

We can build **a better future** together



ANNUAL  
**REPORT**  
**2023**

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## About this report

In addition to being financially, non-financially, and sustainably responsible, our corporate reporting suite provides comprehensive details regarding MD Bank's risk management, sustainability, and strategic priorities, as well as corporate governance frameworks. Communicating with our shareholders and other significant constituents requires that we maintain transparent reporting. In accordance with best practices, stakeholder feedback, legislation, and frameworks, we consistently revise our reporting.

The release of this Annual Report was authorised by the MD Bank of Myanmar.  
No. 66/1, Kabar Aye Pagoda Road, Mayangone Township, Yangon.  
30 December 2023 | 5/2023

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### Creating tomorrow's innovative bank

We've established a loftier goal. Our strategic initiatives strengthen the Bank's foundations and position us for the future. Developing The finest in user-friendly digital experience to assist consumers in achieving their objectives is central to this mission. now for our clients

**Today, we prioritise customers.**



# Dear Shareholders, directors & stakeholders

“Challenges came our way over the past 5 years, but resilience prevailed. Profitability lags, yet our commitment to exceptional service stands firm. To elevate, strategic changes are crucial. I’m dedicated to advancing operations, upgrading tech, and building a skilled team. Together, we’ll propel our bank forward.”



I extend a warm welcome to each one of you to the fifth annual general meeting of MD Bank. As I assume the role of Chairman of MD Bank since June 1st, 2023, it is my privilege to share insights from my initial six months in office and shed light on the path forward.

#### **Economic and Political Landscape of MD Bank:**

In the face of political instability and the rapid devaluation of MMK by almost 200% in three years, MD Bank recognizes the urgency of proactive measures. The prevailing conditions demand swift and decisive action. To safeguard our paid-up capital from further devaluation, we are strategically investing in enduring assets such as technology (core banking, mobile, internet, digital banking) and fostering a cultural shift within the organization. Our ongoing efforts include the restructuring of corporate operations and the recruitment of talented leaders to steer the bank through challenging times.

#### **Analysis of MD Bank and Myanmar Banking Sector - Internal Assessment:**

Over the past six months, a thorough examination

revealed legacy issues affecting MD Bank, spanning workforce, culture, operating procedures, and decision-making. Addressing these challenges is pivotal as we navigate a transformative phase. Achieving unity among stakeholders under a shared vision is paramount. MD Bank is actively revising outdated constitutions and establishing clear shareholder agreements to align with the dynamic nature of the banking environment and modern corporate structures.

#### **Outlook for 2024 and Beyond:**

The year 2024 marks a critical juncture for MD Bank PCL as we undergo a transformation. Although the journey ahead may be tough and necessitate compromise and sacrifice, it is a necessary undertaking for the bank's enhancement. Restructuring from the core, fostering a unified belief system, and adapting to a modernized cultural DNA are imperative for sustained growth. The process may take time, but the results will manifest within two years if we remain steadfast in our commitment.

**Future Prospects and Technological Advancements:**

From a technological standpoint, MD Bank is now equipped to compete in the Myanmar banking sector. The successful adoption of international core banking positions us to handle market demands effectively. MD Bank is well-attuned to current and future financial trends, having implemented a robust core banking system capable of navigating evolving complexities. We are committed to staying at the forefront of technology and ensuring the right leadership is in place to harness our technological capabilities.

**Physical Expansion and Nationwide Presence:**

MD Bank is aggressively expanding its physical presence by strategically opening branches at major locations. This multi-pronged approach aims to enhance branding, increase awareness, and build public confidence. Recognizing the need for a nationwide footprint, MD Bank is pursuing landmark locations for its branches, aiming to be a noticeable presence across the nation within 24-36 months.

**Future Plans:**

With the completion of core banking, MD Bank is now preparing for its second phase, focusing on mobile services and branch expansion. Our goal is to establish up to 20 branches within two years in key cities like Yangon and Mandalay. The development of a mobile application and super app is underway, with a keen focus on premium and wealth banking services at landmark branches. We are actively recruiting and attracting highly qualified bankers to lead various fronts, ensuring our products remain innovative, competitive, and attractive to our valued customers.

In conclusion, with the foundation set in motion, patience, trust, and support from stakeholders will pave the way for MD Bank to realize its full potential. Together, we shall embark on a journey to make MD Bank a significant player in the Myanmar banking sector within the next 24-36 months.



**Pye Phyo Aung**  
Chairman

**Creating tomorrow's innovative bank**  
**Today, we prioritise customers.**

www.mdpsbk.com

gnitsero e  
rot e  
gnitroqqs b  
bns stnlo r  
atomta



**We creating**  
value for  
our shareholders  
and supporting with  
**our clients and**  
**customers.**



**MD Bank**  
Encourage your prosperity

[www.mdbank.com.mm](http://www.mdbank.com.mm)

## Who we are

We create better financial planning for our customers and communities through the power of every connection.

### **Our Vision**

Our vision is to be the most aspirational, successful with humanised and beneficial to society bank in Myanmar.

### **Our Mission**

Our mission is to drive greater financial prosperity for our customers and businesses through banking services.

We established new locations in the commercial centres of Myanmar. We are expanding its infrastructure for digital banking. We are reinventing banking by enhancing our products and anticipating customer needs.

We offer the best digital experience, technology, and secure customer communication. We make assessments that benefit our customers daily to develop their finances.

Creating tomorrow's innovative bank

Today, we prioritise customers.



## We have an optimistic approach to challenges to retain and improve our services.

Even while we confront numerous challenges and uncertainties, our role remains the same: we are here to help our customers and the communities in which we operate.

Even while we confront numerous challenges and uncertainties, our role remains the same: we are here to help our customers and the communities in which we operate.

The global inflation that has emerged as a result of the global epidemic of COVID-19 and the ensuing impacts of this disease; In Europe, there are ongoing political challenges and conflicts between Russia and Ukraine.

During a period of global economic uncertainty, MD Bank has encountered significant challenges as a result of recent events in Myanmar, including the transition of government and the impact of political instability on the country's economic sectors. These situations have posed considerable difficulties for our relatively new institution, which was established just five years ago. However, we are continuously working towards improving our services and ensuring a consistent experience for our valued customers in order to create an improved banking experience. A public bank that is strong and capital-intensive, MD Bank is actively working towards enhancing its corporate governance practices and effective operations, thereby making significant progress towards providing a secure, reliable, and efficient digital banking experience. We are committed to continuously improving and innovating our services to ensure they remain up-to-date and effective.

On January 20, 2016, MD Bank got a company licence as a limited company connected to MD Bank with the business registration number (3246/ 2015-2016) (Raka) from the Companies Registration Office. On November 15, 2018, we got a business licence from the Central Bank of Myanmar and began commercial banking. We began banking activities after establishing a bank headquarters at No. (66/1), Kabaraye Pagoda Road, Mayangone Township, Yangon, Myanmar. On August 7, 2019, the Nay Pyi Taw branch opened as the second location. The Mandalay branch opened on September 9, 2019. The Shwe Bon Thar branch opened on January 24, 2022, and the Junction City branch opened on November 2, 2022. Currently, the bank operates 5 branches.

Our MD Bank, which offers innovative financial solutions to meet your needs. As a reputable financial institution, we are pleased to offer cutting-edge technologies, a customer-centric approach, and exceptional services. This overview introduces you to our bank and will provide you with a thorough comprehension of our core values and the range of products and services we offer to help you achieve your financial goals.

We have the ability to shape improved services for the future, and optimism meets the challenges that will inevitably evolve.



## Involvement in Myanmar's ongoing economic development

We can build a better future together



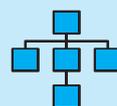
## Innovative products and services.

Increase the service's value for the customer



## The finest in user-friendly digital experience and technology

Cultivate a secure and user-friendly digital experience for customers.



## Simpler and stronger structures

Maintain the Bank's Safety and Stability.



## About us

Our vision is to be the most aspirational, successful with humanised and beneficial to society bank in Myanmar.

Our mission is to drive greater financial prosperity for our customers and businesses through banking services.

## Our Core Values

- |   |  |  |  |   |
|---|--|--|--|---|
| <p><b>1</b></p> <p><b>Integrity</b></p> <p>We commit to the highest ethical standards and conduct our business with transparency and honesty.</p> | <p><b>2</b></p> <p><b>Customer Focused</b></p> <p>Our customers are the focal point of our business and we consistently seek to exceed their expectations.</p> | <p><b>3</b></p> <p><b>Innovation</b></p> <p>We are going to transform the banking experience by embracing cutting-edge technology and cultivating a secure and finest in user-friendly digital experience.</p> | <p><b>4</b></p> <p><b>Teamwork</b></p> <p>Collaboration and mutual respect are the foundations of our success. We believe in the power of teamwork to achieve extraordinary results.</p> | <p><b>5</b></p> <p><b>Social Responsibility</b></p> <p>We actively contribute to the improvement of the communities we serve and promote sustainability in all of our activities.</p> |
|---|--|--|--|---|

## Our Key Priorities

- |   |  |   |
|---|--|---|
| <p><b>Create to Best Service</b></p> <p>providing the finest continuous customer experience</p> | <p><b>Drive to Profit</b></p> <p>focused and profitable growth</p> | <p><b>Efficient to Operation</b></p> <p>The efficiency of operations and capitalisation</p> |
|---|--|---|

**The most successful, socially responsible bank in Myanmar.**

Improve financial planning for our consumers and communities by harnessing the potential of every connection. We are committed to driving prosperity to our customers and society.

Our business priorities are focused on satisfying our clients' current and future demands, particularly in Myanmar, which is an attractive, demanding, and rapidly changing business environment. We are handling significant community developments that impact our business to growth.

## Our Purpose



“ We create better financial planning for our customers and communities through the power of every connection.

Our financial contributions will help Myanmar’s economy thrive and people live better. As a responsible organisation, we actively create sustainable growth.”

## Our Business



- Retail Banking
- SME Banking
- Corporate Banking
- International Banking
- Digital Banking

We delight in offering a wide range of innovative banking products and services that provide our customers with the financial tools and solutions they require to achieve their goals with trust and simplicity.



## Support our consumers and community in any way possible through involvement.

We provide multi-sector banking. We assist customers on financial management and expectations in a changing business environment.

### **Involvement in Myanmar's ongoing economic development**

Extensive market research is currently being conducted to analyse Myanmar's economic landscape and identify key sectors. We have had the opportunity to conduct a comprehensive analysis of the banking industry in Myanmar. Demographics: Thorough analyses of the target market are carried out, encompassing factors such as geographic and economic development, as

well as psychographic data. Our focus is on identifying potential customers and evaluating existing banking services.

Due to the challenges posed by global inflation, poly-crises, and Myanmar's political situation, the country's economic growth has experienced a slower pace this year. However, in the event that Myanmar's economy recovers, substantial investments will be made this year in the development of digital banking for our bank

to properly serve their customers. Additionally, there has been a notable expansion in the infrastructure necessary for our bank to effectively meet the evolving needs of their customers this year. We continue to open branches in key economically important cities across Myanmar for the convenience of our clients who utilise our banking services.

As a financial institution, we follow the banking regulations set forth by the Central Bank of Myanmar. During periods of political and governmental fluctuations, our financial institution has consistently followed the regulations set by the Central Bank of Myanmar while providing outstanding customer service. We are currently pursuing additional business licences and approvals from the Central Bank of Myanmar in order to enhance our banking operations. It is widely acknowledged that adhering to local regulations is crucial for the long-term success and stability of a financial institution, and we strictly follow anti-money laundering (AML) regulations. Preserving the trust and commitment that consumers have placed in us is of the utmost priority.

We are committed to maintaining a high level of responsibility and providing personalised expertise as a bank. In our personal opinion, we highly value the feedback and input of our customers regarding their service experiences and needs. We prioritise our clients and dedicate considerable effort to cultivating robust relationships with them, taking the time to understand their unique requirements and aspirations. We are committed to providing valuable insights to assist our clients in both their short-term and long-term development, while also addressing their financial requirements. We leverage our expertise across a wide range of tasks, spanning from the simplest to the most complex. We consistently consider the consequences of our decisions for our valued customers and the broader community. Different individuals We leverage our robust capabilities and extensive reach to offer optimal solutions for both businesses and society at large.

As a public bank, we are well capitalised and have sound and effective governance. We generally use a large amount of capital in related loan investments and play an important role in green energy supply, including large-scale renewable developments to create better financing solutions. We provide solar energy as

part of green energy financing and provide loans with easy financing to meet energy needs. This dimension makes it suitable for a wide range of applications, from residential homes to industrial buildings. This kind of energy supply is typically cleaner and more environmentally friendly than burning fossil fuels. greenhouse gas emissions by using renewable energy sources; it can significantly reduce air pollution and dependence on non-renewable resources.

We are committed to helping businesses of all sizes and sectors develop for the community in a sustainable, sustainable manner. Loans are being extended to MFIs to support green energy funding for individuals, with a focus on innovation, personal banking products and services, and hiring and purchasing products.

During our comprehensive review of the loan and credit risk, we have carefully identified and evaluated potential risks, including market risk and operational risk. As a result, we have implemented the appropriate controls to ensure the safety and stability of our bank. The Board of Directors and the Management Committee have been developing effective strategies to reduce these risks and guarantee the bank's long-term stability.

As our bank is a public institution, the election of the board of directors is carried out in a manner that prioritises openness and transparency during the annual general meeting. In collaboration with the elected board of directors and management committee members, we undertake periodic reorganisation of the relevant management committees and strive to enhance the bank's operations every year.

We aim for the easiest and most secure digital system for our industry's customers and are determined to provide a competitive digital experience. We want to continue to be the best digital bank in Myanmar by providing all relevant digital products and services to our customers.

Our 2025 goal is to increase our digital user base by at least 25%. That's why we're partnering with big tech companies to create self-service functions for all day-to-day banking needs and plan to double the number of digital products and services available by 2025.

We are leveraging our knowledge and the latest technological advances to provide products and services that are easier to use and even more personalized. By combining our digital advice with human advice, we can help our private and corporate clients realise their financial aspirations in a personally responsible way.

To further increase operational efficiency, we will also use digital transformation to protect finance criminal activity more effectively and strengthen the sustainability of our business.

At our reputable organisation, we deeply recognise the critical importance of securing your crucial financial information. Rest assured, we have implemented the strictest security and privacy policies, defended by cutting-edge encryption technology and advanced authentication protocols.

We have initiated the expansion of its digital banking infrastructure. Our goal is to increase the percentage of consumers who engage in online interactions with us. By forecasting how our customers will bank in the future and enhancing our products and services, we are redefining banking. We ardently desire to provide the most advanced, technologically advanced, and user-friendly digital experiences while encouraging secure customer communication.

Each and every day, we engage in efforts to further the

financial growth of our customers by making decisions that are in their best interests. We have the resources and know-how to assist our customers in achieving their goals, whether they are investing in a dream property, developing a business, or making the switch to a greener business model.

We are committed to driving prosperity to our customers and society. Global trade and venture capital businesses, we are committed to helping companies and clients. We aim to create wealth and a new, more sustainable way of life and financial prosperity for our clients and businesses.

We will use the profits and wealth to support the opportunity to grow financially while improving their well-being and quality of life across Myanmar. We are participating and creating a new and sustainable growth future as an organisation that focuses on sustainability.

We are committed to creating value for our shareholders and supporting and partnering with our clients and customers. We are making a positive contribution to the broader community.

Perception by the community as a bank is working not only to develop the banking sector but also to reinforce other economic sectors. In customers' perceptions of us, the bank is led to simplicity, creativity, and humanity to celebrate what makes it different.

### **New operational procedures for low-risk banking**

- To deliver a reliable digital experience
- Significant social safety nets systems and effective financial management
- To establish a secure stable and profitable banking market.

We can build **a better future** together



### Innovative Products and Services.

We prioritise growing technical capabilities, innovative bank product capabilities, creating new banking channels, and increasing services.

We offers comprehensive banking solutions and financial support to business, enterprise, and SME clients (Structured Credit Solutions, Trade finance, Deposit Product, Investment Product, Treasury services, and Cash Management). MD Bank's focus next year is to launch a Premier Banking service to provide lifestyle advantages, competitive product features, and unique service offerings to our High Deposit customers.

Digital interactions are becoming the preferred method of communication between us and our clients. We are

not only reinventing banking by focusing on the needs of our consumers but also trying to predict their future financial needs.

Customers of financial services desire more power, less complexity, and better value. Customers in the business world are looking for greater autonomy in the form of streamlined, unified services that will help them manage and expand their operations with little hassle. We are responding to this need by funding internal product innovation, forming strategic alliances with complementary businesses, and launching new businesses.

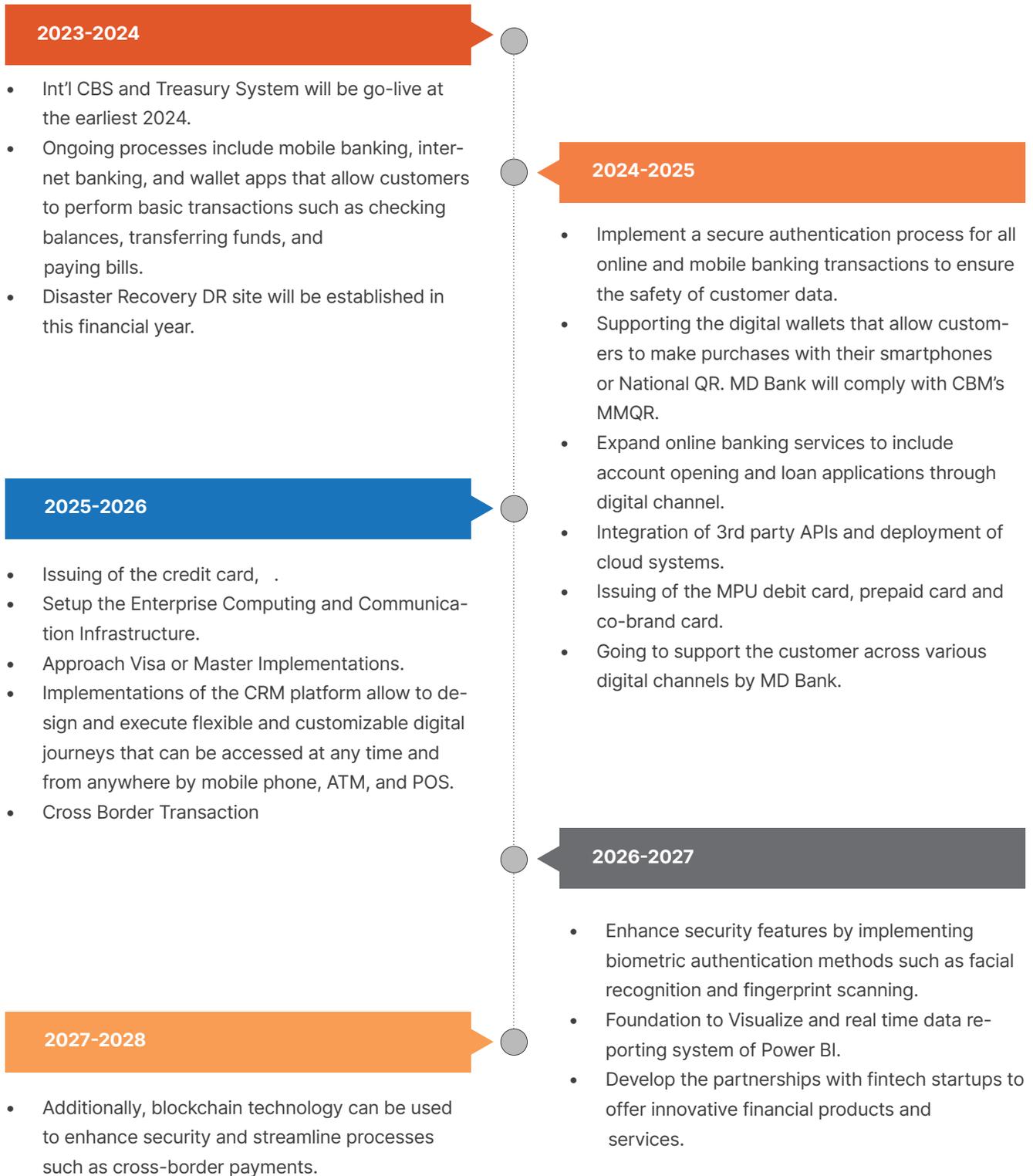
We will focus our innovations on our customers' most meaningful experiences with us in order to distinguish our solutions, increase their value, and respond to our customers' ever-changing expectations.

Increase the **service's value** for the customer

## The finest in user-friendly digital experience and technology

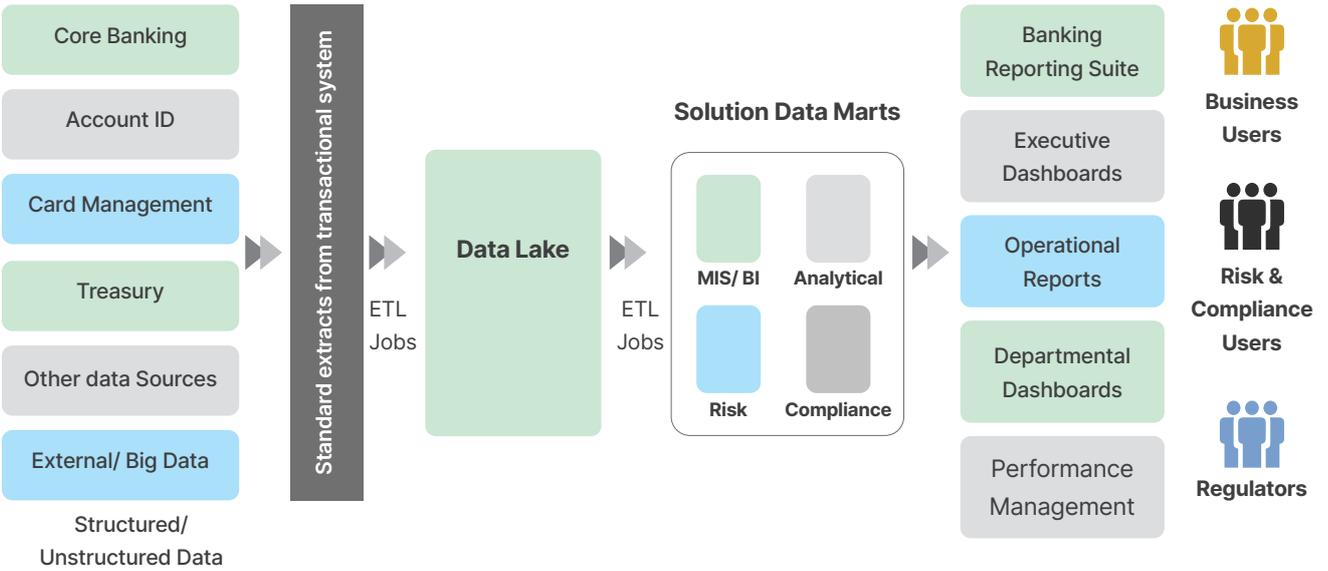
A Current Evaluation of the International Core Banking System and Solutions for Digital Payments.

At this time, the Intellect Core Banking and Treasury Systems are being implemented at MD Bank. The status is currently on the verge of going live. Our intended launch date was as early as 2024. At present, our approach to digital banking is integrated with that of the International Core Banking System. We have devised the following phase-by-phase plans for them:



Digital interactions diagram

Source Systems



We are focused on pursuing fintech acquisitions and partnerships to provide cutting-edge technologies to our clientele. Tech giants with financial services aspirations have an even more significant challenge from a customer service perspective since they have more resources to satisfy their clientele’s demands and wishes. MD Bank is confident that by collaborating with leading technology firms, we will be able to continue providing our clients with cutting-edge, innovative, and user-friendly digital experiences.

Our perspective is strongly influenced by how we respond and react to MD Bank’s digital banking service. We are committed to making our digital banking services

useful, usable, and valuable for our customers.

As digital transformation accelerates, banking brands’ digital experiences and visual looks will be evaluated.

We believe that branding systems that focus on analysing brand interactions are now recognised as a critical component of a brand’s DNA, impacting how a brand is managed and considered from the start.

Our user experience (UX), user interface (UI), and digital procedures are designed to be user-friendly to our diverse customers rather than to differentiate our brand from competitors.

Cultivate **a secure and user-friendly digital experience** for customers.



### During the 4<sup>th</sup> Annual General Meeting 2022

*Our organisation has enhanced its business operations. To ensure effective governance, the shareholders are presented with financial statements at the Annual General Meeting, which is conducted annually. Initiating and presenting policies and strategies to enhance financial services; and conducting re-elections for board of directors members.*

### Simpler and stronger structures

Our goal was to develop a bank that prioritises simplicity and outstanding performance. We have implemented measures to address certain areas of improvement, enhance trust, and safeguard the long-term performance and returns for our valued shareholders.

It was important for us to focus on strengthening our non-financial risk management and streamlining our operations by divesting non-core operations, including wealth management.

Thanks to the hard work and commitment of our Bank employees, we have made significant progress in becoming a stronger and more secure institution. The

Bank's solid foundations provide a strong basis for pursuing a more ambitious agenda and focusing on the various possibilities and challenges ahead. We place a strong emphasis on achieving operational excellence in our banking operations, continuously improving our procedures, and prioritising the needs of our valued clients. We place a strong emphasis on enhancing the security of our banking services by continuously enhancing our capabilities to safeguard client data and proactively detect and prevent fraudulent activities and scams.

Furthermore, we prioritise the diligent oversight of expenses and capital, allowing us to make strategic investments in the company, generate organic growth, and uphold a robust and sustainable dividend.

Maintain the Bank's **Safety and Stability.**

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We create **value** for  
our shareholders  
while **supporting**  
our clients and  
customers.



# CEO's Message

“To our shareholders, directors, customers, and associate members, thank you. Your unwavering support fuels our journey towards success, profitability, and sustainability. Let's redefine banking and make a positive impact that echoes beyond banking, we're invested in communities.”



As we approach the end of another remarkable year, we have worked together to overcome numerous challenges and difficulties this year. Banking is a long-term business that relies on the public's acceptance and trust. Thus, we are constantly striving to become a trustworthy bank for our customers. During my first year at MD Bank, I initiated many reforms for the bank and implemented the following facts:

- Started implementing a new core banking system.
- Setting up the new organizational structure.
- Supplementing Human Capital Gap, which has many needs.
- Introduced new brand guidelines and a new logo for rebranding.
- Rebuilt the corporate governance structure.
- Developed and renewed the necessary foundations, such as policies, guidelines, manuals, and standard operating procedures (SOPs).
- Preparing the financial reporting according to international standards and rules and regulations guided by the Central Bank of Myanmar.
- Set up new implementations for payment procedures and procurement procedures.
- Establish and implement KPIs according to the relevant business portfolios of business performance indicators.
- Make sure employees comply with corporate culture.
- Establishing to achieve better customer service excellence.
- Creating better working environments.
- Providing capacity-building training necessary for employees to become efficient employees;
- Set up digital marketing channels to inform and share our updated information and brand.
- Redefining the JDs and Functions of the Departments concerned with employees.
- Replacing the manual system with digital technology.

