

We can build a
better future
together

MD Bank

Annual Report
2022

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Our Approach to Sustainability

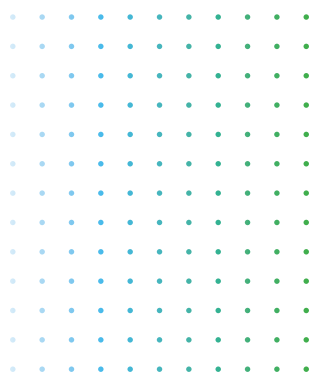
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The release of this Annual Report was authorised by the MD Bank of Myanmar.
No. (66), Kabar Aye Pagoda Road, Mayangone Township, Yangon.
1 December 2022 | 4/2022

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Creating tomorrow's innovative bank

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

now for our clients

Today, we prioritise customers.



Dear stakeholders,

We're establishing a Core Banking System this year to assist our bank in competing. We'll enhance banking services by adopting a cutting-edge payment infrastructure. Consumer-friendly we provide Gold Loans to consumers who want simple, innovative services.

It is a great honour to message our company's shareholders at our fourth Annual General Meeting. We are currently facing a very challenging social and economic moment. The Covid-19 pandemic issue has impacted all areas of life. It's not only that the virus is uncomfortable; it's also putting an enormous strain on Myanmar. In addition, the present political situation makes it more challenging for us to keep our businesses. With the help of our Bank's staff and management, we could keep going through all the problems.

Myanmar's banking sector has recently struggled to satisfy its basic liquidity requirements. Furthermore, we complemented our reliability, which kept up with our services, since it showed that our customers valued our efforts.

It's my pleasure to report that our Bank made a little profit in both financial years 2020–2021 and 2021–2022. Under regulatory guidelines, our banks must give dividends only if their non-performing loan ratio is less than 5%.

As a result of the first, second, and third waves of the COVID-19 Pandemic, most of MD Bank's loan customers were affected. Because of this, they were less likely to be able to pay back their loans since the future of their businesses was uncertain. Because of the effects of the Russia-Ukraine conflict after the pandemic, the global energy crisis has had a significant impact on the economy. Further, it worsens the economic recovery circumstances of many developing nations throughout the COVID-19 period.

As a result, our Bank's non-performing loans (NPL) ratio is now more than 5% due to an uptick in loan clients' failure to repay loan amounts borrowed. As a result of a rise in the number of customers who have failed to repay their loans, I regret to inform you that the percentage of non-performing loans (NPL%) has surpassed (5)% and that we will not be able to provide dividends to shareholders for this year. Sorry for the delay in dividend payments over the last several fiscal years; I hope you'll forgive us for the wait.

To fulfil its mission as a financial institution, our Bank offers a wide variety of loans to our customers. The

most beneficial to consumers. We also provide Gold Loan services to our customers, that are constantly looking for the most convenient and unique services.

Our Bank has only been able to establish five branches thus far. Our Bank, like our competitors, has yet to find a broad enough branch network to serve a significant portion of the population. Furthermore, our Bank could not provide consumers with digital payment methods like debit cards, credit cards, ATM cards and other services. Since then, it has been clear that the Bank is making less money than it might.

As a result, we are creating a Core Banking System to help our bank catch up to the competition. We will improve banking services by implementing a cutting-edge payment infrastructure, and we will do it profitably.

Our Board of Directors, Executive Team, Bank Staff, and Ongoing Supporting Business Partners like to express their deep appreciation for everything you have done for us. The Board Members who play the most significant role in supervising the management team deserve special recognition for their efforts.

Yone Mu
Patron

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



MD Bank

Create a Better Myanmar
Through Our Banking



www.mdbank.com.mm

We
valu
our
whil
our
cust



create
 e for
 shareholders
 e also **supporting**
 clients and
 omers.

Who we are

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

Our Vision

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

Our Mission

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

Our Core Value

- Creative
- Professional
- Thoughtful
- Respectful
- Purposeful,
- Willingness for new learn
- Hard-working
- Collaborative



A meaningful commitment that will deliver a real impact

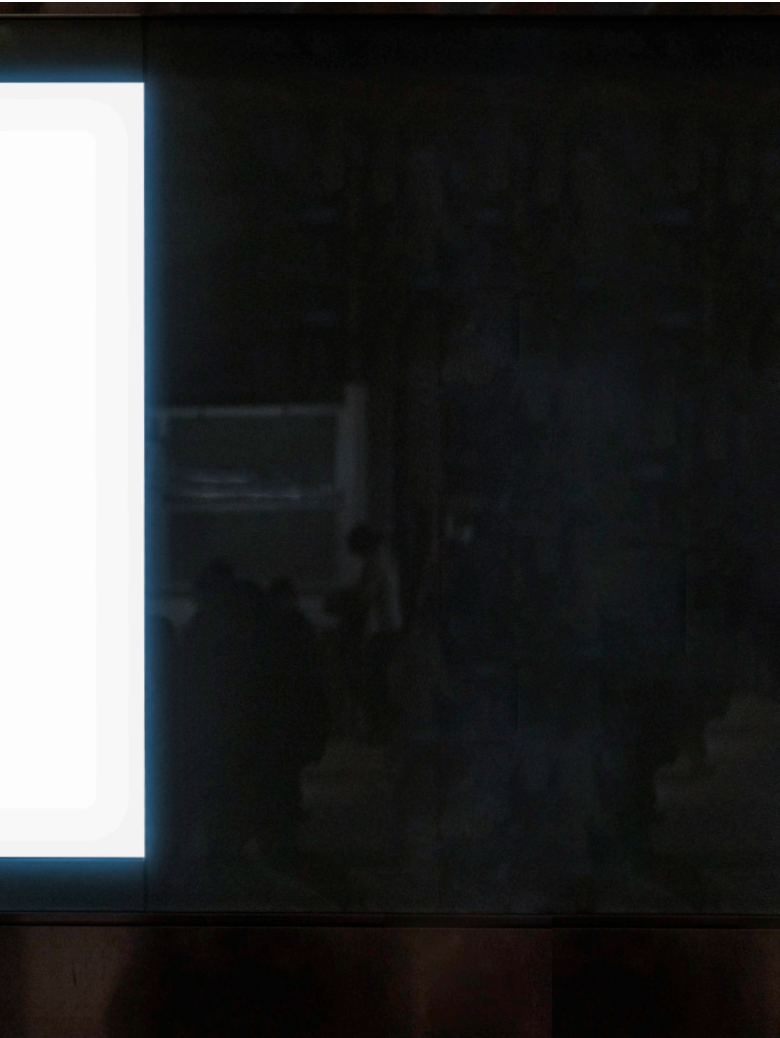
We are committed to helping businesses and clients. We focus on creating wealth, a new, more sustainable way of life, and financial prosperity for our clients and businesses.

Our purpose is to create better financial planning for our customers and communities through the power of every connection.

We are committed to driving prosperity to our customers and society. Global trade and venture capital businesses, we are committed to helping companies and clients. We aim to create wealth and a

new, more sustainable way of life and financial prosperity for our clients and businesses.

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



sustainability.

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

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

On January 20, 2016, MD Bank got a company licence as a limited company connected to MD Bank with the business registration number (3246/ 2015-2016) (Raka) from the Companies Registration Office. On November 15, 2018, we got a business licence from the Central Bank of Myanmar and began commercial banking. We began banking activities after establishing a bank headquarters at No. (1/66), Kabaraye Pagoda Road,



Involvement in Myanmar's ongoing economic development

We can build a better future together



Innovative products and services.

Increase the service's value for the customer



The finest in user-friendly digital experience and technology

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



Simpler and stronger structures

Maintain the Bank's Safety and Stability.



Gathering with BOD and BOC members during the Junction City branch opening ceremony

We continue to open branches in Myanmar's most economically significant cities for our customers. MD Bank has been expanding Digital Banking.

Mayangone Township, Yangon, Myanmar. On August 7, 2019, the Nay Pyi Taw branch opened as the second location. The Mandalay branch opened on September 9, 2019. The Shwe Bom Tha branch opened on January 24, 2022, and the Junction City branch opened on November 2, 2022. Currently, the bank operates 5 branches.

We continue to open branches in key economically important cities across Myanmar for the convenience of our clients who utilise our banking services. MD Bank has already started to extend its Digital Banking infrastructure. We want an increasing proportion of our customers to connect with us online. We're reimagining banking by improving our products and services and forecasting how our customers will bank in the future. MD Bank sincerely hopes to provide the best in user-friendly digital experience and technology and

cultivate secure communication with the customer.

Each and every day, we engage in effort to further the financial growth of our customers by making decisions that are in their best interests.

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

**Our customers
are the focal point
of our business.**

Our Key Priorities

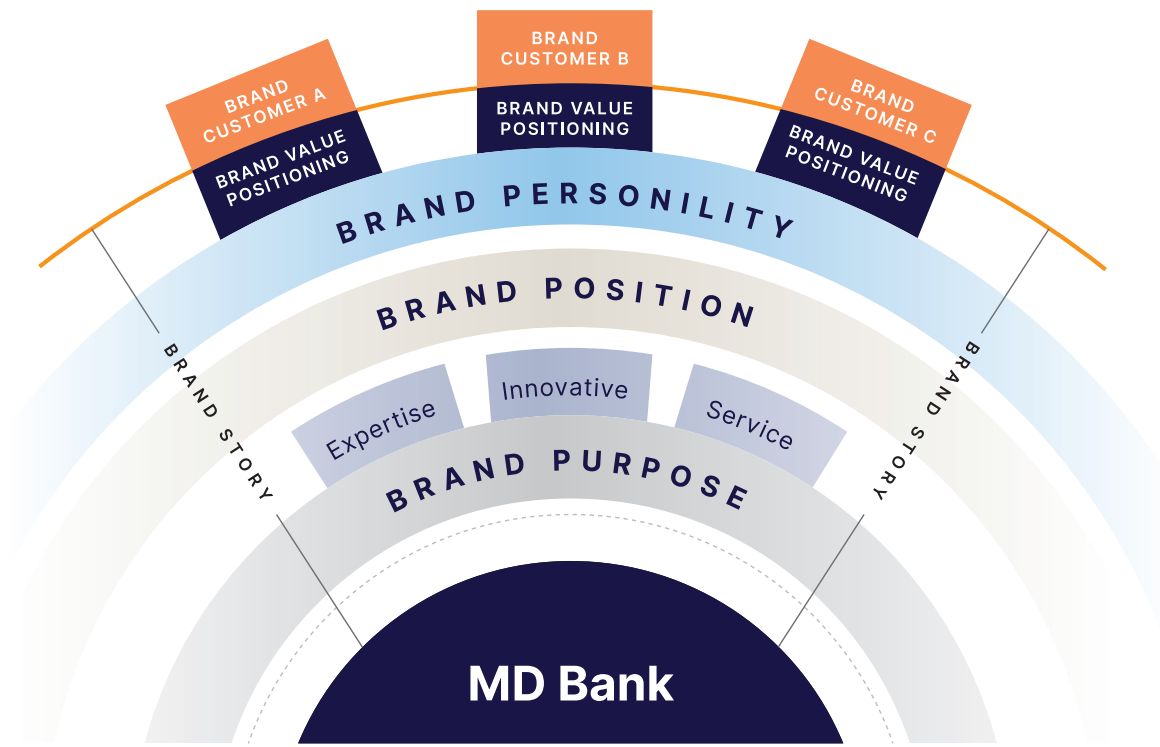
<p>Create to Best Service providing the finest continuous customer experience</p>	<p>Drive to Profit focused and profitable growth</p>	<p>Efficient to Operation The efficiency of operations and capitalisation</p>
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The most successful, socially responsible bank in Myanmar.

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

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

Our Brand Story



<p>Expertise We're professionals in our areas, and learning knowledge grows constantly.</p>	<p>Innovative We're inventive and strive to implement new ideas. We'll deliver innovative customer service.</p>	<p>Services We offer unique services and create a culture of care and serve with friendly, easygoing customers.</p>
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Involvement of MD Bank

Our blueprint of prospers future.

MD Bank provides banking services for multiple sectors. We assist customers with current and future financial management and expectations in a changing business environment.

Involvement in Myanmar's ongoing Economic Development

Corporate Banking

Our Corporate Banking delivers commercial solutions to corporate clients, including term loans, business loans, and bank savings services. While we are improving other banking sectors, corporate banking is an important area where we can better rationalise our process.

International Banking

MD Bank (is granted Authorised Dealers License by the

Central Bank of Myanmar on (5-8-2021).

MD Bank's existing shareholders have increased additional share capital of 9.3 billion kyats for the purpose of applying of authorized dealer license to Central Bank of Myanmar. Central Bank of Myanmar has granted Authorized Dealer License to MD Bank. Nevertheless, registration process for those shares capital increase in Directorate of Investment and Company Administration is under processing due to waiting other government related authorities approvals.

In order to use Society for World-wide Interbank Financial Telecommunication(SWIFT)for Foreign Banking Business of the bank, the On-Boarding Process has been started since April, 2021.

For having NOSTRO foreign Currencies accounts network of the bank, our foreign currencies accounts such as USD, EUR, SGD accounts with MFTB and USD account with CB Bank have been opened since December, 2018.

Following the CBM instruction for the development of Money Market within the country by using Electronic Dealing Platform , we equipped Refinitiv Eikon(Thomson Reuters Eikon) since December, 2021 at our bank in order to participate for both Foreign Currency Auction and Government Securities held by CBM and Interbank Lending done between Private Banks. It is necessary to take note that the establishment of

What did we do for correspondent network in 2021-22?

During 2021-22 FY, Money Market service is supporting the need for liquidity fund between financial institutions on a short term with a good rate. It helps financial institutions to make successful moves effectively and efficiently in the financial market.

Moreover, we have started an initiation on exchanged required documents with some foreign banks to build correspondent network. It takes a time for getting RMA with correspondent banks since we are processing to receive SWIFT function which is the most commonly used standard for payment settlement.

**Key Focus Financial Services for 2023
Correspondent Networking**

Correspondent banking is the main component for various services such as international funds transfers,

Bank Name	Headquarter
Industrial and Commercial Bank of China, Yangon	China
Cathay United Bank, Yango	Taiwan
Bank of China, Yangon	China
United Overseas Bank, Yangon	Singapore
OCBC, Yangon & Singapore	Singapore
Siam Commercial Bank Public Company Limited, Yangon	Thailand
Bangkok Bank, Yangon	Thailand
Sumitomo Mitsui Banking Corporation, Yangon, Tokyo	Japan
MUFJ, Yangon & Tokyo	Japan
Mizuho, Yangon & Tokyo	Japan
May Bank, Yangon	Malaysia
State Bank of India, Yangon	India
Shinhan Bank, Yangon & Seoul	Korea
DBS, Yangon	Singapore

sufficient (Relationship Management Application) RMA Banks for foreign banking business is important for a bank. For that purpose, International Banking Department started communication via e-mail to the following banks for establishment of RMA banks for secure, faster and facilitate our foreign banking business last year: and January, 2022 respectively.

cash management services, own fund clearing, letters of credit and foreign exchange services. Therefore, we are planning to build the correspondent network and strong relationships with international organizations across all touchpoints as our bank is developing a commercial bank in Myanmar Banking Sector.

We look forward to gain new growth opportunities from correspondent banks 'continuing investment in hedging

activities in coming 2023.

Supporting and Elevating the Community

We are planning to provide financial support to Non-Bank Financial Institutions to strengthen their liquidity under the rules and regulations of the government. As MD Bank, we are aspiring to share goals with NBFIs to recover after pandemic, to create sustainable future for everyone, to receive investment solutions for all the people so that we will achieve our goals and growth together with building long-term competitive advantages.

Currently, we are preparing to have a digital platform on the market through core banking system in coming 2023. Therefore, we will be able to perform more collaboration with NBFIs and our customers will have greater access to information of banking transactions timely in early days of 2023.

Future Plan

MD Bank is strategic business partner with Intellect Design Arena Ltd. and ACE Data Systems Ltd. to use the International Core Banking System not only for existing banking services but also the future banking services including Foreign Banking Business.

