



COMMERCIAL BANK OF MALDIVES

Annual Report

OF THE BOARD OF DIRECTORS

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

2023

GENERAL

Commercial Bank of Maldives Pvt Ltd (CBM) which commenced its Banking operations on 26th September 2016 marked its seventh year of successful Banking operations in 2023. Incorporated as a private limited company in the Maldives on 24th March 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 16th May 2016 by the Maldives Monetary Authority (MMA) and subsequently commencing its Banking operations, the Bank has successfully expanded its customer base with considerable growth in Deposits, Loans and receivables and diversified its operations outside capital Male' with its branch in Hulhumale'.

In recognition of the Bank's performance over the years CBM proudly received the esteemed 'Excellence in Finance' award within the Banking and Finance category at the prestigious 2019 Maldives Business Awards. CBM's dedication to growth and innovation was further acknowledged when we were honoured as the "Fastest growing Commercial Bank in Maldives - 2021" by the Global Business Outlook. These accolades underscore our unwavering pursuit of excellence and our position as a leading institution within the Maldivian financial landscape. Furthermore, Commercial Bank of Maldives has been recognized among the elite top 100 companies in the Maldives, a testament to our commitment to excellence, as exemplified by our inclusion in the "GOLD 100 GALA" by Corporate Maldives in both 2021 and 2023.

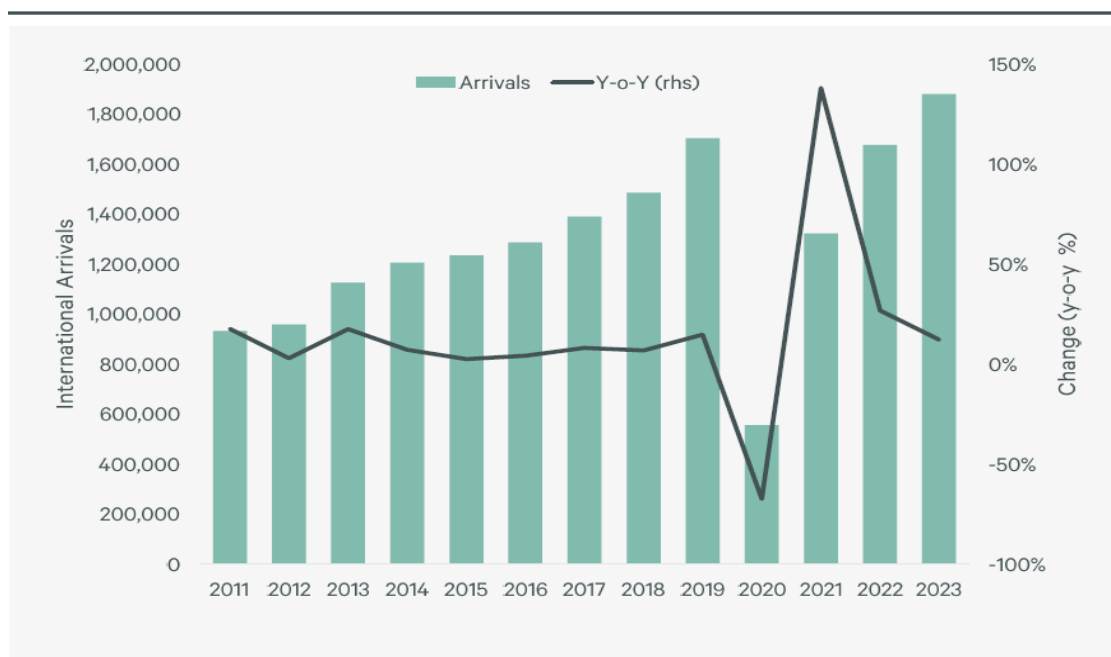
Throughout the year 2023, the Bank enhanced its reach to attract new clients from distance areas and introduction of four new Cash Recycling Machines and relocating its Hulhumale' Branch to a more prominent location can be considered as strategic moves in improving the experience and convenience for customers. It also leveraged its digital banking capabilities and card business to maximize market reach. It is noteworthy to highlight that the transaction volumes in both cards and digital banking doubled during the year, reflecting CBM's strong commitment to digitalization.

Furthermore, the Bank has reached the final stage of testing in the MMA – IPS – Favara project and expects to fully onboard the system during the first half of FY 2024. Core Banking System was also upgraded during the year and introduced more user-friendly Teller subsystem interface for fast and convenient processing of banking transactions.

