BANK OF CEYLON - MALDIVES

AUDITOR'S REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2024

EY
Shape the future with confidence

Ernst & Young
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DN/NJ/VS

Independent auditor's report

To the Management of Bank of Ceylon Maldives

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Bank of Ceylon Maldives ("the Bank"), which comprise the statement of comprehensive income, statement of financial position as at 31 December 2024, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as of 31 December 2024 and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), 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.

Responsibilities of management for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement 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.

Auditor's responsibilities for the audit of the financial statements (Continued)

- 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 Bank'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 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 Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management 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.

We also provide management with a statement that we have complied with ethical requirements in accordance with IESBA code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, action taken to eliminate threats or safeguards applied.

For and on behalf of Ernst & Young
Partner: Dhunya Nizar
Licensed Auditor: ICAM-IL-Z73

30 April 2025
Male'

Ernst & Young
Chartered Accountants
Malé, Maldives
Reg. No.: 192/95

BANK OF CEYLON - MALDIVES
STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024	Note	2024 MVR	2023 MVR
Interest income	4.1	459,495,928	414,974,936
Less : Interest expenses	4.2	(82,028,532)	(70,511,886)
Net interest income	4	377,467,396	344,463,050
Fee and commission income	5	72,421,713	67,364,257
Net trading and other income	6	9,870,843	8,422,099
Total operating income		459,759,952	420,249,406
Less : Impairment charge for loans and other losses	7	(65,736,884)	(56,348,787)
Net operating income		394,023,068	363,900,619
Less : Operating expenses			
Personnel Expenses	8	(21,999,875)	(15,845,912)
Depreciation and amortization expenses	9	(5,617,133)	(5,384,467)
Other expenses	10	(12,026,746)	(11,314,934)
Profit before income tax		354,379,314	331,355,306
Less : Income tax expense	11	(139,710,240)	(40,184,679)
Profit for the Year		214,669,074	291,170,627
Other Comprehensive Income for the Year		-	-
Total Comprehensive Income for the Year		214,669,074	291,170,627

Figures in brackets indicate deductions

The financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of the Bank set out on pages 28 to 63. The Report of the Independent Auditors is given on pages 1 and 2.

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BANK OF CEYLON - MALDIVES
STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024	Note	2024 MVR	2023 MVR
Assets			
Cash and cash equivalents	12	117,367,707	168,712,743
Balances with Maldives Monetary Authority	13	308,996,838	415,811,487
Placement with banks	14	505,843,619	-
Financial assets at amortised cost - Investments securities	15	1,898,406,267	1,849,652,271
Financial assets at amortised cost - Loans and advances	16	3,607,492,047	3,143,904,647
Property and equipment	17	656,080	453,700
Right-of-use asset	18	14,444,362	12,033,550
Deferred tax asset	11.2	135,366,991	180,444,831
Other assets	19	6,658,026	614,296
Total Assets		6,595,231,937	5,771,627,525
Liabilities			
Due to banks	20	61,693,535	-
Financial liabilities at amortised cost - Deposits from customers	21	4,065,104,305	3,529,248,684
Current tax liabilities	22	54,785,683	23,666,878
Lease liability	23	14,940,474	12,805,162
Other liabilities	24	44,598,250	13,390,545
Total Liabilities		4,241,122,247	3,579,111,269
Equity			
Assigned capital	25	196,140,000	196,140,000
Statutory reserve	26	150,000,000	150,000,000
Retained earnings		2,007,969,690	1,846,376,256
Total equity attributable to equity holders of the Bank		2,354,109,690	2,192,516,256
Total equity and liabilities		6,595,231,937	5,771,627,525
Contingent Liabilities and Commitments	28	777,858,318	713,025,225

The financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of the Bank set out on pages 28 to 63. The Report of the Independent Auditors is given on pages 1 and 2.

The Management is responsible for these financial statements. Signed for and on behalf of the Management by;

....
S.H.M.M.P.Herath
Country Manager

....
M.R.I.R.Perera
Chief Operations Manager

30 April 2025
Male'

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BANK OF CEYLON - MALDIVES
STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

	Assigned Capital MVR	Statutory Reserve MVR	Retained Earnings MVR	Total Equity MVR
Balance as at 1st January 2023	196,140,000	150,000,000	1,562,915,629	1,909,055,629
Total Comprehensive Income for the Year	-	-	291,170,627	291,170,627
Transactions with Head Office				
Distributions made during the Year	-	-	(7,710,000)	(7,710,000)
Balance as at 31st December 2023	196,140,000	150,000,000	1,846,376,256	2,192,516,256
Total Comprehensive Income for the Year	-	-	214,669,074	214,669,074
Transactions with Head Office				
Distributions made during the Year	-	-	(53,075,640)	(53,075,640)
Balance as at 31st December 2024	196,140,000	150,000,000	2,007,969,690	2,354,109,690

Figures in brackets indicate deductions

The financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of the Bank set out on pages 28 to 63. The Report of the Independent Auditors is given on pages 1 and 2.

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BANK OF CEYLON - MALDIVES
STATEMENT OF CASH FLOWS

	Note	2024 MVR	2023 MVR
Cash Flows from Operating Activities			
Profit Before Tax		354,379,314	331,355,306
Adjustments for:			
Net Interest Income	**4**	(377,467,396)	(344,463,050)
Depreciation of ROU Assets	**18**	5,183,766	5,090,875
Depreciation of Property and Equipment	**17**	433,367	293,593
Net Impairment Losses on Financial Assets	**7**	65,736,884	56,348,787
Adjustment on reassessment of ROU and lease liability	**18**	-	222,048
		48,265,935	48,847,559
Changes In:			
Balances with Maldives Monetary Authority		106,814,649	(163,215,833)
Loans and Advances to Customers		(506,922,784)	(313,303,798)
Other Assets		(6,043,730)	(270,084)
Other Liabilities		7,384,876	163,875
Deposits from Customers		535,124,208	(140,859,222)
Due to Banks		61,693,535	-
		198,050,754	(617,485,062)
Interest Received		445,074,352	440,868,246
Interest Paid		(82,028,532)	(69,879,853)
Income Tax Paid	**22**	(62,207,430)	(133,418,825)
		300,838,390	237,569,568
Net Cash Generated/(Used in) From Operating Activities		547,155,079	(331,067,935)
Cash Flows from Investing Activities			
Net Investment in Securities		(32,911,091)	24,643,305
Palcements investments		(505,843,619)	-
Acquisition of Property and Equipment	**17**	(635,747)	(106,367)
Net Cash From / (Used in) Investing Activities		(539,390,457)	24,536,938
Cash Flows from Financing Activities			
Payment of Principle Portion of Lease Liabilities	**23**	(6,034,018)	(5,704,307)
Profit Remitted to Head Office	**30.2**	(53,075,640)	(7,710,000)
Net Cash Used in Financing Activities		(59,109,658)	(13,414,307)
Net (Decrease)/ Increase in Cash and Cash Equivalents		(51,345,036)	(319,945,304)
Cash and Cash Equivalents at the Beginning of the Year		168,712,743	488,658,047
Cash and Cash Equivalents as at the End of the Year	**12**	117,367,707	168,712,743

Figures in brackets indicate deductions

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BANK OF CEYLON – MALE' BRANCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 2024

1. Corporate Information

1.1. Reporting entity

The Bank of Ceylon – Maldives ("the Bank") received the banking license under the Maldives Monetary Authority Act No. 6/81 of 1981 on 7th May 1981 in the Republic of Maldives. The principal place of business is situated at 12, Boduthakurufaanu Magu, Male', Republic of Maldives. The Bank is a branch of Bank of Ceylon, fully owned by the Government of Sri Lanka.

The commercial operations of the Bank commenced on 7th May 1981.

1.2. Principal Business Activities and Nature of Operations

The Bank is engaged in providing a comprehensive range of financial services encompassing accepting deposits, retail banking, trade financing, corporate and retail credit, project financing, development banking, money remittance facilities, dealing in Government securities and treasury-related products and salary remittance package services, in the Republic of Maldives.

2. BASIS OF PREPARATION

2.1. Statement of Compliance

The financial statements of the Bank, which comprise the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Financial Statements have been prepared and presented in accordance with IFRS Accounting Standards.

These financial statements have been prepared following the accrual basis of accounting.

2.2. Basis of Measurement

The financial statements have been prepared on the historical cost basis except for assets and liabilities which are stated at their fair value.

2.3. Going Concern Basis of Accounting

The Management has assessed its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern. Therefore, the financial statements of the Bank continue to be prepared on a going concern basis.

2.4. Functional and Presentation Currency

These financial statements are presented in Maldivian Rufiyaa, which is the Bank's functional currency, except as otherwise indicated, financial information is presented in Maldivian Rufiyaa.

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2. BASIS OF PREPARATION (CONTINUED)

2.5. Offsetting

Financial assets and financial liabilities are offset, and the net amount reported in the Statement of Financial Position, only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously. Income and expenses are not offset in the Statement of Comprehensive Income, unless required or permitted by an Accounting Standard or Interpretation (issued by the International Financial Reporting Interpretations Committee and Standard Interpretation Committee) and as specially disclosed in the Accounting Policies of the Bank.

2.6 Presentation of Financial Statements

The assets and liabilities of the Bank presented in the Statement of Financial Position are grouped by nature and listed in an order that reflects their relative liquidity and maturity pattern. No adjustments have been made for inflationary factors affecting the Financial Statements.

2.7 Materiality and aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately, unless they are immaterial as permitted by the International Accounting Standard – IAS 1 on 'Presentation of Financial Statements'.

2.8 Rounding

The amounts in the Financial Statements have been rounded-off to the nearest Maldivian Rufiyaa, except where otherwise indicated as permitted by the International Accounting Standard – IAS 1 on 'Presentation of Financial Statements'.

2.9 Use of Judgements and Estimates

The preparation of the financial statements in conformity with IFRSs and IASs adopted, requires the management to make judgements, estimates and assumptions which affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

i.) Measurement of fair values

Several accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Bank has an established control framework with respect to the measurement of fair values. When measuring the fair value of an asset or a liability, the Bank uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follow.

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BANK OF CEYLON – MALE' BRANCH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 2024

2. BASIS OF PREPARATION (CONTINUED)

2.9 Use of Judgements and Estimates (Continued)

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (Unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Bank recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

ii.) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the following notes.

Note 3.2 (ii) - classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding.

Note 3.2 (iv) – establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for incorporating forward looking information into the measurement of Expected Credit Loss ("ECL") and selection and approval of models used to measure ECL.

iii.) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainty that have a significant risk of resulting in a material adjustment for the year ended 31st December 2024 are included in the following notes

Note 3.4 (iv) - Impairment of financial instruments

Determining inputs into the ECL measurement model, including incorporation of forward-looking information

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2. BASIS OF PREPARATION (CONTINUED)

2.9 Use of Judgements and Estimates (Continued)

Note 3.5 - Impairment of non-financial assets

The Bank assesses whether there are any indicators of impairment for an asset or a Cash-Generating Unit (CGU) at each Reporting date or more frequently, if events or changes in circumstances necessitate to do so. This requires the estimation of the 'Value in use' of such individual assets or the CGUs. Estimating 'Value in use' requires the Management to make an estimate of the expected future cash flows from the asset or the CGU and also to select a suitable discount rate in order to calculate the present value of the relevant cash flows. This valuation requires the Bank to make estimates about expected future cash flows and discount rates and hence, they are subject to uncertainty.

Note 3.7 & 3.8- Provisions for liabilities, commitments and contingencies

The Bank receives legal claims in the normal course of business. Management has made judgements as to the likelihood of any claim succeeding in making provisions. The time of concluding legal claims is uncertain, as is the amount of possible outflow of economic benefits. Timing and cost ultimately depend on the due processes in respective legal jurisdictions.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The Accounting Policies have consistently been applied by the company and are consistent with those used in the previous year. Further, comparative information is reclassified wherever necessary to comply with the current year presentation.

3.1. Foreign Currency Transactions

Transactions in currencies other than Maldivian Rufiyaa are translated to Maldivian Rufiyaa at the exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated to Maldivian Rufiyaa at the exchange rate ruling at the reporting date. Foreign exchange differences arising on translation are recognized in the profit or loss.

Non-monetary assets and liabilities, which are measured at historical cost, denominated in foreign currencies are translated to Maldivian Rufiyaa at the exchange rates ruling at the dates of transactions. Non-monetary assets and liabilities, which are stated at fair value, denominated in foreign currencies are translated to Maldivian Rufiyaa at the exchange rates ruling at the dates the values were determined.

