

MYANMAR CITIZENS BANK PUBLIC COMPANY LIMITED

(Incorporated in the Republic of the Union of Myanmar)

Interim Condensed Financial Statements

(1 APRIL 2024 TO 30 SEPTEMBER 2024)

V ADVISORY LIMITED

CERTIFIED PUBLIC ACCOUNTANTS

MYANMAR CITIZENS BANK PUBLIC COMPANY LIMITED

(Incorporated in the Republic of the Union of Myanmar)

CORPORATE INFORMATION

DIRECTORS

U Toe Aung Myint	Chairman
U Aung Thwin Oo	Deputy Chairman
U Aung Soe	Director
Daw Khin Mar Myint	Director
U Aung Aung	Director
Chief Executive Officer	Director
U Htay Chun	Independent Director

REGISTERED OFFICE

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

AUDITOR

V Advisory Limited
Certified Public Accountants

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**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR MYANMAR CITIZENS BANK PUBLIC COMPANY LIMITED**

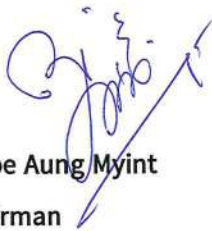
It is the responsibility of the management to prepare the interim condensed financial statements for the financial period which give a true and fair view of the financial position of Myanmar Citizens Bank Public Company Limited (the Bank) as of 30 September 2024, and of its financial performance and its cash flows for the period ended. In preparing these financial statements, the management is required to:

- Select suitable accounting policies and then apply them consistently; and
- Make judgements and estimates that are reasonable and prudent.

The management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Bank. We have general responsibility for taking such steps as are reasonably open to us to safeguard the assets of the Bank and to prevent and detect fraud and other irregularities.

The management has a reasonable expectation that the bank has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

On behalf of the Management,



U Toe Aung Myint
Chairman

(On behalf of Board of Directors)

Myanmar Citizens Bank Public Company Limited

Date : ၃၁ December 2024



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

**Review Report of the Interim Condensed Financial Statements
To the Members of Myanmar Citizens Bank Public Company Limited**

We have reviewed the accompanying interim condensed financial statements of Myanmar Citizens Bank Public Company Limited, which comprise the statement of financial position as at 30th September 2024, and the statements of comprehensive income, the statement of changes in equity and the statement of cash flows for the six-month period then ended, and notes to the financial statements, including a summary of significant accounting policies.

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 Company Law, 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.

Auditor's responsibilities

Our Responsibility is to express a Conclusion on the interim condensed financial statements based on our review. We have conducted our review in accordance with Myanmar Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the financial report is not presented fairly in all material respects.

A review of a financial report consists of making enquires, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Myanmar Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



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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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial report, in all material respects, in accordance with Myanmar Financial Reporting Standards (MFRS) issued by Myanmar Accountancy Council (MAC).

Report on other legal and Regulatory Requirements

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

The books and records required by the law to be kept by the Bank, have been maintained in accordance with Section 257(a) and 258(a) of the Myanmar Company Law 2017.

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: 23 December 2024

Yangon, Myanmar

MYANMAR CITIZENS BANK PUBLIC COMPANY LIMITED


(Incorporated in the Republic of the Union of Myanmar)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITIONS AS AT 30 September 2024

	Notes	30 September 2024 MMK	31 March 2024 MMK
ASSETS			
Cash and cash equivalents	6	204,455,566,183	174,700,418,012
Loans and advances	7	641,922,024,442	620,836,963,165
Investment	8	103,580,657,124	113,479,266,061
Other assets	9	54,160,316,347	50,332,253,678
Property and equipment	10	19,834,031,710	18,636,535,164
Intangible assets	11	3,296,225,441	3,526,919,536
TOTAL ASSETS		1,027,248,821,247	981,512,355,616
LIABILITIES			
Deposit from customers	12	852,829,645,164	772,250,031,441
Other liabilities	13	59,316,482,356	70,612,409,988
Borrowings	14	40,333,860,000	65,385,360,000
Total liabilities		952,479,987,520	908,247,801,429
EQUITY			
Paid-up share capital	15	57,124,662,800	57,124,662,800
Reserves	16	15,472,273,713	15,096,203,827
Retained earning		2,171,897,214	1,043,687,560
Total equity		74,768,833,727	73,264,554,187
TOTAL LIABILITIES AND EQUITY		1,027,248,821,247	981,512,355,616

See accompanying Notes to Interim Condensed Financial Statements

Authenticated by Directors: -


KHIN CHAW SU WIN
 CHIEF FINANCIAL OFFICER
 MYANMAR CITIZENS BANK LTD.


