



ANNUAL REPORT
OF
BOARD OF DIRECTORS
2022

As required by clause (66) of the Companies Act of the Maldives Act No 10/96.

GENERAL

Commercial Bank of Maldives Pvt Ltd (CBM) which commenced its Banking operations on September 26, 2016 marked its sixth year of successful Banking operations in 2022. Incorporated as a private limited company in the Maldives on March 24, 2015 under the Company's Act 10/96 under Company Registration No C038/2015, CBM remains as the newest Bank in the Maldives, registered under the Banking Act No. 24/2010.

Since the granting of the Banking license on May 16, 2016 by the Maldives Monetary Authority and subsequently commencing its Banking operations, the Bank has successfully expanded its customer base with considerable growth in Loans and receivables and diversified its operations outside capital Male' with its branch in Hulhumale'.

CBM is providing a wide range of banking services to individuals, businesses and corporate clients. Personal banking services include savings and current accounts, fixed deposits, personal loans, VISA debit and credit cards, Automated Teller Machine and Cash Deposit Machine services and digital banking services. Business banking services include trade finance, working capital finance, project finance, business loans and corporate digital banking services.

Bank actively participated in various social activities by way of providing financial assistance and sponsorships towards cleaning beaches, supporting health and education sectors, improving financial literacy, planting trees and conducting information sessions to the community on various aspects.

In recognition of the Bank's performance over the years, CBM was honoured with the award for 'Excellence in Finance' in the Banking and Finance category at the 2019 Maldives Business Awards, ranked amongst the top leading 100 companies in the Maldives at the "GOLD 100 GALA" by Corporate Maldives in 2021 and awarded the "Fastest growing Commercial Bank in Maldives -2021" by the Global business outlook.

The Maldivian economy is estimated to have expanded by 13.9% in 2022 and exceeded pre-pandemic level, after registering a growth of 41.7% in 2021. This is also 1.6 percentage points higher than the most likely scenario for real GDP growth projected in October 2022. The robustness in growth during 2022 was driven by the buoyant tourism sector owing to the pent-up demand from traditional source markets of Europe as well as key Asian source markets, despite the strong headwinds from geopolitical and economic uncertainties as well as from China's zero-COVID policy.

Further, the domestic economy was benefitted by the easing of global travel restrictions and improvement in the flight operational capacity with the opening of new runway in the Velana International Airport in October 2022. Meanwhile, activity in sectors closely related to tourism such as transportation and communication; and wholesale and retail trade also strengthened during the year. Similarly, the growth of the construction sector and fisheries sector accelerated, owing to increase in construction activity and estimated fish catch, respectively, during the year.

The average rate of inflation accelerated to 2.3% in 2022, from 0.5% in 2021, reflecting the elevated global commodity prices during the year, owing to global supply chain issues caused by the Russia-Ukraine war and COVID19-related lockdowns in China. During the year, upward inflationary pressures were exerted by the growth in prices of most of the food items, energy-related items as well as higher cost of certain services. Meanwhile, declines in prices of information and communication services, international passenger transport by air and vegetables contributed to the downward pressure on inflation.

As highlighted in the ensuing parts of this report, the Bank has performed steadily during the year with a clear focus on its strategy and prudent growth. This report thus, presents the performance of the Bank for the period from 01st January 2021 to 31st December 2022.

REVIEW OF PERFORMANCE 2022 IN COMPARISON TO 2021

Deposits

As of December 31, 2022, Bank managed to increase its total deposits base to MVR 2,542.5 Mn from MVR 1,993.4 Mn as of December 31, 2021, which consist of 1,096.5 Mn of MVR deposits and 1,446.0 Mn of FCY deposits. The Bank has achieved a 28.93% growth in MVR deposits, and growth of 26.50% in FCY deposits.

Number of accounts

During the year Bank managed to increase its number of accounts, VISA Debit cards and VISA Credit cards by a considerable amount as indicated below.

Particulars	Dec 2022	Dec 2021
Total Number of Accounts	14,763	13,274
Total number of VISA Debit Cards	5,119	2,485
Total Number of VISA Credit Cards	207	136

Advances

As of December 31, 2022, Bank's Loans and Advances (Gross) figure amounted to MVR 784.8 Mn, as compared with MVR 589.7 Mn, as of December 31, 2021. Loan book comprised of 339.3 Mn MVR Loans and 445.5 Mn worth of FCY loans. Further, 50.74 % of the Bank's income was generated out of interest on Loans and advances.