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3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2. Financial Assets and Liabilities

(i) Recognition and initial measurement

The Bank initially recognizes loans and advances, deposits, and other liabilities, etc. on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognized on the trade date, which is the date on which the Bank becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

(ii) Classification

On initial recognition, a financial asset is classified as measured at: amortized cost, FVOCI or FVTPL. A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI").

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. All other financial assets are classified as measured at FVTPL.

Business Model Assessment

The Bank assesses the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. Whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets.
- How the performance of the portfolio is evaluated and reported to the Bank's management.

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3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2. Financial Assets and Liabilities (Continued)

- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.
- How managers of the business are compensated - e.g., whether compensation is based on the fair value of the assets managed, or the contractual cash flows collected; and
- The frequency, volume, and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realized.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment Whether Contractual Cash Flows are Solely Payments of Principal and Interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows, such that it would not meet this condition. In making the assessment, the Bank considers:

- Contingent events that would change the amount and timing of cash flows.
- Leverage features.
- Prepayment and extension terms.
- Terms that limit the Bank's claim to cash flows from specified assets (e.g., non-recourse asset arrangements); and
- Features that modify consideration of the time value of money- e.g., periodical reset of interest rates.

Reclassification

Financial assets are not reclassified after their initial recognition, except in the period after the Bank changes its business model for managing financial assets.

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3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2. Financial Assets and Liabilities (Continued)

Financial liabilities

The Bank classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortized cost or FVTPL.

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximize recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Bank plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (refer write-off policy). This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortized cost or FVOCI does not result in derecognition of the financial asset, then the Bank first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognizes the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred, and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortized over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest rate method.

The Bank derecognizes a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognized and consideration paid is recognised in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

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Chartered Accountants

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2. Financial Assets and Liabilities (Continued)

If the modification of a financial liability is not accounted for as derecognition, then the amortized cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortized over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

(iii) Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Bank has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Bank measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Bank uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would consider in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e., the fair value of the consideration given or received. If the Bank determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data, or the transaction is closed out.

(IV) Impairment

Individual Assessment - Credit-Impaired Financial Assets

At each reporting date, the Bank assesses all financial assets carried at amortized cost and identifies the 'Individually Significant' loans and advances for impairment based on the materiality. Accordingly, loans and advances are considered as if they meet following criteria.

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3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2. Financial Assets and Liabilities (Continued)

- Loans and Advances of those customers with a total exposure of MVR. 5,283,960/- (Sri Lankan Rupees 100 Mn) and above

The exposure for this purpose is comprised of capital outstanding of all on-balance sheet loans and advances.

A financial asset upon this assessment is categorized as 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The restructuring of a loan or advance by the Bank on terms that the Bank would not consider otherwise.
- It is becoming probable that the borrower will enter bankruptcy or other financial re-organization. or
- The disappearance of an active market for a security because of financial difficulties.

A loan that has been re-negotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, financing facility provided to the customers that are overdue for 90 days or more is considered credit impaired.

Collective Assessment

Loans and advances which are not individually significant and loans and advances which are individually significant but not attract any impairment based on the individual assessment, are further assessed on collective basis for Expected Credit Loss (ECL).

The Bank recognizes loss allowances for ECL on the following financial instruments that are not measured at FVTPL:

- Financial assets that are debt instruments.
- Financial guarantee contracts issued; and
- Loan commitments.

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3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2. Financial Assets and Liabilities (Continued)

Measurement of ECL

Significant increase in credit risk of loans and advances is measured based on quantitative and qualitative characteristics.

Quantitative characteristics

The number of days past due, which is calculated from the contractual due date of the payment. Accordingly, the Bank does not rebut the presumption of 90 days as the default point as set out in IFRS 9 and staging is done for loans and advances as follows.

Days of Past Due	Staging
1 – 30 Days	Stage 1
31 – 60 Days 61 - 90 Days	Stage 2
Above 90	Stage 3

Probability of default ("PD") approach

Probability of default is the estimate of the likely hood of default over a given time horizon.

PDs are calculated for 12 months, and lifetime based on the increase in credit risk, which is assessed based on the days past due as follows.

12 Months PD

This is the estimated probability of default occurring within the next 12 months. The 12-month PD is applied for the "Current" and "1-30 days" buckets since there is no significant deterioration in Credit Risk. Financial instruments for which a 12-month ECL is recognized are referred to as 'Stage 1 financial instruments'.

Lifetime PD

This is the estimated probability of default occurring over the remaining life of the financial instruments. The lifetime PD is applied for the 31-60 days and 61-90 days buckets since there is a significant deterioration in credit risk. Financial instruments for which a lifetime ECL is recognized but which are not credit-impaired are referred to as 'Stage 2 financial instruments'.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2. Financial Assets and Liabilities (Continued)

The PD for the Above 90 days' category is 100% since there is objective evidence of impairment.

Special factors /assumptions considered for PD models:

- PDs are calculated segment wise
- Moving average of immediate past five years' data is used for PD computation.
- Lognormal graph is used to extrapolate the PDs beyond 4 years
- PDs are in the increasing trend when moving with the lifetime of the loans and advances.
- Marginal PD approach is used to establish the increasing trend in PD where historical data does not give the expected results.

The Bank has determined to follow the above policy in calculating the PDs for the following segments,

□ Loans and Advances to Customers. □ Overdrafts.

Loss Given Default ("LGD")

LGD is the magnitude of likely loss on exposure, and is expressed as a percentage of exposure. These LGD rates take into account the expected EAD in comparison to the amount expected to be recovered or realised from any collateral held.

The Bank segments its lending into smaller homogeneous portfolios, based on key characteristics that are relevant to the estimation of future cash flows. The applied data is based on historically collected loss data and involves a wider set of transaction characteristics as well as borrower characteristics.

For each year, closed contracts which have crossed above 90 days at least once in their lifetime and contract which have been virtually closed are considered.

LGD will factor in all cash flows subsequent to the point of default until the full settlement of the loan.

Economic Factor Adjustment ("EFA")

The Bank incorporates forward looking information to the ECL computation that it brings the futuristic aspects to the impairment assessment by using the expected values of the multiple economic scenarios. The Bank uses both quantitative (such as inflation, interest rate, exchange rate and GDP growth rate) and qualitative factors (government policies and status of the banking industry) to arrive to the EFA.

Exposure at Default ("EAD")

EAD reflects the outstanding exposure at the reporting date and commitments that could be invoked before the date of any default.

EAD pertains to the amount outstanding with the customer at the time of likely default, includes:

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3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2. Financial Assets and Liabilities (Continued)

- Drawn Amount
  - Amount utilized by the customer from the available credit lines as at the reporting date.
  - The outstanding future amounts are projected based on amortization assumptions.
- Undrawn Amount
  - Amount not utilized by the customer from the approved/available credit lines as at the reporting date.
  - Undrawn amounts are converted into most likely future exposure using a Credit Conversion Factor, for EAD computation

Following factors/assumptions considered when arriving to the EAD

- If the customer is in default category, it is concluded that no further drawdowns are allowed and EAD of such customer is the total outstanding amount of the facilities as at reporting date.
- It was assumed that customer defaults the facility (if it is not already defaulted as at reporting date) after 6 months from each reporting date.
- For revolving facilities such as Overdrafts that has an undrawn amount the credit conversion factor is considered as 100%, with the assumption that, at the point of default the customer has used the full facility, i.e., the undrawn amount at the point of default is zero (0).
- Facilities to the extent which are backed by cash or cash equivalent are eliminated from the EAD.

Presentation

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

- Financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets.
- Loan commitments and financial guarantee contracts: generally, as a provision.
- Where a financial instrument includes both a drawn and undrawn component, and the Bank cannot identify the ECL on the loan commitment component separately from those on the drawn component. The Bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from gross carrying amount of the drawn component. Any excess of the loan loss allowance over the gross carrying amount is presented as a provision.

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3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2. Financial Assets and Liabilities (Continued)

Write-off

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level. Recoveries of amounts previously written off are included in impairment losses on financial instruments in the statement of profit or loss.

Financial assets that are written off could still be subject to enforcement activities to comply with the Bank's procedures for recovery of amounts due.

Non-Integral financial guarantee contracts

The Bank assess whether a financial guarantee contract held is an integral element of a financial asset that is accounted for as a component of that instrument or is a contract that us accounted for separately. The factors that the Bank considers when making this assessment include whether.

- the guarantee is implicitly part of the contractual terms of the debt instruments.
- the guarantee is required by laws and regulations that govern the contract of the debt instrument.
- the guarantee is entered at the same time as and in contemplation of the debt instruments; and
- the guarantee is given by the parent of the borrower or another Company within the borrower's group

If the Bank determines that the guarantee is an integral element of the financial asset, then any premium payable in connection with the initial recognition of the financial asset is treated as a transaction cost of acquiring it. The Bank considers the effect of the protection when measuring the fair value of the debt instrument when measuring the ECL.

3.3. Leases

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

(i) As a Lessee

At commencement or on modification of a contract that contains a lease component, the Bank allocates the consideration in the contract to each lease component based on its relative stand-alone prices. However, for the leases of property the Bank has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

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3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.3. Leases (Continued)

The Bank recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial 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 the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Bank by the end of the lease term or the cost of the right-of-use asset reflects that the Bank will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. 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 lease 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 implicit in the lease or, if that rate cannot be readily determined, and the Bank's incremental borrowing rate. Generally, the Bank uses its incremental borrowing rate as the discount rate. The Bank determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased. Lease payments included in the measurement of the lease liability comprise the fixed payments, including in-substance fixed payments.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Bank's estimate of the amount expected to be payable under a residual value guarantee, if the Bank changes its assessment of whether it will exercise a purchase, extension, or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Bank presents right-of-use assets that do not meet the definition of investment property in 'Right of Use Assets' and lease liabilities in 'Lease Liability' in the statement of financial position.

3.4. Property, Plant and Equipment

(i) Recognition and Measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalized

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3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.4. Property, Plant and Equipment (Continued)

borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant, and equipment. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant, and equipment, and are recognized net within other income in profit or loss.

(ii) Subsequent Costs

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embedded within the part will flow to the Bank, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant, and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Bank will obtain ownership by the end of the lease term.

Furniture and Fittings	Over 10 Years
Office Equipment	Over 03 - 05 Years
Computer Equipment	Over 02 - 10 Years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Depreciation is calculated from the date that they are ready for use.

3.5. Impairment of Non-financial Assets

At each reporting date, the Bank reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that is largely independent of the cash inflows of other assets or CGUs.

The 'recoverable amount' of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 'Value in use' is based on the estimated future cash flows, 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 or CGU. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated to reduce the carrying amounts of the other assets in the CGU on a pro-rata basis.

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3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Impairment of Non-financial Assets (Continued)

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.6. 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 Bank has a present legal or constructive obligation to pay this amount because of past service provided by the employee and the obligation can be estimated reliably.

(ii) Defined Contribution Plans

All Maldivian employees of the Bank are members of the retirement pension scheme established in the Maldives. Both employer and employee contribute 7% each respectively to this scheme of such employees' pensionable wage. Employers' obligation for contribution to pension scheme is recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

3.7. Provisions

A provision is recognized if, because of a past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

3.8. Contingent Liabilities and Commitments

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be readily measured as defined in International Accounting Standard – IAS 37 on Provisions, Contingent Liabilities and Contingent Assets.

In the normal course of business, the Bank makes various irrecoverable commitments and incurs certain liabilities with legal recourse to its customers. Even though these obligations may not recognize the date of the Statement of Financial Position, they do contain credit risk and are therefore form part of the overall risk profile of the Bank.

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3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.9. Interest Income and Expense

(i) Effective interest rate

Interest income and expenses are recognized in profit or loss using the effective interest rate method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

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

When calculating the effective interest rate for financial instruments other than credit-impaired assets, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not expected 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 effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or a financial liability.

(ii) Amortized Cost and Gross Carrying Amount

The 'amortized cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount 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 amortized cost of a financial asset before adjusting for any expected credit loss allowance.

(iii) Calculation of Interest Income and Expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating profit income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit impaired) or to the amortized cost of the liability. The effective interest rate is revised because of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest.

However, for financial assets that have become credit-impaired after initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Interest Income and Expense (Continued)

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortized 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.