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)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 September 2024

	Notes	1 April 2024 to 30 September 2024 MMK	2023-2024 MMK
Interest income	17	38,559,273,585	59,508,115,069
Interest expenses	18	(27,570,055,811)	(43,353,259,901)
Net interest income		10,989,217,774	16,154,855,168
Net fee and commission income	19	3,598,611,310	10,686,524,448
Other operating income	20	864,173,237	111,672,665
		15,452,002,321	26,953,052,281
Changes in specific provision for loan loss		(244,048,732)	519,500,196
Changes in general provision for loan loss		(422,687,773)	(5,127,170,524)
Income before operation expenses		14,785,265,816	22,345,381,953
Administration and general expenses	21,22	(11,631,955,683)	(19,232,451,749)
Depreciation and amortization	10,11	(1,190,597,403)	(2,205,226,586)
Profit before income tax		1,962,712,730	907,703,618
Income tax expenses	23	(458,433,191)	(150,120,232)
Profit for the year		1,504,279,539	757,583,386
Other comprehensive income		-	-
Total comprehensive income for the period		1,504,279,539	757,583,386
Basic and diluted earnings per share	24	145	73

See accompanying Notes to Interim Condensed Financial Statements

Authenticated by Directors: -


KHIN CHAW SU WIN
 CHIEF FINANCIAL OFFICER
 MYANMAR CITIZENS BANK LTD.


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)***INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 September 2024**

	Share Capital	Reserve	Retained Earnings	Total Equity
	MMK	MMK	MMK	MMK
1 April 2024 to 30 September 2024				
Balance at beginning of year	57,124,662,800	15,096,203,828	1,043,687,560	73,264,554,188
Previous years adjustment	-	-	-	-
Restated balance	57,124,662,800	15,096,203,828	1,043,687,560	73,264,554,188
Provision for the year	-	376,069,885	(376,069,885)	-
Net profit for the year	-	-	1,504,279,539	1,504,279,539
Balance as at end of year	57,124,662,800	15,472,273,713	2,171,897,214	74,768,833,727
2023-2024				
Balance at beginning of year	57,124,662,800	14,906,807,982	475,500,020	72,506,970,802
Previous years adjustment	-	-	-	-
Restated balance	57,124,662,800	14,906,807,982	475,500,020	72,506,970,802
Provision for the year	-	189,395,846	(189,395,846)	-
Net profit for the year	-	-	757,583,386	757,583,386
Balance as at end of year	57,124,662,800	15,096,203,828	1,043,687,560	73,264,554,188

See Accompanying Notes to Financial Statements

MYANMAR CITIZENS BANK PUBLIC COMPANY LIMITED

(Incorporated in the Republic of the Union of Myanmar)

INTERIM CONDENSED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 September 2024

		1 April 2024 to 30 September 2024 MMK	2023-2024 MMK
1	Cash flows from operating activities		
	Profit before tax	1,962,712,730	907,703,618
	Adjustments for:		
	Depreciation	10 865,518,078	1,567,450,898
	Amortization	11 325,079,326	637,775,688
	Provision	926,736,505	5,342,041,686
	(Gain)/loss on disposal	(1,448,958)	(149,752,080)
	Property and equipment written-off	4,484,374	1,905,952
	Operating profit/(loss) before working capital changes	4,083,082,054	8,307,125,762
	Working capital changes		
	(Increase)/decrease in Loans and advances	(21,329,110,009)	(256,358,526,180)
	(Increase)/decrease in Other assets	(3,827,662,667)	(30,024,648,975)
	(Increase)/decrease in Deposit from customers	80,579,613,723	247,445,795,157
	(Increase)/decrease in Other liabilities	(12,437,048,595)	39,832,438,400
	Cash generated from operation	47,068,874,506	9,202,184,164
	Income tax paid	(400,000)	(800,000)
	Net cash provided by/ (used in) operating activities	47,068,474,506	9,201,384,164
2	Cash flows from investing activities		
	(Purchase)/ sale of government securities and investments	9,898,608,937	20,519,571,089
	Proceed from sale of property and equipment	1,725,000	158,832,628
	Purchase of property and equipment	(2,067,775,041)	(2,759,084,779)
	Addition of intangible assets	(94,385,231)	(160,718,847)
	Net cash provided by/(used in) investing activities	7,738,173,665	17,758,600,091
3	Cash flows from financing activities		
	Received/ (repayment) of borrowings	(25,051,500,000)	35,610,510,000
	Dividends paid	-	-
	Net cash provided by/(used in) financing activities	(25,051,500,000)	35,610,510,000
	Net increase/(decrease) in cash and cash equivalents	29,755,148,171	62,570,494,255
	Cash and cash equivalents at beginning of the year	6 174,700,418,012	112,129,923,757
	Cash and cash equivalents at end of the year	6 204,455,566,183	174,700,418,012