Building and maintaining trust with customers is not just a goal; it is a fundamental commitment that defines our purpose and shapes our future. This is why we have further expanded our business portfolio to include retail banking, SME banking, and corporate banking. We have also worked to improve our risk asset portfolio and strengthen our entire credit management system. Subsequently, non-performing loans (NPL) also decreased significantly and fell below the regulatory requirement of

5%. As we navigate the path to success, it is crucial that we align our efforts with the principles and guidelines established by the leadership of the patron, chairman, and board of directors. They have provided us with a strategic vision, mission, and purpose that serve as a roadmap for our bank's success. The guidance offered outlines the direction we need to take, the values we uphold, and the milestones we aim to achieve.

During the investment phase, we are fastidiously allocating resources to initiatives that align with our long-term vision. This may result in a temporary slowdown in some areas, but it's a conscious decision to allocate resources where they can have the most significant impact. We believe in investing wisely today to reap the rewards tomorrow. Similarly, our deliberate pace is aimed at building a foundation that can support our ambitions and withstand the challenges of a rapidly evolving business landscape. The year 2023 has brought its share of challenges, from global economic uncertainties to regional shifts. Although total deposits did not show significant growth compared to last financial year 2022, total assets grew by 10.50%, and total earning assets also grew by 11.93%.

In driving global dialogue on climate change, MD Bank plays a pivotal role by financing the transition to renewable energy. Our focus on capital-intensive solutions supports large-scale renewable developments, positioning us as a leader in Myanmar's green energy sector.

Our funding facilitates the installation of renewable energy sources, promoting the sustainability of the solar energy industry. MD Bank aims to increase its loan portfolio by over 10% in the next fiscal year, particularly in net-zero electric vehicle (EV) dealer companies, contributing to our goal of achieving carbon neutrality by 2050.

Through the Green Energy Financing Fund, we've been offering solar financing for diverse applications, adapting to the energy demands of 2023. Our commitment extends to effective governance, with environmental regulations established for our headquarters and branches.

Reducing our environmental footprint, we're actively cutting waste, transitioning to reusable packaging, and working towards becoming a zero-plastic bank. These initiatives not only benefit the planet but also positively impact our financial bottom line.

Our bank is a public bank, and transparency is intertwined with ethical banking practices. To establish the bank's transparency, the annual report and new official website have been released. This annual report comprehensively reflects our collective efforts, achievements, and the strides we have made towards our shared goals. To provide better banking services to our customers, new branches will be opened in Yangon and Mandalay next year, which are major economic hubs. In addition, we are working intensively to implement and introduce an innovative and simple digital banking system to our customers as soon as possible. The introduction of our new digital banking system is a testament to our collective pursuit of excellence and our dedication to providing innovative financial solutions.

In our relentless pursuit of excellence, we recognize the importance of leveraging cutting-edge technology. The new core banking system and SWIFT platform we are implementing will be launched soon. This marks a transformative leap forward in our commitment to innovation, operational excellence, and, most importantly, delivering unparalleled value to our customers.

In accordance with the motto of our bank, we will also support activities that will benefit the people of our community.

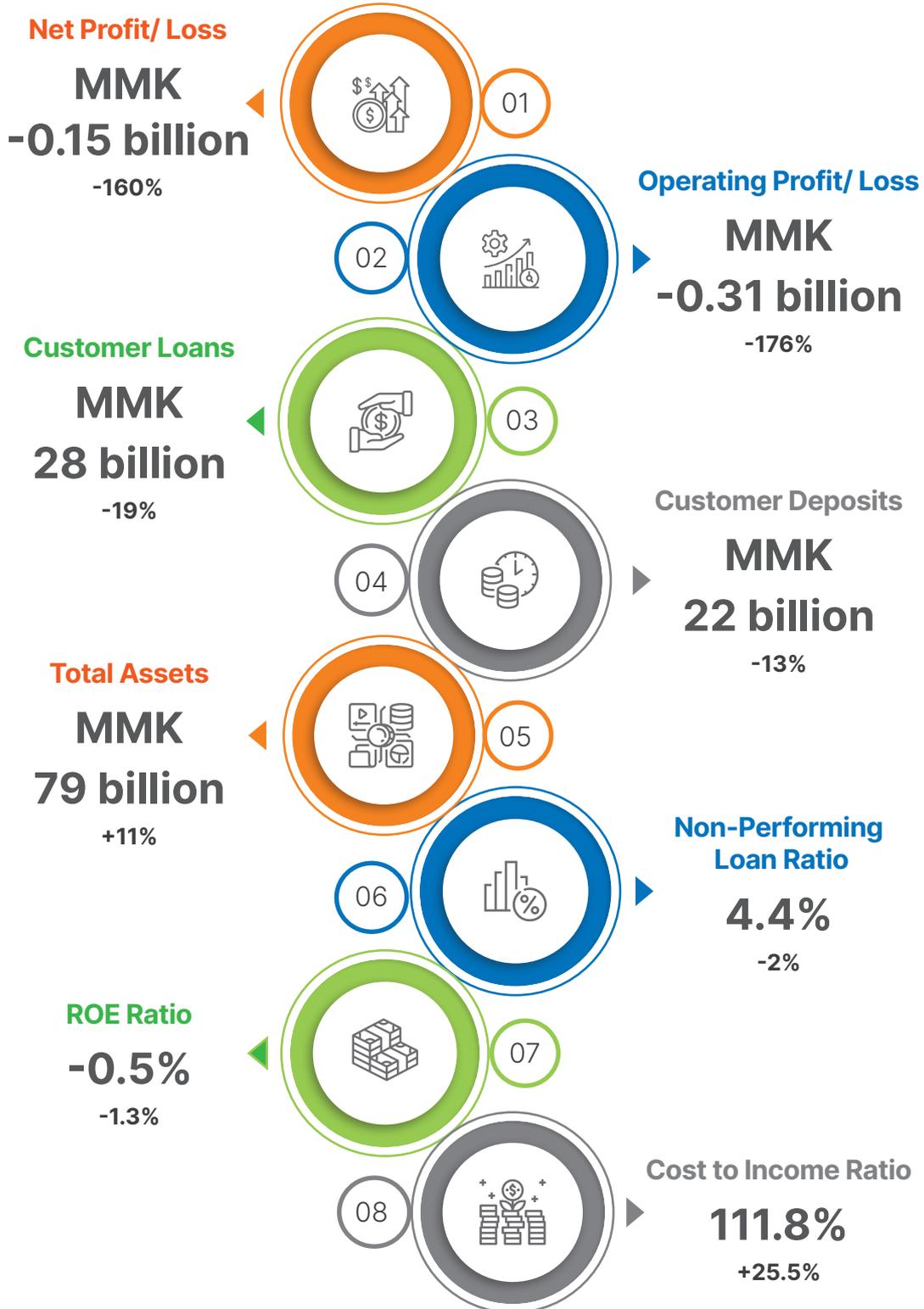
In conclusion, I want to assure you that our commitment to MD Bank's success, profitability, and sustainability for shareholder value is unwavering. We are navigating the current landscape with resilience, adaptability, and a long-term perspective. Together, we will continue to build on the successes of MD Bank and create value for all shareholders. I am compelled to express my deepest gratitude to our shareholders, board of directors, customers, and all stakeholders, as well as my colleagues who are on the same path together. Together, we will navigate the future, capitalize on opportunities, and overcome challenges. MD Bank will be more successful, and we will achieve our desired goals.



**Htun Htun Oo**

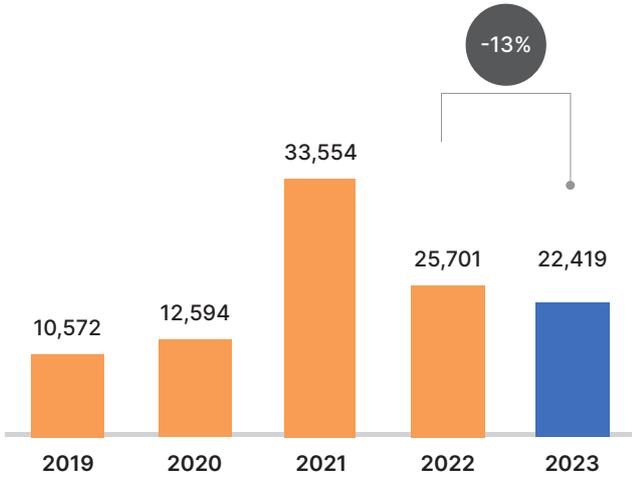
Deputy Chief Executive Officer

# Financial Highlights

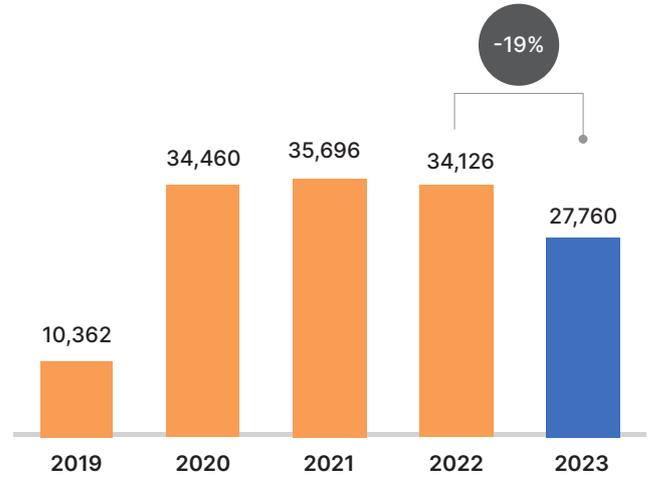


# Financial Highlights

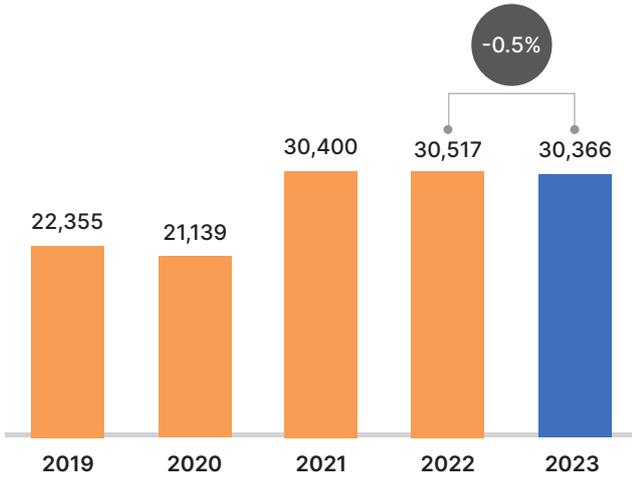
Total Deposits (MMK Million)



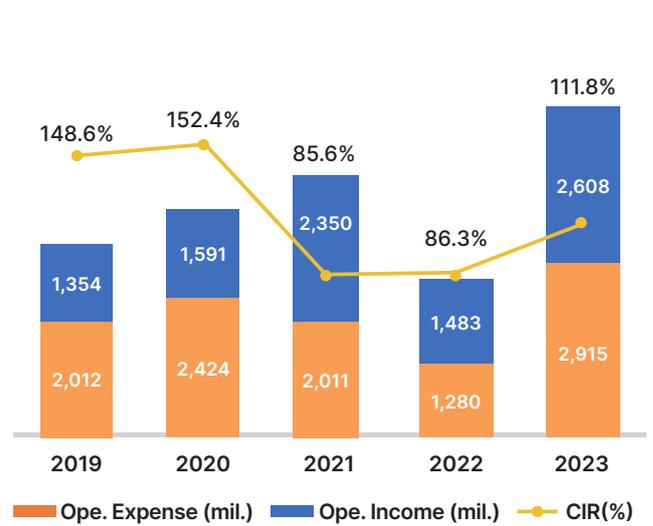
Total Loan (MMK Million)



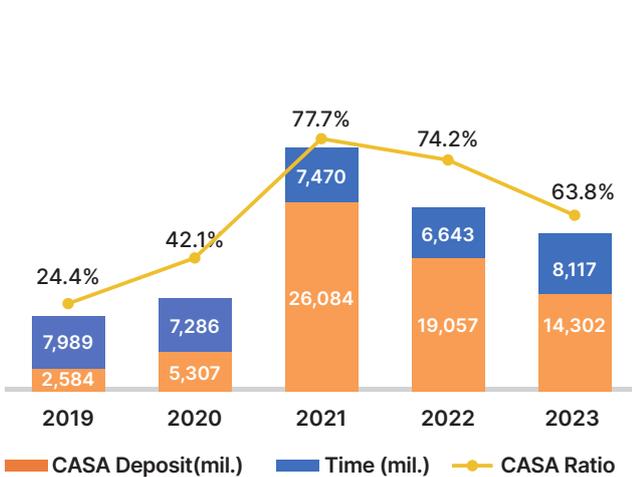
Owners' Equity



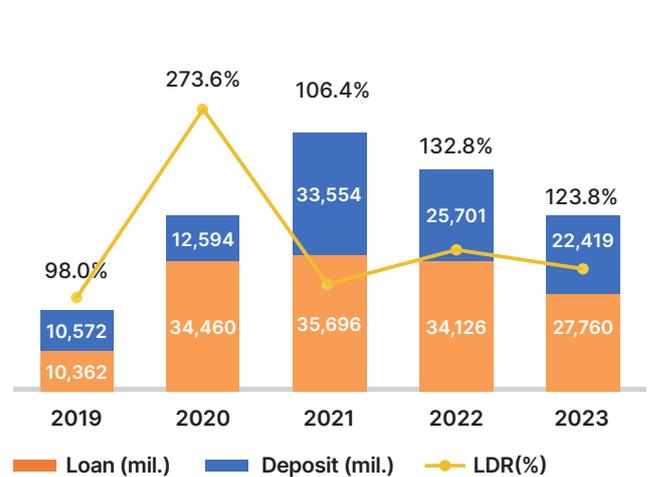
Cost to Income Ratio (CIR)



CASA Deposit Ratio



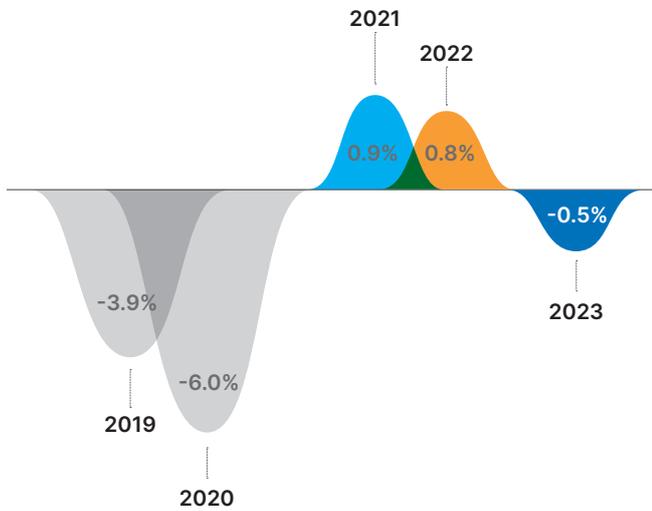
Customer Loan to Deposit Ratio (LDR)



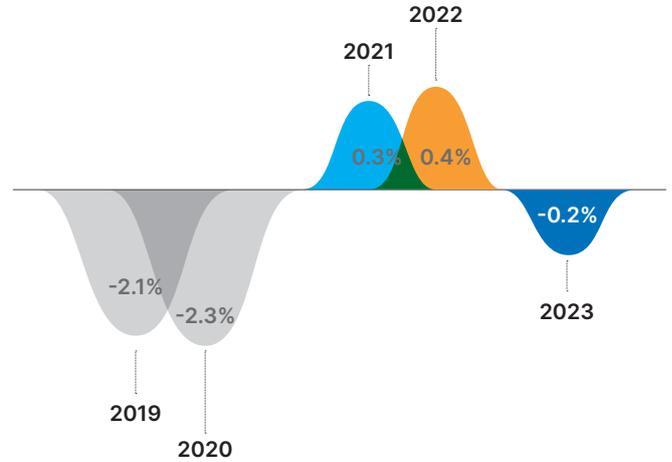
2023 Highlights

# Financial Highlights

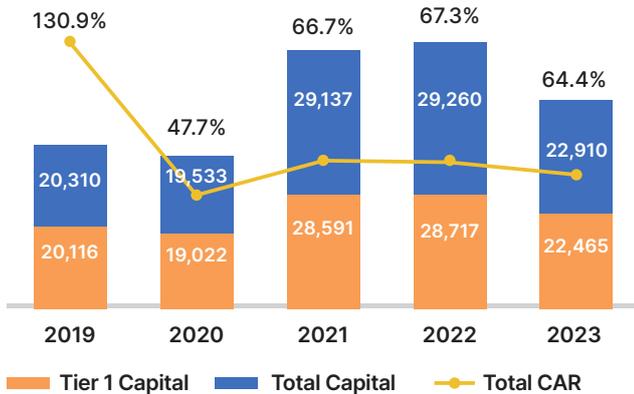
Return on Equity (ROE)



Return on Assets (ROA)



Capital Adequacy Ratio (CAR)



Liquidity and Reserve Ratios



# Financial Summary

FINANCIAL SUMMARY	2019 Oct-Sep	2020 Oct-Sep	2021 Oct-Sep	2022 Oct-Mar	2023 April-Mar
<b>Selected Income Statement Items</b>					
<b>(MMK Million)</b>					
Total Income	1,354	1,591	2,350	1,483	2,608
Total Expense	2,012	2,424	2,011	1,280	2,915
Operating Profit	(658)	(833)	339	203	(307)
Net Profit After Tax	(865)	(1,315)	236	126	(151)
<b>Selected Balance Sheet Items</b>					
<b>(MMK Million)</b>					
Net Customer Loans	10,362	34,460	35,696	34,126	27,760
Customer Deposits	10,572	12,594	33,554	25,701	22,419
Total Assets	40,278	71,713	70,579	71,062	78,538
Owners' Equity	22,355	21,139	30,400	30,517	30,366
<b>Key Financial Indicators (%)</b>					
Cost to Income Ratio (CIR)	148.6%	152.4%	85.6%	86.3%	111.8%
Non-performing Loan Ratio (Gross NPL)			5.96%	5.99%	4.4%
NPL Coverage Ratio			33.6%	34.9%	57.9%
Return on Equity (ROE)	-3.9%	-6.0%	0.9%	0.8%	-0.5%
Return on Assets (ROA)	-2.1%	-2.3%	0.3%	0.4%	-0.2%
Capital Adequacy Ratio (CAR)					
Tier 1 CAR	129.6%	46.5%	65.4%	66.0%	63.2%
Total CAR	130.9%	47.7%	66.7%	67.3%	64.4%
Liquidity Ratio	125.0%	58.1%	57.9%	77.3%	68.7%
Reserve Ratio	13.4%	18.1%	12.2%	11.8%	14.4%

# Business Highlights

## Reflecting on a Year of Achievements: Highlights from 2023

### Treasury Module

We have implemented the payment system, SWIFT (Society for Worldwide Interbank Financial Telecommunication) is launched and GO – LIVE in this year, such a huge successful for our MD Bank PCL for counterparty bank to bank fund transfer and our customers credit benefits.

### Money Market

In the fiscal year of 2023, We, Treasury & Financial Institutions, received financial achievements on the Money Market. It has yielded significant and tangible outcomes. Throughout the year, our engagement in the Money Market has been active in dealing with counterparties banks around ten (or) twenty transactions per day and hope that these can be much more than that over the coming years. This proactive engagement not only showcases the strength of our financial capabilities but also fosters strong relationships within the banking sector.

### Correspondent Network

Regarding the Financial Institutions segment, over the course of the year, we successfully initiated a Correspondent Banking Relationship Management Authentication (RMA) with local banks. Additionally, we commenced Credit facility contracts with these local banks, facilitating the establishment of mutual credit lines for Interbank transactions. Beginning in 2023, we implemented specific terms and conditions for these Credit Facility Contracts. This strategic move involved a comprehensive overhaul of our department, incorporating distinct policies and procedures to enhance operational efficiency.

We are currently in anticipation of foreign banks to acquire RMA, but due to the prevailing current circumstances, we find ourselves in a position where we must await more favorable conditions.

### Non-Bank Financial Institutions

Another notable accomplishment of FI team is the successful establishment of mutual Non-Disclosure Agreement (NDA) contracts with NBFIs. Additionally, Our MD Bank PCL has been a crucial pillar of support for a multitude of microfinance businesses, particularly in matters

We have established effective governance and innovative solutions to promote digitalization, expanded operations, and outstanding banking while demonstrating a commitment to accuracy.

related to funding support. Notably, we have disbursed NBFIs loans with a secured position, marking a significant achievement, especially during these challenging times.

### Our Roadmap for 2024

Afterward, we are going to implement Treasury products, especially foreign exchange (FX), which may be done and expanded with well-respected institutions and our clients, making our bank lucrative. In the future, banks may open outlet money changer counters, which will make converting foreign currency at airports and nationwide easier for local and international travellers.

We anticipate sustained growth and expansion of our money market operations. We expect to achieve benchmarks and expand everyday transactions, solidifying our financial leadership.

We have helped microfinance firms with financial issues. We continue to assist NBFIs financially as part of our financial landscape commitment. We are committed to assisting these companies despite continued obstacles. This method reinforces our holistic strategy, addressing the unique requirements of communities and enterprises in varied contexts.

This approach underscores our comprehensive strategy, recognizing and responding to the distinct needs of communities and businesses in diverse environments.



### During the KBZ Life and MD Bank's Official Banking Partnership Signing Ceremony

The achievement of sustaining this level of support and impact during challenging times speaks to our resilience and dedication to being a dependable partner in promoting economic resilience and advancement.

#### Streamlining Services and Enhancing Accessibility

We have successfully introduced a comprehensive one-stop banking service, consolidating all customer banking needs into a single accessible point within our branches. This initiative ensures that every service, including fund transfer services, payment orders, check book issuance, and account opening, can be efficiently addressed at any of MD Bank's counters. By reducing wait times and streamlining services, this approach not only enhances customer convenience but also optimises staff resources. Our staff members benefit from a broader understanding of diverse banking services, contributing to their enhanced knowledge and capacity across various banking operations.

#### KBZ Life and MD Bank Forge Strategic Banking Partnership

On March 22, 2023, a significant moment took place at MD Bank's Head Office as MD Bank PCL and KBZ Life Insurance officially signed a MOU, setting the stage for an impactful collaboration. Later, on November 24, the Official Banking Partnership was solidified at KBZ Life Insur-

ance's new office, marking a pivotal moment in their joint endeavor for the bancassurance project. This strategic alliance between MD Bank and KBZ Life Insurance signals a fresh chapter in banking, combining their expertise and resources for innovative services and enhanced customer value.

#### To Open New Branches in Mandalay and Yangon for Better Service Reach

We set to open new branches in Mandalay and Yangon in the upcoming year. The Mandalay branch will be at the bustling No. 84th & 37th street intersection, known for jade and trading. Meanwhile, the Yangon branch, located in Time City, focuses on retail, taking advantage of shopping centers. These new branches aim to provide tailored services, ensuring convenient access for diverse customer needs and expanding the bank's presence in key commercial areas.

#### SME Banking

MD Bank's intensified focus on SME banking is evident through the establishment of dedicated departments and the formulation of policies designed to comprehensively support Small and Medium Enterprises (SMEs) and Micro, Small, and Medium Enterprises (MSMEs). Bank aims to provide a wide spectrum of financial solutions tailored to the unique needs and challenges faced by SMEs and

MSMEs. This dedicated approach reflects our proactive stance in driving economic growth by empowering smaller businesses with tailored financial assistance and strategic support services.

### Retail Banking

MD Bank is actively expanding its retail banking services to better cater to the retail segment in the forthcoming budget years. The establishment of our Retail Banking Department marks our commitment to providing tailored financial solutions to individuals, with a sharp focus on retail lending, deposits, and channel management.

The bank currently extends five retail loan products: Home Loan for real-estate purchases, Auto Loan for vehicle acquisitions, Hire-Purchase for farm machinery and consumer goods, Corporate Salary Loan for employee financial support, and Education Loan for higher education financing.

MD Bank's future outlook focuses on introducing more tailored loan products aligned with customer needs and environmental sustainability. These potential offerings, including Asset Financing, EV Auto Loans, and Solar Financing, underscore the bank's commitment to fostering financial solutions that align with evolving customer requirements and environmental consciousness.

### Strategic HR Initiatives

We have spearheaded crucial initiatives to strengthen the bank's workforce, emphasizing talent acquisition, engagement, and strategic planning.

The establishment of critical departments such as Business Development, Treasury and FI, Zone Office, and Banking Operations signifies a pivotal phase in the bank's growth trajectory.

With a total of 202 employees distributed across Head Office and Branches, the bank maintains a gender-diverse workforce, comprising 38% male and 62% female employees.

The bank ensures a diverse age composition, catering to various demographics, with employees spread across different age brackets.

We successfully onboarded 77 new employees during the fiscal year, leveraging cost-effective recruitment strategies

primarily through social platforms and employee referrals.

**Employee Engagement:** Efforts to engage employees through celebratory events like birthdays, New Year parties, Bank Anniversaries, Waso Events, and Water Festival parties highlight the bank's commitment to fostering a vibrant workplace culture.

The bank places significant emphasis on nurturing talent from within, as evidenced by 48% of leadership positions filled internally, emphasizing the bank's dedication to internal growth and development.

In addition to these initiatives, the bank is introducing personal grooming training programs tailored for enhancing the skill set and professionalism of its staff.

The strategic focus for the upcoming fiscal year includes initiatives to enhance performance management systems, recruit a Learning & Development Facilitator to optimize employee skill sets and operational activities, amplify leadership development programs, and expand diversity and inclusion initiatives in alignment with the bank's overarching goals.

### Rebranding Business Highlight

**Embracing Modernization and Customer-Centricity**  
We rebranding initiative signifies a commitment to embracing modernity, innovation, and a customer-first approach.

The introduction of a new logo, revitalized visual identity, and redesigned brand materials aims to reflect the bank's commitment to modern banking services and a seamless customer experience. Our bank's digital transformation encompasses a revamped website and expanded digital marketing channels, geared towards effective customer communication and engagement across digital platforms.

### Customer-Centric Call Center Establishment

In alignment with our commitment to exceptional customer service, MD Bank has successfully established a dedicated call center section. This section caters to both inbound and outbound calls, addressing our customers' inquiries promptly and providing detailed explanations about our banking services and offerings. This initiative emphasizes our dedication to proactive customer engagement and personalized assistance, ensuring that our customers receive comprehensive support and information in a timely manner.

