

Annual Report 2019



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Acronyms

ARMC	Audit and Risk Management Committee
CEO	Chief Executive Officer
CMDA	Capital Market Development Authority
HDFC	Housing Development Finance Corporation Limited
HR	Human Resources
IIAS	International Internal Audit Standards
IPO	Initial Public Offering
ISSA	International Social Security Association
IT	Information Technology
MMA	Maldives Monetary Authority
MRPS	Maldives Retirement Pension Scheme
RAMP	Reserve Advisory and Management Program
RNC	Remuneration and Nomination Committee
RSA	Retirement Savings Account
SAA	Strategic Asset Allocation
SOE	State Owned Enterprise
SOIP	Statement of Investment Principles
SOP	Standard Operating Procedure
SPC	Statement of Pension Contribution

Chairperson's Statement



Ms. Athifa Ali | Chairperson

It is a great privilege to lead the Board of the Maldives Pension Administration Office and to present to you the organization's Annual Report for the financial year ended 31st December 2019.

In the year 2019, the Pension Office celebrated its 10th anniversary. The Board and the staff of the Pension Office today are grateful for the courage and passion of those who paved the way and laid the groundwork for the success of the organization. We are proud of the achievements of our team during the year and will continue that journey in the years to come.

Mr. Mohamed Hussain Maniku served diligently as the Chief Executive Officer of the Pension Office for the past 10 years since the inception of the organization. Mr. Maniku completed his 10 year term on 31st December 2019. On behalf of the Board of the Pension Office, I take this opportunity to thank and congratulate Mr. Maniku for the continued success achieved by the Pension Office in the past

decade under his strong leadership, guidance and dedication towards making the Pension Office one of the most trusted public organizations in the Maldives.

Upon reaching the completion of Mr Maniku's tenure, during the year 2019 the Board initiated the recruitment process of a new CEO who can lead the Pension Office to the next level of progress and strategic development. The Board is committed to have this process completed at the earliest giving consideration to best practices to make the process fair and independent. Looking ahead for 2020, as we pursue the vision and mission of the Pension Office, the Board would like to assure the public that we will continue taking all necessary steps to improve the pension system and its services, in order to deliver sustainable benefits to its members with integrity and dedication.

The Pension Office plays a pivotal role in the development of the social security system in the

country. With the successful implementation of the Basic Pension and the Maldives Retirement Pension Scheme (MRPS) in the past decade, the focus of the Pension Office has now moved on to further improve and sustain the operation through innovative means. In this regard, significant investments were made in strengthening the Pension fund and important progress were achieved during the year, towards our growth targets, benefiting the fund and the members of MRPS. Pension Office subscribed to the IPO by the Maldives Islamic Bank (MIB) in July 2019 and became a major shareholder of the Bank. Accordingly, the Pension Office acquired the opportunity to nominate one Director to the Board of MIB, as per Article 41 of the Articles of Association of the Bank.

Another important milestone of the year was the implementation of the 4th and 5th amendments of the Maldives Pension Act. In support of the government's pledge of allowing the utilisation of the pension funds to pay for obligatory Hajj from the Maldives Retirement Pension Scheme, the amendment was passed by the Board after a considerable deliberation on the matter promoting the best interest of the members of MRPS.

The members of the Board are committed to good governance practices. Further, to guide the organization on responsible conduct, another key event in the Board's calendar was our annual strategic planning session. These annual sessions give the Board a huge insight into the heart of the organization and the talent pipeline. It is the Board's responsibility to ensure there is sufficient diversity of thought across the organisation in order that we are truly reflecting the best interest of the members of the fund in implementing the Maldives Pension Act (8/2009) and the relevant regulations. This year's strategic planning session provided additional focus in this regard for the Board and management in prioritizing and focusing on the crucial areas and streamlining its operations.

Early progress and discussions toward the strategic direction has been encouraging and the Board is closely engaged with management on its delivery.

Further, the Board has discussed the way forward and the implementation of changes as appropriate, and I look forward to reporting to you under that edition next year.

Significant investments by the Board were also made in solidifying the organization's footing in innovation and technological advancements in preparation for the future growth of the Pension Office. In 2019 the Board approved to pursue ISO 27001 certification for data security, taking IT to the next level improving the working environment of our employees which lead to improvements in our existing services. The important highlights of the decade and the operational progress of the Pension Office will be elaborated more in the report.

With the Pension Act with which we must comply, and an ever more challenging economic environment within which to operate, the Board of Pension Office will continue to ensure we adhere to the best practices of the governance framework and we continue to strengthen our services to the members of the scheme and to the general public.

This is certainly not something that the Board can achieve alone, and I would like to acknowledge the efforts of the management and staff of the Pension Office in achieving the organization's goals and targets. We strive to achieve excellence in pension services and financial stability for a secure future and I look forward to the Pension Office to be the most trusted, respected, and loved public institution in the Maldives.

My sincere thanks to the Board members for leading the Pension Office through this challenging year, to the former CEO of Pension Office, Mr. Mohamed Hussain Maniku and to our management and staff, our utmost appreciation for your dedicated efforts.

The Board remains confident in its management team and committed to working with all our stakeholders for the unified purpose of providing a strong and viable pension scheme for its current and future members.

Acting Chief Executive Officer's Statement



Fathimath Sujatha Haleem | Acting Chief Executive Officer

The previous year marked the 10th anniversary of the Pension Office and it is certainly worthwhile to commemorate the important highlights of the decade as we move into the new year 2020. The Pension Office was established with the aim to create a more inclusive pension regime and to establish a contributory social security system which can reduce the fiscal burden on the state in the long-term. It gives me great pleasure to say that both objectives were successfully met with the end of the decade having successfully established a Defined Contributory Pension Scheme which covers a substantial percentage of working Maldivians from both the private and public sector. Today the Maldives Retirement Pension Scheme (MRPS) covers more than 104558 members and 1353 retirees.

The past year has been a tremendously successful year for the Pension Office both in terms of

introducing additional members to the pension scheme and in generating additional value to members through prudent investments. The 4th amendment to Pension Act which was ratified on 10th March 2019 was operationalized during the year, enabling MRPS members to withdraw part of their retirement savings towards performing the holy pilgrimage and an MOU was signed with the Hajj Corporation in June 2019 to seamlessly roll-out this service.

The Pension Office manages critical information related to the members and stakeholders. Thus, following its remarkable transformation to move its entire IT infrastructure to a Google Cloud environment in 2018, during 2019 Pension Office also embarked on a project to maintain information and process management at an internationally recognisable level by pursuing the ISO 27001 certification for data security.

The Pension Office signed a technical advisory agreement with the Reserves Advisory and Management Program (RAMP) of the World Bank Treasury in 2018. I am happy to note that during 2019 the Pension Office welcomed its first World Bank mission which reviewed the Pension Fund's Strategic Asset Allocation (SAA) and recommended important changes such as pursuing real and foreign currency investments as its long-term investment strategy. On the investment front, the Pension Office continued to pursue high quality investment opportunities and invested over MVR 10 billion in Maldivian debt and equity markets.

As we look onto the new year 2020 the Pension Office is ready to embark on a number of programs which will bring additional benefits to its members and also bring the organization much closer to its members. Work is ongoing to initiate the Disability Insurance Scheme and to incorporate fishermen and farmers in the pension scheme, which is also a key pledge of the current administration. Further efforts are also being made to increase the enrollment of self-employed individuals in the pension scheme.

I would like to take this opportunity to express my gratitude to the former Chief Executive Officer (CEO) of the Pension Office Mohamed Hussain Maniku, who has contributed immensely to the tremendous success of the Pension Office. He has diligently served as the CEO of the Pension Office for the past 10 years and retired from the job on 31st December 2019, after completion of his term. I would also like to thank him for his outstanding, dedicated service and contributions that have helped the Pension Office on the path to excellence and laid the foundation for continued success.

The hard-working staff and the strategic direction of the members of the Pension Office Board played a major role in the success of the Pension Office.

I wish to thank the Chairperson of the Board and the Board Members for the continued guidance and advice to steer Pension Office towards a model public institution in governance and in embracing technology. Further, I also note the strong commitment and work ethic of the Senior Management and staff. The trust and endearment that the Pension Office enjoys from the Maldivian public today is only possible by hard work and dedication of our staff members.

I would also like to convey my gratitude to the President's Office, People's Majlis, Ministry of Finance, Ministry of Gender, Family and Social Services, Maldives Monetary Authority, Capital Market Development Authority and other state institutions for the cooperation provided to the Pension Office.

I wish a bright future for the members of the Pension fund and may the staff of the Pension Office be blessed with continued determination to continue this outstanding effort.

Key Statistics of 2019

- + Participation of over 445 public sector employers in MRPS.
- + Participation of over 2,408 private sector employers in MRPS.
- + Total number of employees contributing to MRPS is 100,225.
- + Average monthly contribution to MRPS is MVR 98.65 million.
- + Average Retirement Pension disbursed per month is MVR 7.58 million.
- + MRPS Fund has MVR 13.9 billion including Accrued Rights.
- + Basic Pension disbursed to 17,496 beneficiaries.
- + Average Basic Pension disbursed per month is MVR 75.33 million.
- + Average State Other Pension disbursed per month is MVR 24.79 million.
- + Average Senior Citizen Allowance disbursed per month is MVR 46.83 million.

About Pension Office

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

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

Vision

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



Vision

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

We endeavor to:

- Manage Maldives Retirement Pensions Scheme
- Deliver exceptional pension services
- Establish outstanding communication and awareness
- Set high standards and benchmarks for pension





Key Functions of Pension Office

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

- Administer and manage Pension Schemes established under the Pension Act
- Provide Retirement Pension
- Pay Old-Age Basic Pension
- Formulate regulations, standards and guidelines to operate schemes established under the Pension Act
- Conduct awareness programmes on schemes established under the Pension Act

In addition to the aforementioned functions, disbursing State Other Pension and Senior Citizen allowance to beneficiaries are functions of the Pension Office.



Core Values

Integrity

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

Communication

Committed to openness and share frequently, simply and clearly.

Team Spirit

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

Innovation

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

Excellence

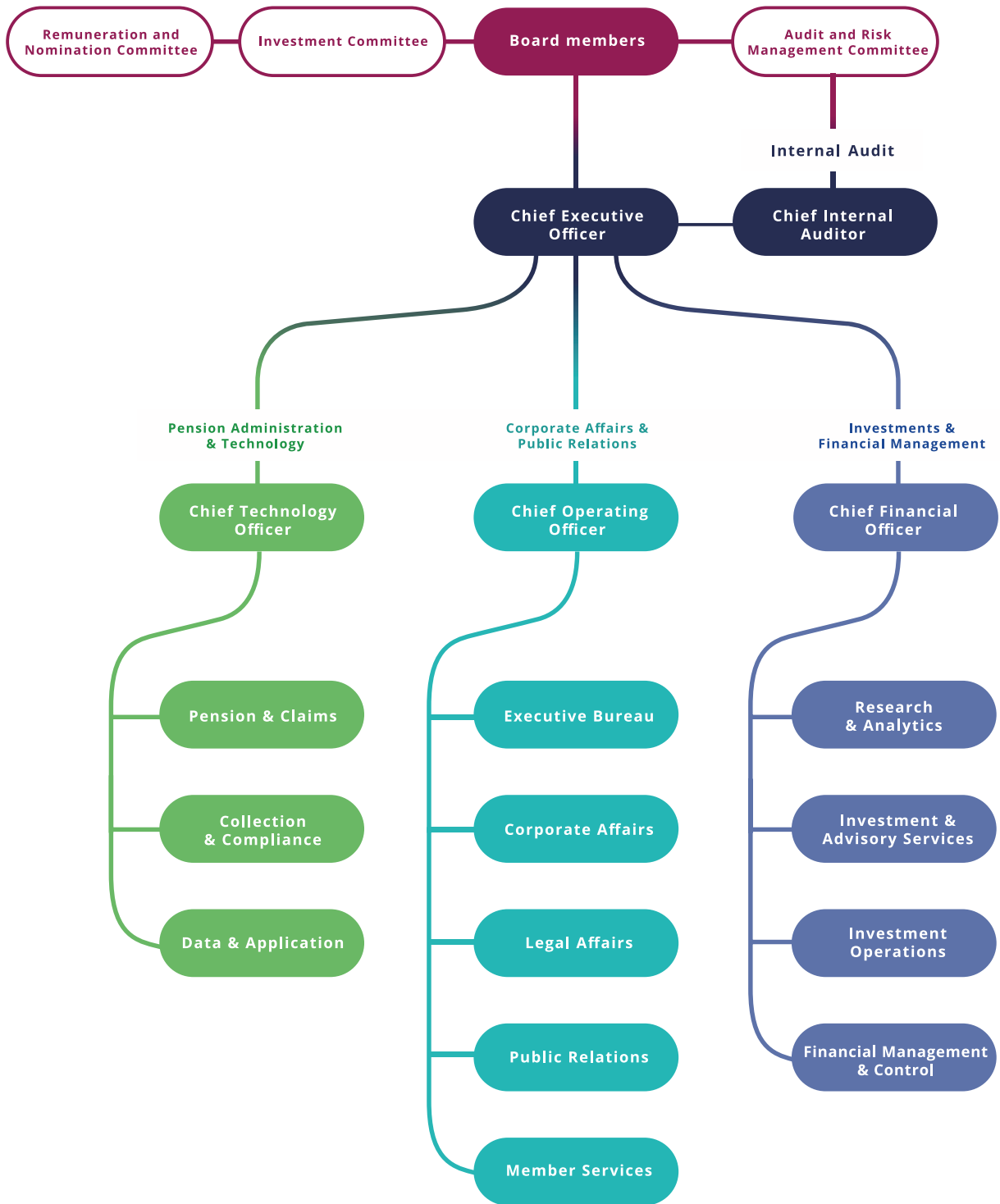
Passion, dynamism and determination to deliver the best results for members and ensure every one operates at full capacity.



Administration Report



Organization Structure




Crucial changes were made effective from 01st January 2018 to the organization structure of the Pension Office in order to strengthen administration, achieve the vision and mission, and accelerate work. This change has enabled organizing and administering work effortlessly in accordance with the direction of the Board.

The current organization structure is composed of 3 divisions overseen by the Chief Executive Officer. The 3 divisions are; Corporate Affairs and Public Relations Division, Investment and Financial Management Division, Pension Administration and Technology Division. Further, the work of these 3 divisions are divided among 12 departments.


In addition, the current organization structure has an Internal Audit function reporting to the Audit and Risk Management Committee of the Board. All the work and staff of the Pension Office are assigned to these three divisions and functions.

Corporate Affairs and Public Relations Division

Corporate Affairs and Public Relations Division is overseen by the Chief Operating Officer. This division is composed of 5 departments. They are the Executive Bureau, Corporate Affairs, Legal Affairs, Public Relations and Member Services.

**Executive Bureau**


Main functions of the Executive Bureau includes, providing administrative support to the Board and CEO, discharging the duties of Board Secretariat, preparing and safekeeping Board documents and conducting induction program for newly appointed Board Members.

**Legal Affairs**

Key responsibilities of the Legal Affairs department are providing legal advice, representing the Pension Office at court of law, drafting of laws, regulations and contracts and communicating with state institutions on legal matters.

**Corporate Affairs**

Corporate Affairs department manages the development of policies related to staff and human resources, manages all matters pertinent to staff, and facilitates administrative support.

**Public Relations**

Conducting campaigns through various mediums to raise awareness about the pension system, working on stakeholder relations, organizing Pension Office events, updating Pension Office website and social media platforms are responsibilities of the Public Relations department.



Member Services

Member Services department was established to communicate with individuals seeking information, entering documents and forms into the system, and issue statements from the Pension Office.



Investment and Financial Management

The Investment and Financial Management division comprises 4 departments working under the Chief Financial Officer. These departments are Research and Analytics, Investments and Advisory Services, Investment Operations and Financial Management and Control.



Research and Analytics

Functions of the Research and Analytics department includes performing due diligence on investments, researching financial status of listed companies and banks, compiling industry information, and evaluating investment risk.



Investment and Advisory Services

Investment and Advisory Services is mainly tasked with ensuring whether MRPS investments are made in accordance with the SOIP objectives, risk management and governance procedures.



Investment Operations

MRPS funds are managed by the Investment Operations department. Accordingly, daily fund valuation and unit price determination, trading securities, and disbursement of funds from MRPS are functions of this department.



Financial Management and Control

Financial Management and Control department provides administrative support related to disbursement of MRPS funds, issues benefits to beneficiaries of State Other Pension, prepares the Pension office budget and maintains records of expenditure.



Pension Administration and Technology

The 3 departments under Pension Administration and Technology division are directed by the Chief Technology Officer. These departments are Pension and Claims, Collection and Compliance, Data and Application.



Pension and Claims

Major responsibilities of the Pension and Claim department includes, timely disbursement of pension and state allowances to beneficiaries, handover of funds through the courts to heirs of deceased members, facilitating the collateralisation of RSA funds for housing purchases and for obligatory Hajj, and recovering overpayments.



Collection and Compliance

Major functions of the department include, receiving MRPS contribution from employers and reconciling contribution to RSA of members, ensuring employer's compliance with Pension Act and regulations, taking action against non-compliers.



Data and Application

Essential functions undertaken by the Data and Application department includes, management of "Koshaaru" system, other internal systems and databases, maintaining IT infrastructure of Google Cloud Platform, providing technical assistance, generating various reports for the Management, developing software and providing software related training to staff, and developing Pension Office website and applications.



Internal Audit

Internal Audit function is overseen by the Chief Internal Auditor. This function was established to audit different areas of the Pension Office, report audit findings to CEO and Board committees, and oversee implementation of audit recommendations.



Pension Office Financing

As per Section 7 (a) of the Pension Act, the Pension Office is financed through an administrative fee charged on the RSA balance of MRPS members. Accordingly, an administrative fee of 0.60 percent was charged in 2019.

The total income received in 2019 as administrative fee was MVR 57,727,167.54 million and the total annual expenditure amounted to MVR 42,984,793.17.

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Activity Report

Numerous activities and work beneficial to the community were undertaken during 2018 to further promote the objectives of Pension Office, strengthen administration and increase the scope of services.



Internal Audit

Introduction

Internal audit continues to be a significant pillar within the governance framework at the pension office. It assists in accomplishing organizations objectives by supporting the independent and objective appraisal of business processes to ensure sound and appropriate internal control systems are in place. Overseen by the Audit & Risk Management Committee (ARMC), and in collaboration with management, internal audit continued to work towards development of a sustainable function during the year 2019

Mandate

- To provide an independent assessment on the adequacy and effectiveness of internal controls and provide recommendations for continuous improvement.
- Facilitates detection of operational inefficiencies and non-compliances.
- Conduct investigations on ad hoc basis as requested by management/ARMC.

2019 Activities in Review

Program of internal audit - Annual Audit plan

Annual audit plan outlined the internal audit activities to be performed by internal audit during 2019. The plan was prepared using a risk based approach to ensure that areas and activities specific to pension office with the greatest risk are identified for consideration to be audited including input from management and ARMC. The major reviews identified included processes under contribution collection, Recruitment, procurement and process for utilizing RSA for hajj.

Internal Audit Planned Reviews

During 2019, 4 audits were undertaken as part of the programme of audits and 1 audit was transferred from 2018. Those audits completed and reported include overpayment process review, contribution collection process with the corresponding account reconciliations, employer fine and refund process, audit of recruitment process. By the end of the reporting period, 2 audits that were work in progress included, procurement process and utilizing RSA for Hajj. The audit findings in respect of each review, together with audit recommendations for actions and management responses on control issues as set out in detailed reports were presented to ARMC during the course of the year.

Periodic follow up on outstanding audit recommendations

Internal audit continued to work with management to improve the implementation of audit recommendations and followed up until implementation is complete. Significant progress was made by internal audit during 2019 in addressing and closing out audit recommendations requiring further actions. The follow up reports were periodically submitted to ARMC.

