurship. To this end, the MMA held a three-day financial webinar series in collaboration with financial and regulatory



institutions, covering key financial awareness topics. The targeted audience of the webinar was college and university students. To further strengthen awareness, a social media campaign (through Facebook) was also carried out from the first week of February until the end of GMW 2022. This campaign included awareness posts for the public on a weekly basis on important topics including the importance of saving, budgeting, and debt management. Further to that, an awareness video was uploaded on the MMA social media as part of the awareness campaign that covered the importance of understanding the difference between needs and wants.

To better understand and increase the level of financial inclusion in the country, formulation of the National Financial Inclusion Strategy for the Maldives is ongoing. As part of the strategy, a national level demand-side survey was completed in June 2022, that assisted in gathering necessary data to formulate the strategy, in terms of assessing the current

level of financial inclusion in Maldives, and identifying the opportunities and challenges to achieve the objectives of the strategy. The report was also published on the MMA website.

As part of financial inclusion, significant work was carried out for one of the thematic areas of financial inclusion, inclusive green finance. In November 2022, the Alliance for Financial Inclusion (AFI), in collaboration with the MMA, conducted a multi-stakeholder workshop with the staff of the MMA and participants from other institutions, where participants learned about inclusive green finance and developed an action plan to promote inclusive green finance in the Maldives. In addition, the first in-person member training on inclusive green finance by AFI in the Maldives was hosted by the MMA. The training placed specific emphasis on developing inclusive green finance policies, integrating green finance into the National Financial Inclusion Strategy, and using digital financial services to promote inclusive green finance in member countries.



## Measures Taken to Prevent Financial Crimes

The MMA takes various measures to protect the integrity of the financial system, and to ensure public confidence in the financial system. In this regard, continuous work is undertaken to ensure that the system is not used for financial crimes, particularly those related to money laundering and the financing of terrorism.

As part of these efforts, amendments to the Prevention of Money Laundering and Financing of Terrorism Act (Law no. 10/2014) were finalised by the Authority and sent to the Attorney General's Office.

During 2022, memorandum of understanding on information sharing was signed by the

MMA-FIU with the Financial Intelligence Unit of Nepal. Additionally, the first National Risk Assessment (NRA) of the Maldives on Anti Money Laundering and Countering the Financing of Terrorism was completed in the last quarter of 2022 using the World Bank NRA Tool and methodology.

As part of the ongoing efforts to prevent financial crimes, the MMA-FIU continued its supervision of financial institutions to monitor their compliance with the requirements under the regulatory framework through utilising a risk-based approach. Accordingly, an in-depth AML/CFT on-site examination of two reporting entities was carried out, while offsite monitoring and compliance checks of several other reporting entities were also undertaken during the year.

# 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 the banknote destruction policy. The Ran Dhihafaheh banknote series was issued on 26 January 2016. As polymer banknotes have a longer lifespan compared to paper banknotes, the rate of receiving unfit banknotes was very low during the early years of new series issuance, and such banknotes were not destroyed until the end of 2021. Accordingly, the MMA commenced the destruction of the unfit banknotes in 2022. From the unfit



2022 saw a decrease in the circulation of banknotes by 1.8%.

notes received between 2016 and 2022, a total of 1,289,618 banknotes (valued at MVR 106,362,230.00) were destroyed during the year.

## Currency in Circulation

The total value of banknotes in circulation stood at MVR3.6 billion at the end of 2022, an annual decrease of 2%. The total value of coins in circulation increased by 4% from the previous year, and was recorded at MVR79.8 million at the end of 2022.

## Introduction of the Maldivian Rufiyaa Symbol

A currency symbol for Maldivian Rufiyaa was introduced to the public by the MMA on 3 July 2022. The symbol represents letter “Ra” of Thaana script which also is the first letter in

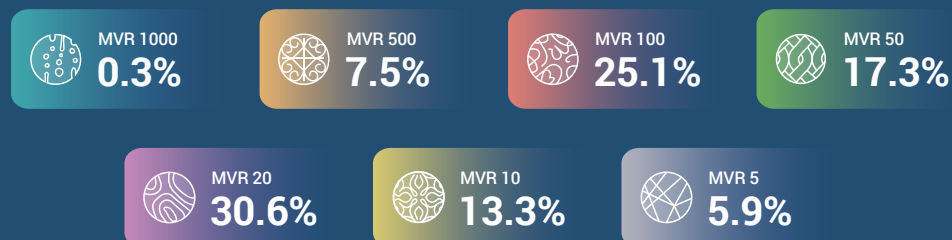
spelling “Rufiyaa” in Dhivehi. A parallel line was added to letter “Ra” to represent the arithmetic “equal” sign as used in various other currency symbols. The symbol was chosen through a nationwide competition held to design a symbol. The symbol will be included in the banknotes issued in the future by the MMA.

## Issuance of Rufiyaa 50 Banknote with the Maldivian Rufiyaa Symbol

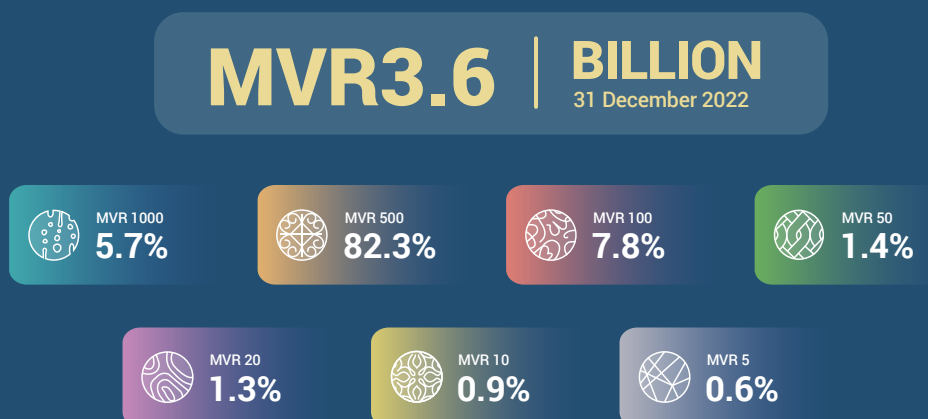
A re-print of Rufiyaa 50 banknote was issued into circulation on 1 December 2022 and was the first banknote to be issued with the Maldivian Rufiyaa symbol. This re-print of Rufiyaa 50 has the symbol printed on both sides of the banknote, along with the face value on the top left-side of the obverse and the top right of the reverse. It bears the signature of Governor, Mr Ali Hashim and has the date 8 September 2022, 12 Safar 1444.



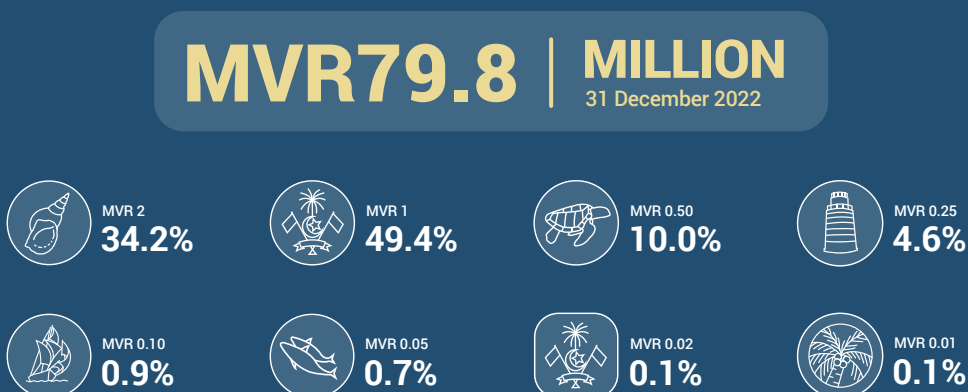
### Quantity of Banknotes Destroyed, 2022



### Value of Banknotes in Circulation, 31 December 2022



### Value of Coins in Circulation, 31 December 2022





## Payment Systems and Services

### Payment Systems

Safe and efficient payment systems form a fundamental and essential component in supporting the day-to-day functioning of the Maldivian economy—promoting financial stability and contributing to the strengthening of the financial infrastructure. It enables the swift and secure conduct of financial transactions. Accordingly, developing the national payment system in a safe and secure manner is a primary objective of the MMA.

In line with the MMA's strategic goals to develop the national payment system and promote electronic payments, the MMA implemented the Maldives Real Time Gross Settlement (MRTGS) system and Automated Clearing House (ACH) in 2011 and 2012, respectively. The participants of MRTGS and ACH are the banks in the Maldives. 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.

Since the introduction of the MRTGS and ACH systems, the volume of transactions settled through these payment systems have been increasing annually. During 2022, the number of transactions settled through the MRTGS system totalled 411,476—an increase of 21% in

comparison to 2021. In terms of total value of transactions, this is an increase of 44%. During the same period, the volume of direct credit transactions settled through the ACH increased by 37% to total 1,337,833 transactions, reaching a total value of MVR13.57 billion at the end of 2022. Additionally, it should be noted that the volume of cheques processed via the ACH decreased by 6% over the year. However, in terms of value, this is an increase of 10%.

The decline in usage of cheques—aligned with similar trends in 2020 and 2021—are owed largely to the efforts undertaken by the MMA and the banks, as well as other stakeholders to reduce the use of cheques and encourage digital modes of payments.

During 2021, the MMA initiated formulation of an action plan on reducing the usage of cheques in the Maldives in consultation with all the banks. The action plan was formulated to take advantage of the momentum provided by the decreasing trend in cheques, while discouraging the use of cheques and acclimatise the public towards the use of digital payment solutions. The action plan was finalised and published in April 2022 and came into effect in July 2022.

#### Value of Transactions Settled through Payment Systems, 2022

**MVR47.7 BILLION**

Transactions settled through ACH

**MVR3.29 TRILLION**

Transactions settled through MRTGS

# Payment Services

## Licensing, Oversight and Other Regulatory Activities

The foundation for a safe and efficient payments market is a sound and effective legal framework. The evolution of the payments domain has resulted in an influx of new payment service providers in the market with new business models. Accordingly, the need for a strengthened and modernised legal framework increased, to ensure that the stability of the payments market as well as the prudent behaviour of the payment service providers.

As an endeavour to ensure that regulations are up to par with the changing conditions of the payments industry, the MMA issued the Regulation on Payment Services in March 2022, under the National Payment System Act. The regulation covers the requirements for payment services providers (PSPs), and provides for an activity-based approach, with a focus on risk-assessed entry into the market.

Furthermore, the MMA issued the Guidelines on Licencing of Payment Services during the year, providing guidance to prospective applicants on the application process for a payment service providers licence.

## Licences Issued and Cancelled During the Year

During the year 2022, the MMA received eight applications to obtain payment service provider licence, of which six applications were approved, and two applications were cancelled due to non-submission of the requested information.

Below are the details of the licences issued during the year.

- Payment service provider licence was issued in January 2022 to Dhivehi Raajjeyge Gulhun (Dhiraagu) Plc. to provide electronic money issuance service. Prior to this, they were operating as a mobile payment service provider, licenced under the Regulation on Mobile Payment Service which has now been repealed.
- Payment service provider licence was issued in January 2022 to Ooredoo Maldives Plc to provide electronic money issuance service and remittance service. Prior to this, they were operating as a mobile payment service provider, licensed under the Regulation on Mobile Payment Service which has now been repealed.
- Payment service provider licence was issued in March 2022 to Payer Pvt. Ltd. and FahiPay Pvt. Ltd. to provide electronic money issuance service.
- Payment service provider licence was issued in March 2022 to Global Payments Asia-Pacific Maldives Pvt. Ltd. and V.T.T Finance Pvt. Ltd. to provide payment transactions acquisition service. Prior to this, they have been providing card acquiring services in the Maldives under a permit issued by the MMA.
- Payment service provider licence was issued in March 2022 to Island Financial Services Pvt. Ltd. and NBL Money Transfer (Maldives) Pvt. Ltd. to provide remittance service in the Maldives. Furthermore, these two parties are deemed as licensed under

the National Payment System Act. Prior to this, they were operating as remittance service providers, licensed under the Regulation on Remittance Business which has now been repealed.

## On-site Examinations

The MMA conducted an onsite examination of the PSPs to assess risk, management practices and compliance with regulatory requirements.

The following on-site examinations of the PSPs were conducted in 2022:

- An examination of Island Financial Service Pvt. Ltd. was conducted, focusing on the issues related to the previous examination.
- An examination of FahiPay Pvt. Ltd. was conducted.
- An examination of Payer Pvt. Ltd. was conducted.

The MMA suspended the payment service providers license (No. PSP/2022/03) issued to Island Financial Services Pvt. Ltd. for the provision of remittance service in the Maldives effective from 8 August 2022. The suspension of the license was imposed due to recurrent non-compliance and lapses in operations. The suspension was cancelled on 18 August 2022 after the issues were rectified by Island Financial Services Pvt. Ltd. These actions have resulted in stronger compliance culture, and stricter control measures being adopted by the PSPs.

## Off-site Examinations

Off-site monitoring of PSPs involves reviewing and analysing the financial reports and other information submitted to the MMA by these institutions and evaluating the service

providers financial condition, compliance with relevant regulatory requirements, and measures required to address any areas of concern. Regular off-site monitoring activities of all PSPs were conducted in 2022.

## Electronic Money Issuance Service

During 2022, the number of PSPs providing electronic money issuance services in the Maldives increased, and the market is currently served by a total of four electronic money issuance service providers.

Over the years, this payment service has increased traction, with year-on-year increase noted for new registrants for the service. With the entrance of new players in the market, the number of active electronic money accounts have significantly increased from six thousand to twenty-five thousand during the year.

During 2022, the distributions networks of the PSPs expanded from over 1,300 to more than 1,500 agents and merchants, which is a growth of 15%, covering more than 80% of all inhabited islands.

Owing to the increase in the number of users and the distribution network, significant growth in transactions was registered for both the volume and value of transactions processed by the customers through Electronic Money Accounts. The total number of transactions significantly grew by 309%, from 406 thousand to 1.6 million transactions, while the value of the transactions rose by 106%, from MVR194.0 million to MVR399.0 million.

In the previous year, post-paid bill payments were the most popular type of transaction, representing 69% and 73% of the total volume and value of the transactions, respectively. Contrastingly, during the year 2022, post-paid

payments represented only 28% of the volume of transactions, whereas airtime top-up transactions increased traction representing over 65% of the volume of total transactions.

## Remittance Service

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

## Outward Remittances

In 2022, a total of 67 thousand outward remittance transactions worth US\$49.0 million were conducted. While this was a significant decrease of 34% in terms of volume, the total value of outward remittances decreased only 6% compared to the previous year.

During the year the total volume of outward remittance transactions conducted by foreigners was 74%, while the transactions

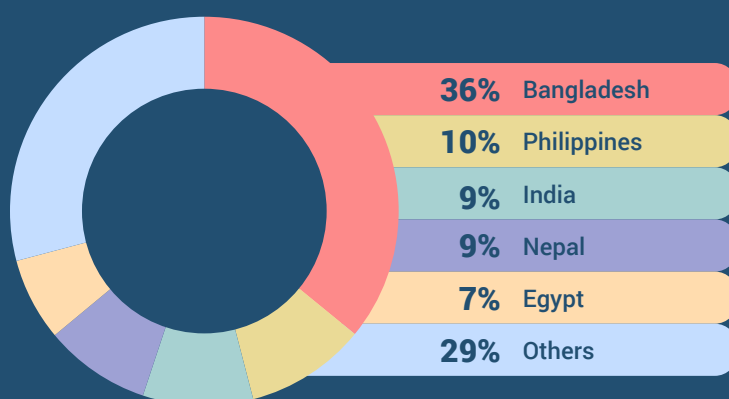
conducted by Maldivians represented only 26% of the total value. The total value of outward remittances by foreigners increased by 7% during the year, while the total value of outward remittances by Maldivians decreased by 29%.

Akin to the previous year, Bangladesh continued to be the top remittance destination, representing 36% of the total value of outward remittances. Philippines was the second top remittance destination with 10% of all outward remittance, while India and Nepal both were the third most remitted destination with 9% each.

## Inward Remittances

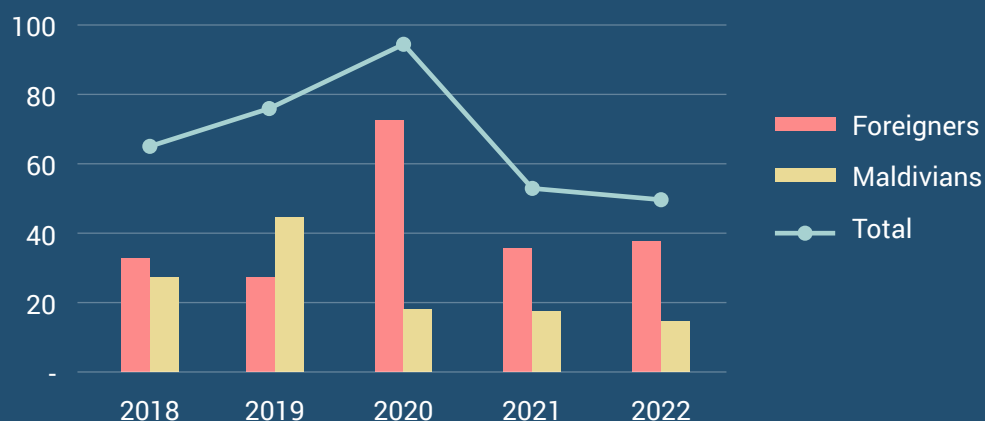
In 2022, a total of 3.7 thousand inward remittances transactions worth US\$3.0 million were conducted. In comparison to 2021, both the total value and volume of the inward remittances declined by 22% and 18%, respectively.

Composition of Outward Remittances by Destination Country, 2022





### Outward Remittances from 2018 - 2022



Inward remittances to Maldivians constitute the majority of the transactions, representing over 75% of the total value of all inward remittances. Compared to 2021, the total value of inward remittances to foreigners and Maldivians decreased by 18% and 24%, respectively.

Similar to the previous year, the United Arab Emirates (UAE) continued to be the top remitting country, representing 45% of the total value of inward remittances to the Maldives. The United States (US) and Turkey were the second highest remitting countries to the Maldives, with each country representing 10% of the total value of all inward remittances.

## Payment Transactions Acquisition Service

Global Payments Asia-Pacific Maldives Pvt. Ltd. and V.T.T Finance Pvt. Ltd. were issued payment service provider licenses in March 2022, to provide payment transactions

acquisition service. These parties have been previously providing card payment acquiring services in the Maldives, under a permit issued by the MMA.

While the banks are engaged in issuing cards and acquisition of card payments, the PSPs are solely engaged in card payments acquiring services.

During 2022, a total of 48.5 million transactions were acquired by banks and PSPs, representing a total value of MVR47.6 billion. In comparison to the previous year, this is an increase of 19% in terms of value, and a growth of 30% in terms of volume.

The banks capture a larger share of the market, with over 78% of the total value and 98% of the total volume of the acquired transactions. The transactions acquired by the banks were largely concentrated in the Male' area, in terms of both transaction volume and value. Over the years, the non-bank PSPs have established a strong foothold in the card payment market

competing with the banks. However, the transactions acquired by PSPs were mostly concentrated in resorts in terms of value.

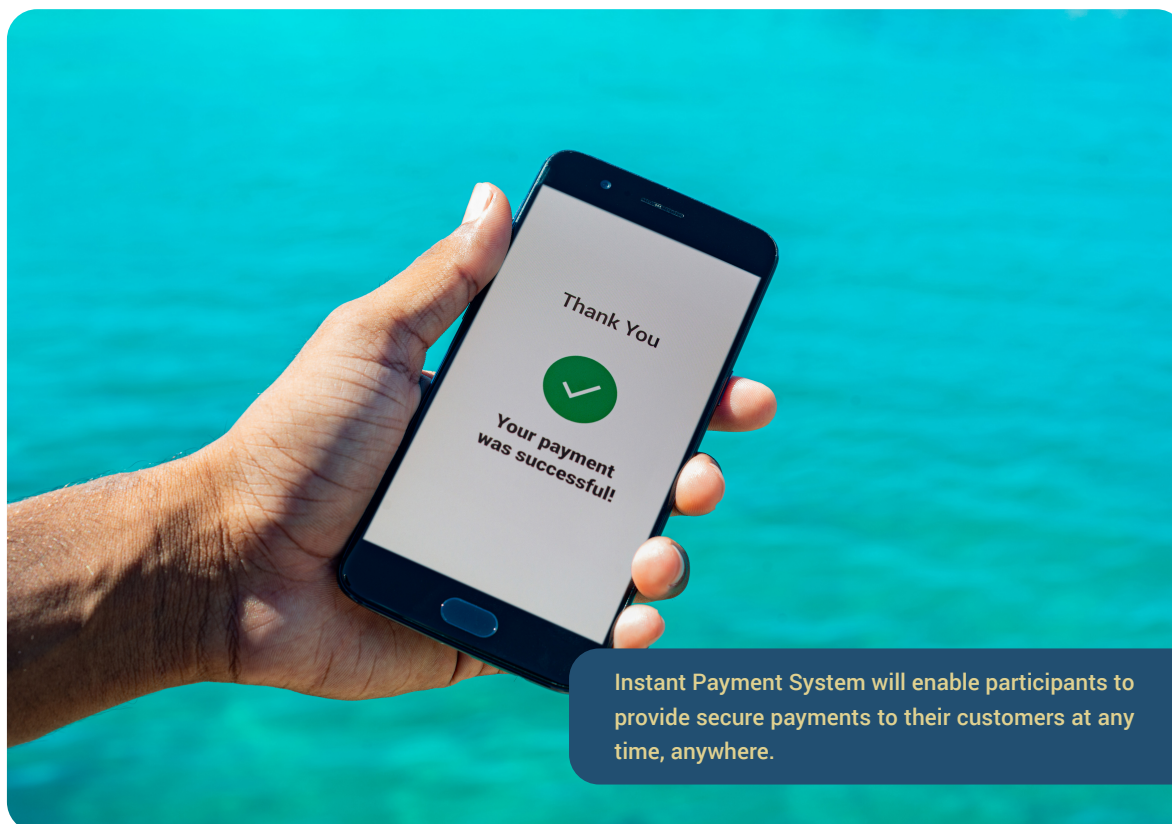
In alignment with the MMA's objective to facilitate the settlement of domestic transactions in local currency, in 2021 all the banks and PSPs engaged in card payment acquiring activities were instructed to ensure that all transactions conducted in Maldives using locally issued cards are acquired and settled in Maldivian Rufiyaa. This instruction became effective in April 2022.

During the year, the MMA granted the approval to BML to operate as a settlement agent for the national net settlement service in the Maldives, for Mastercard. This arrangement facilitates the settlement of all domestic transactions conducted using a locally issued Mastercard cards to be settled in the domestic currency.

## Maldives Payment System Development Project

The MMA is currently in the process of implementing an Instant Payment System (IPS) for the Maldivians under the Maldives Payment System Development (MPSD) project as part of its efforts to modernise the payment landscape of Maldives. The IPS aims to facilitate innovative, convenient, and affordable access to digital financial services. The infrastructure of the system is being designed such that all banks and other PSPs will be linked to the central infrastructure to facilitate real-time, 24/7/365 payments.

The MPSD project comprises of two phases; Phase I includes the implementation of the IPS while Phase II encompasses the delivery of a payment platform with a supporting white-label mobile application.



Instant Payment System will enable participants to provide secure payments to their customers at any time, anywhere.

## Phase I – Instant Payment System

During the year 2022, a major change was brought to the approach and the timeline of implementing the Phase I of the MPSD project. Initially the Phase I of the project included launching of instant payment services along with the open banking functionalities. However, this has been changed such that go-live of the Phase I will comprise only of the instant payment service, with the open banking functionalities being introduced at a later date.

The main purpose of this change was to provide adequate time for the banks to complete the required developments and ensure the readiness to commence testing of the instant payment service.

Throughout the year, multiple milestones of the project were met, inclusive of the deployment of the instant payment solution. The MMA conducted internal testing to ensure that the solution is stable enough to commence testing with the banks.

System Integration Testing commenced with three banks during the third quarter, after confirmation from three banks on their readiness to commence testing. Following the conclusion of System Integration Testing, User Acceptance Testing commenced with these three banks, to allow them to get acquainted with the system and ensure smooth operations. At the end of the year, multiple cycles of User Acceptance Testing were conducted.

System Integration Testing was commenced with the rest of the four banks during the year as well.

## Phase II – Payment Platform

The scoping and finalisation of the solution specifications of the Phase II of the MPSD project was concluded during early 2022, and implementation of Payment Platform commenced following this.

Owing to the changes in the overall timeline of the MPSD project, the timeline of Phase II has been delayed.

## Banking Services to the Government

The MMA, as the main banker to the government, continued its services in 2022 to operate the governments' Single Treasury Account called the Public Bank Account (PBA) and the accounts related to 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 2022.

Moreover, in 2021, the issuance function of government securities was transferred to the Ministry of Finance (MOF) and work related to the Government Securities Market Development Project was transferred to MOF in 2022. Furthermore, the staff of Public Debt Management Division continued to assist in the User Acceptance Testing on Investor Portal and Central Securities Depository system in 2022.

# Economic Research and Statistics

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 also provides 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 to produce in-depth research into specific areas of the broader economy during 2022, spanning from monetary policy to other key economic and financial issues. The analysis on topics related to monetary policy, real sector, fiscal sector,

financial as well as the external trade sector were disseminated through the MMA Research and Policy Notes series, the monthly Economic Update, the Quarterly Economic Bulletin and the Annual Report which were published on the MMA website.

In order to formulate effective macroeconomic policies, the MMA makes projections of key macroeconomic indicators to estimate the forward trajectory of the economy in the short and medium-term. These forecasts are produced primarily using econometric models. Some of the main indicators that the MMA forecasts are gross international reserves, inflation (of the national consumer price index), and statistics pertaining to the performance of the tourism sector. Additionally, in collaboration with the MOF, the MMA also produces bi-annual



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



forecasts of the gross domestic product of the economy in the medium-term. Furthermore, during 2022 work was also undertaken to estimate the impact of the proposed increase in the G-GST rate on inflation in 2023. As was the case in years past, the MMA also provided to the People's Majlis, a professional opinion on the proposed government budget for 2023.

## Economic Surveys

As in the 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 obtain a quick assessment of current business trends and expected future economic activity. In 2022, as part of the shift to a more internet-based survey, new updates and capabilities were added to the QBS online portal. To aid the transition, a new "print" feature was incorporated into the online forms, which allows businesses to print and save the survey form for later use.

