

FIRST PRIVATE BANK PUBLIC COMPANY LIMITED

(Incorporated in the Republic of the Union of Myanmar)

**FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 MARCH 2024**

**V ADVISORY LIMITED
CERTIFIED PUBLIC ACCOUNTANTS**

FIRST PRIVATE BANK PUBLIC COMPANY LIMITED
(Incorporated in the Republic of the Union of Myanmar)
CORPORATE INFORMATION AS AT 31 March 2024

DIRECTORS

U KYAW TIN	Chairman
DAW HLA HLA WIN	Director
U THEIN LWIN	Director
U MYO TUN	Director
DAW HLA HLA YI	Director
U HTIN AUNG KYAW OO	Director
U THEIN MYINT	Director
U LA SAN	Director
U TUN WIN NAING	Director
DR. LAE LAE WIN	Alternate Director
U THET SWE	Alternate Director

REGISTERED OFFICE

No.619/621, Merchant Street,
Corner of Bo Soon Pat Street and Merchant Street,
Pabendan Township,
Yangon Region, Myanmar

AUDITOR

V Advisory Limited
Certified Public Accountants

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FIRST PRIVATE BANK PUBLIC COMPANY LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITY for the year ended 31 March 2024

The directors are pleased to present their statement to the members together with the audited financial statements of First Private Bank Public Company Limited ("the Bank") for the year ended 31 March 2024.

In our opinion

- (a) The financial statements set out on pages pg 6 to pg 41 are drawn up so as to give a true and fair view of the financial position of the Bank as at 31 March 2024 and he financial performance, changes in equity and cash flows of the bank for year ended on that date.
- (b) The books of accounts have been maintained in accordance with the Section 258 of Myanmar Companies Law 2017
- (c) at the date of this statement , there are reasonable grounds to believe that the Bank will be able to pay its debts as and when they fall due.

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

Directors

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

- 1 U KYAW TIN
- 2 DAW HLA HLA WIN
- 3 U THEIN LWIN
- 4 U MYO TUN
- 5 DAW HLA HLA YI
- 6 U HTIN AUNG KYAW OO
- 7 U THEIN MYINT
- 8 U LA SAN
- 9 TUN WIN NAING, U
- 10 DR. LAE LAE WIN
- 11 U THET SWE

Directors and their interests

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

	Number of Shares
	31.3.2024
1 U KYAW TIN	11,200
2 DAW HLA HLA WIN	87,120
3 U THEIN LWIN	11,200
4 U MYO TUN	167,040
5 DAW HLA HLA YI	64,668
6 U HTIN AUNG KYAW OO	10,000
7 U THEIN MYINT	27,192
8 U LA SAN	60,000
9 TUN WIN NAING, U	599,712
10 DR. LAE LAE WIN	1,419
11 U THET SWE	1,802

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

Continuing Operations

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

Result of the Financial Year

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

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

Dividends

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

Share options

During the financial year, there were:

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

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

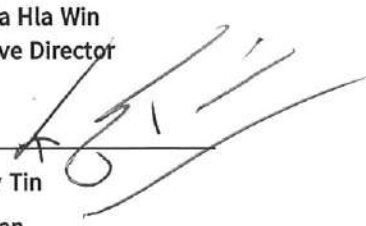
Charges and Contingent Liabilities

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

On behalf of the Board of Directors,



Daw Hla Hla Win
Executive Director



U Kyaw Tin
Chairman

Date : 28 June 2024



V ADVISORY

CREATING BETTER BUSINESS

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

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INDEPENDENT AUDITOR'S REPORT

To the Members of First Private 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 First Private Bank Public Company Limited (The Bank), which comprise the statement of financial position as at 31st March 2024, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year ended 31st March 2024, 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 31st March 2024, and its performance, its changes in equity and its cash flows for the year 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.



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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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statement. 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.



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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 section 257 (a) & 258 (a) 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, Yangon 11161, Myanmar

Date: **28** June 2024

Yangon, Myanmar

FIRST PRIVATE BANK PUBLIC COMPANY LIMITED

(Incorporated in the Republic of the Union of Myanmar)

STATEMENT OF FINANCIAL POSITION AS AT 31 March 2024

	Notes	31 March 2024 MMK	31 March 2023 MMK
ASSETS			
Cash and cash equivalents	6	52,321,987,869	50,355,108,178
Loans and advances	7	119,087,707,381	96,106,933,755
Prepaid and other receivable	8	12,107,222,778	8,663,720,779
Inventories		56,398,210	45,840,139
Investment	9	36,201,300,000	36,201,300,000
Property and equipment	10	17,241,217,962	17,124,127,117
Intangible asset	11	387,798,204	581,867,462
Advanced Tax		170,679,996	530,009,634
TOTAL ASSETS		237,574,312,400	209,608,907,064
EQUITY			
Paid-up share capital	12	29,664,613,000	29,664,613,000
Share Premium		11,845,878,597	11,845,878,597
Statutory Reserves	13	19,043,348,820	18,525,972,824
2% Reserve (General Provision for Loans & Receivables)	13	-	2,821,557,494
Contingency Reserve	13	114,696,412	112,819,312
Other Reserve	13	3,478,384,749	3,478,384,749
Retained Earning		9,221,360,659	4,823,392,914
Total equity		73,368,282,237	71,272,618,890
LIABILITIES			
Deposit from customers	14	149,906,471,868	127,196,586,410
Other liabilities	15	13,881,895,327	10,503,741,237
Payment Order		13,338,052	18,085,450
Provision for Income Tax		404,324,916	617,875,077
Total liabilities		164,206,030,163	138,336,288,174
TOTALY LIABILITIES AND EQUITY		237,574,312,400	209,608,907,064
Acceptance, Endorsement and Gurantee		2,903,614,572	2,895,263,072