See Accompanying Notes to Financial Statements

MYANMAR CITIZENS BANK PUBLIC COMPANY LIMITED

(Incorporated in the Republic of the Union of Myanmar)

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 September 2024

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 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 CBM include to accept deposits, issue loans and advances, to provide merchant services to provide trade services, to deal foreign currency, and to operate mobile banking activities.

2. Basis of preparation and accounting policies

The interim condensed financial statements for the six months period ended 30 September 2024, have been prepared in accordance with Myanmar Accounting Standards 34 Interim Financial Reporting, 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.

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 year. The foreign exchange rates applied by the Bank at the reporting dates were: -

	MMK/USD	MMK/EUR	MMK/SGD	MMK/CYN	MMK/THB
30 September 2024	2,103.00	2,338.50	1,636.20	299.33	64.81
31 March 2024	2,103.00	2,267.30	1,556.20	290.57	57.51

3. Summary of significant accounting policies (continued)

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.

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 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.

3. Summary of significant accounting policies (continued)

3.8 Income tax (continued)

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.

3.9 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.

3. Summary of significant accounting policies (continued)

3.9 Financial assets and financial liabilities (continued)

(a) Initial recognition and subsequent measurement (continued)

(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 6 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 6 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".

(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.

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 (continued)

Available-for-sale financial assets which are not expected to be realized within 6 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 derecognized a financial liability when the contractual obligations are discharged, cancelled or expired.

(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. Summary of significant accounting policies (continued)

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.

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.

3.10 Impairment of financial assets (continued)

(a) Loans and advances (continued)

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

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

3. Summary of significant accounting policies (continued)

3.10 Impairment of financial assets (continued)

(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.

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:

3. Summary of significant accounting policies (continued)

3.12 Property and equipment and depreciation (continued)

	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 de-recognized.

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 the six months period ended 30 September 2024 and 31 March 2024.

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.

4.1 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.

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

4.2 Fair value measurement (continued)

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

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.

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.

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

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

Loans and advances past due but not impaired: Certain loans and advances are past due but no 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 Bank's liquidity ratios as of 30 September 2024 and 31 March 2024 were 30.26% and 25.23% respectively and hence more than 20% fixed by the Central Bank of Myanmar as per its instruction (19/2017).

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.

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.

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.

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5. Financial risk management (continued)

5.6 Legal and compliance risk (continued)

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

"Capital Funds" is defined as listed below:

	30 September 2024	31 March 2024
	MMK	MMK
Share Capital	57,124,662,800	57,124,662,800
Reserves	15,472,273,713	15,096,203,827
Retained earnings	2,171,897,214	1,043,687,560
	74,768,833,727	73,264,554,187

The Bank's Regulatory Capital Adequacy Ratio as of 30 September 2024 and 31 March 2024 were 9.72% and 8.28% 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.

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6. Cash and cash equivalents

	30 September 2024	31 March 2024
	MMK	MMK
Cash in hand	51,885,897,736	34,031,466,240
Cash with Central Bank of Myanmar	30,457,150,595	93,736,962,648
Cash with banks and other financial institutions	31,912,517,851	28,931,989,124
Fixed deposits with other bank	7,200,000,000	-
Interbank lending	83,000,000,000	18,000,000,000
	<u>204,455,566,183</u>	<u>174,700,418,012</u>