Other key development activities

Internal audit continued the initiative to improve the quality of internal audit activities in 2019. The initiative is a commitment to align internal audit operations with the Institute of Internal Auditors International Professional Practices framework. As part of this, audit test working paper formats were revised and quality review checklists were introduced.

During the reporting period, audit also began

a comprehensive update of the internal audit processes. In this regard, internal audit reporting policy and procedure was revised. Additionally, the audit recommendation monitoring process was revamped with comprehensive guidelines on status updating and monitoring in a timely manner.

Apart from this, to enhance professional competence, audit staff participated in various inhouse and external professional training in internal audit and other areas during the period under review.

Risk based regulatory inspection by CMDA

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



Stakeholder Relations

During 2019, the Public Relations department of the Pension Office conducted wide-ranging activities to promote stakeholder relations and raise awareness of the general public on matters relevant to pension.

Maldives Finance Forum



The Maldives Finance Forum organized by the Pension Office annually since 2012 was held in 2019, with the theme "Engaging Private Sector for Social and Economic Development". The Forum was held on 22 April 2019 at Paradise Island Resort, and was attended by leading officials and technical experts in the economic and financial sector.

Participation in the National HR Convention and Expo 2019



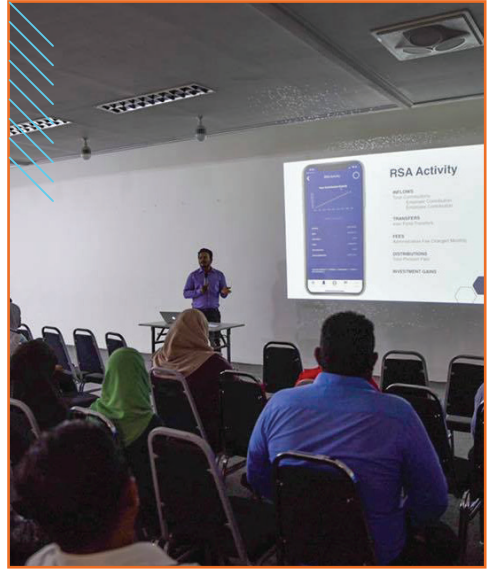
Pension Office participated in the National HR Convention and Expo 2019, organised by the Maldives Association for Human Resource Professions (MAHRP). Information was provided to the Expo participants on promoting pension as a benefit to employees and advantages of pension to both the employers and employees. Additional information related to MRPS was disseminated through the stall of the Pension Office set at the Expo.

Roadshow



Two roadshows were held in 2019 to disseminate information of MRPS schemes to members. Information on collateralizing pension funds to finance housing purchases and Hajj pilgrimage was provided. Additional information related to MRPS was also provided during these events.

Information Sessions



Sessions were held in Male' and in the atolls to spread information on MRPS to private and public sector employees, and students as well. During these sessions information on the pension system and pension schemes were provided to over 465 participants.

Media



Awareness on the pension system was raised during 2019 through TV, Radio and Newspaper media outlets. A total of 14 TV/Radio programmes were conducted in 2019 and 35 Newspaper articles were published in 2019 regarding Pension Office. In addition, special emphasis was given during the year to utilize social media to enhance public relations. Accordingly, popular social media platforms were engaged to disseminate information and news.

Business Convention



Pension office participated in the Business Convention organised by the Ministry of Economic Development in 2019, and disseminated information regarding the mandate and work of the Pension office through the stall of Pension office at the Convention.

Ranveyla Program



Under the memorandum of understanding signed between the Pension Office and the Ministry of Gender, Family and Social Services in 2018, "Ranveyla" Program continued in 2019. Under the program Pension office staff visited 23 islands and conducted information sessions targeted for the elderly.

Investor Week



Pension office participated in the activities to mark the Investor week organised by the Capital Market Development Authority. Pension Office presented a special presentation, and participated in the information sessions and disseminated information regarding the MRPS.

Celebrating International Day of Older Persons



Pension Office participated in the family evening organised by the Ministry of Gender, Family and Social Services to mark the International Day of Older Persons and carried out special activities on the day.

Global Money Week



Pension Office participated in the Global Money Week organised by the Maldives Monetary Authority, and disseminated information to school children on the importance of retirement savings, the mandate and work of the pension office.

Three Generation Walk



The Three General Walk was an initiative by the Pension Office to mark the International Day for Older persons. The Walk was targeted to three generations; kids, parents and grandparents and aimed at creating awareness about the challenges faced by the elderly people and the importance of addressing those issues. The walk was held in Hulhumale' and generated a huge support and response from the community.



Following are the summary of corporate social responsibility activities carried out by the Pension Office in 2019:

- Provided financial and technical assistance to “Ranveyla” program activities under the memorandum of understanding between Pension Office and Ministry of Gender, Family and Social Services.
- Provided financial assistance to strengthen administrative affairs of Senior Citizens Association of the Maldives.
- Provided financial assistance to the Investor Forum organised by the CMDA.
- Provided financial assistance to the Accounting Forum organised by the Auditor General's Office.

Member Services

Member Services department was established to communicate with individuals seeking information, entering documents and forms into the system, and issuing statements from the Pension Office. Important achievements of the department in 2019 include:

- Conduction of three surveys in relation to Employers and members of MRPS. The aim of the surveys was to gain knowledge and insight of the views, experiences and difficulties the Employers and Members of MRPS faced in receiving services provided by the pension office and how to solve them. The survey also further aimed at improving information sessions conducted by the pension office to the Employers and public in understanding the existing information gaps.

- Revision of the current S.O.P.s of the department and develop additional S.O.P.s
- Revision and updating the existing Service Application forms of Pension Office
- In 2019 a total of 773 Employers registered in the MRPS. These included Public and Private sector Employers.
- In 2019 a total of 1722 application forms were received to claim pension payout. These included 101 expatriate employee payouts and 1521 basic pension/retirement pension form.)

2019 Statistics of the department:

#	Major task of Member Services	Total
1	Documents submitted to Pension office	9186
2	Tickets issues	13896
3	Kosharu workflow	4585
4	Phone calls received to the call center	32352



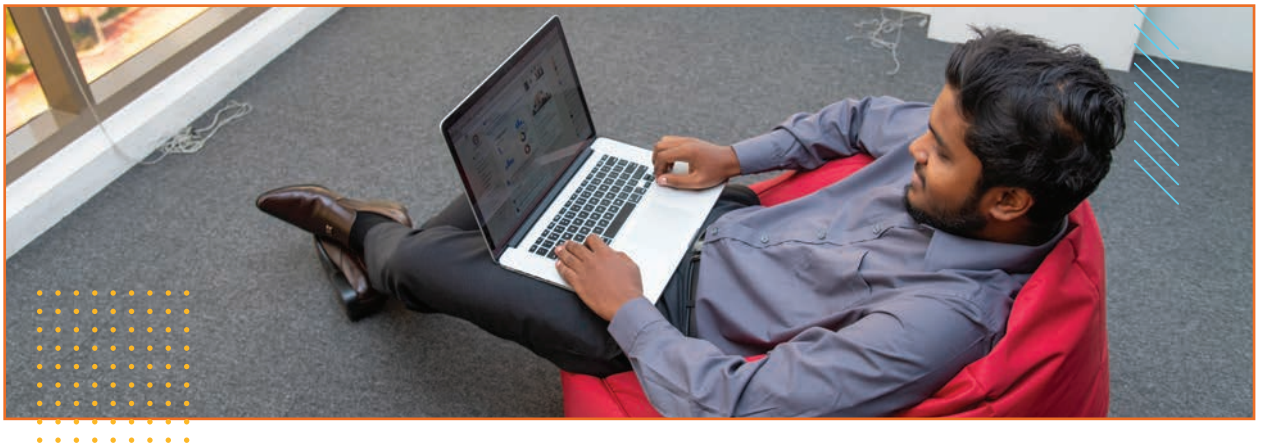
Information Technology

Pension Office rigorously focuses on providing efficient and speedy services by utilizing modern information technology. Accordingly, systems are in place to cater for external and internal demands.

Significant work in the IT field was executed by the Data and Application department of the Pension Office in 2019. These major tasks include

- Implementation of Hajj Payments in the KOSHAARU
- Implementation of Pension Payout requirements by the 4th amendment to the Pension Act.
- Implementation ISO 27001
- Provide DevOps training to the Data & Applications Staffs

Development of Cloudnet

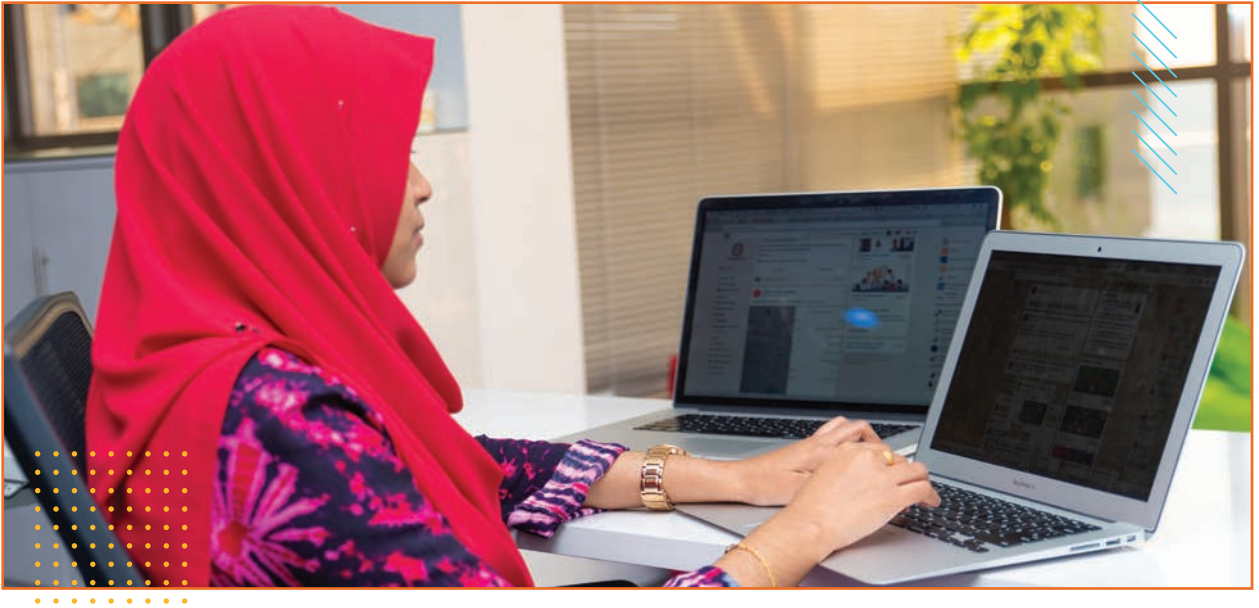


Cloudnet functions as the intranet to speed up the processes and link various departments of Pension Office. During 2019, numerous developments were made to Cloudnet.

Initiatives made in this regard includes :

- Live chat (version 1)
- Member verification (version 1)
- Beneficiary portal (version 1)
- Guest Wifi (version 1)
- Invoicing capability to the overpayment Portal
- Cheque print (version 1)

In addition, applications for Cloudnet SMS notification(version 2) , generate documents like letters and notices automatically (version 2), Pension Office S.O.P. were developed in 2019.



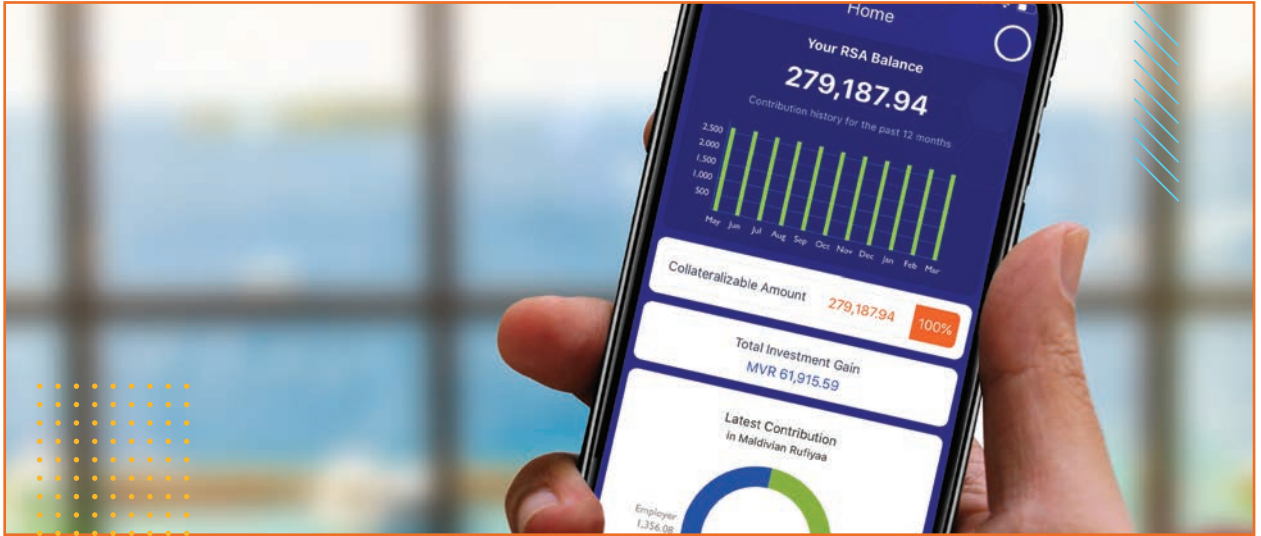
Important work carried out in 2019 to develop various types of software used by the Pension Office includes:

- Development of release information system (version 1) to migrate data from KOSHAARU and to integrate with DNR
- Development of Online Voluntary Contribution software for self-employed individuals to enable making pension contributions in an efficient manner
- Development of Authentication System to allow the usage of different software and websites using a single username and password (Authentication System- v2)
- Development of Asset Management System (version 2)

Following softwares tools required for ISO 27001 implementation were also developed in 2019:

- Change Management (version 1)
- ISMS Dashboard (version 1)
- Context of Organisation (version 1)
- Backup Management (version 1)
- Incident Management (version 1)
- Asset Registry (version 1)
- Training Management (version 1)
- Authorised Software Management (version 1)
- Visitor Log (version 1)
- Maintenance Log (version 1)
- Super Admin Account Management (SAAM) - version 1

Development of Website and Mobile App



To enable easy access to information related to Pension Office, further improvements were made to the website and mobile app of Pension Office during the year in review. Accordingly, English version of the website was launched and work on designing the second version of the website was initiated. Further, additional components were added to the mobile application.

Compliance

It is mandatory under the Pension Act for the employer to enroll employees in MRPS and make regular pension contributions on their behalf. In 2019, first notice was issued to 3,570 non-compliers and final notice was issued to 1,511 non-compliers for failing to pay pension contributions.

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

Details of Inspections	Total
Number of planned inspections and number of ad hoc inspections	97
Number of door to door inspections	467
Total Number of Inspections in 2018	564



Legal Action

In 2019, the Collection and Compliance department requested Legal Affairs to initiate legal action to recover pension contributions of over MVR 5.27 million from 93 non-compliant employers.

The following are the actions taken against the 93 non-compliant employers during 2019:

- Cases against 56 employers were registered and proceedings held in Civil Court.
- 21 employers settled out of court by making the outstanding pension contributions and submitting Statement of Pension Contributions.
- Claim forms for cases against 9 employers were prepared before the end of the year and the court registration process was initiated.
- Case files of 4 employers were returned to Collection and Compliance department due to address related issues.
- Cases against 3 employers were not filed in court due to the granting of payment extension.

1 case was filed against the Pension Office in 2019. This case concerned with the discontinuation of a 20 year service period based pension on receiving a state-sponsored retirement package. Civil Court delivered the verdict of this case on 12 January 2020, declaring that this claim cannot be brought against Pension Office.

During the year, 444 court hearings of cases involving the Pension Office was scheduled. The majority of cases involving Pension Office were held in the Civil Court. In addition, court hearings were scheduled in the Supreme Court, High Court, and GA. Villingili Magistrate Court.

Month	Number of Scheduled Hearings
January	41
February	28
March	23
April	28
May	32
June	48
July	50
August	32
September	45
October	50
November	41
December	26
Total	444

A total of 52 judgement enforcement cases were submitted to the Civil Court during the year. From this, 18 judgement enforcement cases were initiated due to the failure of complying with verdicts delivered in 2019.

Including new claims initiated during the year and on-going cases from past years, a total of 69 cases was concluded in 2019. Pension contribution amounting to over MVR 5.21 million was recovered from the concluded cases.

Details of court hearings involving Pension Office scheduled in 2019



Legislative and Regulatory Developments

The 4th and 5th amendments of the Maldives Pension Act was introduced in 2019. Under the 4th amendment of the Act, the amount of Basic Pension was increased to MVR 5,000 and utilization of pension funds to pay for obligatory Hajj from the Maldives Retirement Pension Scheme was allowed.

Following the 5th amendment of the Act, the amount allowed to be withdrawn to pay for obligatory Hajj was increased from 50% (fifty percent) to 80% (eighty percent) of the official Hajj cost.

Law	Introduction Date
4th Amendment of the Pension Act	10th March 2019
5th Amendment of the Pension Act	05th August 2019

A regulation detailing the procedures for utilizing funds from the Maldives Retirement Pension Scheme to pay for obligatory Hajj was gazetted in 2019.

Regulation	Introduction Date
Regulation on Disbursing Funds from Maldives Retirement Pension Scheme to Pay for Obligatory Hajj	28th May 2019
1st Amendment to Regulation on Disbursing Funds from Maldives Retirement Pension Scheme to Pay for Obligatory Hajj	06th October 2019



Training

Pension Office gives priority to ensure that staff members have the necessary talent and information to discharge job responsibilities. In this regard, training opportunities were facilitated in 2019 to increase their productivity.

A total of 18 employees participated in seminars, workshops and conferences held abroad. Further, 47 staff participated in training/workshops and forums organised by 11 different local institutes. In addition, Pension Office organised a team building training program for all staff members in 2019.

Training programs aimed at customers of Pension Office were also held. In this regard, training on SPC submission was provided to 60 employers during the year.



Scheme Administration Report

Under the Pension Act, Pension Office administers three pension schemes, namely Maldives Retirement Pension Scheme (MRPS), Old-Age Basic Pension Scheme (BP) and Collateralization of MRPS Funds for Housing Finance Scheme. Additionally, Pension Office disburses State Other Pension under an agency arrangement.

Details	MRPS	Basic Pension	State Other Pension	Senior Citizen Allowance
Beneficiaries per month (average)	1,328	17,453	7,192	17,628
Total disbursed amount (MVR)	91,012,606.86	903,984,286.06	297,502,868.85	93,669,343.14

◀▶ Maldives Retirement Pension Scheme (MRPS)



The primary objective of MRPS is to ensure individuals save during employment to cater for their livelihood in retirement and ultimately creating financial independence. MRPS is a defined contributory pension scheme administered with contribution of 14.00 percent of the pensionable wage by both employees and employers. The members of this scheme receive investment returns in addition to the contributions.

Following are the details of contributions, enrollment of employees and employers in MRPS as at 31st December 2019.

Contributions to MRPS	Amount in MVR
Public sector contributions	463,902,380.54
Private sector contributions	719,923,435.82
Total contributions to the Scheme in 2019	1,183,825,816.36

Members Enrolled in MRPS	Total	Employers Enrolled in MRPS	Total
Members enrolled from public sector	42,650	Employers enrolled from public sector	445
Members enrolled from private sector	57,575	Employers enrolled from private sector	1,719
Total members in the Scheme by 31st December 2019	100,225	Total Employers in the Scheme by 31st December 2019	2,164

During 2019, MVR 91,012,606.86 was disbursed to MRPS members as pension benefit. On average, 1,328 members received MRPS benefits per month.



Old-Age Basic Pension Scheme (BP)



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

A total of MVR 903,984,286.06 was disbursed as Basic Pension during the year and on average 17,453 beneficiaries received Basic Pension monthly.

