



Pension Office

ANNUAL REPORT 2021

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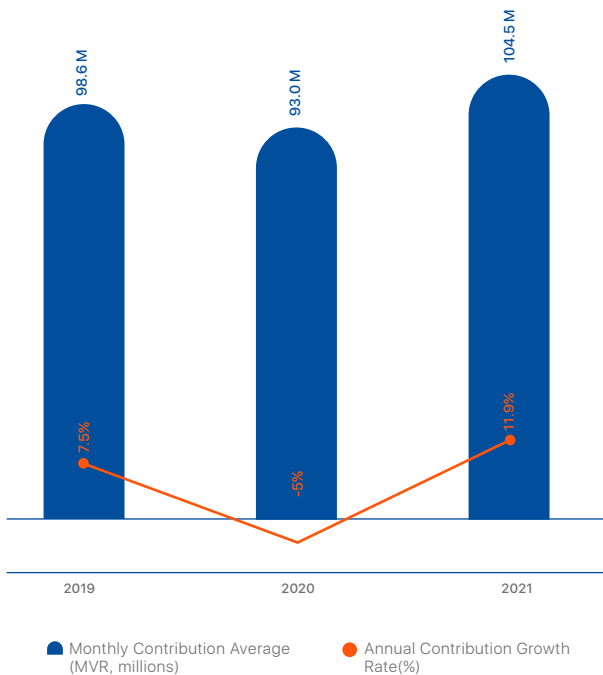
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YEAR IN REVIEW

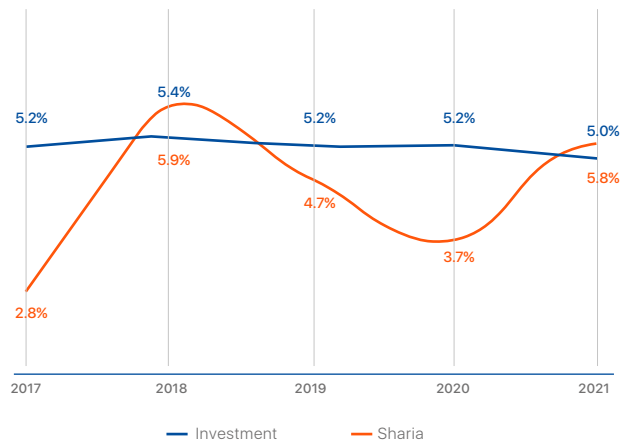
The year 2021, marked by return to post-covid normality, was a year of recovery for the Maldives. The economic rebound in the latter half of 2020 carried its momentum into the year, bolstered by the reopening of significant markets. Led by the tourism industry, other major industries within the nation saw sustained growth. This was evident by the growth in MRPS membership and pension contributions, which reached an all time high of **MVR 1.25 million** in 2021, outperforming the year 2020 by **11.9%**.

MRPS funds maintained returns above their pre-pandemic levels in 2021. The Investment Fund maintained stable returns above 5% during the year and in 2019 despite the significant economic decline. Returns from the Shariah fund increased significantly compared to the past 2 years following receipt of 2 year’s delayed dividend payment from MIB (owing to dividend deferment due to the pandemic).

MONTHLY CONTRIBUTION AVERAGE AND ANNUAL CONTRIBUTION GROWTH RATE



INVESTMENT RETURN OF INVESTMENT AND SHARIAH FUND, 2017-2021

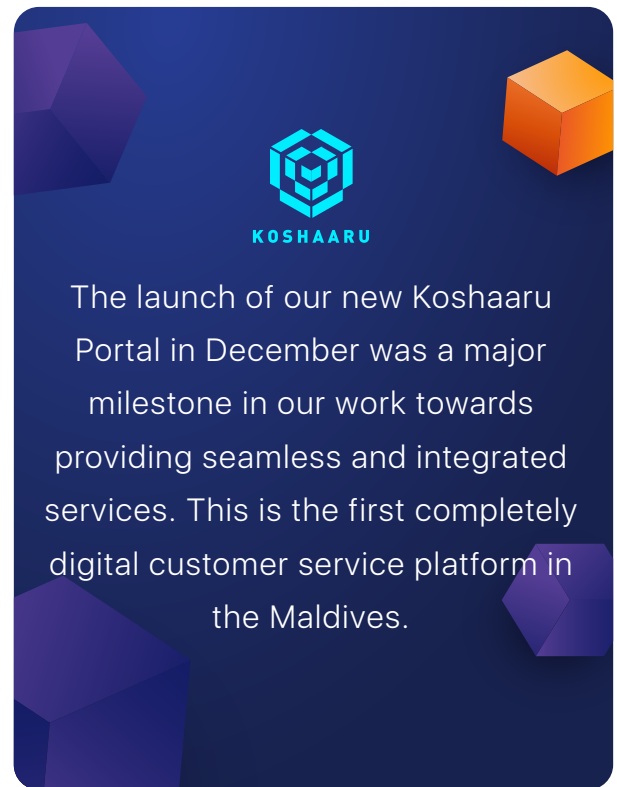


Some of the planned activities of 2021 were impacted by the continuing health emergency declared by the government. With the emergence of new COVID variants, and the rise of number cases in Male’, we resumed working from home practices during periods of lockdowns. Despite working from home we continued to deliver our services without disruptions, making prompt payments to our members and beneficiaries.

Much work on the development of the new employer portal Kosharu was carried out during the lockdown and the successfully launched new Kosharu Portal in December. Kosharu is a major milestone in our work towards providing seamless and integrated services. As the first completely digital customer service platform, developed and launched in the Maldives, Kosharu offers employers and members access to all our services from anywhere at any time.

With the former CEO joining our team, discussions were held on the strategic focus of the organisation and the options for improving member experiences. Stakeholder consultations were carried out in defining the strategic direction of the organisation.

As 2021 ends, we are geared towards development of our Strategic Plan for the next 3 years. This Plan would pave the way in our efforts to remain a trusted organisation that aims to work at the best interest of our members and stakeholders.



OUR VISION ≡

To be the most trusted, respected, and loved public institution in the Maldives

OUR MISSION ≡

The future income security and income stability of all our people are assured upon their retirement.

We endeavor to:

Manage Maldives Retirement Pensions Scheme (MRPS)

Deliver exceptional pension services

Establish outstanding communication and awareness

Set high standards and benchmarks for pension



OUR CORE VALUES ≡



INTEGRITY

Set remarkably high standards of honesty and transparency and preserve impeccable image nationally and internationally.



COMMUNICATION

Committed to openness and share frequently, simply and clearly.



TEAM SPIRIT

Culture of lively debate, respect for the opinions of others, humility and a commitment to continuous learning and helpfulness.



INNOVATION

Value people who generate, foster and present ideas and find new ways to interpret and understand surroundings and emerging trends.








EXCELLENCE

Passion, dynamism and determination to deliver the best results for members and ensure every one operates at full capacity.

AT A GLANCE





PERFORMANCE OF MRPS FUNDS					
MRPS Funds	Net Assets (MVR, in millions)	Returns			
		2021	2020	Since Inception	
Investment	12,832	 5.03%	5.24%	6.34%	
Sharia	372	 5.78%	3.67%	3.00%	
Conservative	456	 4.44%	4.39%	5.35%	
Sharia Conservative	7.85	 3.38%	3.29%	3.34%	
Recognition Bond	3,732	 4.95%	4.80%	5.28%	


ABOUT PENSION OFFICE


KEY FUNCTIONS OF PENSION OFFICE


The Pension Act mandates Pension Office to carry out the following functions:

- 

Administer and manage Pension Schemes established under the Pension Act
- 

Provide Retirement Pension
- 

Pay Old-Age Basic Pension
- 

Formulate regulations, standards and guidelines to operate schemes established under the Pension Act
- 

Conduct awareness programmes on schemes established under the Pension Act

In addition to the aforementioned functions, Pension Office serves as the central agency for the disbursement of various state funded pensions and benefits to retirees.

Maldives Pension Administration Office (“Pension Office”) came into existence following ratification of the Maldives Pension Act (“Pension Act”) on 13th May 2009 by the President.

The Pension Office is an independent legal entity with perpetual succession, having a separate seal, possessing the power to sue and be sued in its own name and having the right to acquire, hold and dispose of movable and immovable assets in accordance with the law and to make undertakings in its own capacity.

INTERNATIONAL ACCREDITATIONS



ISO CERTIFICATION

(ISO/IEC 27001:2013) Management of Information Security provision (6th March 2020)



ISSA CERTIFICATION

ISSA Guidelines on Contribution, Collection and Compliances (edition 2016) - August 2020

MESSAGE FROM THE CHAIRPERSON OF THE BOARD



ATHIFA ALI

Chairperson of the Board

“Internal and external stakeholders are critical to our success and are a core element in the growth of the institution. Understanding the views of stakeholders’ assists our decision-making processes and helps drive progress towards the achievement of our aims and objectives.”

On behalf of the Board of Directors, it is my pleasure to present the 2021 annual report of the Maldives Pension Administration Office for the year ending December 31, 2021. We are proud of being a trusted, respected and a loved institution and most importantly of the critical role we play in the wider society. Guided by a clear purpose, we believe that the Maldives Pension Administration Office has a positive and significant impact on our people and the economy as a whole.

2021 was largely a year of growth and continued transformation for the Pension Office. While COVID-19 continued to impact us all, we are very pleased to note that the Pension Office continued its long tradition of providing excellent service to members, maintained stable returns in its investments and accomplished a number of noteworthy transformational initiatives in 2021.

The Pension Office is well positioned with over 12 years of establishment. Nationwide service offering, technological advancements, significant investments in our infrastructure in recent years provide a strong foundation to build on. In addition, the automation of our processes presented new opportunities to work with our members. Assets of the pension fund have grown to **MVR 17.4 Billion** and over **113,721 individuals** have contributed to the fund. During 2021, pension contributions exceeded **MVR 1.24 Billion** and pension benefits of over **123 Million** was disbursed to beneficiaries. Pension Office mobile application has already been installed over **71,100** nationwide and offers all the services provided by the institution.

The Board believes that the renewed focus on investment diversification & digitalization will enable the Pension Office to capitalize on the opportunities to drive sustainable benefits for our members and future growth. In this regard, some notable efforts were made to enhance member benefits especially, in exploring the options for annuity products and terminal illness benefits for our members.

In the investment front, Pension Office continued to work closely with financial industry stakeholders to develop the appetite for pension fund investment. Discussions were initiated to explore the opportunities to diversify the investment base. Additionally, as part of this effort, despite the many challenges, the Board looks forward to evolving our investment risk appetite and investment framework. Similar to the past year we will continue with our aim to widen the range of investments available to MRPS, enhance future investment returns and ensure our pension fund is recognised as active in assets vital to nation building.

Another important aspect is the engagement with the stakeholders as they are critical to our success and is a core element in the growth of the institution. Understanding the views of stakeholders' assists our decision-making processes and helps drive progress towards the achievement of our aims and objectives.

In this regard, regular engagement with stakeholders remained at the center of the Board's deliberations. Through the strategic planning process which was initiated at the beginning of the year, the Board facilitated detailed discussions with the key stakeholders to foster effective communication and maintain mutually beneficial relationships. Considerable progress was made in collaborating, particularly with Government agencies, financial institutions, employers and clients.

The pandemic of 2020 played an important role in enhancing the online services capacity, enabling a drive to develop new technology initiatives by the team. In order to better manage the services provided by the Pension Office and to address the critical shortcomings identified during the pandemic, the team re-engineered the employer portal used by employers to access Pension Office systems online. In this regard, our new Koshaaru Portal, launched in December 2021 was a major milestone in the history of the Pension Office.

The Board has continued supporting the delivery of the key services through technological advancements and contributed in the development of policies and strategies during 2021 in its role of assisting the management with the governance and administration of the Pension Office. As I look at how we completed the financial year 2021, inevitably, our performance has been significantly impacted by the pandemic in certain areas. However, I am pleased to note our performance remained creditable and we continued our efforts to deliver on key strategic initiatives.

Responsibility for good governance rests with the Board; this is underpinned by an effective governance framework which, the Board believes, fits the requirements. At the core of our good governance practices is to remain transparent by disclosing pertinent information to the public in a timely manner. Equally as important is to establish a sound structure to determine, manage and monitor the risks faced by the Pension Office and the MRPS. In this respect, systematic internal audits were carried out as scheduled in 2021. Additionally, our learning and understanding from our global leaders continued unabated mainly through virtual channels.

I am pleased to note the progress Pension Office has made over the last couple of years in spite of the challenges faced by the pandemic. The Pension Office has progressively delivered on its strategy in that time. While it hasn't been without challenges, we are now in a sustainable position, which is also reflected in the rapid growth of member contribution. The Board further recognizes the challenges to the current pension system, but is confident with the dedication and commitment of the team leading the Pension Office. Unfortunately, we faced some setbacks in progress during the year with the departure of CEO, John Griandall as the Board made the decision to terminate his contract.

The matter remained unresolved at the Employment Tribunal by the end of the year. The Board also identified some skill gaps in key areas and started work to address these skill gaps as a matter of priority.

I would also like to extend my thanks to our Acting CEO, Ms. Sujatha Haleem and our Executive Team for their efforts throughout the challenging year. Many thanks to my colleagues at the Board for their generous support and considerable contributions. I would also like to thank the outgoing Board members for their contributions.

Finally, I would like to express my sincere appreciation to all of our members for their continued support as we continue to chart our course through these most unusual of times. At the Pension Office, we are committed to continuing to create substantial value for our members and I look forward to support from all stakeholders as we continue to deliver on the strategic and operational excellence objectives.

As we head towards achieving our strategic objectives, I believe that we will continue to improve and make significant contributions towards ensuring social security and wellbeing of the Maldivian people and the growth of our economy. The Board is looking forward to the value that the Pension Office will continue to create for its members and beneficiaries throughout their working careers and their retirements.

ACTING CHIEF EXECUTIVE OFFICER'S STATEMENT



SUJATHA HALEEM

Acting CEO / Chief Operating Officer (COO)

Over the past year as we continued to endure the COVID-19 pandemic and adjusted our stride to the 'new normal', we achieved commendable progress on a number of fronts. We also remained steadfast in prudently managing the Maldives Retirement Pension Scheme at the best interest of our members.

During the year 2021, notable growth was observed in member contributions and new memberships to the scheme. Though contributions declined with the onset of the pandemic, the effect rebounded and surpassed pre-COVID levels by the end of 2021. Our assets under management have increased by **12.26%** to **MVR 17.4 billion** and the scheme on average earned a return above **5%**.

Throughout the year we continued to strengthen our presence through a multitude of mediums whereby we raised awareness of pensions and savings and disseminated information on the pension system of the Maldives. We also collaborated with stakeholders as part of our corporate social responsibility. In terms of regulatory developments, the Regulation on Determining Pensionable Wage was revised and gazetted during the first quarter of the year. Our efforts to strengthen compliance were challenged due to movement restrictions. However, we utilized digital mediums to ascertain compliance to Pension Act and regulations.

In 2021 we accelerated our digital transformation and launched the first fully digital customer service platform (Koshaaru) in the Maldives. Built on four key principles; accessibility, reliability, convenience and security, Koshaaru provides access to all our services at any time from anywhere. The platform contains customized interfaces for employers and members allowing seamless navigation on any device.

Our focus on digital solutions have also paved the way for us to make benefit payments to our members and beneficiaries without any hindrances.

As 2022 unfolds and we move into post-covid normality and economic recovery, I believe that the pandemic accelerated notable changes. Services do not need to be confined to a physical space and the future looks more positive with digital solutions and resilient people. We plan to sustain the momentum and stay true to our core values that embeds innovation and excellence as key aspects of our culture.

Embarking on our 14th year of service, we aspire to drive a high performance culture. I am hopeful that 2022 would be a pivotal year for our employees, our members, beneficiaries and stakeholders. Our investment outlook is focused on seeking long-term investments and increased returns. We are geared towards development of our Strategic Plan for the next 3 years that would guide us to new heights in expanding our services and benefit propositions. We will continue to strengthen our risk management that would warrant us to be in a robust position to face any adverse events. We also plan to leverage the power of data analytics and prioritize data driven decisions.

I take this opportunity to offer my deepest gratitude to the Chairperson of the Board and our Board Members for their continued guidance and support in realizing our goals.

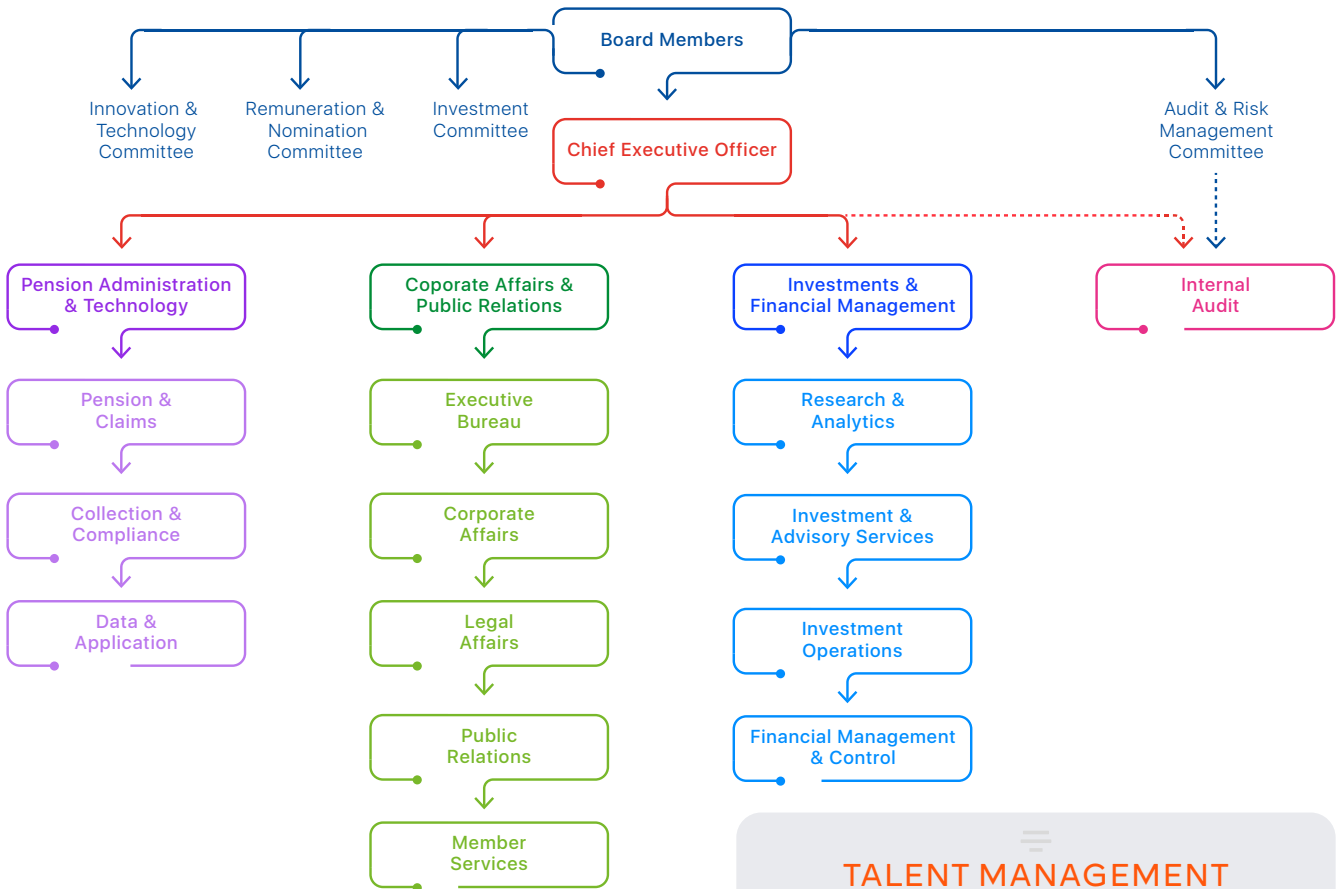
I am very proud of the way our team supported each other through a difficult and challenging year. Our team of 62 employees showed incredible resilience and ensured that our members and customers received outstanding services.

My special gratitude to employers for their extraordinary efforts in complying with our requirements and promptly paying the due contributions.

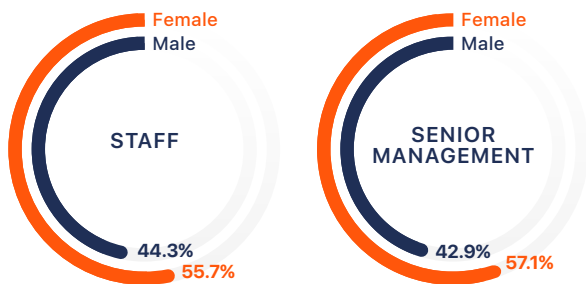
I convey my sincere acknowledgement and gratitude to our stakeholders for their continued support and cooperation. On the same note, I wholeheartedly appreciate the generous assistance and technical guidance invariably provided to us by the World Bank and other international organizations.

