

MYANMAR CITIZENS BANK PUBLIC COMPANY LIMITED

(Incorporated in the Republic of the Union of Myanmar)

AUDITED FINANCIAL REPORT

2021-2022 FINANCIAL YEAR

(1 OCTOBER 2021 TO 31 MARCH 2022)

V ADVISORY LIMITED

CERTIFIED PUBLIC ACCOUNTANTS

MYANMAR CITIZENS BANK PUBLIC COMPANY LIMITED

(Incorporated in the Republic of the Union of Myanmar)

CORPORATE INFORMATION as at 31 MARCH 2022

DIRECTORS

U Toe Aung Myint	Chairman
U Min Min	Director
U Soe Naing @ U Ko Ko Gyi	Director
U Hla Oo	Director
U Tun Lwin	Director
U Ohn Saing	Director
U Zeya Thura Mon	Director
U Aung Aung	Director
Daw Khin Mar Myint	Director
U Aung Soe	Independent Director

REGISTERED OFFICE

No. 383, Maha Bandoola Road
Kyauktada Township, Yangon Region
Myanmar

AUDITOR

V Advisory Limited
Certified Public Accountants

CONTENTS

	Page
STATEMENT OF DIRECTORS' RESPONSIBILITY	1-2
INDEPENDENT AUDITOR'S REPORT	3-5
STATEMENT OF FINANCIAL POSITION	6
STATEMENT OF COMPREHENSIVE INCOME	7
STATEMENT OF CHANGES IN EQUITY	8
STATEMENT OF CASH FLOWS	9
NOTES TO THE FINANCIAL STATEMENTS	10-40
ANNEXURE	41-42

MYANMAR CITIZENS BANK PUBLIC COMPANY LIMITED

(Incorporated in the Republic of the Union of Myanmar)

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 period ended 31 March 2022.

In the opinion of the directors,

The financial statements are drawn up so as to give a true and fair view of the financial position of the Bank as at 31 March 2022, the statements of comprehensive income, 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 as and when they fall due.

Directors

The patron of the Bank is Dr. Pwint San, the Union Minister of the Ministry of Commerce.

The Board of Directors of the Bank at the date of this statement is as follows:

<u>No.</u>	<u>Name</u>	<u>Position</u>
1.	U Toe Aung Myint	Chairman
2.	U Min Min	Director
3.	U Soe Naing @ U Ko Ko Gyi	Director
4.	U Hla Oo	Director
5.	U Tun Lwin	Director
6.	U Ohn Saing	Director
7.	U Zeya Thura Mon	Director
8.	U Aung Aung	Director
9.	Daw Khin Mar Myint	Director
10.	U Aung Soe	Independent Director

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial period 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 shares in, or debentures of, the Bank or any other body corporate.

Share options

No options were granted during the financial period to subscribe for unissued shares of the Bank.

No shares were issued during the financial period by virtue of the exercise of options to take up unissued shares of the Bank.

There were no unissued shares of the Bank under an option at the end of the financial period.

On behalf of the directors,

A handwritten signature in blue ink, appearing to read 'U Toe Aung Myint', with a long horizontal stroke extending to the right.

U Toe Aung Myint
(Chairman)

Date: June 15, 2022



V ADVISORY
CREATING BETTER BUSINESS

Complex 45, Tower B, #B 406, 45 Street, Botahtaung, Yangon 11161, Myanmar.

☎ (+95) 9 795 155 155, 9 777 013 575 ✉ info@v-advisory.com.mm 🌐 www.v-advisory.com.mm

INDEPENDENT AUDITOR'S REPORT

To the Members of Myanmar Citizens Bank Public Company Limited

(Incorporated in the Republic of the Union of Myanmar)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Myanmar Citizens Bank Public Company Limited ("The Bank")**, which comprise the statement of financial position as at 31 March 2022, and the statements of comprehensive income, changes in equity and cash flows for the period ended 31 March 2022, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Bank are properly drawn up so as to give a true and fair view of the financial position of the Bank as at 31 March 2022, and its performance, its changes in equity and its cash flows for the period then ended in accordance with Myanmar Financial Reporting Standards (MFRSs).

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



V ADVISORY

CREATING BETTER BUSINESS

Complex 45, Tower B, #B 406, 45 Street, Botahtaung, Yangon 11161, Myanmar.

☎ (+95) 9 795 155 155, 9 777 013 575 ✉ info@v-advisory.com.mm 🌐 www.v-advisory.com.mm

Other information

Management is responsible for the other information. The other information comprises the Directors' statement, but does not include the financial statements and the auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Myanmar Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not guarantee that an audit conducted in accordance with MSAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



V ADVISORY
CREATING BETTER BUSINESS

Complex 45, Tower B, #B 406, 45 Street, Botahtaung, Yangon 11161, Myanmar.

☎ (+95) 9 795 155 155, 9 777 013 575 ✉ info@v-advisory.com.mm 🌐 www.v-advisory.com.mm

Report on other legal and regulatory requirements

In accordance with Section 280 of the Myanmar Companies Law 2017, we report that: -

- (i) We have obtained all the information and explanations we have required
- (ii) The financial statements referred to in the report are drawn up in conformity with applicable law:
- (iii) The financial statements exhibit a true and fair view of the state of the company's affair according to the best of our information and the explanations given to us, as shown by the books of the Bank and
- (iv) The financial records have been kept by the Bank as required by Division 24 of the Myanmar Companies Law 2017.

Also, in accordance with Section 89 of the Financial Institutions of Myanmar Law, we report that subject to our management letter, in 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.

Myat Noe Aung

Certified Public Accountant

PAPP Registered No. 196

V Advisory Limited

Complex 45, Tower B, #B 406, 45 Street

Botahtaung Township, Yangon

June 15, 2022

Yangon, Myanmar

MYANMAR CITIZENS BANK PUBLIC COMPANY LIMITED

(Incorporated in the Republic of the Union of Myanmar)

STATEMENT OF FINANCIAL POSITION AS AT 31 March 2022

	Notes	2022 MMK	2021 MMK
ASSETS			
Cash and cash equivalents	6	131,745,363,460	85,606,149,625
Loans and advances	7	215,373,787,097	244,689,960,414
Investment	8	234,831,126,127	259,228,807,882
Other assets	9	23,032,131,898	22,500,175,900
Property and equipment	10	16,716,804,717	17,418,394,182
Intangible assets	11	3,951,777,565	3,958,735,134
TOTAL ASSETS		625,650,990,863	633,402,223,136
LIABILITIES			
Deposit from customers	12	494,617,778,465	532,631,985,689
Other liabilities	13	25,662,469,069	23,347,829,984
Borrowings	14	34,315,400,000	11,608,000,000
Total liabilities		554,595,647,534	567,587,815,673
EQUITY			
Paid-up share capital	15	57,124,662,800	57,124,662,800
Reserves	16	14,543,901,113	13,396,987,014
Retained earning		(613,220,584)	(4,707,242,351)
Total equity		71,055,343,329	65,814,407,463
TOTALY LIABILITIES AND EQUITY		625,650,990,863	633,402,223,136

See accompanying Notes to Financial Statements

Authenticated by Directors: -

Khin Chaw Su Win
KHIN CHAW SU WIN
HEAD OF FINANCE
MYANMAR CITIZENS BANK LTD

Toe Aung Myint
TOE AUNG MYINT
Chairman (Board of Directors)
Myanmar Citizens Bank Ltd.