Compared to 2018, the huge increase in the disbursed amount is due to the 4th Amendment of the Pension Act, which increased the Old-Age Basic Pension amount from MVR 2,300 to MVR 5,000.



Collateralization of RSA Balance for Housing

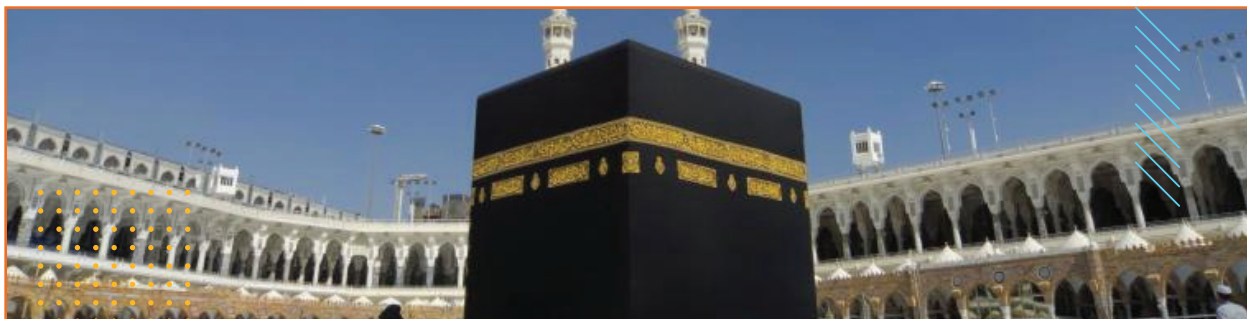


Pursuant to the 3rd Amendment of Pension Act, MRPS members were given the opportunity to collateralize RSA balance towards the down payment of housing purchases. This scheme is administered in collaboration with mortgage finance providers. Under this scheme, members will be able to utilize the accumulated pension savings towards paying the down payment for home purchases.

A total of 54 applications by 79 MRPS members were received in 2019 to collateralize RSA funds for housing purchases. From these, funds were collateralized for 50 members. The total amount of collateralized funds was MVR 10,378,553.03.



Collateralization of RSA Balance for Hajj

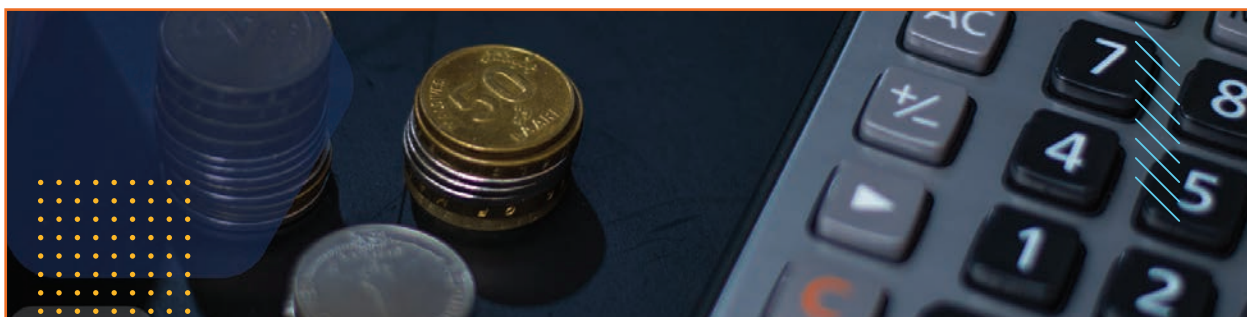


The 4th amendment to Pension Act, which was ratified in 2019, allowed the utilisation of the pension funds to perform obligatory Hajj using the balance of RSA. This scheme is administered with parties approved by the Ministry of Islamic Affairs. In this regard, in 2019 Pension office signed an M.O.U. with Maldives Hajj Corporation.

In total, MVR 454,772.50 was released as funds under this scheme to 13 successful applicants



Disbursement of State Other Pension



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

During the year a total of MVR 297,502,868.85 was disbursed to beneficiaries as State Other Pension. On average 7,192 individuals received State Other Pension monthly.

Furthermore, effective from February 2014, Pension Office was assigned to disburse Senior Citizen Allowance – a state-funded benefit provided to Maldivians above 65 years of age who do not receive monthly pension benefits of MVR 5,000.

Pursuant to the 4th Amendment of Pension Act, in March 2019, Senior Citizens Allowance was stopped from March 2019.

A Total of MVR 93,669,343.14 was disbursed as Senior Citizen Allowance upto the end of February of 2019. On average 17,628 beneficiaries received the allowance monthly.



Capital Market and Financial Sector Highlights



Economic Outlook

According to the Monthly Statistics published by the MMA in January 2020, the Real GDP growth rate is projected to be moderate at 5.7% for the year ended at December 2019, compared to 6.8% in the previous year. This moderation in the economy is primarily from the slowdown in the construction sector, due to the completion of several large-scale infrastructure projects of the government in 2018 and also from the delayed commencement of new public sector infrastructure projects budgeted for 2019. Although the growth is moderate, the government revenue increased by 8.3% resulting in MVR 24.1 billion. Tax revenue earned by the government increased by 4.6% from 15.8 billion in the preceding year to 16.5 billion in 2019. The most significant contributors to tax revenue were GST on tourism, import duty, goods and services tax and business profit tax with a combined share of 85% of the tax revenue. The government expenditure for the same period was MVR 29.1 billion, which represents an increase of 9.6% from 2018. The increase in expenditure was contributed by the 15.4% increase in spending on recurrent expenditures compared to the same period last year.



Summary of Capital and Financial Markets

The banking assets stood at MVR 56.2 billion, which represents a growth of 10.0% for the period December 2018 to December 2019. The deposit base of the banks stood at MVR 33.3 billion in December 2019, representing an increase of 10.7% for the same period in 2018. The lending grew by 7.8% during the period Dec 2018-Dec 2019. There was a decrease of 9.8% in the deposits held by banks with MMA in December 2019 compared to December 2018.

At the end of the year 2019, the average lending rate by banks to the private and public sector was 11.5% and 9.4%, respectively. The interest on short term deposits offered by banks increased to 2.8% on average, and the interest on long term bank deposits increased to 4.7% as at the end December 2019. The rates of the government Treasury bill rates remained unchanged from the previous year.

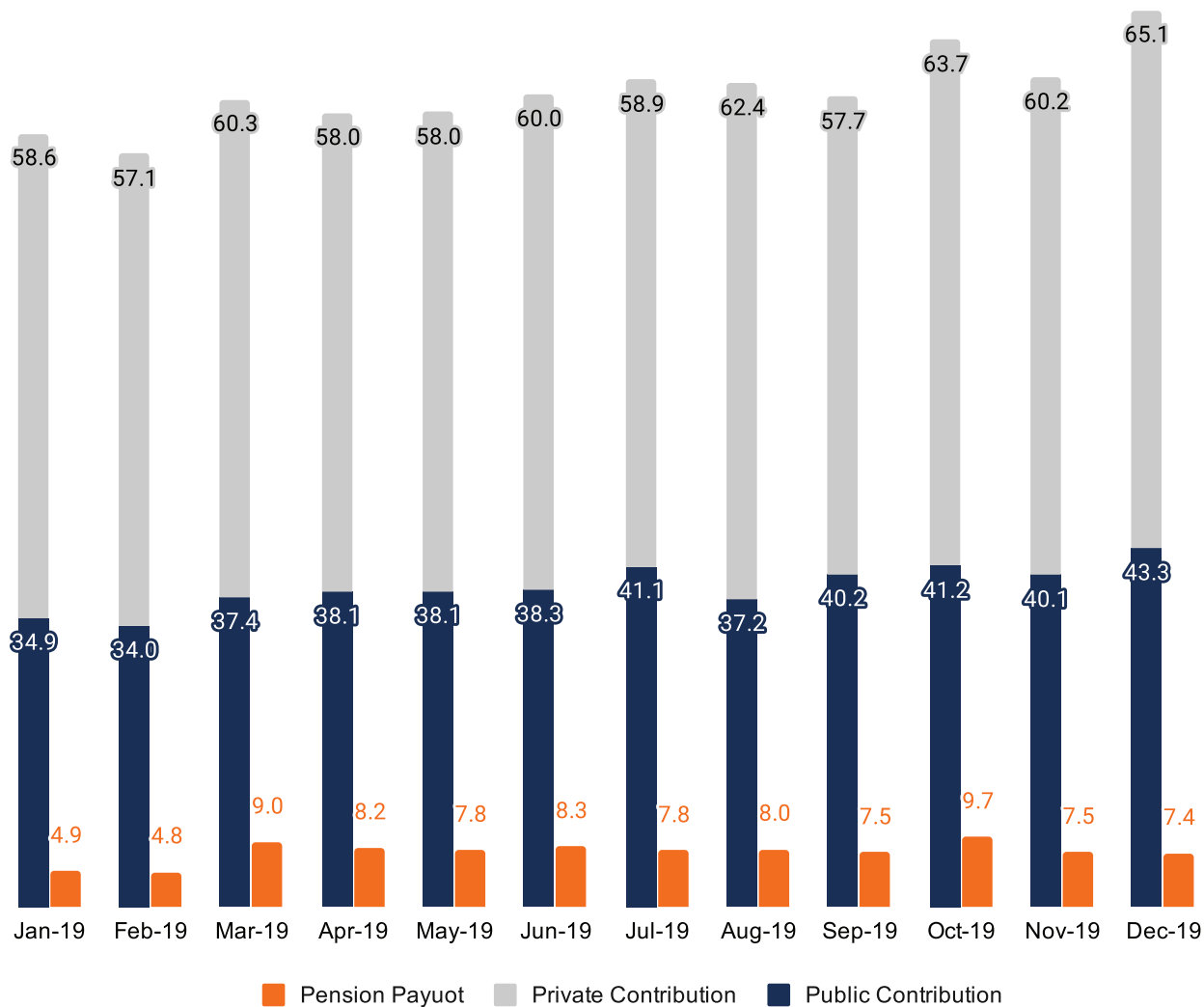
Among the highlights of the capital market, during the year HDFC Plc listed a conventional bond and shariah compliant bond (Sukuk) to cater for the housing demand fueled by developments in Hulhumale. There was one IPO by Maldives Islamic Bank in the capital market in 2019 and liquidity in the capital market remained thin. The MASIX index of the Maldives stock exchange increased by 17.7% during the year. Further, the Capital Market Development Authority (CMDA) initiated and hosted Capital Market Forum 2019 in collaboration with a number of industry stakeholders. CMDA is working towards the development of a formalized platform for private placements and has brought amendments to the regulations to facilitate the venture.



MRPS Investment Report



Investment Performance



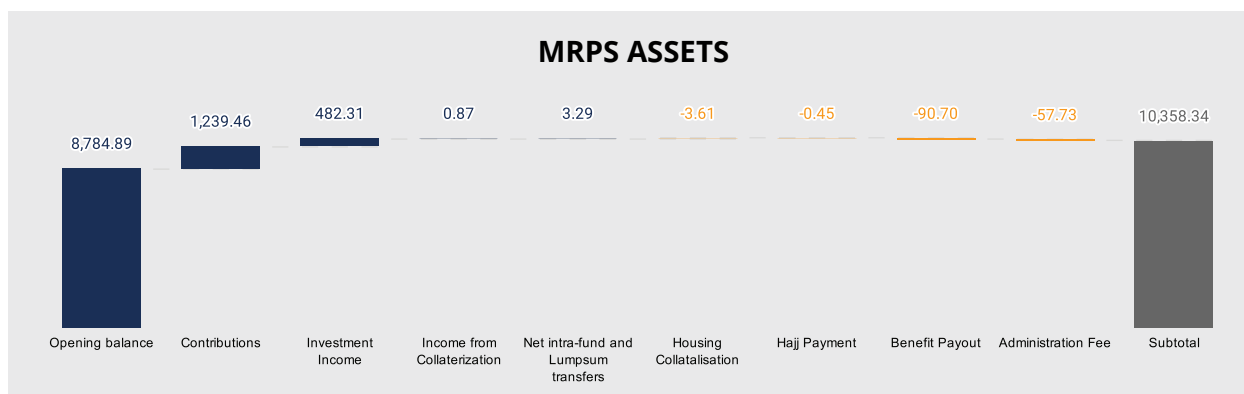
Contributions and Payouts (MVR, millions)

During the year, MRPS members contributed a total of MVR 1,183.8 million, which represented an increase of 8.0% in comparison to the previous year. The average contribution for the year was MVR 99.0 million per month which represented an increase of MVR 7.0 million from the previous year. The pension payouts increased significantly from MVR 58.5 million in the previous year to a total of MVR 90.7 million in 2019. The increase in payouts was due to the increase in minimum MRPS payout to MVR 5,000 following the increase in basic pension during the year. On average monthly pension payout accounted for MVR 7.6 million. In terms of the contribution composition, private sector contributions represented 61.0% while Public sector contributions comprised 39.0% of the total contributions of the scheme.

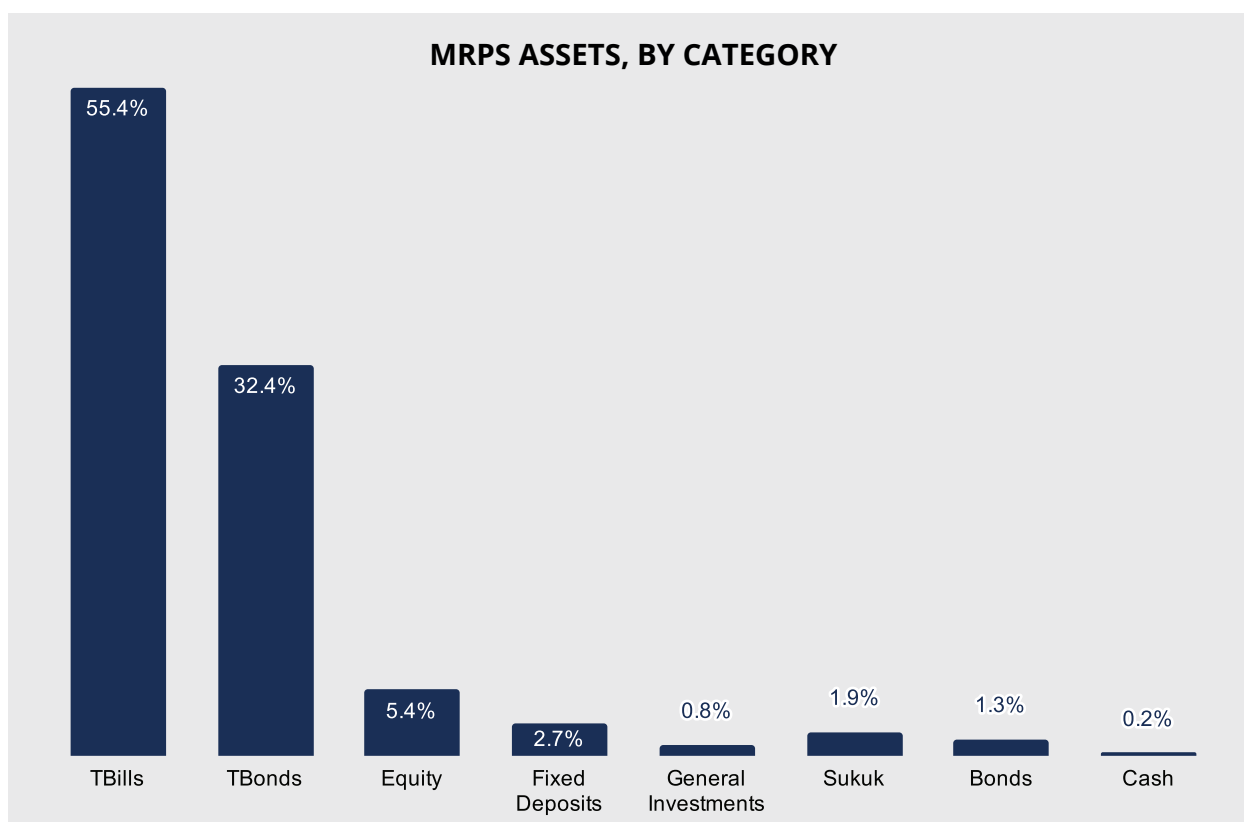


MRPS Funds Performance

MRPS ASSETS



MRPS ASSETS, BY CATEGORY



Fund Returns (MVR, millions)

MRPS consist of four different funds; (1) Investment Fund, (2) Sharia Fund, (3) Conservative Fund and (4) Sharia Retirees Fund. During the year, the combined asset value of the funds was at MVR 10.4 billion which was a net increase of 17.9% from MVR 8.8 billion in the previous year.

During the year, the holdings in T-bills and Fixed deposits increased to 55.4 % and 2.67 % respectively compared to 53.2 % and 2.65 % in 2018. Investments in these asset classes and their maturities remain fairly constant with 2018.



Asset Class Performance

Asset Class	Annual Return 2019	Annual Return 2018	Closing Balance 2019 (millions, MVR)
Equity	12.1%	12.9%	558.0
Sukuk	9.6%	8.4%	197.1
Bond	7.6%	3.1%	135.5
T-Bond	5.3%	5.2%	3,338.7
T-Bill	4.7%	4.8%	5,712.2
Fixed Deposits	4.7%	3.6%	275.6
General Investments	4.5%	3.3%	85.6

When considering the individual performance of the asset classes, the highest performing asset class during 2019 was Equity with a return of 12.1 % earned from dividend payments. At the end of the year Pension Office invested in the shares of Maldives Islamic Bank (MIB), which increased the size of the Equity asset class by 17.5% resulting in a closing balance of MVR 558.0 million. While dividend was received by Dhiraagu and Ooredoo for the year 2019, the return from the investment in MIB shares will be attained in the upcoming years, which has resulted in the decrease in return compared to the annual return of 12.9% generated by equity in 2018. Sukuk was the second highest performing asset with a return of 9.6 % followed by Corporate Bonds earning a return of 7.6 %. Investments in Treasury bonds, consisting of tenures ranging from 5 to 8 years, earned an annual return of 5.3 % from coupon payments, compared to 5.2 % in 2018. The return received on both treasury bills and fixed deposits was 4.7 %.