I assure the members of the Maldives Retirement Pension Scheme that the Pension Office is committed to provide a secure retirement and better benefits whilst upholding the basic tenets of keeping the scheme financially sustainable and protected from undue risk to member outcomes. I wish our members, stakeholders and the nation a prosperous year blessed with accelerated growth and wellness.

ORGANISATION STRUCTURE



OUR TEAM GENDER



TALENT MANAGEMENT

Participation in seminars, workshops, training and forums

- 
INTERNATIONAL
 05 Staff
 05 Programs
- 
LOCAL
 22 Staff
 05 Programs
- 
IN HOUSE
 45 Staff
 02 Programs

PENSION OFFICE FINANCING

As per Section 7 (a) of the Pension Act, the Pension Office is financed through an administrative fee charged on the RSA balance of MRPS members. Depicted below are the administrative fee, annual income and annual expenditure for the year.



ADMINISTRATIVE FEE

0.60 %



ANNUAL INCOME

MVR 76,891,474



ANNUAL EXPENDITURE

MVR 36,965,609

SCHEME ADMINISTRATION REPORT

Under the Pension Act, Pension Office administers four pension schemes, namely:

MALDIVES RETIREMENT PENSION SCHEME (MRPS)



OLD-AGE BASIC PENSION SCHEME (BP)



COLLATERALIZATION OF MRPS FUNDS FOR HOUSING FINANCE SCHEME



UTILIZATION OF RSA BALANCE FOR HAJJ



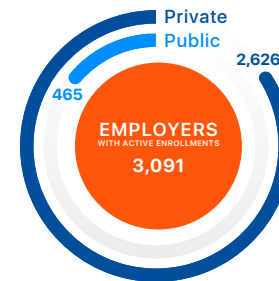
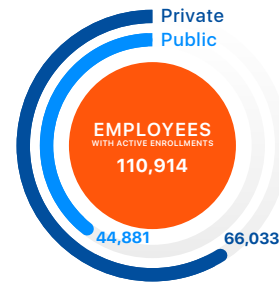
Additionally, Pension Office disburses other Pension benefits under an arrangement with the Ministry of Finance.

Maldives Retirement Pension Scheme (MRPS)

The primary objective of MRPS is to ensure individuals save during employment, to cater for their livelihood in retirement and ultimately creating financial independence. MRPS is a defined contributory pension scheme administered with a contribution of 14 percent of the pensionable wage, contributed equally by both employees and employers. The members of this scheme receive investment returns in addition to the contributions.

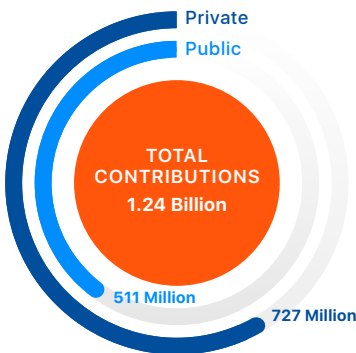
Following are the details of contributions, enrollment of employees and employers in MRPS as at 31st December 2021.

ACTIVE EMPLOYERS AND EMPLOYEES AT THE END OF THE YEAR



*SOE's included under Private sector

CONTRIBUTIONS TO MRPS



*SOE's included under Private sector

BENEFICIARIES PER MONTH (AVERAGE)

Pension Month	Beneficiaries	Payouts
January	1,488	9.41 Million
February	1,765	10.24 Million
March	1,495	9.55 Million
April	1,494	9.42 Million
May	1,482	10.95 Million
June	1,482	10.05 Million
July	1,450	10.13 Million
August	1,463	10.45 Million
September	1,481	11.26 Million
October	1,468	8.62 Million
November	1,473	9.29 Million
December	1,483	14.04 Million

MRPS BENEFICIARIES



BENEFICIARIES PER MONTH (AVERAGE)
1,502



TOTAL DISBURSED AMOUNT (MVR)
123 Million

Old-Age Basic Pension Scheme (BP)

Old-Age Basic Pension Scheme (BP) is designed to provide financial security for individuals who had no access to pensionable income prior to retirement age. This scheme is a lifelong pension benefit, fully funded by the Government, provided to all Maldivian citizens who have reached the age of 65, subject to meeting the eligibility criteria of the scheme.

SUMMARY



BENEFICIARIES PER MONTH (AVERAGE)

19,105



TOTAL DISBURSED AMOUNT (MVR)

1.09 Billion

MONTHLY BP PAYOUTS

Pension Month	Beneficiaries	Payouts
January	18,788	89.02 Million
February	18,884	89.77 Million
March	19,003	90.40 Million
April	19,044	90.46 Million
May	19,072	90.68 Million
June	19,059	90.60 Million
July	19,106	90.80 Million
August	19,169	91.50 Million
September	19,225	91.79 Million
October	19,297	91.98 Million
November	19,283	91.96 Million
December	19,331	92.38 Million

Collateralization of RSA Balance for Housing Finance

This scheme is administered in collaboration with mortgage finance providers. Under this scheme, members are able to pledge their MRPS balance as an equity component for purchasing homes through such financing schemes.

SUMMARY



APPLICATIONS RECEIVED

17



MEMBERS WHO COLLATERALIZED THEIR FUNDS

28



TOTAL COLLATERALIZED AMOUNT

6.56 Million

COLLATERALIZED AMOUNT BASED ON FINANCIAL INSTITUTIONS

Financial Institution	Members	Amount
BML	26	6.00 Million
MIB	2	0.56 Million
Total	28	6.56 Million

Disbursement of Other Pension

Under a Memorandum of Understanding executed between the Pension Office and the Ministry of Finance, State Other Pensions are disbursed by the Pension Office since April 2011.

SUMMARY



BENEFICIARIES PER MONTH (AVERAGE)

7,158



TOTAL DISBURSED AMOUNT (MVR)

315 Million

MONTHLY OTHER PENSION PAYOUTS

Pension Month	Beneficiaries	Payouts
January	7,179	26.93 Million
February	7,167	25.22 Million
March	7,165	25.32 Million
April	7,198	28.56 Million
May	7,164	26.47 Million
June	7,143	24.78 Million
July	7,168	25.40 Million
August	7,139	25.38 Million
September	7,137	27.30 Million
October	7,156	24.20 Million
November	7,138	28.15 Million
December	7,148	27.93 Million

Utilization of RSA Balance for Hajj

This scheme approves the utilisation of member's (MRPS) pension fund balance towards performing obligatory Hajj pilgrimage. This scheme is administered with parties approved by the Ministry of Islamic Affairs.

With the restriction on Hajj pilgrimage due to COVID-19, no funds were released under this scheme during the year. However, applications of members requesting to reserve funds to secure Hajj allocation through Hajj Corporation were processed.

HAJJ RESERVATION APPLICATIONS RECEIVED FOR RSA - 2021



APPLICATIONS RECEIVED

53



RSA RESERVED AMOUNT

2.97 Million

ACTIVITY REPORT

Various activities are undertaken by the Pension Office in administering pensions and broadening the scope of services provided to our members, beneficiaries and stakeholders. The main activities undertaken by respective departments during the year 2021 are outlined below.



Compliance

Collection and Compliance Department is mandated with receiving MRPS contribution from employers and reconciling contribution to RSA of members, ensuring employers compliance with Pension Act and regulations and taking action against non-compliers.

NON-COMPLIANT NOTICES ISSUED

Non-Compliance Notification	First	Final	Total
Unregistered employers	89	131	220
Not enrolling employees	83	60	143
Not declaring contributions	1,130	356	1,486
Not making pension contributions	1,302	547	1,849
Total	2,604	1,094	3,698

Numerous inspections were carried out to ascertain employers compliance with the Pension Act and relevant regulations during the year. Following are the details of such inspections.



PLANNED AND AD HOC INSPECTIONS

116



NUMBER OF CASES HANDED TO LEGAL AFFAIRS TO INITIATE LEGAL ACTION

59

No Door to door inspections were carried out in 2021 due to COVID19- restrictions and safety measures.

Legal Action

LEGAL ACTION AGAINST NON-COMPLIANT EMPLOYERS

The Pension Office continued to afford leniency to non-compliant employers as the State of Public Health Emergency declared on 12th March 2020 was still in effect. Accordingly, the period of payment extension to settle pending pension contributions was increased and employers were advised to make use of such arrangements.

Legal action was only initiated against employers who failed to respond or utilise the additional opportunities granted to be in compliance with the law.

The Legal Affairs Department received **59** new cases in 2021 to recover outstanding pension contributions amounting to **MVR 4.39 million**. Following are the details of action taken against the 59 non-compliant employers:

- 51** cases against employers were registered and proceedings held in Civil Court
- 04** employers settled out of court
- 03** case files were returned to the Collections and Compliance Department due to procedural issues
- 01** case was on hold as the employer obtained payment extension

In addition, **35** judgment enforcement cases were submitted to the Civil Court during the year.

Including new claims initiated during the year and ongoing cases from past years, a total of **57** cases were concluded in 2021. Through the concluded cases **MVR 3.63 million** were recovered.

COURT CASES AGAINST THE PENSION OFFICE

NEW CASES IN 2021

A case was filed against the Pension Office in Civil Court on 12 December 2021 claiming for backdated payment of Basic Pension on account of the claimant changing the date of birth. This case was in the trial stage when the year ended.

The Fuvahmulah Magistrate Court made the Pension Office a party to an ongoing case as an intervenor on 23 March 2021. This claim was filed against the Fuvahmulah City Council regarding Basic Pension form submission. The Court closed the case on 22 September 2021 and did not make any orders on the Pension Office.

MAGISTRATE COURT

A claim initiated against the Pension Office in Fuvahmulah Magistrate Court on 05th October 2020 was concluded on 16th December 2021. This case related to a claim for backdated payment of Basic Pension and the Court held that the claimant was not owed any such payments as per the applicable regulations.

COURT HEARINGS

During the year, **448** court hearings of cases involving the Pension Office were scheduled. The majority of cases involving the Pension Office were held in the Civil Court. In addition, court hearings were scheduled in the Fuvahmulah Magistrate Court.

Legislative and Regulatory Developments

Since the introduction of the 4th and 5th amendments to the Pension Act in 2019 to facilitate the utilization of pension funds for obligatory Hajj, no amendments were made to the law.

The Regulation on Determining the Pensionable Wage was revised and gazetted on 25th February 2021. This Regulation determines the Pensionable Wage of MRPS and specifies detailed guidelines applicable to the Pensionable Wage.

Public Relations

Public Relations Department is responsible for conducting campaigns through various mediums to raise awareness about the pension system, strengthen stakeholder relations, organize events, and disseminate up-to-date information on services of the Pension Office through its website and social media platforms. Details of the activities conducted by PR for the year 2021 are as follows:



INFORMATION SESSIONS

<p>Induction Program of Civil Service Training Institute</p>	<p>Introductory sessions for newly registered members of MRPS by Pension Office</p>	<p>Sessions for Students</p>	<p>Sessions organised by Employers</p>
<p>Participants: EMPLOYEES</p>	<p>Participants: EMPLOYEES</p>	<p>Participants: STUDENTS</p>	<p>Participants: EMPLOYEES</p>
<p>No of Participants: 60</p>	<p>No of Participants: 40</p>	<p>No of Participants: 75</p>	<p>No of Participants: 30</p>

The sessions were focused on providing information related to Maldives Pension System, importance of saving for retirement, services of Pension Office and ways to seek additional information and assistance on services of Pension Office

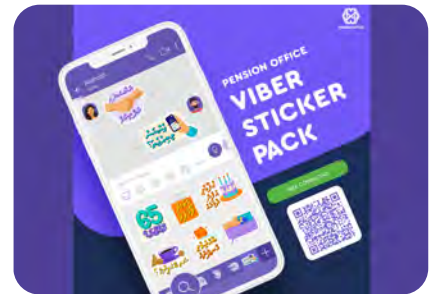


MEDIA

To create awareness amongst the general public on Maldives Pension System and MRPS information was disseminated through TV, Radio, local newspapers and outdoor advertising services.

<p>TV/Radio Programs</p>	<p>TVCommercials</p>	<p>Outdoor Advertisements</p>
<p>No of Programs 04</p>	<p>No of Programs 03</p>	<p>No of Programs 03</p>
<p>Duration 4 Programs</p>	<p>Duration Throughout the year</p>	<p>Duration 3 months</p>

SOCIAL MEDIA



Popular social media platforms such as Facebook, Twitter, Instagram and LinkedIn were used to disseminate information and news related to the pension system of Maldives. This included a “Pension Quiz” conducted through Facebook reaching more than 18,000 participants.

GLOBAL MONEY WEEK



Pension Office participated and conducted an information session in the financial webinar, organised by Maldives Monetary Authority to mark the Global Money Week. The session was focused on the importance of financial independence and how MRPS helps individuals to save for their retirement.

INVESTOR WEEK



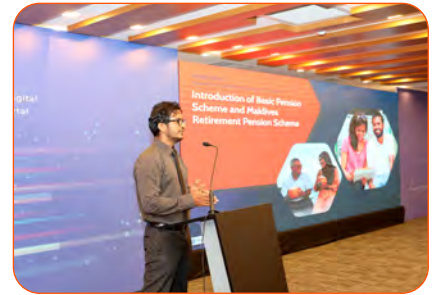
Pension Office participated in the activities to mark the World Investor week organised by the Capital Market Development Authority held from 4-10 October 2021. Information related to MRPS was provided to participants of this event.

RANVEYLA PROGRAM



Under the memorandum of understanding signed between the Pension Office and the Ministry of Gender, Family and Social Services, Ranveyla Program was continued in 2021. Information sessions targeted for the elderly were conducted in Noonu Atoll from 6-10 October 2021.

KOSHAARU PORTAL LAUNCHING



An event to launch "Kosharu Portal" was held on 1 December 2021 to mark the digitalisation of all the services of Pension Office, thereby making all the services available online. During this event an information session was held to employers on using the new Kosharu Portal.

FISHERMEN'S DAY PROGRAM



Pension Office participated in the activities organised by the Ministry of Fisheries Marine Resources and Agriculture in K. Gaafaru to celebrate the Fishermen's day 2021. Information regarding the Maldives Retirement Pension Scheme and the opportunities available to Fishermen to participate in the scheme was provided to the event participants.

PENSION OFFICE 2022 CALENDAR



Pension Office calendar for 2022, was designed and developed with important awareness messages of pension office mobile application and its features. 1500 Calendars were distributed to the Private and Public Sector Employers.

CELEBRATING INTERNATIONAL DAY OF OLDER PERSONS



Pension Office in association with AA. Feridhoo Council organised an event to mark the International Day of Older Persons in AA. Feridhoo. The two day event held from 24-25 September 2021, included a family evening, information sessions, sports activities and a special function for the senior citizens of AA.Feridhoo.

The event was joined by the Ministry of Gender, Family and Social Services, Maldives Senior Citizens Association, Society for Health Education (SHE) and government offices and other institutes in AA.Feridhoo.

NATIONAL GRANDPARENTS DAY CELEBRATIONS



At the invitation of the Ministry of Gender Family and Social Services, Pension Office participated and carried out special activities in the family evening held at K.Guraidhoo on 1st November 2021, to mark National Grandparents Day. These activities were aimed at promoting a healthy lifestyle among elderly and providing information on Pension schemes and services of Pension Office for families and individuals who participated in the event.

CORPORATE SOCIAL RESPONSIBILITY HIGHLIGHTS

Under a new CSR Policy, Pension Office provided financial assistance to the following



Assisted the Maldives Senior Citizen's Association in hiring an administrative staff for a period of one year.



Partnered with the Ministry of Gender, Family and Social Services in conducting the Ranveyla Campaign held in 4 islands of Noonu Atoll; Maafaru, Kedhikulhudhoo, Kudafari and Maalhendhoo.



Sponsored a component of Accountant's Forum organized by the Institute of Chartered Accountants of the Maldives.



Sponsored a component of the NGO Forum held in Fuvahmulah City by the Ministry of Youth, Sports and Community Empowerment.

Member Services

Member Services Department is responsible for receiving and responding to queries & complaints submitted to Pension Office through various communication channels, entry of documents & application forms into the systems. In addition, Member Services issues documents requested by Pensioners and members.

Important statistics for the department in 2021 include:



TICKETS INITIATED
13,678



TICKETS RESOLVED
94%



CALLS RECEIVED
34,072



CALL ANSWERED
71%



LIVE CHAT QUERIES
4,629



LIVE CHAT COMPLETED
100%



**MOBILE APP USERS
NEWLY REGISTERED**
16,511

Information Technology

Information Technology Department is responsible for management of “Koshaaru” system, other internal systems and databases, maintaining IT cloud infrastructure, providing technical assistance, Management Information System (MIS) reporting, developing software, providing software related training and maintaining the Pension Office website and applications.

Significant works in the IT field were executed by the Data and Application Department of the Pension Office in 2021. Major developments during the period were as follows:



MPAO MOBILE APP - RELEASE VERSION 2.8.0 AND 2.8.5

Improvements to the MPAO Mobile application addressed the following features:

- ↳ Pending allocation amount to show pending unitization amount.
- ↳ Support for visually impaired
- ↳ Updated the versions of the dependent packages for security reasons
- ↳ Pension Application Form
- ↳ Contact Information Update Form
- ↳ Bank Account Update Form
- ↳ Portfolio Change Request Form



EMPLOYER PORTAL - NEW RELEASE

Enhancements to the Employer Portal developed during the year included:

- ↳ Enrolment of Members in the pension system
- ↳ Monthly Pension Contribution
- ↳ Payments
- ↳ Contribution Adjustments
- ↳ Bulk Uploads
- ↳ Reports
- ↳ Chat
- ↳ Update and Maintain Employer Profile
- ↳ Employer user management



EMPLOYER REGISTRATION - NEW RELEASE

Enhancements to the Employer Registration portal during the year included:

- ↳ Automatic Employer Registration via MED System (System-to-System Integration)
- ↳ Manual Employer Registration (employers registered in institutions other than MED)



INTERNAL AUDITS CONDUCTED - ISMS

- ↳ Internal Audit of ISMS
- ↳ ISMS Internal Audit with KPMG
- ↳ ISO 27001 surveillance audit with Bureauveritas

IT INFRASTRUCTURE REVIEW

Entire IT infrastructure review was conducted and the following measures were taken during the year:

Migrate virtual machines to Google Cloud Run (Serverless technology)

30% direct cost reduction

95% virtual machines migrated

Internal Audit

Internal Audit function is overseen by the Chief Internal Auditor. This function was established to audit different areas of the Pension Office, report audit findings to CEO and Board Committees, and to oversee implementation of audit recommendations. Internal Audit continues to be a significant pillar within the governance framework at the Pension Office.

MANDATE

- ↳ To provide an independent assessment on the adequacy and effectiveness of internal controls and provide recommendations for continuous improvement.
- ↳ Facilitates detection of operational inefficiencies and non-compliances.
- ↳ Following-up previous audits to assess if remedial action has been effectively implemented.
- ↳ Conduct investigations on an ad hoc basis as requested by management/ARMC.

ANNUAL AUDIT PLAN

Annual Audit plan documents the list of audit engagements identified and prioritised based on those areas viewed as the greatest risk to Pension Office. The plan is considered at the beginning of each fiscal year and approved by ARMC.

For the year 2021 the program consisted of five areas, namely two audits that remained unfinished from 2020 which were carried over and three new planned audits. The 2020 carried over audits were, monitoring and taking action for employer non compliance and FD (fixed deposit) placement process reviews. The audits identified for 2021 consist of reconciliation of benefit disbursements, MRPS foreign payments and Investment transactions process.

DELIVERY OF PLANNED INTERNAL AUDIT ACTIVITIES

By the end of the reporting period, a total of five audit assignments planned were delivered. The detailed reports on individual audits performed are reported to management of the audited Division/Department and ARMC.

OUTSTANDING ISSUES AND FOLLOW-UPS

The *Standards* of the Institute of the Internal Auditors require the internal audit to determine if management has taken appropriate action regarding issues disclosed in the audit report. This is imperative to ensure the risks identified are being managed.

Internal audit monitors the implementation of agreed recommendations on a regular basis and the results of the follow up are reported to the appropriate level of management and board. During the year 2021, management has generally improved its performance in addressing the findings and implementing recommendations arising from internal audit work.

