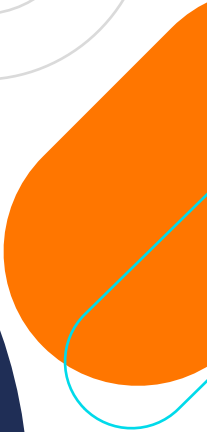




PENSION OFFICE

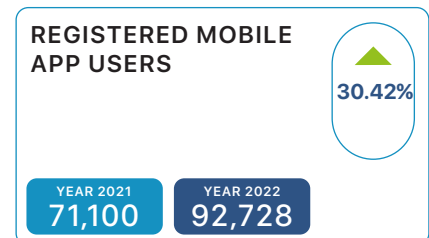
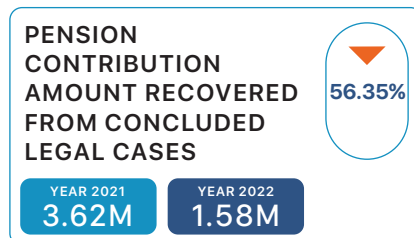
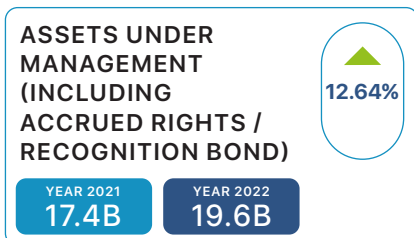
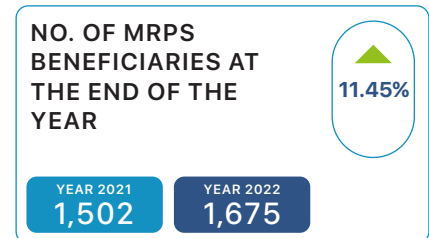
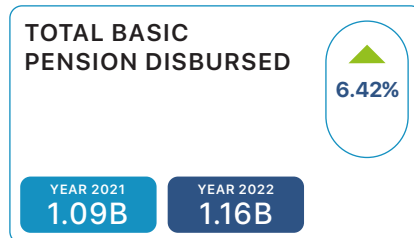
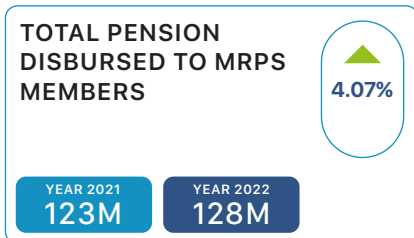
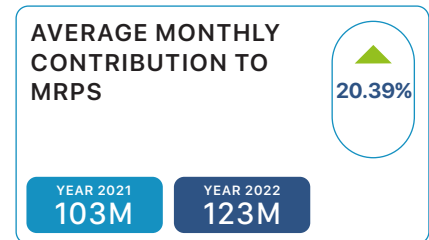
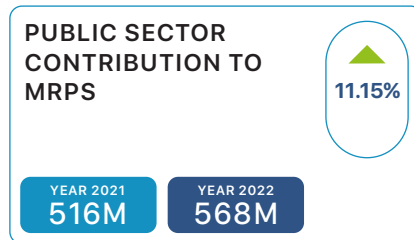
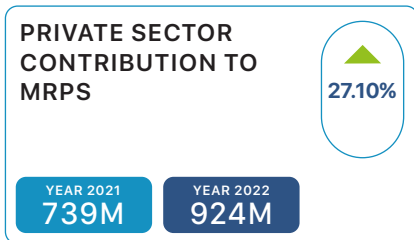
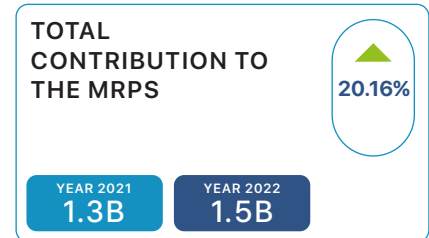
ANNUAL REPORT 2022



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ATA GLANCE



KEY MESSAGES

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MESSAGE FROM THE CHAIRPERSON



AHMED INAZ, PHD
Chairperson of the Board

On behalf of the Board of Maldives Pension Administration Office, I am pleased to present the Annual Report and Financial Statements for the year ending 31 December 2022. This Report will present an update on the investment performance of MRPS, operations of Pension Office and MRPS as well as key achievements and activities of the year.

2022 was a year of rebound from the unprecedented effects of the COVID-19 pandemic. Despite the global economic slowdown compounded by geopolitical tension, the country has seen sustained economic growth. Pension Office continued to provide excellent service to our members and beneficiaries without any disruptions. The 13 years of service continuation was made possible by embracing digital technologies that are resilient and

sustainable. Over the years, Pension Office has constantly adopted service excellence and service expansion as a key priority. Alongside, Pension Office has also contributed to the development of the financial sector, the well-being of the elderly, and society. During the year pension contributions to the MRPS have increased by 18.9% compared to 2021. At the end of the year, the combined asset value of the fund stood at MVR 19.6 billion representing a net increase of 12.4% compared to the previous year.

As fiduciaries of the Maldives Retirement Pension Scheme, the Board ensured that all its responsibilities were carried out with the highest standards of governance and oversight. Of note, the following are the key highlights of the year:

STRENGTHENING GOVERNANCE AND OPERATIONAL EFFICIENCY

During the year, the Board regularly reviewed the administrative and operational effectiveness of Pension Office. This included conducting a review of internal policies, formulating a 3-year Strategic Plan, and revising the Organisational Structure. The Internal Audit function reporting to the Board continued to assess and report on the effectiveness of the internal control systems.

“We continue to ensure good governance of the pension fund. We aim to work closely in partnership with our stakeholders to ensure adequate investment returns, pension security, and pension stability of our people.”

APPOINTMENT OF CHIEF EXECUTIVE OFFICER

In 2022 we welcomed a new Chief Executive Officer to lead the Pension Office. The Board completed the recruitment process and appointed Ms. Sujatha Haleem as the CEO on 31 October 2022. Sujatha has been a prominent figure in implementing a contemporary pension system in the Maldives. She has also dutifully carried out the role of the Acting Chief Executive Officer and has held a number of executive roles in the Pension Office since 2014. The Board believes that with Sujatha's strategic insight, operational expertise, and charismatic leadership, Pension Office would bring about transformative changes in the years to come. On behalf of the Board, I extend a very warm welcome and congratulations to the CEO Sujatha Haleem.

INVESTMENTS

A key priority on the investment front involves ensuring that the retirement savings of our members in the MRPS fund are invested in optimal risk-adjusted return options. Envisioning portfolio diversification and maximizing member returns, the Board continues to proactively analyze additional investment options. The Board confidently assures members of the MRPS that the fund remains well administered. The Board is closely collaborating with stakeholders in diversifying the current investment portfolio and supporting financial sector development efforts. Board believes that the investment infrastructure needs to be strengthened to build investor confidence and to develop the capital market.

ACKNOWLEDGEMENTS

I express my sincere gratitude to the former Chairperson of the Board, Ms. Athifa Ali, for her valuable contribution and insight in ensuring the establishment of sound governance procedures and operational excellence within all aspects of service provision.

I also welcome the new Board Members who joined us during the year equipped with a diverse set of knowledge and experience.

With profound appreciation, I thank fellow Members of the Board for their unwavering support and guidance in ensuring the fulfilment of the mandated functions bestowed upon us by the Pension

Act. The Board Members remain committed to setting a growth-oriented strategic direction in maximizing value for our members and beneficiaries.

The Board and I are proud of the achievements of the Pension Office since its inception. They signify the unwavering efforts of a committed team inspired to provide exceptional services to our members, beneficiaries, and stakeholders. On behalf of the Board, I applaud the employees of the Pension Office for their incredible resilience and enthusiasm.

I wholeheartedly recognize the outstanding work and achievements of the Pension Office team spearheaded by the Acting CEO Sujatha Haleem during the unprecedented challenging times of COVID-19. I applaud the senior management for their commitment and support in ensuring service excellence.

I appreciate the Pension Supervision Department at the Capital Market Development Authority for their guidance and vital supervisory role in ensuring our adherence to best practices.

Special gratitude to the employers of MRPS, and our stakeholders including financial institutions for their support and close collaboration.

The Board sincerely appreciates members of MRPS for their trust and confidence in the Board and Pension Office to manage their retirement savings.

LOOKING AHEAD

As we continue to ensure good governance of the pension fund, I assure that the Board would exercise our fiduciary duty and administrative obligations diligently. We also aim to work closely in partnership with our stakeholders to ensure adequate investment returns, pension security, and pension stability of our people.

Leveraging our technical capacity in providing secure and innovative technological solutions, we remain committed to establishing a sustainable and attractive pension system. As a pivotal player in the capital market, the Board of Pension Office is embarking on the coming years with confidence and optimism.

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER



SUJATHA HALEEM
Chief Executive Officer

2022 marked 13 years of service of the Pension Office in administering pension schemes for retirees and providing retirement saving and investment services to members of the Maldives Retirement Pension Scheme (MRPS). Since its inception, the goal of the Pension Office has been to deliver a sustainable pension plan that offers financial stability to current and future retirees of Maldives.

MRPS remains well administered and effectively governed at the best interest of our members. During the year 2022, notable growth was observed in member contributions to the scheme. As at 31 December 2022, the total members contributing to MRPS increased by 4.46%, from 113,721 to 118,790 members. Our assets under management increased by 12.4% to MVR 19.6 billion and the scheme earned a return of 4.90%.

Despite the economic volatility and the evolving and challenging environment, Pension Office has proven to be resilient in providing service excellence to its members. Taking up the role as CEO of the Office, I see great opportunities for the Pension Office to grow and achieve its foothold as a high performance organisation.

REVIEW OF STRATEGIC FRAMEWORK AND SETTING STRATEGIC DIRECTION

A key milestone of 2022 has been the adoption of our 3 year Strategic Plan with priorities on investment diversification, member benefits and service enhancement, digital transformation and increasing awareness and research initiatives.

Building and developing our team is crucial to achieving our strategic targets. Therefore, our strategic plan recognizes the vital role played by our staff in achieving these targets. As a result, we have adopted a new organisational structure that focuses on identifying resource requirements for the office, attracting qualified and experienced professionals, and retaining top talent. Furthermore, we have invested in people and skill development by conducting various training programs throughout the year to equip our team with the necessary skills to meet the demands of a dynamic workplace.

To enact the Strategic Plan 2022-2024, we have also adopted the Objective and Key Results (OKR) goal setting framework. We will be integrating the OKR methodology in our Monitoring and Evaluation framework. This is expected to help maximise performance by aligning and connecting our employees to organisational goals.

“ Raising the bar for innovation and excellence, ensuring the best interest of our members, we aim to increase our return on investments by basing our strategy on the principles of economic growth, sustainability, and optimal portfolio allocation.”

STAKEHOLDER ENGAGEMENT

As the largest investment fund in the country, our growth is closely tied to developments in the economy and the capital market. We recognize that our success is a result of the support and collaboration of our stakeholders, including institutions that have actively engaged with us to help us achieve our goals. We would like to express our gratitude to the Ministry of Finance for their support and receptiveness in exploring investment expansion opportunities for the MRPS fund.

At the same time, we understand that engaging with our members is an integral part of delivering our mandate. Thus, we have continued to conduct various awareness and information sessions on savings, retirement, and the pension system of the Maldives.

Furthermore, the Pension Office is committed to contributing to the social security and well-being of the Maldivian people through our CSR activities. We have invested in projects and programs aimed at increasing financial literacy. Among our CSR initiatives in 2022 including our support to the Ministry of Gender, Family and Social Services and NGOs such as Israhvehinge Jamiyya and the Alzheimer's Society. We have also supported the Accountant's Forum in its efforts to promote financial education.

FUTURE ASPIRATIONS

Our key priorities for the upcoming years include investment diversification and improving the risk-adjusted return of our fund. Raising the bar for innovation and

excellence, ensuring the best interest of our members, we aim to increase our return on investments by basing our strategy on the principles of economic growth, sustainability, and optimal portfolio allocation. We also recognize the importance of environmental and social issues, particularly climate change, to the livelihood of the community, and we are committed to making significant and meaningful contributions in this area.

While Pension Office has achieved major milestones in providing seamless service, we aspire to further digitalize our services to increase efficiency and effectiveness. In addition to service enhancement, we will focus on benefit enhancement for our members. Our vision for the future is to evaluate and introduce viable benefit schemes for MRPS members that add value to contributing members.

In a broader context, we believe that adopting a lifecycle approach through the National Transfer Accounts framework is integral to policy formulation. Therefore, we will champion the development of a holistic social security framework in the Maldives.

APPRECIATION

I would like to express my gratitude and appreciation to Ms. Athifa Ali, the former Chairperson of the Board, whose tenure ended in June 2022. Ms. Athifa's guidance and support in ensuring a resilient pension system is greatly appreciated. My gratitude also goes to the new Chairperson, Dr. Ahmed Inaz, and the Board Members for providing continued strategic guidance.

Looking back at 2022, I am amazed by the magnitude of what our exceptional team has achieved. Delivering our mission and the successes would not have been possible without the hard work, commitment and dedication of our team. Each and every one at the Pension Office has contributed to our mission and has shown perseverance in meeting objectives. I once again commend their commitment and hard work.

I convey my sincere acknowledgment and gratitude to our stakeholders for their continued support and cooperation, and I sincerely appreciate our international partners for their continued support and technical assistance in enhancing the pension system of the Maldives.

The coming year is filled with challenges and opportunities and I look forward to a promising year ahead with transformative changes. With the guidance of the Board, commitment of our team, support of stakeholders, and our focus on long-term growth and security, we will develop our strength in ensuring a secure retirement for all pensioners.

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WHO WE ARE

Maldives Pension Administration Office (Pension Office) established under the Maldives Pension Act (Pension Act) is mandated with the following functions:-

- Administer and manage pension schemes established under the Pension Act;
- Provide Retirement Pension;
- Disburse 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.

CORE VALUES



INTEGRITY

High standards of honesty and transparency to preserve impeccable image nationally and internationally



COLLABORATION

Committed to openness, build and maintain positive relationships with our stakeholders and partners and collaborate for mutual benefit.



ACCOUNTABILITY

Take ownership of our work and strive to deliver excellence, always focusing on finding solutions.



INNOVATION

Value new ideas and new ways to interpret and understand surroundings and emerging trends.



EXCELLENCE

Deliver the best results through passion, dynamism and determination and ensure the highest level of performance.



OUR VISION

“Ensure future pension security and pension stability of our people”



OUR MISSION

“To enhance the sustainability and attractiveness of the pension system”

We will:

- Promote the basic principles of earning, saving and investing now to finance future pension income with fairness and intergenerational equity.
- Produce reliable information and up to date analytics to support decision-making.
- Reinforce confidence in the pension system through communication, dialogue and education, to increase understanding of how we operate the pensions system.

ACCREDITATIONS

ISO CERTIFICATION



(ISO/IEC 27001:2013) Information Security Management System - 6th March 2020

ISSA CERTIFICATION



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

PENSION OFFICE FINANCING



As per Section 7(a) of the Pension Act, the Pension Office is financed through an administrative fee charged on the Retirement Saving Account (RSA) balance of Maldives Retirement Pension Scheme (MRPS) members. In the year 2022 the administrative fee charged was 0.6%.

Presented below is the administrative fee and annual expenditure of the Pension Office during the year 2022.