Individual Fund Performances

MRPS Funds	Net Assets (MVR, in millions)	Returns			
		2019	2018	2-Year Average Return	Since Inception
Pre-Retirement Funds					
Investment	9,758.8	5.2%	5.4%	5.3%	6.6%
Sharia	203.0	4.7%	5.9%	5.3%	2.6%
Post-Retirement Funds					
Conservative	361.1	4.4%	4.6%	4.5%	5.6%
Sharia Conservative	5.5	6.3%	3.4%	4.8%	1.1%
Recognition Bond	3,529.3	4.8%	5.0%	4.9%	5.4%

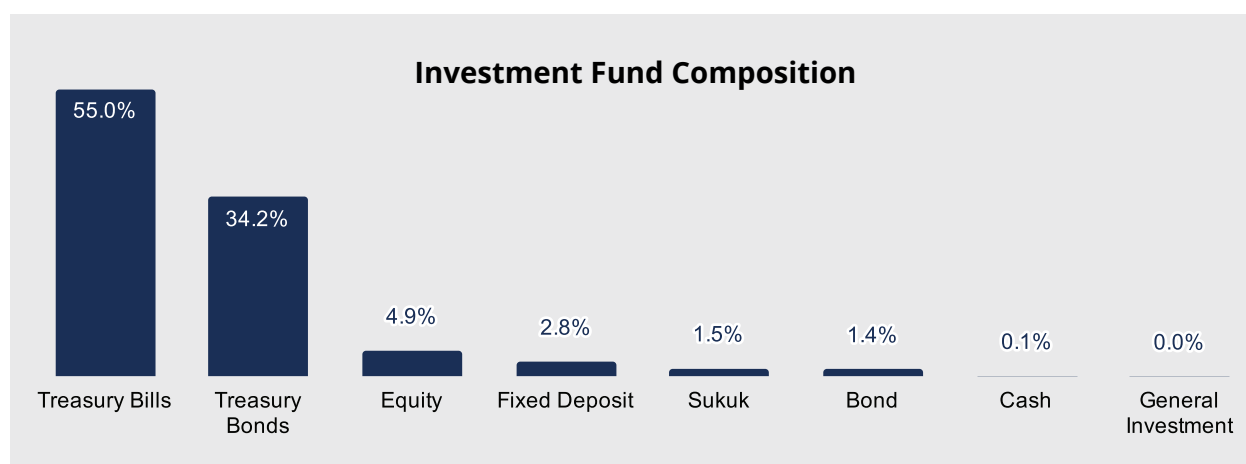
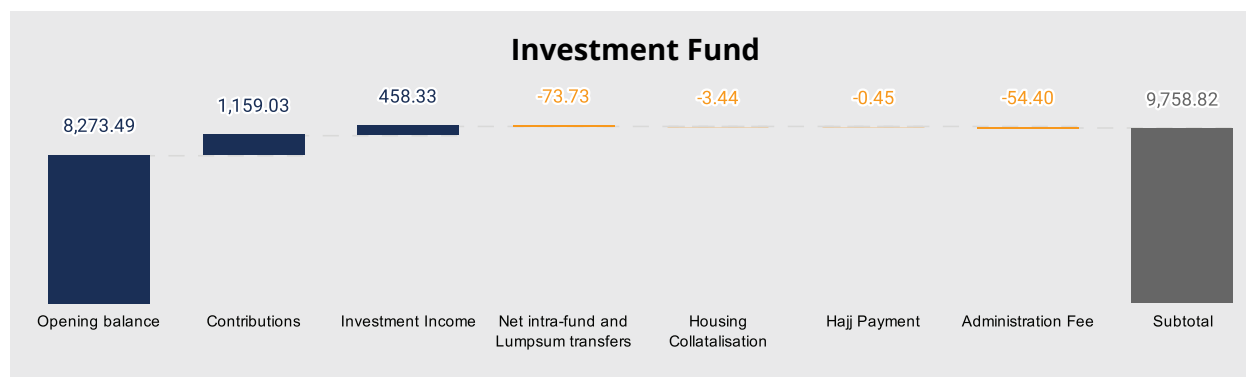
The Net Asset Value of the MRPS fund (including the Recognition Bond), has reached a total of MVR 13.9 billion by the end of 2019. This is an increase of 13.8 % from MVR 12.2 billion in 2018. In terms of the performance of the individual funds, the investment fund which is the largest fund of MRPS relative to the net asset value attained an investment return of 5.2 % in 2019, compared to 5.4 % in the previous year. The Sharia fund earned a return of 4.7 % in comparison to 5.9 % return in the previous year. These decrease in the return of both the portfolios compared to the previous year is a result of the significant increase in the Net Asset Value of the MRPS fund during the year. In proportionate to the growth of the MRPS fund the availability of investment opportunities are sparse. However, at the end of 2019 new investments were made in Equity, Bonds and Sukuks for which the return will be attained by the Investment and Shariah Fund in the forthcoming years.

The conservative fund invests exclusively in Treasury bills and has achieved a return of 4.4 % during the year compared to the 4.6 % made in 2018. The investments made in sharia conservative fund comprises entirely of General Investment Accounts (GIA) and in 2019 the fund recorded an investment return of 6.3 % which is the highest return earned by the fund till date. This significant increase in return is attributable to the profits earned from GIAs that were invested in the year 2016 and matured during the year 2019.

The recognition bond fund represents the service recognition bonds awarded to government employees who were in service at the time of the Pension Act implementation in 2009. The returns are accrued based on the highest fixed deposit rate of the previous year, and the returns were accrued at 4.8 % in 2019.



Performance of MRPS funds



Fund Returns (MVR, millions)

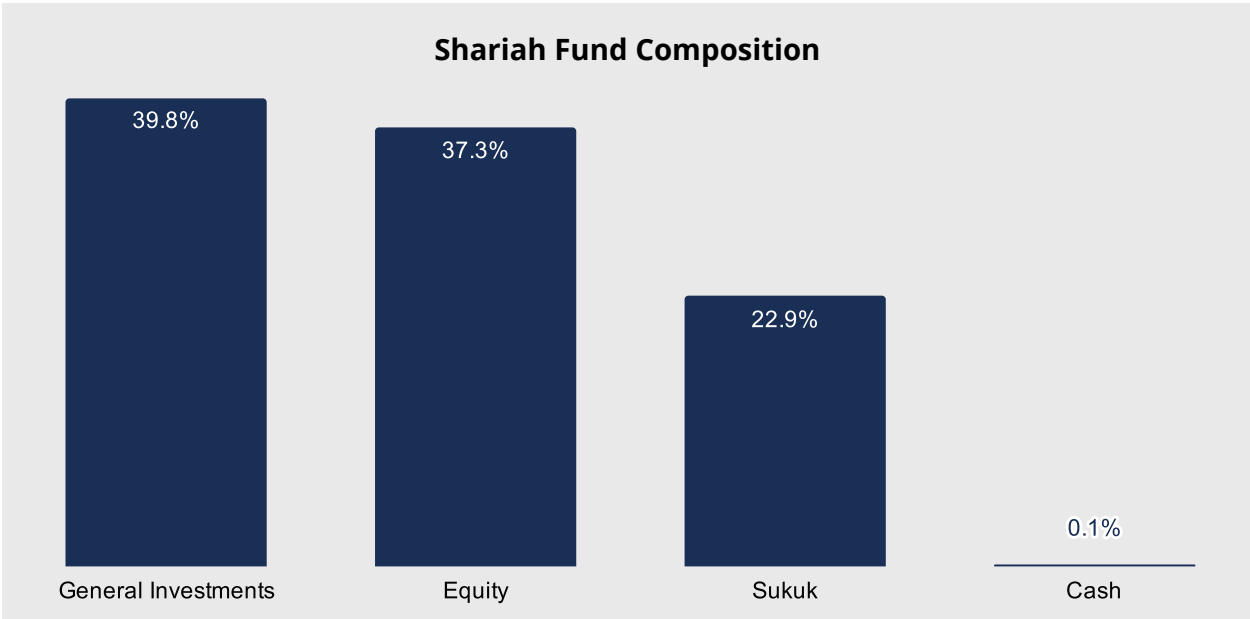
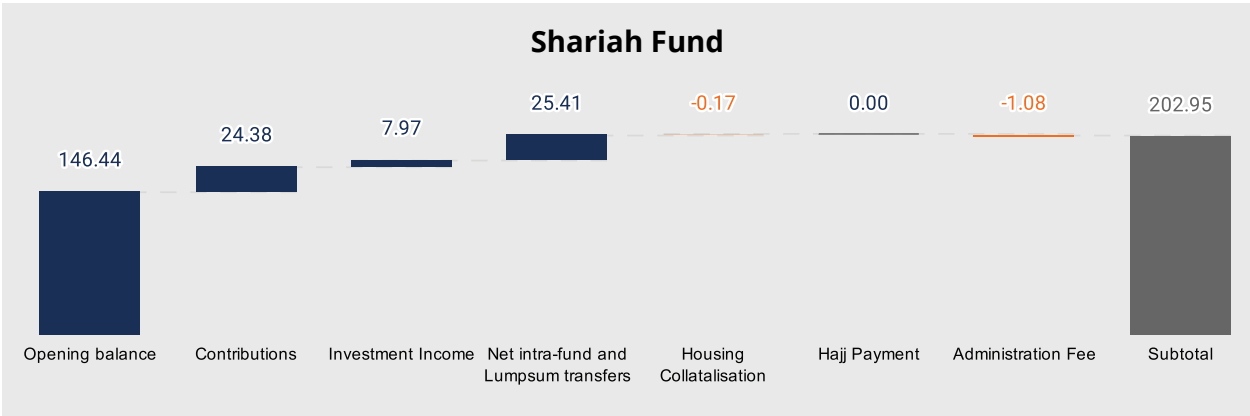
The biggest fund of MRPS by asset size is the investment fund, which is the default fund of MRPS. Net assets of the investment fund increased by 18.0 % during the year compared to 2018, resulting in MVR 9,758.8 million. The contribution inflow was recorded at MVR 1.2 billion and MVR 458.3 million was earned as income from investments. Housing collateralization outflow of MVR 3.4 million, represents funds transferred to financial institutions under the housing collateralization scheme.

Pursuant to the 4th amendment of Pension Act during the year, the MRPS members are given the opportunity to utilise their RSA balance to finance hajj pilgrimage. Under this scheme, MVR 455 thousand were transferred from the Investment Fund for Hajj payments. The 'lump sum transfers' represent inter-fund transfers made to the MRPS conservative fund subsequent to the retirement or death of members, and amounted to MVR 73.7 million during the year. All MRPS funds are charged an Administrative Fee of 0.6%, and this fee amounted to MVR 54.4 million from the investment fund.

In terms of the fund composition, 42 % of the funds are placed in long term investments which consist of Treasury bonds, equity and corporate bonds and Sukuks. The combined asset position of treasury and fixed deposits stood at 58 % of the fund. In terms of the maturity allocation of the fixed deposit portfolio 81 % of the assets were placed in long term tenures.



Shariah Fund



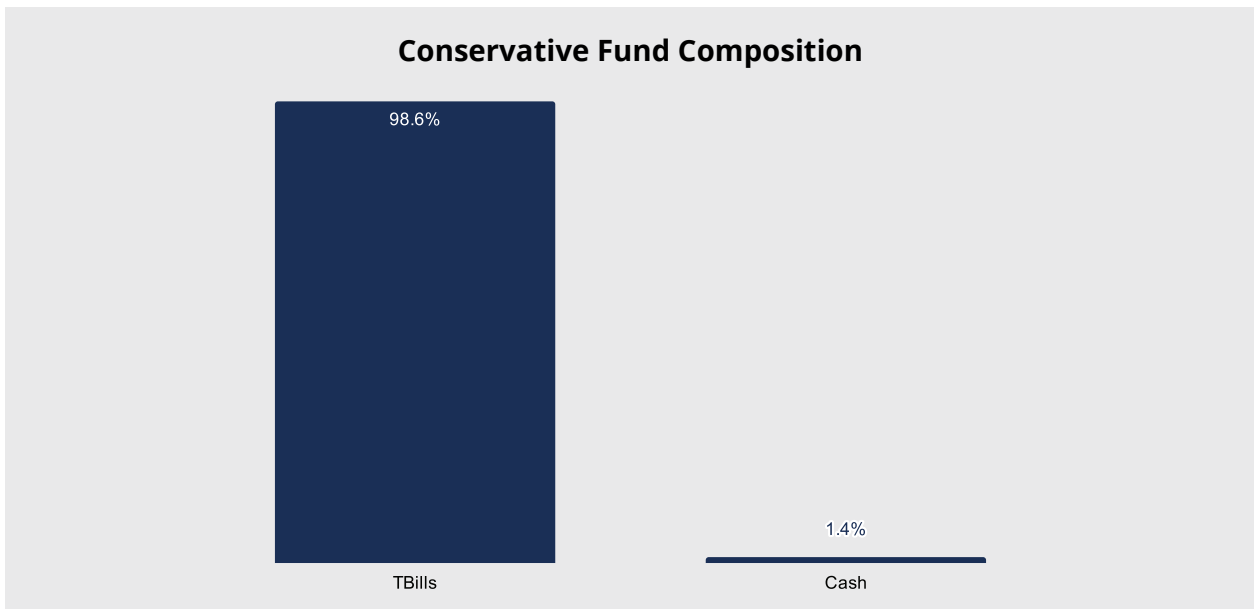
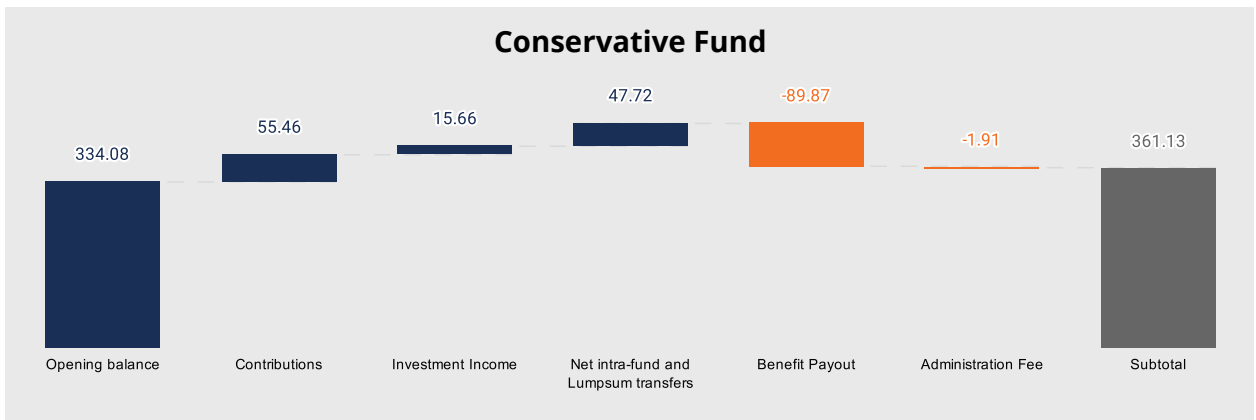
Fund Returns (MVR, millions)

Pension contributions from members who opt to invest their funds in shariah instruments are invested in the Sharia fund. The net assets of the fund increased by 38.6 % during the year, resulting in a value of MVR 203 million. The contribution inflow was recorded at MVR 24.4 million and MVR 8 million was earned as investment income. Outflows from the fund for housing collateralization amounted to MVR 0.2 million. The lump sum transfers represent inter-fund transfer made to the MRPS sharia retirees fund resulting from the retirement or death of members and due to the switch of members from the Investment Fund to Shariah Fund. This figure amounted to MVR 25.4 million during the year. The administration fee of 0.6% charged to the fund resulted in MVR 1.1 million for the year.

The fund previously comprised only two asset classes; GIA placed with Maldives Islamic Bank and Sukuk. The first equity investment of the fund was made during the year in the IPO of Maldives Islamic Bank. Hence the fund comprises 39.8 % of GIAs, 37.3 % of Equity and 22.9 % Sukuk by the end of the year.



Conservative Fund



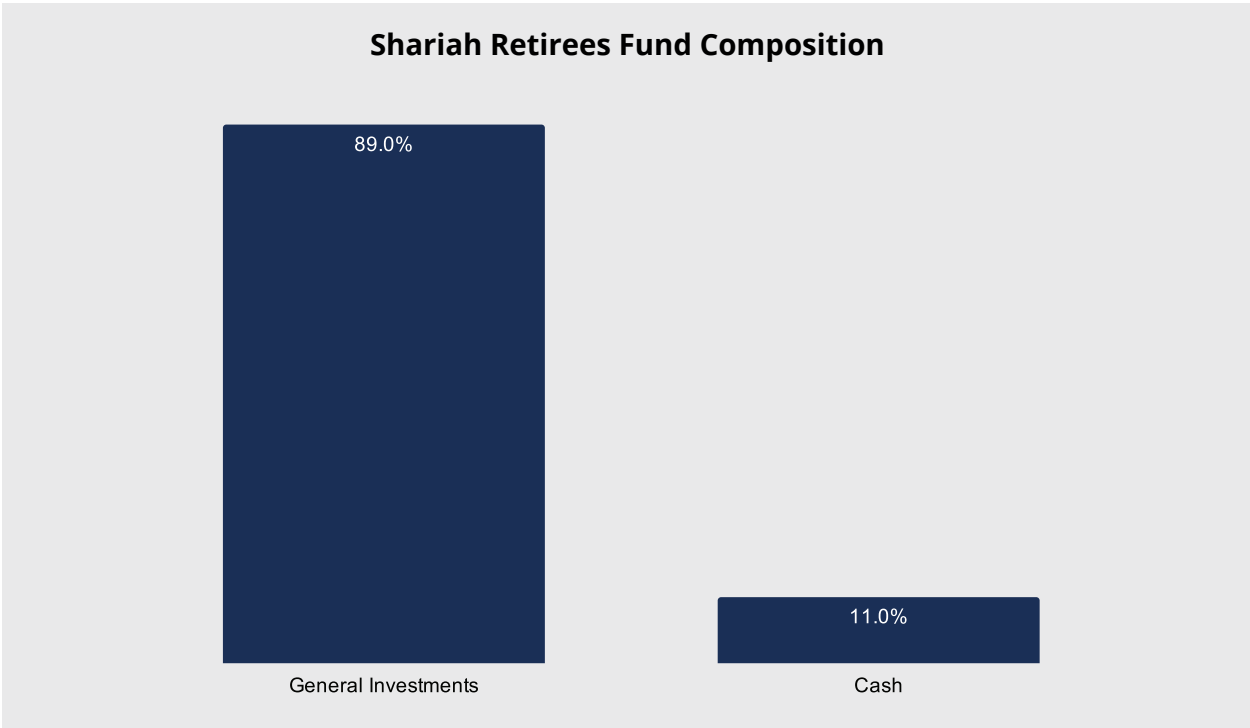
Fund Returns (MVR, millions)

The conservative fund of MRPS designed for the management of the funds of MRPS retirees and is exclusively invested in treasury bills. The assets of the fund increased by 8.0% during the year. The contributions into the fund represent liquidation of recognition bond proceeds, and the net intra-fund inflows represent the transfer of the retirement savings of members of MRPS investment fund, as they reach the retirement age of 65 years. A total of MVR 89.9 million was paid out as monthly pension to retirees and this was an increase of 55.2% when compared to previous years pension disbursement of MVR 57.9 million. The administrative fee (at 0.6%) charged on the fund was MVR 1.9 million for the year.

The fund remains fully invested in treasury bills and holds a position in cash which is set aside for the purpose of meeting the pension disbursements of the retirees.



Shariah Retirees Fund



Fund Returns (MVR, millions)

The Sharia retirees fund was created during 2016 to manage the investments of members retiring from MRPS Sharia Fund. The fund invests entirely in shariah-compliant assets and comprises solely of GIA instruments in the Maldives Islamic Bank. A total of MVR 0.8 million was paid out as pension and an administrative fee of MVR 0.03 million was charged on the fund during the year.



Housing Portfolio



Fund Returns (MVR, millions)

The housing portfolio was created during 2017 following the third amendment to Pension Act to enable members of the retirement scheme to utilise their retirement savings towards securing mortgage loans under a special housing collateralisation scheme. The housing portfolio represents proceeds transferred to financial institutions under the housing collateralization scheme. During 2019, a total sum of MVR 3.6 million was transferred to the housing portfolio from the investment fund and shariah fund. MVR 0.3 million was transferred to the housing portfolio from the recognition bond. With the addition of net intra-fund transfers to the opening balance of MVR 25.4 million, a total accumulated amount of MVR 29.9 million was utilized for the purpose of housing collateralization at the end of December 2019.



Board Members Report



Composition of the Pension Office Board

The eight Board Members representing the public sector and the private sector are appointed by the President in accordance with Section 8 of the Pension Act. Further, the Chairperson and the four private sector representatives are nominated by the Selection Committee formed jointly by the Civil Service Commission, Ministry of Finance, and the Ministry responsible for social security. All candidates for Board membership are scrutinized by the CMDA for regulatory compliance before their appointment.

The term of each appointed Board Member is 3 years and upon expiry of the initial term Members may be reappointed. However, according to the Rules of Procedure of Pension Office Board, a member is allowed to consecutively hold membership for 2 terms of 3 years.