See accompanying Notes to the Financial Statements

Authenticated by Directors: -

Chief Executive Officer

Director

Chairman

FIRST PRIVATE BANK PUBLIC COMPANY LIMITED

(Incorporated in the Republic of the Union of Myanmar)

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2024

	Notes	2023-2024	2022-2023
		MMK	MMK
Interest income	16	13,728,655,353	12,785,757,446
Interest expenses	17	(7,517,163,626)	(6,216,277,164)
Net interest income		6,211,491,728	6,569,480,282
Fee and commission income	18	763,889,662	353,475,407
Fee and Commission expenses	19	(702,402,829)	(543,739,313)
Net fees and commission income		61,486,834	(190,263,906)
Exchange Gain		2,222,251,751	3,044,480,638
Fx Revaluation Exchange Gain/Loss)		-	-
Revenue		8,495,230,313	9,423,697,014
Other income (sale of assets)		231,799,945	524,483,747
Personnel expenses	20	(3,530,314,992)	(3,261,610,548)
Other expenses	21	(2,722,886,365)	(2,591,217,216)
Profit before income tax		2,473,828,900	4,095,352,997
Income tax expenses	22	(404,324,916)	(617,875,077)
Net Profit for the year		2,069,503,984	3,477,477,920
Other comprehensive income		-	-
Total comprehensive income for the year		2,069,503,984	3,477,477,920
Earning Per Share		70	117

See accompanying Notes to the Financial Statements

Authenticated by Directors: -

Chief Executive Officer

Director

Chairman

FIRST PRIVATE BANK PUBLIC COMPANY LIMITED

(Incorporated in the Republic of the Union of Myanmar)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2024

	Share Capital		Share Premium		Statutory Reserve		General Provision for Loans & Other Reserve		Contingency Reserve		Retained Earnings		Total Equity	
	MMK		MMK		MMK		MMK		MMK		MMK		MMK	
2023-2024														
Balance at beginning of year	29,664,613,000		11,845,878,597		18,525,972,824		2,821,557,494	3,478,384,749	112,819,312		4,823,392,914		71,272,618,890	
Transferred to Retained Earnings	-		-		-	(2,821,557,494)	-	-	-		2,821,557,494		-	
Restated balance	29,664,613,000		11,845,878,597		18,525,972,824		-	3,478,384,749	112,819,312		7,644,950,408		71,272,618,890	
Adjustment for the year	-		-		-	-	-	-	-		24,282,263		24,282,263	
Provision for the year	-		-		517,375,996		-	-	1,877,100		(517,375,996)		1,877,100	
Net profit for the year	-		-		-		-	-	-		2,069,503,984		2,069,503,984	
Balance as at end of year	29,664,613,000		11,845,878,597		19,043,348,820		-	3,478,384,749	114,696,412		9,221,360,659		73,368,282,237	
2022-2023														
Balance at beginning of year	24,720,530,000		11,845,878,597		17,656,603,344		2,821,557,494	3,486,502,234	103,159,538		6,818,298,665		67,452,529,872	
Share issued during the year	4,944,083,000		-		-		-	-	-		(4,944,083,000)		-	
Transferred to reserves	-		-		869,369,480		-	-	-		(869,369,480)		-	
Adjustment	-		-		-		-	-	-		341,068,808		341,068,808	
Adjustment during the year	-		-		-		-	(8,117,485)	9,659,774		-		1,542,289	
Restated balance	29,664,613,000		11,845,878,597		18,525,972,824		2,821,557,494	3,478,384,749	112,819,312		1,345,914,993		67,795,140,969	
Provision for the year	-		-		-		-	-	-		-		-	
Net profit for the year	-		-		-		-	-	-		3,477,477,920		3,477,477,920	
Balance as at end of year	29,664,613,000		11,845,878,597		18,525,972,824		2,821,557,494	3,478,384,749	112,819,312		4,823,392,914		71,272,618,890	

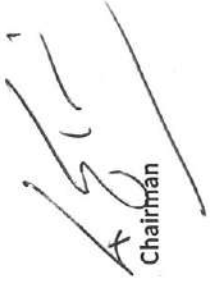
Authenticated by Directors: -



Chief Executive Officer



Director



Chairman

FIRST PRIVATE BANK PUBLIC COMPANY LIMITED

(Incorporated in the Republic of the Union of Myanmar)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2024