ADMINISTRATIVE FEE

MVR 96,096,470



ANNUAL EXPENDITURE

MVR 39,041,771

OUR JOURNEY

2021

December: Launching of Koshaaru Portal - Maldives First Fully Digital Customer Service Portal

2019

Mar: 4th amendment to Pension Act
Mar: Induction of Hajj Scheme

2017

Jan: Admin fee levied on MRPS members reduced from 0.9% to 0.8%
Mar: First disbursement of funds towards collateralization of RSA funds for housing schemes
Aug: Pension Office's IT infrastructure moved to Google Cloud
Dec: MRPS contributions surpassed MVR 1 billion mark

2015

Jan: Admin fee levied on MRPS members reduced from 1% to 0.9%
May: Establishment of Pension Office Contact Center
May: Release of Pension Office Mobile Application

2013

Feb: First MRPS investment in Fixed Income Corporate Bond issued by HDFC
Dec: MRPS investment in Sukuk issued by HDFC

2011

Apr: Implementation of centralized state pension disbursement mechanism
May: Participation of private sector employees in MRPS
Oct: Member online access to Retirement Savings Account
Nov: First MRPS investment in Equity
Nov: Commence disbursement of pension for foreigners

2009

May: Ratification of Pension Act and establishment of Pension Office

2022

June: Adoption of Strategic Plan 2022 - 2024
Sep: Migration to new Organisational Structure
Dec: Land acquired for development of Pension Office building

2020

Mar: Formal recognition of ISO 27001
Jun: Formal recognition of ISSA compliance on contributions and collection

2018

Jan: Admin fee levied on MRPS members reduced from 0.8% to 0.6%

2016

Apr: 3rd Amendment to Maldives Pension Act was ratified
Aug: Regulation on Collateralization of RSA Funds Towards Housing Schemes was published
Aug: The new Pension Office website, including a new Divehi version, was launched

2014

Mar: First trade in secondary stock market
Jun: Commencement of work towards formulation of a Disability Insurance Scheme for MRPS members
Aug: Commencement of participation of self-employed persons in MRPS
Sep: Establishment of an Investment Compliance and Internal Audit function within Pension Office
Dec: Completion of the first year as a financially independent institution

2012

May: Launch of "Koshaaru" - Pension Management System

2010

May: Introduction of MRPS and participation of state employees
Jun: First investment of pension funds
Oct: Commencement of disbursement of pensions from MRPS
Dec: Issuance of recognition bond for accrued pension rights

LEADERSHIP

BOARD MEMBERS



AHMED INAZ, PHD
Chairperson of the Board

PUBLIC SECTOR REPRESENTATIVES



**SHIFAZA
WAJEEH**
Board Member



**FATHIMATH ABDULLAH
KAMAALUDDEEN**
Board Member



**MARYAM ABDUL
NASIR**
Board Member

PRIVATE SECTOR REPRESENTATIVES



**UZA. LAILA
MANIK**
Board Member



**ABDUL MAJEEED
ALI**
Board Member



**MOHAMED GHALY
MURTHALA**
Board Member



**ABDUL HALEEM
ABDUL LATHEEF**
Board Member

EXECUTIVE MANAGEMENT



SUJATHA HALEEM
Chief Executive Officer (CEO)



AHMED SHAFEEZ
Chief Technology Officer (CTO)



MOHAMED SHAHID
Chief Financial Officer (CFO)



AISHATH NAJLA
Chief Internal Auditor

SENIOR MANAGEMENT



MAHMOOD WAHEED
Director, Innovation
and Technology



AISHATH FAZNA
Director, Stakeholder
Relations



MARIYAM SHADIYA
Head of Member
Services



**MARIYAM MAJIDHA
HASSAN**
Head of Collection
and Compliance



ALI HANEEF
Head of Fund
Management



**AMINATH ENASH
AHMED**
Head of Executive
Bureau



MARIYAM JUMANA
Head of Pensions and
Benefits



**AMINATH
IRTHIYASHA**
Head of Investment
and Advisory Services



ABDULLA FIKUREE
Head of Legal Affairs



MOHAMED NASEEH
Head of Human
Resources

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KEY HIGHLIGHTS



2022

STRATEGIC PLAN 2022 - 2024

In 2022, a new 3-year strategic plan for Pension Office was formulated, re-defining the vision and setting a revamped strategic direction for the organisation. The strategy document approved by the Board outlined the strategic priorities and enablers, as well as specific initiatives required to accomplish organisational mission.

ORGANISATIONAL REVIEW AND RESTRUCTURING

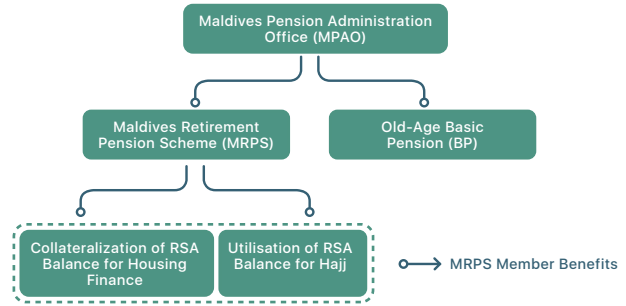
In-order to implement the strategic plan objectives, a fundamental enabling requirement was to align the organisational functions and accountabilities with the new strategic priorities. Towards accomplishing this, an organisational review was conducted and a new organisational structure was adopted in September 2022. Implementation of the new structure included migration of existing staff to the new structure, along with identifying and redefining the gaps in staffing and compensation across the organisation. Recruitment of additional staff identified under the restructuring process across various departments and divisions was initiated in September 2022.

APPOINTMENT OF CHIEF EXECUTIVE OFFICER

In step with setting strategic direction, another salient issue addressed by the Board was the appointment of a Chief Executive Officer (CEO). Following a rigorous selection process, the Board appointed Ms. Sujatha Haleem to the position of CEO. Having led the organisation in the capacity of Chief Operating Officer (COO) and also as the acting CEO, her appointment has boosted the stakeholder confidence in the organisation, promising stability and continuity in the coming years.

SCHEME ADMINISTRATION

Under the Pension Act, the Pension Office administers two pension schemes; the contribution based Maldives Retirement Pension Scheme (MRPS), and the Old-Age Basic Pension (BP) funded by the Government. Members of the MRPS also have the opportunity to benefit from their savings prior to retirement age, via additional products offered under MRPS; collateralization of RSA Balance for Housing Finance and Utilisation of RSA Balance for Hajj.



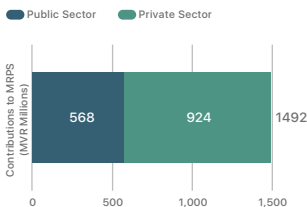
MALDIVES RETIREMENT PENSION SCHEME

MRPS aims to ensure that members save a portion of their earnings during their working life, enabling them to financially support themselves upon retirement. MRPS is a defined contributory pension scheme, with both the employee and the employer contributing an amount equivalent to 14 percent of the employee’s pensionable wage. Contributions are invested in different assets through the Funds managed by the Pension Office, and upon retirement the members are entitled to receive the returns from these investments on top of the accumulated contributions.

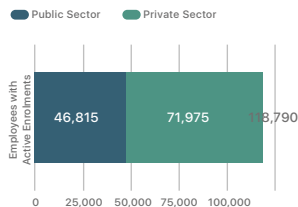
CONTRIBUTIONS TO MRPS

By the end of the reporting period, a total of 118,790 employees across 3,212 registered employers were actively enrolled under the MRPS. In 2022, employers and employees jointly contributed a total of MVR 1.49 billion to the MRPS, with the larger portion of contributions coming from the private sector.

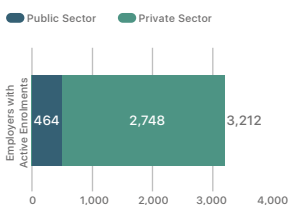
Contributions to MRPS in 2022



Employees with Active Enrolments in 2022



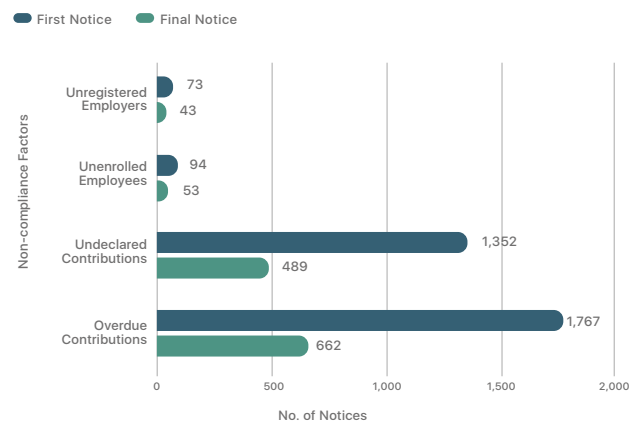
Employers with Active Enrolments in 2022



COMPLIANCE

As envisioned by the Pension Act, in order to protect the rights and future pension security of Maldivians, the Pension Office ensures employers comply with the mandatory obligations and take action against non-compliant employers. Actions taken against non-compliant employers include serving notices, publishing employer’s information on the Pension Office website, and proceeding to legal action upon exhaustion of all these actions.

Non-Compliant Notices Issued in 2022



During the year, over 1,200 final notices were sent to non-compliant employers, citing lack of compliance over a variety of factors, amongst which the leading area of non-compliance being pending and overdue contributions towards MRPS.

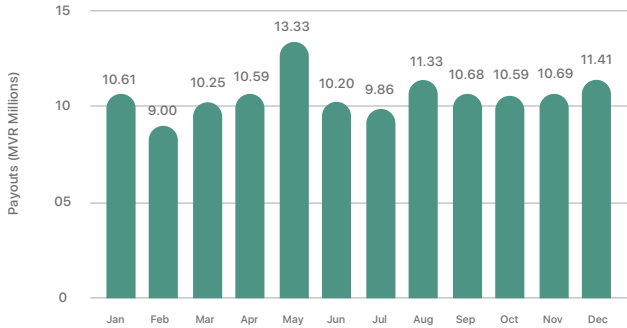
For cases that failed to be resolved during notification and resolution stages, legal action was taken against non-compliant employers. In 2022, a total of 58 court cases were registered against non-compliant employers.

Including ongoing court cases from previous years, a total of 24 cases were concluded in 2022, leading to recovery of MVR 1.58 million in overdue pension contributions.

PAYOUTS FROM MRPS

On average, around 1,674 beneficiaries received monthly MRPS payouts in 2022, with a total amount of MVR 128 million being disbursed by the end of the year.

MRPS Monthly Payouts in 2022



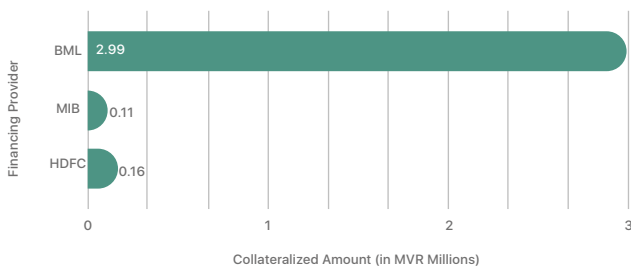
BENEFITS SCHEMES FOR MRPS MEMBERS

Apart from the monthly payouts, eligible members of the scheme are also entitled to receive benefits prior to retirement, through MRPS based products offered by Pension Office; including Collateralization of RSA Balance for Housing Finance, and Utilisation of RSA Balance for Hajj.

Collateralization of RSA Balance for Housing Finance;

Offered in collaboration with housing finance providers, under this scheme, members are able to collateralize a portion of their RSA balance towards purchase of housing through third-party financing mechanisms. Any returns generated on the collateralized amount is periodically credited to the individual's RSA, and the collateralized amount is returned back to MRPS at the end of the financing period.

Collateralizations in 2022



During the reporting period, 17 MRPS members joined this scheme and collateralized an amount totalling MVR 3.26 million with different financing providers. This adds to the existing collateralizations from previous years, with a net value of MVR 33.5 million in collateralized deposits by the end of 2022, which also includes an income of MVR 1.7 million earned on the collateralized deposits.

Utilisation of RSA Balance for Hajj;

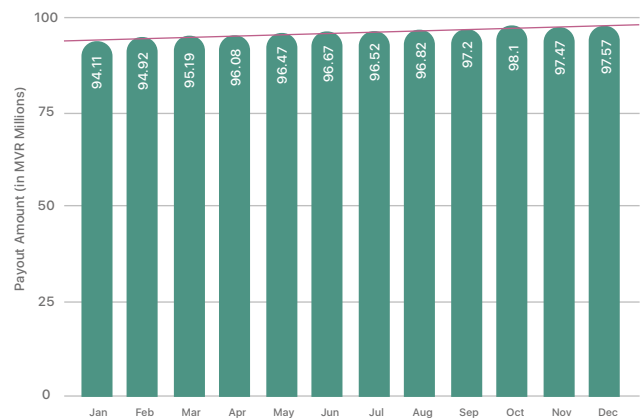
This scheme allows eligible MRPS members to utilise funds from the individual's RSA balance towards financing their obligatory Hajj pilgrimage.

During the year 2022, a total of 19 members utilised RSA funds to perform Hajj and a total of MVR 1.06 million was disbursed to the facilitating partner; Maldives Hajj Corporation Limited.

BASIC PENSION SCHEME

Old-Age Basic Pension Scheme (BP) is designed to ensure financial security for senior citizens above 65 years of age by providing a minimum level of pension. Fully funded by the Government, this scheme provides a lifelong pension benefit to all Maldivian citizens meeting the eligibility criteria of the scheme.

Basic Pension Payouts in 2022



From January 2022 to December 2022, a total of MVR 1.16 billion was disbursed to beneficiaries registered with the Pension Office to receive Basic Pension. The number of net beneficiaries increased from 19,823 to 20,593 by the end of 2022.

DISBURSEMENT OF OTHER PENSION BENEFITS (OPBS)

Under a Memorandum of Understanding (MOU) executed between the Pension Office and the Ministry of Finance (MoF), Pension Office serves as the central agency for the disbursement of various state funded pensions and benefits to retirees since April 2011.

Pension Month	Beneficiaries	Payouts (in MVR Millions)
January	7,174	26.14
February	7,169	29.14
March	7,158	27.55
April	7,185	26.87
May	7,164	25.68
June	7,165	26.78
July	7,200	28.05
August	7,176	29.35
September	7,165	28.54
October	7,143	29.79
November	7,182	29.64
December	7,189	30.32



TOTAL BENEFICIARIES AS AT 31 DECEMBER 2022

7,189



TOTAL DISBURSED AMOUNT (MVR)

338 Million

MRPS PERFORMANCE REPORT

FUND PERFORMANCE

MRPS Funds	Net Assets (MVR, in Millions)	Returns		
		2022	2021	Since Inception
Investment	14,626	4.94%	5.00%	6.22%
Sharia	565	3.65%	5.80%	3.06%
Conservative	517	4.45%	4.40%	5.27%
Sharia Conservative	9.2	2.22%	3.40%	3.15%
Recognition Bond	3,843	5.00%	5.00%	5.26%

Individual Funds Size and performance

In terms of the performance of the individual funds, the Investment Fund showed a decline in return by 0.1% in the year 2022, largely owing to the decline in the dividend received during the year on the equity investments made by the fund. Both the Sharia and Sharia Conservative fund also showed a decline in its return. The Sharia fund's returns stabilised in 2022 after the huge rise in 2021 contributed by the receipt of deferred dividends from MIB. Also the changes brought to the GIA profit rates, which are lower than previous years, contribute to the decline in returns for both Sharia and Sharia Conservative.

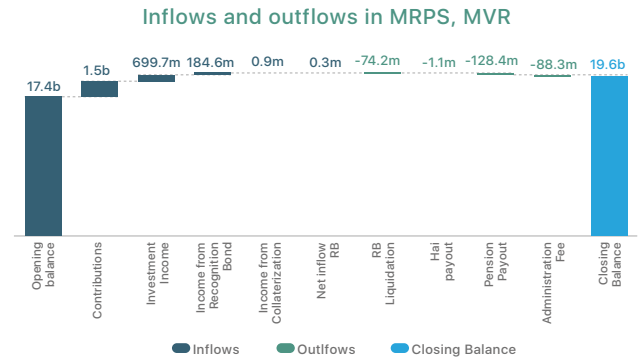
The return for both the Conservative fund and Recognition Bond has remained steady and equivalent to the previous year.

MRPS Returns	2022
12-month	4.90%
3-year	5.00%
5-year	5.07%
Since Inception	5.67%

MRPS performance, in percentage

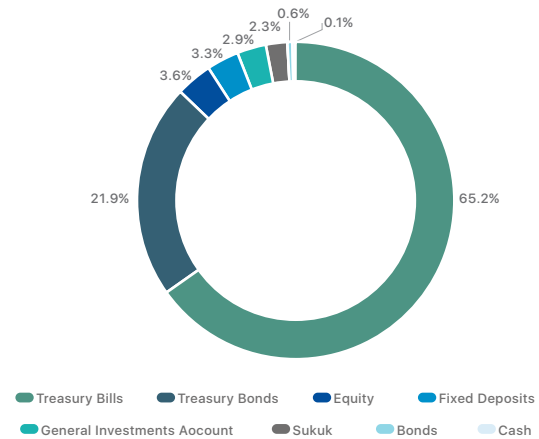
The total return for the MRPS for the year was more or so equivalent to the return for the Investment fund which is likely due to the Investment Fund being the largest fund in the scheme.

FUND ACTIVITIES & ALLOCATION



During the year, the funds' combined asset value reached MVR 19.6 billion, representing a net increase of 12.4% compared to the previous year's value of MVR 17.4 billion.

MRPS Asset Allocations for the year 2022



The composition of Treasury Bills, General Investments Account and Fixed Deposits holding increased to 65.2%, 2.9% and 3.3%, respectively, relative to 63.2%, 1.9% and 2.0% in 2021. Below table provides details of the allocation of these asset classes by the counterparty.