MYANMAR CITIZENS BANK PUBLIC COMPANY LIMITED

(Incorporated in the Republic of the Union of Myanmar)

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2022

	Notes	2022 (6 months) MMK	2021 (12 months) MMK
Interest income	17	22,887,850,368	44,209,419,146
Interest expenses	18	(13,079,512,377)	(31,443,673,119)
Net interest income		9,808,337,990	12,765,746,027
Net fee and commission income	19	1,825,238,994	2,217,897,067
Other operating income	20	727,013,681	1,502,409,638
		12,360,590,666	16,486,052,732
Changes in specific provision for loan loss		695,917,856	(3,165,253,082)
Changes in general provision for loan loss		256,644,444	1,709,313,355
Income before operation expenses		13,313,152,965	15,030,113,005
Personnel expenses	21	(3,738,718,547)	(6,063,943,963)
Administration and general expenses	22	(2,231,670,244)	(5,085,619,926)
Depreciation and amortization	10, 11	(1,001,022,412)	(2,058,038,326)
Profit before income tax		6,341,741,762	1,822,510,791
Income tax expenses	23	(1,276,319,473)	(296,205,050)
Profit for the year		5,065,422,289	1,526,305,741
Other comprehensive income		-	-
Total comprehensive income for the period		5,065,422,289	1,526,305,741
Basic and diluted earnings per share	24	487	147

See accompanying Notes to Financial Statements

Authenticated by Directors: -

Khin Chaw Su Win
KHIN CHAW SU WIN
HEAD OF FINANCE
MYANMAR CITIZENS BANK LTD

Toe Aung Myint
TOE AUNG MYINT
Chairman (Board of Directors)
Myanmar Citizens Bank Ltd.

MYANMAR CITIZENS BANK PUBLIC COMPANY LIMITED

(Incorporated in the Republic of the Union of Myanmar)

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2022

	Share Capital	Reserve	Retained Earnings	Total Equity
	MMK	MMK	MMK	MMK
2021-2022 (6 months)				
Balance at beginning of year	57,124,662,800	13,396,987,014	(4,707,242,351)	65,814,407,463
Previous years adjustment	-	-	294,955,050	294,955,050
Restated balance	57,124,662,800	13,396,987,014	(4,412,287,301)	66,109,362,513
Provision for the year	-	1,146,914,099	(1,266,355,572)	(119,441,473)
Net profit for the year	-	-	5,065,422,289	5,065,422,289
Balance as at end of year	57,124,662,800	14,543,901,113	(613,220,584)	71,055,343,329
2020-2021 (12 months)				
Balance at beginning of year	57,124,662,800	13,015,410,579	(5,401,834,315)	64,738,239,064
Previous years adjustment	-	-	(450,137,342)	(450,137,342)
Restated balance	57,124,662,800	13,015,410,579	(5,851,971,657)	64,288,101,722
Provision for the year	-	381,576,435	(381,576,435)	-
Net profit for the year	-	-	1,526,305,741	1,526,305,741
Balance as at end of year	57,124,662,800	13,396,987,014	(4,707,242,351)	65,814,407,463

MYANMAR CITIZENS BANK PUBLIC COMPANY LIMITED

(Incorporated in the Republic of the Union of Myanmar)

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2022

		2022	2021
		MMK	MMK
1	Cashflows from operating activities		
	Profit before tax	6,341,741,762	1,822,510,791
	Adjustments for:		
	Depreciation	10 729,860,386	1,549,042,600
	Amortization	11 271,162,025	508,995,726
	Provision	(693,965,272)	2,226,740,227
	(Gain)/loss on disposal	(31,532,443)	2,657,609
	Property and equipment written-off	89,317,134	8,213,306
	Prior years adjustment	294,955,050	(450,137,342)
	Operating profit/(loss) before working capital changes	<u>7,001,538,642</u>	<u>5,668,022,917</u>
	Working capital changes		
	(Increase)/decrease in Loans and advances	30,012,091,173	68,262,906,763
	(Increase)/decrease in Other assets	(531,955,998)	(8,337,914,789)
	(Increase)/decrease in Deposit from customers	(38,014,207,224)	(45,527,954,077)
	(Increase)/decrease in Other liabilities	916,925,556	1,828,352,477
	Cash generated from operation	<u>(615,607,851)</u>	<u>21,893,413,291</u>
	Income tax paid	-	(2,375,000)
	Net cash provided by/ (used in) operating activities	<u>(615,607,851)</u>	<u>21,891,038,291</u>
2	Cashflows from investing activities		
	(Purchase)/ sale of government securities and investments	24,397,681,755	(57,613,894,050)
	Proceed from sale of property and equipment	130,319,778	102,449,064
	Purchase of property and equipment	(216,375,390)	(268,467,406)
	Addition of intangible assets	(264,204,456)	(480,230,092)
	Net cash provided by/(used in) investing activities	<u>24,047,421,686</u>	<u>(58,260,142,484)</u>
3	Cashflows from financing activities		
	Received/ (repayment) of borrowings	22,707,400,000	11,608,000,000
	Dividends paid	-	-
	Net cash provided by/(used in) financing activities	<u>22,707,400,000</u>	<u>11,608,000,000</u>
	Net increase/(decrease) in cash and cash equivalents	<u>46,139,213,835</u>	<u>(24,761,104,193)</u>
	Cash and cash equivalents at beginning of the period	6 85,606,149,625	110,367,253,818
	Cash and cash equivalents at end of the period	<u>6 131,745,363,460</u>	<u>85,606,149,625</u>

See Accompanying Notes to Financial Statements

Authenticated by Directors: -

MYANMAR CITIZENS BANK PUBLIC COMPANY LIMITED

(Incorporated in the Republic of the Union of Myanmar)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2022

1. Corporate Information

Myanmar Citizens Bank Public Company Limited ("the Bank") is incorporated and domiciled in Myanmar and has its registered office at No. 383, Mahabandoola Road, Kyauktada Township, Yangon Region, Myanmar. The Bank was established as a public company limited by shares on 30 October 1991 with Registration No. 274/1991-1992 under The Myanmar Companies Act 1914 and under the Special Company Act 1950. The Bank has been re-registered under new Myanmar Companies Law 2017 and obtained new Registration No. 149169466. The Bank was permitted to carry out commercial banking activities under new License No. Ma Va Ba/Pa Ba (R)-01/08/2016 issued by the Central Bank of Myanmar (CBM) which was issued under Section 176 of the Financial Institution Law 2016. The principal activities approved by the CBM include to accept deposits, issue loans and advances, to provide merchant service, to provide trade service, to deal foreign currency, and to operate mobile banking activities.