We plan to provide the following banking services when our bank starts the foreign banking:

- Account transfer for interbank and interbranches.
- Inward and Outward Remittance
- Export Letter of Credit,
- Import Letter of Credit, Advising
- Bill Collection, Bill Purchase
- Bank Guarantee /Shipping Guarantee

The following area will be focused for our bank's Foreign Banking Business:

- Corporations / Group of Company
- Gems & Jewelry Shops
- Export Company, Import Company
- NGO, INGO, Enterprise
- Seamen Agencies
- Migrant Worker Agencies
- Finance Companies

Treasury & FI

Foreign Exchange

Our bank provides Foreign Exchange Transactions which offer to buy and sell any currencies at the best rates for our customers.

We fulfil your requirements in various sectors, such as export/import transactions, foreign loan repayment, and other repayments in foreign currencies...

Hedging

Our bank provides hedging solutions to help our customers reduce the risk of their financial assets. We also support consultation services for our customers to manage their foreign exchange transactions based on the bank's liquidity and the customer's requirements. It is a good idea to connect with our professional dealers to get the best solutions for the customers.

Cross Currency Swap (CCS)

It is an agreement between two parties to allow sums of a particular currency to be used to fund charges designated in another currency without acquiring foreign exchange risk. CCS permits companies that have funds in different currencies to manage them efficiently. This reduces the risk of fluctuation and prevents you from losing the currency's value.

FX Forward

A forward exchange contract is an agreement between the customer and the bank in which they agree to buy or sell foreign currency with a fixed exchange rate on a specified future date. This mainly targets the exporters and importers by helping them to have fewer risks in their foreign exchange transactions.

Money Market

Money Market service supports the needed liquidity fund between the financial institutions on a short term with a reasonable rate. It helps financial institutions make successful and efficient moves in the financial market.

Financial Institutions (FI)

FI builds relationships with other local and foreign banks and multilateral organisations and establishes networks to initiate business between the two banks. Apart from these, it builds relationships with MFIs, Non-Banking FIs, and NGOs/INGOs to support liquidity and other services to them.

MFIs

Our bank supports microfinance loans with fair interest rates and service charges for microfinance companies. It is because our bank is willing to reach and help the communities in some urban areas and rural areas through

microfinance companies.

Escrow Services

Escrow is used when a neutral third party holds assets on behalf of two or three contracting parties, subject to a transaction between them being completed until certain obligations or conditions under the agreement contract have been met.

Our bank accepts the deposit for escrow services in which the bank holds funds for agreeing parties and offers the best interest rate on the fixed fund. As an escrow agent, the MD bank will hold funds in an escrow account at a bank on behalf of clients by the terms and conditions of an escrow agreement until we receive the appropriate instructions or until predetermined contractual obligations have been fulfilled.

We can build **a better future** together



Innovative Products and Services.

MD Bank prioritises growing technical capabilities, innovative bank product capabilities, creating new banking channels, and increasing services.

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

Digital interactions are becoming the preferred method of communication between us and our clients. We are not only reinventing banking by focusing on the needs

of our consumers but also trying to predict their future financial needs.

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

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



Intellect Int'l Core Banking and Treasury System and signed the contract at Lotte Hotel

IT Department Digital Milestone

MD Bank built the Data Center at the Head Office in 2021.

MD Bank chose the Intellect Int'l Core Banking and Treasury System and signed the contract at Lotte Hotel on July 1, 2022.

Objective

- To provide advanced banking services focused toward digital banking to the general public in keeping with the new trends.

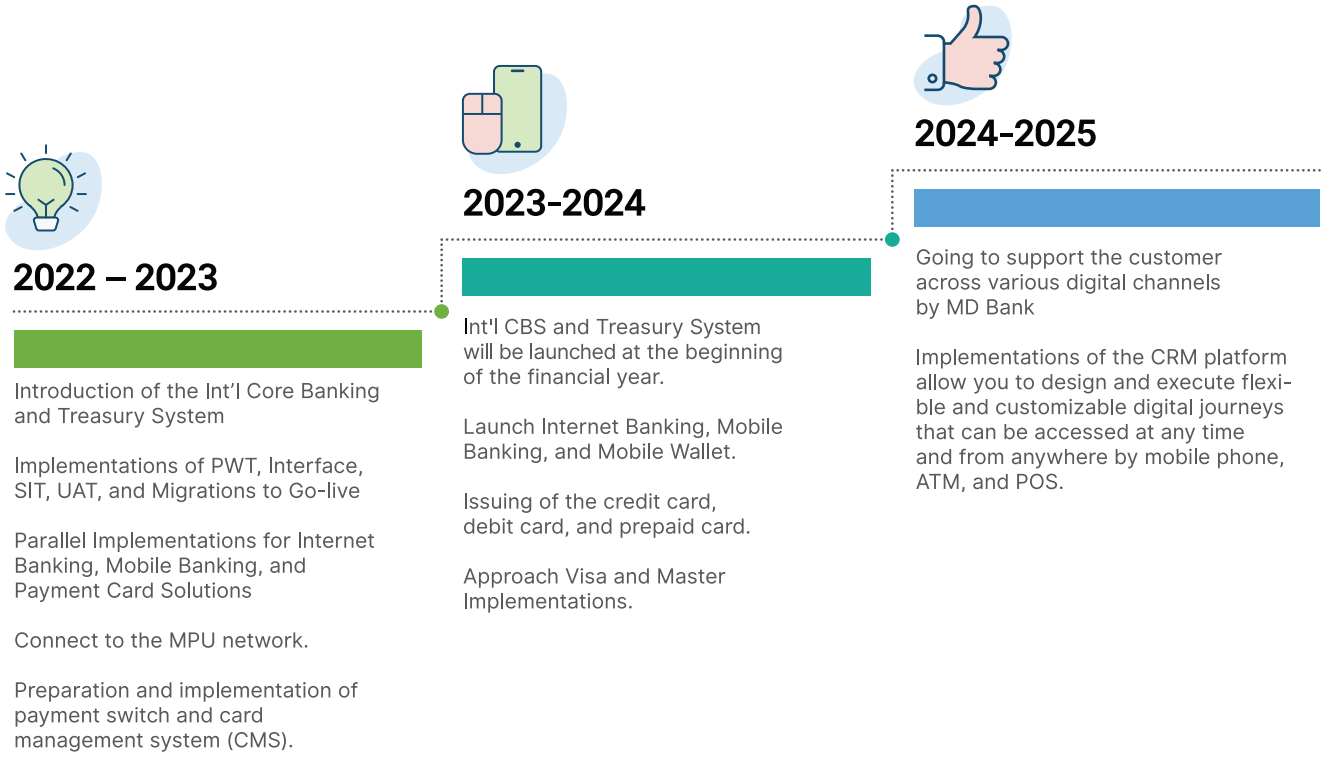
- To develop a Digital payment system.
- To provide financial services that are less likely to lose the benefit for customers who contact the bank.

The Current Landscape of Int'l Core Banking System and Digital Payments Solutions.

Currently, MD Bank is implementing Int'l Core Banking and Treasury System. We plan to go live in April 2023. We are the ongoing approaching digital banking in parallel with Int'l Core Banking System. We have planned phase by phase for them as follows.

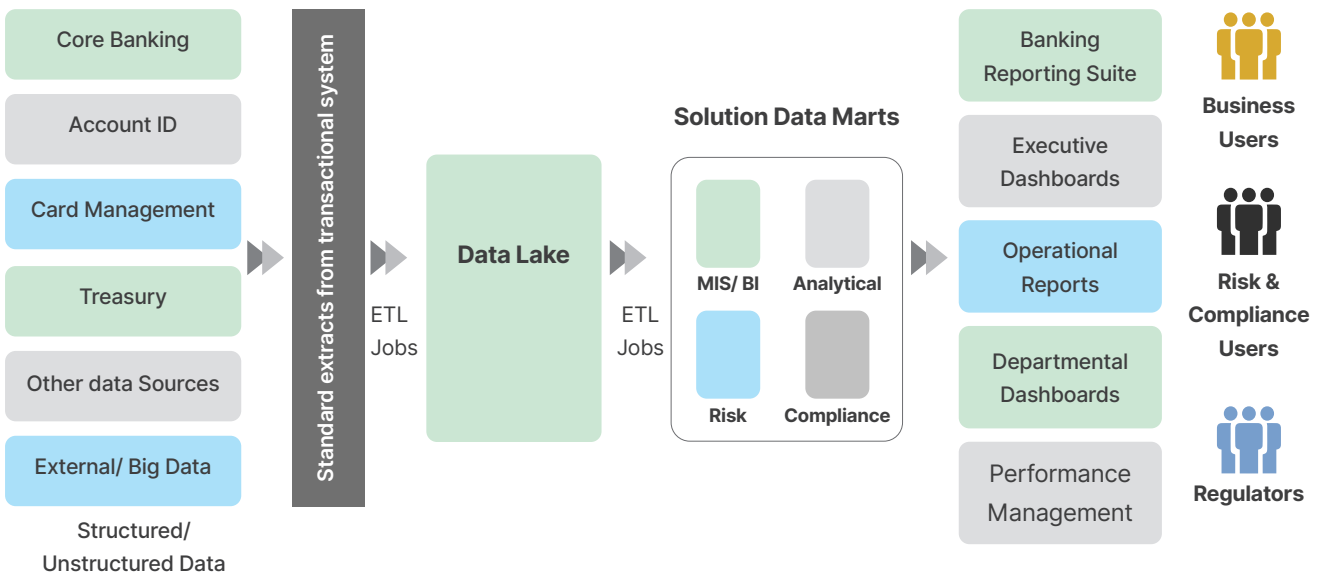
The most user friendly Digital platform is rolling soon.

Digital interactions are our customers' popular way of communications.



Digital interactions diagram

Source Systems





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

The finest in user-friendly digital experience and technology

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

Our perspective is strongly influenced by how we respond and react to MD Bank's digital banking service. We are committed to creating our digital banking services useful, useable, and valuable for our customers.

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

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

Our user experience (UX), user interface (UI), and digital procedures are designed to be user-friendly to our

diverse customers rather than to differentiate our brand from the competitors.

Simpler and stronger structures

We intended to create a more straightforward and superior bank. We took measures to fix deficiencies, maintain confidence, and secure shareholders' long-term performance and returns.

It necessitated enhancing our non-financial risk management and divesting non-core operations, such as wealth management.

As a result of the dedication of Bank employees, we are now a more substantial and safer institution. These solid foundations allow the Bank to establish a more ambitious agenda and concentrate on the following possibilities and challenges. We are committed to operational excellence in our banking operations, streamlining our procedures, and prioritising our clients. We prioritise making banking more secure by consistently strengthening our ability to protect client data and identify and protect against fraud and scams.

Additionally, we are committed to the strict management of expenses and capital, which enables us to invest in the company, produce organic capital, and maintain a healthy and sustainable dividend.

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



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



CEO's Message

MD Bank will open new branches to provide banking services more accessible to consumers. I want to inform you that we want to establish at least (70) chapters around the country by the end of the financial year 2026-27. Complete digital service transformation is about to happen in the next chapters.

Covid-19 has caused severe disruptions to the world for more than two years now. It has changed the way people live, work and connect. Organizations and businesses are also adapting to the "new normal".

Since the beginning of 2020, Myanmar Economy has faced a series of external and internal shocks. The war in Ukraine has caused steep increase in global price of fuel and fertilizer, which has passed through a broader range of goods and services. This has led to sharp rise in input

costs across all industries and fuel inflation which in turn further strained real household income. Notwithstanding these disturbances, some parts of economy have stabilized and even recovered somewhat since late 2021, demonstrating the resilience and adaptability of Myanmar businesses, particularly in manufacturing sectors. But activities in other industries and services remains weak, as declining real household incomes have weighed on domestic demand. Rising costs have affected the operations of all businesses, squeezing profit margins.

Non-performing loan increase since 2020 starting from Covid-19 pandemic outbreaks. As Economic Relief Plan for those who suffers from Covid-19 pandemic, many banks in Myanmar have implemented reschedule for loan repayment and suspend loan principal repayment. Nevertheless, withdrawal limit to obtain kyats remains in ATM and banks' branches and it subsequently hinders to get bank deposit and subsequently banks are still trying to get pre pandemic level.

MD Bank currently raises deposits' interest rates depend on saving types to a certain level in order to attract customers' deposits. As for loan disbursement plan, our bank disburses not only corporate loans but also adapt a plan to disburse retail loans and SME loans to the public to reduce credit risk and diversify loan portfolio.

Against this backdrop, I would like to present a snapshot of the bank performance in during 2022. Bank performed well in all key business parameters in all six quarters of last fiscal years. The highlight of the bank performance was achieving Net Profit After Tax 126 million kyats for FY 2021-22 (Mini budget), which was growth by 7% (on annualized basis) compared to last fiscal year 236 million kyats for FY 2020-21. That was an extraordinary result of the bank during economic crisis.

Bank's Capital Adequacy Ratio (CAR) of the bank stood at comfortable level of 67% as of March'22 with Tier-1 capital 66%. During the year bank raise equity capital of 9.3 billion kyats. As bank's branches opening, there are five branches up to now. The fifth branch was opened in November at downtown business area, Junction City Shopping Center, and launch banking services offering to the public. Furthermore, MD bank will open new branches

where customers can conveniently access banking services. I would like to report that we are planning to open at least (70) branches in nationwide at the end of fiscal year 2026-27.

The proactive role of HR in foreseeing the necessities of business and employee make the institution special and an employee friendly one. As Human Resources Management role, we are working to fulfil the necessary human resources for banking development. In the purpose of employees to be perform efficiently in banking operation and perform in team building activities, to support the growth of banking business, we are conducting internal training for employees and dispatch them to training centers to learn as well.

MD Bank has started implementing International Core Banking System to build modern payment methods and provide a wide range of digital payment platform and bank's services. A complete digital service transformation is about to happen in the near future. I am pleased to share that International payment settlement of SWIFT on-boarding has commenced in preparation for establishing relationships with foreign financial institutions and doing business in the financial sector.

In short, I would like to take these opportunities to thank all the Board members for their valuable guidance and supporting during the course of the journey throughout the year, and unstinted support of our loyal customers and shareholder in the growth story of the bank. I appreciate our dedicated and devoted work force for their untiring efforts and outstanding performance in challenging time.