(iv) Presentation

Interest income calculated using the effective Interest rate method presented in the statement of profit or loss includes:

- Interest on financial assets and financial liabilities measured at amortized cost.

Interest expenses presented in the statement of profit or loss includes:

- Financial liabilities measured at amortized cost.

3.10. Fees and Commission Income and Expense

Fee and commission income from contracts with customers is measured based on the consideration specified in a contract with a customer. The Bank recognizes revenue when it transfers control over a service to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of Service	Nature and timing of performance obligations, including significant payment terms.	Revenue recognition
Retail and corporate Banking Services.	The Banking services are provided to retail and corporate customers, including account management, provision of overdraft facilities, foreign currency transactions and servicing fees. Fees for ongoing account management are charged to the customer's account monthly. The Bank sets the rates separately for retail and corporate Banking customers on an annual basis. Transaction based fees for interchange foreign currency transactions and overdrafts are charged to the customer's account when the transaction takes place. Servicing fees are charged monthly and are based on fixed rates reviewed annually by the Bank.	Revenue from account service and servicing fees is recognised over time as the services is provided. Revenue related to transactions is recognised at the point in time when the transaction is taken place.

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3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.11. Tax Expense

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss. The Bank has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under IAS 37 Provisions, Contingent Liabilities and Contingent Assets

Current Tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date.

Deferred Tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the tax rate enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realized simultaneously.

A deferred tax assets is recognized for unused tax losses, tax credits deductible temporary difference to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it no longer probable that the related tax benefits will be provided.

3.12. Operating Expense

All expenses incurred in the running of the business and in maintaining the capital assets in a state of efficiency has been charged to the revenue in arriving at profit or loss for the year. Expenditure incurred for the purpose of acquiring, expanding, or improving assets of a permanent nature by means of which to carry on the business or for the purpose of increasing the earning capacity of the business has been treated as capital expenses.

3.13. Statement of the Cash Flows

The Statement of Cash Flows has been prepared by using the 'Indirect Method' of preparing cash flows in accordance with the International Accounting Standard – IAS 7 on 'Statement of Cash Flows'. Cash and cash equivalents comprise of short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.14 Changes in Material Accounting Policy Information

The accounting policies have consistently been applied by the Bank and are consistent with those used in the previous year. Further, comparative information is reclassified wherever necessary to comply with the current year presentation.

The following amendments to existing IFRS accounting standards became effective for annual periods beginning on 1 January 2024:

1.Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1

2. Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

3. Disclosures: Supplier Finance Arrangements -Amendments to IAS 7 and IFRS 7

3.15 New and Amended Standards and Interpretations

The new and amended standards and interpretations that are issued up to the date of issuance of the Bank financial statements but are not effective for the current annual reporting period, are disclosed below. The Bank intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

3.15.1 Lack of exchangeability – Amendments to IAS 21

In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

The amendments are not expected to have a material impact on the Bank's financial statement.

3.15.2 IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.15 New and Amended Standards and Interpretations (Continued)

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Bank is currently assessing the impact the amendments will have on current practice.

3.15. 3 IFRS 9 and IFRS 7 Classification and Measurement of Financial Instruments

On 30 May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments). The Amendments include:

•A clarification that a financial liability is derecognised on the 'settlement date' and introduce an accounting policy choice (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date

•Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed

•Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments

•The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI).

The amendments will be effective for annual reporting periods beginning on or after 1 January 2026. Entities can early adopt the amendments that relate to the classification of financial assets plus the related disclosures and apply the other amendments later.

The Bank is currently assessing the impact the amendments will have on current practice.

3.15.4 Amendments to IFRS 9 and IFRS 7 – Contracts Referencing Nature-dependent Electricity

In December 2024, IASB issued amendments to IFRS 9 and IFRS 7, contracts referencing nature-dependent Electricity, which clarify the application of 'own-use' requirements, permitting these contracts to be used as a hedge instruments and adding new disclosure requirements.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2026. Entities can early adoption is permitted and must be disclosed.

The amendments are not expected to have a material impact on the Bank's financial statement.

Annual improvements to IFRS Accounting Standards – Volume II: Annual improvements in the form of clarifications, update to language and/ or cross references have been made to the following IFRS Accounting Standards. These improvements are effective for annual reporting periods beginning on or after beginning on or after 1 January 2026. Earlier application is permitted.

•IFRS 1 First-time Adoption of International Financial Reporting Standards

•IFRS 9 Financial Instruments

•IFRS 7 Financial Instruments: Disclosures

•IFRS 10 Consolidated Financial Instruments

•IAS 7 Statement of Cashflows

The Bank is currently assessing the impact the amendments will have on current practice.

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4 NET INTEREST INCOME

	2024 MVR	2023 MVR
Interest income (Note 4.1)	459,495,928	414,974,936
Less: Interest expense (Note 4.2)	(82,028,532)	(70,511,886)
Net Interest Income	377,467,396	344,463,050

4.1 Interest income

	2024 MVR	2023 MVR
Financial assets at amortised cost - Loans and advances (Note 4.1.1)	362,330,604	327,102,679
Financial assets at amortised cost - Investments securities	97,165,324	87,872,257
	459,495,928	414,974,936

4.1.1 Financial assets at amortised cost - loans and advances

	2024 MVR	2023 MVR
Term Loans and Advances	172,112,312	159,159,098
Overdrafts	146,747,134	129,723,831
Staff Loans	568,830	252,245
Others	42,902,328	37,967,505
	362,330,604	327,102,679

4.2 Interest Expense

	2024 MVR	2023 MVR
Financial liabilities at amortised cost - Deposits from customers (Note 4.2.1)	(75,945,179)	(66,511,440)
Due to banks	(5,508,601)	(3,368,413)
Interest expense on lease liabilities	(574,752)	(632,033)
	(82,028,532)	(70,511,886)

4.2.1 Financial liabilities at amortised cost - deposits from customers

	2024 MVR	2023 MVR
Saving deposits	(9,142,245)	(9,080,343)
Time deposits	(66,802,934)	(57,431,097)
	(75,945,179)	(66,511,440)

5 FEE AND COMMISSION INCOME

	2024 MVR	2023 MVR
Commission on letter of credit and bills	9,704,059	10,471,337
Payment transactions	32,796,765	30,068,600
Commission on guarantees	5,428,866	7,680,416
SWIFT charges recovered	6,782,209	5,470,806
Service charges on international visa cards	2,525,874	1,464,757
Service charge on current accounts and savings accounts	4,008,560	3,583,131
Other fee and commission	11,175,380	8,625,210
	72,421,713	67,364,257

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6 NET TRADING AND OTHER INCOME

	2024 MVR	2023 MVR
Net foreign exchange gains	9,675,869	7,434,797
Other income	194,974	987,302
	9,870,843	8,422,099

Net gains from trading comprise, gains less losses related to trading assets and liabilities and foreign exchange differences.

7 IMPAIRMENT CHARGE FOR LOANS AND OTHER LOSSES

	2024 MVR	2023 MVR
Financial assets at amortised cost - loans & advances		
Stage 1	82,359	20,127,639
Stage 2	73,314,145	(63,653,350)
Stage 3	(115,310,559)	(13,071,552)
	(41,914,055)	(56,597,263)
Credit related commitments & contingencies		
Stage 1	(2,751,097)	(100,137)
Stage 2	(9,277,579)	(337,692)
Stage 3	(11,794,153)	(429,292)
	(23,822,829)	(867,121)
Financial assets at amortised cost - debt & other instruments		
Stage 1	-	1,115,597
Stage 2	-	-
Stage 3	-	-
	-	1,115,597
Total impairment charge for loans and other losses	(65,736,884)	(56,348,787)

8 PERSONNEL EXPENSES

	2024 MVR	2023 MVR
Salaries	16,075,158	12,913,715
Staff bonus	2,539,148	650,191
Expenses Relating to Defined Contribution Plans **(Note 8.1)**	960,921	822,161
Other personnel costs	2,424,648	1,459,845
	21,999,875	15,845,912

8.1 The Bank contributes 5% and Maldivian staff contributes 3% to the provident fund based on the staff basic salary and these funds are deposited in designated savings accounts (Provided Fund Account for each staff member). The interest is accrued at the prevailing savings account rate and the full amount can be withdrawn on retirement of the employee. In addition to that, the Bank contributes 7% to the Maldives pension fund for Maldivian staff based on their last basic salary.

9 DEPRECIATION AND AMORTIZATION EXPENSES

	2024 MVR	2023 MVR
Depreciation of property, plant and equipment	433,367	293,592
Depreciation of ROU Asset	5,183,766	5,090,875
	5,617,133	5,384,467

10 OTHER EXPENSES

	2024 MVR	2023 MVR
Professional fees	299,933	855,313
Postage and swift	5,019,561	3,594,730
Stationery and printing	258,559	730,436
Utility expenses	250,189	241,934
Premises, equipment and establishment expenses	6,198,504	5,892,521
	12,026,746	11,314,934

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11 INCOME TAX EXPENSE

	2024 MVR	2023 MVR
Income Tax on Profit **(Note 11.1)**	93,326,235	77,073,240
(Over) / under provision for the previous years	1,306,165	-
Deferred Tax asset recognized during the Year **(Note 11.2)**	45,077,840	(36,888,561)
	139,710,240	40,184,679

11.1 Reconciliation of accounting profit to taxable income

	2024	2023
Accounting Profit Before Tax	354,379,314	331,355,306
Aggregate Disallowable Items	159,362,300	157,031,774
Aggregate Allowable Items	(140,436,675)	(180,094,120)
Taxable Income for the Year	373,304,939	308,292,960
Income Tax @ 25%	93,326,235	77,073,240

The Bank is liable to pay income tax (at the rate of 25%) in accordance with Income Tax Act 25/2019 issued by the Maldives Inland Revenue Authority.

11.2 Deferred Tax Asset

	2024 MVR	2023 MVR
Balance as at 1st January	180,444,831	143,556,270
Recognized during the Year	(45,077,840)	36,888,561
Balance as at 31st December	135,366,991	180,444,831

Deferred Tax Assets are attributable to the following;

	2024		2023	
	Temporary Difference MVR	Tax Effect MVR	Temporary Difference MVR	Tax Effect MVR
Property and Equipment	722,356	180,589	753,216	188,304
Provision for impairment Losses on Financial Assets	540,745,608	135,186,402	721,026,108	180,256,527
	541,467,964	135,366,991	721,779,324	180,444,831

12 CASH AND CASH EQUIVALENTS

	2024 MVR	2023 MVR
Cash in hand	67,230,526	73,714,548
Balances with Head Office and Other Branches **(Note 12.1)**	42,593,352	65,488,927
Balances with Other Banks **(Note 12.2)**	7,543,829	29,509,268
	117,367,707	168,712,743

12.1 Balances with Head Office and Other Branches

	2024	2023
Bank of Ceylon - London Branch	9,106,761	39,957,258
Bank of Ceylon - Colombo (FCBU)	25,174,148	11,566,655
Bank of Ceylon - Metropolitan Branch	6,496,659	5,604,720
Bank of Ceylon - Chennai Branch	1,815,784	8,360,294
	42,593,352	65,488,927

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12 CASH AND CASH EQUIVALENTS (CONTINUED)

12.2 Balances with Other Banks

	2024 MVR	2023 MVR
Deutsche Bank Trust Company Americas	479,738	21,806,632
Overseas - Chinese Banking Company Limited	543,696	133,066
Habib American Bank - New York	6,520,395	7,569,570
	7,543,829	29,509,268

13 BALANCES WITH MALDIVES MONETARY AUTHORITY

	2024 MVR	2023 MVR
Statutory Balances with Maldives Monetary Authority **(Note 13.1)**	308,996,838	415,811,487

13.1 Minimum Reserve Requirement ("MRR")

As per the regulations of the Maldives Monetary Authority (the "MMA"), the Bank is required to maintain a reserve deposit based on 10% for deposits denominated in MVR and 7.5% for deposits denominated in foreign currency of 14 days average of the Customers' deposits with the Bank excluding interbank deposits of other banks in Maldives and letter of credit margin deposits(2023 - 10% for MVR and foreign currency). The Bank has maintained the minimum reserve requirement according to the regulations issued by the MMA. These deposits are not available for the Bank's day-to-day operations.

14 PLACEMENT WITH BANKS

	2024 MVR	2023 MVR
Placement With Banks	505,843,619	-

Placement With Banks are categorized under Stage 1.