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We create  
**value** for  
our shareholders  
while **supporting**  
our clients and  
customers.

# Board of Directors

A strong workforce with a wide range of backgrounds and skills, and experience that work well together.





Leadership



**Pye Phyo Aung (Thomas)**

**Non-Executive Chairman**

**Appointed on: 15 November 2018**

**Present directorship in companies as at 31 October 2022**

- Managing Director of Eain Taw Gyi Construction Co.,Ltd
- Director of Elegant Art Gems and Jewelry Co.,Ltd.

Pye Phyo Aung(Thomas) has been a Board Director of MD Bank since November 2018. He is also the member of Information and Communication Technology Development Committee and Chairman of the Business Development Committee of the bank. He is tech-savvy person who is always up-to-date with the trending technology. He is also a strategic planner and the main driving force for the bank’s whole IT system and infrastructure including Data Centers, Network Architecture, Software development and information security.

He holds Bachelor of Science in Business Administration (BSBA) from University of San Francisco. He also received Certificate in Strategic Management, Internal Control & Internal Audit, Strategic Performance Management.



**Aung Zaw Hein**

**Non-Executive Vice Chairman**

**Appointed on: 15 November 2018**

**Present directorship in companies as at 31 October 2022**

- Asia Starmar Transport Intelligent Co.,Ltd, Director
- Executive Director of Sin Gaung Taung Gems Co.,Ltd.

Aung Zaw Hein has served as Board Director to the bank from November 2018. He is also a Vice Chairman of Information and Communication Technology Development Committee and member of Audit Committee. He further serves as Director of Asia Starmar Transport Intelligent Co.,Ltd and Executive Director of Sin Gaung Taung Gems Co.,Ltd. During his tenure with the Bank, he provides prudential advice to the Board concerning with recruitment and remuneration, auditing.

He graduated with Bachelor of Science, majoring in Physics and Bachelor of Technology (Electronic). He completes in Business Law Course, Human Resource Management, Strategic Management, Internal Control & Internal Audit, Strategic Performance Management, Internet & E-mail Course, and Communicative Spoken English Course.



### **Aung Lwin Aye**

**Non- Executive Vice Chairman**

**Appointed on: 15 November 2018**

**Present directorship in companies as at  
31 October 2022**

- Owner of Seinsabaiphoo Diamond Jewelry Co.ltd
- Managing Director of Sofine Jewelry Co.ltd

Aung Lwin Aye was appointed as Board Director of MD Bank since November 2018. He is currently a member of Credit Committee, Risk Management Committee, Business Development Committee and Mandalay Regional Credit and Bank Development Committee of the bank. He is also a owner of Seinsabaiphoo Diamond Jewelry Co.ltd and Managing Director of Sofine Jewelry Co.ltd. He also provide suggestions to the Board in review and make recommendation in relation to the overall remuneration policy.

He holds the degree of Bachelor of Electronic Engineering and GIA (Graduate Diamond) Diploma. And also received Diploma in Banking and Finance (ABE, UK) and Diploma in Marketing (ABE, UK). He also got the completion Certificates in Mini MBA, Strategic Management, Internal Control & Internal Audit, and Strategic Performance Management.



### **Yone Mu**

**Non-Executive Director/Patron**

**Appointed on: 16 December 2022**

**Present directorship in companies as at  
31 October 2022.**

- Chairman of Myanmar United Power Co.,Ltd
- Chairman of Myitta Pyo Khin Foundation
- Managing Director of Green World Industry Co.,Ltd
- Managing Director of Green Light Treasure Co.,Ltd
- Managing Director of Green Light Co.,Ltd,
- Managing Director of Myanmar Kaung Ton Industry Co.,Ltd,
- Director of Denko Co.,Ltd
- Director of Shwe Taung Junction City Development Co.,Ltd
- Director of Future Energy Co.,Ltd

Yone Mu has been a patron of the Bank since 29 July 2020. Prior to be appointed as patron, he served as Chairman of Board of MD Bank since 15 November 2018. Currently he served as Chairman of Credit Committee. He plays an important role in monitoring to comply with external regulation and the policy governing the bank loan and categories of loans, including requirement relating to credit risk and yield.

He has completed the course of Strategic Management, Risk Management, Internal Control & Internal Audit, Strategic Performance Management, International Financial Reporting Standards (IFRSs Basic Level), Corporate Governance Principles for the Bank, Credit Risk Management for the Bank, Fraud Risk Management and Important of Internal Control, Overview of Risk Management and Asset and Liability Management and Corporate Governance Principles for the Bank.



**Thura Lwin**

**Non- Executive Director**

**Appointed on: 29 July 2020**

**Present chairman and directorship in companies as at 31 October 2022.**

- Chairman of Golden TMH Telecom Co.,Ltd
- Chairman of Asia Starmar Transport Intelligent Co.,Ltd
- Chairman of Education Development Supporting Association Myanmar (Kutkai)
- Managing Director of Tah Moe Hnye Chan Thar Mining Co., Ltd

Thura Lwin is a Non-Executive Director of MD bank and was appointed in July 29 2020. He is Chairman of ICT Committee, Vice Chairman of Risk Management Committee.

Moreover, he further serves as member of UMFCCI and Myanmar Computer Federation (MCF) as well. He is a key person and can manage in the areas that either may be subject to risk or may be out of compliance with practices on risk management.

He holds Bachelor of Science majoring in Physics. He has completed Export Import Procedure Course No. 3, as well as ZTE Switching System Training. Business Administration (Diploma-THAMES), Business Law Course (University of Yangon), Basic and Advanced Gemological Course, Advanced Electronics Training, Strategic Management, Risk Management, Internal Control & Internal Audit, Strategic Performance Management, International Financial Reporting Standards(IFRSs Basic Level), Fraud Risk Management and Importance of Internal Control, Overview of Risk Management.



**Htun Lynn Shein**

**Non- Executive Director**

**Appointed on: 16 December 2022**

**Present Directorship in companies as at 16 December 2022**

- Chairman of Myanmar Precious Resources Group
- Managing Director of Myauk Kyun Thu Ma Ma Mining & Refinery Company Limited
- Managing Director of Win Precious Resources Group.

Htun Lynn Shein was appointed as Non-Executive Director of MD Bank PCL on 16 December 2022. He is Vice Chairman of Risk Management Committee.He is also a Chairman of Myanmar Precious Resources Group, Managing Director of Myauk Khun Thu Ma Ma Mining & Refinery Company Limited, Managing Director of Win Precious Resources Group.

He holds Bachelor of Law from the University of Nottingham, United Kingdom. He also completed in Mining Studies from the University of British Columbia Canada; LLM International Business Law from BPP Law School, London; Geology Diploma Curtin University, Australia; Financil Management and Analysis from PRO Accountancy Training Center& Institute of Management Consultants Myanmar; Credit Risk Management for the Bank from Win Thin Academy.



### **Tin Latt Min**

**Non-Executive Director**

**Appointed on: 15 November 2018**

**Present directorship in companies as at  
31 October 2022**

Tin Latt Min has been a Non-Executive Director of the Bank since 15 November 2018 and was re-elected on 6 October 2021. Tin Latt Min is Chairman of Audit Committee and a member of Risk Management Committee. She provides critical advices with relating to financial reporting process, audit process, company's system of internal controls and compliance with law and regulation.

She holds Bachelor of Laws and attended International Financial Reporting Standards (IFRSs Basic Level), Strategic Management, Risk Management, Internal Control & Internal Audit, and Strategic Performance Management, Overview of Risk Management and Asset & Liability Management. She has successfully completed in Governance for Directors. She attended Digital Literacy Skills Training for Micro, Small and Medium Enterprises Training program.



### **Yin Yin**

**Non-Executive Director**

**Appointed on: 15 November 2018**

**Present directorship in companies as at  
31 October 2022**

Yin Yin has been a Non-Executive Director of MD Bank since 15 November 2018. She is also a member of Audit Committee and Risk Management Committee. She is a Director of Myanmar Rich Land Gems Co.,Ltd. She plays an important role in bank audit committee and provides vital suggestions to ensure the audit process meet internal controls and compliance with regulations.

She holds Bachelor of Art majoring in Geography. She attended the course of Strategic Management, Risk Management, Internal Control & Internal Audit and Strategic Performance Management, International Financial Reporting Standards (IFRSs Basic Level).



**Nway Nway Hlaing**

**Non-Executive Director**

**Appointed on: 16 October 2021**

**Present directorship in companies as at 31 October 2022**

- Finance Director of Wai Family Gems Co., Ltd
- Managing Director of Volvo Cars Myanmar.

Nway Nway Hlaing was appointed as Non-Executive Director of the Bank on 6 October 2021, and she is Chairman of Remuneration Committee, member of ICT Development Committee, and Credit Committee of the Bank. She is also a key person of providing assessments of the Board on the overall remuneration policy and the annual performance of Bank’s senior level with KPIs approved by the Board.

She graduated from York University, Toronto, Canada holds Bachelor of Arts with Honours and Majoring in Humanities. Additionally she attended Personality Development, Interpersonal Skills & A3 Training, Analysis Skills, Experimental & Leadership Training, Corporate Governance Principles for the Bank, also received Single Subject Diploma in Business Management & Administration from Institute of Commercial Management (UK).



**Htun Htun Oo**

**Deputy Chief Executive Officer**

**Appointed on: 26 July 2022**

**Membership of Board Committees**

- Board Executive Committee (Member)
- Board Remuneration and Nomination Committee (Member)
- Board Credit Committee (Member)
- ICT Committee (Member)
- Consturction Committee (Member)

**Qualifications**

Bachelor of Commerce, Yangon University of Economics, Myanmar

Master Degree in Public Administration (MPA), Yangon University of Economics, Myanmar

Certified Public Accountant (CPA) and a member of Myanmar Accountancy Council and MICPA

Certificate of Completion PwC’s Chief Financial Officer, PwC Academy

**Relevant Experience**

Htun Htun Oo has been appointed as Deputy Chief Executive Officer and Board Member of MD Bank in 26 July 2022.

Prior to be appointed as Deputy Chief Executive Officer of the bank, he served as an Advisor to the Board since 1 February 2022.

Prior to join MD Bank, he held as CFO position in MCB bank from June 2021 to January 2022 and he also has over 8 years of professional experience and held several senior management roles as Director of Finance and Director of Treasury & FI in uab bank. During his tenure with the Bank, he was able to provide financial advice to Management and Board of Directors.

During his banking professional tenure, he attended various capacity building training courses and participate as a member of MICPA, Executive Audit Committee of Myanmar Banks Association (MBA), ALCO Committee, Management Committee, Management Audit Committee, Management Credit Committee, Risk Management Committee, and Disciplinary Committee.

He has over 25 years of demonstrated history in the reputable international companies and organizations in and out of Myanmar. He has in depth knowledge and experience in accounting, auditing, cost management and financial reporting across all industries. He has since introduced many good practices to the team and has been instrumental in adding valuable insights to the Management team and BOD's key decisions.

**Than Htike Aung****Independent Director****Appointed on: 20 June 2022**

Than Htike Aung was appointed as Independent Director of the Bank on 20 June 2022. Prior to joining to MD Bank, he served as Financial Controller of British American Tobacco Myanmar Limited, Finance Director of Unicity International (Myanmar) and Group CFO of Ayer Shwe Wah Group respectively. Than Htike Aung can provide unbiased advice and perspective to the Board and monitoring conflicts of interest and complying with corporate governance guidelines.

He graduated with B. Com from Yangon Institute of Economics. He is also a Certified Public Accountant (CPA). He completed ACCA Examination (Part II) in December 2020. He is an ASEAN Charter Professional Accountant certified by ASEAN Charter Professional Accountants Coordinating Committee. Currently, Than Htike Aung with his strong accounting experience, he chairs the Board Audit Committee of the bank.

# Management Committee

Our management develops shareholder and customer value by focusing on the best service, driving profit, and efficient operation.





Leadership



### **Htun Htun Oo**

#### **Deputy Chief Executive Officer**

##### **Qualifications**

- Bachelor of Commerce, Yangon University of Economics, Myanmar
- Master Degree in Public Administration (MPA), Yangon University of Economics, Myanmar
- Certified Public Accountant (CPA) and a member of Myanmar Accountancy Council and MICPA
- Certificate of Completion PwC's Chief Financial Officer, PwC Academy

##### **Relevant Experience**

- He has been appointed as Deputy Chief Executive Officer and Board Member of MD Bank in 26 July 2022. Prior to being appointed as Deputy Chief Executive Officer of the bank, he served as an Advisor to the Board since 1 February 2022.
- Prior to join MD Bank, he held as CFO position in MCB bank from June 2021 to January 2022 and he also has over 8 years of professional experience and held several senior management roles as Director of Finance and Director of Treasury & FI in uab bank. During his tenure with the Bank, he was able to provide financial advice to Management and Board of Directors.



### **Moe Myat Myat**

#### **Head of Finance**

##### **Qualifications**

- Bachelor of Economics, B.Econ. (Statistics)
- Diploma in Accounting (Part II)

##### **Relevant Experience**

- She has over 27 years of demonstrated history in reputable local Myanmar banks, with strong expertise in banking operations, accounting and finance field.
- Prior to joining MD Bank, she started her career as an accountant, Branch Manager and Chief Accountant with First Private Bank and UAB Bank.
- She can support key financial highlight for the Management's main decisions.
- She reviews of current state of internal payment controls, process and authorization level approval processes and provided to improve the effectiveness of the internal payment control functions.
- Currently, she oversees the finance and accounting function of MD Bank.



### **Mya Mya Aye**

#### **Head of IT**

#### **Qualifications**

- Bachelor of Science, B.Sc (Physics)(Q), (University of Yangon)
- Master of Science M.Sc (Physis) (University of Yangon)

#### **Relevant Experience**

- She has nearly 27 years of working experience in the banking industry. In another experience, she served in the Ministry of Commerce for about 9 years as a Senior Assistant before.
- She started the banking industry at Myanmar Livestock and Fisheries Development Bank (There in after Global Treasure Bank) worked for 20 years.
- At the Global Treasure Bank, she was responsible for leading the computerized banking operations for the head office and all branches and also the share management department up to the position of Assistant General Manager.
- Last, about 7 years ago, she worked as the Deputy General Manager of the Myanmar Tourism Bank. Served as project manager for the implementation of the Oracle Flexcube Core Banking System.
- She joined MD Bank in 2017 and currently serving as Head of the IT Department.



### **Naw Phyu Zar Thwin**

#### **Head of Human Resources**

#### **Qualifications**

- BSc (Physics)
- Master of Business Administration
- Ph.D. (Management)

#### **Relevant Experience**

- More than ten years of Human Resources management experience, preferably in the banking industry, but also in other types of organizations. Total of 27 years of work experience in a variety of tasks and positions in a variety of organizations. Three years of experience working in the UAB compensation and Section, HR department.
- Talent-based performance management and employee retention, as well as support and involvement based on needs. Create the necessary policies based on the organization's desires and in accordance with local culture.
- Establish an HR Master plan for the entire HR process to ensure that there is no gap in completing the entire process for personal support through fundamental requirements in a strategic and sustainable manner. Developed the fundamental requirements of HR Strategies for short-term purposes in order to stand for long-term growth. Reduced minimum risk to eliminate attendance at labor office
- Taught free class, diploma class for data maintenance and data analysis Speak to youth members at a seminar for motivational talks.



**Ye Han Lin**

**Head of Risk and Compliance**

**Qualifications**

- Certificate in completion of Risk Management (Commerz Bank, Germany)
- Diploma in Hospitality & Tourism Management (EASB Institute of Management, Singapore)
- Bachelor Degree in Hospitality & Tourism Management (Queen’s Margret University, Singapore)
- Master of Finance (University of De Alcala, Spain)

**Relevant Experience**

- Experienced banking professional with a demonstrated record of 14 years working involvements in financial sectors specializing in credit risk management, corporate banking, strategic planning & enterprise risk management, trade financing, product development as well as regulatory, compliance & fraud risk management etc.
- He started a career as a bank telemarketer for ANZ banks outsource, Singapore in 2010 and then re-entered to Myanmar to contribute the knowledge and experiences. Subsequently, his career progressed through both domestic and foreign banks such as KBZ Bank, MUFG Bank in Myanmar and established milestones in each initiative programs.



**Aye Chan Ko**

**Head of Credit Administration**

**Qualifications**

- B.A (Myanmar)
- Diploma in English (Mandalay University of Foreign Languages, MUFL)
- Diploma in Finance and Banking (DFB) (STI University)

**Relevant Experience**

- He is Head of Credit Administration Department at MD Bank PCL, is in his mid-30s and has a demonstrated history of nearly 14 years of working experience in the banking sector. He is a talented banking service professional with highly revitalized skills in different roles in banking.
- With a background in Credit Analysis, Corporate banking, and Trade Sales, his career spans several banking areas, such as Credit risk management, Corporate and Commercial banking, Trade financing, Project financing, Supply chain financing, and Cash management solutions.
- Knowledgeable in Myanmar’s banking rules and regulations gained over a period of time and having worked earlier in the Central Bank of Myanmar, United Overseas Bank Limited (Yangon branch), CB Bank, Yoma Bank, and AGD Bank.



### **Hsu Mon Thet**

#### **Head of Internal Audit**

##### **Qualifications**

- B.A (ECO)
- Diploma in Korean (Yangon University of Foreign Languages, YUFL)
- ACCA Part (I)

#### **Relevant Experience**

- She has nearly 20 years of auditing experience in the banking industry.
- She joined the banking industry in June 2002. More than 20 years devoted in the banking industry, she chose auditing as her main career.
- From June 2002 to March 2019, she worked at Kanbawza Bank, one of the most prestigious banks, from the position of junior auditor to the level of senior audit manager.
- She also performed as a Senior Fraud Investigation Officer assigned by Senior Management and also performed as the Secretary of the Fraud Management Committee.
- With nearly 20 years of auditing experience, she received the Leadership Award from KBZ Bank in 2018.
- She has joined MD Bank PCL in December 2021 and currently, she has been performing as Head of Internal Audit.



### **Nay Linn Aung**

#### **Head of Marketing and Branding**

##### **Qualifications**

- Bachelor of Arts in Economics BA (Mandalay University, Myanmar)
- Diploma in Computer Art (Ministry of Culture, Myanmar)

#### **Relevant Experience**

- He possesses in excess of fifteen years of professional experience in the fields of marketing and design.
- He is an Information Martix who associate at Myjobs.com Myanmar in the marketing and design department and he possesses considerable expertise in his capacity as a design consultant for UN Women.
- Commencing his professional journey as a graphic designer, he has subsequently acquired expertise in marketing and branding through his participation in the respective marketing and branding divisions. His contributions were crucial to the rebranding of uab bank.



**Thet Oo Maung**

**Head of SME Banking & Bancassurance**

**Qualifications**

- Bachelor of Commerce, Yangon Institute of Economics
- Master of Banking and Finance, Yangon University of Economics
- Certificate in International Trade and Finance, Matrix Institute

**Relevant Experience**

- He has over 11 years of experiences in Banking Industry.
- He was with the Banks, working for KBZ Bank, UAB bank and Shwe Bank before joining to MD Bank.
- He began his banking career in 2012 with KBZ Bank and held the position of Junior Assistant and subsequently promoted to Assistant Manager. Subsequently, he transitioned to UAB bank, where he specialized in corporate banking for over two years, serving as a Relationship Manager. At Shwe Bank, he took on the role of Unit Head of Product Development in the business banking department.
- Throughout his career, he has acquired valuable expertise in Product Development, Client Relationship Management, and Credit Analysis. His ability to understand clients’ unique requirements and deliver tailored financial solutions has been instrumental in fostering strong, long-lasting relationships.
- He joined MD Bank in 2022 and currently serving as Head of the SME Banking & Bancassurance Department.



**Thurain Zaw Naing**

**Head of Retail Banking**

**Qualifications**

- Diploma in Business Administration
- Degree in Business & Finance (BA. Hons)

**Relevant Experience**

- He has been employed as Head of Retail banking (DGM) of MD Bank PCL in 2nd June 2023. Prior to be employed as a home loan Specialist, Management Associate, Consumer Loan Operation Team Head, Staff Loan Team Head, Home Loan Teams Head and Department Collection & Recovery Team Head in CB Bank PCL.
- During his banking professional tenure, he participated as a member or an appraisal of Credit Risk Committee, Risk Management Committee and Asset Management Committee and a member of the Consumer Finance Department founder team under the Risk Management Division.
- He has nearly 5 years of experiences in CB Bank Head Office, with strong expertise in Consumer Loans, Credit Underwriting and Loan operation. Over 4 years of experiences in and out of Myanmar with expertise in Tendering & Project Operational Management, Project Development and Hospitality Management.



### Wai Lin Htike

#### Head of Banking Operation

##### Qualifications

- Bachelor of Arts (B.A) (History), Yangon University of Distance Education, Yangon, Myanmar. (2006)
- Certificate in Financial Service (2015), National Management College

#### Relevant Experience

- He is an accomplished leader with a distinguished career spanning over 25 years in the banking industry. As the Head of Banking Operations Department at MD Bank PCL, he has consistently demonstrated his commitment to operational excellence, innovative process optimization, and strategic leadership.
- With over 25 years of dedicated service in the banking and financial services sector, he has cultivated a comprehensive understanding of banking operations. Having joined MOB Bank 25 years ago he swiftly rose through the ranks due to his exceptional analytical skills and dedication. His tenure at uab bank exposed him to various operational functions.
- Now he is well-poised to continue his impactful journey as the Head of Banking Operations Department at MD Bank, driving operational excellence and contributing to the bank's continued growth and success.



### May Hnin Oo

#### Head of Administration

##### Qualifications

- Bachelor of Science (B.Sc Zoology) 2011
- Diploma in Financial Accounting - 2018 (Yangon University of Hlaing)
- Certificate in Advance Business Studies – 2019 (Yangon University of Hlaing)
- International purchasing & supply – 2016 (Myanmar Supply Change Colleague)
- Logistics & Supply Chain Management – 2021 (Institute of IML)
- Diploma in Business & Administration - 2023

#### Relevant Experience

- Over 6 years in banking administrative-procurement and 2 years in non-government, she has had success. She has experience in procurement, cost management, and vendor relations.
- As MD Bank (PCL) AGM, she oversees administration and procurement.
- In 2021, she joined SHWE Bank as Manager in the general administration department to build up procurement and play a significant role in administration. since 2017,
- After two years as procurement assistant manager at UAB Bank Limited, she was promoted to Deputy Manager and joined the administrative department in 2020. She joined MMA-Malaria, RAI project as an Assistant Associated in early 2017 and worked in buying and administration for two years.
- She focuses on supply & demand, internal control, cost management, and favourable contractor and vendor relationships to help an organisation succeed.



## Our Report

Through our transparent reports, we want to just provide accurate information about our bank's management and operations to business partner and other business.

We are an organisation that places a high priority on human resources. Still, with the ever-shifting nature of the economy and global political situations, we prefer to rely on a right and methodical corporate governance approach rather than on a single individual. Thus, we focus on establishing a systematic and efficient corporate governance framework.

# Corporate Governance Framework

## 1. INTRODUCTION:

Corporate governance is the framework by which business corporations are directed and controlled. It describes a set of relationships between a company's management, its board, its shareholders, and other stakeholders that provides the structure through which the objectives of the companies are set, and the means of attaining those objectives and monitoring performance are determined. The corporate governance structure specifies the distribution of rights and responsibilities among different participants such as the Board, Management, shareholders, and other stakeholders, and spells out the rules and procedures for making decisions on corporate affairs. It influences how the objectives of the Bank are set and achieved, how risk is monitored and assessed, and how performance is optimized. The corporate governance structure of MDB is designed to enshrine the concepts of good governance as required by the Corporate Governance in line with FI Law, the Central Bank of Myanmar (CBM) rules and regulations, Basel II paper on 'Enhancing Corporate Governance' of 2006, and other supporting references.

The guidelines provided herein are to support the principles stated in any other of the Bank's prevailing governance documents and related policies. The Bank also adheres to Codes of Ethic for the Consumer Credit and Charging as per the Central Bank of Myanmar (CBM) guidelines principles.

## 2. CORPORATE GOVERNANCE PHILOSOPHY:

High standards in corporate governance are fundamental in maintaining MDB's leading position within the local and regional banking sector and the community. Continuous review and adherence to strong corporate governance practices help enhance compliance levels according to international standards and best practice.

MD Bank shall continue its endeavor to enhance shareholders value, protect their interests and defend their

rights by practicing pursuit of excellence in corporate life. The Bank shall not only comply with all statutory requirements but also formulate and adhere to strong Corporate Governance practices.

MD Bank shall continuously strive to best serve the interests of its stakeholders including shareholders, customers, staff and public at large with particular emphasis on Environment and Social Governance (ESG) and sustainability reporting, which takes into consideration the UN Sustainable Development Goals into consideration.

The adoption and implementation of Corporate Governance would be the direct responsibility of the Board of Directors, in line with the regulatory and statutory requirements in Myanmar and other countries where MD Bank operates. Corporate Governance disclosures shall be made according to the CBM's requirements and guidelines principles.

## 3. CORPORATE GOVERNANCE MODEL:

The standard Corporate Governance model interconnects the dynamic relation between the three main stakeholders namely Shareholders, the Board, and the Management. The roles of shareholders, the Board and the Management are distinctly different but complimentary to the core objectives and functioning of the institution. Such model can be drawn as under. MD Bank's Corporate Governance model is based on Anglo-American model expanded to include a variety of stakeholders who have interest in the Bank and its success.

MDBank's Corporate Governance practices ensure a healthy relationship with all the stakeholders while achieving core objectives of the institution.

### 3.1 Board of Directors:

The Bank's Board of Directors is accountable to the Bank's shareholders and other stakeholders, to ensure that the Bank is managed in a safe and sound manner. To fulfill their fiduciary duties, the Directors must be

independent of the Management of the Bank; familiar with the Bank's business and general financial and accounting principles; and actively engaged in directing and overseeing Management.

### 3.2 Management Team:

The Bank's Executive Management team is accountable to the Board to manage the Bank in accordance with the policies and principles established by the Board and applicable legal and regulatory requirements.

## 4. PURPOSE OF THIS FRAMEWORK:

The purpose of this Framework is to outline the corporate governance structure for the Bank.

In order to serve the interests of shareholders, customers, regulators and other stakeholders, the Framework proactively adopts governance policies and practices designed to align the interests of the Board and Management with those of stakeholders. The Framework also promotes the highest standards of ethical behavior and risk management at every level of the Bank.

This Corporate Governance Framework document together with the Board Charter and the terms of reference of all Board Committees, Code of Conduct for the Directors, and such other independent policies related to Corporate Governance will form the Corporate Governance Policy Manual and would be the reference document for the Board and the Management.