Treasury

Total Treasury bill/bonds (T-bill/bonds) investments were equivalent to MVR 1,507.9 Mn at the end of the year 2022, which is an increase of MVR 274.5 Mn, compared to the year 2021. Total T-bill amount consisted of 856.5 Mn in MVR T-bills and 619.7 Mn equivalent of dual currency USD T-bills and 31.7 Mn equivalent of Sri-Lanka Development Bonds (SLDB). 43.32 % of the Banks interest income was generated from investments in MVR, dual currency Treasury bills and SLDB. In addition, the Bank earned MVR 4.80 Mn as exchange profit during the year 2022.

Profitability

Bank achieved a cumulative Profit After Tax of MVR 57.484 Mn for the year 2022.

BOARD COMPOSITION

Article 53 of the Articles of Association (AoA) states that the Board of Directors shall not be less than seven (7) nor more than fifteen (15) in number and further states that Directors shall be (a) Member of the Company or (b) a person nominated by a legal entity that holds shares in the Company.

In order to incorporate the changes proposed with regard to Independent Directors in the Corporate Governance Regulation 2020/R-59, Bank has taken steps to amend the AoA on August 29, 2021 by including article 65A.

Accordingly, the Board increased the number of Directors from seven to nine members by appointing 3 Independent Directors and reducing one Nominee Director from Tree Top Investments Pvt Ltd (TTIL). Article 54 of the AoA has been amended as Commercial Bank of Ceylon (CBC) shall be entitled to nominate and appoint four (4) persons who are employees of CBC as Directors and TTIL shall be entitled to nominate and appoint two (2) persons as Directors.

The above being in compliance with the Maldives Banking Act (Law No.24/2010) and pursuant to the AoA of the Company, the year 2022 commenced with the following Board of Directors:

- | | |
|---|--|
| 1. Mr Ahmed Nazeer (Chairman) | Tree Top Investments Pvt Ltd, Non-Executive |
| 2. Mr Udul Isuru Sri Tillakawardana | Commercial Bank of Ceylon Plc, Non-Executive |
| 3. Mr Sanath Chandima Manatunge | Commercial Bank of Ceylon Plc, Non-Executive |
| 4. Dr Ibrahim Vishan | Tree Top Investments Pvt Ltd, Non-Executive |
| 5. Mr Don Dilan Jeewantha Rajapakse (MD/CEO) | Commercial Bank of Ceylon Plc, Executive |
| 6. Ms Fareeha Shareef | Non-executive/ Independent Director
(Appointed date: 12/02/2021) |
| 7. Ms Aishath Zahira | Non-executive/ Independent Director
(Appointed date: 31/08/2021) |
| 8. Mr Jayakody Arachchige Don Johnney
Christie Nanayakkara | Non-executive/ Independent Director
(Appointed date: 31/08/2021) |
| 9. Mr. Sellathurai Prabagar | Commercial Bank of Ceylon Plc, Non-executive
(Appointed date: 01/06/2022) |

Mr. Sivakrishnarajah Renganathan had submitted his resignation from the Board of Directors w.e.f. May 11, 2022.

CORPORATE GOVERNANCE

The Board continues to strengthen its oversight responsibilities on the affairs of the Bank to ensure compliance with the Bank's statutory, fiduciary and regulatory responsibilities and ensure adherence to highest ethical standards of Corporate Governance. Over the reporting period, the Bank has complied with all applicable regulatory requirements and best practices and maintained its position as a compliant Bank in the Maldives.

The Directors, hereby, submit their report together with the audited financial statements of the Bank for the financial year ended December 31, 2022.

The Board of Directors

The overall responsibilities of the Board include managing the business and affairs of the Company subject to the provisions of the statutes and to be vested with all management power, control and authority over, and responsibility for the business affairs of the Company.

In compliance with Corporate Governance best practice, the Board exercises independent oversight on the management and bears the overall accountability for the performance of the Bank and its compliance with the laws and regulations and principles of good governance.

The Board of Directors comprise of qualified members with a range of banking experience, skills, talents and expertise which are required to provide sound and prudent guidance with respect to the operations and interests of the Bank and the stakeholders.

Bank complies with Regulation No 2020/R-59 on Corporate Governance (CG) for Banks, Insurance Companies and Finance Companies issued under Section 38 of the Maldives Monetary Authority Act 1981 (Law No.: 6/81) and Section 66 of the Maldives Banking Act (Law No.: 24/2010).

