

**MINERAL DEVELOPMENT BANK PUBLIC COMPANY LIMITED**

*(Incorporated in the Republic of the Union of Myanmar)*

**FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION**

**FOR THE YEAR ENDED 31 MARCH 2025**

**Currency - Myanmar Kyat**

**U HLA TUN & ASSOCIATES LIMITED**

**CERTIFIED PUBLIC ACCOUNTANTS**

**MINERAL DEVELOPMENT BANK PUBLIC COMPANY LIMITED***(Incorporated in the Republic of the Union of Myanmar)***FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION**

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**DIRECTORS**

|                       |                      |
|-----------------------|----------------------|
| U Yone Mu             | Director             |
| U Aik Sai             | Director             |
| U Thura Lwin          | Director             |
| U Mya Kyaw Swar Win @ | Director             |
| U Kyaw Swar Win       |                      |
| U Tun Hla             | Director             |
| Daw Tin Tin Nyo       | Independent Director |

**REGISTERED OFFICE**

No.66/1, Kabaraye Pagoda Road,  
Mayangone Township,  
Yangon Region, Myanmar

**AUDITOR**

U Hla Tun & Associates Limited  
Certified Public Accountants

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## MINERAL DEVELOPMENT BANK PUBLIC COMPANY LIMITED

### STATEMENT OF THE DIRECTORS for the year ended 31 March 2025.

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The directors are pleased to present their statement to the members together with the audited financial statements of Mineral Development Bank Public Company Limited ("the Bank") for the year ended 31 March 2025.

In our opinion:

- (a) the financial statements set out on pages FS 1 to FS 25 are drawn up so as to give a true and fair view of the financial position of the Bank as at 31 March 2025 and the financial performance, changes in equity and cash flows of the Bank for year ended on that date.
- (b) the books of accounts have been maintained in accordance with the Section 258 of Myanmar Companies Law 2017.
- (c) at the date of this statement, there are reasonable grounds to believe that the Bank will be able to pay its debts as and when they fall due.

The board of Directors has, on the date of this statement, authorized these financial statements for issue.

#### Directors

The directors in office at the date of this statement are as follows:

1. U Yone Mu
2. U Aik Sai
3. U Thura Lwin
4. U Mya Kyaw Swar Win @ U Kyaw Swar Win
5. U Tun Hla
6. Daw Tin Tin Nyo

#### Directors and their interests

The directors in office in the year and their beneficial interests in the Bank at the end of financial year were as follows:

|                                       | <u>Number of Shares</u> |
|---------------------------------------|-------------------------|
|                                       | <u>31.3.2025</u>        |
| U Yone Mu                             | 28,000                  |
| U Aik Sai                             | 12,000                  |
| U Thura Lwin                          | 8,000                   |
| U Mya Kyaw Swar Win @ U Kyaw Swar Win | 6,000                   |
| U Tun Hla                             | 6,000                   |

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Bank or related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the accompanying financial statements and in this report.

#### Continuing Operations

None of the activities of the Bank were discontinued or acquired during the year.



### **Result of the Financial Year**

In the opinion of the directors, the results of the operations of the Bank during the financial year have not been affected by any item, transaction or event of a material and unusual nature other than the exceptional items and extraordinary items disclosed in the report.

The Bank has no recognized gains or losses during the financial year other than the profit or loss stated in the report.

### **Dividends**

During the year, no dividend was paid by the Bank.

### **Share options**

During the financial year, there were:

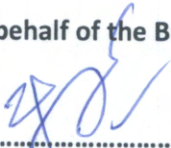
- (i) no options granted by the Bank to any person to take up unissued shares in the Bank; and
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Bank.

As at the end of the financial year, there were no unissued shares of the Bank under options.

### **Charges and Contingent Liabilities**

Since the end of the financial year no charge on the assets of the Bank has arisen which secures the liabilities of any other person. Since the end of the financial year no contingent liability of the Bank has arisen. No contingent or other liability of the Bank has become enforceable or is likely to become enforceable within a year of twelve months after the end of the financial year which, in the opinion of the director, will or may substantially affect the ability of the Bank to meet their obligations as and when they fall due.

**On behalf of the Board of Directors**



.....  
**Director**



.....  
**Director**



.....  
**Chief Operating Officer**

**Date : June 25, 2025.**



## **INDEPENDENT AUDITORS' REPORT**

### **To the members of Mineral Development Bank Public Company Limited Report on the audit of the financial statements**

#### ***Opinion***

We have audited the financial statements of **Mineral Development Bank Public Company Limited** ("the Bank"), which comprise the statement of financial position as at 31 March 2025, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages FS1 to FS25.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Myanmar Companies Law and Myanmar Financial Reporting Standards (MFRSs), so as to give a true and fair view of the financial position of the Bank as at 31 March 2025 and of the financial performance, changes in equity and cash flows of the Bank for the year ended on that date.

#### ***Basis for opinion***

We conducted our audit in accordance with Myanmar Standards on Auditing (MSAs). Our responsibilities under those standards are further described in the '**Auditors' responsibilities for the audit of the financial statements**' section of our report. We are independent of the Bank in accordance 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. 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 Directors' statement, but does not include the financial statements and the 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.

#### ***Responsibilities of management and directors for the financial statements***

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Myanmar Companies Law and MFRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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.

The directors' responsibilities include overseeing the Bank's financial reporting process.

### ***Auditors' responsibilities for the audit of the financial statements***

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

As part of an audit in accordance with MSAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

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

### **Report on other legal and regulatory requirements**

In accordance with the Myanmar Companies Law (2017), we report that;

- (i) we have obtained all the information and explanations we have required and
- (ii) the books and records have been maintained by the Bank as required by Section 258 of the Myanmar Companies Law.

In accordance with Section 89(a) of the Financial Institutions Law 2016, we report that subject to our letter to the management, in our opinion the financial statements of the Bank are properly and fairly drawn up, they present fairly the operation of the Bank and information obtained from the officers and representatives of the Bank are satisfactory.



*one more*

(Tin Tin Win)

Certified Public Accountant

PAPP No. (244)

U Hla Tun & Associates Limited

Shwegon Plaza, 64(B), 1<sup>st</sup> Floor,

Komin Kochin Road, Bahan Township,  
Yangon Region.

Date : June ၂၅ , 2025.