RISK BASED REGULATORY INSPECTION BY CMDA

During the reporting period, annual onsite risk based inspection was carried out by CMDA. Key areas assessed by the inspection included operational risks, investment risks, risks to member data and public awareness. The inspection suggested a number of control and process improvements.

OUTLOOK

With the long term objective of ensuring value to our members at retirement, we aim to remain steadfast in fulfilling our mandate and strategic objectives. Despite the volatility created due to COVID19- pandemic and the resurgence during the year, we have kept our focus on delivering the best services to our members and stakeholders. On the same footing, we aim to achieve the following targets during the year 2022.

INCREASING COVERAGE

At present, only the formal sector is mandated to contribute to a pension. Work is currently in progress to explore and implement ways to increase coverage especially to the informal sector and migrant workers.

MEMBER BENEFITS

Expanding member benefits is an important consideration for the coming years. In this regard, interim benefits are being explored in our efforts to keep member needs as a top priority. As industries and people in general were affected by the unprecedented volatility caused by the pandemic, our focus is on providing benefits whilst ensuring the financial sustainability of the scheme.

ESTABLISHING DATA SERVICES

Importance of data and data driven decisions was ascertained as the country aimed to develop efficient responses, re-assess present measures and aimed to recover and relaunch economic activity amidst COVID19- pandemic. As an organization having access to ample data, we aim to strengthen our data services and implement best practices in data management. Considering stakeholder needs whilst ensuring utmost confidentiality of member data, we aim to assist our stakeholders in implementing data based decision making. We also aim to make data based decisions at all our intra organizational processes.

ORGANIZATIONAL REVIEW

Carried forward from 2020, identifying gaps in the organizational structure, strengthening the governance framework and reviewing all business processes remains a key priority. We aim to attract, motivate and retain the best talent in the industry thereby paving the way in our efforts to become an employer of choice.

CAPITAL MARKET AND FINANCIAL SECTOR HIGHLIGHTS

ECONOMIC OUTLOOK

The Maldivian economy is forecasted to grow by upwards of 31.6%¹ in the year 2021 compared to last year's decline of 33.5%. Maldives Monetary Authority (MMA) and the Ministry of Finance and Treasury (MOFT) jointly projected that the economy will expand beyond pre-pandemic levels and grow by a further 12.0% in 2022. Similar projections were made by international organizations such as the International Monetary Fund (IMF), World Bank (WB) and Asian Development Bank (ADB).

Despite the looming fear of high inflation as a result of supply-side constraints across the globe, general price levels have remained fairly stable within the local economy. Overall, the economy experienced a 0.5% increase in general price levels compared to last year's 1.4% deflation. Notably, there were spikes of 3.3% and 2.7% over April 2021 and May 2021, but they quickly stabilized down to an average of 0.4% in the following months. The sudden increase was experienced due to price hikes in housing and utilities. It can be inferred that this was a market correction following the deflationary period in this sector over 2020.

At the height of the Covid-19 pandemic, the fiscal strength of the Maldivian Government was severely challenged. Even so, given the stimulus from all industries across the economy; the budget deficit has been reduced by 5.0% to MVR 12.82 billion during the year 2021.

Central government debt increased by 47.3% compared to pre-pandemic levels while the national output decreased by 10.7% over the same period of time. As of 2021, the government's outstanding debt stands at 103.8% of the GDP. According to Moody's², the high debt level is only expected to decline gradually since the budget deficit is being driven by long-term investment projects. Based on this rationale, they downgraded the credit rating of the Maldives down to 'Caa1' from 'B3', while changing the outlook to stable from negative on 17th August 2021. However, it is important to note that Fitch³ upgraded the default rating to 'B-' from 'CCC' on 28th October 2021. This was mainly on the basis that the Maldivian economy experienced a faster than expected recovery from the downturn caused by Covid-19 related restrictions as a result of the sharp rebound of tourist arrivals.

¹ Monthly Statistics (Dec 2021), MMA

² Ratings Action Report (Aug 2021), Moody's

³ Ratings Action Report (Oct 2021), Fitch

CAPITAL AND FINANCIAL MARKETS

The number of shares traded through Maldives Stock Exchange (MSE) and the overall volume of trade in the share market increased by 38.1% and 49.0%, respectively. The MASIX index, however, declined by 4.1%. This was because the last traded price of major players like Maldives Islamic Bank PLC (MIB) and Ooredoo Maldives PLC (OMPL) fell during the year 2021. However, it is important to consider that the average daily trading volume is still fairly low, indicating that the market value is unlikely to be representative of the actual fair value of these companies.

Considering major market developments, Housing Development Finance Corporation (HDFC) listed a Sukuk valued at MVR 200 million to cater to the demand created by the housing developments in Hulhumale. Also, Capital Market Development Authority (CMDA) amended and published their "Regulation on Issuance of Securities" to introduce a formal market for making private placements, further improving the access to finance for both local and foreign business entities operating in the Maldives.

Looking into the financial markets, banking assets stood at MVR 83.4 billion, which represents a growth of 21.1% year-on-year. Similarly, the deposit base of the banks stood at MVR 49.1 billion; this was an increase of 29.3% compared to the previous year. The overall lending, however, grew by only 7.2% over the same period. If the trend persists, investors will find it more difficult to find low-risk, fixed-income investment opportunities going forward. This is likely a by-product of risk mitigation strategies being employed by commercial lenders and could rebound in the short-run as uncertainty reduces and the economy recovers.

At the end of the year 2021, the average lending rate by banks to the private and public sector was 11.38% and 8.58%, respectively. The interest on short-term time deposits offered by banks decreased to 2.2% on average and the interest on long-term bank time deposits also decreased to 4.4% during 2021. The government Treasury bill rates remained unchanged from the previous year.

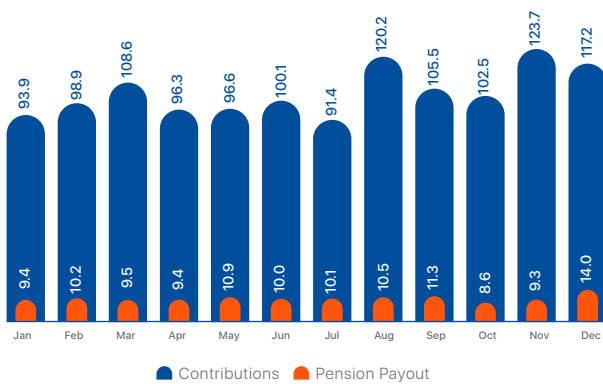
Overall, the Maldivian economy has been recovering at a considerable pace and is expected to stabilize in the near future. Pension Office believes that the economic upswing, coupled with developments in local financial markets will provide future prospects for expanding MRPS investments and consequently improve member returns.

MRPS INVESTMENT REPORT

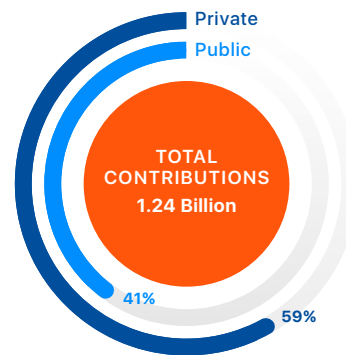
MRPS CONTRIBUTIONS AND PENSION PAYOUTS

MVR, Millions

CONTRIBUTIONS RECEIVED AND PENSION DISBURSEMENT FOR THE YEAR



CONTRIBUTIONS RECEIVED BY SECTOR, IN PERCENTAGE



TOTAL CONTRIBUTIONS 2021

1.24 Billion

TOTAL PENSION PAYOUT 2021

123 Million

The slow and steady recovery of the economy, and the reversal of the negative impact on employment and wages experienced during the previous year, has resulted in an increase in the contribution received to MRPS in 2021. During the year, MRPS members contributed a total of MVR 1.24 billion to the scheme, which represented an increase of 11.9% when compared with the previous year (2020: MVR 1.12 billion). On average, MPRs collected an amount of MVR 104 million monthly during the year which was an increase of MVR 11.10 million from the previous year (2020: Average MVR 93 million).

During the year, a total of MVR 123 million was disbursed by the Pension Office to MRPS retirees. This represents an increase of 20.4% relative to the pension disbursement in the previous year (2020: MVR 102 million).

In terms of the composition of the contributions sector wise, 59% of the total contributions were from the Private sector and the remaining 41% was received from the Public sector. The contributions received by the Public sector increased for the year by 6.0% (2021: MVR 516 million) in comparison to previous year (2020: MVR 487 million). Contrary to the fall in contributions experienced by the Private sector in the previous year due to the pandemic, there was a noteworthy increase of 16.4% in contributions in 2021 (MVR 738 million) in comparison to the previous year (2020: MVR 634 million).

MRPS PERFORMANCE

ASSET CLASS PERFORMANCE

Asset Class	Return on Investment (MVR, in Millions)	Annual Return
Equity	46.48	8.33%
Sukuk	16.82	7.87%
Corporate Bond	8.47	6.94%
Treasury Bond	173	5.15%
Treasury Bill	355	4.52%
Fixed Deposits	16.12	4.74%
General Investments Account	8.49	4.02%

As the impact of the Covid-19 pandemic posed significant challenges to all the economic sectors with constrained activity and lowered profitability, this disturbance in the market was reflected in the performance of the MRPS asset classes for the year 2021. Regardless, the total return on investment for the year amounted to MVR 625 million, which was an increase of 11.6% compared to previous year (2020: MVR 561 million)

While Equity remained the highest yielding asset class during 2021 consistent with the previous year, the annual return of 8.3% represented a decrease from the previous year (2020: 10.3%). The main cause for the fall in the Equity return was due to the decrease in the total dividend for the year, in general, on the shares of Ooredoo and Dhiraagu. The total dividend for 2021 (MVR 46.5 million) showed a decline of 16.2% relative to the previous year (2020: MVR 55.4 million).

The slight decrease of 0.6% compared to the previous year in the Corporate Bond investments is largely attributable to the change in the coupon rates for the last two Bond investments made by MRPS.

PERFORMANCE OF MRPS FUNDS

INDIVIDUAL FUNDS SIZE AND PERFORMANCE

MRPS Funds	Net Assets (MVR, in Millions)	Returns		
		2021	2020	Since Inception
Investment	12,832	5.03%	5.24%	6.34%
Sharia	372	5.78%	3.67%	3.00%
Conservative	456	4.44%	4.39%	5.35%
Sharia Conservative	7.85	3.38%	3.29%	3.34%
Recognition Bond	3,732	4.95%	4.80%	5.28%

The Net Asset Value of the MRPS fund, has reached a total of MVR 17.4 billion by the end of 2021. This is an increase of 12.0% from MVR 15.5 billion in 2020.

In terms of the performance of the individual funds, the Investment Fund showed a decline in return by 0.2% in the year 2021, which is largely owing to the decline in the dividend received during the year on the equity investments made by the fund. On the contrary, the Sharia fund earned a return of 5.8%, which is an increase of 2.1% relative to the previous year. This is the highest recorded earnings for the fund to date. This significant increase is attributable to the receipt of dividend for previous 2-years on the Maldives Islamic Bank (MIB) shares which were deferred in the previous year pertaining to the pandemic.

The Conservative fund invests exclusively in Treasury bills and has achieved a return equivalent to the previous year of 4.4%. The performance of the Sharia Conservative fund remains stable, earning on an average of 3.3% since the inception of the fund.

The Recognition Bond fund represents the service recognition bonds awarded to government employees who were in service at the time of the Pension Act implementation in 2009. The returns are accrued based on the highest fixed deposit rate of the previous year, and the returns were accrued at 5.0% in 2021.

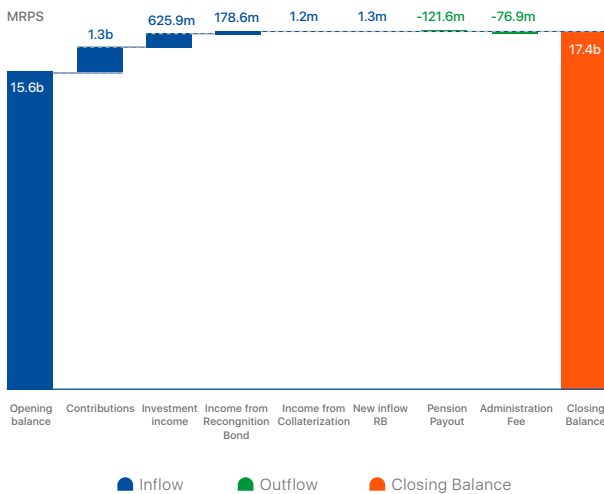
MRPS PERFORMANCE, IN PERCENTAGE

MRPS Returns	2021
12-month	5.01%
3-year	5.06%
5-year	5.17%
Since Inception	5.74%

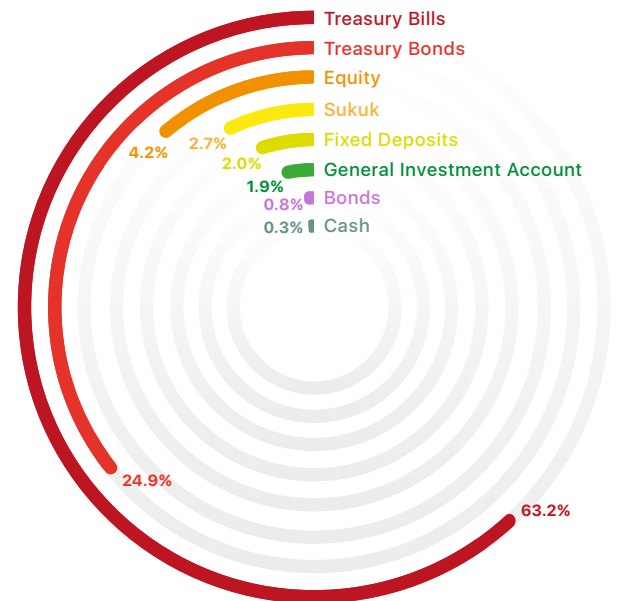
Despite the persisting economic uncertainty with the resurgence of the pandemic during the year, MRPS remained resilient and has continued to earn a positive investment performance. Although the return recorded was slightly lower than 2020 by 0.08%, the scheme has on average earned a return well above 5%.

MRPS FUND'S ACTIVITIES AND ALLOCATION

INFLOWS AND OUTFLOWS IN MRPS MVR, Millions



MRPS ASSET ALLOCATIONS FOR THE YEAR, IN PERCENTAGE



During the year, the combined asset value of the funds was at MVR 17.4 billion, this was a net increase of 12.0% from MVR 15.6 billion in the previous year.

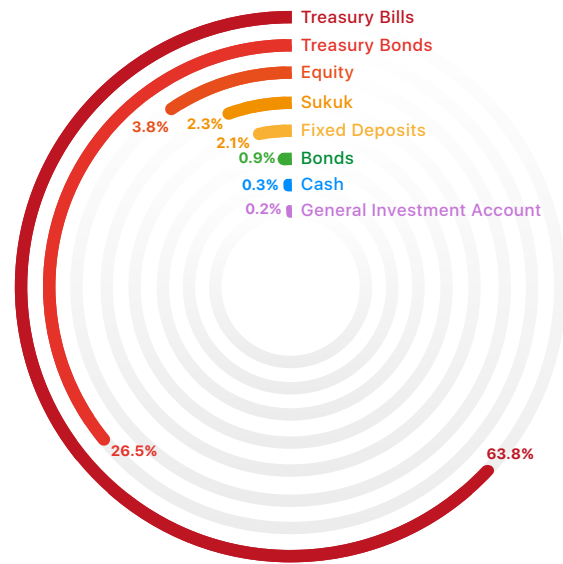
The composition of the asset holdings increased for Treasury Bills, General Investments Account and Sukuk comprising 63.2%, 1.9% and 2.7% of the fund, respectively, relative to 59.7%, 1.4% and 1.7% in 2020.

Investment Fund

The Investment fund is the default fund members contribute into unless a member opts for the Sharia Fund. It is also the largest fund in the MRPS by asset size, with a net asset value of MVR 12.8 billion at the end of 2021. This represents an increase of 14.1% relative to the previous year (2020: MVR 11.2 billion). The contribution inflows received by the fund was recorded at MVR 1.2 billion and MVR 590 million was earned as income from investments, which was an increase in income by 10.2% in comparison to income of MVR 535 million received in 2020.

Regarding the outflows from the Investment fund, net intra-fund transfers of total MVR 153 million were made, which represent intra-fund transfers made to the MRPS conservative fund subsequent to the retirement or death of members, and the housing collateralization scheme. All MRPS funds are charged an Administrative Fee of 0.6% to cover the costs of running the scheme, and during the year the Investment fund received an amount of MVR 72.6 million as fees.

INVESTMENT FUND ASSET ALLOCATIONS FOR THE YEAR, IN PERCENTAGE



In terms of the Investment fund composition, 33.5% of the funds are placed in long term investments which consist of Treasury bonds, equity, corporate bonds and Sukuks. Moreover, 66.5% of the fund is allocated in more liquid assets (Treasury bills, Fixed deposit, General Investment).

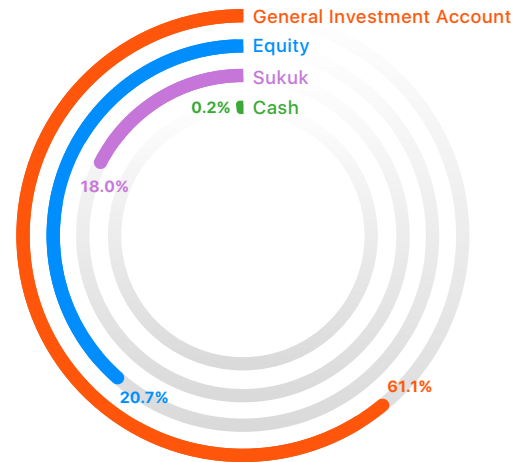
Sharia Fund

MRPS members who wish to invest their funds only in sharia compliant instruments can opt to choose a Sharia Fund to deposit their pension contributions. The Net Assets of the fund totaled to a value of MVR 372 million at the end of the year which was an increase of 46.7% compared to the value of MVR 253 million in the previous year.

The contributions collected by the fund was recorded at MVR 31.3 million and MVR 16.2 million was earned as investment income. The increase in investment income for the fund was 95.1% relative to previous year (2020: MVR 8.3 million) This was largely contributed by the receipt of dividends from the equity investment made in MIB in 2019, which were deferred due to the pandemic in 2020.

The significant increase in the Net Asset value of the fund was owed to the large amount of intra-fund transfers made during the year amounting to MVR 72.7 million. This represents the switch of members from the Investment fund to Sharia fund and to Sharia Conservative fund, resulting from the retirement or death of members as well as the fund utilized for housing collateralization amounting to MVR 0.4 million. The Administrative Fee of 0.6% charged to the fund resulted in MVR 1.8 million for the year.

SHARIA FUND ASSET ALLOCATIONS FOR THE YEAR, IN PERCENTAGE



The Sharia fund currently consists of General Investment Assets (GIA), Equity investment with Maldives Islamic Bank and Sukuks invested in HDFC with the fund's assets comprising to be 61.1% of General Investment Assets, 20.7% of Equity and 18.0% of Sukuk and a marginal position held in cash of 0.2% at the end of the year.

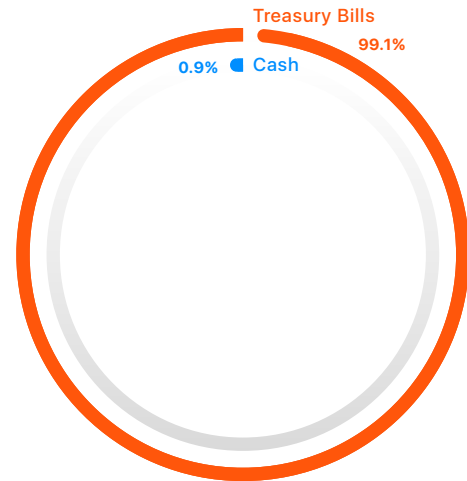
Conservative Fund

The Conservative fund of MRPS is designed for the pension management of the MRPS members at their retirement.

The Net Asset Value of the fund increased by 13.6% during the year. The largest inflow to the fund was made via the Net intra-fund transfer of MVR 157 million which represents the proceeds from liquidation of Recognition Bonds once the member retires amounting to MVR 77.9 million during 2021, and the transfers of the retirement savings of MRPS members from the Investment fund once they reach the retirement age of 65 years.

A total of MVR 120 million was paid as monthly pension to retirees and this represented an increase of 19.4% when compared to previous years pension disbursement of MVR 100 million. The Administrative Fee of 0.6% charged to the fund for the year amounted to MVR 2.3 million.