Asset Class	Security Issuer	Allocation
Equity	Dhiraagu	1.5%
	Ooredoo	1.6%
	MIB	0.5%
Treasury Bills	Government	65.3%
Treasury Bonds	Government	21.9%
Corporate Bonds	HDFC	0.6%
Sukuk	HDFC	2.3%
Fixed Deposit		3.3%
General Investment Assets	MIB	2.9%

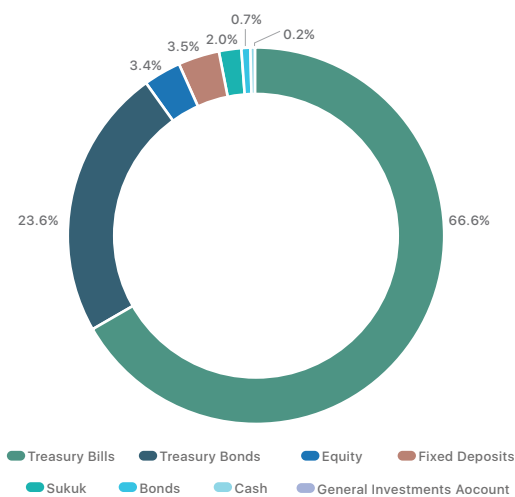
MRPS Asset Allocations by counterparty for the year, in percentage

INVESTMENT FUND

The Investment fund is a pre-retirement fund for members to contribute and grow their retirement savings through gains from investments in various assets. It is the largest fund in the scheme by asset size, with a net asset value of MVR 14.6 billion at the end of 2022. This represents an increase of 14.0% relative to the previous year (2021: MVR 12.8 billion). More than 90% of the contribution inflows to the MRPS is received to this fund. For the year ended 2022 the contributions received to the fund was recorded at MVR 1.4 billion which is a 17.7% increase in contribution relative to previous year. The fund also earned MVR 660.2 million as income from investments made from the fund, resulting in an increase in income by 11.9% in comparison to income of MVR 590.2 million received in 2021.

With regard to the outflows, a net intra-fund transfer of MVR 222.7 million was made from the Investment fund during the year. This represents intra-fund transfers made to the 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 administering the scheme. During the year charges of MVR 82.6 million were realised as fees for the administration of the fund.

Investment Fund Asset Allocations for the year, in percentage



In terms of the asset composition of the fund, 27.6% of the funds are placed in long term investments which consist of Treasury Bonds, Equity, Corporate Bonds and Sukuks. Moreover, 70% of the fund is allocated in more liquid assets (Treasury bills, Fixed deposit, General Investment). These results are largely driven by the sparse investment opportunities available in the market for longer term investments.

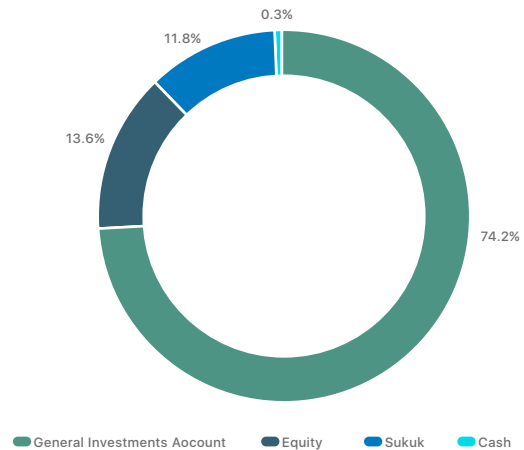
SHARIA FUND

Members of the MRPS who wish to invest their funds in sharia compliant instruments have this option by choosing the Sharia Fund for contributions. At the end of the year the Net Asset Value of the fund amounted to MVR 565.0 million. This was an increase of 51.9% compared to the value of MVR 253.6 million in the previous year.

The contributions collected by the fund significantly increased by 63.8% to MVR 51.2 million compared to previous year. The fund also earned MVR 17.0 million as investment income.

The significant increase in the Net Asset value of the fund and the contribution received to the fund was owed to the large intra-fund transfers made during the year amounting to MVR 129.0 million. This represents the switch of members from the Investment fund to Sharia fund. In regards to the outflow from the fund, 1.4 million was transferred to the Sharia Conservative fund, resulting from the retirement or death of members. The Administrative Fee of 0.6% charged to the fund resulted in MVR 2.9 million for the year.

Sharia Fund Asset Allocations for the year, in percentage



In terms of the composition of the fund, the majority of the fund is invested in General Investment Asset (GIA), comprising 74.2% of the asset base. The main cause for this is the scarcity of sharia-compliant assets in the financial market to invest. The remaining 25.8% are in Equity investment made in Maldives Islamic Bank shares and Sukuks invested in HDFC and a marginal position held in cash.

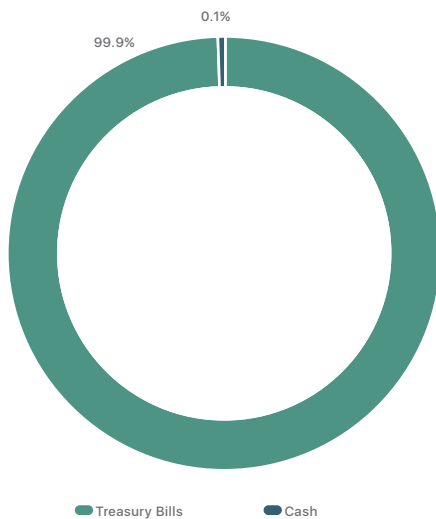
CONSERVATIVE FUND

The Conservative fund of MRPS is a post retirement fund, designed to provide the retiring members with periodic pensions. The objective of the fund is to preserve the capital of retiring members.

The Net Asset Value of the fund increased by 13.3% during the year. The largest inflow to the fund was intra-fund transfers of MVR 94.8 million which represents the transfers of the retirement savings of MRPS members from the Investment fund once they reach the retirement age of 65 years. This includes a total of 736 retired members during the year, which is an increase of 14% from the previous year (2021: 645 retirees)

A total of MVR 127.2 million was paid to retirees and this represented an increase of 5.6% when compared to previous year's pension disbursement of MVR 120.5 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 in Cash and Cash Equivalents consisting of Treasury bills (99.9%) and cash (0.1%), to meet the requirement of pension disbursement to the retirees.

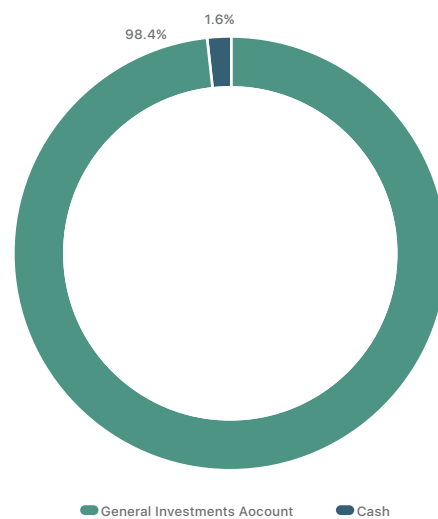
SHARIA CONSERVATIVE FUND

The Sharia Conservative fund is the post retirement fund for the Sharia Fund members and is managed with the aim of providing periodic pensions to the retiring members.

The Sharia Conservative fund received a total of MVR 1.4 million during the year from intra-fund transfers, which includes RSA balances of retirees from the Sharia Fund. This included a total of 9 retired members compared to 4 members retired in the previous year, resulting in an increase above 100% for the year.

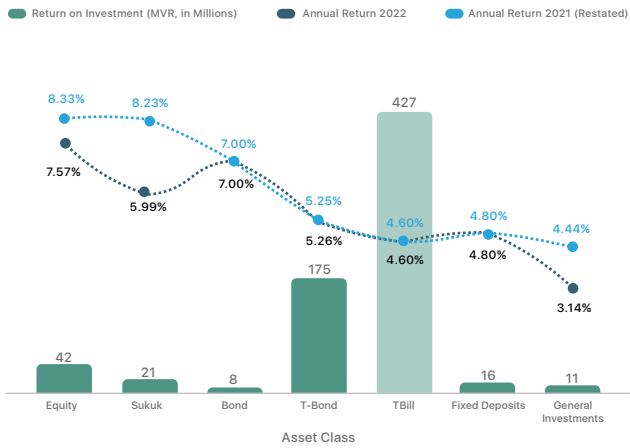
A total of MVR 1.3 million was paid out as pension benefits to the retired members compared to the MVR 1.1 million disbursed in the previous year. An Administrative Fee of MVR 0.04 million was charged to the fund during the year. At the end of the year the Net Asset Value of the fund accumulated to MVR 9.2 million; an increase of 17.1% from the previous year (2021: MVR 7.9 million).

Sharia Conservative Fund Asset Allocations for the year, in percentage



The fund invests only in assets which are sharia compliant and comprises 98.4% of assets solely in GIAs issued by the Maldives Islamic Bank and holds a marginal amount in cash for liquidity purposes which comprises a mere 1.6% of the fund.

ASSET PERFORMANCE



The total return on investment for the year amounted to MVR 699.7 million, which was an increase of 11.8% compared to previous year (2021: MVR 625.9 million)

While Equity remained the highest yielding asset class during 2022 consistent with previous years, the annual return of 7.6% represented a decrease from the previous year (2021: 8.3%). The decrease was largely attributed to the fall in the total dividend received for the year,

contributed by the decrease in the dividend from Dhiraagu compared to the previous years. The total dividend for 2022 amounted to MVR 42.3 million, which is a decline of 9% relative to the previous year's dividend receipt of MVR 46.5 million.

While the return for the Fixed income instruments have substantially remained the same, the return for both Sukuk and GIA showed a decline during the period. These asset classes are largely dependent on the performance of the underlying assets and hence the return received can fluctuate during the period. The 2.2% decline in Sukuk's return was primarily due to the initial profits received from the most recent MRPS investment in Sukuk being lower for the period. Conceptually for Sukuk investments, the initial period usually tends to generate lower returns as the funds received from the Sukuk issue may not be fully disbursed for Housing Finance and gradually begin generating higher profits after the full disbursement. A decline of 1.3% was also observed in the GIA returns, largely contributed by the revised profit sharing ratios for the asset class during the year.

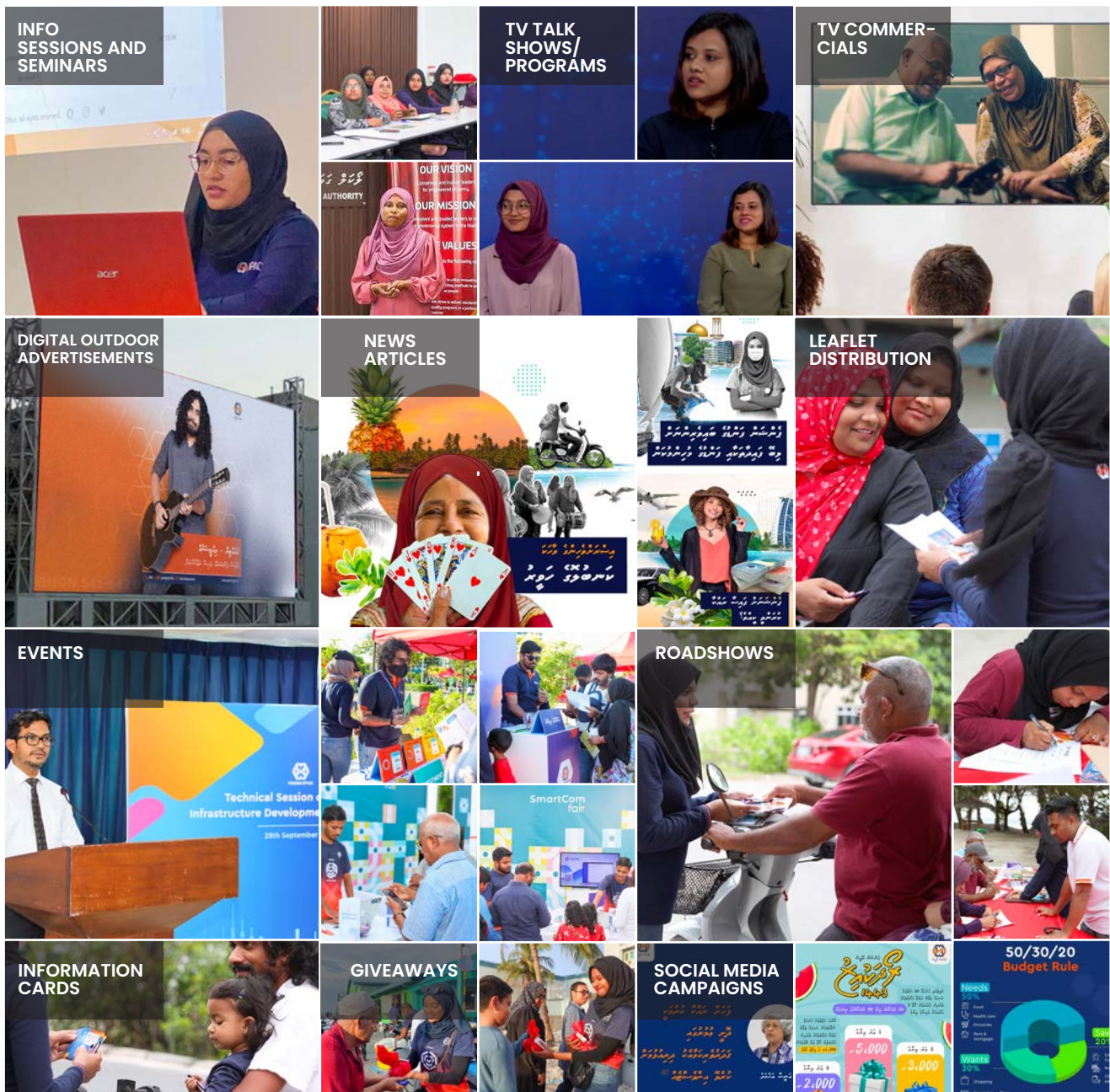
PUBLIC RELATIONS AND AWARENESS

Public Relations activities are mainly focused on raising awareness on saving for retirement and providing up-to-date information on services of Pension Office to members and the general public.

In 2022, a range of activities including face-to-face sessions, distributions of awareness materials, road shows and social media campaigns were conducted to raise awareness on saving for retirement. Targeted social media campaigns, training and seminars were also conducted to provide guidance and assistance on using the services of Pension Office.

Additionally, Pension Office organised and participated in several collaborative events to increase awareness on important issues such as well-being of senior citizens, financial literacy, saving and investing.

We listen and make it easy for our members and pensioners to reach us



EVENTS AND ACTIVITIES

MALDIVES FINANCE FORUM 2022

Following a two year hiatus due to the COVID-19 pandemic, the Pension Office resumed and hosted its annual Finance Forum in 2022 with the objective of bringing together national experts and leaders of the finance industry to deliberate on issues, promote views and share experiences for the development of the financial sector in the Maldives. The event, based on the theme “Financial infrastructure development in the Maldives” was another resounding success amongst the participants and stakeholders.

“Financial infrastructure development in the Maldives”



INTERNATIONAL DAY OF OLDER PERSONS

Similar to previous years, in 2022, the Pension Office participated in festivities marking the United Nations International Day of Older Persons in the Maldives. Under the theme “Resilience of Older Persons in a Changing World”, this year’s activities celebrated the resilience of older persons living through climate disasters, pandemics, and experiencing the losses of family, income and social connectedness. Multi-agency activities were carried out in Fuvahmulah City, with the Pension Office organising the annual ‘Three Generation Walk’ aimed at bringing together three generations of people; children, parents and grandparents.

“ Resilience of Older Persons in a Changing World ”



DONOR FUNDED PROJECTS

SUSTAINABLE AND INTEGRATED LABOR SERVICES (SAILS)

Continuing and building upon the years of partnership with the World Bank (WB) on strengthening social security in the Maldives, in 2022 the Pension Office signed-on to become one of the implementing agencies of the Sustainable and Integrated Labor Services (SAILS) Project. The project aims to address the challenges of social sustainability, environmental sustainability, and fiscal sustainability in the Maldives.

The Pension Office will work with relevant government agencies to introduce an unemployment insurance framework and services. The Ministry of Economic Development (MoED) will be working in parallel to establish the necessary infrastructure and mechanisms required to provide employment services. Both components of the project contribute to building a resilient labour market.