2. Basis of preparation and accounting policies

The financial statements of the Bank have been prepared in accordance with Myanmar Financial Reporting Standards (MFRSs) and Directives of the CBM. In preparing these financial statements, certain reclassifications and rearrangements have been made in comparative information to conform with classifications in 2022. The financial statements have been prepared under the historical cost basis. The accounting policy adopted by the Bank are consistent with those adopted in the previous year.

3. Summary of significant accounting policies

3.1 Functional and presentation currency

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

3.2 Foreign currency translations

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 transaction. At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated. Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period. The foreign exchange rates applied by the Bank at the reporting dates were: -

	MMK/USD	MMK/EUR	MMK/SGD	MMK/CYN
31 March 2022	1,778.00	1,978.20	1,313.30	280.27
30 September 2021	1,921.60	2,241.90	1,415.60	297.08

3.3 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 are recognized under "interest income" and "interest expense" 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 payments 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.

3. Summary of significant accounting policies (continued)

3.3 Interest income and expenses (continued)

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.

3.4 Fees and commission income

Fees and commission income are generally recognized when services are rendered.

3.5 Dividend income

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

3.6 Other operating income

Other income includes gains or losses resulting from foreign exchange transactions and commission on insurance and miscellaneous income from sale of old materials.

3.7 Employee benefits

Bonus:

The Bank recognizes a liability and an expense for bonuses, based on a formula approved by the management of the Bank, which takes into consideration the profit attributable to the Bank's shareholders and after certain adjustments. The Bank recognizes a provision when contractually obliged to pay or where there is a past practice that has created a constructive obligation to pay.

3.8 Income tax

Current tax:

Current tax is payable on the taxable profit for the year, using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities:

Current tax for the current and prior periods is recognized as a liability to the extent that it has not yet been settled, and as an asset to the extent that the amounts already paid exceed the amount due. The benefit of a tax loss which can be carried back to recover current tax of a prior period is recognized as an asset. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authority (Internal Revenue Department) using the rates that have been enacted or substantively enacted by the reporting date.

Deferred tax:

Deferred tax is recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability that affects neither accounting nor taxable profit or loss at the time of the transaction. Deferred income tax is measured at the tax rates that are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Current and deferred income taxes are recognized as income or expenses in profit or loss, except to the extent that the tax arises from a transaction which is recognized directly in equity.

3. Summary of significant accounting policies (continued)

3.9 Financial assets and financial liabilities

(a) 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 investments held-to-maturity, financial investments available-for-sale and other non-derivative financial liabilities. Management determines the classification of financial instruments at initial recognition.

(1) Financial instruments at fair value through profit or loss

Financial instruments are classified in this category consist of financial assets held-for-trading. Financial assets are classified as held-for-trading if they are acquired principally for the purposes of selling or repurchasing it in the near term. Financial instruments included in this category are recognized initially at fair value and transaction costs are taken directly to profit or loss. Gains and losses from changes in fair value and dividend income are included directly in "Net gains and losses on financial instruments" in the statement of profit or loss. Interest income is recognized as "interest income" in the statement of profit or loss. Regular purchases and sales of financial assets held-for-trading are recognized at settlement date.

(2) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets classified into this category include cash and balances with Banks, and loans and advances. They are presented as current assets, except for those expected to be realized later than 12 months after the statement of financial position date which are non-current assets. These financial assets are initially recognized at fair value, including direct and incremental transaction costs, and subsequently measured at amortized cost using the effective interest method.

Interest income on loans and receivables is recognized in "interest income" in the statement of profit or loss. Impairment losses on loans and advances are recognized in the statement of profit or loss as "allowance for impairment loans and advances".

(3) Held-to-maturity

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

3. Summary of significant accounting policies (continued)

3.9 Financial assets and financial liabilities (continued)

(a) Initial recognition and subsequent measurement (continued)

(4) Available-for-sale

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

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

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

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

(5) 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.

(b) Recognition and de-recognition

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

3. Summary of significant accounting policies (continued)

3.9 Financial assets and financial liabilities (continued)

(c) 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.

(d) 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 to 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.

3.10 Impairment of financial assets

(a) Loans and advances

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

Individual assessment

- (i) Principal or interest or both are past due for ninety(90)days or more; or
- (ii) Outstanding amount is in excess of approved limit for ninety (90)days or more in the case of overdraft facilities; or
- (iii) 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.

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 impairment include:

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

3. Summary of significant accounting policies (continued)

3.10 Impairment of financial assets (continued)

(a) Loans and advances (continued)

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 loans' 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.

Specific provision

The Bank makes specific provision for loan and advances in accordance with CBM Notification No.17/2017 Assets Classification and Provision Regulations.

Classification of loans & advances	Days past due	Provision on shortfall in security value
Standard	30 days	0%
Watch	31 to 60 days	5%
Substandard	61 to 90 days	25%
Doubtful	91 to 180 days	50%
Loss	Over 180 days	100%

(b) 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.

(c) Held-to-maturity

The Bank assesses 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.

3. Summary of significant accounting policies (continued)

3.10 Impairment of financial assets (continued)

(c) Held-to-maturity (continued)

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.

(d) Available-for-sale

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

If an AFS financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortization 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.

3.11 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks 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.

3.12 Property and equipment and depreciation

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

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

Subsequent to initial recognition, property and equipment other than freehold land and buildings are measured at cost less accumulated depreciation and any accumulated impairment losses, if any.

Freehold land has an unlimited useful life and therefore is not depreciated.

3. Summary of significant accounting policies (continued)

3.12 Property and equipment and depreciation (continued)

Depreciation is computed on a straight-line basis calculated to write off the cost of each asset to its residual value over the term of its estimated useful lives as follows:

	Years
Building	40~80
Leasehold improvement	5~10
Motor vehicle	8
Furniture and office equipment	5~20
Plant and machinery	16

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.15.

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

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

3.13 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 profit or loss. The useful life and amortization method are reviewed annually. Software licenses and rights have an estimated useful life of 10 years and are amortized over that period.

3.14 Foreclosed properties

Foreclosed properties are those acquired in full or partial satisfaction of debts and are stated at the lower of cost and fair value.

3.15 Impairment of non-financial assets

Non-financial assets, such as property and equipment, investment properties and foreclosed properties, are reviewed for impairment annually, or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where such indications exist, the carrying amount of the 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 2022 and 2021.

3. Summary of significant accounting policies (continued)

3.16 Share Capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Bank after deducting all of its liabilities, Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognized in equity in the period in which they are declared.

3.17 Other liabilities

Other liabilities 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 liabilities are initially recognized at fair value, and subsequently carried at cost.

3.18 Borrowings

Borrowings are presented as current liabilities unless the Bank has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities. Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

3.19 Provisions

Provisions are recognised 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 recognised as a finance cost.

3.20 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 recognised 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 recognised in the statements of financial position of the Bank in the current and previous financial year ends.