MALDIVES ECONOMY AND OUTLOOK

Following a pandemic-induced contraction, the Maldivian economy demonstrated robust recovery, registering a growth of 13.9% in 2022. According to revised forecasts published in October 2023, MMA estimates real GDP to grow by 8.7% in 2023 and 5.5% in 2024, propelled by the expected expansion in tourist arrivals.

The Maldives, acclaimed as the World's Leading Destination at the 2023 World Travel Awards, has achieved a significant milestone by surpassing the 1.9 million mark in tourist arrivals, marking the highest number of arrivals per year in its history. The ongoing expansion of the Velana airport terminal and the subsequent augmentation of hotel accommodation capacities are poised to further bolster growth prospects.



Source: MTAC Maldives, CBRE Research January 2024

However, the economic outlook remains encumbered by persistent challenges, including elevated overall fiscal deficits and public debt levels. Additionally, the Maldives faces heightened risks of external and overall debt distress, as highlighted by assessments from the International Monetary Fund (IMF).

REVIEW OF PERFORMANCE IN 2023 COMPARISON TO 2022

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 2023 to 31st December 2023.

Deposits

As of 31st December 2023, Bank managed to increase its total deposits base to MVR 2,784.6 Mn from MVR 2,542.5 Mn as of 31st December 2022, which is an absolute increase of MVR 242.1 Mn with a 9.5% growth rate for the year 2023. Deposits base comprised of 1,140.8 Mn of MVR deposits and 1,643.8 Mn of FCY deposits. The Bank has achieved a 4.5% growth in MVR deposits, while recording a growth of 13.7% in USD 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 2023 | Dec 2022 |
|-----------------------------------|----------|----------|
| Total Number of Accounts | 24,486 | 14,763 |
| Total number of VISA Debit Cards | 11,781 | 5,696 |
| Total Number of VISA Credit Cards | 384 | 217 |

Advances

As of 31st December 2023, Bank's Loans and Advances (Gross) figure amounted to MVR 955.2 Mn, as compared with MVR 784.8 Mn, as of 31st December 2022, which is an absolute increase of MVR 170.4 Mn with a 21.7% growth rate for the year 2023. Loan book comprised of 472.1 Mn MVR Loans and 483.0 Mn worth of FCY loans. Further, 54.2 % of the Bank's Interest income was generated out of interest on Loans and advances.

Treasury

Total Treasury bill/bonds (T-bill/bonds) investments were equivalent to MVR 1,678.6 Mn at the end of the year 2023, which is an increase of MVR 202.0 Mn, compared to the year 2022. Total T-bill amount consisted of 865.4 Mn in MVR T-bills and 813.2 Mn equivalent of dual currency USD T-bills. 41.4% of the Bank's Interest income was generated from investments in Treasury bills and the Bank earned MVR 5.437Mn as exchange profit during the year 2023.

Profitability

The Bank achieved its highest ever cumulative Profit after Tax of MVR 78.264 Mn for the year 2023. Net Interest Income (NII) of the Bank grew by MVR 15.0 Mn or 15.2%, whereas Net fee and commission income grew by MVR 1.974 Mn or 8.3%.

The bank has recorded a provision reversal of MVR 8.722 Mn in investment securities, primarily due to SLDBs being settled in LKR bonds without a haircut. However, the bank incurred a loss of MVR 1.645 million in converting these LKR bonds to USD.

Furthermore, Impairment charges for loans and receivables to customers was only MVR 0.142 Mn during the year mainly due to utilization of Bank's proprietary data for computing the Probability of Default for Impairment provision calculations, diverging from reliance on Proxy PDs provided by the parent Company.

Staff Composition

| 31.12.2022 | | 31.12.2023 | |
|---|-----|---|-----|
| Designation | NOS | Designation | NOS |
| Managing Director / Chief Executive Officer | 1 | Managing Director / Chief Executive Officer | 1 |
| Deputy Chief Executive Officer | 1 | Deputy Chief Executive Officer | 1 |
| Chief Operations Officer | 1 | Chief Operations Officer | 1 |
| Head of Risk and Compliance | 1 | Head of Risk and Compliance | 1 |
| Head of Credit | 1 | Head of Credit | 1 |
| Chief Financial Officer | 1 | Chief Financial Officer | 1 |
| Senior Manager | 0 | Senior Manager | 1 |
| Manager | 1 | Manager | 4 |
| Assistant Manager | 5 | Assistant Manager | 3 |
| Junior Executive Officer | 6 | Executive Officer | 9 |
| Junior Executive Assistant | 24 | Executive Assistant | 30 |
| Call Center Assistant | 1 | Call Center Assistant | 2 |
| Banking Trainee | 1 | Banking Trainee | 0 |
| Total | 44 | Total | 55 |

Bank has added 11 new staff during the year to support its aggressive expansion plan.