	31 March 2024 MMK	31 March 2023 MMK
1 Cashflows from operating activities		
Profit before tax	2,450,648,905	4,095,352,997
Adjustments for:		
Depreciation	583,053,745	615,352,936
Provision	-	964,761,954
(Gain)/loss on disposal	(232,099,945)	(524,483,747)
Property and equipment written-off	2,910,538	268,494
Prior years adjustment	(24,282,263)	341,068,808
Operating profit/(loss) before working capital changes	<u>2,780,230,980</u>	<u>5,492,321,442</u>
Working capital changes		
(Increase)/decrease in Loans and advances	(22,980,773,626)	10,873,748,569
(Increase)/decrease in Other assets	(3,429,777,806)	3,898,149,489
(Increase)/decrease in Deposit from customers	22,709,885,458	(19,289,941,599)
(Increase)/decrease in Other liabilities	3,376,593,792	830,191,952
Cash generated from operation	<u>2,456,158,798</u>	<u>1,804,469,853</u>
Income tax paid	(211,083,182)	(210,986,422)
Net cash provided by/ (used in) operating activities	<u><u>2,245,075,616</u></u>	<u><u>1,593,483,431</u></u>
2 Cashflows from investing activities		
(Purchase)/ sale of government securities and investments	-	-
Proceed from sale of property and equipment	400,000,000	620,000,000
Purchase of property and equipment	(655,938,425)	(6,678,927,020)
Addition of intangible assets	(20,947,500)	(517,472,570)
Net cash provided by/(used in) investing activities	<u><u>(276,885,925)</u></u>	<u><u>(6,576,399,590)</u></u>
3 Cashflows from financing activities		
Received/ (repayment) of borrowings	-	-
Dividends paid	(1,310,000)	(1,285,000)
Net cash provided by/(used in) financing activities	<u><u>(1,310,000)</u></u>	<u><u>(1,285,000)</u></u>
Net increase/(decrease) in cash and cash equivalents	<u><u>1,966,879,691</u></u>	<u><u>(4,984,201,159)</u></u>
Cash and cash equivalents at beginning of the year	<u>50,355,108,178</u>	<u>55,339,309,337</u>
Cash and cash equivalents at end of the year	<u><u>52,321,987,869</u></u>	<u><u>50,355,108,178</u></u>

Authenticated by Directors: -


Chief Executive Officer


Director


Chairman

FIRST PRIVATE BANK PUBLIC COMPANY LIMITED

(Incorporated in the Republic of the Union of Myanmar)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2024

1. General

First Private Bank Public Company limited (the Bank) was registered as a public company limited by shares as per Certificate of Registration No. 223/1991-1992 dated 9th September 1991. The Bank was re-registered with DICA under new Registration No.121543400 in accordance with the Myanmar Companies Law (2017).

The Bank was permitted to carry out banking business under license No. Ma Va Ba/P-1/ (5)1992 on May 25, 1992 issued by the Central Bank of Myanmar. The Bank was reissued License No. Ma Va Ba/Pa Ba(R)-02/08/2016 on August 18, 2016 by the Central Bank of Myanmar according to Section 176 of the Financial Institutions Law (2016).

The Bank was successfully listed on Yangon Stock Exchange under Registration No. 0004 dated 30th December 2016 in accordance with the Securities Exchange Law, Section 41(c).

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

The registered office of the Bank is No (619/621), Merchant Street, (Corner of Bo Soon Pat Street & Merchant Street), Pabedan Township, Yangon Region, Republic of the Union of Myanmar.

The bank has opened 40 branches as of 31 March 2024.

2. Basis of preparation and accounting policies

The financial statements for the year ended 31 March 2024, have been prepared in accordance with Myanmar Financial Reporting Standards (MFRSs) and Directives of the CBM. 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.

Accounting Period

Accounting Period covers from 1 April 2023 to 31 March 2024. Balances of 31 March 2023 and transaction occurred for the financial year ended 31st March 2023 (1 April 2022 to 31 March 2023) in this report are for purpose of comparison only.

Opening balances as at 1 April 2023 are carried forward from the financial statements for the financial year ended 31 March 2023, audited by U Hla Tun & Associates Limited (Certified Public Accountants).

3 Summary of Significant accounting policies

3.1 Foreign currency transactions.

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

In preparing the financial statements for the Bank, transactions in currencies other than the Bank's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date, carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

3.2 Interest income and expense

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

3.3 Fees and commission income

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

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

3.4 Dividend income

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

3.5 Other income

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

3.6 Income Tax

Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit equates to 'profit before tax' as reported in the statement of profit or loss and other comprehensive income because there are minimal items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

The Bank's current tax is calculated using tax rates at 17% that have been enacted or substantively enacted by the end of the reporting period. Since the bank was listed on Yangon Stock exchange as mentioned in para 1, the bank is entitled tax benefit of 17% corporate income tax rate as granted by Union Tax law 2023 with effective from 1 April, 2023.

Deferred Tax

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

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

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

Deferred Tax (Continued)

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

3.7 Financial instruments

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

3.7.1 Financial assets

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

(i) Financial Instruments at Fair Value through Profit or loss

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

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

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including cash and cash equivalents and placement with other financial institutions) are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

(iii) Held-to-maturity

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Bank's management has the positive intention and ability to hold to maturity.

(iii) Held-to-maturity (Continued)

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

(iv) Available-for-sale

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

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

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

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

3.7.2 Financial liabilities

Other non-derivative Financial Liabilities

Other non-derivative financial liabilities are initially recognized at the fair value of consideration received less directly attributable costs. Subsequent to initial recognition, non-derivative financial liabilities are measured at amortised cost.

Other non-derivative Financial Liabilities (Continued)

The Bank does not have any non-derivative financial liabilities designated at fair value through profit or loss. Financial liabilities measured at amortised cost included deposits from customers, deposits from banks, and other borrowed funds.

3.7.3 Recognition and Derecognition

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

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

The Bank derecognizes a financial liability when the contractual obligations are discharged, cancelled or expired.