15 FINANCIAL ASSETS AT AMORTISED COST - INVESTMENTS SECURITIES

	2024 MVR	2023 MVR
Investments in Treasury Bills (Note 15.2)		
Face Value	1,925,000,000	1,860,000,000
Less: Unearned Interest on Treasury Bills	(26,593,733)	(10,347,729)
Total Financial Investments	1,898,406,267	1,849,652,271
Impairment for Expected Credit Losses (Note 15.1)	-	-
	1,898,406,267	1,849,652,271

15.1 Impairment for Expected Credit Losses - Financial Assets at Amortised Cost - Investments Securities

	2024	2023
Balance as at 1st January	-	1,115,597
Charge to the Statement of Comprehensive Income	-	(1,115,597)
Balance as at 31st December	-	-

15.2 Treasury Bills - Maldives

The Bank has invested in Treasury Bills issued by the Government of Maldives. As at 31 December 2024, the Bank held un-matured Treasury bills with a face value of MVR 1,925,000,000/- (As at 31 December 2023 : MVR 1,860,000,000/-) and interest amount of MVR 26,593,733/- (As at 31 December 2023: MVR 10,347,729/-). The investment in Treasury Bills Issued by the Government of Maldives is measured at amortized cost as at the reporting date.

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16 LOANS AND ADVANCES TO CUSTOMERS

	2024 MVR	2023 MVR
Gross loans & advances		
Stage 1	2,634,659,451	1,946,916,541
Stage 2	777,240,522	1,177,490,780
Stage 3	888,923,015	670,914,212
	4,300,822,988	3,795,321,533
Impairment for expected credit losses		
Stage 1	(64,322,151)	(64,404,510)
Stage 2	(85,698,813)	(159,012,958)
Stage 3	(543,309,977)	(427,999,418)
	(693,330,941)	(651,416,886)
Net loans & advances to customers	3,607,492,047	3,143,904,647

16.1 Analysis of Loans and Advances to Customers - Product wise

	2024 MVR	2023 MVR
loans and advances	2,226,254,129	1,817,141,706
Overdrafts	1,625,365,438	1,615,605,047
Trust receipts	448,745,247	362,116,606
Bills of exchange	458,174	458,174
	4,300,822,988	3,795,321,533

16.2 Analysis of Loans and Advances to Customers - Currency wise

	2024 MVR	2023 MVR
Maldivian Rufiyaa	1,224,288,812	1,170,841,474
United states Dollar	3,076,534,176	2,624,480,059
	4,300,822,988	3,795,321,533

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17 PROPERTY AND EQUIPMENT

	Furniture and Fittings MVR	Office Equipment MVR	Computer Equipment MVR	Total 2024 MVR	Total 2023 MVR
Cost					
As at 1st January	1,268,202	1,790,260	6,577,900	9,636,362	9,889,436
Additions during the Year	139,074	167,622	329,051	635,747	106,367
Disposal during the Year				-	(359,441)
As at 31st December	1,407,276	1,957,882	6,906,951	10,272,109	9,636,362
Accumulated Depreciation					
As at 1st January	953,977	1,726,114	6,502,571	9,182,662	9,248,511
Charge for the Year	84,580	93,151	255,636	433,367	293,593
Disposal during the Year				-	(359,441)
As at 31st December	1,038,557	1,819,265	6,758,207	9,616,029	9,182,662
Net Carrying Values					
Balance as at 31 December 2024	368,719	138,617	148,744	656,080	
Balance as at 31 December 2023	314,225	64,146	75,329		453,700

17.1 As at 31December 2024, Property and equipment include fully depreciated assets which are still in use, the cost of which amounted MVR 11,183,478 (2023 : 8,736,015)

18 RIGHT-OF-USE ASSET

	2024 MVR	2023 MVR
Cost		
As at 1st January	32,508,167	28,678,059
Reassessment of ROU	-	3,830,108
Additions during the Year	7,594,578	-
As at 31st December	40,102,745	32,508,167
Accumulated Depreciation		
As at 1st January	20,474,617	15,383,743
Charge for the Year	5,183,766	5,090,875
As at 31st December	25,658,383	20,474,617
Net Carrying Value	14,444,362	12,033,550

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19 OTHER ASSETS

	2024 MVR	2023 MVR
Deposits and prepayments	492,436	491,616
Stationery stocks	94,972	94,780
Other assets	6,070,618	27,900
	6,658,026	614,296

20 DUE TO BANKS

	2024 MVR	2023 MVR
Borrowings	61,693,535	-
	61,693,535	-

21 DEPOSITS FROM CUSTOMERS

	2024 MVR	2023 MVR
Local Currency Deposits		
Current account balances	443,548,042	416,609,682
Savings account balances	190,758,966	151,447,602
Fixed deposits	498,428,094	455,638,377
Margin account balances	9,130,563	11,154,737
	1,141,865,665	1,034,850,398
Foreign Currency Deposits		
Current account balances	988,873,126	938,775,985
Savings account balances	531,610,019	349,687,936
Fixed deposits	1,376,804,425	1,168,588,897
Margin account balances	25,951,070	37,345,468
	2,923,238,640	2,494,398,286
Total Deposits from Customers	4,065,104,305	3,529,248,684

22 INCOME TAX LIABILITIES

	2024 MVR	2023 MVR
As at 1st January	23,666,878	80,012,463
Add: Provision for the Year **(Note 11.1)**	93,326,235	77,073,240
Less: Payments made during the Year	(62,207,430)	(133,418,825)
As at 31st December	54,785,683	23,666,878

23 LEASE LIABILITY

	2024 MVR	2023 MVR
As at 1st January	12,805,162	13,825,280
Reassessment of ROU	-	4,052,156
Addition during the Year	7,594,578	-
Interest Charge for the Year	574,752	632,033
Lease Rental Payments for the Year	(6,034,018)	(5,704,307)
As at 31st December	14,940,474	12,805,162

23.1 Maturity analysis of Lease liability

	2024 MVR	2023 MVR
Less than one year	4,982,688	5,229,135
Between one and five years	9,957,786	7,576,027
	14,940,474	12,805,162

23.2 Amount Recognized in Comprehensive Income

Interest on Lease Liability	574,752	632,033
Amortization of Right of Use asset	5,183,766	5,090,875
	5,758,518	5,722,908

24 OTHER LIABILITIES

	2024 MVR	2023 MVR
Accrued expenses	7,536,536	5,778,384
Unclaimed balances	431,523	365,579
Dormant nostro balances	-	10,946
Other liabilities and payables	8,840,922	3,269,196
Impairment provision on off-balance sheet exposures **(Note 22.1)**	27,789,269	3,966,440
	44,598,250	13,390,545

22.1 Impairment provision on off-balance sheet exposures

	2024 MVR	2023 MVR
As at 1st January	3,966,440	3,099,319
Net charge for the year	23,822,829	867,121
As at 31st December	27,789,269	3,966,440

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25 ASSIGNED CAPITAL

According to the sections 12 and 13 of the Maldives Banking Act No. 24/2010, a foreign Bank operating in the Maldives and intends to conduct operations in the manner of section 25 of the Maldives Banking Act No. 24/2010 (Tier I Bank) shall require to maintain equity capital allocated to its operations in the Maldives in an amount equal to the minimum level of MVR 150,000,000/-. Accordingly, the Bank maintains equity capital allocated to its operations in the Maldives amounting to MVR 196,140,000/- (2023: MVR 196,140,000/-).

26 STATUTORY RESERVE

According to the Maldives Banking Act No 24/2010 / Prudential Regulation on Capital Adequacy (2015/R-166) issued by the Maldives Monetary Authority ("MMA"), the Bank shall allocate, after taxes, at least 50% of its net distributable profits for the formation of a capital reserve until the reserve totals 50% of its minimum required unimpaired paid-up capital or assigned capital. Once the reserve reaches 50% of the Bank's minimum required unimpaired paid-up capital or assigned capital, the allocation shall not be less than 25% of the Bank's net distributable profit until the reserve totals an amount equal to the bank's minimum required unimpaired paid-up capital or assigned capital. The Bank may not reduce its capital and the reserve accumulated in the manner described in the Act / Prudential Regulation or in any other manner without prior approval of the MMA.

The Bank has the statutory reserve amounting to MVR 150,000,000/- as at 31st December 2024 (2023: MVR 150,000,000/-) and that is an amount equal to the Bank's minimum required assigned capital of MVR 150,000,000/- as specified under sections 12 and 13 of the Maldives Banking act No. 24/2010.

27 CAPITAL RESERVE ON LOAN LOSS PROVISION

According to the Maldives Monetary Authority ("MMA") guideline on loan loss provisioning (CN-BSD/2017/8), the Bank has created a separate reserve to record the difference in impairment amounts provided between IFRS provision base (IFRS 9 -"Financial Instruments") and MMA provision base (MMA Prudential Regulation 2015/R-168: Regulation on Asset Classification, Provisioning and Suspense of Interest).

Movement in Provision for Impairment Loss of Loans and Advances to Customers

	MMA Provision MVR	IFRS Provision MVR
As at 1st January 2023	330,333,491	594,819,623
Net Provision for impairment Loss	42,972,531	56,597,263
As at 31st December 2023	373,306,022	651,416,886
Net Provision for impairment Loss	61,094,338	41,914,055
As at 31st December 2024	434,400,360	693,330,941

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27 CAPITAL RESERVE ON LOAN LOSS PROVISION (CONTINUED)

Movement in Provision for Impairment Loss as per MMA Prudential Regulation Guidelines.

	2024 MVR	2023 MVR
Regulatory Specific Provision		
As at 1st January	357,432,893	308,493,457
Provision (reversed) / charged for the year	54,771,599	48,939,437
As at 31st December	412,204,492	357,432,893
Regulatory General Provision		
As at 1st January	15,873,129	21,840,035
Provision (reversed) / charged for the year	6,322,739	(5,966,906)
As at 31st December	22,195,868	15,873,129
Total	434,400,360	373,306,022

28 CONTINGENT LIABILITES AND COMMITMENTS

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be readily measured as defined in the International Accounting Standard - IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'.

In the normal course of business, the Bank makes various irrevocable commitments and incurs certain contingent liabilities with legal recourse to its customers. Even though these obligations may not be recognized on the date of the Statement of Financial Position, they do contain credit risk and therefore form part of the overall risk profile of the Bank.

	2024 MVR	2023 MVR
Contingencies		
Letter of credit	343,259,712	222,403,610
Guarantees and bonds	260,274,443	294,460,513
Bills for collection	29,491,587	33,756,466
	633,025,742	550,620,589
Commitments		
Undrawn Commitments on direct advances	144,832,576	162,404,636
	144,832,576	162,404,636
Total Commitments and Contingencies	777,858,318	713,025,225

29 LITIGATIONS AND CLAIMS AGAINST THE BANK

Litigation is common occurrence in the banking industry due to the nature of the business undertaken. The Bank has formal controls and policies in place for the management of legal claims. Once professional advice has been obtained and the loss is reasonably estimated, the management will make necessary adjustments in the books of accounts. At the reporting date the Bank did not have any significant unresolved legal claims as such no provision for any claims was made in these financial statements.

30 RELATED PARTY DISCLOSURES

The Bank has carried out transactions in the ordinary course of business on an arm's length basis at commercial rates with parties who are defined as Related parties as per the International Accounting Standard - IAS 24 ' Related Party Disclosures'.

30.1 Key Management Personnel (KMPs) and their Close Family Members (CFMs)

Key Management Personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Bank. Such Key Management Persons include the Corporate Management of the Bank. Close family members of an Individual are those family members who may be expected to influence, or to be influenced by, that individual in their dealings with the entity. They may include individual's domestic partner and children, children of the individual's domestic partner and dependents of the individual or the individual's domestic partner.

30.1.1 Transactions with Key Management Personnel (KMPs) and their Close Family Members (CFMs)

For the year ended 31st December	2024 MVR	2023 MVR
Short-term Employee Benefits	1,136,976	1,224,562
Non-monetary Benefits	328,402	313,575
	1,465,378	1,538,137

30.2 Transactions with Related Entities

The Bank of Ceylon - Male' Branch has remitted an amount of MVR 53,075,640/-(US$ 3,442,000/-) as annual profit distribution to the Head office during the year ended 31st December 2024 (2023 : MVR 7,710,000/- (US$ 500,000/-)).

There were no other related party transactions other than the balances with other Branches of the Bank of Ceylon and with the Head Office.

31 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

31.1 Classification of financial assets and liabilities as per IFRS 9 - "Financial instruments"

The table below provides a reconciliation between the line items in the Statement of Financial Position and categories of financial assets and financial liabilities of the Bank.