3. Summary of significant accounting policies (continued)

3.21 Related parties

A party is related to the Bank if:

- (a) directly, or indirectly through one or more intermediaries, the party:
 - (i) controls, is controlled by, or is under common control with, the Bank (this includes parents, subsidiaries and fellow subsidiaries);
 - (ii) has an interest in the Bank that gives it significant influence over the Bank; or
 - (iii) has joint control over the Bank;
- (b) the party is an associate of the Bank;
- (c) the party is a joint venture in which the Bank is a venture;
- (d) the party is a member of key management personnel of the Bank or its parents;
- (e) the party is a close member of the family of any individual referred to in (a) or (d);
- (f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such resides, directly or indirectly, with any individual referred to in (d) or (e); or
- (g) the party is a post-employment benefit plan for the benefit of employees of the Bank, or of any entity that is a related party of the Bank.

3.22 Fair value measurement

Fair value is a 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, maximising 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 judgements, 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 statements.

4. Significant accounting judgments, estimates and assumptions (continued)

4.1 Impairment of credit exposures

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

Judgement is required by management in the estimation of the amount and timing of future cash flows when determining an impairment loss for credit exposures. In estimating these cash flows, the Bank makes judgements about the borrowers' 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 and equipment

The cost of property 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 and equipment to be within a range of 5 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 and equipment at the reporting date is disclosed in Note 10.

4.4 Deferred and current income tax

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Bank recognized 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. Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences or unutilized tax losses can be utilized. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax relates to the same tax authority.

4. Significant accounting judgments, estimates and assumptions (continued)

4.5 Impairment of non-financial assets

When recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

5. Financial risk management

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

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

5.1 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 next summaries the Bank's exposure to interest rate risk as at 31 March 2022 and 30 September 2021. The tables indicate effective interest rates at the reporting date and the periods, in which the financial instruments are repriced or mature, whichever is earlier.

MYANMAR CITIZENS BANK PUBLIC COMPANY LIMITED

(Incorporated in the Republic of the Union of Myanmar)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2022

5. Financial risk management (continued)

5.1 Interest rate risk (continued)

	Up to 1 month	1 to 3 months	>3 months to 12 months	>1 year and above	Total interest sensitive	Non- interest sensitive	Total
	MMK (million)	MMK (million)	MMK (million)	MMK (million)	MMK (million)	MMK (million)	MMK (million)
For the year ended 31 March 2022							
Assets							
Cash in hand & at banks	3,000.00	3,000.00	-	-	6,000.00	125,745.36	131,745.36
Loan & advances							
- Not impaired	45,105.00	15,650.50	51,854.82	92,252.76	204,863.08	6,672.14	211,535.21
- Impaired*	-	-	-	-	-	3,838.57	3,838.57
Investments	14,700.24	46,267.23	112,687.63	60,845.03	234,500.13	331.00	234,831.13
Other assets	-	-	-	-	-	23,032.13	23,032.13
Total assets	62,805.24	64,917.73	164,542.44	153,097.79	445,363.20	159,619.21	604,982.41
Liabilities and equity							
Deposits form Customers	296,200.52	24,781.49	120,587.96	127.70	441,697.68	52,920.10	494,617.78
Borrowings	12,712.70	21,602.70	-	-	34,315.40	-	34,315.40
Other liabilities	-	-	-	-	-	25,662.47	25,662.47
Total liabilities	308,913.22	46,384.19	120,587.96	127.70	476,013.08	78,582.57	554,595.65
Total interest sensitivity gap	(246,107.99)	18,533.53	43,954.48	152,970.10	(30,649.87)	81,036.64	50,386.76
For the year ended 30 September 2021							
Assets							
Cash in hand & at banks	-	2,000.00	-	-	2,000.00	83,606.15	85,606.15
Loan & advances							
- Not impaired	64,453.23	17,882.49	28,188.10	124,865.80	235,389.62	2,258.12	237,647.74
- Impaired*	-	-	-	-	-	7,042.22	7,042.22
Investments	5,897.81	44,500.00	150,500.00	58,000.00	258,897.81	331.00	259,228.81
Other assets	-	-	-	-	-	22,500.18	22,500.18
Total assets	70,351.04	64,382.49	178,688.10	182,865.80	496,287.43	115,737.67	612,025.10
Liabilities and equity							
Deposits form Customers	326,103.79	32,864.79	106,022.50	127.70	465,118.78	67,513.21	532,631.99
Borrowings	11,608.00	-	-	-	11,608.00	-	11,608.00
Other liabilities	-	-	-	-	-	23,347.83	23,347.83
Total liabilities	337,711.79	32,864.79	106,022.50	127.70	476,726.78	90,861.04	567,587.82
Total interest sensitivity gap	(267,360.75)	31,517.70	72,665.60	182,738.10	19,560.65	24,876.63	44,437.28

* This is arrived after deducting of individual allowance from gross impaired loans.

5. Financial risk management (continued)

5.1 Interest rate risk (continued)

Sensitivity analysis of interest rate risk

The table below shows the sensitivity of the Bank's profit after tax to an up and down 1% :-

	Tax rate	+1%	-1%
	MMK	MMK	MMK
For the year ended 31 March 2022			
Impact to profit before tax		(306.50)	306.50
Impact to profit after tax	20%	(245.20)	245.20
For the year ended 30 September 2021			
Impact to profit before tax		195.61	(195.61)
Impact to profit after tax	20%	156.49	(156.49)

5.2 Credit risk

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

During the year under review, the Bank revised its Credit Policy which gives directions on the Credit related of the bank which establishes lending criteria, credit risk identification, mitigation and monitoring activities. The credit review process provides early identification of possible changes in the creditworthiness of counterparties, including regular collateral revision. 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 asset 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:

	2022	2021
	MMK (million)	MMK (million)
Loans and advances		
Neither past due nor impaired	116,709.16	134,956.55
Past due but not impaired	94,826.05	102,691.19
Individually past due and impaired	13,280.30	17,179.87
	224,815.52	254,827.61
Investment Securities ⁽¹⁾	234,830.13	259,227.81
	459,645.64	514,055.42

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

5. Financial risk management (continued)

5.2 Credit risk (continued)

The investment securities that are neither past due nor impaired includes government securities which are substantially with high credit-rating 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.

5.3 Liquidity risk and cash flow risk

Liquidity risk is the risk that the Bank is unable to meet its financial obligations as and when they fall due, such as upon maturity of deposits and draw-down of loans.

The Bank manages liquidity risk in accordance with the Board approved Asset and Liability Management policy framework. This framework comprises policies, controls and limits. These controls and policies include setting of cash flow mismatch limits, monitoring of liquidity early warning indicators, stress-test analysis of cash flow in liquidity crisis scenarios and establishment of a comprehensive contingency funding plan.

The Bank is also required by regulators to maintain a certain percentage of its liability base in the form of cash and other liquid assets as a buffer against unforeseen liquidity requirements. The main objectives are honouring all cash outflow commitments on an on-going basis, satisfying statutory liquidity and reserve requirements, and avoiding raising funds at market premiums or through forced sale of assets.