The MMA continued to conduct the Bank Credit Survey on a quarterly basis in 2022. This qualitative survey aims to capture and understand the current developments and expectations of the demand for and supply of bank credit extended by the commercial banks to the domestic market. The results of this survey complement the existing statistics on domestic credit from the banking system and assist in the formulation of monetary policy.

## Statistics

Similar to previous years, the MMA continued its primary responsibilities of compiling the Monetary and Financial Statistics and Balance

of Payments Statistics. In addition, the MMA collected, processed and disseminated comprehensive macroeconomic and financial data and metadata to the public.

During 2022, significant work was undertaken to improve the coverage of Balance of Payments (BOP) and the overall external sector statistics. In this regard, the most crucial step that was undertaken by the BOP Section was the completion of the feasibility study for an International Transactions Reporting System (ITRS) to be developed by the MMA to improve the collection and coverage of cross-border financial transactions carried out by commercial banks. The feasibility study which was carried out with the assistance of a technical expert in this area, has provided recommendations for the model of ITRS feasible for the Maldives and a detailed timeline of the project, for the years ahead. In addition to this, initial engagement with the commercial banks to introduce the project and the ITRS model and timeline was also conducted to gather the support of the reporting entities.

Similarly, during the year the MMA advanced the compilation and dissemination of Financial Soundness Indicators (FSI) to reflect the methodological improvements introduced in the IMF's 2019 Financial Soundness Indicators Compilation Guide.

At the same time, Statistics Division streamlined data processes to reduce data processing time and expand visualisations, while the 'Viya' app was moved to a Progressive Web App (PWA) which provides users the option to add the app to the home screen of mobile devices from [viya.mma.gov.mv](http://viya.mma.gov.mv). A calendar feature was added to the 'Viya' app with the Advance Release Calendar of the MMA, which provides the schedule of expected release dates for statistics and publications of the MMA.

# Governance

## Board of Directors

The Board of Directors is the policy making body of the MMA, which sets out the monetary policy, the policies in relation to the functions of the MMA, and the general policies in relation to the administration and operation of the MMA.

The Board of Directors comprises of seven members made up of executive and non-executive members, inclusive of the Governor and Deputy Governor. Board of Directors as at 31 December 2022 are as below.

Mr Ali Hashim – Chairperson (Governor)

Mr Ahmed Imad – Deputy Governor

Ms Idham Hussain – Assistant Governor

Uz Ashraf Rasheed – Ministry of Finance

Ms Neeza Imad – Economic Sector of the Government

Mr Asad Ali – Private sector

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

During the year 2022, eight meetings of the Board of Directors were held. The main resolutions adopted by the Board were as follows:

- Approval of following regulations for the development of Maldives payment services and to improve financial inclusion in the Maldives.
  - Payment Services Regulation
  - Credit Information System Regulation

- Approval to grant payment services license to six payment service license applicants.
- Approval of Maldivian Rufiyaa currency symbol.
- Establishing Board's Shari'ah Council.
- Approval of a currency swap arrangement between the MMA and RBI.
- Approval of the Board policy to determine allocation of the MMA's distributable annual profits.

## Audit Committee

The Audit Committee is a subcommittee of the Board of Directors of the MMA and consists of three non-executive directors. The main responsibilities of the committee include assisting the Board in fulfilling its oversight responsibilities for the financial reporting process, the system of internal controls, the audit process, operational risk management framework and the process for monitoring compliance with laws and regulations.

## 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 is the 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 the 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, 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 Committee and administratively to the Governor.

During the year 2022, the Internal Audit team conducted audits and consultancy engagements that included AML policy compliance audits, access controls audits of critical systems, reserve management process audit, IT governance consultancy and cash counts. Furthermore, monitoring logs of 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

On December 2022, the MMA organised and held the Shari'ah Scholars Dialogue on Islamic Finance. The main objective of the event was to increase stakeholder collaboration within the Islamic finance industry of the Maldives. The event was also a platform to create a forum where issues and challenges faced by the Maldives Islamic finance industry could be discussed.

The Shari'ah Council of MMA (SCoMMA) was reconstituted to further empower the Council. The reconstitution of the SCoMMA is expected to enable further development of the Islamic financial institutions and the industry. The SCoMMA is currently composed of three members.

In the past year, two meetings of SCoMMA were held; a virtual and a physical meeting. In these meetings new product structures were approved to introduce to the public. Furthermore, the challenges faced in the industry and aspects to prioritise were also discussed in the meetings.

## Risk Management

The MMA takes a coordinated approach to managing risks within the Authority through commitment to a business strategy that supports the proactive identification, assessment, measurement, management and reporting of risk, and the use of such risk information to enhance decision-making and developing appropriate business strategies. The MMA intends to improve effectiveness of controls and risk management in the provision of all its services in a continuous manner.

During the year 2022, the enterprise risk management policy of the MMA was revised to amend the governance structure and reporting process. Enterprise risk management framework was introduced to define the risk governance structure, risk appetite statement, principal risks faced by the Authority and the approach to manage such risks. The new project risk assessment procedure was introduced to promote sound risk management practices in managing and controlling project risk by ensuring the appropriate assessment and mitigation of risk during the project development stage. The risk register was revised to include both inherent and residual risks as part of the risk management procedure of the MMA.

The MMA has a business continuity policy to continue delivery of the Authority's services at acceptable levels during and following a disruptive incident. During the year, a business

impact analysis was conducted to identify time-critical services and resources required. Additionally, work was continued on the MMA's service continuity planning and preparations.

Emphasis was given to enhancing the compliance function to ensure that all sections of the MMA comply with external and internal policies and procedures. During the year, a compliance register was compiled, and progress was made in terms of compliance assessment.

To keep high level of AML/CFT controls, know-your-customer (KYC) screening and transaction monitoring were being conducted on all onboarding customers and on all foreign transactions. During the year 2022 internal guidelines on AML/CFT risk management and customer due diligence was developed, and AML/CFT training was provided to relevant staff.



# Human Resources

The MMA embraces the drive to retain and develop its human resources in order to achieve quality services. The MMA places an emphasis on recruitment of competent candidates, retention and capacity building for staff as well as ensuring the availability and enjoyment of a comfortable working environment. This is reflected on the MMA's internal policies, which are aimed towards promotion of staff unity, a viable framework for staff retention and incentivisation and the availability of requisite training and development opportunities.

## Staff Recruitment

At the close of the year 2022, the MMA had a total staff base of 270 employees, of which 26 were new recruits and five staff who re-joined the MMA after achieving higher education. Throughout the year, a total of 19 employees departed from the MMA, including seven staff who left the organization to pursue higher studies abroad. Among these departures, Ms. Nareema Ali, the longest-serving employee of the Authority, retired with honors in May

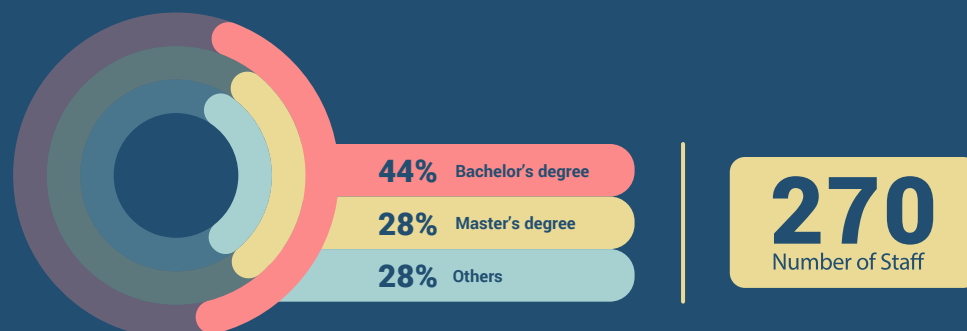
2022 at the age of 65. To commemorate her invaluable service to the authority, a special ceremony was held where Ms. Nareema Ali was presented with a plaque as a token of appreciation and to celebrate her dedicated contributions throughout her tenure at the MMA.

The MMA strives to promote gender equality and academic excellence among the staff. In line with these ideals, the MMA was able to maintain a 50:50 gender ratio. With regard to the academic qualifications of the staff, 72% of staff are graduates with 44% of staff having achieved a first degree and 28% of staff having achieved a master's degree.

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

Effective from 1 September 2022, Bank Supervision Division & Other Financial Institutions Division were combined to establish Banks and Other Financial Institutions Division. In addition, the work

### Composition of Staff by Qualification, 2022



of Public Debt Management Division was switched to the MOF, thereby discontinuing their work at the MMA.

## Staff Loan Scheme

The staff loan scheme introduced in 2017 under the Regulation no. 2017/R-50 (Regulation on Issuing Loans to Employees of the Maldives Monetary Authority) was carried out during 2022 as well. Accordingly, 57 staff were provided with short term loans for various purposes.

## Staff Training and Development

The year 2022 was successful in terms of training and meetings conducted with a total of 146 trainings and meetings conducted throughout the year with over 255 staff being given opportunities to gain new knowledge and polish their skills on different areas. Opportunities were provided to 75 staff to travel to various countries around the world to

attend 45 international trainings and 152 staff to attend 90 different online trainings within the year. In addition to this, a total of 28 staff were given the opportunity to collaborate with different local institutions by participating in 11 local trainings and meetings. Hence, the MMA performed well in the conduct of trainings and development, utilising the allocated budget effectively to reach the strategic goals of the Human Resource Division (HRD).

To ensure that our staff continue to be provided with the best opportunities in their respective areas and secure the best platforms and initiatives in terms of trainings and meetings, the HRD is working on developing a more efficient administrative system, of which the initial steps include the automation of the database.

## MMA Scholarship Program

In 2022, the MMA HRD Scholarship was awarded to two staff to obtain master's





The MMA is dedicated to nurturing and developing its talented human resources in order to deliver highest-quality services.

degrees in the fields of Economics and Finance, and Law—two areas that are a part of the long-term skills requirement for the Authority. The MMA HRD Scholarship has consistently been successful in ensuring that our staff are equipped with the most relevant and up-to-date skills and works towards ensuring a rich and comprehensive skills inventory.

### Staff Social Activity

The Maldives Monetary Authority Social Club (MMA Social Club) had a successful year during which the club organised several events and activities that brought members together. These events included the International Women's Day celebration, *Maahefun*, Ramadan Carrom Championship, Ramadan *Digu* tournament, and Ramadan Table Tennis tournament. Additionally, the club organised

an annual trip to Adh. Dhigurah, providing members with a refreshing break to rejuvenate and unwind. The MMA Social Club also partnered with the Financial and Consumer Services Division to organise a Scavenger Hunt "*Bolihovun*" in commemoration of the Global Money Week.

In addition to the internal events, the MMA Social Club actively participated in various external competitions, including the Inter-Office Handball Tournament 2022, Milo Cricket Carnival, Club Maldives Cup, 35th National Oratory Competition, Ramadan Quran Competition by Ministry of Islamic Affairs, and *Athuliyumuge Mubaaraiy* by Dhivehi Bahuge Academy.

The club achieved several notable accomplishments during the year, such as



winning first place in the 35th National Oratory Competition and receiving the Best Debater award, with Ms Aishath Raufa Abdul Raheem as a part of the MMA team. Additionally, Ms Aishath Eaman Ahmed secured first place in the office, company, university, and college category and third place in the Ramadan Quran Competition organised by the Ministry of Islamic Affairs.

Overall, the year 2022 was an eventful year for the MMA Social Club, marked by numerous activities and achievements. 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.

## MMA Training Institute

In 2022, various training programmes were conducted by the MMA Training Institute (MMA TI) to address the needs of financial institutions and develop the knowledge and

skills of its staff. A total of 168 participants attended these training programmes, mostly officials from the MMA, and other financial institutions. The programmes conducted at the MMA TI include, IFRS 17 – Insurance Contracts, Workshop on Islamic Banking and Takaful Sectors conducted in collaboration with the Islamic Financial Services Board, Data Analysis with Kibana Training, Advanced Excel Training, Self Defense Training, and Accelerated Leadership Course conducted by the SEACEN Centre, Malaysia. In addition to this, the MMA TI also conducted Macroeconomic Awareness Workshops for secondary school students and Employee Orientation Training for new staff members who joined the MMA during 2022.

Furthermore, the MMA TI continued to offer professional qualifications for the financial institutions in the Maldives. In collaboration with the Asian Institute of Chartered Bankers, Malaysia, studies were continued for the second batch of the Chartered Banker qualification.



The MMA Training Institute offered a diverse range of training programs in 2022.

# Operational Infrastructure

In 2022, the focus was on the deploying the information technology infrastructure required for the Instant Payment System (IPS) project. The staff of IT involved in the project were trained in the technologies used in the IPS. Also, IT hardware required for the MMA DR site was installed and was made operational. Moreover, a Data Science Professional Programme was conducted in collaboration with the MMA training institute in 2022.

The MMA places utmost importance on ensuring a safe and pleasant environment for its staff and visitors alike. In this regard a waiting area was constructed on the ground floor to provide a comfortable space for visitors. Work is in progress to construct a storage structure and is scheduled to be completed by April 2023.



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

# International Relations

The MMA continues to work closely with other central banks, 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 Asian Development Bank (ADB) and the 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.

The Maldives represents its interest and partakes in the 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 21.2 million SDRs<sup>24</sup>, representing 0.004% of the total IMF quota. In 2021, the IMF made a general allocation of SDRs equivalent to US\$650 billion to all member countries (in proportion of 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 SDR20.3 million (US\$28.7 million), was utilised by the government for COVID relief expenses. It is noteworthy that the

legal liability of the general SDR allocation was transferred from the MMA to the government.

## South Asia Regional Training and Technical Assistance Center (SARTTAC)

The SARTTAC is a training and technical assistance 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 technical assistance to the MMA which was resumed in-person in 2022, following the virtual missions in 2021 due to the COVID-19 pandemic and the travel restrictions.

The SARTTAC technical assistance (TA) missions visited Maldives from June 12 to 23, 2022 to assist the MMA in the strengthening of its banking supervision capacity and implementation of the Risk-Based Supervision (RBS) framework for insurance. A remote technical assistance (TA) mission took place during February-March 2022.

## IMF Technical Assistance on Monetary Policy and Foreign Exchange Market Operations

At the request of the MMA, SARTTAC provided technical assistance to evaluate the current local currency monetary policy framework,

<sup>24</sup> An SDR—Special Drawing Right—is an international reserve asset created by the IMF to supplement its member countries' official reserves. The value of an SDR is based on a basket of five major currencies: the US dollar, euro, Chinese renminbi, Japanese yen and pound sterling.



considering the effects of crisis-related liquidity measures. The mission provided a series of recommendations on the operation and implementation of an interest rate corridor. Employees of the MMA received virtual training sessions from 7 December 2021 to 15 January 2022 on effectively understanding the operational facets of a framework for implementing monetary policy with an interest rate corridor setup.

### **IMF Technical Assistance on Macroeconomic Analysis and Forecasting**

The IMF Institute for Capacity Development supported by SARTTAC delivered a series of missions on further strengthening the macroeconomic analysis and forecasting of the MMA. Following the scoping mission in 2021, the first mission of 2022 was from 27 February to 5 March to guide the MMA staff on building an excel-based macro-framework. The mission broadly focused on specialised training on the fundamentals of financial programming and policies, as well as macroeconomic diagnostics; and showing how these concepts are used in a thorough adaptive expectations macro-framework.

In order to adapt and implement the macro-framework in accordance with the Comprehensive Adaptive Expectations Model, a second mission from 14 to 18 August collaborated with a technical team from the MMA. The mission was divided into two parts: one on adapting the template according to the Maldivian economy and, where necessary, simplifying the framework; and the other on creating a baseline forecast and testing various policy scenarios.

### **IMF Technical Assistance on Financial Sector Regulation and Supervision**

During 2022, the SARTTAC conducted a series of missions following up on prior missions to strengthen the banking and insurance supervisory capacity of the MMA. The initial missions of the year were conducted concurrently from 21 February to 3 March. The insurance supervision mission held practical working sessions based on risk-based supervisory methods, organising the work around the updated 2019 Insurance Core Principles of the International Association of Insurance Supervision (IAIS). The banking supervision mission assisted with the implementation of corporate governance rules and the risk management recommendations of the MMA as well as assessment of the framework and practices of the impacted financial institutions.

The second missions of the year were also held simultaneously from 12 to 23 June. The efforts of the MMA to implement corporate governance regulations, risk management guidelines and on-site supervision were evaluated in the first mission on banking supervision capacity. The second mission evaluated how the risk-based supervisory framework for the insurance sector was put into practice and assessed the work done by the MMA insurance supervisors till date.

### **IMF Technical Assistance on External Sector Statistics**

Following the technical assistance provided by the SARTTAC to the MMA to strengthen the data collection process for External Sector Statistics in 2021, an International Transactions Reporting System (ITRS) was

decided to be developed to further strengthen remittance statistics. As such, the first phase of the project included a feasibility study with the assistance of a technical expert. Over two visits (14 to 31 August and 5 November to 1 December) in 2022, the expert concluded the feasibility assessment and banks were briefed on the system's potential growth and deployment.

### **IMF Technical Assistance on Financial Sector Assessment Program (FSAP)**

The Maldives FSAP Update Virtual Scoping Mission was conducted from October 17 to 2 November 2022. The scoping mission was led by the FSAP Mission Chiefs; Mr Torsten Wezel, Senior Economist from the Monetary and Capital Markets Department, IMF, and Natalie Nicolaou, Senior Financial Sector Specialist, World Bank. The objective of the scoping mission was to discuss the areas of focus for the FSAP Update with the Ministry of Finance and the MMA. This included technical notes, the FSAP missions and delivery timeline, and measures taken since the former FSAP Development Module conducted by the World Bank in 2016. The mission also met with other financial sector institutions to address financial sector developments and priorities.

### **SAARCFINANCE Network**

The MMA is a member of the SAARCFINANCE Network, which is a regional network of the South Asian Association for Regional Cooperation (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 on macroeconomic policy challenges facing the region.

### **SAARCFINANCE Governors' Group Meeting**

The MMA participated in a meeting held for the SAARCFINANCE Governors' Group on 16 October 2022, during the IMF/WBG Annual Meetings held in Washington D.C. The meeting was hosted by the Governor of Nepal Rastra Bank, Mr Maha Prasad Adhikari. The Governor of the MMA, Mr Ali Hashim, Assistant Governor, Ms Idham Hussain, and Senior Manager, Mr Mohamed Amdhan attended the meeting which marked the handover of the SAARCFINANCE Chair to the State Bank of Pakistan. The meeting was attended by Governors and Deputies from other SAARC central banks—Royal Monetary Authority of Bhutan, Reserve Bank of India, Nepal Rastra Bank, State Bank of Pakistan and Central Bank of Sri Lanka.

### **SAARCFINANCE Database Seminar and Working Group Meeting**

The MMA organised and hosted the SAARCFINANCE Database Seminar and Working Group Meeting on 2 November 2022. The theme of the seminar was "Use of High-Frequency Indicators by Central Banks: Experience and Plans Going Forward" with the objective of providing a forum for discussing country-specific experiences using high-frequency indicators to monitor economic developments. While the focus was on current practices, issues, and plans to develop additional high-frequency indicators, the seminar also covered strategies to overcome the deficiencies in traditional data sources by utilising big data. The seminar was inaugurated with a speech by Governor,



Mr Ali Hashim and the keynote was delivered by the Chief Statistician of Maldives Bureau of Statistics, Ms Aishath Hassan. The seminar was followed by the SAARCFINANCE Database Working Group Meeting, chaired by the Reserve Bank of India. Officials from the SAARC central banks, nodal officers of the SAARCFINANCE Database, Working Group members, SAARCFINANCE coordinators and alternate coordinators attended the meeting.

## Other Institutions

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

## Participation in International Meetings and Forums

### **Courtesy Call with the IMF Executive Director H.E. Dr Mahmoud Mohieldin**

Governor, Mr Ali Hashim; Deputy Governor, Mr Ahmed Imad; and Assistant Governors, Ms Idham Hussain and Ms Mariyam Hussain Didi participated in a virtual courtesy call with the IMF Executive Director, H.E. Dr Mahmoud Mohieldin on 10 March 2022.

**50<sup>th</sup> 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 50<sup>th</sup> ACU Standing Technical Committee Meeting held virtually on 12 May 2022.

**50<sup>th</sup> ACU Board of Directors Meeting:** 50<sup>th</sup> 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 13 May 2022.

**IMF-SARTTAC Steering Committee Meeting:** Assistant Governor, Ms Idham Hussain participated virtually in the 6<sup>th</sup> SARTTAC Steering Committee Meeting, held on 7 July 2022.

### **17<sup>th</sup> Annual Meeting and Conference of the Asian Forum of Insurance Regulators (AFIR):**

The MMA hosted 17<sup>th</sup> Annual Meeting and Conference of AFIR. Deputy Governor, Mr Ahmed Imad; Executive Director, Mr Hassan Fiyaz; and Deputy Managers Ms Mariyam Jailam Mujthaba, and Mr Musab Habeeb attended the forum held from 5 to 6 September 2022.

The Annual Meeting drew the active participation of 55 delegates from 15 member jurisdictions and representatives of the Bank for International Settlements (BIS), the Financial Stability Institute (FSI), the Organization for Economic Co-operation and Development (OECD) and Global Asia Insurance Partnership (GAIP).

**Fifth Asia-Pacific high-level meeting:** The MMA hosted the 5<sup>th</sup> Asia-Pacific high-level meeting, which was attended by Deputy Governor, Mr Ahmed Imad; Executive Director, Mr Hassan Fiyaz; and Deputy Managers Ms Mariyam Jailam Mujthaba and Mr Musab Habeeb on 7 September 2022.

This meeting was jointly organised by the Asian Forum of Insurance Regulators (AFIR), the Financial Stability Institute (FSI) of the Bank for International Settlements (BIS) and the International Association of Insurance Supervisors (IAIS).

**2022 AFI Global Policy Forum:** Governor, Mr Ali Hashim; Assistant Governor, Ms Mariyam Hussain Didi; Senior Executive Director, Ms Mariyam Najeela; Executive Director, Ms Hamida Shakeela; Senior Manager, Ms Asna Hamdi; Senior Manager, Ms Fathimath Faisha; and Manager, Mr Ibrahim Shaugee participated in the AFI Global Policy Forum, 7<sup>th</sup> AFI annual general meeting and launching ceremony of South Asian Region Financial Inclusion (SARFI) held in Amman, Jordan from 5 to 8 September 2022.

**7th China-ASEAN Summit Forum on Insurance Cooperation and Development:** Executive Director, Mr Hassan Fiyaz attended the meeting virtually on 14 September 2022.

The theme for this year's Forum was "Building China-ASEAN Insurance Community Pursuing High-quality Implementation of Regional Comprehensive Economic Partnership".

**2022 IMF Annual Meeting:** Governor, Mr Ali Hashim; Assistant Governor Ms Idham Hussain; and Senior Manager, Mr Mohamed Amdhan participated in the IMF Annual Meeting held in Washington DC from 11 to 16 October 2022.

During the IMF meeting, team from the MMA also had meetings with Governors of Central Bank of Sri Lanka, Reserve Bank of India and had meetings with SAARCFINANCE, De La Rue, Clear Stream Banking, Commonwealth and with IMF Executive Director H.E. Dr Mahmoud Moheildin.

**2022 RAMP - 18<sup>th</sup> Executive Forum for Policy-makers and Senior Officials meeting:** Governor, Mr Ali Hashim; and Assistant Governor Ms Idham Hussain participated in the Reserve Advisory and Management Partnership (RAMP) meeting held in Washington, D.C. held from 17 to 18 October 2022.

**2022 Asian Regional Forum on Investment Management of Foreign Exchange Reserve:** Deputy Governor, Mr Ahmed Imad; and Deputy Manager Mr Husham Ibrahim participated in the 2022 Asian Regional Forum on Investment of Foreign Exchange Reserve Forum held in Singapore during 26 to 27 October 2022.

**Central Bank Digital Currency Study Tour:** Deputy, Governor Mr. Ahmed Imad; Assistant Executive Directors, Ms Hawwa Latheef and Ms Aminath Shaheeda; Deputy Counsel, Mr Abdullah Zaahir; Monetary Analyst, Ms. Aishath Maisa Hayaath; Manager, Mr Hassan Nashrah; and Deputy Manager, Ms Raseena Majeed participated in the Central Bank Digital Currency study tour held in Seoul, South Korea from 8 to 10 November 2022.

**Signing of the SWAP Agreement between MMA and RBI:**

Deputy Governor, Mr Ahmed Imad; Assistant Governor, Ms Idham Hussain; and Monetary Analyst, Ms Aishath Maisa Hayath participated in the SWAP agreement signing between MMA and RBI held in Delhi, India from 7 to 9 December 2022.

**Diagnostic Study on the Development of Inclusive Insurance and Risk Financing in the Maldives:** The MMA partnered with the United Nations Development Programme (UNDP) where the UNDP's Maldives Country Office, together with UNDP's Insurance Risk and Finance Facility (IRFF), carried out the study.

# Annual Financial Statements



# Abbreviations and Acronyms of Annual Financial Statements

ACH	Automated Clearing House
ACU	Asian Clearing Union
ADB	Asian Development Bank
AHS	Affordable Housing Scheme
BCCI	Bank of Credit and Commerce International
BIS	Bank for International Settlements
CGS	Credit Guarantee Scheme
CNY	Chinese Yuan
COVID	Coronavirus Disease
EAD	Exposure at Default
ECL	Expected Credit Loss
EFT	Electronic Fund Transfer
EIR	Effective Interest Rate
ERP	Enterprise Resource Planning System
FARR	Foreign Asset Revaluation Reserve
FSI	Floor Space Index
FVOCI	Fair Value through Other Comprehensive Income
FVPL	Fair Value through Profit or Loss
GSMD	Government Securities Market Development
HDC	Housing Development Corporation
IAS	International Accounting Standards
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
LGD	Loss Given Default
MCIB	Maldives Credit Information Bureau
MIGA	Multilateral Investment Guarantee Agency
MIPS	Maldives Interoperable Payment System

MIRA	Maldives Inland Revenue Authority
MMA	Maldives Monetary Authority
MOF	Ministry of Finance
MPS	Mobile Payment System
MRR	Minimum Reserve Requirement
MRTGS	Maldives Real Time Gross Settlement
MVR	Maldivian Rufiyaa
OCI	Other Comprehensive Income
OLF	Overnight Lombard Facility
OMO	Open Market Operation
PD	Probability of Default
POCI	Purchased or Originated Credit-Impaired
RCF	Rapid Credit Facility
RDF	Randhihafaheh
SDF	Sovereign Development Fund
SDR	Special Drawing Rights
SICR	Significant Increase in Credit Risk
SME	Small and Medium Enterprises
SPPI	Solely Payments of Principal and Interest
STR	Secured Transaction Registry
USD	United States Dollar
WIP	Work in Progress



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## Independent Auditors' Report To the Board of Directors of Maldives Monetary Authority

### Opinion

We have audited the financial statements of Maldives Monetary Authority (the "Authority"), which comprise the statement of financial position as at 31<sup>st</sup> December 2022, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, comprising a summary of significant accounting policies and other explanatory information set out in pages 113 to 187.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Authority as at 31<sup>st</sup> December 2022 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

### 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Authority in accordance with the *International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Maldives and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditors' report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, 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.

