

Explanatory Notes on Monetary and Financial Statistics

I. General information

Methodology

As of January 2007, monetary and financial statistics are compiled on a monthly basis, in accordance with the International Monetary Fund, the IMF "guide in money and banking statistics in international financial statistics" (December 1984). Beginning February 2007 data are compiled in accordance with the methodological framework that was described in the monetary and financial statistics manual (MFSM-2000).

Key concepts in MFSM-2000

Residency: The delineation between residence institutional units and non-residence units is a key feature recommended in the monetary and financial statistics manual. The key concept for defining the residency of an economic unit is its center of economic interest¹.

Domestic or resident - includes all individuals and legal entities with a center of economic interest in the Republic of Maldives. Generally, a *resident* includes:

1. Any individual who has physically resided or is expected to physically reside in the republic of Maldives for one year or more; and
2. Legal entities (corporations, partnerships, joint ventures, etc.) With a location (i.e. Dwelling, place of production, or other premises) within

the Republic of Maldives from which it engages, and is expected to continue to engage, in business activities and transactions for at least the next year.

The terms 'domestic or resident' specifically exclude all foreign government embassies, consulates and their staff physically located/residing in the Republic of Maldives, who, along with other individuals and entities that do not satisfy the above requirements are considered as nonresidents.

Deposit classification: Deposits which can be withdrawn or are transferable on demand and without notice to the account holding depository institution, at face value and without penalty or other restriction by check, draft, direct debit/credit, automatic teller machine, or other direct payment facilities are classified as *transferable deposits*.

All interest-bearing deposits without a stated maturity which are not transferable by check, draft, direct debit/credit, automatic teller machine or other direct payment facilities and all deposits on which interest is paid for a fixed period of time, and which cannot be withdrawn before maturity without giving notice and incurring an early withdrawal penalty are classified as *other deposits*.

Currency denomination: Financial assets and liabilities denominated in foreign currency of all reporting institutions including the central bank are converted to national currency units at the MMA daily reference exchange rate, which is the mid-point of the weighted average buying and selling rates of all commercial banks.

¹ An institutional unit is considered to have a **center of economic interest** within a country when it maintains a location—such as a dwelling, place of production, or other premises—within the country's economic territory, from which it engages, and intends to continue engaging, in a significant level of economic activity.

II. Institutional coverage

Central Bank (CB):

Consists of the Maldives Monetary Authority (MMA) only.

Beginning December 2001 central bank data are based on a standardized report form (SRF), which generally accords with the concepts and definitions of the IMF's monetary and financial statistics manual (MFSM), 2000.

Financial assets and liabilities denominated in foreign currency are converted to national currency units at MMA daily reference exchange rate, which is the mid-point of the weighted average buying and selling rates of all commercial banks.

Securities other than shares issued by the MMA and holdings of central government bills are valued at acquisition cost or face value rather than at current market price or fair value.

Other Depository Corporations (ODC):

Other depository corporations (ODCs) currently comprise all commercial banks operating in the Maldives, namely the State Bank of India (SBI), Bank of Maldives (BML), Bank of Ceylon (BOC), Habib Bank Limited (HBL), The Mauritius Commercial Bank (Maldives) Private Limited (MCB), Maldives Islamic Bank (MIB), and the Commercial Bank of Maldives Private Limited (CBM).

In terms of data coverage, ODC statistics include all banks operating since 1986—namely SBI, BML, BOC, HBL, and the Bank of Credit and Commerce International (BCCI)—until BCCI's closure in July 1991. The coverage also reflects subsequent entrants and exits in the banking

sector since the 2000s, with the inclusion of The Hongkong and Shanghai Banking Corporation (HSBC), MCB, MIB, and CBM. HSBC data are incorporated from March 2002, corresponding to the start of its operations in the Maldives, until its exit from the market in May 2025. Likewise, data from MCB have been included since May 2008, from MIB since May 2011, and from CBM since its commencement of operations in September 2016.

For a brief period between January 2005 and September 2007, the Housing Development Finance Corporation (HDFC), a government-owned finance leasing company, was also classified as part of the ODC sector. The HDFC was reclassified as other financial corporations from September 2007 as the corporation no longer issues short-term liabilities to money holding sectors.