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

5. Financial risk management (continued)

5.3 Liquidity risk and cash flow risk (continued)

	Less than 1 year MMK (million)	More than 1 year MMK (million)	No-specific maturity MMK (million)	Total MMK (million)
Balance at 31 March 2022				
Assets				
Cash in hand and at bank	131,745.36	-	-	131,745.36
Loans and advances*	112,602.46	98,924.90	3,846.43	215,373.79
Investments	173,655.10	60,845.03	331.00	234,831.13
Other assets	-	-	23,032.13	23,032.13
Total assets	418,002.92	159,769.93	27,209.56	604,982.41
Liabilities				
Deposits from Customers	494,490.08	127.70	-	494,617.78
Borrowings	34,315.40	-	-	34,315.40
Other Liabilities	-	-	25,662.47	25,662.47
Total liabilities	528,805.48	127.70	25,662.47	554,595.65
Net liquidity gap	(110,802.56)	159,642.23	1,547.09	50,386.76

	Less than 1 year MMK (million)	More than 1 year MMK (million)	No-specific maturity MMK (million)	Total MMK (million)
Balance at 30 September 2021				
Assets				
Cash in hand and at bank	85,606.15	-	-	85,606.15
Loans and advances*	110,289.54	127,123.91	7,276.51	244,689.96
Investments	200,897.81	58,000.00	331.00	259,228.81
Other assets	-	-	22,500.18	22,500.18
Total assets	396,793.50	185,123.91	30,107.69	612,025.10
Liabilities				
Deposits from Customers	532,504.29	127.70	-	532,631.99
Borrowings	11,608.00	-	-	11,608.00
Other Liabilities	-	-	23,347.83	23,347.83
Total liabilities	544,112.29	127.70	23,347.83	567,587.82
Net liquidity gap	(147,318.79)	184,996.21	6,759.86	44,437.28

(*) After deduction of Specific Provision for loan loss

The Bank's liquidity ratios as of 31 March 2022 and 30 September 2021 were 67.58% and 61.55% respectively and hence more than 20% fixed by the Central Bank of Myanmar as per its instruction (19/2017).

MYANMAR CITIZENS BANK PUBLIC COMPANY LIMITED

(Incorporated in the Republic of the Union of Myanmar)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2022

5. Financial risk management (continued)

5.4 Foreign exchange risk

Foreign exchange risk is the risk to earnings and economic value of foreign currency assets, liabilities and financial derivatives caused by fluctuations in foreign exchange rates. The Bank's foreign exchange exposures comprise banking (non-trading) foreign exchange exposures. Non-trading foreign exchange exposures are principally derived from investments and funding activities and customer businesses. The table below analyses the net foreign exchange positions of the Bank as at 31 March 2022 and 30 September 2021 by major currencies, which are mainly in Myanmar Kyats, US Dollars, Euros, Singapore Dollars and Chinese Yuan.

	Myanmar Kyat <i>MMK</i> <i>(million)</i>	US Dollar <i>MMK</i> <i>(million)</i>	Euro <i>MMK</i> <i>(million)</i>	Singapore Dollar <i>MMK</i> <i>(million)</i>	Chinese Yuan <i>MMK</i> <i>(million)</i>	Total <i>MMK</i> <i>(million)</i>
For the year ended 31 March 2022						
Assets						
Cash and balances with Banks	106,167.53	25,124.71	260.43	185.69	7.01	131,745.36
Loans and advances to customers						-
- Not impaired	211,535.21	-	-	-	-	211,535.21
- Impaired	13,280.30	-	-	-	-	13,280.30
Investment Securities	234,831.13	-	-	-	-	234,831.13
Total Assets	565,814.17	25,124.71	260.43	185.69	7.01	591,392.01
Liabilities						
Deposits from Customers	469,557.17	25,035.89	24.26	0.47	-	494,617.78
Borrowing	-	34,315.40	-	-	-	34,315.40
Total Liabilities	469,557.17	59,351.29	24.26	0.47	-	528,933.18
Net Open Position	96,257.00	(34,226.58)	236.17	185.22	7.01	62,458.83
For the year ended 30 September 2021						
Assets						
Cash and balances with Banks	63,893.14	20,984.01	475.58	245.96	7.46	85,606.15
Loans and advances to customers						-
- Not impaired	237,647.74	-	-	-	-	237,647.74
- Impaired	17,179.87	-	-	-	-	17,179.87
Investment Securities	259,228.81	-	-	-	-	259,228.81
Total Assets	577,949.56	20,984.01	475.58	245.96	7.46	599,662.57
Liabilities						
Deposits from Customers	507,998.41	24,606.28	26.94	0.36	-	532,631.99
Borrowing	2,000.00	9,608.00	-	-	-	11,608.00
Total Liabilities	509,998.41	34,214.28	26.94	0.36	-	544,239.99
Net Open Position	67,951.15	(13,230.27)	448.64	245.60	7.46	55,422.58

5. Financial risk management (continued)

5.4 Foreign exchange risk (continued)

Sensitivity analysis of foreign exchange risk

The following table demonstrates the sensitivity analysis of the Bank's pre-tax profit/(loss) to a reasonably possible change in the USD, Euro, SGD and CNY against the respective functional currencies of the Bank, with all other variables held constant.

	US Dollar <i>MMK</i> <i>(million)</i>	Euro <i>MMK</i> <i>(million)</i>	Singapore Dollar <i>MMK</i> <i>(million)</i>	Chinese Yuan <i>MMK</i> <i>(million)</i>
For the year ended 31 March 2022				
Strengthened by 10%	(3,422.66)	23.62	18.52	0.70
Weakened by 10%	3,422.66	(23.62)	(18.52)	(0.70)
For the year ended 30 September 2021				
Strengthened by 10%	(1,323.03)	44.86	24.56	0.75
Weakened by 10%	1,323.03	(44.86)	(24.56)	(0.75)

5.5 Operational risk

Operational risk, which is inherent in all business activities, is the potential for financial loss, and business instability arising from failures in internal controls, operational processes or the system 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 as established by Board approved Operational Risk Management Framework 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.

5.6 Legal and compliance risk

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

- (i) Inadequate documentation, legal or regulatory incapacity, insufficient authority of a counterparty and uncertainty about the validity or enforceability of a contract in counterparty insolvency;
- (ii) 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);
- (iii) Failure to protect the Bank's property;
- (iv) The possibility of civil claims (including acts or other events which may lead to litigation or other disputes) and
- (v) Loss or increased charges associated with changes in, or errors in the interpretation of, taxation rate or law.

MYANMAR CITIZENS BANK PUBLIC COMPANY LIMITED

(Incorporated in the Republic of the Union of Myanmar)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2022

5. Financial risk management (continued)

5.6 Legal and compliance risk (continued)

Compliance risk arises from a failure or inability to comply with the laws, by-laws, rules, notifications, directives, regulations, forward letters or codes applicable to the financial service industry. Non-Compliance can lead to fines, public reprimands, and enforced suspension of operation 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. The Compliance function is formulated to ensure that the bank comply with regulations.