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 29th August 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 2023 commenced with the following Board of Directors:

Composition of the Board as at 31.12.2022

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

Composition of the Board as at 31.12.2023

| | |
|--------------------------------------|--|
| 1. Mr. Ahmed Nazeer (Chairman) | Tree Top Investments Pvt Ltd, Non-Executive |
| 2. Mr. Sanath Chandima Manatunge | Commercial Bank of Ceylon Plc, Non-Executive |
| 3. Mr. Elmo Sooriyaarachchi (MD/CEO) | Commercial Bank of Ceylon Plc, Executive |
| 4. Mr. Sellathurai Prabagar | Commercial Bank of Ceylon Plc, Non-Executive |
| 5. Mr. Udul Isuru Sri Tillakawardana | Commercial Bank of Ceylon Plc, Non-Executive |
| 6. Dr. Ibrahim Vishan | Tree Top Investments Pvt Ltd, Non-Executive |
| 7. Ms. Fareeha Shareef | Non-executive/ Independent Director |

| | |
|--|-------------------------------------|
| 8. Ms. Aishath Zahira | Non-executive/ Independent Director |
| 9. Mr. Jayakody Arachchige Don Johny Christie Nanayakkara | Non-executive/ Independent Director |

Changes during the Year

Mr. Don Dilan Jeewantha Rajapakse's term as (MD/CEO) has concluded w.e.f. 14th November 2023 and Mr Elmo Sooriyaarachchi - Commercial Bank of Ceylon Plc, appointed as (MD/CEO) w.e.f. 15th November 2023.

CORPORATE GOVERNANCE

The Directors, hereby, submit their report together with the audited financial statements of the Bank for the financial year ended 31st December 2023.

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 | 11/12 |
| Mr. Udul Isuru Sri Tillakawardana | 11/12 |
| Mr. Sanath Chandima Manatunge | 12/12 |
| Dr. Ibrahim Vishan | 12/12 |
| Mr. Don Dilan Jeewantha Rajapakse (MD & CEO) (End of Term: 14/11/2023) | 10/10 |
| Ms. Fareeha Shareef | 11/12 |
| Ms. Aishath Zahira | 12/12 |
| Mr. Jayakody Arachchige Don Johny Christie Nanayakkara | 12/12 |
| Mr. Elmo Sooriyaarachchi (MD/CEO) (Appointment date: 15/11/2023) | 02/02 |
| Mr. Sellathurai Prabagar | 11/12 |

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/2023 held on 13th February 2023 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

Meeting No. 02/BAC/2023 held on 14th June 2023 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/2023 held on 20th September 2023 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/2023 held on 6th December 2023 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

Composition

- 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, COO by invitation

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

Meeting No. 01/BRMC/2023 held on 23rd February 2023 with the following attendees:

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

Meeting No. 02/BRMC/2023 held on 13th June 2023 with the following attendees:

- Mr. Jayakody Arachchige Don Johney 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/2023 held on 20th September 2023 with the following attendees:

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

Meeting No. 04/BRMC/2023 held on 11th December 2023 with the following attendees:

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

Board HR, Remuneration and Nominations Committee

Composition

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

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

Meeting No. 01/HRC/2023 held on 26th February 2023 with the following attendees:

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

Meeting No. 02/HRC/2023 held on 30th June 2023 with the following attendees:

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

Board Credit Committee

Composition

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

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/2023 held on 22nd January 2023 with the following attendees

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

Meeting No. 02/BCC/2023 held on 23rd February 2023 with the following attendees

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

Meeting No. 03/BCC/2023 held on 20th March 2023 with the following attendees

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

Meeting No. 04/BCC/2023 held on 24th April 2023 with the following attendees

- Mr. Sanath Manatunge (Committee Chairman)
- Mr. Sellathurai Prabagar
- Dr. Ibrahim Vishan
- MD/CEO, DCEO, Head of Credit, Head of Risk and Compliance by invitation