7. Loans and advances

	30 September 2024	31 March 2024
	MMK	MMK
Demand loans	415,705,079,945	368,084,611,024
Overdrafts	116,884,917,420	99,548,240,855
Hire purchase	23,547,226,483	25,360,824,971
SME loan	44,937,500,989	46,119,267,761
Trade guarantees	-	1,688,754
Home loans	43,888,334,204	83,746,060,003
Mortgage Loan	-	898,880,665
Education Loan	129,267,992	9,251,930
Staff loans	985,638,968	1,174,751,385
	<u>646,077,966,001</u>	<u>624,943,577,348</u>
Specific provision for loan loss	(4,155,941,559)	(4,106,614,183)
	<u>641,922,024,442</u>	<u>620,836,963,165</u>

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

	30 September 2024	31 March 2024
	MMK	MMK
Industrial Manufacturing	158,823,204,443	148,400,514,238
Transportation	4,232,748,667	4,630,239,369
Trading	301,910,358,332	266,097,611,777
Service	64,572,016,450	54,130,300,073
Construction	16,015,008,561	9,940,011,007
Agriculture	3,671,073,324	2,024,969,952
General	41,357,326,433	44,015,058,532
Financial	10,600,000,000	10,753,846,154
Staff Loan	1,007,895,587	1,204,966,243
Home Loan	43,888,334,204	83,746,060,003
	<u>646,077,966,001</u>	<u>624,943,577,348</u>

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7. Loans and advances (continued)

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

	30 September 2024	31 March 2024
	MMK	MMK
Industrial Manufacturing	1,993,389	8,273,255
Trading	3,989,689	3,666,667
Staff loan	1,054,568,390	734,287,745
Agriculture and Livestock	-	132,773,488
General	3,095,390,091	3,227,613,028
	4,155,941,559	4,106,614,183

8. Investment

	30 September 2024	31 March 2024
	MMK	MMK
Treasury bonds	74,576,719,124	77,692,010,061
Treasury bills	-	4,000,000,000
Deposit auction	28,672,938,000	31,456,256,000
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
	103,580,657,124	113,479,266,061

Impairment review on equity instruments held by the Bank at each reporting date were made by the management of the Bank and concluded that no reason of impairment had been established.

As those equity instruments were unquoted, held for strategic reason and not for sale, and changes in valuation under equity method is insignificant, the management has decided to be kept with historical costs.

9. Other assets

	30 September 2024	31 March 2024
	MMK	MMK
Interest receivable on loans and advances	11,991,008,317	13,715,678,473
Interest receivable on investment in debt securities	-	59,544,820
Interest receivable on deposit with banks	207,519,726	7,249,315
SWAP receivable	22,333,860,000	23,385,360,000
Prepayments and advances	12,946,310,909	10,408,331,160
Receivables from business partners	6,235,578,172	303,125,965
E-money deposit - Citizens Pay	282,000,000	282,000,000
Suspense - Money Gram and IME	247,701,675	370,658,956
Suspense - Others	(83,662,452)	1,800,304,989
	54,160,316,347	50,332,253,678

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10. Property and equipment

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

11. Intangible assets: Software

	30 September 2024	31 March 2024
	MMK	MMK
Cost		
Balance at beginning of the year	6,464,083,417	6,303,364,570
Additions during the year	94,385,231	160,718,847
Adjustment during the year	-	-
Balance at the end of the year	<u>6,558,468,648</u>	<u>6,464,083,417</u>
Accumulated amortization		
Balance at beginning of the year	2,937,163,881	2,299,388,193
Amortization during the year	325,079,326	637,775,688
Adjustment during the year	-	-
Balance at the end of the year	<u>3,262,243,207</u>	<u>2,937,163,881</u>
Net book value		
Balance at the end of the year	<u>3,296,225,441</u>	<u>3,526,919,536</u>
Balance at beginning of the year	<u>3,526,919,536</u>	<u>4,003,976,377</u>

12. Deposit from customers

	30 September 2024	31 March 2024
	MMK	MMK
Call deposits	393,950,154,632	302,643,875,390
Time deposits	271,068,744,238	289,470,999,334
Current deposits	52,449,465,418	31,766,520,032
Saving deposits	135,361,280,876	148,368,636,685
	<u>852,829,645,164</u>	<u>772,250,031,441</u>