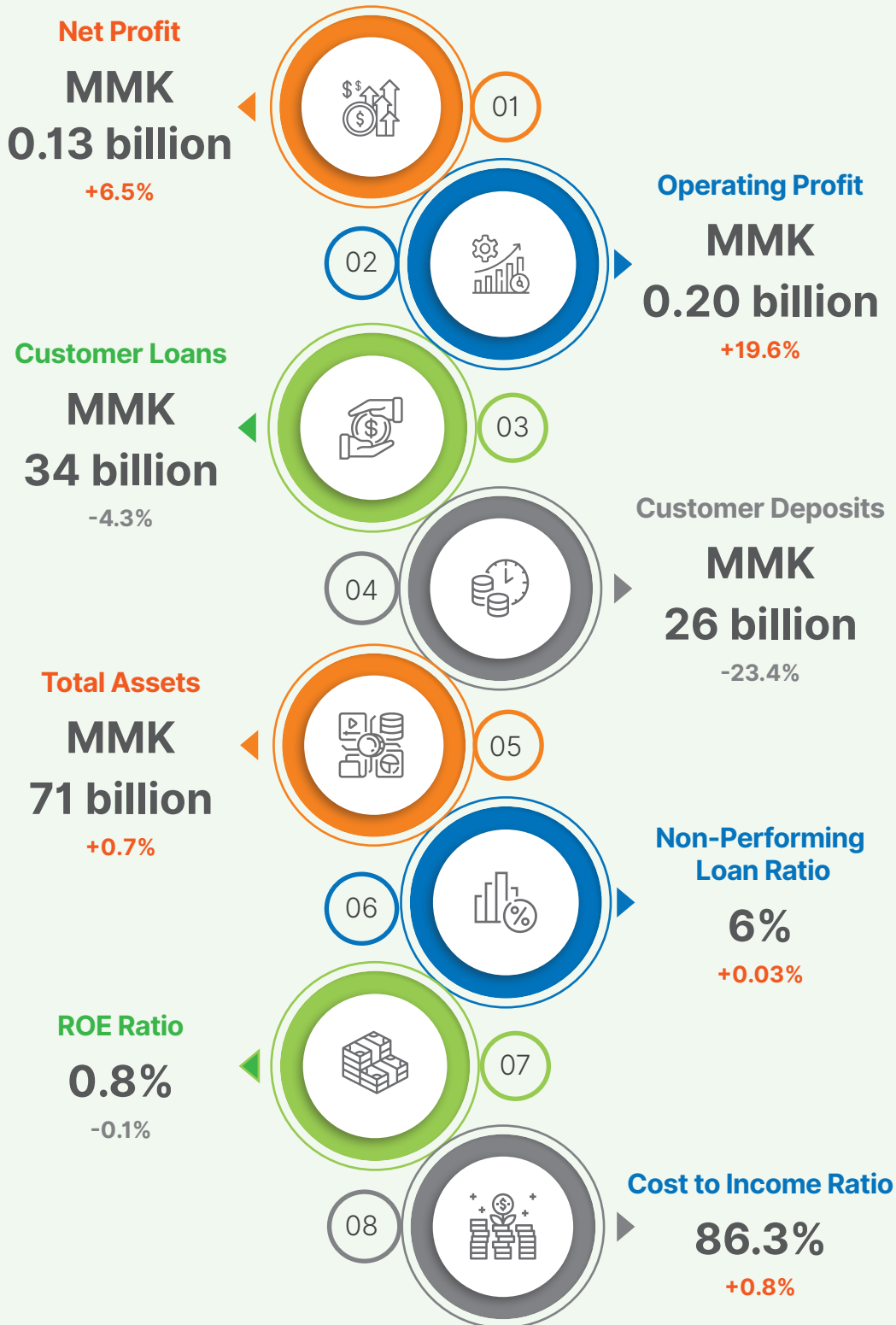


Htun Htun Oo

Deputy Chief Executive Officer

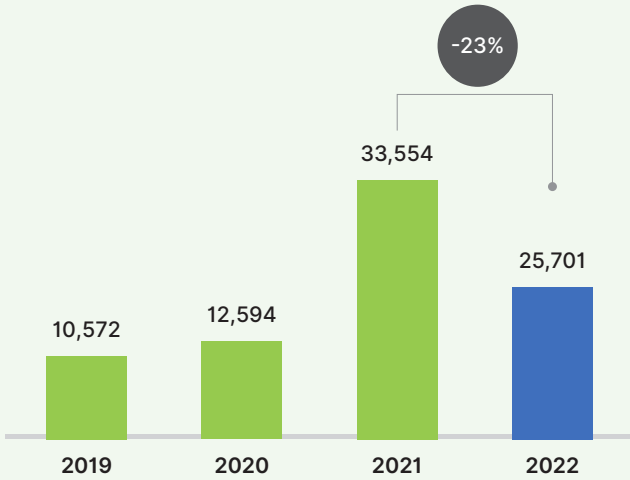
We create **value** for our shareholders while also **supporting** our clients and customers.

Financial Highlights

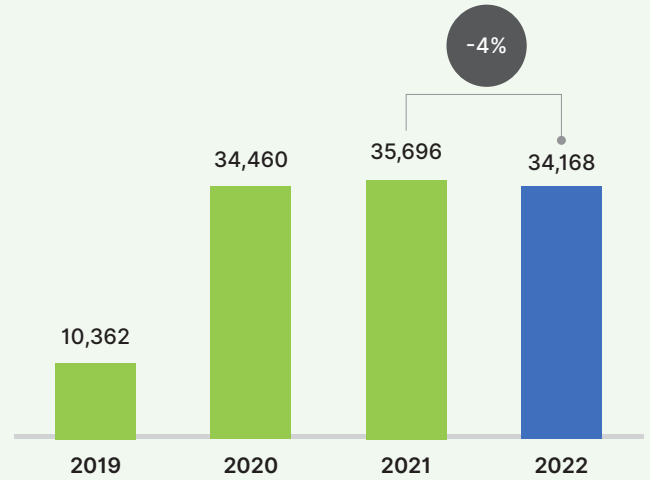


Financial Highlights

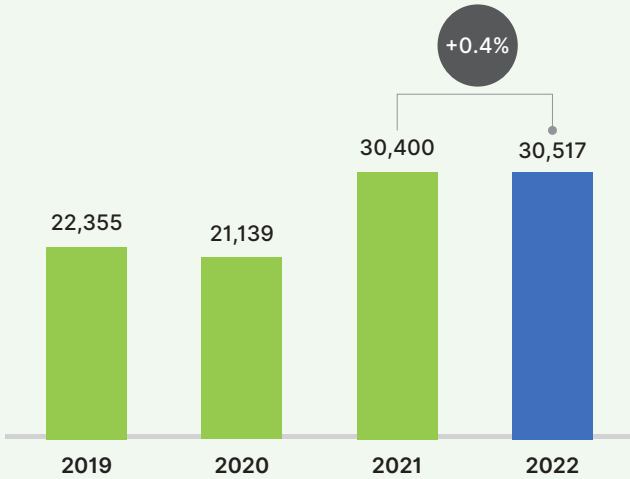
Total Deposits (MMK Million)



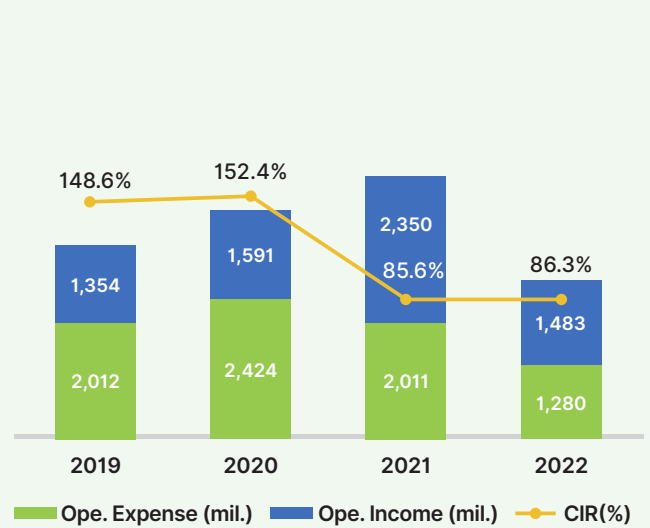
Total Loan (MMK Million)



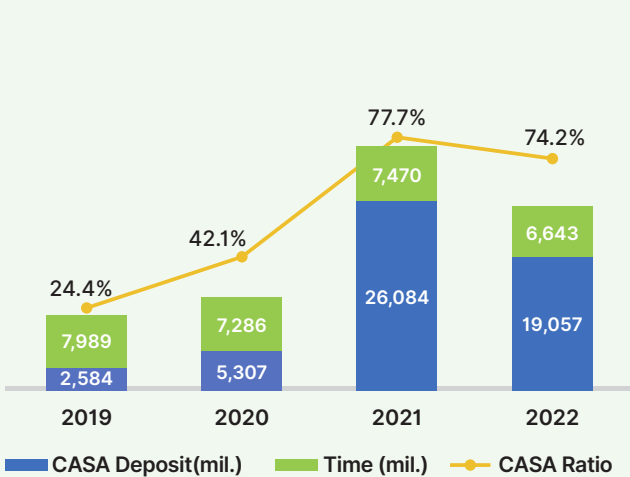
Owners' Equity



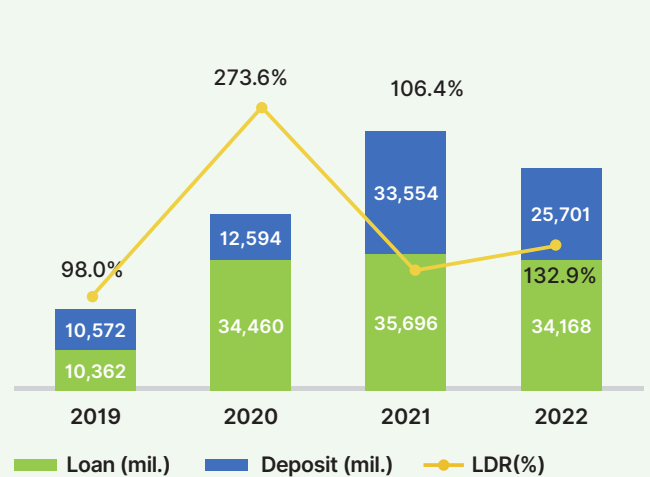
Cost to Income Ratio (CIR)



CASA Deposit Ratio



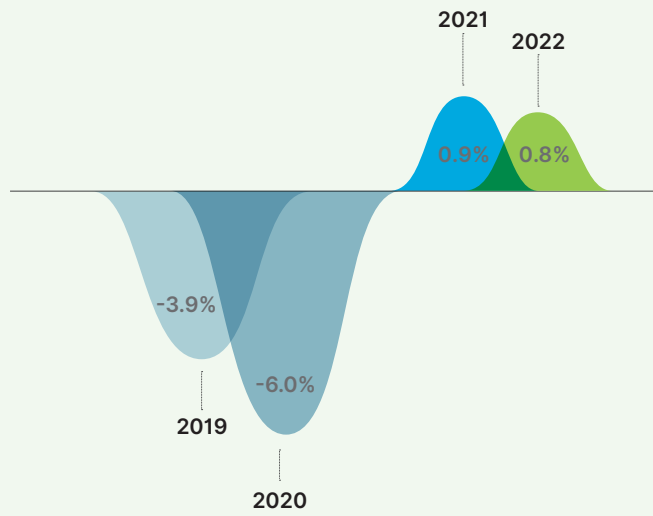
Customer Loan to Deposit Ratio (LDR)



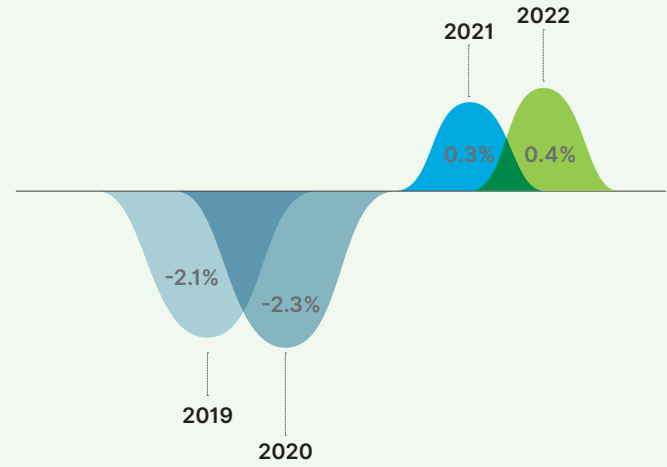
2022 Highlights

Financial Highlights

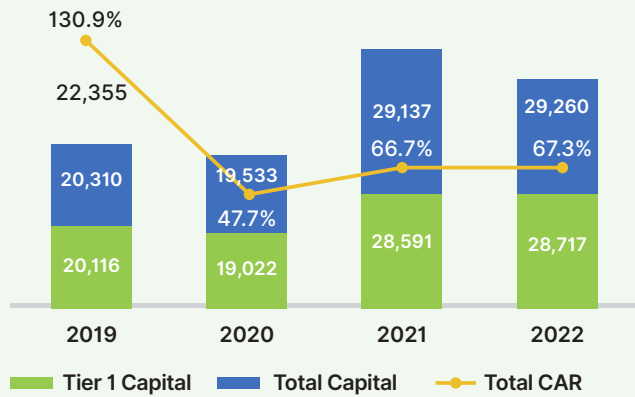
Return on Equity (ROE)



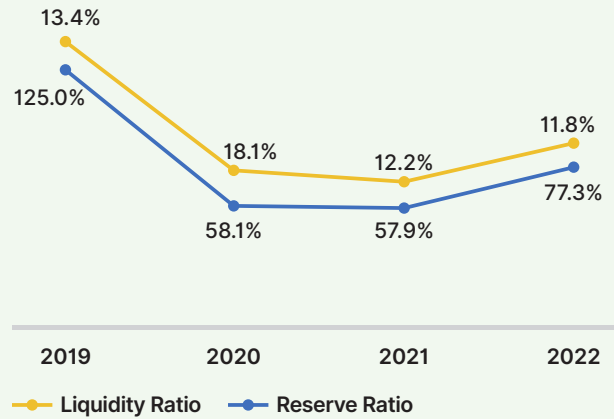
Return on Assets (ROA)



Capital Adequacy Ratio (CAR)



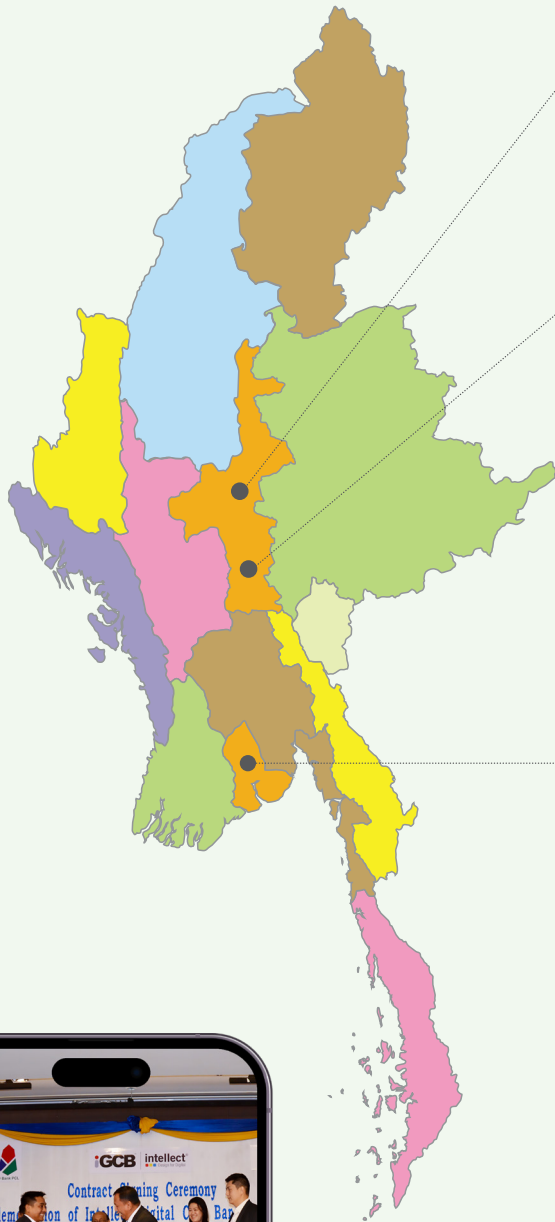
Liquidity and Reserve Ratios



Financial Summary

FINANCIAL SUMMARY	2019	2020	2021	2022
	Oct-Sep	Oct-Sep	Oct-Sep	Oct-Mar
Selected Income Statement Items				
(MMK Million)				
Total Income	1,354	1,591	2,350	1,483
Total Expense	2,012	2,424	2,011	1,280
Operating Profit	(658)	(833)	339	203
Net Profit After Tax	(865)	(1,315)	236	126
Selected Balance Sheet Items				
(MMK Million)				
Net Customer Loans	10,362	34,460	35,696	34,168
Customer Deposits	10,572	12,594	33,554	25,701
Total Assets	40,278	71,713	70,579	71,104
Owners' Equity	22,355	21,139	30,400	30,517
Key Financial Indicators (%)				
Cost to Income Ratio (CIR)	148.6%	152.4%	85.6%	86.3%
Non-performing Loan Ratio (Gross NPL)			5.96%	5.99%
NPL Coverage Ratio			1.2%	1.2%
Return on Equity (ROE)	-3.9%	-6.0%	0.9%	0.8%
Return on Assets (ROA)	-2.1%	-2.3%	0.3%	0.4%
Capital Adequacy Ratio (CAR)				
Tier 1 CAR	129.6%	46.5%	65.4%	66.0%
Total CAR	130.9%	47.7%	66.7%	67.3%
Liquidity Ratio	125.0%	58.1%	57.9%	77.3%
Reserve Ratio	13.4%	18.1%	12.2%	11.8%

Business Highlights



Mandalay Branch

No. (516), Plot No. (570), Street-80 (between 31st Street and 32nd Street) Chan Aye Tha San Township, Mandalay.