COVID-19 EMERGENCY INCOME SUPPORT (CEIS) PROJECT

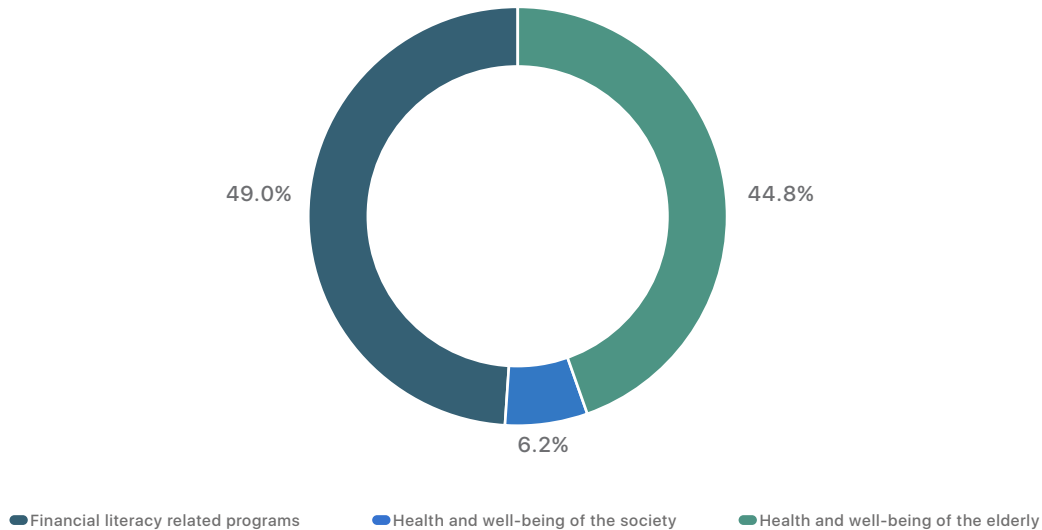
COVID-19 Emergency Income Support (CEIS) Project is a project funded by the World Bank and implemented by the Ministry of Economic Development (MoED). The project aims to mitigate the economic impact of the COVID-19 crisis on workers in the Maldives, and increase the capacity of social protection programs to respond to future emergencies.

One component of the project is strengthening social protection delivery systems in the country. Under this component, a technical consultant was hired to the Pension Office to conduct a comprehensive assessment of other pension benefits, and propose reform options for the issues identified. Results of this engagement will help advance the efforts towards streamlining existing pensions and harmonising social protection mechanisms. The Report will be published by the Pension Office in 2023.

CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

Under the CSR Policy, Pension Office provided sponsorship and financial assistance to a number of initiatives that targeted social security and wellbeing of the elderly people and improvement of financial literacy of the community.

Distribution of CSR expenditure between key priority areas



HEALTH AND WELL-BEING OF THE ELDERLY

Under this priority area, CSR funding was provided to the Ministry of Gender, Family and Social Services (MoGFSS) for their Ranveyla Campaign. Ranveyla Campaign sessions are conducted in different islands each year which includes activities aimed at increasing participation of senior citizens within the family and community, enhancing care and assistance provided for them and improving their health and wellbeing.

Financial assistance was also provided to the Maldives Senior Citizens Association towards achieving their programs aimed at advocating for the rights of senior citizens to enhance the quality of their life.

HEALTH AND WELL-BEING OF THE SOCIETY

With regards to contributing to ensuring the health and well-being of the society, CSR funding was provided to the Alzheimer's Society of Maldives (ASM) towards supporting their awareness activities.

Financial assistance was also provided to MoGFSS to conduct the Family Festival organised to celebrate the International Day of Families.

FINANCIAL LITERACY RELATED PROGRAMS & PROJECTS

Towards assisting programs aimed at improving financial literacy in the community, CSR funding was provided to the UTO Edu Consult (Pvt) Ltd for hosting the 9th Islamic Banking and Finance Conference 2022.

Pension Office also partnered with the Institute of Chartered Accountants of the Maldives (CA Maldives) in co-sponsoring Maldives Accountants Forum 2022. The purpose of this forum is to promote accounting professionals and provide them the opportunity to share, learn, network and understand the emerging issues of the industry. The theme for 2022 forum was 'Economic Transformation, Rethinking Growth in the New Economy'.

PEOPLE

“Building competent and empowered teams”

With the focus on building competent and empowered teams in Pension Office, human resource deliverables during the year focused on reviewing and aligning the organisational structure with the newly adopted strategic priority of enhancing technical and administrative capacity of Pension Office. Further to this, the salary structure was also reviewed and revised to attract top talent and retain the most competent professionals.

At the end of 2022, there were 65 employees across different departments with male employees constituting 43.1% and female employees constituting the remaining 56.9% of the workforce.



Women represent a higher proportion at the senior management level of the organisation with 57.1% of senior management positions being held by women.

CAPACITY DEVELOPMENT

Throughout the year, Pension Office continued investing in training and development activities, ensuring that staff are equipped with the right knowledge and skills to meet the growing needs of the industry. In addition to facilitating various in-house and trainer-led programs, specialised training opportunities were also provided, allowing staff to attain internationally recognised certifications. In particular, multiple employees completed ISSA (International Social Security Association) certified training programmes offered by ITCILO (International Training Centre of the ILO) that focused on areas such as coverage extension solutions, social protection leadership, and compliance.

	Online	In-house	External Trainer-Led	Local	Overseas
Trainings	10	1	6	5	2
Participants	13	33	37*	10	4

*average no. of participants at in-house trainings conducted for all staff

To further enhance knowledge and awareness, staff also participated in relevant workshops, seminars and forums throughout the reporting year.

	Online	Local	Overseas
Workshops, Seminars, Forums and Conferences	1	7	3
Participants	2	24	6

Apart from investing in short term training programs, Pension Office continued its long-standing initiative of offering fully funded scholarships for postgraduate academic programs. Under the initiative, 2 (two) employees continued their postgraduate programs in 2022, and additional 2 (two) employees were awarded scholarships to pursue postgraduate studies in 2023.

DIGITAL TRANSFORMATION

“Building services around digital systems, incorporating new and evolving technologies into the ecosystem”



NEW TECHNOLOGIES

With continued strategic focus on building services around digital systems, incorporating new and evolving technologies into the ecosystem has always been a strategic priority of Pension Office. In 2022, efforts in this area included switching the core software development language from Laravel to Nest JS; a progressive framework for building efficient, reliable and scalable server-side applications. Continued efforts for adopting Artificial Intelligence (AI) led to the formulation of an AI Strategy, and development of an AI conversationalist chatbot with planned public release following conclusion of the pilot testing phase.

DATA & CYBER SECURITY

Kicking-off the data centric digital transformation envisioned in the newly adopted Strategic Plan, assessments were carried out to identify the requirement and hurdles to establish a data warehouse at Pension Office. Based on the requirements, project works are currently underway with donor funding from the World Bank.

Further initiatives towards data security included, drafting a Data Sharing Framework, and implementing Privileged Access Management (PAM); an identity security solution that protects against cyberthreats by preventing unauthorised privileged access to critical resources.

BUILDING FOR THE FUTURE

Following the decision to redevelop Koshaaru, the primary digital platform used for client services, a development plan outlining the timeline and priorities was formulated and adopted. In-line with the plan, a new authentication and authorization service module was developed and implemented for all existing applications. It is hoped that new features will improve accessibility and uplift the quality of services for both existing and new users. During 2022, over 21,000 new user requests were verified, increasing the total user base to around 92,000.

SUPPORTING DIGITAL INFRASTRUCTURE INITIATIVES

As part of the efforts to strengthen data and digital infrastructure in the social security and economic sectors, during 2022, Pension Office contributed to the development of various applications for Government Agencies. Utilising the in-house technical capacity, Pension Office assisted to develop the Census 2022 application for the Maldives Bureau of Statistics, and an API for the Ministry of National Planning, Housing and Infrastructure facilitating access to employment information.

OUTLOOK AND STRATEGY

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OUTLOOK

As we look forward to the future, evolving situations around the world will continue to add to the multitude of challenges faced by the social security and investment sectors. From economic repercussions of global and regional conflicts to rapid evolution and adoption of artificial intelligence; institutions in these sectors, Pension Office included, must adapt to overcome these challenges and deliver the objectives planned for the upcoming year.

DIVERSIFYING INVESTMENTS, INCREASING RETURNS

Investment diversification is a proven strategy for sustainable growth and will be the institution's top strategic priority going ahead. Especially given the lessons learned from navigating the pandemic induced economic shocks, the case is stronger than ever to diversify investments beyond the country's borders. Spreading investments across multiple markets and sectors, will provide a cushion against similar economic shocks and market volatility. Similarly, allocating funds across different types of assets will allow us to reduce overall risk portfolio whilst maximising returns for fund members. In the short term, we aim to identify additional sectors and asset classes to enhance our domestic investment portfolios; whilst developing the required strategies, frameworks and regulations that would enable international investments in the long term.

CREATING VALUE - NEW SCHEMES, ENHANCED BENEFITS

In line with the strategic priority to enhance member benefits and services, revamping existing schemes and products to make them more attractive and accessible to members would be a key priority. In particular, the scheme for collateralising pension savings for housing will be revised, and a new scheme is planned to be introduced next year. In addition to this, the Pension Office would be working towards the introduction of a terminal illness benefit scheme.



EXPANDING COVERAGE, INCREASING CONTRIBUTIONS

The Pension Office, aims to work towards making MRPS the scheme inclusive to and compatible with workers across various professions and industries. In line with this, during the upcoming year, the Pension Office will work on expediting the legal and regulatory work required to facilitate coverage for the informal sector, with particular focus on the fisheries and other self-employed industries. Further, increasing contributions will be critical to ensuring that the fund can meet the retirement needs of members. In this regard, following the passage and implementation of minimum wage legislation, work is in progress towards revising the pensionable wage seeking appropriate contributions that reflect the recent wage gains.

DIGITAL FUTURE - DATA, SERVICES, AND BUSINESS INTELLIGENCE

As we move forward, technology will continue to play an evolving role in fund management and administration. With the ability to analyse vast amounts of data and identify trends and patterns, artificial intelligence in particular, can help institutional funds make better investment decisions, identify risks and opportunities, and improve member outcomes. Within the upcoming year, multiple initiatives including establishment of a data warehouse, and development of data-centric digital services will be carried out; paving the way forward for introducing business intelligence (BI) based applications and processes.

OPERATIONAL CAPACITY & AGILE SYSTEMS

Environmental, Social, and Governance (ESG) issues will continue to gain importance in the future. Institutional funds must take ESG issues into account when making investment decisions to align their investments with their members' values and ensure that their portfolios are sustainable in the long term. Organisations must also be agile and adaptable to stay relevant and competitive in this rapidly changing environment. Continuing forward, we will endeavour to overcome these challenges by allocating the resources necessary for building additional capacity, strengthening results monitoring mechanisms, and adopting agile systems across the organisation.

STRATEGIC PLAN 2022 – 2024

The Strategic Plan 2022-2024 adopted on 15th June 2022 will determine the strategic priorities and enablers required to accomplish the mission of enhancing sustainability and attractiveness of the pension system, and fruition of our vision to ensure future pension security and stability. Operation of the Pension office will be guided through the Strategic Plan, and the leadership would be working towards accomplishment of the goals and targets set out in the Plan.

STRATEGIC PRIORITIES



PRIORITY - 1 DIVERSIFY INVESTMENTS

- To maximise return on investments by increasing investment in growth assets and diversifying the investment portfolio.



PRIORITY - 2 ENHANCE MEMBER BENEFITS AND SERVICES

- To introduce exclusive member benefits and increase coverage.



PRIORITY - 3 AWARENESS AND RESEARCH

- To enhance awareness efforts to increase public confidence in MRPS
- To facilitate data-backed decision making through research on pension and social security.



PRIORITY - 4 DIGITAL TRANSFORMATION

- To enable the development of infrastructure and skills required to leverage rapidly evolving technologies for competitive advantage in the digital economy.

STRATEGIC ENABLERS



ENABLER - 1 PEOPLE

- To implement human capital strategies that are oriented towards a culture of growth.



ENABLER - 2 GOVERNANCE

- To implement a transparent and accountable system that focuses on identifying and mitigating risk.



ENABLER - 3 SYSTEMS

- To increase our digital capabilities and establish an open-minded culture to embed agile services and automation throughout the organisation.
- To offer seamless round the clock services

CAPITAL MARKET AND FINANCIAL SECTOR HIGHLIGHTS

ECONOMIC OUTLOOK

According to the growth forecasts by Maldives Monetary Authority (MMA) and the Ministry of Finance (MoF), the Maldivian economy is expected to maintain its upward growth trajectory in the year 2022; growth for the year is forecasted to be 12.3%¹. Also it was estimated that the GDP level, in real terms, will stabilise to the pre-pandemic levels and increase to 7.6% by the end of 2023. The outlook is largely driven by the robust growth in the tourism sector supported by the surge in the tourist arrivals from the major markets during the year. Similar outlooks on growth have been forecasted by international bodies, such as WB and International Monetary Fund (IMF). However it was noted that downside risks persist from the global economic slowdown especially in key source markets for tourism, the tightening global financial markets and the high commodity prices.

During the year the domestic inflation has experienced sustained inflationary pressures from the surge in commodity prices globally. The government has provided blanket provision of food and fuel subsidies through State Owned Enterprises (SOE) to help contain domestic price increases.² Overall, the economy experienced a 3.1%³ increase in the rate of inflation in the last quarter of 2022 (2021: 0.5%), mostly reflecting the price hike observed in services such as education, healthcare and transportation, along with the cost of food. Inflation is projected to accelerate further in the coming year to 5.4%⁴, reflecting the persistent rise in global inflation, tax hikes to be implemented particularly GST from 6% to 8% and the plans of the government to review the price subsidy policies.

Looking at the Fiscal developments⁵, by the end of December 2022, the total revenue earned by the Government recorded an increase of 25.7% and amounted to MVR 27.6 billion. The revenue earned through Taxes and Non tax revenue increased by 30.9% and 31.7%, respectively. From the total revenue earned, Tax revenue accounted for 70% of the earnings. Subsequently, total expenditure recorded an increase of

20.7% totalling to MVR 39.9 billion. The recurrent expenditure grew by 16.5% with the largest percentage spending increases on grants, contributions and subsidies and financing and interest costs category. Capital expenditure of the Government showed a substantial increase of 32.0%, largely stemming from the spending on infrastructure assets of MVR 8.6 billion (2021: MVR 5.4 billion). In this regard, the budget deficit increased by 10.9% to MVR 12.3 billion compared to the previous year. As of 22Q3, the government's outstanding debt remains above the pre-pandemic levels and stands at 106% of the GDP⁶. According to Moody's⁷, the high debt level is only expected to decline gradually since the budget deficit is being driven by long-term investment projects. Based on the rationale, Moody's maintained the credit rating of Maldives at 'Caa1' with a stable outlook, in its latest review in November 2022. The stable outlook indicates a balance between ongoing fiscal pressures with healthy economic growth prospects, with strengthening of the tourism sector. Conversely, on 13th October 2022, Fitch⁸ has revised the outlook from stable to negative with the default rating remaining as 'B-'. This largely reflected the vulnerability to the tightened global financial conditions, weakening the ability to secure external financing leading to impacts on the foreign exchange buffers. Moreover it was highlighted that a sustained decline in the foreign exchange buffer could complicate the servicing of the high government debt burden and may offset the marked recovery made by the tourism industry.

¹ Quarterly Economic Bulletin - Q4-2022, MMA

² Maldives Country Context (Sep 2022), World Bank

³ Quarterly Economic Bulletin - Q4-2022, MMA

⁴ Budget Book 2023, Ministry of Finance

⁵ Weekly Fiscal Developments (Dec 2022), Ministry of Finance

⁶ Disbursed Outstanding Debt (Q3-2022), Ministry of Finance

⁷ Regular Update - Credit Opinion (Nov 2022), Moody's

⁸ Ratings Action Report (Oct 2022), Fitch

CAPITAL AND FINANCIAL MARKETS

During the year the number of shares traded in the secondary market through Maldives Stock Exchange (MSE) increased by 19.0% and the overall volume of trade in the share market showed a significant increase from MVR 7.1 million to MVR 29.6 million⁹. It is to be noted this significant growth was largely driven by a trade executed for MIB shares, valuing at MVR 23.6 million. The MASIX index also showed an increase by 62.8% compared to the previous year. This was because the last traded price of major players including Bank of Maldives (BML), Ooredoo Maldives PLC (OMPL) and State Trading Organization (STO) increased during the year 2022.

Considering the major capital market developments during the year, the Listing Rules by MSE was amended and published to accommodate the private securities market, introduced through the "Regulation on Issuance of Securities" by CMDA in 2021. Following this amendment, MSE officially launched an electronic platform 'Viyana', which serves as the centralised platform in facilitating the private market segment. Also by the end of the year, the first Corporate Bond (Euro Marketing Pvt Ltd) valued at MVR 25.0 million was listed through the platform.