3.8 Impairment of financial assets

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

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

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

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

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

3.8 Impairment of financial assets (Continued)

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

Credit quality

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

Performing loans

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

Non-performing loans

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

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

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

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

Non-performing loans (Continued)

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized. The previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3.9 Impairment of non-financial assets

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

3.10 Cash and cash equivalents

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

3.11 Property and equipment and depreciation

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

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

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

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

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

3.11 Property and equipment and depreciation (Continued)

Land	-
Building	1.25%
Motor Vehicles & Motorcycle	12.5%
Office equipment	6.25% - 10%
Computer and Accessories	20%
Furniture and other equipment	5% - 6.25%

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.9.

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

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

3.12 Share capital

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

3.13 Other liabilities

Other payables represent liabilities for services provided to the Bank prior to the end of financial period 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.

3.14 Provisions

Provisions are recognized when the Bank has a present legal or constructive obligation as a result of past events. It is probable that the Bank will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions are reviewed at each financial year end adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

3.14 Provisions (Continued)

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.

3.15 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 period ends.

3.16 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 period end.

3.17 Related parties

A related party is defined as follows:

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

4. Critical accounting judgments and key sources of estimation uncertainty

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

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

Critical judgments in applying accounting policies

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

Key sources of estimation uncertainty

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

Impairment losses on loans and advances

A loan is impaired when there is objective evidence that events since the loan was granted, have affected expected cash flows from the loan. The impairment loss is the difference between the carrying value of the loan and the present value of estimated future cash flows at the loan's original effective interest rate.

The Bank reviews its loans and advances to assess impairment on a regular basis. In determining whether an impairment loss should be recorded in profit or loss, management exercises judgment on whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from the loan before the decrease can be identified within an individual loan.

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

Useful life of Property, Plant and Equipment

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

5. Financial Risk Management

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

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

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

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

5.1 Interest rate risk

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

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

The interest rates charged or granted by the Bank are determined by a committee with oversight by Board of Directors. These interest rates are set within a bank determined by the Central Bank of Myanmar. As at 31 March 2024, the interest rates on loans are subject to the following maximum caps:

- Loans and advances: 10% per annum
- Overdraft: 10% per annum
- Staff Loan 6% per annum
- SME 5.5% - 7% per annum

5.1 Interest rate risk (Continued)

As at 31 March 2024, the interest rates on deposits are subject to the following minimums:

- Saving deposits: 6% per annum
- Fixed deposits: 7% - 8% per annum
- Call deposits: 4%, 6% per annum
- Special saving deposits: 7% per annum
- Special fixed deposits: 8% - 9.5% per annum
- Special call deposits: 6% per annum
- Super call deposits: 6% - 6.5% per annum

5.2 Credit Risk

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

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

All credit lending to non-bank customers are generally secured. In addition, in order to minimize credit loss, the Bank will seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances.

The fair value of collateral is valued by an independent assessor is based on valuation techniques commonly used for the corresponding assets, done before the inception of the loan. Loans are usually given the margins of 30% to 70% of the forced sale value, which is also independently estimated. There is no revaluation of the collaterals in subsequent periods but at the renewal/roll-over of a loan, the customer is questioned about any changes to the collateral at which point the need for a reappraisal will be decided.

5.2 Credit Risk (Continued)

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

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

Maximum exposure to credit risk

The following table presents the Bank's maximum exposure to credit risk at the end of reporting period in respect of on-balance sheet and off-balance sheet financial instruments, without taking into account the value of any collateral of or other security held, in the event the counterparties fail to perform their obligations. The maximum exposure to credit risk to on-balance sheet is carrying amount of these instruments as reported in the statement of financial position. For contingent liabilities, the maximum exposure to credit risk is the maximum amount the Bank would have to pay if obligations of the instruments issued are call upon. For commitments, the maximum exposure to credit risk is the full amount of undrawn credit facilities granted to customers.

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Maximum exposure to credit risk (Continued)

	31 March 2024 (MMK in million)	31 March 2023 (MMK in million)
Cash and cash equivalents	52,321.99	50,355.11
Loan and advances	119,087.71	96,106.93
Investment Securities	36,201.30	36,201.30
Other assets	12,163.62	9,106.77
	219,774.62	191,770.11
Off-Balance Sheet		
Contingent Liabilities		
- Gurantees	2,903.61	2,895.26
- Undrawn loan commitments	6,451.99	6,694.59
	9,355.60	9,589.85
Total maximum exposure to credit risk	229,130.22	201,359.96

Credit risk by industry

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

	31 March 2024 (MMK in million)	31 March 2023 (MMK in million)
Agricultural/livestock & Fishery	1,121.00	1,051.00
Construction	6,168.16	4,788.52
Manufacturing/Production	17,820.14	14,428.23
Service	20,688.56	16,509.80
Trade	53,092.77	45,270.30
Transportation	7,642.81	7,821.86
Genearl (HP)	173.17	-
Housing loan	-	-
SME Loan	12,211.95	6,073.50
Staff Loan	169.14	163.72
Total	119,087.70	96,106.93

Credit quality of loans and advances

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

	31 st March 2024 (MMK in million)	31 st March 2023 (MMK in million)
Sub-standard	699.50	267.50
Doubtful	1,671.47	1,827.06
Loss	23,840.45	21,512.57
	26,211.42	23,607.13

Credit quality of loans and advances (Continued)

Base on the instructions and guidance issued by the CBM, the Bank generally classifies its loans and advances as "Sub-standard" when the counterparty has failed to make payments when contractually due, for more than 60 days but not more than 90 days. Loans and advances are generally further classified as "Doubtful" and "Loss" where the loans and advances are past due by more than 91 days to 180 days and over 180 days respectively. Doubtful and Loss are defined as non-performing loans (NPL). As per report to the CBM, NPL ratio is 21.42% as at 31 March 2024. (24.29% as at 31 March 2023).