**MINERAL DEVELOPMENT BANK PUBLIC COMPANY LIMITED**

(Incorporated in the Republic of the Union Of Myanmar)

**Statement of Financial Position**

|                                                    | Notes | As At 31st March<br>2025<br>(MMK'000) | As At 31st March<br>2024<br>(MMK'000) |
|----------------------------------------------------|-------|---------------------------------------|---------------------------------------|
| <b>Assets</b>                                      |       |                                       |                                       |
| Cash & Cash Equivalents                            | 6     | 41,614,490                            | 81,237,638                            |
| Loans and Overdraft                                | 7     | 57,344,306                            | 47,286,151                            |
| Investment Securities                              | 8     | 11,418,815                            | 11,322,301                            |
| Other Assets                                       | 9     | 3,210,015                             | 1,730,000                             |
| Property, Plant and Equipment                      | 10    | 7,088,889                             | 7,540,850                             |
| Intangible Assets                                  | 11    | 3,192,798                             | 3,075,068                             |
| Right of Use Assets                                | 12    | 402,331                               | 160,732                               |
| <b>Total Assets</b>                                |       | <b>124,271,644</b>                    | <b>152,352,740</b>                    |
| <b>Liabilities</b>                                 |       |                                       |                                       |
| Lease Liabilities                                  |       | 385,924                               | 45,153                                |
| Deposits from Bank                                 | 13    | 41,012,654                            | 60,012,637                            |
| Deposits from Customers                            | 14    | 40,904,876                            | 36,352,118                            |
| Borrowing                                          | 15    | 13,000,000                            | 25,000,000                            |
| Other Liabilities                                  | 16    | 1,325,591                             | 1,262,116                             |
| Provision for Loan Loss                            | 17    | 1,334,539                             | 945,723                               |
| <b>Total Liabilities</b>                           |       | <b>97,963,584</b>                     | <b>123,617,747</b>                    |
| <b>Equity</b>                                      |       |                                       |                                       |
| Share Capital                                      | 18    | 31,900,000                            | 31,900,000                            |
| Reserves                                           | 19    | 90,428                                | 90,428                                |
| Retained Earnings / (Deficits)                     |       | (5,682,368)                           | (3,255,435)                           |
| <b>Total equity</b>                                |       | <b>26,308,060</b>                     | <b>28,734,993</b>                     |
| <b>Total Liabilities and equity</b>                |       | <b>124,271,644</b>                    | <b>152,352,740</b>                    |
| Acceptance Endorsement and<br>Guarantee per Contra |       | 376,655                               | 143,269                               |

See accompanying notes to the financial statements

Authenticated by ;

  
Director  
Chief Operating Officer  
Head of Finance

Date: June 25 , 2025.



**MINERAL DEVELOPMENT BANK PUBLIC COMPANY LIMITED**

(Incorporated in the Republic of the Union Of Myanmar)

**Statement of Comprehensive Income**

|                                          | Notes | Year ended<br>March 31, 2025<br>(MMK'000) | Year ended<br>March 31, 2024<br>(MMK'000) |
|------------------------------------------|-------|-------------------------------------------|-------------------------------------------|
| Interest Income                          | 20    | 13,248,639                                | 7,610,216                                 |
| Interest Expense                         | 21    | (10,482,766)                              | (5,127,171)                               |
| <b>Net interest income</b>               |       | <b>2,765,873</b>                          | <b>2,483,045</b>                          |
| Fee and Commission Income                | 22    | 53,699                                    | 49,868                                    |
| Other Income                             | 23    | 737,626                                   | 430,467                                   |
| <b>Total Income</b>                      |       | <b>3,557,198</b>                          | <b>2,963,380</b>                          |
| Personnel Expense                        | 24    | (1,749,829)                               | (1,870,521)                               |
| General and Administrative Expenses      | 25    | (2,583,879)                               | (1,921,148)                               |
| Depreciation & Amortization              |       | (1,202,891)                               | (570,469)                                 |
| <b>Total Operating expenses</b>          |       | <b>(5,536,599)</b>                        | <b>(4,362,138)</b>                        |
| General Provision (Loan Loss)            |       | (388,816)                                 | (231,798)                                 |
| Specific Provision (Loan Loss)           |       | (58,716)                                  | -                                         |
| <b>Total Loan Loss Provision</b>         |       | <b>(447,532)</b>                          | <b>(231,798)</b>                          |
| <b>Total Expenses</b>                    |       | <b>(5,984,131)</b>                        | <b>(4,593,936)</b>                        |
| <b>Profit/(Loss) before tax</b>          |       | <b>(2,426,933)</b>                        | <b>(1,630,556)</b>                        |
| Income Tax Expenses                      |       | -                                         | -                                         |
| <b>Net Profit/(Loss) after tax</b>       |       | <b>(2,426,933)</b>                        | <b>(1,630,556)</b>                        |
| <b>Other Comprehensive income</b>        |       |                                           |                                           |
| <b>Total Comprehensive income/(loss)</b> |       | <b>(2,426,933)</b>                        | <b>(1,630,556)</b>                        |

See accompanying notes to the financial statements

Authenticated by ;

  
Director  
Chief Operating Officer  
Head of Finance

Date: June 25 , 2025.

**MINERAL DEVELOPMENT BANK PUBLIC COMPANY LIMITED**

(Incorporated in the Republic of the Union of Myanmar)

**Statement of Changes in Equity**

|                                         | (MMK'000)     |                   |                          |             |
|-----------------------------------------|---------------|-------------------|--------------------------|-------------|
|                                         | Share Capital | Statutory Reserve | Retained Earnings/(Loss) | Total       |
| Balance at 1 <sup>st</sup> April 2023   | 31,900,000    | 90,428            | (1,624,879)              | 30,365,549  |
| <u>Changes during the year</u>          |               |                   |                          |             |
| Total Comprehensive Income for the year | -             | -                 | (1,630,556)              | (1,630,556) |
| Balance at 31 <sup>st</sup> March 2024  | 31,900,000    | 90,428            | (3,255,435)              | 28,734,993  |
| Balance at 1 <sup>st</sup> April 2024   | 31,900,000    | 90,428            | (3,255,435)              | 28,734,993  |
| <u>Changes during the year</u>          |               |                   |                          |             |
| Total Comprehensive Income for the year | -             | -                 | (2,426,933)              | (2,426,933) |
| Amount Transferred to Reserves          | -             | -                 | -                        | -           |
| Balance at 31 <sup>st</sup> March 2025  | 31,900,000    | 90,428            | (5,682,368)              | 26,308,060  |

See Accompanying Notes to the Financial Statements

Authenticated by ;



Director



Chief Operating Officer



Head of Finance



**MINERAL DEVELOPMENT BANK PUBLIC COMPANY LIMITED**

(Incorporated in the Republic of the Union of Myanmar)