Looking into the Maldives Financial Market, the banking sector assets amounted to MVR 88.5 billion¹⁰, which represents a growth of 6.4% year-on-year. Similarly, the deposit base of the banks stood at MVR 55.7 billion¹¹; this was an increase of 13.8% compared to the previous year (2021: MVR 49.0 billion). The overall lending grew by only 6.9% over the same

period. Even though the economy is currently recovering with increased economic activity, the growth in lending activity by the banks seem to have slowed down during the year, at the same time the deposit base is increasing at a faster rate compared to the lending by the banks. This could be the result of risk mitigation strategies adopted by the commercial banks during and post pandemic, stemming from the uncertainties surrounding the economic environment. A rebound in the growth prospects could be expected with increased confidence levels within the economy. However, if the trend persists, investors may find it difficult to find low-risk, fixed-income investment opportunities going forward.

At the end of the year, the average lending rate by banks to the private and public sector was 11.7% and 8.8%, respectively. The interest on short-term time deposits offered by banks increased to 2.5% from 2.3% on average and the interest on long-term bank time deposits decreased to 4.0% from the previous 4.9%. The government Treasury bill rates remained unchanged from the previous year.

⁹ Trading history (as at 31.12.2022), MSE

¹⁰ Monthly Statistics (Dec 2022), MMA

¹¹ Quarterly Economic Bulletin (Q4-2022), MMA

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CORPORATE GOVERNANCE

BOARD & COMMITTEES

PENSION OFFICE BOARD

The Board of Pension Office, formed under the Pension Act, is the governing body entrusted with the responsibility of directing and overseeing the execution of the various functions stipulated under the Act and its subsequent regulations. The Board is also responsible for commissioning and approving policies, guidelines, and systems that ensure the organisation's adherence to best practices in accordance with the governance framework.

BOARD COMMITTEES

In order to effectively carry out the Board's priority functions, the board has delegated the relevant responsibilities to four standing committees as follows; the Investment Committee (IC), the Audit and Risk Management Committee (ARMC), the Remuneration and Nomination Committee (RNC), and the Innovation and Technology Committee (ITC). Each committee is guided by the regulations relevant to their function and terms of reference set forth by the Board.

RISK MANAGEMENT & CONTROLS

INTERNAL AUDIT

Operating independently, the Internal Audit function reports to the Audit and Risk Management Committee (ARMC) of the Board, and is overseen by the Chief Internal Auditor. Internal Audit function is responsible for auditing all functions and operations at the Pension Office to ensure the adequacy and robustness of the mechanisms in place.

EXTERNAL AUDIT

The Audit and Risk Management Committee (ARMC) routinely invites independent external auditors to audit the financial statements of both the Pension Office, and the MRPS. For the Financial Year 2022, Ernst & Young was the external auditor appointed by the Board.

RISK MANAGEMENT

Under the strategic priority of building a risk-based governance approach, significant progress has been made in establishing compliance and risk management functions at Pension Office. In 2022, the organisational structure was revised to include a specific department for Enterprise Risk and Compliance, with one of the broader mandates being to develop and adopt a Risk Management Framework.

TRANSPARENCY & ACCOUNTABILITY

ACCESS TO DATA & INFORMATION

Pension Office strives to be transparent in its activities and dealings with stakeholders, whilst ensuring that the privacy and rights of its scheme members and clientele is protected. This includes the monthly and quarterly disclosure of contribution collection, investment earnings, and payouts to beneficiaries. Further, in compliance with its obligations under the Right to Information Act, the institution has designated an Information Officer, along with the formation of a Review Committee, to attend and respond to requests for information disclosure requests submitted by the public.

WHISTLEBLOWING

The Pension Office Board encourages its staff to report any suspected and actual occurrences of inappropriate, unethical or illegal behaviour and practices observed within the organisation's business operations through the adoption of an internal Policy on Whistleblowing. Further, in compliance with the Whistleblower Protection Act, the board has appointed an internal Whistleblower Protection Committee and a Whistleblower Protection Officer, tasked with ensuring the rights of whistleblowers, as well as investigating and forwarding filed complaints to relevant authorities.

STANDARDS & ACCREDITATIONS

Towards strengthening key functions and building stakeholder confidence in the institution, the Pension Office endeavours to seek accreditations from international bodies and relevant authorities. Currently, it holds ISSA Certification for ISSA Guidelines on Contribution, Collection and Compliance, along with ISO Certification for ISO/IEC 27001:2013 (Information Security Management Systems).

BOARD MEMBERS REPORT

The Board of Pension Office is authorised to exercise all the powers necessary to implement its mandated functions under the Pension Act and Regulations thereunder. Accordingly, it is the fiduciary responsibility of the Board to oversee the administration of MRPS in the best interest of members and beneficiaries. In addition, the Board has specific duties to exercise the powers outlined in Section 6 of the Pension Act and is also responsible for providing all the information stipulated under Section 4 of the Pension Act.

The Board consists of 8 members representing the public sector and the private sector. The Chairperson and the 4 private sector representatives are nominated by a Selection Committee jointly formed by the Civil Service Commission, the Ministry of Finance, and the Ministry responsible for social security. Before the appointment, all the candidates for Board membership are scrutinised by the Capital Market Development Authority (CMDA) for regulatory compliance.

Board Members are fiduciaries of MRPS as stated in Section 13 of the Pension Act, and therefore, have a legal responsibility to 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 up to 2 terms. Board Members are appointed by the President of Maldives in accordance with Section 8 of the Pension Act.

COMPOSITION OF THE BOARD AS OF 31 DECEMBER 2022

- Dr. Ahmed Inaz - Chairperson of the Board
- Fathimath Abdullah Kamaaluddeen - Board Member representing the Capital Market Development Authority
- Shifaza Wajeesh - Board Member representing the Ministry of Gender, Family and Social Services
- Maryam Abdul Nasir - Board Member representing the Ministry of Finance
- Uza. Laila Manik - Board Member representing the Private Sector

- Abdul Haleem Abdul Latheef - Board Member representing the Private Sector
- Abdul Majeed Ali - Board Member representing the Private Sector
- Mohamed Ghaly Murthala - Board Member representing the Private Sector

OUTGOING BOARD MEMBERS DURING 2022

Athifa Ali was appointed as the Chairperson of the Board on 20 June 2019 and her tenure ended on 19 June 2022.

BOARD MEETINGS

The Board convened 13 times during the year 2022. Details of membership and the number of meetings attended by each Board Member are included below:

Member	Meetings Attended/ Meetings Held ¹
Athifa Ali (Chairperson)	6/6
Dr. Ahmed Inaz (Chairperson)	7/7
Maryam Abdul Nasir	12/13
Fathmath Abdulla Kamaaluddeen	12/13
Shifaza Wajeesh	12/13
Uza. Laila Manik	13/13
Abdul Haleem Abdul Latheef	13/13
Abdul Majeed Ali	12/12
Mohamed Ghaly Murthala	11/12

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

BOARD STANDING COMMITTEES

To strengthen the governance, specific responsibilities are delegated to the standing committees. During the reporting period, there were 4 active 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 for the year 2022 are included in this Annual Report. During the year, no changes occurred in the composition of the standing committees of the Board.

KEY DECISIONS AND ACTIVITY REVIEW 2022

RECRUITMENT OF CHIEF EXECUTIVE OFFICER

During the year, the Board announced the vacancy for the post of Chief Executive Officer. An external and internal Evaluation Committee was formed to facilitate the CEO recruitment process. Upon successful completion of the recruitment process, Ms. Sujatha Haleem was appointed as the CEO effective from 31 October 2022.

STRENGTHENING MRPS INVESTMENT MANAGEMENT

The Board and the Investment Committee took on various initiatives to achieve investment diversification, increase long-term investments and increase returns for MRPS. During the year the Board reviewed 3 (three) investment opportunities including 'Commodity Murabaha' and the Government Treasury Bond offered by the Ministry of Finance and a fixed deposit offer from the Private Sector. The Board also approved the Pension Office to be registered as an institutional investor in 'Viyana', the private placement platform licensed by the Capital Market Development Authority. This electronic

platform is used for accessing investment opportunities in the Private Securities Segment, created by the Maldives Stock Exchange.

The Board in 2021 decided to hire an investment consultant to; develop diversification and asset allocation strategies for the Pension Assets; and enhance investment evaluation, risk management and performance evaluation functions of MRPS. Pursuant to the decision, the Board approved the Terms of Reference for the consultancy, and recruited a consultant in 2022. During the year, the Board deliberated on and reviewed the investment opportunities, the Statement of Investment Principles and Strategic Asset Allocation presented by the consultant.

The Board also reviewed the MRPS administration fee structure and rate. Based on the analysis conducted on potential developments, the Board decided to retain the current administration fee at the current rate.

ENHANCEMENT OF MRPS MEMBER BENEFITS

The Board analysed the concept, implications and potential processes for introducing terminal illness benefits and endorsed development of a terminal illness benefit scheme for MRPS members. During the year, under an initiative of the government, Pension Office has signed a Project Agreement to introduce unemployment insurance in Maldives. Additionally, the Board deliberated on introducing annuity products to MRPS members. Based on the evaluation of materiality to the current retirement cohort, the Board decided to defer annuity adoption and decided to periodically review the market for developments and additional options.

DEVELOPMENT OF THE STRATEGIC PLAN

During the year the Board initiated the development of a 3-year Strategic Plan. With input from the staff and stakeholders consultations, the Strategic Plan 2022-2024 was formulated with the vision to ensure future pension security and pension stability of our people.

INITIATIVES FOR BOARD EFFECTIVENESS

In order to standardise the administrative functions of Board Committees, the Board took the initiative to harmonise all the Terms of Reference of Board Committees. Amendments were also brought to sub-committee membership and the process to revise the Rules of Procedure of the Board was started during the year.

In accordance with the Board Member Training and Development Policy, an Orientation Program was conducted for the new Board Members.

STRENGTHENING THE GOVERNANCE AND OPERATIONAL EFFECTIVENESS OF PENSION OFFICE

A key priority of the Board is to ensure service excellence and efficient administration of MRPS. In this regard, the Board deliberated on the Koshaaru (Pension Information Management System) transformation initiative aimed at ensuring cost-effectiveness and approved the development of the Koshaaru system internally. The Board also decided to appoint an independent auditor to conduct progress audits of the development work.

During the year a new organisation and salary structure for the Pension Office was approved by the Board with the broader objective of developing and retaining talent.

Further, it was decided to purchase land to develop an Office Building for the administration of the Pension Office, which would generate an income that would ultimately reduce the administrative fee levied on MRPS members.

Additionally, the following decisions were taken by the Board during the year:

- Approval of the Procurement Manual of Pension Office;
- Approval of the Audited Financial Statements of Pension Office and Maldives Retirement Pension Scheme for the year ended 31 December 2021;

- Approval of 2021 Annual Report;
- Approval of the External Audit Management Letter for 2021;
- Approval of the appointment of External Auditor;
- Approval of Pension Office budget for the year 2023;
- Review of Nominee Director Evaluation Guideline;
- Not to appeal further regarding the verdict of Employment Tribunal Case No. 2021/VTR/241;
- Approval of RFP for the Custodian Service and appointment of BML as the Custodian Service provider for the period from 1st July 2022 to 30th June 2023.

INVESTMENT COMMITTEE REPORT

INTRODUCTION

The Investment Committee created as per section 16(b) of the Pension Act, is the Board's 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 - February 2022:

1. Maryam Abdul Nasir (Chairperson)
2. Abdul Haleem Abdul Latheef
3. Uza. Laila Manik

The Committee was reconstituted on 28th February 2022 with the following members:

1. Maryam Abdul Nasir (Chairperson)
2. Mohamed Ghaly Murthala
3. Abdul Majeed Ali
4. Uza. Laila Manik (Reserve member)

COMMITTEE MEETINGS AND ATTENDANCE

During the year, ten (10) Investment Committee meetings were held. Below is the attendance of the meetings.

Name of the Member	Sector	Required to attend	Meetings Attended
Maryam Abdul Nasir	Public	10	09
Ghaly Murthala	Private	09	09
Abdul Majeed Ali	Private	09	07
Uza. Laila Manik	Private	01	07
Abdul Haleem Abdul Latheef	Private	01	01

MAJOR INVESTMENTS

Three investment opportunities were presented to the Committee in 2022, Commodity Murabaha and Government Treasury Bond offered by the Ministry of Finance and a Fixed Deposit offer from the private sector. The Committee endorsed investments in the following instruments:

- MVR 50 million in a 1 year fixed deposit at 4.7% and MVR 25 million in a 1 year fixed deposit at 4.75% annual coupon rate with HBL;
- MVR 550 million in a 10 year Treasury bond issued by the Ministry of Finance at a 5.5% annual coupon rate paid in semi-annual frequency.

COMMITTEE ACTIVITY HIGHLIGHTS OF 2022

APPROVAL OF NOMINEE DIRECTOR EVALUATION GUIDELINE

The committee deliberated on the evaluation criteria and methodology for; assessing a Nominee Director's continued fulfilment of the eligibility requirements; attendance requirements set forth in the Nominee Director Policy; and a Nominee Director's performance during his/her term. The Committee approved the guidelines on evaluating Nominee Directors of Investee Companies.

FINANCE FORUM 2022

As an initiative by the committee, Maldives Finance forum 2022 was held on the theme 'Financial Infrastructure Development in Maldives'. In the 2022 forum, the role of different infrastructure classifications in the financial market and its impacts were discussed, infrastructure gaps in the market and recent and future financial infrastructure developments underway were identified, and the developments required were highlighted.

INTRODUCTION OF TERMINAL ILLNESS BENEFITS FOR MRPS MEMBERS

The Committee evaluated the purpose of introducing terminal illness benefits for MRPS members, assessed plausible eligibility criteria, claim processes, and impact assessment of introducing such a benefit scheme.

EVALUATION AND HIRING OF AN INVESTMENT CONSULTANT

In 2021 the Board of Pension Office decided to hire an investment consultant to achieve the goals set in the office's strategic action plan. The objective of the consultancy was to improve Pension Office's investment diversification, risk management and performance evaluation strategies.

Following the finalisation of the terms of reference, the committee in 2022 reviewed an evaluation criteria to assess the candidates. Moreover, a committee representative was appointed to the evaluation committee, interviews were conducted with the candidates and a recommendation was provided for endorsement. Following completion of the evaluation process a consultant was appointed in August 2022.

INVESTMENT PERFORMANCE AND RISK ASSESSMENT

Risk exposure and risk assessment of investments made by MRPS in different asset classes were analysed during the year. This includes counterparty risk assessment in Government debt securities, corporate debt instruments by the banking sector and non-banking financial institutions, and equity holdings.

ADMINISTRATION FEE REVIEW

The Committee evaluated the fund forecast, expenditure history, reserve forecast and utilisation plan to assess the adequacy of and/or the need for revising the current administration fee charged. IC members recommended to continue with the current admin fee structure and rate (admin fee of 0.6%). The Committee decided to re-evaluate the admin fee structure and rate after an investment diversification plan is formulated by the International consultant and subsequent cost implications are identified.

INVESTMENT SCREENING PROCESS

The Committee evaluated the need for an initial screening process to expedite the investment decision making process. An Investment Screening methodology was discussed, which included the process for evaluating investment opportunities in securities including bonds and similar securities, except for sovereign debt instruments. The Committee deliberated on and approved a procedure for engaging with parties seeking to issue securities, documents requested for initiating investment evaluation and internal evaluation model (including the evaluation criteria, methodology and adjustment factors) for the investment screening process.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

INTRODUCTION

The Audit and Risk Management Committee (the "Committee") is a subcommittee of the Board of the Pension Office responsible for providing independent review and supervision of financial reporting, internal controls, risk, and internal and external audit of the Pension Office.

COMPOSITION OF THE COMMITTEE

The Committee comprises of four members of the Board of Pension Office. The members of the committee that remained by the end of the year were;

1. Mr. Abdul Haleem Abdul Latheef (Chairperson)
2. Mr. Abdul Majeed Ali
3. Uza. Laila Manik
4. Ms. Shifaza Wajeesh

RESPONSIBILITIES OF THE COMMITTEE

The primary function of the Committee 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 met eight (8) times during the year 2022. Details of the membership and their attendance at the meetings, are as follows:

Members	Held ¹	Attended	Committee Tenure
Abdul Haleem Abdul Latheef	8	8	17-Mar-2021 to date
Uza. Laila Manik	8	7	17-Aug-2020 to date
Abdul Majeed Ali	6	5	28-Feb-2022 to date
Shifaza Wajeesh	6	4	28-Feb-2022 to date
Mayram Abdul Nasir	2	2	28-Mar-2018 to 28-Feb-2022

¹Reflects the number of meetings held during the time the Member held office

COMMITTEE ACTIVITY HIGHLIGHTS OF 2022

The work performed by the Committee for the year are summarised below.