KPMG, a Maldivian partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

P.Y.S. Perera FCA  
W.J.C. Perera FCA  
W.K.D.C. Abeyratne FCA  
G.A.U. Karunaratne FCA  
Ms. B.K.D.T.N. Rodrigo FCA  
R.W.M.O.W.D.B. Rathnadiwakara ACA

C.P. Jayatilake FCA  
Ms. S. Joseph FCA  
S.T.D.L. Perera FCA  
R.M.D.B. Rajapakse FCA  
R.H. Rajan FCA  
M. Mihad ACMA (UK)

T.J.S. Rajakarier FCA  
Ms. S.M.B. Jayasekara FCA  
Mr. W.M.S.R.L. Perera FCMA (UK)  
M.N.M. Shameel FCA  
Ms. C.K.T.N. Perera ACA



### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as the 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, the 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 the 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.

### **Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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



*Independent Auditors' Report to the Board of Directors  
Maldives Monetary Authority (Continued)*

**Auditors' Responsibilities for the Audit of the Financial Statements (Continued)**

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.

**R.W.M.O.W. Duminda B. Rathnadiwakara**  
**For and on behalf of KPMG Maldives**

19<sup>th</sup> April 2023  
Male'



## Statement of Financial Position

As at 31 December 2022

(all amounts in Maldivian Rufiyaa unless otherwise stated)

	Note	2022	2021
<b>ASSETS</b>			
<b>Foreign currency financial assets</b>			
Cash and balances with banks	7	9,073,112,707	9,979,478,253
IMF related assets	8	470,848,361	497,533,458
Investments in securities	9	3,590,947,121	2,441,343,515
Subscriptions to international agencies	10	833,140	832,599
Interest and other receivables	11	43,915,635	13,806,789
<b>Total foreign currency financial assets</b>		<b>13,179,656,964</b>	<b>12,932,994,614</b>
<b>Local currency financial assets</b>			
Cash and balances with banks	7	48,339,797	47,202,331
Subscriptions to international agencies	10	8,264,330	8,264,330
Investments in securities	9	71,704,342	62,077,519
Investment in Government treasury bonds	12	8,321,741,391	5,933,096,664
Advances to Government	13	3,942,570,726	3,689,886,157
Short term loans	14	1,400,338	1,362,264
Long term loans	15	40,164	49,006
Interest and other receivables	11	5,786,804	665,760
<b>Total local currency financial assets</b>		<b>12,399,847,892</b>	<b>9,742,604,031</b>
<b>Total financial assets</b>		<b>25,579,504,856</b>	<b>22,675,598,645</b>
<b>Local currency non-financial assets</b>			
Gold and silver assets	16	46,698,395	46,387,943
Inventories	17	84,841,242	87,137,573
Property, plant and equipment	18	151,719,346	149,049,081
Intangible assets	19	11,197,009	11,234,945
Other assets	20	21,434,459	23,196,293
<b>Total local currency non-financial assets</b>		<b>315,890,451</b>	<b>317,005,835</b>
<b>Total assets</b>		<b>25,895,395,307</b>	<b>22,992,604,480</b>

The accounting policies and notes on pages 118 to 187 form an integral part of the financial statements.

## Statement of Financial Position

As at 31 December 2022

(all amounts in Maldivian Rufiyaa unless otherwise stated)

	Note	2022	2021
<b>LIABILITIES</b>			
<b>Foreign currency financial liabilities</b>			
Balances of commercial banks	21	5,590,879,563	4,857,190,887
Balances of the Government and Government institutions	22	576,865,705	261,971,286
Payable to Asian Clearing Union	23	735,059,638	528,879,333
IMF related liabilities	24	494,609,032	956,549,164
Interest bearing loans	25	77,174,032	83,108,269
Deposits of international financial institutions	26	833,140	832,599
Other liabilities	27	1,736,538,275	403,733,871
Deferred grants	28	-	661,077
<b>Total foreign currency financial liabilities</b>		<b>9,211,959,385</b>	<b>7,092,926,486</b>
<b>Local currency financial liabilities</b>			
Balances of commercial banks	21	10,171,947,880	9,972,263,248
Balances of the Government and Government institutions	22	1,842,388,272	1,222,181,401
Currency in circulation	29	3,726,277,357	3,790,680,806
Balances of insurance companies and payment service providers	30	14,792,176	13,492,176
Deposits of international financial institutions	26	10,362,037	10,530,146
Deposit insurance fund	31	191,136	100,847
Other liabilities	27	124,384,012	114,968,746
<b>Total local currency financial liabilities</b>		<b>15,890,342,870</b>	<b>15,124,217,370</b>
<b>Total financial liabilities</b>		<b>25,102,302,255</b>	<b>22,217,143,856</b>
<b>Other liabilities</b>			
Deferred grants	28	3,021,834	4,284,094
Pension and other employment benefits payable	32	30,759,377	30,742,693
<b>Total other liabilities</b>		<b>33,781,211</b>	<b>35,026,787</b>
<b>Total liabilities</b>		<b>25,136,083,466</b>	<b>22,252,170,643</b>
<b>EQUITY</b>			
Capital	33	50,000,000	50,000,000
Reserves	33	709,311,841	690,433,837
<b>Total equity</b>		<b>759,311,841</b>	<b>740,433,837</b>
<b>Total liabilities and equity</b>		<b>25,895,395,307</b>	<b>22,992,604,480</b>

The Board of Directors of the Maldives Monetary Authority approved these financial statements on 19 April 2023.

Signed for and on behalf of the Board by,



Ali Hashim - Governor



Asad Ali - Director

The accounting policies and notes on pages 118 to 187 form an integral part of the financial statements.

## Statement of Comprehensive Income

Year ended 31 December 2022

(all amounts in Maldivian Rufiyaa unless otherwise stated)

	Note	2022	2021
<b>OPERATING INCOME</b>			
<b>Foreign currency income and expenses</b>	34		
Interest income on foreign currency financial assets		153,468,968	85,366,300
Interest expense on foreign currency financial liabilities		(4,911,999)	(88,300,753)
<b>Net foreign currency income</b>		<b>148,556,969</b>	<b>(2,934,453)</b>
<b>Local currency income and expenses</b>	35		
Interest income on local currency financial assets		238,926,821	146,928,903
Profit from local currency financial assets		492,111	593,053
Interest expense on local currency financial liabilities		(111,230,117)	(84,038,242)
Profit Remuneration on Commodity Murabahah Overnight Deposit Facility		(691,973)	-
<b>Net local currency income</b>		<b>127,496,842</b>	<b>63,483,714</b>
<b>Other income</b>			
Other income	36	42,222,201	173,457,185
Income from foreign exchange management		80,809,280	38,223,768
Net investment income		(21,135,796)	(731,410)
Net foreign exchange revaluation (loss) / gain		(19,288,741)	9,197,726
<b>Total other income</b>		<b>82,606,944</b>	<b>220,147,269</b>
<b>Total net operating income</b>		<b>358,660,755</b>	<b>280,696,530</b>
<b>OPERATING EXPENSES</b>			
Personnel expenses	37	98,175,224	85,476,813
Administration expenses	38	107,455,610	55,872,593
Depreciation, amortisation and impairment		18,429,703	24,109,494
<b>Total operating expenses</b>		<b>224,060,537</b>	<b>165,458,900</b>
Net impairment gain / (loss) on financial instruments	44	1,410,811	(283,079)
<b>Net profit for the year</b>		<b>136,011,029</b>	<b>114,954,551</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items that are or may be reclassified subsequently to profit or loss:</b>			
Net unrealised loss from securities at FVOCI		(119,318,930)	(37,433,188)
Gain / (loss) on gold and silver revaluation		310,452	(2,558,333)
		<b>(119,008,478)</b>	<b>(39,991,521)</b>
<b>Items that will not be reclassified to profit or loss:</b>			
Re-measurement gain / (loss) from defined benefit plan		1,875,453	(1,336,971)
		<b>1,875,453</b>	<b>(1,336,971)</b>
<b>Total other comprehensive income</b>		<b>(117,133,025)</b>	<b>(41,328,492)</b>
<b>Total comprehensive income</b>		<b>18,878,004</b>	<b>73,626,059</b>
Transferred to FVOCI reserve	33	119,318,930	37,433,188
Transferred to FARR-gold and silver revaluation (gain) / loss	33	(310,452)	2,558,333
Transferred to FARR-foreign exchange revaluation loss / (gain)	33	19,288,741	(9,197,726)
Transferred to Other reserves	33	(1,875,453)	1,336,971
<b>Profit for the year per MMA Act</b>		<b>155,299,770</b>	<b>105,756,825</b>

The accounting policies and notes on pages 118 to 187 form an integral part of the financial statements.

## Statement of Changes in Equity

Year ended 31 December 2022

(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 2021</b>		<b>50,000,000</b>	<b>388,961,689</b>	<b>92,717,945</b>	<b>108,071,794</b>	<b>10,399,392</b>	<b>34,788,975</b>	<b>1,867,983</b>	<b>686,807,778</b>
Profit re-appropriation to the Government	39	-	-	-	(20,000,000)	-	-	-	(20,000,000)
Transfer to general reserve	33.2	-	88,071,794	-	(88,071,794)	-	-	-	-
Profit for the year		-	-	-	114,954,551	-	-	-	114,954,551
Transfer of foreign currency revaluation gain	33.3	-	-	9,197,726	(9,197,726)	-	-	-	-
Other comprehensive loss from gold and silver revaluation	16	-	-	(2,558,333)	-	-	-	-	(2,558,333)
Other comprehensive loss from defined benefit plan	33.6	-	-	-	-	-	-	(1,336,971)	(1,336,971)
Other comprehensive loss arising from change in value of securities at FVOCI	9.2	-	-	-	-	(37,433,188)	-	-	(37,433,188)
<b>As at 31 December 2021</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>
<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	39	-	-	-	-	-	-	-	-
Transfer to general reserve	33.2	-	105,756,825	-	(105,756,825)	-	-	-	-
Profit for the year		-	-	-	136,011,029	-	-	-	136,011,029
Transfer of foreign currency revaluation loss	33.3	-	-	(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	33.6	-	-	-	-	-	-	1,875,453	1,875,453
Other comprehensive loss arising from change in value of securities at FVOCI	9.2	-	-	-	-	(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>

The accounting policies and notes on pages 118 to 187 form an integral part of the financial statements.

## Statement of Cash Flows

Year ended 31 December 2022

(all amounts in Maldivian Rufiyaa unless otherwise stated)

	Note	2022	2021
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Interest received - foreign currency		122,850,133	102,801,251
Interest received - local currency		235,454,592	148,150,312
Fees, commission and other miscellaneous income received		19,077,309	27,242,163
		<b>377,382,034</b>	<b>278,193,726</b>
<b>Disbursements</b>			
Interest paid - foreign currency		(2,454,607)	(87,465,143)
Interest paid - local currency		(109,995,632)	(83,654,365)
Profit Remuneration - local currency		(583,151)	-
Payments to employees		(96,282,554)	(82,959,147)
Payments to suppliers		(69,793,288)	(41,134,102)
Fees/commission paid		(27,936,281)	(5,114,121)
		<b>(307,045,513)</b>	<b>(300,326,878)</b>
<b>Net cash generated from / (used in) operating activities</b>	<b>40</b>	<b>70,336,521</b>	<b>(22,133,152)</b>
<b>Cash flows from investing activities</b>			
<b>Receipts and Disbursements</b>			
Net (decrease) / increase in currency deposits		(1,533,236,158)	2,562,602,219
Net increase in deposits from financial institutions		1,001,040,494	1,964,855,812
Net increase in deposits from the Government and Government institutions		120,899,382	386,745,171
Net decrease in other liabilities		(107,810)	(1,339,465)
Net decrease / (increase) in assets held with the IMF		3,250,925	(2,706,623)
Net increase in investments in short term securities		(895,941,857)	(838,771,111)
Net (increase) / decrease in loans and advances to the Government and Government institutions		(2,116,698,150)	106,547,780
Expenditure on development projects and intangible assets		(3,001,157)	(14,516,467)
Purchase of property, plant and equipment		(18,029,249)	(12,473,863)
Profit paid to the Government		-	(20,000,000)
Net increase in other assets		(220)	(1,184,212)
<b>Net cash (used in) / generated from investing activities</b>		<b>(3,441,823,800)</b>	<b>4,129,759,241</b>
<b>Cash flows from financing activities</b>			
<b>Sources:</b>			
Net decrease in currency in circulation		(64,403,449)	(151,436,545)
Net increase / (decrease) in liabilities with other central banks		1,542,509,019	(6,159,953,977)
Net increase in payable to Asian Clearing Union		203,300,361	195,274,960
Net decrease in interest bearing loans		(1,965,979)	(2,085,803)
Net decrease in lease liabilities		(327,680)	(281,843)
Net (decrease) / increase in liabilities with IMF		(441,574,502)	444,300,655
Net decrease in grants received		(2,346,997)	(1,990,233)
<b>Net cash generated from / (used in) financing activities</b>		<b>1,235,190,773</b>	<b>(5,676,172,786)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(2,136,296,506)</b>	<b>(1,568,546,697)</b>
Exchange rate effect on cash and cash equivalents		2,628,286	(12,772,206)
Cash and cash equivalents as at the beginning of the year		8,175,353,187	9,756,672,089
<b>Cash and cash equivalents as at the end of the year</b>	<b>41</b>	<b>6,041,684,967</b>	<b>8,175,353,186</b>

The accounting policies and notes on pages 118 to 187 form an integral part of the financial statements.

## Notes to the Financial Statements

**Year ended 31 December 2022**

(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 2022 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;
- 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;

## Notes to the Financial Statements

**Year ended 31 December 2022**

(all amounts in Maldivian Rufiyaa unless otherwise stated)

- 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.

### **(a) 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.

### **(b) 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.



## Notes to the Financial Statements

Year ended 31 December 2022

(all amounts in Maldivian Rufiyaa unless otherwise stated)

### 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) 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.

#### 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 2022	31 December 2021
	MVR	MVR
1 Australian Dollar	10.3816	11.1199
1 Euro	16.3795	17.4016
1 Japanese Yen	0.1149	0.1340
1 Singapore Dollar	11.4320	11.3663
1 Special Drawing Rights (SDR)	20.5040	21.5395
1 Pound Sterling	18.4963	20.6799
1 Chinese Yuan	2.2080	2.4154
1 United States Dollar	15.4000	15.3900

## Notes to the Financial Statements

**Year ended 31 December 2022**

(all amounts in Maldivian Rufiyaa unless otherwise stated)

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.

### 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 44.1.2.3.

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 44.1.2.3.

#### 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 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.

## Notes to the Financial Statements

**Year ended 31 December 2022**

(all amounts in Maldivian Rufiyaa unless otherwise stated)

### **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 32).

### **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. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied are consistent with those used in the previous financial year, except 4.1.1.

### **4.1 Changes in Accounting Policies**

#### **4.1.1 Onerous Contract- Cost of Fulfilling a Contract**

Effective from 1 January 2022, The Authority has adopted Onerous Contracts - Costs of Fulfilling a Contract (Amendments to IAS 37). This resulted in a change in accounting policy for performing an onerous contracts assessment. Previously, the Authority included only incremental costs to fulfil a contract when determining whether that contract was onerous. The revised policy is to include both incremental costs and an allocation of other direct costs.

The amendments apply prospectively to contracts existing at the date when the amendments are first applied. The Authority has analysed all contracts existing at 1 January 2022 and determined that none of them would be identified as onerous applying the revised accounting policy - i.e. there is no impact on the opening equity balances as at 1 January 2022 as a result of the change.

### **4.2 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.

## Notes to the Financial Statements

**Year ended 31 December 2022**

(all amounts in Maldivian Rufiyaa unless otherwise stated)

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.

### *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 44.1.5, 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.

### **4.2.1 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.

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.

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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 44.1.5. 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 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.

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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.

Note 43.1.2 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 44.1.4.

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 44.1.6 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.

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- 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 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.

## **4.2.2 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.



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### **4.3 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.

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.

### **4.4 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 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.

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### (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 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 44.1.2.2.

#### *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.

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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 34 to 35).

### **(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.

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.

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### 4.5 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.

#### (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

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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.

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:

<b>Class of asset</b>	<b>Useful life (Years)</b>
Oracle E-business suite (ERP)	9
RTGS software	7
Automated clearing house	7
Credit information bureau software	5-10
Other software	3

### **(e) Impairment of non-financial assets**

The Authority assesses at each reporting date whether there is an indication that 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 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.

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### **(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:

<b>Denomination</b>	<b>Useful life (Years)</b>
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.

## **4.6 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.

#### **(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.

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### **(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 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.

## **4.7 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 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.

## **4.8 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.



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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 4.4(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.

## 4.9 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.

## 4.10 Fair value measurement

The Authority analyses fair value measurements by level in the fair value hierarchy as detailed in Note 45.

## 4.11 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.

## 4.12 Comparatives

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

## 5. NEW ACCOUNTING STANDARDS ADOPTED IN 2022

The Authority has adopted and applied the following standards and amendments for the first time for their annual reporting periods commencing 1 January 2022. Most of the amendments listed below did not have any significant impact on amounts recognised in prior periods and do 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:

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

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- Reference to the Conceptual Framework (Amendments to IFRS 3)
- Annual Improvements to IFRS Standards 2018-2020 (IFRS 1, IFRS 9, IFRS 16 and IAS 41)

#### 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 2022 reporting periods and have not been early adopted by the Authority.

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

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)

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:

- IFRS 17 - Insurance Contracts and amendments to IFRS 17 Insurance Contracts
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes
- Initial Application of IFRS 17 and IFRS 9 – Comparative Information (Amendments to IFRS 17)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Non-current Liabilities with Covenants (Amendments to IAS 1)

## Notes to the Financial Statements

Year ended 31 December 2022

(all amounts in Maldivian Rufiyaa unless otherwise stated)

### 7 CASH AND BALANCES WITH BANKS

	2022	2021
<b>7.1 Foreign currency balances</b>		
Foreign currency cash in hand	13,300,753	21,612,412
Balances with other central banks	46,715,573	44,149,779
Balances with other foreign banks	175,047,537	19,241,573
Balances with external asset manager	37,892,213	11,047,220
Balances with local banks - related parties	51,051	51,018
Money at overnight placements with other central banks (Note 7.3)	1,238,160,000	646,380,000
Investment in fixed deposits with foreign banks (Note 7.4)	7,563,710,000	9,086,256,000
Investment in fixed deposits with local banks - related parties (Note 7.5)	-	153,900,000
Expected credit losses	(1,764,420)	(3,159,749)
	<b>9,073,112,707</b>	<b>9,979,478,253</b>
<b>7.2 Local currency balances</b>		
Balances with local banks - related parties	48,347,840	47,210,184
Expected credit losses	(8,043)	(7,853)
	<b>48,339,797</b>	<b>47,202,331</b>
	<b>9,121,452,504</b>	<b>10,026,680,584</b>

### 7.3 Money at overnight placements with other central banks

The Authority invested USD 80,400,000.00 (2021: USD 42,000,000.00) in an overnight deposit facility under the repurchase agreement with the Federal Reserve Bank of New York at an interest rate of 4.30% per annum (2021: 0.05%).

### 7.4 Investment in fixed deposits with foreign banks

	2022	2021
Fixed deposits with maturity of 3 months or less	4,482,170,000	7,385,661,000
Fixed deposits with maturity more than 3 months	3,081,540,000	1,700,595,000
	<b>7,563,710,000</b>	<b>9,086,256,000</b>
Expected credit losses	(1,659,845)	(3,081,207)
	<b>7,562,050,155</b>	<b>9,083,174,793</b>

### 7.5 Investment in fixed deposits with local banks - related parties

	2022	2021
Fixed deposits with maturity more than 3 months	-	153,900,000
Expected credit losses	-	(25,948)
	<b>-</b>	<b>153,874,052</b>

### 8 IMF RELATED ASSETS

	2022	2021
Holding of special drawing rights (Note 8.1)	35,564,577	40,877,857
IMF quota (Note 8.2)	434,684,800	456,637,400
Interest receivables	598,984	18,201
	<b>470,848,361</b>	<b>497,533,458</b>

## Notes to the Financial Statements

**Year ended 31 December 2022**

(all amounts in Maldivian Rufiyaa unless otherwise stated)

### **8 IMF RELATED ASSETS (CONTINUED)**

#### **8.1 Holding of special drawing rights (SDR)**

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

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

A general allocation of SDR was made to IMF member countries during August 2021 to help countries struggling to cope with the impact of COVID-19 crisis. From this allocation Maldives received an amount of SDR 20,319,247 and this amount was exchanged to USD during the year 2021. An equivalent amount of MVR was transferred to Ministry of Finance under an agreement entered between MMA and Ministry of Finance on 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 2022, 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 2022, the IMF Quota of Maldives is SDR 21.2 million (2021: SDR 21.2 million).

## Notes to the Financial Statements

Year ended 31 December 2022

(all amounts in Maldivian Rufiyaa unless otherwise stated)

### 9 INVESTMENTS IN SECURITIES

	2022	2021
<b>Foreign currency balances</b>		
Short term investments in securities (Note 9.1)	29,454,031	26,486,939
Investment in securities at FVOCI (Note 9.2)	3,418,202,658	2,414,856,576
Investment in securities at FVPL (Note 9.3)	143,290,432	-
	<b>3,590,947,121</b>	<b>2,441,343,515</b>
<b>Local currency balances</b>		
Investments held at local banks - related parties	14,907,752	14,907,752
Short term investments in securities (Note 9.1)	56,799,070	47,172,247
Expected credit losses	(2,480)	(2,480)
	<b>71,704,342</b>	<b>62,077,519</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.

	2022	2021
<b>Foreign currency balances</b>		
Purchased during the year	29,454,031	26,486,939
<b>Balance as at 31 December</b>	<b>29,454,031</b>	<b>26,486,939</b>

As at 31 December 2022 the Authority has invested in USD Government treasury bills with face value of USD 2,000,000 at purchase price of USD 1,912,599 maturing in 2023. As at 31 December 2021 the Authority invested in USD Government treasury bills amounting to USD 1,721,049 which was matured in 2022.

	2022	2021
<b>Local currency balances</b>		
Purchased during the year	54,595,488	45,226,533
Interest receivable on Government treasury bills	2,203,582	1,945,714
<b>Balance as at 31 December</b>	<b>56,799,070</b>	<b>47,172,247</b>

As at 31 December 2022 the Authority has invested in MVR Government treasury bills with face values of MVR 57,100,000 million at purchase price of MVR 54,595,488 maturing in 2023. As at 31 December 2021, the Authority invested in MVR Government treasury bills amounting to MVR 45,226,533 which was matured in 2022.

The balance under interest receivable on Government treasury bills comprises of discount receivable from MVR treasury bills of MVR 1,165,581 (2021: 1,032,143) and reverse dual currency treasury bills of MVR 1,038,001 (2021: 913,571).

## Notes to the Financial Statements

### Year ended 31 December 2022

(all amounts in Maldivian Rufiyaa unless otherwise stated)

#### 9 INVESTMENTS IN SECURITIES (CONTINUED)

##### 9.2 Investments in securities at FVOCI

	2022	2021
Balance as at 1 January	2,414,856,576	1,614,424,804
Purchased during the year	2,322,332,180	1,717,060,675
Sold and matured during the year	(1,177,178,187)	(877,557,488)
Unrealised fair value changes during the year	(141,597,209)	(37,737,672)
Realised loss during the year	(1,722,408)	(581,291)
Effects of exchange rates	1,511,706	(752,452)
<b>Balance as at 31 December</b>	<b>3,418,202,658</b>	<b>2,414,856,576</b>

The balance as at 31 December 2022 includes USD 65 million (2021: USD 65 million) managed by the Authority's external asset managers and USD 166 million (2021: 89 million) invested and managed by the Authority.

##### 9.3 Investments in securities at FVPL

	2022	2021
Balance as at 1 January	-	-
Purchased during the year	154,490,760	-
Unrealized fair value changes during the year	2,951,328	-
Effects of exchange rates	(14,151,656)	-
<b>Balance as at 31 December</b>	<b>143,290,432</b>	<b>-</b>

The balance as at 31 December 2022 represents investments by the Authority in a mutual fund during the year 2022, in order to diversify the 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

	2022	2021
<b>MOF promissory notes issued</b>		
<b>Foreign currency</b>		
Multilateral Investment Guarantee Agency	833,140	832,599
<b>Local currency</b>		
International Bank for Reconstruction and Development	8,264,330	8,264,330
	<b>9,097,470</b>	<b>9,096,929</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 2022

(all amounts in Maldivian Rufiyaa unless otherwise stated)

### 11 INTEREST AND OTHER RECEIVABLES

#### 11.1 Foreign currency

	2022	2021
<b>Interest receivable on Cash and balances with banks</b>		
Balance as at 1 January	3,490,133	21,718,296
Interest accrued during the year	60,686,613	37,542,616
Interest realised during the year	(32,922,497)	(55,681,942)
Effect of Exchange rate	(17,664)	(88,837)
	<b>31,236,585</b>	<b>3,490,133</b>
Expected credit losses	(6,848)	(1,067)
<b>Balance as at 31 December</b>	<b>31,229,737</b>	<b>3,489,066</b>
<b>Interest receivable on Investments in securities</b>		
Balance as at 1 January	10,319,755	9,604,160
Interest accrued during the year	46,363,451	39,500,308
Interest realised during the year	(44,090,588)	(38,789,615)
Effect of Exchange rate	1,674	4,902
	<b>12,594,292</b>	<b>10,319,755</b>
Expected credit losses	(1,505)	(2,032)
<b>Balance as at 31 December</b>	<b>12,592,787</b>	<b>10,317,723</b>
<b>Other Receivables</b>		
Other Receivables	93,111	-
<b>Total foreign currency interest and other receivable</b>	<b>43,915,635</b>	<b>13,806,789</b>

#### 11.2 Local currency

	2022	2021
<b>Profit receivable from local currency financial assets</b>		
Balance as at 1 January	665,871	1,284,123
Profit accrued during the year	483,619	555,504
Profit realised during the year	(367,500)	(1,173,756)
	<b>781,990</b>	<b>665,871</b>
Expected credit losses	(130)	(111)
<b>Balance as at 31 December</b>	<b>781,860</b>	<b>665,760</b>
<b>Interest receivable from local currency financial assets</b>		
Balance as at 1 January	-	-
Interest accrued during the year	47,064,475	-
Interest realised during the year	(42,059,531)	-
	<b>5,004,944</b>	<b>-</b>
Expected credit losses	-	-
<b>Balance as at 31 December</b>	<b>5,004,944</b>	<b>-</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>5,786,804</b>	<b>665,760</b>



## Notes to the Financial Statements

Year ended 31 December 2022

(all amounts in Maldivian Rufiyaa unless otherwise stated)

### 12 INVESTMENT IN GOVERNMENT TREASURY BONDS

	2022	2021
Balance as at 1 January	5,933,096,664	6,011,011,092
Investment in MVR Treasury Bond	2,500,000,000	-
Settled during the year	(111,355,273)	(77,914,428)
<b>Balance as at 31 December (Note 12.1)</b>	<b>8,321,741,391</b>	<b>5,933,096,664</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 2.4% per annum. The interest and principal repayments are to be made on a monthly basis.