**Statement of Cash Flows**

|                                                                         | Year ended<br>March 31, 2025<br>(MMK'000) | Year ended<br>March 31, 2024<br>(MMK'000) |
|-------------------------------------------------------------------------|-------------------------------------------|-------------------------------------------|
| <b>Cash Flows from operating activities</b>                             |                                           |                                           |
| Profit/(Loss) before income tax                                         | (2,426,933)                               | (1,630,556)                               |
| <b>Adjustment for :</b>                                                 |                                           |                                           |
| Depreciation                                                            | 589,946                                   | 421,632                                   |
| Amortization of Intangible Assets                                       | 347,705                                   | 23,075                                    |
| Amortization of Right of Use Assets                                     | 265,241                                   | 125,763                                   |
| Fixed Assets Write-off                                                  | 2,772                                     | 5,044                                     |
| Interest expense on lease liability                                     | 340,771                                   | 3,914                                     |
| Changes in Loan Loss Provision                                          | 388,816                                   | 231,798                                   |
|                                                                         | <u>(491,682)</u>                          | <u>(819,330)</u>                          |
| <b>Changes in Operating Assets and Liabilities</b>                      |                                           |                                           |
| Loan and Overdraft                                                      | (10,058,155)                              | (19,526,161)                              |
| Other Assets                                                            | (1,480,015)                               | (1,543,789)                               |
| Deposit from Bank                                                       | (18,999,983)                              | 44,000,000                                |
| Deposit from Customer                                                   | 4,552,758                                 | 13,932,650                                |
| Other Liabilities                                                       | 63,475                                    | 276,828                                   |
|                                                                         | <u>(26,413,602)</u>                       | <u>36,320,198</u>                         |
| <b>Cash Generated from Operations Activities</b>                        |                                           |                                           |
| Income Taxes paid                                                       | -                                         | -                                         |
| <b>Net Cash Provided by Operating Activities</b>                        | <b>(A) <u>(26,413,602)</u></b>            | <b><u>36,320,198</u></b>                  |
| <b>Cash Flows from Investing Activities</b>                             |                                           |                                           |
| Investment in Government Securities Bond                                | (96,515)                                  | (91,137)                                  |
| Purchase of Intangible Assets                                           | (465,435)                                 | (828,596)                                 |
| Purchase of Property, Plant and Equipments                              | (301,987)                                 | (1,244,342)                               |
| Acquisition of Right of Use Assets                                      | (371,161)                                 | -                                         |
| Work in Process                                                         | 25,552                                    | -                                         |
| <b>Net cash used in Investing Activities</b>                            | <b>(B) <u>(1,209,546)</u></b>             | <b><u>(2,164,075)</u></b>                 |
| <b>Cash Flows from Financing Activities</b>                             |                                           |                                           |
| Borrowing                                                               | (12,000,000)                              | 17,000,000                                |
| <b>Net cash Generated from Financing Activities</b>                     | <b>(C) <u>(12,000,000)</u></b>            | <b><u>17,000,000</u></b>                  |
| <b>Net Increase/(Decrease) in Cash and Cash Equivalents (A)+(B)+(C)</b> | <b>(39,623,148)</b>                       | <b>51,156,123</b>                         |
| Cash and cash equivalents at 1 <sup>st</sup> April                      | 81,237,638                                | 30,081,515                                |
| <b>Cash and Cash Equivalents at 31<sup>st</sup> March</b>               | <b><u>41,614,490</u></b>                  | <b><u>81,237,638</u></b>                  |

See accompanying notes to the financial statements

Authenticated by ;

  
Director  
Chief Operating Officer  
Head of Finance

**MINERAL DEVELOPMENT BANK PUBLIC COMPANY LIMITED**  
(Incorporated in the Republic of Union of Myanmar)  
**Notes to the financial statements for the year ended 31 March 2025**

These notes form an integral part of the financial statements.

1. **General**

**Mineral Development Bank Public Company Limited (The Bank)** was registered as a public bank on January 20, 2016 as certified by DICA new Registration No.102383451 under the Myanmar Companies Law (2017) in place of former registration No.3246/2015-2016 (YGN). The Bank was permitted to carry out banking business under License No.MaBhaBa/PaBa 26/07/2018 on 6<sup>th</sup> July, 2018 by the Central Bank of Myanmar according to Section 176 of the Financial Institutions Law (2016).

The objectives of the Bank are to carry on financial services subject to the approval of the Central Bank of Myanmar.

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

Authorized Dealer Licence 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 bank has opened (5) branches as of 31 March 2025.

2. **Basis of preparation**

The financial statements have been prepared under the historical cost basis and in accordance with the Myanmar Financial Reporting Standards ("MFRS") and instructions and guidance provided by the Central Bank of Myanmar("CBM").

The Financial Statements are presented in Myanmar Kyat (MMK).

Opening Balances as at 1<sup>st</sup> April 2024 are carried forward from the financial statements for the financial year ended 31<sup>st</sup> March 2024, audited by Win Thin & Associates Limited (Certified Public Accountants).

3. **Summary of significant accounting policies**

3.1 **Foreign currency transactions.**

The financial statements of the Bank are measured and presented in the currency of the primary economic environment in which the Bank operates (its functional currency). The functional currency of the Bank is assessed to be the Myanmar Kyat.

In preparing the financial statements for the Bank, transactions in currencies other than the Bank's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date, carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at 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 retranslated.

Exchange differences arising on the settlement of monetary item and on the retranslation of monetary items are recognised in profit or loss for the year.



3.2 **Interest income and expense**

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

3.3 **Fees and commission income**

Fee income is earned from a diverse range of services provided by the Bank to its customers. Fee income is accounted for as follows:

- income earned on the execution of a significant act is recognised as revenue when the act is completed (for example, commission arising from issuance of payment orders, telegraphic transfer and remittance and other services);
- income earned from the provision of financial facilities to customers is recognised as revenue as the services are provided (for example, default fees on loans, service charges and commitment fee for loans overdrafts), usually on a time - apportion basis.

3.4 **Dividend income**

Dividend income is recognized when the right to receive payment is established.

3.5 **Other income**

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

3.6 **Income tax**

**Current tax**

The tax currently payable is based on taxable profit for the year. The Bank's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

**Deferred tax**

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting year.



The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Bank expects, at the end of the reporting year, to recover or settle the carrying amount of its assets and liabilities.

### 3.7

#### **Financial instruments**

Financial assets and financial liabilities are recognised when the Bank becomes a party to the contractual provision of instruments.

##### **3.7.1 Financial assets**

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' ("FVTPL"), 'held-to-maturity' investment, 'available-for-sale' ("AFS") financial assets and 'loan and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

##### **(i) Financial Instruments at 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 purposes 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 comprehensive income. Interest income is recognized as "interest income" in the statement of comprehensive income. Regular purchases 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 (including cash and cash equivalents and placement with other financial institutions) are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

##### **(iii) Held-to-maturity**

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Bank's management has the positive intention and ability to hold to maturity. If the Bank is to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. They are presented as non-current assets, except for those maturing within 12 months after the statement of financial position date which are presented as current assets. These financial assets are initially recognized at fair value including direct and incremental transactions costs, and subsequently measured at amortised cost using the effective interest method. Interest on investment held-to-maturity is included in the statement of income and is reported as "Interest income". Impairment losses, if any, are recognized in the statement of income as "Impairment on other assets".

(iv) **Available-for-sale**

Available-for-sale financial assets are financial assets that are designated as such or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognized in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognized in profit or loss. The cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognized. Interest income calculated using the effective interest method is recognized in profit or loss. Dividends on an available-for-sales equity instrument are recognized in profit or loss when the Company's right to receive payment is established.

The Bank's available-for-sale financial assets comprise investment in unquoted shares. Investments in unquoted share whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets which are not expected to be realised within 12 months after the financial year end are classified as non-current assets.

3.7.2 **Financial liabilities**

**Other non-derivative Financial Liabilities**

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

3.7.3 **Recognition and Derecognition**

The Bank initially recognized 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 asset 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.

3.8 **Impairment of financial assets**

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investment have been affected, and an impairment loss recognised.



For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payment ; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or the disappearance of an active market for that financial assets because of financial difficulties.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial assets. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of loans and advances, where the carrying amount is reduced through the use of an allowance account. When a loan and advance is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

#### **Credit quality**

The Bank categorizes its loans and advances in accordance with CBM's regulations. Based on the instructions and guidance issued by the CBM, the Bank generally classifies its loans and advances as "Sub-standard" when the counterparty has failed to make payments when contractually due, for more than 60 days but not more than 90 days. Loans and advances are generally further classified as "Doubtful" and "Loss" where the loans and advances are past due by more than 91 days to 180 days and over 180 days respectively.