As at 31st December 2024	Note	Financial assets measured at amortised cost	Financial liabilities measured at amortised cost	Total
		MVR	MVR	MVR
Financial Assets				
Cash and Cash Equivalents	12	117,367,707	-	117,367,707
Balances with Maldives Monetary Authority	13	308,996,838	-	308,996,838
Placement with banks	14	505,843,619	-	505,843,619
Financial assets at amortised cost - Investments securities	15	1,898,406,267	-	1,898,406,267
Financial assets at amortised cost - Loans and advances	16	3,607,492,047	-	3,607,492,047
Total Financial Assets		6,438,106,478	-	6,438,106,478
Financial Liabilities				
Due to banks	20	-	61,693,535	61,693,535
Financial liabilities at amortised cost - Deposits from customers	21	-	4,065,104,305	4,065,104,305
Lease Liability	23	-	14,940,474	14,940,474
Other Liabilities		-	16,808,981	16,808,981
Total Financial Liabilities		-	4,158,547,295	4,158,547,295

As at 31st December 2023	Note	Financial assets measured at amortised cost	Financial liabilities measured at amortised cost	Total
		MVR	MVR	MVR
Financial Assets				
Cash and Cash Equivalents	12	168,712,743	-	168,712,743
Balances with Maldives Monetary Authority	13	415,811,487	-	415,811,487
Financial assets at amortised cost - Investments securities	15	1,849,652,271	-	1,849,652,271
Financial assets at amortised cost - Loans and advances	16	3,143,904,647	-	3,143,904,647
Total Financial Assets		5,578,081,148	-	5,578,081,148
Financial Liabilities				
Financial liabilities at amortised cost - Deposits from customers	21	-	3,529,248,684	3,529,248,684
Lease Liability	23	-	12,805,162	12,805,162
Other Liabilities		-	9,424,105	9,424,105
Total Financial Liabilities		-	3,551,477,951	3,551,477,951

31.2 Measurement of Fair Values

31.2.1 Financial Instruments Not measured at Fair Value and Fair Value Hierarchy

The fair value information for financial assets and financial liabilities not measured at fair value has not been disclosed if the carrying amounts are reasonable approximation of fair values. For financial assets and liabilities with short term maturities or with short term re-pricing intervals, it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to demand deposits and savings deposits which do not have a specific maturity.

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31 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

31.2.2 Determination of fair value and fair value hierarchy

The following table set out the fair values of financial assets and liabilities not measured at fair value and related fair value hierachy used

As at 31 December 2024	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and cash equivalents	-	117,367,707	-	117,367,707
Balances with Maldives Monetary Authority	-	308,996,838	-	308,996,838
Placement with banks	-	505,843,619	-	505,843,619
Financial assets at amortised cost - Investments securities	-	1,898,406,267	-	1,898,406,267
Financial assets at amortised cost - Loans and advances	-	3,607,492,047	-	3,607,492,047
Total financial assets	-	6,438,106,478	-	6,438,106,478
Financial liabilities				
Due to banks	-	61,693,535	-	61,693,535
Financial liabilities at amortised cost - Deposits from customers	-	4,065,104,305	-	4,065,104,305
Lease liability	-	14,940,474	-	14,940,474
Other liabilities	-	16,808,981	-	16,808,981
Total financial liabilities	-	4,158,547,295	-	4,158,547,295

As at 31 December 2023	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and cash equivalents	-	168,712,743	-	168,712,743
Balances with Maldives Monetary Authority	-	415,811,487	-	415,811,487
Financial assets at amortised cost - Investments securities	-	1,849,652,271	-	1,849,652,271
Financial assets at amortised cost - Loans and advances	-	3,143,904,647	-	3,143,904,647
Total financial assets	-	5,578,081,148	-	5,578,081,148
Financial liabilities				
Financial liabilities at amortised cost - Deposits from customers	-	3,529,248,684	-	3,529,248,684
Lease liability	-	12,805,162	-	12,805,162
Other liabilities	-	9,424,105	-	9,424,105
Total financial liabilities	-	3,551,477,951	-	3,551,477,951

32 FINANCIAL RISK MANAGEMENT

Introduction and Overview

As a financial intermediary, the Bank is exposed to various types of risks including credit, market, liquidity and operational risks which are inherent in the Bank's activities. Managing these risks are critical for the sustainability of the Bank and plays a pivotal role in all activities of the Bank. Risk Management function strives to identify potential risks in advance, analyze them and take precautionary steps to mitigate the impact of risk whilst optimizing through risk adjusted returns within the risk appetite of the Bank.

The Bank has exposure to the following risks from financial instruments:

*Credit Risk
*Liquidity Risk
*Market Risk
*Operational Risk

Risk Management Framework

The overall responsibility and oversight of the risk management framework of the Bank is vested with the Bank's Management.

The risk management policies spell out the risk appetite of the Bank and has incorporated risk exposure limits and controls to monitor adherence to the limits in force. These policies and systems are reviewed regularly to reflect the changing market conditions and the products and services offered.

The Bank strives to inculcate a risk management culture through continuous training, work ethics and standards.

32.1 Credit Risk

Credit Risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Bank's loans and advances to customers and other Banks, and investments in debt securities.

Head office has established a Credit Policy Department responsible for formulating policies for extending and monitoring of credit in line with the management's risk acceptance methodology. The department has formally issued these credit policies through Credit Policy Manual. Credit risk is monitored, reviewed and analyzed by appropriate officials inline with the guidelines contained in this manual. This risk is managed through counterparty and credit limits and also by obtaining adequate collaterals. Loans and advances to financial institutions are granted in accordance with limits assigned to each institution. Cross border risk is mitigated by employing exposure limits computed with reference to the country risk associated with such transactions and are updated on a regular basis.

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32 Financial Risk Management (Continued)

32.1 Credit Risk (Continued)

i.) Credit Quality Analysis

Maximum Exposure to Credit Risk by Risk Rating

The Bank obtains different types of collaterals from the counterparties as a credit risk mitigant. The amount and the types of the collateral required depend on credit risk assessment of the counterparty. The acceptability of the collateral and valuation is determined based on the guidelines issued by the regulator and the Bank's policy. The main types of collateral obtained are:

- For commercial lending - charges over movable and immovable properties.
- For personal lending - mortgages over movable and immovable properties, cash & cash equivalents.
- For Government & State Owned Enterprises - Sovering guarantees.

The Bank monitors the market value of collateral and will request additional collateral in accordance with the underlying agreement. It is the Bank's policy to dispose of repossessed properties in an orderly fashion. The proceeds are used to reduce or repay the outstanding claim. In general, the Bank does not occupy repossessed properties for business use.

	Financial assets at amortised cost - Loans and advances		Cash and Cash Equivalents and Balances with MMA		Placement with banks		Financial assets at amortised cost - Investments securities		Lending Commitments and Contingencies	
As at 31st December	2024 MVR	2023 MVR	2024 MVR	2023 MVR	2024 MVR	2023 MVR	2024 MVR	2023 MVR	2024 MVR	2023 MVR
Maximum Exposure to Credit										
Carrying Amount	3,607,492,047	3,143,904,647	426,364,545	584,524,230	505,843,619	-	1,898,406,267	1,849,652,271	-	-
Low Risk	867,001,621	976,325,963	426,364,545	584,524,230	505,843,619	-	1,898,406,267	1,849,652,271	-	-
Moderate Risk	1,257,876,407	706,261,419	-	-	-	-	-	-	-	-
High Risk	1,091,055,417	1,001,893,203	-	-	-	-	-	-	-	-
Unrated / Not Classified (***)	1,084,889,543	1,110,840,948	-	-	-	-	-	-	-	-
Impairment Loss allowance	(693,330,941)	(651,416,886)	-	-	-	-	-	-	-	-
	3,607,492,047	3,143,904,647	426,364,545	584,524,230	505,843,619	-	1,898,406,267	1,849,652,271	-	-
Off- Balance Sheet (**)										
Contingencies										
High Risk	-	-	-	-	-	-	-	-	96,230,396	54,140,046
Lending Commitments										
Moderate Risk	-	-	-	-	-	-	-	-	681,627,922	658,885,179
	-	-	-	-	-	-	-	-	777,858,318	713,025,225

(***) Unrated / Not Classified balances include, Retail customers which are not rated and other interest adjustments for amortizations

(**) Amounts reported above include only lending commitments and contingencies disclosed in the Note 28 on 'Contingent Liabilities and Commitments'

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32 Financial Risk Management (Continued)

32.1 Credit Risk (Continued)

i.) Credit Quality Analysis (Continued)

Maximum Exposure to Credit Risk by Risk Rating (Continued)

The following table set out information about the credit quality of financial assets measured at amortized cost unless specially indicated, for the financial assets, the amounts in the table represent carrying amounts.

As at 31st December	2024			
	Stage 1 MVR	Stage 2 MVR	Stage 3 MVR	Total MVR
Loans and advances to customers				
- Pass or Acceptable	2,634,659,451	547,998,268	112,078,249	3,294,735,968
- Special Mention	-	229,242,254	60,494,988	289,737,242
- Substandard	-	-	107,707,195	107,707,195
- Doubtful	-	-	48,036,072	48,036,072
- Loss	-	-	560,606,511	560,606,511
	2,634,659,451	777,240,522	888,923,015	4,300,822,988
Loss allowance	(64,322,151)	(85,698,813)	(543,309,977)	(693,330,941)
Carrying Amount	2,570,337,300	691,541,709	345,613,038	3,607,492,047
Placement with banks				
- Pass or Acceptable	505,843,619	-	-	505,843,619
Carrying Amount	505,843,619	-	-	505,843,619
Financial assets at amortised cost - Investments securities				
- Pass or Acceptable	1,898,406,267	-	-	1,898,406,267
Carrying Amount	1,898,406,267	-	-	1,898,406,267
Cash and cash equivalents				
- Pass or Acceptable	117,367,707	-	-	117,367,707
Carrying Amount	117,367,707	-	-	117,367,707

As at 31st December	2023			
	Stage 1 MVR	Stage 2 MVR	Stage 3 MVR	Total MVR
Loans and advances to customers				
- Pass or Acceptable	1,868,068,727	917,567,587	49,238,792	2,834,875,106
- Special Mention	78,847,814	241,208,917	71,133,588	391,190,319
- Substandard	-	18,714,275	35,854,479	54,568,754
- Doubtful	-	-	32,865,297	32,865,297
- Loss	-	-	481,822,056	481,822,056
	1,946,916,541	1,177,490,780	670,914,212	3,795,321,533
Loss allowance	(64,404,510)	(159,012,958)	(427,999,418)	(651,416,886)
Carrying Amount	1,882,512,031	1,018,477,822	242,914,794	3,143,904,647
Financial Investments				
- Pass or Acceptable	1,849,652,271	-	-	1,849,652,271
Carrying Amount	1,849,652,271	-	-	1,849,652,271
Cash and cash equivalents				
- Pass or Acceptable	168,712,743	-	-	168,712,743
Carrying Amount	168,712,743	-	-	168,712,743

32 Financial Risk Management (Continued)

32.1 Credit Risk (Continued)

i.) Credit Quality Analysis (Continued)

Maximum Exposure to Credit Risk by Risk Rating (Continued)

The following table sets out the credit quality of Financial Investments. The analysis has been based on the 'Fitch' rating.

As at 31st December	2024 MVR	2023 MVR
Treasury Bills (Face value)		
Rated B-	1,925,000,000	1,860,000,000

Cash and Cash Equivalents

The Bank held cash and cash equivalents at other banks MVR 7,543,829/- as at 31st December 2024 (31st December 2023 -

MVR 29,509,268/-). The cash and cash equivalents held with MMA are rated at CC, based on the "Fitch" ratings.

ii.) Collateral Held and Other Credit Enhancement

The Bank holds the collateral and other credit enhancements against certain of its credit exposures. The following table sets out the principal types of collateral held against different types of financial assets.

Type of credit exposure	Percentage of exposure that is subject to collateral requirements		Principal type of collateral held
As at 31st December	2024	2023	
Loans and advances to retail customers			
Overdrafts	37%	26%	Cash securities
Housing Loans	51%	68%	Residential properties, Employee Provident Fund
Term Loans	76%	59%	Residential properties, Employee Provident Fund
Trade Finance	6%	4%	Commercial Property and Cash
Staff Loan	79%	67%	Residential, Commercial and other propoerties
Financial assets at amortised cost - Investments securities	-	-	None
Placement with banks	-	-	None

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32 Financial Risk Management (Continued)

32.1 Credit Risk (Continued)

Residential Mortgage Lending

The table below stratify credit exposure from mortgage loans and advances to retail customer by range of Loan-to-Value ("LTV") ratio. LTV is calculated as the ratio of the gross amount of the loan or the amount committed for loan commitments - to the value of the collateral. The Value of the collateral for residential mortgage loans is based on the collateral value at origination updated to reflect the current market values. For credit-impaired loans the value of collateral is based on the most recent appraisals.