Bank has complied and followed all by-laws, rules, notifications, directives, forward letters and guidance of the Central Bank of Myanmar.

5.7 Capital Management

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

"Capital Funds" is defined as listed below:

	2022	2021
	MMK	MMK
Share Capital	57,124,662,800	57,124,662,800
Reserves	14,543,901,113	13,396,987,014
Retained earnings	(613,220,584)	(4,707,242,351)
	<u>71,055,343,329</u>	<u>65,814,407,463</u>

The Bank's Regulatory Capital Adequacy Ratio as of 31 March 2022 and 30 September 2021 were 21.87% and 19.15% respectively, and hence more than 8% of regulatory capital adequacy and 4% minimum Tier 1's capital as prescribed by the Central Bank of Myanmar.

MYANMAR CITIZENS BANK PUBLIC COMPANY LIMITED

(Incorporated in the Republic of the Union of Myanmar)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2022

6. Cash and cash equivalents

	2022	2021
	MMK	MMK
Cash in hand	56,007,850,869	38,390,849,047
Cash with Central Bank of Myanmar	45,555,526,744	26,450,601,639
Cash with banks and other financial institutions	24,181,985,846	18,764,698,939
Fixed Deposits with other bank	3,000,000,000	-
Interbank lending	3,000,000,000	2,000,000,000
	<u>131,745,363,460</u>	<u>85,606,149,625</u>

7. Loans and advances

	2022	2021
	MMK	MMK
Demand loan	103,119,742,719	101,025,433,484
Overdraft	25,905,609,799	25,417,940,206
Hire purchase	67,199,368,111	96,290,581,074
SME loan	27,488,246,035	30,513,386,414
Trade guarantee	11,093,630	55,596,067
Home loan	100,616,600	-
Staff loan	990,839,682	1,524,670,505
	<u>224,815,516,577</u>	<u>254,827,607,750</u>
Specific provision for loan loss	(9,441,729,480)	(10,137,647,336)
	<u>215,373,787,097</u>	<u>244,689,960,414</u>

MYANMAR CITIZENS BANK PUBLIC COMPANY LIMITED

(Incorporated in the Republic of the Union of Myanmar)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2022

7. Loans and advances (continued)

(i) Loans and advances by types of industry provided are as follows:

	2022	2021
	MMK	MMK
Industrial Manufacturing	35,672,729,906	17,504,515,012
Transportation	2,378,934,244	2,389,158,633
Trading	61,323,279,403	57,763,622,481
Service	21,346,829,838	31,980,255,490
Construction	14,618,869,553	16,286,582,843
Agriculture	2,260,673,575	574,835,301
General	73,094,482,696	-
Financial	13,025,000,000	-
Hire Purchase	-	96,290,581,073
SME loan	-	30,552,072,907
Staff Loan	1,073,717,362	1,485,984,010
Home Loan	21,000,000	-
	<u>224,815,516,577</u>	<u>254,827,607,750</u>

(ii) Specific provisions for loan loss by type of industry are as follows:

	2022	2021
	MMK	MMK
Industrial Manufacturing	124,582,605	74,939,862
Trading	265,861,335	526,837,602
Hire Purchase	-	974,202,047
Mobile Financing	-	6,573,388,697
Staff loan	925,095,455	1,246,053,127
Service	80,222,933	742,226,000
Construction	613,297,876	-
General	7,432,669,275	-
	<u>9,441,729,480</u>	<u>10,137,647,336</u>

MYANMAR CITIZENS BANK PUBLIC COMPANY LIMITED

(Incorporated in the Republic of the Union of Myanmar)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2022

8. Investment

	2022	2021
	MMK	MMK
Treasury bonds	129,855,732,027	127,741,934,282
Treasury bills	70,222,674,100	122,786,373,600
Deposit auction	34,421,720,000	8,369,500,000
Equity instruments		
Myanmar payment union	200,000,000	200,000,000
Credit bureau	130,000,000	130,000,000
Others	1,000,000	1,000,000
	<u>234,831,126,127</u>	<u>259,228,807,882</u>

No impairment loss occurred in the six months period ended 31 March 2022 for investment in securities.

Available-for-sales securities are unquoted equity instruments carried at cost, less impairment as fair value cannot be reliably estimated using valuation techniques supported by observable market data.

9. Other assets

	2022	2021
	MMK	MMK
Interest receivable on loans and advances	14,791,772,571	14,062,290,099
Interest receivable on investment in debt securities	2,171,325,069	1,483,717,221
Interest receivable on deposit with banks	80,824,349	21,324,548
Prepayments and advances	3,974,529,142	3,921,760,622
Receivables from business partners	162,862,687	136,325,136
E-money deposit - Citizens Pay	282,000,000	-
Suspense - Money Gram and IME	608,781,655	474,689,529
Suspense - Others	960,036,425	2,400,068,746
	<u>23,032,131,898</u>	<u>22,500,175,900</u>

10. Property and equipment

Details of property and equipment were presented in Annexure 1.

MYANMAR CITIZENS BANK PUBLIC COMPANY LIMITED

(Incorporated in the Republic of the Union of Myanmar)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2022

11. Intangible assets: Software

	2022	2021
	MMK	MMK
Cost		
Balance at beginning of the year	5,594,280,358	5,114,050,266
Additions during the year	264,204,456	480,230,092
Balance at the end of the year	<u>5,858,484,814</u>	<u>5,594,280,358</u>
Accumulated amortization		
Balance at beginning of the year	1,635,545,224	1,126,549,498
Amortization during the year	<u>271,162,025</u>	508,995,726
Balance at the end of the year	<u>1,906,707,250</u>	<u>1,635,545,224</u>
Net book value		
Balance at the end of the year	<u><u>3,951,777,565</u></u>	<u><u>3,958,735,134</u></u>
Balance at beginning of the year	<u><u>3,958,735,134</u></u>	<u><u>3,987,500,768</u></u>

12. Deposit from customers

	2022	2021
	MMK	MMK
Call deposits	143,187,247,858	80,187,645,294
Time deposits	157,568,616,682	172,823,093,792
Current deposits	52,920,100,388	67,513,214,216
Saving deposits	140,941,813,536	212,108,032,387
	<u><u>494,617,778,465</u></u>	<u><u>532,631,985,689</u></u>

MYANMAR CITIZENS BANK PUBLIC COMPANY LIMITED

(Incorporated in the Republic of the Union of Myanmar)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2022

13. Other liabilities

	2022	2021
	MMK	MMK
Interest in suspense	14,834,336,357	13,891,727,653
Interest recovered in advance	(445,487,372)	283,720,245
Interest payable on deposits	4,015,596,335	4,377,088,146
Payment order	1,320,498,182	1,290,136,204
Other payables	2,243,251,890	1,395,032,999
Sundry deposit	2,477,527,313	1,190,724,205
General provision on loans and advances	-	137,202,970
Provision for cash shortage	770,800,500	770,800,500
Provision for others	378,038,500	-
Payable to business partners	67,907,364	11,297,784
Employee benefit fund	-	99,277
	<u>25,662,469,069</u>	<u>23,347,829,984</u>

14. Borrowings

	2022	2021
	MMK	MMK
Borrowing from Central Bank of Myanmar	34,315,400,000	9,608,000,000
Borrowing from other financial institutions	-	2,000,000,000
	<u>34,315,400,000</u>	<u>11,608,000,000</u>

Borrowing from Central Bank of Myanmar at 31.3.2022 represents borrowing of USD 19.3 million with the interest rate of 1.60500~1.81014% p.a. with the maturity date within 3 months.