CONSERVATIVE FUND ASSET ALLOCATIONS FOR THE YEAR, IN PERCENTAGE



The fund remains fully invested Cash and Cash Equivalents consisting of Treasury bills (99.1%) and holds a position in cash (0.9%), to meet the requirement of pension disbursement to the retirees.

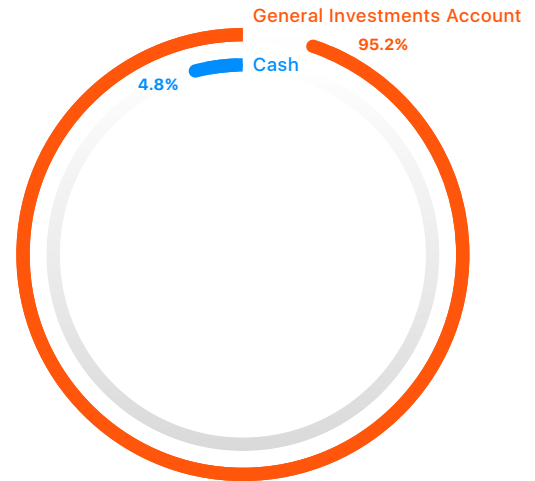
Sharia Conservative Fund

The Sharia Conservative fund was created during 2016 to manage the investments of the retiring MRPS members from the conventional Sharia Fund.

The Sharia Conservative fund received a total of MVR 2.13 million during the year from Net intra-fund transfers, which included MVR 0.28 million of Recognition Bond liquidation and RSA balances of retirees of MVR 1.85 million during the year.

A total of MVR 1.12 million was paid out as pension benefits to the retired members compared to the MVR 0.92 million disbursed as pension in the previous year. An Administrative Fee of MVR 0.03 million was charged on the fund during the year. At the end of the year the fund Net Asset Value accumulated to MVR 7.85 million. An increase of 18.4% from the previous year (2020: MVR 6.63 million).

SHARIA CONSERVATIVE FUND ASSET ALLOCATIONS FOR THE YEAR, IN PERCENTAGE



The fund invests only in assets which are sharia compliant and comprises 95.2% of assets solely in General Investment Asset (GIA) instruments in the Maldives Islamic Bank and holds a marginal amount in cash for liquidity purposes which comprises a mere 4.8% of the funds holding.

Savings in a retirement scheme is for the long haul, during which fluctuations in the investment performance is expected from market volatilities that arise due to unexpected events such as the significant economic downturn following the recent pandemic. Despite slight reduction in the MRPS returns during the year, the scheme was able to generate a positive performance overall and with the majority of our investments being in the long-term horizon we are in a better position to offset these fluctuations over time.

As the performance of the MRPS investments is a key determinant to the growth in the retirement savings of the members, Pension Office will be actively working towards the enhancement of member returns by taking initiatives to evolve the current asset mix by exploring the potential diversification options in the local financial market.

Member Benefits



HOUSING PORTFOLIO

The Housing fund was created during 2017, following the third amendment to Pension Act to enable MRPS members to utilize their retirement savings towards securing mortgage loans under a special housing collateralization scheme. The housing fund represents proceeds transferred to financial institutions under the housing collateralization scheme.

During the year, a total net intra-fund transfer of MVR 0.74 million was made between the housing fund, Investment fund and Sharia fund. The fund made an income on the collateralized funds of MVR 1.2 million in 2021. The Net Asset value of the fund stood at MVR 33.4 million at the end of the year.



HAJJ SCHEME

The Hajj Scheme introduced in 2019 as a 4th amendment to the Pension Act, allows for the deduction, from the Retirement Savings Account (RSA) of the eligible members, towards performing the Hajj Pilgrimage.

During the past two years due to the ongoing pandemic, there has been no benefit payment made out of this scheme, as the strict travel restrictions and limitations to the pilgrims have constrained the performance of the Hajj.

BOARD MEMBERS REPORT






The Board of Pension Office is authorized to exercise all the powers necessary to implement its functions under the Pension Act and Regulations made thereunder. Accordingly, it is the general duty of the Board to oversee the administration of MRPS in the best interest of participants and beneficiaries as stipulated in the Pension Act. In addition, the Board has specific duties to exercise the powers set forth in Section 6 of the Pension Act.

In this regard, the Board is responsible for providing all the information stipulated under Section 4 of the Pension Act. Also the Board responsibility lies in directing the preparation of annual financial statements and arranging for preparation and publication of these materials for public record.

The Chairperson and the 4 private sector representatives are nominated by the Selection Committee formed jointly by the Civil Service Commission, Ministry of Finance and the Ministry responsible for social security. All candidates for Board membership are scrutinized by the Capital Market Development Authority (CMDA) for regulatory compliance before their appointment. Board Members are fiduciaries of the Pension Scheme, as stated in Section 13 of Pension Act, and, therefore, have legal responsibility to the participants and beneficiaries of MRPS. The term of each appointed Board Member is 3 years and upon expiry of the initial term, Members may be reappointed. As per internal policies, a Member is allowed to consecutively hold membership for 2 terms of 3 years.

COMPOSITION OF THE BOARD

The eight Board Members representing the public sector and the private sector are appointed by the President of Maldives in accordance with Section 8 of the Pension Act.

-  Chairperson of the Board
-  A senior employee of the Securities Market Regulator
-  A senior Civil Servant of the Ministry of Finance
-  A senior Civil Servant from the Ministry responsible for social security
-  Four (4) members from the private sector not employed by the state or government

Board Members as of 31st December 2021

ATHIFA ALI
Chairperson of the Board
Appointed on 20th June 2019

FATHMATH ABDULLAH KAMAALUDHEEN
Securities Market Regulator
Appointed on 4th March 2020

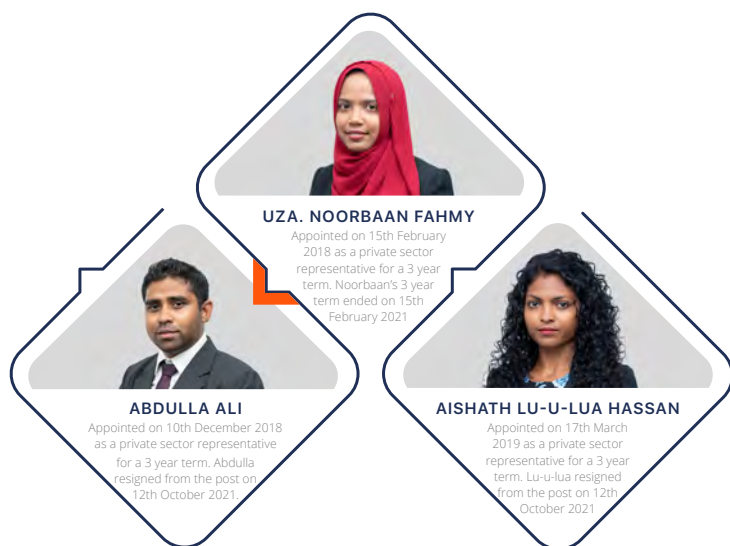
MARYAM ABDUL NASIR
Ministry of Finance
Appointed on 28th March 2018
Re-appointed on 21 April 2021

SHIFAZA WAJEEH
Social Security Sector
Appointed on 24th February 2020

UZA. LAILA MANIK
Private Sector
Appointed on 23rd June 2020

ABDUL HALEEM ABDUL LATHEEF
Private Sector
Appointed on 15th March 2021

Outgoing Board Members during 2021



Board Meetings

The Board is convened in accordance with applicable laws and the Rules of Procedure of the Board.

The Board met 22 times in 2021. The details of membership and the number of meetings attended by each Board Member as of the end of 2021 is indicated in the table below:

Board Members	Meetings Held ¹	Meetings Attended
Athifa Ali	22	21
Fathmath Abdulla Kamaaluddeen	22	20
Shifaza Wajeeh	22	22
Maryam Abdul Nasir	21	18
Uza. Laila Manik	22	22
Abdul Haleem Abdul Latheef	20	20
Uza. Noorbaan Fahmy	2	2
Abdulla Ali	17	17
Aishath Lu-u-lua Hassan	17	17

¹Reflects the number of meetings held during the time the member held office during the year

Board Standing Committees

In order to strengthen the performance of the Board, specific responsibilities are delegated to standing-committees. By the end of 2021, there were 4 standing-committees of the Board.

- ↳ Investment Committee (IC)
- ↳ Audit and Risk Management Committee (ARMC)
- ↳ Remuneration and Nomination Committee (RNC)
- ↳ Innovation and Technology Committee (ITC)

The Committee reports including the discussions held and the activity reviews of the Committees during the year 2021 are included in this Annual Report. In the year 2021, no change occurred in the composition of the standing committees of the Board.

Special Committee of the Board

A Special Committee of the Board was formed on 26th August 2021.

Based on the assessment carried out by the Special Committee the Board terminated the CEO's contract during Q4/2021.

The Board appointed Ms. Sujatha Haleem as the Acting CEO.

Key Board Decisions and Activity Review for 2021

IMPROVING OPERATIONAL EFFECTIVENESS OF THE PENSION OFFICE

- ▶ Approved the annual budget of 2021 at the beginning of the year.
- ▶ With the appointment of the new CEO, initiated a review of corporate documents in order to strengthen the processes and bring the required improvements.
- ▶ Approved the 2020 Annual Report of the Pension Office.
- ▶ Approved the Audited Financial Statements of the Pension Office and Maldives Retirement Pension Scheme for the year ended 31st December 2020.
- ▶ Approved the Management Letter of the year 2020, subject to the recommendation provided by the Auditors.
- ▶ Following the implementation of the internet connection transformation for all staff in 2020, the Board reviewed the data presented by the management after analyzing the working situations and internet usage for 3 months. Further, members agreed to continue with the transformation on the basis of cost saving and operational efficiency.
- ▶ Revised the 'Regulation on determining the Pensionable Wage', which determines the Pensionable Wage of MRPS and specifies detailed guidelines applicable to the Pensionable Wage.

- ▶ Agreed to initiate open discussions with the management at Committee level regarding the new initiatives by the CEO. Also to follow the best practice, agreed that particular decisions should be made through formal Board Committees.
- ▶ Deliberated on reviewing the organization structure of the Pension Office. Discussions were initiated on formulating a TOR for getting external support in conducting the review.
- ▶ Approved the annual budget of the Pension Office for the year 2022.

STRENGTHENING PENSION OFFICE GOVERNANCE

The Board focused on the continuation of formulating and reviewing the internal policies designed to improve the accountability and transparency of internal operations and procedures. In this regard the Board discussed, reviewed and approved the following in 2021;

APPROVAL OF INTERNAL POLICIES AND PROCEDURES:

- Performance Appraisal Policy
- Training Bond Policy
- Graduate Trainee Policy
- Training and Development Policy
- Corporate Social Responsibility Policy
- Maternity and Paternity Leave Policy
- Policy on Internship
- Policy on Succession Planning
- Policy on Implementing administrative measures for restricted political activities

POLICIES REVOKED BY THE BOARD

- Revoked the Employee Gratuity Policy as per the recommendation of the Remuneration and Nomination Committee.
- Revoked the Policy on Conflict of Interest subject to ensuring that the Pension Office Code of Conduct covers and complies with requirements under applicable regulations.

REVIEW OF POLICIES & PROCEDURES

- Reviewed the Procurement Manual and recommended referring to government procurement procedures and guidelines for SOEs and revising the manual to align with the best practices.
- Sought advice from CMDA with regard to revising the Rules of Procedure of the Board in order to align the rules with the best practices.

As a next step toward enhancing the visibility and transparency of the institution, the Board deliberated on publishing the Pension Office Budget on the office website. Accordingly, the Budget was published in February 2021. Members further discussed taking measures to strengthen the Board reporting function.

BOARD EFFECTIVENESS

In order to enhance board effectiveness, members agreed on initiating informal working sessions separate from official meetings, to have in-depth discussions on specific matters. Further, suggestions were made on conducting working sessions for strategic planning, to have brainstorming sessions and agree on certain actions to be approved at formal Board meetings.

PERFORMANCE ASSESSMENT OF THE BOARD

In order to periodically assess and reflect on its performance in carrying out key responsibilities of the Board, an annual self-evaluation of the Board was initiated in the final quarter of 2020.

Evaluation process allowed Board Members to step back from routine governance matters and candidly reflect on how well the Board is meeting its responsibilities. This self assessment assesses the contribution and involvement of members, and makes it possible to ensure that significant issues are properly prepared, dealt with and discussed at Board meetings. In this regard, to promote continuous improvement, Board assessment of 2021 was initiated during December 2021.

BOARD TALENT MANAGEMENT

Board members continued participation in virtual and physical training to enhance their capacity and experience in performing their role. Notable training programs participated in 2021 includes,

- Advanced Board Development & GRC Strategies Post Covid
- Foreign Exchange, Money Markets and Derivatives
- E-Learning on Investment of Social Security Funds
- E-Learning on Good Governance

BOARD INDUCTION

New members were oriented towards the Pension Office and the MRPS by providing essential information to assist in carrying out the roles and responsibilities of Board members.

REVIEW OF BOARD COMMITTEE COMPOSITION

Board initiated deliberations to review the composition of the Board standing committee in order to add relevant qualifications and experience to help make the Committees function more efficiently.

STRENGTHENING INVESTMENT MANAGEMENT OF PENSION OFFICE

- ▶ The Board approved to invest MVR160 million in the Sukuk No.04 of HDFC. The decision was made after deliberating on the matter at the Investment Committee.
- ▶ Board deliberations were made to explore the option of bringing external technical advisory support to Board Sub-Committees. In this regard, a decision was made for the Investment Committee to revise the Investment Consultant TOR that was approved by the Board in 2020, to include the technical support required after a thorough review of the investment department.

APPOINTMENT OF CUSTODIAN TO PENSION FUND

In 2020, the Board took the decision to extend the Custodian Service agreement with BML for one year. The Board also instructed management to seek other Bank options for the Custodian service.

In this regard, the members deliberated on the bid evaluation report submitted by the management after a competitive bidding process. After careful consideration, the Board authorised the extension of the custodian agreement with BML by one more year as a stopgap solution. Members further discussed the Action Plan proposed by the Management to address the identified risks, ensure operational readiness and legal compliance before restarting the tendering process.

STRATEGIC PLANNING PROCESS

The Board continued the process of formulating a new Strategic Plan of the Pension Office. Detailed discussions were held concentrating on the focused areas and new initiatives. During discussions, considerations were given on the importance of clearly defining the options, plans and mechanisms to secure implementation of the strategic objectives.

During mid 2021, the Board endorsed a list of actions for the next 6 months and instructed management to start a comprehensive strategic planning process in the last quarter of the year. Accordingly, Board approved initiating the Strategic Planning Process and tendering for consultancy to acquire technical support.

INVESTMENT COMMITTEE REPORT

INTRODUCTION

The Investment Committee created as per section 16(b) of the Pension Act, is the Board sub-committee responsible for formulating and reviewing the investment principles and the basic investment guidelines for the MRPS fund, as per the regulations of the Securities Market Regulator.

COMPOSITION




The Committee comprises of three members; the Board member representing the Ministry of Finance and two members from the private sector. The chairpersonship of the Committee is a one year position, appointed on a rotating basis among the Committee members.

MEMBERS OF THE COMMITTEE FROM JANUARY - OCTOBER 2021

-  Aishath Lu-u-lua Hassan
-  Abdulla Ali
-  Maryam Abdul Nasir
-  Uza. Laila Manik (reserve member)

For the first 2 quarters of the year Mr. Abdulla Ali was the Chairperson of the Committee. Upon his completion of one year as the Chairperson of the Committee, Ms. Aishath Lu-u-lua Hassan was appointed to the position in July 2021. She remained the Chairperson of the Committee till October 2021.

The Committee was reconstituted in November 2021 with the following members:

-  Maryam Abdul Nasir
-  Abdul Haleem Abdul Latheef
-  Uza. Laila Manik

Maryam Abdul Nasir is the current Chairperson of the Committee, since December 2021.

COMMITTEE MEETINGS AND ATTENDANCE

During the year, five Investment Committee meetings were held. Below are the attendance of the meetings.

Name of the Member	Meetings Eligible to Attend	Meetings Attended
Aishath Lu-u-lua Hassan	04	04
Abdulla Ali	04	04
Maryam Abdul Nasir	05	05
Uza. Laila Manik	01	01
Abdul Haleem Abdul Latheef	01	01

MAJOR INVESTMENTS

Two major investment opportunities were presented to the Committee in 2021, HDFC Amna - Sukuk 04 from the private sector and a Government Treasury Bond offered by the Ministry of Finance. The Committee endorsed investments in both the instruments with the following terms:

- ▶ MVR 459 million in a 6 year Government bond at 5.1% semi-annual coupon rate;
- ▶ MVR 160 million in HDFC Sukuk Issue no. 04 with a tenure of 10 years.

MAJOR ACTIVITIES OF 2021

REVIEW OF MRPS LIQUIDITY RESERVE

Following the onset of the Covid-19 pandemic, a risk assessment for MRPS fund was prepared, which identified that the fund might be subject to liquidity risk from a possible pension contribution decline. Thus, the Committee decided to maintain a reserve to mitigate the liquidity risk. Subsequently liquidity of the fund was regularly monitored and appropriate reserve adjustment decisions were made by the Committee. In 2021, based on recovery of contribution collections and the prior year's contribution trend, the Committee decided to revoke the requirement to keep a liquidity reserve.

DISCUSSION ON INVESTMENT DIVERSIFICATION

During the year, the Committee reviewed the draft on investment diversifications and return enhancement options. The Committee carried out discussions regarding the current asset allocation composition of MRPS fund, potential domestic investment alternatives and their return. The Committee decided to engage with stakeholders and obtain their feedback.

DISCUSSION ON MEMBER BENEFITS

The Committee reviewed different options for group protection benefits such as life insurance, terminal illness and critical illness benefits. The Committee decided to further evaluate benefit schemes while engaging with stakeholder consultations.

REVIEWED AND APPROVED FIXED DEPOSIT INVESTMENT LIMIT

Following discussions regarding the current MRPS asset allocation compositions and decline in investments in bank fixed deposits, the Committee decided to increase the monthly fixed deposit investment limit from 10% to 20% of prior month's pension contributions.

REVIEW OF MRPS ADMINISTRATION FEE

The Committee evaluated the adequacy of current MRPS Administration Fee structure and rate charged, and approved to keep the current structure and rate (0.6% of Assets Under Management) unchanged. The decision was based on an extensive review of contribution forecast, assets under management forecast, reserve and expenditure forecast which was based on budget analysis and the proposed reserve utilization plan.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

INTRODUCTION




The Audit and Risk Management Committee (the “Committee”) is delegated by MPAO Board with approved terms of reference. The Committee is responsible to provide an independent review and supervision of financial reporting, internal controls, risk and internal and external audit of the Pension Office.

PURPOSE

The purpose of this report is to provide an overview of the membership, summary of responsibilities and activities of the Committee in respect of the year ended 31st December 2021. During the course of the year, the executive management of the Pension Office reported to the Committee on issues related to audit and matters related to risk, accounting and financial reporting.

COMPOSITION

The Committee comprised of four (4) Pension Office Board members. The members of the Committee that remained by the end of the year were:

-  Mr. Abdul Haleem Abdul Latheef (Chairperson)
-  Ms. Maryam Abdul Nasir
-  Uza. Laila Manik

Meetings were also attended by representatives from business functions as required.

RESPONSIBILITIES

The primary function is to assist the Board in fulfilling its oversight responsibilities. The Committee is entrusted with the responsibility of overseeing functions in relation to the external audit process, both the conduct and outcome. The Committee is also responsible for reporting to the Board in relation to approving the terms of engagement and scope of work of the external auditor. Additionally, the Committee is required to oversee internal audit processes, systems of internal control and risk management to ensure integrity of financial reporting of the Pension Office.

COMMITTEE MEETINGS AND ATTENDANCE

The Committee convened four (4) times during 2021. Details of the membership and their attendance at the meetings, are as follows:

Name of the Member	Meetings Eligible to Attend ¹	Meetings Attended
Abdul Haleem Abdul Latheef	03	03
Maryam Abdul Nasir	03	03
Uza. Laila Manik	04	04
Abdulla Ali	03	03
Shifaza Wajeesh	02	02

¹ Reflects the number of meetings held during the time the member held office.

2021 COMMITTEE ACTIVITY REVIEW

In line with the terms of reference, the work carried out by the Committee for the year ended are as follows.