The individual policies/documents may change with market and regulatory requirements from time to time and will be suitably replaced.

## 5. CORPORATE GOVERNANCE PRINCIPLES:

The Bank will follow the corporate governance principles as per the provisions of the Company Law 2017, Financial Institution Law 2016 and Directive on Board of Directors from the Central Bank of Myanmar will apply as the overriding authority on how the Board functions. The principles are as follows:

1. The Bank shall be headed by an effective, collegial, and informed Board.
2. The approved persons must have full loyalty to the Bank.
3. The Board must have rigorous controls for financial

audit and reporting, internal control, and compliance with FI law.

4. The Bank must have rigorous and transparent procedures for appointment, training, and evaluation of the Board.
5. The Bank must remunerate approved persons fairly and responsibly.
6. The Board must establish a clear and efficient management structure.
7. The Bank must communicate with shareholders, encourage their participation, and respect their rights.
8. The Bank must disclose its corporate governance.

Building on the above, the Bank's guiding principles of good corporate governance are:

### 5.1 Board Operations

The Board's ability to manage its own activities:

- 5.1.1 The Board would consist of Directors representing varied/appropriate mix of applicable skills and experience and meeting 'fit and proper' requirements of the CBM.
- 5.1.2 The running of the Board is the responsibility of the Chairman while the running of the company's business is the executive responsibility of the Chief Executive Officer (CEO). There should be a clear division of responsibilities between the two positions which will ensure a balance of power and authority, such that no one individual has unfettered powers of decision. There will be separation and clear division in the roles and responsibilities of the Chairman and the Chief Executive Officer.
- 5.1.3 The Chairman of the Board will be elected by the members of the Board of Directors and he/she ensures leadership to the Board of Directors. Board meetings will be presided by the Chairman and in his/her absence, the meeting may be presided by a Directors elected by the members present.
- 5.1.4 Minutes of Board meetings presided by the Chairman (or Director, in his absence), will be evidence of the proceedings of meetings or passing of resolutions. (Sect. 157, Company Law 2017)
- 5.1.5 Bank would have a nomination process designed

to ensure that the appropriate balance and capability of the Board is maintained on the basis of periodic evaluation of the performance of the Board, its committees, and individual Directors.

- 5.1.6 Bank will have a fair representation on the Board by Directors, including adequate 'independent' Directors, to meet minimum regulatory requirements and to facilitate objectivity in decision making.
- 5.1.7 Bank will provide the Directors with access to training (particularly on induction) and professional advice on issues when required.

### 5.2 Strategy

The Board's role in the strategy development process will ensure:

- 5.2.1 Active Board participation in strategy development, including the review and challenge of the strategy.
- 5.2.2 Creation of an adaptable organization that is able to respond quickly to changing market opportunities.
- 5.2.3 Appropriate dissemination of the strategic plan of Bank.

### 5.3 Corporate Culture

The Board's role in setting and communicating standards for organizational behavior shall:

- 5.3.1 Promote openness with Management on issues for which the Board will ultimately be accountable.
- 5.3.2 Sponsor and actively promote adherence to the organization's defined code of conduct.
- 5.3.3 Promote the use of incentive schemes that align the interests of the Board and Executive Management with those of the shareholders and other stakeholders.

### 5.4 Monitoring and Evaluation

The Board's role in monitoring Management and evaluating its performance against defined goals will require to:

- 5.4.1 Ensure that the organization complies with rel-

evant laws and regulations as well as with accounting, human resource, and other internal policies.

- 5.4.2 Understand organizational risks and be informed routinely about how they are managed and be assured that this is effective.
- 5.4.3 Apply a rigorous process for evaluating and monitoring the performance of the Chief Executive Officer ("CEO") and Executive Management.

### 5.5 Stewardship

The Board's responsibility towards stakeholders and accountability for their interests will need to:

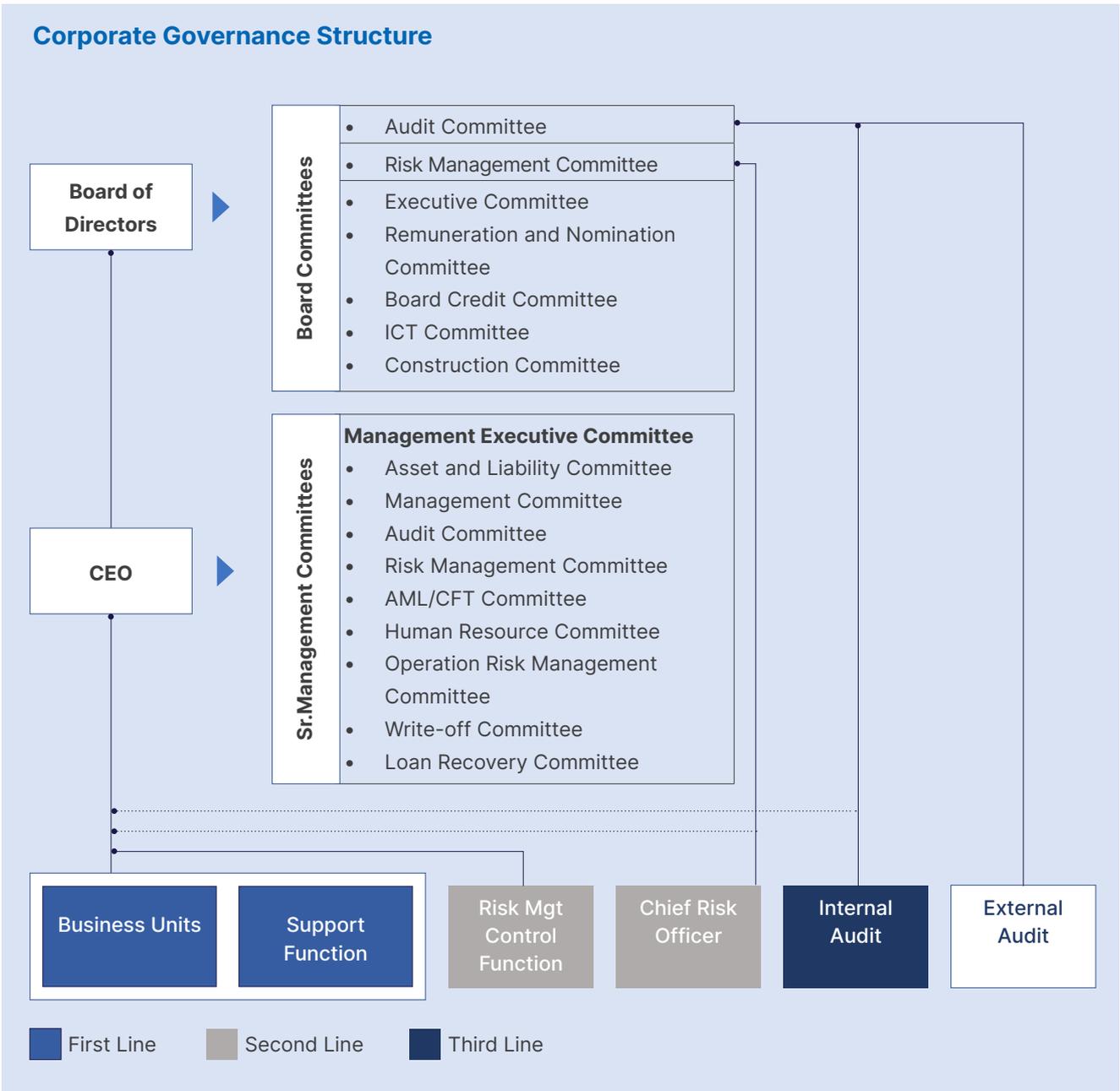
- 5.5.1 Uphold rigorous standards for individual members preparedness, participation, and conduct.
- 5.5.2 Protect the organization and its stakeholders from potential damage due to conflicts of interest.
- 5.5.3 Manage stakeholder expectations regarding the safeguarding of their interests, in part by ensuring that communication is thorough, timely and transparent.

### 5.6 Risk Management:

The Board is responsible for ensuring that the Bank has a robust Risk Management Framework. The Bank has in place a comprehensive Risk Management Strategy, a strong Risk Appetite Framework (see Appendix A) and a detailed Policy Manual which are approved by the Board. These provide an environment of strong risk & credit governance and a robust credit management framework.

## 6. CORPORATE GOVERNANCE STRUCTURE:

The Board will form the necessary Board and Management Committees to assist the Board in providing effective oversight over the Bank's operations. Board would review the structure periodically and modify it if deemed necessary. Additional committees may be formed from time to time and/ or the existing Committees could be assigned additional responsibilities. The structure is as under.



The role of the Corporate Secretary is to assist the Board and its Committees in maintenance of relation between Executive Management and the Board, and between the Board and shareholders and vice versa. The financial control function would be independent of the business lines. The Audit function would be independent and report to the Audit Committee of the Board. The Risk Management would be independent and report to the Risk Committee of the Board.

**6.1 Board Committees:**

The Board delegates (without abdicating) some of its responsibilities to different Board Committees. The present established Board Committees are given

below. The terms of references have been separately established for each Committee. In implementing Good Corporate Governance principles, the Board will have 7 sub-committees namely:

- Board Executive Committee
- Board Audit Committee
- Board Remuneration and Nomination Committee
- Board Risk Management Committee
- Board Credit Committee
- Board ICT Committee
- Board Construction Committee

Each sub-committee will have its Terms of Reference.

**Executive Committee**

- Minimum five members are appointed for a 1-year term.
- Minimum number of meetings required each year: 12 times
- Role: reviews, approves/recommends, and directs the Executive Management on matters raised to the Board of Directors

Pye Phyo Aung (Thomas)	Chairman
Aung Zaw Hein	Vice Chairman
Aung Lwin Aye	Vice Chairman
Yone Mu	Member
Thura Lwin	Member
Htun Lynn Shein	Member
Tin Latt Min	Member
Yin Yin	Member
Nway Nway Hlaing	Member
Htun Htun Oo	Member
Than Htike Aung	Member

**Board Credit Committee**

- Minimum seven members are appointed for a 1-year term.
- Minimum number of meetings required which is expected to be generally once a week or two weeks, its depending on loan cases submission.
- Role: primarily responsible for taking decisions on the credit proposals submitted to the committee remaining within the credit approval authority delegated by the BOD from time to time. Besides, review and oversee the credit policies, rules, guidelines/manuals to keep pace with new developments and changes in the market and economic environment shall also be part of the responsibility of BCC.

Yone Mu	Chairman
Nyunt Sein	Vice Chairman
Wai Wai Mon	Member
Mya Kyaw Swar Win @ Kyaw Swar Win	Member

Aung Lwin Aye	Member
Nyunt Nyunt Khin	Member
Htun Htun Oo	Member
Aye Chan Ko	Secretary

**Board ICT Committee**

- Minimum seven members are appointed for a 1-year term.
- Minimum number of meetings required which is expected to be generally once a month, its depending on case to case occurrence.
- Role: To provide strategic advice, guidance and direction to the Board of Directors on technology initiatives:
- To develop Board briefings and input on the development of policy positions which address technology, communications and information management related initiatives;
- To explore and make recommendations regarding technology tools and resources that would be benefit for the bank;

Thura Lwin	Chairman
Aung Zaw Hein	Vice Chairman
Pye Phyo Aung (Thomas)	Member
Zaw Htun Naing	Member
Htun Htun Oo	Member
Mya Mya Aye	Secretary

**Risk Management Committee**

- Minimum four members are appointed for a 1-year term.
- Minimum number of meetings required each year: 4 times
- Role: establishes an effective risk management framework through appropriate risk policies/processes, monitors risk profile of the Bank to ensure that it is in accordance with risk appetite of the Bank

Thura Lwin	Vice Chairman
Htun Lynn Shein	Vice Chairman

Yin Yin	Member
Tin Latt Min	Member
Than Htike Aung	Member
Ye Han Lin	Secretary

#### Audit Committee

- Minimum three members are appointed for 1 year term.
- Minimum number of meetings required each year: 4 times
- Role: reviews the internal audit programme and internal control systems, considers the major findings of internal audit review, investigations, and Management's response, and ensures coordination between internal and external auditors
- Tracks, monitors, and reports trading activities of Key Persons and Insiders in accordance with the requirements of CBB and the Bahrain Bourse Company.

Than Htike Aung (ID)	Chairman
Tin Latt Min	Vice Chairman
Yin Yin	Member
Aung Zaw Hein	Member
Hsu Mon Thet	Secretary

#### Remuneration and Nomination Committee

- Minimum three members are appointed for a 1-year term.
- Minimum number of meetings required each year: 2 times
- Role: establishes a Board compensation policy for the Directors and Executive Management, recommending Board members' appointments to various Committees, to the Board for approval, in addition to reviewing, assessing, and having oversight on all aspects of Corporate Governance in keeping with the regulatory and statutory requirements.

Nway Nway Hlaing	Chairman
Khin Khin Htwe	Vice Chairman
Aung Lwin Aye	Member
Zaw Htun Naing	Member

Htun Htun Oo	Member
Naw Phyu Zar Thwin	Secretary

#### Board Construction Committee

- Minimum seven members are appointed for a 1-year term.
- Minimum number of meetings required which is expected to be generally once a week or two weeks or monthly, its depending on cases submission.
- Role: To provide strategic advice, guidance and direction to the Board of Directors on project implementation initiatives:
- Evaluating of Tender process for all projects implementation
- Monitoring of the progress in the implementation of projects
- Examining from time to time the development of project proposals and make recommendations to the Boards on the implementation of such proposals.
- Developing of strategies to address delays in the implementation of projects.
- Perform such other functions as assigned by the board.

Nyunt Sein	Chairman
Wai Wai Mon	Vice Chairman
Mya Kyaw Swar Win @ Kyaw Swar Win	Member
Nyunt Nyunt Khin	Member
Aik Sai	Member
Htun Htun Oo	Member
Aung Kyaw Swar	Secretary

#### Mandalay Regional Credit and Bank Development Committee

Mya Kyaw Swar Win @ Kyaw Swar Win	Chairman
Aung Lwin Aye	Vice Chairman
Aung Naing Lin	Member
Nyunt Nyunt Khin	Member

Khin Myo Thu Kyaw	Secretary
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**Business Development Committee**

Pye Phyo Aung (Thomas)	Chairman
Khin Khin Htwe	Vice Chairman
Tin Latt Min	Member
Nway Nway Hlaing	Member
Aung Lwin Aye	Member
Aik Sai	Member
Mya Kyaw Swar Win @ Kyaw Swar Win	Member
Htun Htun Oo	Member
Nay Lin Aung	Secretary

time to time and as necessary. Some of the main Management Committees are:

**6.3 Delegation of authority**

The Board Committees, Management Committees and other specific Management personnel will execute activities/transactions on behalf of the Bank in accordance with the delegated authority limits. As a principle, policies covering operational issues, internal control, risk management, human resources, IT, compliance, and such other functions in the Bank would be approved by the Board. The approval of relative Procedure is delegated to the Chief Executive Officer. The procedures / processes relating to the functioning of the Board or Board Directors would be part of the Board Charter or approved either by the Board or by the appropriate Board Committee. The application of the authority limits to different functionaries will be based on principles of delegation and will form part of the relevant Policy and Procedure.

Committee	Summary Terms of Reference
<b>Asset-Liability Management Committee (ALCO)</b>	Establishes strategies and guidelines for the overall management of the balance sheet and its associated risks.
<b>Management Committee (MC)</b>	Reviews and monitors progress on business performance and strategic initiatives.
<b>Management Credit Committee (MCC)</b>	Approves credit and investment proposals of a certain limit. Also reviews and recommends any proposals requiring Executive Committee or Board approvals
<b>Management Risk Committee (MRC)</b>	Identifies, measures, monitors, and controls risk by establishing risk policies and procedures.
<b>Management Audit Committee (MAC)</b>	Oversight over the management of financial reporting & internal control systems, ensure checks and balances within the Bank and review the financial condition as well as the performance of the Bank.
<b>Human Resources Committee</b>	Establishes appropriate policies, procedures, and guidelines for the management of human resources.

**6.2 Management Committees:**

Management Committees are chaired by the Chief Executive Officer and, other Committee members are heads of the relevant divisions appointed by the Committee Chairman. Specific terms of references have been established for each Committee formed. The Chief Executive Officer reserves the right to form temporary Committees and discontinue them, from

**Appendix – 1**

**Risk Appetite Statement (RAS):**

Risk appetite is the level and type of risk that the Bank is willing to assume in order to achieve its strategic and business objectives, keeping in perspective the obligations to its stakeholders.

The risk appetite of the Bank is both a qualitative and quantitative measure and reflects its level of risk tol-

erance in normal as well as in stressed scenarios. It is expressed as a measurable key performance indicator (KPI), a tolerance limit, or as a qualitative guideline. The Bank has a well-defined Risk Appetite Framework, that consists of the Risk Appetite Statement along with: (a) well-defined performance metrics in the form of Key Performance Indicators or KPIs; (b) risk limits, exposure criteria, restrictions and controls, lending and investment standards as laid out in the internal risk policies and procedures manual; (c) capital and liquidity benchmarks, which are monitored in the Asset Liability Management Committee meetings; (d) key business and risk management objectives, goals and strategy, which are defined in business, investment and risk management strategies; and (e) management and oversight structures in the Bank through Management and Board committees. Our risk appetite defines the desired performance levels, which, in turn, are embedded into management of the various risks within the Bank as well as the capital of the Bank. Our risk appetite is integrated into the strategic, capital, and risk management planning process across business verticals. The Bank measures the contribution of each business vertical towards key KPIs.

The Bank aims to optimize the risk-reward for the benefit of all stakeholders, and this is reviewed and implemented through strategies (business, investment, risk management, ICAAP), which are closely reviewed annually. The Bank's primary exposure is to credit risk along with other Pillar 1 and Pillar 2 risks assumed in the normal course of its business. The risk appetite statement is also reviewed through a Risk Management Strategy document by management and recommended for approval to the Risk Committee and the Board annually. The Bank's risk appetite requires, amongst other things:

- A high level of integrity, ethical standards, respect, and professionalism in our dealings.
- Taking only those risks which are transparent and understood, and those which can be measured, monitored, and managed.
- Ensuring that the Bank has adequate levels of capital adequacy on an ongoing basis as mandated by the regulator (currently xx.xx percent), and as assessed by the Bank in its Internal Capital Adequacy Assessment Process (ICAAP) document; that the capital requirements and capital planning are incorporated in its capital management strategy.
- Ensuring that the Bank has access to adequate levels of stable, efficient, and cost-effective funding to support liquidity and lending or investing requirements on an ongoing basis; that the Bank has in place a robust liquidity management framework and contingency plans to monitor and manage liquidity both in normal and stress liquidity conditions, in addition to monitoring key liquidity ratios (internal and regulatory) in Asset Liability Management Committee meetings on a monthly basis.
- Adhering to the core principles of lending, which are enshrined in the general lending policy of the Bank.
- Maintaining a robust credit management framework with focus on business segment, sector wise and product wise.
- Having in place a defined monitoring, collection and restructuring framework for effective recovery mechanism.
- Limiting exposures to high-risk activities which may culminate in tail-end risks, jeopardizing the Bank's capital and creditworthiness.
- Striving for optimum profitability through income generation, cost efficiency, and low impairment.
- Widening the product basket and delivery channels for increasing customer satisfaction; assessing new credit products in a structured form for approval by appropriate authorities, so that the underlying risks, benefits, operational processes, system/technology requirements, and legal requirements are understood and managed.
- Protecting the Bank's and the customers' interests through robust operational procedures, internal controls, system support, training, and operational risk management processes to mitigate operational risk.
- Ensuring full compliance with legal, statutory, and regulatory requirements; ensuring adherence to anti-money laundering (AML) and other obligations under international law; providing adequate training and guidance to mitigate compliance

# Risk Management Framework

## A. Background

This document provides background and context to the Mineral Development Bank (MDB or the Bank) Risk Management Framework.

### 1. Introduction

Risk Management is a discipline at the core of the Bank and encompasses all the activities that affect its risk profile. It involves identification, measurement, monitoring and controlling risks to ensure that:

- a. The individuals who take or manage risks clearly understand it.
- b. The Bank’s Risk exposure is within the limits established by Board of Directors (BOD).
- c. Risk taking decisions are in line with the business strategy and objectives set by the BOD.
- d. The expected payoffs compensate for the risks taken.
- e. Risk taking decisions are explicit and clear.

MD Bank’s risk management structure is illustrated in the following diagram and it is designed to ensure

appropriate governance and action:

## B. Risk Management Governance

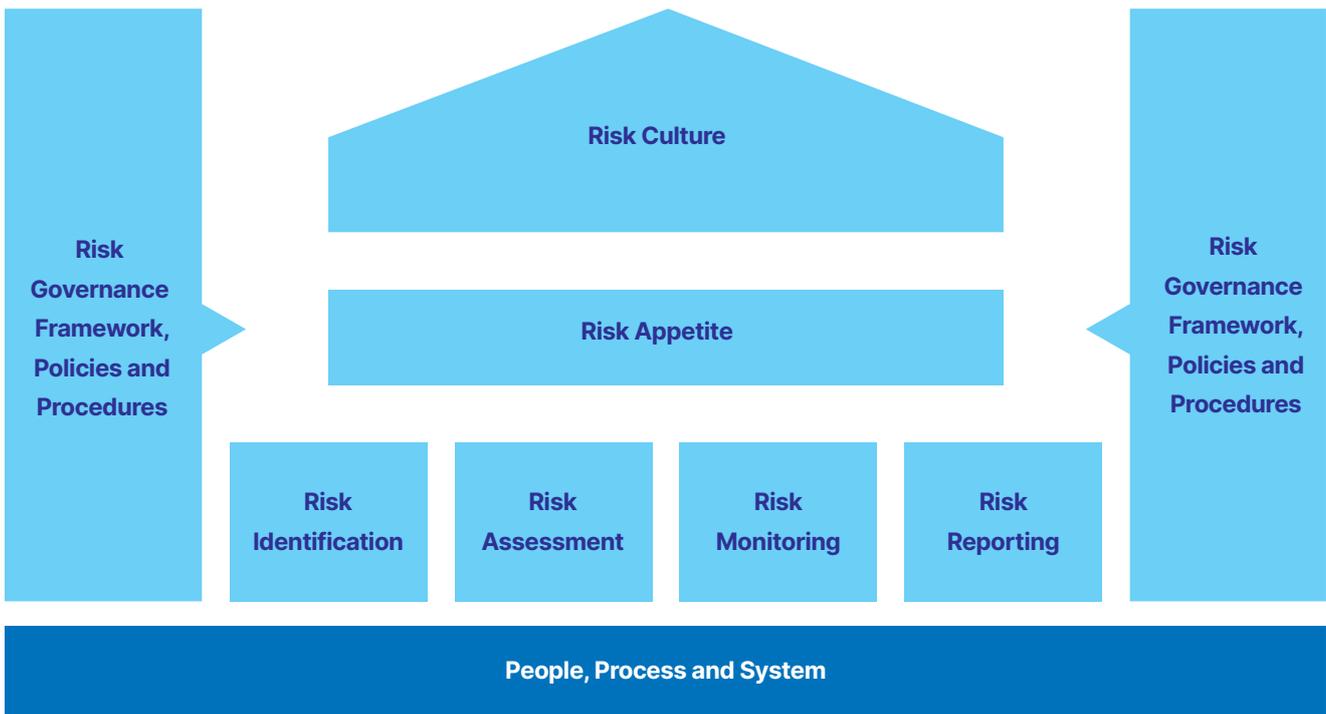
### 1. Risk Governance

Risk governance begins with the Board of Directors and risk is managed within the levels established by the Senior Management and approved by the Board of Directors. Various Committee within the Bank govern and monitor the risk levels at the Bank and ensure that it operates within the levels established.

Within the Risk Management Framework, the Bank ensures that all key risk elements are categorized and that appropriate planning for contingencies are in place.

Processes are set in place to identify, measure, mitigate and monitor risk. Reports are made to various management and board committees and a process for escalation is available where risk levels require such escalation.

Required policies, procedures and guidelines are issued and periodically reviewed at the Bank to support to risk governance.



The overarching influence within the Risk Management Framework is the Risk Culture and this is the set of encouraged and accepted behavior towards taking and managing risk. The Board and Management sets the tone for MD Bank’s risk culture in its deliberations, managers conferences, training programs and written statements.

**2. Corporate Governance**

The Bank has adopted a Corporate Governance Framework to set the governance structure of its organization. This ensures a balance of policies and functions to also ensure effective functioning of internal control and risk management.

A Code of Conduct and Ethics has also been adopted to ensure transparency, accountability and high ethical conduct of all employees and personnel involved in the Bank.

**3. Role of the Board**

The Board of Directors (“the Board”) is responsible for the overall governance, management and strategic direction of the Bank.

The Board is ultimately responsible for the Bank’s operations, management of the risk to which the Bank is

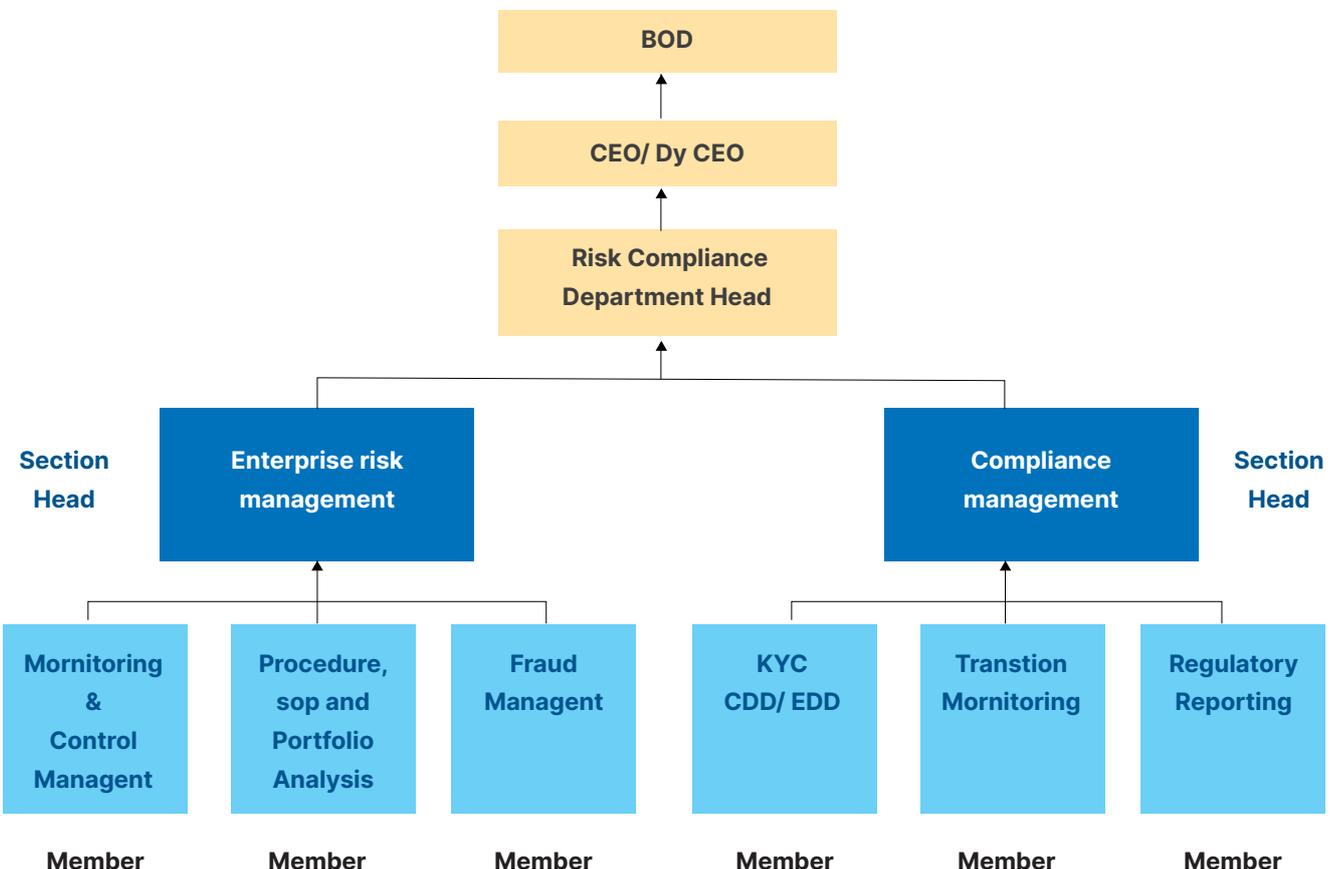
exposed and the compliance with all laws, regulations and guidelines to which the Bank is subject to.