#### 12.1 Remaining term to maturity

	2022	2021
Within one year	120,207,234	79,805,080
Two to five years	510,124,593	338,655,508
Six to ten years	710,158,361	471,771,622
More than ten years	6,981,251,203	5,042,864,454
<b>8,321,741,391</b>	<b>5,933,096,664</b>	

### 13 ADVANCES TO GOVERNMENT

	2022	2021
Overdraw of Public Bank Account	3,942,570,726	3,689,886,157
<b>Balance as at 31 December</b>	<b>3,942,570,726</b>	<b>3,689,886,157</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. This was further extended till 31 December 2023 as per the decision taken by the parliament on 17 November 2022.

### 14 SHORT TERM LOANS

	2022	2021
Balance as at 1 January	1,362,264	263,166
Loans disbursed during the year	2,334,588	2,239,040
Settled during the year	(2,296,514)	(1,139,942)
<b>Balance as at 31 December</b>	<b>1,400,338</b>	<b>1,362,264</b>

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

## Notes to the Financial Statements

Year ended 31 December 2022

(all amounts in Maldivian Rufiyaa unless otherwise stated)

### 15 LONG TERM LOANS

	2022	2021
Balance as at 1 January	49,006	38,225
Loans disbursed during the year	-	18,070
Settled during the year	(8,842)	(7,289)
<b>Balance as at 31 December</b>	<b>40,164</b>	<b>49,006</b>

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

### 16 GOLD AND SILVER ASSETS

	2022	2021
<b>Gold assets</b>		
Balance as at 1 January	45,899,620	48,381,434
Fair value gain / (loss)	291,220	(2,481,814)
<b>Balance as at 31 December</b>	<b>46,190,840</b>	<b>45,899,620</b>
<b>Silver assets</b>		
Balance as at 1 January	488,323	564,842
Fair value gain / (loss)	19,232	(76,519)
<b>Balance as at 31 December</b>	<b>507,555</b>	<b>488,323</b>
<b>Gold and silver assets as at 31 December</b>	<b>46,698,395</b>	<b>46,387,943</b>

- 16.1 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 2022 is MVR 310,452 (2021: MVR - 2,558,333).

### 17 INVENTORIES

	2022	2021
Notes for circulation	54,600,282	54,866,088
Coins for circulation	13,875,809	15,867,641
Coins held abroad in storage (Note 17.1)	10,116,173	10,116,173
Commemorative notes and coins	6,160,044	6,187,331
Circulating coin sets	88,934	100,340
<b>Total inventories</b>	<b>84,841,242</b>	<b>87,137,573</b>

- 17.1 MVR 10,116,173 (2021: MVR 10,116,173) is the cost incurred to mint the coins held abroad at the warehouses of the minting company.

## Notes to the Financial Statements

Year ended 31 December 2022

(all amounts in Maldivian Rufiyaa unless otherwise stated)

18	PROPERTY, PLANT AND EQUIPMENT	Freehold	Buildings on	Buildings on	Machinery	Machinery and	Furniture	Motor	Computer	Computer	Central Payments	Right of	Total
18.1	Cost/ Revalued	land	freehold land	freehold land WIP	and equipment	equipment WIP	and fittings	vehicles	equipment	equipment WIP	Infrastructure Hardware - WIP	Use Assets	
	Balance as at 1 January 2021	35,788,975	38,660,095	896,082	97,583,158	4,453,838	20,600,421	3,501,426	34,992,555	3,516,311	34,934,014	4,082,491	279,009,366
	Additions / (capitalised) during the year	-	914,727	(367,423)	1,835,848	2,266,870	435,169	-	10,904,984	(3,516,311)	11,550,360	-	24,024,224
	Disposals/ transfers during the year	-	-	-	(2,759,574)	-	(510,002)	-	(767,778)	-	-	-	(4,037,354)
	<b>Balance as at 31 December 2021</b>	<b>35,788,975</b>	<b>39,574,822</b>	<b>528,659</b>	<b>96,659,432</b>	<b>6,720,708</b>	<b>20,525,588</b>	<b>3,501,426</b>	<b>45,129,761</b>	<b>-</b>	<b>46,484,374</b>	<b>4,082,491</b>	<b>298,996,236</b>
	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 / (capitalised) during the year	-	56,196	205,036	13,988,016	(6,720,708)	969,913	-	9,530,798	-	-	-	18,029,251
	Disposals/ transfers during the year	-	-	-	(3,661,665)	-	(321,538)	(51,251)	(3,160,098)	-	-	-	(7,194,552)
	<b>Balance as at 31 December 2022</b>	<b>35,788,975</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>46,484,374</b>	<b>4,082,491</b>	<b>309,830,933</b>
<b>Accumulated Depreciation</b>													
	Balance as at 1 January 2021	-	14,272,715	-	83,477,813	-	18,236,018	1,301,638	24,382,424	-	-	408,249	142,078,857
	Depreciation charge for the year	-	1,304,054	-	4,506,683	-	457,753	289,385	4,915,131	-	-	408,249	11,881,255
	Disposals/ transfers during the year	-	-	-	(2,759,574)	-	(496,935)	-	(756,448)	-	-	-	(4,012,957)
	<b>Balance as at 31 December 2021</b>	<b>-</b>	<b>15,576,769</b>	<b>-</b>	<b>85,224,922</b>	<b>-</b>	<b>18,196,836</b>	<b>1,591,023</b>	<b>28,541,107</b>	<b>-</b>	<b>-</b>	<b>816,498</b>	<b>149,947,155</b>
	Balance as at 1 January 2022	-	15,576,769	-	85,224,921	-	18,196,836	1,591,022	28,541,107	-	-	816,498	149,947,153
	Depreciation charge for the year	-	1,320,078	-	6,450,050	-	511,980	288,957	6,374,408	-	-	408,249	15,353,722
	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>16,896,847</b>	<b>-</b>	<b>88,013,306</b>	<b>-</b>	<b>18,392,497</b>	<b>1,828,728</b>	<b>31,755,462</b>	<b>-</b>	<b>-</b>	<b>1,224,747</b>	<b>158,111,587</b>
<b>Carrying amounts</b>													
	As at 1 January 2021	35,788,975	24,387,380	896,082	14,105,345	4,453,838	2,364,403	2,199,788	10,610,131	3,516,311	34,934,014	3,674,242	136,930,509
	As at 31 December 2021	35,788,975	23,998,053	528,659	11,434,510	6,720,708	2,328,752	1,910,403	16,588,654	-	46,484,374	3,265,993	149,049,081
	<b>As at 31 December 2022</b>	<b>35,788,975</b>	<b>22,734,171</b>	<b>733,695</b>	<b>18,972,476</b>	<b>-</b>	<b>2,781,466</b>	<b>1,621,447</b>	<b>19,744,998</b>	<b>-</b>	<b>46,484,374</b>	<b>2,857,744</b>	<b>151,719,346</b>

18.2 As at 31 December 2022, property, plant and equipment includes fully depreciated assets having gross carrying amount of MVR 130,673,630.97 (2021 : MVR 107,110,868).

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 The balance under Buildings on freehold land - WIP relates to expenses that were incurred to design and build a 3 storey storage facility in car parking area, which has not been completed as at 31 December 2022. The balance under Central Payments Infrastructure Hardware - WIP consists of expenses incurred in relation to hardware components of the Maldives Payments Development Project which has not been completed as at 31 December 2022.

18.5 The balance under Right of Use Assets relate to a lease contract between the Authority and Housing Development Corporation (HDC) (related party), details of which are presented under Note 27.4

## Notes to the Financial Statements

Year ended 31 December 2022

(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	Software - Others	Software - Others WIP	Central Payments Infrastructure	Central Payments Infrastructure - WIP	Total
Balance as at 1 January 2021	21,740,581	19,057,862	23,589,046	14,868,187	3,545,183	7,619,525	-	1,506,982	91,927,366
Additions / (capitalised) during the year	-	-	-	810,871	351,641	292,600	69,255	1,441,741	2,966,108
Impairments during the year	-	-	-	-	-	(7,912,125)	-	-	(7,912,125)
<b>Balance as at 31 December 2021</b>	<b>21,740,581</b>	<b>19,057,862</b>	<b>23,589,046</b>	<b>15,679,058</b>	<b>3,896,824</b>	<b>-</b>	<b>69,255</b>	<b>2,948,723</b>	<b>86,981,349</b>
Balance as at 1 January 2022	21,740,581	19,057,862	23,589,046	15,679,058	3,896,824	-	69,255	2,948,723	86,981,349
Additions / (capitalised) during the year	-	153,900	-	-	600,861	929,898	-	1,353,386	3,038,045
Write-offs during the year	-	-	-	-	-	(7,949,013)	-	-	(7,949,013)
Impairments during the year	-	-	-	-	-	7,912,125	-	-	7,912,125
<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>4,497,685</b>	<b>893,010</b>	<b>69,255</b>	<b>4,302,109</b>	<b>89,982,506</b>
<b>Accumulated Amortisation</b>									
Balance as at 1 January 2021	16,161,481	19,057,862	23,047,338	10,598,734	2,564,875	-	-	-	71,430,290
Amortisation charge for the year	2,062,623	-	185,729	1,668,569	398,616	-	577	-	4,316,114
<b>Balance as at 31 December 2021</b>	<b>18,224,104</b>	<b>19,057,862</b>	<b>23,233,067</b>	<b>12,267,303</b>	<b>2,963,491</b>	<b>-</b>	<b>577</b>	<b>-</b>	<b>75,746,404</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>3,598,260</b>	<b>-</b>	<b>7,503</b>	<b>-</b>	<b>78,785,497</b>
<b>Carrying amounts</b>									
As at 1 January 2021	5,579,100	-	541,708	4,269,453	980,308	7,619,525	-	1,506,982	20,497,076
As at 31 December 2021	3,516,477	-	355,979	3,411,755	933,333	-	68,678	2,948,723	11,234,945
<b>As at 31 December 2022</b>	<b>2,479,716</b>	<b>-</b>	<b>170,251</b>	<b>2,390,746</b>	<b>899,425</b>	<b>893,010</b>	<b>61,752</b>	<b>4,302,109</b>	<b>11,197,009</b>

19.2 As at 31 December 2022, intangible assets include fully amortised/impaired assets having gross carrying amount of MVR 72,548,788.34 (2021 : 55,250,363.60).

19.3 The balance under Software Others - WIP represents expenses incurred towards the "Government Securities Market Development Project", which was launched in the year 2017 with the aim of developing the Government Securities Market through automation and by facilitating secondary market trading. This project is carried out under advice from a technical consultant hired by the Authority. The work of issuance of government securities have been transferred to Ministry of Finance (MoF) effective 16 August 2021 and since the carrying amount of the GSMD project as per IAS 36, Impairment of Assets, is higher than the recoverable amount, this project has been considered impaired. Therefore, an impairment provision has been recognized in 2021 and it has been fully written-off during the year 2022.

19.4 The balance under Central Payments Infrastructure - WIP include expenses incurred for the acquisition of software solutions for the Maldives Payments Systems Development Project, which has not been completed as at 31 December 2022.

## Notes to the Financial Statements

Year ended 31 December 2022

(all amounts in Maldivian Rufiyaa unless otherwise stated)

### 20 OTHER ASSETS

	2022	2021
Prepayments and receivables	11,576,865	7,419,656
Deferred employee benefits	137,848	153,433
Deferred replacement cost	9,719,746	15,623,204
	<b>21,434,459</b>	<b>23,196,293</b>

### 21 BALANCES OF COMMERCIAL BANKS

	2022	2021
<b>Foreign currency balances</b>		
Related parties	2,370,834,024	1,914,525,549
Others	3,220,045,539	2,942,665,338
<b>Total foreign currency balances of commercial banks</b>	<b>5,590,879,563</b>	<b>4,857,190,887</b>
<b>Local currency balances</b>		
Related parties	2,269,137,571	2,818,323,468
Others	1,118,810,309	962,939,780
	<b>3,387,947,880</b>	<b>3,781,263,248</b>
Overnight placement deposits		
Related parties	5,732,000,000	5,230,000,000
Others	1,052,000,000	961,000,000
	<b>6,784,000,000</b>	<b>6,191,000,000</b>
<b>Total local currency balances of commercial banks</b>	<b>10,171,947,880</b>	<b>9,972,263,248</b>
<b>Total balances of commercial banks</b>	<b>15,762,827,443</b>	<b>14,829,454,135</b>

- 21.1 In accordance with Section 22(f) of the MMA Act, the Authority acts 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.

Effective 23 April 2020, the MRR was reduced temporarily from 10% to 7.5% of the average local and foreign reserve deposits, excluding interbank deposits of other banks in the Maldives and L/C margin deposits. On 16 July 2020, the MRR for foreign currency deposits was further lowered to 5% to address the dollar liquidity issues faced by the commercial banks due to the impact of COVID-19 pandemic. During June 2021, the MRR for local currency deposits was increased back to 10% and in October 2022 the MRR for foreign currency deposits was increased back to 10%.

- 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 2022 and 31 December 2021, 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 overnight deposit facility profit rate is 1.5% per annum.

### 22 BALANCES OF THE GOVERNMENT AND GOVERNMENT INSTITUTIONS

<b>Related parties</b>		
	2022	2021
<b>Foreign currency deposits</b>		
MOF and Government institutions	576,865,705	261,971,286
	<b>576,865,705</b>	<b>261,971,286</b>
<b>Local currency deposits</b>		
MOF and Government institutions	1,842,388,272	1,222,181,401
	<b>1,842,388,272</b>	<b>1,222,181,401</b>
<b>Total balances of the Government and Government institutions</b>	<b>2,419,253,977</b>	<b>1,484,152,687</b>

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Year ended 31 December 2022

(all amounts in Maldivian Rufiyaa unless otherwise stated)

### 23 ASIAN CLEARING UNION

#### 23.1 Payable to Asian Clearing Union

	2022	2021
ACU Dollar balances	732,270,000	528,831,180
Accrued charges	2,789,638	48,153
	<b>735,059,638</b>	<b>528,879,333</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 0.10% and 4.09% in 2022. Above balance represents the amounts due to ACU as at the reporting date.

### 24 IMF RELATED LIABILITIES

	2022	2021
IMF Securities Account (Note 24.1)	331,339,658	348,073,086
IMF No. 1 Account (Note 24.2)	4,840,953	5,085,433
IMF No. 2 Account (Note 24.3)	6,049	6,354
Allocation of SDR (Note 24.4)	157,698,478	603,329,042
Charges payable on SDR allocation (Note 24.5)	723,894	55,249
	<b>494,609,032</b>	<b>956,549,164</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 2022 by IMF.

	2022	2021
Balance as at 1 January	348,073,086	358,659,343
Exchange rate effect on IMF Securities account	(16,733,428)	(10,586,257)
<b>Balance as at 31 December</b>	<b>331,339,658</b>	<b>348,073,086</b>

## Notes to the Financial Statements

**Year ended 31 December 2022**

(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 on 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 2022	Total 2021
Balance as at 1 January	7,665,210	75,443,059	83,108,269	87,734,627
Repayments during the year	(387,974)	(1,578,005)	(1,965,979)	(2,084,519)
Effects of exchange rates	(374,944)	(3,593,314)	(3,968,258)	(2,541,839)
<b>Balance as at 31 December</b>	<b>6,902,292</b>	<b>70,271,740</b>	<b>77,174,032</b>	<b>83,108,269</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 is repayable in 48 equal semi-annual instalments. The first instalment was paid on 15 November 2016 and the last instalment falls due on 15 May 2040. Interest is charged 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 SDR 125,034.52 has been repaid by the Authority.



## Notes to the Financial Statements

Year ended 31 December 2022

(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 3,427,221.05.

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

	2022	2021
<b>Foreign currency deposits</b>		
Multilateral Investment Guarantee Agency	833,140	832,599
<b>Balance as at 31 December</b>	<b>833,140</b>	<b>832,599</b>

	2022	2021
<b>Local currency deposits</b>		
International Development Association	8,407,223	348,008
International Bank for Reconstruction and Development	1,434,362	8,575,332
Asian Development Bank	348,008	1,434,362
Multilateral Investment Guarantee Agency	172,444	172,444
<b>Balance as at 31 December</b>	<b>10,362,037</b>	<b>10,530,146</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 2022

(all amounts in Maldivian Rufiyaa unless otherwise stated)

### 27 OTHER LIABILITIES

	2022	2021
<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	15,068,032
Accrued charges and other payables	178,853,666	387,568,783
Commercial banks human resource development deposits	798,414	797,896
Other deposits	299,354	299,160
	<b>1,736,538,275</b>	<b>403,733,871</b>
	<b>2022</b>	<b>2021</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)	8,208,300	9,443,983
Accrued charges and other payables	16,794,402	5,636,587
Lease liabilities (Note 27.4)	3,380,111	3,707,790
Bank of Credit and Commerce International (BCCI)	2,778,102	2,778,102
Commercial banks human resource development deposits	367,316	576,601
Expected credit losses - provision on guarantee	135,760	105,662
	<b>124,384,012</b>	<b>114,968,746</b>

#### 27.1 Payables to other central banks

These are payables recorded under a currency swap agreement entered between the Authority and Reserve Bank of India on 8 December 2022. This swap facility will allow the Authority to withdraw up to USD 200 million from Reserve Bank of India. On 27 December 2022, the Authority has drawn USD 100 million under this agreement for a period of six months, with maturity on 27 June 2023. As at the reporting date, USD 97,988.22 was accrued as interest payable under this arrangement.

#### 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 2022.

## Notes to the Financial Statements

### Year ended 31 December 2022

(all amounts in Maldivian Rufiyaa unless otherwise stated)

#### 27 OTHER LIABILITIES (CONTINUED)

##### 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 have 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 terminated effective from 1 February 2021.

##### 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

	2022	2021
Interest expense on lease liability	193,411	210,190
Depreciation of Right of Use Asset	408,249	408,249

##### 27.4.3 Amounts recognised in the Statement of Cash flows

	2022	2021
Total cash out flow from the lease	521,090	492,034

##### 27.4.4 Lease Liability

	2022	2021
Balance as at 1 January	3,707,790	3,989,634
Interest charges during the year	193,411	210,190
Lease payments during the year	(521,090)	(492,034)
<b>Balance as at 31 December</b>	<b>3,380,111</b>	<b>3,707,790</b>

##### 27.4.5 Remaining term to maturity

	Contractual outflows		Carrying value	
	2022	2021	2022	2021
Within one year	550,149	521,091	376,102	327,680
Two to five years	2,322,687	2,291,676	1,865,684	1,735,771
Six to ten years	1,201,376	1,782,537	1,138,325	1,644,339
	<b>4,074,213</b>	<b>4,595,304</b>	<b>3,380,111</b>	<b>3,707,790</b>

## Notes to the Financial Statements

### Year ended 31 December 2022

(all amounts in Maldivian Rufiyaa unless otherwise stated)

#### 28 DEFERRED GRANTS

##### 28.1 The movement of deferred grants - foreign currency financial liabilities

	2022	2021
Balance as at 1 January	661,077	661,937
Grants received during the year	73,346	-
Recognised in the statement of comprehensive income	(734,423)	-
Effects of exchange rates	-	(860)
<b>Balance as at 31 December</b>	<b>-</b>	<b>661,077</b>

**28.1.1** The Authority has received a cash grant from Alliance for Financial Inclusion under the agreement for National Financial Inclusion Strategy of Maldives. As at 31 December 2022, Grant value of USD 47,727 has been fully utilised, and the corresponding income has been recognized in the statement of comprehensive income.

##### 28.2 The movement of deferred grants - Other liabilities

	2022	2021
Balance as at 1 January	4,284,094	6,238,228
Recognised in the statement of comprehensive income	(1,262,260)	(1,954,134)
<b>Balance as at 31 December</b>	<b>3,021,834</b>	<b>4,284,094</b>

**28.2.2** 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 72,232.73 was released to the statement of comprehensive income, which is consistent with the amortisation policy on software.

**28.2.3** 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.

## Notes to the Financial Statements

**Year ended 31 December 2022**

(all amounts in Maldivian Rufiyaa unless otherwise stated)

### 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

		2022	2021
<b>Coins</b>			
1	Laari	97,857	97,356
2	Laari	49,656	49,656
5	Laari	556,317	555,308
10	Laari	690,310	687,379
25	Laari	3,701,157	3,607,008
50	Laari	8,012,472	7,826,410
1	Rufiyaa	39,444,061	37,696,261
2	Rufiyaa	27,287,322	26,614,988
		<b>79,839,152</b>	<b>77,134,366</b>
<b>Notes</b>			
5	Rufiyaa	20,747,935	18,911,230
10	Rufiyaa	31,701,770	29,270,110
20	Rufiyaa	46,901,300	43,676,700
50	Rufiyaa	50,932,400	49,782,600
100	Rufiyaa	284,683,300	276,033,300
500	Rufiyaa	3,002,440,500	3,066,309,500
1000	Rufiyaa	209,031,000	229,563,000
		<b>3,646,438,205</b>	<b>3,713,546,440</b>
<b>Total net currency in circulation</b>		<b>3,726,277,357</b>	<b>3,790,680,806</b>

- 29.2 Currency in circulation shown above are after deducting the Authority's holding of Rufiyaa notes and coins amounting to MVR 856,150,702 and MVR 873,926,134 as at 31 December 2022 and 2021 respectively.

## Notes to the Financial Statements

Year ended 31 December 2022

(all amounts in Maldivian Rufiyaa unless otherwise stated)

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

	2022	2021
<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	-
Others	1,250,000	200,000
<b>Balance as at 31 December</b>	<b>1,500,000</b>	<b>200,000</b>
<b>Grand total</b>	<b>14,792,176</b>	<b>13,492,176</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

	2022	2021
Deposit insurance fund	191,136	100,847
	<b>191,136</b>	<b>100,847</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 39,392,891 in Government treasury bills during 2022. Discount received on Government treasury bill upon maturity of the investment is added to the balance of the fund.

## Notes to the Financial Statements

Year ended 31 December 2022

(all amounts in Maldivian Rufiyaa unless otherwise stated)

### 32 PENSION AND OTHER EMPLOYMENT BENEFITS PAYABLE

	2022	2021
Pre- Maldives Pension Act 8/2009 Pensions (Note 32.1)	3,793,030	4,121,112
Retirement gratuity obligation (Note 32.2)	26,966,347	26,621,581
	<b>30,759,377</b>	<b>30,742,693</b>

#### 32.1 Pre- Maldives Pension Act 8/2009 Pensions

	2022	2021
Opening balances	3,497,046	3,851,431
Less: payments during the year	(526,474)	(531,550)
Add: winding of interest	161,614	177,165
<b>Present value of pension obligation</b>	<b>3,132,186</b>	<b>3,497,046</b>
Employee and employer pension contribution payable	660,844	624,066
<b>Balance as at 31 December</b>	<b>3,793,030</b>	<b>4,121,112</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:

- 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.
- 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.
- The principal assumptions used in determining employee benefit obligations for Pre- Maldives Pension Act 8/2009 Pensions plan are shown below:

	2022	2021
Nominal value of the benefit obligation	3,856,229	4,381,954
Present value of the benefit obligation	3,132,186	3,497,046
Unrecognised interest component	724,043	884,907
Discount rate: 364 day treasury bill rate	4.60%	4.60%
Number of employees in the scheme	10	11
Average remaining years of service	6.55	7.45
Retirement age	65	65



## Notes to the Financial Statements

Year ended 31 December 2022

(all amounts in Maldivian Rufiyaa unless otherwise stated)

### 32 PENSION AND OTHER EMPLOYMENT BENEFITS PAYABLE (CONTINUED)

#### 32.2 Retirement gratuity obligation

	2022	2021
Balance as at 1 January	26,621,581	22,447,493
Charge for the year	1,406,355	1,648,795
Interest for the year	1,375,277	1,188,322
Re-measurement gain / (loss) for the year	(1,875,453)	1,336,971
Less: Payments during the year	(561,413)	-
<b>Present value as at 31 December</b>	<b>26,966,347</b>	<b>26,621,581</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.
- 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 following assumptions and data were used in valuing the defined benefit obligation:

	2022	2021
Discount rate	5.50%	5.50%
Staff turnover rate	6.28%	8.00%
Expected salary increment	4.06%	4.31%
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 2022		31 December 2021	
	Increase	Decrease	Increase	Decrease
Discount rate	(2,505,994)	2,827,521	(2,183,709)	2,425,486
Staff turnover rate	309,378	(351,172)	202,464	(229,301)
Expected salary increment	2,840,103	(2,561,772)	2,430,098	(2,227,584)
Retiring age	(128,004)	137,562	(81,577)	82,267

## Notes to the Financial Statements

**Year ended 31 December 2022**

(all amounts in Maldivian Rufiyaa unless otherwise stated)

### **33 EQUITY AND RESERVES**

#### **33.1 Capital**

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

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

#### **33.2 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 2022, MVR 105,756,825 (2021: MVR 88,071,794) was transferred to General Reserve from the Authority's net profit for the year 2021.

#### **33.3 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.

#### **33.4 FVOCI Reserve**

FVOCI Reserve comprises of unrealized gains and losses arising from the valuation of investments 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.