Board Members



Ms. Athifa Ali

Chairperson of the Board



Ms. Shifaza Wajeesh

Ministry of Gender, Family
and Social Services



Ms. Maryam Abdul Nasir

Ministry of Finance



**Ms. Fathmath Abdullah
Kamaaludheen**

Capital Market Development Authority



Mr. Ilyas Haneef

Private Sector



Uza. Noorbaan Fahmy

Private Sector



Mr. Abdulla Ali

Private Sector



Ms. Aishath Lu-u-lua Hassan

Private Sector



Details of Board Succession in 2019

Mr. Ibrahim Ahmed Nasir served as the Chairperson of the Board at the beginning of 2019. In February 2019 Mr. Ibrahim resigned from the Pension Office Board upon his appointment as the Head of Financial Intelligence Unit (FIU) at Maldives Monetary Authority (MMA). Accordingly, Ms. Athifa Ali was appointed as the Chairperson of the Board on 20th June 2019.

Mr. Muznee Mohamed, representative of CMDA was re-appointed on 20th February 2017 for a second term. There was no change to the securities market representative in 2019.

Ms. Aminath Shifana was appointed on 21st March 2017 to the Board as the representative of the social security sector from the Ministry of Gender, Family and Social Services and remained in the post throughout 2019.

Ms. Maryam Abdul Nasir was appointed on 28th March 2018 to the Board as the representative of the Ministry of Finance. Ms. Maryam remained in the post throughout 2019.

Mr. Ilyas Haneef, a private sector representative was appointed to the Board on 12th April 2017. There was no change to this post in 2019.

Uza. Noorbaan Fahmy was appointed on 15th February 2018 to the Board as a private sector representative and remained in the post throughout 2019.

Mr. Abdulla Ali was appointed on 10th December 2018 to the Board as a private sector representative and remained in the post throughout 2019.

Ms. Aishath Lu-u-lua Hassan was appointed to the Board as a private sector representative on 17th March 2019.

#	Name	Details of Board membership & term	Capacity
1	Ibrahim Ahmed Nasir	<ul style="list-style-type: none"> Appointed on 20th Aug 2012 for a 3 year term. ~ Resigned on 1st Sep 2014 Appointed on 07th Sep 2017 for a 3 year term. ~ Resigned on 18th Feb 2019 	Board Member representing private sector Board Chairperson
2	Athifa Ali	<ul style="list-style-type: none"> Appointed on 20th Aug 2009 for a 3 year term. Appointed on 20th Aug 2014 for a 3 year term. Appointed on 20th June 2019 for a 3 year term. 	Board Chairperson
3	Muznee Mohamed	<ul style="list-style-type: none"> Appointed on 20th Feb 2014 for a 3 year term. Appointed on 20th Feb 2017 for a 3 year term. 	Board Member representing Securities Market Regulator
4	Aminath Shifana	<ul style="list-style-type: none"> Appointed on 21st Mar 2017 for a 3 year term. 	Board Member representing the Social Security Sector
5	Maryam Abdul Nasir	<ul style="list-style-type: none"> Appointed on 28th Mar 2018 for a 3 year term. 	Board Member representing Ministry of Finance
6	Ilyas Haneef	<ul style="list-style-type: none"> Appointed on 12th Apr 2017 for a 3 year term. 	Board Member representing private sector
7	Noorbaan Fahmy	<ul style="list-style-type: none"> Appointed on 15th Feb 2018 for a 3 year term. 	Board Member representing private sector
8	Abdulla Ali	<ul style="list-style-type: none"> Appointed on 20th Feb 2017 for a 3 year term. ~ Vacated on 28th March 2018 (on leaving employment with the Ministry of Finance) Appointed on 10th Dec 2018 for a 3 year term. 	Board Member representing Ministry of Finance Board Member representing private sector
9	Aishath Lu-u-lua Hassan	<ul style="list-style-type: none"> Appointed on 17th Mar 2019 for a 3 year term. 	Board Member representing private sector



Attendance of Board Meetings

During the year 2019, the Board held 17 Board meetings. Attendance of the Board meetings are as follows:

#	Board Members	Membership	Meetings eligible to attend	Meetings attended
1	Mr. Ibrahim Ahmed Nasir	Board Chairperson	1	1
2	Ms. Athifa Ali	Board Chairperson	11	11
3	Mr. Muznee Mohamed	Board Member	17	16
4	Ms. Aminath Shifana	Board Member	17	15
5	Ms. Maryam Abdul Nasir	Board Member	17	16
6	Mr. Ilyas Haneef	Board Member	17	17
7	Uza. Noorbaan Fahmy	Board Member	17	17
8	Mr. Abdulla Ali	Board Member	17	16
9	Ms. Aishath Lu-u-lua Hassan	Board Member	15	15



Changes to Board Committees in 2019

In order to strengthen the performance of the Board, specific responsibilities are delegated to sub-committees. By the end of 2019, there were 4 sub-committees of the Board. They are the Audit and Risk Management Committee, Investment Committee, Remuneration and Nomination Committee, Innovation and Technology Committee.

In the year 2019, no change occurred in the composition of the standing committees of the Board.



Strengthening Pension Office Governance

Similar to previous years, the Board initiated the review and formulation of a number of internal policies designed to improve the accountability and transparency of internal procedures in 2019 as well. As part of this process various policies were formulated and implemented.

A 3-year Strategic Plan was formulated for the Pension Office in 2018 and this plan was reviewed in 2019 by the Board with great priority. As in previous years, the points highlighted in the annual audit of the Pension Office conducted by CMDA were discussed at great lengths and necessary action was taken accordingly.

In addition, it was noted that the Code of Conduct and Board's Rules of Procedure required significant changes. So, these requirements were discussed upon throughout 2019 and amendments were brought as deemed necessary by the Board. In doing so, researching on best practices and benchmarking against similar institutions were some methods followed to adopt a suitable and effective practice for the Pension Office as per the guidance of the Board. Moreover, it was agreed that the Remuneration and Nomination Committee of the Board will carry out the task of maintaining consistency of all corporate documents of the office.

In order to maintain accountability and transparency regarding the discussions and decisions taken by the Board and its committees, the mechanism of sharing meeting minutes of committee meetings with the respective committee and the Board was improvised. Furthermore, strengthening the functions of committee and Board secretariat was discussed upon and certain procedures being followed were amended. For instance, if any urgent

or important decision was made by the Committee, it was decided that the Committee Chair will be required to share the information with the Board as soon as possible.

It was also decided that Board members will be allowed to attend committee meetings as observers if any board member wished to do so in order to encourage greater participation of board members in committee meetings.

Similar to previous years, the information regarding non-complying employers and those who have been involved in court cases regarding this have been under close supervision of the Board. Necessary action has been taken and the Board has been monitoring whether institutions have been following Pension-related practices in accordance with the constitution.

Enhancement of MRPS Benefits

In-line with the practices of past years, the Board deliberated to great lengths regarding enhancement of MRPS benefits in 2019 as well. In this regard, the Board comprehensively discussed granting the opportunity to utilize members' retirement savings for Hajj pilgrimage as this has been pledged by the government as well. Extensive research was done to determine the most beneficial option for members of MRPS. The main objective of the Pension Office was to explore options which would facilitate the use of retirement savings funds without compromising the fundamentals of the Pension Act. These options were further shared with relevant government authorities.

In order to facilitate the use of the retirement savings fund of MRPS members for Hajj pilgrimage, the fourth amendment brought to the Pension Act posed a need to revise the rules of MRPS which

was discussed in great detail and approved by the Board. As such, the first amendment to the rules of releasing funds from MRPS for Hajj Pilgrimage was devised by the Board in 2019.

To enhance the benefits of MRPS, over the years it has been discussed to compile a disability insurance scheme as well. In 2019, these discussions continued, and the Board decided to deliberate further with relevant government authorities and other stakeholders to obtain their perspective on the matter.

Furthermore, introducing annuity products for MRPS members was a topic for discussion among the Board in 2019. Keeping the best interests of members and the government in mind, the Board advised to conduct a research on best practices regarding annuity including practices from other countries and this was comprehensively looked upon from the perspectives of the government and beneficiaries.

Regarding the social protection of fishermen and securing pension, the contents of the “Maldives Fisheries Bill” was discussed by the Board in 2019. The Board advised the management to initiate work in collaboration with the Ministry of Fisheries, Marine Resources and Agriculture. As such, in 2019, the discussions were carried out with the Ministry of Fisheries, Marine Resources and Agriculture regarding the pension scheme of fishermen.

Initiatives for Board Effectiveness

To assist in carrying out the roles and responsibilities of Board members, newly appointed members in 2019 were oriented towards the Pension Office by providing essential information. These include information regarding Pension Office’s governance concept, Pension Act, rules and regulations to be followed by Board members and functions carried out by the Pension Office.

To enhance the effectiveness of the Board and its functions, the presentation of Board meeting’s papers and structure of meetings were reviewed and improvised in 2019. These improvisations are inclusive of limiting meeting duration to a maximum of two hours to ensure effectiveness, preparing timelines for Board meetings and scheduling items on meeting agenda as per priority and holding quarterly Board meetings focused on matters which require deliberation in detail.

In order to achieve the vision of the Pension Office, addressing citizens’ concerns as much as the constitution leaves room for was discussed as a highly significant matter. As such, increasing stakeholder participation in planning essential activities of the Pension Office was highlighted as an important step by the Board and management was advised to do so in future activities.

Amongst the areas in need of enhancing effectiveness, a special focus was given for providing strategic direction for the management regarding policy-level decision making. It was also agreed upon to minimize the Board’s involvement in operational functioning of the Pension Office. Moreover, the Board discussed and decided upon mechanisms to direct all functions in accordance with the best practice guidelines of corporate governance by all Board members as well as the management.

In their oversight role, the Board of Pension Office is composed of Members possessing diverse skill sets, experience and qualification to implement the functions of the Board. To increase capacity and experience, Board Members participated in training programs held locally and abroad on investment, good governance, internal audit, risk management and risk compliance areas in 2019. To facilitate better knowledge management across the Board, it was decided that any member (s) who have completed a training program will be required to present the insights gained through the experience at the earliest Board meeting held. In addition,

to ensure smooth running of all training related activities of the Board, a training policy has been devised and approved by the Board.

Notable training programs attended by Board members in 2019 include “ISSA Guidelines on Investment and Social Security Funds”, “ISSA Guidelines on Good Governance” and “Corporate Governance Culture and Board Dynamics Excellence” by Quest held in Singapore. In addition, the “World Social Security Forum; Excellence in Social Security” held in Brussels, Belgium was also attended by a Board member.

Unofficial discussions regarding necessary developments at operational and policy level were held between the Board and executives of the Pension Office at a Board retreat held on 01 September 2019. The Retreat was focused on discussion of prioritized matters by the Board and management.

Strengthening Investment Management of Pension Office

The Board and its Investment Committee played a crucial role in broadening the investment management and strengthening investment operations.

Extensive efforts have been made to review Pension Fund’s investment portfolio, explore new investment options and expand the investments of Pension Office. As such, collaboration with the World Bank’s Reserve Advisory and Management Program (RAMP) began in 2018 and a meeting was held between the Board and RAMP delegation in 2019. During this meeting, RAMP’s current functions and the structure of Pension Office’s investment was widely discussed. Thus, it was agreed that RAMP will share a report on the progress of work and collectively worked on a date for the submission of the report. Moreover, the Board gave approval

to conduct further research on investment areas based on the recommendations of RAMP which had been discussed with the Board.

A special focus was placed on discussion of conducting a study by RAMP on expanding investments, direct investment and increasing asset clusters by including information and statistics relevant to Maldives along with internationally accepted standards and measures.

Apart from this, other significant decisions were made, and projects were initiated during 2019. In this regard, the following investment decisions were made post discussion at the Investment Committee:

- MVR 82.9 Million in IOP of Maldives Islamic Bank
- MVR 64 Million in Conventional Bonds proposed by HDFC
- MVR 100 Million in Sharia-compliant (sukuk) Bonds proposed by HDFC
- MVR 250 Million in government’s 10-year Treasury Bonds

Improving Operational Effectiveness of Pension Office

In 2019, the Board took initiative in efforts to strengthen the administration of the Pension Office and improve the quality of services provided to the public.

With the contract expiration of former CEO, Mr Mohamed Hussain Manik (Mr Manik served as CEO since the inception of Pension Office) on 31 December 2019, the process of CEO recruitment was initiated with a high priority. The vacancy of the post of CEO was announced twice and the screening and evaluation of the applicants were conducted during the year 2019

The Board emphasized the importance of elevating

the visibility of Pension Office and advised to conduct “high-impact” events scheduled throughout the year along with the weekly events which were being carried out.

Similar to 2018, the Board deliberated on possible solutions to the issue of pension overpayments in 2019 as well. These discussions centered on a major cause of overpayment, which is unavailability of reliable information of the deceased from credible sources. Efforts were made to coordinate with relevant institutions, hospitals, social media platforms and individuals to address this. As such, creating a system to maintain accurate data of the deceased and increasing public awareness on the matter were some points discussed by the Board.

The proposal prepared by the management on certification of Pension Office to ISO-27001 standards was reviewed and approved by the Board. Thus, with this certification, the provision of service for the members of the scheme became convenient and more efficient. As done in the past years, several policies such as Strategic Asset Allocation were revised in 2019. In addition, with the obtainment of ISO-27001 certification, the security management policy and acceptable usage policy of Pension Office was also approved.

Furthermore, efforts to enhance the operational effectiveness resulted in the management of expenses at a consistent level. The Board decided that the administrative fee charged from MRPS members will remain constant at 0.60 percent in 2020 similar to the previous year. Also, it was discussed by the Board to research beneficial ways for the pension fund and scheme members.

Finally, the annual budget and action plan for 2020 was deliberated upon and approved by the Board.

Outreach Initiatives

The Board collaborated in selection of the theme and extended its support to great lengths in successfully organizing the Maldives Finance Forum 2019. 2019's Maldives Finance Forum's theme was “Engaging Private Sector for Social and Economic Development” in which the key players in Maldivian finance industry along with the government discussed on strengthening and empowering the public sector businesses for sustainable economic growth.

To better prepare for the upcoming Finance Forum in 2020, the Board initiated the process of selecting a theme and coordinating with finance sector institutions during 2019 and some discussions were also initiated regarding the Finance Forum.

Regarding the social protection of fishermen and securing pension, the contents of the “Maldives Fisheries Bill” was discussed by the Board in 2019. The Board advised the management to initiate work in collaboration with the Ministry of Fisheries, Marine Resources and Agriculture.

As a step to improve the provision of services, strengthening the public relations of the Pension Office was deemed as highly significant by the Board and discussions were held to determine ways to reach out to customers more effectively.

Since 2017, the Pension Office marked the International Day of Older Persons in various parts of the Maldives with the support of the Board. In 2019, a three-generation walk was organized with full cooperation from the Board.



Investment Committee Report



Introduction

The Investment Committee is the Board sub-committee responsible for formulating the investment principles and policies for MRPS funds.



Key Responsibilities

- Formulating SOIP on investing pension assets
- Reviewing investment guidelines
- Advising Board on the appointment of asset managers and custodian



Composition

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

The current Chairperson of the Committee is Mr. Ilyas Haneef and he was appointed to the post on 28th January 2019.

Following are the members of the committee in 2019:



Mr. Ilyas Haneef
(Chairperson)



Ms. Maryam Abdul Nasir



Mr. Abdulla Ali



Committee Meetings and Attendance

Ten Investment Committee meetings were held in 2019. The following table includes the attendance at the Committee meetings.

Name of the Member	Sector	Meeting Eligible to Attend	Meetings Attended
Ilyas Haneef (Chairperson)	Private	10	10
Abdulla Ali	Private	10	10
Maryam Abdul Nasir	Public	10	10
Aishath Lu-u-lua Hassan (Reserve member)	Private	-	3
Muznee Mohamed (Observer)	Public	-	7



Investment Offers

During the year five major investment proposals were presented to the Pension Office for investment consideration. From the investment offers received, one investment proposal from the private sector was received via the investment portal “Binaa” developed during 2018, to facilitate the submission of documents by parties seeking investment from the pension fund.

The following table includes all the Investment offers received by the Pension Office during the year.

Offered by	Number of investment offered
Public sector	1
Private sector	4



Major Investments

Government debt and fixed deposits remained the biggest investment opportunity for MRPS investments. Compared to the preceding year considerable investment opportunities were offered by the private sector. Accordingly, the Committee deliberated on the investment proposals received by both Government and Private sector, and the following are the investments endorsed by the Committee during the year 2019;

- Investment of MVR 195.2 million (5,579,000 shares) in Maldives Islamic Bank (MIB) IPO. Pension Office was allocated MVR 82.9 million (2,369,370 shares) of the subscribed value,
- Investment of MVR 64 million in a conventional bond Issued by HDFC Maldives,
- Investment of MVR 100 million in a Sharia compliant bond (Sukuk) issued by HDFC Maldives,
- Investment of MVR 250 million in 10-year Government Treasury Bond.



Review of Investment Guidelines and Policies

The MRPS Strategic Asset Allocation (SAA) was revised by the committee during the year. In conjunction with revision to the overall asset allocation targets, tactical limits were introduced to both the Investment Fund and the Shariah Fund. This addition to the SAA was added to facilitate and provide the Pension Office with flexibility in utilizing unexpected investment opportunities that may arise in the market from time to time. There were no changes made to the Target allocations of Conservative and Shariah Retirees Fund.

Fund Choices	Asset Mix 2019	SAA 2019	Tactical Limits	Objective
Pre-Retirement Funds				
Investment Fund (Default)	GA 42%, CCE 58%	GA 80%, CCE 20%	GA +/- 6%, CCE +/- 4%	Capital preservation and real returns
Shariah Fund (Choice Fund)	GA 60%, CCE 40%	GA 70%, CCE 30%	GA +/- 15%, CCE +/- 15%	Capital preservation and real returns
Post-Retirement Funds				
Conservative Fund	CCE 100%	CCE 100%	-	Capital preservation
Shariah Conservative Fund	CCE 100%	CCE 100%	-	Capital preservation

Note: GA = Growth Assets, CCE = Cash and Cash Equivalents

GA assets = Equity, T-bonds, Corporate Bonds, Investments in funds | CCE assets = Cash, Bank Deposits & Treasury Bills

Technical Advisory with World Bank Treasury

MPAO engaged in the World Bank Treasury's Reserve Management and Advisory Program (RAMP) to provide technical advisory for MPAO to review its portfolios and to propose new strategic asset allocations and to propose strategies for further diversification of MRPS funds. The first mission of the RAMP was concluded in June 2019 and proposed allocation of a small portion of MRPS funds in foreign currency assets to diversify MRPS funds away from the Maldivian Rufiyaa and also recommended Pension Office to consider including new asset classes such as real estate and investments in additional private equity.

Subsequently the Investment Committee is utilising the technical advisory under RAMP to understand the international best practices involved in pursuing direct investment strategies by pension funds and to identify the possible amendments that would be required to the current investment framework. During the year the committee also commenced work on drafting suitable policies for the procurement of foreign currency for MRPS investments and further held meetings to understand the implications of foreign currency investments on the price volatility of MRPS funds.

Stakeholder Engagement

Continuing with stakeholder engagement the Committee commenced in 2012, the Maldives Finance Forum was also held during the year under the theme "Engaging Private Sector for Social and Economic Development". The 2019 forum was focused on the private sector growth and how the government and the financial sector can collaborate to build an environment where the private sector can develop and thrive. Presentations were made on improving financial inclusion and access to finance and regarding the legal framework and regulations in place for the SME's for their developments. In conjunction with a survey conducted by the Pension Office to assess the hindrances SMEs face in development, a number of SME's participated in the forum and discussed the opportunities and challenges they have faced in accessing finance and establishing their business.



Audit and Risk Management Committee Report



Introduction

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



Purpose

The purpose of this report is to provide an overview of the membership, summary of responsibilities and activities of the Committee in respect of the year ended 31st December 2019. During the course of the year, the executive management of the pension office reported to the Committee on issues related to audit and matters related to risk, accounting and financial reporting.