Meeting No. 05/BCC/2023 held on 22nd May 2023 with the following attendees

- Mr. Sanath Manatunge (Committee Chairman)
- Mr. Sellathurai Prabagar
- 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/2023 held on 18th June 2023 with the following attendees

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

Meeting No. 07/BCC/2023 held on 24th July 2023 with the following attendees

- Mr. Sanath Manatunge (Committee Chairman)
- Ms. Aishath Zahira
- Mr. Sellathurai Prabagar
- MD/CEO, Head of Credit, Head of Risk and Compliance by invitation

Meeting No. 08/BCC/2023 held on 22nd August 2023 with the following attendees

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

Meeting No. 09/BCC/2023 held on 18th September 2023 with the following attendees

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

Meeting No. 10/BCC/2023 held on 23rd October 2023 with the following attendees

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

Meeting No. 11/BCC/2023 held on 20th November 2023 with the following attendees

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

Meeting No. 12/BCC/2023 held on 25th December 2023 with the following attendees

- Mr. Sanath Manatunge (Committee Chairman)
- Mr. Sellathurai Prabagar
- 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 | Nature of Directorship | Director Fees / Remuneration paid (USD) | Director Fees / Remuneration paid (MVR) |
|----|--------------------------|------------------------|------------------------------------|--|--|
| 1 | Mr Ahmed Nazeer | Chairman | Non Executive Director | 14,400 | 222,048 |
| 2 | Mr Dilan Rajapakse | Managing Director (Ex) | Executive Director | 127,093 | 1,959,775 |
| 3 | Mr Elmo Sooriyaarachchi | Managing Director | Executive Director | 6,516 | 100,477 |
| 4 | Dr Ibrahim Vishan | Director | Non Executive Director | 12,000 | 185,040 |
| 5 | Ms Aishath Zahira | Director | Non Executive Independent Director | 12,000 | 185,040 |
| 6 | Ms Fareeha Shareef | Director | Non Executive Independent Director | 12,000 | 185,040 |
| 7 | Mr Sanath Manathunge | Director | Non Executive Director | 12,000 | 185,040 |
| 8 | Mr Isuru Tillakawardena | Director | Non Executive Director | 12,000 | 185,040 |
| 9 | Mr J A D J C Nanayakkara | Director | Non Executive Independent Director | 12,000 | 185,040 |
| 10 | Mr S Prabagar | Director | Non Executive Director | 12,000 | 185,040 |
| | | | | 232,009 | 3,577,580 |

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 | Fari Maldives Pvt Ltd | Director |
| 4 | Maagiri Investment Pvt Ltd | Director |
| 5 | Regent Maldives Pvt Ltd | Director |
| 6 | Nextgen Sports Pvt Ltd | Director |

Mr. S C U Manatunge

| # | Name Of The Company | Office Held |
|---|---|--|
| 1 | Commercial Bank of Ceylon PLC | Managing Director/ Chief Executive Officer |
| 2 | Commercial Development Company PLC | Managing Director |
| 3 | Credit Information Bureau of Sri Lanka | Director |
| 4 | LankaPay (Pvt) Ltd | Director |
| 5 | Sri Lanka Banks Association (Guarantee) Ltd | Vice Chairperson |

Mr. Sellathurai 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 |
| 3 | Lanka Financial Services Bureau Ltd | Director |

Mr. U I S Thilakawardena

| # | Name Of The Company | Office Held |
|---|--|-------------|
| 1 | Commercial Insurance Brokers (Pvt) Ltd | Director |
| 2 | Commercial Development Company PLC | Director |

Ms. Aishath Zahira

| # | Name Of The Company | Office Held |
|---|---|-------------|
| 1 | Capital Market Development Authority-Maldives | Chairperson |

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 |
| 15 | Kasa Holdings Pvt Ltd | Director |

Ms. Fareeha Shareef

| # | Name Of The Company | Office Held |
|---|------------------------|---|
| 1 | FJS Consulting Pvt Ltd | Director |
| 2 | FJS Associates LLP | Managing Partner |
| 3 | Ooredoo Maldives PLC | Director (Directorship ended Feb 2024) |
| 4 | Constel Pvt Ltd | Director |

Mr. J A D J C Nanayakkara, Mr. DDJ Rajapakse and Mr. Elmo Sooriyaarachchi do not have interest on other companies.