- The Committee at the start of the reporting period, reviewed and approved its Annual Report which highlighted the activities to be undertaken during the course of the year.
- The Committee during its meeting held on 2nd March 2022, endorsed proposed change of Committee Secretariat.
- The Terms of Reference of the Committee was updated on July 20th 2022, where the review strengthened the Committee responsibilities and aligned the administration duties with other Board Committees.
- The Committee endorsed to appoint Ernst & Young (EY) Maldives as the External Auditor for a 3 year period covering the financial years 2021 to 2023 and recommended the same for Board approval.

- The Committee also considered the Auditor's Report and Audited Financial Statements of Pension Office and MRPS for the year ended 31 st December 2021 by Ernst & Young (EY). After review and discussion, on 11th April 2022, the Committee endorsed and recommended it for Board approval.
- Apart from this, the Committee also considered the External Audit Management Letter of MRPS and Pension Office 2021. The Committee discussed the actions proposed by management to address the issues raised and agreed to endorse the Report and recommended for Board approval.
- The Committee reviewed and approved the Risk Based Annual Plan and monitored progress against this Plan throughout the year. The Committee was pleased to note that all the planned audits were completed and reported by the end of the year.
- The Committee reviewed overall internal audit results for 2022. Those internal audits reported for the year included in the areas of investment transaction process, reconciliation of benefit disbursement account, contribution collection and reconciliation process, portfolio valuation and unit price process, employer identification, registration, enrollment and contribution submission processes and information security management system audit. The issues arising from audit reports were considered by the Committee and subsequently advised management to address them in a timely manner.
- For further analysis, in response to the audit reviews the Committee also requested management to provide specific impact reports of audit findings. The reports were reviewed and based on materiality, the Committee recommended for further actions.
- During the period under review the Committee received update reports on the implementation status of actions arising from the past work of internal audit. The Committee was pleased to report there is continuing effort to close outstanding audit actions by management in the year 2022.
- Throughout the reporting period, the Committee has focused its efforts to improve internal control systems of the institution. In this regard, the Committee endorsed a proposal to expand the audit scope and approved an Implementation Action Plan to roll out the proposed enhancements for audit and risk management function.
- Other internal control issues discussed and reviewed by the Committee included CMDA's 2021 Onsite Inspection Report and the subsequent management proposed action plan. Further, the committee deliberated on risk and compliance issues reported and also reviewed the budget.

REMUNERATION AND NOMINATION COMMITTEE REPORT

INTRODUCTION

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

COMPOSITION OF THE COMMITTEE

The RNC comprises of three (3) Board Members. Additionally a reserve member is also identified within the Board Members.

RNC MEMBERS AS OF 31 DECEMBER 2022

Name of the Member	Member Designation
Dr. Ahmed Inaz (from 20 June 2022 onwards)	Chairperson
Ms. Shifaza Wajeeh (from 17 March 2021 onwards)	Committee Member
Mr. Mohamed Ghaly Murthala (from 28 February 2022 onwards)	Committee Member
Uza. Laila Manik (from 17 March 2021 onwards)	Committee Reserve Member

OUTGOING RNC MEMBERS DURING 2022

Ms. Athifa Ali - her tenure as the Board Chairperson of Pension Office and RNC ended on 19 June 2022 as she completed her 3 year term.

RESPONSIBILITIES OF THE COMMITTEE

Key functions of RNC are the following:

- 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.

COMMITTEE MEETINGS

Ten (10) meetings of the RNC were held during the year 2022. The table below details the attendance of the Committee members.

Committee Members	Meetings Required to Attend	Meetings Attended
Dr. Ahmed Inaz	7	7
Athifa Ali	3	3
Shifaza Wajeeh	10	10
Mohamed Ghaly Murthala	9	9
Uza. Laila Manik	Nil*	5

* While committee reserve members are only obligated to attend meetings when filling in for an absent committee member, they are welcome to attend all committee meetings at their discretion.

COMMITTEE ACTIVITY HIGHLIGHTS OF 2022

The highlights of the RNC decisions in 2022 are as follows:

REVIEWING OF THE INVESTMENT AND FINANCIAL MANAGEMENT DIVISION

The Committee deliberated on reviewing the Investment and Financial Management Division, and to split the division into two separate divisions in order to streamline and increase the efficiency of the investment function. The Committee discussed about creating the position of a Chief Investment Officer (CIO) to lead the proposed "Investment Division".

Following the announcement of the CIO position, the Committee was involved in the process of shortlisting candidates to be interviewed, as well as forming the interview panel.

RECRUITMENT OF CONSULTANT FOR PENSION POLICY REVIEW AND REFORM

As Pension Office is the lead implementing agency for the revision of state pension schemes and Pension Act under the Strategic Action Plan of the government, the Committee deliberated on the hiring of a Consultant to conduct the work related to state pension policy review and propose reform options.

RECRUITMENT OF AN INVESTMENT CONSULTANT

Following the decisions and evaluation criteria set by the Investment Committee, the Committee was also involved in shortlisting candidates to be interviewed, the formation of the interview panel and selection of the Consultant.

ENDORSEMENT OF NEW ORGANISATIONAL STRUCTURE

Following a thorough organisational review conducted by the management, the Committee endorsed the proposed changes to the organisational structure, which was aligned with the strategic objectives of Pension Office.

ENDORSEMENT OF NEW SALARY AND BENEFITS STRUCTURE

The Committee endorsed the proposed changes to the employee salary and benefits structure to help attract and retain top talent in the job market. Additionally the Committee endorsed a staff migration plan to align the salaries of existing staff with the endorsed salary structure.

RECRUITMENT OF A NEW CHIEF EXECUTIVE OFFICER

The Committee initiated the recruitment process to fill the vacant position of Chief Executive Officer (CEO) in September 2022, and completed the process by the end of October 2022. Ms. Sujatha Haleem was appointed as the new CEO on 31 October 2022 following a successful screening and evaluation process.

REVIEW OF POLICIES AND PROCEDURES

The Committee deliberated on and endorsed the proposed changes to the Performance Appraisal Policy.

INNOVATION AND TECHNOLOGY COMMITTEE REPORT

INTRODUCTION

Innovation and Technology Committee (the "Committee") was established by the Board of Pension Office on 17th July 2018 as part of its governance setup to assist the Board in overseeing the strategic direction of innovation, technology and information security management of the Pension Office. The Terms of Reference (TOR) of the Committee approved by the Board determines the authority and responsibility of the Committee. The Committee reports to the Board on a quarterly basis or as required by the Board.

COMPOSITION OF THE COMMITTEE

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

COMMITTEE APPOINTMENT DETAILS DURING THE YEAR 2022

Committee Members	Designation	Representation	Tenure
Abdul Haleem Abdul Latheef	Board Member	Committee Chairperson	17-Mar-2021 to date
Athifa Ali	Board Chairperson	Committee Member	17-Aug-2020 to 19 June 2022
Mayram Abdul Nasir	Board Member	Committee Member	8-Aug-2022 to date
Sujatha Haleem	Acting Chief Executive Officer Chief Executive Officer	Committee Member	1-Jan2020 to 24-Dec-2020 12-Oct-2021 to 30-Oct-2022
Ahmed Shafeez	Chief Technology Officer	Committee Member	13-Aug-2018 to date
Shifaza Wajeesh	Board Member	Committee Reserve Member	17-Aug-2020 to date

RESPONSIBILITIES OF THE COMMITTEE

The Committee is entrusted with the following responsibilities;

- Reviewing the implementation of major technology innovation strategies, to provide assurance that they support the overall strategy and underpin future business growth of Pension Office.
- 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.
- 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 2022. Details are as follows:

Committee Members	Held ¹	Attended
Committee Chairperson - Abdul Haleem Abdul Latheef	3	3
Committee Member - Athifa Ali	2	2
Committee Member - Maryam Abdul Nasir	1	1
Committee Member - Sujatha Haleem	3	3
Committee Member - Ahmed Shafeez	3	3
Committee Reserve Member - Shifaza Wajeeh	3	2

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

COMMITTEE ACTIVITY HIGHLIGHTS OF 2022

Major activities carried out by the Innovation and Technology Committee for the year are as follows:

REVIEW OF INNOVATION AND TECHNOLOGY DEPARTMENT

The Committee received regular updates on the major activities carried by the Innovation and Technology Department. These included deliberation on the changes in external and internal issues that are relevant to the information security management system; feedback from interested parties and information security; results of risk assessment and status of risk treatment plan and the opportunities explored by the Management for continual improvement of the function. Members further reviewed the planned tasks for the next year.

KOSHAARU DEVELOPMENT PLAN

Committee deliberation on the transformation of Koshaaru system continued and as per the details presented by the Management, members took the following factors under consideration regarding the internal development of Koshaaru and the cost of acquiring an off-the-shelf system;

- Due to lack of information on similar off-the-shelf systems that have all the functionalities required for Pension Office, it is unable to conduct a proper price comparison.

- Off-the-shelf systems are customised up to 60% and incurs a huge cost for customization.

Based on the decision of the Committee to go ahead with the internal development of Koshaaru system and as per Committee's request, Management presented a detailed development plan for the Project, along with the timeline and the costing.

After in-depth discussion on the matter, the Committee approved the Koshaaru Development Plan and instructed Management to put forward the matter to the Board requesting approval for the project and to deliberate on the way forward regarding system controls.

IMPROVING OPERATIONAL EFFECTIVENESS AND EFFICIENCY OF THE IT FUNCTION

The Committee deliberated on the current procedures in place to address the necessary procedural changes required for operational efficiency. In this regard the following matters was addressed;

- Reviewed the Social Insurance Administration Diagnostic (SIAD) Report conducted by the WB and ensured that the recommended actions were taken by the Management.
- Instructed management to explore the local cloud service providers and the services provided to ensure better management.
- Reviewed and approved the TOR of the Committee to address administrative efficiency issues.
- To address the concern raised by the Management regarding the risks and challenges identified in acquiring appropriate human capital to the IT department and to address the retention of staff, the Committee advised on emphasising the matter at Board level with comprehensive details.

Information Security Management Systems (ISMS) Audits and Policy Review

The Committee deliberated on the current procedures in place to address the necessary procedural changes required for operational efficiency. In this regard the Committee agreed to authorise the CEO to review and approve ISMS Acceptable Usage Policy and Information Security Management System Policy annually. Further, instructed Management to reflect the changes in the Committee TOR.

REVIEWING THE MANDATE, COMPOSITION AND THE FUNCTION OF THE ITC

Considering the importance of incorporating technical expertise to the Committee, members recommended reviewing the mandate, composition and the functions of the Committee. Further suggestions were made, on recommending the Board to appoint the Audit and Risk Management Committee to handle the oversight function of the Committee.

In this regard, the Committee decided to include an independent subject matter expert in the composition of the Committee and concluded that the mandate and composition of the Committee to be reviewed accordingly.

Advisory service to the ITC

Following the discussion on including a subject matter expert in the composition of the Committee, the Committee reviewed and approved the TOR for the appointment of an advisor to the Committee and agreed to proceed with the recruitment process.

INFORMATION SECURITY MANAGEMENT SYSTEMS (ISMS) AUDITS

ISMS Internal Audit.

The Committee reviewed the report on ISMS Internal Audit conducted by the Internal Audit Department. Instructions were given to the Management to regularly review the audit recommendations and take corrective actions.

ISO27001 Surveillance Audit 2

The Committee reviewed the ISO27001 Surveillance Audit Report conducted by external audit firm, 'Bureau Veritas'. Taking the audit recommendations into consideration, the Committee advised the management to address the non-conformities and take corrective actions within the allocated time, in accordance with requirements standards of the ISO27001.

KOSHAARU PORTAL

The new Koshaaru Portal of the Pension Office was launched to the public on 1st December 2021. During the last quarter of 2022, the Committee reviewed the continued enhancements brought to the Employer Portal by the Management.

GLOSSARY

ARMC	Audit and Risk Management Committee
BML	Bank of Maldives
BP	Basic Pension
CA Maldives	Maldives - Institute of Chartered Accountant's of the Maldives
CEIS	COVID-19 Emergency Income Support Project
CEO	Chief Executive Officer
CMDA	Capital Market Development Authority
CSR	Corporate Social Responsibility
GIA	General Investment Asset
HDFC	Housing Development Finance Corporation Limited
IIAS	International Internal Audit Standards`
IMP	International Monetary Fund
IPO	Initial Public Offering
ISO	International Organization for Standardization
ISSA	International Social Security Association
IC	Investment Committee
ISMS	Information Security Management Systems
IT	Information Technology
ITC	Innovation and Technology Committee
ITCILO	International Training Centre of the ILO
MCB	Mauritius Commercial Bank
MIB	Maldives Islamic Bank
MMA	Maldives Monetary Authority
MoGFSS	Ministry of Gender, Family and Social Services
MoED	Ministry of Economic Development
MoF	Ministry of Finance
MRPS	Maldives Retirement Pension Scheme
MSE	Maldives Stock Exchange
OPBs	Other Pension Benefits
OMPL	Ooredoo Maldives PLC
PAM	Privileged Access Management
RNC	Remuneration and Nomination Committee
RSA	Retirement Savings Account
SAA	Strategic Asset Allocation
SAILS	Sustainable and Integrated Labor Services Project
SDFC	SME Development Finance Corporation
SOE	State Owned Enterprise
SOIP	Statement of Investment Principles
SOP	Standard Operating Procedure
SPC	Statement of Pension Contribution
STO	State Trading Organization
WB	World Bank

FINANCIAL STATEMENTS

AUDIT REPORT - MALDIVES PENSION ADMINISTRATION OFFICE

STATEMENT OF INCOME

STATEMENT OF FINANCIAL POSITION

STATEMENT OF CHANGES IN ACCUMULATED FUNDS

STATEMENT OF CASH FLOWS

MRPS AUDIT REPORT

STATEMENT OF COMPREHENSIVE INCOME

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MALDIVES PENSION ADMINISTRATION OFFICE
(FORMED UNDER THE MALDIVES PENSION ACT NO. 8/2009)
AUDITOR'S REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2022

TDH/SD/ATS

Independent auditor's report to the Board of Directors of
Maldives Pension Administration Office
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 2022, 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 2022, 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 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 management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.



For and on behalf of Ernst & Young
Partner: Krishna Rengaraj
Licensed Auditor: ICAM-IL-PKC

28 March 2023
Male'



**Maldives Pension Administration Office
Statement of Income**

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 MVR	2021 MVR
Income			
Income	6	88,317,763	76,891,474
Interest income	7	6,912,257	5,554,044
Other income	8	866,451	6,159,130
		96,096,471	83,050,604
Expenditure			
Salaries and allowance	9	(23,412,566)	(23,525,359)
Custodian Fees	10	(5,400,000)	(5,700,000)
Administrative expenses	11	(10,229,206)	(7,740,250)
		(39,041,772)	(36,965,609)
Excess of income over expenditure for the year		57,054,699	46,084,995

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
Statement of Financial Position**

AS AT 31 DECEMBER 2022

	Note	2022 MVR	2021 MVR
ASSETS			
Non-current assets			
Land	12	37,538,040	-
Property, plant and equipment	13	2,054,539	880,356
Intangible assets	14	-	26,135
Right-of-use assets	15	18,207,786	19,167,786
Total non-current assets		57,800,365	20,074,277
Current assets			
Investment in fixed deposit	16	178,715,539	152,034,197
Other receivables	17	8,289,423	7,490,670
Cash and cash equivalents	18	7,800,365	17,494,032
Total current assets		194,805,327	177,018,899
Total Assets		252,605,692	197,093,176
EQUITY AND LIABILITIES			
Equity			
Accumulated funds		226,533,089	169,478,390
Capital and general reserve	19	20,000,000	20,000,000
Total equity		246,533,089	189,478,390
Current liabilities			
Other payables	20	6,072,603	7,614,786
Total liabilities		6,072,603	7,614,786
Total Equity and Liabilities		252,605,692	197,093,176

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
Chief Executive Officer

These Financial Statements were approved by the Board of Directors on 28 March 2023 and signed on its behalf by;



Dr. Ahmed Inaz
Chairperson



Abdul Majeed Ali
Director



**Maldives Pension Administration Office
Statement of Changes in Accumulated Funds**

FOR THE YEAR ENDED 31 DECEMBER 2022

	Capital and General Reserve	Accumulated Fund	Total
Note	MVR	MVR	MVR
Balance as at 1 January 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	20,000,000	169,478,390	189,478,390
Balance as at 1 January 2022	20,000,000	169,478,390	189,478,390
Excess of income over expenditure for the year	-	57,054,699	57,054,699
Balance as at 31 December 2022	20,000,000	226,533,089	246,533,089

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
Statement Of Cash Flows**

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 MVR	2021 MVR
Cash flows from operating activities			
Excess of income over expenditure before tax		57,054,699	46,084,995
Adjustments for			
Depreciation of property, plant and equipment	13	527,451	763,478
Amortization of intangible assets	14	26,135	26,135
Interest income from investment in fixed deposit	8	(6,912,257)	(5,554,044)
Depreciation of right-to-use assets	15	960,000	960,000
Operating surplus before working capital changes		51,656,028	42,280,564
Working capital changes			
Changes in other receivables		(798,753)	(829,067)
Changes in other payables		(1,542,181)	567,340
Cash flows generated from operating activities		49,315,094	42,018,837
Cash flows from investing activities			
Acquisition of land	12	(37,538,040)	-
Acquisition of property, plant and equipment	13	(1,701,635)	(579,860)
Reinvested during the year	16.1	(214,000,000)	(149,000,000)
Financial instruments matured during the year		187,000,000	103,000,000
Interest received		7,230,914	5,003,239
Net cash used in investing activities		(59,008,761)	(41,576,621)
Net change in cash and cash equivalents		(9,693,667)	442,217
Cash and cash equivalents at the beginning of the year		17,494,032	17,051,815
Cash and cash equivalents at the end of the year	18	7,800,365	17,494,032

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
Notes to the financial statements
Year ended 31 December 2022

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.