Board members will have the following attributes:

A good understanding of the Bank’s business model/ plan and operations and the general business climate in which it operates.

- The qualifications and experience necessary to understand the Bank’s business model and operations and how these relate to Myanmar’s general economic and social environment.
- A combination of both executive and nonexecutive directors to ensure a desirable level of independence from the bank’s management function.
- The Board will establish the following mechanism to mitigate risks:
- Set the overall risks appetite and ensure that mechanisms are in place to effectively mitigate risk.
- Ensure that appropriate policies, procedures and controls are in place to manage such risks and
- Ensure that arrangements are in place for the effective reporting on all issues related to the functioning of the risk management framework.

To assist in the managing of risk, the Board will have 4



committees namely:

- Audit Committee
- Risk Management Committee (RMC)
- Credit Committee
- Nomination and Remuneration Committee

Each Committee will have its Terms of Reference under Corporate Governance Framework.

#### 4. Role of Senior Management

Senior management which is headed by the Chief Executive Officer is responsible for implementing the corporate vision, strategy and business model approved by the Board and the effective functioning of the corporate governance framework on a day-to-day basis.

In risk management the Senior Management is responsible to:

1. develop the components of the risk management framework;
2. ensure that the bank has all the resources necessary to effectively manage risk;
3. ensure that effective communication and reporting arrangements are in place to support good risk management practices;
4. ensure that all staff members are aware of the requirements of the risk management framework and their specific roles and responsibilities;
5. ensure that internal reporting mechanisms, including reports to be sent to the Board, are developed to provide accurate and timely information relevant to the effective management of risks.

Key Committees supporting Senior Management are:

- Management Committee
- Credit Committee

Each Committee will have its Terms of Reference under Corporate Governance Framework.

In the day-to-day operations, Key Business Line Managers supporting the CEO and Deputy CEO are the following Heads of Departments:

Management Committee

- Credit Committee
- Finance

- Administration
- Loan
- Human Resources
- Information Technology
- Branch Operations
- Risk & Compliance

### C. The Risk Management Function

#### 1. Risk Management Department

The Risk Management Department (RMD) is the business unit with day to day operational responsibility for ensuring that the Bank effectively identifies, measures, monitors, and controls and mitigates risks.

The risk management function is responsible for ensuring that effective processes are in place for:

- i. Identifying current and emerging risks;
- ii. Developing risk assessment and measurement systems;
- iii. Establishing policies, practices and other mechanisms to manage risks;
- iv. Developing risk tolerance limits for Senior Management and board approval;
- v. Monitoring positions against approved risk tolerance limits; and
- vi. Reporting results of risk monitoring to Senior Management and the Board

From a day-to-day operational perspective, RMD supports Senior Management and the Board to ensure that the objectives set above are achieved.

Specifically,

#### 2. Policies and Procedures

The Policy and Procedures should be made up in the following manners:

- i. Frameworks
- ii. Policies
- iii. Procedure

Senior Management will ensure that Frameworks, Policies and other documents are drawn up to cover the entire operations of the Bank including Risk Management matters.

Further all policy and procedures should be periodically reviewed to ensure that they are current and appropriate.

All Policies and Procedures should be effectively communicated to the employees.

**3. Internal Controls**

An on-going system of internal controls is an essential component of a risk management framework.

The internal control in the form of systems, policies, procedures and processes have been implemented to safeguard the assets of the Bank, control risk and achieve the Bank's objectives. Segregation of duties, dual control, limit control, training and staff rotation are some of the many techniques employed.

Separation between operational and control functions such as front office and back office activities are also

important to avoid conflicts of interest. Preventive Controls and Detective Controls are some techniques used in Internal Control.

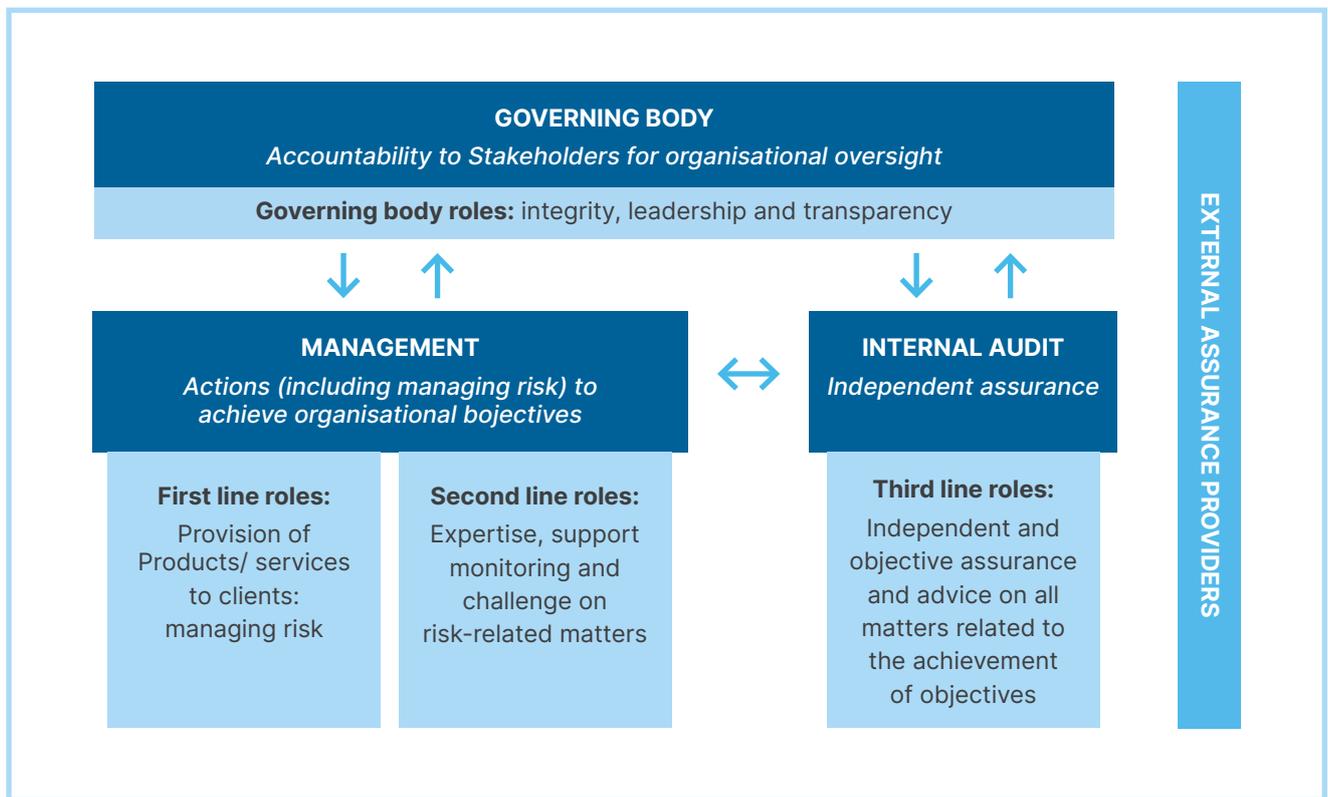
The Bank ensures 3 (three) Lines model to further enhance control:

The Bank's internal control environment includes 3 (three) control functions namely:

- Risk Management function
- Compliance function
- Internal Audit function

The Bank ensures that the above functions are adequately staffed and resourced to carry out their responsibilities independently.

**The IIA's Three Lines Model**



**KEY:** ↑ Accountability, reporting | ↓ Delegation, direction, resources, oversight | ↔ Alignment, communication coordination, collaboration

First Line of Defense	Business unit management	Primarily responsible for risk management. The process of assessing, evaluating and measuring risk is ongoing and is integrated into the day-to-day activities of the business. This process includes implementing the group's risk management framework, identifying issues and taking remedial action where required. Business unit management is also accountable for reporting to the governance bodies within the group
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Second Line of Defense	Risk Management	The group risk management function is primarily accountable for setting the group’s risk management framework and policy, providing oversight and independent reporting to executive management through the group risk oversight committee, and to the board committee.
Third Line of Defense	Internal audit function	Provides an independent assessment of the adequacy and effectiveness of the overall risk management framework and risk governance structures, and reports to the board through the group audit committee

**4. Internal Audit**

Bank shall establish an Internal Audit unit which will provide independent assurances to the Board and the Management on the quality and effectiveness of the Bank’s internal control.

In the context of Risk Management, the internal audit function will periodically assess the effectiveness of the Bank’s risk management framework and practices paying specific attention to the Bank’s adherence to established policies procedures and limits and applicable laws, regulations and guidelines

**5. The Compliance Function**

The compliance function will on an-ongoing basis assess the extent to which the Bank is complying with established policies, procedures and limits and obligations arising from applicable laws, regulations and guidelines.

On a regular basis, the compliance function will provide guidance and oversight to the Bank and provides assurance the Board and relevant Board Committees to the level of compliance.

Further and equally important, a corporate culture of compliance is encouraged throughout the Bank through corporate statements and policy, training and disciplinary measures.

**6. Risk Monitoring and Reporting**

To effectively control and mitigate risk, the Bank has developed and continues to improve on a robust MIS system that provides a reliable data base to enable identification, measuring,controlling, monitoring and mitigating risk in all aspects of the Bank.

Reports are also prepared on daily, weekly, monthly and add-hos basis and submitted to Senior Management and the Board indicating how well the Bank is managing risk and highlighting instances of breaches of risk management policies, procedures and limits and obligations arising from applicable laws, regulations and guidelines.



Our risk management framework works to  
**protect unseen risks.**

## 7. Training

MD bank Training Unit provides training facilities and courses to train staff on all issues relating to the effective operating of the Bank. Courses are both general and specialized in nature targeted to needs of employees and the nature of the work of the employees. Training is provided to all levels of the Bank and starts from the on-boarding of staff into the Bank. Board members are also engaged in receiving training.

## D. The Risk Management Process

1. The Risk Management Process includes the followings:

- i. Identification
- ii. Measuring
- iii. Monitoring
- iv. Mitigation

**i. Risk Identification:** Almost every product and service offered has a unique risk profile composed of multiple risks which must be identified. For example, in most loans, at least four types of risks are usually present: credit risk, interest rate risk, liquidity risk and operational risk. Risk identification should be a continuing process and risk should be understood at both the transaction and portfolio levels.

**ii. Risk Measurement:** Once the risks associated with a particular activity have been identified, the next step is to measure the significance of each risk and identify the risk value. Each risk should be viewed in terms of its probability of occurrences and consequence. Accurate and timely measurement of risk is essential to effective risk management.

**iii. Risk Monitoring:** This activity includes developing reporting systems that monitor the specific risks and control items that had been identified and also adverse changes in the risk profiles of significant products, services. An MIS that accurately identifies and measures risks is important in this process.

**iv. Risk Mitigation:** Risk mitigation is the process of reducing risk exposure and minimizing the likelihood of an incident for the Bank

## 2. Risk Classification

Various types of risks arising can be classified into the following:

- **Credit Risk:** Credit risk is the risk of loss resulting from the failure of a borrower to meet its obligations under a credit facility granted by the bank or from a reduction in the value of the bank's assets due to a change in the credit quality of the borrower/counterparty.
- **Market Risk:** Market risk is the risk to a bank resulting from adverse movements in market prices, in particular changes in interest rates, foreign exchange rates, equity (and other securities) and commodity prices. **Liquidity Risk:** Liquidity risk is the risk that the bank will be unable to meet expected and unexpected cash flow needs
- **Operational Risk:** Operational risk is the risk of loss arising from complex operations, inadequate internal controls, processes and information systems, organizational changes, fraud or human errors, or unforeseen catastrophes (including terrorist attacks and natural disasters)
- **Legal, Regulatory and Reputational Risk:** Legal, regulatory and reputational risk is the risk to the bank from exposure to the impact of legal challenge, to changes in the CBM's and other regulation and to the damaging impact of its actions (and those of customers, shareholders etc.) on its reputation, adversely affecting its performance and financial condition
- **Strategic Risk:** Strategic risk is the risk that the bank fails to maintain an appropriate strategy that responds to market and wider environmental challenges, adversely affecting its performance and financial condition.

## 3. Risk Tolerance

The Board of Directors will set risk tolerance levels annually in conjunction with the strategic planning process of the Board of Directors and Management.

In this regard, the Annual Business Plan of the Bank will include a Risk Appetite Statement. Specific levels of risk tolerance within key business units, such as credit/lending (i.e., concentration risk, geographical risk, sector wise exposures, margin norms, etc.), interest rate and liquidity, will be set annually and where necessary reviewed in the course of the year.

Risk levels are measured against tolerance limits by the Risk & Compliance Department and/or Business units and tabled at the relevant Committee meetings such as Credit Committee, Management Committee and reviewed at Board committee meetings.

**4. Risk Culture**

Risk culture is the shared values, attitudes, competencies, and behaviors throughout the Bank that shape and influence governance practices and risk decisions. Risk culture pertains to the Bank’s risk approach and is critical to a sound risk management governance. To promote a sound risk culture:

- (a) The Board establishes the tone at the top by promoting risk awareness within a sound risk culture. The expectations of the Board are conveyed to all staff that the Board does not support excessive risk taking and that all staff is responsible for ensuring the Bank operates within the established risk appetite and limits.
- (b) The risk culture ensures material risks and risk-taking activities exceeding the risk appetite and limits are recognized, escalated and addressed in a timely manner

**5. Risk Appetite**

Risk appetite is the aggregate level and types of risk that

the Bank is willing to assume, or to avoid, in pursuit of its goals, objectives, and operating plan, consistent with applicable capital, liquidity and other requirements and reinforces the risk culture.

The development of a risk appetite is driven by both top-down Board leadership and bottom-up Risk Management Committee (RMC) involvement. Successful implementation depends on effective interaction among the Board, RMC, RMD, and frontline units.

The Board role is to review and support the Bank’s risk appetite and to approve top down risk allocation and limits. The risk appetite is communicated throughout the Bank. The Board evaluates and supports the risk appetite at least annually.

The RMC, in consultation with the Board, develops the risk appetite. The RMC executes the strategic, capital and operating plans within the risk appetite and established limits.

**6. Risk Assessment and Methodologies**

The Risk Management Policy and Framework will enable the identification, assessment, and management of business risks in the overall context of business management, including the day-to-day operations, planning, and strategic initiatives.

Impact		Negligible (1)	Minor (2)	Moderate (3)	Extreme (4)	Severe (2)
	Rare (1)	Very Low (1)	Very Low (2)	Low (3)	Medium (4)	Very Low (5)
	Unlikely (2)	Very Low (2)	Low (4)	Medium (6)	Medium (8)	Medium (10)
	Possible (3)	Low (3)	Medium (6)	Medium (9)	Medium (12)	High (15)
	Likely (4)	Medium (4)	Medium (6)	Medium (8)	High (12)	Very High (20)
	Almost Certain (5)	Medium (5)	Medium (10)	High (15)	Very High (20)	Very High (25)

**Risk Matrix**

In the evaluation process, one has to determine what is the likelihood of the event occurring. The levels of likelihood and the rating can be tabulated as follows:

Likelihood of Event happening	Explanatory notes
Almost Certain	The likelihood is inherent and will definitely happen in an activity (> 80% probability)
Likely	The likelihood is inherent and may happen (50% - 80% probability)
Possible	The likelihood is not inherent and may or may not happen (25% - 50% probability)
Unlikely	Most probably will not happen but occasionally may happen (5% - 25% probability)
Rare	Will not happen or very rarely it can happen (< 5% probability)

The levels of impact to the Bank, financially or otherwise, can be tabulated as follows:

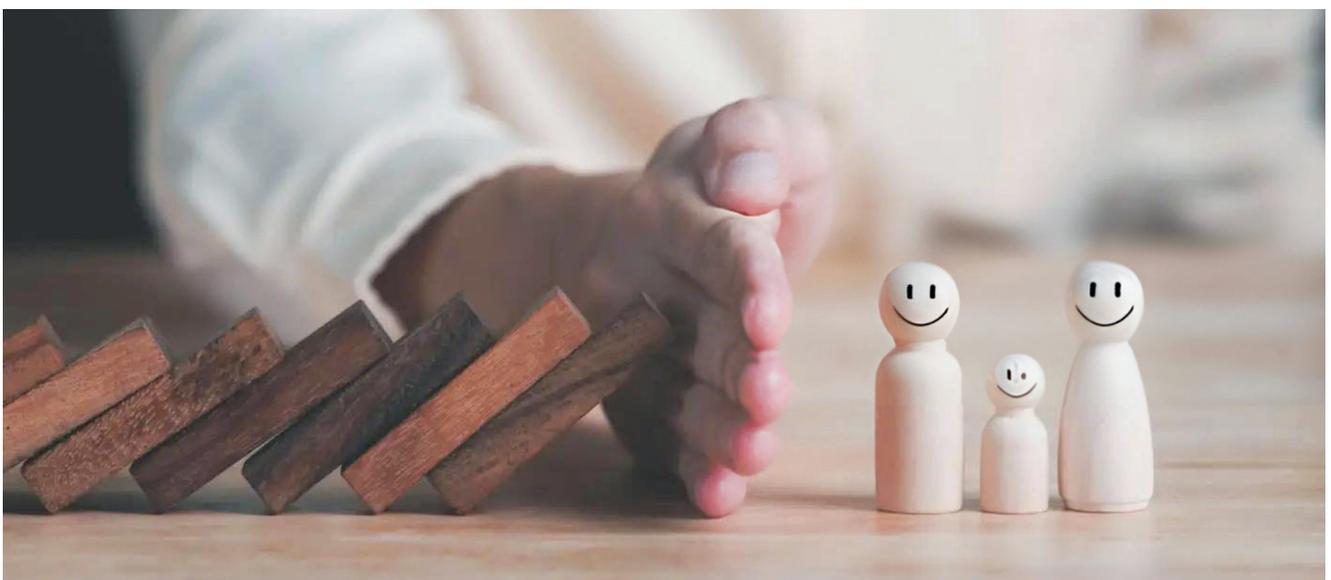
Impact	Negligible	Minor	Moderate	Extreme	Severe
Regulatory/ Compliance	Minor breach with no significant impact	Potential to be breach with possibly associated with minor warning	Breach and initial warning or audit findings to be solved with targeted to be resolved	Repeated warning and financially impact associated or commit to the Jurisdiction to the regulator/courts	Significant litigation or non-compliance that could lead to revocation of license or third party were involved to solve the issues.
Financial Impact	Below MMK 100,000 Financial loss due to operational mistakes, fraud, write off or market depreciation etc.	Between MMK 100,000- 500,000 Financial loss due to operational mistakes, fraud, write off or market depreciation etc.	Between MMK 500,000- 1,000,000 Financial loss due to operational mistakes, fraud, write off or market depreciation etc.	Between MMK 1,000,000- 2,000,000 Financial loss due to operational mistakes, fraud, write off or market depreciation.	Above MMK 2,000,000 Financial loss due to operational mistakes, fraud, write off or market depreciation etc.
Human Resources	Affect 5% overall employee but no impact on recruitment and retention	Affect 5-10% of overall employee and affect below 5% of turnover	Affect 10-20% of overall employee and affect 5-10 % of turnover	Affect 20-50% of overall employee and affect 10-20% of turnover	Affect over 50% of overall employee and affect above 20% of turnover

Technology	System disruption but can solve within 24 hours	System disruption but can solve within 36 hours	System disruption but can solve within 36 hours associated with other minor impacts	System disruption but cannot solve within 1 week associated with other huge impacts	System disruption but cannot be tolerated
Operation	Compliance in procedure and no failure in services and meet the target as planned	Slightly poor in following procedure and failure in services but meet the target as planned	Frequently breached the procedure and failure in services and do not meet the target as planned	Very weak control of procedure and failure in services and do not meet the target as planned	No control of procedure and failure in services and do not meet the target as planned and no policies as set yet.
Reputation/ Image	Not substantiated, low impact, no news item. Attention quickly contained, short term recoverability.	Substantiated, low impact, low news profile	Substantiated, public embarrassment, moderate local news profile. Escalating customer implications	Substantiated, public embarrassment, high news profile, third party action. Long term damage to public image.	-Widespread negative publicity online (e.g., blogs, Twitter, etc.) -Long-standing reputation damage, Criminal prosecutions, Political intervention
Strategy & Governance	No active competing in the market and progress slowly	Rebranding the organization and follow the standard corporate governance and structure sustainability performance management	Actively implementing the business strategy and create new products and measure the performance management to be in line with targeted plan	Poor corporate governance and lack of management in operating and reporting procedure which leaks to financial loss.	Neglect the rules and regulations and extreme dive into the high-risk approach as well as financially huge loss in the projecting costs.

**Risk Rating**

Score	Rating	Explanatory notes
17-25	Very High	<ul style="list-style-type: none"> <li>Board attention and immediate decision is required</li> <li>Immediate action by senior management with a detailed research and management risk action plan</li> </ul>
15-16	High	<ul style="list-style-type: none"> <li>Board attention is required</li> <li>Senior management responsibility specified</li> <li>Risk must be managed by senior management with a detailed risk action plan</li> </ul>
5-14	Medium	<ul style="list-style-type: none"> <li>Management Committee is required to be attention and should implement the strategy to overcome the risks etc.</li> </ul>
3-4	Low	<ul style="list-style-type: none"> <li>Head of Department’s attention is required and should be planned the SOP or set up the policies to reduce the loop-hole.</li> </ul>
1-2	Very Low	<ul style="list-style-type: none"> <li>Risk is accepted with minimal treatment and can usually be managed using existing routine procedures</li> <li>Low risks need to be monitored and periodically reviewed to ensure they remain acceptable</li> </ul>

After establishing the “Likelihood” and the “Impact”, the senior management can determine and identify those risks that have severe consequence to the Bank and prioritize its mitigating plans and actions to mitigate and control these identified risks.





## Engaging our Employees

Superior consumer experiences are the result of engaged and energetic employees that are in alignment with our organisation's purpose and strategy.

We acknowledge that change must occur concurrently at the organisational (operational procedures, systems, and structures), team (social norms and practices), and individual (attitudes and conduct) levels in order to establish a robust culture.

Our organisational culture plan leverages work programmes to effect culture change at the organisational, team, and individual levels, including risk culture. These encompass facilitating the delivery of high-impact work to our clients by ensuring that all teams are cognizant of the way in which their contributions affect the customer experience, encouraging individuals to strive for more straightforward and superior solutions through ongoing learning and adaptation, and integrating a novel approach to leadership.

### Key Achievements

This fiscal year marked a pivotal phase in our growth, as the HR department successfully orchestrated the establishment of new departments, including the Business Development Department, Treasury and FI Department, Zone Office Department, and Banking Operations Department. New Branch Opening at Junction City: Expanding our footprint with a new branch in Yangon.

### Talent Acquisition

#### Efficient Recruitment

We successfully onboarded 77 new employees this fiscal year, leveraging cost-effective recruitment strategies. All positions were filled through social platforms and employee referrals, resulting in a zero-cost recruitment approach.

### Total Employee Distribution

- Total Employees: 202
- Head Office: 125 Employees
- Branches: 77 Employees

### Gender Diversity



### Age Diversity Manpower in Position

Age Diversity	Total	Male	Female
Over 50 Years	21	9	12
40 to 49 Years	57	20	37
30 to 39 Years	62	21	41
24 to 29 Years	50	16	34
18 to 23 Years	12	11	1

Manpower in Position	Total	Male	Female	%
Chief Level	2	1	1	1%
General Manager Level	32	11	21	16%
Manager Level	42	9	33	21%
Supervisor & Operational Staff Level	79	19	60	39%
Other Rank	47	37	10	23%
<b>Total</b>	<b>202</b>			

### Employee Engagement and Satisfaction

We prioritize employee engagement through monthly birthday celebrations, as well as organizing various events such as New Year parties, Bank Anniversaries, Waso Events, and Water Festival parties.

We did 14 of employee giving promotion within this financial year.

### Leadership Development

Leadership Programs: 48% of leadership positions were filled internally, emphasizing our commitment to nurturing talent from within.

### Future Plans and Challenges

#### Performance Management

In the upcoming fiscal year (2023-2024), we plan to enhance our performance management system to ensure a more robust and streamlined approach.

#### Employee Development and Training

We aim to recruit a Training Manager in the next fiscal year (2023-2024) to develop a comprehensive training plan for employee skills enhancement, focusing on

optimizing bank operational activities.

### Strategic Goals

Our HR focus for the coming year involves further amplifying leadership development programs and expanding diversity and inclusion initiatives in alignment with the bank’s overarching goals.

### Bank’s Future Development

HRIS System Implementation: Organizing the use of Global TA&HR software to implement the HRIS system. In order to promote the green environment, we are attempting to remove the printing of the document.

In order to expand the network and better serve customers, HR and management are pushing for more talented employees to be internally trained for high-level positions through a pipeline.