MAJOR DECISIONS

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

- Launch of remittances to Bangladesh via bKash platform
- Anti- Bribery and Anti- Corruption Policy was introduced in January
- A Comprehensive Whistle Blowers Charter for CBM was introduced in June
- Installation of New Cash Recycler Machine (CRM) in Maldives Airport Company Ltd
- Appointment of Mr. Elmo Sooriyaarachchi as Managing Director / Chief Executive Officer
- Replacement of Chief Operating Officer, Chief Financial Officer, and Head of Credit and Trade Finance.
- Renaming of Employee Grades and revision of Organizational Structure
- Relocated Hulhumale Branch to more spacious, attractive location in Amin Avenue Maple, which is more accessible to customers and established Disaster recovery site in new premises.
- Promotion of staff to Executive Officer Grades
- Promotion of staff above Executive Officer Grades
- Review of Board Sub-Committee Charters and Management Committee Charters
- Revision of Sector Exposure Limits relating to lending
- Revision of Individual Dealer Limits
- Revision of Limits on Overall Foreign Currency Exposure, Single Currency Exposure and Intraday Foreign Currency Exposure
- Approval for the following reviewed policies:
 - Communications Policy
 - Compliance Policy
 - Record Retention Policy
 - Capital Policy
 - Related Party Transactions Policy
 - Anti-Money Laundering and Counter Financing Terrorism Policy
 - Money Laundering & Terrorist Financing Risk Assessment Policy
 - Fraud Risk Management Policy and Compliance Policy

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

- During 2023, Maldives' domestic economy remain robust, driven by strong growth in tourism, which comprises nearly one-third of its economy. However, heavy import reliance has exposed the nation to significant external and inflationary pressures due to soaring global commodity prices. Infrastructure investments have been escalated since 2016 to foster development, yet funding through non-concessional sources has escalated debt vulnerabilities. The financial

sector's exposure to the sovereign also escalated, and medium-term debt stock and servicing risks are anticipated to remain elevated.

- The Banking sector consists of eight commercial Banks; three locally incorporated Banks, four branches of foreign Banks and one subsidiary of a foreign Bank.
- Total claims on the private sector by financial institutions in Maldives were recorded at MVR 36.5 Bn, showing a growth of MVR 3.0 Bn or 9% compared to December 2022.
- Total claims on the central government by financial institutions in Maldives were recorded at MVR 57.6 Bn, reflecting a growth of MVR 6.2 Bn or 12% compared to December 2022.
- Total Deposits by financial institutions in Maldives were recorded at MVR 53.7 Bn, indicating a growth of MVR 2.9 Bn or 6% compared to December 2022.

FUTURE PLANS AND OUTLOOK

- Use technology as an enabler in both internally and externally to become the most technologically advanced financial service provider in Maldives by 2026.
- The strategic initiative for automation encompassing the seamless optimization of reconciliation processes leveraging advanced AI algorithms, the heightened efficiency attained through the automation of generating queries in core Banking system and the intelligent automation of back-office tasks at lower counters. These concerted efforts are instrumental in propelling operational excellence and elevating the standard of customer service.
- Introduction of comprehensive HR System to enable properly monitor and manage staffs by moving forward to a digital and paperless future.
- Strengthen our involvement in the Customer's journey to give away a seamless experience in Omni channel using state of art technology.
- Initiate to develop a recovery plan to identify actions to avoid failure and to outline the steps to be taken in order to restore liquidity, capital, and general operations in the case of a sudden shock.
- Facilitate the Bank's Website "Account Opening feature" which will enable new customers to open accounts without physically visiting the Bank or visit the Bank with prior appointment after uploading their own information through website.
- On-board leading resort accounts to route part of their operations and to convince them for USD conversions by offering various rebates to further improve Net Open Position of the Bank.
- Diversify the card offerings to match with emerging needs of the market.

Introduction of Card Holder initiated instalment scheme, loyalty point scheme, and cash back facility for Credit Card purchases and Lounge access for Premier Cards to promote CBM cards.

- Introduction of drive through ATM's in Hulhumale' Phase II.
- Integrate with Maldives Payment System Development project and ready to adopt new initiatives of MMA including Open Banking.
- Introduce USD denominated ATM's.
- Engage in more CSR activities and play a key role to promote the community well-being as a responsible corporate

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 78.264 Mn 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. With the allocations made in 2023, the bank has now built up 65% of its paid-up capital in capital reserves.