Nay Pyi Taw Branch

No.-P (166/167), Thapyae-gone market, Thapyae-gone Ward Zambuthiri Township, Nay Pyi Taw.

Head Office

Kabar Aye Branch Office

No. (66), The Kabar Aye Pagoda road Mayangone Township, Yangon.

Shwe Bontha Branch

No. (119), Shwe Bontha Road, Between Mahabandula Street and Merchant Street, Pabedan Township, Yangon.

Junction City Branch

Junction City (2nd floor) Corner of Bogyoke Aung San Road and Shwedagon Pagoda Road, Pabedan Township, Yangon.



The Shwe Bom Tha branch opened on January 24, 2022.



Junction City branch opened on November 2, 2022.

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

Board of Directors

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





Leadership



U Yone Mu

Patron: MD Bank

Present directorship in companies as at 31 October 2022.

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

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

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



U Thura Lwin

Non- Executive Director

Appointed on: 29 July 2020

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

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

U Thura Lwin is a Non-Executive Director of MD bank and was appointed in July 29 2020. He is Vice Chairman of Risk Management Committee, Vice Chairman of ICT Development Committee and member of Construction Committee of the Bank. Moreover, he further serves as member of UMFCCL and Myanmar Computer Federation (MCF) as well. He is a key person and can manage in the areas that either may be subject to risk or may be out of compliance with practices on risk management.

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



U Pye Phyo Aung (Thomas)

Non-Executive Director

Appointed on: 15 November 2018

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

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

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

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



U Mya Kyaw Swar Win @ U Kyaw Swar Win

Non-Executive Director

Appointed on: 15 November 2018

U Mya Kyaw Swar Win @ U Kyaw Swar Win was appointed as Board Director of MD Bank since 15 November 2018. He is currently a member of Credit Committee, ICT Development Committee and Risk Management Committee and Construction Committee and Mandalay Regional Credit and Bank Development Committee of the bank. He is owner of Royal Diamond Jewelry and also serves as Treasurer of Gems & Jewellery Entrepreneurs Association (Mandalay). He can provide suggestions to the Board with timely assessment of the credit risk profile concerning risk concentration, portfolio composition and quality.

U Mya Kyaw Swar Win @ U Kyaw Swar Win holds the degree of Bachelor of Science, Chemistry (B.Sc Chemistry). He completes in Strategic Management, Internal Control & Internal Audit, and Strategic Performance Management Course.



U Aung Lwin Aye

Non- Executive Director

Appointed on: 15 November 2018

Present directorship in companies as at 31 October 2022

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

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

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



U Aung Zaw Hein

Appointed on: 15 November 2018

Non-Executive Director

Present directorship in companies as at 31 October 2022

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

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

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



Daw Tin Latt Min

Non-Executive Director

Appointed on: 15 November 2018

Last Re-elected on: 6 October 2021

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

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

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



Daw Yin Yin

Non-Executive Director

Appointed on: 15 November 2018

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

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

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



Daw Nyaw Nway Hlaing

Non-Executive Director

Appointed on: 16 October 2021

Present directorship in companies as at 31 October 2022

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

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

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



Htun Htun Oo

Deputy Chief Executive Officer

Date of Appointment: 26 July 2022

Membership of Board Committees

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

Qualification

Bachelor of Commerce, Yangon University of Economics, Myanmar

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

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

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

Relevant Experience

U Htun Htun Oo has been appointed as Deputy Chief Executive Officer and Board Member of MD Bank in 26 July 2022. Prior to be appointed as Deputy Chief Executive Officer of the bank, he served as an Advisor to the Board since 1 February 2022.

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

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

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



U Than Htike Aung

Non-Executive Independent Director

Appointed on: 20 June 2022

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

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

Management Committee

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





Leadership



Daw Aye Aye Khaing

Chief Credit Officer

Qualifications and Other Membership

- Bachelor of Economics, B.Econ (Economics), Yangon Institute of Economics.
- Diploma in Business Law (DBL)
- Master of Banking and Finance (Yangon University of Economics)

Relevant Experience

- Daw Aye Aye Khaing has over 22 years of experiences in Banking Industry.
- She was with the Banks, working for KBZ Bank, UAB Bank and AGD Bank before joining to MD Bank.
- She began his banking career in 2000 with KBZ Bank and held the position of Junior Assistant and subsequently promoted to Manager. She was with the UAB Bank in operation for a period of 10 years and served as start from manager position and subsequently promoted to Deputy Director.
- In her banking career with AGD Bank, she was appointed as Head of Credit and coordinating with the bank's operation.
- She has working experience with regard to Credit Analysis, document assessment, credit risk management, and can strongly support to senior management and the Board.
- She, at present, serves as Chief Credit Officer and oversees in the Bank's credit administration.



Daw San San Myint

Head of International Banking Department

Qualification and Other Membership

- Bachelor of Economics, B.Econ. (Statistics), (Yangon Institute of Economics)
- Master of Public Administration, MPA (Yangon Institute of Economics)

Relevant Experience

- Daw San San Myint has over 30 years of banking experience in Local Bank, with strong expertise in banking operations and administration.
- Her first career was in Myanmar Insurance and served for two years.
- She was with Myanmar Foreign Trade Bank starting from 1992 and served as Assistant Manager, Manager, Assistant General Manager and Deputy General Manager. She can support key financial area of MFTB in Treasury and correspondent Banking, Foreign Remittance, Trade Department, Foreign Exchange Control Department, Audit Department and Cash Department respectively.
- Moreover, she has learned overseas banking through training, seminars and conference held at the Banks in Singapore, Thailand, Hong Kong, Korea and Japan.
- She is currently serves as Head of International Banking Department of MD Bank, and the main driving force for the Banks' SWIFT on-boarding process for foreign banking business launch.



U Atar Latt

Head of Compliance

Qualification and Other Membership

- Bachelor of Economics, B.Econ (Economics), Yangon Institute of Economics
- Diploma in Economic Studies (Yangon University of Economic)
- Master of Banking and Finance (Yangon University of Economics)

Relevant Experience

- U Atar Latt has over 24 years working experience in Banking Industry.
- Before he has started his banking career, U Atar Latt served as government staff with Institute of Marine Technology under Ministry of Transport for the period of 3 years, and then private company for 3 years.
- He began his banking career with Myanmar May Flower Bank, AGD Bank and UAB Bank, and he was there for 24 years where in he builds his operational foundational in credit, Finance, compliance and audit, cash and deposit.
- During his banking career, he served as Branch Manager and various operational role in Credit department, ATM Card Department, Cash & Deposit Refund, Administration & Finance, Head of internal Audit, and Head of Compliance.
- At present, he serves as Head of Compliance of MD bank.



U Aye Kyaing

Head of Admin

Qualification and Other Membership

- Bachelor of Science in Physics, University of Yangon
- Diploma in Banking, Myanmar Banks Association
- Diploma in Civil, Regional Collage

Relevant Experience

- U Aye Kyaing has over 30 years of experience in banking sector. He started his banking career in Myanma Economic Bank and subsequently continued his banking career in Myanmar Oriental Bank before moving to MD Bank.
- Throughout his banking career with MEB and MOB, he served as Branch Manager and various key operation role in Finance, Administration, compliance. He has successfully completed in HR Management, AML CFTN, modern banking course.
- U Aye Kyaing has held one of keys position in MD Bank since the establishment of MD Bank. Currently, U Aye Kyaing serves as Head of Administration Department and he can support key financial area and administration affair to Senior Management of the Bank.



Daw Mya Mya Aye

Head of IT

Qualification and Other Membership

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

Relevant Experience

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



Daw Moe Myat Myat

Head of Finance

Qualification and Other Membership

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

Relevant Experience

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



Naw Phyu Zar Thwin

Head of Human Resources

Qualification and Other Membership

- BSc (Physics)
- Master of Business Administration

Relevant Experience

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



Daw Hsu Mon Thet

Head of Internal Audit

Qualification and Other Membership

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

Relevant Experience

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





Our Report

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

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

Corporate Governance Framework

1. INTRODUCTION:

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

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

2. CORPORATE GOVERNANCE PHILOSOPHY:

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

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

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

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

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

3. CORPORATE GOVERNANCE MODEL:

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

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

3.1 Board of Directors:

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

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

3.2 Management Team:

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

4. PURPOSE OF THIS FRAMEWORK:

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

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

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

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

5. CORPORATE GOVERNANCE PRINCIPLES:

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

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

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

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

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

5.1 Board Operations

The Board's ability to manage its own activities:

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

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

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

5.2 Strategy

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

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

5.3 Corporate Culture

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

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

5.4 Monitoring and Evaluation

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

- 5.4.1 Ensure that the organization complies with rel-

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

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

5.5 Stewardship

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

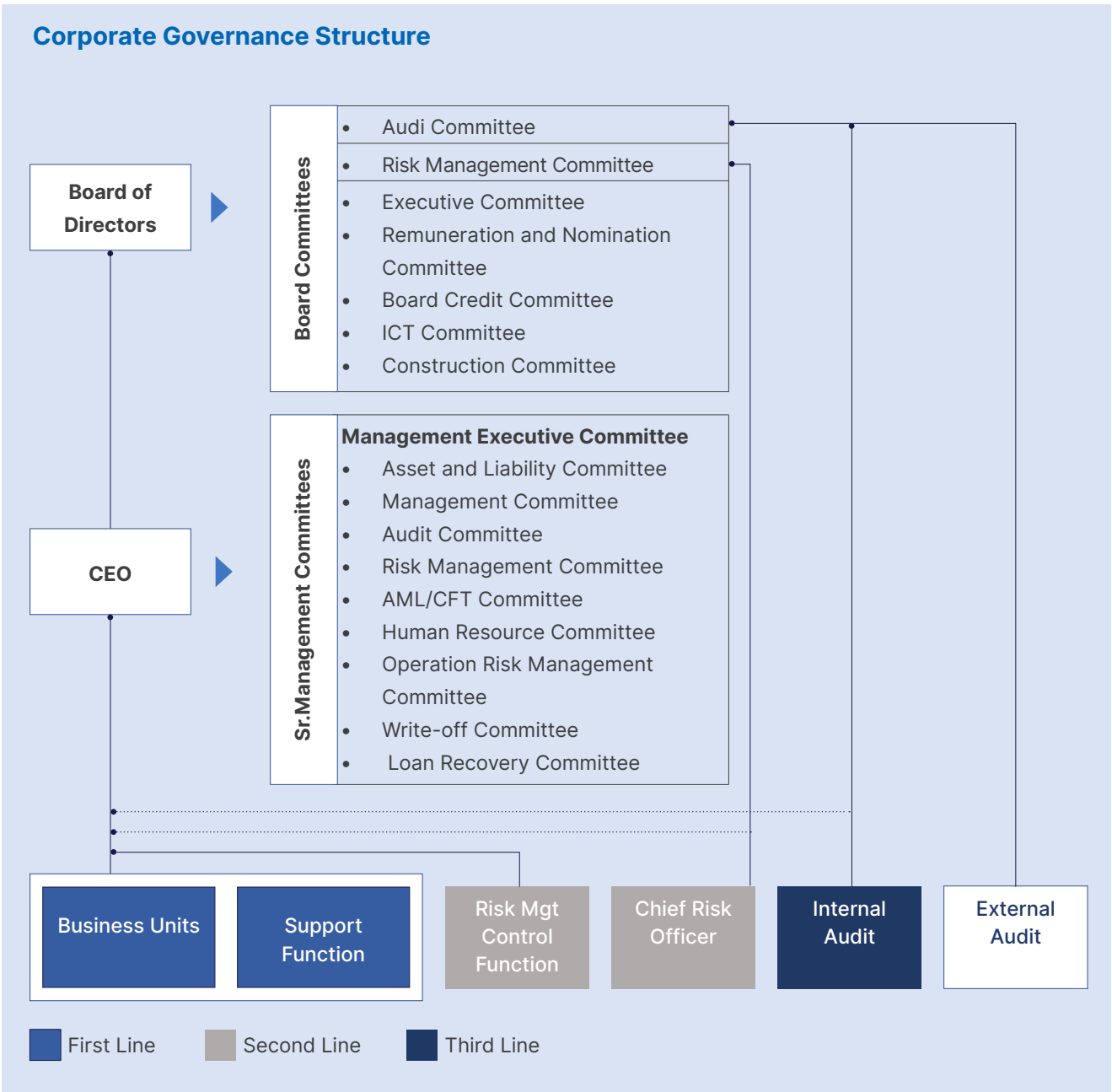
- 5.5.1 Uphold rigorous standards for individual members preparedness, participation, and conduct.
- 5.5.2 Protect the organization and its stakeholders from potential damage due to conflicts of interest.
- 5.5.3 Manage stakeholder expectations regarding the safeguarding of their interests, in part by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

5.6 Risk Management:

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

6. CORPORATE GOVERNANCE STRUCTURE:

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



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

6.1 Board Committees:

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

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

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

Each sub-committee will have its Terms of Reference.

Executive Committee

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

U Yone Mu	Patron
U Thura Lwin	Member
U Pye Phyo Aung (Thomas)	Member
U Mya Kyaw Swar Win @ U Kyaw Swar Win	Member
U Aung Lwin Aye	Member
U Aung Zaw Hein	Member
Daw Tin Latt Min	Member
Daw Yin Yin	Member
Daw Nway Nway Hlaing	Member
U Htun Htun Oo	Member
U Than Htike Aung	Member

Audit Committee

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

U Than Htike Aung(ID)	Chairman
Daw Tin Latt Min	Member
Daw Yin Yin	Member
U Aung Lwin Aye	Member
Daw Khin Khin Htwe	Member

U Aung Zaw Hein	Member
Daw Hsu Mon Thet	Secretary

Remuneration and Nomination Committee

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

Daw Nway Nway Hlaing	Chairman
U Htun Htun Oo	Member
Daw Tin Latt Min	Member
Daw Yin Yin	Member
U Aung Zaw Hein	Member
U Aung Lwin Aye	Member
Daw Khin Khin Htwe	Member
Daw Tin Mar Lwin	Secretary

Risk Management Committee

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

U Thura Lwin	Vice Chairman
Daw Tin Latt Min	Member
Daw Yin Yin	Member
U Mya Kyaw Swar Win @ U Kyaw Swar Win	Member
U Aung Lwin Aye	Member

U Than Htike Aung	Member
Daw Lai Lai Naing	Member
Daw Aye Aye Khaing	Secretary 1
Daw San San Myint	Secretary 2

Board Credit Committee

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

U Yone Mu	Chairman
U Nyunt Sein	Member
U Mya Kyaw Swar Win @ U Kyaw Swar Win	Member
U Aung Lwin Aye	Member
Daw Wai Wai Mon	Member
Daw Nyunt Nyunt Khin	Member
Daw Nway Nway Hlaing	Member
U Htun Htun Oo	Member
Daw Aye Aye Khaing	Secretary

Board ICT Committee

- Minimum seven members are appointed for a 1-year term.
- Minimum number of meetings required which is expected to be generally once a month, its depending on case to case occurrence.
- Role: To provide strategic advice, guidance and direction to the Board of Directors on technology initiatives:
 - To develop Board briefings and input on the development of policy positions which

address technology, communications and information management related initiatives;

- To explore and make recommendations regarding technology tools and resources that would be benefit for the bank;

U Pye Phyo Aung (Thomas)	Chairman
U Thura Lwin	Vice Chairman
U Aung Zaw Hein	Member
U Mya Kyaw Swar Win @ U Kyaw Swar Win	Member
Daw Khin Khin Htwe	Member
Daw Nway Nwayr Hlaing	Member
U Htun Htun Oo	Member
Daw Mya Mya Aye	Member
U Myo Naing Htoo	Secretary

Board Construction Committee

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

U Nyunt Sein	Chairman
Daw Tin Latt Min	Vice Chairman
Daw Wai Wai Mon	Member

U Aung Zaw Hein	Member
U Mya Kyaw Swar Win @ U Kyaw Swar Win	Member
U Thura Lwin	Member
U Aung Lwin Aye	Member
U Aik Sai	Member
U Htun Htun Oo	Member
U Aung Kyaw Swar	Member
U Thant Zaw Myo	Secretary

6.2 Management Committees:

Management Committees are chaired by the Chief Executive Officer and, other Committee members are heads of the relevant divisions appointed by the Committee Chairman. Specific terms of references have been established for each Committee formed.