Board Meetings

As required by the Maldives Banking Act (Law No.24/2010) and pursuant to Article 66 of the AoA, monthly Board Meetings were held during the year, including the Annual General Meeting, with the mandatory quorum of at least two members present in person, by proxy or through teleconferencing including both CBC and TTIL Directors. Directors regularly attend meetings either in person or via teleconference and actively participate in the deliberations.

The number of meetings eligible and attended by each Director are as follows:

Directors	Total meetings attended
Mr Ahmed Nazeer	12/12
Mr Sivakrishnarajah Renganathan	03/04
Mr Udul Isuru Sri Tillakawardana	12/12
Mr Sanath Chandima Manatunge	12/12
Dr Ibrahim Vishan	11/12
Mr Don Dilan Jeewantha Rajapakse (MD & CEO)	12/12
Ms Fareeha Shareef	11/12
Ms Aishath Zahira	11/12
Mr Jayakody Arachchige Don Johny Christie Nanayakkara	12/12
Mr. Sellathurai Prabagar	06/06
(Appointed date: 01/06/22)	

In order to strengthen governance and pursuant to Article 78 of the AoA, under its discretionary powers for delegating authority vested in the Board, the Board had delegated authority to the following four sub committees.

Board Audit Committee

As required under Clause 22 of the Maldives Banking Act, the Board Audit Committee's composition is as follows:

- Ms Fareeha Shareef (Chairperson)
- Mr Sanath Manatunge
- Mr. Sellathurai Prabagar
- MD/CEO, Internal Auditor, CFO, COO and Head of Risk and Compliance by invitation

Four meetings of the Board Audit Committee were held during the period of this report as follows:

Meeting No. 01/BAC/2022 held on 7th February 2022 with the following attendees:

- Ms Fareeha Shareef (Chairperson)
- Mr Sanath Manatunge
- Mr S Renganathan
- MD/CEO, CFO, COO, Internal Auditor, Head of Risk and Compliance, E&Y - External Auditors by invitation

Meeting No. 02/BAC/2022 held on 7th June 2022 with the following attendees:

- Ms Fareeha Shareef (Chairperson)
- Mr Sanath Manatunge
- Mr Sellathurai Prabagar
- MD/CEO, CFO, COO, Internal Auditor, Head of Risk and Compliance by invitation

Meeting No. 03/BAC/2022 held on September 12, 2022 with the following attendees:

- Ms Fareeha Shareef (Chairperson)
- Mr Sellathurai Prabagar
- MD/CEO, CFO, COO, Internal Auditor, Head of Risk and Compliance, by invitation

Meeting No. 04/BAC/2022 held on December 12, 2022 with the following attendees:

- Ms Fareeha Shareef (Chairperson)
- Mr Sanath Manatunge
- Mr Sellathurai Prabagar
- MD/CEO, CFO, COO, Internal Auditor, Head of Risk and Compliance, E&Y - External Auditors by invitation

Board Risk Management Committee

Four meetings of the Board Risk Management Committee were held during the period of this report as follows:

Meeting No. 01/BRMC/2022 held on February 24, 2022 with the following attendees:

- Mr S Renganathan (Chairman)
- Mr Sanath Manatunge
- Ms Fareeha Shareef
- Mr Jayakody Arachchige Don Johny Christie Nanayakkara
- MD/CEO, Head of Risk and Compliance, CFO, COO by invitation

Meeting No. 02/BRMC/2022 held on June 13, 2022 with the following attendees:

- Mr Jayakody Arachchige Don Johny Christie Nanayakkara (Chairman)
- Mr Sanath Manatunge
- Ms Fareeha Shareef
- Mr. Isuru Tillakawardana
- MD/CEO, Head of Risk and Compliance, CFO and COO by invitation

Meeting No. 03/BRMC/2022 held on September 27, 2022 with the following attendees:

- Mr Jayakody Arachchige Don Johny Christie Nanayakkara (Chairman)
- Mr Sanath Manatunge
- Ms Fareeha Shareef
- Mr. Isuru Tillakawardana
- MD/CEO, Head of Risk and Compliance, CFO and COO by invitation

Meeting No. 04/BRMC/2021 held on 23rd December 2022 with the following attendees:

- Mr Jayakody Arachchige Don Johny Christie Nanayakkara (Chairman)
- Mr Sanath Manatunge
- Ms Fareeha Shareef
- MD/CEO, Head of Risk and Compliance, CFO and COO by invitation

Board HR, Remuneration and Nominations Committee

Two meetings of the Board HR Remuneration and Nominations Committee were held during the period of this report as follows:

Meeting No. 01/HRC/2022 held on February 27, 2022 with the following attendees:

- Mr Isuru Tillakawardana (Chairman)
- Mr S Renganathan
- MD/CEO by invitation

Meeting No. 02/HRC/2021 held on July 01, 2022 with the following attendees:

- Mr Isuru Tillakawardana (Chairman)
- Dr Ibrahim Vishan
- Mr. S Prabagar
- MD/CEO by invitation

Board Credit Committee

The Board Credit Committee comprise of the following members:

- Mr S C Manatunge (Committee Chairman)
- Mr Isuru Tillakawardana
- Dr Ibrahim Vishan
- Ms Aishath Zahira

12 meetings of the Board Credit Committee were held during the period to approve the Credit Facilities recommended by Executive Credit Committee (ECC) during the period.

Meeting No. 01/BCC/2022 held on January 24, 2022 with the following attendees

- Mr S C Manatunge (Committee Chairman)
- Mr Isuru Tillakawardana
- Dr Ibrahim Vishan
- Ms Aishath Zahira
- MD/CEO, DCEO, Head of Credit, Head of Risk and Compliance by invitation

Meeting No. 02/BCC/2022 held on February 21, 2022 with the following attendees

- Mr S C Manatunge (Committee Chairman)
- Mr Isuru Tillakawardana
- Dr Ibrahim Vishan
- Ms Aishath Zahira
- MD/CEO, DCEO, Head of Credit, Head of Risk and Compliance by invitation

Meeting No. 03/BCC/2022 held on March 21, 2022 with the following attendees

- Mr S C Manatunge (Committee Chairman)
- Mr Isuru Tillakawardana
- Dr Ibrahim Vishan
- Ms Aishath Zahira
- MD/CEO, DCEO, Head of Credit, Head of Risk and Compliance by invitation

Meeting No. 04/BCC/2022 held on April 18, 2022 with the following attendees

- Mr S C Manatunge (Committee Chairman)
- Mr Isuru Tillakawardana
- Dr Ibrahim Vishan
- MD/CEO, DCEO, Head of Credit, Head of Risk and Compliance by invitation

Meeting No. 05/BCC/2022 held on May 23, 2022 with the following attendees

- Mr S C Manatunge (Committee Chairman)
- Mr Isuru Tillakawardana
- Dr Ibrahim Vishan
- Ms Aishath Zahira
- MD/CEO, DCEO, Head of Credit, Head of Risk and Compliance, COO - CBC by invitation

Meeting No. 06/BCC/2022 held on June 20, 2022 with the following attendees

- Mr S C Manatunge (Committee Chairman)
- Dr Ibrahim Vishan
- Ms Aishath Zahira
- Mr. S Prabagar
- MD/CEO, DCEO, Head of Credit, Head of Risk and Compliance by invitation

Meeting No. 07/BCC/2022 held on July 25, 2022 with the following attendees

- Mr S C Manatunge (Committee Chairman)
- Dr Ibrahim Vishan
- Ms Aishath Zahira
- Mr S Prabagar
- MD/CEO, Head of Credit, Head of Risk and Compliance by invitation

Meeting No. 08/BCC/2022 held on August 22, 2022 with the following attendees

- Mr S C Manatunge (Committee Chairman)
- Dr Ibrahim Vishan
- Ms Aishath Zahira
- Mr. S Prabagar
- MD/CEO, DCEO, Head of Credit, Head of Risk and Compliance by invitation

Meeting No. 09/BCC/2022 held on September 19, 2022 with the following attendees

- Mr S C Manatunge (Committee Chairman)
- Dr Ibrahim Vishan
- Ms Aishath Zahira
- Mr. S Prabagar
- MD/CEO, DCEO and Head of Credit, Head of Risk and Compliance by invitation

Meeting No. 10/BCC/2022 held on October 24, 2022 with the following attendees

- Mr S C Manatunge (Committee Chairman)
- Dr Ibrahim Vishan
- Ms Aishath Zahira
- Mr. S Prabagar
- MD/CEO, DCEO, Head of Credit, Head of Risk and Compliance by invitation