Beginning in February 2007, data are based on a standardized report form (SRF) for ODC, which accords with the concepts and definitions of the Monetary and Financial Statistics Manual (MFSM). For ODC in the Maldives, departures from the MFSM methodology are explained below.

- Financial assets and liabilities for which economic sectorisation is unavailable are allocated to the economic sector having the largest volume of transactions in the category.
- Held-to-maturity securities are valued at acquisition cost rather than at current market price or fair value. Holdings of equity shares not traded in active markets are valued at acquisition cost rather than at current market price or fair value.

For December 2001 through January 2007, data in the SRF format are compiled from pre-SRF data not based on the MFSM methodology. Departures from the MFSM methodology are explained below.

- Financial assets and liabilities for which economic sectorization is unavailable are allocated to the economic sector having the largest volume of transactions in the category.
- Accrued interest is included in other items (net) rather than in the outstanding amounts of the financial assets and liabilities.

Depository Corporations (DC): Comprises of central bank and other depository corporations. Refer to section 2 (notes on central banks and other depository corporations.)

Other Financial Corporations (OFC): consist of finance companies, insurance companies and pension fund.

Finance Companies

Comprises the Maldives Finance Leasing Company (MFLC), Housing Development Finance Corporation (HDFC), and SME Development Finance Corporation (SDFC). SDFC was rebranded as SME Digital in November 2025 after becoming a subsidiary of BML. SME Digital remains classified as a finance leasing company, reflecting its focus on providing financing services via digital solutions.

Beginning in March 2007, balance sheet data in new Call Report Form (CRF) were collected from finance companies in accordance with the concepts and definitions of IMF's MFSM. During this period, finance leasing companies were represented by the MFLC, as they were the only finance leasing company at that time. From September 2007, HDFC was reclassified as other financial corporation as they no longer issued short-term liabilities to money holding sectors. With the establishment of the SME Development Finance Corporation (SDFC), it was included in the Other Financial Corporations (OFC) category starting in March 2019.

Insurance Companies

Comprises of Allied insurance company private limited, Ceylinco Insurance Company private limited, Sri Lankan insurance company, Amana Takaful (Maldives) Plc.), Solarelle Insurance Pvt Ltd, and Dhivehi Insurance Company Pvt Ltd.

Since March 2007, quarterly balance sheet data have been collected from insurance companies in pre-SRF formats until September 2012. Beginning from March 2012, Sri Lankan insurance company has been excluded from OFC coverage due to withdrawal of their license and since September 2010 onwards, Amana Takaful (Maldives) Plc. was included in OFC coverage. Solarelle Insurance Pvt Ltd has been included in OFC coverage since September 2016, and Dhivehi Insurance Company Pvt Ltd has been covered since October 2016.

For March 2007 through November 2012, data of OFC are compiled from pre-SRF data, which was not based on the MFSM methodology. Departures from the MFSM methodology are explained below.

- Financial assets and liabilities for which economic sectorization is unavailable are allocated to the economic sector having the largest volume of transactions in the category.

New SRF was reported from insurance companies from December 2012 through May 2013 on a quarterly basis. Whilst, beginning from June 2013 onwards insurance companies submitted monthly balance sheets based on SRF.

Pension Fund

With the commencement of Maldives pension act on 13 May 2009, Maldives pension administration office (MPAO) was established for administering Maldives retirement pension scheme as a defined contribution pension scheme that is fully funded by the contributions of employers and employees.

Beginning in 2010 MPAO has become functional and since December 2010 onwards MPAO data based on SRF has been included in the OFC coverage.

Financial Corporations (FCs): consists of depository corporations and other financial corporations. Refer to section 2 (notes on central banks, other depository corporations and other financial corporations.)

III. Monetary aggregates

Broad money: Broad money calculated from the liability data in the sections for the central bank and other depository corporations' accords with the concepts and definitions of the MFSM and is consistent with m2 described below.