As at 31st December	2024 MVR	2023 MVR
LTV Ratio		
Less than 50%	98,776,230	191,267,369
51% - 70%	237,600,178	22,540,781
71% - 90%	137,325,602	19,720,589
91% above	154,127,580	178,859,235
Total	627,829,590	412,387,975

iii.) Amounts Arising from Expected Credit Loss ("ECL")

Inputs, assumptions and techniques used for estimating impairment

See accounting policy in **Note 3.2 (iv)**

Significant Increase in Credit Risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Bank's historical experience and expert credit assessment, credit assessment and including 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

The Bank uses below criteria for determining whether there has been a significant increase in credit risk:

- quantitative test based on movement in PD;
- qualitative indicators

Generating the term structure of Probability of Default (PD)

Date past due has taken as the primary input into determination of the term structure of PD for exposures. The Bank collects performance and default information about its credit risk exposures analyzed by type of product and borrower. For some portfolios, information gathered from external credit agencies is also used.

The Bank employs statistical models to analyze the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

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32 Financial Risk Management (Continued)

32.1 Credit Risk (Continued)

iii.) Amounts Arising from Expected Credit Loss ("ECL") (Continued)

Generating the term structure of Probability of Default (PD)

This analysis includes the identification and calibration of relationship between changes in default rates and changes in key macro-economic factors as well as in-depth analysis of the impact of the certain other factors on the risk of default.

Using variety of external actual and forecasted information, the Bank formulates a "Base Case" view of the future direction of relevant economic variables (mainly GDP Growth with lag effect of theses variable) as well as representative range (Best Case and Worst Case) of other possible forecast scenarios. The Bank then uses the forecasts to adjust its estimates of PDs.

Determining whether credit risk has increased significantly

The Bank assesses whether credit risk has increased significantly since initial recognition at each reporting date. Determining whether an increase in credit risk is significant depends on the characteristics of the financial instrument and the borrower.

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured as 12-month ECL. When contractual terms of a loan have been modified, evidence that the criteria for recognising lifetime ECL are no longer met includes a history of up-to-date payment performance against the modified contractual terms.

The Bank monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews.

Definition of default

The Bank considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank to actions such as realising security (if any is held);
- the borrower is more than 90 days past due on any material credit obligation to the Bank. Overdrafts are considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding; or
- it is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligations.

In assessing whether a borrower is in default, the Bank considers indicators that are:

- qualitative: e.g. breaches of covenant;
- quantitative: e.g. overdue status and non-payment on another obligation of the same issuer to the Bank.

Incorporation of Forward-looking Information

The Bank incorporates forward-looking information into its measurement of ECL.

The Bank formulates three economic scenarios 1.a base case, which is the median scenario assigned a 50% probability of occurring, best scenario 30% and worst scenario 20%. External information considered includes economic data and forecasts published by the governmental bodies and the monetary authorities in the countries where the Bank operates.

32 Financial Risk Management (Continued)

32.1 Credit Risk (Continued)

iii.) Amounts Arising from Expected Credit Loss ("ECL") (Continued)

Incorporation of Forward-looking Information (Continued)

Periodically, the Bank carries out stress testing of more extreme shocks to calibrate its determination of the upside and downside representative scenarios. A comprehensive review is performed at least annually on the design of the scenarios by the Bank's internal team.

The economic scenarios used as at 31st December 2024 included the following key indicators for Maldives for the years ending 31st December 2024 to 2029.

		2025	2026	2027	2028	2029
GDP Growth Rate	Base	4.93%	5.19%	5.73%	6.44%	6.37%
	Upside	5.91%	7.92%	10.54%	13.95%	15.96%
	Downside	3.14%	2.71%	2.33%	2.00%	1.54%
Interest Rate	Base	11.68%	11.65%	11.62%	11.59%	11.62%
	Upside	11.58%	11.48%	11.39%	11.30%	11.25%
	Downside	11.81%	11.86%	11.90%	11.95%	12.06%
Exchange Rate	Base	15.42	15.42	15.42	15.42	15.42
	Upside	15.42	15.42	15.42	15.42	15.42
	Downside	15.42	15.42	15.42	15.42	15.42
Inflation	Base	1.40%	1.39%	1.38%	1.37%	1.38%
	Upside	2.44%	2.39%	2.35%	2.3%	2.3%
	Downside	2.57%	2.60%	2.62%	2.65%	2.71%
Unemployment	Base	4.00%	3.99%	3.98%	3.97%	3.98%
	Upside	3.97%	3.95%	3.92%	3.89%	3.88%
	Downside	4.04%	4.05%	4.06%	4.07%	4.10%

* Data source : IMF

The economic scenarios used as at 31st December 2023 included the following key indicators for Maldives for the years ending 31st December 2023 to 2028.

		2024	2025	2026	2027	2028
GDP Growth Rate	Base	7.75%	8.19%	9.12%	10.35%	10.27%
	Upside	11.10%	15.14%	20.49%	27.55%	31.79%
	Downside	5.68%	4.86%	4.14%	3.52%	2.67%
Interest Rate	Base	11.65%	11.62%	11.59%	11.55%	11.58%
	Upside	11.54%	11.44%	11.34%	11.25%	11.19%
	Downside	11.79%	11.84%	11.89%	11.93%	12.05%
Exchange Rate	Base	15.40	15.40	15.40	15.39	15.39
	Upside	15.41	15.42	15.42	15.42	15.42
	Downside	15.42	15.42	15.42	15.42	15.42
Inflation	Base	2.60%	2.58%	2.56%	2.55%	2.56%
	Upside	2.83%	2.77%	2.72%	2.7%	2.6%
	Downside	2.99%	3.02%	3.05%	3.08%	3.15%
Unemployment	Base	4.20%	4.19%	4.17%	4.16%	4.17%
	Upside	4.15%	4.11%	4.06%	4.02%	4.00%
	Downside	4.26%	4.28%	4.31%	4.33%	4.38%

32 Financial Risk Management (Continued)

32.1 Credit Risk (Continued)

iii.) Amounts Arising from Expected Credit Loss ("ECL") (Continued)

Measurement of ECL

The key inputs into the measurement of ECL are the term structure of the following variables:

Probability of default (PD)
Loss given default (LGD)
Exposure at default (EAD)

ECL for exposures in Stage 1 is calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD.

Probability of default (PD)

The Bank's policy is to estimate the PDs at a certain date, which are calculated based on statistical models, and assessed using various categories based on homogenous characteristics of exposures. This approach will be reviewed annually to use the most relevant data for calculation of PD values of the Bank.

The methodology of estimating PDs is discussed under the **Note 3.2**.

Loss Given Default (LGD)

LGD is the magnitude of the likely loss if there is a default. The Bank estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. However, the Bank use the regulatory LGD for loans and advances (45%).

Exposure at Default (EAD)

EAD represents the expected exposure in the event of a default. The Bank derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortization. The EAD of a financial asset is its gross carrying amount. For lending commitments and financial guarantees, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts.

Impairment for expected credit losses

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instruments.

Financial assets at amortised cost - Loans and advances

	2024			
	Stage 1 MVR	**Stage 2 MVR**	**Stage 3 MVR**	**Total MVR**
As at 1st January	64,404,510	159,012,958	427,999,418	651,416,886
Provision of impairment loss (reversed) / charged	(82,359)	(73,314,145)	91,220,316	17,823,812
Impairment loss relating to unrecognized interest income	-	-	24,090,243	24,090,243
Written off during the year	-	-	-	-
As at 31st December	64,322,151	85,698,813	543,309,977	693,330,941

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32 Financial Risk Management (Continued)

32.1 Credit Risk (Continued)

iii.) Amounts Arising from Expected Credit Loss ("ECL") (Continued)

Measurement of ECL (Continued)

Impairment for expected credit losses (Continued)

	2023			
	Stage 1 MVR	Stage 2 MVR	Stage 3 MVR	Total MVR
As at 1st January	84,532,149	95,359,608	414,927,866	594,819,623
Provision of impairment loss (reversed) / charged	(20,127,639)	63,653,350	(5,225,074)	38,300,637
Impairment loss relating to unrecognized interest income	-	-	18,296,626	18,296,626
As at 31st December	64,404,510	159,012,958	427,999,418	651,416,886

Loan commitments, financial guarantee contracts and undrawns facilities

	2024			
	Stage 1 MVR	Stage 2 MVR	Stage 3 MVR	Total MVR
As at 1st January	458,051	1,544,693	1,963,696	3,966,440
Provision of impairment loss	2,751,097	9,277,579	11,794,153	23,822,829
As at 31st December	3,209,147	10,822,272	13,757,849	27,789,269

	2023			
	Stage 1 MVR	Stage 2 MVR	Stage 3 MVR	Total MVR
As at 1st January	357,914	1,207,001	1,534,404	3,099,320
Provision of impairment loss	100,137	337,692	429,292	867,121
As at 31st December	458,051	1,544,693	1,963,696	3,966,440

Credit-Impaired Financial Assets

The following table sets out a reconciliation of changes in the net carrying amount of credit impaired.

	2024 MVR	2023 MVR
Credit-Impaired Loans and Advances to Customers as at 1st January	382,822,696	359,475,849
Change in allowance for Impairment	110,071,926	23,346,847
Classified as Credit-Impaired during the period	-	-
Impairment loss relating to unrecognized interest income	-	-
Credit-impaired Loans and Advances to customers as at 31st December	492,894,622	382,822,696

iv.) Sensitivity of impairment provision on loans and advances to other customers

The Bank has estimated the impairment provision on loans and advances to other customers as at December 31, 2024, subject to various assumptions. The changes to such assumptions may lead to changes in the impairment provision recorded in the Statement of Financial Position.The following table demonstrates the sensitivity of the impairment provision of the Bank as at December 31, 2023 to a feasible change in PDs, LGDs and forward looking macro economic information.

	Sensitivity effect on Statement of Financial Position [Increase/(Decrease) in impairment provision]			
	Stage I	Stage II	Stage III	Total
PD 1% increase	10,085,793	3,175,066	-	13,260,859
PD 1% Decrease	(10,085,793)	(3,175,066)	-	(13,260,859)
LGD 5% Increase	7,171,897	10,902,558	4,852,996	22,927,451
LGD 5% Decrease	(7,171,897)	(10,902,558)	(4,852,996)	(22,927,451)
EFA 5% Increase	2,508,493	4,034,287	-	6,542,780
EFA 5% Decrease	(2,508,493)	(4,034,287)	-	(6,542,780)

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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32 Financial Risk Management (Continued)

32.1 Credit Risk (Continued)

iv.) Credit exposure movement

The following tables show reconciliations from the opening to closing balance of the gross carrying amounts by class of financial instrument.

	2024			
	Gross Carrying amount	**12-month ECL (Stage 1)**	**Lifetime ECL not credit impaired (Stage 2)**	**Lifetime ECL credit impaired (Stage 3)**
Financial assets at amortised cost - Loans and advances				
As at January 01, 2024	3,795,321,533	1,946,916,541	1,177,490,780	670,914,212
Transfer to Stage 1	-	597,528,922	(594,060,205)	(3,468,716)
Transfer to Stage 2	-	(367,724,366)	367,724,366	
Transfer to Stage 3	-	(2,912,252)	(19,485,299)	22,397,551
New assets originated or purchased	744,396,020	602,473,442	156,634,612	223,895,759
Financial assets derecognised or repaid (excluding write-offs)	(238,894,565)	(141,622,836)	(311,063,732)	(24,815,791)
As at December 31, 2024	4,300,822,988	2,634,659,450	777,240,523	888,923,015
Investment securities				
As at January 01, 2024	1,849,652,271	1,849,652,271	-	-
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
New assets originated or purchased	1,863,668,071	1,863,668,071	-	-
Financial assets derecognised or repaid (excluding write-offs)	(1,814,914,075)	(1,814,914,075)	-	-
As at December 31, 2024	**1,898,406,267**	**1,898,406,267**	-	-
Contingent liabilities and commitments				
As at January 01, 2024	713,025,225	554,238,646	131,997,760	26,788,819
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
New assets originated or purchased	494,964,793	408,136,350	57,530,443	29,298,000
Financial assets derecognised or repaid (excluding write-offs)	(430,131,701)	(367,067,049)	(37,775,831)	(25,288,820)
As at December 31, 2024	**777,858,318**	**595,307,947**	**151,752,372**	**30,797,999**

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32 Financial Risk Management (Continued)

32.1 Credit Risk (Continued)

iv.) Credit exposure movement

The following tables show reconciliations from the opening to closing balance of the gross carrying amounts by class of financial instrument.