#### **33.5 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.

#### **33.6 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 2022

(all amounts in Maldivian Rufiyaa unless otherwise stated)

### 34 FOREIGN CURRENCY INCOME AND EXPENSES

#### 34.1 Interest income on foreign currency financial assets

	2022	2021
Interest on overnight placements	9,154,427	79,030
Receipts on SDR holdings	1,571,196	125,343
Interest on fixed deposit	94,616,449	44,350,892
Interest income from investments in fixed income securities	26,901,663	21,982,193
Interest from external asset management	21,225,233	18,828,842
	<b>153,468,968</b>	<b>85,366,300</b>

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

#### 34.2 Interest expense on foreign currency financial liabilities

	2022	2021
Interest on reserve deposits	157,735	108,405
Charges on SDR allocations	3,245,245	177,473
Currency swap charges	1,509,019	88,014,875
	<b>4,911,999</b>	<b>88,300,753</b>

### 35 LOCAL CURRENCY INCOME AND EXPENSES

#### 35.1 Interest income on local currency financial assets

	2022	2021
Interest on Government treasury bonds	192,328,367	143,399,280
Discounts on Government treasury bills	3,541,133	3,337,108
Interest on Advances to Government	42,718,824	-
Other interest income	338,497	192,515
	<b>238,926,821</b>	<b>146,928,903</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.

#### 35.2 Profit from local currency financial assets

	2022	2021
Profit from investments held at local banks - related parties	492,111	593,053
	<b>492,111</b>	<b>593,053</b>

#### 35.3 Interest expense on local currency financial liabilities

	2022	2021
Interest on reserve deposits	21,398,440	16,268,891
Interest on overnight deposit facility	89,691,082	67,633,603
Interest on security deposits of insurance companies and payment service providers	140,595	135,748
	<b>111,230,117</b>	<b>84,038,242</b>

#### 35.4 Local Currency Profit Remuneration

	2022	2021
Profit Remuneration on Commodity Murabahah Overnight Deposit Facility	691,973	-
	<b>691,973</b>	<b>-</b>

## Notes to the Financial Statements

Year ended 31 December 2022

(all amounts in Maldivian Rufiyaa unless otherwise stated)

### 36 OTHER INCOME

	2022	2021
Commissions received	20,204,626	15,028,196
Bank charges received	1,340,602	1,055,576
Annual and Application fees from financial institutions	4,455,716	3,939,000
Profit on sale of commemorative coins and notes	897,162	103,537
Profit on sale of currency notes and coins	665,481	65,988
Income from credit information services	10,641,450	8,390,900
Miscellaneous income	4,017,164	144,873,988
	<b>42,222,201</b>	<b>173,457,185</b>

### 37 PERSONNEL EXPENSES

	2022	2021
Salaries and wages	90,881,347	78,117,506
Defined contribution costs	3,818,664	3,661,932
Defined benefit plan	2,781,632	2,837,117
Remuneration to the board and shariah council members	693,581	860,258
	<b>98,175,224</b>	<b>85,476,813</b>

### 38 ADMINISTRATION EXPENSES

	2022	2021
Remuneration charges for SDF rufiyaa custody account	19,750,506	2,822,843
Notes and coins related expenses	17,543,444	10,836,729
Software license renewal and maintenance	13,698,162	10,516,042
Staff development expenses	10,896,676	2,943,755
Payment charges	7,878,954	1,330,152
Expert expenses	5,932,309	2,972,800
Utility charges	3,816,270	3,530,177
Staff expenses	3,536,042	3,470,820
Communication expenses	3,405,000	1,953,280
Other administrative expenses	3,252,288	1,971,689
Asset management and custody fees	2,985,168	2,804,869
Maintenance expenses	2,788,902	2,955,237
Charges on import of banknotes	2,699,244	-
Memberships, subscriptions and reference materials	2,613,296	2,514,658
Services fees to Reserve Advisory and Management Program	2,464,225	2,309,250
Audit fees	1,354,779	1,044,323
Public outreach expenses	1,243,525	240,444
Insurance	758,251	582,819
Development activities and project expenses	645,158	862,516
Interest expense on lease liability	193,411	210,190
	<b>107,455,610</b>	<b>55,872,593</b>

## Notes to the Financial Statements

Year ended 31 December 2022

(all amounts in Maldivian Rufiyaa unless otherwise stated)

### 39 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. The Authority recorded a net distributable loss of MVR 35,948,963 for the year 2021. Hence, no transfer was made during 2022 to the Government (2021: MVR 20,000,000).

	2022	2021
Profit for the year per MMA Act	155,299,770	105,756,825
Less: Demonetisation Income	-	(141,705,788)
<b>Distributable Profit/ (loss)</b>	<b>155,299,770</b>	<b>(35,948,963)</b>

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

	2022	2021
<b>Total comprehensive income</b>	<b>18,878,004</b>	<b>73,626,059</b>
<b>Add/(subtract) non-cash items:</b>		
Depreciation, amortisation and impairment	18,429,703	24,109,494
Revaluation (gain) / loss on gold and silver	(310,452)	2,558,333
Revaluation loss / (gain) on foreign exchange	19,288,741	(9,197,726)
Other income	-	(141,705,788)
Re-measurement (loss) / gain from defined benefit plan	(1,875,453)	1,336,971
Net unrealised loss from securities at FVOCI	119,318,930	37,433,188
Expected credit loss allowance	(1,410,811)	283,079
<b>Add/(subtract) movements in other working capital items:</b>		
Decrease in interest receivable	(34,583,175)	18,063,308
Increase in other receivables	(82,818,376)	(42,001,592)
Increase in interest payable	3,691,876	1,219,486
Increase in other payables	11,727,534	12,142,036
<b>Net cash flow generated from / (used in) operating activities</b>	<b>70,336,521</b>	<b>(22,133,152)</b>

### 41 CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS

	2022	2021
Foreign currency cash in hand	13,300,753	21,612,412
Balances with other central banks	46,715,573	44,149,779
Balances with other foreign banks	175,047,537	19,241,573
Balances with external asset manager	37,892,213	11,047,220
Balances with local banks - related parties	48,398,891	47,261,202
Money at overnight placements with other central banks	1,238,160,000	646,380,000
Investment in fixed deposits		
: with maturities of 3 months or less	4,482,170,000	7,385,661,000
<b>Cash and cash equivalent as at the end of the year</b>	<b>6,041,684,967</b>	<b>8,175,353,186</b>

## Notes to the Financial Statements

Year ended 31 December 2022

(all amounts in Maldivian Rufiyaa unless otherwise stated)

### 42 CONCENTRATIONS OF FUNDING

The Authority's year-end significant concentrations of funding were 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 2022

(all amounts in Maldivian Rufiyaa unless otherwise stated)

### 42 CONCENTRATIONS OF FUNDING (CONTINUED)

Comparative figures as at 31 December 2021 are as follows:

As at 31 December 2021	2021 Total	Government of Maldives	Commercial banks	Supranational financial institutions	Others
<b>Foreign currency financial liabilities</b>					
Balances of commercial banks	4,857,190,887	-	4,857,190,887	-	-
Balances of the Government and Government institutions	261,971,286	261,971,286	-	-	-
Payable to Asian Clearing Union	528,879,333	-	-	528,879,333	-
IMF related liabilities	956,549,164	-	-	956,549,164	-
Interest bearing loans	83,108,269	83,108,269	-	-	-
Deposits of international financial institutions	832,599	-	-	832,599	-
Other liabilities	403,733,871	386,229,590	932,429	-	16,571,852
Deferred grants	661,077	-	-	-	661,077
<b>Total foreign currency financial liabilities</b>	<b>7,092,926,486</b>	<b>731,309,145</b>	<b>4,858,123,316</b>	<b>1,486,261,096</b>	<b>17,232,929</b>
<b>Local currency financial liabilities</b>					
Balances of commercial banks	9,972,263,248	-	9,972,263,248	-	-
Balances of the Government and Government institutions	1,222,181,401	1,222,181,401	-	-	-
Currency in circulation	3,790,680,806	-	-	-	3,790,680,806
Balances of insurance companies and payment service providers	13,492,176	-	-	-	13,492,176
Deposits of international financial institutions	10,530,146	-	-	10,530,146	-
Deposit insurance fund	100,847	-	100,847	-	-
Other liabilities	114,968,746	93,763,521	1,339,875	-	19,865,350
<b>Total local currency financial liabilities</b>	<b>15,124,217,370</b>	<b>1,315,944,922</b>	<b>9,973,703,970</b>	<b>10,530,146</b>	<b>3,824,038,332</b>
<b>Total financial liabilities</b>	<b>22,217,143,856</b>	<b>2,047,254,067</b>	<b>14,831,827,286</b>	<b>1,496,791,242</b>	<b>3,841,271,261</b>
<b>Other liabilities</b>					
Deferred grants	4,284,094	-	-	-	4,284,094
Pension and other employment benefit payable	30,742,693	-	-	-	30,742,693
<b>Total other liabilities</b>	<b>35,026,787</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35,026,787</b>
<b>Total Liabilities</b>	<b>22,252,170,643</b>	<b>2,047,254,067</b>	<b>14,831,827,286</b>	<b>1,496,791,242</b>	<b>3,876,298,048</b>



## Notes to the Financial Statements

Year ended 31 December 2022

(all amounts in Maldivian Rufiyaa unless otherwise stated)

### 43 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 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	143,290,432	3,418,202,658	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>143,290,432</b>	<b>3,418,202,658</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>143,290,432</b>	<b>3,418,202,658</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 2022

(all amounts in Maldivian Rufiyaa unless otherwise stated)

### 43 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 2021	Note	FVPL	FVOCI	Amortised Cost	Total carrying amount
<b>Foreign currency financial assets</b>					
Cash and balances with banks	7	-	-	9,979,478,253	9,979,478,253
IMF related assets	8	-	-	497,533,458	497,533,458
Investments in Securities	9	-	2,414,856,576	26,486,939	2,441,343,515
Subscriptions to international agencies	10	-	-	832,599	832,599
Interest and other receivables	11	-	-	13,806,789	13,806,789
<b>Total foreign currency financial assets</b>			<b>2,414,856,576</b>	<b>10,518,138,038</b>	<b>12,932,994,614</b>
<b>Local currency financial assets</b>					
Cash and balances with banks	7	-	-	47,202,331	47,202,331
Subscriptions to international agencies	10	-	-	8,264,330	8,264,330
Investments in securities	9	-	-	62,077,519	62,077,519
Investment in Government treasury bonds	12	-	-	5,933,096,664	5,933,096,664
Advances to Government	13	-	-	3,689,886,157	3,689,886,157
Short term loans	14	-	-	1,362,264	1,362,264
Long term loans	15	-	-	49,006	49,006
Interest and other receivables	11	-	-	665,760	665,760
<b>Total local currency financial assets</b>			<b>-</b>	<b>9,742,604,031</b>	<b>9,742,604,031</b>
<b>Total financial assets</b>			<b>2,414,856,576</b>	<b>20,260,742,069</b>	<b>22,675,598,645</b>
<b>Foreign currency financial liabilities</b>					
Balances of commercial banks	21	-	-	4,857,190,887	4,857,190,887
Balances of the Government and Government institutions	22	-	-	261,971,286	261,971,286
Payable to Asian Clearing Union	23	-	-	528,879,333	528,879,333
IMF related liabilities	24	-	-	956,549,164	956,549,164
Interest bearing loans	25	-	-	83,108,269	83,108,269
Deposits of international financial institutions	26	-	-	832,599	832,599
Other liabilities	27	-	-	403,733,871	403,733,871
Deferred grants	28	-	-	661,077	661,077
<b>Total foreign currency financial liabilities</b>			<b>-</b>	<b>7,092,926,486</b>	<b>7,092,926,486</b>
<b>Local currency financial liabilities</b>					
Balances of commercial banks	21	-	-	9,972,263,248	9,972,263,248
Balances of the Government and Government institutions	22	-	-	1,222,181,401	1,222,181,401
Currency in circulation	29	-	-	3,790,680,806	3,790,680,806
Balances of insurance companies and payment service providers	30	-	-	13,492,176	13,492,176
Deposits of international financial institutions	26	-	-	10,530,146	10,530,146
Deposit insurance fund	31	-	-	100,847	100,847
Other liabilities	27	-	-	114,968,746	114,968,746
<b>Total local currency financial liabilities</b>			<b>-</b>	<b>15,124,217,370</b>	<b>15,124,217,370</b>
<b>Total financial liabilities</b>			<b>-</b>	<b>22,217,143,856</b>	<b>22,217,143,856</b>

## Notes to the Financial Statements

**Year ended 31 December 2022**

(all amounts in Maldivian Rufiyaa unless otherwise stated)

### **44 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 44.1.1.

#### **44.1 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.

## Notes to the Financial Statements

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### **44 FINANCIAL RISK MANAGEMENT (CONTINUED)**

#### **44.1 Credit risk (Continued)**

##### **44.1.1 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.

Credit risk and liquidity risk are closely linked to the investment strategy of the Authority whereby the Authority's investment strategy prioritises capital maintenance over return. The Authority reviews the counterparty's eligibility on a frequent basis for any material change in the financial standing.

###### **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 2022, 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 2022. As per IFRS 9, the Authority has assessed the credit risk of these financial guarantees.

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(all amounts in Maldivian Rufiyaa unless otherwise stated)

### 44 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 44.1 Credit risk (Continued)

##### 44.1.1 Credit risk measurement (Continued)

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 2022 and 31 December 2021.

	2022	2021
<b>Foreign currency financial assets</b>		
Cash and balances with banks	9,074,877,127	9,982,638,002
IMF related assets	470,848,361	497,533,458
Investment in securities		
at amortised cost	29,454,031	26,486,939
at FVOCI	3,418,202,657	2,414,856,576
at FVPL	143,290,433	-
Subscriptions to international agencies	833,140	832,599
Interest and other receivables	43,923,988	13,809,888
<b>Local currency financial assets</b>		
Cash and balances with banks	48,347,840	47,210,184
Subscriptions to international agencies	8,264,330	8,264,330
Investments in securities	71,706,822	62,079,999
Investment in Government treasury bonds	8,321,741,391	5,933,096,664
Advances to Government	3,942,570,726	3,689,886,157
Short term loans	1,400,338	1,362,264
Long term loans	40,164	49,006
Interest and other receivables	5,786,934	665,871
<b>Total</b>	<b>25,581,288,282</b>	<b>22,678,771,937</b>

##### 44.1.2 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 44.1.2.1 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 44.1.2.2 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 44.1.2.3 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 43.1.2.4 includes an explanation of how the Authority has incorporated this in its ECL models.

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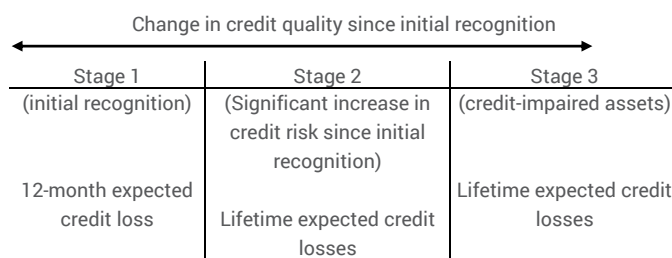
### 44 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 44.1 Credit risk (Continued)

##### 44.1.2 Expected Credit loss measurement (Continued)

- Purchased or Originated Credit-Impaired (POCI) financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (stage 3). The Authority currently has no such assets.

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



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

##### 44.1.2.1 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

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### **44 FINANCIAL RISK MANAGEMENT (CONTINUED)**

#### **44.1 Credit risk (Continued)**

##### **44.1.2 Expected Credit loss measurement (Continued)**

##### **44.1.2.1 Significant increase in credit risk (SICR) (Continued)**

- 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 by 30 calendar days or more.

##### **44.1.2.2 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

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(all amounts in Maldivian Rufiyaa unless otherwise stated)

### 44 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 44.1 Credit risk (Continued)

##### 44.1.2 Expected Credit loss measurement (Continued)

##### 44.1.2.3 Measuring ECL - Explanation of inputs, assumptions and estimation techniques

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

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

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

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

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

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

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

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### 44 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 44.1 Credit risk (Continued)

##### 44.1.2 Expected Credit loss measurement (Continued)

##### 44.1.2.3 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 44.1.2.4 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.

##### 44.1.2.4 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 variable are incorporated in the determination of the PD through respective rating in transition matrices published by external rating agencies.

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

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### 44 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 44.1 Credit risk (Continued)

##### 44.1.3 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						
2022						2021
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	1,402,645,052	-	-	-	1,402,645,052	668,624,007
Rated AA- to AA+	255,103,196	-	-	-	255,103,196	29,100,018
Rated A- to A+	7,445,211,894	-	-	-	7,445,211,894	9,121,396,749
Rated B- to B+	47,484	-	-	-	47,484	457,078
PD Negligible	514,529,396	-	-	-	514,529,396	546,465,407
Floor Rate	2,399,625	-	-	-	2,399,625	155,257,627
<b>Gross carrying amount</b>	<b>9,619,936,647</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,619,936,647</b>	<b>10,521,300,886</b>
Loss allowance	(1,772,773)	-	-	-	(1,772,773)	(3,162,848)
<b>Carrying amount</b>	<b>9,618,163,874</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,618,163,874</b>	<b>10,518,138,038</b>
<b>At FVOCI</b>						
Rated AAA	169,612,366	-	-	-	169,612,366	140,910,517
Rated AA- to AA+	2,262,627,363	-	-	-	2,262,627,363	1,104,375,549
Rated A- to A+	985,962,928	-	-	-	985,962,928	1,107,649,153
Rated B- to B+	-	-	-	-	-	61,921,357
Floor Rate	-	-	-	-	-	-
<b>Gross carrying amount</b>	<b>3,418,202,657</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,418,202,657</b>	<b>2,414,856,576</b>
Loss allowance	(360,904)	-	-	-	(360,904)	(411,946)
<b>At FVPL</b>						
Rated AAA	-	-	-	-	-	-
Rated AA- to AA+	-	-	-	-	-	-
Rated A- to A+	-	-	-	-	-	-
Rated B- to B+	-	-	-	-	-	-
Floor Rate	-	-	-	-	-	-
PD Negligible	143,290,433	-	-	-	143,290,433	-
Loss allowance	-	-	-	-	-	-
<b>Total</b>	<b>13,179,656,964</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,179,656,964</b>	<b>-</b>
<b>Local currency financial assets</b>						
2022						2021
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	64,037,580	-	-	-	64,037,580	62,783,807
Standard Monitoring	-	-	-	-	-	-
PD Negligible	12,335,820,965	-	-	-	12,335,820,965	9,679,830,668
<b>Gross carrying amount</b>	<b>12,399,858,545</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,399,858,545</b>	<b>9,742,614,475</b>
Loss allowance	(10,653)	-	-	-	(10,653)	(10,444)
<b>Carrying amount</b>	<b>12,399,847,892</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,399,847,892</b>	<b>9,742,604,031</b>
<b>Guarantees</b>						
2022						2021
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>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Loss allowance	(135,759)	-	-	-	(135,759)	(105,662)
<b>Carrying amount</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Information on how the Expected Credit Loss (ECL) is measured and how the three stages above are determined is included in note 44.1.2 'Expected credit loss measurement'.

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#### 44 FINANCIAL RISK MANAGEMENT (CONTINUED)

##### 44.1 Credit risk (Continued)

##### 44.1.4 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 44.1.2.

Foreign currency financial assets					
	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 2021	3,127,322	-	-	-	3,127,322
Changes in PDs/LGDs/EADs	32,427	-	-	-	32,427
<b>Loss allowance as at 31 December 2021</b>	<b>3,159,749</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,159,749</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>
<b>Investment in securities at FVOCI</b>					
Loss allowance as at 1 January 2021	202,435	-	-	-	202,435
Changes in PDs/LGDs/EADs	209,511	-	-	-	209,511
<b>Loss allowance as at 31 December 2021</b>	<b>411,946</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>411,946</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>
<b>Interest and other receivables</b>					
Loss allowance as at 1 January 2021	6,295	-	-	-	6,295
Changes in PDs/LGDs/EADs	(3,196)	-	-	-	(3,196)
<b>Loss allowance as at 31 December 2021</b>	<b>3,099</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,099</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>
Local currency financial assets					
	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 2021	8,401	-	-	-	8,401
Changes in PDs/LGDs/EADs	(548)	-	-	-	(548)
<b>Loss allowance as at 31 December 2021</b>	<b>7,853</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,853</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>
<b>Investment in securities</b>					
Loss allowance as at 1 January 2021	1,981	-	-	-	1,981
Changes in PDs/LGDs/EADs	499	-	-	-	499
<b>Loss allowance as at 31 December 2021</b>	<b>2,480</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,480</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>

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### 44 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 44.1 Credit risk (Continued)

##### 44.1.4 Loss allowance (Continued)

Local currency financial assets					
	Stage 1	Stage 2	Stage 3	Purchased credit-impaired	Total
	12-month ECL	Lifetime ECL	Lifetime ECL		
<b>Interest and other receivables</b>					
Loss allowance as at 1 January 2021	214	-	-	-	214
Changes in PDs/LGDs/EADs	(103)	-	-	-	(103)
<b>Loss allowance as at 31 December 2021</b>	<b>111</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>111</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>

Guarantees					
	Stage 1	Stage 2	Stage 3	Purchased credit-impaired	Total
	12-month ECL	Lifetime ECL	Lifetime ECL		
<b>Financial Guarantees</b>					
Loss allowance as at 1 January 2021	61,173	-	-	-	61,173
Changes in PDs/LGDs/EADs	44,489	-	-	-	44,489
<b>Loss allowance as at 31 December 2021</b>	<b>105,662</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>105,662</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>

#### Net Impairment loss on financial instruments

The following tables shows the expected credit loss on Authority's financial assets and guarantees. During the year 2022, no financial assets were impaired.

As at 31 December 2021	Stage 1	Stage 2	Stage 3	Purchased credit-impaired	Total
	12-month ECL	Lifetime ECL	Lifetime ECL		
<b>Loss allowance recognised for the year</b>	<b>283,079</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>283,079</b>
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>

## Notes to the Financial Statements

Year ended 31 December 2022

(all amounts in Maldivian Rufiyaa unless otherwise stated)

### 44 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 44.1 Credit risk (Continued)

##### 44.1.5 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 2022.

##### 44.1.6 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.

##### 44.1.7 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.

## Notes to the Financial Statements

Year ended 31 December 2022

(all amounts in Maldivian Rufiyaa unless otherwise stated)

### 44 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 44.2 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:

	2022	2021
Maldives	12,421,192,408	9,915,111,925
United States of America	3,197,474,095	1,257,569,659
Qatar	3,095,520,980	2,514,812,869
France	1,936,722,856	1,200,835,181
Netherlands	1,823,445,373	1,974,444,315
Supranational financial institutions	875,824,075	726,454,049
China	613,981,931	2,648,607,213
United Arab Emirates	485,401,659	1,328,063,026
Singapore	443,763,120	60,650,569
Saudi Arabia	363,746,500	386,402,030
Japan	83,284,256	97,091,932
South Korea	70,305,640	105,282,317
Canada	57,552,523	291,873,671
United Kingdom	42,215,671	30,661,475
Germany	41,936,079	63,781,847
Sweden	7,773,555	7,794,037
New Zealand	4,380,970	-
Finland	3,067,349	-
Australia	226,394	931,782
Luxembourg	172,095	-
Kuwait	-	46,791,628
Expected credit losses	(1,783,426)	(3,173,292)
<b>Total financial assets (except foreign cash in hand)</b>	<b>25,566,204,103</b>	<b>22,653,986,233</b>

## Notes to the Financial Statements

Year ended 31 December 2022

(all amounts in Maldivian Rufiyaa unless otherwise stated)

### 44 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 44.3 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.

#### 44.4 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 44.6) 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.