NON-DISTRIBUTABLE CAPITAL RESERVE (NDCR)

As per Maldives Monetary Authority guideline on loan loss provisioning (CN-BSD/2018/8), if the provision determined using MMA is higher, the Bank requires to transfer difference between the provisions to a Non-Distributable Capital Reserve (NDCR).

Recorded MMA Provision base as at 31st December 2023, exceeded the IFRS provision base and therefore an amount of MVR 2,381,014/- has been transferred to NDCR through appropriation of retained earnings in terms of the above Direction.

FINANCIAL REPORT

The Bank published its Annual Financial Statements for the year ended 31st December 2023, 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 2023.

1. Mr Elmo Sooriyaarachchi was appointed w.e.f. 15th November 2023 to fill the vacancy created due to the conclusion of term of Mr Dilan Rajapakse w.e.f. 14th November 2023.

RESPONSIBILITY STATEMENT AND DECLARATION BY BOARD OF DIRECTORS

RESPONSIBILITY STATEMENT BY BOARD OF DIRECTORS

The Board of Directors hereby certifies that:

- 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.
- 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.
- 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.
- The Regulation on Corporate Governance for Banks, Insurance Companies and Finance Companies (Regulation No: 2020/R-59) by MMA were followed.
- All statements and accounts were prepared on going concern basis.
- There were no unexpired service contracts within one year without payment of compensation of any director proposed for election.
- There are no other interests of the Directors of the Bank except those disclosed in this report and the financial statements.
- No major events have occurred since the balance sheet date which would require adjustments to, or disclosure, in the financial statements.
- Controlling shareholders have no shares pledged.

The Board continues to strengthen its oversight responsibilities regarding the affairs of the Bank to ensure compliance with the Bank's statutory, fiduciary, and regulatory responsibilities and to ensure adherence to the highest ethical standards of Corporate Governance. Over the reporting period, in one instance, the Bank fell short of the MVR Mandatory Reserve Requirement by MVR 21 Mn due to a calculation error. This resulted in MVR 146,498.55 being paid as penal interest to MMA. However, this shortfall was not due to liquidity constraints, as the Bank held enough liquid assets, including

funds in the Overnight Deposit Facility with the Maldives Monetary Authority, to cover more than 21 Mn during the period. Additionally, the Bank maintained an excess of over MVR 90 Mn in USD Mandatory Reserve Account for the same period. Hence, the Bank met the overall Mandatory Reserve Requirement for the same period. Furthermore, the Bank has materially complied with all other applicable regulatory requirements and best practices, maintaining its position as a compliant Bank in the Maldives.

The borrowings of the Bank as at 31st December 2023 : Nil
The Bank's liabilities as at 31st December 2023 : MVR 2,818,513,489/-

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.
- The Board further confirm that the Bank has materially complied, in fact and in principle, with the Act and all regulations and directives issued by the MMA and identified the financial and operating risks of the bank and the board of directors has adopted adequate policies covering such risks; and implemented the necessary systems and procedures to manage the risks.

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- Additionally, the Bank and its Board of Directors confirm that there are no actual or possible conflicts of interest exist in respect of the independence of its auditor.

On behalf of the Board of Directors



.....
Mr Ahmed Nazeer
Chairman



.....
Mr Elmo Sooriyaarachchi
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, 2023 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

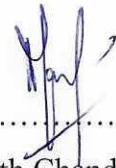
M/s Ernst & Young has carried out statutory audit of the Bank as their fourth and final year of audit for the year ended 31st December 2023.

Bank has decided to appoint M/s KPMG as the external auditors of the Bank for the financial year 2024 for a fee of USD 15,400/- subject to the approval of Shareholders. This fee excludes GST 6% and out of pocket expenses of around a maximum of 5%.

Signed on this date 28^h April 2024.



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Mr. Ahmed Nazeer, Chairman



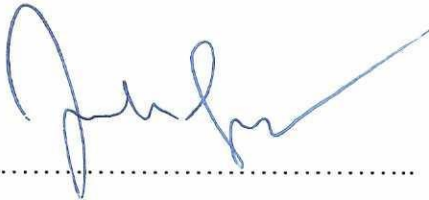
.....
Mr. Sanath Chandima Manatunge, Director



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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. Elmo Sooriyaarachchi, Managing Director/
Chief Executive Officer
(Appointed w.e.f. 15th November 2023)