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13. Other liabilities

	30 September 2024	31 March 2024
	MMK	MMK
Interest in suspense	10,919,966,736	12,687,456,603
Interest payable on deposits	5,164,995,799	6,543,060,731
Payment order	887,588,248	885,022,207
Other payables	30,555,738,396	39,886,481,917
Current year tax payable	458,433,191	150,120,232
Sundry deposit	1,977,318,636	1,509,780,668
General provision on loans and advances	8,425,248,988	8,002,561,215
Provision for cash shortage	884,042,751	884,042,751
Payable to business partners	43,149,611	63,883,664
Employee benefit fund	-	-
	<u><u>59,316,482,356</u></u>	<u><u>70,612,409,988</u></u>

14. Borrowings

	30 September 2024	31 March 2024
	MMK	MMK
Borrowing from Central Bank of Myanmar	32,333,860,000	64,385,360,000
Borrowing from other financial institutions	8,000,000,000	1,000,000,000
	<u><u>40,333,860,000</u></u>	<u><u>65,385,360,000</u></u>

Borrowing from Central Bank of Myanmar at 30.9.2024 represents SWAP of USD 10.62 million (maturity 12 November 2024), in which the bank acts as an intermediary between CBM and client, thus there is no impact to the Bank regarding interest of this SWAP deal.

Borrowing from Central Bank of Myanmar at 25.9.2024 represents borrowing of MMK 10,000 million with the interest rate of 9% p.a. with the maturity date within 3 months.

Borrowing from AYA BANK at 16.9.2024 represents borrowing of MMK 5,000 million and Yoma Bank at 30.9.2024 represents borrowing of MMK 3,000 million with the interest rate of 11.5% and 10.5% p.a. which matured on 15 October 2024 and 30 October 2024.

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15. Paid-up share capital

	30 September 2024	31 March 2024
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⁽¹⁾ MMK	General provision for loan loss⁽²⁾ MMK	Contingencies reserve fund MMK	Total MMK
Balances at 1-4-2024	10,587,893,496	4,496,310,332	12,000,000	15,096,203,828
Provision for the year	376,069,885	-	-	376,069,885
Balances at 30-9-2024	10,963,963,381	4,496,310,332	12,000,000	15,472,273,713
Balances at 1-4-2023	10,398,497,650	4,496,310,332	12,000,000	14,906,807,982
Provision for the year	189,395,846	-	-	189,395,846
Balances at 31-3-2024	10,587,893,496	4,496,310,332	12,000,000	15,096,203,828

⁽¹⁾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.

⁽²⁾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 2024-2025 financial year, the above 2% general provision were charged to profit or loss and respective credits were shown under other liabilities.

17. Interest income

	1 April 2024 to 30 September 2024 MMK	2023-2024 MMK
Interest income on hire purchase	1,099,049,867	3,131,062,574
Interest income on loans and overdrafts	27,253,057,445	37,001,326,968
Interest income on SME loan	1,287,299,486	2,431,705,057
Interest income on home loan	3,975,862,427	4,816,688,573
Interest income on staff loan	3,607,082	15,924,709
Interest income on trade guarantee	608,397	112,914
Interest on Mortgage Loan	41,628,941	79,572,870
Interest income on investment	4,898,159,940	12,031,721,404
	38,559,273,585	59,508,115,069

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17. Interest income

<u>Note:</u>	1 April 2024 to 30 September 2024	2023-2024
Interest rate on loans and advances	7.5%~14.5%	5.5%~14.5%
Interest rate on deposit with other banks	7%~10%	5.1%~9.5%

18. Interest expenses

	1 April 2024 to 30 September 2024 MMK	2023-2024 MMK
Interest expense on saving deposit	3,637,232,971	6,404,136,691
Interest expense on fixed deposit	13,179,129,160	22,076,026,580
Interest expense on call deposit	10,369,863,543	14,469,624,212
Interest expense on inter bank borrowing	383,830,137	403,472,418
	<u>27,570,055,811</u>	<u>43,353,259,901</u>

Note:

Interest on saving deposit was 7%~9.5% p.a. and calculated on the minimum balance of the account during the period from the 5th day to end of the month.

	1 April 2024 to 30 September 2024	2023-2024
Interest rates on fixed deposit were as follows:		
1 month	7%~9.7%	6.5%~7.5%
3 months	7.5%~10%	7.5%~9.25%
6 months	7.75%~11%	7.75%~9.5%
9 months	7.75%~9%	7.75%~9%
12 months	8%~12%	8%~9.8%
24 months	8.25%	8.25%

Interest on call deposit was 7~8.5% p.a. and calculated based on minimum daily balance.