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

Appendix – 1

Risk Appetite Statement (RAS):

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

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

The Chief Executive Officer reserves the right to form temporary Committees and discontinue them, from time to time and as necessary. Some of the main Management Committees are:

6.3 Delegation of authority

The Board Committees, Management Committees and other specific Management personnel will execute activities/transactions on behalf of the Bank in accordance with the delegated authority limits. As a

The risk appetite of the Bank is both a qualitative and quantitative measure and reflects its level of risk tolerance in normal as well as in stressed scenarios. It is expressed as a measurable key performance indicator (KPI), a tolerance limit, or as a qualitative guideline. The Bank has a well-defined Risk Appetite Framework, that consists of the Risk Appetite Statement along with: (a) well-defined performance metrics in the form of Key Performance Indicators or KPIs; (b) risk limits, exposure criteria, restrictions and controls, lending

and investment standards as laid out in the internal risk policies and procedures manual; (c) capital and liquidity benchmarks, which are monitored in the Asset Liability Management Committee meetings; (d) key business and risk management objectives, goals and strategy, which are defined in business, investment and risk management strategies; and (e) management and oversight structures in the Bank through Management and Board committees. Our risk appetite defines the desired performance levels, which, in turn, are embedded into management of the various risks within the Bank as well as the capital of the Bank. Our risk appetite is integrated into the strategic, capital, and risk management planning process across business verticals. The Bank measures the contribution of each business vertical towards key KPIs.

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

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

Risk Management Framework

A. Background

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

1. Introduction

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

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

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

appropriate governance and action:

B. Risk Management Governance

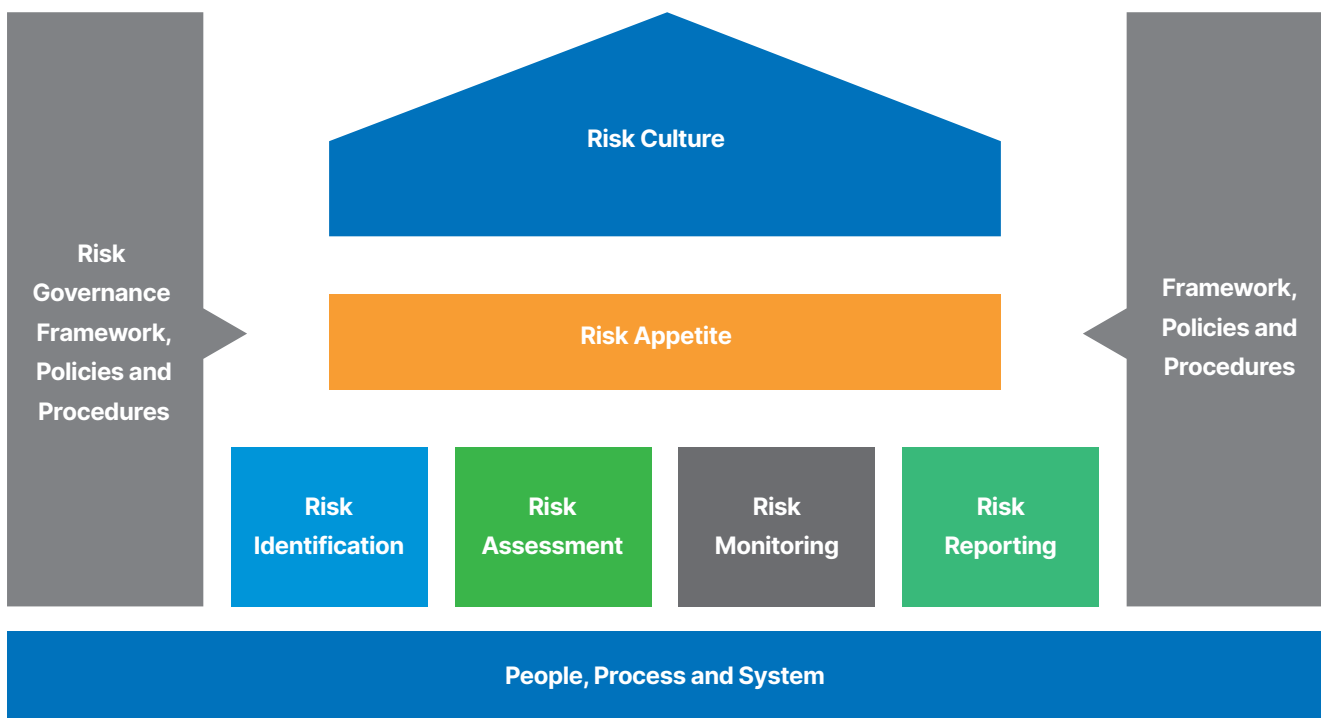
1. Risk Governance

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

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

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

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



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

2. Corporate Governance

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

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

3. Role of the Board

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

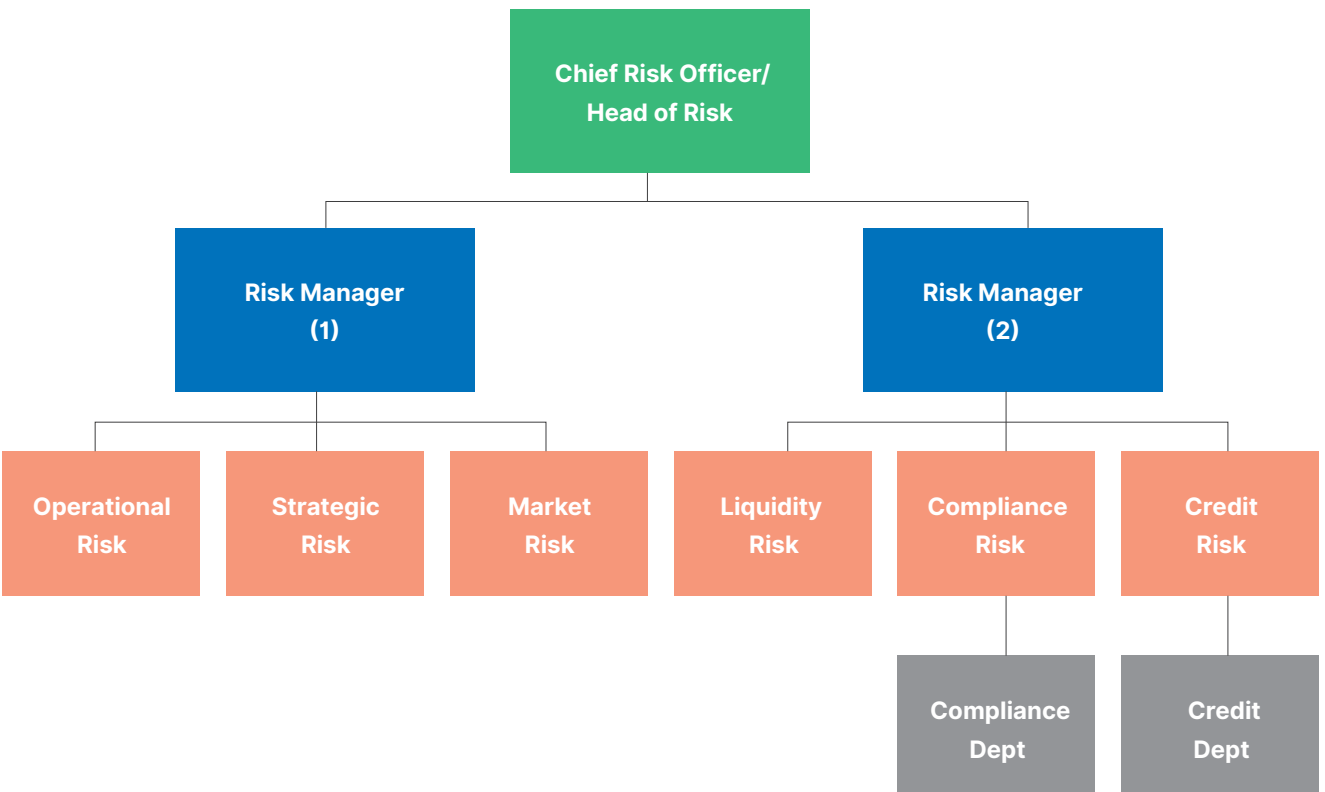
The Board is ultimately responsible for the Bank's operations, management of the risk to which the Bank is

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

Board members will have the following attributes:

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

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



committees namely:

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

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

4. Role of Senior Management

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

In risk management the Senior Management is responsible to:

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

Key Committees supporting Senior Management are:

- Management Committee
- Credit Committee

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

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

Management Committee

- Credit Committee
- Finance

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

C. The Risk Management Function

1. Risk Management Department

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

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

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

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

Specifically,

2. Policies and Procedures

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

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

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

Further all policy and procedures should be periodically

reviewed to ensure that they are current and appropriate.

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

3. Internal Controls

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

The internal control in the form of systems, policies,

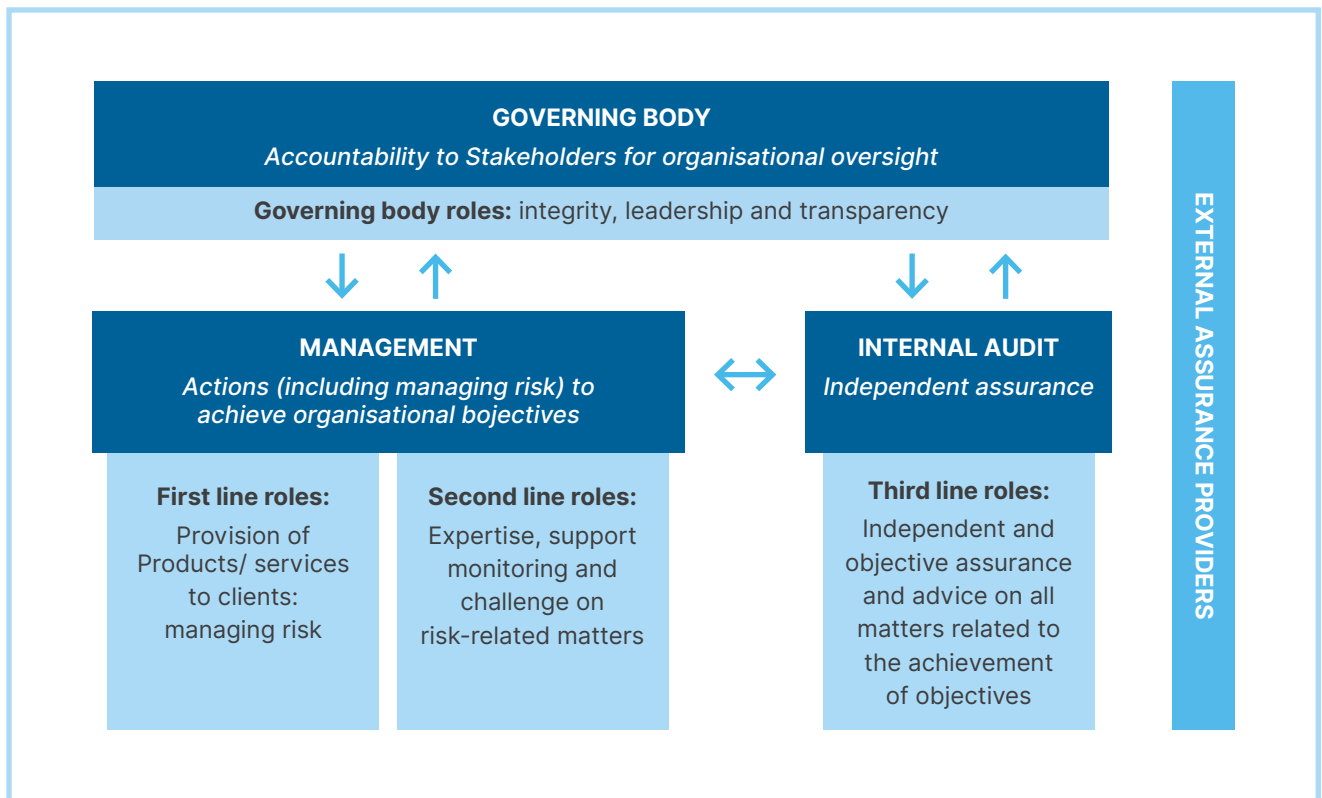
The Bank ensures 3 (three) Lines model to further enhance control:

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

- Risk Management function
- Compliance function
- Internal Audit

The Bank ensures that the above functions are ad-

The IIA's Three Lines Model



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

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

Separation between operational and control functions such as front office and back office activities are also important to avoid conflicts of interest. Preventive Controls and Detective Controls are some techniques used in Internal Control.

equately staffed and resourced to carry out their responsibilities independently.

4. Internal Audit

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

In the context of Risk Management, the internal audit

function will periodically assess the effectiveness of the Bank's risk management framework and practices paying specific attention to the Bank's adherence to established policies procedures and limits and applicable laws, regulations and guidelines

5. The Compliance Function

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

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

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

6. Risk Monitoring and Reporting

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

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

7. Training

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

D. The Risk Management Process

1. The Risk Management Process includes the followings:

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

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

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

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

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

2. Risk Classification

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

- **Credit Risk:** Credit risk is the risk of loss resulting from the failure of a borrower to meets its obligations under a credit facility granted by the bank or from a reduction in the value of the bank's assets due to a change in the credit quality of the borrower/counterparty.
- **Market Risk:** Market risk is the risk to a bank resulting from adverse movements in market prices, in particular changes in interest rates, foreign

exchange rates, equity (and other securities) and commodity prices. Liquidity Risk: Liquidity risk is the risk that the bank will be unable to meet expected and unexpected cash flow needs

- **Operational Risk:** Operational risk is the risk of loss arising from complex operations, inadequate internal controls, processes and information systems, organizational changes, fraud or human errors, or unforeseen catastrophes (including terrorist attacks and natural disasters)
- **Legal, Regulatory and Reputational Risk:** Legal, regulatory and reputational risk is the risk to the bank from exposure to the impact of legal challenge, to changes in the CBM's and other regulation and to the damaging impact of its actions (and those of customers, shareholders etc.) on its reputation, adversely affecting its performance and financial condition
- **Strategic Risk:** Strategic risk is the risk that the bank fails to maintain an appropriate strategy that responds to market and wider environmental challenges, adversely affecting its performance and financial condition.

3. Risk Tolerance

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

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

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

4. Risk Culture

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

To promote a sound risk culture:

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

5. Risk Appetite

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

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

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

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



Human Resources Report

Our organisation and employees have been at their finest and most meaningful. In the future, we will retain our dedication to ensuring that the lived experience across the Bank is consistent with our mission and values.

Being a fantastic place to work: MD Bank's initiative to find the most effective personnel

Beginning in 2022, MD Bank will undergo a complete change in its operational approach. In particular this year, management is hiring more individuals with banking experience as they become more aware of the value of human resources. We can create new departments for things like business and product development, banking, Treasury, and Financial Institutions.

Moreover, giving new personnel chances to take on more responsibility and better long-term potential for the bank. The management takes financial support into account, such as repacking a larger salary range to entice a technical worker. Additionally, make arrange-

ments for employee benefits such Thadinkyut, Water Festival, and the giving of New Year's Day little bonuses to our personnel. Home alone, staff loans based on service year, and other forms of personal welfare were offered for the convenience of the personnel.

We stand out for our dedication to being a great place to work.

Offering a competitive compensation is also better for retaining employees. An employee who stays with an organization because they received a pay increase is easily seduced by offers from other businesses. Non-cash incentives, on the other hand, allow organizations forge relationships with employees that they won't find at other businesses. Because the focus is on the act

of acknowledgment itself, which has value from the employee’s perspective, it is the most cost-effective option. Additionally, another research indicated that the top workplace demotivator was a lack of acknowledgment.