- ▶ The Committee summarized its work during the year to identify how it has fulfilled the duties required by the Board in its Annual Activity Report. The Committee reviewed and approved the Report on 1st March 2021, which is incorporated in the Annual Report of 2020.
 - ▶ The Committee also considered the Auditor's Report and audited Financial Statements of MPAO and MRPS for the year ended 31st December 2020 by KPMG. After review and discussion, on 21st April 2021, the Committee endorsed and recommended it for Board approval.
 - ▶ During the meeting held on 23rd June 2021, Mr. Abdul Haleem Abdul Latheef was appointed as Chairperson for a one-year period, as Ms. Shifaza Wajeed, who previously held the position was transferred from the Committee.
 - ▶ The Committee reviewed and approved the risk based Annual Audit Plan, which outlines the work to be undertaken by the internal audit function in 2021. For the reporting period, the Committee also monitored progress in implementing the plan and other work undertaken by the audit function.
 - ▶ The Committee has overseen the completion of audit reviews in the course of the review period. The audits reported and reviewed by the Committee in the year included operational compliance and enforcement process audit, fixed deposit placement process and review of MRPS foreigners payout process. The Committee considered the process and control improvements recommended as a result of audits and reviewed the management responses given for reports issued during the course of the year.
- ▶ During the review period, the Committee closely monitored the implementation of audit recommendations by the Management. To that end, the Committee reviewed a status update report on agreed outstanding audit issues and emphasized the importance of implementing the recommendations in a timely manner.
 - ▶ Apart from this, the Committee also considered the external audit Management Letter of MRPS and MPAO 2020 and CMDA's 2020 Onsite Inspection Report. The Committee discussed the actions proposed by the Management to address the issues raised and agreed to endorse the reports.
 - ▶ The Committee also discussed and reviewed the RFP for external auditor appointment to commence the selection process of an external auditor.

REMUNERATION AND NOMINATION COMMITTEE REPORT

INTRODUCTION

The Remuneration and Nomination Committee (RNC) is a Board sub-committee that assists the Board to oversee the strategic Human Resource Management matters of the Pension Office. The Committee also oversees the nomination and appointment of Executive Management positions.

RESPONSIBILITIES OF THE COMMITTEE

KEY FUNCTIONS OF RNC

- ▶ Assist the Board in ensuring that the Board and Executive Committee retain an appropriate structure, size and balance of skills to support the strategic objectives.
- ▶ Determining the remuneration and benefits packages offered to the Board Members and employees and overseeing the review of remuneration and benefits structure.
- ▶ Overseeing the policies and processes relevant to nomination and appointment of executives to top management level positions.

COMPOSITION

RNC comprises of three (3) Board Members. Additionally a reserved member is also identified from the Board Members.

RNC MEMBERS AS OF 31 DECEMBER 2021

Name of the Member	Role
Ms. Athifa Ali	Chairperson
Ms. Shifaza Wajeesh <small>(from 17 March 2021 onwards)</small>	Committee Member
Vacant	Committee Member
Uza. Laila Manik <small>(from 17 March 2021 onwards)</small>	Committee Reserve Member

OUTGOING MEMBERS OF RNC MEMBERS DURING 2021

- ▶ Uza. Noorbaan Fahmy - her tenure as a Board member of Pension Office and RNC ended on 15 February 2021 as she completed her 3 year term.
- ▶ Ms. Aishath Lu-u-lua Hussain - her tenure as a Board Member of Pension Office and RNC ended on 12 October 2021 as she resigned from her post.

COMMITTEE MEETINGS

Three (3) meetings of RNC were held in 2021. The table below details the attendance of the Committee members.

Name of the Member	Meetings Eligible to Attend ¹	Meetings Attended
Athifa Ali	03	03
Uza. Noorubaan Fahmy	01	01
Aishath Lu-u-lua	02	02
Shifaza Wajeesh	02	02
Uza. Laila Manik	-	02

COMMITTEE ACTIVITY

HIGHLIGHTS OF 2021

The highlights of the RNC decisions in 2021 are as follows:

STRENGTHENING GOVERNANCE AND EFFECTIVENESS OF THE BOARD

With the aim of strengthening governance and effectiveness of the Board and Individual Directors and Board Committees: the following were discussed in the RNC.

Strengthening Governance

- ▶ Committee discussed the need to further strengthen Board and Pension Office governance, and in this regard the members agreed to develop a Terms of Reference (TOR) to recruit a consultant/consultancy firm with the aim of strengthening the effectiveness of the Board, and the Board Committees in carrying out the responsibilities effectively and efficiently in areas of governance, risk and strategy of the Pension Office.

Board Committee membership and resource gaps

- ▶ Committee discussed the need to further strengthen the Board Committee functions and to identify skill gaps within the Board Committees. Committee members discussed the possibilities of hiring external consultants/consultancy to the Committee if and when required to fulfill the current skill gaps. Committee members also requested the management to discuss with Capital Market Development Authority (CMDA) and to get their inputs on the current Board Member appointment process of Pension Office to ensure Board skill gaps are addressed accordingly in new recruitments.

MIB NOMINEE DIRECTOR'S PERFORMANCE

The Committee initiated discussion on MIB Director's Performance as per the Nominee Directorship Policy, which states that the Committee shall review the performance of the Nominee director annually. In this regard, the Committee requested the CEO to develop a reporting mechanism of the Nominee Director through the Investment Committee and to present the final document once passed by the Investment Committee to RNC.

The referred process was ongoing at the end of 2021.

CEO RECRUITMENT PLANNING

Committee initiated discussion on CEO recruitment planning and agreed to review the previous recruitment document and process and to finalise a timeline for CEO recruitment.

The CEO recruitment timeline and plan was carried forward to 2022.

POLICIES AND PROCEDURES

- ▶ Review and recommendation of the Graduate Trainee Policy
- ▶ Review and recommendation of Policy on Internship
- ▶ Review and recommendation of Maternity and Paternity Leave Policy
- ▶ Review and recommendation of Policy on Succession Planning
- ▶ Review and recommendation of Corporate Social Responsibility Policy
- ▶ Review and recommendation of Policy on Implementing Administrative Measures for Restricted Political Activities.
- ▶ Review and recommendation to repeal the Gratuity Policy.

All the above listed policies were approved by the board during the year 2021.

Further Telecommuting Policy and Retention Allowance Policy were discussed in the RNC during 2021.

INNOVATION AND TECHNOLOGY COMMITTEE REPORT

INTRODUCTION

The authority for the Innovation and Technology Committee (the "Committee") comes from the Board of Maldives Pension Administration Office (Pension Office) which established the Committee as part of its governance framework. The Terms of Reference (TOR) of the Committee approved by the Board determines the authority and responsibility of the Committee so that it may function effectively within the institution.

The Committee was established on 17th July 2018 on the Board's 149th meeting and the Committee reports to the Board of Pension Office on a quarterly basis or as required by the Board.

THE ROLE OF THE COMMITTEE

The role of the Committee is to assist the Board in overseeing the strategic direction of innovation, technology and information security management of the Pension Office. The Committee ensures that the technology and security related policies, projects and investments align with broader strategic goals and priorities. The Committee further assists in monitoring emerging technology risks and opportunities.

COMPOSITION

The Committee composition comprised 4 members including 2 members of the Pension Office Board, Chief Executive Officer (CEO) and Chief Technology Officer (CTO) of Pension Office.

The Board Members appointed by the Board to the Innovation and Technology Committee during the year 2021 includes the following;

- ▶ Board Member, Uza. Noorbaan Fahmy
 - Appointed as a member of the Committee on 13th August 2018
 - Chairperson of the Committee from 27th October 2019 until the end of her term as a Board Member in February 2021.
- ▶ Board Chairperson, Athifa Ali
 - Appointed as a member of the Committee on 17th August 2020.
- ▶ Board Member, Abdul Haleem Abdul Latheef
 - Appointed as a member of the Committee on 17th March 2021.
 - Appointed as the Chairperson of the Committee on 31st March 2021 for a period of one year.
- ▶ Board member, Shifaza Wajeeth
 - Appointed as a reserve member of the Committee on 17th August 2020.

The Committee Chair has the discretion to invite subject experts, internal/external auditors etc to participate in the Committee meetings.

MAIN RESPONSIBILITIES OF THE COMMITTEE

- ▶ The Committee is entrusted with the responsibility of agreeing and reviewing the implementation of major technology innovation strategies, to provide assurance that they support the overall strategy and underpin future business growth. The Committee is also responsible for reviewing and endorsing the significant technology initiatives of the Pension Office.
- ▶ With regard to the technology risk, the Committee is entitled to review the major operational and specific risk exposures, concentrating on the risk assessment guidelines and policies. The committee has the discretion to engage external consultants to validate the effectiveness of technology risk management when and where necessary.
- ▶ The Committee is further responsible for monitoring the implementation of significant technology projects and initiatives and assesses the adequacy of workforce capabilities and recommends strategies for the development. This also includes determining and monitoring Information Security and other Information Technology related policies and practices to ensure effectiveness and accuracy.
- ▶ Disciplinary actions with regard to all violations and attempted violations of the Pension Office Information Security Management System Policy by the employees of Pension Office will be instituted by the HR department in consultation with the Committee.

COMMITTEE MEETINGS AND ATTENDANCE

The Committee convened 3 times during the financial year 2021. Details of the membership and their attendance at the meetings, are as follows:

Name of the Member	Member Designation	Held ¹	Attended	Committee tenure
Uza. Noorbaan Fahmy	Committee Chair	00	00	13 Aug 2018 to 15 Feb 2021
Abdul Haleem Abdul Latheef	Committee Chair	03	03	31 Mar 2021 to date
Athifa Ali	Member	03	03	17 Aug 2020 to date
John Grindall	Member / Chief Executive Officer	02	02	24 Dec 2020 to 12 Oct 2021
Sujatha Haleem	Member / Acting Chief Executive Officer	01	01	12 Oct 2021 to date
Ahmed Shafeez	Non-voting Member / Chief Technology Officer	03	03	17 Jul 2018 to date
Shifaza Wajeeth	Reserve Member	03	02	17 Aug 2020 to date

¹ Reflects the number of meetings held during the time the member held office in the year

INNOVATION & TECHNOLOGY COMMITTEE ACTIVITY REVIEW OF 2021

In line with the Terms of Reference of the Innovation and Technology Committee, the work carried out by the Committee for the year were as follows;

IMPROVING OPERATIONAL EFFECTIVENESS AND EFFICIENCY OF THE IT FUNCTION

DATA & APPLICATION DEPARTMENT

Similar to the previous years, updates of ongoing tasks of the Data & Application Department and the planned tasks for the next quarter were reviewed by the Committee on a quarterly basis.

Committee deliberated on the major activities carried out by the Data and Application Department. During the year suggestions were discussed on providing updates to the Committee in a summarized form as a method to monitor the progress of planned activities for the quarter in terms of deliverables.

APPOINTMENT OF INFORMATION SECURITY OFFICER (ISO)

Committee reviewed the decision of the Board to appoint an Information Security Officer (ISO) as a requirement of ISO 27001. Committee members suggested that the Information Security Officer should be independent with specific tasks.

Further considering the critical data handled by the Pension Office, the Committee agreed to proceed with the appointment of the Information Security Officer (ISO) for one year. From an auditing perspective, members also agreed that the position is critical and advised management to review the best practices followed by similar organizations.

Management faced challenges in acquiring the right talent for the position. Committee discussed the concerns raised by the management with regard to the risks identified in getting the appropriate human capital and retaining IT staff. Committee recommended re-thinking and reviewing the staff retaining policies and instructed Management to propose options on a way forward to the Remuneration and Nomination Committee of the Board and address the matter formally.

DEVELOPMENT OF THE EXISTING ORGANIZATIONAL PROCESS DOCUMENTATION USING BUSINESS PROCESS MODELING NOTATION (BPMN)

Management's proposal of developing process documentation using BPMN was reviewed at the Committee level. After careful consideration the Committee agreed with management to go ahead with the development of the process maps. Consideration was given to the fact that this level of standardized process documents will assist the process owners, analysts, performers and also IT engineers and Board members to understand the organizational processes easily.

ISMS AUDIT FOR 2020

ISMS audit is a mandatory requirement by ISO27001 and required to be conducted by a certified Auditor. In its first meeting of the year, the Committee deliberated on the major non-conformities highlighted in the ISMS audit for 2020 conducted by the KPMG.

Audit recommendations were fixed and communicated where necessary.

INTERNAL AUDIT FOR ISO 27001:2013 ISMS

In order to ensure the Pension Office ISMS meets the goals and objectives of the Pension Office, internal audits are scheduled annually, under ISO 27001 certification.

Activities of the ISMS internal audit includes assessing the ISMS and related activities, processes, procedures and documentations. Also confirms the Pension Office ISMS is inline with the requirements of the ISO 27001 standard and confirms effective implementation and maintenance of the ISMS.

Committee deliberated on the findings of the Audit carried out in the last quarter of 2021.

Management proposed to appoint ISMS Internal Auditors for a 3 year period, as the audit was a requirement for maintaining the certification. After considering management's proposal the Committee agreed for a 3 year cycle for the engagement of Auditors for the Internal Audit of ISO 27001:2013 ISMS.

INFORMATION SECURITY MANAGEMENT SYSTEMS (ISMS), IT SECURITY AND IT RELATED SYSTEMS

Pension Office Information Security Management Systems are reviewed and discussed extensively at Committee meetings. This is one of the main responsibilities of the Committee and priority is given to monitor, review and assess all the ISMS policies, procedures and other related matters along with assessing the operational and reputational risks associated with the Pension Office.

Considering this critical function, Committee members agreed that a Graphical Dashboard (with agreed parameters) be maintained with independent oversight in order to adhere to the responsibilities of the Committee efficiently. The main understanding is producing detailed and specific reports that will depict a summary of critical matters that need to be addressed.

In order to have a clear visualization of the information provided to the Committee, members also recommended sharing quarterly comparisons of identified risks and a summary of how the testing for these risks are conducted, on a regular basis.

With reference to the Committee discussions, following areas were incorporated;

- Information on IT security and IT related systems
- Top 5 IT related risks, along with security and other risks
- Applications (address critical software bugs and additional features)
- Critical Data and Information issues
- Cost of Infrastructure and Internet
- ISO 27001 Controls Measurement

Further, the Committee deliberated on the current procedures in place to address the IT related risks and specific agreements between agencies when sharing the information.

KOSHAARU TRANSFORMATION

Based on the recommendations of the Committee to elaborate on the major factors of the Koshaaru system development with proper justification, management proposed a work plan on the matter for Committee deliberation and the discussions continued during the year 2021.

During the year, Committee discussed the following at great length;

- Importance of an oversight function before the actual implementation of the project.
- Ways of monitoring the functions and criticality of in-depth assessments.
- Risks associated with the project in terms of resources and governance.

After careful deliberation on the matter, Committee made the following recommendations;

- To provide clarity on the Koshaaru project plan timeline.
- Rethink ways to make the current internal audit function effective.
- Develop a governance structure to cover the risks involved and ways to mitigate risks.
- Explore options for external subject matter expertise and to clearly define the scope and requirements.

Further, as a way forward the Committee instructed management to put forward a Board decision paper including;

- Clear presentation of alternative options explored by the management and referred sources on Pension administration systems, with recommendation and justification.
- Entire project costing of the existing Koshaaru implementation and the cost of the transformation.

REDESIGNING OF THE KOSHAARU PORTAL AND RELATED SERVICES

In order to support the new business requirements, re-engineering of the Portal was required and measures were taken to strengthen and extend the services of Koshaaru system. In this regard redesigning of the portal was initiated in 2020.

In 2021, management demonstrated to the Committee the new features added to the portal. Consideration was given that this development will allow the Pension Office to integrate with internal services with the aim of having a central point to interact with the MRPS members.

Recommendations were made by the Committee to ensure handling of implications that this development will have on the existing agreements and support services, when it comes to integrations with the systems internally. This is to make sure that there are no interdependencies on the main Koshaaru system.

New Koshaaru portal was launched to the public on 1st December 2021. To better understand the developments, a separate session (a walkthrough of the Koshaaru portal) was held for Board members during the last quarter of 2021, at the request of the Committee.

GLOSSARY

ARMC	Audit and Risk Management Committee
BML	Bank of Maldives
CEO	Chief Executive Officer
CMDA	Capital Market Development Authority
HDFC	Housing Development Finance Corporation Limited
HR	Human Resources
IAS	International Internal Audit Standards`
IPO	Initial Public Offering
ISO	International Organization for Standardization
ISSA	International Social Security Association
IC	Investment Committee
IT	Information Technology
ITC	Innovation and Technology Committee
MCB	Mauritius Commercial Bank
MED	Ministry of Economic Development
MIB	Maldives Islamic Bank
MMA	Maldives Monetary Authority
MRPS	Maldives Retirement Pension Scheme
OMPL	Ooredoo Maldives Private Ltd
RAMP	Reserve Advisory and Management Partnership
RFP	Request for Proposal
RNC	Remuneration and Nomination Committee
RSA	Retirement Savings Account
SAA	Strategic Asset Allocation
SDFC	SME Development Finance Corporation
SOE	State Owned Enterprise
SOIP	Statement of Investment Principles
SOP	Standard Operating Procedure
SPC	Statement of Pension Contribution

FINANCIAL STATEMENTS



MALDIVES PENSION ADMINISTRATION OFFICE
(FORMED UNDER THE MALDIVES PENSION ACT NO. 8 OF 2009)
AUDITOR'S REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2021



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TDH/CY

Independent auditor's report to the Board of Directors of
Maldives Pension Administration Office
(Formed under the Maldives Pension Act No. 8 of 2009)
Report on the audit of the financial statements

Opinion

We have audited the financial statements of Maldives Pension Administration Office ("MPAO") which comprise the statement of financial position as at 31 December 2021, and the statement of income, statement of changes in accumulated fund and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the MPAO as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the MPAO in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

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

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

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the MPAO's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the

Responsibilities of management and those charged with governance for the financial statements (Continued)

going concern basis of accounting unless management either intends to liquidate the MPAO or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the MPAO's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

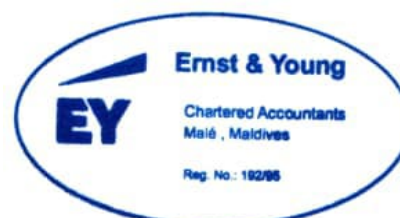
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the MPAO's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the MPAO's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the MPAO to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



11 April 2022
Male'

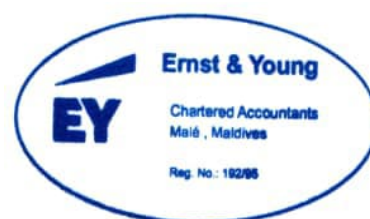


Maldives Pension Administration Office
 (Formed under the Maldives Pension Act No. 8 of 2009)
 Statement of Income

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 MVR	2020 MVR
Income			
Income	6	76,891,474	67,227,203
Other income	7	6,159,130	4,193,265
		<u>83,050,604</u>	<u>71,420,468</u>
Expenditure			
Salaries and allowance	8	(23,525,359)	(20,324,543)
Custodian Fees	9	(5,700,000)	(6,000,000)
Bank and other charges	9.1	(152,517)	(179,622)
Administrative expenses		(7,587,733)	(10,070,604)
		<u>(36,965,609)</u>	<u>(36,574,769)</u>
Excess of income over expenditure for the year		<u>46,084,995</u>	<u>34,845,699</u>

These financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of MPAO set out pages 7 to 25.



Maldives Pension Administration Office
(Formed under the Maldives Pension Act No. 8 of 2009)
Statement of Financial Position

AS AT 31 DECEMBER 2021


	Note	2021 MVR	2020 MVR
ASSETS			
Non-current assets			
Furniture and equipment	10	880,356	1,063,974
Intangible assets	11	26,135	52,270
Right-of-use assets	12	19,167,786	20,127,786
Total non-current assets		<u>20,074,277</u>	<u>21,244,030</u>
Current assets			
Investment in fixed deposit	13	152,034,197	105,483,392
Other receivables	14	7,490,670	6,661,604
Cash and cash equivalents	15	17,494,032	17,051,815
Total current assets		<u>177,018,899</u>	<u>129,196,811</u>
Total Assets		<u><u>197,093,176</u></u>	<u><u>150,440,841</u></u>
EQUITY AND LIABILITIES			
Equity			
Accumulated funds		169,478,390	123,393,395
Capital and general reserve	16	20,000,000	20,000,000
Total equity		<u>189,478,390</u>	<u>143,393,395</u>
Current liabilities			
Other payables	17	7,614,786	7,047,446
Total liabilities		<u>7,614,786</u>	<u>7,047,446</u>
Total Equity and Liabilities		<u><u>197,093,176</u></u>	<u><u>150,440,841</u></u>

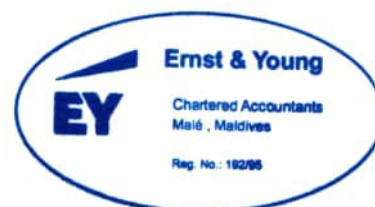
These financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of MPAO set out pages 7 to 25. The Report of the Independent Auditors is given on pages 1 to 2.