Borrowing from Central Bank of Myanmar at 30.9.2021 represents borrowing of USD 5 million with the interest rate of 1.5825% p.a. which matured on 4 October 2021 under an agreement with Central Bank of Myanmar dated 3 September 2021.

Borrowing from other financial institutions at 30.9.2021 represents borrowing from Myanma Investment and Commercial Bank with the interest rate of 6.7% p.a. which matured on 5 October 2021 under an agreement with Myanmar Investment and Commercial Bank dated 21 September 2021.

MYANMAR CITIZENS BANK PUBLIC COMPANY LIMITED

(Incorporated in the Republic of the Union of Myanmar)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2022

15. Paid-up share capital

	2022	2021
	MMK	MMK
Numbers of share	10,400,986	10,400,986
Share capital (MMK)	57,124,662,800	57,124,662,800

The share capital amount includes share premium MMK 5,119,732,800 and with no par value as per Myanmar Companies Law 2017.

16. Reserves

	Statutory reserve fund	General provision for loan loss	Contingencies reserve fund	Total
	MMK	MMK	MMK	MMK
Balances at 1-10-2021	8,769,235,209	4,615,751,805	12,000,000	13,396,987,014
Provision for the year	1,266,355,572	(119,441,473)	-	1,146,914,099
Balances at 31-3-2022	10,035,590,782	4,496,310,332	12,000,000	14,543,901,113
Balances at 1-10-2020	8,387,658,774	4,615,751,805	12,000,000	13,015,410,579
Provision for the year	381,576,435	-	-	381,576,435
Balances at 30-9-2021	8,769,235,209	4,615,751,805	12,000,000	13,396,987,014

Statutory reserve represents reserve fund equal to 25% of net profit after tax which has been set aside in accordance with Section 35(a) of Financial Institutions Law and not distributable as cash dividend.

General provision for loan loss represents provision of 2% on total loans and advances, both principal and interest receivables and before specific provision, which was set aside as reserve. Nevertheless, starting from 2018-2019 to 2020-2021 financial year, the above 2% general provision were charged to profit or loss and respective credits were shown under other liabilities.

MYANMAR CITIZENS BANK PUBLIC COMPANY LIMITED

(Incorporated in the Republic of the Union of Myanmar)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2022

17. Interest income

	2022	2021
	MMK	MMK
Interest income on hire purchase	4,868,145,324	12,013,550,308
Interest income on loans and overdrafts	6,312,910,065	12,895,286,760
Interest income on SME loan	831,889,980	1,799,374,786
Interest income on home loan	254,258	-
Interest income on staff loan	66,256,282	259,706,175
Interest income on trade guarantee	14,761,659	161,842,332
Interest income on investment	10,793,632,799	17,079,658,785
	22,887,850,368	44,209,419,146

Note:

Interest rate on loans and advances	5.5~14.5%	5.5~14.5%
Interest rate on deposit with other banks	7~8.5%	8.25~9.25%

18. Interest expenses

	2022	2021
	MMK	MMK
Interest expense on saving deposit	4,333,140,843	12,469,542,516
Interest expense on fixed deposit	5,767,870,208	16,538,211,960
Interest expense on call deposit	2,588,603,009	2,311,754,823
Interest expense on inter bank deposit	389,898,317	124,163,820
	13,079,512,377	31,443,673,119

Note:

Interest on saving deposit was 6~7.5% p.a. and calculated on the minimum balance of the account during the period from the 5th day to end of the month.

MYANMAR CITIZENS BANK PUBLIC COMPANY LIMITED

(Incorporated in the Republic of the Union of Myanmar)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2022

18. Interest expenses (continued)

	2022	2021
Interest rates on fixed deposit were as follows:		
1 month	6.5~7.5%	6.50%
3 months	7.5~8.5%	7.50%
6 months	7.75~8.75%	7.75%
9 months	7.75~9%	7.75%
12 months	8~9.5%	8.00%
24 months	8.25%	8.25%

Interest on call deposit was 4~6.25% p.a. and calculated based on minimum daily balance.

19. Net fee and commission income

	2022	2021
	MMK	MMK
Fees and commission income		
Services fee income	975,290,008	370,577,166
Commission income	846,814,364	2,068,065,699
Card related income	61,177,458	120,508,768
Other fees income	3,838,671	2,706,531
	<u>1,887,120,501</u>	<u>2,561,858,164</u>
Fees and commission expense		
Bank commission and service charges	21,165,975	113,905,360
Card related expenses	32,619,850	214,098,500
Other fee expenses	8,095,682	15,957,236
	<u>61,881,507</u>	<u>343,961,097</u>
	<u>1,825,238,994</u>	<u>2,217,897,067</u>

MYANMAR CITIZENS BANK PUBLIC COMPANY LIMITED

(Incorporated in the Republic of the Union of Myanmar)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2022

20. Other operating income

	2022	2021
	MMK	MMK
Net income from foreign currency transactions	690,265,650	958,770,695
(Loss)/gain on revaluation	(55,388,045)	347,735,543
Miscellaneous income	92,136,076	195,903,401
	<u>727,013,681</u>	<u>1,502,409,638</u>

21. Personnel expenses

	2022	2021
	MMK	MMK
Salaries and wages (local)	2,624,965,346	5,320,238,068
Salaries and wages (foreign)	384,546,567	448,339,369
Overtime allowance	54,507,120	82,981,044
House allowance	36,656,814	26,430,137
Contribution to employee benefit	39,839,174	86,098,338
Compensation	-	26,897,333
Other staff related expenses	598,203,527	72,959,673
	<u>3,738,718,547</u>	<u>6,063,943,963</u>

MYANMAR CITIZENS BANK PUBLIC COMPANY LIMITED

(Incorporated in the Republic of the Union of Myanmar)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2022

22. Administration and general expenses

	2022	2021
	MMK	MMK
Annual general meeting expense	8,455,165	866,670
Directors' meeting fees	15,911,000	29,200,000
Donation and entertainment	11,590,676	36,374,300
Insurance	32,986,033	65,845,930
Marketing and advertising	58,772,488	27,556,190
Miscellaneous expenses	41,140,265	36,327,645
Office supplies	51,190,873	417,312,240
Professional service fees	151,818,295	991,996,194
Rates and taxes	17,592,132	36,946,226
Registration and license	175,918,015	332,846,822
Rent	616,223,441	1,315,519,853
Repair and maintenance	450,312,718	622,765,093
Travel and transport	46,255,033	27,415,081
Utilities	495,719,421	346,773,288
Written off	89,317,134	795,216,782
(Gain) Loss on disposal	(31,532,443)	2,657,609
	<u>2,231,670,244</u>	<u>5,085,619,926</u>