Composition and Support of the Committee

The Committee is comprised of four members of the pension office Board. The members of the committee that remained by the end of the year were;



Ms. Maryam Abdul Nasir
(Chairperson)



Mr. Abdulla Ali



Ms. Aminath Shifana



Mr. Ilyas Haneef

Meetings were also attended by Chief Executive Officer and representatives from business functions as required.



Responsibilities

The Committee is entrusted with the responsibility of overseeing functions in relation to 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 external auditor. Additionally, the Committee is also required to oversee the internal audit process, systems of internal control and risk management to ensure integrity of financial reporting of the pension office.



Committee Meetings and Attendance

The committee convened seven (7) times during the financial year ended 2019. Details of the membership and their attendance at the meetings, are as follows:

Members	Held ¹	Attended	Term
Ilyas Haneef	7	7	17th April 2018
Mariyam Abdul Nasir	7	7	28th March 2018
Aminath Shifana	7	5	27th March 2017
Abdulla Ali	7	6	27th March 2017 - 20th March 2018

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



2019 Committee Activity Review

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

- The committee summarized its work during the year to identify how it has fulfilled the duties required by the Board in its annual activity report. The committee reviewed and approved its report on 29th January 2019 which is incorporated in the annual report. Additionally,
- The committee also considered the auditor's report and audited financial statements of MPAO and MRPS for the year ended 31st December 2018 by KPMG. After review and discussion, on 24th March 2019, Committee endorsed and recommended it for board approval.
- During the meeting held on 3rd July 2019, Ms. Maryam Abdul Nasir was appointed as Chairperson for one year period, as Mr. Ilyas Haneef, who previously held the position completed his term.
- The committee reviewed and approved the risk based annual audit plan, which outlines the work to be undertaken by the internal audit function in 2019. For the reporting period, the committee also monitored progress in implementing the plan and other work undertaken by the audit function.
- The committee has overseen the completion of audit reviews in the course of the review period. The audits reported and reviewed by the committee in the year included: review of net asset valuation and portfolio's transfers process, audit of overpayment process, contribution collection with the corresponding account reconciliations, employer fine and refund process and recruitment process and Auditor General's performance audit report of social protection scheme. The committee considered the recommendations for process and control improvements as a result of audits and reviewed the management responses given for reports issued during the course of the year.
- The committee received a status monitoring report on the implementation of the recommended actions and proposed timelines that have been agreed upon in the audits and committee emphasized the importance of fully implementing internal audit recommendations.
- Other matters discussed and endorsed by the Committee include proposed MPAO budget 2020 and audit policies and procedures related to audit reporting and recommendation monitoring.
- Apart from this, the committee noted the regulatory authority's (CMDA) annual inspection findings for 2018 and 2019 and discussed the actions proposed by management to address the issues raised and agreed to endorse the report.

Remuneration and Nomination Committee Report



Introduction

The employees of Pension Office are considered to be one of the greatest assets and the main reason behind the groundbreaking developments and major milestones achieved by Pension Office over the years. In order to ensure effective Human Capital Management the Pension Office Board identified the need to provide staff with competitive remuneration and benefits packages in order to attract top talent, retain existing key staff and in general, improve employee job satisfaction and employee welfare.

The Remuneration and Nomination Committee (RNC) is a Board sub-committee that ensures competitive and fair remuneration and benefits packages are provided to Pension Office Board Members, Chief Executive Officer and Pension Office staff. RNC also oversees the nomination and appointment of Executive management positions.



Committee Composition and Members

RNC comprises 3 Board Members and the Chief Executive Officer (CEO), making a total of four members. Members of the Committee in 2019 are:



Uza. Noorbaan Fahmy
(Chairperson)



Ms. Aminath Shifana



Mr. Ilyas Haneef



**Ms. Aishath Lu-u-lua
Hassan**



**Mr. Mohamed Hussain
Maniku (CEO)**

Mr. Ilyas Haneef remained as a Committee Member in 2019 until Ms. Aishath Lu-u-lua Hussain was appointed as a member of the Committee after being appointed to the Pension Office Board on 17th March 2019.



Responsibilities of the Committee

Key functions of RNC are the following:

- Determining the remuneration and benefits packages offered to Pension Office staff and Board Members, 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 at Pension Office.
- Reviewing procedures for disciplinary and suspension or termination issues relevant to staff.



Committee Meetings and Attendance

Four (4) meetings of RNC were held in 2019. The following table includes the attendance of the Committee meetings.

#	Committee Members	Meetings eligible to attend	Meetings Attended
1	Noorubaan Fahmy	4	4
2	Aminath Shifana	4	3
3	Ilyas Haneef	1	1
4	Aishath Lu-u-lua	3	3
5	Mohamed Hussain Maniku	4	3



Committee Activity Review for 2019

The highlights of the RNC decisions in 2019 are as follows:

- During the first meeting of RNC held on 17th February 2019, Ms. Noorbaan was appointed as the Chairperson of the committee.
- The TOR of the Committee was reviewed and changes were proposed to be passed by the Board.
- The Committee approved Directors Training and Development Policy and Internship Policy and was proposed to be sent for Board Approval.
- The Committee decided to terminate the contract of ICT Consultant and reappoint at a later stage based on the requirement.
- The first amendment to the "Domestic Travel Policy" was proposed and approved by the Committee
- Code of Conduct of the Pension Office was reviewed during the year and it was decided to make Code of Conduct specific to staff and rename it as Code of Conduct for Staff and incorporate all Code of Conduct provision applicable to Board into the Rules of Procedure and rename it as ' Rules of Procedure for Board'.
- Proposed training list for 2020 was approved.
- Committee initiated the recruitment process of the CEO, in July 2019 and endorsed all the documents necessary for the advertisement and sent for Board approval. This includes the Guideline and procedures for the recruitment of CEO, the Terms of Reference of the CEO, appointment timeline and other necessary documentations for the job advertisement. Further, the Committee deliberated and formulated the evaluation criteria and submitted for Board's approval.
- As mandated, the Committee carried out the necessary tasks in order to conduct the CEO recruitment process.



Innovation and Technology Committee Report



Introduction

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

The Committee reports to the Board of Pension Office on a quarterly basis or as required by the Board.



The Role of the Committee

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



Composition and Support of the Committee

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

The 2 Board Members appointed by the Board to the Committee that remained by the end of 2019 were;



Uza. Noorbaan Fahmy
(Chairperson)



Mr. Ilyas Haneef



**Mr. Mohamed Hussain
Maniku** (CEO)



Mr. Ahmed Shafeez (CTO)

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



Main Responsibilities of the Committee

The Committee is entrusted with the responsibility of agreeing and reviewing the implementation of major technology innovation strategies, to provide assurance that they support the overall strategy and underpin future business growth. The committee is also responsible for reviewing and endorsing the significant technology initiatives of the Pension Office.

With regard to the technology risk, the Committee is entitled to review the major operational and specific risk exposures, concentrating on the risk assessment guidelines and policies. Moreover, have the discretion to engage external consultants to validate the effectiveness of technology risk management when and where necessary.

The Committee is further responsible for monitoring the implementation of significant technology projects and initiatives and assess the adequacy of workforce capabilities and recommend 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.

In addition, 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 HR department in consultation with the Committee



Committee Meetings and Attendance

The committee convened once during the financial year ended 2019. Details of the membership and their attendance at the meetings, are as follows:

Members	Held ¹	Attended	Term
Noorbaan Fahmy	1	1	13 August 2018
Ilyas Haneef	1	1	13 August 2018
Mohamed Hussain Maniku	1	1	17 July 2018 - 31 Dec 2019
Ahmed Shafeez	1	1	17 July 2018

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



2019 Committee Activity Review

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

- The Committee held its first meeting on 27th October 2019. During the meeting, Uza. Noorbaan Fahmy was appointed as the Chairperson of the Committee for a one year period.
- Further, the Committee reviewed and approved the Committee's Terms of Reference mainly to include the ITC responsibilities highlighted under 'Clause 2.4' of the Information Security Management System Policy of Pension Office with regard to the Non-adherence and Disciplinary actions to the employees of Pension Office. Moreover amendments were brought to the composition of the Committee.
- The Pension Office manages critical information related to the members and stakeholders. In order to maintain information and process management at an internationally recognisable level, with the recommendations from external auditors and management team, the board decided to go for ISO 27001 certification.
 - ~ The purpose of the Information Security Management Policy is to define information security, and to describe management's commitment to safeguard information at the Pension Office and the obligation of the employees, contractors and third parties to perform such a purpose. Further, The Acceptable usage Policy includes guidelines on the acceptable and unacceptable usage of assets and services of the Pension Office and how to conduct activities of Pension Office with regard to the Information & Information Services Usage.
 - ~ In this regard, the Committee reviewed and approved the Information Security Management Policy and the Acceptable usage Policy of Pension Office. These are mandatory documents for acquiring the ISO 27001 certification.
 - ~ In addition, under the Information Security Management Policy, it is required to have a designated person as the Information Security Officer (ISO). Thus, to adhere, Committee members reviewed and finalised the TOR of the ISO.
- Committee further worked with management in exploring options to introduce Payment Gateway to Pension Office for facilitating schemes like Voluntary Contribution.



Outlook

Pension Office continuously strives to introduce new ways to enhance benefits received by MRPS members and ensure social security. The following outlines some of the endeavours currently underway in this regard.

Commencing Disability Insurance Scheme

The purpose of this scheme is to provide compensation for loss of income and ensure continued benefits in cases of total and permanent disability. This provides an additional safety-net against unexpected losses arising during employment.

Increasing Investment Return

MRPS is a scheme operated by investing pension contributions. Currently, investments from this scheme are only made in locally available securities. In 2018 Pension Office joined the World Bank Treasury's "Reserve Advisory and Management Programme (RAMP)" to identify ways to further strengthen investments. This program will point to new areas for investment and enable formulation of comprehensive investment policies. As a result, it is hoped that the returns for MRPS members will increase.

Currently under this programme research work is being conducted for possible investment in additional asset clusters such as real estate, private equity and private debt. Further Technical study on procedure and process required by pension office is being conducted under the programme. Once the technical study and the research work is completed, pension office plans to work closely with the stakeholders in bringing about the necessary amendments to the Pension Act. Pension office hopes the increase in new areas for investment and formulation of comprehensive investment policies would increase the returns for MRPS members.

Security of Pension for Self-Employed Individuals

Pension Office recognises the importance of providing pension coverage to all employees and workers. Accordingly, it is important to enroll self-employed individuals in the pension system. Even now the opportunity is open for voluntary contributions from self-employed persons. Further, Pension Office is undertaking efforts to introduce legislative and administrative measures to increase their enrollment.

Work Undertaken by Pension Office under Government S.A.P

To achieve the targets set out in the Strategic Action Plan of the Government for 2019-2023, Pension office is undertaking important tasks. The details of these include:

- Revise the MRPS Scheme to facilitate participation of Fishermen in the scheme.
- Revise the Basic Pension Scheme to secure social and financial protection for the elderly.
- Revise the current pension Act to make it most beneficial for the Old age pension and the Government Disability schemes.

Introduction of Annuity Products

Numerous work was carried out in 2019 to introduce annuity products through insurance companies for MRPS members. The drafting of regulation on annuity products was completed during the year, and it is envisioned that annuity products will be introduced to MRPS members in 2020. Once this scheme is commenced, members will receive pension payouts for life and may withdraw a lump sum from the RSA on attaining retirement age.



Financial Statements

**MALDIVES PENSION ADMINISTRATION OFFICE
(FORMED UNDER THE MALDIVES PENSION ACT NO. 8 OF 2009)**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2019**

**MALDIVES PENSION ADMINISTRATION OFFICE
(FORMED UNDER THE MALDIVES PENSION ACT NO. 8 OF 2009)
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2019

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Independent Auditors' Report To the Board of Directors of Maldives Pension Administration Office

Opinion

We have audited the financial statements of the Maldives Pension Administration Office (“MPAO”), which comprises the statement of financial position as at 31 December 2019, 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 and other explanatory information set out in pages 8 to 23.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of MPAO as at 31 December 2019 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRSs”).

Basic for Opinion

We conducted our audit in accordance with International Standard on Auditing (“ISAs”). Our responsibilities under those standards are further described in the *Auditor’s responsibility 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 (“IESBA Code”), and we have fulfilled our other ethical responsibilities in 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 Board of Members (the “Board”) 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 auditor’s 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 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 the Board.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors (“the Board”) is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (“IFRSs”), and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error

Responsibilities of the Board of Directors for the Financial Statements (Continued)

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

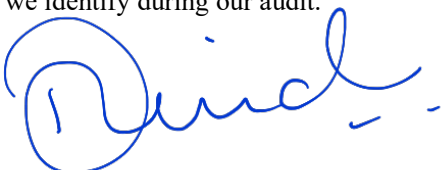
Auditors' Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, 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 decision 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.



R. W. M. O. W. Duminda B. Rathnadiwakara
For and on behalf of KPMG

29 April 2020
Male'

**MALDIVES PENSION ADMINISTRATION OFFICE
(FORMED UNDER THE MALDIVES PENSION ACT NO. 8 OF 2009)
STATEMENT OF INCOME**

FOR THE YEAR ENDED 31 DECEMBER

	Notes	2019 MVR	2018 MVR
Income			
Income	7	57,727,167	48,372,972
Other income	8	3,094,020	1,484,421
		<u>60,821,187</u>	<u>49,857,393</u>
Expenditure			
Salaries and allowance	9	(20,428,651)	(16,844,510)
Bank charges and custodian fees	10	(6,065,881)	(6,033,892)
Administrative expenses		(16,763,233)	(15,921,331)
		<u>(43,257,765)</u>	<u>(38,799,733)</u>
Excess of income over expenditure for the year		<u><u>17,563,422</u></u>	<u><u>11,057,660</u></u>

These financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of MPAO set out pages 8 to 23. The Report of the Independent Auditors is given on pages 1 to 3.

**MALDIVES PENSION ADMINISTRATION OFFICE
(FORMED UNDER THE MALDIVES PENSION ACT NO. 8 OF 2009)
STATEMENT OF FINANCIAL POSITION**

AS AT 31 DECEMBER

	Note	2019 MVR	2018 MVR
ASSETS			
Non current assets			
Furniture and equipment	11	1,655,349	3,202,984
Intangible assets	12	111,003	238,837
Prepaid lease rent	13	-	22,047,786
Right-of-use assets	13.1	21,087,786	-
Total non current assets		<u>22,854,138</u>	<u>25,489,607</u>
Current assets			
Investment in fixed deposit	14	59,651,924	20,343,151
Other receivables	15	6,096,889	4,863,496
Cash and cash equivalents	16	28,875,679	47,750,207
Total current assets		<u>94,624,492</u>	<u>72,956,854</u>
Total assets		<u><u>117,478,630</u></u>	<u><u>98,446,461</u></u>
EQUITY AND LIABILITIES			
Equity			
Accumulated funds		93,547,696	80,984,274
Capital and General Reserve	17	15,000,000	10,000,000
Total equity		<u>108,547,696</u>	<u>90,984,274</u>
Current liabilities			
Other payables	18	8,930,934	7,462,187
Total liabilities		<u>8,930,934</u>	<u>7,462,187</u>
Total equity and liabilities		<u><u>117,478,630</u></u>	<u><u>98,446,461</u></u>

These financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of MPAO set out pages 8 to 23. The Report of the Independent Auditors is given on pages 1 to 3.



Sujatha Haleem

Acting Chief Executive Officer

These Financial Statements on pages 4 to 23 were approved by the Board of Directors on 29 April 2020 and signed on its behalf by;



Athifa Ali

Chairperson of the Board



Maryam Abdul Nasir

Chairperson of the Audit and Risk Management
Committee

**MALDIVES PENSION ADMINISTRATION OFFICE
(FORMED UNDER THE MALDIVES PENSION ACT NO. 8 OF 2009)
STATEMENT OF CHANGES IN ACCUMULATED FUNDS**

FOR THE YEAR ENDED 31 DECEMBER

		Capital and General Reserve MVR	Accumulated Fund MVR	Total MVR
	Note			
Balance as at 1 January 2018		5,000,000	74,926,614	79,926,614
Excess of income over expenditure for the year		-	11,057,660	11,057,660
Transferred from accumulated fund	17	5,000,000	(5,000,000)	-
Balance as at 31 December 2018		<u>10,000,000</u>	<u>80,984,274</u>	<u>90,984,274</u>
Balance as at 1 January 2019		10,000,000	80,984,274	90,984,274
Excess of income over expenditure for the year		-	17,563,422	17,563,422
Transferred from accumulated fund	17	5,000,000	(5,000,000)	-
Balance as at 31 December 2019		<u>15,000,000</u>	<u>93,547,696</u>	<u>108,547,696</u>

These financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of MPAO set out pages 8 to 23. The Report of the Independent Auditors is given on pages 1 to 3.

**MALDIVES PENSION ADMINISTRATION OFFICE
(FORMED UNDER THE MALDIVES PENSION ACT NO. 8 OF 2009)
STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED 31 DECEMBER

	Note	2019 MVR	2018 MVR
Cash flows from operating activities			
Excess of income over expenditure before tax		17,563,422	11,057,660
Adjustments for			
Depreciation of furniture and equipment	11	1,895,143	1,882,679
Amortization of intangible assets	12	127,834	1,756,188
Amortization of prepaid lease rent	13	-	960,000
Interest income from investment in fixed deposit	8	(2,245,760)	(750,000)
Loss on disposal of property, plant and equipment	11	103,638	-
Depreciation of right to use assets	13.1	960,000	-
Operating surfeit before working capital changes		<u>18,404,277</u>	<u>14,906,527</u>
Working capital changes			
Changes in other receivables		(1,233,393)	1,803,510
Changes in other payables		1,468,747	(3,288,217)
Cash flows generated from operating activities		<u>18,639,631</u>	<u>13,421,820</u>
Cash flows from investing activities			
Acquisition of property, plant and equipment	11	(451,146)	(659,942)
Purchase of intangible assets	12	-	(130,677)
Purchase of financial instruments	14	(68,000,000)	-
Financial instruments matured during the year	14	30,000,000	-
Interest received	14	936,987	750,000
Net cash used in investing activities		<u>(37,514,159)</u>	<u>(40,619)</u>
Net (decrease)/increase in cash and cash equivalents		(18,874,528)	13,381,202
Cash and cash equivalents at the beginning of the year		47,750,207	34,369,005
Cash and cash equivalents at the end of the year	16	<u><u>28,875,679</u></u>	<u><u>47,750,207</u></u>

These financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of MPAO set out pages 8 to 23. The Report of the Independent Auditors is given on pages 1 to 3.

**MALDIVES PENSION ADMINISTRATION OFFICE
(FORMED UNDER THE MALDIVES PENSION ACT NO. 8 OF 2009)
NOTES TO THE FINANCIAL STATEMENTS**

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 City Square, Chandhanee Magu, Republic of Maldives. MPAO is an independent legal entity with perpetual succession and with a separate seal under the Act.

The principal activities of MPAO are;

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

2. BASIS OF PREPARATION

(a) Statement of Compliance

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

This is the first set of the MPAO’s annual financial statements in which IFRS 16, “Leases” has been applied. Changes to significant accounting policies are described in Note 3.

(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 recognised 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 recognised 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.

**MALDIVES PENSION ADMINISTRATION OFFICE
(FORMED UNDER THE MALDIVES PENSION ACT NO. 8 OF 2009)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The MPAO has initially applied IFRS 16 from 1 January 2019. However, this standard has not resulted in any changes to the balances previously presented.

4. 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.

4.1 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.

4.2 Financial Instruments

(i) Recognition and Initial Measurement

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

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

(ii) Classification and Subsequent Measurement

Financial assets

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

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

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

**MALDIVES PENSION ADMINISTRATION OFFICE
(FORMED UNDER THE MALDIVES PENSION ACT NO. 8 OF 2009)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.2 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 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.
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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.

4.3 Impairment

(i) Financial Assets (including receivables)

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

**MALDIVES PENSION ADMINISTRATION OFFICE
(FORMED UNDER THE MALDIVES PENSION ACT NO. 8 OF 2009)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.3 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.