.....
Fathimath Sujatha Haleem
Acting Chief Executive Officer

These Financial Statements were approved by the Board of Directors on 11 April 2022 and signed on its behalf by;


.....
Athifa Ali
Chairperson


.....
Abdul Haleem Abdul Latheef
Director

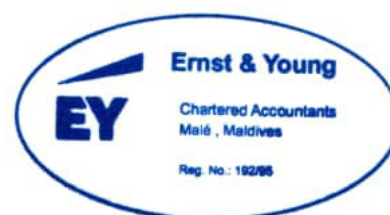


Maldives Pension Administration Office
 (Formed under the Maldives Pension Act No. 8 of 2009)
 Statement of Changes in Accumulated Funds

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Capital and General Reserve MVR	Accumulated Fund MVR	Total MVR
Balance as at 1 J anuary 2020		15,000,000	93,547,696	108,547,696
Excess of income over expenditure for the year		-	34,845,699	34,845,699
Transferred from accumulated fund	16	5,000,000	(5,000,000)	-
Balance as at 31 December 2020		<u>20,000,000</u>	<u>123,393,395</u>	<u>143,393,395</u>
Balance as at 1 J anuary 2021		20,000,000	123,393,395	143,393,395
Excess of income over expenditure for the year		-	46,084,995	46,084,995
Balance as at 31 December 2021		<u>20,000,000</u>	<u>169,478,390</u>	<u>189,478,390</u>

These financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of MPAO set out pages 7 to 25. The Report of the Independent Auditors is given on pages 1 to 2.

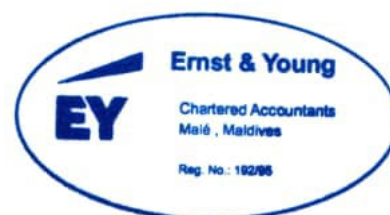


Maldives Pension Administration Office
(Formed under the Maldives Pension Act No. 8 of 2009)
Statement Of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER

	Note	2021 MVR	2020 MVR
Cash flows from operating activities			
Excess of income over expenditure before tax		46,084,995	34,845,699
Adjustments for			
Depreciation of furniture and equipment	10	763,478	978,971
Amortization of intangible assets	11	26,135	58,733
Interest income from investment in fixed deposit	7	(5,554,044)	(3,581,193)
Depreciation of right-to-use assets	12	960,000	960,000
Operating surfeit before working capital changes		<u>42,280,564</u>	<u>33,262,210</u>
Working capital changes			
Changes in other receivables		(829,067)	(564,715)
Changes in other payables		567,340	(1,883,488)
Cash flows generated from operating activities		<u>42,018,837</u>	<u>30,814,007</u>
Cash flows from investing activities			
Acquisition of property, plant and equipment	10	(579,860)	(387,598)
Purchase of financial instruments	13.1	(149,000,000)	(103,000,000)
Financial instruments matured during the year	13	103,000,000	58,000,000
Interest received	13	5,003,239	2,749,725
Net cash used in investing activities		<u>(41,576,621)</u>	<u>(42,637,873)</u>
Net decrease in cash and cash equivalents		442,217	(11,823,864)
Cash and cash equivalents at the beginning of the year		17,051,815	28,875,679
Cash and cash equivalents at the end of the year	15	<u>17,494,032</u>	<u>17,051,815</u>

These financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of MPAO set out pages 7 to 25. The Report of the Independent Auditors is given on pages 1 to 2.



1. REPORTING ENTITY

Maldives Pension Administration Office (“MPAO”) was formed on 13th May 2009 under Maldives Pension Act No. 8/2009. The registered office is located at Allied Building, Chandhanee Magu, Male’, Republic of Maldives. MPAO is an independent legal entity with perpetual succession and with a separate seal under the Act.

The principal activities of MPAO are;

- Administering the Pension Schemes established under the Act.
- Providing the Maldives Retirement Pension.
- Formulating regulations, standards and guidelines to operate the schemes established under the Act.
- Paying Maldives Old-Age Basic Pensions established under the Act.
- Conducting public awareness programs on the pension schemes established under the Act.
- Taking measures considered necessary by the Pension Office in order to discharge its functions under the Act.

2. BASIS OF PREPARATION

(a) Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”).

(b) Basis of Measurement

The financial statements have been prepared on the historical cost basis.

(c) Functional and Presentation Currency

These financial statements are presented in Maldivian Rufiyaa, which is MPAO’s functional currency. All financial information presented in Maldivian Rufiyaa has been rounded to the nearest Rufiyaa.

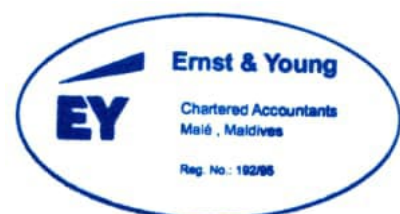
(d) Use of Estimates and Judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in MPAO’s financial statements is included in the respective notes.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the relevant notes.



3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by the MPAO.

3.1 Foreign Currency Transactions

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

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

3.2 Financial Instruments

(i) Recognition and Initial Measurement

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the MPAO becomes a party to the contractual provisions of the instrument.

A financial asset (Unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL (fair value through profit or loss), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and Subsequent Measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI (fair value through other comprehensive income) – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the MPAO changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the reporting period following the change in the business model. A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.



3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Financial Instruments (Continued)

(ii) Classification and Subsequent Measurement (Continued)

Financial assets - Subsequent measurement and gains and losses

Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on de-recognition is recognized in profit or loss.
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Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition.

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on de-recognition is also recognized in profit or loss.

(iii) De-recognition

Financial Assets

The MPAO derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the MPAO neither transfer nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial Liabilities

The MPAO derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The MPAO also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On de-recognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognized in profit or loss.

3.3 Impairment

(i) Financial Assets (including receivables)

The MPAO recognizes loss allowance for ECLs (Expected Credit Loss) on financial assets measured at amortized cost.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Impairment (Continued)

(i) Financial Assets (including receivables) (Continued)

The MPAO measures loss allowances at an amount equal to lifetime ECLs, except for the following, which measured at 12-month ECLs.

- Debt instruments that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the MPAO considers reasonable and supportable information that is relevant and available without undue cost or effort.

This includes both quantitative and qualitative information and analysis, based on the MPAO's historical experience and informed credit assessment and including forward looking information.

ECLs are probability-weighted estimate of credit losses. Credit losses are measured as the present value of all the cash shortfalls. ECLs are discounted at the effective interest rate of the financial asset.

(ii) Non – Financial Assets

The carrying amounts of the MPAO's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or a cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.

3.4 Leases

At inception of a contract, MPAO assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, MPAO uses the definition of a lease in IFRS 16.



3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Leases (Continued)

(i) As a lessee

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

MPAO recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to MPAO by the end of the lease term or the cost of the right-of-use asset reflects that MPAO will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

MPAO determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that MPAO is reasonably certain to exercise, lease payments in an optional renewal period if MPAO is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless MPAO is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in MPAO's estimate of the amount expected to be payable under a residual value guarantee, if MPAO changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Leases (Continued)

(ii) As a lessee (Continued)

MPAO presents right-of-use assets that do not meet the definition of investment property in “Right- of-Use Asset” and lease liability in “Lease Liability” in the statement of financial position.

Short-term leases and leases of low-value assets

MPAO has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. MPAO recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.5 Furniture and Equipment

(i) Recognition and Measurement

Items of furniture and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of furniture and equipment have different useful lives, they are accounted for as separate items (major components) of furniture and equipment.

Gains and losses on disposal of an item of furniture and equipment are determined by comparing the proceeds from disposal with the carrying amount of furniture and equipment and are recognized net within other income in profit or loss.

(ii) Subsequent Costs

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

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of furniture and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Furniture and Equipment (Continued)

(iii) Depreciation (Continued)

certain that MPAO will obtain ownership by the end of the lease term. Land is not depreciated. The estimated useful lives for the current and comparative periods are as follows:

Computers and Communication Equipment	3-5 years
Furniture and Fittings	3 years
Office Equipment	3-5 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. The charge for the depreciation commences from the month on which the furniture and equipment are ready for use.

3.6 Intangible Asset

(i) Recognition and Measurement

Intangible assets that are acquired by the entity and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses if any.

(ii) Subsequent Expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss when incurred.

(iii) Amortization

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

Computer Software	Over 5 years
-------------------	--------------

Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

3.7 Provisions

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

3.8 Interest Income

Interest income is recognized as it accrues, using the original effective interest rate of the fixed deposit calculated at the acquisition or origination date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Income

Management income is recognized on accrual basis when the Administration service is provided to Maldives Retirement Pension Scheme (“MRPS”).

3.10 Events Occurring After the Reporting Date

The materiality of the events occurring after the reporting date has been considered and appropriate adjustments and provisions have been made in the financial statements wherever necessary.

4. MEASUREMENT OF FAIR VALUE

A number of MPAO’s accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

MPAO has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the Standards, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, MPAO uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

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

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

5. NEW STANDARDS AND INTERPRATATIONS

The new and amended standards that are issued, but not yet effective to the date of issuance of these financial statements are disclosed below. None of the new or amended pronouncements are expected to have a material impact on the financial statements of MPAO in the foreseeable future. MPAO intends to adopt these amended standards, if applicable, when they become effective.

5. NEW STANDARDS AND INTERPRATATIONS (CONTINUED)

5.1 Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively.

5.2 Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

5.3 Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment —Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on MPAO.

5.4 Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities.

General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. MPAO will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

FOR THE YEAR ENDED 31 DECEMBER 2021

6	INCOME	2021 MVR	2020 MVR
	Management fee	<u>76,891,474</u>	<u>67,227,203</u>
		<u>76,891,474</u>	<u>67,227,203</u>

Management fee is the income recognized for administration and management of MRPS. Management fee is charged on accrual basis based on the daily Net Asset Value of the members' balance at the rate of 0.6%(2020 - 0.6%) per annum.

7	OTHER INCOME	2021 MVR	2020 MVR
	Fines	583,900	500,700
	Miscellaneous income	21,186	111,372
	Interest income	5,554,044	3,581,193
		<u>6,159,130</u>	<u>4,193,265</u>

8	SALARIES AND ALLOWANCES	2021 MVR	2020 MVR
	Directors' remuneration	1,105,200	1,139,432
	MRPS contribution	946,371	819,872
	Employee insurance	295,437	275,893
	Salaries and wages	20,037,377	17,240,507
	Staff training and development	916,939	127,953
	Gratuity expense	-	432,000
	Other staff related expenses	224,035	288,886
		<u>23,525,359</u>	<u>20,324,543</u>

9. CUSTODIAN FEES

The Custodian fee is paid to Bank of Maldives for the provision of Custodian Services to MRPS assets under an agreement between MPAO and Bank of Maldives. As per the Amendment which took place on 28th June 2021, the annual fee has been revised.

9.1	BANK AND OTHER CHARGES	2021 MVR	2020 MVR
	Bank charges	48,602	58,929
	Other charges	103,915	120,693
		<u>152,517</u>	<u>179,622</u>



Maldives Pension Administration Office
(Formed under the Maldives Pension Act No. 8 of 2009)
Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2021

10 FURNITURE AND EQUIPMENT

	Computer and Accessories		Furniture and Fittings		Office Equipment		Total	
	MVR		MVR		MVR		31.12.2021	31.12.2020
Cost								
Opening balance	2,705,400		3,658,483		1,141,235		7,505,118	7,210,661
Addition during the year	330,856		111,506		137,498		579,860	387,598
Disposal during the year	-		-		-		-	(93,141)
Closing balance	3,036,256		3,769,989		1,278,733		8,084,978	7,505,118
Accumulated depreciation								
Opening balance	2,214,391		3,245,596		981,157		6,441,144	5,555,314
Charge during the year	271,450		388,706		103,322		763,478	978,971
Disposal during the year	-		-		-		-	(93,141)
Closing balance	2,485,841		3,634,302		1,084,479		7,204,622	6,441,144
Net carrying values								
As at 31 December 2021	550,415		135,687		194,254		880,356	
As at 31 December 2020	491,009		412,887		160,078			1,063,974



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(Formed under the Maldives Pension Act No. 8 of 2009)
Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2021

11	INTANGIBLE ASSETS	2021 MVR	2020 MVR
	Cost		
	Opening balance	8,780,930	8,780,930
	Additions during the year	-	-
	Closing balance	8,780,930	8,780,930
	Accumulated amortization		
	Opening balance	8,728,660	8,669,927
	Amortisation during the Year	26,135	58,733
	Closing balance	8,754,795	8,728,660
	Net carrying value	26,135	52,270
	Intangible assets includes the Data Centre Virtualization Project and Human Resource and Payroll Management System.		
12	RIGHT-OF-USE ASSET	2021 MVR	2020 MVR
	Cost		
	Opening balance	22,047,786	22,047,786
	Transfer from prepaid lease rent	-	-
	Closing balance	22,047,786	22,047,786
	Accumulated depreciation		
	Opening balance	1,920,000	960,000
	Depreciation charge during the Year	960,000	960,000
	Closing balance	2,880,000	1,920,000
	Net carrying value	19,167,786	20,127,786
13	INVESTMENT IN FIXED DEPOSIT	2021 MVR	2020 MVR
	Opening balance	105,483,392	59,651,924
	Addition for the year (Note:13.1)	149,000,000	103,000,000
	Matured during the year	(108,003,239)	(60,749,725)
	Interest income	5,554,044	3,581,193
	Closing balance	152,034,197	105,483,392

13.1 INVESTMENT IN FIXED DEPOSIT(ADDITIONS)

			MVR
Bank of deposits	Date of opened	Interest rate	Amount
Commercial Bank of Maldives	4/15/2021	5.00%	45,000,000
Habib Bank	7/14/2021	4.81%	34,000,000
Habib Bank	9/16/2021	4.66%	33,000,000
Habib Bank	11/18/2021	4.67%	37,000,000
Total			149,000,000



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(Formed under the Maldives Pension Act No. 8 of 2009)
Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2021

14 OTHER RECEIVABLES	2021 MVR	2020 MVR
Assets management fee receivables	7,045,370	6,190,523
Prepayments	329,350	276,930
MRPS fines receivables	6,500	4,700
Retention allowance (Note 14.1)	109,451	189,451
	<u>7,490,670</u>	<u>6,661,604</u>

14.1 As per the Remuneration and Nomination committee resolution No. 11/2018 dated 10 May 2018, MPAO has granted retention allowance of MVR 400,000 to the employees which has been amortized over a 5 year period.

15 CASH AND CASH EQUIVALENTS	2021 MVR	2020 MVR
Favorable balance		
Cash in hand	7,361	5,977
Balance with banks	17,648,553	17,121,916
Unfavorable balance		
Credit card balance	(161,882)	(76,078)
Cash and cash equivalent in the statement of cash flow purpose	<u>17,494,032</u>	<u>17,051,815</u>

16 CAPITAL AND GENERAL RESERVE	2021 MVR	2020 MVR
Opening balance	20,000,000	15,000,000
Transferred from accumulated fund	-	5,000,000
Closing balance	<u>20,000,000</u>	<u>20,000,000</u>

Pursuant to the Board meeting No. 126/2016 dated 1 November 2016, capital and general reserve is set up by MPAO. Accordingly, MVR 5 Mn was transferred annually from accumulated funds to capital and general reserve to buildup an amount of MVR 20Mn in capital and general reserve for the purpose of Fixed and Intangible assets replacement.

17 OTHER PAYABLES	2021 MVR	2020 MVR
Accrued expenses	1,376,810	2,115,557
Custodian fee	2,700,000	3,050,000
Pension contribution payable	1,621,808	151,310
Payable to ministry of finance (Note 17.1)	1,916,166	1,730,578
	<u>7,614,786</u>	<u>7,047,446</u>



FOR THE YEAR ENDED 31 DECEMBER 2021

17.1 This amount represents excess collections to be refunded to Ministry of Finance (MOF) as at reporting date. MPAO disburses state funded pension under an agency agreement with MOF. MPAO invoices MOF for state pensions and on receipt of funds from MOF disbursements are made to beneficiaries.

18 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - FAIR VAUE AND RISK MANAGEMNT

(A) Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair values.

31 December 2021	Financial assets at	Other financial	Total carrying	Fair	Fair value hierarchy
	amortized cost	liabilities	amount	values	
	MVR	MVR	MVR	MVR	
Financial assets					
Investments in fixed deposits	152,034,197	-	152,034,197	152,034,197	Level II
Other receivables	7,381,219	-	7,381,219	7,381,219	
Cash and cash equivalents	17,648,553	-	17,648,553	17,648,553	
	<u>177,063,969</u>	<u>-</u>	<u>177,063,969</u>	<u>177,063,969</u>	
Financial liabilities					
Other payables	-	7,614,786	7,614,786	7,614,786	
Credit card balance	-	161,882	161,882	161,882	
	<u>-</u>	<u>7,776,668</u>	<u>7,776,668</u>	<u>7,776,668</u>	
31 December 2020	Financial assets at	Other financial	Total carrying	Fair	Fair value hierarchy
	amortized cost	liabilities	amount	values	
	MVR	MVR	MVR	MVR	
Financial assets					
Investments in fixed deposits	105,483,392	-	105,483,392	105,483,392	Level II
Other receivables	6,384,674	-	6,384,674	6,384,674	
Cash and cash equivalents	17,121,916	-	17,121,916	17,121,916	
	<u>128,989,982</u>	<u>-</u>	<u>128,989,982</u>	<u>128,989,982</u>	
Financial liabilities					
Other payables	-	7,047,446	7,047,446	7,047,446	
Credit card balance	-	76,078	76,078	76,078	
	<u>-</u>	<u>7,123,523</u>	<u>7,123,523</u>	<u>7,123,523</u>	

Above balances not included non financial assets and non financial liabilities.



FOR THE YEAR ENDED 31 DECEMBER 2021

19 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - FAIR VAUE AND RISK MANAGEMENT (CONTINUED)

(B) Financial risk management

Overview

The MPAO has exposure to the following risks from it uses of financial instruments;

1. Credit Risk
2. Liquidity Risk
3. Market Risk

This note present information about the MPAO's exposure to each of the above risks, MPAO's objectives, policies and process for measuring and managing risk, and MPAO's financial statements.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the MPAO's risk management framework.

The Main risks arising from the MPAO's financial statements are Credit risk, Liquidity risk and Market risk. The polices for managing each of these risks are summarized below:

(i) Credit risk

Credit risk is the risk of financial loss of MPAO's if a debtor fails to meet its contractual obligations. The Credit risk arises principally from other receivables and investments in fixed deposits as at 31 December 2021.

The MPAO believes that the unimpaired amounts which are outstanding are still collectible based on the historical payment behaviour. On the basis of historic default rates, The MPAO believes that no provision for impairment is necessary in respect of trade receivables.

Cash and cash equivalent

The MPAO held cash and equivalents of MVR 17,508,940/- as at 31 December 2021 (2020 - MVR 17,051,815/-).



FOR THE YEAR ENDED 31 DECEMBER 2021

19 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - FAIR VAUE AND RISK MANAGEMNT
 (CONTINUED)

(ii) Liquidity risk

Liquidity risk is the risk that MPAO will encounter difficulty in meeting the obligations associates with its financial liabilities that are settled by delivering cash or another financial asset. MPAO's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity when due, without incurring unacceptable losses or risking damage to MPAO's reputation.

31 December 2021	Carrying Amount MVR	0-6 Months MVR
Financial liabilities (Non- derivative)		
Other payables	7,614,786	7,614,786
Credit card balance	161,882	161,882
	<u>7,776,668</u>	<u>7,776,668</u>
31 December 2020	Carrying Amount MVR	0-6 Months MVR
Other payables	7,047,446	7,047,446
Credit card balance	76,078	76,078
	<u>7,123,524</u>	<u>7,123,524</u>

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the MPAO's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(a) Interest rate risk

At the reporting date, the interest rate profile of the MRPS's interest-bearing financial instruments was:

Fixed rate instruments

	Carrying Amount	
	31.12.2021 MVR	31.12.2020 MVR
Financial Assets	152,034,197	105,483,392
	<u>152,034,197</u>	<u>105,483,392</u>



FOR THE YEAR ENDED 31 DECEMBER 2021

19 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - FAIR VAUE AND RISK MANAGEMNT
 (CONTINUED)

(iii) Market risk (Continued)

(a) Interest rate risk (Continue)

The MPAO has accounted the financial assets and liabilities at a fixed rate and therefore, a change in interest rate at the reporting date would not affect the profit or loss.