	2023			
	Gross Carrying amount	**12-month ECL (Stage 1)**	**Lifetime ECL not credit impaired (Stage 2)**	**Lifetime ECL credit impaired (Stage 3)**
Loans and receivables to customers				
As at January 01, 2023	3,488,791,836	2,430,286,536	451,960,886	606,544,414
Transfer to Stage 1	-	357,623,750	(357,598,795)	(24,955)
Transfer to Stage 2	-	(604,873,852)	604,873,852	-
Transfer to Stage 3	-	(38,490,374)	(114,969,467)	153,459,841
New assets originated or purchased	1,094,522,718	405,354,708	676,864,496	12,303,514
Financial assets derecognised or repaid (excluding write-offs)	(787,993,021)	(602,984,227)	(83,640,192)	(101,368,602)
As at December 31, 2023	**3,795,321,533**	**1,946,916,541**	**1,177,490,780**	**670,914,212**
Investment securities				
As at January 01, 2023	1,892,299,188	1,892,299,188	-	-
Transfer to Stage 1	-		-	-
Transfer to Stage 2	-		-	-
Transfer to Stage 3	-		-	-
New assets originated or purchased	1,468,521,005	1,468,521,005	-	-
Financial assets derecognised or repaid (excluding write-offs)	(1,511,167,922)	(1,511,167,922)	-	-
As at December 31, 2023	**1,849,652,271**	**1,849,652,271**	-	-
Contingent liabilities and commitments				
As at January 01, 2023	265,005,772	188,584,075	63,528,624	12,893,073
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
New assets originated or purchased	685,319,422	542,458,563	117,264,738	25,596,121
Financial assets derecognised or repaid (excluding write-offs)	(237,299,969)	(176,803,992)	(48,795,602)	(11,700,375)
As at December 31, 2023	713,025,225	554,238,646	131,997,760	26,788,819

FOR THE YEAR ENDED 31 DECEMBER 2024

32 Financial Risk Management (Continued)

32.1 Credit Risk (Continued)

Concentrations of Credit Risk (Continued)

By setting various concentration limits under different criteria within the established risk appetite framework (i.e., single borrower/ group, counter party etc.), the Bank ensures that an acceptable level of risk diversification is maintained on an ongoing basis. These limits are continuously monitored and periodically reviewed by the Credit Committee.

The maximum exposure to credit risk to the Bank's financial assets in the Statement of Financial Position as at 31st December, broken down by industry sector of financial assets is given below:

As at 31st December 2024	Tourism MVR	Construction MVR	Trading MVR	Other Services & Consumption MVR	Financial & Business Services MVR	Government MVR	Total MVR
Cash and Cash Equivalents	-	-	-	-	117,367,707	-	117,367,707
Balances with Maldives Monetary Authority	-	-	-	-	-	308,996,838	308,996,838
Placement with banks	-	-	-	-	505,843,619		505,843,619
Financial assets at amortised cost - Investments securities	-	-	-	-	-	1,898,406,267	1,898,406,267
Financial assets at amortised cost - Loans and advances	1,618,715,085	765,694,040	1,316,701,667	599,622,196	90,000	-	4,300,822,988
Less: Impairment of Financial Assets	-	-	-	-	-	-	(693,330,941)
Total	1,618,715,085	765,694,040	1,316,701,667	599,622,196	623,301,326	2,207,403,105	6,438,106,478

As at 31st December 2023	Tourism MVR	Construction MVR	Trading MVR	Other Services & Consumption MVR	Financial & Business Services MVR	Government MVR	Total MVR
Cash and Cash Equivalents	-	-	-	-	168,712,743	-	168,712,743
Balances with Maldives Monetary Authority	-	-	-	-	-	415,811,487	415,811,487
Financial assets at amortised cost - Investments securities	-	-	-	-	-	1,849,652,271	1,849,652,271
Financial assets at amortised cost - Loans and advances	1,312,354,011	407,054,771	1,555,734,340	424,776,570	95,401,841	-	3,795,321,533
Less: Impairment of Financial Assets	-	-	-	-	-	-	(651,416,886)
Total	1,312,354,011	407,054,771	1,555,734,340	424,776,570	264,114,584	2,265,463,758	5,578,081,148

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32 Financial Risk Management (Continued)

32.2 Liquidity Risk

Liquidity risk is the Bank's inability to meet on or off-balance sheet contractual and contingent financial obligations, as they fall due without incurring unacceptable losses. The principal objective in liquidity risk management is to assess the need for funds to meet such obligations and to ensure the availability of adequate funding to fulfil those needs at the appropriate time, under both normal and stressed conditions.

Therefore, the Bank continuously analyses and monitors its liquidity profile, maintains adequate levels of high quality liquid assets, ensures access to diverse funding sources and has contingency funding agreements with peer banks to meet any unforeseen liquidity requirements. Exposures and ratios against tolerance limits as well as stressed scenarios are regularly monitored in order to identify the Bank's liquidity position and potential funding requirements.

Assets and Liability Management Committee (ALCO)

ALCO chaired by the Country Manager, has representatives from Treasury, Credit, Operations and Risk departments. The Committee meets weekly or more frequently to monitor and manage the assets and liabilities of the Bank and also the overall liquidity position to keep the Bank's liquidity at healthy levels, whilst satisfying the regulatory requirements.

Exposure to Liquidity Risk

The key measure used by the Bank for managing liquidity risk is the ratio of liquid assets to total liabilities excluding shareholders' funds. For this purpose, 'liquid assets' include cash and cash equivalents, placements with banks. Details of the reported ratio of liquid assets to external liabilities of the Bank are given below;

As at 31st December	**2024** (%)	**2023** (%)
Liquidity Asset Ratio	56%	68%

Liquidity Reserves

The table below sets out components of the Bank's liquidity reserves:

	31st December 2024		**31st December 2023**	
	Carrying Amount MVR	**Fair Value MVR**	**Carrying Amount MVR**	**Fair Value MVR**
Cash and cash equivalents	117,367,707	117,367,707	168,712,743	168,712,743
Balances with Maldives Monetary Authority	308,996,838	308,996,838	415,811,487	415,811,487
Financial assets at amortised cost - Investments securities	1,898,406,267	1,898,406,267	1,849,652,271	1,849,652,271
Total Liquidity Reserves	2,324,770,812	2,324,770,812	2,434,176,501	2,434,176,501

The carrying amounts mentioned above approximates its fair values since they are short term in nature.

Financial Assets Available to Support Future Trading Funding

There are no liens or encumbrances on the Bank's liquidity reserves, all assets are available to support future funding.

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32 Financial Risk Management (Continued)

32.2 Liquidity Risk (Continued)

Maturity Analysis of Financial Assets and Financial Liabilities

(i) Remaining contractual period to maturity as at the date of Statement of Financial Position of the financial assets and the liabilities employed by the Bank is detailed below.

As at 31st December 2024	Carrying Amount MVR	Gross Nominal Cashflows MVR	Up to 3 Months MVR	3 to 12 Months MVR	1 to 3 Years MVR	3 to 5 Years MVR	More than 5 Years MVR
Financial Assets							
Cash and Cash Equivalents	117,367,707	117,367,707	117,367,707	-	-	-	-
Balances with Maldives Monetary Authority	308,996,838	308,996,838	308,996,838	-	-	-	-
Placement with banks	505,843,619	506,170,265	506,170,265	-			
Financial assets at amortised cost - Investments securities	1,898,406,267	1,925,000,000	603,281,662	1,321,718,338	-	-	-
Financial assets at amortised cost - Loans and advances *	3,607,492,047	4,300,822,988	2,375,168,936	296,617,259	776,379,320	214,603,047	638,054,426
	6,438,106,478	7,158,357,798	3,910,985,408	1,618,335,597	776,379,320	214,603,047	638,054,426
Financial Liabilities							
Due to banks	61,693,535	61,740,909	61,740,909	-	-	-	-
Deposits from Customers*	4,065,104,305	4,065,104,305	721,011,643	1,617,602,766	1,013,124,053	540,428,669	172,937,174
Lease Liability	14,940,474	17,826,405	1,885,261	4,765,917	8,463,857	2,711,370	-
Other Liabilities	16,808,981	16,808,981	16,808,981	-	-	-	-
	4,158,547,295	4,161,480,600	801,446,794	1,622,368,683	1,021,587,910	543,140,039	172,937,174
Net Gap	2,279,559,183	2,996,877,198	3,109,538,614	(4,033,086)	(245,208,590)	(328,536,992)	465,117,252

* Gross Nominal cash flows reflect carrying amount without future interest

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32 Financial Risk Management (Continued)

32.2 Liquidity Risk (Continued)

Maturity Analysis of Financial Assets and Financial Liabilities

(i) Remaining contractual period to maturity as at the date of Statement of Financial Position of the financial assets and the liabilities employed by the Bank is detailed below.

As at 31st December 2023	Carrying Amount MVR	Gross Nominal Cashflows MVR	Up to 3 Months MVR	3 to 12 Months MVR	1 to 3 Years MVR	3 to 5 Years MVR	More than 5 Years MVR
Financial Assets							
Cash and Cash Equivalents	168,712,743	168,712,743	168,712,743	-	-	-	-
Balances with Maldives Monetary Authority	415,811,487	415,811,487	415,811,487	-	-	-	-
Financial assets at amortised cost - Investments securities	1,849,652,271	1,860,000,000	1,410,000,000	450,000,000	-	-	-
Financial assets at amortised cost - Loans and advances *	3,143,904,647	3,795,321,533	2,522,136,395	120,100,612	297,812,589	427,316,149	427,955,788
	5,578,081,148	6,239,845,763	4,516,660,625	570,100,612	297,812,589	427,316,149	427,955,788
Financial Liabilities							
Deposits from Customers*	3,529,248,684	3,529,248,684	2,534,235,763	760,977,050	183,241,871	50,794,000	-
Lease Liability	12,805,162	17,037,326	1,622,725	4,802,986	9,927,406	684,209	-
Other Liabilities	9,424,105	9,424,105	9,424,105	-	-	-	-
	3,551,477,951	3,555,710,115	2,545,282,593	765,780,035	193,169,277	51,478,209	-
Net Gap	2,026,603,197	2,684,135,648	1,971,378,032	(195,679,424)	104,643,312	375,837,939	427,955,788

* Gross Nominal cash flows reflect carrying amount without future interest

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32.3 Liquidity Risk (Continued)

Maturity analysis of assets and liabilities (Continued)

The table below shows the assets and liabilities analysed according to when they are expected to be recovered or settled.

	2024			2023		
Assets	**Within 12 months**	**After 12 months**	**Total**	**Within 12 months**	**After 12 months**	**Total**
Cash and Cash Equivalents	117,367,707	-	117,367,707	168,712,743	-	168,712,743
Balances with Maldives Monetary Authority	308,996,838	-	308,996,838	415,811,487	-	415,811,487
Placement with banks	505,843,619		505,843,619	-	-	-
Financial assets at amortised cost - Investments securities	1,898,406,267	-	1,898,406,267	1,849,652,271	-	1,849,652,271
Financial assets at amortised cost - Loans and advances	2,671,786,196	935,705,851	3,607,492,047	2,642,237,007	501,667,640	3,143,904,647
Property and Equipment	-	656,080	656,080	-	453,700	453,700
Right-of-use Asset	-	14,444,362	14,444,362	-	12,033,550	12,033,550
Deferred Tax Asset	-	135,366,991	135,366,991	-	180,444,831	180,444,831
Other Assets	6,658,026	-	6,658,026	614,296	-	614,296
Total assets	5,509,058,653	1,086,173,284	6,595,231,937	5,077,027,804	694,599,721	5,771,627,525
Liabilities						
Due to banks	61,693,535	-	61,693,535	-	-	-
Financial liabilities at amortised cost - Deposits from customers	2,338,614,409	1,726,489,896	4,065,104,305	3,295,212,812	234,035,872	3,529,248,684
Current tax liabilities	54,785,683	-	54,785,683	23,666,878	-	23,666,878
Lease Liability	4,982,688	9,957,786	14,940,474	5,229,135	7,576,027	12,805,162
Other Liabilities	44,598,250	-	44,598,250	13,390,545	-	13,390,545
Total liabilities	2,504,674,565	1,736,447,682	4,241,122,247	3,337,499,370	241,611,899	3,579,111,269
Net assets/ (liabilities)	3,004,384,088	(650,274,398)	2,354,109,690	1,739,528,434	452,987,822	2,192,516,256
Commitments and contingencies	777,858,318	-	777,858,318	713,025,225	-	713,025,225

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32 Financial Risk Management (Continued)

32.3 Market Risk

Market risk is the risk of losses in, on or off-balance sheet positions arising out of movements in prices affecting foreign exchange exposures, interest rate instruments and equity/debt instruments.