#### 44.5 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.

#### 44.6 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.

	2022	2021
<b>Potential loss of interest income</b>	<b>5,738,296</b>	<b>4,262,283</b>



## Notes to the Financial Statements

Year ended 31 December 2022

(all amounts in Maldivian Rufiyaa unless otherwise stated)

### 44 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 44.6 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 %	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>-</b>	<b>-</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>-</b>	<b>-</b>	<b>-</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>-</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>-</b>	<b>-</b>	<b>-</b>	<b>-</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>-</b>	<b>(157,698,478)</b>

## Notes to the Financial Statements

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(all amounts in Maldivian Rufiyaa unless otherwise stated)

### 44 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 44.6 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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### 44 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 44.6 Interest rate risk (Continued)

Comparative figures as at 31 December 2021 were as follows:

Foreign currency interest rate sensitivity gap	Weighted Ave. int. rate %	2021 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	0.04%	674,353,746	674,353,746	-	-	-	-	-
IMF related assets	0.08%	40,877,857	40,877,857	-	-	-	-	-
Investments in securities	1.02%	2,414,856,576	407,803,098	108,331,371	565,558,005	1,333,164,102	-	-
<b>Total interest sensitive foreign currency financial assets</b>		<b>3,130,088,179</b>	<b>1,123,034,701</b>	<b>108,331,371</b>	<b>565,558,005</b>	<b>1,333,164,102</b>	<b>-</b>	<b>-</b>
<b>Non-interest sensitive foreign currency financial assets</b>								
Cash and balances with banks		9,305,124,507	9,305,124,507	-	-	-	-	-
IMF related assets		456,655,601	18,201	-	-	-	-	456,637,400
Investments in securities		26,486,939	17,657,959	8,828,980	-	-	-	-
Subscriptions to international agencies		832,599	-	-	-	-	-	832,599
Interest and other receivables		13,806,789	13,806,789	-	-	-	-	-
<b>Total non-interest sensitive foreign currency financial assets</b>		<b>9,802,906,435</b>	<b>9,336,607,456</b>	<b>8,828,980</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>457,469,999</b>
<b>Total foreign currency financial assets</b>		<b>12,932,994,614</b>	<b>10,459,642,157</b>	<b>117,160,351</b>	<b>565,558,005</b>	<b>1,333,164,102</b>	<b>-</b>	<b>457,469,999</b>
<b>Interest sensitive foreign currency financial liabilities</b>								
IMF related liabilities	0.08%	603,329,042	-	-	-	-	-	603,329,042
Payables to Asian Clearing Union	0.10%	528,831,180	528,831,180	-	-	-	-	-
<b>Total interest sensitive foreign currency financial liabilities</b>		<b>1,132,160,222</b>	<b>528,831,180</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>603,329,042</b>
<b>Non-interest sensitive foreign currency financial liabilities</b>								
Balances of commercial banks	0.01%	4,857,190,887	4,857,190,887	-	-	-	-	-
Balances of the Government and Government institutions		261,971,286	261,971,286	-	-	-	-	-
Payable to Asian Clearing Union		48,153	48,153	-	-	-	-	-
IMF related liabilities		353,220,122	5,147,036	-	-	-	-	348,073,086
Interest bearing loans	0.82%	83,108,269	1,018,384	1,018,384	2,036,767	6,110,301	72,924,433	-
Deposits by international financial institutions		832,599	-	-	-	-	-	832,599
Other liabilities		403,733,871	388,665,839	-	-	-	-	15,068,032
Deferred grants		661,077	661,077	-	-	-	-	-
<b>Total non-interest sensitive foreign currency financial liabilities</b>		<b>5,960,766,264</b>	<b>5,514,702,662</b>	<b>1,018,384</b>	<b>2,036,767</b>	<b>6,110,301</b>	<b>72,924,433</b>	<b>363,973,717</b>
<b>Total foreign currency financial liabilities</b>		<b>7,092,926,486</b>	<b>6,043,533,842</b>	<b>1,018,384</b>	<b>2,036,767</b>	<b>6,110,301</b>	<b>72,924,433</b>	<b>967,302,759</b>
<b>Foreign currency interest rate sensitivity gap</b>		<b>1,997,927,957</b>	<b>594,203,521</b>	<b>108,331,371</b>	<b>565,558,005</b>	<b>1,333,164,102</b>	<b>-</b>	<b>(603,329,042)</b>

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### 44 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 44.6 Interest rate risk (Continued)

Local currency interest rate sensitivity gap	Weighted Ave. int. rate %	2021 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		47,202,331	47,202,331	-	-	-	-	-
Subscriptions to international agencies		8,264,330	-	-	-	-	-	8,264,330
Investments in securities		62,077,519	22,746,969	27,345,551	-	11,984,999	-	-
Investment in Government treasury bonds	2.40%	5,933,096,664	40,245,893	39,559,187	81,741,610	256,913,897	5,514,636,077	-
Advances to Government		3,689,886,157	3,689,886,157	-	-	-	-	-
Short term loans		1,362,264	748,749	613,515	-	-	-	-
Long term loans		49,006	4,224	4,619	10,572	25,137	4,454	-
Interest and other receivables		665,760	665,760	-	-	-	-	-
<b>Total non-interest sensitive local currency financial assets</b>		<b>9,742,604,031</b>	<b>3,801,500,083</b>	<b>67,522,872</b>	<b>81,752,182</b>	<b>268,924,033</b>	<b>5,514,640,531</b>	<b>8,264,330</b>
<b>Total local currency financial assets</b>		<b>9,742,604,031</b>	<b>3,801,500,083</b>	<b>67,522,872</b>	<b>81,752,182</b>	<b>268,924,033</b>	<b>5,514,640,531</b>	<b>8,264,330</b>
<b>Non-interest sensitive local currency financial liabilities</b>								
Balances of commercial banks	1.32%	9,972,263,248	9,972,263,248	-	-	-	-	-
Balances of the Government and Government institutions		1,222,181,401	1,222,181,401	-	-	-	-	-
Currency in circulation		3,790,680,806	-	-	-	-	-	3,790,680,806
Balances of insurance companies and payment service providers	1.00%	13,492,176	-	-	-	-	-	13,492,176
Deposits by international financial institutions		10,530,146	-	-	-	-	-	10,530,146
Deposit insurance fund		100,847	-	-	-	-	-	100,847
Other liabilities		114,968,746	5,426,231	167,077	376,102	1,359,670	1,644,338	105,995,328
<b>Total non-interest sensitive local currency financial liabilities</b>		<b>15,124,217,370</b>	<b>11,199,870,880</b>	<b>167,077</b>	<b>376,102</b>	<b>1,359,670</b>	<b>1,644,338</b>	<b>3,920,799,303</b>
<b>Total local currency financial liabilities</b>		<b>15,124,217,370</b>	<b>11,199,870,880</b>	<b>167,077</b>	<b>376,102</b>	<b>1,359,670</b>	<b>1,644,338</b>	<b>3,920,799,303</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>458,454,789</b>	<b>(2,982,262,482)</b>	<b>183,497,762</b>	<b>644,897,318</b>	<b>1,594,618,164</b>	<b>5,440,071,760</b>	<b>(4,422,367,733)</b>

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

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### 44 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 44.7 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 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	3,447,656,689	-	-	-	-	-	143,290,432	-	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>12,521,594,153</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>143,290,432</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 institutor	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>3,881,520,629</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>143,290,432</b>	<b>14,069,671</b>	<b>3,967,697,579</b>

## Notes to the Financial Statements

Year ended 31 December 2022

(all amounts in Maldivian Rufiyaa unless otherwise stated)

### 44 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 44.7 Foreign currency risk (Continued)

##### a) Net exposure to foreign currencies (Continued)

As at 31 December 2021, 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 2021</b>									
<b>Foreign currency financial assets</b>									
Cash and balances with banks	9,922,385,158	16,027,767	558,333	23,166,783	-	931,719	-	16,408,493	9,979,478,253
IMF related assets	-	-	-	-	497,533,458	-	-	-	497,533,458
Investments in securities	2,441,343,515	-	-	-	-	-	-	-	2,441,343,515
Subscriptions to international agencies	832,599	-	-	-	-	-	-	-	832,599
Interest and other receivables	13,806,789	-	-	-	-	-	-	-	13,806,789
<b>Total foreign currency financial assets</b>	<b>12,378,368,061</b>	<b>16,027,767</b>	<b>558,333</b>	<b>23,166,783</b>	<b>497,533,458</b>	<b>931,719</b>		<b>16,408,493</b>	<b>12,932,994,614</b>
<b>Proportion</b>	<b>95.71%</b>	<b>0.12%</b>	<b>0.00%</b>	<b>0.18%</b>	<b>3.85%</b>	<b>0.01%</b>		<b>0.13%</b>	<b>100%</b>
<b>Foreign currency financial liabilities</b>									
Balances of commercial banks	4,857,190,887	-	-	-	-	-	-	-	4,857,190,887
Balances of the Government and Government institutio	261,971,286	-	-	-	-	-	-	-	261,971,286
Payable to Asian Clearing Union	528,879,333	-	-	-	-	-	-	-	528,879,333
IMF related liabilities	-	-	-	-	956,549,164	-	-	-	956,549,164
Interest bearing loans	-	-	-	-	83,108,269	-	-	-	83,108,269
Deposits of international financial institutions	832,599	-	-	-	-	-	-	-	832,599
Other liabilities	398,933,966	4,778,580	-	15,142	-	6,183	-	-	403,733,871
Deferred grants	661,077	-	-	-	-	-	-	-	661,077
<b>Total foreign currency financial liabilities</b>	<b>6,048,469,148</b>	<b>4,778,580</b>	<b>-</b>	<b>15,142</b>	<b>1,039,657,433</b>	<b>6,183</b>	<b>-</b>	<b>-</b>	<b>7,092,926,486</b>
<b>Proportion</b>	<b>85.27%</b>	<b>0.07%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>14.66%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>100%</b>
<b>Net foreign currency exposure</b>	<b>6,329,898,913</b>	<b>11,249,187</b>	<b>558,333</b>	<b>23,151,641</b>	<b>(542,123,975)</b>	<b>925,536</b>	<b>-</b>	<b>16,408,493</b>	<b>5,840,068,128</b>

## Notes to the Financial Statements

### Year ended 31 December 2022

(all amounts in Maldivian Rufiyaa unless otherwise stated)

#### 44 FINANCIAL RISK MANAGEMENT (CONTINUED)

##### 44.7 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

	2022	2021
Changes in profit/equity due to appreciation in the value of the Rufiyaa	(396,769,758)	(584,013,652)
Changes in profit/equity due to depreciation in the value of the Rufiyaa	396,769,758	584,013,652

#### 45 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:

	2022				2021			
	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>3,418,202,658</b>	-	-	<b>3,418,202,658</b>	<b>2,414,856,576</b>	-	-	<b>2,414,856,576</b>
<b>Investments at FVPL</b>	<b>143,290,432</b>	-	-	<b>143,290,432</b>	-	-	-	-

## Notes to the Financial Statements

Year ended 31 December 2022

(all amounts in Maldivian Rufiyaa unless otherwise stated)

### 46 RELATED PARTIES TRANSACTION DISCLOSURES

#### 46.1 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:

	2022	2021
Profit re-appropriation to the Government (Note 39)	-	20,000,000
Gross foreign exchange transactions during the year		
- Sales	21,389,183,160	12,232,475,922
- Purchases	20,068,579,559	16,380,926,307
Gross value of goods and services obtained	9,602,023	7,788,036

- 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.

	2022	2021
Interest income earned from related parties	238,588,323	146,736,388
Finance charges paid	20,395,664	3,558,318
Interest expense on lease liability	193,411	210,190
Charges and commissions earned from related parties	21,033,753	14,542,297

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

	2022	2021
Investment in Government treasury bonds (Note 12)	8,321,741,391	5,933,096,664
Advances to Government (Note 13)	3,942,570,726	3,689,886,157
Investment in Government treasury bills (Note 9.1)	86,253,101	73,659,186
	<b>12,350,565,218</b>	<b>9,696,642,007</b>
Government deposits with the Authority (Note 22)	2,419,253,977	1,484,152,687
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	-
Interest bearing loans (Note 25)	77,174,032	83,108,269
Investments on behalf of SDF Custodian Account (Note 47.2, 47.5)	312,117,361	407,092,379
Lease Liability (Note 27.4)	3,380,111	3,707,790
	<b>2,816,175,481</b>	<b>1,982,061,125</b>



## Notes to the Financial Statements

Year ended 31 December 2022

(all amounts in Maldivian Rufiyaa unless otherwise stated)

### 46 RELATED PARTIES TRANSACTION DISCLOSURES (CONTINUED)

#### 46.1 Transactions with the Government and Government related entities (continued)

- e) 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 22 for the gross outstanding balances as at 31 December 2022.
- f) 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 in which the Government has a significant influence, falls under the supervision of the Authority.
- g) 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).
- h) 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.
- i) 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 46.1 (b)).
- j) The Authority did not provide any guarantee over any of the borrowings of a related party during the year ending 31 December 2022.

#### 46.2 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 2022, a director was appointed to represent private sector. Particulars of transactions with key managerial personnel were as follows:

	2022	2021
<b>Compensation to the key management personnel</b>	<b>5,025,051</b>	<b>4,819,110</b>

## Notes to the Financial Statements

**Year ended 31 December 2022**

(all amounts in Maldivian Rufiyaa unless otherwise stated)

### **47 CONTINGENT LIABILITIES, CAPITAL COMMITMENTS AND OFF-BALANCE SHEET ITEMS**

#### **47.1 Guarantees**

In accordance with section 22 (r) of the ammended 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 2022 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 2022. The total outstanding guarantee as at 31 December 2022 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 2022, 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 2022 is MVR 23,465,000. As the tenor of the regulation lapsed in August 2020, the Scheme was discontinued as per the regulation.

#### **47.2 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.

On behalf of the SDF custodian account, the Authority holds and manages its investments in both foreign and local currency. These investments are payable to the fund upon maturity with its return. As at the reporting date, the Authority holds investment value of MVR 308,000,000 (2021: MVR 382,864,725 ) and profit/interest accrued of MVR 4,117,361 (2021: MVR 24,227,654 ).

#### **47.3 Legal claims**

There are no on-going legal proceedings against the Authority as of 31 December 2022.

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

#### **47.5 Off balance sheet items**

##### **47.5.1 Investments by Sovereign Development Fund (SDF) custodian account**

As at the reporting date, investments made by the Sovereign Development Fund (SDF) custodian account under Ministry of Finance (refer to note 47.2) are carried off-balance sheet.

## Notes to the Financial Statements

**Year ended 31 December 2022**

(all amounts in Maldivian Rufiyaa unless otherwise stated)

### **47 CONTINGENT LIABILITIES, CAPITAL COMMITMENTS AND OFF-BALANCE SHEET ITEMS (CONTINUED)**

#### **47.5 Off balance sheet items (Continued)**

##### **47.5.2 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.

### **48 EVENTS OCCURRING SUBSEQUENT TO REPORTING DATE**

#### **48.1 Investment in Government Bond**

On 28 March 2023, the Authority invested in a 40 year Government treasury bond of MVR 4.35 billion at 2.9% per annum, maturing on 28 March 2063. The interest and principal repayments are to be made on a monthly basis.

#### **48.2 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 has paid 50% of the total acquisition cost, and has issued a promissory note for the remaining amount maturing on 19 March 2024.

# Statistical Appendix



**Table 1: Gross Domestic Product, 2018-2022 <sup>1/</sup>**

(millions of rufiyaa at constant prices)

	2018	2019	2020	2021	2022
<b>Gross domestic product (at market prices)</b>	<b>72,119.3</b>	<b>77,238.0</b>	<b>51,368.8</b>	<b>72,812.8</b>	<b>81,768.4</b>
<b>Gross domestic product (at basic prices)</b>	<b>64,846.0</b>	<b>69,463.2</b>	<b>47,716.6</b>	<b>65,827.1</b>	<b>na</b>
o/w Agriculture	835.3	854.9	839.2	879.6	na
Fisheries	2,624.5	2,346.6	2,589.1	2,526.8	na
Manufacturing	1,650.2	1,679.7	1,341.8	1,526.9	na
Electricity and water	1,264.1	1,395.2	1,395.7	1,659.0	na
Construction	5,122.2	5,133.8	3,437.5	3,267.7	na
Wholesale and retail trade	6,119.9	6,141.8	3,878.3	5,496.4	na
Tourism	17,901.4	20,141.1	7,454.5	18,785.9	na
Transportation	4,028.7	4,330.5	2,308.9	3,437.5	na
Postal and telecommunication	2,777.2	3,043.9	2,494.2	2,628.4	na
Real estate	4,754.1	4,967.7	5,166.3	5,447.9	na
Public administration	5,854.2	6,626.0	6,630.9	6,642.5	na
Annual percentage change					
<b>Gross domestic product (at market prices)</b>	<b>8.1</b>	<b>7.1</b>	<b>(33.5)</b>	<b>41.7</b>	<b>12.3</b>
o/w Agriculture	2.2	2.4	(1.8)	4.8	na
Fisheries	5.6	(10.6)	10.3	(2.4)	na
Manufacturing	11.4	1.8	(20.1)	13.8	na
Electricity and water	3.3	10.4	0.0	18.9	na
Construction	20.5	0.2	(33.0)	(4.9)	na
Wholesale and retail trade	7.3	0.4	(36.9)	41.7	na
Tourism	9.7	12.5	(63.0)	152.0	na
Transportation	2.4	7.5	(46.7)	48.9	na
Postal and telecommunication	3.0	9.6	(18.1)	5.4	na
Real estate	5.8	4.5	4.0	5.4	na
Public administration	5.4	13.2	0.1	0.2	na
<b>Memorandum items</b>					
Real GDP (market price, in millions of US dollars)	4,677.0	5,008.9	3,331.3	4,722.0	5,302.7
Nominal GDP (market prices, in millions of rufiyaa)	81,586.1	86,283.8	57,623.3	83,098.3	95,241.1
Nominal GDP (market prices, in millions of US dollars)	5,290.9	5,595.6	3,736.9	5,389.0	6,176.5
Real GDP per capita (in rufiyaa)	140,847.7	144,656.3	92,153.6	128,109.9	141,143.1
Real GDP per capita (in US dollars)	9,134.1	9,381.1	5,976.2	8,308.0	9,153.2
Nominal GDP per capita (in US dollars)	10,333.1	10,479.8	6,703.9	9,481.6	10,661.4
Total mid-year population <sup>2/</sup>	512,038	533,941	557,426	568,362	579,330

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

<sup>1/</sup> GDP base year is 2014 and the data broadly complies with the guidelines of the System of National Accounts 2008. Figures for 2022 are projections available as at 31 October 2022, 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, 2018-2022**

	2018	2019	2020	2021	2022
<b>Tourist arrivals</b>	<b>1,484,274</b>	<b>1,702,887</b>	<b>555,494</b>	<b>1,321,937</b>	<b>1,675,303</b>
o/w Europe	726,420	833,939	348,349	772,460	1,022,725
o/w Germany	117,532	131,561	36,435	95,358	133,432
United Kingdom	114,602	126,199	52,720	62,777	179,311
Russia	70,935	83,369	61,387	222,422	201,954
Asia	580,928	661,000	134,279	336,546	396,261
o/w China	283,116	284,029	34,245	2,238	12,764
India	90,474	166,030	62,960	291,787	241,382
Japan	42,304	44,251	8,479	937	8,543
South Korea	34,400	37,073	5,895	6,849	35,948
Americas	68,764	84,794	32,060	88,910	121,137
o/w USA	42,901	54,474	19,759	55,760	80,697
Tourist bednights ('000)	9,478	10,689	3,985	10,073	12,260
Average stay (days) <sup>1/</sup>	6.4	6.3	7.2	8.8	8.0
Operational capacity (beds in operation)	41,887	47,274	27,745	48,960	57,254
Bednight capacity ('000)	15,291	17,260	10,146	17,877	20,905
Occupancy rate (percentage)	62	62	26	56	59
Total number of arrival flights <sup>2/</sup>	11,935	13,781	5,896	12,887	15,289
Scheduled flights <sup>3/</sup>	11,112	12,800	4,795	10,382	13,151
General flights <sup>4/</sup>	823	981	1,101	2,505	2,138
Travel receipts <sup>5/</sup> (millions of US dollars)	3,028.1	3,157.1	1,397.9	3,508.4	4,498.0

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 27 March 2023.

**Table 3: Fish Production and Volume of Fish Exports, 2018-2022**

(quantity in metric ton)

	2018	2019	2020	2021	2022
<b>Fish catch</b>	<b>151,024.3</b>	<b>135,068.9</b>	<b>148,583.0</b>	<b>144,992.7</b>	<b>na</b>
<b>Fish purchases</b>	<b>78,886.1</b>	<b>81,199.9</b>	<b>79,341.0</b>	<b>88,313.2</b>	<b>81,033.4</b>
<b>Volume of fish exports</b>	<b>65,813.9</b>	<b>56,421.9</b>	<b>67,779.1</b>	<b>76,890.8</b>	<b>76,099.8</b>
Fresh, chilled or frozen tuna	53,758.9	46,000.5	57,410.9	66,476.4	65,576.3
o/w Skipjack tuna	37,864.4	27,340.7	42,001.2	49,848.4	55,551.2
Yellowfin tuna	15,280.6	18,381.7	15,395.9	16,440.0	9,529.5
Fresh, chilled or frozen fish (excluding tuna)	2,025.5	1,273.3	829.5	777.7	705.0
Canned or pouched	8,451.6	7,235.7	7,148.7	7,861.2	8,439.6
Other processed fish	1,578.0	1,912.5	2,389.9	1,775.6	1,378.8

Ministry of Fisheries, Marine Resources and Agriculture; Maldives Customs Service

**Table 4: Consumer Price Index - National, 2018-2022**

(November 2022 = 100)

	Weight	2018	2019	2020	2021	2022
<b>Total index</b>	<b>100.0</b>	<b>97.6</b>	<b>97.8</b>	<b>96.4</b>	<b>97.0</b>	<b>99.2</b>
Food and non-alcoholic beverages	23.5	90.2	89.5	92.0	93.6	98.1
o/w Food	20.1	89.9	89.1	91.8	93.4	98.1
o/w Fish	4.5	96.0	93.3	95.6	94.8	100.6
Alcoholic beverages, tobacco and narcotics	2.0	70.9	70.2	78.9	95.2	100.3
Clothing and footwear	3.9	102.0	99.3	97.4	98.2	99.4
Housing, water, electricity, gas and other fuel	25.8	100.3	102.6	97.7	98.6	100.1
Furnishing, household equipment, carpets and other floor coverings	5.4	97.4	96.9	96.3	96.1	99.0
Health	5.8	93.2	95.0	95.5	95.5	99.9
Transport	7.0	90.0	90.2	89.3	91.8	97.3
Information and communication	10.0	133.9	133.8	120.7	110.2	101.5
Recreation, sport and culture	1.8	97.2	95.2	95.0	96.8	99.9
Education services	3.9	98.5	98.5	98.5	98.8	99.4
Restaurants and accomodation services	5.8	91.5	95.1	96.1	96.4	99.6
Insurance and financial services	0.1	na	100.0	100.0	100.0	100.0
Personal care, social protection and miscellaneous goods and services	5.1	97.6	97.3	97.2	97.3	99.0
Total excluding fish	95.5	97.5	98.0	96.5	97.1	99.2
Total excluding food and non-alcoholic beverages	76.5	99.8	100.4	97.9	98.0	99.6

Inflation (annual percentage change of the CPI)

<b>Total rate</b>	<b>(0.1)</b>	<b>0.2</b>	<b>(1.4)</b>	<b>0.5</b>	<b>2.3</b>
Food and non-alcoholic beverages	(1.1)	(0.8)	2.7	1.8	4.8
o/w Food	(1.2)	(0.9)	3.0	1.8	5.0
o/w Fish	1.7	(2.8)	2.5	(0.8)	6.2
Alcoholic beverages, tobacco and narcotics	8.4	(0.9)	12.4	20.6	5.3
Clothing and footwear	(2.1)	(2.7)	(1.9)	0.8	1.3
Housing, water, electricity, gas and other fuel	(0.2)	2.2	(4.7)	0.9	1.5
Furnishing, household equipment, carpets and other floor coverings	(1.3)	(0.5)	(0.6)	(0.3)	3.0
Health	0.5	1.9	0.5	(0.0)	4.6
Transport	1.0	0.3	(1.1)	2.8	6.0
Information and communication	0.8	(0.1)	(9.8)	(8.7)	(7.9)
Recreation, sport and culture	(1.5)	(2.1)	(0.2)	2.0	3.2
Education services	2.3	0.0	(0.1)	0.4	0.6
Restaurants and accomodation services	2.1	4.0	1.0	0.4	3.2
Insurance and financial services	-	na	-	-	-
Personal care, social protection and miscellaneous goods and services	(0.7)	(0.3)	(0.1)	0.1	1.7
Total excluding fish	(0.3)	0.5	(1.6)	0.6	2.2
Total excluding food and non-alcoholic beverages	0.3	0.7	(2.6)	0.2	1.6

Source: Maldives Bureau of Statistics

Note: Data refers to the twelve-month average.



**Table 5: Summary of Central Government Finance, 2018-2022 <sup>1/</sup>**

(millions of rufiyaa)

	2018	2019	2020	2021	2022
<b>Total revenue and grants</b>	<b>21,651.3</b>	<b>23,231.8</b>	<b>15,221.9</b>	<b>21,353.4</b>	<b>28,515.8</b>
Total revenue	21,383.8	22,161.0	14,449.0	20,333.0	28,274.2
Tax revenue	15,803.0	16,530.5	10,959.2	14,681.6	19,455.6
Non-tax revenue	5,536.6	5,609.9	3,478.2	5,636.6	8,800.8
Capital receipts	44.2	20.6	11.6	14.8	17.8
Grants	373.4	1,154.9	958.0	1,031.8	408.0
Less: Subsidiary loan repayment	(106.0)	(84.1)	(185.1)	(11.5)	(166.4)
<b>Total expenditure</b>	<b>25,495.8</b>	<b>28,994.7</b>	<b>28,753.5</b>	<b>32,806.2</b>	<b>39,876.9</b>
Recurrent expenditure	17,984.8	21,372.0	20,307.4	23,983.3	28,004.8
Capital expenditure	7,511.0	7,622.8	8,446.1	8,822.9	11,872.1
<b>Primary balance</b>	<b>(2,404.2)</b>	<b>(4,222.1)</b>	<b>(11,927.8)</b>	<b>(9,348.3)</b>	<b>(7,908.4)</b>
<b>Overall balance</b>	<b>(3,844.6)</b>	<b>(5,762.9)</b>	<b>(13,531.6)</b>	<b>(11,452.7)</b>	<b>(11,361.1)</b>
As a percentage of GDP					
Total revenue	26	26	25	24	30
Tax revenue	19	19	19	18	20
Non-tax revenue	7	7	6	7	9
Capital receipts	0	0	0	0	0
Grants	0	1	2	1	0
Total expenditure	31	34	50	39	42
Recurrent expenditure	22	25	35	29	29
Capital expenditure	9	9	15	11	12
Overall balance	(5)	(7)	(23)	(14)	(12)
<b>Memorandum items:</b>					
Nominal GDP <sup>2/</sup>	81,586.1	86,283.8	57,623.3	83,098.3	95,241.1

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 2022 are projections available as at 31 October 2022, forecasted by the Maldives Monetary Authority and the Ministry of Finance.