#### **Performing loans**

Pass grades indicate that the timely repayment of the outstanding credit facilities is not in doubt and the credit facility does not exhibit any potential weakness in repayment capability, business, cash flow or financial position of the borrower. As per the CBM's instruction, all loans with repayments made within one month is considered as "Pass".

#### **Non-performing loans**

Non-performing means a loan or advance that is no longer generating income and which is classified doubtful or loss defined by CBM.

Doubtful grades indicate that the credit facilities exhibit severe weaknesses such that the prospect of full recovery of the outstanding credit facilities is questionable and the prospect of a loss is high, but the exact amount remains undeterminable. As per the CBM's instruction, all loans with repayments between 91 to 180 days past due are classified as "Doubtful".

Loss grades indicate the amount of loan recovery is assessed to be insignificant. As per the CBM's instruction, all loans with repayments over 180 days past due are classified as "Loss".

In determining if the loan is non-performing, management also considers several factors such as expected future cash flows, the financial ability of the borrower to meet its obligations, and business and economic conditions.



For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized. The previously recognised 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 amortised cost would have been had the impairment not been recognised.

**3.9 Impairment of non-financial assets**

Non-financial assets, such as property 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 assets 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.

**3.10 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.

**3.11 Property and equipment and depreciation**

All items of property and equipment are initially recorded at cost. The cost of an item of property 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 and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Subsequent to initial recognition, property 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 unlimited useful life and therefore is not depreciated.

Depreciation is computed on a straight-line basis calculated to write off the cost of each asset to its residual value over the term of its estimated useful lives of the assets at the following principal annual rates:

|                                               |                      |
|-----------------------------------------------|----------------------|
| - Land                                        | -                    |
| - Building                                    | 80 years             |
| - Furniture, Fixture and Fitting              | 20 years             |
| - Electric Equipment and Computer Accessories | 5 years              |
| - Office Machine and Equipment                | 10 years             |
| - Motor vehicles                              | 8 years              |
| - Lease hold Improvement                      | over 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 3.9.

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



An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is derecognized.

### 3.12 **IFRS 16 leases**

For a Lessee, a Lease that is accounted for under IFRS16 results in recognition of ;

- a right of used asset and lease liability
- interest expenses (on Lease liability) and
- depreciation expenses (on right of use assets)

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 as of the transition date is based on the Bank's marginal lending rate for secured loan.

### 3.13 **Investment property**

The Bank recognises investment property as an asset when, and only when:

- it is probable that the future economic benefits that are associated with the investment property will flow to the entity; and
- the cost of the investment property can be measured reliably

An investment property is measured at cost on initial recognition and transactions costs are included in initial measurement. Subsequently, investment property is measured at fair value, which is based on the valuation by independent valuer. A gain or loss arising from a change in the fair value of investment property shall be recognised in profit or loss for the period in which it arises.

An investment property shall be derecognised (eliminated from the statement of financial position) on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property shall be determined as the difference between the net disposal proceeds and the carrying amount of the asset and shall be recognised in profit or loss in the period of the retirement or disposal.

### 3.14 **Intangible assets**

Intangible assets are identifiable non-monetary assets such as software licenses and rights without physical substance. They are recognised only if it is probable that the asset will generate future benefit for the entity. Those assets with an indefinite useful life are tested for impairment annually. All intangible assets must be tested for impairment when there is an indication that its carrying amount may be greater than its recoverable amount. Intangible assets with finite useful life are amortised on straight line basis over their estimated useful life and charged to income statement.

### 3.15 **Share capital**

Ordinary shares are classified as equity when there is not contractual obligation to transfer cash or other financial assets.



3.16 **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.

3.17 **Provisions**

Provisions are recognized when the Bank has a present legal or constructive obligation as a result of past events. It is probable that the Bank 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.

3.18 **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.

3.19 **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.



### 3.20 **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).

### 4. **Critical accounting judgments and key sources of estimation uncertainty**

In the application of the Bank's accounting policies, which are described in Note 3, the directors of the Bank are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### **Critical judgments in applying accounting policies**

The following are the critical judgments, apart from those involving estimations that the directors have made in the process of applying the Bank's accounting policies and that have the most significant effect on the amount recognized in the financial statements.

#### **Key sources of estimation uncertainty**

The following are the key assumptions concerning the future, and other key source of estimation uncertainty at the end of the reporting year that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### **Impairment losses on loans and advances**

A loan is impaired when there is objective evidence that events since the loan was granted, have affected expected cash flows from the loan. The impairment loss is the difference between the carrying value of the loan and the present value of estimated future cash flows at the loan's original effective interest rate. The Bank reviews its loans and advances to assess impairment on a regular basis. In determining whether an impairment loss should be recorded in profit or loss, management exercises judgment on whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from the loan before the decrease can be identified within an individual loan.



All impaired loans that exceed specific thresholds are individually assessed for impairment. Impairment losses are recognized as the difference between the carrying value of loan and the discounted value of management's best estimate of future cash repayments and proceeds from any collaterals held. These estimates take into account the customer's debt capacity and financial flexibility; the amount and sources of cash flow; and the realizable value of any security held. Estimating the quantum and timing of future recoveries involves significant judgement. The size of receipts will depend on the future performance of borrower and the value of security, both of which will be affected by future economic conditions. Additionally, collateral may not be readily marketable. The actual amount of future cash flows and the date they are received may differ from these estimates. Consequently, actual losses incurred may differ from those recognized in these financial statements.

#### **Useful Life of Property, Plant and Equipment**

Property, plant and equipment are depreciated over their useful lives, using the straight-line method. Management estimates the useful lives of property, plant and equipment, based on expected usage and industry norms. Changes in the expected level of maintenance, usage and technological developments could impact the useful lives and residual values of these assets, therefore future depreciation charges could be revised.

### **5. Financial Risk Management**

The Bank's activities are principally related to extending loans and advances, accepting deposits and carrying out transactions. These expose the Bank to a variety of financial risks, including foreign exchange risk, interest rate risk, credit risk and liquidity risk.

Managing these financial risks forms an integral part of the Bank's business. The Bank adopts the risk management set out in accordance to the risk appetite of the Bank, which encompass a variety of controls and reporting processes. These not only include risk parameters for the various financial instruments that the Bank may undertake, but also directions on the types of business that the Bank may engage in, guidelines for the acceptance of customers for all types of financial instruments and terms under which

The Bank believes that it has effective processes in place to identify, measure, monitor and ultimately, mitigate these financial risks.

A discussion on the main financial risks that the Bank is exposed to and how these risks are managed, is set out below.

#### **5.1 Interest rate risk**

Sensitivity to interest rates in banking activities arises from mismatches in the interest rate characteristics of the assets and their corresponding liability funding. One of the major causes of these mismatches is timing differences in the re-pricing of the assets and the liabilities.

Financial instruments which are issued at fixed rates expose the Bank to fair value interest rate risk. However, changes in market interest rates will not have an impact on the statement of profit or loss and other comprehensive income as all financial instruments are accounted for on an amortised cost basis.