4.4 Furniture and Equipment

(i) Recognition and Measurement

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

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

**MALDIVES PENSION ADMINISTRATION OFFICE
(FORMED UNDER THE MALDIVES PENSION ACT NO. 8 OF 2009)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.4 Furniture and Equipment (Continued)

(i) Recognition and Measurement (Continued)

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

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

(ii) Subsequent Costs

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

(iii) Depreciation

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

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of furniture and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that MPAO will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

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

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

4.5 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.

**MALDIVES PENSION ADMINISTRATION OFFICE
(FORMED UNDER THE MALDIVES PENSION ACT NO. 8 OF 2009)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.5 Intangible Asset (Continued)

(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.

4.6 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.

4.7 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.

4.8 Income

Management fee income is recognized on accrual basis when the management service is provided.

4.9 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.

5. MEASUREMENT OF FAIR VALUES

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

The Company 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 Company 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.

**MALDIVES PENSION ADMINISTRATION OFFICE
(FORMED UNDER THE MALDIVES PENSION ACT NO. 8 OF 2009)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

5. MEASUREMENT OF FAIR VALUES (CONTINUED)

- 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.

6. NEW STANDARDS AND INTERPRATATIONS

A number of new standards are effective for annual periods beginning after 1st January 2019 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Company's financial statements.

- Amendments to References to Conceptual Framework in IFRS Standards.
- Definition of a Business (Amendments to IFRS 3).
- Definition of Material (Amendments to IAS 1 and IAS 8).
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7).

**MALDIVES PENSION ADMINISTRATION OFFICE
(FORMED UNDER THE MALDIVES PENSION ACT NO. 8 OF 2009)
NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2019

7 INCOME	2019	2018
	MVR	MVR
Management fee	57,727,167	48,372,972
	<u>57,727,167</u>	<u>48,372,972</u>

Management fee is the income recognized for administration and management of assets of the Maldives Retirement Pension Scheme (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% (2018: 0.6%) per annum.

8 OTHER INCOME	2019	2018
	MVR	MVR
Fines	487,500	419,900
Sponsors for finance forum	288,000	193,840
Miscellaneous income	72,760	120,681
Interest income	2,245,760	750,000
	<u>3,094,020</u>	<u>1,484,421</u>

9 SALARIES AND ALLOWANCES	2019	2018
	MVR	MVR
Directors' remuneration	1,076,210	1,144,060
MRPS contribution	850,105	823,336
Employee insurance	336,816	341,594
Salaries and wages	18,165,520	14,535,520
	<u>20,428,651</u>	<u>16,844,510</u>

10 BANK CHARGES AND CUSTODIAN FEES	2019	2018
	MVR	MVR
Bank charges	65,881	33,892
Custodian fees	6,000,000	6,000,000
	<u>6,065,881</u>	<u>6,033,892</u>

Custodian fee is paid to Bank of Maldives for provision of Custodian Services to MRPS under an agreement between MPAO and Bank of Maldives. Custodian fee is charged based on assets under custody. The fee rates are 0.16% up to MVR 5 Billion and 0.10% thereafter till June 2017. From July 2017 onwards MPAO is charged a fixed amount of MVR 6 Million per year.

**MALDIVES PENSION ADMINISTRATION OFFICE
(FORMED UNDER THE MALDIVES PENSION ACT NO. 8 OF 2009)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31 DECEMBER 2019

11 FURNITURE AND EQUIPMENT

	Computer and Accessories	Furniture and Fittings	Office Equipment	Total 31/12/2019	Total 31/12/2018
	MVR	MVR	MVR	MVR	MVR
Cost					
Opening balance	2,320,084	3,693,757	1,170,450	7,184,291	6,524,349
Addition during the year	354,016	16,600	80,530	451,146	659,942
Disposal during the year	(265,030)	(50,000)	(109,745)	(424,775)	-
Closing balance	2,409,070	3,660,357	1,141,235	7,210,662	7,184,291
Accumulated depreciation					
Opening balance	1,348,218	1,969,639	663,449	3,981,307	2,098,627
Charge during the year	649,617	1,007,946	237,581	1,895,143	1,882,679
Disposal during the year	(206,249)	(43,333)	(71,555)	(321,137)	-
Closing balance	1,791,586	2,934,252	829,475	5,555,313	3,981,306
Net carrying values					
As at 31 December 2019	617,484	726,105	311,760	1,655,349	
As at 31 December 2018	971,866	1,724,118	507,000		3,202,984

**MALDIVES PENSION ADMINISTRATION OFFICE
(FORMED UNDER THE MALDIVES PENSION ACT NO. 8 OF 2009)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31 DECEMBER 2019

12 INTANGIBLE ASSETS	31/12/2019	31/12/2018
	MVR	MVR
Cost		
Opening balance	8,780,930	8,650,253
Additions during the year	-	130,677
Closing balance	<u>8,780,930</u>	<u>8,780,930</u>
Accumulated Amortization		
Opening balance	8,542,093	6,785,905
Amortization during the Year	127,834	1,756,188
Closing balance	<u>8,669,927</u>	<u>8,542,093</u>
Net carrying value	<u><u>111,003</u></u>	<u><u>238,837</u></u>

Intangible assets includes the Data Centre Virtualization Project and Human Resource and Payroll Management System.

13 PREPAID LEASE RENT	31/12/2019	31/12/2018
	MVR	MVR
Opening balance	22,047,786	23,007,786
Amortization for the year	-	(960,000)
Transfer to the right-of-use asset	<u>(22,047,786)</u>	-
Closing balance	<u><u>-</u></u>	<u><u>22,047,786</u></u>

MPAO has entered into a lease agreement with State Trading Organisation PLC on 18 August 2014 to lease 8000 square feet (2 floors) of Umar Shopping Arcade Office Complex. As lessee, MPAO has paid MVR of 24 million as rent for a period of 25 years effective from the date of completion of the building. This prepayment will be amortized throughout the period of 25 years from the date of 18 December 2016.

13.1 RIGHT-OF-USE ASSET	31/12/2019	31/12/2018
	MVR	MVR
Cost		
Transfer from prepaid lease rent	22,047,786	-
Closing balance	<u>22,047,786</u>	-
Accumulated Depreciation		
Depreciation charge during the Year	960,000	-
Closing balance	<u>960,000</u>	-
Net carrying value	<u><u>21,087,786</u></u>	<u><u>-</u></u>

**MALDIVES PENSION ADMINISTRATION OFFICE
(FORMED UNDER THE MALDIVES PENSION ACT NO. 8 OF 2009)
NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2019

14 INVESTMENT IN FIXED DEPOSIT	31/12/2019	31/12/2018
	MVR	MVR
Opening balance	20,343,151	20,343,151
Addition for the year	68,000,000	20,000,000
Matured during the year	(30,936,987)	(20,750,000)
Interest income	2,245,760	750,000
Closing balance	<u>59,651,924</u>	<u>20,343,151</u>

The MPAO has made new fixed deposits with Habib Bank of Maldives amount of MVR 27,000,000/-, 20,750,000/- and 10,250,000/- on 14 February 2019, 16 July 2019 and 15 November 2019 for carrying interest of 4.7%, 4.76% and 4.81% per annum respectively.

15 OTHER RECEIVABLES	31/12/2019	31/12/2018
	MVR	MVR
Assets management fee receivables	5,536,274	4,445,646
Refundable deposits	-	60,000
Prepayments	282,864	4,000
MRPS fines receivables	8,300	4,400
Retention allowance (Note 15.1)	269,451	349,450
	<u>6,096,889</u>	<u>4,863,496</u>

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

16 CASH AND CASH EQUIVALENTS	31/12/2019	31/12/2018
	MVR	MVR
Favourable balance		
Cash in hand	2,519	10,265
Balance with banks	28,887,764	47,758,771
Unfavourable balance		
Credit card balance	(14,604)	(18,828)
Cash and cash equivalent in the statement of cash flow	<u>28,875,679</u>	<u>47,750,207</u>

17 CAPITAL AND GENERAL RESERVE	31/12/2019	31/12/2018
	MVR	MVR
Opening balance	10,000,000	5,000,000
Transferred from accumulated fund	5,000,000	5,000,000
Closing balance	<u>15,000,000</u>	<u>10,000,000</u>

Pursuant to MPAO board meeting No. 126/2016 dated on 1 November 2016, capital and general reserve is set up the MPAO has to be transferred the purpose of asset replacement reserve. As per this board meeting minute MVR 5 Mn annually from accumulated funds to capital and general reserve till accumulate the reserve upto MVR 20 Mn.

**MALDIVES PENSION ADMINISTRATION OFFICE
(FORMED UNDER THE MALDIVES PENSION ACT NO. 8 OF 2009)
NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2019

18 OTHER PAYABLES	2019	2018
	MVR	MVR
Accrued expenses	3,026,903	2,186,247
Custodian fee	3,000,000	3,000,000
MRPS pension payouts	86,855	29,814
Payable to Ministry of Finance (Note 18.1)	2,817,176	2,246,126
	<u>8,930,934</u>	<u>7,462,187</u>

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

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

(A) Accounting classification and fair values

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

31 December 2019	Financial Assets at Amortised Cost MVR	Other Financial Liabilities MVR	Total Carrying Amount MVR	Fair Values MVR	Fair Value Hierarchy
Financial assets					
Investments in fixed deposits	59,651,924	-	59,651,924	59,651,924	Level II
Other receivables	5,814,025	-	5,814,025	5,814,025	
Cash and cash equivalents	28,887,764	-	28,887,764	28,887,764	
	<u>94,353,713</u>	<u>-</u>	<u>94,353,713</u>	<u>94,353,713</u>	
Financial liabilities					
Other payables	-	8,930,934	8,930,934	8,930,934	
Credit card balance	-	14,604	14,604	14,604	
	<u>-</u>	<u>8,945,538</u>	<u>8,945,538</u>	<u>8,945,538</u>	
31 December 2018					
Financial assets					
Investments in Fixed Deposits	20,343,151	-	20,343,151	20,343,151	Level II
Other receivables	4,859,496	-	4,859,496	4,859,496	
Cash and cash equivalents	47,758,771	-	47,758,771	47,758,771	
	<u>72,961,417</u>	<u>-</u>	<u>72,961,417</u>	<u>72,961,417</u>	
Financial liabilities					
Other payables	-	7,462,187	7,462,187	7,462,187	
Credit card balance	-	18,828	18,828	18,828	
	<u>-</u>	<u>7,481,015</u>	<u>7,481,015</u>	<u>7,481,015</u>	

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

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FOR THE YEAR ENDED 31 DECEMBER 2019

**19 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 its uses of financial instruments;

- Credit Risk
- Liquidity Risk
- Market Risk

This note presents 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 policies for managing each of these risks are summarised 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 2019.

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

Cash and cash equivalents

The MPAO held cash and equivalents of MVR 28,875,679/- as at 31 December 2019 (2018 - MVR 47,750,207/-).

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

(ii) Liquidity Risk

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

31 December 2019	Carrying Amount MVR	0-6 Months MVR
Financial liabilities (Non- derivative)		
Other payables	8,930,934	8,930,934
Credit card balance	14,604	14,604
	<u>8,945,538</u>	<u>8,945,538</u>
31 December 2018	Carrying Amount MVR	0-6 Months MVR
Other payables	7,462,187	7,462,187
Credit card balance	18,828	18,828
	<u>7,481,016</u>	<u>7,481,016</u>

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

(iii) Market Risk

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

(a) Interest Rate Risk

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

Fixed rate instruments	Carrying Amount	
	31/12/2019 MVR	31/12/2018 MVR
Financial Assets	59,651,924	20,343,151
	<u>59,651,924</u>	<u>20,343,151</u>

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

(iii) Market Risk (Continued)

(a) Interest Rate Risk (Continue)

The MPAO has account the financial assets and liabilities at fixed rate and therefore, a change in interest rate at the reporting date would not be affected to 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 2019 by MVR 580,000/- (2018 : MVR 200,000/-). 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.

	<u>31/12/2019</u>	<u>31/12/2018</u>
	<u>USD</u>	<u>USD</u>
Cash and cash equivalents	103,590	136,121
Credit card balance	947	1,221
	<u>104,538</u>	<u>137,342</u>

The following significant exchange rate applied during the year:

	Reporting date			
	Average rate		spot rate	
	2019	2018	31/12/2019	31/12/2018
1 United States Dollar : Maldives Rufiyaa	<u>15.42</u>	<u>15.42</u>	<u>15.42</u>	<u>15.42</u>

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

(iv) Capital management

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

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

**MALDIVES PENSION ADMINISTRATION OFFICE
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NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2019

20 CAPITAL COMMITMENTS

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

21 CONTINGENT LIABILITIES

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

22 COMPARATIVE FIGURES

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

23 EVENTS AFTER REPORTING DATE

The increase in transmission and geographical spread of COVID-19 largely occurred after the reporting date as at 31st December 2019. With the increment of infected number of cases around the world, some governments, non-governmental organizations and private entities have been taken some precautionary actions such as travel restrictions and quarantine measures etc. However, the impact from the outbreak is not possible to estimate at the date of these financial statements were authorized for issue by the Company's Board of Directors.

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

24 RELATED PARTY TRANSACTION

Name of the Related Party	Relationship	Nature of Transactions	Amount		Balance as at	
			2019 MVR	2018 MVR	31/12/2019 MVR	31/12/2018 MVR
Maldives Pension Retirement Scheme	Administration Office	Service provided Settlement	57,727,167 (56,636,539)	48,372,972 (48,881,607)	5,536,274	4,445,646

24.1 Transaction with Key Management Personnel

The Board of Directors of MPAO are members of the key management personnel. The MPAO has paid an amount of MVR 1,076,210/- (2018: 1,144,060/-)

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

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2019**

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

FOR THE YEAR ENDED 31 DECEMBER 2019

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Independent Auditors' Report To the members of Maldives Retirement Pension Scheme (Administered by Maldives Pension Administration Office)

Opinion

We have audited the accompanying financial statements of Maldives Retirement Pension Scheme ("MRPS"), which comprise the statement of financial position as at 31 December 2019, the statements of comprehensive income, changes in net assets attributable to members and cash flows for the year then ended and notes to the financial statements, comprising a summary of significant accounting policies and other explanatory information set out in pages 3 to 28.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the MRPS as at 31 December 2019 and of 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 *Auditors' 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 ("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 Board of Members (the "Board") 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 the 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 the Board.

Responsibilities of the Board of Members for the Financial Statements

The Board of Members ("the Board") 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 the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of the Board of Members for the Financial Statements (Continued)

In preparing the financial statements, the Board 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 the Board either intends to liquidate the MRPS or to cease operations, or has no realistic alternative but to do so.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the MRPS's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- Conclude on the appropriateness of the Board'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 auditors' 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 auditors' 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 the Board 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.



R. W. M. O. W. Duminda B. Rathnadiwakara
For and on behalf of KPMG

**MALDIVES RETIREMENT PENSION SCHEME
(ADMINISTERED BY MALDIVES PENSION ADMINISTRATION OFFICE)
STATEMENT OF COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 31 DECEMBER

	Note	2019 MVR	2018 MVR
Income			
Net contribution	7	1,091,978,993	1,041,242,179
Interest income	8	589,459,819	523,551,012
Dividend income	9	55,220,428	59,892,792
Other income	10	949,459	1,277,563
Total income		<u>1,737,608,699</u>	<u>1,625,963,546</u>
Operating expenses			
Administrative expenses	11	<u>57,727,167</u>	<u>48,372,972</u>
Total expenses		<u>57,727,167</u>	<u>48,372,972</u>
Increase in net assets attributable to members		<u><u>1,679,881,532</u></u>	<u><u>1,577,590,574</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 28. 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		2019	2018
	Note	MVR	MVR
ASSETS			
Cash and cash equivalents	12	27,503,083	22,973,405
Other receivables	13	3,871,423	7,585,570
Investment in financial assets	14	10,303,608,429	8,736,796,164
Recognition bond	15	3,529,206,250	3,422,759,616
Housing collateralization deposit	16	31,103,085	25,821,294
Total Assets		<u>13,895,292,270</u>	<u>12,215,936,049</u>
LIABILITIES			
Other payables	17	6,980,927	5,511,797
Contribution collection accounts		677,683	2,672,124
Total liabilities (excluding net assets attributable to members)		<u>7,658,610</u>	<u>8,183,921</u>
ACCUMULATED MEMBERS' BALANCE			
Accumulated members' balance		13,887,633,660	12,207,752,128
Total accumulated members' balance and Liabilities		<u>13,895,292,270</u>	<u>12,215,936,049</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 28. The Report of the Independent Auditors is given on pages 1 and 2.



.....
Sujatha Haleem
Acting Chief Executive Officer

These Financial Statements on pages 3 to 28 were approved by the Board of Directors on 29 April 2020 and signed on its behalf by;



.....
Athifa Ali
Chairperson of the Board



.....
Maryam Abdul Nasir
Chairperson of the Audit and Risk
Management Committee

**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 2019

	<u>Accumulated members balance</u>
	<u>MVR</u>
Balance as at 1 January 2018	10,630,161,554
Increase in net assets attributable to members	1,577,590,574
Balance as at 31 December 2018	<u>12,207,752,128</u>
Balance as at 1 January 2019	12,207,752,128
Increase in net assets attributable to members	1,679,881,532
Balance as at 31 December 2019	<u><u>13,887,633,660</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 28. 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	2019 MVR	2018 MVR
Cash flows from operating activities		
Contribution received to contribution collection account	1,180,729,772	1,101,446,031
Accrued right received for matured recognition bond	40,359,335	33,505,963
Interest received for matured recognition bond	19,142,609	20,023,893
Fine on late contribution	949,459	1,277,563
Interest received	387,389,135	326,721,572
Management fee paid	(56,636,539)	(53,159,743)
Benefits paid to members	(91,517,444)	(58,456,945)
Net cash from operating activities	<u>1,480,416,327</u>	<u>1,371,358,334</u>
Cash flows from investing activities		
Dividend received	55,220,428	59,892,792
Net investments	(1,532,203,784)	(1,414,362,180)
Payments for housing collateralization	(4,861,564)	(18,944,965)
Repayment on principle on bond	5,958,271	8,696,902
Net cash used in investment activities	<u>(1,475,886,649)</u>	<u>(1,364,717,451)</u>
Net increase in cash and cash equivalents	4,529,678	6,640,883
Cash and cash equivalents at beginning of the year	<u>22,973,405</u>	<u>16,332,522</u>
Cash and cash equivalents at end of the year	<u><u>27,503,083</u></u>	<u><u>22,973,405</u></u>

Figures in brackets indicate deductions.

These financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of the MRPS set out on pages 7 to 28. 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, City Square, Chaandhanee Magu, Male', Republic of Maldives.

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

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

2. BASIS OF PREPARATION

(a) Statement of Compliance

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

This is the first set of the MRPS's annual financial statements in which IFRS 16, "Leases" has been applied. Changes to significant accounting policies are described in Note 3.

(b) Basis of Measurement

The financial statements have been prepared on the historical cost basis except financial instruments, which are measured at fair value.

(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 (CONTINUED)**

2. BASIS OF PREPARATION (CONTINUED)

(e) Use of Estimates and Judgements and Assumptions

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

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

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

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

Going concern

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

- Valuation of Financial Instruments
- The impairment of assets

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The MRPS has initially applied IFRS 16 from 1 January 2019. However, this standard has not resulted in any changes to the balances previously presented. A number of other new standards and amendments are also effective from 1 January 2019 but they do not have a material effect on the Financial Statements

4. 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.

4.1 Foreign Currency Transactions

Transactions in foreign currency are translated to Maldivian Rufiyaa at the exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in currencies are translated to Maldivian Rufiyaa at the exchange rate ruling at the reporting date. Foreign exchange differences arising on translation are recognized in the statement of changes in net assets available for benefits.