A change of 100 basis point in interest rates would have increased or decreased profit for the year ended 31 December 2021 by MVR 1,490,000/- (2020 - MVR 1,030,000/-). This analysis assumes that all the other variables remain constant.

(b) Currency risk

Currency risk is the risk that the values of a financial instrument will fluctuate due to changes in foreign exchange rates. This represent exposure the MPAO has due to changes in the values of current holding and future cash flow positions denominated in currencies other than the local currency.

	31.12.2021 USD	31.12.2020 USD
Cash and cash equivalents	64,755	99,454
Credit card balance	10,498	4,934
	<u>75,253</u>	<u>104,388</u>

The following significant exchange rate was applied during the year:

	Average rate		Reporting date rate	Spot rate
	2021	2020	31.12.2021	31.12.2020
1 United States Dollar : Maldives Rufiyaa	<u>15.42</u>	<u>15.42</u>	<u>15.42</u>	<u>15.42</u>

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

(iv) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital and level of funds to members.

There were no changes in the MPAO's approach to capital management during the year. The MPAO is not subject to externally imposed capital requirements.



Maldives Pension Administration Office
(Formed under the Maldives Pension Act No. 8 of 2009)
Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2021

20 CAPITAL COMMITMENTS

There were no material capital commitments approved or contracted as at the reporting date.

21 CONTINGENT LIABILITIES

A former employee has submitted a claim of unfair dismissal to the Employment Tribunal against MPAO on 20 October 2021, and the case is still ongoing in the Tribunal. In this case the claimant sought reinstatement, payment of salary and benefits from the date of termination until the reinstatement date, additional six months salary and benefits as damages, travel related expenses, a just amount determined by the Tribunal as reputational damages, and psychological damages. Since this case is currently in the Tribunal stage and as the possibility remains that the case may proceed to appellate courts, it will take around two years to reach a final verdict in the matter.

22 COMPARATIVE FIGURES

To facilitate comparison, relevant balances pertaining to the previous year have been re-classified to conform to current year's classification and presentation.

23 EVENTS AFTER REPORTING DATE

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



Maldives Pension Administration Office
(Formed under the Maldives Pension Act No. 8 of 2009)
Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2021

24 RELATED PARTY TRANSACTION

MPAO is an independent entity that is established under Maldives Pension Act No 8/2009 on 13 May 2009. The Government of Maldives directly and indirectly appoints the Board members of MPAO. Hence, the Government of Maldives is considered as related party as per IAS 24 Related Party Disclosures. Transactions with government and related entities during 2021 are as follows.

Name of the Related Party	Relationship	Nature of Transactions	Amount		Balance as at		
			2021 MVR	2020 MVR	31.12.2021 MVR	31.12.2020 MVR	
Ministry of Finance (MOF)	Member of Ministry of Finance represents at MPAO Board	Refunds to be made to MOF in relation to disbursement of state pensions Receipts from MOF for State pension payouts	1,409,587,157	1,329,056,246	-	1,916,166	1,730,578

Maldives Retirement Pension Scheme (MRPS) is a related party to MPAO since MRPS is administrated by MPAO as stipulated in Maldives Pension Act No 8/2009. MPAO has transactions with MRPS including discretion in the administration of the scheme or management and forecast of pension assets and advising the Board on investment or having such responsibility to advise. Transactions with MRPS during 2021 are as follows.

Name of the Related Party	Relationship	Nature of Transactions	Amount		Balance as at	
			2021 MVR	2020 MVR	31.12.2021 MVR	31.12.2020 MVR
Maldives Retirement Pension Scheme	Administration of Pension Fund	Management fee Settlement	76,891,474 (76,036,627)	67,227,203 (66,572,954)	7,045,370	6,190,523

24.1 Transaction with Key Management Personnel

The Board of Directors of MPAO are members of the key management personnel. The MPAO has paid an amount of MVR 1,105,200/- to the key management personnel during the year ended 31 December 2021 (2020 - 1,137,232/-).



**MALDIVES RETIREMENT PENSION SCHEME
(ADMINISTERED BY MALDIVES PENSION
ADMINISTRATION OFFICE)**

AUDITOR'S REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2021



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TDH/CY

Independent auditor's report to the members of
Maldives Retirement Pension Scheme
(Administered by Maldives Pension Administration Office)
Report on the audit of the financial statements

Opinion

We have audited the financial statements of Maldives Retirement Pension Scheme ("MRPS") which comprise the statement of financial position as at 31 December 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the MRPS as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the MRPS in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

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

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

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the MRPS's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the MRPS's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the MRPS's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the MRPS to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



11 April 2022
Male'



Maldives Retirement Pension Scheme
(Administered By Maldives Pension Administration Office)
Statement Of Comprehensive Income

For the year ended 31 December 2021

	Note	2021 MVR	2020 MVR
Income			
Net contribution	6	1,148,084,640	1,034,632,648
Interest income	7	759,227,454	674,961,587
Dividend income	8	46,475,038	55,436,952
Other income	9	534,094	1,198,128
Total income		<u>1,954,321,226</u>	<u>1,766,229,315</u>
Operating expenses			
Administrative expenses	10	<u>76,891,476</u>	<u>67,227,205</u>
Total expenses		<u>76,891,476</u>	<u>67,227,205</u>
Increase in net assets attributable to members		<u><u>1,877,429,750</u></u>	<u><u>1,699,002,110</u></u>

These financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of the MRPS set out on pages 7 to 30. The Report of the Independent Auditors is given on pages 1 and 2.



Maldives Retirement Pension Scheme
(Administered By Maldives Pension Administration Office)
Statement of Financial Position

As at 31 December 2021	Note	2021 MVR	2020 MVR
ASSETS			
Cash and cash equivalents	11	56,052,034	37,684,583
Contribution and other receivables	12	163,452,708	125,395,542
Investment in financial assets	13	13,601,113,991	11,877,471,266
Recognition bond	14	3,732,824,755	3,631,167,429
Housing collateralization deposit	15	33,931,335	33,579,865
Total Assets		17,587,374,823	15,705,298,685
LIABILITIES			
Other payables	16	7,720,099	6,860,114
Contribution collection accounts		5,698,507	1,912,105
Total liabilities (excluding net assets attributable to members)		13,418,606	8,772,219
ACCUMULATED MEMBERS' BALANCE			
Accumulated members' balance		17,573,956,217	15,696,526,466
Total accumulated members' balance and Liabilities		17,587,374,823	15,705,298,685

These financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of the MRPS set out on pages 7 to 30. The Report of the Independent Auditors is given on pages 1 and 2.

.....
Fathimath Sujatha Haleem
Acting Chief Executive Officer

These Financial Statements were approved by the Board of Directors on 11 April 2022 and signed on its behalf by;

.....
Athifa Ali
Chairperson

.....
Abdul Haleem Abdul Latheef
Director



Maldives Retirement Pension Scheme
 (Administered By Maldives Pension Administration Office)
 Statement of Changes in net assets attributable to members

For the year ended 31 December 2021

	<u>Accumulated members balance</u> MVR
Balance as at 1 January 2020	13,997,524,356
Increase in net assets attributable to members	1,699,002,110
Balance as at 31 December 2020	<u>15,696,526,466</u>
Balance as at 1 January 2021	15,696,526,466
Increase in net assets attributable to members	1,877,429,750
Balance as at 31 December 2021	<u>17,573,956,217</u>

These financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of the MRPS set out on pages 7 to 30. The Report of the Independent Auditors is given on pages 1 and 2.



Maldives Retirement Pension Scheme
(Administered By Maldives Pension Administration Office)
Statement of Cash Flows

For the year ended 31 December 2021

	2021 MVR	2020 MVR
Cash flows from operating activities		
Contribution received to contribution collection account	1,259,639,784	1,122,915,413
Accrued right received for matured recognition bond	39,378,002	40,030,435
Interest received for matured recognition bond	35,793,446	28,966,749
Fine on late contribution	534,094	937,481
Interest received	538,469,253	453,397,839
Management fee paid	(76,036,629)	(66,572,956)
Benefits paid to members	(122,107,672)	(102,000,281)
Net cash from operating activities	<u>1,675,670,278</u>	<u>1,477,674,680</u>
Dividend received	46,475,038	55,436,952
Net investments	(1,693,205,854)	(1,531,629,588)
Net investment in housing collateralization	(22,342,715)	(2,288,619)
Repayment on principle on bond	11,770,701	10,988,075
Net cash used in investment activities	<u>(1,657,302,830)</u>	<u>(1,467,493,180)</u>
Net increase in cash and cash equivalents	18,367,448	10,181,500
Cash and cash equivalents at beginning of the year	<u>37,684,583</u>	<u>27,503,083</u>
Cash and cash equivalents at end of the year	<u><u>56,052,034</u></u>	<u><u>37,684,583</u></u>

Figures in brackets indicate deductions.

These financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of the MRPS set out on pages 7 to 30. The Report of the Independent Auditors is given on pages 1 and 2.



1. REPORTING ENTITY

Maldives Retirement Pension Scheme (“MRPS”) was established under Maldives Pension Act No. 8/2009 on 13 May 2009. The registered office is located at 8th Floor, Allied Building, Chaandhanee Magu, Male’, Republic of Maldives.

The objective of MRPS is to provide a stable retirement income for the participants of the scheme based on the contributions made and performance of the investments. This forms an important pillar of the national social protection system. The MRPS is a Defined Contribution Scheme, where the employee and employer together contribute a minimum of 14% of the pensionable wage on a monthly basis to the scheme. The pension payout starts at retirement and pensioners are currently provided with monthly pension benefits for life expected at the time of retirement. The MRPS commenced in May 2010 with contribution from public Sector employees and in May 2011 with private sector employees.

The Investment and administration activities of MRPS are managed and administered by Maldives Pension Administration Office (MPAO) in accordance with the requirements of the Act.

2. BASIS OF PREPARATION

(a) Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”).

(b) Basis of Measurement

The financial statements have been prepared on the historical cost basis except financial instruments, which are measured at fair value. Summary of financial instrument policies are set out in note 3.2.

(c) Functional and Presentation Currency

These financial statements are presented in Maldivian Rufiyaa, which is the MRPS’s functional currency. All financial information presented in Maldivian Rufiyaa has been rounded to the nearest Rufiyaa.

(d) Use of Materiality, Offsetting and Rounding

Materiality and Aggregation

Each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or functions are presented separately unless they are immaterial.

Offsetting

Assets and liabilities and income and expenses in the financial statements are not set off unless required or permitted by IFRSs.

Rounding

The amounts in the financial statements have been rounded off to the nearest Rufiyaa, except where otherwise indicated.



2. BASIS OF PREPARATION (CONTINUED)

(e) Use of Estimates and Judgements and Assumptions

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the MRPS's financial statements is included in the respective notes.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the relevant notes.

Going concern

The Management has made an assessment of Fund's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Therefore, the Financial Statements of the Fund continued to be prepared on a going concern basis. In addition to that specific accounting judgments, estimations and assumptions were used in following disclosures.

- Valuation of Financial Instruments
- The impairment of assets

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by the MRPS.

3.1 Financial Instruments

i. Recognition and initial measurement

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the MRPS becomes a party to the contractual provisions of the instrument.

A financial asset (Unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL (fair value through profit or loss), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii. Classification and subsequent measurement of financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost, FVOCI (fair value through other comprehensive income) - debt investment; FVOCI - equity investment, or FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ii. Classification and subsequent measurement of financial assets (Continued)

Financial assets are not reclassified subsequent to their initial recognition unless the MRPS changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on de-recognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.



3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition.

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on de-recognition is also recognized in profit or loss.

iii. De-recognition

Financial assets

The MRPS derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the MRPS neither transfer nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The MRPS derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The MRPS also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On de-recognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognized in profit or loss.

3.2 Impairment

(i) Financial Assets (including receivables)

The MRPS recognize loss allowance for ECLs (Expected Credit Loss) on financial assets measured at amortized cost.

The MRPS measures loss allowances at an amount equal to lifetime ECLs, except for the following, which measured at 12-month ECLs.

- Debt instruments that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the MRPS considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the MRPS's historical experience and informed credit assessment and including forward looking information.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Financial Assets (including receivables) (Continued)

ECLs are probability-weighted estimate of credit losses. Credit losses are measured as the present value of all the cash shortfalls. ECLs are discounted at the effective interest rate of the financial asset.

(ii) Non-financial Assets

The carrying amounts of the MRPS's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or a cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.

3.3 Provisions

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

3.4 Investment Income

Interest income is recognized as it accrues, using the original effective interest rate of the instrument calculated at the acquisition or origination date. Interest income includes the amortization of any discount or premium, transaction cost or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis.

Dividend income is recognized in the income statement when the right to receive dividend is declared.

3.5 Contribution Revenue

Contribution revenue from employees and members is recognized when the control and the benefits from the revenue have transferred to the MRPS. Any un-reconciled contributions are held in Contribution Collection Account and are not recognized as revenue.

Contribution revenue from accrued rights is recognized when the government issues the recognition bonds for respective employees.

Revenue from fines on late contribution payments are recognized on accrual basis to the extent that the amount is recoverable.



3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Events Occurring After the Reporting Date

The materiality of the events occurring after the reporting date has been considered and appropriate adjustments and provisions have been made in the financial statements wherever necessary.

4. DETERMINATION OF FAIR VALUES

A number of the MRPS's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The MRPS has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the Standards, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, the MRPS uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

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

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.



5. New and Amended Standards and Interpretations

The new and amended standards that are issued, but not yet effective to the date of issuance of these financial statements are disclosed below. None of the new or amended pronouncements are expected to have a material impact on the financial statements of the MRPS in the foreseeable future. The MRPS intends to adopt these amended standards, if applicable, when they become effective.

5.1 Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively.

5.2 Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

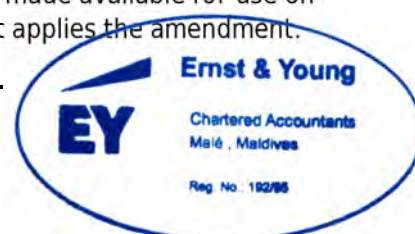
At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

5.3 Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment —Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the MRPS.



5. New and Amended Standards and Interpretations (Continued)

5.4 Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities.

General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The MRPS will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

Maldives Retirement Pension Scheme
(Administered By Maldives Pension Administration Office)
Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

6	NET CONTRIBUTION	2021 MVR	2020 MVR
	CONTRIBUTION INCOME		
	Contribution from employers	626,225,167	575,323,897
	Contribution from members	642,439,894	560,135,158
	Contribution from self-employed members	260,943	89,043
	Contribution from government on accrued rights (Note 14.1)	1,266,308	1,084,832
		<u>1,270,192,312</u>	<u>1,136,632,929</u>
	CONTRIBUTION PAID		
	Benefits paid to members	122,107,672	102,000,281
		<u>122,107,672</u>	<u>102,000,281</u>
	NET CONTRIBUTION	<u>1,148,084,640</u>	<u>1,034,632,648</u>
7	INTEREST INCOME	2021 MVR	2020 MVR
	Interest on recognition of bonds (Note 7.1)	178,557,346	168,101,602
	Interest on treasury bonds	173,603,000	172,566,793
	Interest on treasury bills	355,943,453	289,065,389
	Interest on fixed deposits	24,606,996	20,620,195
	Interest on HDFC bonds	8,467,673	9,264,310
	Income on sukuk	16,822,019	14,024,071
	Income on collateralization deposit	1,226,967	1,319,227
		<u>759,227,454</u>	<u>674,961,587</u>

7.1 Interest income from recognition bonds

Interest on recognition bonds is calculated based on highest annual fixed deposit rate issued by the Maldivian Monetary Authority during the previous year. Highest annual fixed deposit rate for the year ended 31 December 2021 was 4.95% (2020 - 4.78%)



Maldives Retirement Pension Scheme
(Administered By Maldives Pension Administration Office)
Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

8	DIVIDEND INCOME	2021 MVR	2020 MVR
	Dividend from equity securities - Quoted	46,475,038	55,436,952
		<u>46,475,038</u>	<u>55,436,952</u>
9	OTHER INCOME	2021 MVR	2020 MVR
	Fines on late contribution	534,094	1,198,128
		<u>534,094</u>	<u>1,198,128</u>
10	ADMINISTRATIVE EXPENSES	2021 MVR	2020 MVR
	Management fee (Note 10.1)	76,891,476	67,227,205
		<u>76,891,476</u>	<u>67,227,205</u>
10.1	Management fee		
	In accordance with section 6(d) of the Maldivian Pension Act 8/2009, the MPOA is entitled to charge a fee from the members based on the daily asset value of the members balance of the MRPS. (Prior to 2013 the fee was charged only on the member balances in the Investment Portfolio). The Board of MPAO decided to levy a fee on the Sharia and Conservative Portfolio members effective from January 2013. The fees are reviewed annually. Management fees are recognized monthly on accrual basis at 0.6% per annum on each month end net asset value.		
11	CASH AND CASH EQUIVALENT	2021 MVR	2020 MVR
	Cash at bank (Note 11.1)	56,052,034	37,684,583
	Cash and cash equivalent in the Statements of Cash Flows	<u>56,052,034</u>	<u>37,684,583</u>
11.1	Balances with Banks	2021 MVR	2020 MVR
	Cash balance in Contribution Holding Account	43,215,889	35,177,152
	Cash balance in Contribution Collection Account	12,075,814	1,912,105
	Cash balance in Maldives Islamic Bank	729,835	586,991
	Cash balance in Mauritius Commercial Bank	30,496	8,335
		<u>56,052,034</u>	<u>37,684,583</u>



Maldives Retirement Pension Scheme
(Administered By Maldives Pension Administration Office)
Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

12 CONTRIBUTION AND OTHER RECEIVABLE:	2021 MVR	2020 MVR
Contribution receivables	139,300,310	124,961,380
Receivable for accrued rights matured	1,968,602	240,030
Other receivables	22,183,796	194,132
	<u>163,452,708</u>	<u>125,395,542</u>
13 INVESTMENT IN FINANCIAL ASSETS	2021 MVR	2020 MVR
Treasury bills - at amortized cost	8,637,020,244	7,119,547,251
Investment in Fixed deposit - at amortized cost	566,576,033	509,566,028
Investment in Sukuk - at amortized cost	358,128,164	197,172,120
Treasury bonds - at amortized cost	3,367,767,644	3,367,767,644
Investment in HDFC bond - at amortized cost (Note 13.1)	112,736,846	124,533,163
Equity securities - at FVOCI - (Note 13.2)	558,885,060	558,885,060
	<u>13,601,113,991</u>	<u>11,877,471,266</u>
13.1 Investment in HDFC bond - at amortized cost	2021 MVR	2020 MVR
Balance as at 1 January	124,533,163	135,532,843
Addition during the year	-	-
Interest accrued during the year	8,467,673	9,264,310
Interest received during the year	(8,493,289)	(9,275,915)
Principal repayment during the year	(11,770,701)	(10,988,075)
Balance as at 31 December	<u>112,736,846</u>	<u>124,533,163</u>

The MRPS has acquired 8,000 bonds of Housing Development Finance Corporation (HDFC) PLC at MVR 10,000/- each on 1 July 2018, carrying interest of 7% per annum. Repayment will take place in twenty semi-annual instalments commencing six month after the date of allotment.

The MRPS has acquired 64,000 bonds of Housing Development Finance Corporation (HDFC) PLC at MVR 1,000/- each on 5 December 2019, carrying interest of 7% per annum. Repayment will take place in twenty semi-annual instalments commencing six month after the date of allotment.



Maldives Retirement Pension Scheme
(Administered By Maldives Pension Administration Office)
Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

13 OTHER INVESTMENTS (CONTINUED)

13.2 Equity securities - at FVOCI	2021 MVR	2020 MVR
Investment in equity shares (quoted) (Note 13.3)	558,885,060	558,885,060
	<u>558,885,060</u>	<u>558,885,060</u>

13.3 Investment in equity shares (quoted)

	Number of shares		Carrying value	
	2021	2020	2021 MVR	2020 MVR
Dhivehi Raajjeyge Gulhun PLC (DHR)	2,813,390	2,813,390	225,957,210	225,957,210
Ooredoo Maldives PLC (OMPL)	8,333,330	8,333,330	249,999,900	249,999,900
Maldives Islamic Bank PLC (MIB)	2,369,370	2,369,370	82,927,950	82,927,950
			<u>558,885,060</u>	<u>558,885,060</u>

Financial assets at fair value through other comprehensive Income, comprising principally marketable equity securities, are measured at fair value annually at the close of the business on 31 December. The management has performed a valuation on a basis of discounted cash flows to determine the fair value, since the absence of an active market.