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NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 September 2024

19. Net fee and commission income

	1 April 2024 to 30 September 2024 MMK	2023-2024 MMK
Fees and commission income		
Services fee income	2,519,172,782	6,886,964,747
Commission income	1,487,588,807	4,033,270,156
Card related income	113,993,509	351,872,604
Other fees income	628,400	1,713,390
	<u>4,121,383,498</u>	<u>11,273,820,897</u>
Fees and commission expense		
Bank commission and service charges	62,417,684	142,671,676
Card related expenses	455,272,404	435,418,773
Other fee expenses	5,082,100	9,206,000
	<u>522,772,188</u>	<u>587,296,449</u>
Net fee and commission income	<u>3,598,611,310</u>	<u>10,686,524,448</u>

20. Other operating income

	1 April 2024 to 30 September 2024 MMK	2023-2024 MMK
Net income from foreign currency transactions	895,706,799	(28,121,574)
(Loss)/gain on revaluation	(76,759,013)	(41,721,217)
Miscellaneous income	45,225,451	181,515,456
	<u>864,173,237</u>	<u>111,672,665</u>

21. Personnel expenses

	1 April 2024 to 30 September 2024 MMK	2023-2024 MMK
Salaries and wages (local)	4,598,709,144	8,558,010,620
Salaries and wages (foreign)	768,585,965	982,667,837
Overtime allowance	106,185,130	178,571,806
House allowance	138,913,644	127,873,478
Contribution to employee benefit	56,292,600	104,325,800
Other staff related expenses	588,581,204	1,186,432,023
	<u>6,257,267,687</u>	<u>11,137,881,564</u>

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NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 September 2024

22. Administration and general expenses

	1 April 2024 to 30 September 2024 MMK	2023-2024 MMK
Annual general meeting expense	2,616,039	12,160,367
Directors' meeting fees	49,600,000	113,700,000
Donation and entertainment	78,945,291	55,960,684
Insurance	68,885,138	116,971,668
Marketing and advertising	61,917,516	246,715,703
Miscellaneous expenses	118,653,651	111,837,720
Office supplies	233,265,259	311,525,409
Professional service fees	54,601,320	115,149,815
Rates and taxes	61,106,119	74,448,883
Registration and license	867,106,817	1,390,407,514
Rent	1,210,684,236	2,104,960,706
Repair and maintenance	924,806,850	1,329,002,079
Travel and transport	115,585,453	181,644,776
Utilities	1,273,699,053	1,948,282,279
Written off	254,664,212	131,554,662
(Gain) Loss on disposal	(1,448,958)	(149,752,080)
	5,374,687,996	8,094,570,185

23. Income tax expenses

	1 April 2024 to 30 September 2024 MMK	2023-2024 MMK
Current tax - Corporate income tax	458,433,191	135,177,826
Current tax - Capital gain tax	-	14,942,406
	458,433,191	150,120,232

24. Earnings per share

Basic and diluted earnings per share

	1 April 2024 to 30 September 2024 MMK	2023-2024 MMK
Net profit attributable to equity holders of the Bank	1,504,279,539	757,583,386
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
	145	73

MYANMAR CITIZENS BANK PUBLIC COMPANY LIMITED*(Incorporated in the Republic of the Union of Myanmar)***NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 September 2024****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.

(a) Sales and purchase of goods and services	30 September 2024	31 March 2024
	MMK	MMK
Rental expense charged to profit or loss under the contracts with related parties	308,888,193	591,335,496

(b) Outstanding balances

Deposits with related parties	350,496,983,663	77,753,144,520
Loans and advances with related parties	8,992,790,802	23,094,185,268
Prepaid rental outstanding with related parties	454,762,250	1,401,944,083

(c) Key management personnel compensation

	30 September 2024	31 March 2024
	MMK	MMK
Salaries and wages	889,514,924	1,664,627,603
Directors' meeting fees	49,600,000	113,700,000

26. Guarantees and commitments

(a) Bank guarantees	30 September 2024	31 March 2024
	MMK	MMK
Guarantees in local currency	28,740,489,982	16,153,333,913
Guarantees in foreign currency	-	-
	28,740,489,982	16,153,333,913

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.