The interest rates charged or granted by the Bank are determined by a committee with oversight by Board of Directors. These interest rates are set within a bank determined by the Central Bank of Myanmar. As at 31<sup>st</sup> March 2025, the interest rates on loans are subject to the following maximum caps:

- Loans and advances: 12.50% per annum
- Overdraft: 12.50% per annum
- Staff Loan 8.50% to 9.50% per annum
- Unsecured 14% per annum



As at 31<sup>st</sup> March 2025, the interest rates on deposits are subject to the following minimums:

- Saving deposits: 8% to 10% per annum
- Fixed deposits: 10% to 12.50% per annum
- Call deposit 7% per annum

The tables below summarises the Bank's exposure to interest rate repricing risks. Included in the table are the Bank's assets and liabilities at carrying amounts, categorized by the earlier of contractual repricing or maturity dates.

|                                       | (MMK in million)   |                        |                |
|---------------------------------------|--------------------|------------------------|----------------|
|                                       | Interest Sensitive | Non-interest sensitive | Total          |
| Cash and balances with Bank           | 37,006             | 4,608                  | 41,614         |
| Loan and advances                     | 57,344             | -                      | 57,344         |
| Investment                            |                    |                        |                |
| - Myanmar Payment Union (MPU)         | -                  | 200                    | 200            |
| - Government Securities               | 11,219             | -                      | 11,219         |
| Other Assets                          | -                  | 3,210                  | 3,210          |
| <b>Total assets</b>                   | <b>105,569</b>     | <b>8,018</b>           | <b>113,587</b> |
| <b>LIABILITIES</b>                    |                    |                        |                |
| Deposit from banks                    | 41,000             | 13                     | 41,013         |
| Deposit from customers                | 40,373             | 532                    | 40,905         |
| Other Liabilities                     | -                  | 1,326                  | 1,326          |
| Borrowings                            | 13,000             | -                      | 13,000         |
| <b>Total Liabilities</b>              | <b>94,373</b>      | <b>1,871</b>           | <b>96,244</b>  |
| <b>Total Interest sensitivity gap</b> | <b>11,196</b>      | <b>6,147</b>           | <b>17,343</b>  |

## 5.2 Credit risk

Credit Risk is considered to be the risk of loss due to inability or unwillingness of the counterparty to fulfill its payment obligations to the Bank. Management has a credit policy in place. The Bank generally holds, full collateral against the credit facilities granted and the right to dispose of the collaterals when certain exposure thresholds are exceeded. The Bank generally only accepts lands and building as collaterals, with other types of collaterals such as gold and machineries making up the minority of the population of collateral held. Credit evaluations to derive the Bank's risk exposures according to internal policies are performed on all clients at the inception of the loans and at loan roll over dates.

The Bank employ a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for loans and advances, which is common practice. The Bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for land and advances include charges over land and buildings, gold, equipment and contract financing, guarantees, project contracting and residential properties are also acceptable for security of loan.

All credit lending to non-bank customers are generally secured. In addition, in order to minimize credit loss, the Bank will seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances. The fair value of collateral is valued by an independent assessor is based on valuation techniques commonly used for the corresponding assets, done before the inception of the loan.

The credit risk management and control are centralized with the Credit Committee, which report to the Board of Directors on a monthly basis. Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrower to meet interest and capital repayment obligations and by changing these lending limits where appropriate.

The Bank's policy required the review of individual credit facility on a periodic basis or when individual circumstances require. Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss on a case-by-case basis and subject to the approval of Credit Committee.

#### Credit risk by industry

The following table sets out the Bank's Loan and Advances based on exposure by industry as at the end of the reporting period:

|                          | 31 <sup>st</sup> March 2025<br>(MMK in million) | 31 <sup>st</sup> March 2024<br>(MMK in million) |
|--------------------------|-------------------------------------------------|-------------------------------------------------|
| Service                  | 2,421.77                                        | 7,079.95                                        |
| Trading                  | 30,743.62                                       | 24,895.18                                       |
| Manufacturing/Production | 3,451.53                                        | 1,692.65                                        |
| Transportation           | 334.55                                          | 408.28                                          |
| General                  | 119.89                                          | 132.43                                          |
| Mining                   | 9,000.00                                        | 9,500.00                                        |
| Construction             | 6,949.75                                        | 849.96                                          |
| Hire Purchase            | 602.47                                          | 301.99                                          |
| Housing Loan             | 99.44                                           | 525.71                                          |
| SME                      | 3,680.00                                        | 1,900.00                                        |
| Total                    | 57,403.02                                       | 47,286.15                                       |

#### Credit quality of loans and advances

Loans and advances are graded by the Bank against an internally developed credit rating scale, which generally corresponds to the credit ratings set out in the instructions and guidance issued by the CBM. The following tables sets out the credit ratings of the Bank's loans and overdrafts,

|              | 31 <sup>st</sup> March 2025<br>(MMK in million) | 31 <sup>st</sup> March 2024<br>(MMK in million) |
|--------------|-------------------------------------------------|-------------------------------------------------|
| Sub-standard | -                                               | -                                               |
| Doubtful     | 110.70                                          | -                                               |
| Bad          | 188.28                                          | 188.28                                          |
|              | 298.98                                          | 188.28                                          |

Base on the instructions and guidance issued by the CBM, the Bank generally classifies its loans and advances as "Sub-standard" when the counterparty has failed to make payments when contractually due, for more than 60 days but not more than 90 days. Loans and advances are generally further classified as "Doubtful" and "Loss" where the loans and advances are past due by more than 91 days to 180 days and over 180 days respectively. Doubtful and Loss are defined as non-performing Loans (NPL). As per report to the CBM, NPL ratio is 0.52% as at 31 March 2025.



### 5.3 Liquidity risk and cash flow risk

Liquidity risk is the risk that the Bank is unable to meet its financial obligations as and when they fall due, such as upon maturity of deposits and draw-down of loans. Senior Management reviews its assets & liabilities position on a daily regular basis.

The Bank manages cash flow risk by maintaining daily cash flow position and also forecasting its future cash flow on a daily basis. The Bank also has a plan of how to mitigate the risk.

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

|                                             | Less than<br>1 year<br><u>MMK</u><br><u>(Million)</u> | More than<br>1 year<br><u>MMK</u><br><u>(Million)</u> | Total<br><u>MMK</u><br><u>(Million)</u> |
|---------------------------------------------|-------------------------------------------------------|-------------------------------------------------------|-----------------------------------------|
| <b>Balance at 31 March 2025</b>             |                                                       |                                                       |                                         |
| Non-derivative financial assets             |                                                       |                                                       |                                         |
| Cash in hand and at bank                    | 41,614                                                | -                                                     | 41,614                                  |
| Loans and advances                          | 56,522                                                | 822                                                   | 57,344                                  |
| Investments                                 |                                                       |                                                       |                                         |
| - Myanmar Payment Union (MPU)               | -                                                     | 200                                                   | 200                                     |
| - Government Securities                     | 6,219                                                 | 5,000                                                 | 11,219                                  |
| Total assets                                | 104,355                                               | 6,022                                                 | 110,377                                 |
| <b>Non-derivative financial liabilities</b> |                                                       |                                                       |                                         |
| Deposits from Banks                         | 41,000                                                | 13                                                    | 41,013                                  |
| Deposits from Customers                     | 40,902                                                | 3                                                     | 40,905                                  |
| Borrowings                                  | 13,000                                                | -                                                     | 13,000                                  |
| Total liabilities                           | 94,902                                                | 16                                                    | 94,918                                  |
| <b>Net liquidity gap</b>                    | <b>9,453</b>                                          | <b>6,006</b>                                          | <b>15,459</b>                           |

As per report to the Central Bank of Myanmar, the Bank's liquidity ratio as of 31 March 2025 was (44.04%) which is higher than standard ratio (20%) set by the Central Bank of Myanmar Notification No.19/2017.