13.4 Measurement of fair values

(i) Fair value hierarchy

The fair value of investment in equity shares was determined by the management and having appropriate recognized professional qualifications. The Management determines the fair value investment in equity shares every three months.

The fair value measurement for investment in equity shares has been categorized as a Level 3 fair value based on the inputs to the valuation technique used.



Maldives Retirement Pension Scheme
(Administered By Maldives Pension Administration Office)
Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

13 OTHER INVESTMENTS (CONTINUED)

13.4 Measurement of fair values (Continued)

(ii) Valuation technique and significant unobservable inputs

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Dhiraagu and Ooredoo		
Discounted cash flows: The valuation model considers the present value of future free cash flows of the investee, taking into account the expected earnings growth, Terminal growth and Capital Investments. The expected free cash flows are discounted using weighted average cost of capital (WACC).	-Expected revenue growth (2021: 2%-7% 2020: 2%-8%),	The estimated fair value would increase / (decrease) if:
	-Terminal growth: (2021: 1%of the asset base, 2020: 1%of the asset base)	-Expected revenue growth were higher / (lower);
	-Capital Investment (2021: 8%- 9% (2020: 8%- 10%)	-Terminal growth and Capital Investments were higher / (lower); or
	-WACC (2021: 8%-9% (2020: 10%-11%)	-Weighted average cost of capital were lower / (higher).
Maldives Islamic Bank		
Residual Income: The valuation model considers the cash flows an investee is capable of generating versus the return expected by the investor, taking into account the return on equity, terminal ROE and terminal growth. The expected residual income and terminal income are discounted using cost of equity.	-ROE (2021: 14% (2020: 15%).	The residual income would increase / (decrease) if:
	-Terminal ROE (2021: 14% , (2020: 17%)	-Expected ROE were higher / (lower);
	-Terminal growth (2021: 1%, (2020: 1%)	-Terminal growth were higher / (lower); or
	-Cost of equity (2021: 11.12% (2020: 13%)	-Cost of equity were lower / (higher).



Maldives Retirement Pension Scheme
(Administered By Maldives Pension Administration Office)
Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

14 RECOGNITION BOND	2021 MVR	2020 MVR
Accrued pension rights receivable (Note 14.1)	1,965,072,942	2,006,179,516
Interest receivable on recognition bonds (Note 14.2)	1,767,751,813	1,624,987,913
	<u>3,732,824,755</u>	<u>3,631,167,429</u>
14.1 Accrued pension rights receivable		
Opening balance	2,006,179,516	2,043,353,190
Net adjustment to contribution from Government on accrued	1,266,308	1,084,832
Accrued rights matured during the year	(42,372,882)	(38,258,506)
Closing balance	<u>1,965,072,942</u>	<u>2,006,179,516</u>

In accordance with section 25 of the Maldives Pension Administration Act No. 8 of 2009, "public service employees" who have not reached the age of 65 years at the commencement of this Act shall have their Accrued Pension Rights deposited in their Retirement Savings Account in the form of recognition bonds of Government. As per the agreement dated 19 September 2011 Ministry of Finance and Treasury has agreed to recognize the Accrued Pension Rights" of MVR 2,380,156,835/- subject to a variation of 5% of the rights. Accordingly, MRPS has recognized revenue of MVR 2,380,156,835/- as contribution from Government on Accrued Pension Rights during the period ended 31 December 2010.

14.2 Interest receivable on recognition bonds	2021 MVR	2020 MVR
Opening balance	1,624,987,913	1,485,853,060
Additions during the year	178,557,346	168,101,602
Paid during the year	(35,793,446)	(28,966,749)
Closing balance	<u>1,767,751,813</u>	<u>1,624,987,913</u>

As per section 25 of Pension Administration Act No 8 of 2009, the accrued rights of employees who were in employment with Government organizations at the time of commencement of this Act should be protected. In this regard, Ministry of Finance and Treasury issued recognition bonds to all employees. The face value of the bond and accrued interest thereon will mature on retirement or on the death of a member.

15 HOUSING COLLATERALIZATION DEPOSIT	2021 MVR	2020 MVR
Opening balance	33,579,865	31,103,085
Additions during the year	562,227	3,231,444
Principle received during the year	(209,176)	(362,325)
Interest accrued during the year	1,232,104	686,065
Interest received during the year	(1,233,685)	(1,078,404)
Closing balance	<u>33,931,335</u>	<u>33,579,865</u>

The amounts under the heading "housing collateralization deposit" concern cash collateral pledged with Housing Development Finance Corporation (HDFC), Bank of Maldives (BML), Commercial Bank of Maldives (CBM), Maldives Islamic Bank (MIB) and The Mauritius Commercial Bank (Maldives) Private Limited (MCB) to facilitate the collateralization of accumulated Retirement Savings Account (RSA) for the purpose of paying the down payment in obtaining home finance for the members of Maldives Retirement Pension Scheme.



MALDIVES RETIREMENT PENSION SCHEME
 (ADMINISTERED BY MALDIVES PENSION ADMINISTRATION OFFICE)
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

16 OTHER PAYABLES	2021 MVR	2020 MVR
Management fee payable	7,045,370	6,190,523
To be allocated to collateralization deposit members	658,475	653,337
Excess collection from employers	16,254	16,254
	<u>7,720,099</u>	<u>6,860,114</u>

17 CAPITAL COMMITMENTS

There were no material capital commitments outstanding as at the reporting date.

18 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - FAIR VALUE AND RISK MANAGEMNT

The following table shows the carrying amounts and fair values of financial assets financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair values.

(A) Accounting classification and fair values

Fair Value Hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level I	Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level II	Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level III	Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Assessing the significance of a particular input requires judgment, considering factors specific to the asset or liability.



MALDIVES RETIREMENT PENSION SCHEME
(ADMINISTERED BY MALDIVES PENSION ADMINISTRATION OFFICE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

18 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - FAIR VALUE AND RISK MANAGEMENT (CONTINUED)

(A) Accounting classification and fair values (Continued)

	Carrying amount			Fair value				
	Financial assets at amortised cost MVR	FVOCI - equity instruments MVR	Other financial liabilities MVR	Total MVR	Level I MVR	Level II MVR	Level III MVR	Total MVR
31 December 2021								
Financial assets								
Cash and cash equivalents	56,052,034	-	-	56,052,034	-	-	-	-
Contribution and other receivables	163,452,708	-	-	163,452,708	-	-	-	-
Financial assets at amortised cost	13,042,228,931	-	-	13,042,228,931	-	-	-	-
Equity securities at FVOCI	-	558,885,060	-	558,885,060	-	-	558,885,060	558,885,060
Recognition bond	3,732,824,755	-	-	3,732,824,755	-	-	-	-
Housing collateralization deposit	33,931,335	-	-	33,931,335	-	-	-	-
	17,028,489,763	558,885,060	-	17,587,374,823	-	-	558,885,060	558,885,060
Financial liabilities								
Other payables	-	-	7,720,099	7,720,099	-	-	-	-
Contribution collection accounts	-	-	5,698,507	5,698,507	-	-	-	-
	-	-	13,418,606	13,418,606	-	-	-	-

Financial assets and liabilities included in above table other than equity securities at FVOCI, are not measured at fair value. Their carrying amount is a reasonable approximation of fair value.



MALDIVES RETIREMENT PENSION SCHEME
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2020

18 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - FAIR VALUE AND RISK MANAGEMENT (CONTINUED)

(A) Accounting classification and fair values (Continued)

31 December 2020	Carrying amount				Fair value			
	Financial assets at amortised cost	FVOCI - equity instruments	Other financial liabilities	Total	Level I	Level II	Level III	Total
	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR
Financial assets								
Cash and cash equivalents	37,684,583	-	-	37,684,583	-	-	-	-
Contribution and other receivables	125,395,542	-	-	125,395,542	-	-	-	-
Financial assets at amortized cost	11,318,586,206	-	-	11,318,586,206	-	-	-	-
Equity securities at FVOCI	-	558,885,060	-	558,885,060	-	-	558,885,060	558,885,060
Recognition bond	3,631,167,429	-	-	3,631,167,429	-	-	-	-
Housing collateralization deposit	33,579,865	-	-	33,579,865	-	-	-	-
	<u>15,146,413,625</u>	<u>558,885,060</u>	-	<u>15,705,298,685</u>	-	-	<u>558,885,060</u>	<u>558,885,060</u>
Financial liabilities								
Other Payables	-	-	6,860,114	6,860,114	-	-	-	-
Contribution collection accounts	-	-	1,912,105	1,912,105	-	-	-	-
	-	-	<u>8,772,219</u>	<u>8,772,219</u>	-	-	-	-

Financial assets and liabilities included in above table other than equity securities at FVOCI, are not measured at fair value. Their carrying amount is a reasonable approximation of fair value.



MALDIVES RETIREMENT PENSION SCHEME
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

18 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - FAIR VALUE AND RISK MANAGEMENT (CONTINUED)

(B) Financial risk management

Overview

The MRPS has exposure to the following risks from its use of financial instruments:

- Credit Risk
- Market Risk
- Liquidity Risk

This note presents information about the MRPS's exposure to each of the above risks, the MRPS's objectives.

Risk Management Framework

The Statement of Investment Principles based on the policies on the investment of Pension Assets shall be formulated by the Investment Committee. The policies in the Statement of Investment Principles determined by the Investment Committee shall be executed upon endorsement of the Board of the Pension Office.

(i) Credit Risk

Credit Risk is the risk of loss due to the inability or unwillingness of a borrower/ counter-party to meet its payment obligations. The credit risk of the MRPS is deemed minimal as 90.79% of the total investment is made in Government Securities. Composition of the investments of the MRPS as at the year end is as follows.

Analysis of Risk Concentration - Investment Composition

Investment	2021		2020	
	MVR	%	MVR	%
Government Securities	12,004,787,888	69.26%	10,487,314,895	67.62%
Recognition bond	3,732,824,755	21.53%	3,631,167,429	23.41%
Investment in Fixed Deposits	566,576,033	3.27%	509,566,028	3.29%
Corporate Debt Securities	470,865,010	2.72%	321,705,283	2.07%
Investment in Equity Securities	558,885,060	3.22%	558,885,060	3.60%
	<u>17,333,938,746</u>	<u>100%</u>	<u>15,508,638,695</u>	<u>100%</u>



MALDIVES RETIREMENT PENSION SCHEME
 (ADMINISTERED BY MALDIVES PENSION ADMINISTRATION OFFICE)
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

18 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - FAIR VAUE AND RISK MANAGEMNT (CONTINUED)

(B) Financial risk management (Continued)

(i) Credit Risk (Continued)

Cash and cash equivalent

The MRPS held cash and cash equivalents of MVR 56,052,034/- as at 31 December 2021 (2020: MVR 37,684,583/-). The MRPS limits its exposure to credit risk by maintaining its cash balances in selected banks.

(ii) Market Risk

Market Risk is the risk of losses from changes in the market value of portfolios and financial instruments due to movements in interest rates, foreign exchange and equity prices. The market risk faced by the MRPS primarily arises from interest rate risk and equity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

(a) Interest Rate Risk

Exposure to interest rate risk

At the reporting date, the interest rate profile of the MRPS's interest-bearing financial instruments was:

	Carrying Amount	
	2021 MVR	2020 MVR
Fixed Rate Instruments	14,740,436,111	13,100,107,532

The MRPS does not account for any fixed-rate financial assets at FVTPL. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

A change of 100 basis point in interest rates would have increased or decreased profit for the year ended 31 December 2021 by MVR 165,081,879/- (2020 : MVR 147,250,929/-). This analysis assumes that all the other variables remain constant.

(b) Equity Price Risk

The equity price risk is the reduction in the value of equity portfolio due to the decline in share prices. This is an inherent risk of equity investments which has been mitigated by investing in fundamentally sound stocks with robust value. MRPS values its holding in equity securities based on residual income or discounted free cashflow methods wherever is appropriate.



MALDIVES RETIREMENT PENSION SCHEME
(ADMINISTERED BY MALDIVES PENSION ADMINISTRATION OFFICE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

18 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - FAIR VAUE AND RISK MANAGEMNT (CONTINUED)

(B) Financial risk management (Continued)

(iii) Liquidity Risk

Liquidity Risk is the risk arising from the inability of the MRPS to meet its financial commitments and obligations when they fall due. The net contribution of the Fund was between MVR 91 Mn to MVR 123 Mn per month during the year (2020: MVR 75 Mn to MVR 102 Mn). Further, interest and maturity proceeds provided additional cash flow to the MRPS.

Management of liquidity risk includes taking steps to ensure, as far as possible, that it will always have adequate financial resources to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the MRPS's reputation.



MALDIVES RETIREMENT PENSION SCHEME
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

18 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - FAIR VALUE AND RISK MANAGEMENT (CONTINUED)

(B) Financial risk management (Continued)

(iii) Liquidity Risk (Continued)

Maturity analysis of financial assets and financial liabilities

Financial assets	0-12	1-3	3-5	More Than	Total as at	Total as at
	Months	Years	Years	5 years	31/12/2021	31/12/2020
	MVR	MVR	MVR	MVR	MVR	MVR
Cash and cash equivalents	56,052,034	-	-	-	56,052,034	37,684,583
Contribution and other receivables	163,452,708	-	-	-	163,452,708	125,395,542
Treasury bills	8,637,020,244	-	-	-	8,637,020,244	7,119,547,251
Investment in Fixed deposit	177,039,752	352,100,870	37,435,411	-	566,576,033	509,566,028
Investment in Sukuk	3,128,164	15,000,000	-	340,000,000	358,128,164	197,172,120
Treasury bonds	543,767,644	950,000,000	1,165,000,000	709,000,000	3,367,767,644	3,367,767,644
Investment in HDFC bond	12,891,848	27,976,347	32,103,501	39,765,150	112,736,846	124,533,163
Financial assets at FVOCI	-	-	-	558,885,060	558,885,060	558,885,060
Recognition bond	64,500,106	137,734,016	141,708,024	3,388,882,609	3,732,824,755	3,631,167,429
Housing collateralization deposit	576,180	-	-	33,355,155	33,931,335	33,579,865
Total assets	9,658,428,680	1,482,811,232	1,376,246,937	5,069,887,975	17,587,374,823	15,705,298,685
Financial liabilities						
Other Payables	7,720,099	-	-	-	7,720,099	6,860,114
Contribution collection accounts	5,698,507	-	-	-	5,698,507	1,912,105
Total liabilities	13,418,606	-	-	-	-	8,772,219
Accumulated Members' Balance						
Contribution payout	9,645,010,074	1,482,811,232	1,376,246,937	5,069,887,975	17,573,956,217	15,696,526,466
Total accumulated members' balance and Liabilities	9,658,428,680	1,482,811,232	1,376,246,937	5,069,887,975	17,573,956,217	15,705,298,685



MALDIVES RETIREMENT PENSION SCHEME
(ADMINISTERED BY MALDIVES PENSION ADMINISTRATION OFFICE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

19 COMPARATIVE FIGURES

To facilitate comparison, relevant balances pertaining to the previous year have been re-classified to conform to current year's classification and presentation.

20 EVENTS AFTER THE REPORTING DATE

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

21 RELATED PARTY TRANSACTIONS

Maldives Retirement Pension Scheme (MRPS) was established under Maldives Pension Act No 8/2009 on 13 May 2009 and investment and administration activities of MRPS are managed and administered by MPAO. The Government of Maldives directly and indirectly appoints the Board members of MPAO. Hence, the Government of Maldives is considered as related party to MRPS as per IAS 24 Related Party Disclosures. Transactions with government and related entities during 2021 are as follows.

Related Party	Relationship	Nature of Transactions	Amount		Balance as at	
			2021 MVR	2020 MVR	31/12/2021 MVR	31/12/2020 MVR
Ministry of Finance (MOF)	Member of Ministry of Finance represents at MPAO Board	T'bills- Purchases	8,537,814,171	7,001,413,270	-	-
		T'bills- Matured	(7,057,263,317)	(5,883,121,831)	-	-
		Investments	-	-	8,637,020,244	7,119,547,251
		T'bond-	459,000,000	500,000,000	-	-
		T'bond- Matured Investments	(459,000,000)	(643,453,000)	-	-
					3,367,767,644	3,367,767,644



MALDIVES RETIREMENT PENSION SCHEME
(ADMINISTERED BY MALDIVES PENSION ADMINISTRATION OFFICE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

21 RELATED PARTY TRANSACTIONS (CONTINUED)

MRPS has transactions with entities directly or indirectly controlled by the Government of Maldives, MPAO, agencies, affiliations and other organizations, collectively referred to as government entities. The Investment and administration activities of MRPS are managed and administered by Maldives Pension Administration Office (MPAO) in accordance with the requirements of the Act. As per the Act MPAO receives a management fee at an annual rate of 0.6%(2020 - 0.6%) of the net assets value of MRPS.

Related Party	Relationship	Nature of Transactions	Amount		Balance as at	
			2021 MVR	2020 MVR	31/12/2021 MVR	31/12/2020 MVR
Maldives Pension Administration Office (MPAO)	Administration office of MRPS	Management fee Settlements	(76,891,476) 76,036,629	(67,227,205) 67,227,205	- (7,045,370)	- (6,190,523)

21.1 Transactions with the Key Management Personnel

MPAO's Board Members' remuneration and other expenses are paid through MPAO budget for which the main income is derived from the administration fee charged from MRPS.

22 MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management is responsible for the preparation and presentation of these Financial Statements.

23 CONTINGENT LIABILITIES

There were no material capital commitments approved or contracted as at the reporting date.



MALDIVES RETIREMENT PENSION SCHEME
(ADMINISTERED BY MALDIVES PENSION ADMINISTRATION OFFICE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

24 INVESTMENT FUND ANALYSIS

MRPS comprise of the following sub funds.

Income	Investment		Shariah		Conservative		Shariah Retirees		Housing		Recognition Bond		Consolidated Adjustment		Total	
	MVR		MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	2021
Net Contribution Income	1,113,325,504		28,727,868		(42,323,825)		(835,515)		-			(76,900,020)		126,090,628		1,148,084,640
Interest Income	549,803,820		10,125,173		19,278,092		236,056		1,226,966			178,557,346		-		759,227,454
Dividend Income	40,435,438		6,039,600		-		-		-			-		-		46,475,038
Other income	1,703,564,762		44,892,641		(23,045,733)		(599,459)		1,226,966			101,657,326		126,090,628		1,953,787,132
Inter-Portfolio Movements	465,349		4,332		907		-		-			-		63,507		534,094
Management fee	(153,465,894)		72,736,563		79,613,261		1,852,256		(736,187)			-		-		-
	(72,615,239)		(1,777,259)		(2,264,708)		(34,563)		(199,705)			-		-		(76,891,476)
Increase in net assets attributable to members	1,477,948,978		115,856,277		54,303,726		1,218,234		291,075			101,657,326		126,154,135		1,877,429,750
ASSETS																
Cash and cash equivalents	44,679,461		1,402,112		3,822,219		366,861		82,874			-		5,698,507		56,052,034
Contribution and other receivables	10,588,399		1,010,716		1,870,032		(420)		198,796			-		149,785,184		163,452,708
Investment in financial assets	12,773,370,263		369,418,557		450,836,564		7,488,606		-			-		-		13,601,113,991
Recognition bond	-		-		-		-		-			3,732,824,755		-		3,732,824,755
Housing collateralization deposit	-		-		-		-		33,931,337			-		-		33,931,335
Total Assets	12,828,638,123		371,831,386		456,528,815		7,855,047		34,213,007			3,732,824,755		155,483,691		17,587,374,823
LIABILITIES																
Other Payables	7,932,806		187,978		198,310		3,022		-			-		(1,437,539)		7,720,099
Contribution collection accounts	-		-		-		-		-			-		5,698,507		5,698,507
Total liabilities (excluding net assets attributable to members)	7,932,806		187,978		198,310		3,022		-			-		4,260,968		13,418,606
ACCUMULATED MEMBERS' BALANCE																
Accumulated members' balance	12,820,705,318		371,643,407		456,330,505		7,852,025		33,377,484			3,732,824,755		151,222,723		17,573,956,217
Total accumulated members' balance and Liabilities	12,828,638,123		371,831,386		456,528,815		7,855,047		33,377,484			3,732,824,755		155,483,691		17,587,374,823