HR Policy Development: Crafting essential HR policies, including the Employee Handbook, Whistleblowing Policy, Training and Development Policy, Code of Conduct, Compensation and Benefits Policy, and Traveling Policy, among others.

## Our approach to Sustainability

We want to make Myanmar a better place, in line with our brand of voice,

**“Create a Better Myanmar Through Our Banking.”**

Manage funds, contribute to the economy’s growth, and create business opportunities, especially those that impact society.

“Committed to a better future for all, we have integrated sustainability into our strategy. After engaging with stakeholders, we have made every effort to update our environmental and social framework and conduct an ESG material assessment. These changes are in line with our goal to positively impact UN sustainable development. Goals, together we build a better tomorrow.”





Our Approach to Sustainability



## Approach to sustainability.

Through our banking services, we want to create Myanmar a better place, in line with our brand of voice, **“Create a Better Myanmar Through Our Banking.”**

“At the core of our influence and reach lies a pivotal role in shaping a better future for all. Our dedication to sustainability resonates deeply in our strategic maneuvers and risk management practices. Notably, our sustainability commitments are undergoing transformation across policies, systems, and processes. Following extensive engagement with stakeholders, we undertook a comprehensive review of our Environmental and Social (E&S) framework this year, redefining our stance and commitments regarding the financing of specific sectors.

In our quest to align with stakeholder priorities, we conducted a thorough Social and Governance (ESG) material assessment. The findings from this evaluation serve as the bedrock for focused decision-making, propelling us towards the realization of our ambitious objectives.

Envisioning a better future for all stakeholders, this strategic shift provides us with a deeper comprehension of how we can positively contribute to the UN Sustainable Development Goals (SDGs).”

Corporate sustainability practices are generally environmental. They come under the social and administrative pillars. To reduce their ecological footprint or accomplish other social objectives, businesses employ these pillars. We are involved in the practice of socially responsible investing. Our approach to sustainability is founded on three pillars: environmental, social, and governance. By adhering to these three pillars, we achieve a socioeconomic system that is sustainable.

Operating economy, the environment, climate change, ecological transformation, politics Human rights and social issues are fundamental to the sustainability and expansion of the economy. We engage in the evaluation of potential business risks, develop products and services, seek out business prospects, and cooperate in order to oversee our activities and supply chain while satisfying the varying demands of our stakeholders.

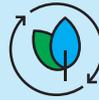
In addition to ensuring that our operations and services adhere to the Equator Principles, United Nations Global Compact, United Nations Guiding Principles on Business and Human Rights, and United Nations Environment Programme Statement of Commitment by Financial Institutions to Sustainable Development, we are committed to regional compliance with international and regional environmental and social standards. Additionally, one of our objectives is to assist the United Nations in achieving the Sustainable Development Goals.

**Environmental Pillar**

We are fully aware of the ways in which environmental concerns may impact our organisation. Therefore, in accordance with our position on climate change, we have implemented a programme to fund the transition to renewable energy. In an effort to develop more effective financing solutions, we have invested a substantial amount of capital and appointed board of director members to play a crucial role in green energy financing, including large-scale renewable developments.

**“Green Energy Finance”**

The only thing lacking from the global dialogue on climate change, despite the presence of established targets and accelerating technological advancements, is financing for the transition to renewable energy. As a result, we provide support and bridge the divide. To



**Environmental Pillar**

Effective governance is essential for handling environmental risks and opportunities. Environmental issues may include corporate climate policies, energy usage, waste usage, pollution & packaging waste, and natural resource conservation.



**Social Pillar**

The social pillar is a sustainable business with the acceptance and support of its employees, stakeholders, and operating community. The approaches to securing and sustaining this support are various.



**Governance Pillar**

Sustainability’s governance pillar refers to honest accounting, transparency, and regulatory compliance that align the company’s values with the broader society. It is also critical that the company’s values align with the community, value chains, and end-user consumers.

generate financing solutions that are more capital-intensive and superior in nature, we plays a significant role in green energy supply, including large-scale renewable developments.

This funding will support the installation of renewable energy sources, including batteries and solar power, thereby promoting the sustainable operation of the solar energy industry and aiding in the goal of attaining carbon-neutral greenhouse gas emissions by 2050. MD Bank aims for net-zero electric vehicle (EV) dealer companies to play a significant role, with the objective of increasing their loan portfolio by over 10% in the upcoming fiscal year. Its financing of industries that will utilise solar energy and renewable energy sources positions it as a leader in Myanmar.

We have been offering solar financing for a diverse array of applications, including industrial buildings and residential residences, as part of our Green Energy Financing Fund. These projects are readily adaptable to meet the energy demands of 2023.

This type of energy source is generally more environmentally sustainable and cleaner in comparison to the combustion of fossil fuels. By reducing greenhouse gas emissions through the use of renewable energy sources, air pollution and reliance on nonrenewable resources can be substantially diminished.

Effective governance is essential to addressing environmental risks and opportunities. corporate climate policies in environmental issues; energy use; waste utilisation; this can include pollution and packaging waste and natural resource conservation.

Our board of directors and management have established environmental regulations for MD Bank's headquarters and branches. Efforts are being made to implement these guidelines by reducing unnecessary electricity consumption at the head office and branches. We have created standards to ensure good water resources for our employees and customers and avoid unnecessary waste. We take these recommendations seriously. Sustainability considerations can help analyse the environmental concerns a company may face and how the company manages those risks. We will cut waste as much as possible by using plastics that pollute the environment. Our bank will use

reusable packaging instead of plastic. We are working on becoming a zero-plastic bank in the coming years. Promotional items are given to customers as reusable gifts, and we guarantee sustainable growth. These approaches can have a positive financial impact and benefit the planet. A reduction in the use of packaging materials equals a reduction in spending for our bank, and better fuel efficiency also improves the company's budget. We focused on getting their waste to use less packaging throughout their supply chain and getting more of that packaging from recycled or recycled materials through their zero-waste campaign.

Many businesses today, especially banks, are undergoing rapid digital transformation. In Southeast Asia, financial services companies, especially banks, are transforming themselves for the new world, a world recently transformed by COVID-19. As a result, we are helping local and international banks with their digital banking transformation. We will reduce human error and paperwork by moving to better, more innovative banking through digital banking and providing simpler banking services for our consumers. Reducing paperwork through digital banking also contributes to sustainable growth.

This year, the board reiterated our climate goals to accelerate growth. We want to help stop climate change and get to zero emissions. As a responsible financial institution, we recognise the need to help our customers transition to a low-carbon future.

Therefore, on June 5, 2024, which is **World Environment Day**, our bank employees actively participate in planting trees and distributing food to the sanitation workers and tree garden workers of the Yangon City Development Committee in Yangon under the theme "**Save the Nature, See Your Future.**" In the future, not only us, but also our customers and the community





### Social Pillar

In the midst of prevailing economic and political uncertainties, we acknowledge the profound impact that escalating costs and interest rates are having on our clientele. As we navigate these challenging circumstances, we are dedicated to furnishing our customers with tools that cater to their immediate needs and facilitate effective financial management. We pledge to dispense a wealth of advice and guidance to aid them through these tumultuous times.

The lessons gleaned from the fiscal repercussions of the COVID-19 pandemic have afforded us valuable insights into the diverse needs of our customers. This newfound understanding enables us to identify indicators of potential financial distress and formulate strategies to engage and support them appropriately. To assist customers grappling with financial difficulties, we offer a spectrum of solutions, including more streamlined service options for home and personal loans. Additionally, our utilization of behavioral and data insights enhances our comprehension of and support for our customers' savings behavior.

Our commitment to ensuring the well-being of those experiencing vulnerability is underscored by our endeavors to integrate this responsibility into the roles of all our personnel by 2023. Clear accountabilities guide our employees in adhering to vulnerability processes,

delineating potential disadvantages of said procedures. Through comprehensive training, our workforce is equipped to comprehend the impact on our customers and actively mitigate the risks they face.

In our pursuit of upholding fairness and equity, our processes and procedures are meticulously designed to guarantee impartiality in all our decisions. Regular quality assurance and controls, along with fairness reviews, serve as mechanisms to evaluate client cases and ensure decisions align with the best interests of the clients. For matters of heightened sensitivity, senior stakeholders collaborate across the bank to devise personalized solutions for clients in delicate situations.

Our dedication to customer-centric service is underscored by a commitment to continuous improvement. We attentively heed customer feedback to refine and enhance their banking experience. The management committee and staff of our bank stand ready to address and rectify any pain points experienced by our customers. Transparency and honesty form the foundation of our banking services, with stringent measures in place to safeguard the trust bestowed upon us by our customers.

Respect is a cornerstone of our interactions with customers. We approach each individual with due regard for their unique circumstances, ensuring unbiased and

equitable service for all. A mindful approach is employed when assisting vulnerable consumers. When delivering services, the Board of Directors and Management Committee strictly prohibit misleading activities. Complaints are treated with utmost seriousness, with prompt and effective resolution actions.

Furthermore, our commitment extends to the development of digital banking solutions that foster financial literacy and well-being for all, including those with disabilities. We aspire to create an inclusive financial environment that enables broad participation and empowerment.

According to the United Nations Sustainable Development Goals Report, gender equality is the number 5 goal, and our bank expressly prohibits gender discrimination in the workplace. The ability of women to fully realise the importance of women's roles; progressive promotion and advancement are provided based on work experience and qualifications, regardless of gender. We do not assign positions based on age; we only prioritise business ability, expertise, responsibility, and accountability. But mutual respect between old and young divides the work and points to success. Age at our bank gender Despite its different positions, it is a forward-thinking organisation that is progressing in the same direction. There are special safeguards against violence and anti-violence measures in place for employees. Additionally, staff provide additional compassionate counselling and support available to individuals experiencing domestic and family violence and financial abuse.

We are committed to the UN's No. 1 and No. 2 goals, zero poverty and zero hunger, with all of our shareholders, our employees, and our communities. Development Objective Report. According to the United Nations Sustainable Development Goals Report, we will focus on meeting four goals for quality education: we are passionate about learning and applying the latest technologies, and we are ready to share our knowledge. As a result, we have continuously provided training to our employees.

We are dedicated to fostering opportunities for innovation, community, and collaboration. We have developed a novel service that facilitates charitable contributions from both our clientele and other organisations.



**Contribution of the Htarwara PadayTharPin Account to Community Development**

In the forthcoming fiscal year, our esteemed institution is set to unveil the Htarwara PadayTharPin Account, a specialised financial instrument designed to facilitate seamless interactions between charitable organisations and donors. This initiative underscores our unwavering commitment to community development and social responsibility by providing a transparent and efficient platform for the collection of charitable donations. Through the introduction of this innovative financial tool, our primary objective is to enhance the capacity of these benevolent institutions to bring about tangible and lasting positive change within the communities they serve.

The impending launch of the Htarwara PadayTharPin Account signifies a significant advancement in fostering philanthropy. Through strategic collaborations with diverse charitable entities, including pagodas, nursing homes, charities, mosques, churches, Hindu temples, Chinese temples, and animal welfare organisations, we are poised to actively contribute to the betterment of society at large.

**Benefits for Customers**

For patrons actively engaged in philanthropic endeavours, the forthcoming introduction of the Htarwara PadayTharPin Account affords a profound sense of empowerment and assurance in their charitable pursuits. It establishes a dedicated platform where donors can contribute seamlessly, secure in the knowledge that their donations will be managed transparently and efficiently. Furthermore, our patrons will have the opportunity to witness the concrete outcomes of their contri-

butions, thereby elevating the visibility and impact of the causes they ardently support.

The impending launch of the Htarwara PadayTharPin account will provide customers with diverse avenues for engagement. Whether through the transfer of interest from personal accounts, the establishment of standing instructions for regular donations, or the convenience of mobile banking for hassle-free contributions, patrons will be equipped with user-friendly mechanisms to support causes aligned with their passions.

**Benefits to the Bank**

Beyond its evident social impact, the imminent introduction of the Htarwara PadayTharPin Account holds substantial promise for the bank. Serving as a cornerstone for a stable and diversified source of funds, it is poised to significantly contribute to the financial stability of the institution. By attracting new customers seeking philanthropic opportunities, we envision expanding our customer base while further solidifying our reputation as a socially conscious institution.

Moreover, the forthcoming account launch will fortify

our engagement within the community, foster positive public relations, and garner media exposure. Our collaborative efforts with charitable organisations underscore our steadfast commitment to social responsibility, thereby enhancing customer trust and loyalty.

In essence, the impending introduction of the Htarwara PadayTharPin Account symbolises a collective endeavour wherein the bank, customers, and the community converge to champion a shared cause—namely, the fostering of sustainable development and social well-being.

In commemoration of our 5th year anniversary, our employee donated money, meals, snacks, clothes, and other necessary items to “Myitta Kan Latt” Orphanage Care School. “Myitta Kan Latt” Orphanage Care School is a school that takes care of more than 100 orphans. Our Dy CEO and its staff donated, assisted during lunch time, and then joyfully played, danced, and sang with the children.

As our organisation, the profits will be used to promote health as well as education and living conditions, and it will also help to broaden financial opportunities.



Our Approach to Sustainability

## Governance Pillar

The governance role is integral to our commitment to responsible banking practices and social living. The following describes the key aspects that define our firm commitment and the role of our governance in promoting sustainability:

Our bank aims to establish a comprehensive sustainability policy framework that meets international best practices and local regulatory standards. This framework is environment, A guiding document that outlines our commitment to social and governance (ESG) principles. We articulate the Bank's values and principles that underline our dedication to sustainable business practices.

### Board Oversight

The Board of Directors plays a key role in providing oversight and direction regarding sustainability initiatives. A board focused on sustainability and risk management, the environment; Ensures that strategic decisions are made by considering their impact on the overall health of society and stakeholders.

### Integrated risk management

Sustainability risks are properly integrated into our overall risk management framework. It includes environmental damage, This includes assessing and mitigating risks associated with social responsibility and governance practices. By incorporating sustainability considerations into our risk assessments; We aim to promote resilience and long-term stability.

### Stakeholder Engagement

Our bank provides customers, employees We actively engage with diverse stakeholders, including regulators and the local communities we serve. We recognize the importance of open dialogue and collaboration to understand and address the evolving needs and expectations of our stakeholders. Regular communication channels are established to ensure transparency and accountability.

### Product and service innovation

Embracing sustainability means offering financial products and services that have positive environmental and social outcomes. Our commitment to green finance initiatives; We are committed to fostering innovation in banking solutions that

promote sustainable practices, including socially responsible investment options and financial inclusion programs.

### Ethics and integrity

To uphold ethical standards, the bank implements a comprehensive Code of Conduct, conducts regular training programs, and establishes confidential reporting mechanisms like a whistleblower hotline. Ethical considerations are integrated into risk assessments and due diligence processes, ensuring transparent transactions. The bank educates customers on ethical practices, offers socially responsible investment options, and engages in community initiatives. It is widely acknowledged that adhering to local regulations is crucial for the long-term success and stability of a financial institution, and we strictly follow anti-money laundering (AML) regulations. Preserving the trust and commitment that consumers have placed in us is of the utmost priority. Ethical leadership is fostered, and periodic audits assess the effectiveness of ethical initiatives, contributing to a culture of integrity and trust in the financial industry.

### Capacity Building

Recognizing the importance of building internal capabilities, the Bank invests in training and awareness programs for its employees. This includes educating employees about sustainable practices; This includes ESG considerations and the integration of these principles into daily operations.

### Measurable Impact and Reporting

Continuous objectives are established with clear metrics to measure the impact of our initiatives. We have regular reporting mechanisms to communicate our progress and performance against these goals. This commitment to transparency extends to internal and external stakeholders.

our governance role in sustainability as a Myanmar-based bank, policy, supervision, risk management; equity participation; innovation, Ethical development, It is defined by a robust framework that encompasses performance improvement and impact measurement. By following these principles, we aim to contribute meaningfully to Myanmar's sustainable development and align our operations with broader environmental and social responsibility goals.

# Approach to the sustainable development goal

## MD Bank's top priority SDGs



### Sustainable with efficient governance

To maintain honest and transparent accounting practices and regulatory compliance.

## Other SDGs priority by MD Bank



### Environmentally friendly future

Companies can improve their environmental sustainability by reducing their carbon footprint or wasteful practices.

## Other SDGs



### Making a Positive Impact on Society

Consists of practices that benefit the company's employees, consumers, and the wider community.



Focus Area

# We'll be there to contribute to a better future for all.

### Together, the MD Bank approach to sustainability

We are participating and creating a new and sustainable able growth future as an organisation that focuses on sustainability.

### MD Bank is the most prosperous of admiration.

The most aspirational, successful with humanised and benefit the society bank in Myanmar.



Focus Area



# Financial Statements

We understand that critical to maintain our financial stability and attention to environmental, social and governance issues.

## MD Bank (PCL) Financial Statements as at 31 March 2023

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# Directors' Statement

For the year ended 31 March 2023

The directors present their statement to the members together with the audited financial statements for the financial year ended 31 March 2023.

In the opinion of the directors,

The financial statements as set out on pages 85 to 121 are drawn up so as to give a true and fair view of the financial position of the Bank as at 31 March 2023 and the financial performance, changes in equity and cash flows of the Bank for the financial year covered by the financial statements; and at the date of this statement, there are reasonable grounds to believe that the Bank will be able to pay its debts and when they fall due.

Directors

The directors of the Bank according to list of Directors as per FORM D-1(16.1.2023) of this statement are as follows:

No.	Name	Position
1	Yone Mu	Non-Executive Director/Patron
2	Pye Phyo Aung	Non-Executive Chairman
3	Aung Zaw Hein	Non-Executive Vice Chairman
4	Aung Lwin Aye	Non-Executive Vice Chairman
5	Tin Latt Min	Non-Executive Director
6	Nway Nway Hlaing	Non-Executive Director
7	Thura Lwin	Non-Executive Director
8	Htun Lynn Shein	Non-Executive Director
9	Yin Yin	Non-Executive Director
10	Aik Sai	Non-Executive Director
11	Htun Htun Oo	Deputy Chief Executive Officer
12	Than Htike Aung	Independent Director

## Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Bank a party to any arrangement whose object was to enable the directors of the Bank to acquire benefits by means of the acquisition of share in, or debentures of, the Bank or any other body corporate.

# Directors' Interests in Shares

According to the directors' interests in shares, none of the directors holding office at the year end of March 2023 financial year had any interest in the shares of the Bank, except as follows:

No.	Name	No. of Ordinary Share	Amount (MMK'000)
1	Yone Mu (Green Light Treasure Company Limited)	28,000	2,800,000
2	Tin Latt Min	14,000	1,400,000
3	Pye Phyo Aung (Elegant Art Gems & Jewellery Company Limited)	14,000	1,400,000
4	Yin Yin	14,000	1,400,000
5	Nway Nway Hlaing (Wai Family Gems Company Limited)	12,000	1,200,000
6	Aik Sai	12,000	1,200,000
7	Thura Lwin	8,000	800,000
8	Aung Lwin Aye	5,000	500,000
9	Htun Lynn Shein	4,000	400,000
10	Aung Zaw Hein (Sin Gaung Taung Gems Company Limited)	4,000	400,000

Independent auditor

The independent auditor, Win Thin & Associates Limited, has expressed its willingness to accept appointment.

On behalf of the directors.



Pye Phyo Aung  
**Chairman**



Htun Htun Oo  
**Deputy Chief Executive Officer**



Moe Myat Myat  
**Head of Finance**

June 30, 2023

Ref: 214 / M-338/March-2023

# Independent Auditors' Report

**To the Members of Mineral Development Bank (PCL)**

**Report on the Financial Statements**

## **Opinion**

We have audited the financial statements of **Mineral Development Bank (PCL)**, which comprise the statement of financial position as at March 31, 2023, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 39.

In our opinion, the financial statements of **Mineral Development Bank (PCL)** are properly drawn up in accordance with Myanmar Financial Reporting Standards (MFRS) as modified by Central Bank of Myanmar requirements and the provisions of Myanmar Companies Law 2017 ("the Law") so as to give a true and fair view of the state of affairs as at March 31, 2023 and of the results and cash flows for the year then ended.

## **Basis for opinion**

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

## **Other Information**

Management is responsible for the other information. The other information comprises the information included in the Annual Report other than the Financial Statements and Independent Auditor's Report thereon.

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 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Myanmar Financial Reporting Standards (MFRS) as modified by Central Bank of Myanmar requirements and the provisions of the Myanmar Companies Law 2017, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls 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 Bank's internal controls.
- 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 Bank's ability to continue as a going concern.

If we conclude that a material uncertainty exists, we are required to bring to attention in our auditor's report to the related disclosures in the financial statements or if such disclosures are inadequate, 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 Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether 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.

### **Report on Other Legal and Regulatory Requirements**

In accordance with the provisions of Myanmar Companies Law, we report that:

- (i) we have obtained all the information and explanations we have required; and

(ii) the financial records have been maintained by the Bank as required by Section 258 of the Law.

Also, in accordance with Section 89 of the Financial Institutions of Myanmar Law, we report that subject to our management letter, in our opinion, the financial statements are complete and properly and fairly drawn up, they present fairly the operations of the Bank and the information obtained from the officers and representatives of the Bank are satisfactory.



**Ya Min Than (PAPP-418)**  
**B.Com, CPA, DBL**  
**Engagement Partner**  
**WIN THIN & ASSOCIATES LTD**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
**FIRM REGISTRATION NO. ACC 008**  
June 30, 2023



# Statement of Financial Position

As At 31 March 2023

	Notes	Mar' 2023 MMK'000	Mar' 2022 MMK'000
<b>Assets</b>			
Cash and Cash Equivalent	6	30,081,515	30,645,970
Investment Securities:	7		
- Myanmar Payment Union		200,000	200,000
- Government Securities		11,031,164	500,000
Loan and Advances	8	27,759,990	34,126,358
Other Assets	9	186,211	400,624
Property, Plant and Equipment	10	6,723,184	5,021,150
Intangible Assets	11	2,269,547	58,376
Right of Use Assets	12	286,495	110,000
<b>Total Assets</b>		<b>78,538,106</b>	<b>71,062,477</b>
<b>Liabilities</b>			
Lease Liabilities	12	41,239	-
Deposit from Bank	13	16,012,637	13,012,637
Deposits from Customers	14	22,419,468	25,700,699
Borrowing	15	8,000,000	-
Other Liabilities	16	985,288	1,118,666
Provision for Loan Loss	17	713,925	713,925
<b>Total Liabilities</b>		<b>48,172,557</b>	<b>40,545,927</b>
<b>Equity</b>			
Share Capital	18	31,900,000	31,900,000
Retained Earnings / (Deficits)		(1,624,879)	(1,473,878)
Reserves	19	90,428	90,428
<b>Total Equity</b>		<b>30,365,549</b>	<b>30,516,551</b>
<b>Total Liabilities and Equity</b>		<b>78,538,106</b>	<b>71,062,477</b>
Acceptances, Endorsement and Guarantee per Contra		<b>323,904</b>	<b>2,639</b>

See Accompanying Notes to the Financial Statements

Authenticated by:



Pye Phyo Aung  
Chairman



Htun Htun Oo  
Deputy Chief Executive Officer



Moe Myat Myat  
Head of Finance

## Statement of Comprehensive Income

For The Year Ended 31 March 2023

	Notes	Mar' 2023 MMK'000	Mar' 2022 MMK'000
Interest Income	20	4,679,822	2,562,249
Interest Expense	21	(2,309,433)	(1,156,324)
<b>Net Interest Income</b>		<b>2,370,389</b>	<b>1,405,925</b>
Fee and Commission Income	22	20,728	11,345
Other Income	23	216,937	65,982
<b>Total Income</b>		<b>2,608,054</b>	<b>1,483,252</b>
<b>Operating Expenses</b>			
Personnel Expenses	24	1,458,068	602,066
General and Administrative Expense	25	1,072,587	569,115
Depreciation & Amortization		384,331	109,150
<b>Total Operating Expenses</b>		<b>2,914,986</b>	<b>1,280,331</b>
<b>Loan Loss Provision</b>			
General Provision		-	-
Specific Provision		(41,805)	41,805
<b>Total Loan Loss Provision</b>		<b>(41,805)</b>	<b>41,805</b>
<b>Total Expenses</b>		<b>2,873,181</b>	<b>1,322,136</b>
<b>Profit/ (Loss) Before Income Tax</b>		<b>(265,128)</b>	<b>161,116</b>
Income Tax	26	114,126	(35,445)
<b>Net Profit /(Loss) for the year</b>		<b>(151,002)</b>	<b>125,670</b>
<b>Other Comprehensive Income</b>		<b>-</b>	<b>-</b>
<b>Total Comprehensive Income/(Loss)</b>		<b>(151,002)</b>	<b>125,670</b>

See Accompanying Notes to the Financial Statements

Authenticated by:



Pye Phyo Aung  
Chairman



Htun Htun Oo  
Deputy Chief Executive Officer



Moe Myat Myat  
Head of Finance

## Statement of Changes in Equity

For The Year Ended 31 March 2023

	Share Capital	Retained Earnings/ (Deficits)	Statutory Reserve	Total
	MMK'000	MMK'000	MMK'000	MMK'000
<b>Balance at 30 September, 2021</b>	<b>31,900,000</b>	<b>(1,568,130)</b>	<b>59,011</b>	<b>30,390,880</b>
Total Comprehensive Income for the year	-	125,670	-	125,670
Amount Transferred to Statutory Reserves	-	(31,418)	31,418	-
<b>Balance at 31 March, 2022</b>	<b>31,900,000</b>	<b>(1,473,878)</b>	<b>90,428</b>	<b>30,516,551</b>
Total Comprehensive Income for the year	-	(151,002)	-	(151,002)
<b>Balance at 31 March, 2023</b>	<b>31,900,000</b>	<b>(1,624,879)</b>	<b>90,428</b>	<b>30,365,549</b>

See Accompanying Notes to the Financial Statements

Authenticated by:



Pye Phyto Aung  
Chairman



Htun Htun Oo  
Deputy Chief Executive Officer



Moe Myat Myat  
Head of Finance

## Statement of Cash Flows

For The Year Ended 31 March 2023

	Mar' 2023	Mar' 2022
	MMK'000	MMK'000
<b>Cash Flows from Operating Activities</b>		
Profit/ (Loss) Before Income Tax	(265,128)	161,116
Adjustment for:		
- Depreciation	253,390	81,132
- Amortization of Intangible Assets	28,421	11,518
- Amortization of Right of Use Assets	102,520	16,500
- Adjustments of fixed assets	944	-
- Interest expense on lease liability	7,446	-
- Income Tax Adjustment	114,126	-
- Changes In Specific Provision	-	41,805
	<b>241,720</b>	<b>312,071</b>
Changes in Operating Assets and Liabilities:		
- Changes in Loan and Overdraft	6,366,368	1,528,065
- Changes in Other Assets	261,913	106,918
- Changes in Deposits from Bank	3,000,000	8,000,000
- Changes in Deposits from Customer	(3,281,231)	(7,853,545)
- Changes in Other Liabilities	(133,377)	176,172
<b>Cash (Used in)/Generated from Operating Activities</b>	<b>6,455,391</b>	<b>2,269,682</b>
Income Taxes Paid	(47,500)	-
<b>Net Cash Provided by / (Used in) Operating Activities</b>	<b>6,407,891</b>	<b>2,269,682</b>
<b>Cash Flow from Investing Activities</b>		
Investment in Government Securities Bond	(10,531,164)	4,410,000
Purchase of Intangible Assets	(2,239,592)	(56,280)
Purchase of Property, Plant and Equipment	(1,956,368)	(428,226)
Prepayment of Right of Use Assets	(245,222)	-
<b>Net Cash used in Investing Activities</b>	<b>(14,972,347)</b>	<b>3,925,494</b>
<b>Cash Flow from Financing Activities</b>		
Borrowing	8,000,000	-
<b>Net Cash used in Financing Activities</b>	<b>8,000,000</b>	<b>-</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalent</b>	<b>(564,455)</b>	<b>6,195,176</b>
<b>Cash and Cash Equivalent at 1 April</b>	<b>30,645,970</b>	<b>24,450,794</b>

<b>Cash and Cash Equivalent at 31 March</b>	<b>30,081,515</b>	<b>30,645,970</b>
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See accompanying notes to financial statement.