### 5.4 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.

### 5.5 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 risk 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.

#### 5.6 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.

#### 5.7 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.

"Capital funds" is defined as listed below:

|                                | (Kyat in Million) |             |
|--------------------------------|-------------------|-------------|
|                                | <u>2025</u>       | <u>2024</u> |
| Paid-up ordinary share capital | 31,900            | 31,900      |
| Retained earnings/ (Loss)      | (5,682)           | (3,255)     |
| Reserves                       | 90                | 90          |

As per report to the Central Bank of Myanmar, the Bank's Tier (1) capital ratio as of 31 March 2025 was 15.83% and regulatory capital adequacy ratio as of 31 March 2025 was 17.08% respectively, as against 4% of minimum tier (1)'s capital and 8% of capital adequacy ratio, as set out by the Central Bank of Myanmar Notification No.16/2017.

#### 6. Cash & Cash Equivalents

|                                                               | <u>31<sup>st</sup> March 2025</u> | <u>31<sup>st</sup> March 2024</u> |
|---------------------------------------------------------------|-----------------------------------|-----------------------------------|
|                                                               | (MMK'000)                         | (MMK'000)                         |
| Cash and balances with Central Bank                           | 2,327,003                         | 840,632                           |
| Cash and balances with banks and other financial institutions | 37,012,506                        | 79,007,770                        |
| Cash in Hand                                                  | 2,274,981                         | 1,389,236                         |
|                                                               | -----                             | -----                             |
|                                                               | 41,614,490                        | 81,237,638                        |
|                                                               | =====                             | =====                             |



7. **Loans and Overdraft**

|                                    | 31 <sup>st</sup> March 2025<br>(MMK'000) | 31 <sup>st</sup> March 2024<br>(MMK'000) |
|------------------------------------|------------------------------------------|------------------------------------------|
| Loan & Advance                     | 38,936,963                               | 26,605,200                               |
| Staff Loan                         | 119,886                                  | 132,430                                  |
| Overdraft                          | 13,964,263                               | 10,920,818                               |
| Hire Purchase                      | 602,473                                  | 301,994                                  |
| Home Loan                          | 99,437                                   | 525,709                                  |
| SME Loan                           | 3,680,000                                | 1,900,000                                |
| Gold Loan                          | -                                        | 3,000,000                                |
| MFI Loan                           | -                                        | 3,900,000                                |
| Gross Loan & Advance               | 57,403,022                               | 47,286,151                               |
| Less: Specific Loan Loss Provision | (58,716)                                 | -                                        |
|                                    | 57,344,306                               | 47,286,151                               |

8. **Investment securities**

|                                                 | 31 <sup>st</sup> March 2025<br>(MMK'000) | 31 <sup>st</sup> March 2024<br>(MMK'000) |
|-------------------------------------------------|------------------------------------------|------------------------------------------|
| <b><u>Available-for-Sale at cost</u></b>        |                                          |                                          |
| <b><u>Unquoted equity securities:</u></b>       |                                          |                                          |
| Myanmar Payment Union                           | 200,000                                  | 200,000                                  |
|                                                 | 200,000                                  | 200,000                                  |
| Government- bond                                | 11,000,000                               | 11,000,000                               |
| - Accrued Interest on Treasury Bills and Bonds; | 218,815                                  | 122,301                                  |
|                                                 | 11,218,815                               | 11,122,301                               |
| Total investment securities                     | 11,418,815                               | 11,322,301                               |

9. **Other assets**

|                           | 31 <sup>st</sup> March 2025<br>(MMK'000) | 31 <sup>st</sup> March 2024<br>(MMK'000) |
|---------------------------|------------------------------------------|------------------------------------------|
| Prepaid Expenses          | 1,263,986                                | 192,550                                  |
| Accrued Interest Account  | 315,255                                  | 595,132                                  |
| Advanced Expenses Account | 1,495,176                                | 812,736                                  |
| Prepaid Deposit           | 24,300                                   | 40,093                                   |
| Claim Account             | 22,622                                   | 14,524                                   |
| Prepaid Income Tax        | 47,500                                   | 47,500                                   |
| Inventory                 | 41,176                                   | 27,465                                   |
|                           | 3,210,015                                | 1,730,000                                |

# 10. Property, Plant and Equipment

(Kyat in Thousand)

|                                        | Land &<br>Building | Furniture &<br>Fixture | Office Machinery &<br>Equipment | Motor Vehicles | Electrical Equipment &<br>Computer Accessories | Work In<br>Progress | Leasehold<br>Improvement | Total            |
|----------------------------------------|--------------------|------------------------|---------------------------------|----------------|------------------------------------------------|---------------------|--------------------------|------------------|
| <b><u>Cost</u></b>                     |                    |                        |                                 |                |                                                |                     |                          |                  |
| At 1 April 2024                        | 4,164,637          | 141,399                | 513,346                         | 200,881        | 2,587,016                                      | 587,782             | 514,200                  | 8,709,261        |
| Additions                              | -                  | 20,576                 | 43,453                          | -              | 237,958                                        | -                   | 5,670                    | 307,657          |
| Disposal/Write Off                     | -                  | (1,421)                | -                               | -              | (11,273)                                       | -                   | -                        | (12,694)         |
| Adjustment                             | -                  | -                      | -                               | -              | -                                              | (25,552)            | -                        | (25,552)         |
| <b>At 31 March 2025</b>                | <b>4,164,637</b>   | <b>160,554</b>         | <b>556,799</b>                  | <b>200,881</b> | <b>2,813,701</b>                               | <b>562,230</b>      | <b>519,870</b>           | <b>8,978,672</b> |
| <b><u>Accumulated Depreciation</u></b> |                    |                        |                                 |                |                                                |                     |                          |                  |
| At 1 April 2024                        | 25,917             | 35,299                 | 263,218                         | 156,094        | 447,370                                        | -                   | 240,513                  | 1,168,411        |
| Charge for the financial year          | 5,054              | 7,972                  | 51,911                          | 15,474         | 509,535                                        | -                   | 141,349                  | 731,295          |
| Disposal/Write Off                     | -                  | (444)                  | -                               | -              | (9,479)                                        | -                   | -                        | (9,923)          |
| <b>At 31 March 2025</b>                | <b>30,971</b>      | <b>42,827</b>          | <b>315,129</b>                  | <b>171,568</b> | <b>947,426</b>                                 | <b>-</b>            | <b>381,862</b>           | <b>1,889,783</b> |
| <b>Net Book Value at 31 March'25</b>   | <b>4,133,666</b>   | <b>117,727</b>         | <b>241,670</b>                  | <b>29,313</b>  | <b>1,866,275</b>                               | <b>562,230</b>      | <b>138,008</b>           | <b>7,088,889</b> |
| <b>Net Book Value at 31 March'24</b>   | <b>4,138,720</b>   | <b>106,100</b>         | <b>250,128</b>                  | <b>44,787</b>  | <b>2,139,647</b>                               | <b>587,782</b>      | <b>273,687</b>           | <b>7,540,850</b> |