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 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

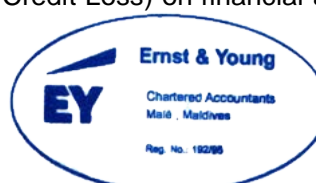
The MPAO derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The MPAO also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability 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 Property, plant and equipment

(i) Recognition and Measurement

Items of property, plant and equipment's 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 property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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

(ii) Subsequent Costs

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits 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 property, plant 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 property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.



3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Property, plant and Equipment (Continued)

(iii) Depreciation (Continued)

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably 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 property, plant 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
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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 fee is recognized on accrual basis when the Administration service is provided to Maldives Retirement Pension Scheme ("MRPS").

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 Definition of Accounting Estimates – Amendments to IAS 18

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of “accounting estimates”. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

5.3 Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the Board issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements (the PS), in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

5.4 Lease liability in a sale and leaseback- Amendments to IFRS 16

In September 2022, the Board issued Lease Liability in a Sale and Leaseback (Amendments to IFRS 16). The amendment to IFRS 16 specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendment is effective for annual reporting periods beginning on or after 1 January 2024.



Maldives Pension Administration Office
Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2022

6 INCOME	2022	2021
	MVR	MVR
Management fee	88,317,763	76,891,474
	88,317,763	76,891,474

Management fee is the income received 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% (2021 - 0.6%) per month.

7 INTEREST INCOME	2022	2021
	MVR	MVR
Interest income from investment in fixed deposit	6,912,257	5,554,044
	6,912,257	5,554,044

8 OTHER INCOME	2022	2021
	MVR	MVR
Fines	586,400	583,900
Miscellaneous income	280,050	21,186
	866,451	6,159,130

9 SALARIES AND ALLOWANCES	2022	2021
	MVR	MVR
Directors' remuneration	1,156,800	1,105,200
MRPS contribution	928,001	946,371
Employee insurance	311,686	295,437
Salaries and wages	19,127,957	20,037,377
Staff training and development	1,578,920	916,939
Other staff related expenses	309,202	224,035
	23,412,566	23,525,359

10 CUSTODIAN FEE

The Custodian fee is paid to Bank of Maldives PLC for the provision of Custodian Services to MRPS assets under an agreement between MPAO and Bank of Maldives. As per the new agreement entered with Bank of Maldives PLC on 28th June 2021, the fees has been revised.

11 ADMINISTRATIVE EXPENSES	2022	2021
	MVR	MVR
Professional and Subscription Fees	1,183,042	885,281
Office Administrative Expenses	1,178,227	893,946
Donation & Charity	307,278	157,828
Marketing & Public Relation	988,443	873,169
Special occasions & Events	1,002,170	32,488
Infrastructure Support	1,826,607	1,538,623
Application Support	1,385,682	1,455,475
Travelling expenses	131,238	810
Depreciation of property, plant and equipment	527,451	789,613
Depreciation of right-of-use assets	960,000	960,000
Disposal Gain or Loss	26,135	-
Expenses Related to MRPS	310,258	-
Bank and finance charges	96,669	152,517
Legal expenses	90,126	500
Compensation charges	215,880	-
	10,229,206	7,740,250

The compensation charges represent the payment made to a former employee, following an Employment Tribunal case.



Maldives Pension Administration Office
Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2022

12 PROPERTY, PLANT AND EQUIPMENT

2022	2021
MVR	MVR
37,538,040	-
37,538,040	-

Land

During the year, the Pension Office has purchased a land from Housing Development Corporation Ltd in order to develop a office building in Hulu male.

13 PROPERTY, PLANT AND EQUIPMENT

	Computer and Accessories	Furniture and Fittings	Office Equipment	Total 31.12.2022	Total 31.12.2021
	MVR	MVR	MVR	MVR	MVR
Cost					
Opening balance	3,036,256	3,769,989	1,278,733	8,084,978	7,505,118
Addition during the year	1,092,989	296,572	312,073	1,701,635	579,860
Disposal during the year	(29,700)	(388,542)	(120,365)	(538,607)	-
Closing balance	4,099,545	3,678,019	1,470,441	9,248,005	8,084,978
Accumulated depreciation					
Opening balance	2,485,841	3,634,302	1,084,479	7,204,622	6,441,144
Charge during the year	362,438	87,268	77,745	527,451	763,478
Disposal during the year	(29,700)	(388,542)	(120,365)	(538,607)	-
Closing balance	2,818,579	3,333,028	1,041,859	7,193,466	7,204,622
Net carrying values					
As at 31 December 2022	1,280,967	344,991	428,581	2,054,539	
As at 31 December 2021	550,415	135,687	194,254		880,356



Maldives Pension Administration Office
Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2022

14 INTANGIBLE ASSETS	2022 MVR	2021 MVR
Cost		
Opening balance	8,780,930	8,780,930
Disposals during the year	(130,677)	-
Closing balance	8,650,253	8,780,930
Accumulated amortization		
Opening balance	8,754,795	8,728,660
Amortization during the Year	-	26,135
Disposal during the year	(104,542)	-
Closing balance	8,650,253	8,754,795
Net carrying value	-	26,135

Intangible assets includes the Data Centre Virtualization Project (Koshaaru software).

15 RIGHT-OF-USE ASSET	2022 MVR	2021 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	2,880,000	1,920,000
Depreciation charge during the Year	960,000	960,000
Closing balance	3,840,000	2,880,000
Net carrying value	18,207,786	19,167,786

16 INVESTMENT IN FIXED DEPOSIT	2022 MVR	2021 MVR
Opening balance	152,034,197	105,483,392
Reinvested during the year (Note:16.1)	214,000,000	149,000,000
Matured during the year	(194,230,914)	(108,003,239)
Interest income	6,912,257	5,554,044
Closing balance	178,715,539	152,034,197

16.1 REINVESTED DURING THE YEAR

Bank name	Date	MVR Amount
Bank of Ceylon	19-May-22	68,000,000
Habib Bank	19-Jul-22	40,000,000
Habib Bank	28-Sep-22	18,000,000
Habib Bank	28-Sep-22	38,000,000
Habib Bank	27-Dec-22	50,000,000
Total		214,000,000

All the fixed deposits are placed for 1 year.



Maldives Pension Administration Office
Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2022

17 OTHER RECEIVABLES	2022 MVR	2021 MVR
Assets management fee receivables	8,042,114	7,045,370
Prepayments	206,258	329,350
MRPS fines receivables	11,600	6,500
Retention allowance (Note: 17.1)	29,451	109,451
	<u>8,289,423</u>	<u>7,490,670</u>

17.1 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.

18 CASH AND CASH EQUIVALENTS	2022 MVR	2021 MVR
Favorable balance		
Cash in hand	3,657	7,361
Balance with banks	7,976,701	17,648,553
Unfavorable balance		
Credit card balance	(179,993)	(161,882)
Cash and cash equivalent in the statement of cash flow purpose	<u>7,800,365</u>	<u>17,494,032</u>

19 CAPITAL AND GENERAL RESERVE	2022 MVR	2021 MVR
Opening balance	20,000,000	20,000,000
Transferred from accumulated fund	-	-
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.

20 OTHER PAYABLES	2022 MVR	2021 MVR
Accrued expenses	1,824,592	1,376,810
Custodian fee	2,700,000	2,700,000
Pension contribution payable	79,911	1,621,808
Payable to ministry of finance (Note: 20.1)	1,468,100	1,916,166
	<u>6,072,603</u>	<u>7,614,786</u>



Maldives Pension Administration Office
Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2022

20.1 This amount represents the funds received from 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 and disbursements are made to beneficiaries.

21 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - FAIR VALUE 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 2022	Financial assets at amortized cost	Other financial liabilities	Total carrying amount	Fair values	Fair value hierarchy
	MVR	MVR	MVR	MVR	
Financial assets					
Investments in fixed deposits	178,715,539	-	178,715,539	178,715,539	Level II
Other receivables	8,259,972	-	8,259,972	8,259,972	
Cash and cash equivalents	7,976,701	-	7,976,701	7,976,701	
	194,952,212	-	194,952,212	194,952,212	
Financial liabilities					
Other payables	-	6,072,603	6,072,603	6,072,603	
	-	6,252,595	6,252,595	6,252,595	
31 December 2021					
	Financial assets at amortized cost	Other financial liabilities	Total carrying amount	Fair values	Fair value hierarchy
	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	
	177,063,969	-	177,063,969	177,063,969	
Financial liabilities					
Other payables	-	7,614,786	7,614,786	7,614,786	
Credit card balance	-	161,882	161,882	161,882	
	-	7,776,668	7,776,668	7,776,668	

Above balances does not include non financial assets and non financial liabilities.



FOR THE YEAR ENDED 31 DECEMBER 2022

22 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - FAIR VALUE 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 2022.

The MPAO believes that the unimpaired amounts which are outstanding are still collectible based on the historical payment behavior. 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 7,802,984/- as at 31 December 2022 (2021 - MVR 17,508,940/-).



Maldives Pension Administration Office
Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2022

22 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - FAIR VALUE AND RISK MANAGEMENT (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 2022	Carrying Amount	0-6 Months
	MVR	Months
		MVR
Financial liabilities (Non- derivative)		
Other payables	6,072,603	6,072,603
	6,252,596	6,252,596
31 December 2021	Carrying Amount	0-6 Months
	MVR	Months
		MVR
Financial liabilities (Non- derivative)		
Other payables	7,614,786	7,614,786
Credit card balance	161,882	161,882
	7,776,668	7,776,668

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	
	31.12.2022	31.12.2021
	MVR	MVR
Financial Assets	178,715,539	152,034,197
	178,715,539	152,034,197



Maldives Pension Administration Office
Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2022

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

(a) Interest rate risk

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 2022 by MVR 2,140,000/- (2021 - MVR 1,490,000/-). 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.

	31.12.2022	31.12.2021
	USD	USD
Cash and cash equivalents	140,902	64,755
Credit card balance	11,673	10,498
	152,575	75,253

The following significant exchange rate was applied during the year:

	Average rate		Reporting date	Spot rate
	2022	2021	rate	
			31.12.2022	31.12.2021
1 United States Dollar : Maldives Rufiyaa	15.42	15.42	15.42	15.42

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.

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
Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2022

23 CAPITAL COMMITMENTS

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

24 CONTINGENT LIABILITIES

There were no material contingent liabilities as at the reporting date which require disclosure in the financial statements.

25 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.

26 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
Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2022

27 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 2022 are as follows.

Name of the Related Party	Relationship	Nature of Transactions	Amount		Balance as at	
			2022 MVR	2021 MVR	31.12.2022 MVR	31.12.2021 MVR
Ministry of Finance (MOF)	Member of Ministry of Finance represents at MPAO Board	Receipts from MOF for State pension payouts	1,496,753,855	1,409,587,157	1,468,100	1,916,166

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 2022 are as follows.

Name of the Related Party	Relationship	Nature of Transactions	Amount		Balance as at	
			2022 MVR	2021 MVR	31.12.2022 MVR	31.12.2021 MVR
Maldives Retirement Pension Scheme	Administration of Pension Fund	Management fee	88,317,763	76,891,474	8,071,565	7,045,370

27.1 Transaction with Key Management Personnel

The Board of Directors of MPAO are members of the key decision makers of the organization. The MPAO has paid an amount of MVR 1,156,800/- to the Board of Directors during the year ended 31 December 2022 (2021 - 1,105,200/-).



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

AUDITOR'S REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2022



Ernst & Young
Chartered Accountants
G. Shafag, 2nd Floor
Rahdhebai Magu
Malé, Republic of Maldives

Tel: +960 332 0742
eymv@lk.ey.com
ey.com
Reg. No: P0192/1995

TDH/SD/ATS

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 2022, 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 2022, 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 management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.



For and on behalf of Ernst & Young
Partner: Krishna Rengaraj
Licensed Auditor: ICAM-IL-PKC

28 March 2023
Male'



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

For the year ended 31 December 2022

	Note	2022 MVR	2021 MVR
Income			
Net contribution	6	1,379,042,478	1,148,084,640
Interest income	7	843,662,344	759,227,454
Dividend income	8	42,315,142	46,475,038
Other income	9	1,570,727	534,094
Total income		2,266,590,691	1,954,321,226
Operating expenses			
Administrative expenses	10	88,317,763	76,891,476
Total expenses		88,317,763	76,891,476
Increase in net assets attributable to members		2,178,272,928	1,877,429,750

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 29. 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 2022

	Note	2022 MVR	2021 MVR
ASSETS			
Cash and cash equivalents	11	22,722,367	56,052,034
Contribution and other receivables	12	163,173,589	163,452,708
Investment in financial assets	13	15,701,225,538	13,601,113,991
Recognition bond	14	3,843,683,770	3,732,824,755
Housing collateralization deposit	15	33,440,427	33,931,335
Total Assets		19,764,245,691	17,587,374,823
LIABILITIES			
Other payables	16	8,086,772	7,720,099
Contribution collection accounts		3,929,774	5,698,507
Total liabilities (excluding net assets attributable to members)		12,016,546	13,418,606
ACCUMULATED MEMBERS' BALANCE			
Accumulated members' balance		19,752,229,145	17,573,956,217
Total accumulated members' balance and Liabilities		19,764,245,691	17,587,374,823

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 29. The Report of the Independent Auditors is given on pages 1 and 2.



.....
Fathimath Sujatha Haleem
Chief Executive Officer

These Financial Statements were approved by the Board of Directors on 28 March 2023 and signed on its behalf by;



.....
Dr. Ahmed Inaz
Chairperson



.....
Abdul Majeed Ali
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 2022

	<u>Accumulated members balance</u>
	<u>MVR</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>
Balance as at 1 January 2022	17,573,956,217
Increase in net assets attributable to members	2,178,272,928
Balance as at 31 December 2022	<u><u>19,752,229,145</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 29. 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 2022

	2022	2021
	MVR	MVR
Cash flows from operating activities		
Contribution received to contribution collection account	1,489,133,777	1,259,639,784
Accrued right received for matured recognition bond	34,064,553	39,378,002
Interest received for matured recognition bond	35,744,308	35,793,446
Fine on late contribution	1,570,727	534,094
Interest received	600,937,347	538,469,253
Management fee paid	(87,291,568)	(76,036,629)
Contribution paid and utilized	(129,671,914)	(122,107,672)
Net cash from operating activities	<u>1,944,487,230</u>	<u>1,675,670,278</u>
Dividend received	42,315,142	46,475,038
Net investments	(2,055,021,026)	(1,693,205,854)
Net investment in housing collateralization	22,279,918	(22,342,715)
Repayment on principle on bond	12,609,069	11,770,701
Net cash used in investment activities	<u>(1,977,816,897)</u>	<u>(1,657,302,830)</u>
Net increase in cash and cash equivalents	(33,329,667)	18,367,448
Cash and cash equivalents at beginning of the year	56,052,034	37,684,583
Cash and cash equivalents at end of the year	<u><u>22,722,367</u></u>	<u><u>56,052,034</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 29. The Report of the Independent Auditors is given on pages 1 and 2.



**Maldives Retirement Pension Scheme
(Administered by Maldives Pension Administration Office)
Notes to the financial statements**

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, Chaandhane 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.



**Maldives Retirement Pension Scheme
(Administered by Maldives Pension Administration Office)
Notes to the financial statements**

2. BASIS OF PREPARATION (CONTINUED)

(e) 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.

(f) 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.

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.

**Maldives Retirement Pension Scheme
(Administered by Maldives Pension Administration Office)
Notes to the financial statements**

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.



**Maldives Retirement Pension Scheme
(Administered by Maldives Pension Administration Office)
Notes to the financial statements**

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.