Loan and advance past due

The following table sets out an aging analysis of these loans and advances which is either past due or where the facility contracts have expired, banded based on the time periods these are past the contractual due date, as at the end of the reporting period.

	31 st March 2024 (MMK in million)	31 st March 2023 (MMK in million)
61 to 90 days past due	699.50	267.50
91 to 180 days past due	1,671.47	1,827.60
Over 180 days past due	23,840.45	21,512.57

5.3 Liquidity risk and cash flow risk

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

The Bank manages cash flow risk by maintaining daily cash flow position and also forecasting its future cash flow on a daily basis. The Bank also has a plan of how to mitigate the risk. The Bank is also required by Central Bank of Myanmar to set aside 3% of total deposits in the form of cash for unforeseen liquidity requirements.

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

5.3 Liquidity risk and cash flow risk (Continued)

	Less Than 1 year	More Than 1 year	No-Specific maturity	Total
	MMK (Million)	MMK (Million)	MMK (Million)	MMK (Million)
Balance at 31 March 2024				
Non-derivative financial assets				
Cash in hand and at bank	52,321.80		-	52,321.80
Loans and advances	-	119,087.71	-	119,087.71
Investments	19,500.00	16,701.30	-	36,201.30
Total assets	71,821.80	135,789.01	-	207,610.81
Non-derivative financial liabilities				
Deposits from Banks	-	-	58.02	58.02
Deposits from customers	60,386.98	-	89,461.47	149,848.45
Total liabilities	60,386.98	-	89,519.49	149,906.47
Net liquidity gap	11,434.82	135,789.01	(89,519.49)	57,704.34

As per report to the Central Bank of Myanmar, the Bank's liquidity ratio as of 31 March 2024 was 56.22%, which is higher than standard ratio 20% set by the Central Bank of Myanmar Notification No.19/2017.

5.4 Foreign exchange risk

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

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

The tables below analyses the net foreign exchange positions of the Bank as at 31 March 2024 by major currencies, which are mainly in Myanmar Kyat, US Dollar, Euro and Singapore Dollar.

5.4 Foreign exchange risk

	MMK	USD	EURO	SGD	Total
	MMK	MMK	MMK	MMK	MMK
	(Million)	(Million)	(Million)	(Million)	(Million)
Assets					
Cash and balances with Banks	24,215.59	18,372.66	420.98	312.76	43,321.99
Loan and advances to customer	119,087.71	-	-	-	119,087.71
-Not Impaired	-	-	-	-	-
-Impaired	-	-	-	-	-
Investment securities	36,201.30	-	-	-	36,201.30
Inter Bank Learning	9,000.00	-	-	-	9,000.00
Total Assets	188,504.60	18,372.66	420.98	312.76	207,611.00
Liabilities					
Deposits from Customers	21,856.18	8,878.02	2.41	0.60	30,737.21
Deposits from bank	58.02	-	-	-	58.02
Contingent Liability	-	-	-	-	-
Total liabilities	21,914.20	8,878.02	2.41	0.60	30,795.23
Net open position	166,590.40	9,494.64	418.57	312.16	176,815.77

Sensitivity analysis of foreign exchange risk

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

	USD	EURO	SGD
	MMK	MMK	MMK
	(Million)	(Million)	(Million)
Strengthened by 10%	949.46	41.86	31.22
Weakened by 10%	(949.46)	(41.86)	(31.22)

5.5 Operational risk

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

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

5.5 Operational risk (Continued)

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

5.6 Legal and compliance risk

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

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

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

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

5.7 Capital management

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

5.7 Capital management (Continued)

"Capital funds" is defined as listed below:

	(Kyat in Million)	
	2024	2023
Paid-up ordinary share capital	29,665	29,665
Share premium	11,846	11,846
Retained earnings/ (Loss)	9,221	4,823
Reserves	22,636	27,598

As per report to the Central Bank of Myanmar, the Bank's Tier (1) capital ratio as of 31 March 2024 was 43.10% and regulatory capital adequacy ratio as of 31 March 2024 was 46.01% respectively, as against 4% of minimum tier (1)'s capital and 8% of capital adequacy ratio, as set out by the Central Bank of Myanmar Notification No.16/2017.

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6. Cash & Cash Equivalents

	31 March 2024	31 March 2023
	MMK	MMK
Cash and balances with Central Bank	9,157,888,077	8,714,985,177
Cash and balances with banks and other financial institutions	26,887,671,962	17,898,519,004
Cash in Hand	16,276,427,830	23,741,603,997
	52,321,987,869	50,355,108,178

7. Loans and Advances

	31 March 2024	31 March 2023
	MMK	MMK
Loan	95,249,966,519	79,695,826,618
Overdraft	10,685,490,862	7,400,607,137
Term Loan	940,300,000	2,937,000,000
SME	12,211,950,000	6,073,500,000
	119,087,707,381	96,106,933,755

8. Prepaid and Other Receivable

	31 March 2024	31 March 2023
	MMK	MMK
Accrued Income Account	10,797,827,627	1,254,037,280
Prepaid expenses	990,963,599	1,052,851,501
Claim A/C	97,054,902	6,224,035,933
Internal Remittance (Other Bank)	-	-
Property Acquired Borrower	63,500,000	3,240,065
Others	157,876,650	129,556,000
	12,107,222,778	8,663,720,779

9. Investment

	31 March 2024	31 March 2023
	MMK	MMK
Available-for -Sale at cost		
Unquoted equity securities:		
Myanmar Payment Union	200,000,000	200,000,000
Credit Bureau	1,300,000	1,300,000
	201,300,000	201,300,000
Held to Maturity		
Government-bond	36,000,000,000	36,000,000,000
	36,201,300,000	36,201,300,000

FIRST PRIVATE BANK PUBLIC COMPANY LIMITED

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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2024

10. Property and Equipment

Details of property and equipment were presented in Annexure 1 and property and equipment - work in progress in Annexure 2.