Meeting No. 11/BCC/2022 held on November 21, 2022 with the following attendees

- Mr S C Manatunge (Committee Chairman)
- Dr Ibrahim Vishan
- Ms Aishath Zahira
- Mr. S Prabagar
- MD/CEO, DCEO, Head of Credit, Head of Risk and Compliance by invitation

Meeting No. 12/BCC/2022 held on December 19, 2022 with the following attendees

- Mr S C Manatunge (Committee Chairman)
- Mr Isuru Tillakawardena
- Dr Ibrahim Vishan
- Ms Aishath Zahira
- MD/CEO, DCEO, Head of Credit, Head of Risk and Compliance by invitation

Remuneration/ Director Fees paid for the financial year is as follows;

Name of the Director	Position Held	Name of the Directorship	Director Fees / Remuneration Paid (USD)	Director Fees / Remuneration Paid (MVR)
Mr. Ahamed Nazeer	Chairman	Non-Executive Chairman	12,000	185,040
Mr. Dilan Rajapakse	Managing Director/ CEO	Executive Director	121,690	1,876,460
Mr. S Renganathan	Director	Non-Executive Director	3,500	53,970
Mr. S C U Manatunge	Director	Non-Executive Director	10,200	157,284
Mr. S Prabagar	Director	Non-Executive Director	6,700	103,314
Mr. U I S Thilakawardana	Director	Non-Executive Director	10,200	157,284
Dr. Ibrahim Vishan	Director	Non-Executive Director	10,200	157,284
Ms. Fareeha Shareef	Director	Non-Executive Director	10,200	157,284
Ms. Aishath Zahira	Director	Non-Executive Director	10,200	157,284
Mr. J A D J Christie Nanayakkara	Director	Non-Executive Director	10,200	157,284
			205,090	3,162,488

Information on Directors interest in other companies;

Mr Ahamed Nazeer

#	Name of the Company	Office Held
1	Crown Company Pvt Ltd	Director
2	Tree Top Investments Pvt Ltd	Managing Director
3	Tree Top Health Pvt Ltd	Managing Director
4	Tree Top Trading Pvt Ltd	Managing Director
5	Crown Tours Maldives Pvt Ltd	Managing Director
6	Maagiri Investments Pvt Ltd	Director
7	Regent Maldives Pvt Ltd	Director
8	Fari Maldives Pvt Ltd	Director
9	Crown Holding Pvt Ltd	Managing Director

Mr S C U Manatunge

#	Name of the Company	Office Held
1	Commercial Bank of Ceylon PLC	Managing Director
2	Commercial Development Company PLC	Managing Director

Mr U I S Tillakawardana

#	Name of the Company	Office Held
1	Commercial Insurance Brokers (Pvt) Ltd	Director
2	Commercial Development Company PLC	Director

Dr Ibrahim Vishan

#	Name of the Company	Office Held
1	Odysseus Investments Pvt Ltd	Chairman
2	Champa Brothers Maldives Pvt Ltd	Managing Director
3	Champa Gas & Oil Co., Pvt Ltd	Managing Director
4	Kuredu Holdings Pvt Ltd	Director
5	Komandoo Holdings Pvt Ltd	Director
6	Champalars Holdings Pvt Ltd	Director
7	Kagi Development Ltd	Managing Director
8	Island Beverages Maldives Pvt Ltd	Director
9	Maldives Finance and Leasing Company	Director
10	Ocean Water Sports Pvt Ltd	Director
11	Tree Top Investments Pvt Ltd	Director
12	Crown & Champa Resorts Pvt Ltd	Director
13	Tree Top Health Pvt Ltd	Director
14	Koveli Travel Pvt Ltd	Managing Director

Ms Fareeha Shareef

#	Name of the Company	Office Held
1	FJS Consulting Pvt Ltd	Director / Chairperson
2	FJS Associates LLP	Managing Partner
3	Ooredoo Maldives PLC	Director

Ms Aishath Zahira

#	Name of the Company	Office Held
1	Capital Market Development Authority	Chairperson

Mr S Prabagar

#	Name of the Company	Office Held
1	Commercial Bank of Ceylon PLC	Executive Director/ Chief Operating Officer
2	CBC Myanmar Microfinance Company Limited	Director

MAJOR DECISIONS

The following major decisions were taken by the Board during the year:

- Revision of dealer limits and limits on foreign currency exposures
 - Introduction of self-evaluation forms for Board and Board Sub-Committees
 - Promotion of Junior Executive Officers to Assistant Managers
 - Selection of a vendor for the Maldives Payment System Development Project
 - Promotion of Junior Executive Assistants to Junior Executive Officers
 - Reconstitution of Board Sub Committees and appointment of Mr Sanath Manatunge as the Deputy Chairman
 - Appointment of Mr S Prabagar in replacement of Mr S Renganathan as a Non Executive Director from Commercial Bank of Ceylon Plc.
 - Allowing international transaction on MVR Credit Cards
 - Replacement of Head of Risk and Compliance in October 2022 due to the resignation of the previous HORC
 - Initiation of a new digital channel for personal customers for Instant Payment System
 - Sponsorship of Maldives Tennis Challenge 2022
 - Initiation for Relocation of Hulhumale Branch to spacious location
 - Disposal of Safe Deposit Lockers
 - Introduction of Bangladesh worker remittances through bKash mobile financial service channel
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- Approval for the following reviewed policies:
 - Donations and Sponsorship Policy was introduced in January
 - Related party transaction Policy
 - Board Credit Committee Charter
 - Terms of Reference of Board of Directors
 - Charter of the Audit Committee and Audit Charter for the year 2022
 - Anti Bribery and Anti-Corruption Policy
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- Approval of the following new Policies
 - Information Security Policy
 - Business Continuity Management Policy

OVERVIEW OF THE INDUSTRY AND THE ENVIRONMENT AND KEY CHALLENGES THAT IMPACTED THE BUSINESS DURING THE YEAR

The annual profitability improved during the year as banks performed better due to the economic recovery during the year following the downturn from the COVID-19 pandemic. In addition, a large loan recovery as well as the reversal of loan-loss provisions for loans previously in more risky categories boosted the profitability significantly. The banking sector remained robust, with strong capital and liquidity buffers. Non-performing loans (NPLs) and loan-loss provisions remained at prudent levels.

Key prudential indicators of capital strength were well above the minimum regulatory requirements. Total capital as a percentage of risk-weighted assets was 47% against the minimum requirement of 12%, due to the significant portion of low-risk assets in the banks' portfolio. Leverage capital, measured by the equity (tier 1 capital) to total assets, stood at 16% against the regulatory minimum requirement of 5%. Aggregate capital increased by 19% over the year to record MVR 17.7 billion.

Aggregate assets stood at MVR 79.6 billion, an annual growth of 23% (MVR 15.1 billion) due to increase in both deposits and capital, which grew by MVR 11.3 billion and MVR 2.9 billion respectively, during the year. Loans net of loan loss provisions made up 36% (MVR 28.5 billion) of the asset portfolio, recording a 12% (MVR 3.0 billion) annual growth; while investments in debt-securities made up 28% (MVR 22.2 billion). Gross loans were recorded at MVR 31.5 billion, an annual growth of 8%. Both the foreign currency deposits and local currency deposits increased by 26% and 29% respectively in annual terms, and aggregate deposits increased by 27% to reach MVR 52.6 billion due to the recovery in the tourism sector and the overall economy.

The regulatory leeway provided to facilitate moratoriums during the pandemic was extended by MMA until the 31st March 2021. By the end of the year, the percentage of loans under moratorium or rescheduled terms due to COVID-19 was 20% of the total loan volume.

The percentage of NPLs in the total loan portfolio decreased slightly from 8% to 7%; the absolute volume of NPLs decreasing by 12% or MVR 273.5 million due to the write-off of bad loans. Loan-loss provisions also reduced by 17% (MVR 631.2 million) over the year and amounted to MVR 3.0 billion at the year-end, on account of the loans written-off during the year as well as due to the reversal of provisions held for loans that had previously been in moratorium, rescheduled, or otherwise perceived

as risky. The specific loan-loss provisions were more than the NPL portfolio, at 128%, due to provisions made for loans that were performing but posed a potential credit risk.

The annual profitability has increased significantly, almost tripling the profits of 2020; with pre-tax profits recorded at MVR 4.4 billion during 2021. While the net interest income increased year-on-year, the marked increase in profits was mainly due to the reversal of provisions during the year for loans that had previously been in moratorium, rescheduled, or otherwise deemed a credit risk; as well as due to the increase in non-interest income from the recovery of a large loan that had been written-off. The profitability ratios, return on assets (ROA) and return on equity (ROE), increased from 2% and 8% in 2020 to 5% and 21% respectively in 2021.