**Maldives Retirement Pension Scheme
(Administered by Maldives Pension Administration Office)
Notes to the financial statements**

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.



**Maldives Retirement Pension Scheme
(Administered by Maldives Pension Administration Office)
Notes to the financial statements**

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.



**Maldives Retirement Pension Scheme
(Administered by Maldives Pension Administration Office)
Notes to the financial statements**

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 Definition of Accounting Estimates – Amendments to IAS 18

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of “accounting estimates”. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

5.3 Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the Board issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements (the PS), in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

5.4 Lease liability in a sale and leaseback- Amendments to IFRS 16

In September 2022, the Board issued Lease Liability in a Sale and Leaseback (Amendments to IFRS 16). The amendment to IFRS 16 specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendment is effective for annual reporting periods beginning on or after 1 January 2024.

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

For the year ended 31 December 2022

6 NET CONTRIBUTION	2022	2021
	MVR	MVR
CONTRIBUTION INCOME		
Contribution from employers	761,044,336	626,225,167
Contribution from members	747,234,577	642,439,894
Contribution from self-employed members	142,854	260,943
Contribution from government on accrued rights (Note 14.1)	292,625	1,266,308
	1,508,714,392	1,270,192,312
CONTRIBUTION PAID AND UTILIZED		
Benefits paid to members	128,608,446	122,107,672
Benefits utilized under Hajj scheme	1,063,468	-
	129,671,914	122,107,672
NET CONTRIBUTION	1,379,042,478	1,148,084,640
7 INTEREST INCOME	2022	2021
	MVR	MVR
Interest on recognition of bonds (Note 7.1)	184,597,679	178,557,346
Interest on treasury bonds	174,560,692	173,603,000
Interest on treasury bills	426,725,054	355,943,453
Interest on fixed deposits	27,197,850	24,606,996
Interest on HDFC bonds	7,627,481	8,467,673
Income on sukuk	21,277,607	16,822,019
Income on collateralization deposit	1,675,981	1,226,967
	843,662,344	759,227,454

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 2022 was 5.00% (2021 - 4.95%).



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

For the year ended 31 December 2022

8	DIVIDEND INCOME	2022 MVR	2021 MVR
	Dividend from equity securities - Quoted	42,315,142	46,475,038
		<u>42,315,142</u>	<u>46,475,038</u>
9	OTHER INCOME	2022 MVR	2021 MVR
	Fines on late contribution	1,570,727	534,094
		<u>1,570,727</u>	<u>534,094</u>
10	ADMINISTRATIVE EXPENSES	2022 MVR	2021 MVR
	Management fee (Note 10.1)	88,317,763	76,891,476
		<u>88,317,763</u>	<u>76,891,476</u>
10.1	Management fee		
	In accordance with section 6(d) of the Maldivian Pension Act 8/2009, the MPAO 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	2022 MVR	2021 MVR
	Cash at bank (Note 11.1)	22,722,367	56,052,034
	Cash and cash equivalent in the Statements of Cash Flows	<u>22,722,367</u>	<u>56,052,034</u>
11.1	Balances with Banks	2022 MVR	2021 MVR
	Cash balance in Contribution Holding Account	10,174,612	43,215,889
	Cash balance in Contribution Collection Account	12,497,010	12,075,814
	Cash balance in Maldives Islamic Bank	38,117	729,835
	Cash balance in Mauritius Commercial Bank	12,628	30,496
		<u>22,722,367</u>	<u>56,052,034</u>



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

For the year ended 31 December 2022

12 CONTRIBUTION AND OTHER RECEIVABLES	2022 MVR	2021 MVR
Contribution receivables	157,111,146	139,300,310
Receivable for accrued rights matured	5,898,404	1,968,602
Other receivables	164,039	22,183,796
	<u>163,173,589</u>	<u>163,452,708</u>
13 INVESTMENT IN FINANCIAL ASSETS	2022 MVR	2021 MVR
Treasury bills - at amortized cost	10,260,591,426	8,637,020,244
Investment in Fixed deposit - at amortized cost	1,006,844,207	566,576,033
Investment in Sukuk - at amortized cost	358,079,171	358,128,164
Treasury bonds - at amortized cost	3,416,725,337	3,367,767,644
Investment in HDFC bond - at amortized cost (Note 13.1)	100,100,337	112,736,846
Equity securities – at FVOCI - (Note 13.2)	558,885,060	558,885,060
	<u>15,701,225,538</u>	<u>13,601,113,991</u>
13.1 Investment in HDFC bond - at amortized cost	2022 MVR	2021 MVR
Balance as at 1 January	112,736,846	124,533,163
Interest accrued during the year	7,627,481	8,467,673
Interest received during the year	(7,654,921)	(8,493,289)
Principal repayment during the year	(12,609,069)	(11,770,701)
Balance as at 31 December	<u>100,100,337</u>	<u>112,736,846</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 2022

13 INVESTMENT IN FINANCIAL ASSETS (CONTINUED)

13.2 Equity securities – at FVOCI	2022 MVR	2021 MVR
Investment in equity shares (quoted) (Note 13.3)	558,885,060	558,885,060
	558,885,060	558,885,060

13.3 Investment in equity shares (quoted)

	<u>Number of shares</u>		<u>Carrying value</u>	
	2022	2021	2022 MVR	2021 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
			558,885,060	558,885,060

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 2022

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
Dhiraagu and Ooredoo		
<p><i>Discounted cash flows:</i> 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).</p>	-Expected revenue growth (2022: 0.3% – 6.3%, 2021: 2%–7%).	The estimated fair value would increase / (decrease)
	-Terminal growth: (2022: 1% of the asset base, 2021: 1% of the asset base)	-Expected revenue growth were higher / (lower);
	-Capital Investment (2022: 10% - 8.4%, (2021: 8% - 9%)	-Terminal growth and Capital Investments were higher / (lower); or
	-WACC (2022: 9.8% – 9.3%, (2021: 8% – 9%)	-Weighted average cost of capital were lower / (higher).
Maldives Islamic Bank		
<p><i>Residual Income:</i> 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.</p>	-ROE (2022: 14%, (2021: 14%).	The residual income would increase / (decrease) if:
	-Terminal ROE (2022: 16% , (2021: 16%)	-Expected ROE were higher / (lower);
	-Terminal growth (2022: 1% , (2021: 1%)	-Terminal growth were higher / (lower); or
	-Cost of equity (2022: 13%, (2021: 11.12%)	-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 2022

14 RECOGNITION BOND	2022 MVR	2021 MVR
Accrued pension rights receivable (Note 14.1)	1,927,078,587	1,965,072,942
Interest receivable on recognition bonds (Note 14.2)	1,916,605,184	1,767,751,813
	<u>3,843,683,770</u>	<u>3,732,824,755</u>
14.1 Accrued pension rights receivable		
Opening balance	1,965,072,942	2,006,179,516
Net adjustment to contribution from Government on accrued rights	292,625	1,266,308
Accrued rights matured during the year	(38,286,980)	(42,372,882)
Closing balance	<u>1,927,078,587</u>	<u>1,965,072,942</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.

14.2 Interest receivable on recognition bonds	2022 MVR	2021 MVR
Opening balance	1,767,751,813	1,624,987,913
Additions during the year	184,597,679	178,557,346
Paid during the year	(35,744,308)	(35,793,446)
Closing balance	<u>1,916,605,184</u>	<u>1,767,751,813</u>

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	2022 MVR	2021 MVR
Opening balance	33,931,335	33,579,865
Additions during the year	266,690	562,227
Principle received during the year	(526,850)	(209,176)
Interest accrued during the year	1,046,381	1,232,104
Interest matured during the year	(1,277,129)	(1,233,685)
Closing balance	<u>33,440,427</u>	<u>33,931,335</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 2022

16 OTHER PAYABLES	2022 MVR	2021 MVR
Management fee payable	8,071,565	7,045,370
To be allocated to collateralization deposit members	-	658,475
Excess collection from employers	15,207	16,254
	<u>8,086,772</u>	<u>7,720,099</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 2022

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

(A) Accounting classification and fair values (Continued)

31 December 2022	Carrying amount			Fair value				
	Financial assets at amortised cost	FVOCI – equity instruments	Other financial	Total	Level I	Level II	Level III	2,022
	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR
Financial assets								
Cash and cash equivalents	22,722,367	-	-	22,722,367	-	-	-	-
Contribution and other receivables	163,173,589	-	-	163,173,589	-	-	-	-
Financial assets at amortised cost	15,142,340,478	-	-	15,142,340,478	-	-	-	-
Equity securities at FVOCI	-	558,885,060	-	558,885,060	-	-	558,885,060	558,885,060
Recognition bond	3,843,683,770	-	-	3,843,683,770	-	-	-	-
Housing collateralization deposit	33,440,427	-	-	33,440,427	-	-	-	-
	19,205,360,631	558,885,060	-	19,764,245,691	-	-	558,885,060	558,885,060
Financial liabilities								
Other payables	-	-	8,086,772	8,086,772	-	-	-	-
Contribution collection accounts	-	-	3,929,774	3,929,774	-	-	-	-
	-	-	12,016,546	12,016,546	-	-	-	-

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
(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 MANAGEMNT (CONTINUED)

(A) Accounting classification and fair values (Continued)

31 December 2021	Carrying amount				Fair value			2,022
	Financial assets at amortised cost	FVOCI – equity instruments	Other financial liabilities	Total	Level I	Level II	Level III	
	MVR	MVR	MVR	MVR	MVR	MVR	MVR	
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 amortized 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
(ADMINISTERED BY MALDIVES PENSION ADMINISTRATION OFFICE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31 December 2022

**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:

- (i) Credit Risk
- (ii) Market Risk
- (iii) Liquidity Risk

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

(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 89.64% 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	2022		2021	
	MVR	%	MVR	%
Government Securities	13,677,316,763	69.98%	12,004,787,888	69.26%
Recognition bond	3,843,683,770	19.67%	3,732,824,755	21.53%
Investment in Fixed Deposits	1,006,844,207	5.15%	566,576,033	3.27%
Corporate Debt Securities	458,179,507	2.34%	470,865,010	2.72%
Investment in Equity Securities	558,885,060	2.86%	558,885,060	3.22%
	19,544,909,307	100%	17,333,938,746	100%



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

For the year ended 31 December 2022

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

(i) Credit Risk (Continued)

Cash and cash equivalent

The MRPS held cash and cash equivalents of MVR 22,704,586/- as at 31 December 2022 (2021: MVR 56,052,034/-). 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	
	2022 MVR	2021 MVR
Fixed Rate Instruments	16,744,853,714	14,740,436,111

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.

(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 2022

**18 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - FAIR VALUE AND 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 108 Mn to MVR 122 Mn per month during the year.(2021: MVR 91 Mn to MVR 123 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
(ADMINISTERED BY MALDIVES PENSION ADMINISTRATION OFFICE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31 December 2022

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

(B) Financial risk management (Continued)

(iii) Liquidity Risk (Continued)

Maturity analysis of financial assets and financial liabilities

Financial assets	0-12 Months MVR	1-3 Years MVR	3-5 Years MVR	More Than 5 years MVR	Total as at 31.12.2022 MVR	Total as at 31.12.2021 MVR
Cash and cash equivalents	22,722,367	-	-	-	22,722,367	56,052,034
Contribution and other receivables	163,173,589	-	-	-	163,173,589	163,452,708
Treasury bills	10,260,591,426	-	-	-	10,260,591,426	8,637,020,244
Investment in Fixed deposit	445,157,242	507,311,559	54,375,407	-	1,006,844,207	566,576,033
Investment in Sukuk	3,079,171	15,000,000	80,000,000	260,000,000	358,079,171	358,128,164
Treasury bonds	545,725,337	1,612,000,000	459,000,000	800,000,000	3,416,725,337	3,367,767,644
Investment in HDFC bond	13,762,488	29,968,962	34,390,073	21,978,813	100,100,337	112,736,846
Financial assets at FVOCI	-	-	-	558,885,060	558,885,060	558,885,060
Recognition bond	68,102,281	141,057,736	158,858,109	3,475,665,645	3,843,683,771	3,732,824,755
Housing collateralization deposit	556,539	778,599	707,807	31,397,485	33,440,429	33,931,335
Total assets	11,522,870,439	2,306,116,855	787,331,395	5,147,927,003	19,764,245,694	17,587,374,823
Financial liabilities						
Other Payables	8,086,772	-	-	-	8,086,772	7,720,099
Contribution collection accounts	3,929,774	-	-	-	3,929,774	5,698,507
Total liabilities	12,016,546	-	-	-	12,016,546	13,418,606



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

For the year ended 31 December 2022

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 2022 are as follows.

Related Party	Relationship	Nature of Transactions	Amount		Balance as at	
			2022 MVR	2021 MVR	31.12.2022 MVR	31.12.2021 MVR
Ministry of Finance (MOF)	Member of Ministry of Finance represents at MPAO Board	T'bills- Purchases	10,038,266,128	8,537,814,171	-	-
		T'bills- Matured	(8,841,420,000)	(7,057,263,317)	-	-
		Investments	-	-	10,260,591,426	8,637,020,244
		T'bond- Purchases	550,000,000	459,000,000	-	-
		T'bond- Matured	(550,000,000)	(459,000,000)	-	-
		Investments	-	-	3,416,725,337	3,367,767,644
		Recognition bond- Adjustments	292,625	1,266,308	-	-
		Recognition bond- Matured	(38,286,980)	(42,372,882)	-	-
		Investment	-	-	3,843,683,770	3,732,824,755



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

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

For the year ended 31 December 2022

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% (2021 - 0.6%) of the net assets value of MRPS.

Related Party	Relationship	Nature of Transactions	Amount		Balance as at	
			2022 MVR	2021 MVR	31.12.2022 MVR	31.12.2021 MVR
Maldives Pension Administration Office (MPAO)	Administrator of MRPS	Management fee	(88,317,763)	(76,891,476)	(8,071,564.58)	(7,045,370)

21.1 Transactions with the Key Management Personnel

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 2022

24 INVESTMENT FUND ANALYSIS

MRPS comprise of the following sub funds.

	Investment	Shariah	Conservative	Shariah Retirees	Housing	Recognition Bond	Consolidated Adjustment	Total
	MVR	MVR	MVR	MVR	MVR	MVR	MVR	2022 MVR
Income								
Net Contribution Income	1,435,632,199	52,066,479	(126,696,025)	(1,244,639)	-	292,625	18,991,840	1,379,042,478
Interest Income	621,139,380	13,826,805	22,237,098	185,401	1,675,981	184,597,679	-	843,662,344
Dividend Income	39,105,526	3,209,616	-	-	-	-	-	42,315,142
	2,095,877,104	69,102,900	(104,458,927)	(1,059,238)	1,675,981	184,890,304	18,991,840	2,265,019,964
Other income	1,442,769	40,032	8,291	-	-	-	79,635	1,570,727
Inter-Portfolio Movements	(222,522,040)	127,611,351	167,817,744	2,442,235	(1,318,004)	(74,031,287)	-	-
Management fee	(82,633,913)	(2,874,189)	(2,575,136)	(37,511)	(197,015)	-	-	(88,317,763)
Increase in net assets attributable to members	1,792,163,920	193,880,094	60,791,972	1,345,487	160,962	110,859,017	19,071,475	2,178,272,928
ASSETS								
Cash and cash equivalents	16,157,334	1,983,410	471,332	141,342	39,175	-	3,929,774	22,722,367
Contribution and other receivables	117,827,167	4,981,090	5,960,318	45,453	164,047	-	34,195,513	163,173,589
Financial assets at amortised cost	14,134,816,288	487,338,215	511,170,846	9,015,128	-	-	-	15,142,340,478
Financial assets at Fair Value	483,390,060	75,495,000	-	-	-	-	-	558,885,060
Recognition bond	-	-	-	-	-	3,843,683,770	-	3,843,683,770
Housing collateralization deposit	-	-	-	-	33,440,427	-	-	33,440,427
Total Assets	14,752,190,849	569,797,715	517,602,496	9,201,924	33,643,649	3,843,683,770	38,125,287	19,764,245,691
LIABILITIES								
Other Payables	7,903,625	286,778	221,113	3,334	105,201	-	(433,279)	8,086,772
Contribution collection accounts	-	-	-	-	-	-	3,929,774	3,929,774
Total liabilities (excluding net assets attributable to members)	7,903,625	286,778	221,113	3,334	105,201	-	3,496,495	12,016,546
ACCUMULATED MEMBERS' BALANCE								
Accumulated members' balance	14,744,287,224	569,510,937	517,381,383	9,198,590	33,538,448	3,843,683,770	34,628,792	19,752,229,145
Total accumulated members' balance and Liabilities	14,752,190,849	569,797,715	517,602,496	9,201,924	33,643,649	3,843,683,770	38,125,287	19,764,245,691