11. Intangible Assets

|                              | 31 <sup>st</sup> March 2025<br>(MMK'000) | 31 <sup>st</sup> March 2024<br>(MMK'000) |
|------------------------------|------------------------------------------|------------------------------------------|
| Cost                         |                                          |                                          |
| At 1 April                   | 3,265,835                                | 2,437,239                                |
| Additions                    | 465,435                                  | 828,596                                  |
|                              | -----                                    | -----                                    |
| At 31 March                  | 3,731,270                                | 3,265,835                                |
|                              | -----                                    | -----                                    |
| <u>Amortization expenses</u> |                                          |                                          |
| At 1 April                   | (190,767)                                | (167,692)                                |
| Charged for the year         | (347,705)                                | (23,075)                                 |
|                              | -----                                    | -----                                    |
| At 31 March                  | (538,472)                                | (190,767)                                |
|                              | -----                                    | -----                                    |
| Net book value at 31 March   | 3,192,798                                | 3,075,068                                |
|                              | =====                                    | =====                                    |

12. Right of Use Assets

|                       | 31 <sup>st</sup> March 2025<br>(MMK'000) | 31 <sup>st</sup> March 2024<br>(MMK'000) |
|-----------------------|------------------------------------------|------------------------------------------|
| Opening Balance       | 444,015                                  | 444,015                                  |
| Addition              | 365,491                                  | -                                        |
|                       | -----                                    | -----                                    |
| Total Cost            | 809,506                                  | 444,015                                  |
|                       | =====                                    | =====                                    |
| Less: Amortization    |                                          |                                          |
| Opening               | 283,283                                  | 157,520                                  |
| Amortization for year | 123,892                                  | 125,763                                  |
|                       | -----                                    | -----                                    |
| Total Amortization    | 407,175                                  | 283,283                                  |
|                       | -----                                    | -----                                    |
| Net Book Value        | 402,331                                  | 160,732                                  |
|                       | =====                                    | =====                                    |

13. Deposits from Bank

|                 | 31 <sup>st</sup> March 2025<br>(MMK'000) | 31 <sup>st</sup> March 2024<br>(MMK'000) |
|-----------------|------------------------------------------|------------------------------------------|
| Current deposit | 12,644                                   | 12,637                                   |
| Savings deposit | 10                                       | -                                        |
| Fixed deposit   | 41,000,000                               | 60,000,000                               |
|                 | -----                                    | -----                                    |
|                 | 41,012,654                               | 60,012,637                               |
|                 | =====                                    | =====                                    |

14. **Deposits from Customers**

|                         | 31 <sup>st</sup> March 2025<br>(MMK'000) | 31 <sup>st</sup> March 2024<br>(MMK'000) |
|-------------------------|------------------------------------------|------------------------------------------|
| Current Deposit         | 149,438                                  | 125,300                                  |
| Special Current Deposit | 383,059                                  | 349,670                                  |
| Savings Deposit         | 1,194,773                                | 1,071,891                                |
| Special Saving Deposit  | 7,187,696                                | 7,820,068                                |
| Fixed Deposit           | 1,151,757                                | 1,414,118                                |
| Special Fixed Deposit   | 25,244,502                               | 14,922,631                               |
| Call Deposit            | 49,086                                   | 549,799                                  |
| Special Call Deposit    | 5,544,531                                | 10,098,609                               |
| VIP Saving Deposit      | 34                                       | 32                                       |
|                         | -----                                    | -----                                    |
|                         | 40,904,876                               | 36,352,118                               |
|                         | =====                                    | =====                                    |

15. **Borrowing**

|                                             | 31 <sup>st</sup> March 2025<br>(MMK'000) | 31 <sup>st</sup> March 2024<br>(MMK'000) |
|---------------------------------------------|------------------------------------------|------------------------------------------|
| Borrowing from CBM                          | 9,000,000                                | 5,000,000                                |
| Borrowing from other financial institutions | 4,000,000                                | 20,000,000                               |
|                                             | -----                                    | -----                                    |
| <b>Total</b>                                | 13,000,000                               | 25,000,000                               |
|                                             | =====                                    | =====                                    |

16. **Other Liabilities**

|                                         | 31 <sup>st</sup> March 2025<br>(MMK'000) | 31 <sup>st</sup> March 2024<br>(MMK'000) |
|-----------------------------------------|------------------------------------------|------------------------------------------|
| Payment Order (Government)              | 25,608                                   | 2,046                                    |
| Sundry Deposit                          | 50                                       | 2,816                                    |
| Interest on Suspense                    | 45,060                                   | 38,284                                   |
| Item Due and Unpaid                     | 155,793                                  | 337,391                                  |
| Accrued Interest Payable                | 902,891                                  | 666,489                                  |
| Interest on Borrowing (CBM and Private) | 190,143                                  | 212,326                                  |
| Unclaimed Special Fixed Deposit A/C     | -                                        | 2,764                                    |
| Gift Cheque                             | 500                                      | -                                        |
| Accrued Payable                         | 5,546                                    | -                                        |
|                                         | -----                                    | -----                                    |
|                                         | 1,325,591                                | 1,262,116                                |
|                                         | =====                                    | =====                                    |

17. **Provision for Loan Loss**

|                        | 31 <sup>st</sup> March 2025<br>(MMK'000) | 31 <sup>st</sup> March 2024<br>(MMK'000) |
|------------------------|------------------------------------------|------------------------------------------|
| Opening                | 945,723                                  | 713,925                                  |
| Addition for the year  | 388,816                                  | 231,798                                  |
|                        | -----                                    | -----                                    |
| <b>Closing balance</b> | 1,334,539                                | 945,723                                  |
|                        | =====                                    | =====                                    |

In compliance with Central Bank Notification 17/2017, 2% of total balance of loans and advances has been set aside as General Reserve (Loan).



18. **Share Capital**

|                                       | Number of Share |         | Amount            |                   |
|---------------------------------------|-----------------|---------|-------------------|-------------------|
|                                       | 2025            | 2024    | 2025<br>(MMK'000) | 2024<br>(MMK'000) |
| Issued and fully paid Ordinary shares | 319,000         | 319,000 | 31,900,000        | 31,900,000        |
| Balance as at 31 March                | 319,000         | 319,000 | 31,900,000        | 31,900,000        |

19. **Reserves**

The details are as follows:

|                                 | 31 <sup>st</sup> March 2025<br>(MMK'000) | 31 <sup>st</sup> March 2024<br>(MMK'000) |
|---------------------------------|------------------------------------------|------------------------------------------|
| <b><u>Statutory Reserve</u></b> |                                          |                                          |
| Opening                         | 90,428                                   | 90,428                                   |
| Addition for the year           | -                                        | -                                        |
| <b>Closing balance</b>          | 90,428                                   | 90,428                                   |

In compliance with Section 35(a) of the Financial Institutions Law, 25% of the net profit after tax has been set aside as statutory reserve fund.