Non-monetary assets and liabilities, which are measured at historical cost, denominated in foreign 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 foreign currencies are translated to Maldivian Rufiyaa at the exchange rates ruling at the dates the values were determined.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.2 Financial Instruments

i. Recognition and initial measurement

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the 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

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 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.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.2 Financial Instruments (Continued)

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.

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.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.2 Financial Instruments (Continued)

Financial liabilities

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.

4.3 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 Company'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 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.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.4 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.

4.5 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.

4.6 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.

4.7 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.

5. 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.

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

5. DETERMINATION OF FAIR VALUES (CONTINUED)

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.

6. NEW STANDARDS AND INTERPRATATIONS NOT YET ADOPTED

Following new standards, amendments to standards and interpretations applicable to the financial statements of the MRPS are effective for annual periods beginning after 1 January 2019 and earlier application is permitted, however the MRPS has not applied the following new or amended standards interpretations in these financial statements.

i. Other standards

The following amended standards and interpretations are not expected to have a significant impact on the MRPS's financial statements.

- Amendments to Reference to Conceptual Framework in IFRS Standards.
- Definition of a Business (Amendments to IFRS 3).
- Definition of material (Amendments to IAS 1 and IAS 8).
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7).

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

FOR THE YEAR ENDED 31 DECEMBER 2019

7 NET CONTRIBUTION	2019	2018
	MVR	MVR
CONTRIBUTION RECEIVED		
Contribution from employers	600,427,449	558,142,135
Contribution from members	582,448,908	541,444,572
Contribution from self-employed members	20,640	25,121
Contribution from government on accrued rights (Note 15.1)	557,715	87,296
	<u>1,183,454,712</u>	<u>1,099,699,124</u>
CONTRIBUTION PAID		
Benefits paid to members	91,475,719	58,456,945
	<u>91,475,719</u>	<u>58,456,945</u>
NET CONTRIBUTION	<u>1,091,978,993</u>	<u>1,041,242,179</u>
8 INTEREST INCOME	2019	2018
	MVR	MVR
Interest on recognition of bonds (Note 8.1)	161,503,932	163,867,875
Interest on treasury bonds	158,955,660	157,703,000
Interest on treasury bills	236,916,878	180,722,972
Interest on fixed deposits	17,643,991	10,509,008
Interest on HDFC bonds	5,619,502	2,883,130
Income on sukuk	7,946,622	7,865,027
Income on collateralization deposit	873,234	-
	<u>589,459,819</u>	<u>523,551,012</u>

8.1 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 2019 was 4.75%. (2018 - 5%)

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

FOR THE YEAR ENDED 31 DECEMBER 2019

9 DIVIDEND INCOME	2019 MVR	2018 MVR
Dividend from equity securities - Quoted	55,220,428	59,892,792
	<u>55,220,428</u>	<u>59,892,792</u>
10 OTHER INCOME	2019 MVR	2018 MVR
Fines on late contribution	949,459	1,243,812
Other income	-	33,751
	<u>949,459</u>	<u>1,277,563</u>
11 ADMINISTRATIVE EXPENSES	2019 MVR	2018 MVR
Management fee (Note 11.1)	57,727,167	48,372,972
	<u>57,727,167</u>	<u>48,372,972</u>

11.1 Management fee

In accordance with section 6(d) of the Maldivian Pension Act 8/2009, the MPOA is entitled to charge a fee from the members based on the daily asset value of the members balance of the MRPS. (Prior to 2013 the fee was charged only on the member balances in the Investment Portfolio). The Board of MPAO decided to levy a fee on the Sharia and Conservative Portfolio members effective from January 2013. The fees are reviewed annually. Management Fees are recognized Monthly on accrual basis at 0.6% per annum on each month end net asset value. (2018 - 0.6%)

12 CASH AND CASH EQUIVALENT	31/12/2019 MVR	31/12/2018 MVR
Cash at bank (Note 12.1)	27,503,083	22,973,405
Cash and cash equivalent in the Statements of Cash Flows	<u>27,503,083</u>	<u>22,973,405</u>
12.1 Balances with Banks	31/12/2019 MVR	31/12/2018 MVR
Cash balance in Contribution Holding Account	26,583,228	22,805,731
Cash balance in Maldives Islamic Bank	909,461	167,674
Cash balance in Mauritius Commercial Bank	10,394	-
	<u>27,503,083</u>	<u>22,973,405</u>

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

FOR THE YEAR ENDED 31 DECEMBER 2019

13 OTHER RECEIVABLES	31/12/2019	31/12/2018
	MVR	MVR
Receivable for accrued rights matured during the year	3,096,791	6,983,722
Other receivables	774,632	601,848
	<u>3,871,423</u>	<u>7,585,570</u>
14 INVESTMENT IN FINANCIAL ASSETS	31/12/2019	31/12/2018
	MVR	MVR
Treasury bills - at amortised cost	5,712,193,016	4,656,055,733
Investment in Fixed deposit - at amortised cost	361,201,409	343,598,288
Investment in Sukuk - at amortised cost	197,142,249	96,612,727
Treasury bonds - at amortised cost	3,338,653,852	3,087,401,192
Investment in HDFC bond - at amortised cost (Note 14.1)	135,532,843	77,171,114
Equity securities – at FVOCI - (Note 14.2)	558,885,060	475,957,110
	<u>10,303,608,429</u>	<u>8,736,796,164</u>
14.1 Investment in HDFC bond - at amortised cost	31/12/2019	31/12/2018
	MVR	MVR
Balance as at 1 January	77,171,114	6,004,937
Addition during the year	64,000,000	80,000,000
Interest accrued during the year	5,619,502	-
Interest received during the year	(5,299,502)	(136,921)
Principal repayment during the year	(5,958,271)	(8,696,902)
Balance as at 31 December	<u>135,532,843</u>	<u>77,171,114</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 2019

14 OTHER INVESTMENTS (CONTINUED)

14.2 Equity securities – at FVOCI	31/12/2019	31/12/2018
	MVR	MVR
Investment in equity shares (quoted) (Note 14.3)	558,885,060	475,957,110
	<u>558,885,060</u>	<u>475,957,110</u>

14.3 Investment in equity shares (quoted)

	<u>Number of shares</u>		<u>Carrying value</u>	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
			MVR	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	-	82,927,950	-
			<u>558,885,060</u>	<u>475,957,110</u>

The MRPS has acquired 2,369,370 shares of Maldives Islamic Bank (MIB) PLC at MVR 35/- each on 9 November 2019.

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.

14.4 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 2019

14 OTHER INVESTMENTS (CONTINUED)

14.4 Measurement of fair values (Continued)

(ii) Valuation technique and significant unobservable inputs

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
<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).	-Expected revenue growth (2019: 6%–14%,2018: 4% - 11%). -Terminal growth and Capital Investments: (2019: 1%-3% of the asset base, 2018: 10%-19% of the asset base) -WACC (2019: 11%–12.3%, (2018: 12.25%–14%)	The estimated fair value would increase / (decrease) if: -Expected revenue growth were higher / (lower); -Terminal growth and Capital Investments were higher / (lower); or -Weighted average cost of capital were lower / (higher).

15 RECOGNITION BOND

	31/12/2019	31/12/2018
	MVR	MVR
Accrued pension rights receivable (Note 15.1)	2,043,353,190	2,075,998,964
Interest receivable on recognition bonds (Note 15.2)	1,485,853,060	1,346,760,652
	<u>3,529,206,250</u>	<u>3,422,759,616</u>

15.1 Accrued pension rights receivable

Opening balance	2,075,998,964	2,109,417,631
Net adjustment to contribution from Government on accrued rights	557,715	87,296
Accrued rights matured during the year	(33,203,489)	(33,505,963)
Closing balance	<u>2,043,353,190</u>	<u>2,075,998,964</u>

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

FOR THE YEAR ENDED 31 DECEMBER 2019

15 RECOGNITION BOND (CONTINUED)

15.1 Accrued pension rights receivable (Continued)

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

15.2 Interest receivable on recognition bonds	31/12/2019	31/12/2018
	MVR	MVR
Opening balance	1,346,760,652	1,202,916,668
Additions during the year	161,503,932	163,867,875
Paid during the year	(22,411,524)	(20,023,891)
Closing balance	<u>1,485,853,060</u>	<u>1,346,760,652</u>

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

16 HOUSING COLLATERALIZATION DEPOSIT	31/12/2019	31/12/2018
	MVR	MVR
Opening balance	25,821,294	6,876,329
Additions during the year	5,043,654	18,443,107
Principle received during the year	(143,944)	(100,476)
Interest accrued during the year	1,300,201	866,271
Interest received during the year	(918,120)	(263,936)
Closing balance	<u>31,103,085</u>	<u>25,821,294</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 2019

17 OTHER PAYABLES	31/12/2019 MVR	31/12/2018 MVR
Management fee payable	5,536,274	4,445,646
To be allocated to collateralization deposit members	1,286,498	866,271
Excess collection from employers	13,342	48,253
Other payables	144,813	151,627
	<u>6,980,927</u>	<u>5,511,797</u>

18 CAPITAL COMMITMENTS

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

**19 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - FAIR VAUE 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
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

FOR THE YEAR ENDED 31 DECEMBER 2019

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

(A) Accounting classification and fair values (Continued)

31 December 2019	Carrying amount			Fair value				
	Financial assets at amortised cost	FVOCI – equity instruments	Other financial liabilities	Total	Level I	Level II	Level III	Total
	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR
Financial assets								
Cash and cash equivalents	27,503,083	-	-	27,503,083	-	-	-	-
Other receivables	3,871,423	-	-	3,871,423	-	-	-	-
Financial assets at amortised cost	9,744,723,369	-	-	9,744,723,369	-	-	-	-
Equity securities at FVOCI	-	558,885,060	-	558,885,060	-	-	558,885,060	558,885,060
Recognition bond	3,529,206,250	-	-	3,529,206,250	-	-	-	-
Housing collateralization deposit	31,103,085	-	-	31,103,085	-	-	-	-
	<u>13,336,407,210</u>	<u>558,885,060</u>	<u>-</u>	<u>13,895,292,270</u>	<u>-</u>	<u>-</u>	<u>558,885,060</u>	<u>558,885,060</u>
Financial liabilities								
Other payables	-	-	6,980,927	6,980,927	-	-	-	-
Contribution collection accounts	-	-	677,683	677,683	-	-	-	-
	<u>-</u>	<u>-</u>	<u>7,658,610</u>	<u>7,658,610</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

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FOR THE YEAR ENDED 31 DECEMBER 2019

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

(A) Accounting classification and fair values (Continued)

31 December 2018	Carrying amount			Fair value				
	Financial assets at amortised cost	FVOCI – equity instruments	Other financial liabilities	Total	Level I	Level II	Level III	Total
	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR
Financial assets								
Cash and cash equivalents	22,973,405	-	-	22,973,405	-	-	-	-
Other receivables	7,585,570	-	-	7,585,570	-	-	-	-
Financial assets at amortized cost	8,260,839,054	-	-	8,260,839,054	-	-	-	-
Equity securities at FVOCI	-	475,957,110	-	475,957,110	-	-	475,957,110	475,957,110
Recognition bond	3,422,759,616	-	-	3,422,759,616	-	-	-	-
Housing collateralization deposit	25,821,294	-	-	25,821,294	-	-	-	-
	<u>11,739,978,939</u>	<u>475,957,110</u>	<u>-</u>	<u>12,215,936,049</u>	<u>-</u>	<u>-</u>	<u>475,957,110</u>	<u>475,957,110</u>
Financial liabilities								
Other Payables	-	-	5,511,797	5,511,797	-	-	-	-
Contribution collection accounts	-	-	2,672,124	2,672,124	-	-	-	-
	<u>-</u>	<u>-</u>	<u>8,183,921</u>	<u>8,183,921</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

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

FOR THE YEAR ENDED 31 DECEMBER 2019

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

(B) Financial risk management

Overview

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

- Credit Risk
- Market Risk
- Liquidity Risk

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

Risk Management Framework

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

(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% 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	31/12/2019		31/12/2018	
	MVR	%	MVR	%
Government Securities	8,898,373,660	72.74%	7,620,297,826	71.01%
Recognition bond	2,043,353,190	16.70%	2,075,998,964	19.35%
Investment in Fixed Deposits	374,818,670	3.06%	363,321,294	3.39%
Corporate Debt Securities	330,212,843	2.70%	172,171,114	1.60%
Investment in Equity Securities	558,885,060	4.57%	475,957,110	4.44%
Balance with banks	27,503,083	0.22%	22,973,405	0.21%
	<u>12,233,146,506</u>	<u>100%</u>	<u>10,730,719,713</u>	<u>100%</u>

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

FOR THE YEAR ENDED 31 DECEMBER 2019

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

(B) Financial risk management (Continued)

(i) Credit Risk (Continued)

Cash and cash equivalent

The MRPS held cash and equivalents of MVR 27,503,083/- as at 31 December 2019 (2018: MVR 22,973,405/-).

(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:

	<u>Carrying Amount</u>	
	2019	2018
	MVR	MVR
Fixed Rate Instruments	11,616,639,693	10,205,967,904

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

A change of 100 basis point in interest rates would have increased or decreased profit for the year ended 31 December 2019 by MVR 131,037,274/- (2018 : MVR 115,527,579/-). This analysis assumes that all the other variables remain constant.

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

FOR THE YEAR ENDED 31 DECEMBER 2019

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

(B) Financial risk management (Continued)

(ii) Market Risk (Continued)

(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. However, MRPS value equity securities based on discounted free cash flows of the investee companies.

(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 86 Mn to MVR 101 Mn per month during the year. 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 2019

19 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - FAIR VAUE 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 31/12/2019 MVR	Total as at 31/12/2018 MVR
Cash and cash equivalents	27,503,083	-	-	-	27,503,083	22,973,405
Other receivables	3,871,423	-	-	-	3,871,423	7,585,570
Treasury bills	5,712,193,016	-	-	-	5,712,193,016	4,656,055,733
Investment in Fixed deposit	54,361,405	155,983,921	150,856,083	-	361,201,409	343,598,288
Investment in Sukuk	2,142,249	-	15,000,000	180,000,000	197,142,249	96,612,727
Treasury bonds	512,653,852	961,000,000	950,000,000	915,000,000	3,338,653,852	3,087,401,192
Investment in HDFC bond	11,308,075	24,379,770	27,976,347	71,868,651	135,532,843	77,171,114
Financial assets at FVOCI	558,885,060	-	-	-	558,885,060	475,957,110
Recognition bond	58,588,165	124,510,052	128,131,860	3,217,976,173	3,529,206,250	3,422,759,616
Housing collateralization deposit	-	-	-	31,103,085	31,103,085	25,821,294
Total assets	6,941,506,328	1,265,873,743	1,271,964,290	4,415,947,910	13,895,292,270	12,215,936,049
Financial liabilities						
Other Payables	6,980,927	-	-	-	6,980,927	5,511,797
Contribution collection accounts	677,683	-	-	-	677,683	2,672,124
Total liabilities	7,658,610	-	-	-	7,658,610	8,183,921
ACCUMULATED MEMBERS' BALANCE						
Contribution payout	93,479,086	214,136,824	263,543,231	13,316,474,519	13,887,633,660	12,207,752,128
Total accumulated members' balance and Liabilities	101,137,696	214,136,824	263,543,231	13,316,474,519	13,895,292,270	12,215,936,049

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

FOR THE YEAR ENDED 31 DECEMBER 2019

20 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.

21 EVENTS AFTER THE REPORTING DATE

The increase in transmission and geographical spread of COVID-19 largely occurred after the reporting date as at 31st December 2019. With the increment of infected number of cases around the world, some governments, non-governmental organizations and private entities have been taken some precautionary actions such as travel restrictions and quarantine measures etc. However, the impact from the outbreak is not possible to estimate at the date of these financial statements were authorized for issue by the Board of Directors.

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

22 RELATED PARTY TRANSACTIONS

22.1 Transactions with the Key Management Personnel

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. Under the investment management agreement, the MPAO receives a management fee at an annual rate of 0.6% (2018 - 0.6%) of the MRPS member balance.

The total Board of Members' fee paid for the year ended 31 December 2019 were nil. (2018 - Nil)

22.2 RELATED PARTY TRANSACTIONS

Related Party	Relationship	Nature of Transactions	Amount		Balance as at	
			2019 MVR	2018 MVR	31/12/2019 MVR	31/12/2018 MVR
Maldives Pension Administration Office (MPAO)	Investment Manager	Management fee	57,727,167	48,372,972	(5,536,274)	(4,445,646)

23 COMMITTEE OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Board of Members of the Fund is responsible for the preparation and presentation of these Financial Statements.

24 CONTINGENT LIABILITIES

There were no contingent liabilities which require disclosure in the financial statements 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 2019

25 INVESTMENT FUND ANALYSIS

MRPS comprise of the following sub funds.

Income	Investment	Shariah	Conservative	Shariah Retirees	Housing	Recognition Bond	Consolidated Adjustment	Total
	MVR	MVR	MVR	MVR	MVR	MVR	MVR	2019 MVR
Net Contribution Income	1,157,319,513	24,375,522	(34,425,652)	(517,243)	284,150	(55,057,297)	-	1,091,978,993
Interest Income	403,112,851	7,965,490	15,659,389	344,923	873,234	161,503,932	-	589,459,819
Dividend Income	55,220,428	-	-	-	-	-	-	55,220,428
	<u>1,615,652,792</u>	<u>32,341,012</u>	<u>(18,766,263)</u>	<u>(172,320)</u>	<u>1,157,384</u>	<u>106,446,635</u>	<u>-</u>	<u>1,736,659,240</u>
Other income	933,768	3,658	12,028	5	-	-	-	949,459
Inter-Portfolio Movements	(76,847,416)	25,243,253	47,719,326	278,218	3,606,619	-	-	-
Management fee	(54,402,556)	(1,081,345)	(1,913,258)	(33,199)	(296,809)	-	-	(57,727,167)
	<u>1,485,336,588</u>	<u>56,506,578</u>	<u>27,051,833</u>	<u>72,704</u>	<u>4,467,194</u>	<u>106,446,635</u>	<u>-</u>	<u>1,679,881,532</u>
ASSETS								
Cash and cash equivalents	20,021,191	289,914	4,981,746	612,694	919,855	-	677,683	27,503,083
Other receivables	869,200	329,187	3,445,473	76	271,888	1,295,842	(2,340,243)	3,871,423
Investment in financial assets	9,743,287,208	202,519,377	352,865,087	4,936,757	-	-	-	10,303,608,429
Recognition bond	-	-	-	-	-	3,529,206,250	-	3,529,206,250
Housing collateralization deposit	-	-	-	-	31,103,085	-	-	31,103,085
Total Assets	<u>9,764,177,599</u>	<u>203,138,478</u>	<u>361,292,306</u>	<u>5,549,527</u>	<u>32,294,828</u>	<u>3,530,502,092</u>	<u>(1,662,560)</u>	<u>13,895,292,270</u>
LIABILITIES								
Other Payables	5,355,264	187,373	159,909	2,693	2,410,582	1,205,349	(2,340,243)	6,980,927
Contribution collection accounts	-	-	-	-	-	-	677,683	677,683
Total liabilities (excluding net assets attributable to members)	<u>5,355,264</u>	<u>187,373</u>	<u>159,909</u>	<u>2,693</u>	<u>2,410,582</u>	<u>1,205,349</u>	<u>(1,662,560)</u>	<u>7,658,610</u>
ACCUMULATED MEMBERS' BALANCE								
Accumulated members' balance	9,758,822,335	202,951,105	361,132,397	5,546,834	29,884,246	3,529,296,743	-	13,887,633,660
Total accumulated members' balance and Liabilities	<u>9,764,177,599</u>	<u>203,138,478</u>	<u>361,292,306</u>	<u>5,549,527</u>	<u>32,294,828</u>	<u>3,530,502,092</u>	<u>(1,662,560)</u>	<u>13,895,292,270</u>