11. Intangible Asset

	31 March 2024	31 March 2023
	MMK	MMK
Original cost		
Balance at beginning of the year	594,512,841	73,324,770
Additions	-	517,472,565
Transfer	20,947,500	-
Interbank Transfer	-	3,715,506
Balance at the end of the year	615,460,341	594,512,841
Accumulated amortization		
Balance at beginning of the year	12,645,379	-
Amortization during the year	123,092,068	12,645,379
Transfer from WIP	91,924,689	-
Interbank Transfer	-	-
Balance at the end of the year	227,662,137	12,645,379
Net book value at the end of the year	387,798,204	581,867,462

12. Share Capital

	Number of Ordinary Share		Amount	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023
	shares	shares	MMK	MMK
Issued and fully paid				
Ordinary shares	29,664,613	24,720,530	29,664,613,000	24,720,530,000
Add: Additions-Bonus Share	-	4,944,083	-	4,944,083,000
Closing balance	29,664,613	29,664,613	29,664,613,000	29,664,613,000

Change of the nominal value per share from K. 10,000 to K. 1,000 was made at 2022-2023 Financial year and consequently the no. of shares of 2,472,053 were increased to 24,720,530 shares.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2024

13. Reserves

The details are as follows:

	31 March 2024	31 March 2023
	MMK	MMK
Statutory Reserve		
Opening	18,525,972,824	17,656,603,344
Addition for the year	517,375,996	869,369,480
Closing Balance	19,043,348,820	18,525,972,824
Reserve for Contingencies		
Opening	112,819,312	103,159,538
Addition for the year	1,877,100	9,659,774
Closing Balance	114,696,412	112,819,312
General Reserve (Loan)		
Opening	2,821,557,494	2,821,557,494
Addition for the year	(2,821,557,494)	-
Closing Balance	-	2,821,557,494
Other Reserves		
Opening - Computer Funds	3,478,384,749	3,486,502,234
Addition for the year- Reserve for FX Revaluation	-	(8,117,485)
Closing Balance	3,478,384,749	3,478,384,749
Total Reserves	22,636,429,981	24,938,734,379

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

(2) In compliance with Central Bank Notification 17/2017, 2% of total balance of loans and advances is to be set aside as general reserve (loan).

(3) 2% General reserve on loans and advances of previous year are re-instated to be relevant with current year data for comparison only.

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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2024

14. Deposit from Customers	31 March 2024	31 March 2023
	MMK	MMK
Current deposit	30,674,291,066	-
Savings deposits	38,861,857,986	59,405,200,804
Special Saving deposits	30,862,945,931	21,750,745,840
Call Deposit	218,971,591	420,314,445
Special Call Deposits	16,936,541,438	13,464,932,375
Super Call Deposit	2,581,152,128	-
Fixed deposits	4,230,129,689	27,505,912,042
Special Fixed deposits	25,514,681,049	4,623,510,021
Mobile Money A/C	25,900,989	25,970,883
	149,906,471,868	127,196,586,410
15. Other Liabilities	31 March 2024	31 March 2023
	MMK	MMK
1 Unclaimed Liability		
Unclaimed Dividend	85,505,619	86,815,619
Unclaimed Other	8,177,452	8,745,135
	93,683,070	95,560,754
2 Sundry Deposit		
Interest in Suspense	9,173,839,281	6,609,158,679
Suspense A/C (Interest in Suspense)	-	-
Deposits Unclaimed Liabilities	411,013	404,346
Deposit Parking	153,179,766	597,850
FE Adjust	-	-
Stamp Duty	10,550	2,650
Others	492,266,972	492,052,543
	9,819,707,582	7,102,216,068
3 Accrued Liabilities		
Other Liability	245,555,694	144,168,134
Accrued interest Payable (Fixed & Special Fixed A/C)	676,715,029	368,375,281
	922,270,723	512,543,415
4 Outward Remittance	54,628,474	134,498,345
5 Provision		
Specific provision for loan loss	622,930,000	1,059,819,208
General provision on loans and advances	2,368,675,478	1,599,103,447
	2,991,605,478	2,658,922,655
	13,881,895,327	10,503,741,237

Provisions of previous year are re-instated to be relevant with current year data for comparison only.