Money (national definitions):

Reserve Money (M0): Comprises currency in circulation, transferable deposits of banks and public nonfinancial corporations with the MMA in national and foreign currency, and securities issued by the MMA held by public nonfinancial corporations. Currency in circulation refers to notes and coins issued by the MMA less than the cash in the vault of the MMA. Banks deposits comprise minimum required reserves and other settlement balances with the MMA in national and foreign currency.

Narrow money (m1): Comprises currency outside depository corporations, demand deposits of public nonfinancial corporations with the MMA in national currency, and demand deposits of public nonfinancial corporations, other financial corporations, and private sector with commercial banks in national currency.

Quasi money: Comprises demand deposits of public nonfinancial corporations with the MMA in foreign currency, and demand deposits of money holding sectors (public nonfinancial corporations, other financial corporations, and private sector) with commercial banks in foreign currency and savings and time deposits of money holding sectors with commercial banks in national and foreign currency. It includes securities issued by the MMA held by public nonfinancial corporations. For January 2005 through August 2007, includes short-term securities issued by the HDFC.

Broad money (m2): Comprises narrow money and quasi money.

IV. Loans and advances provided by financial institutions

The data represents all loans and advances to the private sector² and public non-financial corporations³, excluding accrued interest and accounts receivable provided by other depository corporations and other financial corporations.

The term 'loans and advances' include all advances of funds by the reporting financial institutions (i.e. banks and finance companies) that are conditioned on the obligation of the person to repay the funds. It also includes short-, medium- and long-term loans, overdrafts, credit card receivables and other revolving-type credit facilities; discounted import and export bills; own-financial institution acceptances purchased; and discount and lease rentals. In addition, the data include shariah compliant loans and advances provided by Islamic finance service providers among banks and finance companies.

The data on loans and advances is compiled for the following economic sectors: agriculture, fishing, manufacturing, construction, real estate, tourism, commerce, transport and communication, electricity, gas, water and sanitary services, and personal loans. Of which personal loans constitute credit cards, consumer durables and educational loans.

From June 2017 onwards, construction loans are reported as real estate loans when all proceeds under the loan have been advanced as per instructions in MMA financial returns.

² Non-financial corporations, individuals and non-profit institutions serving households

³ Includes state-owned enterprises and other corporations in which the Government of the Republic of Maldives owns directly or indirectly 50% or more of the shares and which are not engaged in financial intermediation activities

V. Key indicators of the domestic financial market

Interest rates

Contains data on interest rates on central bank's standing facilities, government's treasury bills, and commercial banks' deposits and loans.

Central bank: interest rate of standing facilities consists of data on overnight deposit facility (ODF) and overnight Lombard facility (OLF) provided to commercial banks. Since 1st September 2014, the ODF and OLF are fixed at 1.5 per annum (p.a) and 10% p.a , respectively.

Government' treasury bills: contain data on the Treasury bills for the following tenures: 28 days, 91 days, 182 days and 364 days. Since 2014, the government securities market reverted to a tap system from an auction-based system, and the rates were further revised in 2015 due to a change in government policy. Since November 2015, the tap rates for 28 days T-bills, 91 days T-bills, 182 days T-bills and 364 days T-bills are 3.50% p.a, 3.67% p.a, 4.23% p.a. , and 4.60% p.a respectively.

Commercial banks: contains data on the interest rates of the conventional banks for deposits and loans and advances by currency. The interest rates are computed based on weighted average rate method for the respective tenure of deposits, and loans and advances.

Stock exchange market indicators: comprise data on end of the month MASIX Index and monthly average calculated from the daily MASIX index compiled by Maldives Stock Exchange.

Explanatory notes on Financial Soundness Indicators

I. General information

Methodology

Financial soundness indicators (FSIs) are aimed at analyzing the current financial health and soundness of the financial institutions in a country, and of their corporate and household counterparts. The FSIs are calculated in accordance with the Financial Soundness Indicators Compilation Guide of the International Monetary Fund (2019).

The indicators are compiled using data reported to the MMA by deposit takers (commercial banks). The regulatory framework is in accordance with Maldives Banking Act (2010). In addition, the indicators comply with the guidelines of either Basel I or Basel II, represents full intra-group adjustments, valuation complies with IAS 39, time of recording and exchange rates complies with IAS 21.