**Table 6: Central Government Revenue and Grants, 2018-2022 <sup>1/</sup>**

(millions of rufiyaa)

	2018	2019	2020	2021	2022
<b>Total revenue and grants</b>	<b>21,651.3</b>	<b>23,231.8</b>	<b>15,221.9</b>	<b>21,353.4</b>	<b>28,515.8</b>
Total revenue	21,383.8	22,161.0	14,449.0	20,333.0	28,274.2
Tax revenue	15,803.0	16,530.5	10,959.2	14,681.6	19,455.6
o/w Import duty	3,121.5	3,412.3	2,263.6	2,843.0	3,497.2
Business and property tax	3,314.1	3,544.2	3,655.4	2,748.8	4,268.9
General goods and services tax	2,902.8	2,844.9	2,086.6	2,485.6	3,154.0
Tourism goods and services tax	4,783.3	4,903.4	2,220.2	5,247.7	6,596.7
Green tax	810.5	850.6	351.8	802.1	973.0
Airport service charge	644.8	731.1	283.3	473.4	830.6
Non-tax revenue	5,536.6	5,609.9	3,478.2	5,636.6	8,800.8
o/w Fees and charges	1,476.6	1,737.6	990.9	1,379.3	3,589.1
o/w Airport development fee	659.3	733.7	285.9	483.0	849.3
Property income	2,034.7	1,875.4	806.7	2,254.9	2,212.3
o/w Rent from resorts	1,526.0	1,654.2	700.7	2,072.3	1,893.6
Interest, profit and dividends	973.2	933.1	807.6	521.4	1,478.0
Capital receipts	44.2	20.6	11.6	14.8	17.8
Grants	373.4	1,154.9	958.0	1,031.8	408.0
Less: Subsidiary loan repayment	(106.0)	(84.1)	(185.1)	(11.5)	(166.4)

	As a percentage of GDP				
Tax revenue	19	19	19	18	20
o/w Import duty	4	4	4	3	4
Business and property tax	4	4	6	3	4
General goods and services tax	4	3	4	3	3
Tourism goods and services tax	6	6	4	6	7
Non-tax revenue	7	7	6	7	9
o/w Fees and charges	2	2	2	2	4
Property income	2	2	1	3	2
o/w Rent from resorts	2	2	1	2	2

Source: Ministry of Finance

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

**Table 7: Central Government Expenditure, 2018-2022 <sup>1/</sup>**

(millions of rufiyaa)

	2018	2019	2020	2021	2022
<b>Total expenditure</b>	<b>25,495.8</b>	<b>28,994.7</b>	<b>28,753.5</b>	<b>32,806.2</b>	<b>39,876.9</b>
Recurrent expenditure	17,984.8	21,372.0	20,307.4	23,983.3	28,004.8
Salaries, wages and pensions	9,190.8	9,835.0	9,768.9	10,331.3	11,100.4
Salaries and wages	4,282.2	4,642.9	4,378.0	4,625.5	4,926.5
Allowances to employees	3,405.7	3,651.3	3,827.8	4,055.9	4,414.2
Pensions, retirement benefits and gratuities	1,502.8	1,540.8	1,563.1	1,649.9	1,759.7
Administrative and operational expenses	8,677.2	10,046.7	10,352.3	13,422.1	16,859.4
o/w Travelling expenses	174.6	231.3	140.7	183.2	238.9
Administrative supplies and services	2,381.2	2,567.8	2,261.2	2,939.3	2,901.6
Training expenses	527.0	564.2	459.1	567.4	352.4
Financing and interest costs	1,440.3	1,540.8	1,603.9	2,104.5	3,452.7
Grants, contributions and subsidies	3,309.7	3,760.3	4,547.9	5,779.0	8,449.4
Aasandha	1,487.6	1,313.5	1,206.4	1,562.4	1,844.4
Subsidies	1,142.6	1,281.2	1,245.1	1,115.0	3,695.4
Council Grants	-	-	947.2	1,405.0	1,652.9
Other Grants and contributions	679.5	1,165.6	1,149.2	1,696.5	1,256.8
Losses and write-offs	116.8	1,490.3	186.2	229.8	45.0
Capital expenditure	7,511.0	7,622.8	8,446.1	8,822.9	11,872.1
Capital equipments	423.2	461.7	417.4	665.1	542.9
Infrastructure Assets	5,748.1	4,250.3	4,791.2	5,363.2	8,659.6
Development projects and investments outlays	565.7	1,585.6	2,227.6	2,586.8	1,921.2
Lendings	774.0	1,325.2	1,010.0	207.8	748.4
As a percentage of GDP					
Recurrent expenditure	22	25	35	29	29
o/w Salaries and wages	5	5	8	6	5
Pensions, retirement benefits and gratuities	2	2	3	2	2
Grants, contributions and subsidies	4	4	8	7	9
Capital expenditure	9	9	15	11	12
o/w Infrastructure Assets	7	5	8	6	9

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 2018-2022 <sup>1/</sup>**

(millions of rufiyaa)

	2018	2019	2020	2021	2022
<b>Total outstanding</b>	<b>60,259.6</b>	<b>67,956.9</b>	<b>86,542.1</b>	<b>90,549.0</b>	<b>107,770.5</b>
Domestic	29,363.7	33,207.3	42,511.0	49,206.6	58,987.3
Central government	27,664.1	32,227.0	41,628.3	48,459.9	58,401.9
Guaranteed	1,699.6	980.3	882.7	746.7	585.4
External	30,895.9	34,749.6	44,031.1	41,342.4	48,783.2
Central government	20,547.5	22,021.3	24,919.4	29,472.6	33,099.7
Guaranteed	10,348.4	12,728.3	19,111.7	11,869.8	15,683.5
As a percentage of GDP					
Total outstanding	74	79	150	109	113
Domestic	36	38	74	59	62
Central government	34	37	72	58	61
Guaranteed	2	1	2	1	1
External	38	40	76	50	51
Central government	25	26	43	35	35
Guaranteed	13	15	33	14	16

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

<sup>1/</sup> This table represents data available as at 30 March 2023.

**Table 9: Claims on Central Government, 2018-2022**

(millions of rufiyaa)

	2018	2019	2020	2021	2022
Outstanding stock					
<b>Total domestic claims on central government</b>	<b>27,715.9</b>	<b>32,281.5</b>	<b>44,691.2</b>	<b>51,444.1</b>	<b>61,204.4</b>
Government securities	24,262.0	28,591.2	37,566.1	44,000.8	53,139.8
Treasury bonds <sup>1/</sup>	9,248.4	9,626.4	13,478.6	13,589.9	17,536.5
MMA	6,161.0	6,086.7	6,011.0	5,933.1	8,323.0
Commercial banks	-	201.1	4,099.8	4,289.0	5,796.8
Other financial corporations	3,087.4	3,338.7	3,367.8	3,367.8	3,416.7
Treasury bills and Islamic instruments <sup>2/</sup>	15,013.6	18,964.7	24,087.5	30,411.0	35,603.3
MMA	90.3	103.6	91.3	97.4	87.9
Commercial banks	9,605.5	11,954.4	14,350.1	18,381.7	20,668.7
Other financial corporations	5,017.1	6,372.8	9,253.6	10,939.2	13,442.5
State owned enterprises	201.0	434.3	288.3	875.6	1,145.0
Others	99.7	99.7	104.3	117.1	259.1
Loans and advances <sup>1/</sup>	3,453.9	3,690.3	7,125.1	7,443.2	8,064.6
MMA	-	-	3,296.8	3,689.9	3,946.3
Commercial banks	19.1	147.2	186.4	12.9	265.0
Other financial corporations <sup>3/</sup>	3,434.9	3,543.2	3,641.9	3,740.4	3,853.3
Change					
<b>Total domestic claims on central government</b>	<b>531.5</b>	<b>4,565.6</b>	<b>12,409.7</b>	<b>6,752.8</b>	<b>9,760.4</b>
Government securities	847.7	4,329.2	8,975.0	6,434.7	9,139.0
Treasury bonds	(72.5)	378.0	3,852.2	111.3	3,946.7
MMA	(72.5)	(74.3)	(75.7)	(77.9)	2,389.9
Commercial banks	-	201.1	3,898.7	189.2	1,507.8
Other financial corporations	-	251.3	29.1	-	49.0
Treasury bills and Islamic instruments	920.2	3,951.2	5,122.8	6,323.4	5,192.3
MMA	7.9	13.2	(12.3)	6.1	(9.5)
Commercial banks	911.1	2,348.9	2,395.7	4,031.6	2,287.1
Other financial corporations	272.4	1,355.7	2,880.8	1,685.7	2,503.3
State owned enterprises	(49.2)	233.3	(146.0)	587.3	269.4
Others	(222.0)	-	4.6	12.8	142.0
Loans and advances	(316.2)	236.4	3,434.8	318.1	621.4
MMA	(16.3)	-	3,296.8	393.0	256.4
Commercial banks	(412.2)	128.1	39.2	(173.4)	252.1
Other financial corporations	112.2	108.3	98.7	98.5	112.9
<b>Memorandum items:</b>					
Exchange rate	15.41	15.38	15.41	15.39	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, 2018-2022**

(millions of rufiyaa)

	2018	2019	2020	2021	2022
<b>Net foreign assets</b>	<b>9,065.4</b>	<b>11,009.9</b>	<b>8,497.0</b>	<b>11,265.4</b>	<b>10,376.9</b>
Claims on non-residents	10,983.4	11,597.9	15,186.9	12,410.5	12,823.4
Liabilities to non-residents	(1,918.0)	(588.0)	(6,689.9)	(1,145.1)	(2,446.5)
<b>Net domestic assets</b>	<b>2,465.4</b>	<b>96.3</b>	<b>3,751.7</b>	<b>1,163.7</b>	<b>2,329.2</b>
Domestic claims	6,052.2	3,077.8	8,974.1	7,880.5	9,669.7
Net claims on central government	5,275.1	3,000.1	8,277.8	7,650.5	9,588.5
o/w Claims on central government	6,250.0	6,188.8	9,397.8	9,696.6	12,355.6
Claims on other sectors	777.1	77.7	696.2	229.9	81.2
Other items (net)	(3,586.8)	(2,981.5)	(5,222.3)	(6,716.7)	(7,340.4)
<b>Monetary base</b>	<b>11,530.9</b>	<b>11,106.2</b>	<b>12,248.7</b>	<b>12,429.1</b>	<b>12,706.1</b>
Currency in circulation	3,669.0	3,599.7	3,942.1	3,790.7	3,726.3
Liabilities to other depository corporations	7,861.9	7,506.5	8,306.6	8,638.5	8,979.8
Liabilities to other sectors	-	-	-	-	-
Annual percentage change					
Net foreign assets	5	21	(23)	33	(8)
Claims on non-residents	21	6	31	(18)	3
Liabilities to non-residents	338	(69)	1,038	(83)	114
Net claims on central government	17	(43)	176	(8)	25
Monetary base	8	(4)	10	1	2
o/w Currency in circulation	5	(2)	10	(4)	(2)
Liabilities to other depository corporations	9	(5)	11	4	4

Source: Maldives Monetary Authority

**Table 11: Other Depository Corporations Survey, 2018-2022**

(millions of rufiyaa)

	2018	2019	2020	2021	2022
<b>Net foreign assets</b>	<b>753.8</b>	<b>2,031.9</b>	<b>(1,879.1)</b>	<b>2,897.9</b>	<b>1,523.9</b>
Claims on non-residents	3,021.5	4,541.5	4,499.5	10,524.1	9,161.9
Liabilities to non-residents	(2,267.7)	(2,509.5)	(6,378.6)	(7,626.2)	(7,638.0)
<b>Net domestic assets</b>	<b>29,277.6</b>	<b>31,216.1</b>	<b>39,869.1</b>	<b>46,055.1</b>	<b>50,661.2</b>
Domestic claims	44,563.2	47,814.4	59,675.2	67,001.5	73,063.7
Claims on central bank	11,301.8	10,246.5	13,322.1	15,217.7	16,017.8
Net claims on central government	7,729.3	10,298.6	16,455.6	20,052.8	23,488.5
o/w Claims on central government	9,487.4	12,067.1	18,208.3	21,989.5	26,357.5
Claims on other sectors	25,532.1	27,269.4	29,897.5	31,731.0	33,557.5
Claims on other financial corporations	670.6	803.1	676.1	630.0	791.3
Claims on public non-financial corporations	1,797.4	1,691.1	2,063.6	2,953.0	3,373.1
Claims on private sector	23,064.1	24,775.2	27,157.8	28,148.1	29,393.0
Other items (net)	(15,285.7)	(16,598.3)	(19,806.1)	(20,946.3)	(22,402.5)
<b>Transferable, other deposits and securities other than shares included in broad money</b>	<b>30,031.3</b>	<b>33,248.0</b>	<b>37,990.0</b>	<b>48,953.0</b>	<b>52,185.1</b>
Annual percentage change					
Net foreign assets	(56)	170	(192)	(254)	(47)
Claims on non-residents	(23)	50	(1)	134	(13)
Liabilities to non-residents	2	11	154	20	0
Net claims on central government	6	33	60	22	17
Claims on other sectors	10	7	10	6	6
Claims on other financial corporations	19	20	(16)	(7)	26
Claims on public non-financial corporations	(10)	(6)	22	43	14
Claims on private sector	11	7	10	4	4

Source: Maldives Monetary Authority

**Table 12: Depository Corporations Survey, 2018-2022**

(millions of rufiyaa)

	2018	2019	2020	2021	2022
<b>Net foreign assets</b>	<b>9,819.2</b>	<b>13,041.8</b>	<b>6,617.9</b>	<b>14,163.3</b>	<b>11,900.8</b>
Central bank	9,065.4	11,009.9	8,497.0	11,265.4	10,376.9
Other depository corporations	753.8	2,031.9	(1,879.1)	2,897.9	1,523.9
<b>Net domestic assets</b>	<b>23,269.1</b>	<b>23,199.6</b>	<b>34,767.0</b>	<b>38,058.4</b>	<b>43,472.5</b>
Domestic claims	39,251.5	40,582.5	54,641.2	59,447.2	66,651.5
Net claims on central government	13,004.5	13,298.7	24,733.4	27,703.3	33,077.0
Claims on other sectors	26,247.0	27,283.8	29,907.7	31,743.9	33,574.5
o/w Claims on private sector	23,084.4	24,789.6	27,168.0	28,161.0	29,410.1
Other items (net)	(15,982.4)	(17,382.8)	(19,874.1)	(21,388.8)	(23,179.0)
<b>Broad money</b>	<b>33,088.3</b>	<b>36,241.4</b>	<b>41,385.0</b>	<b>52,221.7</b>	<b>55,373.3</b>
Narrow money	14,579.4	14,556.9	19,002.6	22,343.0	22,399.7
Quasi money	18,508.9	21,684.5	22,382.4	29,878.6	32,973.6
Annual percentage change					
Net foreign assets	(5)	33	(49)	114	(16)
Central bank	5	21	(23)	33	(8)
Other depository corporations	(56)	170	(192)	(254)	(47)
Domestic claims	8	3	35	9	12
Net claims on central government	10	2	86	12	19
Claims on other sectors	6	4	10	6	6
Broad money	3	10	14	26	6
Narrow money	1	(0)	31	18	0
Quasi money	6	17	3	33	10
<b>Memorandum items:</b>					
Dollarization ratio	48.8	52.9	45.7	46.5	47.9

Source: Maldives Monetary Authority



**Table 13: Other Financial Corporations Survey, 2018-2022**

(millions of rufiyaa)

	2018	2019	2020	2021	2022
<b>Net foreign assets</b>	<b>35.0</b>	<b>129.7</b>	<b>242.1</b>	<b>581.2</b>	<b>761.9</b>
Claims on nonresidents	367.3	437.1	525.3	886.1	1,131.2
Liabilities to nonresidents	(332.3)	(307.4)	(283.2)	(304.9)	(369.3)
<b>Net domestic assets</b>	<b>12,663.4</b>	<b>14,307.2</b>	<b>15,983.5</b>	<b>17,853.0</b>	<b>20,060.2</b>
Domestic claims	14,946.2	17,153.1	19,081.9	21,669.9	24,514.9
Claims on depository corporations	722.4	981.7	1,135.3	1,507.1	2,043.4
Net claims on central government	11,354.0	13,043.2	14,475.5	16,423.1	18,242.1
Claims on Central Government	11,392.4	13,081.7	14,507.9	16,447.3	18,269.4
Liabilities to Central Government	(38.5)	(38.5)	(32.4)	(24.2)	(27.2)
Claims on other sectors	2,869.9	3,128.2	3,471.0	3,739.6	4,229.3
Claims on Public Non-financial Corporations	137.8	138.2	170.8	160.8	200.4
Claims on Private Sector	2,732.0	2,989.9	3,300.2	3,578.9	4,029.0
Other items (net)	(2,282.8)	(2,845.9)	(3,098.4)	(3,816.9)	(4,454.8)
<b>Insurance technical reserves</b>	<b>12,698.5</b>	<b>14,436.9</b>	<b>16,225.6</b>	<b>18,434.2</b>	<b>20,822.1</b>
Annual percentage change					
Net foreign assets	296	270	87	140	31
Net claims on central government	14	15	11	13	11

Source: Maldives Monetary Authority

**Table 14: Financial Corporations Survey, 2018-2022**

(millions of rufiyaa)

	2018	2019	2020	2021	2022
<b>Net foreign assets</b>	<b>9,854.2</b>	<b>13,171.5</b>	<b>6,860.0</b>	<b>14,744.5</b>	<b>12,662.7</b>
Central bank	9,065.4	11,009.9	8,497.0	11,265.4	10,376.9
Other depository corporations	753.8	2,031.9	(1,879.1)	2,897.9	1,523.9
Other financial corporations	35.0	129.7	242.1	581.2	761.9
<b>Net domestic assets</b>	<b>35,554.7</b>	<b>36,983.2</b>	<b>49,976.9</b>	<b>54,894.0</b>	<b>62,110.6</b>
Domestic claims	52,804.7	55,950.8	71,911.6	78,980.0	88,331.7
Net claims on central government	24,358.4	26,341.9	39,209.0	44,126.4	51,319.1
Claims on other sectors	28,446.3	29,608.9	32,702.6	34,853.5	37,012.5
o/w Claims on private sector	25,816.5	27,779.5	30,468.2	31,739.8	33,439.1
Other items (net)	(17,250.0)	(18,967.6)	(21,934.7)	(24,085.9)	(26,221.1)
Currency outside financial corporations	3,055.5	2,993.1	3,394.8	3,268.5	3,188.0
Deposits	29,663.6	32,736.6	37,227.9	47,946.9	50,771.3
Insurance technical reserves	12,689.8	14,425.0	16,214.3	18,423.1	20,813.9

Source: Maldives Monetary Authority

**Table 15: Assets and Liabilities of the Maldives Monetary Authority, 2018-2022**

(millions of rufiyaa)

	2018	2019	2020	2021	2022
<b>Assets</b>	<b>18,799.0</b>	<b>18,688.5</b>	<b>26,178.0</b>	<b>23,225.5</b>	<b>26,138.1</b>
Foreign assets	10,983.4	11,597.9	15,186.9	12,410.5	12,823.4
Claims on central government	6,250.0	6,188.8	9,397.8	9,696.6	12,355.6
Claims on other sectors	777.1	77.7	696.2	229.9	81.2
Other assets	351.7	347.9	363.9	353.2	336.8
Non-financial assets	436.8	476.2	533.2	535.3	541.2
<b>Liabilities</b>	<b>18,799.0</b>	<b>18,688.5</b>	<b>26,178.0</b>	<b>23,225.5</b>	<b>26,138.1</b>
Currency in circulation	3,669.0	3,599.7	3,942.1	3,790.7	3,726.3
Claims to central government	974.8	3,188.7	1,119.9	2,046.1	2,767.1
Claims to other depository corporations	7,861.9	7,506.5	8,306.6	8,638.5	8,979.8
Claims to other sectors	78.3	13.7	13.6	13.5	14.8
Other liabilities to other depository corporations	2,984.4	2,296.1	4,619.4	6,193.4	6,786.5
Foreign liabilities	1,918.0	588.0	6,689.9	1,145.1	2,446.5
Other liabilities	764.4	768.7	799.7	657.9	657.9
Shares and other equity	548.1	727.2	686.8	740.4	759.3
Annual percentage change					
Foreign assets	21	6	31	(18)	3
Claims on central government	(1)	(1)	52	3	27
Currency in circulation	5	(2)	10	(4)	(2)
Claims to central government	(46)	227	(65)	83	35
<b>Memorandum items:</b>					
Monetary Operations (average investment)					
Overnight Deposit Facility	3,152.2	2,347.5	3,138.2	4,508.2	6,025.5

Source: Maldives Monetary Authority

**Table 16: Assets and Liabilities of Other Depository Corporations, 2018-2022**

(millions of rufiyaa)

	2018	2019	2020	2021	2022
<b>Assets</b>	<b>51,078.9</b>	<b>56,505.4</b>	<b>68,911.9</b>	<b>83,234.6</b>	<b>88,552.5</b>
Foreign assets	3,021.5	4,541.5	4,499.5	10,524.1	9,161.9
Cash	612.0	606.2	547.2	522.0	538.1
Deposits with central bank	10,689.8	9,640.2	12,774.9	14,695.6	15,479.7
Securities other than shares	9,910.3	12,276.2	18,289.8	22,151.6	26,168.7
Loans and advances	25,039.8	26,956.8	29,701.7	31,465.9	33,643.1
Shares and other equity	69.4	103.5	64.2	53.1	53.1
Other assets	759.3	975.7	1,315.4	1,945.8	1,402.4
Non-financial assets	976.9	1,405.2	1,719.2	1,876.6	2,105.4
<b>Liabilities</b>	<b>51,078.9</b>	<b>56,505.4</b>	<b>68,911.9</b>	<b>83,234.6</b>	<b>88,552.5</b>
Foreign liabilities	2,267.7	2,509.5	6,378.6	7,626.2	7,638.0
Deposits	30,031.3	33,248.0	37,990.0	48,953.0	52,185.1
Central government liabilities	1,758.1	1,768.5	1,752.6	1,936.8	2,869.0
Other liabilities	4,496.5	5,060.6	7,502.0	6,861.2	5,399.3
Shares and other equity	12,525.3	13,918.6	15,288.6	17,857.5	20,461.1
<b>Memorandum items</b>					
Transferable deposits	23,862.7	25,851.2	29,944.8	38,530.0	40,259.8
Local currency	11,522.4	11,563.5	15,607.7	19,074.4	19,211.5
Foreign currency	12,340.3	14,287.7	14,337.2	19,455.6	21,048.2
Other deposits	6,168.6	7,396.9	8,045.2	10,423.0	11,925.3
Local currency	2,349.0	2,526.1	3,449.2	5,610.5	6,463.2
Foreign currency	3,819.6	4,870.7	4,595.9	4,812.5	5,462.2

Source: Maldives Monetary Authority

**Table 17: Assets and Liabilities of Other Financial Corporations, 2018-2022**

(millions of rufiyaa)

	2018	2019	2020	2021	2022
<b>Assets</b>	<b>15,889.9</b>	<b>18,466.2</b>	<b>20,688.1</b>	<b>23,674.3</b>	<b>26,803.6</b>
Foreign assets	367.3	437.1	525.3	886.1	1,131.2
Cash	1.5	0.3	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	686.5	843.5	994.0	1,363.6	1,869.0
Securities other than shares	8,177.7	9,987.4	11,278.0	13,265.5	14,947.2
Loans and advances	5,781.2	6,144.6	6,581.9	6,963.4	7,523.6
Shares and other equity	546.0	652.6	660.3	648.0	721.4
Other assets	186.3	237.5	440.3	329.9	374.0
Non-financial assets	131.6	151.0	196.2	205.6	225.1
<b>Liabilities</b>	<b>15,889.9</b>	<b>18,466.2</b>	<b>20,688.1</b>	<b>23,674.3</b>	<b>26,803.6</b>
Foreign liabilities	332.3	307.4	283.2	304.9	369.3
Deposits	83.7	89.5	81.2	79.4	82.6
Central government liabilities	38.5	38.5	32.4	24.2	27.2
Credit from other depository corporations	642.3	744.8	696.2	657.4	790.0
Securities other than shares	218.9	468.5	432.5	574.7	564.1
Loans	93.3	90.4	85.0	72.3	46.0
Insurance technical reserves	12,698.5	14,436.9	16,225.6	18,434.2	20,822.1
Other liabilities	575.2	707.4	820.1	1,042.4	1,265.1
Shares and other equity	1,207.3	1,582.7	2,031.8	2,484.8	2,837.4

Source: Maldives Monetary Authority

**Table 18: Private Sector Loans and Advances by Other Depository Corporations  
(By Economic Group), 2018-2022**

(millions of rufiyaa)

	2018	2019	2020	2021	2022
<b>Total loans and advances <sup>1/</sup></b>	<b>22,793.7</b>	<b>24,499.5</b>	<b>26,669.2</b>	<b>27,789.2</b>	<b>29,045.1</b>
Agriculture	2.3	1.9	1.8	0.3	0.2
Fishing	466.3	434.3	343.7	294.8	288.1
Manufacturing	136.4	108.1	103.8	100.2	85.6
Construction <sup>2/</sup>	4,843.5	5,305.8	5,719.2	5,837.9	5,829.7
Real estate <sup>2/</sup>	1,697.3	1,842.4	2,041.3	1,973.0	2,104.1
Tourism	8,455.0	8,979.3	10,695.6	10,866.5	11,236.2
Commerce	3,140.1	3,098.2	2,940.7	3,072.2	3,357.3
Transport and communication	859.9	898.3	711.4	1,016.6	675.3
Electricity, gas, water and sanitary services	2.8	0.7	-	-	7.7
Personal loans	2,081.9	2,783.2	3,020.7	3,565.7	4,533.6
Other	1,108.3	1,047.3	1,091.2	1,061.8	927.2
As a percentage of total					
Fishing	2	2	1	1	1
Construction	21	22	21	21	20
Real estate	7	8	8	7	7
Tourism	37	37	40	39	39
Commerce	14	13	11	11	12
Transport and communication	4	4	3	4	2
Annual percentage change					
Total loans and advances	11	7	9	4	5
o/w Fishing	(7)	(7)	(21)	(14)	(2)
Construction	30	10	8	2	(0)
Real estate	4	9	11	(3)	7
Tourism	7	6	19	2	3
Commerce	(2)	(1)	(5)	4	9
Transport and communication	39	4	(21)	43	(34)

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, 2018-2022 <sup>1/</sup>**

(millions of rufiyaa)

	2018	2019	2020	2021	2022
<b>Total loans and advances <sup>2/</sup></b>	<b>26,164.3</b>	<b>28,095.1</b>	<b>30,905.6</b>	<b>33,298.5</b>	<b>35,467.3</b>
Agriculture	2.5	4.4	6.5	6.4	6.2
Fishing	580.8	523.4	432.8	525.6	590.4
Manufacturing	201.7	159.2	155.0	203.2	209.2
Construction <sup>3/</sup>	6,009.0	6,615.0	7,074.8	7,120.1	7,301.6
Real estate <sup>3/</sup>	2,335.6	2,533.5	2,743.5	2,627.5	2,726.4
Tourism	8,534.4	9,104.0	10,867.6	11,154.6	11,612.5
Commerce	3,563.5	3,483.3	3,575.0	4,082.6	4,112.0
Transport and communication	1,488.8	1,610.6	1,627.7	2,711.2	2,875.0
Electricity, gas, water and sanitary services	77.4	71.1	39.3	39.2	194.2
Personal loans	2,194.6	2,897.1	3,070.5	3,684.8	4,727.8
Other	1,176.0	1,093.5	1,313.1	1,143.1	1,112.0
As a percentage of total					
Fishing	2	2	1	2	2
Construction	23	24	23	21	21
Real estate	9	9	9	8	8
Tourism	33	32	35	33	33
Commerce	14	12	12	12	12
Transport and communication	6	6	5	8	8
Annual percentage change					
Total loans and advances	10	7	10	8	7
o/w Fishing	(12)	(10)	(17)	21	12
Construction	28	10	7	1	3
Real estate	6	8	8	(4)	4
Tourism	7	7	19	3	4
Commerce	(2)	(2)	3	14	1
Transport and communication	16	8	1	67	6