FIRST PRIVATE BANK PUBLIC COMPANY LIMITED

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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2024

16. Interest Income	2023-2024	2022-2023
	MMK	MMK
Loan and overdraft	9,891,157,056	9,240,125,634
Interest on other Banks	865,561,142	172,734,600
Interest on Government Securities	2,971,937,156	3,372,897,212
	13,728,655,353	12,785,757,446
17. Interest Expense	2023-2024	2022-2023
	MMK	MMK
Interest on		
Savings deposits	2,793,298,155	3,555,212,124
Call Deposit	10,948,393	13,257,883
Fixed deposits	397,329,416	891,145,689
Special Saving deposits	1,861,498,300	975,573,776
Special Call Deposits	986,241,464	659,452,796
Special Fixed deposits	1,432,155,819	121,634,896
Interest Expense Deposit by NFIs and Other Clients On Super call Deposit	35,692,079	-
	7,517,163,626	6,216,277,164
18. Fees and Commission Income	2023-2024	2022-2023
	MMK	MMK
Commission on		
Swift/TT	7,318,856	450,131
Fire Insurance	42,341,270	42,108,697
Bank Gurantee	-	123,150
Fees and Commission (Other)	38,512,862	25,435,174
Remittance	121,798,422	165,887,978
Commission on Payment Order	4,556,278	-
Miscellaneous Income	111,369,393	111,466,571
Other Transactions(Services Charges for others)	437,992,581	8,003,706
	763,889,662	353,475,407

FIRST PRIVATE BANK PUBLIC COMPANY LIMITED

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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2024

19. Fees and Commission Expenses

	2023-2024	2022-2023
	MMK	MMK
Directors' Remuneration & Emolument	222,840,000	223,360,000
Professional fee	78,220,000	15,500,000
Registration & License	245,533,491	47,377,350
Training Expenses	-	89,734,809
Fee and Commission Expense On SWIFT Charges	26,922,676	-
Other	128,886,662	167,767,154
	702,402,829	543,739,313

20. Personal Expenses

	2023-2024	2022-2023
	MMK	MMK
Salaries & Wages	2,671,112,897	1,917,016,308
C.L.A Allowance	-	633,206,006
Travelling Allowance	40,606,871	30,017,219
Uniform Allowance	20,254,630	27,776,700
Overtime Allowance	121,429,878	121,260,020
Meal Allowance	291,235,496	277,098,182
Field Allowance	71,700,000	58,070,000
Degree Allowance	13,564,000	13,679,000
Welfare Fund Provident Fund	49,050,420	83,487,114
Bonus & Rewards	200,000,000	100,000,000
Personal expense-Other Allowance	51,360,800	-
	3,530,314,992	3,261,610,548

FIRST PRIVATE BANK PUBLIC COMPANY LIMITED*(Incorporated in the Republic of the Union of Myanmar)***NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2024****21. Other Expenses**

	2023-2024	2022-2023
	MMK	MMK
Rental, Electricity & Water Bill Charge	262,511,956	197,349,933
Repairs & Maintenance	120,693,346	147,396,421
Annual Gengeral Meeting	7,727,081	19,751,900
Insurance	9,236,708	8,591,821
Duty & Taxes	95,711,269	39,890,104
Stationery & Supplies	56,252,997	67,707,453
Communication Expenses	464,365,697	232,907,968
Transporation & Travelling Expenses	222,387,016	172,470,534
Donation-(Other)	13,761,280	-
Training for General Banking	5,694,300	-
<u>Bad Debts & Losses</u>		
Writes Off - intangible Assets	123,092,068	268,494
General Provision on Doubtful Debts	714,572,031	480,534,669
Specific Provision on Doubtful Debts	-	484,227,285
Depreciation	459,961,677	615,352,936
Miscellaneous Expenses	166,918,940	124,767,698
	<u>2,722,886,365</u>	<u>2,591,217,216</u>

22. Income Tax Expense

	2023-2024	2022-2023
	MMK	MMK
Current tax on ordinary income for the period /year	381,144,922	565,426,702
Capital Gain Tax	23,179,994	52,448,375
	<u>404,324,916</u>	<u>617,875,077</u>

FIRST PRIVATE BANK PUBLIC COMPANY LIMITED

(Incorporated in the Republic of the Union of Myanmar)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2024

23. Related party transactions and Balances	31 March 2024	31 March 2023
	MMK	MMK
<u>(A) Related Parties Transactions</u>		
Directors' Fees and Allowance	222,840,000	223,360,000
<u>(B) Related Parties' Balances</u>		
Loan & Overdraft	5,493,303,455	2,801,646,742
24. Guarantees and commitments	31 March 2024	31 March 2023
	MMK	MMK
<u>Guarantees :</u>		
Performance guarantees	2,903,614,572	2,895,263,072

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.

The Bank has issued two bank guarantees such as advance payment guarantee and performance guarantee amounting to MMK 2,876 Million, for Myat Noe Thu Company Limited (a sub-contractor of Korea -Myanmar Dala Friendship Bridge), with backed security both movable and immovable properties. Myat Noe Thu Co., Ltd submitted the said two bank guarantees to the GS Engineering and Construction Corp (GS E&C) (Main Contractor). The GS E&C demanded the Bank to compensate US\$ 2.3 million for default of the Myat Noe Thu Co.,Ltd and filed law suit to the Yangon Region High Court in July 2021. The case is still under hearing.