Authenticated by:



Pye Phyo Aung  
**Chairman**



Htun Htun Oo  
**Deputy Chief Executive Officer**



Moe Myat Myat  
**Head of Finance**

# Notes to the Financial Statements

For The Year Ended 31 March 2023

## 1. General

Mineral Development Bank (Public Company Limited) ('The Bank') was established as a public bank company limited on January 20, 2016 as certificate by DICA new registration No. 102383451 under Myanmar Companies Law (2017) in place of former Registration No.3246/2015-2016 (Yangon).

The Bank was permitted to carry out banking business under license No. Ma Bha Ba / Pa Ba -26/07/2018 dated on 6th July, 2018 issued by the Central Bank of Myanmar (CBM) according to Section 57 of the Central Bank of Myanmar Law.

The principal activities of the Bank are to provide banking and financial services as prescribed by Section 52 of Financial Institution of Myanmar Law. There have been no significant changes in the nature of these principal activities during the financial year.

The registered office of the Bank is No.66/1, Kabaraye Road, Mayangone Township, Yangon Region, Republic of the Union of Myanmar.

During the year end of 31 March, 2023 the Bank has opened Junction City Branch according to Central Bank approved dated on 19 October 2022 and up to date the bank has established the Head Office and (5) branches.

Authorized Dealer License No. CBM, FEMD (128/2021) dated August 5, 2021 by the Central Bank of Myanmar is valid for (5) years from 29.7.2021 to 28.7.2026.

The Financial Statements were approved and authorized for issued by the Board of Directors on June 30, 2023.

## 2. BASIC OF PREPARATION AND ACCOUNTING POLICIES

### 2.1 Basic of Preparation

The financial statements of the bank have been prepared in accordance with Myanmar Financial Reporting Standards (MFRS) as modified by Central Bank of Myanmar requirements. In preparing these financial statements, certain reclassifications and rearrangements have been made in 2022 financial statements to conform to the classifications used in 2023. The financial statements have been prepared on the historical cost basis except for financial instruments that are measured at revalued amounts or fair values at the end of each reporting period.

### 2.2 Functional and Presentation Currency

The Bank's financial statements are presented in MMK, which is also the Bank's functional currency.

# Notes to the Financial Statements

For The Year Ended 31 March 2023

## 3. Summary of Significant Accounting Policies

### 3.1 Foreign Currencies

#### 3.1.1 Foreign Currency Transactions

Transactions in currencies other than the Bank's functional currency ("foreign currencies") are recorded in the functional currency using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing on the reporting date.

Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated. Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period.

Exchange differences arising on the translation of monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognized directly in equity.

The closing foreign exchange rates used by the Bank were (in MMK):

For Financial year ended	USD	EUR	SGD	THB	MYR
<b>31 March, 2023</b>	2422.00	2285.20	1579.20	61.439	475.92
<b>31 March, 2022</b>	1778.00	1978.20	1313.30	53.401	422.73

### 3.2 Interest Income and Expenses

For all financial instruments measured at amortized cost and interest-bearing financial assets classified as held-for-trading and available-for-sale, interest and expenses are recognized under "interest income", "interest expenses" respectively in the statement of profit or loss using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating the interest income over expense over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash payment or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

The calculation takes into account all contractual terms of the financial instrument but does not consider the future credit losses. Significant fees and transactions costs integral to the effective interest rate, as well as premiums or discounts are also considered.

For impaired financial assets where the value of the financial asset has been written down as a result of an impairment loss, interest income continues to be recognized using the rate of interest used to discount the future cash flows for the purpose of measuring impairment loss.

# Notes to the Financial Statements

For The Year Ended 31 March 2023

### 3.3 Fees and Commission Income

Fees and commission income are generally recognized on an accrual basis when the service has been provided.

### 3.4 Other Income

Other income includes gains resulting from foreign exchange and other items of income from various sources.

### 3.5 Current Tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Current tax is payable on the taxable profit for the financial year, using tax rates enacted or substantively enacted at the reporting date.

### 3.6 Deferred Tax

Deferred tax is provided using the liability method on temporary differences at the financial year end between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except for the deferred tax liability that arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognized for all deductible temporary differences, recognized tax losses and unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, recognized tax losses and unused tax credits can be recognized except where the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets are reviewed at each financial year end and reduced to the extent that is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be recognized.

Unrecognized deferred tax assets are reassessed at each financial year end and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recognized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is recognized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the financial year end.

### 3.7 Financial Assets and Financial Liabilities

#### 3.7.1 Initial Recognition and Subsequent Measurement

Financial instruments are classified into the following categories—financial instruments at fair value through profit or loss, Loans and receivables, financial instruments held-to-maturity, financial investments available-for-sale and other non-derivative financial liabilities. Management determines the classification of financial instruments at initial recognition.

# Notes to the Financial Statements

For The Year Ended 31 March 2023

## (i) Financial Instruments as Fair Value through Profit or Loss

Financial instruments classified in this category consist of financial assets held-for-trading. Financial assets are classified as held-for-trading if they are acquired principally for the purpose of selling or repurchasing it in the near term.

Financial instruments included in this category are recognized initially at fair value and transaction costs are taken directly to profit or loss. Gains and losses from changes in fair value and dividend income are included directly in "Net gains and losses on financial instruments" in the statement of profit or loss. Interest income is recognized as "interest income" in the statement of profit or loss. Regular purchase and sales of financial assets held-for-trading are recognized at settlement date.

## (ii) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are reported in the statement of financial position as loans and advances. Interest on loans is included in the income statement and is reported as "Interest Income".

## (iii) Held-to-Maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Bank has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method less any impairment.

## (iv) Available-for-Sale

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. Dividend income on available-for-sale securities is recognized separately in other income. Net gains and losses arising from the sale of these securities are reported in the statement of comprehensive income. They are reported under investment securities in the statement of position.

## (v) Other Non-derivative Financial Liabilities

Other non-derivative Financial Liabilities are initially recognized at the fair value of consideration received less directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial liabilities are measured at amortized cost. The Bank does not have any non-derivative financial liabilities designated at fair value through profit or loss. Financial liabilities measured at amortized cost included deposits from customers, deposits from banks and other borrowed funds.

### 3.7.2 Recognition and Derecognition

The Bank initially recognizes all financial assets and financial liabilities on the date that they are originated and measured initially at fair value.

The Bank derecognizes a financial asset when the contractual rights to the cash flows from the financial assets are expired or the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. The Bank derecognizes a financial liability when the contractual obligations are discharged, cancelled or expired.

## Notes to the Financial Statements

For The Year Ended 31 March 2023

### (i) Initial Measurement

Financial assets are initially recognized at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognized at fair value. Transaction costs for financial assets at fair value through profit or loss are recognized immediately as expenses.

### (ii) Subsequent Measurement

Available-for-sale financial assets are subsequently carried at fair value if the fair value can be reliably estimated using valuation on techniques supported by observable market data, otherwise, those assets will be carried at cost less impairment loss. Loans and receivables and held-for-maturity financial assets are subsequently carried at cost.

### 3.7.3 Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the asset and to settle the liability simultaneously. This is not generally the case for financial instruments with master netting agreements and therefore, the related assets and liabilities are presented on a gross basis in the statement of financial position.

### 3.7.4 Determination of Fair Value

All financial instruments are recognized initially at fair value. At initial recognition, the fair value of a financial instrument is generally the transaction price, i.e., the fair value of the consideration given or received. Subsequent to initial recognition, the fair value of financial instruments is measured in accordance with the valuation methodologies generally accepted in Myanmar.

Investments in unquoted equity instruments whose fair value cannot be reliably measured are measured at cost, and assessed for impairment at each reporting date.

## 3.8 Impairment of Financial Assets

### 3.8.1 Loans and Advances

Loans and advances of the Bank are classified as impaired when they fulfill any of the following criteria:

Individual Assessment

(a) Principal or interest or both are past due for ninety (90) days or more; or

(b) Outstanding amount is in excess of approved limit for ninety (90) days or more in the case of overdraft facilities; or

Where a loan is in arrears or the outstanding amount has been in excess of the approved limit for less than ninety (90) days, the loan exhibits indications of significant credit weaknesses; or

(c) Default occurs for repayments scheduled on more over (90) days for financially distressed customers.

## Notes to the Financial Statements

### For The Year Ended 31 March 2023

For the determination of impairment on loans, the Bank assess at each reporting date whether there is any objective evidence that a loan is impaired. A loan is impaired and impairment losses are recognized only if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the loan that can be reliably estimated.

The criteria that the Bank use to determine that there is objective evidence of an impairment include:

- (a) Any significant financial difficulty of the borrower;
- (b) A breach of contract, such as a default or delinquency;
- (c) A high probability of bankruptcy or other financial reorganization of the borrower;
- (d) Concerns over the viability of the borrower's business operations and its capacity to trade successfully out if financial difficulties and to generate sufficient cash flows to service its debt obligations; or
- (e) Any adverse news or developments affecting the local economic conditions or business environment which will adversely affect the repayment capacity of the customer.

The Bank first assesses individually whether objective evidence of impairment exists for all loans. If there is objective evidence that an impairment loss has been incurred, the amount of loss is measured as the difference between the loan's carrying amount and the present value of the estimated future cash flows. The carrying amount of the loan is reduced through the use of an allowance account and the amount of loss is recognized in profit or loss. Where appropriate, the calculation of the present value of estimated future cash flows of a collateralized loan reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

Where a loan is uncollectible, it is written off against the related allowance for loan impairment. Such loans are written off after the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of the amounts previously written off are recognized in profit or loss.

#### Collective Assessment

The Bank's collective assessment is currently maintained at 2% of the total outstanding loans, net of individual assessment allowance, being the arrangement prescribed under Central Bank of Myanmar guidelines and policy.

#### Rescheduled and Restructured Loans

Where a loan shows evidence of credit weaknesses, the Bank may seek to renegotiate the loan rather than to take possession of collateral. This may involve an extension of the payment arrangements via rescheduling or the renegotiation of new loan terms and conditions via restructuring. Management monitors the renegotiated loan to ensure that all the revised terms are met and that the repayments are made promptly for a continuous period.

### 3.8.2 Held-to-Maturity

The Bank assess at each reporting date whether objective evidence of impairment of financial investments held-to-maturity exists as a result of one or more loss events and that loss event has an impact on the

## Notes to the Financial Statements

For The Year Ended 31 March 2023

estimated future cash flows of the financial investment or group of financial investments that can be reliably estimated.

Where there is objective evidence of impairment, an impairment loss is recognized as the difference between the acquisition cost and the present value of the estimated future cash flows, less any impairment loss previously recognized. If, in a subsequent period, the amount of the impairment loss decrease and the decrease can be objectively related to an event occurring after the impairment loss was recognized, the impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

### 3.8.3 Available-for-Sale

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market.

If an AFS financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and recognized or accretion) and its current fair value, less any impairment loss previously recognized in profit or loss, is transferred from equity to profit or loss.

Impairment losses on AFS equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognized in other comprehensive income. For AFS debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

### 3.9 Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

### 3.10 Property, Plant and Equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognized as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. The carrying amounts of replaced parts are derecognized. All other repairs and maintenance are charged to profit or loss when they are incurred.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Subsequent to initial recognition, property, plant and equipment other than freehold land and buildings are measured at cost less accumulated depreciation and any accumulated impairment losses, if any. Freehold land has an indefinite useful life and therefore it is not depreciated.

# Notes to the Financial Statements

For The Year Ended 31 March 2023

Depreciation is computed under the straight-line method over the estimated useful life of these assets other than freehold land which is not depreciated. The bank changes the estimated useful lives of the followings according to the bank's Instruction No (14/2022-2023) dated on 17 March, 2023.

## Annual Rates

No.	Description	Depreciation Rate
1.	Land	-
2.	Building	1.25%
3.	Furniture, Fixture & Fitting	5.00%
4.	Electrical Equipment & Computer Accessories	20.00%
5.	Motor Car & Motorcycle	12.50%
6.	Office Machine and Other Machine	10.00%
7.	Leasehold Improvement	Over the Period of Lease

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The policy for the recognition and measurement of impairment losses is in accordance with Note 4.3.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

### 3.11 Leases

For a lessee, a lease that is accounted for under IFRS 16 results in the recognition of:

- a right-of-use asset and lease liability
- interest expense (on the lease liability)
- depreciation expense (on the right-of-use asset).

The right-of-use asset and lease liability must be presented or disclosed separately from other, non-lease assets and liabilities.

Previously, each lease contract was qualified either as finance leases, or as operating lease, with accounting treatment appropriate for each category. In application of IFRS 16, all lease contracts are now recognised in right-of-use assets and in lease liabilities by a debt corresponding to the discounted value of future payments. Lease term is defined on a contract- by contract basis and corresponds to the firm period of the commitment taking into account any optional periods that are reasonably certain to be exercised. The discount rates applied is based on the Bank's lending rate for secured loan.

### 3.12 Intangible Assets

Intangible assets acquired are measured at cost on initial recognition. Subsequent to initial recognition, they are measured at cost less accumulated amortization and impairment losses, if any. Intangible assets with finite useful lives are amortized on a straight-line basis over their estimated useful lives and assessed for impairment whenever there is an indication of impairment. Intangible assets with finite useful lives include

## Notes to the Financial Statements

### For The Year Ended 31 March 2023

MIT Software, Money Changer Currency Software and Mobile Banking System Software with an amortization period is three years. During this year, Intangible Assets have been added that is ICBS Core banking system, Royal saving account product, CBM Net Phase II FI Gateway, MIS reporting system, Asset management system, and Customized website development this year with an amortization period is 10 years according to the bank's Instruction No (14/2022-2023) dated on 17 March 2023.

#### 3.13 Impairment of Non-financial Assets

Non-financial assets, such as property, plant and equipment, investment properties and foreclosed properties, are reviewed for impairment annually, or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where such indications exist, the carrying amount of the asset is written down to its recoverable amount, which is the higher of the fair value less costs to sell and the value-in-use. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

These assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. No non-financial assets were impaired in March 31, 2023 and March 31, 2022.

#### 3.14 Share Capital

Ordinary shares are classified as equity when there is no contractual obligation to transfer cash or other financial assets.

#### 3.15 Other Liabilities

Other payables represent liabilities for services provided to the Bank prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities. Other payables are initially recognized at fair value, and subsequently carried at cost.

#### 3.16 Provisions

Provisions are recognized when the Bank has a present legal or constructive obligation as a result of past events. It is more likely than not that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions are reviewed at each financial year end adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

#### 3.17 Contingent Liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognized in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote. Contingent liabilities and assets are not recognized in the statements of financial position of the Bank in the current and previous financial year ends.

# Notes to the Financial Statements

For The Year Ended 31 March 2023

## 3.18 Related Parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Bank if that person:
- (i) Has control or joint control over the Bank;
  - (ii) Has significant influence over the Bank; or
  - (iii) Is a member of the Key Management Personnel of the Bank or of a parent of the Bank
- (b) An entity is related to the Bank if any of the following conditions applies:
- (i) The entity and the Bank are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
  - (iii) Both entities are joint ventures of the same third party;
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) The entity is a post-employment defined benefit plan for the benefit of employees of either the Bank or an entity related to the Bank. If the Bank is itself such a plan, the sponsoring employers are also related to the Bank;
  - (vi) The entity is controlled or jointly controlled by a person identified in (a);
  - (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the Key Management Personnel of the entity (or of a parent of the entity).

## 3.19 Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

## 3.20 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Bank.

The fair value of an asset or a liability is measured using the assumptions that market participants act in their economic best interest when pricing the asset or liability.

The Bank uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Bank determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the financial year end.

# Notes to the Financial Statements

For The Year Ended 31 March 2023

## 4. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Bank's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

In the process of applying the Bank's accounting policies, management has made the following judgements, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statement.

### 4.1 Impairment of Credit Exposures

The Bank reviews its significant credit portfolios to assess impairment at each reporting date. In determining whether an impairment loss should be recognized, the Bank makes judgements as to whether there is any observable data indicating an impairment trigger. This evidence may include observable data indicating that there has been an adverse change in the credit quality or deterioration in the payment conduct of borrowers individually or as a group. These judgements are applied in line with its internal policy on determining impaired loans.

Judgement is required by management in the estimation of the amount and timing of future cash flows when determining an impairment loss for credit exposures. In estimating these cash flows, the Bank makes judgements about the borrower's financial situation and the net realisable value of collateral. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the impairment allowance.

### 4.2 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Where the classification of a financial asset or liability results in it being measured at fair value, wherever possible, the fair value is determined by reference to the quoted bid or offer price in the most advantageous active market to which the Bank has immediate access. An adjustment for credit risk is also incorporated into the fair value as appropriate.

Where no active market exists for a particular asset or liability, the Bank uses a valuation technique to arrive at the fair value, including the use of transaction prices obtained in recent arm's length transactions, discounted cash flow analysis and other valuation techniques, based on market conditions and risks existing at reporting date. In doing so, fair value is estimated using a valuation technique that makes maximum use of observable market inputs and places minimal reliance upon entity-specific inputs.

# Notes to the Financial Statements

For The Year Ended 31 March 2023

## 4.3 Depreciation of Property, Plant and Equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the asset's estimated economic useful lives. Management estimates the useful lives of these property, plant and equipment to be within a range of 3 years to 80 years. These are common life expectancies applied in this industry.

Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets and therefore future depreciation charges could be revised. The carrying amount of the Bank's property, plant and equipment at the reporting date is disclosed in Note-10.

## 4.4 Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Bank recognised tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

## 5. Financial Risk Management

The Bank's business activities involve the use of financial instruments. These activities expose the Bank to a variety of financial risks, mainly credit risk, foreign exchange risk, interest rate risk and liquidity risk. The Bank's financial risks are managed by the various management committees within the authority delegated by the Board of Directors. These management committees formulate, review and approve policies and limits to monitor and manage risk exposures under their respective supervision. The major policy decisions and proposals approved by these committees are subject to further review by the Board of Directors.

The main financial risks that the Bank is exposed to and how they are managed is set out below:

### (a) Interest Rate Risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of the changes in market interest rate. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to the changes in market rates.

The Bank is exposed to interest rate risk, through the impact of rate changes between the interest income and interest expenses at interest rates defined according to different types of deposits from customers with determinate or indeterminate maturities.

The table below summarizes the Bank's exposure to interest rate risk as at 31 March 2022 and as at 31 March 2023. The tables indicate effective average interest rates at the reporting date in which the financial instruments are reprised or mature, whichever is earlier.

## Notes to the Financial Statements

For The Year Ended 31 March 2023

31 March 2023	Interest sensitive MMK'000	Non-interest sensitive MMK'000	Total MMK'000
<b>Assets</b>			
Cash and Cash Equivalent	27,026,926	3,054,589	30,081,515
Investment Securities:			
- Myanmar Payment Union (MPU)	-	200,000	200,000
- Government Securities	11,031,164	-	11,031,164
Loan and Advances	26,273,005	-	26,273,005
- Not Impaired	1,486,985	-	1,486,985
- Impaired	-	-	-
Other Assets	-	186,211	186,211
<b>Total Assets</b>	<b>65,818,080</b>	<b>3,440,800</b>	<b>69,258,880</b>
<b>Liabilities</b>			
Deposit from Bank	16,000,000	12,637	16,012,637
Deposits from Customers	22,148,350	271,119	22,419,469
Other Liabilities	-	985,289	985,289
Borrowing	8,000,000	-	8,000,000
<b>Total Liabilities</b>	<b>46,148,350</b>	<b>1,269,045</b>	<b>47,417,395</b>
<b>Net Assets</b>	<b>19,669,730</b>	<b>2,171,755</b>	<b>21,841,485</b>

31 March 2022	Interest sensitive MMK'000	Non-interest sensitive MMK'000	Total MMK'000
<b>Assets</b>			
Cash and Cash Equivalent	25,522,908	5,123,062	30,645,970
Investment Securities:			
- Myanmar Payment Union (MPU)	-	200,000	200,000
- Government Securities	500,000	-	500,000
Loan and Advances	31,699,938	-	31,699,938
- Not Impaired	2,301,003	-	2,301,003
- Impaired	167,222	-	167,222
Other Assets	-	400,624	400,624
<b>Total Assets</b>	<b>60,191,071</b>	<b>5,723,686</b>	<b>65,914,757</b>
<b>Liabilities</b>			
Deposit from Bank	13,000,000	12,637	13,012,637
Deposits from Customers	24,308,606	1,392,093	25,700,699
Other Liabilities	-	1,118,666	1,118,666
<b>Total Liabilities</b>	<b>37,308,606</b>	<b>2,523,396</b>	<b>39,832,002</b>
<b>Net Assets</b>	<b>22,882,465</b>	<b>3,200,290</b>	<b>26,082,755</b>

## Notes to the Financial Statements

For The Year Ended 31 March 2023

### Sensitivity analysis of interest rate risk

The tables below show the sensitivity of the Bank's profit after tax to an up and down 1%:

31 March 2023	<u>Tax rate (22%)</u>	<u>+ 1%</u>	<u>- 1%</u>
		MMK'000	MMK'000
Impact to Profit Before Tax	-	196,697	(196,697)
Impact to Profit After Tax	22%	43,273	(43,273)

31 March 2022	<u>Tax rate (22%)</u>	<u>+ 1%</u>	<u>- 1%</u>
		MMK'000	MMK'000
Impact to Profit Before Tax	-	228,825	(228,825)
Impact to Profit After Tax	22%	50,341	(50,341)

#### (b) Credit Risk

Credit risk is the risk that the Bank will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Bank manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for industry concentrations, and by monitoring exposures in relation to such limits.

The Bank has established a credit review process to provide early identification of possible changes in the credit worthiness of counterparties, including regular collateral revisions. The credit review process aims to allow the Bank to assess the potential loss as a result of the risks to which it is exposed and take corrective action.

The maximum exposure to credit risk for each class of financial instruments as represented by the categories of financial assets on the statement of financial position is limited to the carrying amounts on the reporting date, without taking into account the fair value of any collateral. For the statement of financial position financial assets, the maximum exposure to credit risk equals their carrying amount.

The table below sets out information about the financial assets held by the Bank:

	Mar'2023		Mar'2022	
	MMK'000		MMK'000	
	Loans and advances	Investment securities <sup>(1)</sup>	Loans and Advances	Investment securities <sup>(1)</sup>
Neither Past Due nor Impaired	26,273,005	11,231,164	31,699,938	700,000
Past Due but not Impaired	1,486,985	-	2,301,003	-
Individually Past Due and Impaired	-	-	167,222	-
	<b>27,759,990</b>	<b>11,231,164</b>	<b>34,168,163</b>	<b>700,000</b>

<sup>(1)</sup>Investment securities exclude equity securities which are not exposed to credit risk.

## Notes to the Financial Statements

For The Year Ended 31 March 2023

The investment securities that are neither past due nor impaired includes government securities which are substantially with high credit-ratings in Myanmar. Loans and advances past due but not impaired: Certain loans and advances are past due but not impaired as the collateral values of these loans and advances are in excess of the principal and interest outstanding.

Loans and advances individually past due and impaired: Certain loans and advances are past due and considered impaired as the recoverable values of these loans and advances are likely to be lower than its carrying value.

### (c) Liquidity and Cash Flow Risk

Liquidity risk is the risk that the Bank is unable to meet its obligations when they fall due as a result of customer deposits being withdrawn, cash requirements from contractual commitments, or other cash outflows, such as debt maturities or margin calls for derivatives. Such outflows would deplete available cash resources for client lending, trading activities and investments. In extreme circumstances, lack of liquidity could result in reductions in the statement of financial position and sales of assets, or potentially an inability to fulfill lending commitments. The risk that the Bank will be unable to do so is inherent in all banking operations and can be affected by a range of institution-specific and market-wide events including, but not limited to, credit events, merger and acquisition activity, systemic shocks and natural disasters.

The Bank monitors and maintains a level of bank balances deemed adequate by the directors to finance the operation and mitigate the effects of fluctuation in cash flow.

The tables below set out the remaining contractual maturities of the Bank's non-derivative financial assets and financial liabilities on an undiscounted basis.

Balance at 31 March, 2023	Up to 1 Year MMK'000	Over 1 Year MMK'000	Total MMK'000
<b><u>Non-derivative Financial Assets</u></b>			
Cash and Cash Equivalent	30,081,515	-	30,081,515
Investment Securities:			
- Myanmar Payment Union (MPU)	-	200,000	200,000
- Government Securities	31,164	11,000,000	11,031,164
Loan and Advances	27,337,959	422,031	27,759,990
<b>Total</b>	<b>57,450,638</b>	<b>11,622,031</b>	<b>69,072,669</b>
<b><u>Non-derivative financial liabilities</u></b>			
Deposit from Bank	16,012,637	-	16,012,637
Deposits from Customers	22,408,318	11,150	22,419,468
Borrowing	8,000,000	-	8,000,000
<b>Total</b>	<b>46,420,955</b>	<b>11,150</b>	<b>46,432,105</b>

## Notes to the Financial Statements

For The Year Ended 31 March 2023

Balance at 31 March, 2022	Up to 1 Year MMK'000	Over 1 Year MMK'000	Total MMK'000
<b><u>Non-derivative Financial Assets</u></b>			
Cash and Cash Equivalent	30,645,970	-	30,645,970
Investment Securities:			
- Myanmar Payment Union (MPU)	-	200,000	200,000
- Government Securities	500,000	-	500,000
Loan and Advances	33,776,998	391,165	34,168,163
<b>Total</b>	<b>64,922,968</b>	<b>591,165</b>	<b>65,514,133</b>
<b><u>Non-derivative Financial Liabilities</u></b>			
Deposit from Bank	13,012,637	-	13,012,637
Deposits from Customers	25,690,699	10,000	25,700,699
<b>Total</b>	<b>38,703,336</b>	<b>10,000</b>	<b>38,713,336</b>

The Bank's liquidity ratio as of 31 March 2023 was 68.67% and hence more than 20% fixed by the Central Bank of Myanmar as per its instruction no. (19/2017).