Collaborating to confront a global health crisis and country political situation

Organizations allow personnel to work flexible hours, assign working groups, and some are working from

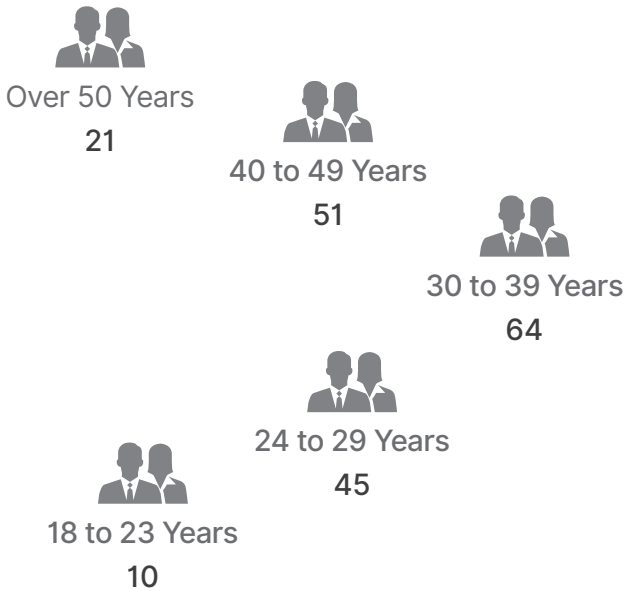
home during the risky Covid-19 and political crisis period. Some employees can help with hostel bank arrangements. giving the staff members affected by the virus additional leave similar to illness leave.

Additionally, non-financial aspects like respect, work-life balance, giving the staff the necessary core training, and assigning both enhancement and enlargement to the staff through developing employment opportunities are vital for employee motivation and engagement.

Male Female Info-graphic Chart



Age diversity



Head Office & Branches	Total	Male	Female
Head Office	120	47	73
Branches	78	29	49

Gender Ratio by position



Our approach to Sustainability

Through our banking services, we want to make Myanmar a better place, in line with our brand of voice,

“Create a Better Myanmar Through Our Banking.”

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

Banks will do well as a sector contributing to the economy’s expansion and global commerce. A decisive change agent has the potential to have a substantial positive impact not just economically but also socially and environmentally.

The concept of “Sustainability” refers to providing for future generations economic needs in an ecologically appropriate manner.





Our Approach to Sustainability



MD Bank approach to **sustainability.**

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

The Board and management are solely accountable for the bank’s responsibilities, and such careful actions are essential to the bank’s competitiveness and sustainability.

Corporate sustainability practises generally fall under the environmental, social, and governance pillars. Corporations use these pillars to lessen their ecological footprint or to achieve other societal goals. We have something to do with socially responsible investing. MD Bank’s approach to sustainability is built on three pillars: environmental, social and governance. These

three pillars are informally known as people, planet, and profits.

Operating business, environmental, climate change, political, human rights, and social concerns are essential for economic growth and sustainability. We are focusing on economics and sustainable development with these thoughts in mind. We analyse business risks, create services and products, pursue business opportunities and cooperate to manage our operations and supply sectors while meeting the expectations of our different stakeholders.



Compliance with local, international, and regional environmental and social standards, as well as the United Nations Global Compact, United Nations Guiding Principles on Business and Human Rights, United Nations Environment Program Statement of Commitment by Financial Institutions to Sustainable Development, the Equator Principles, and other applicable standards as they emerge, is something to which we make sure our operations and services adhere. In addition, one of our goals is to assist in accomplishing the Sustainable Development Goals set out by the United Nations.

Environmental Pillar

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

Our board of directors and management team have established environmental rules for MD Bank’s headquarters and branches. We are trying to implement those



Environmental Pillar

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



Social Pillar

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



Governance Pillar

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

Our Approach to Sustainability



guidelines, saving energy by reducing unnecessary electricity usage at headquarters and bank branches. We have created criteria to ensure good water resources for our staff and customers and avoid unnecessary waste. We follow to pay close attention to these recommendations. Sustainability considerations can also help analyse any environmental concerns a company may face and how the company manages those risks.

As pollution and packaging waste, the use of plastic that makes the environment polluted, we will cut down as much as possible. Instead of plastic, our bank will use packaging that can use again. We consider ensuring that promotional items are given as reusable gifts to customers and will support sustainable growth. These approaches may have a positive financial effect and benefit the planet. Reduced usage of packing materials equals reduced expenditure for our bank, and more excellent fuel economy also improves the company's budget. Ours focused on packaging via their zero-waste campaign, urging them to use less packaging across their supply chain and to acquire more of that packaging from recycled or reused materials.

Many businesses today, particularly banks, are un-

dergoing a rapid digital transition. In Southeast Asia, financial services companies, especially banks, are transforming themselves for this new world, a world recently changed by Covid-19. As a result, MD Bank, like regional and international banks, is working to assist in the transition to digital banking. We will reduce human error and paperwork usage by migrating to better innovative banking through digital banking and providing better and simpler banking services to our consumers. Reducing paperwork through digital banking also contributes to sustainable growth.

This year, the Board reiterated our climate-related goals for accelerating progress. We want to help stop climate change and get to a point where there are no emissions. As a responsible financial institution, we recognise the need to assist our clients in transitioning to a low-carbon future.

Social Pillar

The social pillar is a sustainable business with the acceptance and support of its employees, stakeholders, and operating community. The approaches to securing and sustaining this support are various. Still, it usually comes down to treating employees equally and being a

great neighbour and community member, both locally and globally.

We MD Bank contributed covid 19 vaccinations and required materials to covid 19 treatment centres in line with the third point of the United Nations Sustainable Development Goals Report, which is excellent health and well-being. In addition, all MD Bank employees received covid 19 vaccines and booster doses. Particular focus is placed on the avoidance of Covid 19 programmes and the reduction of office infections. Work-from-home initiatives were introduced during outbreaks to decrease worker exposure to illness transmission. Front-line bank employees who must operate were also instructed to take additional care to prevent the virus from spreading.

According to the United Nations Sustainable Development Goals Report, gender equality is the No. 5 Goal, and MD Bank explicitly prohibits gender discrimination in the workplace. The capacity of women who are fully aware of the importance of women’s roles; we give step-by-step promotion and progress based on job experience and talents, regardless of gender. At MD Bank, we do not assign positions based on age but business abilities and expertise. However, mutual respect between the elderly and the young divides the work and points the way to success. Our MD Bank has

a diverse range of ages, genders, and positions, but it is a forward-thinking organisation progressing in one direction.

We communicate with customers welcoming manner and treat them like a friend. We are happy to listen and learn about the customer’s needs and wants first. We avoid condescendingly treating customers. We never judge our customers by appearance and always try to help and support them. We have self-confidence and courage but not boasting. We express our value to the community that our expression, voice and tone are the same to anyone, nevertheless who they are.

MD Bank provided meals to orphans and elderly nuns at the Shwe Yadana Charity Center.

We are committed to collaborating with our shareholders and all of our employees to no poverty and zero hunger in our community, with a specific focus on No Poverty and Zero Hunger, which are the No. 1 and No. 2 goals of the United Nations Sustainable Development Goals Report.

According to the United Nations Sustainable Development Goals Report, quality education for We will focus on meeting the 4 Goal, we are passionate about learning and applying the latest technologies and ready



to share our knowledge. Therefore, internal and external training was provided to the employees at MD Bank. As Internal Training, AD User Manual & FTP Services Manual Training, Self Leading Training, Communication & Interpersonal Skill Training, Required Document & Document Checking Training, Microsoft Team Training, Foreign Currency, Cash and Money Changer Counter Training, Customer Services and MD Bank Product Training and Branches Sale and Profit & Loss Training. As external training, Compliance Basic Course No - 4,

lead to changes to get customers' trust.

We aim to be a change agent and incorporate environmental and social issues into our company to significantly influence people's lives by encouraging sustainable behaviours, including those of our employees, in the economy, society, and development. We believe in giving back to our customers, shareholders, business partners, contractors, the government, and the communities where we do business.



General Banking No - 35 Course, Corporate Governance, Risk Management & Internal Control Course, Certificate International Trade and Finance Course, Full Scholarship Myanmar Management Institute, Fraud Risk Management and Team Building Training.

We are committed to a highly collaborative relationship with the creation and opportunities for the community. Sometimes we educate, and sometimes we participate alongside them.

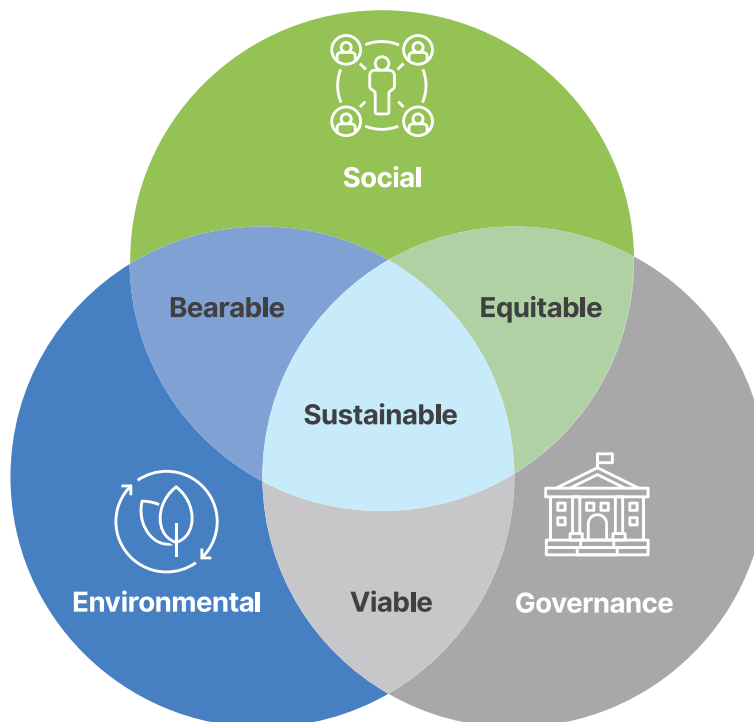
The community is the creative resource, so we exist to share knowledge, ideas, and successes with them. We express a passion for technology but understand that innovation is nothing without customer benefit. We always try to understand customer needs and then

Governance Pillar

Sustainability's governance pillar refers to honest accounting, transparency, and regulatory compliance that align the company's values with the broader society. It is also critical that the company's values align with the community, value chains, and end-user consumers. Good governance is vital not just for businesses but also for society. There is a growing perception that there is a direct link between corporate governance and social responsibility.

The board consistently focuses on improving the diversity of the management committee and employees of MD Bank in the risk management and risk culture of individual economic units, products, services, etc. We

Our approach to Sustainability



are developing a more reliable platform for analysing and controlling all services and transactions.

The board of directors and the management committee pay close attention to information security guidelines and technological risks. Information like ours safe-guards against all intrusions from the outside world.

The environmental impact of our customers’ actions must be understood and evaluated, and every effort must be made to eliminate or, if that is not practicable, to lessen such impacts. To qualify for Bank financing, larger companies must demonstrate that they have established internal controls to prevent or mitigate adverse effects on the environment.

A list of sectors or types of customers who do not meet in the MD bank profile. We will not provide substantial financial assistance to firms engaged in the following endeavours:

- All types of weapons and ammunition are manufactured, traded, and maintained.
- Animals trading or unlawful capture of environmental or mammalian products

- Production or trade of any product or activity deemed illegal by Myanmar laws or regulations, international treaties and agreements, or subject to global limitations, including pharmaceuticals, pesticides/herbicides, and ozone-depleting substances.
- Finding sharks and hunting marine creatures
- Use of explosives and toxins in fishing techniques
- Activities involving exploitative or dangerous forms of child labour or forced labour
- Any people smuggling is prohibited.

Our business model depends on the trust of our consumers, suppliers, and stakeholders; any erosion of that trust directly impacts our bottom line. Therefore, we place a high value on ethics and transparency. Our corporate and sustainable governance plan relies heavily on the institutionalisation of certain concepts that we hold dear via the creation of legislation. MD Bank is committed to operating with the most transparency and honesty in everything we do. In line with our corporate standards, we are zero-tolerance when it comes to corruption or bribery inside our organisation or with any of our business partners. Here we highlight some of the most crucial policies,

Our Approach to Sustainability



“ We will use the profits and wealth to support the opportunity to grow financially while improving their well-being and quality of life across Myanmar.”

standards, and processes that govern the Bank.

The Bank’s standing has been bolstered by implementing a Code of Ethics and a Policy Prohibiting Bribery and Corruption. Employees, interns, Board of Director members, suppliers, and contractors are protected by the policy and code. Employees have been given a Gift Policy to minimise their exposure to gifts in return for their work at the financial institution. When deciding whether or not to accept a present, we use the following five criteria:

- For a valid purpose
- Permitted by law
- Permitted by our rules
- Permitted by the receivers’ policies
- Reasonable in value and acceptable in circumstances

MD Bank’s solid performance from the previous year continued, guaranteeing its stability and capacity to continue caring for its employees, stakeholders, suppliers, business partners, and the communities it serves.

Corporate citizenship is a company strategy aiming to positively impact. Corporate citizenship involves honesty, commercial ethics, and responsible governance. It starts with a dedication to behaving with integrity in every action, transaction, and facet of our organisation, being transparent and accountable, and contributing to our stakeholders’ well-being.

We are committed to making economic contributions to our community by paying our fair share of taxes and mandating employee tax withholdings. We contributed MMK 42 million to Myanmar’s tax coffers for the financial year 2021-2022 as employment tax.

These are the critical key points of our approach to sustainability.

- Shareholders, not only economic profit but also social benefit, are highly concerned about corporate sustainability.
- Sustainable investment is based on three pillars: environmental, social responsibility, and governance.
- Companies could improve their environmental sustainability by reducing their carbon footprint or engaging in less wasteful activities.
- The social responsibility pillar includes actions that help the company’s employees, customers, and the wider community.
- The economic pillar, also referred to as governance, relates to maintaining honest and transparent accounting practices and regulatory compliance.

We are participating and creating a new and sustainable growth future as an organisation that focuses on sustainability. We aim to create wealth and a new, more sustainable way of life and financial prosperity for our clients and businesses.

Approach to the sustainable development goal

MD Bank's top priority SDGs



Sustainable with efficient governance

To maintain honest and transparent accounting practices and regulatory compliance.

Other SDGs priority by MD Bank



Environmentally friendly future

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

Other SDGs



Making a Positive Impact on Society

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



Focus Area

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

Together, the MD Bank approach to sustainability

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

MD Bank is the most prosperous of admiration.

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



Focus Area

Our Approach to Sustainability



Financial Statements

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

MD Bank (PCL) Financial Statements as at 31 March 2022

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Directors' Statement

For the period ended 31 March 2022

The directors present their statement to the members together with the audited financial statements for the financial period ended 31 March 2022.

In the opinion of the directors,

The financial statements as set out on pages 7 to 39 are drawn up so as to give a true and fair view of the financial position of the Bank as at 31 March 2022 and the financial performance, changes in equity and cash flows of the Bank for the financial period covered by the financial statements; and at the date of this statement, there are reasonable grounds to believe that the Bank will be able to pay its debts and when they fall due.