Credit-to-deposits ratio stood at 60% at the end of the year, and liquidity remained strong, with 49% of the banking sector's assets being in liquid form such as placements in banks, the MMA, and investments in treasury bills. Total liquid assets as a percentage of deposits and borrowings was 65% at the end of the year. Foreign currency liquidity has been on an increasing trend, with such liquid assets at 49% of foreign currency deposits and borrowings, compared to 41% a year ago. Fifty percent of the total deposits were foreign currency deposits.

At the end of 2021, the total number of bank branches in the country stood at 60, while total number of ATMs amounted to 163. Of these, 37 branches and 82 ATMs were outside the Male'. Region.

FUTURE OUTLOOK

- With focused strategies for organic growth, Maldives operations will strive to establish its presence in the market with our vision “to be the trusted financial service provider for growth, delivering excellence in service quality.”
- Our synergies with JV party will continue to provide opportunities to expand our portfolio.
- Using the interoperability capabilities of the Maldives Payment System Development platform and promote Open Banking.
- Accelerate growth in mortgage loans, retail banking, affluent and women, enhance SME and corporate capabilities.
- Become employer of choice – engaged workforce, expand development and training programs, strengthen diversity, enhance employee value proposition – higher engagement.

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- Environmental, social and governance - integrating sustainability consideration within decision making process and business activity, incorporating ESG due diligence into lending activities and financing decisions.
 - Implementation of CSR activities focused on education, healthcare and environmental conservation.
 - Execution excellence, world class compliance, enhance IT infrastructure and Cyber Security aspects, centralize and automate operations, strengthen risk infrastructure.
 - Bank to digitalize all aspects of delivery of its products and services and internal processes, making CBM a 100% digitally enabled Bank.

DECLARATION OF DIVIDENDS

It was resolved by the Board that no dividends will be declared for the year although Bank made a profit after tax of MVR 57,484,402 during the year. Bank needs to allocate, at least 50% of its net, after tax distributable profits for the formation of a capital reserve until the reserve totals 50% of its paid up capital from the profit.

FINANCIAL REPORT

The Bank published its Annual Financial Statements for the year ended December 31, 2022, prepared in accordance with International Financial Reporting Standards (IFRS) as required by the Maldives Banking Act with comprehensive disclosure and transparency.

APPOINTMENTS

The following appointments were made to the Board of the Bank in the year 2022.

1. Mr S Prabagar was appointed w.e.f. June 01, 2022 to fill the vacancy created due to the resignation of Mr S Renganathan w.e.f. May 11, 2022.

RESPONSIBILITY STATEMENT BY BOARD OF DIRECTORS

The Board of Directors hereby certifies that:

- i. The relevant accounting policies were considered and followed all through the preparation of the Bank's annual accounts with proper explanations relating to material departures.
- ii. Accounting policies selected were applied consistently and made judgements and estimates that are reasonable and prudent so as to give a fair and true view of the Bank's state of affairs.
- iii. Proper and sufficient care were taken in terms of the maintenance of adequate accounting records in accordance with the provisions of Companies' Act of the Republic of Maldives (Law no. 10/96), Maldives Banking Act (Law no. 24/2010), Prudential Regulations issued by the MMA for safeguarding the assets of the Bank and preventing and detecting frauds and other irregularities.
- iv. The Regulation on Corporate Governance for Banks, Insurance Companies and Finance Companies (Regulation No: 2020/R-59) by MMA were followed.
- v. All statements and accounts were prepared on going concern basis.
- vi. There were no unexpired service contracts within one year without payment of compensation of any director proposed for election.
- vii. The borrowings of the Bank as at the end of 2022 accounting period were as follows:

There were no borrowings of the Bank as at December 31, 2022.

- viii. The Bank's Total Liabilities for the past two financial years were as follows:

<i>As at December 31,</i>	2022 (In'000 MVR)	2021 (In'000 MVR)
Total Liabilities	2,577,718	2,024,566

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- ix. There are no other interests of the Directors of the Bank except those disclosed in this report and the financial statements.

 - x. No major events have occurred since the balance sheet date which would require adjustments to, or disclosure, in the financial statements.

 - xi. Controlling shareholders have no shares pledged.