23. Income tax expenses

	2022	2021
	MMK	MMK
Current tax - Corporate income tax	1,273,119,473	294,955,050
Current tax - Capital gain tax	3,200,000	1,250,000
	<u>1,276,319,473</u>	<u>296,205,050</u>

MYANMAR CITIZENS BANK PUBLIC COMPANY LIMITED

(Incorporated in the Republic of the Union of Myanmar)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2022

24. Earnings per share

Basic and diluted earnings per share

	2022	2021
	MMK	MMK
Net profit attributable to equity holders of the Bank	5,065,422,289	1,526,305,741
Weighted average number of ordinary shares in issue	10,400,986	10,400,986
Effects of dilution	-	-
Adjusted weighted average number of ordinary shares in issue	10,400,986	10,400,986
	487	147

25. Related party transactions

Related parties include the Bank's key management personnel and their related parties. Key management personnel refer to the Bank's directors and members of its Management Executive Committee and C-level officers.

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.

	2022	2021
	MMK	MMK
(a) Sales and purchase of goods and services		
Rental expense charged to profit or loss		
under the contracts with related parties	239,184,209	518,176,695
(b) Outstanding balances		
Deposits with related parties	93,360,604,311	167,839,676,320
Loans and advances with related parties	16,876,868,675	14,408,134,444
Prepaid rental outstanding with related parties	197,299,730	168,882,930

MYANMAR CITIZENS BANK PUBLIC COMPANY LIMITED

(Incorporated in the Republic of the Union of Myanmar)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2022

25. Related party transactions (continued)

(c) Key management personnel compensation

Salaries and wages	368,527,500	829,058,725
Directors' meeting fees	15,911,000	29,200,000

26. Guarantees and commitments

	2022	2021
	MMK	MMK
(a) Bank guarantees		
Guarantees in local currency	8,401,799,099	8,343,662,832
Guarantees in foreign currency	4,285,566,740	3,670,890,128
	<u>12,687,365,839</u>	<u>12,014,552,960</u>

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

	2022	2021
	MMK	MMK
(b) Commitments		
Undrawn overdraft	3,604,084,838	2,295,219,520
Rental expense	3,755,739,090	5,143,236,893
	<u>7,359,823,928</u>	<u>7,438,456,413</u>

27. Acceptance, Endorsement and Guarantee

Receivable and payable of Acceptance, Endorsement and Guarantee were offset in the statement of financial position.

28. Impact on COVID-19 and current political situation

Although the COVID-19 pandemic and the current political situation of the country have affected the Bank's cash flows, profitability and operational ability, the management of the Bank satisfied that the Bank will continue in operational existence for the foreseeable future, has no plan or intention, not aware of any event, that could have a material effect on the Company's ability to continue its activities as a Going Concern.

MYANMAR CITIZENS BANK PUBLIC COMPANY LIMITED

(Incorporated in the Republic of the Union of Myanmar)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2022

(Annexure 1)

Property and equipment	Land & Building	Leasehold improvement	Motor Vehicle	Furniture & Office Equipment	Plant & Machinery	TOTAL
	MMK	MMK	MMK	MMK	MMK	MMK
Original Cost						
At 1 October 2021	12,594,778,809	2,939,370,920	1,291,588,686	5,846,343,934	1,218,094,135	23,890,176,484
Additions	20,962,512	15,768,782	-	179,644,097	-	216,375,390
Disposals	(116,788,650)	-	(80,000,000)	(5,351,300)	-	(202,139,950)
Write-off	(440,000)	-	(50,000)	(143,076,314)	(114,885)	(143,681,198)
At 31 March 2022	12,498,512,671	2,955,139,702	1,211,538,686	5,877,560,417	1,217,979,250	23,760,730,726
Accumulated depreciation						
At 1 October 2021	772,370,571	1,292,777,171	983,633,008	3,142,069,993	280,931,560	6,471,782,302
For the period	70,964,786	152,457,825	63,020,731	413,239,615	30,177,429	729,860,386
Disposals	(18,978,156)	-	(79,999,998)	(4,374,461)	-	(103,352,615)
Write-off	(15,178)	-	(35,937)	(54,236,970)	(75,979)	(54,364,065)
At 31 March 2022	824,342,023	1,445,234,996	966,617,804	3,496,698,177	311,033,010	7,043,926,009
Net Book value as at 31 March 2022	11,674,170,648	1,509,904,706	244,920,882	2,380,862,241	906,946,240	16,716,804,717
Net Book value as at 30 September 2021	11,822,408,238	1,646,593,749	307,955,678	2,704,273,941	937,162,575	17,418,394,182

We hereby certify that above assets are the properties of the "Myanmar Citizens Bank Public Company Limited", in existence at 31 March 2022 and agreed with the details as per Assets Register. All assets were purchased or acquired with proper approvals either of the board of directors or the authorised officials of the Bank.

MYANMAR CITIZENS BANK PUBLIC COMPANY LIMITED

(Incorporated in the Republic of the Union of Myanmar)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2022

(Annexure 2)

Property and equipment

	Land & Building		Leasehold improvement		Motor Vehicle	Furniture & Office Equipment		Plant & Machinery		TOTAL
	MMK		MMK			MMK		MMK		
Original Cost										
At 1 October 2020	12,713,304,033		2,919,015,120		1,291,588,686		5,689,325,269		1,202,969,235	23,816,202,343
Additions	2,413,426		20,355,800		-		230,573,281		15,124,900	268,467,407
Disposals	(116,788,650)		-		-		(7,021,331)		-	(123,809,981)
Write-off	(4,150,000)		-		-		(66,533,285)		-	(70,683,285)
At 30 September 2021	12,594,778,809		2,939,370,920		1,291,588,686		5,846,343,934		1,218,094,135	23,890,176,484

Accumulated depreciation

At 1 October 2020	644,382,943		912,299,700		848,757,916		2,377,782,514		220,689,914	5,003,912,987
For the year	144,931,361		380,477,471		134,875,092		828,517,030		60,241,646	1,549,042,600
Disposals	(16,788,368)		-		-		(1,914,938)		-	(18,703,306)
Write-off	(155,365)		-		-		(62,314,614)		-	(62,469,979)
At 30 September 2021	772,370,571		1,292,777,171		983,633,008		3,142,069,993		280,931,560	6,471,782,302

Net Book value as at 30 September 2021

	11,822,408,238		1,646,593,749		307,955,678		2,704,273,941		937,162,575	17,418,394,182
--	----------------	--	---------------	--	-------------	--	---------------	--	-------------	----------------

Net Book value as at 30 September 2020

	12,068,921,090		2,006,715,420		442,830,770		3,311,542,755		982,279,321	18,812,289,356
--	----------------	--	---------------	--	-------------	--	---------------	--	-------------	----------------