### (d) Foreign Exchange Risk

Foreign exchange risk is the risk to earnings and economic value of foreign currency assets, liabilities and financial derivatives caused by fluctuations in foreign exchange rates.

The Bank's foreign exchange exposures comprise banking (non-trading) foreign exchange exposures. Non-trading foreign exchange exposures are principally derived from investments and funding activities and customer businesses.

### (e) Operational Risk

Operational risk, which is inherent in all business activities, is the potential for financial loss, and business instability arising from failures in internal controls, operational processes or the systems that support them.

The goal of operational risk management is to balance cost and risk within the constraints of the risk appetite of the Bank and to be consistent with the prudent management required of a large financial organization.

It is recognized that such risks can never be entirely eliminated and that the cost of controls in minimizing these risks may outweigh the potential benefits. Accordingly, the Bank continues to invest in risk management and mitigation such as business continuity management and incident management. In reinforcement of the implementation of the Bank's risk strategy, independent checks on risk issues are undertaken by the internal audit function.

## Notes to the Financial Statements

For The Year Ended 31 March 2023

### (f) Legal and Compliance Risk

Legal risk is the risk that the business activities of the Bank have with unintended or unexpected legal consequences. It includes risk arising from:

1. Inadequate documentation, legal or regulatory incapacity, insufficient authority of a counterparty and uncertainty about the validity or enforceability of a contract in counterparty insolvency;
  2. Actual or potential violations of law or regulation (including activity unauthorized for a bank and which may attract a civil or criminal fine or penalty);
  3. Failure to protect the Bank's property;
  4. The possibility of civil claims (including acts or other events which may lead to litigation or other disputes);
- and
5. Loss or increased charges associated with changes in, or errors in the interpretation of, taxation rates or law.

Compliance risk arises from a failure or inability to comply with the laws, regulations or codes applicable to the financial services industry. Non-compliance can lead to fines, public reprimands, and enforced suspension of operations or, in extreme cases, withdrawal of authorization to operate.

The Bank identifies and manages legal and compliance risk through effective use of its internal and external legal and compliance advisers.

### (g) Capital Management

The primary objectives of the Bank's capital management are to diversify its sources of capital, and to maintain an optimal level of capital which is adequate to support business activities and commensurate with the Bank's risk profile, and to meet its regulatory requirements.

	<b>Mar' 2023</b>	<b>Mar' 2022</b>
	<b>MMK'000</b>	<b>MMK'000</b>
Share Capital	31,900,000	31,900,000
Retained Earnings / (Deficits)	(1,624,879)	(1,473,878)
Reserves	90,428	90,428
	<b>30,365,549</b>	<b>30,516,551</b>

According to bank's letter submitted to CBM on dated 6 April 2023, the Bank's capital adequacy ratio as of 31 March 2023 was 64.41 % hence more than 8% of regulatory capital adequacy, and 63.16 % hence more than 4% minimum tier (1)'s capital as prescribed by the Central Bank of Myanmar Notification No. 16/2017.

## Notes to the Financial Statements

For The Year Ended 31 March 2023

### 6. Cash and Cash Equivalent

	<b>Mar' 2023</b>	<b>Mar' 2022</b>
	<b>MMK'000</b>	<b>MMK'000</b>
Cash In Hand – MMK	1,865,448	1,676,091
Cash In Hand – Foreign Currency	10,808	10,173
Cash at CBM	1,176,809	3,435,481
Account with Other Banks	17,028,450	17,024,224
Placement with Financial Institution	10,000,000	8,500,000
	<b>30,081,515</b>	<b>30,645,970</b>
<b>Current</b>	<b>30,081,515</b>	<b>30,645,970</b>
<b>Non-current</b>	<b>-</b>	<b>-</b>

### 7. Investment Securities

	<b>Mar' 2023</b>	<b>Mar' 2022</b>
	<b>MMK'000</b>	<b>MMK'000</b>
Available-for-Sale – at Cost		
Myanmar Payment Union(MPU Shares)	200,000	200,000
	<b>200,000</b>	<b>200,000</b>
Debt Securities:		
-Treasury Bill	-	500,000
-Treasury Bond	11,000,000	-
-Accrued Interest on Treasury Bills& Bond	31,164	-
	<b>11,031,164</b>	<b>500,000</b>
<b>Total investment securities</b>	<b>11,231,164</b>	<b>700,000</b>
<b>Current</b>	<b>31,164</b>	<b>500,000</b>
<b>Non-Current</b>	<b>11,200,000</b>	<b>200,000</b>

No impairment loss occurred in 31 March, 2023 and 31 March, 2022 for investment securities.

Unquoted equity investments classified as available-for-sale are carried at cost, less impairment because the fair value cannot be reliably estimated using valuation techniques supported by observable market data determined.

## Notes to the Financial Statements

For The Year Ended 31 March 2023

### 8. Loans and Overdraft

	<b>Mar' 2023</b>	<b>Mar' 2022</b>
	<b>MMK'000</b>	<b>MMK'000</b>
Loans & Advances A/C	18,353,500	27,388,671
Staff Loans A/C	58,250	29,933
Overdraft A/C	6,324,459	3,640,828
Hire Purchase A/C	27,953	87,430
Home Loan A/C	335,828	273,802
SME Loan A/C	1,110,000	60,000
VIP Customer Loans A/C (Savings)	150,000	187,500
Short Term Loan A/C	-	2,500,000
Gold Loan A/C	900,000	-
Project Financing A/C	500,000	-
Gross Loan & Advance	27,759,990	34,168,163
Less: Specific Loan Loss Provision (*)	-	(41,805)
<b>Net loans and advances</b>	<b>27,759,990</b>	<b>34,126,358</b>
<b>Current</b>	<b>27,337,959</b>	<b>33,735,193</b>
<b>Non-current</b>	<b>422,031</b>	<b>391,165</b>

(\*) During the financial year, the customer's status of interest payment changed to the Performing Loan.

(i) Loan and overdraft by types of the business purpose are as follow:

	<b>No. of</b>	<b>Mar' 2023</b>	<b>No. of</b>	<b>Mar' 2022</b>
	<b>Loan</b>	<b>MMK'000</b>	<b>Loan</b>	<b>MMK'000</b>
Service	9	2,697,407	4	1,775,000
Trading	26	16,057,800	30	23,208,731
Manufacturing/ Production	1	450,000	1	70,000
Transportation	3	750,000	4	1,249,905
General	57	58,250	61	29,933
Mining	4	6,681,595	3	6,999,440
Construction	3	750,000	1	500,000
Livestock	-	-	-	-
Hire Purchase	1	27,953	2	87,430
TOD	-	286,985	-	247,725
	<b>104</b>	<b>27,759,990</b>	<b>106</b>	<b>34,168,163</b>

## Notes to the Financial Statements

For The Year Ended 31 March 2023

(ii) Loan and overdraft by types of the insurance purpose are as follow:

	No. of Loan	Mar' 2023 MMK'000	No. of Loan	Mar' 2022 MMK'000
Immovable Property	33	22,555,364	29	23,034,686
Gold Loan	1	900,000		-
Unsecured Loan	3	1,232,595	3	2,419,440
Other Security Guarantee & project loan	2	2,500,000	5	8,135,372
Deposit Mortgage	2	150,000	3	187,500
Staff Loan	57	58,250	61	29,933
Home Loan	5	335,828	3	273,802
Hire Purchase	1	27,953	2	87,430
	<b>104</b>	<b>27,759,990</b>	<b>106</b>	<b>34,168,163</b>

### 9. Other Assets

	Mar' 2023 MMK'000	Mar' 2022 MMK'000
Prepaid Expenses A/C	29,519	181,790
Accrued Interest Account	86,982	149,276
Advanced Expenses Account	2,039	11
Miscellaneous	1,562	3,262
Claim Expenses A/C	1,864	60
Prepaid Deposits A/C	10,593	10,293
Deferred Expenditure A/C	-	55,931
Inventory	6,152	-
Prepaid Tax A/C- 2021-2022	36,000	-
Prepaid Tax A/C -2022-2023	11,500	-
	<b>186,211</b>	<b>400,624</b>
<b>Current</b>	<b>175,618</b>	<b>334,399</b>
<b>Non-Current</b>	<b>10,593</b>	<b>66,225</b>

## Notes to the Financial Statements

For The Year Ended 31 March 2023

### 10. Property, Plant and Equipment

MMK'000	Land & Building	Furniture	Computer	Office Machinery & Equipment	Motor Vehicle	Work In Progress	Leasehold Improvement	Total
<b>Cost</b>								
As At 1 April, 2022	4,120,627	122,980	572,233	443,334	198,025	71,018	-	5,528,217
Addition-Purchase	27,165	26,117	827,719	67,223		504,164	503,980	1,956,368
Adjustment	9,445	(10,545)	-	-	-	-	-	(1,100)
<b>As At 31 March, 2023</b>	<b>4,157,237</b>	<b>138,552</b>	<b>1,399,952</b>	<b>510,557</b>	<b>198,025</b>	<b>575,182</b>	<b>503,980</b>	<b>7,483,485</b>
As At 1 April, 2022	14,517	24,269	194,542	166,620	107,119	-	-	507,067
Charge for the Financial year	4,731	6,505	120,837	47,257	24,753	-	49,307	253,390
Adjustment	1,614	(1,769)	-	-	-	-	-	(156)
<b>As At 31 March, 2023</b>	<b>20,862</b>	<b>29,004</b>	<b>315,379</b>	<b>213,877</b>	<b>131,872</b>	<b>-</b>	<b>49,307</b>	<b>760,301</b>
<b>Net book value as at 31 March, 2023</b>	<b>4,136,375</b>	<b>109,548</b>	<b>1,084,574</b>	<b>296,680</b>	<b>66,153</b>	<b>575,182</b>	<b>454,673</b>	<b>6,723,184</b>

## Notes to the Financial Statements

For The Year Ended 31 March 2023

MMK'000	Land & Building	Furniture	Computer	Office Machinery & Equipment	Motor Vehicle	Work In Progress	Leasehold Improvement	Total
<b>Cost</b>								
As At 1 October, 2021	4,120,547	113,244	268,401	399,775	198,025	-	-	5,099,992
Addition-Purchase	80	2,993	3,466	7,108	-	25,619	-	39,266
Additions-Transfer from Suspense	-	6,743	300,366	36,451	-	45,399	-	388,960
<b>As At 31 March, 2022</b>	<b>4,120,627</b>	<b>122,980</b>	<b>572,233</b>	<b>443,334</b>	<b>198,025</b>	<b>71,018</b>	<b>-</b>	<b>5,528,217</b>
As At 1 October, 2021	12,214	21,331	151,877	145,770	94,742	-	-	425,935
Charge for the Financial year	2,303	2,938	42,665	20,849	12,377	-	-	81,132
<b>As At 31 March, 2022</b>	<b>14,517</b>	<b>24,269</b>	<b>194,542</b>	<b>166,620</b>	<b>107,119</b>	<b>-</b>	<b>-</b>	<b>507,067</b>
<b>Net book value as at 31 March, 2022</b>	<b>4,106,110</b>	<b>98,711</b>	<b>377,691</b>	<b>276,714</b>	<b>90,906</b>	<b>71,018</b>	<b>-</b>	<b>5,021,150</b>

## Notes to the Financial Statements

For The Year Ended 31 March 2023

### 11. Intangible Assets

	Mar' 2023	Mar' 2022
	MMK'000	MMK'000
<b>Cost</b>		
Opening Balance	197,647	141,367
Addition	2,239,592	56,280
<b>Total Cost</b>	<b>2,437,239</b>	<b>197,647</b>
<b>(Less) Amortization</b>		
Opening Balance	139,271	127,752
Amortization	28,421	11,518
<b>Total Amortization</b>	<b>167,692</b>	<b>139,271</b>
<b>Net Book Value</b>	<b>2,269,547</b>	<b>58,376</b>

### 12. Right Of Use Assets

	Mar' 2023	Mar' 2022
	MMK'000	MMK'000
<b>Cost</b>		
Opening Balance	165,000	165,000
Addition	279,015	-
<b>Total Cost</b>	<b>444,015</b>	<b>165,000</b>
<b>(Less) Amortization</b>		
Opening Balance	55,000	38,500
Amortization	102,520	16,500
<b>Total Amortization</b>	<b>157,520</b>	<b>55,000</b>
<b>Net Amount</b>	<b>286,495</b>	<b>110,000</b>

Right of use assets (Building) account has been paid the advance for Shwebonchar Branch for the period of 1 August'2020 to 31 July'2025 and MDY Branch for the period of 19 Sept'22 to 18 Sept' 25 and owed for JC Branch for 1 April'22 to 31 March'25.

## Notes to the Financial Statements

For The Year Ended 31 March 2023

### Lease liability

The following tables summarise the movement in the lease liabilities that corresponds to the ROU recognized by the Branch.

	Mar' 2023	Mar' 2022
	MMK'000	MMK'000
Opening Balance as at 1 April 2022	-	-
Additions	33,793	-
Lease payment	-	-
Interest expense	7,446	-
<b>Balance at 31 March 2023</b>	<b>41,239</b>	-

The leased asset of the Branch on which ROU asset and lease liability were recognized pertains to the lease of branch office.

### 13. Deposits from Bank

	Mar' 2023	Mar' 2022
	MMK'000	MMK'000
Current A/c	12,637	12,637
Fixed Deposit A/c	16,000,000	13,000,000
	<b>16,012,637</b>	<b>13,012,637</b>
<b>Current</b>	<b>12,637</b>	<b>12,637</b>
<b>Non-Current</b>	<b>16,000,000</b>	<b>13,000,000</b>

### 14. Deposits from Customers

	Mar' 2023	Mar' 2022
	MMK'000	MMK'000
Payable to Non-banks		
Current Deposits	271,119	1,392,093
Saving Deposits	10,378,563	15,673,290
Fixed Deposits	8,117,134	6,643,375
Call Deposits	3,452,622	1,741,901
VIP Saving Deposit	200,031	250,040
	<b>22,419,468</b>	<b>25,700,699</b>
<b>Current</b>	<b>22,408,318</b>	<b>25,690,699</b>
<b>Non-Current</b>	<b>11,150</b>	<b>10,000</b>

## Notes to the Financial Statements

For The Year Ended 31 March 2023

### 15. Borrowing

	Mar' 2023	Mar' 2022
	MMK'000	MMK'000
Borrowing from CBM	8,000,000	-
3B-7% p.a (Period:11-01-2023 to 06-04-2023)		
5B-7%p.a (Period:28-03-2023 to 27-06-2023)		
	<b>8,000,000</b>	-
<b>Current</b>	<b>8,000,000</b>	-
<b>Non-Current</b>	-	-

### 16. Other Liabilities

	Mar' 2023	Mar' 2022
	MMK'000	MMK'000
Payment Order (Government)	4,681	11,384
Sundry Deposit	3,020	3,574
Items due and unpaid	594,362	534,001
Accrued Interest Payable	49,536	216,308
Interest on Suspense	283,827	239,272
Provision for Income Tax (2020-2021)	-	78,681
Provision for Income Tax (2021-2022)	-	35,445
Interest on Borrowing	49,863	-
	<b>985,288</b>	<b>1,118,666</b>
<b>Current</b>	<b>985,288</b>	<b>1,118,666</b>
<b>Non-Current</b>	-	-

## Notes to the Financial Statements

For The Year Ended 31 March 2023

### 17. Provision for Loan Loss

	Mar' 2023	Mar' 2022
	MMK'000	MMK'000
Provision for Loan Loss		
Opening balance	713,925	713,925
Additional for the year	-	-
<b>Closing balance</b>	<b>713,925</b>	<b>713,925</b>

\* In compliance with Central Bank Instruction (17/2017) dated on 7.7.2017 and Notification Letter No.2621 / KaKa (1)/3/507/2018-2019, dated on 10.5.2019, 2% of total balance of loans and advances have been set aside as provision for bad and doubtful debts.

In this year, loans and advances were decreased as compared with the previous year's outstanding loans. The bank did not require the 2% general loan loss provision because it is covered by the reserve.

### 18. Share Capital

The total amounts of issued and paid-up capital were made in accordance with Section 71 of the Myanmar Companies Law.

	Number of ordinary shares		Amount	
	Mar' 2023	Mar' 2022	Mar' 2023	Mar' 2022
	Share	Share	MMK'000	MMK'000
Opening balance	319,000	319,000	31,900,000	31,900,000
Additional Capital	-	-	-	-
<b>Closing balance</b>	<b>319,000</b>	<b>319,000</b>	<b>31,900,000</b>	<b>31,900,000</b>

## Notes to the Financial Statements

For The Year Ended 31 March 2023

### 19. Reserve

The details of reserve are as follows:

	Mar' 2023	Mar' 2022
	MMK'000	MMK'000
<b>Statutory Reserve Fund <sup>(1)</sup></b>		
Opening Balance	90,428	59,011
Additional for the year	-	31,418
Closing balance	<b>90,428</b>	<b>90,428</b>

In compliance with Section 35(a) of the Financial Institutions of Myanmar Law, 25% of the net profit after tax has been set aside as statutory reserve fund and is not distributable as cash dividends.

### 20. Interest Income

	Mar' 2023	Mar' 2022
	MMK'000	MMK'000
<b>Operations:</b>		
Interest on Loans	2,162,352	1,454,106
Interest on Overdraft & Temporary	495,648	236,057
Income from Hire-Purchase	7,423	1,285
<b>Total Operating Interest Income</b>	<b>2,665,423</b>	<b>1,691,449</b>
<b>Investments:</b>		
Interest from investment	525,126	102,784
<b>Total investment interest income</b>	<b>525,126</b>	<b>102,784</b>
<b>Interest on Deposits :</b>		
Interest on Deposits & Lending	1,489,273	768,016
<b>Total Interest on Deposits</b>	<b>1,489,273</b>	<b>768,016</b>
<b>Total interest income</b>	<b>4,679,822</b>	<b>2,562,249</b>
Interest on Loan and overdraft	7.00% ~14.50%p.a	7.00% ~ 14.50%p.a
Deposit with Other Banks;	5.00% ~ 8.70%p.a	5.00% ~ 8.50%p.a
Bond Rate	7.50% ~8.68%p.a	

## Notes to the Financial Statements

For The Year Ended 31 March 2023

### 21. Interest Expenses

	Mar' 2023	Mar' 2022
	MMK'000	MMK'000
Interest on Deposit	2,106,362	1,156,324
Interest on Borrowing	203,071	-
<b>Total</b>	<b>2,309,433</b>	<b>1,156,324</b>

### Note

	Mar' 2023	Mar' 2022
<b>Rate of Deposit are as follows:</b>		
Fixed Deposit		
Fixed Deposit (1 month)	7.25%~7.50%	6.00%
Fixed Deposit (3 month)	7.75%~8.00%	6.25%~7.50%
Fixed Deposit (6 month)	8.25%~8.50%	6.50%~8.00%
Fixed Deposit (9 month)	8.75%~9.00%	6.75%~7.50%
Fixed Deposit (12 month)	9.00%~9.25%	7.00%~8.00%
Fixed Deposit (24 month)	9.25%~9.50%	8.00%~8.50%
Saving Deposit	6.00%~7.50%	5.00%~7.25%
Call Deposit	5.50%~6.00%	1.50%
Borrowing	7.00%	-

### 22. Fee and commission income

	Mar'2023	Mar'2022
	MMK'000	MMK'000
Commission on Guarantee	9,651	138
Service Fees	3,569	4,533
Commission on Remittances	4,707	2,922
Sales Commission on Hire Purchase	-	419
Exchange on IR Private Bank	2,801	3,332
	<b>20,728</b>	<b>11,345</b>

## Notes to the Financial Statements

For The Year Ended 31 March 2023

### 23. Other Income

	<b>Mar'2023</b>	<b>Mar'2022</b>
	<b>MMK'000</b>	<b>MMK'000</b>
Late Fees	6,606	2,714
Services Charges for Loan & HP	76,672	59,183
Other Income	130,992	4,987
Foreign Currency Exchange Gain/ (Loss)	2,667	(901)
	<b>216,937</b>	<b>65,982</b>

### 24. Personnel Expense

	<b>Mar' 2023</b>	<b>Mar' 2022</b>
	<b>MMK'000</b>	<b>MMK'000</b>
Staff Salaries	1,420,914	559,309
Staff Allowance	510	24,460
Social Security Contribution	18,545	8,726
Staff Recreation Expenses	18,100	-
Bonus	-	9,571
	<b>1,458,068</b>	<b>602,066</b>

### 25. General and Administrative Expense

	<b>Mar' 2023</b>	<b>Mar' 2022</b>
	<b>MMK'000</b>	<b>MMK'000</b>
Repair & Maintenance	161,795	28,488
Communication Expenses	74,173	26,814
Stationery & Supplies	14,272	19,863
Miscellaneous Expenses	70,995	18,987
Insurance	12,740	5,230
Rates & Taxes	71,387	43,983
Rent	391,018	310,480
Fees & Expenses	249,557	115,269
Annual Meeting	26,650	-
	<b>1,072,587</b>	<b>569,115</b>

## Notes to the Financial Statements

For The Year Ended 31 March 2023

### 26. Income Tax Expense

All Taxes are Current Tax:

	Mar' 2023 MMK'000	Mar' 2022 MMK'000
Current Tax on Ordinary Income for the year (Note -15)	-	35,445
Over provision for (2020-2021)	78,681	-
Over provision for (2021-2022-Mini Budget)	35,445	-
	<b>114,126</b>	<b>35,445</b>

Current tax is the expected tax payable on the taxable income for the year, using the tax rates enacted or substantively enacted at the reporting date. Tax assessments for FY 2020-2021 and tax assessments for FY 2021-2022 were received on April 4, 2022 and August 29, 2022, respectively with Nil assessments. The Bank's tax return for 2022-2023 has been submitted to IRD on 1.6.2023.

### 27. Related Parties

Related parties include the Bank's key management personnel and their related parties. Key Management Personnel refers to the Bank's Directors and Members of its Management Executive Committee.

In addition to those disclosed elsewhere in the financial statements, the following significant related party transactions took place during the financial year, on terms agreed between the parties.

	Mar' 2023 MMK'000			Mar' 2022 MMK'000		
	Key Managent Personnel	Other Related		Key Managent Personnel	Other Related	
		Individual	Entity		Individual	Entity
Loan and Overdraft		5,901,789	1,998,312	-	6,115,461	8,300,000
Deposit	5,204,172	1,211,333	-	-	-	-
Building Rental	162,000	-	-	-	-	-
Director Fees & Expenses	30,459			387	-	-

### 28. Fair Value of Financial Instruments

Financial instruments comprise financial assets and financial liabilities. Fair value is the amount at which a financial asset could be exchanged or a financial liability settled, between knowledgeable and willing parties in an arm's length transaction.

Fair value information for non-financial assets and liabilities are excluded as they do not fall within the scope of MFRS 7 which requires the fair value information to be disclosed. These include property and equipment. The total fair value by each financial instrument is not materially different from the total carrying amount.

## Notes to the Financial Statements

For The Year Ended 31 March 2023

### 29. Guarantees and Commitments

#### Letter of Credit & Guarantees

	Mar' 2023	Mar' 2022
	MMK'000	MMK'000
Performance Guarantee	323,904	2,639
	<b>323,904</b>	<b>2,639</b>

Guarantees are contracts that contingently require the Bank to make payments to a guaranteed party based on an event or change in an underlying asset and liability. Guarantees are taken into account in the general ledger on contra, which are not yet expired at the balance sheet date.

### 30. Reclassifications and Comparative figure

Certain reclassifications have been made to the prior period financial statements to enhance comparability with the current year's financial statements.

As a result, certain line items have been amended in the statement of financial position, statement of comprehensive income, statement of changes in equity and statements of cash flow, and the related notes to the financial statements. Comparative figures have been adjusted to conform to the current year's presentation.

The items were reclassified as follow:

	Previously reported	After reclassification
	MMK'000	MMK'000
<b>Balance Sheet items:</b>		
Payable to CBM for MCH	54	
Miscellaneous	863	
Marginal Deposit	2,639	
CCT Transaction Fees Payable for CBM-NET	19	
Sundry Deposit		3,574
Accrued Interest Payable A/C(Fixed)	209,557	
Unearned Income-Interest on Treasury Bill	3,160	
Interest on Loans and OD	3,591	
Accrued Interest Payable		216,308
<b>Income items:</b>		
Exchange on IR Private Bank	3,332	
Fee and Commission Income		3,332

## Notes to the Financial Statements

For The Year Ended 31 March 2023

### Expenses items:

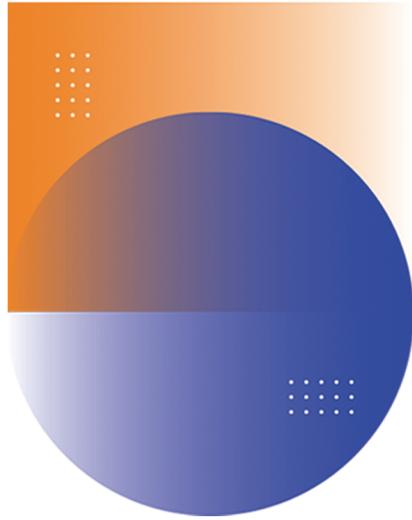
Meal Allowances	803	
Uniform Allowances	250	
Daily Allowances	895	
Over Time Allowances	512	
Special Allowances	21,400	
Technical Allowances	600	
Staff Allowances		24,460
Directors Fees & Expenses	387	
Auditors Fees	9,450	
Annual Fees	35,043	
Registration Fees	500	
License Fees	13,036	
Hono; For Dirt; Lect; For Train	52,553	
Employee Training	3,509	
Other Items	791	
Fees & Expenses		115,269
<b>Cash Flow items:</b>		
Amortization	28,018	
Amortization of Intangible Assets		11,518
Amortization of Right of Use Assets		16,500

### 31. Comparative Figures

The financial statements for the twelve-month year ended March 31, 2023 and the financial statements for the six-month period ended March 31, 2022 are presented as comparative figures of the current year financial statements. Therefore, the amounts presented in the financial statements are not entirely comparable.

### 32. Rounding of amounts

Amounts in this report have been rounded off to the nearest thousand in MMK.



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