Commitments:

	31 March 2024	31 March 2023
	MMK	MMK
Undrawn overdraft	6,452,009,138	6,694,592,863
	<u>6,452,009,138</u>	<u>6,694,592,863</u>

FIRST PRIVATE BANK PUBLIC COMPANY LIMITED

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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2024

Property and equipment	Annexure -1										
	Land MMK	Building MMK	Furniture & Fixture MMK	Office Equipment MMK	Computer MMK	Motor Vehicle MMK	Motor Cycle MMK	TOTAL MMK	Motor Vehicle MMK	Motor Cycle MMK	TOTAL MMK
Original Cost											
At 1 April 2023	11,436,775,557	4,792,196,370	737,432,053	615,258,335	1,725,912,984	97,062,736	9,193,800	19,413,831,835			
Additions	-	-	135,758,660	35,079,425	52,465,644	49,250,000	2,765,400	275,319,129			
Disposal	(33,100,000)	(187,820,106)	-	-	-	-	-	(220,920,106)			
Write Off	-	(915,000)	(4,339,800)	(57,469,850)	(773,854,525)	-	(1,695,000)	(838,274,175)			
Transfer for opening balance	(88,780,106)	(154,977,487)	(51,450,760)	(52,960,500)	(25,291,513)	-	-	(373,460,366)			
Transfer from WIP	-	-	31,676,900	42,805,000	19,627,900	-	-	94,109,800			
At 31 March 2024	11,314,895,451	4,448,483,777	849,077,053	582,712,410	998,860,490	146,312,736	10,264,200	18,350,606,117			
Accumulated depreciation											
At 1 April 2023	-	753,823,782	192,277,391	297,465,276	1,025,514,468	16,168,013	4,455,788	2,289,704,718			
For the year	-	56,987,006	46,015,422	60,012,806	277,162,451	18,289,092	1,494,900	459,961,677			
Disposal	-	(53,020,051)	-	-	-	-	-	(53,020,051)			
Write Off	-	(102,938)	(2,485,690)	(57,230,385)	(773,849,625)	-	(1,695,000)	(835,363,638)			
Transfer to Intangible asset	-	-	-	-	(91,924,689)	-	-	(91,924,689)			
At 31 March 2024	-	757,687,800	235,807,123	300,247,696	436,902,605	34,457,105	4,255,688	1,769,358,017			
Net Book value as at 31 March 2024	11,314,895,451	3,690,795,977	613,269,930	282,464,714	561,957,885	111,855,631	6,008,513	16,581,248,099			
Net Book value as at 31 March 2023	11,436,775,557	4,038,372,588	545,154,662	317,793,059	700,398,516	80,894,723	4,738,013	17,124,127,117			

We hereby certify that above assets are the properties of the "First Private Bank Public Company Limited", in existence at 31 March 2024 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.


Chief Executive Officer


Director


Chairman

FIRST PRIVATE BANK PUBLIC COMPANY LIMITED

(Incorporated in the Republic of the Union of Myanmar)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2024

Annexure -1

Property and equipment

	Land		Building		Furniture & Fixture		Office Equipment		Computer		Motor Vehicle		Motor Cycle		TOTAL	
	MMK		MMK		MMK		MMK		MMK		MMK		MMK		MMK	
Original Cost																
At 1 April 2022	5,904,877,098		4,807,744,757		451,018,413		496,355,848		1,724,548,985		97,562,736		7,800,000		13,489,907,838	
Additions	-		-		286,972,395		122,812,192		627,520,146		32,500,000		3,163,800		1,072,968,533	
Disposals	(83,019,774)		(15,548,387)		-		-		-		-		-		(98,568,160)	
Write-off	-		-		(11,797,815)		(4,608,305)		(39,424,612)		(33,000,000)		(1,770,000)		(90,600,732)	
Internal Bank Transfer	-		-		-		(1,164,900)		(791,250,473)		-		-		(792,415,373)	
Internal Bank Transfer	5,614,918,232		-		11,239,060		1,863,500		204,518,938		-		-		5,832,539,730	
At 31 March 2023	11,436,775,557		4,792,196,370		737,432,053		615,258,335		1,725,912,984		97,062,736		9,193,800		19,413,831,835	
Accumulated depreciation																
At 1 April 2022	-		697,007,453		165,735,473		249,292,268		617,837,381		34,960,171		4,954,313		1,769,787,059	
For the period	-		57,965,236		38,339,734		52,781,312		438,141,957		14,207,842		1,271,475		602,707,557	
Disposals	-		(1,148,907)		(11,797,815)		-		-		-		-		(12,946,722)	
Write-off	-		-		-		(4,608,305)		(30,464,870)		(33,000,000)		(1,770,000)		(69,843,175)	
Internal Bank Transfer	-		-		-		(368,600)		-		-		-		(368,600)	
Internal Bank Transfer	-		-		-		368,600		-		-		-		368,600	
At 31 March 2023	-		753,823,782		192,277,391		297,465,276		1,025,514,468		16,168,013		4,455,788		2,289,704,718	
Net Book value as at 31 March 2023	11,436,775,557		4,038,372,588		545,154,662		317,793,059		700,398,516		80,894,723		4,738,013		17,124,127,117	

FIRST PRIVATE BANK PUBLIC COMPANY LIMITED

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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2024

Annexure -2

Property and equipment

Work in progress

	Land	Building	Furniture & Fixture	Office Equipment	Computer	Intangible Asset	TOTAL
	MMK	MMK	MMK	MMK	MMK	MMK	MMK
Original Cost							
At 1 April 2023	-	-	-	-	-	-	-
Additions		-	17,024,793	10,936,100	29,229,703	349,335,000	406,525,596
Transfer for opening balance	88,780,106	154,977,487	51,450,760	52,960,500	25,291,513	71,662,500	445,122,866
Transfer to expenses	-	-	(3,784,800)	(470,000)	(704,000)	-	(4,958,800)
Transfer to PPE / Intangible Asset	-	-	(31,676,900)	(42,805,000)	(19,627,900)	(92,610,000)	(186,719,800)
At 31 March 2024	88,780,106	154,977,487	33,013,853	20,621,600	34,189,316	328,387,500	659,969,862

Chief Executive Officer

Director

Chairman