Directors

The directors of the Bank according to list of Directors as per FORM D-1(28.10.2021) of this statement are as follows:

No.	Name	Position
1	Daw Yin Yin	Director
2	U Pyae Phyo Aung	Director
3	U Thura Lwin	Director
4	U Mya Kyaw Swar Win or Kyaw Swar Win	Director
5	U Aung Lwin Aye	Director
6	U Aung Zaw Hein	Director
7	Daw Tin Latt Min	Director
8	Daw Nway Nway Hlaing	Director
9	Daw Myint Myint Kyi	Chief Executive Officer

Arrangements to enable directors to acquire shares and debentures

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

Directors' Interests in Shares

According to the directors' interests in shares, none of the directors holding office at the period end of March 2022 financial year had any interest in the shares of the Bank, except as follows:

No.	Name	No. of Ordinary Share	Amount (MMK'000)
1.	Daw Tin Latt Min	14,000	1,400,000
2.	Daw Yin Yin	14,000	1,400,000
3.	U Pyae Phyo Aung (Elegant Art Gems & Jewellery Company Limited)	14,000	1,400,000
4.	Daw Nway Nway Hlaing (Wai Family Gems Company Limited)	12,000	1,200,000
5.	U Thura Lwin	8,000	800,000
6.	U Mya Kyaw Swar Win @ U Kyaw Swar Win	6,000	600,000
7.	U Aung Lwin Aye	5,000	500,000
8.	U Aung Zaw Hein (Sin Gaung Taung Gems Company Limited)	4,000	400,000

On Behalf of the Directors,



Thura Lwin
Director



Htun Htun Oo
Deputy Chief Executive Officer

June 30, 2022

Ref: 313/ M-338/March' 2022

Independent Auditors' Report

To the Members of Mineral Development Bank (PCL)

Report on the Financial Statements

We have audited the accompanying financial statements of **Mineral Development Bank (PCL)** which comprise the statement of financial position of the Bank as at 31 March 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period 1 October 2021 to 31 March 2022 and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Myanmar Financial Reporting Standards (MFRS) as modified by Central Bank of Myanmar Guidelines and in compliance with the requirements of the Myanmar Companies Law. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Myanmar Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the bank's preparation and fair presentation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of **Mineral Development Bank (PCL)** as of 31 March 2022 and of its financial performance and its cash flows for the period then ended in accordance with MFRS as modified by Central Bank of Myanmar Guidelines and the provisions of the Myanmar Companies Law.

Report on Other Legal and Regulatory Requirements

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

- (i) We have obtained all the information and explanations we have required; and
- (ii) The financial records have been maintained by the Bank as required by Section 258 of the Law.

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



Khin Sandar Win (PAPP-437)
B.Com, CPA, DBL
Engagement Partner
WIN THIN & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS



June 30, 2022

Statement of Financial Position

AS AT 31 March 2022

	Notes	Mar' 2022 MMK'000	Sep' 2021 MMK'000
Assets			
Cash and Cash Equivalent	6	30,645,970	24,450,794
Investment Securities:	7		
- Myanmar Payment Union (MPU Shares)		200,000	200,000
- Government Securities		500,000	4,910,000
Loan and Advances	8	34,126,358	35,696,228
Property, Plant and Equipment	9	5,021,150	4,674,056
Intangible Assets (Software License)	10	58,376	13,615
Other Assets	11	400,624	507,542
Right of Use Assets	12	110,000	126,500
Total Assets		71,062,477	70,578,735
Liabilities			
Deposit from Bank		13,012,637	5,012,637
Deposits from Customers	13	25,700,699	33,554,244
Other Liabilities	14	1,118,666	907,049
Provision for Loan Loss	15	713,925	713,925
Total Liabilities		40,545,927	40,187,855
Equity			
Share Capital	16	31,900,000	31,900,000
Retained Earnings / (Deficits)		(1,473,878)	(1,568,130)
Reserves	17	90,428	59,011
Total Equity		30,516,551	30,390,880
Total Liabilities and Equity		71,062,477	70,578,735
Acceptances, Endorsement and Guarantee per Contra		2,639	8,000

See Accompanying Notes to the Financial Statements

Authenticated by:



Thura Lwin

Director


Htun Htun Oo

Deputy Chief Executive Officer


Moe Myat Myat

Head of Finance

Statement of Comprehensive Income

For The Period Ended 31 March 2022

	Notes	Mar' 2022 MMK'000	Sep' 2021 MMK'000
Interest Income	18	2,562,249	4,651,731
Interest Expense	19	(1,156,324)	(2,621,770)
Net Interest Income		1,405,925	2,029,961
Fee and Commission Income	20	8,013	13,249
Exchange on IR Private Bank		3,332	5,174
Other Income	21	66,883	297,292
Total Income		1,484,153	2,345,676
Operating Expenses			
Personnel Expenses	22	602,066	1,122,396
General and Administrative Expense	23	570,016	678,317
Depreciation & Amortization		109,150	205,522
Total Operating Expenses		1,281,232	2,006,235
Loan Loss Provision			
General Provision		-	24,717
Specific Provision		41,805	-
Total Loan Loss Provision		41,805	24,717
Total Expenses		1,323,037	2,030,952
Profit/ (Loss) Before Income Tax		161,116	314,723
Income Tax	24	(35,445)	(78,681)
Net Profit/(Loss) for the year		125,670	236,043
Other Comprehensive Income		-	-
Total Comprehensive Income/(Loss)		125,670	236,043

See Accompanying Notes to the Financial Statements

Authenticated by:



Thura Lwin

Director



Htun Htun Oo

Deputy Chief Executive Officer



Moe Myat Myat

Head of Finance

Statement of Changes in Equity

For The Period Ended 31 March 2022

	Share Capital MMK'000	Retained Earnings MMK'000	Statutory Reserve MMK'000	Total MMK'000
Balance at 30 September, 2020	22,600,000	(1,750,662)	-	20,849,338
Total Comprehensive Income for the year	-	236,043	-	236,043
Additional Capital	9,300,000	-	-	9,300,000
Amount Transferred to Statutory Reserves	-	(59,011)	59,011	-
Adjustment (Note -18)	-	5,500	-	5,500
Balance at 30 September, 2021	31,900,000	(1,568,130)	59,011	30,390,880
Total Comprehensive Income for the year	-	125,670	-	125,670
Additional Capital	-	-	-	-
Amount Transferred to Statutory Reserves	-	(31,418)	31,418	-
Adjustment	-	-	-	-
Balance at 31 March, 2022	31,900,000	(1,473,878)	90,428	30,516,551

See Accompanying Notes to the Financial Statements

Authenticated by:



Thura Lwin

Director



Htun Htun Oo

Deputy Chief Executive Officer



Moe Myat Myat

Head of Finance

Statement of Cash Flows

For The Period Ended 31 March 2022

	Mar' 2022 MMK'000	Sep' 2021 MMK'000
Cash Flows from Operating Activities		
Profit/ (Loss) Before Income Tax	161,116	314,723
Adjustment for:		
- Depreciation	81,132	124,756
- Amortization	28,018	80,766
- Write off for fixed assets	-	273
- Retained Earning Adjustment	-	5,500
- Changes In Specific Provision	41,805	-
	312,071	526,019
Changes in Operating Assets and Liabilities:		
- Changes in Loan and Overdraft	1,528,065	(1,235,857)
- Changes in Other Assets	106,918	(13,408)
- Changes in Deposits from Bank	8,000,000	(22,594,527)
- Changes in Deposits from Customer	(7,853,545)	20,960,583
- Changes in Other Liabilities	176,172	(9,144,873)
- Changes in Provision for General Loan Loss	-	24,717
Cash (Used in)/Generated from Operating Activities	2,269,682	(11,477,345)
Income Taxes Paid	-	-
Net Cash Provided by / (Used in) Operating Activities	2,269,682	(11,477,345)
Cash Flow from Investing Activities		
Investment in Government Securities Bond	4,410,000	3,590,000
Purchase of Intangible Assets	(56,280)	(1,000)
Purchase of Property, Plant and Equipment	(428,226)	(66,209)
Net Cash used in Investing Activities	3,925,494	3,522,791
Cash Flow from Financing Activities		
Issued Share Capital	-	9,300,000
Net Cash used in Financing Activities	-	9,300,000
Net Increase / (Decrease) in Cash and Cash Equivalent	6,195,176	1,345,446
Cash and Cash Equivalent at 1 October 2021	24,450,794	23,105,348
Cash and Cash Equivalent at 31 March 2022	30,645,970	24,450,794

Authenticated by:



Thura Lwin

Director



Htun Htun Oo

Deputy Chief Executive Officer



Moe Myat Myat

Head of Finance

Notes to the Financial Statements

For the period ended 31 March 2022

1. General

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

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

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

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

During the period end of 31 March, 2022 the Bank has opened a branch and up to date the bank has established the Head Office and (4) branches.

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

The Financial Statements were approved and authorized for issued by the Board of Directors on June 30, 2022.

2. BASIC OF PREPARATION AND ACCOUNTING POLICIES

2.1 Basic of Preparation

The accompanying financial statements of the Company have been prepared in accordance with Myanmar Financial Reporting Standards under the historical cost convention. In preparing these financial statements, certain reclassifications and rearrangements have been made in September 30, 2021 financial statements to conform to the classifications used in March 31, 2022.

2.2 Functional and Presentation Currency

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

3. Summary of Significant Accounting Policies

3.1 Foreign Currencies

3.1.1 Foreign Currency Transactions

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

Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated. Exchange differences arising on the

Notes to the Financial Statements

For the period ended 31 March 2022

settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period.

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

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

For Financial year ended	USD	EUR	SGD	THB	MYR
31 March, 2022	1778.00	1978.20	1313.30	53.401	422.73
30 September, 2021	1927.10	2236.50	1415.80	56.964	460.15

3.2 Interest Income and Expenses

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

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

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

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

3.3 Fees and Commission Income

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

3.4 Other Income

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

3.5 Current Tax

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

Notes to the Financial Statements

For the period ended 31 March 2022

3.6 Deferred Tax

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

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

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

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

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

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

3.7 Financial Assets and Financial Liabilities

3.7.1 Initial Recognition and Subsequent Measurement

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

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

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

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

Notes to the Financial Statements

For the period ended 31 March 2022

(ii) Loans and Receivables

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

(iii) Held-to-Maturity

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

(iv) Available-for-Sale

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

(v) Other Non-derivative Financial Liabilities

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

3.7.2 Recognition and Derecognition

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

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

(i) Initial Measurement

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

(ii) Subsequent Measurement

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

Notes to the Financial Statements

For the period ended 31 March 2022

3.7.3 Offsetting Financial Instruments

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

3.7.4 Determination of Fair Value

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

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

3.8 Impairment of Financial Assets

3.8.1 Loans and Advances

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

Individual Assessment

- (a) Principal or interest or both are past due for ninety (90) days or more; or
- (b) Outstanding amount is in excess of approved limit for ninety (90) days or more in the case of overdraft facilities; or Where a loan is in arrears or the outstanding amount has been in excess of the approved limit for less than ninety (90) days, the loan exhibits indications of significant credit weaknesses; or
- (c) Default occurs for repayments scheduled on more over (90) days for financially distressed customers. For the determination of impairment on loans, the Bank assess at each reporting date whether there is any objective evidence that a loan is impaired. A loan is impaired and impairment losses are recognized only if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the loan that can be reliably estimated.

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

- (a) Any significant financial difficulty of the borrower;
- (b) A breach of contract, such as a default or delinquency;
- (c) A high probability of bankruptcy or other financial reorganization of the borrower;
- (d) Concerns over the viability of the borrower's business operations and its capacity to trade successfully out if financial difficulties and to generate sufficient cash flows to service its debt obligations; or

Notes to the Financial Statements

For the period ended 31 March 2022

- (e) Any adverse news or developments affecting the local economic conditions or business environment which will adversely affect the repayment capacity of the customer.

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

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

Collective Assessment

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

Rescheduled and Restructured Loans

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

3.8.2 Held-to-Maturity

The Bank assess at each reporting date whether objective evidence of impairment of financial investments held-to-maturity exists as a result of one or more loss events and that loss event has an impact on the estimated future cash flows of the financial investment or group of financial investments that can be reliably estimated.

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

3.8.3 Available-for-Sale

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost, significant financial difficulties of the

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issuer or obligor, and the disappearance of an active trading market.

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

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

3.9 Cash and Cash Equivalents

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

3.10 Property, Plant and Equipment

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

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

Depreciation is computed under the straight-line method over the estimated useful life of these assets other than freehold land which is not depreciated. The bank changes the estimated useful lives of the followings according to the bank's Instruction No (8/2021-2022) dated on 28 March, 2022.

Annual Rates

No.	Description	Depreciation Rate
1.	Land	-
2.	Building	1.25%
3.	Furniture, fixture & Fitting	5%
4.	Electrical Equipment & Computer Accessories	20%
5.	Motor Car & Motorcycle	12.5%
6.	Office machine and Other Machine	10%

Notes to the Financial Statements

For the period ended 31 March 2022

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

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

3.11 Leases

Leases of assets where the bank assume substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalized at the fair value of the leased assets or estimated present value of the underlying lease payments, whichever is lower. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the outstanding finance balance. Lease payments deducted by financial charges are recognized as liabilities under finance lease agreements. The financial expense is charged to profit or loss over the lease period. Assets acquired under finance lease agreements are depreciated over the useful lives of the assets.

Leases of assets in which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on the straight – line basis over the lease period. When an operating lease is terminated before the expiry date of the lease period, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

3.12 Intangible Assets

Intangible assets acquired are measured at cost on initial recognition. Subsequent to initial recognition, they are measured at cost less accumulated amortization and impairment losses, if any. Intangible assets with finite useful lives are amortized on a straight-line basis over their estimated useful lives and assessed for impairment whenever there is an indication of impairment. The amortization charges are recognized in the income statement. The useful life and amortization method are reviewed annually.

Intangible assets with finite useful lives include MIT Software, Money Changer Currency Software and Mobile Banking System Software with an amortization period is three years.

3.13 Impairment of Non-financial Assets

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

These assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. No non-financial assets were impaired in March 31, 2022 and September 30, 2021.

3.14 Share Capital

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

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For the period ended 31 March 2022

3.15 Other Liabilities

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

3.16 Provisions

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

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

3.17 Contingent Liabilities

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

3.18 Related Parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Bank if that person:
 - (i) Has control or joint control over the Bank;
 - (ii) Has significant influence over the Bank; or
 - (iii) Is a member of the Key Management Personnel of the Bank or of a parent of the Bank

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

Notes to the Financial Statements

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(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the Key Management Personnel of the entity (or of a parent of the entity).

3.19 Comparatives

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

3.20 Fair Value Measurement

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

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

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

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

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

4. Significant Accounting Judgments, Estimates and Assumptions

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

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

4.1 Impairment of Credit Exposures

The Bank reviews its significant credit portfolios to assess impairment at each reporting date. In determining whether

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For the period ended 31 March 2022

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

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

4.2 Fair Value Measurement

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

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

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

4.3 Depreciation of Property, Plant and Equipment

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

Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets and therefore future depreciation charges could be revised. The carrying amount of the Bank's property, plant and equipment at the reporting date is disclosed in Note-9.

4.4 Income Taxes

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

5. Financial Risk Management

The Bank's business activities involve the use of financial instruments. These activities expose the Bank to a variety of financial risks, mainly credit risk, foreign exchange risk, interest rate risk and liquidity risk. The

Notes to the Financial Statements

For the period ended 31 March 2022

Bank's financial risks are managed by the various management committees within the authority delegated by the Board of Directors. These management committees formulate, review and approve policies and limits to monitor and manage risk exposures under their respective supervision. The major policy decisions and proposals approved by these committees are subject to further review by the Board of Directors.

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

(a) Interest Rate Risk

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

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

The table below summarizes the Bank's exposure to interest rate risk as at 30 September 2021 and as at 31 March 2022. The tables indicate effective average interest rates at the reporting date in which the financial instruments are reprised or mature, whichever is earlier.

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

Notes to the Financial Statements

For the period ended 31 March 2022

30 September 2021	Interest sensitive MMK'000	Non-interest sensitive MMK'000	Total MMK'000
Assets			
Cash and Cash Equivalent	20,034,546	4,416,248	24,450,794
Investment Securities:			
- Myanmar Payment Union (MPU)	-	200,000	200,000
- Government Securities	4,910,000	-	4,910,000
Loan and Advances	33,315,758	-	33,315,758
- Not Impaired	2,380,470	-	2,380,470
- Impaired *	-	-	-
Other Assets	-	507,542	507,542
Total Assets	60,640,774	5,123,790	65,764,564
Liabilities			
Deposit from Bank	5,000,000	12,637	5,012,637
Deposits from Customers	30,409,451	3,144,794	33,554,244
Other Liabilities	-	907,049	907,049
Total Liabilities	35,409,451	4,064,479	39,473,930
Net Assets	25,231,323	1,059,311	26,290,634

Sensitivity analysis of interest rate risk

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

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

30 September 2021	<u>Tax rate (25%)</u>	<u>+ 1%</u>	<u>- 1%</u>
	MMK'000	MMK'000	MMK'000
Impact to Profit Before Tax	-	252,313	(252,313)
Impact to Profit After Tax	25%	63,078	(63,078)

(b) Credit Risk

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

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For the period ended 31 March 2022

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

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

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

	Mar' 2022 MMK'000		Sep'2021 MMK'000	
	Loans and advances	Investment securities ⁽¹⁾	Loans and Advances	Investment securities ⁽¹⁾
Neither Past Due nor Impaired	31,699,938	700,000	33,315,758	5,110,000
Past Due but not Impaired	2,301,003	-	2,380,470	-
Individually Past Due and Impaired	167,222	-	-	-
	34,168,163	700,000	35,696,228	5,110,000

⁽¹⁾Investment securities exclude equity securities which are not exposed to credit risk.