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, 2018-2022**

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

	2018	2019	2020	2021	2022
<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	1.45	1.48	1.51	1.49	1.44
Foreign currency	0.68	0.73	0.80	0.79	0.70
<b>Savings deposits</b>					
Local currency	1.50	1.50	1.49	1.49	1.49
Foreign currency	2.08	2.00	1.92	1.41	1.43
<b>Time deposits (up to 3 months)</b>					
Local currency	2.54	2.98	2.50	2.20	2.21
Foreign currency	2.94	2.66	2.27	3.28	3.39
<b>Time deposits (3 to 6 months)</b>					
Local currency	2.61	2.65	3.04	2.74	2.76
Foreign currency	2.77	3.11	3.18	2.81	2.98
<b>Time deposits (2 to 3 years)</b>					
Local currency	4.39	4.72	4.75	4.39	4.00
Foreign currency	1.75	1.75	1.75	1.75	1.75
<b>Loans and advances</b>					
<b>Public non-financial corporations</b>					
Local currency	9.21	9.83	8.74	8.58	8.78
Foreign currency	8.87	8.58	7.91	8.03	8.79
<b>Private sector</b>					
Local currency	11.47	11.59	11.55	11.39	11.73
Foreign currency	8.82	8.49	8.48	8.03	8.26
<b>Other financial institutions</b>					
<b>Share prices</b>					
MASIX index (period average)	167.75	189.22	197.32	194.94	305.31
MASIX index (end of period)	169.06	199.05	199.25	191.07	311.21

Source: Maldives Monetary Authority; Maldives Stock Exchange



**Table 21: Financial Soundness Indicators, 2018-2022 <sup>1/</sup>**

(In percent)

	2018	2019	2020	2021	2022
<b>Capital adequacy</b>					
Regulatory capital to risk-weighted assets	44.7	46.4	46.3	46.8	50.9
Regulatory tier 1 capital to risk-weighted assets	36.0	39.0	41.0	36.4	40.8
Non-performing loans net of provisions to capital	2.9	2.3	0.1	0.5	0.2
<b>Asset quality</b>					
Non-performing loans to total gross loans	8.9	9.4	8.2	6.7	5.9
Loan concentration by economic sectors <sup>2/</sup>	86.8	87.1	87.8	88.8	86.5
Provisions to non-performing loans	84.5	87.6	99.5	96.5	97.7
<b>Earnings and profitability</b>					
Return on assets (ROA)	5.7	4.6	2.5	5.7	5.0
Return on equity (ROE)	15.9	13.3	7.5	19.7	17.2
Interest margin to gross income	64.2	65.0	71.6	58.1	62.1
Non-interest expenses to gross income	30.5	31.8	31.8	28.9	31.6
<b>Liquidity</b>					
Liquid assets to total assets (Liquid asset ratio)	42.0	42.6	42.6	46.4	45.2
Liquid assets to short-term liabilities	66.5	68.2	69.7	72.0	71.8
<b>Net open position in foreign exchange to capital</b>	<b>9.1</b>	<b>6.4</b>	<b>(9.2)</b>	<b>6.1</b>	<b>6.0</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>**

	2017	2018	2019	2020	2021
<b>Commercial banks</b>					
No. of institutions	8	8	8	8	8
No. of branches	44	46	51	52	52
No. of ATMs	117	131	149	165	174
No. of depositors	373,341	400,148	419,345	472,926	535,240
No. of deposit accounts	509,795	538,268	503,261	532,030	556,739
No. of borrowers	58,375	59,829	72,567	76,286	110,969
No. of loan accounts	64,013	66,673	70,632	80,955	131,064
Outstanding loans (millions of MVR)	22,039.6	24,248.7	25,956.2	28,764.4	30,905.4
Outstanding deposits (millions of MVR)	28,822.8	29,515.3	32,647.1	37,143.5	48,059.5
<b>Other financial intermediaries</b>					
No. of institutions	2	2	3	3	3
No. of customers	7,748	8,733	9,411	7,622	7,400
No. of customer accounts	8,329	9,598	10,440	8,014	7,424
No. of borrowers	7,748	8,733	9,411	7,622	7,400
No. of loan accounts	7,850	8,896	9,535	7,132	6,471
<b>Insurance corporations</b>					
No. of companies	5	5	5	5	5
No. of insurance policy holders	54,312	65,626	68,497	66,564	95,762
No. of insurance policies	117,644	149,636	182,068	139,309	167,914

Source: Maldives Monetary Authority

<sup>1/</sup> This table is compiled based on information available as at 15 September 2022 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, 2018-2022 <sup>1/</sup>**

(millions of rufiyaa)

	2018	2019	2020	2021	2022
<b>Premium</b>					
Gross written premium	883.2	945.9	914.0	1,152.3	1,337.5
Net written premium	325.5	324.1	284.4	405.5	536.3
Net earned premium	312.2	323.1	298.8	344.3	470.5
<b>Claims</b>					
Gross claims	238.2	283.1	267.6	452.2	681.5
Net claims incurred	128.7	128.0	113.2	154.6	283.6
<b>Reinsurance</b>					
Reinsurance business ceded	557.7	621.8	629.6	746.8	801.2
Reinsurance recoveries	132.7	138.3	178.2	375.3	364.0
Reinsurance commission	108.7	112.3	117.2	121.6	122.5
<b>Ratio (%)</b>					
Retention ratio	36.9	34.3	31.1	35.2	40.1
Insurance penetration <sup>2/</sup>	1.1	1.1	1.6	1.4	1.4
Net claim ratio	41.2	39.6	37.9	44.9	60.3
Net expense ratio	26.6	30.6	28.9	30.7	29.9
Net combined ratio	67.8	70.2	66.8	75.6	90.2
Insurance density (USD) <sup>2/</sup>	111.9	114.9	106.3	131.5	149.7
Profit	139.0	153.9	139.4	117.6	123.6

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, 2018-2022<sup>1/</sup>**

(millions of rufiyaa)

	2018	2019	2020	2021	2022
<b>Total gross written premium</b>	<b>883.2</b>	<b>945.9</b>	<b>914.0</b>	<b>1,152.3</b>	<b>1,337.5</b>
Marine cargo	26.5	28.7	17.8	27.2	40.7
Marine hull	106.2	114.4	101.4	110.2	120.4
Fire	260.0	310.0	341.1	387.1	411.0
Health	226.2	232.2	185.7	238.8	340.1
Motor	28.1	29.9	26.3	25.8	26.8
Personal accident	9.4	8.0	8.0	9.1	10.9
Public liability	26.4	25.2	24.9	24.7	45.6
Engineering	33.0	11.4	12.2	23.5	36.4
Travel	2.2	2.1	1.4	1.9	5.5
Miscellaneous	165.3	183.9	195.3	304.0	300.1
<b>Total gross claims</b>	<b>238.2</b>	<b>283.1</b>	<b>267.6</b>	<b>452.2</b>	<b>681.5</b>
Marine cargo	6.4	3.1	5.2	4.5	13.9
Marine hull	97.0	58.0	58.6	64.2	131.4
Fire	20.0	76.2	62.1	248.8	269.5
Health	85.9	99.9	79.9	97.7	214.8
Motor	1.2	2.5	2.9	2.2	2.8
Personal accident	0.7	1.0	0.4	0.6	0.9
Public liability	4.0	5.1	3.0	0.3	0.1
Engineering	1.2	1.9	2.3	(0.0)	0.5
Travel	0.3	0.6	0.5	0.3	0.5
Miscellaneous	21.4	34.7	52.7	33.5	47.0

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, 2018-2022**

(millions of rufiyaa)

	2018	2019	2020	2021	2022
<b>Assets</b>	<b>1,440.1</b>	<b>1,607.4</b>	<b>1,880.6</b>	<b>2,319.5</b>	<b>2,784.0</b>
Foreign assets	366.8	436.6	524.8	885.7	1,130.8
o/w Prepaid premiums and outstanding claims: Nonresidents <sup>1/</sup>	247.0	255.5	332.9	439.6	307.0
Deposits with central bank	12.0	12.0	12.0	12.0	12.0
Deposits with ODC	227.2	208.6	223.5	258.3	296.2
Securities other than shares	232.1	255.7	311.2	339.9	387.7
Loans & advances	273.0	280.9	336.1	329.8	366.7
Shares & other equity	70.9	94.6	102.3	90.0	163.4
Other assets	144.8	188.5	221.7	247.9	257.1
Non-financial assets	113.3	130.4	148.9	155.9	170.1
<b>Liabilities</b>	<b>1,440.1</b>	<b>1,607.4</b>	<b>1,880.6</b>	<b>2,319.5</b>	<b>2,784.0</b>
Foreign liabilities	184.0	202.3	224.2	249.0	325.1
Central govt. liabilities	33.9	34.2	29.3	22.0	22.9
Insurance technical reserves	495.6	548.9	654.9	1,000.4	1,228.4
Other liabilities	286.9	313.6	374.1	416.0	457.2
Shares & other equity	439.7	508.4	598.1	632.0	750.3

Source: Maldives Monetary Authority

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

**Table 26: Reserve Data Template, 2018-2022 <sup>1/</sup>**

(millions of US dollars)

	2018	2019	2020	2021	2022
<b>Official reserve assets</b>	<b>712.2</b>	<b>753.5</b>	<b>984.9</b>	<b>805.8</b>	<b>832.1</b>
Foreign currency reserves	702.1	744.1	975.3	796.4	823.4
Securities	20.1	73.7	104.8	156.9	231.3
Currency and deposits	682.0	670.3	870.5	639.5	592.1
Other national central banks, BIS and IMF	111.7	57.6	48.5	47.1	96.7
Banks headquartered outside reporting country	570.3	612.7	822.0	592.4	495.4
IMF reserve position	6.7	6.6	6.9	6.7	6.4
SDRS	3.4	2.8	2.7	2.7	2.3
Other reserve assets	-	-	-	-	-
<b>Other foreign currency assets</b>	<b>47.3</b>	<b>2.5</b>	<b>42.5</b>	<b>11.7</b>	<b>1.9</b>
Securities not included in official reserve assets	47.3	2.5	2.1	1.7	1.9
Deposits not included in official reserve assets	0.0	0.0	40.4	10.0	0.0
Other	-	-	-	-	-
<b>Predetermined short-term net drains</b>	<b>(531.6)</b>	<b>(438.6)</b>	<b>(811.9)</b>	<b>(393.2)</b>	<b>(564.5)</b>
Loans, securities, and deposits	(515.6)	(410.6)	(788.7)	(332.7)	(504.1)
Forwards, futures, and swaps	-	-	-	-	-
Other <sup>2/</sup>	(16.0)	(28.0)	(23.1)	(60.5)	(60.3)

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, 2018-2022 <sup>1/</sup>**

(millions of US dollars)

	2018	2019	2020	2021	2022
<b>Current account balance</b>	<b>(1,502.5)</b>	<b>(1,489.7)</b>	<b>(1,327.4)</b>	<b>(455.0)</b>	<b>(1,033.1)</b>
Balance on goods and services	(517.5)	(348.3)	(662.1)	500.8	191.4
Balance on goods	(2,424.9)	(2,392.4)	(1,450.7)	(2,106.6)	(2,915.8)
Export	339.2	360.7	257.6	285.4	399.7
Import	2,764.2	2,753.1	1,708.3	2,392.0	3,315.6
Balance on services	1,907.4	2,044.1	788.6	2,607.4	3,107.3
Export	3,245.1	3,381.4	1,528.9	3,699.4	4,695.9
Import	1,337.7	1,337.4	740.3	1,092.0	1,588.6
Balance on primary income	(492.4)	(559.8)	(305.8)	(535.3)	(701.8)
Balance on secondary income	(492.6)	(581.5)	(359.5)	(420.6)	(522.8)
<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>(1,835.1)</b>	<b>(1,974.6)</b>	<b>(1,403.3)</b>	<b>(462.6)</b>	<b>(1,108.4)</b>
Direct investment	(575.7)	(961.0)	(440.7)	(642.8)	(721.9)
Portfolio investment	(103.4)	(771.8)	(68.6)	(145.6)	67.3
Other investment	(1,156.1)	(241.7)	(894.0)	325.8	(453.8)
<b>Net errors and omissions</b>	<b>(207.2)</b>	<b>(442.7)</b>	<b>126.4</b>	<b>(186.5)</b>	<b>(52.8)</b>
<b>Overall balance</b>	<b>125.4</b>	<b>42.2</b>	<b>202.3</b>	<b>(178.8)</b>	<b>22.5</b>
<b>Reserve and related items</b>	<b>125.4</b>	<b>42.2</b>	<b>202.3</b>	<b>(178.8)</b>	<b>22.5</b>
<b>Memorandum items:</b>					
Exports of goods and services	3,584.3	3,742.1	1,786.5	3,984.8	5,095.6
Current account as a percent of GDP	(28)	(27)	(36)	(8)	(17)
Gross International Reserves	712.2	753.5	984.9	805.8	832.1
Nominal GDP <sup>4/</sup>	5,290.9	5,595.6	3,736.9	5,389.0	6,176.5

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

<sup>1/</sup> This table is compiled based on information available as at 27 March 2023<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 2022 are projections available as at 31 October 2022, forecasted by the Maldives Monetary Authority and the Ministry of Finance.

**Table 28: Current and Capital Account of Balance of Payments, 2018-2022 <sup>1/</sup>**

(millions of US dollars)

	2018	2019	2020	2021	2022
<b>Current account balance</b>	<b>(1,502.5)</b>	<b>(1,489.7)</b>	<b>(1,327.4)</b>	<b>(455.0)</b>	<b>(1,033.1)</b>
Balance on goods and services	(517.5)	(348.3)	(662.1)	500.8	191.4
Balance on goods	(2,424.9)	(2,392.4)	(1,450.7)	(2,106.6)	(2,915.8)
Export	339.2	360.7	257.6	285.4	399.7
Domestic exports	181.6	158.0	162.8	151.3	159.0
Re-exports	157.6	202.6	94.8	134.1	240.7
Import	2,764.2	2,753.1	1,708.3	2,392.0	3,315.6
Balance on services	1,907.4	2,044.1	788.6	2,607.4	3,107.3
Export	3,245.1	3,381.4	1,528.9	3,699.4	4,695.9
o/w Travel	3,028.1	3,157.1	1,397.9	3,508.4	4,498.0
Transportation	144.6	150.1	84.2	138.2	136.0
Import	1,337.7	1,337.4	740.3	1,092.0	1,588.6
o/w Travel	337.8	349.0	111.6	153.4	308.2
Transportation	404.1	382.6	211.3	344.3	470.0
Balance on primary income	(492.4)	(559.8)	(305.8)	(535.3)	(701.8)
o/w Debit: Investment income	511.0	580.4	320.1	547.0	737.6
Balance on secondary income	(492.6)	(581.5)	(359.5)	(420.6)	(522.8)
o/w Debit: Workers remittance	531.7	595.4	395.9	495.7	556.6
<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 27 March 2023.

<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, 2018-2022 <sup>1/</sup>**

(millions of US dollars)

	2018	2019	2020	2021	2022
<b>Financial account <sup>2/</sup> (excludes reserves and related items)</b>	<b>(1,835.1)</b>	<b>(1,974.6)</b>	<b>(1,403.3)</b>	<b>(462.6)</b>	<b>(1,108.4)</b>
Direct investment	(575.7)	(961.0)	(440.7)	(642.8)	(721.9)
Net acquisition of financial assets	-	-	-	-	-
Net incurrence of liabilities	575.7	961.0	440.7	642.8	721.9
o/w Equity and investment fund shares	575.7	961.0	440.7	642.8	721.9
Equity other than reinvestment of earnings	449.3	780.2	343.8	452.6	508.3
Reinvestment of earnings	126.4	180.8	96.9	190.2	213.6
Portfolio investment	(103.4)	(771.8)	(68.6)	(145.6)	67.3
Net acquisition of financial assets	2.9	6.7	20.2	0.0	9.3
Equity and investment fund shares	1.4	4.2	2.3	0.0	(0.0)
Debt Instruments	1.5	2.4	17.9	0.0	9.3
Net incurrence of liabilities	106.3	778.5	88.9	145.7	(58.0)
Equity and investment fund shares	31.8	(30.4)	111.6	(9.8)	-
Debt Instruments	74.4	808.9	(22.7)	155.5	(58.0)
o/w General government	95.0	-	-	307.0	(58.0)
Other sectors	(20.5)	808.9	(22.7)	(151.5)	-
Other investment	(1,156.1)	(241.7)	(894.0)	325.8	(453.8)
Net acquisition of financial assets	(196.3)	244.2	(28.4)	248.6	(78.4)
o/w Debt Instruments	(196.3)	244.2	(28.4)	248.6	(78.4)
o/w Central bank	0.1	(0.1)	(0.0)	-	-
Deposit-taking corporations	(63.1)	92.5	(45.1)	391.2	(87.0)
Other sectors	(133.3)	151.7	16.7	(142.6)	8.6
Net incurrence of liabilities	959.8	485.9	865.6	(77.2)	375.4
o/w Debt Instruments	959.8	485.9	865.6	(77.2)	375.4
o/w Central bank	97.0	(85.8)	396.3	(388.4)	113.4
Deposit-taking corporations	3.2	16.0	250.8	80.8	0.5
General Government	159.3	105.6	148.2	133.4	184.5
Other sectors	700.2	450.1	70.3	68.6	77.1
<b>Reserve and related items</b>	<b>125.4</b>	<b>42.2</b>	<b>202.3</b>	<b>(178.8)</b>	<b>22.5</b>

Source: Maldives Monetary Authority

<sup>1/</sup> This table is compiled based on information available as at 27 March 2023.

<sup>2/</sup> Positive sign indicates net lending and negative sign indicates net borrowing.

**Table 30: Import and Export by Sector, 2018-2022**

(millions of US dollars)

	2018	2019	2020	2021	2022
<b>Total imports (cif)</b>	<b>2,959.8</b>	<b>2,887.5</b>	<b>1,837.9</b>	<b>2,573.1</b>	<b>3,515.7</b>
Private imports	2,191.9	2,303.1	1,398.2	1,895.1	2,403.9
Tourism	728.9	753.2	352.6	447.3	522.1
Private (excluding tourism)	1,463.0	1,549.9	1,045.5	1,447.8	1,881.7
Public imports	767.9	584.4	439.7	678.0	1,111.8
Public enterprises	557.6	511.4	390.0	601.9	1,062.8
Government	210.3	73.0	49.7	76.1	49.0
<b>Total exports (fob)</b>	<b>339.2</b>	<b>360.7</b>	<b>285.7</b>	<b>285.3</b>	<b>399.8</b>
Domestic exports	181.6	158.0	162.8	151.3	159.0
Private exports	108.1	97.9	92.1	67.4	80.2
Public exports	73.6	60.1	70.7	83.9	78.8
Re-exports	157.6	202.6	122.9	134.1	240.7
Jet fuel	108.1	134.9	50.3	99.5	193.2
<b>Memorandum items:</b>					
Crude oil average prices (US dollars per barrel) <sup>1/</sup>	68.3	61.4	41.3	69.1	97.1

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), 2018-2022**

(millions of US dollars)

	2018	2019	2020	2021	2022
<b>Merchandise exports</b>	<b>339.2</b>	<b>360.7</b>	<b>285.7</b>	<b>285.3</b>	<b>399.8</b>
Domestic exports	181.6	158.0	162.8	151.3	159.0
Fish exports	173.8	150.1	155.2	139.9	146.5
Fresh, chilled or frozen tuna	123.0	106.8	111.7	101.8	109.2
o/w Skipjack	59.1	43.2	63.2	66.4	79.9
Yellowfin tuna	62.1	62.6	48.4	35.2	28.9
Fresh, chilled or frozen fish (excluding tuna)	4.9	3.2	2.1	1.7	1.4
Canned or pouched	40.5	35.1	34.8	32.1	33.0
Other processed fish	5.5	5.1	6.6	4.3	3.0
Fish products, sea food, other marine products and live fish	1.2	1.4	1.0	1.2	1.6
Garments and other exports	6.6	6.5	6.7	10.2	10.9
Re-exports	157.6	202.6	122.9	134.1	240.7

Source: Maldives Customs Service; Maldives Airports Company Limited; Gan International Airport; Maamigili International Airport

**Table 32: Composition of Imports (cif), 2018-2022**

(millions of US dollars)

	2018	2019	2020	2021	2022
<b>Total imports</b>	<b>2,959.8</b>	<b>2,887.5</b>	<b>1,837.9</b>	<b>2,573.1</b>	<b>3,515.7</b>
Food items	495.6	546.1	380.8	572.8	681.7
Furniture, fixtures and fittings	138.1	159.1	77.5	87.1	108.1
Electronic and electrical appliances	75.2	88.1	61.2	66.9	70.7
Petroleum products	452.4	465.1	264.1	453.6	831.0
o/w Petrol	51.0	59.1	27.9	52.0	87.8
Diesel (marine gas oil)	350.0	353.0	206.9	359.7	664.9
Transport equipments and parts	214.0	243.3	87.7	176.3	281.2
Wood, metal, cement and aggregates	482.4	426.2	229.9	236.1	375.5
Machinery and mechanical appliances and parts	261.3	186.3	127.9	184.9	240.3
Electrical, electronic machinery and equipments and parts	149.2	150.1	114.9	147.8	208.5
Other items	691.5	623.2	494.1	647.5	718.8

Source: Maldives Customs Service

**Table 33: Direction of Trade - Export of Goods, 2018-2022**

(millions of US dollars)

	2018	2019	2020	2021	2022
<b>Domestic exports</b>	<b>181.6</b>	<b>158.0</b>	<b>162.8</b>	<b>151.3</b>	<b>159.0</b>
Asia	90.9	80.0	91.5	93.1	98.0
o/w Sri Lanka	6.2	5.1	4.6	2.3	1.3
India	2.8	3.4	3.3	6.0	6.4
Thailand	65.9	57.6	70.9	70.2	78.3
Europe	73.7	62.3	57.6	46.5	48.5
o/w France	13.4	15.0	13.1	6.2	5.8
Germany	23.1	18.6	15.8	17.3	15.0
Italy	7.9	6.0	6.9	3.2	3.4
UK	16.8	11.3	11.7	10.3	13.5
North America	16.1	15.1	12.1	6.0	3.5
o/w USA	15.0	13.9	8.6	4.4	2.9
Oceania	0.5	0.4	0.8	0.0	-
South America	-	0.0	0.1	0.8	-
Africa	0.4	0.2	0.8	4.9	9.1

Source: Maldives Customs Service

**Table 34: Direction of Trade - Import of Goods, 2018-2022**

(millions of US dollars)

	2018	2019	2020	2021	2022
<b>Total imports</b>	<b>2,959.8</b>	<b>2,887.5</b>	<b>1,837.9</b>	<b>2,573.1</b>	<b>3,515.7</b>
Asia	2,394.6	2,329.3	1,527.4	2,104.5	2,914.7
o/w China	488.1	469.4	267.6	323.6	382.6
India	286.6	290.3	241.9	318.0	496.4
Malaysia	232.2	191.5	138.9	134.6	218.6
Oman	10.4	18.2	154.0	337.5	625.3
Singapore	369.0	354.5	200.7	261.8	321.7
Sri Lanka	165.3	165.4	117.0	142.1	158.4
United Arab Emirates	536.5	543.4	228.3	333.2	416.0
Europe	390.5	351.0	188.6	276.3	352.7
North America	69.3	86.4	50.6	91.5	105.9
Oceania	66.3	78.5	45.1	59.0	70.6
South America	17.8	17.0	10.6	19.6	34.6
Africa	21.3	25.2	15.7	22.1	37.2

Source: Maldives Customs Service

**Table 35: External Debt, 2018-2022 <sup>1/</sup>**

(millions of US dollars)

	2018	2019	2020	2021	2022
Outstanding stock					
<b>Total external debt outstanding</b>	<b>2,074.3</b>	<b>2,363.1</b>	<b>3,216.1</b>	<b>3,097.3</b>	<b>3,576.7</b>
Central government and publicly guaranteed external debt	2,004.9	2,259.4	2,857.3	2,686.3	3,167.7
Central government external debt	1,333.4	1,431.8	1,617.1	1,915.0	2,149.3
Debt securities	350.0	350.0	350.0	658.0	600.0
Loans	983.4	1,081.8	1,267.1	1,257.0	1,449.3
o/w Multilateral	288.5	314.7	409.1	269.8	418.5
Bilateral	137.4	171.7	243.1	230.8	227.2
Commercial banks	6.9	1.0	-	-	-
Buyers credit	550.6	594.5	614.9	756.4	803.6
Publicly guaranteed external debt	671.5	827.6	1,240.2	771.3	1,018.4
Other depository corporations	69.4	103.7	358.8	411.0	409.0
o/w Head offices or branches	28.8	58.9	312.4	305.3	346.3
Non-resident ODC	40.6	44.8	46.4	95.6	56.6
Flow					
<b>Central government debt disbursed and debt service</b>					
Disbursements <sup>2/</sup>	330.6	166.7	200.5	688.6	284.2
Debt service	103.9	101.1	88.3	287.6	266.5
Principal repayment	69.7	61.1	52.8	246.2	158.0
Interest payments	34.2	40.1	35.5	41.4	108.5
<b>Debt service ratio (central government)</b>	<b>2.9</b>	<b>2.7</b>	<b>4.9</b>	<b>7.2</b>	<b>5.8</b>
As a percentage of GDP					
Total external debt outstanding	39	42	86	57	58
Central government and publicly guaranteed external debt	38	40	76	50	51
Central government external debt	25	26	43	36	35
Publicly guaranteed external debt	13	15	33	14	16
Other depository corporations	1	2	10	8	7
Annual percentage change					
Total external debt outstanding	66	14	36	(4)	15
Central government and publicly guaranteed external debt	75	13	26	(6)	18
Central government external debt	22	7	13	18	12
Publicly guaranteed external debt	1,230	23	50	(38)	32
Other depository corporations	(36)	50	246	15	(0)
<b>Memorandum items:</b>					
Nominal GDP (millions of US dollars) <sup>3/</sup>	5,290.9	5,595.6	3,736.9	5,389.0	6,176.5
Exchange rate	15.41	15.38	15.41	15.39	15.40
Exports of goods and services (millions of US dollars)	3,584.3	3,742.1	1,786.5	3,984.8	4,598.3

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

<sup>1/</sup> Figures represent data available as at 30 March 2023. Total external debt outstanding represent 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 2022 are projections available as at 31 October 2022, forecasted by the Maldives Monetary Authority and the Ministry of Finance.

**Table 36: Exchange Rates, 2018-2022 <sup>1/</sup>**

(rufiyaa per foreign currency; end of period mid-rate)

	2018	2019	2020	2021	2022
US dollar	15.4100	15.3800	15.4100	15.3900	15.4000
Japanese yen	0.1392	0.1406	0.1485	0.1334	0.1147
Singapore dollar	11.1910	11.3321	11.5446	11.3140	11.3396
Indian rupee	0.2193	0.2147	0.2090	0.2056	0.1851
Sri Lankan rupee	0.0869	0.0876	0.0845	0.0784	0.0435
Pound sterling	19.4030	20.0371	20.6816	20.6091	18.3778
Euro	17.4211	17.0659	18.7141	17.2788	16.1786

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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