II. Main indicators

The indicators in the publication represent the 12 core FSIs for deposit taking corporations. These FSIs include *capital adequacy ratios, asset quality ratios, earnings and profitability ratios, liquidity ratios and sensitivity to market risk ratio*.

III. Key aspects

Capital adequacy

Total regulatory capital is defined as capital base which includes Tier 1 capital and Tier 2 capital *less* investments in and loans to unconsolidated banking and other financial subsidiaries, investments in the capital of

other banks, financial institutions licensed to do business in the Maldives, and loans or investments of a capital nature. Total regulatory capital is used as a numerator to calculate total regulatory capital to risk weighted assets ratio and as a denominator to calculate the ratios nonperforming loans net of provision to capital and net open position in foreign exchange to capital.

Regulatory tier1 capital is defined as core capital which includes permanent shareholders' equity, disclosed reserves, minority interests in the equity of consolidated subsidiaries, less goodwill and other intangible assets, loan loss provisions and all other asset revaluation reserves, future income tax benefits, losses carried forward, encumbered assets, and net amounts due from Head office and branches in the case of foreign bank branches and subsidiaries operating in the Maldives.

Risk weighted assets are defined as bank's on-balance sheet assets and off-balance-sheet exposures that are risk weighted as per the requirements of financial returns of MMA in compliance with *regulation on capital adequacy 2015/R-166*.

Loan provisions are defined as balance sheet account established through charges to 'provisions expense' in the income statement and against which uncollectible loans or portions thereof are written-off.

Nonperforming loans net of provisions are loans no longer generating income which is (nonperforming loans) less provisions.

Asset quality

Nonperforming loans are loans or advances where any portion of principal and interest is due and unpaid for 90 days or more; or interest

payments for 90 days or more have been capitalized, re-financed, or rolled-over into a new loan.

Total gross loans refer to gross loans value (including nonperforming loans) as reported on the balance sheet.

Loan concentration by economic activity is the ratio of DTs' lending to the largest three economic activities, as a proportion of their total gross loans to nonfinancial corporations.

Earnings and profitability

Total capital and reserves refer to Capital base as reported in the financial returns of MMA.

Return on assets is calculated by dividing net income before taxes by average total assets.

Return on equity is calculated by dividing net income after tax by average capital and reserve.

Interest margin refer to net interest earnings: interest income less interest expenses.

Noninterest expenses refer to administrative expenses.

Liquidity

Liquid assets are defined as those assets that can be converted into cash quickly without a significant loss in value. Short term liabilities are the short-term element of deposit takers' debt liabilities.

Sensitivity to Market Risk

The net open position in foreign currency is measured by aggregating the sum of the net short positions or the sum of the net long positions, whichever is the highest, regardless of sign.

Explanatory notes on Insurance

I. General information

Insurance data provides information on performance of the insurance industry over the years. The Insurance industry consists of five general insurance companies including one composite company. Of these, two companies were licensed in 2016.

Key concepts

Key Indicators

- **Gross Written Premium (GWP)** — the total premium (direct and assumed) written by an insurer before deductions for reinsurance.
- **Reinsurance Ceded** — that portion of a risk that an original insurer (also known as a "primary" insurer) transfers to a reinsurer in return for a stated premium.
- **Net Written Premium** — written premium less ceded reinsurance.
- **Net Earned Premium** — the Net Written Premiums recorded during the reporting period, plus the unearned premium reserves at the beginning of the period, minus the unearned premium reserves at the end of the period.

- **Gross claims** - all claim payments made in respect of the financial year including reinsurance.
- **Net claims settled** – claim payments net of reinsurance
- **Net Incurred Claims** – claim payments net of reinsurance plus claim liabilities at the end of the period minus claim liabilities at the beginning of the period.
- **Underwriting expenses** – Management expenses plus distribution expenses
- **Underwriting result** – Net earned premium plus reinsurance commission minus net incurred claims minus underwriting expenses.