MYANMAR CITIZENS BANK PUBLIC COMPANY LIMITED*(Incorporated in the Republic of the Union of Myanmar)***NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 September 2024**

(b) Commitments	30 September 2024	31 March 2024
	MMK	MMK
Undrawn overdraft	11,841,705,223	8,680,974,003
Rental expense	6,069,954,907	5,810,580,565
	17,911,660,130	14,491,554,568

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.

29. Comparative figures

Certain comparative figures of previous financial year have been reclassified into conformity with current year's presentation. Comparative information are for the accounting period of 1 April 2023 to 31 March 2024 and therefore, comparative financial information are not entirely comparable.

MYANMAR CITIZENS BANK PUBLIC COMPANY LIMITED

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NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 September 2024

Property and equipment						Annexure -1
	Land & Building	Leasehold improvement	Motor Vehicle	Furniture & Office Equipment	Plant & Machinery	TOTAL
	MMK	MMK	MMK	MMK	MMK	MMK
Original Cost						
At 1 April 2024	12,724,694,644	5,079,273,891	1,293,453,476	8,037,792,119	1,168,803,956	28,304,018,086
Additions	69,922,366	311,322,224	65,000,000	1,591,530,451	30,000,000	2,067,775,041
Disposals	-	-	-	(49,930,231)	-	(49,930,231)
Write-off	(4,708,500)	-	-	(1,493,933)	-	(6,202,433)
At 30 September 2024	12,789,908,510	5,390,596,115	1,358,453,476	9,577,898,405	1,198,803,956	30,315,660,462
Accumulated depreciation						
At 1 April 2024	1,118,501,551	2,041,826,367	996,219,505	5,121,577,672	389,357,827	9,667,482,922
For the year	74,748,387	258,695,564	40,629,033	454,266,166	37,178,929	865,518,078
Disposals	-	-	-	(49,654,189)	-	(49,654,189)
Write-off	(485,564)	-	-	(1,232,495)	-	(1,718,059)
At 30 September 2024	1,192,764,374	2,300,521,932	1,036,848,538	5,524,957,154	426,536,755	10,481,628,753
Net Book value as at 30 September 2024	11,597,144,136	3,090,074,184	321,604,938	4,052,941,252	772,267,200	19,834,031,710
Net Book value as at 31 March 2024	11,606,193,093	3,037,447,524	297,233,971	2,916,214,447	779,446,129	18,636,535,164

We hereby certify that above assets are the properties of the "Myanmar Citizens Bank Public Company Limited", in existence at 30 September 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.

MYANMAR CITIZENS BANK PUBLIC COMPANY LIMITED

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NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 September 2024

Property and equipment	Land & Building					Leasehold improvement	Motor Vehicle	Office Equipment	Plant & Machinery	TOTAL
	MMK	MMK	MMK	MMK	MMK	MMK	MMK	MMK	MMK	
Original Cost										
At 1 April 2023	12,584,682,369	3,915,081,964	1,159,392,673	6,921,723,277	1,060,710,506	25,641,590,789				
Additions	140,012,275	1,164,191,927	206,300,000	1,140,487,127	108,093,450	2,759,084,779				
Disposals	-	-	(72,119,197)	(2,972,336)	-	(75,091,533)				
Write-off	-	-	(120,000)	(21,445,950)	-	(21,565,950)				
Adjustment	-	-	-	-	-	-				
At 31 March 2024	12,724,694,644	5,079,273,891	1,293,453,476	8,037,792,119	1,168,803,956	28,304,018,086				
Accumulated depreciation										
At 1 April 2023	970,845,038	1,586,900,336	969,102,350	4,339,885,259	318,970,023	8,185,703,006				
For the year	147,656,513	454,926,032	90,771,662	803,708,888	70,387,803	1,567,450,898				
Disposals	-	-	(63,543,256)	(2,467,728)	-	(66,010,984)				
Write-off	-	-	(111,250)	(19,548,747)	-	(19,659,997)				
Adjustment	-	-	-	-	-	-				
At 31 March 2024	1,118,501,551	2,041,826,367	996,219,505	5,121,577,672	389,357,827	9,667,482,922				
Net Book value as at 31 March 2024	11,606,193,093	3,037,447,524	297,233,971	2,916,214,447	779,446,129	18,636,535,164				
Net Book value as at 31 March 2023	11,613,837,331	2,328,181,629	190,290,323	2,581,838,018	741,740,482	17,455,887,783				

Annexure -2