DECLARATION BY THE BOARD OF DIRECTORS

The Board of Directors declare that to the best of our knowledge and belief, the information presented in this Annual Report is true and accurate and that there are no other facts, the omission of which would make any statement herein misleading or inaccurate.

The Board of Directors declare that this report has been prepared in compliance with the Companies Act of the Republic of Maldives (Law No.: 10/96), Maldives Banking Act (Law No.: 24/2010), Prudential Regulation issued by the MMA, the MMA's Regulation on Corporate Governance for Banks, Insurance Companies and Finance Companies (Regulation No: 2020/R-59).

The Board of Directors declare that relevant mechanisms have been implemented to identify both financial and operating risks of the Bank and that Board approved policies are adopted to cover such risks.

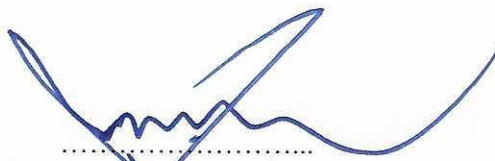
In addition, the Board of Directors declare that prompt action was taken to implement necessary systems and procedures to effectively manage the risks faced by the Bank.

While performing the duties and responsibilities of the Company, the Board of Directors has practiced transparency, fairness and diligence by giving our utmost devotion to safeguard the interest of the shareholders and worked towards creating the best value for our shareholders.

On behalf of the Board of Directors:



.....
Mr Ahmed Nazeer
Chairman



.....
Mr Dilan Rajapakse
Managing Director/ Chief Executive Officer

RELATIONSHIP WITH AUDITORS

The Bank has established appropriate relationship with external auditors in conducting the audit function of the Bank. In this regard, the directors monitor and assess the independence of the auditors throughout the year. Accordingly, there was no conflict of interest during the year ended December 31, 2022 and the independence of the auditor was ensured.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its overall responsibility for maintaining a sound system Risk Management and Internal Controls to safeguard shareholders' investments, Bank's assets, and the need to review the adequacy and integrity of those systems regularly. However, such a system is designed to manage the Bank's key areas of risk within an acceptable risk profile, rather than to eliminate the risk of failure to achieve business objectives of the Bank.

Accordingly, the system of internal controls can only provide reasonable but not absolute assurance against material misstatements of management and financial information and records or against financial losses or fraud. The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Bank and this process has been well in place since the inception of the Bank which includes enhancing the system of internal controls as and when there are changes to business environment or regulatory guidelines.

The process is regularly reviewed by the Board for compliance with the prevailing regulatory requirements. The Board is of the view that the system of internal controls in place over financial reporting is sound and adequate to provide reasonable assurance regarding the reliability of financial reporting, and that the preparation of Financial Statements for external purposes is in accordance with relevant accounting principles and regulatory requirements. The management assists the Board in the implementation of the Board's policies and procedures on risks and controls by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal controls to mitigate and control these risks.

Based on the processes in place at the Bank, the Board of Directors confirms that the financial reporting system of the Bank has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes has been done in accordance with the relevant Accounting Standards and regulatory requirements.

MANAGEMENT REPORTS

Directors are adequately furnished with Board Papers itemised in the Agenda for review/approval or ratification. The monthly Management Accounts are imparted to all Directors for review prior to Board Meetings which provide a comprehensive review and analysis of the operations and financial health of the Bank.

AUDITORS

M/s Ernst & Young has carried out statutory audit of the Bank as their third year of audit for the year ended December 31, 2022 after the rotation of the previous Auditors.

Bank decided to re-appoint M/s Ernst & Young as the external auditors of the Bank as their third year of audit for the year ending December 31, 2022 for a fee of USD 15,325/- approved by the of Shareholders. (This fee excludes GST 6% and out of pocket expenses of around a maximum of 5%).

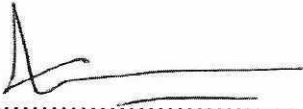
Signed on this date April 30, 2023.



Mr Ahmed Nazeer
Chairman



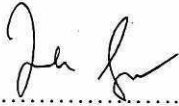
Mr Sanath Chandima Manatunge
Director



Mr Udul Isuru Sri Tillakawardana
Director



Dr Ibrahim Vishan
Director



Ms Fareeha Shareef
Independent Director



Ms Aishath Zahira
Independent Director



**Mr Jayakody Arachchige Don Johney
Christie Nanayakkara**
Independent Director



Mr Sellathurai Prabagar
Director



Mr Dilan Rajapakse
Managing Director/ Chief Executive Officer