20. **Interest Income**

|                          | Year ended<br>31 <sup>st</sup> March 2025<br>(MMK'000) | Year ended<br>31 <sup>st</sup> March 2024<br>(MMK'000) |
|--------------------------|--------------------------------------------------------|--------------------------------------------------------|
| Loan and overdraft       | 7,029,364                                              | 3,433,385                                              |
| Interest from investment | 921,514                                                | 916,137                                                |
| Interest on Deposit      | 5,297,761                                              | 3,260,694                                              |
|                          | 13,248,639                                             | 7,610,216                                              |

21. **Interest Expense**

|                        | Year ended<br>31 <sup>st</sup> March 2025<br>(MMK'000) | Year ended<br>31 <sup>st</sup> March 2024<br>(MMK'000) |
|------------------------|--------------------------------------------------------|--------------------------------------------------------|
| Interest on            |                                                        |                                                        |
| - Saving Deposit       | 85,391                                                 | 124,796                                                |
| - Call Deposit         | 4,877                                                  | 3,602                                                  |
| - Fixed Deposit        | 4,882,968                                              | 2,051,961                                              |
| - Special Cash Deposit | 3,375,018                                              | 1,744,381                                              |
| - Borrowing            | 2,134,512                                              | 1,202,432                                              |
|                        | 10,482,766                                             | 5,127,171                                              |

|     |                                                  |                                                                |                                                                |
|-----|--------------------------------------------------|----------------------------------------------------------------|----------------------------------------------------------------|
| 22. | <b><u>Fee and Commission Income</u></b>          | <b>Year ended<br/>31<sup>st</sup> March 2025<br/>(MMK'000)</b> | <b>Year ended<br/>31<sup>st</sup> March 2024<br/>(MMK'000)</b> |
|     | Other Commission and Service Fee                 | 32,772                                                         | 33,188                                                         |
|     | Sale Commission on Hire Purchase                 | -                                                              | 2,826                                                          |
|     | Commission on Guarantee                          | 13,404                                                         | 7,094                                                          |
|     | Commission on Remittance                         | 7,132                                                          | 5,989                                                          |
|     | Exchange on IR Private Bank                      | 391                                                            | 771                                                            |
|     |                                                  | <u>53,699</u>                                                  | <u>49,868</u>                                                  |
| 23. | <b><u>Other Income</u></b>                       | <b>Year ended<br/>31<sup>st</sup> March 2025<br/>(MMK'000)</b> | <b>Year ended<br/>31<sup>st</sup> March 2024<br/>(MMK'000)</b> |
|     | Late Fees                                        | 4,673                                                          | 32,916                                                         |
|     | Service charges for Loan & HP                    | 435,838                                                        | 194,327                                                        |
|     | Other Item                                       | 299,212                                                        | 204,803                                                        |
|     | Foreign Currency Exchange Gain/(Loss)            | (2,097)                                                        | (1,579)                                                        |
|     |                                                  | <u>737,626</u>                                                 | <u>430,467</u>                                                 |
| 24. | <b><u>Personnel Expenses</u></b>                 | <b>Year ended<br/>31<sup>st</sup> March 2025<br/>(MMK'000)</b> | <b>Year ended<br/>31<sup>st</sup> March 2024<br/>(MMK'000)</b> |
|     | Staff Salaries                                   | 1,585,954                                                      | 1,736,654                                                      |
|     | Staff Allowances                                 | 127,071                                                        | 96,523                                                         |
|     | Social Security Contribution                     | 18,104                                                         | 19,744                                                         |
|     | Staff Recreation Expenses                        | 18,700                                                         | 17,600                                                         |
|     |                                                  | <u>1,749,829</u>                                               | <u>1,870,521</u>                                               |
| 25. | <b><u>General and Administration Expense</u></b> | <b>Year ended<br/>31<sup>st</sup> March 2025<br/>(MMK'000)</b> | <b>Year ended<br/>31<sup>st</sup> March 2024<br/>(MMK'000)</b> |
|     | Fees and Expenses                                | 556,396                                                        | 607,019                                                        |
|     | Stationery & Supplies                            | 39,032                                                         | 28,086                                                         |
|     | Rent                                             | 657,530                                                        | 542,239                                                        |
|     | Maintenance & Repairs                            | 371,733                                                        | 304,460                                                        |
|     | Communication Expenses                           | 107,975                                                        | 93,868                                                         |
|     | Miscellaneous Expenses                           | 139,355                                                        | 210,255                                                        |
|     | Annual Meeting                                   | 13,984                                                         | 12,945                                                         |
|     | Rates & Tax                                      | 677,619                                                        | 104,408                                                        |
|     | Insurance                                        | 18,288                                                         | 13,986                                                         |
|     | Fixed Assets write-off                           | 1,966                                                          | 3,882                                                          |
|     |                                                  | <u>2,583,879</u>                                               | <u>1,921,148</u>                                               |



26. **Related Parties Transactions and Balances**

|                                                | Year ended<br>31 <sup>st</sup> March 2025 | (MMK in Million)<br>Year ended<br>31 <sup>st</sup> March 2024 |
|------------------------------------------------|-------------------------------------------|---------------------------------------------------------------|
| <b>(A) <u>Related Parties Transactions</u></b> |                                           |                                                               |
| - Deposit                                      | -                                         | -                                                             |
| - Directors' Fees and Allowance                | 56.76                                     | 195.65                                                        |
| <b>(B) <u>Related Parties' Balances</u></b>    |                                           |                                                               |
|                                                | At 31 <sup>st</sup> March 2025            | At 31 <sup>st</sup> March 2024                                |
| - Deposits                                     | 7,355.37                                  | 6,413.29                                                      |
| - Loans & Overdraft                            | 16,453.73                                 | 12,396.54                                                     |

27. **Guarantees and Commitments**

|                                      | 31 <sup>st</sup> March 2025<br>(MMK'000) | 31 <sup>st</sup> March 2024<br>(MMK'000) |
|--------------------------------------|------------------------------------------|------------------------------------------|
| <b><u>Guarantees:</u></b>            |                                          |                                          |
| Trade guarantees                     | -                                        | -                                        |
| Letters of credit (foreign currency) | -                                        | -                                        |
| Performance guarantees               | 376,655                                  | 143,269                                  |
|                                      | -----                                    | -----                                    |
| Total guarantees                     | 376,655                                  | 143,269                                  |
|                                      | =====                                    | =====                                    |

Guarantees are contracts that contingently require the Bank to make payments to a guaranteed party based on an event or a change in an underlying asset and liability.

**Commitments:**

|                                 | 31 <sup>st</sup> March 2025<br>(MMK'000) | 31 <sup>st</sup> March 2024<br>(MMK'000) |
|---------------------------------|------------------------------------------|------------------------------------------|
| Undrawn overdraft               | 2,964,021                                | 5,917,466                                |
| Undrawn trade credit facilities | -                                        | -                                        |
|                                 | -----                                    | -----                                    |
| Total commitments               | 2,964,021                                | 5,917,466                                |
|                                 | =====                                    | =====                                    |