Exposure to Interest Rate Risk – Sensitivity Analysis (Rate Shocks)

The possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments gives rise to interest rate risk. The Bank's policy is to continuously monitor portfolios.

Interest rate gap position of the non-trading portfolio of the Bank is given below:

As at 31st December 2024	Up to 3 Months MVR	3 to 12 Months MVR	1 to 3 Years MVR	3 to 5 Years MVR	More than 5 Years MVR	Non-Sensitive MVR	Total as at 31/12/2024 MVR
Financial Assets							
Cash and Cash Equivalents	-	-	-	-	-	117,367,707	117,367,707
Balances with Maldives Monetary Authority	-	-	-	-	-	308,996,838	308,996,838
Placement with banks	505,843,619	-	-	-	-	-	505,843,619
Financial assets at amortised cost - Investments securities	602,689,631	1,295,716,636	-	-	-	-	1,898,406,267
Financial assets at amortised cost - Loans and advances	2,375,168,936	296,617,260	776,379,320	214,603,045	638,054,427	-	4,300,822,988
Total Financial Assets	3,483,702,186	1,592,333,896	776,379,320	214,603,045	638,054,427	426,364,545	7,131,437,419
Financial Liabilities							
Due to banks	61,693,535	-	-	-	-	-	61,693,535
Financial liabilities at amortised cost - Deposits from customers	721,011,643	1,617,602,766	1,013,124,053	540,428,669	172,937,174	-	4,065,104,305
Lease Liabilities	4,982,688	8,199,180	698,877	1,059,729	-	-	14,940,474
Total Financial Liabilities	787,687,866	1,625,801,946	1,013,822,930	541,488,398	172,937,174	-	4,141,738,314
Interest Rate Sensitivity Gap	2,696,014,320	(33,468,050)	(237,443,610)	(326,885,353)	465,117,253	426,364,545	2,989,699,105

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32 Financial Risk Management (Continued)

32.3 Market Risk (Continued)

Exposure to Interest Rate Risk – Sensitivity Analysis (Rate Shocks) (Continued)

Interest rate gap position of the non-trading portfolio of the Bank is given below:

As at 31st December 2023	Up to 3 Months MVR	3 to 12 Months MVR	1 to 3 Years MVR	3 to 5 Years MVR	More than 5 Years MVR	Non-Sensitive MVR	Total as at 31/12/2023 MVR
Financial Assets							
Cash and Cash Equivalents	-	-	-	-	-	168,712,743	168,712,743
Balances with Maldives Monetary Authority	-	-	-	-	-	415,811,487	415,811,487
Financial assets at amortised cost - Investments securities	1,399,652,271	450,000,000	-	-	-	-	1,849,652,271
Financial assets at amortised cost - Loans and advances	2,522,136,395	120,100,612	297,812,589	427,316,149	427,955,789	-	3,795,321,534
Total Financial Assets	3,921,788,666	570,100,612	297,812,589	427,316,149	427,955,789	584,524,230	6,229,498,035
Financial Liabilities							
Deposits from Customers	2,534,235,763	760,977,050	183,241,872	50,794,000	-	-	3,529,248,684
Lease Liabilities	1,622,725	4,802,986	5,695,242	684,209	-	-	12,805,162
Total Financial Liabilities	2,535,858,488	765,780,036	188,937,114	51,478,209	-	-	3,542,053,846
Interest Rate Sensitivity Gap	1,385,930,178	(195,679,424)	108,875,475	375,837,940	427,955,789	584,524,230	2,687,444,188

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32 Financial Risk Management (Continued)

Market Risk (Continued)

Exposure to Interest Rate Risk – Sensitivity Analysis (Rate Shocks) (Continued)

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Bank's financial assets and financial liabilities to various interest rate scenarios.

The following table demonstrates the sensitivity of the Bank's profit or loss as at reporting date to a reasonable possible change in interest rates, with all other variables held constant.

Sensitivity of Projected Net Interest Income

	2024		2023	
Net Interest Income	100 bp Parallel Increase MVR	100 bp Parallel Decrease MVR	100 bp Parallel Increase MVR	100 bp Parallel Decrease MVR
	1,532,955	(1,532,955)	1,300,818	(1,300,818)

Exposure to Currency Risk

Currency risk arises as a result of fluctuations in the value of a financial instrument due to changes in foreign exchange rates. There are set limits on position by currency and these positions are monitored on a daily basis.

The table below indicates the currencies to which the Bank had significant exposures as at 31st December 2024 and 2023 and the exposure of the total capital funds:

Foreign Exchange Position as at 31st December 2024

Currency	Spot			Overall Exposure	
	Assets MVR	Liabilities MVR	Net Assets / (Liabilities) MVR	In respective Foreign Currency	MVR
United States Dollar	4,428,395,149	4,216,086,046	212,309,103	13,768,424	212,309,103
Great Britain Pound	724,132	-	724,132	37,498	724,132
Euro	46,931,870	40,790,226	6,141,644	371,552	6,141,644
Sri Lankan Rupee	6,496,659	-	6,496,659	123,127,443	6,496,659
Singapore Dollar	1,634,479	1,090,783	543,696	47,946	543,696
Total Exposure	4,484,182,290	4,257,967,055	226,215,235	137,352,864	226,215,235

Foreign Exchange Position as at 31st December 2023

Currency	Spot			Overall Exposure	
	Assets MVR	Liabilities MVR	Net Assets / (Liabilities) MVR	In respective Foreign Currency	MVR
United States Dollar	2,928,030,285	2,900,389,496	27,640,789	2,403,638	27,640,789
Great Britain Pound	1,198,915	-	1,198,915	61,187	1,198,915
Euro	36,432,974	50,333,975	(13,901,001)	(817,393)	(13,901,001)
Sri Lankan Rupee	5,604,720	10,946	5,593,774	118,715,880	5,593,774
Singapore Dollar	133,066	-	133,066	11,524	133,066
Total Exposure	2,971,399,960	2,950,734,417	20,665,543	120,374,836	20,665,543

In respect of the monetary assets and liabilities denominated in US$, the Bank has a limited currency risk exposure on such balances since the Maldivian Rufiyaa is pegged to the US Dollar within a band to fluctuate within ± 20% of the mid-point of exchange rate.

32 Financial Risk Management (Continued)

Market Risk (Continued)

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. This represents exposures the Bank has due to changes in the values of current holdings and future cash flow positions denominated in currencies other than the local currency.

	Impact on statement of comprehensive income	
Foreign currency	**2024**	**2023**
Strengthening of US$ by 1%	(2,123,091)	(276,408)
Weakening of US$ by 1%	2,123,091	276,408
Strengthening of Euro by 1%	(61,416)	139,010
Strengthening of Euro by 1%	61,416	(139,010)
Strengthening of GBP by 1%	(7,241)	(11,989)
Weakening of GBP by 1%	7,241	11,989
Strengthening of LKR by 1%	(64,967)	(55,938)
Weakening of LKR by 1%	64,967	55,938
Strengthening of SGD by 1%	(5,437)	(1,331)
Weakening of SGD by 1%	5,437	1,331

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk events which include legal and regulatory implications could lead to financial and reputation losses to the Bank.

The operational risk management framework of the Bank has been defined by approved operational risk management policy. Operational risk is managed by establishing an appropriate internal control system that requires a mechanism for segregation of related responsibilities within the Bank, and a detailed testing and verification of the Bank's overall operational systems through bi-annual risk control self-assessment exercise, comprehensive internal and external audits and achieving a full harmony between internal and external systems.

33 Operating segments

Operating segment is a component of the Bank that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Bank's other components, whose operating results are reviewed regularly by the Management Team headed by the Country Manager/ Chief Operations Manager to make decisions about resources allocated to each segment and assess its performance and for which are discrete financial information is available.

The bank has two strategic divisions which are reportable segments, namely:
01 Retail and corporate banking
02 Dealing and treasury

The following table presents the income, profit, asset, and liability information on the Bank's strategic business divisions for the year ended December 31, 2024 and comparative figures for the year ended December 31, 2023.

	Retail and Corporate Banking		Dealing & Treasury		Total	
	2024 MVR	2023 MVR	2024 MVR	2023 MVR	2024 MVR	2023 MVR
Operating income						
Interest income	362,330,604	327,102,679	97,165,324	87,872,257	459,495,928	414,974,936
Fee and commission income	72,421,713	67,364,257	-	-	72,421,713	67,364,257
Net gains/(losses) from trading	9,870,843	8,422,099	-	-	9,870,843	8,422,099
Gross income	**444,623,160**	**402,889,035**	**97,165,324**	**87,872,257**	**541,788,484**	**490,761,292**
Interest expenses	(82,028,532)	(70,511,886)			(82,028,532)	(70,511,886)
Impairment charges and other losses	(65,736,884)	(56,597,263)	-	248,476	(65,736,884)	(56,348,787)
Operating expenses	(12,026,746)	(11,314,934)	-	-	(12,026,746)	(11,314,934)
Unallocated operating expenses and amortization	(27,617,008)	(21,230,379)	-	-	(27,617,008)	(21,230,379)
Total expenses	**(187,409,170)**	**(159,654,462)**	-	**248,476**	**(187,409,170)**	**(159,405,986)**
Segment result	**257,213,990**	**243,234,573**	**97,165,324**	**88,120,733**	**354,379,314**	**331,355,306**
Profit from operations					354,379,314	331,355,306
Income tax expense					(139,710,240)	(40,184,679)
Profit / Total comprehensive income for the year					**214,669,074**	**291,170,627**

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33 Operating segments (Continued)

	Retail and Corporate Banking		Dealing & Treasury		Total	
	2024 MVR	2023 MVR	2024 MVR	2023 MVR	2024 MVR	2023 MVR
Other information						
Segment assets	3,607,492,047	3,143,904,647	2,404,249,886	1,849,652,271	6,011,741,933	4,993,556,918
Unallocated assets					583,490,004	778,070,607
Total assets	**3,607,492,047**	**3,143,904,647**	**2,404,249,886**	**1,849,652,271**	**6,595,231,937**	**5,771,627,525**
Segment liabilities	4,065,104,305	3,529,248,684	61,693,535	-	4,126,797,840	3,529,248,684
Unallocated liabilities					114,324,407	49,862,585
Total liabilities	4,065,104,305	3,529,248,684	61,693,535	-	4,241,122,247	3,579,111,269
Total equity					2,354,109,690	2,192,516,256
Total equity and liabilities	**4,065,104,305**	**3,529,248,684**	**61,693,535**	**-**	**6,595,231,937**	**5,771,627,525**

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34 Capital Management

The Bank is required to manage its capital taking into account the need to meet the regulatory requirements as well as the current and future business needs, stakeholder expectations and available options for raising capital.

Regulatory Capital

Capital Adequacy Ratio (CAR) is calculated based on the "MMA Regulations on Capital Adequacy - 2015/R-166". These guidelines require the Bank to maintain a CAR of not less than 12% (Tier I & Tier II) and core capital not less than 6% (Tier I) in relation to total value of its risk-adjusted assets.

As at 31st December	**2024 (%)**	**2023 (%)**
Core Capital (Tier I)	44%	56%
Total Capital (Tier I & Tier II)	52%	66%

35 COMPARATIVE FIGURES

Comparative figures of the financial statements have been reclassified to conform with current year's classifications, whenever necessary.

36 EVENTS AFTER THE REPORTING DATE

No circumstances have arisen since the reporting date which require adjustments to/ or disclosure in the financial statements.

37 MANAGEMENT'S RESPONSIBILITY

The Management of the Bank is responsible for the preparation and presentation of these financial statements.