Ratios

Retention ratio: percentage share of the premium retained relative to the gross written premium

Insurance penetration: the percentage of gross written premium to GDP

Insurance density: the ratio of gross written premium (in US \$) to the total population (per capita premium)

Net Claim ratio: net incurred claims to earned premiums

Net Expense ratio: total underwriting expenses less reinsurance commission, to net earned premium

Net Combined ratio: net claim ratio plus net expense ratio

Gross Claim ratio: gross claims to gross written premium

Gross Expense ratio: total underwriting expenses to net earned premium

Gross Combined ratio: Gross Claim ratio plus Gross Expense ratio

Insurance classes

Fire: insurance against loss of or damage to property due to fire, explosion, storm, natural forces other than storm, nuclear energy or land subsidence.

Marine Cargo: insurance against loss of or damage to merchandise, baggage and all other goods in transit, where the form of transport is in water.

Marine Hull: insurance against damage arising out of or in connection with the use of vessels on the sea or on inland water, including third-party risks and carrier's liability.

Motor: Motor Own Damage and Motor Third Party

Motor Own Damage: insurance against loss of or damage to vehicles used on land, including motor vehicles

Motor Third Party: insurance against damage arising out of or in connection with the use of motor vehicles on land, including third-party risks and carrier's liability.

Health: insurance providing fixed pecuniary benefits or benefits in the nature of indemnity (or a combination of the two) against risks of loss to the persons (both local and expatriates) insured attributable to sickness or infirmity, but exclusive of contracts falling within personal accident class of business.

Accident: insurance providing fixed pecuniary benefits or benefits in the nature of indemnity (or a combination of both) against risks of the person insured -

- sustaining injury as the result of an accident or of an accident of a specified class, or
- dying as the result of an accident or of an accident of a specified class, or
- becoming incapacitated in consequence of disease or of disease of a specified class, inclusive of contracts relating to industrial injury and occupational disease but exclusive of contracts falling within health class of business.

Engineering: insurance on the machinery, tackle, furniture or equipment of any property other than Marine Hull and Aviation class of business.

Liability: insurance against risks of the persons insured incurring liabilities to third parties, the risks in question not being risks covered under motor class of business.

Travel: insurance that covers the costs and losses associated with traveling.

Miscellaneous: insurance against any of the risks not related to the above business groups.

Explanatory notes on Financial Access Survey

I. General information

The Financial Access Survey (FAS) is conducted annually to collect annual time series data on access to and use of financial services in the Maldives. The FAS is compiled in accordance with the Financial Access Guideline and Manual of the International Monetary Fund (2019).

II. Institutional coverage

Comprises of commercial banks, other financial intermediaries (finance companies), and insurance corporations. Key information in the data coverage is explained below:

- From 2011 to 2015, the data covers all seven commercial banks operating during that period. From 2016, data includes all eight commercial banks following the entry of a new bank into the market. However, from 2024 onwards, the data reflects only seven banks due to the closure of one bank.
- The number of insurance policy holders and policies (for insurance corporations) from 2012 to 2015 represents data for three companies; from 2016 onward, it shows five companies' data.
- The data reported for other financial intermediaries generally includes all companies that have been operating since 2012.

Key concepts

Number of deposit accounts or number of loan accounts: refer to total number of every single corporate, individual and / or joint account

Number of depositors or number of borrowers: refer to total number of corporate, individual, joint account holders who are counted as one depositor or borrower irrespective of the number of accounts held by the holders.

Outstanding deposits: show the total value of all outstanding deposits (including accrued interest) of the resident non-financial corporations (businesses) and individuals from the household sector held at deposit-taking institutions.

Outstanding loans: show the total value of all outstanding loans (including accrued interest) extended by financial institutions to resident non-financial corporations and individuals from the household sector

Number of Insurance policy holders: refer to the total number of life and non-life insurance policy holders among resident non-financial corporations and individuals from the household sector. An individual or business holding more than one insurance policy should be counted as a single policyholder.

Number of insurance policies: refer to the number of life and non-life insurance policies held by resident nonfinancial corporations and individuals in the household sector. Each insurance policy should be counted individually, even when held by the same policyholder and maintained under different accounts.