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

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

(c) Liquidity and Cash Flow Risk

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

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

Notes to the Financial Statements

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

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

Balance at 30 September, 2021	Up to 1 Year MMK'000	Over 1 Year MMK'000	Total MMK'000
<u>Non-derivative Financial Assets</u>			
Cash and Cash Equivalent	24,450,794	-	24,450,794
Investment Securities:			
-Myanmar Payment Union (MPU)	-	200,000	200,000
- Government Securities	4,910,000	-	4,910,000
Loan and Advances	35,250,933	445,296	35,696,228
Total	64,611,726	645,296	65,257,022
<u>Non-derivative financial liabilities</u>			
Deposit from Bank	5,012,637	-	5,012,637
Deposits from Customers	33,544,244	10,000	33,554,244
Total	38,556,881	10,000	38,566,881

The Bank's liquidity ratios as of 31 March 2022 was 77.28% respectively and hence more than 20% fixed by the Central Bank of Myanmar as per its instruction no.(19/2017).

(d) Foreign Exchange Risk

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

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

(e) Operational Risk

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

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

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

(f) Legal and Compliance Risk

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

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

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

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

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(g) Capital Management

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

	Mar' 2022 MMK'000	Sep' 2021 MMK'000
Paid-up Ordinary Share Capital	31,900,000	31,900,000
Retained Profit	(1,473,878)	(1,568,130)
Reserves	90,428	59,011
Total	30,516,551	30,390,880

According to bank's letter submitted to CBM on dated 6 April 2022, the Bank's capital adequacy ratio as of 31 March 2022 was 66.03 % hence more than 4% of regulatory capital adequacy, and 67.28 % hence more than 8% minimum tier (1)'s capital as prescribed by the Central Bank of Myanmar Notification No. 16/2017.

6. Cash and Cash Equivalent

	Mar' 2022 MMK'000	Sep' 2021 MMK'000
Cash In Hand – MMK	1,676,091	888,468
Cash In Hand – Foreign Currency	10,173	11,457
Cash at CBM	3,435,481	3,514,970
Account with Other Banks	17,024,224	11,535,900
Placement with Financial Institution	8,500,000	8,500,000
	30,645,970	24,450,794
Current	30,645,970	24,450,794
Non-current	-	-

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For the period ended 31 March 2022

7. Investment Securities

	Mar' 2022 MMK'000	Sep' 2021 MMK'000
Available-for-Sale – at Cost		
Unquoted Equity Securities:	-	-
Myanmar Payment Union(MPU Shares)	200,000	200,000
	200,000	200,000
Debt Securities:		
-Treasury Bill	500,000	4,910,000
	500,000	4,910,000
Total investment securities	700,000	5,110,000
Current	500,000	4,910,000
Non-Current	200,000	200,000

No impairment loss occurred in 31 March, 2022 and 30 September, 2021 for investment securities.

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

8. Loans and Overdraft

	Mar' 2022 MMK'000	Sep' 2021 MMK'000
Loans & Advances A/C	27,388,671	28,328,150
Staff Loans A/C	29,933	53,563
Overdraft A/C	3,640,828	5,137,783
Hire Purchase A/C	87,430	60,066
Home Loan A/C	273,802	331,667
SME Loan A/C	60,000	60,000
VIP Customer Loans A/C (Savings)	187,500	1,725,000
Short Term Loan A/C	2,500,000	-
Gross Loan & Advance	34,168,163	35,696,228
Less: Specific Loan Loss Provision (*)	(41,805)	-
Net loans and advances	34,126,358	35,696,228
Current	33,735,193	35,250,933
Non-current	391,165	445,296

(*) During the financial period, one of the unsecure loan have provision MMK- 41.81 Million at the rate of 25 % of Sub-standard Status at the date of 31 March 2022 according to the Bank Letter No; 094/MDB – Loan /2021-2022.

Notes to the Financial Statements

For the period ended 31 March 2022

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

	No. of Loan	Mar' 2022 MMK'000	No. Of Loan	Sep' 2021 MMK'000
Service	4	1,775,000	6	2,747,500
Trading	30	23,208,731	48	25,054,205
Manufacturing/Production	1	70,000	1	70,000
Transportation	4	1,249,905	4	1,249,986
General	61	29,933	75	53,563
Mining	3	6,999,440	3	5,703,837
Construction	1	500,000	1	500,000
Livestock	-	-	1	75,000
Hire Purchase	2	87,430	3	60,066
TOD	-	247,725	-	182,071
Total	106	34,168,163	142	35,696,228

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

	No. of Loan	Mar' 2022 MMK'000	No. Of Loan	Sep' 2021 MMK'000
Immovable Property	29	23,034,686	28	20,773,946
Unsecured Loan	3	2,419,440	4	4,123,837
Other Security Guarantee	5	8,135,372	5	8,628,150
Deposit Mortgage	3	187,500	24	1,725,000
Staff Loan	61	29,933	75	53,563
Home Loan	3	273,802	3	331,667
Hire Purchase	2	87,430	3	60,066
Total	106	34,168,163	142	35,696,228

Notes to the Financial Statements

For the period ended 31 March 2022

9. Property, Plant and Equipment

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

Notes to the Financial Statements

For the period ended 31 March 2022

9. Property, Plant and Equipment (Continued)

MMK'000	Land & Building	Furniture	Computer	Office Machinery & Equipment	Motor Vehicle	Total
Cost						
As At 1 October, 2020	4,095,791	112,321	253,047	374,963	198,025	5,034,146
Addition	24,756	1,287	15,354	24,813	-	66,209
Write-off	-	(364)	-	-	-	(364)
As At 30 September, 2021	4,120,547	113,244	268,401	399,775	198,025	5,099,992
Accumulated Depreciation						
As At 1 October, 2020	7,607	15,795	100,412	107,466	69,989	301,270
Charge for the Financial Year	4,607	5,627	51,465	38,304	24,753	124,756
Write-off	-	(91)	-	-	-	(91)
As At 30 September, 2021	12,214	21,331	151,877	145,770	94,742	425,935
Net Book Value as at 30 September, 2021	4,108,333	91,913	116,524	254,005	103,282	4,674,056

Notes to the Financial Statements

For the period ended 31 March 2022

10. Intangible Assets

	Mar' 2022 MMK'000	Sep' 2021 MMK'000
Cost		
Opening Balance	141,367	140,367
Addition	56,280	1,000
Total Cost	197,647	141,367
(Less) Amortization		
Opening Balance	127,752	85,486
Amortization	11,518	42,266
Total Amortization	139,271	127,752
Net Book Value	58,376	13,615

11. Other Assets

	Mar' 2022 MMK'000	Sep' 2021 MMK'000
Prepaid Expenses A/C	181,790	73,206
Accrued Interest Account	149,276	146,906
Advanced Expenses Account	11	206,475
Renovation (Building owned by the bank)	-	15,952
Miscellaneous	3,262	64,943
Legal Expenses A/C	60	60
Prepaid Deposits A/C	10,293	-
Deferred Expenditure A/C	55,931	-
	400,624	507,542
Current	334,399	491,590
Non-Current	66,225	15,952

Notes to the Financial Statements

For the period ended 31 March 2022

12. Right Of Use Assets

	Mar' 2022 MMK'000	Sep' 2021 MMK'000
Cost		
Opening Balance	165,000	165,000
Addition	-	-
Total Cost	165,000	165,000
(Less) Amortization		
Opening Balance	38,500	-
Amortization	16,500	38,500
Total Amortization	55,000	38,500
Net Amount	110,000	126,500

Right of use assets (Building) account has been paid the advance for Shwebonthar branch for the period of August'2020 to 31 July'2025 and monthly rental fee is MMK 2.75 Million.

13. Deposits from Customers

	Mar' 2022 MMK'000	Sep' 2021 MMK'000
Payable to Non-banks		
- Current Deposits	1,392,093	3,144,794
- Saving Deposits	15,673,290	17,077,806
- Fixed Deposits	6,643,375	7,470,494
- Call Deposits	1,741,901	3,560,900
- VIP Saving Deposit	250,040	2,300,250
	25,700,699	33,554,244
Current	25,690,699	33,544,244
Non-Current	10,000	10,000

Notes to the Financial Statements

For the period ended 31 March 2022

14. Other Liabilities

	Mar' 2022 MMK'000	Sep' 2021 MMK'000
Payment Order (Government)	11,384	38,346
Payable to CBM for MCH	54	1
Miscellaneous	863	2
Interest on Loan & OD	3,591	3,598
Interest on Suspense	239,272	187,274
Marginal Deposit	2,639	8,000
Items Due & Unpaid	534,001	275,352
Accrued Interest Payable A/C(Fixed)	209,557	274,534
Unearned Income-Interest on Treasury Bill	3,160	41,262
CCT Transaction Fees Payable for CBM-NET	19	-
Provision for Income Tax (2020-2021)	78,681	78,681
Provision for Income Tax (2021-2022)	35,445	-
	1,118,666	907,049
Current	1,118,666	907,049
Non-Current	-	-

15. Provision for Loan Loss

	Mar' 2022 MMK'000	Sep' 2021 MMK'000
Provision for Loan Loss		
Opening balance	713,925	689,207
Additional for the year	-	24,717
Closing balance	713,925	713,925

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

In this year, loan and advance was decreased as compared with the previous year's outstanding loans, hence 2% general loan loss provision amount remains unchanged as the previous year.

Notes to the Financial Statements

For the period ended 31 March 2022

16. Share Capital

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

	Number of ordinary shares		Amount	
	Mar' 2022	Sep' 2021	Mar' 2022	Sep' 2021
	Share	Share	MMK'000	MMK'000
Opening balance	319,000	226,000	31,900,000	22,600,000
Additional Capital (*)	-	93,000	-	9,300,000
Total	319,000	319,000	31,900,000	31,900,000

17. Reserve

The details of reserve are as follows:

	Mar' 2022	Sep' 2021
	MMK'000	MMK'000
Statutory Reserve fund ⁽¹⁾		
Opening Balance	59,011	-
Additional for the year	31,418	59,011
Total Operating Interest Income	90,428	59,011

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

Notes to the Financial Statements

For the period ended 31 March 2022

18. Interest Income

	Mar' 2022 MMK'000	Sep' 2021 MMK'000
Operations:		
Interest on Loans	1,454,106	2,203,318
Interest on Overdraft & Temporary	236,057	1,135,371
Rental Charge for Hire-Purchase	1,285	3,182
Total Operating Interest Income	1,691,449	3,341,872
Investments:		
Interest from investment	102,784	163,256
Total investment interest income	102,784	163,256
Interest on Deposits :		
Interest on Deposits & Lending	768,016	1,146,603
Total Interest on Deposits	768,016	1,146,603
Total interest income	2,562,249	4,651,731
Interest on Loan and overdraft	7.00% ~14.50%p.a	6.10% ~ 14.50%p.a
Deposit with Other Banks;	5.00% ~ 8.50%p.a	7.00% ~ 10.25%p.a

19. Interest Expenses

	Mar' 2022 MMK'000	Sep' 2021 MMK'000
Interest on Deposit	1,156,324	2,620,236
Interest on Borrowing	-	1,534
Total	1,156,324	2,621,770

Notes to the Financial Statements

For the period ended 31 March 2022

<u>Note</u>	Mar' 2022	Sep' 2021
<u>Rate of Deposit are as follows:</u>		
Fixed Deposit		
Fixed Deposit (1 month)	6.00%	6.00%
Fixed Deposit (3 month)	6.25%~7.50%	6.25%~7.00%
Fixed Deposit (6 month)	6.50%~8.00%	6.50%~7.25%
Fixed Deposit (9 month)	6.75%~7.50%	6.75%~7.50%
Fixed Deposit (12 month)	7.00%~8.00%	7.00%~8.00%
Fixed Deposit (24 month)	8.00%~8.50%	8.00%~8.50%
Saving Deposit	5.00%~7.25%	5.00%~7.00%
Call Deposit	1.50%	1.50%

20. Fee and commission income

	Mar'2022 MMK'000	Sep' 2021 MMK'000
Commission on Guarantee	138	80
Service Fees	4,533	10,640
Commission on Remittances	2,922	2,528
Sales Commission on Hire Purchase	419	-
Total	8,013	13,249

21. Other Income

	Mar'2022 MMK'000	Sep' 2021 MMK'000
Late Fees	2,714	2,722
Services Charges for Loan & HP	59,183	259,030
Other Income	4,987	35,539
Total	66,883	297,292

Notes to the Financial Statements

For the period ended 31 March 2022

22. Personnel Expense

	Mar' 2022 MMK' 000	Sep' 2021 MMK' 000
Staff Salaries	559,309	1,065,666
Meal Allowances	803	1,932
Uniform Allowances	250	364
Daily Allowances	895	1,489
Social Security Contribution	8,726	17,965
Staff Recreation Expenses	-	10,420
Other Allowances	-	2,950
Over Time Allowances	512	938
Special Allowances	21,400	18,850
Technical Allowances	600	1,800
Medical Allowances	-	23
Bonus	9,571	-
Total	602,066	1,122,396

Notes to the Financial Statements

For the period ended 31 March 2022

23. General and Administrative Expense

	Mar' 2022 MMK'000	Sep' 2021 MMK'000
Repair & Maintenance	28,488	38,126
Communication Expenses	26,814	30,327
Stationery & Supplies	19,863	22,667
Miscellaneous Expenses	18,987	14,476
Insurance	5,230	8,711
Rates & Taxes	43,983	59,412
Rent	310,480	390,250
Directors Fees & Expenses	387	23,000
Auditors Fees	9,450	15,225
Annual Fees	35,043	54,668
Registration Fees	500	75
License Fees	13,036	17,021
Hono; For Dirt; Lect; For Train	52,553	7,974
Employee Training	3,509	-
Other Items	791	395
Write-Off	-	273
Foreign Currency Exchange Gain/ (Loss)	901	(4,284)
Total	570,016	678,317

24. Income Tax Expense

All Taxes are Current Tax:

	Mar' 2022 MMK'000	Sep' 2021 MMK'000
Current Tax on Ordinary Income for the year (Note -14)	35,445	78,681
Total	35,445	78,681

Current tax is the expected tax payable on the taxable income for the year, using the tax rates enacted or substantively enacted at the reporting date. The tax assessment for 2020-2021 on the dated 4 April 2020 was a nil balance assessment and necessary adjustment will be made coming year.

Notes to the Financial Statements

For the period ended 31 March 2022

25. Related Parties

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

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

	Mar' 2022 MMK'000			Sep' 2021 MMK'000		
	Key Management Personnel	Other Related		Key Management Personnel	Other Related	
		Individual	Entity		Individual	Entity
Loan and Overdraft	-	6,115,461	8,300,000	-	1,800,000	-
Hire Purchase	-	-	-	-	-	-
Director Fees & Expenses	387	-	-	23,000	-	-

26. Fair Value of Financial Instruments

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

Fair value information for non-financial assets and liabilities are excluded as they do not fall within the scope of MFRS 7 which requires the fair value information to be disclosed. These include property and equipment.

The total fair value by each financial instrument is not materially different from the total carrying amount.

27. Guarantees and Commitments

Letter of Credit & Guarantees

	Mar' 2022 MMK'000	Sep' 2021 MMK'000
Performance Guarantee	2,639	8,000
Total	2,639	8,000

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

28. Comparative Figures

The financial statements for the six-month period ended March 31, 2022 and the financial statements for the twelve-month year ended September 30, 2021 are presented as comparative figures of the current year financial statements. Therefore, the amounts presented in the financial statements are not entirely comparable.



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